

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 12, 2003
Action Items



DEMONSTRATION

Action

I. DEMONSTRATION

A. Request Credit Underwriting Approval for Casa Cesar Chavez, 2001/01-006FW

DEVELOPMENT NAME (“Development”):	Casa Cesar Chavez
DEVELOPER/PRINCIPAL (“Developer”):	Everglades Community Association, Inc.
NUMBER OF UNITS:	28
LOCATION (County):	Miami-Dade County
TYPE:	Rental, Farmworker
SET ASIDE:	100% @ 60% AMI
ALLOCATED AMOUNT:	\$1,250,000
ADDITIONAL COMMENTS:	Credit Underwriter has recommended approval with conditions as specified in attached report.

1. Background/Present Situation

- a) On March 8, 2002, Florida Housing issued a Request for Proposal (RFP) for Farmworker Housing.
- b) Everglades Community Association, Inc. (the “Developer”) submitted a response and on September 20, 2001 the Board approved funding of \$1,250,000 subject to a positive recommendation from the credit underwriter. The Development, Casa Cesar Chavez, is located in unincorporated Miami-Dade County and will provide 28 farmworker rental housing units.
- c) Staff received a credit underwriting report for this Development with a positive recommendation for a loan of \$1,250,000, subject to the conditions outlined in the report ([Exhibit A](#)).

2. Recommendation

Approve the credit underwriter’s recommendation and direct staff to issue a firm loan commitment and proceed with loan closing activities.

DEMONSTRATION

Action

B. Request Credit Underwriting Approval for City View Apartments, 2001/08-006HL

DEVELOPMENT NAME (“Development”):	City View Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Carrfour Corporation
NUMBER OF UNITS:	66
LOCATION (County):	Miami-Dade County
TYPE:	Rental, Homeless
SET ASIDE:	100% @ 60% AMI
ALLOCATED AMOUNT:	\$1,500,000
ADDITIONAL COMMENTS:	Credit Underwriter has recommended approval with conditions as specified in attached report.

1. Background/Present Situation

- a) On June 22, 2001, Florida Housing issued a Request for Proposal (RFP) for Homeless Housing.
- b) Carrfour Corporation (the “Developer”) submitted a response and on September 20, 2001, the Board approved funding of \$1,500,000 subject to a positive recommendation from the credit underwriter. The development, City View Apartments, is located in Miami-Dade County and will provide 66 rental housing units.
- c) Staff received a credit underwriting report for this development with a positive recommendation for a loan of \$1,500,000, subject to the conditions outlined in the report ([Exhibit B](#)).

2. Recommendation

Approve the credit underwriter’s recommendation and direct staff to issue a firm loan commitment and proceed with loan closing activities.

FISCAL

Action

II. FISCAL

A. 2003 / 2004 Documentary Stamp Tax Appropriation Split

1. Background

Each state fiscal year Florida Housing Finance Corporation is appropriated spending authority from documentary stamp tax collections in the State Housing Trust Fund. This appropriation may be used to fund the State Apartment Incentive Loan Program (SAIL), the Predevelopment Loan Program (PLP), the Homeownership Assistance Program (HAP), HOME Match, Florida Affordable Housing Guarantee Program Debt Service and Florida Housing's contribution to the Housing Data Clearinghouse.

2. Present Situation

- a) For state fiscal year 2003/2004, Florida Housing Finance Corporation has available spending authority of \$54,508,267 in the State Housing Trust Fund for programs.
- b) Each program area was given the opportunity to request funds from the 2003/2004 allocation based on program expectations.
- c) The chart at [Exhibit A](#) shows the historical allocation of funds to each of the programs and a recommended allocation of funds for the current state fiscal year.
- d) Staff recommends \$43,978,769 for SAIL to satisfy the anticipated demand in the current state fiscal year.
- e) Staff recommends a \$3,000,000 allocation be made to HAP to satisfy anticipated demand in the current state fiscal year.
- f) Staff recommends that no allocation be made for HOME match this year because Florida Housing's federal match obligations can be satisfied this year from other sources.
- g) Staff recommends a \$2,000,000 allocation to PLP to satisfy the renewed popularity of the program due to streamlined program and closing procedures.
- h) Staff recommends \$5,400,000 be allocated to the Guarantee Fund to satisfy the current year's principal portion of debt service on the program's capitalizing bonds.
- i) Staff recommends the allocation of \$129,498 to fund one half of this year's payment to the Housing Data Clearinghouse. The remaining funds to cover this expense will come from the Local Government Housing Trust Fund, as allowed by the General Appropriations Act.

