

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
September 7, 2012  
Consent Items



AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Consent

I. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

A. Request Approval of Credit Underwriting Letter for Casa Matias f/k/a MCR Apts I (2009-076CH/2010-030CHX/2011-011CHX)

<b>Development Name: Casa Matias f/k/a MCR Apts I (“Development”)</b>	<b>Location: Miami-Dade County</b>
<b>Developer/Principal: MCR Developers I, LLC Services, Inc. (“Developer”)</b>	<b>Set-Aside: 10% @ 33% AMI, 50% @ 50% AMI and 40% @ 60% AMI</b>
<b>Number of Units: 80</b>	<b>Tax Credit Exchange Program: \$3,958,579</b>
<b>Type: Mid-Rise</b>	<b>HOME Program: \$4,000,000</b>
<b>Demographics: Homeless</b>	<b>Housing Credit Allocation: \$1,701,307</b>

1. Background/Present Situation

- a) On October 29, 2010, a Tax Credit Exchange Program (TCEP) loan in the amount of \$3,958,579, and a HOME Investment Partnership Program (HOME) loan in the amount of \$4,000,000 closed for this 80 unit homeless development in Miami-Dade County.
- b) On July 2, 2012, staff received a letter from the Borrower requesting approval of additional subordinate financing in the form of \$400,000 in Supporting Housing Program funds ([Exhibit A](#)).
- c) On August 22, 2012, staff received a credit underwriting update letter with a positive recommendation for the additional subordinate financing ([Exhibit B](#)). Staff has reviewed this letter and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C. and RFP 2010-04.

2. Recommendation

Approve the credit underwriting letter subject to the conditions outlined in the letter and subject to further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities.

# LEGAL

## Consent

### II. LEGAL

#### A. In Re: MLF 2, Ltd. – FHFC Case No. 2012-050VW

<b>Development Name: (“Development”):</b>	<b>MLF Towers Application No. 2011-106C</b>
<b>Developer/Principal: (“Developer”):</b>	<b>MLF Redevelopment Associates, LLC</b>
<b>Number of Units: 146</b>	<b>Location: Pinellas County</b>
<b>Type: High Rise</b>	<b>Set Aside: 10% at 33% AMI 90% at 60% AMI</b>
<b>Demographics: Elderly</b>	<b>Housing Credits: \$1,350,000</b>

#### 1. Background/Present Situation

- a) During the 2011 Universal Cycle, MLF 2, Ltd. (“Petitioner”) successfully applied for an allocation of Low Income Housing Tax Credits (HC) to finance the acquisition and preservation of MLF Towers (the “Development”) located in Pinellas County, Florida. As part of its application, Petitioner stated that the total number of units for the Development would be 146.
- b) On August 8, 2012, Florida Housing received a “Petition for Waiver from Rule 67-480.004(14)(i)’s Restriction on Changing the Total Number of Units for its MLF Towers Development.” A copy of the Petition is attached as [Exhibit A](#).
- c) Rule 67-48.004(14)(i), Florida Administrative Code (2011), provides in pertinent part:

(14) Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application Deadline. Failure to submit these items in the Application at the time of the Application Deadline shall result in rejection of the Application without opportunity to submit additional information. Any attempted changes to these items will not be accepted. Those items are as follows:

  - (i) Total number of units...
- d) Petitioner requested a waiver of the above rule to decrease the number of units from 146 to 145 units. Petitioner provided in its application at Part III.A.6.c that 145 units would receive PBRA rental assistance from U.S. Department of Housing and Urban Development. Petitioner also provided at Exhibit 35 to its application, that the Development would, “consist of 146 units (145 low income units and 1 unit for a Wellness Center).” Consistent with its application, Petitioner proposes to convert one unit into a wellness center to provide an in-house home health provider service to the tenants.
- e) The requested change would neither affect the scoring of Petitioner’s application nor allow Petitioner to gain an unfair advantage over other applicants.

