

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**January 22, 2010**  
**Action Items**



**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

*Action*

**I. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

**A. Request Approval of Credit Underwriting Recommendation for Emerson Oaks Apartments (2009-03-027CT)**

<b>Development Name: Emerson Oaks Apartments (“Development”)</b>	<b>Location: Hernando County</b>
<b>Developer/Principal: The Richman Group of Florida, Inc. (“Developer”)</b>	<b>Set-Aside: 10% @ 35% AMI, 90% @ 60% AMI</b>
<b>Number of Units: 80</b>	<b>Tax Credit Assistance Program: \$3,199,227</b>
<b>Type: Garden Style</b>	<b>Housing Credit Allocation: \$1,097,513</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On August 20, 2009 the Board approved the award list of the Request for Proposals (RFP) 2009-03 and directed staff to proceed with all necessary credit underwriting activities.
- b) On August 21, 2009, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Assistance Program funds and a Housing Credit Allocation.
- c) On January 12, 2010, staff received a credit underwriting report with a recommendation to rescind the 2009 Tax Credit Assistance Program loan in the amount of \$3,199,227 and an annual Housing Credit Allocation of \$1,097,513 ([Exhibit A](#)).

**2. Recommendation**

Approve the credit underwriting recommendation to rescind the Tax Credit Assistance Program funds and Housing Credit Allocation.

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

*Action*

**B. Request Approval of Credit Underwriting Report for Parkway Place Apartments (2009-03-022CT)**

<b>Development Name: Parkway Place Apartments (“Development”)</b>	<b>Location: Brevard County</b>
<b>Developer/Principal: The Richman Group of Florida, Inc. (“Developer”)</b>	<b>Set-Aside: 10% @ 33% AMI &amp; 90% @ 60% AMI</b>
<b>Number of Units: 96</b>	<b>Tax Credit Assistance Program: \$4,644,524</b>
<b>Type: Garden Style</b>	<b>Housing Credit Allocation: \$1,480,840</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On August 20, 2009, the Board approved the award list of the Request for Proposals (RFP) 2009-03 and directed staff to proceed with all necessary credit underwriting activities.
- b) On August 21, 2009, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Assistance Program (TCAP) funds and a Housing Credit Allocation.
- c) On January 15, 2010, staff received a credit underwriting report based on two separate approaches to sizing the TCAP loan (Scenario A and Scenario B) that evaluate different vacancy and collection loss rates ([Exhibit B](#)). The purpose of doing so is to mitigate “over-subsidizing” transactions. Scenario A reflects a 2009 TCAP loan in the amount of \$4,644,524 and an annual Housing Credit Allocation of \$1,480,840 based on an 8% vacancy and collection loss. Scenario B reflects a 2009 TCAP loan in the amount of \$5,116,863 and an annual Housing Credit Allocation of \$1,480,840 based on a 15.5% economic vacancy and collection loss. Staff has reviewed this report and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C. and RFP 2009-03.

**2. Recommendation**

As to not over-subsidize the proposed development, but in consideration of current market conditions of a 15.5% economic vacancy rate as identified by the credit underwriter, staff recommends the board approve a TCAP loan of \$4,644,524 as if an 8% economic vacancy rate were achievable, with a first mortgage loan restricted to no higher than the sizing parameters of RFP 2009-03, under the current market conditions.

