

**FLORIDA HOUSING FINANCE CORPORATION**  
**Telephonic Board Meeting**  
July 2, 2010  
Action Items



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

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

**A. Request Approval of Credit Underwriting Update Letter for Arbours at Shoemaker Place (2009-042X)**

<b>Development Name: Arbours at Shoemaker Place (“Development”)</b>	<b>Location: Walton County</b>
<b>Developer/Principal: Arbour Valley Development, LLC (“Developer”)</b>	<b>Set-Aside: 20% @ 40% AMI &amp; 80% @ 60% AMI</b>
<b>Number of Units: 80</b>	<b>Supplemental: \$680,000</b>
<b>Type: Garden Style</b>	<b>Tax Credit Exchange Amount: \$9,095,000</b>
<b>Demographics: Family</b>	

**1. Background/Present Situation**

- a) On February 26, 2010, the Board approved a positive recommendation for a Supplemental Loan in the amount of \$680,000 and a 2009 Tax Credit Exchange Program loan in the amount of \$9,095,000 which is equivalent to an annual housing credit allocation of \$1,070,000 and directed staff to proceed with loan closing activities.
- b) On June 4, 2010, staff received a credit underwriting update letter recommending an alternative financing structure in the event that the current first mortgage financing is not available prior to July 30, 2010 ([Exhibit A](#)). Staff has reviewed this update and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C and RFP 2009-04.

**2. Recommendation**

Approve the credit underwriting update letter and direct staff to proceed with loan closing activities.

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

*Action*

**B. Request Approval of Credit Underwriting Report for The Portland (2009-263X)**

<b>Development Name: The Portland (“Development”)</b>	<b>Location: Pinellas County</b>
<b>Developer/Principal: The Portland Apartments Developer, L.L.C and Landmark Development Corp. (“Developer”)</b>	<b>Set-Aside: 10% @ 35% AMI &amp; 90% @ 60% AMI</b>
<b>Number of Units: 68</b>	<b>Tax Credit Exchange Amount: \$14,110,000</b>
<b>Type: High-Rise</b>	<b>MMRB: N/A</b>
<b>Demographics: Family</b>	

**1. Background/Present Situation**

- a) On August 14, 2009, The Portland Apartments, Ltd. submitted a response to RFP 2009-04 seeking ARRA funding.
- b) On August 21, 2009, Florida Housing rejected The Portland Apartments, Ltd. response on the basis that certain required information was not included in the response.
- c) On August 31, 2009, The Portland Apartments, Ltd. filed a petition to challenge Florida Housing’s decision.
- d) On November 12, 2009, a Recommended Order was entered in DOAH Case No. 2009-4682BID which found that the selection criteria set forth in the RFP is contrary to Florida Housing’s governing rules and statutes.
- e) On November 30, 2009, Florida Housing and The Portland Apartments, Ltd. executed a Stipulation and Settlement Agreement that allows The Portland Apartments to be admitted into credit underwriting for Tax Credit Exchange Program Funds.
- f) On December 4, 2009, the Board accepted the Stipulation and settlement Agreement, and staff issued a preliminary commitment letter and invitation to enter credit underwriting for Tax Credit Exchange Program Funds.
- g) On June 4, 2010, staff received a credit underwriting report with a positive recommendation for a 2009 Tax Credit Exchange Program award in the amount of \$14,110,000, which is equivalent to an annual housing credit allocation of \$1,660,000 ([Exhibit B](#)). 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 2009-04.

