

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

June 20, 2003

Consent Items



HOMEOWNERSHIP LOAN PROGRAM

Consent

I. HOMEOWNERSHIP LOAN PROGRAM

A. Request for Change of Use of Funds for St. Lucie Home Ownership/HAP02-310

1. Background

- a) At its October 29, 2002 meeting, the Board of Directors approved the final rankings for Round One of the 2002 Homeownership Loan Program Cycle.
- b) The Three Rivers Housing Foundation, Inc. (“the Developer”) received a preliminary funding allocation in the amount of \$830,250 for HAP Construction funds to build 30 homes in St. Lucie County.
- c) In the original Application submitted October 7, 2002, the Developer specified that the funding would be used for construction purposes.

2. Present Situation

- a) On April 4, 2003, the Developer requested a change in the use of the funds from Construction to Purchase Assistance. ([Exhibit A](#))
- b) The underwriter has reviewed the Application and has determined that the Developer does not require HAP funds for construction purposes.
- c) Allowing the funds to be used as Purchase Assistance would relieve the Developer of the additional expense associated with a full credit underwriting and could expedite the timeline for building the homes. However, the homebuyers will still be approved based on the guidelines set forth in the Rule Chapter 67-50, F.A.C. (2002).

3. Recommendation

Allow the Developer to utilize the HAP funds as Purchase Assistance for the St. Lucie Home Ownership Development.

B. Request for Approval of the Analytical Review for Trails End/HAP02-304

1. Background

- a) An Application was submitted on behalf of Trails End during Round One of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to the Housing Authority of Tarpon Springs (the “Developer”) for a HAP Purchase Assistance Loan in the amount of \$302,500 to assist in the construction of 11 homes in Pinellas County.

HOMEOWNERSHIP LOAN PROGRAM

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2. **Present Situation**

- a) The credit underwriter has provided Staff with a Final Analytical Review, outlining the parameters of the proposed Development. ([Exhibit B](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HAP funds in the amount of \$302,500 for Purchase Assistance to the homebuyer.

3. **Recommendation**

Staff recommends that the Board approve the Final Analytical Review and authorize Staff to issue a firm commitment letter in the amount of \$302,500 to the Developer to be utilized as HAP Purchase Assistance Loans to the homebuyers, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

C. **Request for Approval of the Analytical Review for Azalea Park/HAP02-311**

1. **Background**

- a) An Application was submitted on behalf of Azalea Park during Round One of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Three Rivers Housing Foundation, Inc. (the "Developer") for a HAP Construction Loan in the amount of \$143,999 to assist in the construction of 8 homes in Suwannee County.
- c) A change in the use of funds from HAP Construction to HAP Purchase Assistance was approved at the May 2, 2003 Board meeting.

2. **Present Situation**

- a) The credit underwriter provided Staff with a Final Analytical Review, outlining the parameters of the proposed Development. ([Exhibit C](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HAP funds in the amount of \$143,999 for Purchase Assistance to the homebuyer.

3. **Recommendation**

Staff recommends that the Board approve the Final Analytical Review and authorize Staff to issue a firm commitment letter in the amount of \$143,999 to the Developer to be utilized as HAP Purchase Assistance Loans to the homebuyers, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

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D. Request for Approval of the Analytical Review for Paradise Trails (formerly known as Kings Estates)/00HH-012

1. Background

- a) An Application was submitted on behalf of the Ocala Housing Authority (the “Developer”) during 2000-2001 HOME Homeownership Loan Program Cycle.
- b) On October 2, 2001, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to the Developer for a HOME Loan in the amount of \$285,000 to assist in the construction of 18 homes in Marion County.
- c) At the December 6, 2001 Board meeting, the Applicant received approval to change the use of funds from Construction to Purchase Assistance.
- d) At the December 6, 2002 Board meeting, the Board approved a Rule Waiver request to transfer the HOME allocation to a new Development (Paradise Trails) due to problems discovered during the environmental review.

2. Present Situation

- a) The credit underwriter has provided Staff with a Final Analytical Review, outlining the parameters of the proposed Development. ([Exhibit D](#))
- b) Staff has reviewed the report and concurs with the credit underwriter’s recommendation to reserve HOME funds in the amount of \$285,000 for Purchase Assistance to the homebuyer.

3. Recommendation

Staff recommends that the Board approve the Final Analytical Review and authorize Staff to issue a firm commitment letter in the amount of \$285,000 to the Developer to be utilized as HOME Purchase Assistance Loans to the homebuyers, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

E. Request for Approval of the Credit Underwriting Report for Arrowhead Estates/HH02-006

1. Background

- a) An Application was submitted on behalf of Arrowhead Estates during Round One of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Arrowhead Estates, LLC (the “Developer”) for a HOME Construction Loan in the amount of \$1,740,000 to assist in the construction of 52 homes in Collier County.

HOMEOWNERSHIP LOAN PROGRAM

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2. **Present Situation**

- a) The credit underwriter has provided Staff with a Final Credit Underwriting Report, outlining the parameters of the proposed Development. ([Exhibit E](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HOME funds in the amount of \$1,740,000 for a HOME Construction Loan.

3. **Recommendation**

Staff recommends that the Board approve the Final Credit Underwriting Report and authorize Staff to issue a firm commitment letter in the amount of \$1,740,000 for a HOME Construction Loan, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

F. **Request for Approval of the Analytical Review for St. Lucie Home Ownership/HAP02-310**

1. **Background**

- a) An Application was submitted on behalf of St. Lucie Home Ownership during Round One of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Three Rivers Housing Foundation, Inc. (the "Developer") for a HAP Construction Loan in the amount of \$830,250 to assist in the construction of 30 homes in St. Lucie County. The Developer has requested a change in the use of funds from Construction to Purchase Assistance to be considered on the Consent Agenda for this meeting (see Exhibit A above).

2. **Present Situation**

- a) The credit underwriter has provided Staff with a Final Analytical Review, outlining the parameters of the proposed Development. ([Exhibit F](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HAP funds in the amount of \$830,250 for Purchase Assistance to the homebuyer.

3. **Recommendation**

Staff recommends that the Board approve the Final Analytical Review and authorize Staff to issue a firm commitment letter in the amount of \$830,250 to the Developer to be utilized as HAP Purchase Assistance Loans to the homebuyers, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

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G. Request for Approval of the Analytical Review for Leon County HAP III/HAP02-329

1. Background

- a) An Application was submitted on behalf of Leon County HAP III during Round Two of the 2002 Homeownership Loan Program Cycle.
- b) On April 2, 2003, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Three Rivers Housing Foundation, Inc. (the "Developer") for a HAP Purchase Assistance Loan in the amount of \$776,250 to assist in the construction of 30 homes in Leon County.

2. Present Situation

- a) The credit underwriter has provided Staff with a Final Analytical Review, outlining the parameters of the proposed Development. ([Exhibit G](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HAP funds in the amount of \$776,250 for Purchase Assistance to the homebuyer.

3. Recommendation

Staff recommends that the Board approve the Final Analytical Review and authorize Staff to issue a firm commitment letter in the amount of \$776,250 to the Developer to be utilized as HAP Purchase Assistance Loans to the homebuyers, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

H. Request for Approval of the Credit Underwriting Report for Lee County Housing Scattered Site Development/HH02-009

1. Background

- a) An Application was submitted on behalf of Lee County Housing Scattered Site Development during Round One of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Lee County Housing Development Corporation (the "Developer") for a HOME Construction Loan in the amount of \$206,833 to assist in the construction of 10 homes in Lee County.