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

*Action*

**C. Request Approval of Credit Underwriting Report for Hammock Harbor – Phase I (2009-03-029CT)**

<b>Development Name: Hammock Harbor – Phase I (“Development”)</b>	<b>Location: Brevard County</b>
<b>Developer/Principal: Atlantic Housing Partners, L.L.P. (“Developer”)</b>	<b>Set-Aside: 10% @ 33% AMI, 80% @ 60% AMI</b>
<b>Number of Units: 122</b>	<b>Tax Credit Assistance Program: \$6,865,982</b>
<b>Type: Garden Style</b>	<b>Housing Credit Allocation: \$1,510,000</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On August 20, 2009, the Board approved the award list of the Request for Proposals (RFP) 2009-03 and directed staff to proceed with all necessary credit underwriting activities.
- b) On August 21, 2009, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Assistance Program (TCAP) funds and a Housing Credit Allocation.
- c) On January 15, 2010, staff received a credit underwriting report based on two separate approaches to sizing the TCAP loan (Scenario A and Scenario B) that evaluate different vacancy and collection loss rates ([Exhibit C](#)). The purpose of doing so is to mitigate “over-subsidizing” transactions. Scenario A recommends a 2009 Tax Credit Assistance Program loan in the amount of \$6,865,982 and an annual Housing Credit Allocation of \$1,510,000 based on an 8% vacancy and collection loss. Scenario B reflects a 2009 Tax Credit Assistance Program loan in the amount of \$7,200,000 and an annual Housing Credit Allocation of \$1,510,000 based on a 16% vacancy and collection loss. Staff has reviewed this report and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C. and RFP 2009-03.

**2. Recommendation**

As to not over-subsidize the proposed development, but in consideration of current market conditions of a 16% economic vacancy rate as identified by the credit underwriter, staff recommends the board approve a TCAP loan of \$6,865,982 as if an 8% economic vacancy rate were achievable, with a first mortgage loan restricted to no higher than the sizing parameters of RFP 2009-03, under the current market conditions.

**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

*Action*

**D. Request Approval of Credit Underwriting Report for Villages at Delray (2009-03-037CT)**

<b>Development Name: Villages at Delray (“Development”)</b>	<b>Location: Palm Beach County</b>
<b>Developer/Principal: Auburn Development, LLC (“Developer”)</b>	<b>Set-Aside: 11% @ 28% AMI &amp; 89% @ 60% AMI</b>
<b>Number of Units: 144</b>	<b>Tax Credit Assistance Program: \$7,500,000</b>
<b>Type: Garden Style</b>	<b>Housing Credit Allocation: \$2,110,000</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On August 20, 2009 the Board approved the award list of the Request for Proposals (RFP) 2009-03 and directed staff to proceed with all necessary credit underwriting activities.
- b) On August 21, 2009, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Assistance Program funds and a Housing Credit Allocation.
- c) On January 15, 2010, staff received a credit underwriting report with a positive recommendation for a 2009 Tax Credit Assistance Program loan in the amount of \$7,500,000 and an annual Housing Credit Allocation of \$2,110,000 ([Exhibit D](#)). Staff has reviewed this report and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C. and RFP 2009-03.

**2. Recommendation**

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

# GUARANTEE

## *Action*

### II. GUARANTEE

#### A. Ratification of Actions Taken to Replace Liquidity Support and Refund the 1993 Series A, 1999 Series A and 2000 Series A Capitalizing Bonds

##### 1. Background

- a) The Legislature authorized the Corporation to issue up to \$400,000,000 in revenue bonds to capitalize the Guarantee Fund (“Fund” or “Corpus”). To date, four series of FHFC (taxable) revenue bonds (the “Bonds”) have been issued for the purpose of capitalizing the Fund. Pursuant to the March 13, 2009 Board direction, staff utilized excess Corpus capacity not expected to be needed in the reasonably foreseeable future to redeem in full the 2002 Series A Bonds (\$89,925,000 par) on May 1, 2009, reducing negative arbitrage in the Fund for the purpose of maintaining a risk-to-net capital leveraging ratio below 5:1. The remaining three outstanding series of FHFC Bonds are described below:

Florida Housing Finance Agency Affordable Housing Guarantee Revenue Bonds (Taxable) 1993 Series A, \$75,000,000 (original par), \$49,000,000 (outstanding)  
Stated Due Date: January 1, 2034  
Remarketing Agent: Jefferies & Company, Inc.  
Insured by: MBIA  
Liquidity Facility by: DEPFA BANK plc, acting through its New York Branch

