

Exhibit 1

MAGELLAN HOUSING, LLC INVEST FORT LAUDERDALE, INC.

November 8th, 2024

Mr. Bob Cass Wojcik, AICP
CRA Housing and Economic Development Manager
Fort Lauderdale Community Redevelopment Agency
City of Fort Lauderdale
914 NW Sixth Street, Suite 200
Fort Lauderdale, FL 33311
Via E-Mail: bwojcik@fortlauderdale.gov

RE: REQUEST FOR ADDITIONAL GAP FINANCING

Dear Mr. Wojcik,

We are writing to respectfully request additional gap financing in the amount of \$1,000,000 (one million dollars) for Sistrunk Apartments (the “Project”). The Project consists of two separate buildings: one located at NW 12th Avenue and Sistrunk Blvd.; and the other located a few blocks West at NW 16th Avenue and Sistrunk Blvd. Each building contains 36 apartments, for a combined total of 72 affordable housing homes. All of the Project’s units are set-aside at 60% AMI or below. We are pushing aggressively on all fronts to get the Project closed and under construction. Permitting for both buildings is underway, and we expect to have building permits by the end of the first quarter of 2025.

We are pleased to report significant progress in overcoming recent challenges. First, 3-phase power is currently unavailable at one of the project sites (NW 12th Ave and Sistrunk Blvd). This infrastructure is essential for our project, so we are collaborating with FPL to bring 3-phase power to the location. FPL has provided cost estimates, and their team is preparing the necessary engineering plans. Importantly, this upgrade will also benefit the surrounding community. Second, to address flood concerns, we worked closely with the City of Fort Lauderdale to design both buildings above the flood plain. This approach positions the project to receive a Letter of Map Revision (LOMR) from FEMA, ensuring enhanced resilience against flooding. Finally, our team has focused on mitigating the substantial rise in construction costs in recent years. Despite these challenges, we have managed to largely maintain our cost.

This request for additional gap funding is primarily driven by the significant drop in Low-Income Housing Tax Credit (LIHTC) pricing, which has reached a 20-year low in South Florida. Our initial pro forma estimated the Project’s tax credit equity at 95 cents, which is consistent with historic price levels. At this rate, the Project would have secured \$15,820,102 in LIHTC equity, as reflected in the pro forma attached to our Development Agreement. Unfortunately, post-election LIHTC pricing in Broward County has fallen to 83 cents (pricing has hovered in the mid-80 cent range this year). At 83 cents, the Project will receive only \$14,471,718 in LIHTC equity—a significant shortfall of nearly \$1.4 million. While we continuously monitor LIHTC equity pricing closely, it remains uncertain if, or when, it will improve.

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Please see attached an updated proforma reflecting our request for an additional \$1,000,000 in gap financing, for a total commitment from the Fort Lauderdale CRA of \$9,000,000. This additional gap financing will enable us to move forward immediately, allowing us to close and begin construction under current market conditions.

We greatly appreciate the Fort Lauderdale CRA's ongoing partnership on this essential affordable housing project. Please let us know if you have any questions or if you need any further information from us.

Best Regards,



Nikul A. Inamdar

CC: Clarence Woods
Ryan Grindler

Sistrunk Apartments
4% LIHTC - 72 Units
SOURCES AND USES OF FUNDS

SOURCES AND USES OF FUNDS

SOURCES

Financing	Perm
LIHTC Equity	14,471,718
First Mortgage	5,000,000
Broward County	3,960,000
The United Way of Broward County	1,400,000
Fort Lauderdale CRA	9,000,000
Fort Lauderdale CRA Land Contribution	570,000
Deferred Developer Fee	3,715,503
	38,117,221