3. Recommendation

- a) Approve the suggested allocation of funds for fiscal year 2003/2004 as shown in [Exhibit A](#).

GUARANTEE PROGRAM

Action

III. GUARANTEE PROGRAM

- A. Consider Approval of the August 1, 2003 Guarantee Program Committee Minutes**

HOME RENTAL

Action

IV. HOME RENTAL

A. Request to Amend the HOME Rental Land Use Restriction Agreement (LURA) for Tradewinds Hammocks Apartments 2000-075CH

Development Name (“Development”):	Tradewinds Hammocks Apartments
Developer/Principal (“Developer”):	The Heritage Affordable Development, Inc.
Number of Units: 66	Location: Key Largo, Monroe County
Type: Large Family	Set Aside: 20% @ 50% AMI 80% @ 60% AMI
Allocated Amount: \$2,900,000 HOME Rental \$169,232 Housing Credits	Additional Comments:

1. Background/Present Situation

- a) During the 2000 Combined Cycle, Florida Housing awarded \$2,900,000 in HOME funds and an annual allocation of \$169,232 in Housing Credits to Tradewinds Hammocks Apartments to construct a 66-unit development in Monroe County.
- b) The Board approved the final credit underwriting report for the HOME loan on May 10, 2001 and directed staff to proceed with loan closing activities. The loan closed on December 27, 2001. Subsequently, construction was completed and an inspection performed to enable the borrower to request release of HOME funds.
- c) On July 10, 2003, staff received a letter from Tradewinds Hammocks Apartments requesting to revise the Land Use Restriction Agreement (LURA) as follows ([Exhibit A](#)):
 - (1) Change original roof system of 7-inch thick insulated pre-cast concrete panels to metal roof trusses covered with sheathing, felts, 30 year warranty shingles and R-30 insulation in the attic space (standard roof system) maintaining the same energy efficiency as the original materials would have provided. Total cost decrease: \$23,858.
 - (2) Change original upper floor slabs from pre-cast concrete panels covered with a two-inch lightweight concrete topping to Versa-deck system consisting of metal pans covered with 5 ½-inches of concrete providing the same function as the original material would have provided. Total cost increase: \$50,000.
 - (3) Change original TMG precast concrete panel interior walls to industry standard metal stud framing, sized as required by code, with insulation and drywall where required. This change would not compromise project quality. Total cost increase: \$68,000.
 - (4) Change exterior TMG concrete wall system to Royal insulated wall system which is of similar quality. Total cost decrease: \$63,410

HOME RENTAL

Action

- d) A cost analysis performed by Consultech, determined an overall cost increase to be \$30,732. ([Exhibit B](#)) These costs were covered with developer fees.

2. **Recommendation**

Approve Developer's request to make the above changes and amend LURA as required.

HOMEOWNERSHIP LOAN PROGRAM

Action

V. HOMEOWNERSHIP LOAN PROGRAM

A. 2003 Homeownership Loan Program - Approval of Scores and Rankings

1. Background

- a) The Homeownership Loan Program, which consolidates the HAP and HOME Homeownership Programs, was created under Chapter 67-50, Florida Administrative Code (F.A.C.).
- b) The 2003 Homeownership Loan Program Application Cycle began on May 1, 2003 and closed on June 16, 2003.
- c) Applications were reviewed by Program Staff and preliminary Master Score Sheets and Deficiency Reports were prepared.
- d) On July 16, 2003, Applicants were sent their Master Score Sheet, Deficiency Report and instructions pertaining to the "Cure Period," which allows for the submission of revised pages and/or additional documentation to address the issues raised by the preliminary scoring which resulted in the rejection of the Application or a score less than the maximum available, pursuant to Rule Chapter 67-50.070(4), F.A.C.

2. Present Situation

- a) Upon receipt of all cures, Staff re-scored the Applications, in accordance with Rule Chapter 67-50 F.A.C.
- b) Scoring has been completed and Staff has prepared the 2003 Homeownership Loan Program Scores and Rankings for Board approval.