Florida Housing Finance Corporation Affordable Housing Guarantee Revenue Bonds (Taxable) 1999 Series A, \$50,000,000 (original par), \$46,250,000 (outstanding)  
Stated Due Date: January 1, 2044  
Remarketing Agent: Jefferies & Company, Inc.  
Insured by: MBIA  
Liquidity Facility by: DEPFA BANK plc, acting through its New York Branch

Florida Housing Finance Corporation Affordable Housing Guarantee Revenue Bonds (Taxable) 2000 Series A, \$75,000,000 (original par), \$60,950,000 (outstanding)  
Stated Due Date: January 1, 2045  
Remarketing Agent: Jefferies & Company, Inc.  
Insured by: Ambac  
Liquidity Facility by: DEPFA BANK plc, acting through its New York Branch

- b) The Bonds were issued as weekly reset taxable variable rate demand obligations (VRDO). With the current and ongoing financial market crisis, weekly attempts to remarket the Bonds over the last 17 months were substantially unsuccessful, resulting in most of the Bonds being “put” to the corresponding liquidity facilities provided by, but recently suspended by, Depfa Bank plc (Depfa). The liquidity facilities act as a backstop to ensure sufficient liquidity is on hand at all times to support the weekly “put” feature. In the case of the Bonds, each liquidity facility is evidenced by a separate Standby Bond Purchase Agreement (SBPA) for the corresponding series of the Bonds.

## GUARANTEE

### *Action*

- c) On June 5, 2009, following a downgrade of Ambac Assurance Corporation (Ambac) below investment grade, Depfa sent a 30-day notice of termination of liquidity support on the 2000A capitalizing Bonds. The 2000 Series A Bonds were insured by Ambac. Depfa exercised authority provided by the Bond Insurer Adverse Change provision within the supporting SBPA. Term-out is triggered upon termination, calling for repayment of the 2000 Series A Bonds (\$60,000,000 par) over an accelerated term of five (5) years in equal semi-annual installments of principal plus accrued interest.
- d) On September 29, 2009, Standard & Poor's (S&P) downgraded the financial strength rating of MBIA Insurance Corp (MBIA), the bond insurer on the 1993 Series A and 1999 Series A capitalizing Bonds, from "BBB" to "BB+" with a negative outlook. This downgrade triggered a Bond Insurer Event of Default under the SBPAs for the 1993 Series A and 1999 Series A Bonds. On October 1, Depfa sent a notice of suspension of its weekly liquidity support, suspending the available commitment and Depfa's obligation to purchase optionally-tendered 1993 Series A and 1999 Series A capitalizing Bonds under the SBPAs.
- e) As a result of Depfa's suspension, Florida Housing provided notice of its intent to purchase a portion of the 1993 Series A bonds and 1999 Series A bonds, either directly from investors in the open market, or as a purchaser in a remarketing of the Bonds. Florida Housing intended to hold any Bonds purchased as investments until such time as Florida Housing determines they were to be remarketed, redeemed or otherwise sold or cancelled. Florida Housing expected to invest up to \$60 million while enhancing the rate of return when compared to other investments.
- f) Absent an action by Florida Housing to invest in all of the Guarantee Fund bonds held by Depfa or other actions by the Guarantee Fund, the \$37,910,000 of 1993 Series A and 1999 Series A bank bonds at Depfa would have gone into term-out, calling for repayment over an accelerated term of five (5) years in equal semi-annual installments of principal plus accrued interest. Payments due under the term-out provisions would total approximately \$3.8 million in principal plus interest for the 1993 Series A and 1999 Series A bonds. Additionally, the first term-out payment on the 2000 Series A bonds (already in term out), of approximately \$6 million plus interest, would also have been due in January 2010. On October 23, 2009, the Board ratified staff's decision to purchase a portion of the 1993 Series A bonds and 1999 Series A bonds, under the circumstances described herein.