2. Present Situation

- a) The credit underwriter has provided Staff with a Final Credit Underwriting Report, outlining the parameters of the proposed Development. ([Exhibit H](#))
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HOME funds in the amount of \$206,833 for a HOME Construction Loan.

HOMEOWNERSHIP LOAN PROGRAM

Consent

3. **Recommendation**

Staff recommends that the Board approve the Final Credit Underwriting Report and authorize Staff to issue a firm commitment letter in the amount of \$206,833 for a HOME Construction Loan, subject to further approvals by the credit underwriters, counsel and the appropriate corporation Staff.

I. **Extension of Firm Commitment for Jubilee Villas/98HH – 006**

1. **Background**

- a) At its June 11, 1999 meeting, the Board of Directors approved the final rankings for the 1998 HOME Home Ownership Cycle and authorized Staff to issue a preliminary commitment to Jubilee Community Development Corporation (the “Developer”) for Jubilee Villas, a 30-unit mid-rise condominium Development in Miami-Dade County.
- b) At its June 15, 2001 meeting, the Board of Directors authorized Staff to issue a firm commitment to the Developer in the amount of \$676,149.
- c) On July 10, 2001, the Developer signed an acceptance of commitment which stated that the borrower will have until December 31, 2002 to complete the construction of the Development.
- d) The Loan closed on September 19, 2001.
- e) On November 13, 2002, Staff received a request for an extension to the construction completion date from December 31, 2002 to June 30, 2003, which was approved at the December 6, 2002 Board meeting.

2. **Present Situation**

- a) Due to several delays related to the extension of the water main which was required by the Miami-Dade Water and Sewer Department, the Developer has requested an extension of the Firm Commitment until September 30, 2003. ([Exhibit I](#))
- b) The Developer has advised that construction has been completed and they anticipate receiving the Certificate of Occupancy in early June, which does not allow sufficient time to close on all 30 units before the current expiration date of June 30, 2003.

3. **Recommendation**

Staff recommends that the Board grant the Developer’s request and permit the extension of this commitment from June 30, 2003 to December 30, 2003.

HOMEOWNERSHIP LOAN PROGRAM

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J. Request to Reallocate Funding for Midtown Ventures/HAP02-307

1. Background

- a) At its March 7, 2003 meeting, the Board issued Final Orders in connection with Round One of the 2002 Homeownership Loan program. As a result, St. Petersburg Neighborhood Housing Services, Inc (“the Developer”) was issued an invitation into credit underwriting for a HAP Construction Loan in the amount of \$2,062,500 to assist in the building of 75 homes in Pinellas County.
- b) A change in the use of funds from HAP Construction to HAP Purchase Assistance was approved at the May 2, 2003 Board meeting.

2. Present Situation

- a) On May 12, 2003, Staff received a letter from the Developer requesting that the funds be de-obligated for this Development, due to the impact of the proposed substantive changes and the additional due-diligence necessary to complete underwriting. ([Exhibit J](#))

3. Recommendation

Staff recommends that the Board accept the Developer’s request to de-obligate the funds and approve the return of the funds to the Homeownership Loan Program.

K. Request to Reallocate Funding for Hamilton Place/HAP99-003

1. Background

- a) On September 7, 2000, North Florida Educational Development Corporation (the “Developer”) submitted an application to the 1999-2000 HAP Construction Loan Program.
- b) The Board approved the final scores and rankings at its March 8, 2001 meeting.
- c) On May 22, 2001, the Developer was issued an invitation into credit underwriting for a HAP Construction Loan in the amount of \$331,650 to assist in the building of 10 homes in Gadsden County.
- d) The credit underwriting for Hamilton Place has been put on hold due to problems experienced with Lanier Oaks / 1998-049S, a SAIL project, which has been in default due to compliance issues and financial obligations.

2. Present Situation

- a) On May 15, 2003, Staff visited the Developer to review the progress of the Development.
- b) On June 4, 2003, Staff received a letter from the Developer requesting that the funds be de-obligated for this Development, advising that they intend to reapply in a future cycle. ([Exhibit K](#))

HOMEOWNERSHIP LOAN PROGRAM

Consent

3. **Recommendation**

Staff recommends that the Board accept the Developer's request to de-obligate the funds and approve the return of the funds for use in the Homeownership Loan Program.

HOUSING CREDITS

Consent

II. HOUSING CREDITS

A. Request from the Developer of Regency Gardens to modify an amenity selected in the Application

1. Background/Present Situation

- a) Regency Gardens is a Competitive Housing Credit and SAIL New Construction Development providing 94 set-aside units in Broward County. Florida Housing allocated \$488,800.00 in Housing Credits to this development in December of 2000. This development is finished and ready to receive the final allocation and 8609s.
- b) On May 06, 2003, Florida Housing received a request from Regency Gardens, Inc. (the "Applicant") to change an amenity selected in the Application. [Exhibit A](#). The Applicant would like to change "Two or more parking spaces per unit" to "Exercise Room with appropriate equipment." Both items have an equal point value in the Application. The property has 172 parking spaces which is 16 spaces short of the amount to meet the two spaces per unit requirement. The cost of the additional spaces is approximately \$4,049.76. The Applicant will use the \$4,049.76 to provide the exercise room and equipment for the tenants.
- c) Staff recommends the Applicant be required to provide copies of invoices for the purchase of the exercise equipment and the requirement to provide this equipment should extend throughout the affordability period. The Extended Low-Income Housing Agreement for the development should reflect this change.

2. Recommendation

Staff recommends that the Board approve this request with the conditions noted above.

LEGAL

Consent

III. LEGAL

A. In Re: The Palms at Vero Beach Limited Partnership

1. Background

- a) During the 2001 Multifamily Mortgage Revenue Bond Cycle, The Palms at Vero Beach Limited Partnership (“Applicant”) applied for an allocation from the Multifamily Mortgage Revenue Bonds program to construct the Palms at Vero Beach (“The Palms”). In its Application, the Developer for The Palms was Real Estate Advisors, Inc. a Florida corporation. The general partner of Real Estate Advisors, Inc. was Brisben Vero Beach, Inc., (“Brisben”) and an affiliate of AIG SunAmerica (“SunAmerica”) became the limited partner at bond closing. SunAmerica acted as both tax credit investor and credit enhancer for The Palms.
- b) Florida Housing received a Petition for Waiver of Rules 67-21.002(30) and 67-21.003(15), F.A.C., (the “Petition”) from SunAmerica (“Petitioner”). A copy of the Petition is attached as [Exhibit A](#).
- c) In a letter dated June 3, 2003, SunAmerica stated that Brisben is not able to pay and perform certain obligations and could not complete the construction of The Palms. Brisben has terminated substantially all of its employees and no longer has the personnel to perform the tasks required of it as a developer. SunAmerica requests that McCormack Barron Salazar, Inc. (“McCormack Barron”) be allowed to replace Brisben as the Developer for the construction of The Palms.
- d) This letter also stated that there will be no distribution of funds or other compensation to Brisben as a result of changing the Developer for The Palms from Brisben to McCormack Barron.
- e) The principals and corporate ownership of SunAmerica remains identical to that in The Palms application. SunAmerica shall remain as a limited partner and participate in the construction of The Palms. McCormack Barron shall assume all of the obligations and duties of Brisben as General Partner in the construction of The Palms.
- f) SunAmerica has guaranteed the payments of principal and interest on the Bonds until stabilization of The Palms, pursuant to the SAI Construction Phase Credit Facility dated December 1, 2002, issued by SunAmerica to Ambac Assurance Corporation, Inc.
- g) Rule 67-21.002(30), Florida Administrative Code, states in pertinent part:

The Developer, as identified in an Application, may not change until the construction of the Development is complete.