3. Recommendation

- a) Approve the 2003 Homeownership Loan Program Scores and Rankings.
- b) Authorize staff to: (1) notify the Applicants of their scores and ranking, (2) prepare preliminary commitment letters for those Applicants which are within the funding range, and (3) advise the Applicants which are not within the funding range of their right to appeal, pursuant to Rule 28-106, F.A.C. and Chapter 120, Florida Statutes.

HOMEOWNERSHIP LOAN PROGRAM

Action

B. 2004 Homeownership Loan Program - Rule Development Process

1. Background

- a) The Homeownership Loan Program, which consolidates the HAP and HOME Homeownership Programs, was created under Chapter 67-50, Florida Administrative Code (F.A.C.) and adopted on September 5, 2002.
- b) Two application cycles were held for the 2002 Application Cycle, ending October 7, 2002 and January 30, 2003, respectively.
- c) Staff felt that changes to the Rule and Application were necessary to enhance the Program and began the Rule amendment process in January 2003, pursuant to 120.54, Florida Statutes.
- d) The amended Rule became effective on May 4, 2003

2. Present Situation

- a) The 2003 Application Cycle ended June 16, 2003. Scoring of the original Applications and the revisions submitted during the Cure Period has been completed and will be presented for Board approval at this meeting.
- b) While undergoing the scoring process, it has been determined that additional modifications to the Rule and Application are necessary to better administer the Program.

3. Recommendation

- a) Authorize Staff to proceed with the amendment of Rule Chapter 67-50, F.A.C. and Application.

LEGAL

Action

VI. LEGAL

A. In Re: Fifth Avenue Estates, Ltd. – Scoring dispute 2002 Universal Cycle

1. Background

- a) On or before April 15, 2002, Petitioner, Fifth Avenue Estates, Ltd., submitted an application to Florida Housing for SAIL funds and Low Income Housing Tax Credits in the 2002 Universal Cycle program. On July 22, 2002, Florida Housing notified Petitioner of the results of the scoring of Petitioner's application and provided Petitioner with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes. On July 30, 2002, Petitioner filed its Election of Rights. On August 2, 2002, Petitioner timely filed its Petition for Review of Decision Involving Disputed Issues of Material Fact.
- b) The determinative issue raised in the petition was that Florida Housing erred in refusing to accept Fifth Avenue's proposed cure regarding the total set-aside commitment shown at Part III, Section E, Subsection 3 of the application.
- c) Florida Housing determined that no material facts were in dispute. Accordingly, an Informal hearing was conducted pursuant to Sections 120.569 and 120.57(2), Florida Statutes. After the Proposed Recommended Orders were filed, Hearing Officer Chris H. Bentley determined, based on letters from counsel for the parties, that a dispute of material fact existed, and relinquished jurisdiction to the Division of Administrative Hearings. Prior to Final Hearing, the parties agreed that the facts in dispute were not material to the outcome of this matter, and filed an Amendment to Joint Stipulation of the Facts, whereupon the Division of administrative Hearings relinquished jurisdiction to the Hearing Officer for issuance of the Recommended Order.

2. Present Situation

- a) On or about August 1, 2003, the Hearing Officer issued his Recommended Order which found that Florida Housing had properly rejected the proposed cure of a non-curable item, and properly scored Fifth Avenue's application. A copy of the Recommended Order is attached as [Exhibit A](#).

3. Recommendation

The Board may decide to accept or reject the Recommended Order and enter a Final Order accordingly.

MINUTES

Action

VII. MINUTES

- A. Consider Approval of the August 1, 2003, [Board of Directors' Meeting Minutes](#).

PREDEVELOPMENT LOAN PROGRAM (PLP)

Action

VIII. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request for Forgiveness of Outstanding 1998 PLP Funds

PLP #	Development Name	Developer	Funds Drawn	Date of Withdrawal	Exhibit
98-006	Country Place	Affordable Housing Ventures, Inc.	\$4,500	12/23/2002	A
98-035	Charlotte Harbor Town Apartments	United Development Communities	\$5,000	2/27/2003	B

1. Background

- a) After successfully competing in the 1998 Application Cycle, staff issued Invitations to Participate in the Program to the developers listed below. The developers accepted the invitations. The acceptance to participate included a provision that the borrower may receive an advance of funds to pay for certain expenses including a market and feasibility analysis (MFA). Florida Housing advanced the cost of completing the MFAs for the developments. The MFAs were completed and demonstrated that conditions were favorable for the proposed development.
- b) Seven developments have previously sought and received forgiveness from the Board for the cost of the MFA despite receiving a positive MFA ([Exhibit A](#)).