## 2. Present Situation

- a) Although Florida Housing had been in continuous contact with Depfa about the status of the new funding to refund the Bonds prior to year-end, on December 8, 2009, Depfa issued notice of the termination of the 2000 Series A Liquidity Agreement and demand for payment notices on the 1993 Series A, 1999 Series A and 2000 Series A Bonds. On December 15, 2009, Florida Housing submitted its response to Depfa disputing Depfa's assertion that the 2000 Series A Bank Bonds were required to be redeemed, and due and payable on demand. On that same date, Depfa submitted a notice of nonpayment by Florida Housing and a claim for payment to Ambac.

## GUARANTEE

### *Action*

- b) On December 16, 2009, pursuant to the Guarantee Program Delegation of Authority Action item approved by the Board on October 23, 2009, staff and the Executive Director, with the advice of the Guarantee Fund's counsel and financial advisor, received the Board Chair's approval to purchase a portion of the 2000 Series A bonds, either directly from investors in the open market, from liquidity banks, or as a purchaser in a remarketing of the Bonds. Florida Housing provided notice to the market of its intent to purchase a portion of the 2000 Series A bonds as described herein. Florida Housing intended to hold any Bonds purchased as investments until such time as Florida Housing determined they were to be remarketed, redeemed or otherwise sold or cancelled. Florida Housing expected to invest up to \$62 million while enhancing its rate of return when compared to other investments.
- c) At December 30, 2009 the bond balances were:

Bond Series	Par Balance	(Depfa) Bank Bonds	FHFC	"Street" Bonds
1993 A	\$49,000,000	\$23,505,000	\$25,195,000	\$300,000
1999 A	\$46,250,000	\$14,405,000	\$31,445,000	\$400,000
2000 A	\$60,950,000	\$0	\$60,950,000	\$0

- d) With all three series of Bonds then lacking liquidity support, approximately \$100 million of the bonds outstanding at Bank Bond rates (Prime +3%) and Depfa's accelerated demands for payment, on December 14, 2009, pursuant to the Guarantee Program Delegation of Authority Action item approved by the Board on October 23, 2009, staff and the Executive Director, with the advice of the Guarantee Fund's counsel and financial advisor, received the Board Chair's approval to incur debt to redeem its outstanding capitalizing bonds and signed a term sheet with Citibank, N.A. ([Exhibit A](#)). Staff, with the Guarantee Fund's counsel, bond counsel and financial advisor proceeded with loan closing activities and closed the Citibank term loan with modified terms on December 31, 2009 which caused all of the outstanding Bonds to be redeemed and/or defeased, thereby reducing negative arbitrage and avoiding the onerous principal payments required by Depfa's accelerated repayment term on the Bank Bonds.

### 3. Recommendation

Ratify FHFC's purchase of the 2000 Series A bonds and all agreements, instruments, documents and certificates executed and delivered, actions taken and all decisions made by FHFC or Florida Housing's staff with respect to or in connection with the closing of the replacement financing from Citibank, N.A. for the refunding of the Bonds.



## LEGAL

### *Action*

### III. LEGAL

#### A. Delegation of Authority to Staff to Convey Property Acquired by Florida Housing Finance Corporation to FHFC II, Inc., or FHFC III, Inc.

##### 1. Background

On July 30, 2008, FHFC II, Inc. ("FHFC II") was incorporated as a wholly-owned subsidiary of Florida Housing Finance Corporation, and on August 25, 2009, FHFC III, Inc., was similarly incorporated. The two subsidiaries were created for the purpose of taking title to and/or managing and/or disposing of property acquired by Florida Housing from time to time through any of Florida Housing's various programs. The By-Laws of both subsidiaries adopted Florida Housing's Rule Chapters 67-48, 67-49, 67-52, 67-53, Fla. Admin. Code, and all rules of Florida Housing regarding fees, as amended, as By-Laws. The By-Laws further provided that other instruments or documentation in connection with managing the business and regulating the affairs of the Corporation will also be adopted as By-laws and will govern the subsidiaries.