## LEGAL

### *Consent*

- f) Notice of the Petition was published in Volume 38, Number 33, of the Florida Administrative Weekly. To date, Florida Housing received no comments regarding the Petition.
- g) Section 120.542(2), Florida Statutes provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- h) Petitioner has demonstrated that strict application of the above Rule under these circumstances would cause substantial hardship to Petitioner and violate the principles of fairness. Petitioner noted in its application that one unit was intended to be used as a wellness center. Petitioner has further demonstrated that permitting this change in Development would also serve the underlying purpose of the statute. By granting the Petition, Petitioner will be able to provide needed housing in Pinellas County with a wellness center, a service needed by the tenants. As a condition of approval of the Petition, Petitioner has agreed to receive a reduction of HC by .68% (1/146), of the requested amount of \$1,350,000. The requested amount of HC would now be \$1,340,753.43.

### 2. Recommendation

Staff recommends the Board **GRANT** Petitioner's request for a waiver from Rule 67-480.004(14)(i), Florida Administrative Code (2012) to allow Petitioner to decrease the number of units in the Development from 146 to 145 units, with a reduction of HC from \$1,350,000 to \$1,340,753.43.

## MULTIFAMILY BONDS

### *Consent*

#### III. MULTIFAMILY BONDS

##### A. Request Approval to Allocate \$6,850,000 in Tax-Exempt, Private Activity Bond Allocation to the Developments

###### 1. Background

At the December 9, 2011 meeting, the Board authorized the MMRB Program to conduct a supplemental application cycle

###### 2. Present Situation

- a) The Developments listed on [Exhibit A](#) are 2012 Supplemental MMRB Applications (the “Applications”) to acquire and rehabilitate or construct new affordable developments in the specified counties.
- b) The rules governing the 2012 Supplemental MMRB Application cycle require an application to achieve a perfect score of seventy-nine (79) points in order to be funded. 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.”
- c) The Applications for these Developments are only requesting MMRB and 4% non-competitive HC. These requests do not require any other Florida Housing funding. Staff believes that the public policy purpose served by obtaining these Developments as affordable for thirty (30) years far outweighs any failure to achieve a perfect score on the Applications.

###### 3. Recommendation

Approve the request to allocate \$6,850,000 in tax exempt, private activity bonds to the Developments, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

## MULTIFAMILY BONDS

### *Consent*

**B. Request Approval of the Final Credit Underwriting Report for Deer Meadow Apartments in the Amount of \$7,250,000 of Tax Exempt Refunding Bonds**

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Deer Meadow Apartments</b>
<b>DEVELOPER/PRINCIPAL (“Applicant”):</b>	<b>Deer Meadow Associates, Ltd./Marcliff Montgomery, Inc./ CAPREIT, Inc./James C. Barden, Jr., Charles M. Pickney, Mark H. Johnson, individually</b>
<b>NUMBER OF UNITS:</b>	<b>200</b>
<b>LOCATION (“County”):</b>	<b>Duval</b>
<b>TYPE (Rental, Homeownership):</b>	<b>Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”))</b>
<b>SET ASIDE:</b>	<b>85% @ 60% (MMRB)</b>
<b>ALLOCATED AMOUNT:</b>	<b>\$7,250,000 of Tax Exempt Refunding Bonds</b>
<b>ADDITIONAL COMMENTS: Transfer of Ownership and Refunding</b>	

**1. Background**

In 1999, Florida Housing financed the development with \$8,640,000 in tax exempt bonds designated as 1999 Series R.

**2. Present Situation**

- a) The refunding will consist of \$7,250,000 in tax exempt bonds which are anticipated to be privately placed with Bank of America Merrill Lynch (“BOA”). As a result, the current Fannie Mae Credit Facility will no longer be in place. Interest only payments are required for 36 months. Thereafter, the bonds will fully amortize on a 35 year amortization schedule with a term of ten years.
- b) Rule 67-21.018(4)(b) requires the original set asides described in the Florida Housing Bonds’ Land Use Restriction Agreement (the “LURA”) be increased by an amount and extended by a period determined by the Corporation. The developer is proposing to extend the current set asides of 50% of the units at or below 60% of AMI to 85% of the units at or below 60% of AMI.
- c) A Final Credit Underwriting Report dated August 22, 2012, is attached as [Exhibit B](#).

