

# THE GREY ROCK GROUP

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October 21, 2025

## VIA EMAIL

DeSoto County Board of County Commissioners  
227 North Bronough Street  
Tallahassee, Florida 32301

Re: Proposal for Assumption, Resubordination, and Recast of HHRP Loan

Dear County Board of County Commissioners,

This proposal respectfully requests the DeSoto County Board of County Commissioners' approval for the following actions in connection with DeSoto Landing Apartments, a 48-unit affordable housing community located in Arcadia, Florida, as part of our pending acquisition of the property:

1. Assumption and resubordination of the existing Homeownership and Housing Rehabilitation Program (HHRP) loan, originated in 2007; and
2. Recasting and extending the HHRP loan to a new 20-year term, effective upon the closing of our acquisition.

These actions will preserve and stabilize a key affordable housing asset in DeSoto County while ensuring continued compliance, professional management, and robust resident services.

## Background and Operational Challenges

DeSoto Landing Apartments is a garden style development, located in Arcadia, Florida, consisting of 48 rental apartments units located in six buildings. DeSoto Landing was built in 2007 with financing provided for by Low Income Housing Tax Credits (LIHTC) and the HHRP loan.

DeSoto Landing is currently owned by a small nonprofit organization that has served the community faithfully since the property's inception. However, the organization's board members are no longer able to continue managing the property due to significant health challenges and unforeseen personal obligations.

With only a small board and limited administrative infrastructure, the nonprofit is unable to provide the consistent oversight this 48-unit community requires. Recognizing these limitations, the board has elected to sell DeSoto Landing to an experienced, well-capitalized ownership group capable of sustaining it long term.

This transition ensures DeSoto Landing remains a stable, compliant, and well-maintained affordable housing resource for the County.

## **Property Condition and Financial Context**

Over the past three years, the current owner has maintained the property with care and invested significantly in capital improvements, including:

- Replacement of all roofs,
- Full exterior repainting of all buildings,
- Repaving of the asphalt parking lot, and
- Enhancing the landscaping throughout the property.

These investments have preserved the physical condition and curb appeal of the community, creating a well-maintained environment for residents while protecting the long-term value of the property.

However, built in 2007, DeSoto Landing is entering a phase where major building systems are reaching the end of their useful lives—particularly HVAC units and hot water heaters.

The property's lower asking rents, due to LIHTC affordability restrictions at the property, make it difficult for the property to generate enough income to fund these replacements while also meeting debt obligations. At present, the nonprofit does not have the financial capacity to repay the HHRP loan at its scheduled 2027 maturity. Without approval of this transaction, the County would almost certainly be asked to extend the loan, and under the status quo, its prospects for recovery would be uncertain.

Approving this proposal avoids that risk and ensures the property remains financially and operationally sound.

## **Proposed Transaction Overview**

Under the proposed structure:

- The HHRP loan will be assumed by the new ownership entity, preserving all affordability restrictions.
- The County's lien will be resubordinated to a new first mortgage, enabling recapitalization and long-term preservation.
- The HHRP loan will be recast for a new 20-year term beginning at the date of closing, maintaining the County's original intent of long-term affordability and stability.

This approach keeps the County's funds productively invested and ensures that DeSoto Landing continues to serve its affordable housing mission for decades to come.

### Proposed Loan Modifications

Item	Current Structure	Proposed Structure
Maturity Date	February 2, 2027	Recast to 20 years from closing
Lien Position	Subordinate to existing first mortgage	To remain subordinate to new first mortgage
Loan Balance	\$875,000	\$875,000 – no change proposed
Interest Rate	1.5%	1.5% – no change proposed
Use Restrictions	LIHTC and HHRP restrictions	LIHTC and HHRP restrictions – no change proposed

The proposed modification involves no reduction or forgiveness of principal and no alteration of the County's lien position. It simply extends the loan's term to ensure ongoing affordability and operational viability.