##### 2. Present Situation

Florida Housing has acquired, and anticipates acquiring, properties through foreclosure or otherwise. For all the reasons that Florida Housing formed the subsidiary corporations, Florida Housing needs to promptly convey such properties to its subsidiaries. Resolution 2010-001, attached as [Exhibit A](#), authorizes staff to convey properties to FHFC II, Inc., and FHFC III, Inc., without Board action.

##### 3. Recommendation

Staff recommends that the Board approve Resolution 2010-001, authorizing staff to convey properties to FHFC II, Inc., and FHFC III, Inc., without Board action.

## LEGAL

### *Action*

#### **B. Delegation of Authority to Staff to sell any property conveyed or acquired by Florida Housing**

##### **1. Background**

- a) Florida Housing has previously taken management control and/or ownership of multifamily rental properties. Florida Housing's staff is not presently authorized to select an offer and proceed with the sale of a property where the necessity to act arises between meetings of the Board of Directors.
- b) Florida Housing contracts for property management services from among a pool of companies approved by the Board to process, manage, conserve, protect and operate its properties in accordance with sound business practices and applicable laws and regulations, including applicable HUD regulations.

##### **2. Present Situation**

- a) Resolution No. 2010-002, attached as [Exhibit B](#), proposes that the Board authorize the Executive Director to proceed, with the process to sell such properties. With the assistance of a real estate broker within the pool of brokers approved by the Board, a marketing and disposition plan will be prepared outlining the strategy for disposing the property at the earliest practicable and reasonable time, on commercially reasonable terms, taking into account market conditions and the legal and regulatory requirements.
- b) Due to the unique nature of each transaction in rapidly changing markets, it may become necessary that Florida Housing authorize or contract for a sale or conveyance of a property held by Florida Housing between scheduled Board meetings. Staff is requesting specific delegation to the Executive Director, and in the Executive Director's absence, to the Chief Financial Officer, with the advice of Florida Housing's financial advisor, and with the approval of the Chair, or if the Chair is unavailable, the vice-Chair, to select and approve an offeror for the sale of any property held by FHFC III.

##### **3. Recommendation**

That the Board adopt Resolution 2010-002, authorizing the delegation to staff as outlined above.

## MISCELLANEOUS

### *Action*

#### IV. MISCELLANEOUS

##### A. Public Housing Mitigation Services

###### 1. Background

By Specific Appropriation 1573, the 2009 Florida Legislature appropriated \$1,000,000 to Florida Housing Finance Corporation (“Florida Housing”) to fund the Public Housing Mitigation Initiative (the “Public Housing Initiative”). Funds appropriated under the Public Housing Initiative must be used on a one to one match basis with the US Department of Housing and Urban Development (“HUD”) Stimulus Operating Funds distributed to Public Housing Authorities as defined in section 421.04, Florida Statutes, (i.e., those operating in cities) during Fiscal Year 2009-2010, in order to assist in the preservation and rehabilitation of dwellings which are 30 years or older under control by Public Housing Authorities.

###### 2. Present Situation

- a) Due to the limited amount of funding appropriated via Specific Appropriation 1573, and in concert with comments provided by the Florida Association for Housing and Redevelopment Officials (the public housing authority trade association), Florida Housing targeted this funding to small public housing authorities, defined by HUD as having 250 or fewer units under their control.
- b) An RFP process was initiated and RFP 2009-07 was issued on Friday, November 13, 2009 ([Exhibit A](#)). The deadline for receipt of responses was 2:00 p.m., Wednesday, December 2, 2009.
- c) Fourteen (14) Proposals were received by the deadline. The list is as follows:
  - (1) Arcadia Housing Authority
  - (2) Avon Park Housing Authority
  - (3) The Housing Authority of Bartow
  - (4) Deerfield Beach Housing Authority
  - (5) DeFuniak Springs Housing Authority
  - (6) Housing Authority of the City of Eustis
  - (7) Ft. Walton Beach Housing Authority
  - (8) Housing Authority of the City of Live Oak
  - (9) New Smyrna Beach Housing Authority
  - (10) Ocala Housing Authority
  - (11) Punta Gorda Housing Authority
  - (12) Housing Authority of the City of Stuart
  - (13) Tarpon Springs Housing Authority
  - (14) Housing Authority of the City of Winter Park