TOTAL SOURCES **38,117,221**

USES

Total

Acquisition - Land	570,000
Demolition	0
Construction - Hard	22,800,000
Construction - Retail Build Out	0
FPL Expenses	255,000
FF&E	200,000
Construction - Contingency	1,140,000
Architect - Design	420,000
Architect - Supervision	127,000
Engineering Fee	461,100
Survey	45,000
Legal	570,000
Marketing and Lease-up	157,768
Title Insurance	55,000
Closing Costs	34,800
N/A	0
Accounting Fees	50,000
Appraisal	15,000
Market Study	15,000
Environmental	50,000
Contingency - Soft Costs	341,450
Inspection Fees	20,000
Impact Fees	438,758
Building Permit	506,000
Taxes - Construction	75,000
Insurance	150,000
Interest - Construction	1,500,000
Interest - Bridge Loan	0
Loan Fees/Costs - Const/Perm	841,566
Interest - Predevelopment Loan	50,000
Compliance Fees	25,000
Tax Credit Fees - Administrative	125,000
Tax Credit Fees - Application	3,000
Tax Credit Fees - Underwriting	35,000
Tax Credit Fees - Compliance	150,000
Replacement Reserves	0
Utility Connection Fee	159,000
Bond Costs	750,000
Lender Required Reserve	300,000
	32,435,442
N/A	0
Developer's Fee & Overhead	5,681,780
	5,681,780

TOTAL USES **38,117,221**

SURPLUS/(DEFICIT) **0**

DEBT STRUCTURE AND SOURCES OF FUNDS

First Mortgage

Amount	\$5,000,000
Rate	6.50%
Term/Amortization Period	40
Debt Service	\$351,274
Per Unit	\$69,444

Broward County

Amount	\$3,960,000
Rate	0.00%
Term	30
Debt Service	\$0
Per Unit	\$55,000

The United Way of Broward County

Amount	\$1,400,000
Rate	0.00%
Term	30
Debt Service	\$0
Per Unit	\$19,444

Fort Lauderdale CRA

Amount	\$9,000,000
Rate	0.00%
Term	30
Debt Service	\$0
Per Unit	\$125,000

PROJECT SCHEDULE

Construction Loan Closing/Admission Date		Mar-25
Certificate of Occupancy (Mid Rise)	18 mos.	Sep-26
First Unit Occupancy		Oct-26
Units Occupied per Month		25
100% Occupancy		Dec-26
Stabilization Date		Mar-27

CREDIT CALCULATION

Eligible Basis	33,533,749
130% if QCT/DDA	130%
Qualified Basis	43,593,874
Tax Credit Percentage	4.00%
Projected Annual Net Tax Credit	1,743,755
x Number of Years Available	10
Projected Total Tax Credits	17,437,549
x Percentage to Investment Partnership	99.99%
Total Potential Credits to ILP	17,435,805
x Credit Price	\$0.830
Amount Payable to Operating Partnership	14,471,718