**3. Recommendation**

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 22, 2012 recommending the refunding of Tax Exempt Mortgage Revenue Bonds in the amount of \$7,250,000 and the proposed transfer of ownership, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

# MULTIFAMILY BONDS

## Consent

### C. Request Approval for the Optional Redemption and Defeasance of Bonds Relating to Griffin Heights Apartments

<b>Development Name: Griffin Heights Apartments (“Development”)</b>	<b>Location: Leon</b>
<b>Developer/Principal: New Griffin Apartments, LP/Griffin Apartments G.P., LLC/SCG Griffin, LLC (“Developer”, “Principal”, or “Owner”)</b>	<b>Set-Aside: 20% @ 30% AMI; 65% @ 50% AMI (MMRB) 20% @ 33% AMI; 65% @ 50%; 15% @ 60% AMI (HC)</b>
<b>Funding Sources: Multi-Family Mortgage Revenue Bonds (MMRB)/ Housing Credits (HC)</b>	<b>Amounts: \$5,695,000 Tax-Exempt Bonds; HC \$2,000,000</b>
<b>Number of Units: 100</b>	<b>Type: Rental</b>

#### 1. Background

Florida Housing financed the acquisition and rehabilitation of the above-referenced Development in 2011 with \$5,695,000 in tax-exempt bonds designated as 2009 Series H and 2011 Series D and issued tax credits in the amount of \$2,000,000.

#### 2. Present Situation

In a memorandum dated August 10, 2012, attached as [Exhibit C](#), Owner advised Florida Housing of its intention to optionally redeem the 2009 Series H Bonds and to defease the 2011 Series D Bonds through a modification of its first mortgage loan debt with the Department of Housing and Urban Development (HUD). The purpose of the new financing is to reduce the interest rate, thereby reducing the amount of interest paid and improving the overall cash flow of the property. The bond documents require the consent of Florida Housing to the optional redemption and defeasance of the bonds. This consent will be conditioned upon the payment of all fees and expenses of Florida Housing pursuant to the terms and conditions of the bond documents and the receipt of written evidence satisfactory to Florida Housing of Owner’s current and continued compliance with all of the terms and conditions of the applicable bond documents. The rental and low income set aside requirements contained in the LURA and EUA will remain in place after the redemption and defeasance of the bonds pursuant to their respective terms; HUD may require an amendment and/or subordination of the LURA and EUA to the modified HUD loan.

#### 3. Recommendation

That the Board approve the optional redemption and defeasance of the bonds, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff, with such loan document amendments/subordinations, as may be required by HUD.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Consent*

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

##### A. Cash Flow Verification Services

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

- a) At its June 5, 2009, meeting, the Board of Directors of Florida Housing directed staff to issue a Request for Proposals (RFP) for cash flow verification services for the Single Family and Multifamily mortgage revenue bond programs.
- b) RFP 2009-02 was issued on Thursday, July 2, 2009, to initiate the competitive selection process.
- c) Florida Housing entered into contracts in November of 2009 with Causey, Demgen & Moore, Inc. to provide these services. The contract provides for a three-year term with two one-year renewals.

###### 2. Recommendation

Florida Housing requires the services of the cash flow verification agent for Single Family and Multifamily mortgage revenue bond programs and believes it is in the best interests of Florida Housing to renew the contract for the initial one-year renewal.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Consent*

#### **B. Single Family Mortgage Revenue Bond Servicing and Compliance Administration**

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

- a) At its February 26, 2010, meeting, the Board of Directors of Florida Housing directed staff to issue a Request for Proposals for Single Family Mortgage Revenue Bond Servicing and Compliance Administration.
- b) RFP 2010-02 was issued on April 9, 2010 to initiate the competitive selection process.
- c) Florida Housing entered into a contract on October 1, 2010 with U.S. Bank to provide these services. The contract provides for a two year term with two renewals.

