

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 5, 2009
Action Items



LEGAL

Action

I. LEGAL

A. In Re: Fountain Terrace Apartments Limited Partnership – FHFC Case No. 2008-102UC

Development Name: (“Development”):	Fountain Terrace
Developer/Principal: (“Developer”):	JR Beneficial Development 8 LLC
Number of Units: 72	Location: Highlands County
Type: Garden Apartments	Set Aside: 80% @ or below 60% AMI 20% @ or below 40% AMI
Demographics: Farmworker/Commercial Fishing Worker	SAIL: \$3,378,004
MMRB: n/a	Housing Credits: \$1,070,000

1. Background

Fountain Terrace Apartments Limited Partnership (“Petitioner”) applied for funding, under Application No. 2008-018CS, during the 2008 Universal Application Cycle, seeking a State Apartment Incentive Loan (“SAIL”) loan and Low Income Housing Tax Credits. Petitioner was notified by Florida Housing Finance Corporation (“Florida Housing”) of its final ranking on or about September 26, 2008. Petitioner was not funded; another applicant, SP Winter Haven Gardens LP, Application No. 2008-109S was funded instead, as there was insufficient SAIL funds for both applicants. Petitioner timely filed a Petition for an Informal Administrative Hearing under Sections 120.569 and 120.57(2), Florida Statutes, challenging Florida Housing’s final ranking of its 2008 Universal Cycle.

2. Present Situation

A hearing was conducted on February 16, 2009, before Florida Housing’s appointed Hearing Officer, Diane Tremor. The parties filed Proposed Recommended Orders. On March 20, 2009, Hearing Officer Diane D. Tremor filed a Recommended Order, recommending that Florida Housing adopt a Final Order overturning its Final Order in *SP Winter Haven Gardens LP v. Florida Housing*, Case No. 2008-057UC, and to fund Petitioner’s application. A copy of the Recommended Order is attached as [Exhibit A](#) and Respondent’s Argument in Opposition to Recommended Order is attached as [Exhibit B](#).

3. Recommendation

Staff recommends that the Board reject Conclusions of Law numbered 5, 6, and 7, and the Recommendation disposition of the Recommended Order and issue a Final Order adopting the Findings of Fact, the remaining conclusions of law; and affirm its decision in *SP Winter Haven Gardens v. Florida Housing*.

MULTIFAMILY BONDS

Action

II. MULTIFAMILY BONDS

A. Request Approval Of Subordinate Financing In An Amount Not To Exceed A Combined Amount Of \$1,465,000 Through The Subordinate Mortgage Initiative

Development Name: Nassau Bay I (fka: Brittany of Rosemont I Apartments) (“Development”)	Location: Orange
Developer/Principal: Alliant Real Estate Investments (“Developer” or “Principal”)	Set-Aside: 20% @ 50% AMI (MMRB & HC)
Funding Sources: MMRB 1995 Series C1 & C2	Amounts: \$13,090,000 Tax-Exempt Bonds \$425,000 Taxable Bonds
Number of Units: 252	Type: Rental
Subordinated Mortgage amount not to exceed:	\$765,000
Development Name: Nassau Bay II (fka: Brittany of Rosemont II Apartments) (“Development”)	Location: Orange
Developer/Principal: Alliant Real Estate Investments (“Developer” or “Principal”)	Set-Aside: 20% @ 50% AMI (MMRB & HC)
Funding Sources: MMRB 1995 Series G1 & G2	Amounts: \$12,920,000 Tax-Exempt Bonds \$480,000 Taxable Bonds
Number of Units: 240	Type: Rental
Subordinated Mortgage amount not to exceed:	\$700,000
TOTAL Subordinated Mortgage amount not to exceed:	\$1,465,000

1. Background

Florida Housing financed the construction of the above referenced Developments in the year 1995 with \$26,010,000 in tax-exempt bonds and \$905,000 in taxable bonds. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) as well as being additionally guaranteed through the HUD Risk-Sharing Program.

MULTIFAMILY BONDS

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2. **Present Situation**

- a) The current Principal, Alliant Real Estate Investments, having taken over the property from T.V. Spano Development, Inc. as the Limited Partner, has requested subordinate financing on both of its developments that are credit enhanced by the Guarantee Program. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years. It has been determined that both of the developments submitted for financing are currently in financial distress and, as a result, are eligible for financing through the Subordinate Mortgage Initiative.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated May 15, 2009 ([Exhibit A](#)), has confirmed the need for financial assistance for both Developments.