### Capital Needs and Replacement Reserve Funding Plan

#### *Anticipated Capital Expenditures (Next 5 Years)*

As part of our due diligence, we conducted a detailed inventory of mechanical systems. Based on remaining useful life estimates and current unit conditions, we anticipate replacing the following systems within the next five years:

Item	Count	Unit Cost	Total Cost
HVAC Systems	32	\$6,500	\$208,000
Hot Water Heaters	39	1,200	46,800
<b>Total Estimated Cost</b>			<b>\$254,800</b>

#### *Replacement Reserve Commitments*

To fund these future needs, the following replacement reserves will be escrowed:

Funding Source	Amount	Timing
Existing Replacement Reserve Balance	\$122,092	Retained at Closing
New Owner Contribution (at Closing)	72,000	Closing
Additional Contributions (Post-Closing)	72,000	Over 5 years after closing
<b>Total Planned Reserve Funding</b>	<b>\$266,092</b>	

This combined funding plan ensures more than \$266,000 in capital reserves will be available to address upcoming replacements — sufficient to fund all anticipated HVAC and water heater replacements, plus provide a cushion for other system repairs.

### **Professional Management and On-Site Staffing**

Upon acquisition, the property will be managed by NDC Asset Management, a nationally recognized firm specializing in affordable housing operations that currently manages more than 11,000 residential units across more than 200 properties. NDC manages several communities in and around Arcadia and brings deep regulatory expertise and robust operational infrastructure.

NDC plans to employ the following on-site staff at the property:

- **Full-time Property Manager** – providing day-to-day resident and leasing oversight
- **Full-time Maintenance Technician** – ensuring immediate response to repair needs
- **Part-time Groundskeeper** – maintaining curb appeal and common-area cleanliness

This on-site team will be supported by NDC's extensive off-site staff, including:

- Regional supervisors who provide routine site visits, staff training, and performance oversight
- Centralized accounting and bookkeeping staff who manage rent collections, payables, and financial reporting
- Dedicated compliance professionals with expertise in LIHTC, HHRP, and other affordable housing programs to ensure full regulatory compliance
- Human resources and administrative support staff who handle hiring, payroll, and benefits for on-site employees

This comprehensive management structure ensures responsiveness to tenant needs, consistent regulatory compliance, accurate financial reporting, and strong oversight of daily operations. It represents a significant upgrade from the current self-management structure and will materially improve service quality, accountability, and long-term property performance.

### **Commitment to Resident Programs**

We are committed to maintaining all resident services required under the property's Land Use Restriction Agreement (LURA), including:

- Welfare-to-Work and Self-Sufficiency Programs
- Homeownership Incentive Program (grant toward home purchase)
- Semiannual First-Time Homebuyer Seminars
- Quarterly Job Training Courses in computer and office skills
- Community Activities promoting engagement and pride
- Quarterly Financial Counseling Workshops

- Resident Assistance and Referral Services
- Life Safety Training (e.g., CPR and first aid) at least twice annually

These programs strengthen community bonds, promote resident self-sufficiency, and reflect our long-term commitment to affordable housing excellence.

### **Benefits to DeSoto County and Residents**

Approval of this proposal will provide meaningful public benefits, including:

- Preservation of 48 affordable housing units for another 20 years;
- Protection of the County's investment, with no increase in risk;
- Operational stability under experienced, well-staffed management;
- More than \$266,000 in planned reserve funding for long-term capital needs; and
- Continuation of vital resident support programs.

The County's support will ensure that DeSoto Landing continues to provide quality, affordable homes for local families while maintaining fiscal and operational stability.

### **Conclusion**

The proposed assumption, resubordination, and 20-year recast of the HHRP loan for DeSoto Landing Apartments represents a practical and forward-looking approach to affordable housing preservation. It protects the County's investment, ensures responsible long-term stewardship, and extends the useful life of an essential community asset.

We respectfully request the Board's approval and look forward to working in partnership with DeSoto County to continue serving the community.

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Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, reading "Mateen Safaie". The signature is fluid and cursive, with the first name "Mateen" and last name "Safaie" clearly distinguishable.

Mateen Safaie  
Chief Executive Officer