

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
April 21, 2006
Action Items



APPLICATION CYCLES

Action

I. APPLICATION CYCLES

A. Application Cycles

1. Background

Florida Housing has been working with the Governor's Office, House and Senate to prepare implementing language for the appropriation of hurricane recovery funds.

2. Present Situation

Staff has begun to plan for the hurricane programs in order to be prepared to implement them should funding be made available through the legislative process. In order to compress the time spent on rulemaking, thus allowing funds to be made available sooner for recovery, Florida Housing anticipates that emergency rulemaking authority will be granted, as well as authority to issue Requests for Proposals for special assistance and development programs.

3. Recommendation

Authorize Florida Housing staff to begin emergency rulemaking and develop Requests for Proposals to implement the hurricane programs, should funding be appropriated to Florida Housing for this purpose.

HOME RENTAL

Action

II. HOME RENTAL

A. Request Approval of the Termination of the HOME loan for Laurel Gardens, Cycle XVI, (2004-022H)

Development Name: Laurel Gardens (“Development”)	Location: Hendry County
Developer/Principal: National Development of America, LLC (“Developer”)	Set-Aside: 20% @ 50% AMI / 80% @ 60% AMI
Number of Units: 30	Allocated Amount: \$2,245,000
Type: Duplex/Quadplex/NC	MMRB: N/A
Demographics: Elderly	

1. Background/Present Situation

- a) On June 29, 2005, a 2004 HOME loan closed in the amount of \$2,245,000 for this 30-unit Elderly development in Hendry County.
- b) On January 9, 2006, staff received a letter ([Exhibit A](#)) from the Developer indicating that they would not be able to proceed and requested that Florida Housing release the mortgage and other loan documents including the Land Use Restriction Agreement (LURA).
- c) On March 22, 2006, staff received an additional letter ([Exhibit B](#)) from the Developer explaining the increases in construction costs and other issues which created the request above. The Developer will be responsible for reimbursing Florida Housing for all legal and underwriting costs that were associated with obtaining the HOME loan as well as any additional fees associated with the termination of this loan.

2. Recommendation

Approve the release of the mortgage and other loan documents including the LURA.

HOMEOWNERSHIP LOAN PROGRAM

Action

III. HOMEOWNERSHIP LOAN PROGRAM

A. Approval of Rule Chapter 67-57, Florida Administrative Code (F.A.C.) for the Homeownership Pool (HOP) Program

1. Background

- a) Staff commenced the rule development process in October 2005.
- b) On November 8, 2005, a homeownership forum was held in Tallahassee, which was available via teleconference, to discuss the existing Homeownership Loan Program (HLP) and how our homeownership programs could be made more meaningful and effective. Participants included developers, real estate brokers, lenders, and local government and HUD officials.
- c) Rule development workshops for the HOP Program were held on December 13, 2005, in Tallahassee (available via teleconference), on January 19, 2006 in Tampa, and February 21, 2006 in Tallahassee (available via teleconference).
- d) On March 23, 2006, the Joint Administrative Procedures Committee (JAPC) was provided the proposed Rule Chapter 67-57, F.A.C. and the draft application for review ([Exhibit A](#)).
- e) A rule hearing is scheduled on April 19, 2006 in Tallahassee.

2. Present Situation

Following review of any public comments received at the rule hearing and comments received from JAPC, staff will proceed as follows:

- (1) If it is determined that a Notice of Change (NOC) is not required, the rule will be filed for adoption on April 24, 2006, with an effective date of May 14, 2006.
- (2) If it is determined that a NOC is required, a supplement to this Board Package will be provided that contains the proposed NOC. If approved by the Board, staff will then file the NOC for publication in the Florida Administrative Weekly and the NOC will be filed with JAPC for its review. Provided that a second NOC is not necessary, the rule will be filed for adoption on June 6, 2006, with an effective date of June 26, 2006. A proposed timeline is attached as [Exhibit B](#).

3. Recommendation

Approve the proposed Rule Chapter 67-57 and NOC if applicable, authorize staff to file the rule for adoption if a second NOC is not required, and, if a second NOC is required, authorize the Chair to determine whether any second NOC makes material, substantive changes to the rule. If she determines that it does not, staff recommends that the Board approve such second NOC without the requirement of another Board meeting.

MINUTES

Action

IV. MINUTES

- A. Consider Approval of the [March 3, 2006, Board of Directors' Meeting Minutes](#).