2. Present Situation

- a) The developers notified Florida Housing that they will not proceed with their developments and requested that Florida Housing forgive repayment of the advance.
- b) The 1998 PLP Rule provided for forgiveness of the advance if the market study is unfavorable. The Rule did not address the issue of forgiveness when the market study is favorable. However, Florida Housing repealed section the section (67-38.006) and there is no current rule governing this issue. Staff believes that it is in the best interests of PLP to encourage and facilitate the withdrawal of applicants funded under the old PLP program in order to fund new program participants.

3. Recommendation

- a) Grant forgiveness of the respective funds to the two developments listed above.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

IX. PROFESSIONAL SERVICES SELECTION (PSS)

A. Financial Advisor Services

1. Background

Florida Housing entered into a contract with WLJ Capital in December 1997 to provide financial advisory services for all Florida Housing programs other than the Guarantee Program. The original term began January 1, 1998 and ended December 31, 2000. The contract was renewed in October 2000 to extend the agreement until December 31, 2003. There are no more extensions available.

2. Present Situation

Florida Housing requires the services of a financial advisor for programs other than the Guarantee Program in order to assist staff in, among other things, evaluating proposed financial structures for bond deals, assessing the risk factors within each business deal, interacting with rating agencies, bond insurers, and other vendors to assess the impact of their actions on each transaction, and determining the financial implications of investment strategies.

3. Recommendation

Florida Housing staff recommends that the Board authorize staff to begin the Request for Proposals (RFP) process, and establish a review committee, to select a financial advisor for all of Florida Housing's programs, other than the Guarantee Program.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

B. Predevelopment Loan Program (PLP) Technical Assistance Providers

1. Background

- a) Florida Housing entered into a contract for PLP Technical Assistance Provider services effective November 1, 2001 with the following firms:
 - (1) Affordable Housing
 - (2) Florida Housing Coalition, Inc.
- b) The term of both contracts expired October 31, 2002, with an option to renew on a yearly basis for a period of up to two (2) years.
- c) At its October 10, 2002 Board meeting, the Board of Directors authorized staff to proceed with the contract renewal process.

2. Present Situation

The term of both contracts expires October 31, 2003. Both Technical Assistance Providers have fostered an atmosphere of cooperation with Florida Housing and have shown that they are knowledgeable about development. In the past Florida Housing worked with both providers to refine the PLP Rule and their input was valuable.

3. Recommendation

Staff believes that it is in the best interests of Florida Housing to continue to retain our current PLP Technical Assistance Providers pursuant to the existing contracts, and recommends the Board direct staff to proceed with the final contract renewal.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

X. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Funds Available for SAIL Cycle XV

1. Background

- a) In June 2002, the Board authorized use of a portion of the 2002/2003 State Housing Trust Fund appropriation for SAIL Cycle XIV.
- b) This amount, \$34.7 million, represented the balance of funds available in the State Housing Trust Fund as of June 30, 2002 and documentary stamp tax collections for July, August and September 2003.
- c) The use of July, August and September collections was a departure from prior years for the purpose of more timely use of appropriated amounts.

2. Present Situation

- a) In order to continue the pattern established by Cycle XIV, the current SAIL Cycle XV (2003) would utilize documentary stamp tax collections and SAIL fund income available from October 2002 through September 2003.
- b) The Florida Legislature swept to the State's Working Capital Trust Fund all funds from the State Housing Trust Fund that were collected, but not yet appropriated as of June 30, 2003, as well as funds expected to remain in the State Housing Trust Fund as of June 30, 2004, after 2003/2004 appropriations are exhausted.
- c) In accordance with Rule 67-48.004(10), F.A.C., Florida Housing may notice additional funds or offer funds to developments as approved by the Board. Florida Housing expects to award SAIL funds for the current cycle during the October 9-10, 2003 Board meeting.
- d) If collections and all SAIL fund income through September 2003 are included in Cycle 15, the total available for that Cycle is estimated to be \$48,780,000. The actual amount will be known just prior to the final ranking in October.