##### **2. Recommendation**

Florida Housing requires the service of US Bank to provide these services for its First Time Home Buyer program. Staff is requesting approval to renew the contract for one year.

**STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

*Consent*

**V. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

**A. Request Approval of Credit Underwriting Report for Logan’s Pointe (RFP 2011-05-02)**

<b>Development Name:</b>	<b>Logan’s Pointe</b>
<b>Developer/Principal:</b>	<b>Cornerstone Group Development LLC</b>
<b>Number of Units:</b>	<b>248</b>
<b>Location :</b>	<b>Duval County</b>
<b>Type/Demographic:</b>	<b>Rental/Family (MMRB, Guarantee, and HC)</b>
<b>Set-Aside:</b>	<b>50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)</b>
<b>Allocated Funding Amount:</b>	<b>MMRB 1999 Series F1 &amp; F2 \$9,797,364 Tax-Exempt Bonds and \$2,755,000 Taxable Bonds \$649,374 Housing Credits \$1,875,000 SAIL ELI (RFP 2010-16)</b>
<b>SAIL ELI Funding under RFP 2011-05 not to exceed:</b>	<b>\$900,000</b>

**1. Background/Present Situation**

- a) On October 21, 2011, Florida Housing staff issued Request for Proposals (RFP) 2011-05 to award SAIL ELI funding to Applicants where the Applicant’s development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Wednesday, November 9, 2011.
- b) On December 9, 2011, the Board approved the award list of RFP 2011-05 and directed staff to proceed with all necessary credit underwriting activities.
- c) On December 30, 2011, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL Funding under RFP 2011-05 for units set-aside for ELI Households.
- d) On March 28, 2012, staff issued a firm loan commitment to Logan’s Pointe in the amount of \$900,000 with a closing deadline of September 24, 2012.
- e) On August 9, 2012, staff received a request from the Developer for a 60 day loan closing extension ([Exhibit A](#)).

**2. Recommendation**

Approve the request for a 60 day loan closing extension to November 23, 2012, subject to payment of a loan closing extension fee (0.05% of the loan amount) pursuant to Rule Chapter 67-48, F.A.C. and RFP 2011-05.

## SPECIAL ASSETS

### *Consent*

#### VI. SPECIAL ASSETS

- A. Request Approval of the Extension of the SAIL Loan for Villa Biscayne of South Dade, Ltd., a Florida Limited Partnership, for Villa Biscayne Apartments (93HRR-019/95L-003)

<b>Development Name: Villa Biscayne (“Development”)</b>	<b>Location: Miami-Dade County</b>
<b>Developer/Principal: Royal American Development, Inc. (“Developer”); Villa Biscayne of South Dade, Ltd. (“Borrower”)</b>	<b>Set-Aside: SAIL &amp; HC 20% @ 45% AMI, 15% @ 50% AMI and 65% @ 60% AMI LURA &amp; EUA: 50 years</b>
<b>Number of Units: 180</b>	<b>Allocated Amount: SAIL - \$2,900,000, HC \$987,597</b>
<b>Demographics: Family</b>	<b>Servicer: First Housing</b>

#### 1. Background

- a) During the 1993 HRR SAIL Cycle, Florida Housing awarded a \$2,900,000 construction/permanent loan to Villa Biscayne of South Dade, Ltd., a Florida limited partnership (“Borrower”), for the development of a 180-unit apartment complex in Miami-Dade County. The SAIL loan closed on September 9, 1994, and matured on March 15, 2011. The Development also received a 1995 allocation of low-income housing tax credits of \$987,597. The Development was placed in service in August 1995.
- b) Subsequent to the March 15, 2011 maturity, the Borrower asked for an extension of the SAIL loan to June 1, 2012 to allow time for refinancing of the Development. The loan extension request was approved at the December 2011 Board meeting and the loan was extended to June 1, 2012.