3. **Recommendation**

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$1,465,000 subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

MULTIFAMILY BONDS

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B. Request Approval Of Subordinate Financing In An Amount Not To Exceed A Combined Amount Of \$3,715,000 Through The Subordinate Mortgage Initiative

Development Name: Bernwood Trace Apartments (“Development”)	Location: Lee
Developer/Principal: The Cornerstone Group (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 1999 Series E1 & E2	Amounts: \$13,594,417 Tax-Exempt Bonds \$2,800,000 Taxable Bonds
Number of Units: 340	Type: Rental
Subordinated Mortgage amount not to exceed:	\$835,000
Development Name: Indian Trace Apartments (“Development”)	Location: Palm Beach
Developer/Principal: The Cornerstone Group (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (PBC HFA) 20% @ 50% AMI (SAIL) 100% @ 60% AMI (HC)
Funding Sources: Palm Beach County HFA-2002B SAIL (2002 -042S)	Amounts: \$19,270,000 Tax-Exempt Bonds \$4,130,000 Taxable Bonds \$2,000,000 SAIL Funds
Number of Units: 330	Type: Rental
Subordinated Mortgage amount not to exceed:	\$565,000
Development Name: Sabal Chase Apartments (“Development”)	Location: St. Lucie
Developer/Principal: Cornerstone Group Development Corporation (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2000 Series M1 & M2	Amounts: \$11,045,000 Tax-Exempt Bonds \$5,665,000 Taxable Bonds
Number of Units: 340	Type: Rental
Subordinated Mortgage amount not to exceed:	\$905,000
Development Name: San Marco Apartments (“Development”)	Location: Volusia
Developer/Principal: The Cornerstone Group (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (VC HFA) 90% @ 60% AMI (HC)
Funding Sources: Volusia County HFA-2002 Series A&B	Amounts: \$13,000,000 Tax-Exempt Bonds \$1,100,000 Taxable Bonds
Number of Units: 229	Type: Rental
Subordinated Mortgage amount not to exceed:	\$525,000

MULTIFAMILY BONDS

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Development Name: Sundance Pointe Apartments (“Development”)	Location: Duval
Developer/Principal: SIM Holding, Corp./Stuart I. Meyers (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2000 Series N1 & N2	Amounts: \$10,010,000 Tax-Exempt Bonds \$6,275,000 Taxable Bonds
Number of Units: 288	Type: Rental
Subordinated Mortgage amount not to exceed:	\$885,000
TOTAL Subordinated Mortgage amount not to exceed:	\$3,715,000

1. Background

Between the years 1999 and 2002, Florida Housing financed the construction of the above referenced Developments with over \$34,600,000 in tax-exempt bonds and \$14,740,000 in taxable bonds. In addition to this, an additional \$32,270,000 in tax-exempt bonds and \$5,230,000 in taxable bonds was financed with local bonds through the Housing Finance Authorities of Palm Beach County and Volusia County. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) with all but the Bernwood Trace Apartments mortgage being additionally guaranteed through the HUD Risk-Sharing Program.

2. Present Situation

- a) The Developer has requested subordinate financing on seven of its twenty-nine developments that are credit enhanced by the Guarantee Program. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years. It has been determined that of the seven developments submitted for financing the five properties outlined above are currently in financial distress and, as a result, are eligible for financing through the Subordinate Mortgage Initiative.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated May 15, 2009 ([Exhibit B](#)), has confirmed the need for financial assistance for these five Developments.

3. Recommendation

Staff recommends that the Board approve subordinate financing in an amount not to exceed \$3,715,000, and approve the subordinated mortgage initiative for Indian Trace Apartments and San Marco Apartments for a shared second position with the current SAIL loan, or such other lien position acceptable to Florida Housing, subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

MULTIFAMILY BONDS

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C. Request Approval Of Subordinate Financing In An Amount Not To Exceed A Combined Amount Of \$3,080,000 Through The Subordinate Mortgage Initiative