LEGAL

Consent

- h) Rule 67-21.003(15), Florida Administrative Code, states in pertinent part:

A Development will be withdrawn from funding and any outstanding commitments for funds will be rescinded if at any time the Board determines that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development.
- i) On May 30, 2003, the Notice of the Petition was published in Volume 29, Number 22, the Notice of Petition was published in the Florida Administrative Weekly.
- j) To date, Florida Housing has not received any comments concerning the Petition.

2. **Present Situation**

- a) Section 120.542(2), Florida Statutes provides in pertinent part:

Variations and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- b) The purpose of the underlying statute is to encourage the development of affordable housing. Allowing SunAmerica to change its Development Entity will comply with the underlying statute's interest. By allowing SunAmerica to replace Brisben with McCormack Barron, SunAmerica will be able to complete the construction of The Palms in a timely manner.
- c) SunAmerica will suffer substantial hardship without the waiver because SunAmerica will not have a general partner to construct The Palms and would incur substantial financial liabilities and additional debt in order to complete the construction of The Palms. SunAmerica was not a cause of Brisben's cessation of business.
- d) SunAmerica has provided written assurances that the inclusion of McCormack Barron as the general partner is not for the purposes of selling the deal to McCormack Barron or providing an un-earned benefit to McCormack Barron with respect to The Palms. The financial circumstances of Brisben required SunAmerica to find a new general partner in order to complete the construction of The Palms

3. **Recommendation**

Staff recommends the Board grant the Petitioner's request for a waiver of Rule 67-21.002(30) and 67-21.003(15), Florida Administrative Code.

LEGAL

Consent

B. In Re: Lake Worth Towers, Inc.

1. Background

- a) On March 26, 2003, Florida Housing received a Petition for Waiver of Rule 67-32.006, Florida Administrative Code (2000) ("Petition"). Lake Worth Towers, Inc. (Petitioner) requests that the interest rate on its 2000 cycle Elderly Housing Community Loan (EHCL) loan be reduced from three percent (3%) to one percent (1%). Petitioner, a "501(c)(3)" not-for-profit organization, has not yet closed on its 2000 cycle EHCL loan. Since 2002, this Rule provides for a one percent (1%) interest rate for EHCL loans.
- b) A copy of the Petition has been attached as [Exhibit B](#).
- c) On April 11, 2003, Notice of the Petition was published in the Florida Administrative Weekly. No comments have been received regarding this Petition.

2. Present Situation

- a) Section 120.542(2), Florida Statutes provides in pertinent part:

Variations and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- b) Rule 67-32.006(1), Florida Administrative Code (2000) provides, in pertinent part:
 - (a) The [EHCL] loans shall be non-amortizing and shall have an interest rate of three percent.

3. Recommendation

Staff recommends that the Board grant the Petition. The underlying purpose of the statute will be served by the granting of this waiver, as it would permit Petitioner to maintain a low rental structure for this elderly development. Petitioner would suffer substantial hardship if the waiver were not granted as requested because the development receives no HUD subsidy and is operated solely on the income received from tenant rents. Additionally, Petitioner has demonstrated that a strict construction of this Rule in the context of this Petition would affect Petitioner in a manner significantly different from the way it affects other similarly situated persons subject to the Rule, because the current Rule (2002 and later) provides for a one percent (1%) interest rate.

LEGAL

Consent

C. In Re: St. John's Housing Partnership, Inc. (Hancock Place)

1. Background

- a) St. John's Housing Partnership, Inc. ("Petitioner") is the developer of Hancock Place, a 32-unit single family development in St. Augustine, Florida. On November 4, 2002, Petitioner received notice of the preliminary commitment for a HOME loan, and immediately requested a 60-day extension to submit documentation to the Credit Underwriter, pursuant to Rule 67-50.080(2), Florida Administrative Code. The extension expired on March 3, 2003. Petitioner now seeks a waiver of the above Rule and, accordingly, requests an additional extension of time ("Petition"). Petitioner asks that the deadline for submission of required documentation to the Credit Underwriter be extended to July 3, 2003 in order for Petitioner to resolve ongoing issues regarding an ongoing storm water engineering study undertaken by local government agencies that may effect the location of a retention pond. A relocation of the retention pond would potentially alter the overall layout of the development site.
- b) A copy of the Petition is attached as [Exhibit C](#).
- c) On April 18, 2003, Notice of the Petition was published in the Florida Administrative Weekly. No comments have been received regarding this Petition.

2. Present Situation

- a) Section 120.542(2), Florida Statutes, provides in pertinent part:

Variations and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- b) Rule 67-50.080(2), Florida Administrative Code, provides in pertinent part:

The Applicant shall submit the required information to the Credit Underwriter within sixty (60) days of the date of the notification letter. If an extension is needed, a written request substantiating the need for the extension must be provided to the Corporation prior to the sixty (60) day initial deadline, subject to approval by the Credit Underwriter and the Corporation Staff. However, the extension shall not exceed a period of sixty (60) days. In the event the time limitation expires, the Corporation will request that the Applicant relinquish the preliminary allocation and it will be made available to the next ranked Applicant.

LEGAL

Consent

3. **Recommendation**

Staff recommends that the Board grant the Petition. The statute's intent will be served by granting this waiver because the relocation of the planned retention pond will further Florida Housing's statutory mandate of providing safe, sanitary and affordable housing to the citizens of Florida. Not granting this waiver will create a substantial hardship for Petitioner because the loss of the HOME loan subsidy will cause the development to become economically infeasible for potential low income home buyers in St. John's County. Lastly, a strict application of this Rule to Petitioner under these circumstances may violate the principles of fairness, as Petitioner has been delayed in submitting the required documentation to the Credit Underwriter by circumstances beyond Petitioner's control

D. **In Re: DFC Homes of Florida, Inc. (Sable Chase)**

1. **Background**

- a) DFC Homes of Florida, Inc. ("Petitioner") is the developer of Sable Chase, a single-family townhouse development, which is being funded with \$1,325,000 in HOME Construction loan funds awarded by Florida Housing in the 2002 application cycle. Petitioner now seeks a waiver permitting an additional 60 days (from the date of this Order) to submit the required documentation to the Credit Underwriter. Petitioner has already been granted a 60-day extension pursuant to the above Rule. As grounds for granting this waiver, Petitioner has reported that property and model appraisals and a market analysis of the development have only recently been completed, thereby delaying the submission of the required Credit Underwriting requirements. Additionally, Petitioner was required to obtain an unanticipated zoning variance regarding the height of a community wall to be included in the development, which has further delayed the finalization of the development's source and use documentation.
- b) A copy of the Petition is attached as [Exhibit D](#).
- c) On May 30, 2003, Notice of the Petition was published in the Florida Administrative Weekly. No comments have been received regarding this Petition.

2. **Present Situation**

- a) Section 120.542(2), Florida Statutes, provides in pertinent part:

Variations and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

LEGAL

Consent

- b) Rule 67-50.080(2), Florida Administrative Code, provides in pertinent part:

The Applicant shall submit the required information to the Credit Underwriter within sixty (60) days of the date of the notification letter. If an extension is needed, a written request substantiating the need for the extension must be provided to the Corporation prior to the sixty (60) day initial deadline, subject to approval by the Credit Underwriter and the Corporation Staff. However, the extension shall not exceed a period of sixty (60) days. In the event the time limitation expires, the Corporation will request that the Applicant relinquish the preliminary allocation and it will be made available to the next ranked Applicant.