#### 2. Present Situation

The loan matured on June 1, 2012 and the Borrower has been unable to complete the refinancing of the Development. The Borrower has requested approval for an additional one year extension of the SAIL loan, at its current terms, to June 1, 2013 to allow additional time to complete the refinancing of the Development. The Borrower has agreed to an extension of the LURA term for an additional year. The Borrower has also agreed to pay the base interest that will be due for the SAIL loan for 2012 of \$87,000 and an additional \$100,000 as a reduction of accrued interest on the loan at closing of the extension.

#### 3. Recommendation

Approve the extension of the SAIL loan, at its current terms, to June 1, 2013, extend the LURA for an additional year, and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

**B. Request Approval to Refinance the First Mortgage for TWC Seventy-Two, Ltd., a Florida Limited Partnership, for Windsor Park Apartments (GUAR#72/SMI#21/SAIL ELI 2010-16-05/1998-508C)**

<b>Development Name: Windsor Park Apartments (“Development”)</b>	<b>Location: Palm Beach County</b>
<b>Developer/Principal: Wilson Company (“Developer”); TWC Seventy-Two, Ltd. (“Borrower”)</b>	<b>Set-Aside: SAIL ELI 10% @ 28%; HC 77.5% @ 60% AMI; SAIL ELI: 15 years; EUA 30 years</b>
<b>Number of Units: 240</b>	<b>Allocated Amount: SMI \$595,187.47; SAIL ELI \$1,800,000; HC \$517,822</b>
<b>Demographics: Family</b>	<b>Servicer: Seltzer Management Group</b>

**1. Background**

- a) The first mortgage is currently financed with Palm Beach County Bonds in the original amount of \$15,515,000 and is guaranteed by FHFC’s Guarantee Program. In 1998, TWC Seventy-Two, Ltd. received an allocation of low-income housing tax credits for the development of a 240-unit apartment complex in Palm Beach County, Florida. The annual tax credits were \$517,822.
- b) The Development received a second mortgage under the Subordinate Mortgage Initiative (“SMI”) in the original amount of \$595,187.47 which closed on July 31, 2009, and matures on August 1, 2019. The Borrower received SAIL ELI funds of \$1,800,000 through a loan that closed on March 28, 2011, and matures on March 28, 2026.

**2. Present Situation**

- a) The Borrower requests consent from the Board to refinance the existing first mortgage that will be refinanced using HUD 223(f) financing. The refinance will effectively terminate the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC. The SMI loan will also be repaid.
- b) The Borrower also requests that the term of the SAIL ELI loan be extended and that the SAIL ELI loan, SAIL ELI loan documents, and Extended Use Agreement (“EUA”) be subordinated to the new first mortgage.
- c) Staff received a credit underwriting report ([Exhibit A](#)) from Seltzer Management Group recommending approval for the subordination of the SAIL ELI loan, SAIL ELI loan documents, and EUA to the new first mortgage, and extension of the SAIL ELI loan term.

**3. Recommendation**

Approve the refinancing of the first mortgage, the extension of the SAIL ELI loan term and subordination of the SAIL ELI loan, SAIL ELI loan documents, and EUA to the new first mortgage, subject to the conditions outlined in the credit underwriter’s report and all subject to further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

- C. **Request Approval to Refinance the First Mortgage for Bernwood Trace Associates, Ltd., a Florida Limited Partnership, for Bernwood Trace Apartments (MR1999E1&2/GUAR#6/SMI #07/SAIL ELI 2010-16-01/1999-520C)**