Development Name: Colony Park Apartments (“Development”)	Location: Palm Beach
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (PBC HFA) 100% @ 60% AMI (HC)
Funding Sources: Palm Beach County HFA-2001 Series A&B SAIL (2001-007S)	Amounts: \$9,100,000 Tax-Exempt Bonds \$665,000 Taxable Bonds \$1,340,000 SAIL Funds
Number of Units: 130	Type: Rental
Subordinated Mortgage amount not to exceed:	\$375,000
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Development Name: Grande Pointe Apartments (“Development”)	Location: Orange
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2000 Series Q	Amounts: \$8,815,000 Tax-Exempt Bonds \$4,170,000 Taxable Bonds
Number of Units: 276	Type: Rental
Subordinated Mortgage amount not to exceed:	\$690,000
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Development Name: Marina Bay Apartments (“Development”)	Location: Palm Beach
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2000 Series S	Amounts: \$11,255,000 Tax-Exempt Bonds
Number of Units: 192	Type: Rental
Subordinated Mortgage amount not to exceed:	\$285,000
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Development Name: Venetian Isles I (fka Westlake Apartments I) (“Development”)	Location: Palm Beach
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2002 Series D1 & D2	Amounts: \$14,665,000 Tax-Exempt Bonds \$4,075,000 Taxable Bonds
Number of Units: 288	Type: Rental
Subordinated Mortgage amount not to exceed:	\$920,000
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MULTIFAMILY BONDS

Action

Development Name: Venetian Isles II (fka Westlake Apartments II) (“Development”)	Location: Palm Beach
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (PBC HFA) 100% @ 60% AMI (SAIL & HC)
Funding Sources: Palm Beach County HFA-2002 SAIL (2002-007S)	Amounts: \$8,250,000 Tax-Exempt Bonds \$905,350 SAIL Funds
Number of Units: 112	Type: Rental
Subordinated Mortgage amount not to exceed:	\$405,000
Development Name: Venice Cove Apartments (“Development”)	Location: Broward
Developer/Principal: Shelter Corporation (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (BC HFA) 100% @ 60% AMI (HC)
Funding Sources: Broward County HFA-2001 A&B SAIL (2001-073S)	Amounts: \$9,000,000 Tax-Exempt Bonds \$1,220,000 Taxable Bonds \$1,228,000 SAIL Funds
Number of Units: 150	Type: Rental
Subordinated Mortgage amount not to exceed:	\$405,000
Subordinated Mortgage amount not to exceed:	\$3,080,000

MULTIFAMILY BONDS

Action

1. **Background**

Between the years 2000 and 2002, Florida Housing financed the construction of the above referenced Developments with \$34,735,000 in tax-exempt bonds and \$8,245,000 in taxable bonds. In addition to this, an additional \$26,350,000 in tax-exempt bonds and \$1,885,000 in taxable bonds was financed with local bonds through the Housing Finance Authorities of Palm Beach County and Broward County. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) with the Grand Pointe, Marina Bay and Venetian Isles I and II mortgages being additionally guaranteed through the HUD Risk-Sharing Program.

2. **Present Situation**

- a) The Developer has requested subordinate financing on each of its seven developments that are credit enhanced by the Guarantee Program. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years. It has been determined that of the seven developments submitted for financing the six properties outlined above are currently in financial distress and, as a result, are eligible for financing through the Subordinate Mortgage Initiative.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated May 15, 2009 ([Exhibit C](#)), has confirmed the need for financial assistance for these six Developments.

3. **Recommendation**

Staff recommends that the Board approve subordinate financing in an amount not to exceed \$3,080,000 and approve the subordinated mortgage initiative for Colony Park Apartments, Venetian Isles II and Venice Cove Apartments for a shared second position with the current SAIL loan, or such other lien position acceptable to Florida Housing, subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

MULTIFAMILY BONDS

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D. Request Approval Of Subordinate Financing In An Amount Not To Exceed A Combined Amount Of \$3,550,000 Through The Subordinate Mortgage Initiative

Development Name: Westwood Apartments (“Development”)	Location: Lee
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2001 Series A1 & A2	Amounts: \$9,465,000 Tax-Exempt Bonds \$4,780,000 Taxable Bonds
Number of Units: 288	Type: Rental
Subordinated Mortgage amount not to exceed:	\$715,000
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Development Name: Whispering Woods Apartments (“Development”)	Location: St. Johns
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (SJC HFA) 100% @ 60% AMI (HC)
Funding Sources: St. Johns County HFA Series 2002	Amounts: \$12,870,000 Tax-Exempt Bonds
Number of Units: 200	Type: Rental
Subordinated Mortgage amount not to exceed:	\$610,000
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Development Name: Windchase Apartments (“Development”)	Location: Seminole
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 1997 Series C	Amounts: \$15,615,000 Tax-Exempt Bonds
Number of Units: 352	Type: Rental
Subordinated Mortgage amount not to exceed:	\$780,000
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Development Name: Windsor Park Apartments (“Development”)	Location: Palm Beach
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (PBC HFA) 77.5% @ 60% AMI (HC)
Funding Sources: Palm Beach County HFA 1998 Series A & B	Amounts: \$11,120,000 Tax-Exempt Bonds \$4,395,000 Taxable Bonds
Number of Units: 240	Type: Rental
Subordinated Mortgage amount not to exceed:	\$620,000
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MULTIFAMILY BONDS