**SISTRUNK APARTMENTS (The Aldridge and The Laramore)
OPERATING PROFORMA**

RENTAL AND OTHER INCOME

			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Residential																		
0	0 Bed/1 Bath	33% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0 Bed/1 Bath	60% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0 Bed/1 Bath	80% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0 Bed/1 Bath	120% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0 Bed/1 Bath	140% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0 Bed/1 Bath	Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	1 Bed/1 Bath	Low HOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
40	1 Bed/1 Bath	60% Median	1,119	537,120	547,862	558,820	569,996	581,396	593,024	604,884	616,982	629,322	641,908	654,746	667,841	681,198	694,822	708,718
0	1 Bed/1 Bath	High Home	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	1 Bed/1 Bath	120% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	1 Bed/1 Bath	140% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	1 Bed/1 Bath	Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	2 Bed/1 Bath	Low HOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
32	2 Bed/1 Bath	60% Median	1,344	516,096	526,418	536,946	547,685	558,639	569,812	581,208	592,832	604,689	616,782	629,118	641,701	654,535	667,625	680,978
0	2 Bed/1 Bath	High Home	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	2 Bed/1 Bath	120% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	2 Bed/1 Bath	140% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	2 Bed/1 Bath	Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	33% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	60% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	80% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	120% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	140% Median	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	3 Bed/2 Bath	Market	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
72 Total Residential Rent			1,053,216	1,074,280	1,095,766	1,117,681	1,140,035	1,162,836	1,186,092	1,209,814	1,234,010	1,258,691	1,283,864	1,309,542	1,335,733	1,362,447	1,389,696	
TOTAL GROSS INCOME																		
Retail Income - Assuming \$5 plus \$3 in recoveries			23,432	23,432	23,432	23,432	23,432	26,361	26,361	26,361	26,361	26,361	29,290	29,290	29,290	29,290	29,290	
Miscellaneous Income			47,520	48,470	49,440	50,429	51,437	52,466	53,515	54,586	55,677	56,791	57,927	59,085	60,267	61,472	62,702	
			1,124,168	1,146,183	1,168,638	1,191,542	1,214,904	1,241,662	1,265,969	1,290,761	1,316,049	1,341,842	1,371,081	1,397,917	1,425,289	1,453,209	1,481,688	
Less Vacancy/Bad Debt 5.00%			56,208	57,309	58,432	59,577	60,745	62,083	63,298	64,538	65,802	67,092	68,554	69,896	71,264	72,660	74,084	
EFFECTIVE GROSS INCOME			1,067,960	1,088,874	1,110,206	1,131,965	1,154,159	1,179,579	1,202,670	1,226,223	1,250,246	1,274,750	1,302,527	1,328,021	1,354,025	1,380,549	1,407,603	
LESS OPERATING EXPENSES																		
Payroll			134,400	138,432	142,585	146,863	151,268	155,806	160,481	165,295	170,254	175,362	180,622	186,041	191,622	197,371	203,292	
Utilities			81,504	83,949	86,468	89,062	91,733	94,485	97,320	100,240	103,247	106,344	109,535	112,821	116,205	119,691	123,282	
Repair/Maintenance			28,800	29,664	30,554	31,471	32,415	33,387	34,389	35,420	36,483	37,577	38,705	39,866	41,062	42,294	43,563	
Management Fee			64,078	65,332	66,612	67,918	69,250	70,775	72,160	73,573	75,015	76,485	78,152	79,881	81,241	82,833	84,456	
Administrative			36,000	37,080	38,192	39,338	40,518	41,734	42,986	44,275	45,604	46,972	48,381	49,832	51,327	52,867	54,453	
Taxes			95,400	98,262	101,210	104,246	107,374	110,595	113,913	117,330	120,850	124,475	128,210	132,056	136,018	140,098	144,301	
Insurance			158,400	163,152	168,047	173,088	178,281	183,629	189,138	194,812	200,656	206,676	212,876	219,263	225,841	232,616	239,594	
Reserves			23,400	24,102	24,825	25,570	26,337	27,127	27,941	28,779	29,642	30,532	31,448	32,391	33,363	34,364	35,395	
Total Expenses (per unit)			\$8,639	621,982	639,974	658,493	677,555	697,175	717,538	738,327	759,725	781,751	804,423	827,928	851,951	876,679	902,134	928,336
NET OPERATING INCOME			445,978	448,900	451,713	454,410	456,983	462,041	464,343	466,498	468,495	470,327	474,599	476,070	477,346	478,415	479,267	
CASH FLOW BEFORE DEBT SERVICE			\$445,978	\$448,900	\$451,713	\$454,410	\$456,983	\$462,041	\$464,343	\$466,498	\$468,495	\$470,327	\$474,599	\$476,070	\$477,346	\$478,415	\$479,267	
LESS DEBT SERVICE																		
First Mortgage			351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	
Broward County			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
The United Way of Broward County			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fort Lauderdale CRA			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Debt Service			351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	351,274	
DSC ► First Mortgage			1.27	1.28	1.29	1.29	1.30	1.32	1.32	1.33	1.33	1.34	1.35	1.36	1.36	1.36	1.36	
DSC ► All Debt			1.27	1.28	1.29	1.29	1.30	1.32	1.32	1.33	1.33	1.34	1.35	1.36	1.36	1.36	1.36	
NET CASH FLOW			94,704	97,626	100,439	103,136	105,709	110,767	113,069	115,224	117,221	119,053	123,325	124,796	126,072	127,141	127,993	