3. **Recommendation**

Staff recommends that the Board grant the Petition. The underlying statute's intent will be served by granting this waiver because it furthers further Florida Housing's statutory mandate to provide safe, sanitary and affordable housing to the citizens of Florida. Moreover, if this waiver is not granted Staff believes that the Petitioner will suffer a substantial hardship because the loss of the HOME loan subsidy will cause the development to become economically infeasible for potential low income home buyers in Broward County. Lastly, a strict construction of this Rule with respect to this Petition may violate the principles of fairness because the required documentation to the Credit Underwriter was delayed due to circumstances beyond Petitioner's control.

E. **In Re: Bradenton Village Homeownership, Inc.**

1. **Background**

- a) Bradenton Village Homeownership, Inc. ("Petitioner") is the developer of the New Singletary development, a 117 unit scattered-site single family project for which Florida Housing awarded HAP downpayment assistance during the 2002 application cycle. Petitioner has previously been granted a 60-day extension and now seeks a waiver of the Rule to obtain an additional extension of 60 days from the date of this Board meeting. As grounds for this request, Petitioner reports it needs additional financing for the project via a predevelopment loan (PLP) from Florida Housing. This loan has completed credit underwriting and Petitioner expects to sign these loan documents shortly. Additionally, Petitioner is attempting to obtain a tax increment finance/CCRA loan from the City of Bradenton in order to aid in the development of infrastructure for the site, which it wishes to be included for consideration during Credit Underwriting.
- b) A copy of the Petition is attached as [Exhibit E](#).
- c) On May 30, 2003, Notice of the Petition was published in the Florida Administrative Weekly. No comments have been received regarding this Petition.

LEGAL

Consent

2. **Present Situation**

- a) Section 120.542(2), Florida Statutes, provides in pertinent part:
- b) Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- c) Rule 67-50.080(2), Florida Administrative Code, provides in pertinent part:

The Applicant shall submit the required information to the Credit Underwriter within sixty (60) days of the date of the notification letter. If an extension is needed, a written request substantiating the need for the extension must be provided to the Corporation prior to the sixty (60) day initial deadline, subject to approval by the Credit Underwriter and the Corporation Staff. However, the extension shall not exceed a period of sixty (60) days. In the event the time limitation expires, the Corporation will request that the Applicant relinquish the preliminary allocation and it will be made available to the next ranked Applicant.

3. **Recommendation**

Staff recommends that the Board grant the Petition. The statute's intent would be met by granting the waiver because additional financing anticipated for the project will further Florida Housing's statutory mandate to provide safe, sanitary and affordable housing to the citizens of Florida. Moreover, not granting this waiver will result in a substantial hardship to Petitioner, in that loss of the HAP downpayment assistance subsidy will cause the development to become economically infeasible for potential low income home buyers in Manatee County. Lastly, a strict construct application of this Rule with respect to this Petitioner under these circumstances may violate the principles of fairness because circumstances beyond Petitioner's control have delayed submittal of required documentation.

F. **In re: Amendment to Hurricane Recovery ("HR") Rule 67-43.008(4)(e), Florida Administrative Code**

1. **Background**

The rule was adopted as 9I-43.008 in January, 1994, to provide disaster relief loans in the aftermath of Hurricane Andrew. It has not since been amended, but was renumbered as 67-43.008 when the Corporation's rules were transferred from DCA.

2. **Present Situation**

Florida Housing staff has recently determined that the loan documents for twelve hurricane recovery loans conflict with the language of Rule 67-43.008(4)(e), Florida Administrative Code. The loan documents provide for an allowance of 12% Return on Equity in determining payments on the loans, the same percentage allowed by SAIL loans. For reasons which are not clear, the HRR only allowed a Return on Equity of only 9%, which would effectively penalize developers for utilizing the HRR loans.

LEGAL

Consent

3. **Recommendation**

That Rule 67-43.008(4)(e), Florida Administrative Code, be amended to align the Return on Equity at 12%, consistent with SAIL loans and with the loan documents.

MULTIFAMILY BONDS

Consent

IV. MULTIFAMILY BONDS

A. Request approval of the Revised Final Credit Underwriting Report for Barclay Forge Apartments (“Development”), \$15,200,000 Tax-Exempt Bonds, 273 units, located in Hernando County, Florida

1. Background

- a) Barclay Forge of Hernando County, Ltd. (“Applicant”) submitted an application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$15,200,000 in order to construct the Development
- b) The developer, Davis Heritage, Ltd., is also a general partner of the Applicant holding a .0095% ownership interest. The second general partner of the Applicant is Davis Family Dynasty Trust holding a .0005% interest. The current limited partners of the Applicant are Lisa Stephens with a 0.36% interest and Davis Heritage, Ltd. with a 99.63% interest. Wachovia Securities is anticipated to be the syndicator of the Housing Credits (“HC”), and will purchase the limited partnership interests of Lisa Stephens and Davis Heritage, Ltd. in the Applicant prior to or concurrent with closing. The general partners’ interests will remain at .0095% and .0005% as previously stated for a total ownership interest of 0.01%.

2. Present Situation

- a) The subject credit underwriting report was previously approved by the Board at the March 7, 2003 Board meeting. While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, the Applicant had a commitment from Neighborhood Lending Partners of West Florida, Inc. (“NLP”) to provide a second mortgage in the amount of \$500,000.
- b) As a condition precedent, all funding required the approval of the Hernando County Board of County Commissioners. However, after FHFC’s approval, Hernando County re-allocated all of their multifamily funds for single-family affordable housing uses. As a result, all of the multifamily developments in Hernando County (including the Development) did not receive their local government funding and the NLP Commitment was nullified. The Developer has revised its sources and uses and increased its bond request to what was originally reflected in the Application - \$15,200,000. SMG has re-underwritten the subject development as a Revised Final Report (as noted).
- c) The Developer has changed credit enhancers from the Florida Affordable Housing Guarantee Program and Multifamily HUD Risk-Sharing Program to a First Housing MAP Program loan through HUD’s 221(d)(4) Program.

MULTIFAMILY BONDS

Consent

- d) Consultech & Associates, Inc. (“Consultech”) reviewed the Applicant’s commitments set forth in their Features and Amenities section of the Universal Application and noted that the Applicant’s site plan does not include the required exterior lighting, air conditioning with a SEER of 12 or better, electric water heater with an energy factor of .91 or better, and single-pane windows with a 0.67 shading coefficient or better. The Applicant’s architect submitted corrected pages reflecting the inclusion of these features and amenities to Seltzer Management Group (“Seltzer”) and Consultech for review and will incorporate the foregoing in the “final” plans prior to closing.
- e) The development costs have increased from \$23,092,839 to \$24,790,622 because of increases to construction costs, financial costs, and the developer fee. There are sufficient funding sources to cover the increased costs and there is no negative impact to the Development because of these cost increments.
- f) On May 2, 2003, the Board approved the Applicant’s request for a Petition for Waiver of Rules 67-21.002(30) and 67-21.003(14)(b), F.A.C. to Change Developer (from Davis Heritage Ltd. to Davis Heritage Development Ltd.) and Notice of Change of Co-General Partner (from Davis Heritage Ltd. to Davis Heritage – Barclay Forge, LLC).
- g) A Revised Final Credit Underwriting Report dated May 27, 2003, is attached as [Exhibit A](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Revised Final Credit Underwriting Report dated May 27, 2003 to finance the construction of Barclay Forge Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

B. Request Approval of the Final Credit Underwriting Report for Wellesley Apartments (“Development”), a 2002 Bond Application in the amount of \$16,840,000 Tax-Exempt Bonds and \$975,000 in Taxable Bonds, 312 Units, located in Orlando, Orange County, Florida

1. Background

- a) TWC Twenty-Two, Ltd. (“Applicant”) submitted an application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$16,840,000 and taxable bonds in the amount of \$1,500,000 in order to construct the Development.
- b) At the October 11, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt Bonds in an amount not to exceed \$16,840,000 for construction of the Development.