**2. Recommendation**

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

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

*Action*

**C. Request Approval of Credit Underwriting Report for Panama Commons (2009-264X)**

<b>Development Name: Panama Commons (“Development”)</b>	<b>Location: Bay County</b>
<b>Developer/Principal: The Paces Foundation, Inc. (“Developer”)</b>	<b>Set-Aside: 10% @ 40% AMI, 10% @ 50% AMI &amp; 80% @ 60% AMI</b>
<b>Number of Units: 92</b>	<b>SAIL: \$1,892,544</b>
<b>Type: Garden Style</b>	<b>Tax Credit Exchange Program: \$10,837,500</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On August 14, 2009, Panama Commons, LP, submitted a response to RFP 2009-04 seeking ARRA funding.
- b) On August 21, 2009, Florida Housing rejected the Panama Commons, LP response on the basis that certain required information was not included in the response.
- c) On August 31, 2009, Panama Commons, LP, filed a petition to challenge Florida Housing’s decision.
- d) On November 12, 2009, a Recommended Order was entered in DOAH Case No. 2009-04682BID which found that the selection criteria set forth in the RFP is contrary to Florida Housing’s governing rules and statutes.
- e) On November 30, 2009, Florida Housing and Panama Commons, LP executed a Stipulation and Settlement Agreement that allows Panama Commons to be admitted into credit underwriting as provided in the RFP.
- f) On December 4, 2009, the Board accepted the Stipulation and Settlement Agreement, and staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Exchange Program funds.
- g) On June 7, 2010, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,892,544, and a 2009 Tax Credit Exchange Program award in the amount of \$10,837,500, which is equivalent to an annual housing credit allocation of \$1,275,000 ([Exhibit C](#)). 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 2009-04.

**2. Recommendation**

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

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

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**D. Request Approval to Exchange Amenities for Magnolia Landing (2009-055X)**

<b>Development Name: Magnolia Landing (“Development”)</b>	<b>Location: Miami-Dade County</b>
<b>Developer/Principal: The Gatehouse Group, LLC (“Developer”)</b>	<b>Set-Aside: 10% @ 33% AMI &amp; 90% @ 60% AMI</b>
<b>Number of Units: 150</b>	<b>Tax Credit Exchange Amount: \$20,931,250</b>
<b>Type: Townhouse</b>	<b>MMRB: N/A</b>
<b>Demographics: Family</b>	

**1. Background/Present Situation**

- a) On April 28, 2010, a Tax Credit Exchange loan in the amount of \$20,931,250 closed for this 150-unit family development in Miami-Dade County.
- b) On June 3, 2010, staff received a letter from the Developer requesting the exchange of electric water heater with energy factor of .93 or better and wall insulation of a minimum of R-7 for wall insulation of R-10 or better ([Exhibit D](#)). The proposed changes are of equal point value to the amenities originally chosen.
- c) On June 7, 2010, staff received a review from the credit underwriter with a positive recommendation for the exchange of amenities ([Exhibit E](#)).

**2. Recommendation**

Approve the request to exchange the amenities and direct staff to proceed with amending the Extended Low-Income Housing Agreement.

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

*Action*

**E. Request Approval of Credit Underwriting Update Letter for Notre Dame Apartments (2009-025CT)**

<b>Development Name: Notre Dame Apartments (“Development”)</b>	<b>Location: Miami-Dade County</b>
<b>Developer/Principal: BHG Notre Dame Development, L.L.C. (“Developer”)</b>	<b>Set-Aside: 10% @ 33% AMI &amp; 90% @ 60% AMI</b>
<b>Number of Units: 64</b>	<b>Tax Credit Assistance Program: \$4,800,000</b>
<b>Type: High Rise</b>	<b>Housing Credit Allocation: \$1,808,133</b>
<b>Demographics: Family</b>	<b>MMRB: N/A</b>

**1. Background/Present Situation**

- a) On January 22, 2010, the Board approved a positive recommendation for a 2009 Tax Credit Assistance Program loan in the amount of \$4,800,000, and an annual Housing Credit Allocation in the amount of \$1,808,133 and directed staff to proceed with loan closing activities.
- b) On June 7, 2010, staff received a credit underwriting update letter recommending an extension of the TCAP loan term from 15 years to 20 years ([Exhibit F](#)). 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 credit underwriting update letter and direct staff to proceed with loan closing activities.

