



March 25, 2022

Mr. Paul Dyal, Interim City Manager
Lake City City Hall
205 North Marion Avenue
Lake City, Florida 32055

Re: Sweetwater Apartments Phase II

Mr. Manager:

I would like to thank the City of Lake City for their continued support of the Greater Lake City Community Development Corporation's (GLCCDC) Sweetwater Affordable Housing Initiative. As you know, during the Lake City Community Redevelopment Agency meeting of March 21, 2022, the Housing Trust Group (HTG) and LCCDC requested that the city consider providing the project a tax deferment. Please consider this letter as Sweetwater Apartments Phase II's request for a real estate tax deferment.

Background:

Sweetwater Apartments Phase II, (Sweetwater) is sponsored by the Greater Lake City Community Development Corporation. The project entails the development of eighty-four units of multifamily housing on approximately 6.5 acres of land located at NE Martin Luther King Street and NE Joe Coney Street. GLCCDC owns the land and will ground lease it to a partnership owned by GLCCDC and HTG. GLCCDC has entered a development arrangement with the Housing Trust Group who will be responsible for project pre -development and arranging project financing. To date, the partnership has received financing approvals for approximately \$19,000,000. Approval of this request would complete our fund-raising efforts and allow us to immediately commence the project.

Tax Deferment:

The structure of the tax deferment will be structured as follows:

1. Sweetwater is requesting a 50% deferment of its annual ad valorem taxes for a period of 15 years.
2. The partnership estimates that ad valorem taxes generated by the project in year one will equate to (estimated) \$46,000.
3. End of year fifteen (15), the partnership will pay the City of Lake City an estimated \$345,000, retiring its deferment obligation.




Request:

Sweetwater is requesting that the City of Lake City provide a 15-year tax deferral for its affordable housing initiative. The benefits of this approval would be as follows

1. Approval of the real estate tax deferral will enable the project immediately to commence.
2. Upon commencement, the project will stimulate the investment of at least \$10,000,000 in city's local economy.
3. Commencement of the project will have a positive impact on the city's tax base. Currently the project site generates only \$700 a year in real estate taxes; Sweetwater will increase that amount annually by 350%
4. The project will create 20 jobs.
5. Approval of this financing structure will assist the State of Florida efforts to support affordable housing in small counties.

The partnership between GLCCDC and HTG look forward to working with the City of Lake City as we build quality affordable housing for the residents.

Sincerely,



Bryan K. Finnie
Senior Vice Present
Housing Trust Group