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Development Name: Woodbridge Apartments (“Development”)	Location: Hillsborough
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (MMRB) 80% @ 60% AMI (SAIL & HC)
Funding Sources: MMRB 1996 Series L SAIL	Amounts: \$8,100,000 Tax-Exempt Bonds \$3,000,000 SAIL Funds
Number of Units: 236	Type: Rental
Subordinated Mortgage amount not to exceed:	\$330,000
Development Name: Wyndham Place Apartments (“Development”)	Location: Seminole
Developer/Principal: The Wilson Company (“Developer” or “Principal”)	Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: MMRB 2000 Series W	Amounts: \$8,975,000 Tax-Exempt Bonds \$4,005,000 Taxable Bonds
Number of Units: 260	Type: Rental
Subordinated Mortgage amount not to exceed:	\$495,000
TOTAL Subordinated Mortgage amount not to exceed:	\$3,550,000

MULTIFAMILY BONDS

Action

1. **Background**

Between the years 1996 and 2002, Florida Housing financed the construction of the above referenced Developments with \$42,155,000 in tax-exempt bonds and \$8,785,000 in taxable bonds. In addition to this, an additional \$23,990,000 in tax-exempt bonds and \$4,395,000 in taxable bonds was financed with local bonds through the Housing Finance Authorities of Palm Beach County and St. Johns County. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) with all but the Windsor Park Apartments mortgages being additionally guaranteed through the HUD Risk-Sharing Program.

2. **Present Situation**

- a) The Developer has requested subordinate financing on six of its sixteen developments that are credit enhanced by the Guarantee Program. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years. It has been determined that each of the six developments submitted for financing are currently in financial distress and, as a result, are eligible for financing through the Subordinate Mortgage Initiative.

3. **Recommendation**

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$3,550,000 and approve the subordinated mortgage initiative for Woodbridge Apartments for a shared second position with the current SAIL loan, or such other lien position acceptable to Florida Housing, subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

MISCELLANEOUS

Action Supplement

I. MISCELLANEOUS

A. Nine Percent Low-Income Housing Tax Credits for State Apartment Incentive Loan (SAIL) Program and Rental Recovery Loan Program (RRLP) Applicants whose Funds were De-obligated Request for Proposal 2009-01

1. Background

- a) During the 2009 Special Session, the Florida Legislature passed Senate Bills 2-A and 4-A to address the revenue shortfall of the 2008-2009 fiscal year and granted the Corporation emergency rulemaking authority to implement the provisions. The legislation was signed into law on January 27, 2009 as Chapters 2009-1 and 2009-2, Laws of Florida.
- b) At its March 13, 2009 meeting, the Board approved Emergency Rule Nos. 67ER09-1 through 67ER09-5. Upon approval, the rule was filed for adoption with the Department of State and became effective immediately upon filing.

2. Present Situation

- a) On May 22, 2009, Florida Housing staff issued RFP 2009-01 for Nine Percent Low-Income Housing Tax Credits for State Apartment Incentive Loan (SAIL) Program and Rental Recovery Loan Program (RRLP) Applicants whose Funds were De-obligated. The deadline for receipt of Responses was 2:00 p.m., Friday, May 29, 2009.
- b) The Review Committee members, designated by the Executive Director, were Candice Allbaugh, Housing Credits Administrator, Derek Helms (Chairman), Multifamily Loans Administrator, and Jean Salmonsens, Housing Development Manager.
- c) 12 responses were received from the following:

Original App. No.	Development Name
2008-032S	Kensington Gardens Apartments
2008-176BS	Gardens at Driftwood
2008-235S	Covington Club, Phase I
2008-236S	Beach Village at Palm Coast Apartments, Phase I
2007-032BS	Cross Creek Apartments
2007-033BS	Emerson Oaks Apartments
2007-063BS	Madison View
2007-163BS	Savannah Springs II Apartments
2007-166BS	Sabal Ridge Apartments
2007-175BS	The Fountains on Falkenburg, Phase II
2007-179BS	Hammock Harbor, Phase I
2004-007BS	Parkway Place Apartments f/k/a Wickham Park Apartments

MISCELLANEOUS

Action Supplement

- d) Each member of the Review Committee individually reviewed the responses prior to convening for the Review Committee meeting on June 2, 2009.