PROFESSIONAL SERVICES SELECTION (PSS)

Action Item Update

V. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Proposals (RFP) 2005-05 for the Development and Rehabilitation of Migrant Farmworker Housing

1. Background

- a) At its June 10, 2005 meeting Florida Housing's Board of Directors authorized staff to begin the solicitation process to use HOME funds in a hurricane housing recovery program targeted to migrant farmworkers and households with special needs in areas devastated by the 2004 hurricanes.
- b) An RFP process was initiated and RFP 2005-05 was issued on Friday, August 26, 2005, making up to \$10 million in loans available. Applicants successfully meeting all threshold requirements were awarded funds in the order in which they are received until such time that all funds are committed. The deadline for receipt of proposals was 2:00 p.m. Friday, December 30, 2005.
- c) On November 23, 2005, the RFP was modified and the deadline for receipt of proposals was extended until 2:00 p.m., Tuesday, February 28, 2006.
- d) A response from Fellsmere Community Enrichment Program, for a loan request of \$3,429,840, was received on Friday, October 28, 2005. A response received from Catholic Charities Housing Diocese of Venice, Inc., for a loan request of \$6,639,840, was received on Wednesday, November 16, 2005.
- e) The Review Committee members, designated by the Executive Director, were Rob Dearduff, Special Programs Administrator, Elizabeth Loggins, Homeownership Loan Program Administrator, Derek Helms, Multifamily Loans Manager, and Heather Boyd, Multifamily Loans Senior Analyst.
- f) Each member of the Review Committee individually reviewed the proposals prior to convening for the Review Committee meeting held on Tuesday, November 22, 2005. At the November 22nd meeting threshold failures were identified in both responses both Applicants requested in writing that Florida Housing allow them to withdraw their first responses and consider the responses which were resubmitted and received on November 29, 2005.
- g) The Review Committee individually reviewed the resubmitted proposals prior to convening for the Review Committee meeting held on Friday, December 16, 2005. At the December 16th meeting the Review Committee agreed that both responses met threshold.
- h) At its January 20, 2006 meeting Florida Housing's Board of Directors authorized funding of the resubmitted proposals for a combined loan request amount of \$10,069,680, which was \$69,680 above the amount made available in the RFP.

2. Present Situation

- a) On February 28, 2006, prior to the 2:00 p.m. deadline, a response was received from Everglades Community Association, for a loan request of \$1,900,000.

PROFESSIONAL SERVICES SELECTION (PSS)

Action Item Update

- b) The Review Committee individually reviewed the response prior to convening for the Review Committee meeting held on Tuesday, March 21, 2006.
- c) Staff verified that additional HOME funds are available to fund this response.

3. **Recommendation**

The Review Committee recommends that the Board authorize funding of the proposal submitted by Everglades Community Association, for a loan request of \$1,900,000.

MULTIFAMILY BONDS

Action Supplement

I. MULTIFAMILY BONDS

A. Request Approval of the Final Credit Underwriting Report for the Development in the Amount of \$30,000,000 of Tax-Exempt Bonds Consisting of 336 Units Located in Jacksonville, Duval County, Florida

DEVELOPMENT NAME (“Development”):	Mariner’s Club Apartments
DEVELOPER/PRINCIPAL (“Applicant”):	Fairfield Mariner’s Club, LLC/Fairfield California Housing Fund, LLC (“FCHF”)/FF California Housing Fund, LLC, California Teachers’ Retirement System (“CalSTRS”)/Fairfield Residential, LLC/Mariner Club, Ltd. (the “Seller”)/Mariner Club, Inc./Thomas V. Spano
NUMBER OF UNITS:	336
LOCATION (“County”):	Duval
TYPE (Rental, Homeownership):	Rental/Family
SET ASIDE:	20% @ 50% (MMRB)
ALLOCATED AMOUNT:	\$30,000,000 of Tax-Exempt Bonds

1. Background

- a) In 1996, Florida Housing financed the construction of the Development with \$19,475,000 in tax-exempt bonds and \$3,375,000 in taxable bonds, credit enhanced by the Florida Affordable Housing Guarantee Program (“Guarantee Program”) and designated as 1996 Series K-1 and K-2.
- b) The proposed sale by Mariner Club, Ltd., Mariner Club, Inc., and Thomas V. Spano to Fairfield Mariner’s Club, LLC and Fairfield Residential, LLC will result in termination of the credit enhancement of the bonds by the Guarantee Program.
- c) Applicant submitted an application (“Application”) on behalf of the proposed Development during the 2006 Supplemental MMRB Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$30,000,000 in order to acquire and rehabilitate 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 such changes.
- b) Funding Sources changes consist of a change in the equity contributions from a 100% equity contribution by the CalSTRS, an investor member of FCHF, to a 92% equity contribution by CalSTRS and an 8% equity contribution by Fairfield Residential, LLC. These changes are in direct proportion to the ownership interest each has in the Applicant. The Seller, according to the Reinstatement, Ratification and Fourth Amendment of Purchase and Sale Agreement will

MULTIFAMILY BONDS

Action Supplement

contribute sufficient funds to pay for the cost to repair the water intrusion damage to the exterior of the buildings.

- c) Projected Development Costs have increased from \$36,112,295 to \$37,335,965, which is \$1,223,670 (3.39%) higher than the original estimate in the Application. The costs increased primarily because of the cost to repair the water intrusion damage, an increase in the financial costs associated with the defeasement costs, and the costs of issuance which were not included in the Application. The Developer Fee also increased but remains well within FHFC Rule Chapter 67-21.007 requirements.
- d) The Application contains a General Contractor Certification by Fairfield Development, LP, ("FDev") Grand Prairie, TX. However the General Contractor will be Coastal Reconstruction, Inc. ("Coastal"), Jacksonville, FL with FDev as a secondary General Contractor. The Coastal proposal in the amount of \$5,219,936 addresses the primary rehabilitation costs for the repair of damage caused by water intrusion including \$372,750 to be paid by the Seller. FDev will contract to rehabilitate other items in the amount of \$398,477.
- e) A Final Credit Underwriting Report dated April 17, 2006, is attached as [Exhibit A](#).