3. Recommendation

- a) Staff recommends that the Board direct staff to include in Cycle XV, documentary stamp tax collections and SAIL fund income, including funds returned from previous cycles, through September 2003.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval for an Updated Credit Underwriting Report for Regency Gardens Apartments, Extend the Closing Deadline and Extend the Term of the SAIL Loan (2002-090S)

Development Name: Regency Gardens	
Developer/Principal: Regency Gardens Apartments, Ltd.	
Number of Units: 94	Location: Pompano Beach, Broward County
Type: 13 Two-Story Garden Style Apartments	Set Aside: 15.96% @ 30%, 84.04% @ 60%
Demographics: Urban In-Fill/Family	Allocated Amount: \$700,000
MMRB: N/A	Housing Credits: N/A

1. Background/Present Situation

- a) On June 20, 2003, the Board approved a credit underwriting report with a recommendation for a SAIL loan in the amount of \$700,000. Staff issued a commitment letter on June 23, 2003, with a closing deadline of August 22, 2003.
- b) On August 28, 2003, staff received a letter from Regency Gardens Apartments, Ltd., (Borrower) requesting an updated credit underwriting report and an extension of the closing deadline for 45 ([Exhibit A](#)). Granting this extension will change the closing deadline from August 22, 2003, to October 6, 2003. Under the applicable rules, the SAIL loan closing must occur within 60 days from the date that the firm loan commitment is issued unless an extension is approved by the Board and the applicant pays an extension fee of one-half of one percent of the SAIL loan amount. Additionally, the applicant requested a SAIL loan term of either 90 days beyond the first mortgage permanent loan or 15 years and 6 months which will exceed the first mortgage loan term of 15 years. This is a requirement of Fannie Mae.
- c) On August 29, 2003, staff received a revised credit underwriting report stating that the first mortgage/construction loan will not be converted to a permanent loan before the SAIL closing deadline as contemplated in the credit underwriting report. It also requires a pay down of \$328,736 of the construction loan. Additionally, the report recommends approval of the extension of the term of the SAIL loan to 15 years 6 months in order to comply with Fannie Mae requirements. ([Exhibit B](#)).

2. Recommendation

Approve the revised credit underwriting report dated August 29, 2003, which recommends a SAIL loan term of 15 years and 6 months and extension of the closing deadline until October 6, 2003, subject to payment of the extension fee.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

B. Request Approval of Credit Underwriting Report for Sonrise Villas Apartments (“Development”), Cycle XIV (2002-020CS)

Development Name: Sonrise Villas	
Developer/Principal: Carlisle Group, LLC and Hope Properties, Inc.	
Number of Units: 160	Location: Fellsmore, Indian River County
Type: Garden Apartments	Set Aside: 12% @40%, 88% @ 50%
Demographics: Farmworker	Allocated Amount: \$1,500,000
MMRB: N/A	Housing Credits: Yes

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 14, 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 160-unit Farmworker Development in Indian River County.
- c) On August 4, 2003, staff received a credit underwriting report with a positive recommendation for a permanent SAIL loan in the amount of \$2,000,000 ([Exhibit C](#)). The SAIL loan will be secured by a second mortgage on the property.

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)

Action Supplement

C. Request Approval of Additional Subordinate Financing for Island Place Apartments (“Development”), Cycle XIII (2001-034S)

Development Name: Island Place	
Developer/Principal: Island Place Apartments, LLC	
Number of Units: 199	Location: North Miami Beach
Type: Two Mid-Rise Buildings	Set Aside: 15.15% @ 33%, 5.05% @ 50%, 50% @ 60%, 29.8% @ 80%
Demographics: Family	Allocated Amount: \$2,800,000
MMRB: Local	Housing Credits: N/A

1. Background/Present Situation

- a) A SAIL second mortgage loan in the amount of 2,800,000 for the construction of a 199-unit family development in Miami-Dade County closed on November 12, 2002.
- b) Greater Miami Neighborhoods (“Developer”) has been awarded an additional Surtax Loan from Miami-Dade County in the amount of \$250,000 with a 1% interest rate and a 30-year term. The Developer is requesting approval for this additional subordinate financing ([Exhibit D](#)).
- c) The credit underwriter has determined that the additional debt will not affect the repayment of the SAIL loan. The credit underwriter recommends approval of the additional financing subject to the review and approval of the final loan documents by our legal counsel, review and approval of the final change order for additional rehabilitation by Consultech, review and approval of a revised final sources and uses of funds by Seltzer Management, and consent of the first mortgage lender ([Exhibit E](#)).