## MISCELLANEOUS

### *Action*

- d) The Review Committee members, designated by the Executive Director, were Derek Helms, SAIL/HOME Administrator, Karla Brown, Multifamily Loans Manager, and Jean Salmonsens, Housing Development Manager.
- e) 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 10:00 a.m. Monday, December 7, 2009, 2:00 p.m. Friday, December 11, 2009 and the final meeting was held on Monday, January 4, 2010 at 2 p.m.
- f) At its January 4, 2010 meeting the Review Committee provided final scores ([Exhibit B](#)) and a recommendation regarding funding requests.
- g) Florida Housing anticipated up to 30 applicants, but only received 14 proposals from qualified public housing authorities. The Fort Walton Beach Housing Authority did not submit the requested cures by the requested deadline and was deemed non-responsive by the committee.
- h) Because of the fewer number of proposals received, additional (unused) funds are available. The RFP specifies that any unused funds will be made available to the eligible Offerors on a pro-rata basis with each eligible Offeror required to document the need for the additional funds during the credit underwriting process.

### **3. Recommendation**

The Committee requests that the Board accept the recommendation for funding the proposals from the public housing authorities listed below.

- (1) Arcadia Housing Authority
- (2) Avon Park Housing Authority
- (3) The Housing Authority of Bartow
- (4) Deerfield Beach Housing Authority
- (5) DeFuniak Springs Housing Authority
- (6) Housing Authority of the City of Eustis
- (7) Housing Authority of the City of Live Oak
- (8) New Smyrna Beach Housing Authority
- (9) Ocala Housing Authority
- (10) Punta Gorda Housing Authority
- (11) Housing Authority of the City of Stuart
- (12) Tarpon Springs Housing Authority
- (13) Housing Authority of the City of Winter Park

## MISCELLANEOUS

### *Action*

- b) The Committee also recommends, pursuant to the requirements in the RFP, that any unused funds be distributed on a pro-rata basis in accordance with the updated State PHA Chart which is attached as [Exhibit C](#). The Committee further recommends that each Offeror submit documentation to substantiate a need for the additional funds during the credit underwriting period in order to receive the pro-rata distribution of unused funds.

## PROFESSIONAL SERVICES SELECTION

### *Action*

#### V. PROFESSIONAL SERVICES SELECTION (PSS)

##### A. Request Permission to Issue a Request for Proposals (RFP) for the Administration of the Affordable Housing Catalyst Program

###### 1. Background

- a) The Affordable Housing Catalyst Program is funded through the State Housing Trust Fund and provides training and technical assistance mainly to local governments and community based organizations on state and federal housing programs. This includes administration and implementation of the State Housing Initiatives Partnership (SHIP) Program, the HOME Investment Partnerships (HOME) Program and other affordable housing programs. The Affordable Housing Catalyst Program has been outsourced since its inception, with great success.
- b) Florida Housing is authorized to administer the Affordable Housing Catalyst Program (Catalyst) under chapter 2004-243, Laws of Florida, amended Section 420.531, F.S.

###### 2. Present Situation

- a) The three year term of the current Affordable Housing Catalyst Program contract between Florida Housing and the Florida Housing Coalition, Inc., for these services expires June 30, 2010.
- b) This RFP to be issued will include details of all of the training and technical assistance services, as well as the experience and requirements of the respondents.
- c) RFP responses will be reviewed by a committee appointed by the Executive Director. The committee will make a recommendation to the Board at the April 2010 meeting.