3. Recommendation

- a) The Review Committee recommends that the Board reject the 2007-163BS Savannah Springs II Apartments proposal as it was determined through the evaluation process that Savannah Springs II failed a threshold requirement concerning its location in a Location A Area with a Guarantee Fund Development in the same county.
- b) The Review Committee further recommends that the Board approve the remaining 11 proposals that met the threshold requirements and authorize staff to proceed to issue initiations to enter credit underwriting to those 11 proposed developments.

MISCELLANEOUS

Action Supplement

B. Request by Atlantic Housing for Binding Commitment of Future State Apartment Incentive Loan Funding

1. Background

- a) During the January 2009 Special Session, the Florida Legislature passed Senate Bills 2-A and 4-A to address the revenue shortfall of the 2008-2009 fiscal year and granted the Corporation emergency rulemaking authority to implement the provisions. The legislation was signed into law on January 27, 2009 as Chapters 2009-1 and 2009-2, Laws of Florida.
- b) At its March 13, 2009 meeting, the Board approved Emergency Rule Nos. 67ER09-1 through 67ER09-5. Upon approval, the rule was filed for adoption with the Department of State and became effective immediately upon filing.
- c) At its April 24, 2009 meeting, the Board approved the proposed de-obligation listing and directed staff to proceed with the implementation of the de-obligation provisions as outlined in 67ER09-3, F.A.C.

2. Present Situation

- a) In a letter dated May 27, 2009 ([Exhibit A](#)), Atlantic Housing is asking for an immediate answer from the Board regarding their previous request for a binding commitment of future State Apartment Incentive Loan (SAIL) funding for their four developments that had their SAIL funding de-obligated pursuant to the Legislature's budget cuts in January and that are in the position of having closed on tax exempt bonds that were issued through a local housing finance authority and that were constructed by Atlantic Housing, at their own risk, prior to closing on their SAIL loans.
- b) Unlike many of our other de-obligated SAIL developments that will be eligible for the 9%, or "competitive," Low Income Housing Tax Credits (LIHTC) that Florida Housing is offering as replacement financing along with federal stimulus funding through a series of Requests for Proposals, these properties are ineligible for those LIHTC due to the fact that they've already closed on their tax exempt bond financing.
- c) Most of you will remember that Scott Culp addressed the Board at the April 24th meeting and made this same request. At that time, Staff informed the Board that we would review the request and work on bringing a recommendation to the Board at a later date.
- d) Since that time Florida Housing has received eleven petitions challenging the de-obligation of funding that the Board approved in April pursuant to our emergency rule for the purpose of paying back the \$190 million that we owe the state as a result of the January budget cuts. All but one of the petitions are from developments that had their CWHIP funding de-obligated. Since they are homeownership developments and not rental developments, they are also ineligible for LIHTC and the stimulus funding targeted to rental developments.

MISCELLANEOUS

Action Supplement

- e) Additionally, we've just submitted our application packet to HUD for the Tax Credit Assistance Program (TCAP) – the \$101 million of stimulus funding made available through the American Recovery and Reinvestment Act of 2009. This will begin the process of getting HUD approval for the conceptual plan that we brought to the Board for how we'd spend that stimulus funding. Furthermore, we await further guidance from HUD and Treasury regarding additional requirements for both the TCAP and Tax Credit Exchange Program (Exchange).
- f) At present, we face eleven lawsuits over the de-obligation of state funding and, consequently, don't yet know what our legal exposure for state funding commitments may turn out to be as a result of those hearings. We also find ourselves without approval yet from HUD on our plan to spend our stimulus dollars.
- g) While the Staff certainly empathize with the many stakeholders that have been adversely affected as a result of the January action by the Legislature and while it certainly may be appropriate to reconsider this request at a later date once the funding resource and legal commitment questions for Florida Housing are more clearly determined, right now there are several serious issues for potential funding obligations that are not yet resolved.

3. **Recommendation**

Due to the unresolved legal issues regarding Florida Housing's actions to de-obligate funding to pay the \$190 million to the state which may result in further commitments for state funding, and due to the lack of federal approval for the conceptual strategy that Florida Housing has proposed to utilize and prioritize its expected federal stimulus funding which may result in the need to set new priorities, Staff recommends that the Board **deny** Atlantic Housing's request for a binding commitment of future SAIL funding at this time.