# MULTIFAMILY BONDS

## Action

### II. MULTIFAMILY BONDS

#### A. Request Approval to Subordinate the LURA for Cypress Trace Apartments to a Newly Proposed Mortgage in Favor of First Housing Development Corporation of Florida and Guaranteed by the Secretary of Housing and Urban Development (“HUD”) Conditioned Upon Bondholder Consent

<b>Development Name: Cypress Trace Apartments (“Development”)</b>	<b>Location: Hillsborough</b>
<b>Developer/Principal: The Cornerstone Group (“Developer” or “Principal”)</b>	<b>Set-Aside: 5% @ 50% AMI 50% @ 60% AMI (MMRB)</b>
<b>Funding Sources: MMRB 1999 Series F1 &amp; F2</b>	<b>Allocated Amount: \$16,970,000 Tax-Exempt Bonds</b>
<b>Number of Units: 348</b>	<b>Type: Rental</b>
<b>ADDITIONAL COMMENTS: Subordination of the Land Use Restriction Agreement (“LURA”)</b>	

#### 1. Background

In 1998, Florida Housing financed the construction of the above referenced Development with \$16,970,000 in tax-exempt bonds, designated as 1998 Series G. There was no HUD guarantee in place at the time of closing.

#### 2. Present Situation

- a) The Owner, in a letter dated May 24, 2010, attached as [Exhibit A](#) requests a subordination of the LURA for the Development to a newly proposed mortgage in favor of First Housing and guaranteed by HUD, which will be securing a loan to redeem the bonds. This is a troubled development and the bondholder will be taking a 10% discount on the bonds.
- b) The Owner states HUD will not close the loan without the subordination of the LURA; however, such a subordination could possibly have retroactive adverse tax implications to bondholders in the event the Development enters non-compliance prior to termination of the Qualified Project Period, which does not expire for 14 more years. Furthermore, in the event FHFC subordinates the LURA, any such foreclosure of the mortgage securing the refinance would terminate the LURA restrictions if certain conditions of the IRS Code are not met.

#### 3. Recommendation

Staff recommends that the Board approve the requested subordination of the LURA for the Development conditioned upon bondholder consent, subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

## SPECIAL ASSETS

### *Action*

### III. SPECIAL ASSETS

#### A. Request Approval to Refinance the First Mortgage for Clipper Cove Associates, Ltd., a Florida Limited Partnership for Clipper Cove Apartments (2000-043S/2000-539C)

<b>Development Name: Clipper Cove Apartments. (“Development”)</b>	<b>Location: Hillsborough County</b>
<b>Developer/Principal: Cornerstone Group/Clipper Cove Associates, Ltd. (“Borrower”)</b>	<b>Set-Aside: SAIL &amp; HC: 100% @ 60% AMI LURA: 50 years; EUA 50 years</b>
<b>Number of Units: 176</b>	<b>Allocated Amount: SAIL: \$1,828,112, HC \$437,639</b>
<b>Demographics: Family</b>	<b>CU/Servicer: Seltzer Management Group</b>

#### 1. Background

- a) During the 2000 funding cycle, Florida Housing awarded \$1,828,112 SAIL loan to Clipper Cove Associates, Ltd., a Florida Limited Partnership (“Borrower”), for the development of a 176-unit apartment complex in Hillsborough County, Florida. The SAIL loan closed on June 27, 2001 and will mature on December 31, 2039. The Development also received a 2000 allocation of low-income housing tax credits of \$437,639.
- b) On January 22, 2010, Florida Housing’s Board of Directors approved the refinancing of the first mortgage, extension of the SAIL loan to be co-terminus with the refinanced first mortgage, extension of the SAIL LURA term and subordination of the SAIL loan to the new first mortgage.

#### 2. Present Situation

The Borrower intends to obtain financing for the new first mortgage from a HUD 223 (f) loan. By letter dated May 24, 2010, the Borrower indicated that HUD requires the subordination of the SAIL LURA and the HC EUA before the loan can be closed in July 2010. This requirement has been confirmed by Florida Housing’s attorneys.

#### 3. Recommendation

Approve the subordination of the SAIL LURA and the HC EUA to the new first mortgage financing with HUD, and direct staff to proceed with loan document modification activities.