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, in the Application, the Applicant presented a conditional commitment from the FHFC Guarantee Program for credit enhancement and has since obtained a

MULTIFAMILY BONDS

Consent

commitment from Citibank for credit enhancement as well. The Development benefits from this change because it allows for a lower interest cost as well as reducing debt service costs.

- b) The Applicant has reduced the amount of taxable bonds requested from \$1,500,000 in the application to \$975,000.
- c) The total development cost listed in the application was \$27,150,937. The cost has decreased by \$833,310 to \$26,317,627. This decrease is the result of lower soft costs, including a decrease in the construction interest. The amount of the decrease is somewhat offset by an increase in the hard cost contingency.
- d) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit B](#).

3. **Recommendation**

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$17,815,000 in bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

C. **Request Approval of the Final Credit Underwriting Report for NorthBridge at Millenia Apartments (“Development”), a 2002 Bond Application in the amount of \$30,020,000 Tax-Exempt Bonds and \$3,500,000 in Taxable Bonds, 396 Units, located in Orlando, Orange County, Florida.**

1. **Background**

- a) NorthBridge at Millenia Partners, Ltd. (“Applicant”) submitted an Application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$32,000,000 in order to construct the Development.
- b) At the January 24, 2003 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$32,000,000 for construction of the Development.

2. **Present Situation**

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, the Guarantors have changed from those listed in the Application. The only individual Guarantor is now Alan Ginsburg. The strength of the guaranty will not be affected.
- b) The application requested \$32,000,000 in tax-exempt bonds, a \$2,000,000 SAIL and \$244,714 in annual housing credits. The revised request is for \$30,020,000 in tax-exempt bonds, \$3,500,000 in taxable bonds and a \$2,000,000 SAIL. The Applicant indicated that the reason for the decrease in the tax-exempt bonds is a concern about the good cost / bad cost estimate and they did not want to jeopardize the tax-exempt status of the bonds. Moreover, this reduction meets the requirement that the amount of tax-exempt bonds be reduced on a pro rata

MULTIFAMILY BONDS

Consent

basis due to the reduction of the number of units from 400 to 396. In addition, NorthBridge at Millenia Partners, Ltd. has elected to retain Housing Credits awarded in connection with the subject development. This change will not have a material effect on this transaction as the Applicant can defer developer fee and general contractor fee to cover the shortfall created by not syndicating the Housing Credits.

- c) The total development costs have increased from \$41,913,600 to \$42,689,109. The increase is due primarily to an increase in Bond Loan construction interest. The increase will not have a material effect on this transaction.
- d) The Application indicated 16 dwelling buildings. The actual number of dwelling buildings will be 22. This change will not have a negative effect on the Development.
- e) The Application indicated 65 1-bedroom units, 201 2-bedroom units and 134 3-bedroom units for a total of 400 units. The plans indicate 118 1-bedroom units, 156 2-bedroom units and 122 3-bedroom units for a total of 396 units. This change will not have a negative impact on the Development.
- f) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit C](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$30,020,000 in tax-exempt bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

D. Request Approval of the Final Credit Underwriting Report for Collins Cove Senior Apartments (“Development”), a 2002 Bond Application in the amount of \$6,035,000 Tax-Exempt Bonds, 160 Units, located in Jacksonville, Duval County, Florida.

1. Background

- a) Collins Cove Housing Partners, Ltd. (“Applicant”) submitted an Application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$6,500,000 in order to construct the Development.
- b) At the October 11, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$6,500,000 in tax-exempt bond financing for construction of the Development.

2. Present Situation

- a) While the current Program Rule does not prohibit changes for modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, in the Application, the Applicant provided commitment letters from GMAC Commercial Mortgage to credit enhance the Bonds, and from Paramount Financial Group, Inc., as syndicator of the tax credits. During underwriting, the

MULTIFAMILY BONDS

Consent

Applicant provided new commitments from Citibank to credit enhance the Bonds, and from Midland Equity Corporation as syndicator of the tax credits.

- b) At the May 2, 2003 Board meeting, the Board approved a rule waiver allowing for the addition of Finlay Development L.L.C. ("Finlay") as a co-Developer for this Development. The co-Developers are now ELCO Housing Partners, L.L.C. and Finlay.
- c) In addition, the co-general partners of the Applicant have changed. Collins Cove Housing Associates, L.L.C. now has a .007% interest in the Applicant and Finlay Interests GP 46, L.L.C. has a .003% interest in the Applicant. The co-general partners still constitute only .01% of the Applicant.
- d) In the Application, Applicant described the Development's proposed unit configuration. The Development's revised plans and specifications reflect that the Development will now consist of one and two bedroom units, which better accommodates elderly housing needs. Overall, the market study supports the Development's new unit configuration. Construction costs have decreased from \$8,226,220 to \$7,172,424 because of the changes set forth herein; a decrease of approximately 13%. The revised construction contract reflects a cost equal to \$52.78 per square foot, or \$44,828 per unit, which the underwriter considers reasonable and is supported by the Newbanks Inc. ("Newbanks") plan and cost analysis.
- e) Applicant also requests that the Board approve the replacement of the management company and general contractor. Applicant proposes to change the management company from Cornerstone Residential Management, L.L.C. to an affiliate of the new partnership, Finlay Management, Inc. Applicant also proposes to change the general contractor from RKC Construction, Inc. to Finlay Construction, L.L.C., an affiliate of the new partnership. These changes do not materially affect the Development.
- f) Applicant proposes replacing the pantry in the kitchen to a pantry in the walk-in closet that adjoins the living room, a double compartment kitchen sink, a garbage disposal and a dishwasher. The proposed replacements are worth three points in the Application as compared to the kitchen pantry, which is worth two points in the Application.
- g) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit D](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$6,050,000 in tax-exempt bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

E. Request Approval of the Final Credit Underwriting Report for Pinnacle Pointe Apartments (“Development”), a 2002 Bond Application in the amount of \$15,815,000 Tax-Exempt Bonds, 268 Units, located in unincorporated Orange County, Florida.

1. Background

- a) Pinnacle Pointe, Ltd. (“Applicant”) submitted an Application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$15,815,000 in order to construct the Development.
- b) At the October 11, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$15,815,000 for construction of the Development.

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, the credit enhancement has changed from the Florida Affordable Housing Guarantee Program and HUD Risk Sharing to Citibank, N.A. (“Citibank”), in the form of a direct-pay Letter of Credit to accommodate sale of the bonds on the public capital markets.
- b) On May 15, 2003, the Developer requested amenity substitutions: (a) substitute a multi-purpose court with a volleyball court and (b) a SEER rating of 12 on the air conditioning in lieu of the 0.91 energy factor of the electric water heater. From a scoring standpoint, the number of points awarded in the application for a volleyball court instead of a multi-purpose court is the same (two points).
- c) The installation of air conditioning with a SEER rating of 12 is worth two points, while electric water heaters with an energy factor of 0.91 or better are only worth one point. From a cost standpoint, Seltzer Management Group (“Seltzer”) submitted the Developer’s request to Consultech & Associates, Inc. (“Consultech”) to review the validity of the cost differences. Consultech concluded that the cost difference of providing a volleyball court versus a multi-purpose court was almost equal. The Developer estimated that the submitted cost difference of upgrading the air conditioners from a SEER 11 to SEER 12 was approximately \$150 per unit. Consultech estimated the cost at approximately \$100 per unit (or \$26,800). The water heaters that are rated with an energy factor of 0.91 would not fit in the plenum closet, so the Developer will purchase a 0.89 energy rated water heater instead for nearly the same cost. Therefore, the SEER 12 upgrade provided by the Developer in lieu of the 0.91 energy rated water heaters will increase costs for the Developer by approximately \$26,800. Seltzer concurs with Consultech’s review.
- d) The residents will be provided a volleyball court (an amenity more commonly included in other developments).
- e) Neither change poses any adverse effect on the subject Development (or the future residents), there are no scoring issues, and the Developer does not realize a cost savings.