PREDEVELOPMENT LOAN PROGRAM (PLP)

Action

IV. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request to Begin the Rule Development Process for Chapter 67-38, Florida Administrative Code, governing the Predevelopment Loan Program

1. Background/Present Situation

- a) In order to address changes and updates to the Predevelopment Loan Program Rule (Chapter 67-38, Florida Administrative Code), it is necessary to begin the rulemaking process. The timeline for this process is attached ([Exhibit A](#)).
- b) Changes to the rule are necessary to allow the program to:
 - (1) Integrate with funding awarded to Florida Housing from the MacArthur Foundation to support preservation of existing affordable multi-family housing
 - (2) Amend definition of Community Based Organization and Not-For-Profit Organization to correspond with universal application cycle rule
 - (3) Clarify language limiting non-site acquisition to \$500,000
 - (4) Amend language further elaborating on the Applicant's requirements to work with the Technical Assistance Providers
 - (5) Amend language to establish timeline for loan closing
 - (6) Amend language to the Terms of the PLP Loan for site control, lien information for loan approval, and repayment terms on homeownership deals
 - (7) Amend language for the submission of progress reports
 - (8) Amend language regarding commitment fees
- c) Should the Board approve this request for rulemaking, a Rule Development Workshop will be held on July 9, 2009, to solicit comments and a rule hearing will be held August 25, 2009.
- d) Staff will advertise the rule making process as required.

2. Recommendation

Approve Staff's request to begin the rule development process for Rule Chapter 67-38, Florida Administrative Code.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

I. PROFESSIONAL SERVICES SELECTION

A. Cash Flow Verification Agent Services

1. Background

- a) Florida Housing currently utilizes the services of Causey Demgen & Moore, Inc. to provide cash flow verifications for fixed rate single-family and multi-family mortgage revenue bonds. This service verifies the mathematical accuracy of the cash flows, the mortgage yield and bond yield produced by the investment banker/structuring agent.
- b) Fla. Admin. Code R. 67-49.002(1)(b), Florida Housing's procurement rule, provides that when the purchase price of commodities or contractual services exceeds or is estimated to exceed twenty-five thousand dollars (\$25,000), in any twelve (12) month period, purchases of these commodities or contractual services, except as otherwise provided in subsection 67-49.002(4),(5) and (6), must be made pursuant to an Invitation to Bid, Invitation to Negotiate, Request for Proposals (RFP) or Request for Qualifications.
- c) Florida Housing staff has determined that the costs for cash flow verification services in general are expected to exceed \$25,000 in fiscal year 2009.

2. Present Situation

Rule 67-49.002(1)(b) applies when the anticipated aggregate amount paid for any service will exceed \$25,000 in a fiscal year. Florida Housing staff believes the RFP process for these services should be initiated.

3. Recommendation

Staff recommends that the Board authorize staff to begin the RFP process for cash flow verification services that will include verifying the mathematical accuracy of the cash flows, the mortgage yield and bond yield produced by the investment banker./structuring agent and that the cash flows comply with the structure of the deal according to the closing documents and establish a review committee.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

B. Investment Banking Services

1. Background

At its August 8, 2008, meeting, the Board of Directors of Florida Housing directed staff to issue a Request for Qualifications for investment banking services for the Guarantee, Single-Family and Multi-Family programs.

2. Present Situation

a) An RFQ process was initiated and RFQ 2009-02 was issued on Friday, March 27, 2009 ([Exhibit A](#)). The deadline for receipt of responses was 2:00 p.m., Friday, April 24, 2009. Following are the fourteen (14) responses received:

- (1) Citi
- (2) Edward Jones
- (3) George K. Baum
- (4) J.P. Morgan
- (5) Janney Montgomery Scott LLC
- (6) Merchant Capital, L.L.C.
- (7) Merrill Lynch & Co., Inc.
- (8) Morgan Keegan
- (9) Morgan Stanley
- (10) RBC Capital Markets Corporation
- (11) Raymond James
- (12) Red Capital Markets, Inc.
- (13) Stern Brothers & Co.
- (14) Wachovia Securities

b) Members of the Review Committee were Melanie Weathers, Bond Administrator (Chairperson); Barbara Goltz, Chief Financial Officer; Wayne Conner, Deputy Development Officer; David Westcott, Deputy Development Officer; Len Stirrat, Multi-family Bond Administrator; Charles White, Single-Family Program Administrator; and Kevin Pichard, Assistant Director of Guarantee Program.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

- c) Each member of the Review Committee individually reviewed the Proposals prior to convening for the series of Review Committee meetings. The Review Committee meetings were held at 2:00 p.m., Tuesday, May 5, 2009 and 1:00 p.m. Tuesday, May 12, 2009.
- d) At its May 12, 2009 meeting the Review Committee provided final scores and ranking. The Final Scoring and Ranking is provided as [Exhibit B](#).

