New Energy-Efficient and Affordable Homes
Further Community-Driven Strategy for Inclusive Growth

Parramore Oaks will bring 120 new energy-efficient homes and a boost of economic activity to a downtown Orlando, FL community which has been a priority investment area for more than three decades. Developed in partnership with Alliant affiliate Invictus Development, Parramore Oaks is located in a Downtown Orlando Redevelopment Area where the city is pursuing reinvestment and revitalization efforts with an emphasis on providing more homes, cultural arts, retail, and transit options. A comprehensive plan for the Parramore neighborhood was developed in recent years through the “Enhance Central Florida” process—a community-generated plan for sustainable, inclusive transit-oriented development around several SunRail stations. The comprehensive plan called for new affordable and market-rate homes as a measure to prevent resident displacement given an increased desire to live in downtown Orlando.

The mid-rise apartment development will cater to families at various income levels, providing a mix of 96 affordable and 24 market-rate one-, two-, and three-bedroom homes. Of the affordable homes, 12 will be available to those earning up to 40 percent of Area Median Income (AMI)—half of which are reserved for people with special needs and/or those transitioning out of homelessness—and 84 homes will be available to those earning up to 60 percent of AMI. Some rent restrictions could reduce housing costs by as much as 50 percent compared to market-rate rent in this neighborhood, and these homes will remain affordable for the next 50 years.

Parramore Oaks is designed to meet green building and energy efficiency standards of the ICC 700 National Green Building Standard, providing a healthy living environment for residents and allowing for cost-efficient operations. Residents will also benefit from the property’s community space, which will include onsite staff support, exercise/fitness room, library, computer center, meeting space, as well as free activities and workshops. A half-acre city park is located across the street, and residents can easily access jobs, services, and amenities within one mile.
Opportunity Zone Development Profile

Capital Stack and Phasing

As is typical in financing real estate, multiple sources of funding have been leveraged for this project. The chart below illustrates both the different sources of financing used to date and the point in which each source was accessed during development.

- SunTrust Community Capital debt (construction loan/first mortgage) – $5.6 million
- Housing Credit and Opportunity Zone equity – $20.8 million
- City of Orlando Community Redevelopment Agency debt – $1.1 million
- Deferred Developer Fee – $500,000

Total Development Cost: Approximately $28 million

About the Investment

Parramore Oaks is one of the first developments to combine the Opportunity Zone tax incentive with 9 percent Housing Credits, which were allocated by the Florida Housing Finance Corporation. SunTrust Community Capital (SunTrust) provided a construction loan, which will ultimately be replaced with permanent financing (first mortgage). SunTrust also provided an equity investment leveraging both the Housing Credit and Opportunity Zones tax incentives.

The City of Orlando Community Redevelopment Agency contributed a $1.1 million zero-interest loan, and Alliant’s affiliated developer, Invictus, deferred a portion of its developer fee. Both provided additional financing relief in the capital stack, allowing the project to move forward.

The Impact of Opportunity Zones Financing

The location of Parramore Oaks in a designated Opportunity Zone resulted in very strong Housing Credit equity pricing of $0.985 per $1.00 of Housing Credit allocated.

By combining a tax-advantaged Opportunity Zone investment with 9 percent Housing Credits, the developer was able to reduce the amount of debt borrowed, resulting in interest cost savings. This cost savings allowed for lower rents throughout the development, including those affordably priced for very low-income residents, and enabled the 50-year commitment to maintaining affordable rents.

Leveraging the Opportunity Zone tax incentive with significant resources from the Florida Housing Finance Corporation and a local contribution in the form of a loan from the City of Orlando Community Redevelopment Agency was instrumental to targeting rents at levels affordable to existing community residents.

About Opportunity Zones

Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real estate or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

Florida Housing is proud to be a part of financing much-needed additional affordable units constructed near downtown Orlando, in an Opportunity Zone that further encouraged the development.

- Harold “Trey” Price
  Executive Director, Florida Housing Finance Corporation

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The information presented was gathered through interviews with project stakeholders (e.g., the project sponsor, fund manager, housing finance agency, etc.), Statistics from the American Community Survey are included, and additional publicly available data from the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the U.S. Department of Education, and the Centers for Disease Control may be included as well.