MULTIFAMILY BONDS

Consent

- f) The Developer has changed its unit mix from 110 one-bedroom, 46 two-bedroom, 36 three-bedroom, and 76 four-bedroom units to 60 one-bedroom, 88 two-bedroom, 80 three-bedroom, and 40 four-bedroom units. The one and four bedroom units were decreased and the two and three bedroom units were increased, however, the total number of units remains the same. The unit mix was changed to better meet the market demands, and the change in unit mix is supported by the market study and appraisal.
- g) According to the April 17, 2003 Syndication Letter Agreement, Alliant Capital, Ltd. has reduced the amount of capital contributions from \$6,032,391 to \$5,663,342 based on a revised eligible basis calculation.
- h) The management entity has changed from Reliance Management LLC to Reliance Management Services, Inc. The entities are related companies.
- i) The Applicant has changed general contractors from BJ&K Construction, Inc. to RKC Construction, Inc. Seltzer has dealt with both contractors on previous Pinnacle Housing developments and is comfortable with their experience, financial strength, and quality.
- j) All of the above changes appear to be typical of the development process and responses to either market demand, the regulatory and approval process, and/or the refinement of certain economic estimates or assumptions. These changes have had no material impact on Seltzer's loan recommendation.
- k) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit E](#).

3. **Recommendation**

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$15,815,000 in tax-exempt bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

F. Request Approval of the Final Credit Underwriting Report for The Village at Colonial Park Apartments ("Development"), a 2002 Bond Application in the amount of \$12,430,000 Tax-Exempt Bonds and \$865,000 Taxable Bonds, 240 Units, located in Ft. Myers, Lee County, Florida

1. **Background**

- a) Finlay Interests 45, Ltd. ("Applicant") submitted an Application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$12,430,000 in order to construct the Development.
- b) At the December 6, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$12,430,000 for construction of the Development.

MULTIFAMILY BONDS

Consent

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications to the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, the Application presented a conditional commitment for credit enhancement from the Florida Affordable Housing Guarantee Program. Applicant has since obtained a commitment for credit enhancement from Citibank, N.A. (“Citibank”) during the construction/stabilization and the permanent phase.
- b) The Application reflected a Multifamily Mortgage Revenue Bond financed loan totaling \$12,430,000. The financing structure has changed to include \$12,430,000 of tax-exempt financing and \$865,000 of taxable financing for a total MMRB loan request of \$13,295,000.
- c) The Application reflected \$600,000 of deferred general contractor’s fee. The financing structure has changed to include no deferral of general contractor’s fee.
- d) The Housing Credit (“HC”) syndicator has changed from Related Capital Company (“Related”) as shown in the application to Midland Equity Corporation (“Midland”). The syndication rate has increased from \$0.78 per dollar of syndicated HC under the Related commitment to \$0.825 per dollar of syndicated HC under the Midland agreement. The financing structure has changed to include a \$801,819 bridge loan from Midland.
- e) The plans and specifications do not show all the features and amenities committed to in the Application. Specifically, exterior lighting in open/common areas and electric water heaters with energy factors of .91 or greater are not indicated on the preliminary building plans. Applicant states all features and amenities will be shown on the final “signed, sealed, and approved for construction” plans and specifications that are required thirty days before closing.
- f) The development costs have increased from \$20,094,021 to \$21,891,903 because of increased construction costs. Some of this construction cost increase is partially offset by decreased financial costs.
- g) All of the above changes appear to be typical of the development process and responses to either market demand, the regulatory and approval process, and/or the refinement of certain economic estimates or assumptions. These changes have had no material impact on Seltzer’s loan recommendation.
- h) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit F](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$13,295,000 in bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

G. Request Approval of the Final Credit Underwriting Report for Wexford Apartments (“Development”), a 2002 Bond Application in the amount of \$16,335,000 Tax-Exempt Bonds, 324 Units, located in Tampa, Hillsborough County, Florida

1. Background

- a) TWC Sixty-Seven, Ltd. (“Applicant”) submitted an application on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$16,885,000 in order to construct the Development.
- b) At the October 11, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$16,885,000 for construction of the Development.

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, in the Application, the Applicant presented a conditional commitment from the FHFC Guarantee Program for credit enhancement and has since obtained a commitment from Citibank for credit enhancement. The Development benefits from this change because the structure of the deal has changed to allow for a lower interest cost.
- b) The total development cost listed in the application was \$25,604,996. The cost has decreased by \$905,987 to \$24,699,009. This decrease is a result of lower soft costs, including a decrease in capitalized interest and land costs. The amount of the decrease is somewhat offset by an increase in hard cost contingency.
- c) A Final Credit Underwriting Report dated June 6, 2003, is attached as [Exhibit G](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated June 6, 2003 recommending that \$16,335,000 in bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

H. Request approval to extend the closing deadline for two Applications from June 30, 2003 to October 31, 2003

1. Background

- a) There are two remaining 2001 Applications that have not yet closed; Hampton Point and Pineview Villas.

2. Present Situation

- a) Each Application is either in the process of closing or revising a credit underwriting report.

MULTIFAMILY BONDS

Consent

3. **Recommendation**

Extend the closing deadline for each of the listed Applications until October 31, 2003.

I. **Request Approval to transfer the ownership of The Sanctuary at Winter Lakes, 1999 Series H-1 and H-2 Bonds, 284 Units, St. Lucie County; The Park at Palm Bay, 2000 Series R-1 and R-2 Bonds, 234 Units, Brevard County; and The Palms at Vero Beach, 2002 Series R-1, R-2 and R-3 Bonds, 259 Units, Indian River County**

1. **Background**

- a) The Sanctuary at Winter Lakes is a 284 unit development located in St. Lucie County, Florida that received an \$11,935,000 loan from the proceeds of the Corporation's 1999 Series H-1 and H-2 Bonds.
- b) The Park at Palm Bay is a 234 unit development located in Brevard County, Florida that received an \$11,055,000 loan from the proceeds of the Corporation's 2000 Series R-1 and R-2 Bonds.
- c) The Palms at Vero Beach is a 259 unit development located in Indian River County, Florida that received a \$13,800,000 loan from the proceeds of the Corporation's 2002 Series R-1, R-2 and R-3 Bonds. The Palms at Vero Beach has just begun construction. Because construction is not yet complete, a petition for rule waiver was filed with FHFC to request a change in the Developer entity for this development. This request is before the Board at this meeting on the legal agenda.
- d) All three properties are being developed by affiliates of The Brisben Companies. Each series of Bonds is credit enhanced during construction and initial rent up until a Release Notice is given to the Trustee by Financial Security Assurance, Inc. ("Credit Enhancer") with an SAI Interim Credit Facility from SunAmerica, Inc., and on a permanent basis with a financial guaranty bond insurance policy from the Credit Enhancer. The Release Notice has not been received for any of the three properties. Affiliates of SunAmerica, Inc. (or of its parent company, American International Group, Inc.) purchased the low income housing tax credits for all three properties.