3. Recommendation

- a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with the following Offerors for investment banker services:
 - (1) All Offerors as members of the Multi-Family Investment Pool.
 - (2) Citi as the investment banker for Florida Housing's Guarantee Program.
 - (3) Citi, Morgan Stanley and RBC Capital Markets Corporation as book running Senior Managers for the Single Family bond program. George K. Baum, J.P. Morgan, Merrill Lynch and Morgan Keegan as non-book running Co-Managers for the Single Family bond program. All other Offerors as members of the Selling Group for the Single Family bond program.
- b) RBC Capital Markets Corporation to track the genealogy of repayments and to run consolidated cash flows for the Single Family 1995 Master Indenture and future Single Family stand alone or open indentures.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM

Action

VI. STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM

A. Request to Begin Rule Development Process for Chapter 67-37, Florida Administrative Code, Governing the State Housing Initiatives Partnership (SHIP) Program

1. Background/Present Situation

- a) In order to address changes to the State Housing Initiatives Partnership (SHIP) Program (Chapter 67-37, Florida Administrative Code) made necessary by the passing of Senate Bill 360, Florida Housing must begin the rulemaking process. The proposed timeline for this process is attached ([Exhibit A](#)).
- b) If approved, the Rule Development workshop will be held on July 9, 2009, to solicit comments and a rule hearing will be held August 25, 2009.
- c) Staff will advertise the rulemaking process in the Florida Administrative Weekly as required.
- d) Proposed changes required by statutory changes pending the Governor's signature on SB 360:
 - (1) Amend definition of Annual Gross Income.
 - (2) Clarify the definition of "Grant" and outline the parameters in which grants may be used.
 - (3) Allow local governments to increase the AMI limit on households served from 120% to 140%.
 - (4) Allow Florida Housing to set aside up to \$5 million each year in SHIP to purchase homes which have existing SHIP subsidies and that are subject to foreclosure.
 - (5) Allow a local government to appoint a "designee" to its affordable housing advisory committee in place of the Local Planning Agency committee member.
 - (6) Allow a local government to use limited funding for preconstruction activities.
 - (7) Define parameters when preservation of an eligible unit proves to be unfeasible.
 - (8) Allow for assistance for manufactured homes and limit funding for manufactured housing to not more than 20% of the funds.
 - (9) Allow Florida Housing to set aside \$5 million each year to fund disaster needs.

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- (10) Require local governments to address green building issues in their local housing assistance plans.
- (11) Specify that Florida Housing may distribute funds on a quarterly basis rather than monthly.
- (12) Clarify the definition of “Recaptured” funds.
- (13) Extend the timeline for the expiration of an area of critical state concern from July 1, 2008, to July 2, 2013.
- (14) Add persons with disabilities to the annual reporting requirements.
- (15) Allow Florida Housing to require repayment to the local SHIP fund any funds found to be expended on ineligible activities.
- (16) Add the following definitions: “Assisted Housing” and “Preservation.”
- (17) Provide requirements for the 2009 Florida Homebuyer Opportunity Program which provides one time funding to front end the American Recovery and Reinvestment Act’s First Time Homebuyer Tax Credit program.

2. Recommendation

Approve Staff’s request to begin the rule development process for Rule Chapter 67-37, Florida Administrative Code.

SOLDIERS TO SCHOLARS

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VII. SOLDIERS TO SCHOLARS

A. Extension of the Soldiers to Scholars Subsidy Agreements for Phase II and Phase III

1. Background

a) Phase II:

- (1) In March 1998, the Board authorized the execution of a contract for Soldiers to Scholars (STS) Subsidy Agreement Phase II for \$300,000. This Phase of the program is administered entirely by the University of Central Florida (UCF). Participants receive a direct rent subsidy through this contract.
- (2) The original agreement was set to expire July 1, 2005. At the March 4, 2005, Board meeting an extension through June 30, 2007, was approved.
- (3) June 22, 2007, the Board of Directors of Florida Housing directed staff to extend the Agreement through June 30, 2008 with an optional one year renewal.
- (4) On June 10, 2008, the optional one year renewal was exercised by Florida Housing and UCF. This agreement expires June 30, 2009.

b) Phase II:

- (1) In June 1999, Florida Housing signed the Soldiers to Scholars Subsidy Agreement for Phase III. This agreement provides for an offset of up to \$90,000 of annual interest on the Metro Place loan in exchange for the development providing subsidized rental units for participants in the Soldiers to Scholars Program.
- (2) The original agreement expired June 15, 2005. On March 4, 2005, the Board approved an extension through June 30, 2007.
- (3) June 22, 2007 the Board approved the extension of the Phase III contract through June 30, 2008 with a one year optional renewal.
- (4) On June 10, 2008, the optional one year renewal was exercised by Florida Housing and UCF. This agreement expires June 30, 2009.