###### 3. Recommendation

- a) Authorize staff to begin the solicitation (RFP) process in order to obtain responses from qualified entities to deliver affordable housing training and technical assistance under the Catalyst program, subject to funding availability.
- b) Authorize the Executive Director to establish a Review Committee to review the RFP responses and make a recommendation to the Board.

## PROFESSIONAL SERVICES SELECTION

### *Action*

#### **B. Request for Qualifications (RFQ) for Approved Energy Consumption Providers**

##### **1. Background**

- a) Effective July 29, 2008, 26 CFR part 1 relating to the Low-Income Housing Tax Credit (Credit) under Section 42 was amended to update the utility allowance regulations to provide new options for estimating tenant utility costs. The final regulations affected owners of low-income housing properties who claim the Credit, the tenants in those low-income housing properties, and the State and local housing agencies that administer the Credit.
- b) Previously, under 1.42-10(b)(4), owners generally used the applicable Public Housing Authority (PHA) utility allowance established for the Section 8 Program or used a local utility company estimate.
- c) As an alternative, under the amended utility allowance regulations, utility allowance estimates may be calculated by a state certified engineer or other qualified professional. The estimates would be determined based on the applicable current local utility billing rate schedule and would be applied to all comparable units in the building using specific information about the design, materials, equipment, and location of the building.

##### **2. Present Situation**

- a) Staff recognizes a need to provide owners a list of qualified energy consumption providers from which owners must contract directly with to obtain the energy consumption estimate.
- b) Owners must pay for all costs incurred in obtaining the utility estimates from the qualified professional and provide the estimates to Florida Housing and tenants.

##### **3. Recommendation**

Authorize Florida Housing staff to begin the solicitation process to select a pool of energy consumption providers and authorize the Executive Director to establish a Review Committee.

## PROFESSIONAL SERVICES SELECTION

### *Action*

#### C. Request for Proposals (RFP) 2009-08 for Performance Based Contract Administration (PBCA) Services

##### 1. Background

- a) In December 2008, HUD announced that it was planning to revise the ACC governing performance-based contract administration and intended to “rebid” the contracts in the fall of 2009 by issuing a public Invitation to Bid (ITB). Staff believes that participation in this program will generate net income for Florida Housing’s operations. Florida Housing staff recommended to the board that to most efficiently and effectively administer the PBCA contract, we should procure these services from an outside entity. Additionally, in order to evaluate the HUD ITB and complete a response to the ITB, now expected to be advertised by HUD in February 2010, Florida Housing needed to select a contractor for these services.
- b) At its September 18, 2009 meeting, the Board approved staff’s recommendation to issue an RFP to solicit proposals to select a contractor to assist with the preparation of a response to a HUD PBCA ITB and provide contract administration services.

##### 2. Present Situation

- a) RFP 2009-08 was issued on December 18, 2009 ([Exhibit A](#)). The deadline for receipt of responses was 2:00 p.m., Wednesday, January 6, 2010.
- b) Three (3) Proposals were received by the deadline. The list of Proposals is as follows:
  - (1) Georgia HAP Administrators, Inc., d/b/a National Housing Compliance
  - (2) Multifamily Asset Managers (MAM) a Joint Venture of Du & Associates, Inc., and Reznick Group P.C.
  - (3) Quadel Consulting, Inc.
- c) The Review Committee members designated by the Executive Director were as follows: Laura Cox, Director, Asset Management and Guarantee Program, Chair; Angie Sellers, Comptroller; Susan Parks, Chief Information Officer; Diane Carr, Loan Servicing Administrator; and Robin Fowler, Quality Assurance Administrator.
- d) The Review Committee meeting was held at 10 a.m., Tuesday, January 12, 2010. [Exhibit B](#) provides the results of the Review Committee’s scores and rankings.