2. **Present Situation**

- a) SunAmerica has advised Florida Housing (see letter attached as [Exhibit H](#)) that it seeks to replace the current general partners with entities affiliated with McCormack Baron & Associates or, in the alternative, entities controlled by SunAmerica. Under the original bond documents, either substitution requires the Corporation's prior consent. SunAmerica will also bring in new property management companies to operate the three properties.
- b) The general and limited partners for each transaction along with other Brisben entities entered into an Interim Agreement, dated March 26, 2003. Pursuant to the Interim Agreement the limited partner of each partnership could remove the general partner of each partnership upon 5 days notice. The limited partner of each transaction gave such notice on April 21, 2003, and the removal was effective on April 26, 2003. Pursuant to certain loan documents governing these transactions, FHFC must approve the new general partner within 60 days of the removal of the original general partner.

MULTIFAMILY BONDS

Consent

- c) A Final Credit Underwriting Review dated May 31, 2003, is attached as [Exhibit I](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Review dated May 31, 2003 to approve the proposed new general partners for the Sanctuary at Winter Lakes, Park at Palm Bay, and Palms at Vero Beach Developments, subject to the conditions outlined in the recommendation and further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

J. Assignment of Bond Underwriters and Structuring Agents

1. Background

- a) Pursuant to the request regarding the issuance of bonds to finance the construction of the proposed Developments referenced below, Final Credit Underwriting Reports are being presented to the Board for approval simultaneous with this request to assign the appropriate professionals to these transactions. A brief description of the Developments is detailed below along with the Staff's recommendation for the assignments.
- b) Additionally, the Corporation's Senior Financial Advisor has prepared method of bond sale letters. Staff has reviewed these method of sale letters and Board approval is requested at the current meeting.

2. Present Situation

- a) The Credit Underwriters, the Senior Financial Advisor and Florida Housing Staff have reviewed the financing structures for the proposed Developments.
- b) The Senior Financial Advisor's recommendation for the methods of bond sale is being presented to the Board at the current meeting during the Multifamily Bond Program Update of items on the agenda.

MULTIFAMILY BONDS

Consent

3. Recommendation

Approve the assignments of the recommended professionals as shown in the chart for the proposed Developments.

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
Pinnacle Pointe	Orange	268	Negotiated	Citigroup Global Markets Inc.
NorthBridge at Millenia	Orange	396	Negotiated	William R. Hough and Company
Wellesley	Orange	160	Negotiated	Citigroup Global Markets Inc.
Wexford	Hillsborough	324	Negotiated	Citigroup Global Markets Inc.
Collins Cove Senior	Duval	160	Negotiated	Citigroup Global Markets Inc.
The Village at Colonial Park	Lee	240	Negotiated	Citigroup Global Markets Inc.

K. **Request Approval of the Method of Sale Recommendations from Florida Housing's Senior Financial Advisor**

1. Background/Present Situation

- a) The Credit Underwriter has provided Final Credit Underwriting Reports for the proposed Developments below. Florida Housing seeks Board approval pursuant to the recommendation of the Credit Underwriter and the appropriate Florida Housing staff.
- b) Pursuant to Rule 67-21.0045, F.A.C., Staff has requested a review of the proposed bond structure by the Senior Financial Advisor in order to make recommendations to the Board for the methods of bond sale.

MULTIFAMILY BONDS

Consent

- c) WLJ Capital has prepared analysis and recommendations for the methods of bond sale for the Developments. These recommendation letters are attached as [Exhibit J](#).

Development Name	Location of Development	Number of Units	Method of Bond Sale
Spring Haven	Hernando	176	Negotiated
Grand Court at North Port	Sarasota	126	Negotiated
Pinnacle Pointe	Orange	268	Negotiated
NorthBridge at Millenia	Orange	396	Negotiated
Wellesley	Orange	160	Negotiated
Wexford	Hillsborough	324	Negotiated
Collins Cove Senior	Duval	160	Negotiated
The Village at Colonial Park	Lee	240	Negotiated

- d) These Developments are recommended as negotiated deals because the variable interest rate on the bonds will be re-priced each week. This “low floater” structure is most efficiently handled through a negotiated transaction.

2. Recommendation

- a) Accept the recommendation of the Senior Financial Advisor for the methods of bond sale for the above Developments

PREDEVELOPMENT LOAN PROGRAM

Consent

V. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Approval of Loan from PLP funds for Haven Economic Development, Inc.

1. Background/Present Situation

- a) On January 14, 2003, Florida Housing issued an invitation to participate in the PLP program to Haven Economic Development, Inc. (“Developer”) for a development called Haven Single Family (PLP 00-030) (“Development”). The Development, located in Miami-Dade County, will consist of 30 homeownership units.
- b) The Technical Assistance Provider (TAP) assisted the Developer in preparing a development plan and budget ([Exhibit A](#)). Staff has reviewed the development plan and budget and has determined that all budget items are PLP eligible. The TAP has approved the development plan and has recommended a loan amount of \$500,000 for PLP eligible activities ([Exhibit B](#)). Of this total, \$308,000 is requested for property acquisition. The Developer has explained the reason for the request (as required by Rule 67-38) and the TAP has supported their request in the recommendation. The funds for acquisition will be subject to credit underwriting and Board approval at a future meeting.

2. Recommendation

- a) Approve a loan from PLP funds for \$500,000 for Haven Economic Development, Inc. (“Developer”) for predevelopment costs related to the Haven Single Family Development as recommended by the TAP.

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

VI. PROFESSIONAL SERVICES SELECTION (PSS)

A. Guaranteed Investment Contract (GIC) Broker Contracts

1. Background

- a) In November and December 2001 Florida Housing entered into contracts for GIC Broker Services with the following firms:
 - (1) Capital Financial Partners, Inc. jointly with Tradition (North America) Inc. effective November 13, 2001
 - (2) Chambers, Dunhill, Rubin & Co. effective December 3, 2001
 - (3) Kane Capital Strategies, Inc. effective December 10, 2001
 - (4) PK Advisors, Inc. and PackerKiss Securities, Inc. effective November 30, 2001

2. Present Situation

- a) The term of the contracts end two (2) years from the effective dates with an option to renew, on a yearly basis, for a period of up to two (2) years after the expiration of the initial term. Renewals shall be contingent upon satisfactory performance evaluations by Florida Housing.
- b) The quality of service performed by these providers during the initial term has been satisfactory. Staff supports the recommendation to extend the contracts.

3. Recommendation

- a) Staff believes that it is in the best interests of Florida Housing to continue to retain our current GIC Brokers pursuant to the existing contracts, and recommends that the Board direct staff to proceed with the contract renewal process for each provider for one (1) year.

B. Hearing Officer Services

1. Background

- a) Florida Housing entered into contracts to provide Hearing Officer Services with Chris H. Bentley & Diane D. Tremor of Rose, Sundstrom & Bentley, LLP and David E. Ramba of Lewis, Longman & Walker, P.A., effective July 26, 2001.
- b) Each contract contains a provision for up to two (2) one-year renewals. Renewals are contingent upon satisfactory performance evaluations by Florida Housing.
- c) At its April 26, 2002 meeting Florida Housing's Board authorized staff to proceed with the contracts modification process to extend the contracts for one year.

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

2. **Present Situation**

- a) The term of the contract for Chris H. Bentley & Diane D. Tremor of Rose, Sundstrom & Bentley, LLP and David E. Ramba of Lewis, Longman & Walker, P.A. expires July 23, 2003.
- b) Based on staff's input the hearing officers are satisfactorily performing the requirements in the Scope of Work.