3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated April 17, 2006 recommending that \$30,000,000 in tax-exempt bonds be issued for the purpose of acquiring and rehabilitating the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Action Supplement

B. Request Approval to Allocate \$30,000,000 in Tax-Exempt, Private Activity Bond Allocation to the Development

DEVELOPMENT NAME (“Development”):	Mariner’s Club Apartments
DEVELOPER/PRINCIPAL (“Applicant”):	Fairfield Mariner’s Club, LLC/Fairfield California Housing Fund, LLC (“FCHF”)/FF California Housing Fund, LLC, California Teachers’ Retirement System (“CalSTRS”)/Fairfield Residential, LLC/Mariner Club, Ltd. (the “Seller”)/Mariner Club, Inc./Thomas V. Spano
NUMBER OF UNITS:	336
LOCATION (“County”):	Duval
TYPE (Rental, Homeownership):	Rental/Family
SET ASIDE:	20% @ 50% (MMRB)
ALLOCATED AMOUNT:	\$30,000,000 of Tax-Exempt Bonds

1. Background

At the March 3, 2006 meeting, the Board authorized the MMRB Program to conduct a supplemental application cycle.

2. Present Situation

- a) As of March 30, 2006, the MMRB Program has approximately \$400,000,000 in tax-exempt, private activity bond allocation that is not committed to a specific multifamily development.
- b) Mariner’s Club is a 2006 Supplemental MMRB Application (“Application”) to acquire and rehabilitate an existing MMRB affordable development in Duval County. The Developer, in its Application is committing to an affordability period of fifteen (15) years and approximately \$6,100,000 for rehabilitation expenditures.
- c) Mariner’s Club scored a total of twenty-four (24) points on the application. However, the rules governing the 2006 Supplemental MMRB Application cycle require an application to achieve a perfect score of sixty-six (66) points in order to be funded. Therefore, the Application is ineligible for funding under the 2006 Supplemental MMRB Application cycle. However, the rules further state: “If there is private activity bond allocation remaining after all eligible Applications are funded, then this allocation will be applied to the Corporation’s single-family bond program or otherwise used as directed by the Board.”
- d) Since the corporation’s single-family bond program is not in need of any additional allocation, staff recommends that the Board use its discretion to award private activity bond allocation to Mariner’s Club even though it did not obtain a perfect score on its Application. Staff believes that the public policy purposes served by preserving this Development far outweigh any failure to achieve a perfect score on the Application.

MULTIFAMILY BONDS

Action Supplement

3. **Recommendation**

Approve the request to allocate \$30,000,000 in tax exempt, private activity bonds to Mariner's Club Apartments, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Action Supplement

C. Request Approval To Amend The Land Use Restriction Agreement (“LURA”)

DEVELOPMENT NAME (“Development”):	Stratford Landings and Granada Bay Apartments
DEVELOPER/PRINCIPAL (“Developer” or “Owner”):	Stratford Landings LLC/Affordable Housing Institute, Inc./Robert C. Hartnett/Melbourne Granada LLC/Affordable Housing Institute, Inc./Robert C. Hartnett
NUMBER OF UNITS:	192 160
LOCATION (“County”):	Leon County Brevard County
TYPE (“Rental, Homeownership”):	Rental
SET ASIDE:	20% @ 50% 75% @ 80 % 40% @ 60% 75% @ 80%
ALLOCATED AMOUNT:	\$13,135,000 of Tax-Exempt Bonds \$ 200,000 of Taxable Bonds
ADDITIONAL COMMENTS: LURA Amendment	

1. Background

In November of 1999, Florida Housing financed the acquisition and rehabilitation of the Development with tax exempt bonds in the amount of \$13,135,000 and taxable bonds in the amount of \$200,000 designated as 1999 Series T. These bonds were subsequently redeemed in March of 2006.

2. Present Situation

The Owner’s counsel, in a letter dated April 13, 2006 ([Exhibit B](#)) requests the LURAs be amended to: (i) add Fannie Mae Rider; (ii) make certain factual changes to the description of the Development including, with regard to Stratford Landings: (a) to remove the requirement for terra cotta roofs, (b) to remove requirement for more than one tennis court, (c) to remove requirement for dishwashers in one bedroom units, (d) to add vinyl tile in some dining rooms, (e) to remove requirement for walk in closets in small one bedroom units, (f) to remove requirement for washer/dryer connections, and with regard to Granada Bay, to remove requirement for more than one laundry facility; and (iii) revise to conform with Granada Bay to state “All units are designed to conform with the Federal Fair Housing Act, Section 504 of the Rehabilitation Act and Americans with Disabilities Act and requirements”.

3. Recommendation

That the Board approve the amendment to the LURA for the Developments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.