## PROFESSIONAL SERVICES SELECTION

### *Action*

#### 3. **Recommendation**

The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Multifamily Asset Managers (MAM) a Joint Venture of Du & Associates, Inc. and Reznick Group, P.C. If contract negotiations should fail with Multifamily Asset Managers (MAM) a Joint Venture of Du & Associates, Inc. and Reznick Group, P.C then to authorize staff to enter into contract negotiations with Quadel Consulting, Inc.

## SUBORDINATE MORTGAGE INITIATIVE

### *Action*

#### VI. SUBORDINATE MORTGAGE INITIATIVE

##### A. Request Approval of Subordinate Financing in an Amount not to Exceed \$495,000 Through the Subordinate Mortgage Initiative

<b>Development Name: Spring Harbor Apartments (“Development”)</b>	<b>Location: Lake</b>
<b>Developer/Principal: Wendover Housing Partners, Inc. (“Developer” or “Principal”)</b>	<b>Set-Aside: 50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)</b>
<b>Funding Sources: MMRB 1999 Series C1 &amp; C2</b>	<b>Amounts: \$9,899,570 Tax-Exempt Bonds \$2,850,000 Taxable Bonds</b>
<b>Number of Units: 248</b>	<b>Type: Rental</b>
<b>Subordinated Mortgage amount not to exceed:</b>	<b>\$495,000</b>
<b>TOTAL Subordinated Mortgage amount not to exceed:</b>	<b>\$495,000</b>

##### 1. Background

Florida Housing financed the construction of the above referenced Development in the year 1999 with \$9,899,570 in tax-exempt bonds and \$2,850,000 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.

##### 2. Present Situation

- a) The Developer has requested subordinate financing on its development that is credit enhanced by the Guarantee Program, which is the only development in the Guarantee Program for this Developer. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to twenty-four (24) months. It has been determined that the development submitted for financing is currently in financial distress and, as a result, is eligible for financing through the Subordinate Mortgage Initiative. Florida Housing will provide funding for one mortgage payment per each three month period. The Developer will be required to make the following two payments. This process will be repeated for up to twenty-four (24) months, with Florida Housing potentially making a total of eight mortgage payments and the Developer making a total of sixteen mortgage payments during this period.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated January 6, 2010 ([Exhibit A](#)), has confirmed the need for financial assistance for this Development.

##### 3. Recommendation

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$495,000 subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

## UNIVERSAL CYCLE

### *Action*

#### VII. UNIVERSAL CYCLE

##### A. 2009 Qualified Allocation Plan

###### 1. Background/Present Situation

- a) On March 13, 2009 the Board approved the 2009 Qualified Allocation Plan (QAP). Section 20 states in part the following: “As of the date the FHFC Board approves final ranking, FHFC may award Housing Credits from the 2010 Housing Credit Allocation Authority. Unless the FHFC Board approves a greater amount, the amount of the 2010 Housing Credit Allocation Authority to be awarded will be the amount of 2009 Housing Credits forward allocated in 2008 minus any returned Housing Credits.”
- b) For the 2009 Universal Application Cycle, the Notice of Credit Availability (NOCA) is \$41,478,492. The 2009 allocation and a portion of the anticipated 2010 allocation is being utilized to fund Developments awarded under RFP 2009-01, 2009-03 and 2009-04. In order to fund the successful applications in the 2009 Universal Cycle, the staff must utilize the remaining 2010 allocation and as much of the 2011 allocation as need to equal the 2009 NOCA.
- c) FHFC staff is requesting approval to forward allocation a greater amount of 2010 and 2011 Housing Credit Allocation Authority.

###### 2. Recommendation

Approve and authorize staff to proceed with the forward allocation of a sufficient amount of 2010 and 2011 Housing Credits as needed for the 2009 Universal Cycle.

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