3. **Recommendation**

- a) Staff believes that it is in the best interests of Florida Housing to continue to retain our current hearing officers, and recommends the Board direct staff to proceed with the contracts modification process to extend the contracts for one year.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Credit Underwriting Report for Camden Club a/k/a Crescent Club Apartments (“Development”), Cycle XIV (2002-101S)

1. Background/Present Situation

- a) On January 24, 2003, the Board approved a recommended order for this development to participate in the SAIL Program Cycle XIV funding as part of the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On January 29, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$2,000,000 for this 215-unit elderly development in Orange County.
- c) On June 2, 2003, staff received a credit underwriting report with a positive recommendation for a permanent SAIL loan in the amount of \$2,000,000 ([Exhibit A](#)). The applicant is requesting that the following changes be made:
 - (1) Change the property management entity from Reliance Management Services as listed in the application to Professional Management of Central Florida. Professional Management of Central Florida is approved as a management company by Florida Housing.
 - (2) Change the name from Camden Club Apartments as listed in the application to Crescent Club Apartments because another apartment community in Orlando has the name Camden Club.
- d) Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, Florida Administrative Code (F.A.C.).

2. Recommendation

Approve the final credit underwriting report with the requested changes and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

B. Request Approval of Credit Underwriting Report for Wellesley Apartments (“Development”), Cycle XIV (2002-112BS)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

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- b) On October 23, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 312-unit large family development in Orange County. This SAIL loan will be secured by a second mortgage on the property. This Development was also awarded a Multifamily Mortgage Revenue Bond (MMRB) allocation. The credit underwriting report is addressed in the MMRB section of this Board package. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

C. Request Approval of Credit Underwriting Report for Wexford Apartments (“Development”), Cycle XIV (2002-113BS)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 23, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 324-unit large family development in Hillsborough County. This SAIL loan will be secured by a second mortgage on the property. This Development was also awarded a MMRB allocation. The credit underwriting report is addressed in the MMRB section of this Board package. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

D. Request Approval of Credit Underwriting Report for Regency Gardens Apartments (“Development”), Cycle XIV (2002-090S)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$700,000 for this 94-unit family development in Broward County. This SAIL loan will be secured by a second mortgage on the property.

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Consent

- c) On May 30, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$700,000 ([Exhibit B](#)). The applicant is requesting to make the following change:

Substitute a covered picnic area in lieu of two or more parking spaces per unit. Both items are worth 1 point and are in the same grouping of optional features for new construction developments.

- d) The underwriting report is conditioned upon receiving updated financials for the general partners. Upon approval of the financial statements from the underwriter, a supplement to the Board package will be submitted, otherwise, the credit underwriting report will be withdrawn from the Board agenda.
- e) Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. **Recommendation**

Approve the final credit underwriting report with the requested changes and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

E. **Request Approval of Credit Underwriting Report for Collins Cove Senior Apartments (“Development”), Cycle XIV (2002-087BS)**

1. **Background/Present Situation**

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 23, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 160-unit elderly Development in Duval County. The SAIL loan will be in a third mortgage position during the construction period due to the Letter of Credit provider holding a second mortgage. This development was also awarded a MMRB allocation. The credit underwriting report is addressed in the MMRB section of this Board package. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. **Recommendation**

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

F. Request Approval of Credit Underwriting Report for Spring Haven Apartments (“Development”), Cycle XIV (2002-135BS)

1. Background

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 23, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 176-unit family development in Hernando County. This SAIL loan will be secured by a second mortgage on the property.
- c) On May 28, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000 ([Exhibit C](#)). This Development was also awarded a MMRB allocation. The credit underwriting report for the bonds was approved by the Board on May 2, 2003. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

G. Request Approval of Credit Underwriting Report for The Landings on Millenia Boulevard Apartments (“Development”), Cycle XIV (2002-076S)

1. Background/Present Situation

- a) On January 24, 2003, the Board approved a recommended order for this development to participate in the SAIL Program Cycle XIV funding as part of the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On January 29, 2003 staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 336-unit family development in Orange County. This SAIL loan will be secured by a second mortgage on the property.
- c) On June 5, 2003 staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 ([Exhibit D](#)).

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

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Consent

H. Request Approval of Credit Underwriting Report for Northbridge at Millenia (“Development”), Cycle XIV (2002-078BS)

1. Background/Present Situation

- a) On January 24, 2003, the Board approved a recommended order for this development to participate in the SAIL Program Cycle XIV funding as part of the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On January 29, 2003 staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 396-unit family development in Orange County. The SAIL loan will be secured by a mortgage on the property that should be in a third lien position behind two other superior lien positions. This Development was also awarded a MMRB allocation. The credit underwriting report is addressed in the MMRB section of this Board package. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

I. Request Approval of Credit Underwriting Report for University Club Apartments (“Development”), Cycle XIV (2002-081S)

1. Background/Present Situation

- a) On January 24, 2003, the Board approved a recommended order for this development to participate in the SAIL Program Cycle XIV funding as part of the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On January 29, 2003 staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 192-unit family development in Sarasota County.
- c) On June 4, 2003 staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000 ([Exhibit E](#)). The SAIL mortgage will be in a third lien position due to the credit enhancer recording a mortgage to secure their letter of credit. After conversion to permanent financing the SAIL loan will be in a second lien position.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

J. Request Approval of Credit Underwriting Report for Harbor Cove Apartments (“Development”), Cycle XIV (2002-031S)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 208-unit large family development in Alachua County. This SAIL loan will be secured by a second mortgage on the property.
- c) On June 2, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000 ([Exhibit F](#)). The number of buildings changed from 17 residential buildings as listed in the Application to 14 residential buildings plus a separate and detached clubhouse and maintenance building. The unit count and mix have not changed from the application. The reduction of the 3 residential buildings is not material to the operation of the Development.
- d) The underwriting report is conditioned upon receiving updated financials for the Applicant, University Cove Partners, Ltd. and the general partner, CED Capital Holding 2000 K, LLC. Upon approval of the financial statements from the underwriter, a supplement to the Board package will be submitted, otherwise, the credit underwriting report will be withdrawn from the Board package.
- e) Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report with the requested changes and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

K. Request Approval for Transfer of General Partner Interest for Thornwood Terrace (2000-089CS)

1. Background/Present Situation

- a) Thornwood Terrace of Lake City, Ltd. (Thornwood) received a SAIL loan in the amount of \$455,000 from the 2000 application cycle for the construction of a 28-unit elderly development in Columbia County.
- b) Lisa Stephens of Davis Heritage Ltd. submitted letter requesting that, due to medical reasons, the current general partners, Ronnie C. Davis, Stefan M. Davis and Davis Heritage Ltd., be replaced by Hallmark Group Services of Florida, LLC ([Exhibit G](#)).

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Consent

- c) Rule 67-48.0105(1), Florida Administrative Code requires that the following conditions be met:
 - (1) The proposed transferee meets all specific Sponsor identity criteria which were required as conditions of the original loan.
 - (2) The proposed transferee agrees to maintain all set-asides and other requirements of the SAIL loan for the period originally specified or longer; and
 - (3) The proposed transferee receives a favorable recommendation from the credit underwriter and approval by the Board of Directors of the Corporation.

- d) On April 29, 2003, staff received a positive recommendation from the credit underwriter. If approved, the current Guarantors will be replaced by Martin H. "Pete" Petersen and wife Wendy Petersen. The incoming general partner agrees to all terms of the current Land Use Restriction Agreement. Based on the experience, credit history and financial strength of Hallmark Group Services of Florida, LLC, along with Pete and Wendy Petersen the credit underwriter recommends the approval of this transfer ([Exhibit H](#)).

2. **Recommendation**

Approve the developer's request to allow the general partners to be replaced by Hallmark Group Services of Florida, LLC and direct staff to modify the necessary loan documents.