2. Recommendation

- a) Approve the Developer’s request for additional subordinate financing to the SAIL loan subject to the conditions recommended by the credit underwriter.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

D. Request Approval of the Amendment to the Credit Underwriting Report for Merritt Place Estates (2002-010CS)

Development Name: Merritt Place Estates	
Developer/Principal: Merritt Place, Ltd	
Number of Units: 159	Location: Florida City, Miami-Dade County
Type: Single Family Rental Community	Set Aside: 56.6% @ 50%, 43.4% @ 60%
Demographics: Farmworker	Allocated Amount: \$2,000,000
MMRB: N/A	Housing Credits: Yes

1. Background/Present Situation

- a) On May 2, 2003, the Board approved a credit underwriting report with a recommendation for a SAIL loan in the amount of \$2,000,000. Staff issued a commitment letter on June 5, 2003 with a closing deadline of August 4, 2003.
- b) On August 1, 2003, Board approved an extension of the closing deadline until September 19, 2003. On August 29, 2003, staff received a letter from the Developer requesting that a 100% payment and performance bond not be issued and that SAIL funds not be drawn down until lien-free completion of all subject matter of the construction contract and that the bridge loan amount be increased from \$13,019,288 to \$14,585,275 ([Exhibit F](#)). On September 5, 2003, staff received a supplement to the Final Credit Underwriting Report that states this change is acceptable ([Exhibit G](#)).

2. Recommendation

Approve the request that the requirement of the 100% payment and performance bond be eliminated, approve the increase in the bridge loan, and allow the funding of the SAIL loan at lien-free completion.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval for Amendment to the Land Use Restriction Agreement for Little Haiti Gateway Apartments, (2002-021S)

Developer Name: Little Haiti Gateway	Location: Miami-Dade County
Developer/Principal: Little Haiti Gateway, Inc.	Set Aside: 15% @ 33%, 56.25% @ 50%
Type: 32 Single Room Occupancy in 8 Cottages and 48 Units in One Two-Story Residential Building	Allocated Amount : \$495,000
Demographics: SRO	Housing Credits: N/A
MMRB: N/A	

1. Background/Present Situation

- a) A SAIL second mortgage loan in the amount of \$495,000 for a construction/permanent loan to finance the rehabilitation of 80 units in Miami-Dade County closed on May 10, 2002.
- b) On September 10, 2003, staff received a letter from representatives of Little Haiti Gateway, Inc. (Borrower) requesting to substitute new refrigerators and steel exterior entry door frames for the front and back doors of 32 cottage units and the front doors of the other 48 units in place of pantries in the 32 cottage units ([Exhibit A](#)). The pantries were provided in the other 48 units. However, the available space in the 32 units prohibited the addition of the pantries during rehabilitation. A cost analysis was performed by Consultech and Associates, Inc. that supports the changes ([Exhibit B](#)).
- c) On September 11, 2003, staff received a review of the cost analysis by Seltzer Management Group, Inc. approving the changes requested ([Exhibit C](#)). The point substitution in the Seltzer review reflects points available in the 2003 application. The 2003 application was revised to allow more appropriate options for rehabilitation than previously available.

2. Recommendation

Approve the Developer's request to substitute the refrigerators and steel exterior entry door frames in place of the pantries in 32 units and allow staff to amend the LURA.

SINGLE FAMILY BONDS

Action

XI. SINGLE FAMILY BONDS

A. Single Family Homeowner Program

1. Background

- a) Florida Housing sold its last single family bond issue (\$50 million) on June 19, 2003 with mortgage rates of 5.10% for the spot and builder pools and 4.50% for the subsidized pool. The approximate pool balances are: \$25 million in the spot pool, \$5 million in the builder pool and \$3 million in the subsidized pool.
- b) Bear, Stearns, & Co. is the proposed investment banking senior manager for this bond sale. The proposed legal team is as follows: Bryant Miller & Olive P.A. & Law Offices of Steve E. Bullock, bond counsel; Cline & Self P.A., special counsel; Adorno & Yoss P.A., disclosure counsel.
- c) Florida Housing will continue to use Mortgage Backed Securities (MBS) to secure this single-family bond issue. This will be the third consecutive MBS bond issue under the 1995 Indenture.