2. Present Situation

- a) Both the Phase II and Phase III contracts expire June 30, 2009.
- b) In a letter to FHFC dated February 5, 2009, UCF expressed their support for the STS program. Mr. Daniel C. Holsenbeck, Vice President, University Relations, UCF; Dr. Alzo Reddick, Director of Special Programs, UCF; and Scott Zimmerman representing Metro Place personally met with FHFC Executive Director and staff to discuss the operation of and future of the program.

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- c) Conclusions from this meeting are: UCF continues to support the program due to its value to the community and to Florida soldiers. UCF wishes to include wounded veterans in its program. UCF identified the annual nature of the contract as a hindrance to recruiting soldiers into the program.

3. Recommendation

- a) Authorize staff to enter into a fifth amendment for Phase II of the STS contract with terms including: contract continuation being dependent upon UCF support for the program; the specific inclusion of wounded veterans as recipients of the rent subsidy; termination of the contract at the earlier of five years or the time all of the Soldiers to Scholars' funds in UCF's possession are expended; continuation of required monthly reporting on program fund usage; and adding a requirement to report annually on program outcomes. All other terms and conditions of the contract will remain as originally provided or as subsequently amended.
- b) Authorize staff to enter into a fifth amendment for Phase III (Metro Place) of the STS contract with an end date of the earlier of the Phase II contract or when Metro Place no longer provides rent subsidized units for STS recipients.

SPECIAL PROGRAMS

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VIII. SPECIAL PROGRAMS

A. Request Approval to Partner with the Florida Department of Community Affairs to Apply for Federal Neighborhood Stabilization Program Funding

1. Background

- a) In February 2009, Congress enacted the American Reinvestment and Recovery Act of 2009, which provides federal stimulus funding across a wide variety of sectors, including the housing industry. The Act includes a \$1.93 billion appropriation for a second round of funding for the Neighborhood Stabilization Program (NSP) which was first funded in summer of 2008.
- b) NSP funding is provided to stabilize neighborhoods whose viability has been damaged by the economic impacts of properties that have been foreclosed upon and abandoned. Typical funding strategies using these funds include acquisition, rehabilitation and disposition of such properties in targeted geographic areas that have been hardest hit with foreclosures. The program sets household income limits to be served and incentivizes long term affordability. The program rules are similar to the existing federal Community Development Block Grant program.
- c) Florida received approximately \$545 million in the first round of NSP. While most of this went directly to 48 cities/counties in need to be locally administered, the state received \$91 million which is being disbursed to 26 additional local governments in need. The Florida Department of Community Affairs (DCA) is administering this funding.

2. Present Situation

- a) Unlike the first round of funding, which was provided as a block grant, the second round of funding, dubbed NSP2, is competitive. DCA has asked Florida Housing Finance Corporation and Florida Housing Coalition to partner with it to form a "consortium," with Florida Housing taking the lead on developing and submitting proposals to HUD and, if funding is awarded, administering the funding. This will require Florida Housing to sign a cooperative agreement with DCA for this purpose.
- b) There are two NSP competitions in which the state may participate: funding to administer a program, and funding to carry out NSP technical assistance. At this time, DCA and the staff of Florida Housing, working in partnership with the Florida Housing Coalition, believe that the state should submit funding proposals under both competitions.
- c) The staff will provide a conceptual outline of the NSP program proposal at the Board meeting, but we expect to target both homeownership and rental strategies. The technical assistance proposal will call for the Florida Housing Coalition to provide technical assistance to all local governments and participating NSP entities throughout the state. The Coalition currently administers the state's Affordable Housing Catalyst technical assistance program under contract with Florida Housing.

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3. **Recommendation**

Approve the staff's request to partner with DCA and the Florida Housing Coalition to submit consortium proposals to HUD to obtain funding for programs and technical assistance through the NSP2 program. As part of this effort, direct the Executive Director to sign a cooperative agreement with DCA as required by HUD.