2. Present Situation

- a) There are two key approvals needed to complete the bond process, Board approval and State Board of Administration (SBA) approval. Working within the confines of the meeting schedules of these two bodies and maintaining the goal of having monies available for lending for the single family homeowner program, it is necessary to obtain board approval of the proposed bond sale at this meeting. Although it is difficult to precisely identify when the Corporation will deplete the 2003 Series 1-4 program funds given changing economic conditions, at the current rate of reservations, it is estimated the funds in all pools will be entirely reserved by the end of November 2003.
- b) The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 requires a hearing for all tax exempt bond issues to permit the general public to respond to the appropriateness of using tax-exempt financing for the origination of mortgage loans. The TEFRA hearing is scheduled for September 30, 2003 for the Corporation's plan of financing in an amount not to exceed \$400,000,000 in one or more series to finance owner-occupied residences within the State of Florida.
- c) Negative arbitrage for the 2003 Series 1-4 bonds is covered by assets of the single family program and significantly mitigated by investing the bond proceeds with the State Treasurer. If it is determined to be financially beneficial, the second 2003 program will also use the State Treasurer's fund.
- d) Florida Housing recognizes that families and individuals with disabilities often have limited income. In the effort to provide homeownership opportunities to those with disabilities, the Corporation has established a set-aside of \$1,500,000 at a subsidized interest rate for those with disabilities. As defined in the Americans Disability Act of 1990, those eligible for this program will be individuals with:

SINGLE FAMILY BONDS

Action

- (1) a physical or mental impairment that substantially limits one or more of the major life activities of such individual;
 - (2) a record of such an impairment; or
 - (3) being regarded as having such an impairment.
- e) This assistance will be offered to persons with disabilities, or who have (a) family member(s) with disabilities living with them, who want to be homeowners. The home buyer must meet the same credit underwriting criteria established under the Single Family Mortgage Revenue Bond Program.
- f) The details of the proposed issue are as follows:
- (1) 2003 Series 5 Bond Issue Size: Not to exceed \$75,000,000 in lendable proceeds in one or more series.
 - (2) Mortgage Interest rate: Not to exceed 7.00% for the spot pool and builder pool. Bear, Stearns, & Co. estimates current market conditions would produce rates of 6.25% for the spot and builder pool.
 - (3) Projected Origination Period: Fourteen Months
- g) All of the following are program criteria consistent with the 2003 program except a proposed down payment assistance program, Homeowner Assistance for Moderate Income (HAMI) which is explained in the Program Summary:
- (1) Maximum Loan-to-Value: 103% Combined LTV
 - (2) Loan Types: Conventional, VA, Rural Development and FHA
 - (3) Second Mortgages: HAP Down Payment, HOME and HAMI
 - (4) Potential Certificate Providers: Ginnie Mae, Fannie Mae and Freddie Mac
- h) Exhibits:
- (1) [Exhibit A](#) - WLJ Capital Method of Sale Letter
 - (2) [Exhibit B](#) - Draft Program Summary
 - (3) [Exhibit C](#) - Draft Terms Memorandum
 - (4) [Exhibit D](#) - Authorizing Resolution
 - (5) [Exhibit E](#) - Distribution List

3. **Recommendation**

Approve the necessary funding, staff actions and resolution to permit the issuance of the proposed 2003 Series 5 Single Family Homeowner Mortgage Revenue Bonds.

UNIVERSAL CYCLE

Action

XII. UNIVERSAL CYCLE

A. 2003 Universal Cycle – Review Committee

1. Background

Chapter 420, Florida Statutes, and Rule Chapter 67-48, F.A.C., provide for a review committee to be comprised of FHFC staff persons and at least one DCA staff person. The review committee will make recommendations to the Board regarding program participation. At its meeting of March 7, 2003, the Board approved the following committee members: Kerey Carpenter, Wayne Conner, Barb Goltz, and Steve Auger from FHFC, and Libby Lane as the DCA representative.

2. Present Situation

Libby Lane is unable to serve on the committee and has recommended Jack Gaskins with the DCA Division of Housing and Community Development as her replacement.

3. Recommendation

Staff recommends and requests Board approval of Jack Gaskins as the DCA representative for the 2003 Universal Application Cycle review committee.