<b>Development Name: Bernwood Trace Apartments (“Development”)</b>	<b>Location: Lee County</b>
<b>Developer/Principal: Cornerstone (“Developer”)/Bernwood Trace Associates, Ltd. (“Borrower”)</b>	<b>Set-Aside: MMRB 50% @ 60%; ELI 19% @ 33%; HC 100% @ 60% AMI LURA: 50 years; ELI: 15 years; EUA: 50 years</b>
<b>Number of Units: 340</b>	<b>Allocated Amount: MMRB \$16,394,417; SMI \$812,270.08; SAIL ELI \$4,875,000; HC \$1,094,776</b>
<b>Demographics: Family</b>	<b>Servicer: First Housing Development Corporation</b>

#### 1. Background

- a) During the 1999 funding cycle, Florida Housing Finance Corporation (“FHFC”) awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of \$13,594,417, and FHFC issued taxable bonds in the original amount of \$2,800,000 to Bernwood Trace Associates, Ltd., a Florida limited partnership (“Borrower”), for the development of a 340-unit apartment complex in Lee County, Florida. The mortgage was guaranteed through FHFC’s Guarantee Program (“Guarantee Program”). The Multifamily Revenue Bonds (“MMRB”) loan closed on August 20, 1999, and is scheduled to mature on June 1, 2039. The Development also received a 1999 allocation of low-income housing tax credits of \$1,094,776.
- b) The Borrower received a SMI loan of \$812,270.08 and a SAIL ELI loan of \$4,875,000. The SMI loan closed on July 21, 2009, and matures on August 1, 2019. The SAIL ELI loan closed on March 28, 2011, and will mature on March 28, 2026.

#### 2. Present Situation

- a) The Borrower requests consent from the Board to refinance the existing first mortgage. The Borrower intends to obtain a HUD insured 223(f) program first mortgage loan originated by First Housing Development Corporation, the proceeds of which will be utilized to satisfy the existing first mortgage, redeeming the underlying bonds and effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC. The SMI loan will also be repaid.
- b) The Borrower also requests that the term of the SAIL ELI loan be extended and that the SAIL ELI loan, the Extended Use Agreement (“EUA”), the SAIL ELI loan documents, and the MMRB Land Use Restriction Agreement (“LURA”) be subordinated to the new first mortgage. As necessary to facilitate the refinance, MMRB loan documents may need to be modified and extended.

## SPECIAL ASSETS

### *Consent*

- c) Staff received a credit underwriting report from AmeriNational Community Services ([Exhibit B](#)) recommending approval for the new financing, subordination of the SAIL ELI loan, the EUA, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, extension of the SAIL ELI loan term, and modification and extension of MMRB loan documents as necessary.

### **3. Recommendation**

Approve the refinancing of the first mortgage, extension of the SAIL ELI loan term, subordination of the SAIL ELI loan, the EUA, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, and modification and extension of MMRB loan documents as necessary, subject to the conditions outlined in the credit underwriter's report and subject to further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

- D. **Request Approval to Refinance the First Mortgage for Logan's Pointe Associates, Ltd., a Florida Limited Partnership for Logan's Pointe Apartments (MR1999F1&2/GUAR#25/SAIL ELI 2010-16-03/SAIL ELI 2011-05-02/1999-524C)**

<b>Development Name: Logan's Pointe Apartments ("Development")</b>	<b>Location: Duval County</b>
<b>Developer/Principal: Cornerstone ("Developer")/Logan's Pointe Associates, Ltd. ("Borrower")</b>	<b>Set-Aside: MMRB 50% @ 60%; ELIs 10% @ 30%; 5% @ 30%; HC 0.4% @ 50%, 99.6% @ 60% AMI LURA: 50 years; ELI: 15/15 years; EUA: 30 years</b>
<b>Number of Units: 248</b>	<b>Allocated Amount: MMRB \$12,552,364.47; SAIL ELIs \$1,875,000; \$900,00; HC \$649,377</b>
<b>Demographics: Large Family</b>	<b>Servicer: First Housing Development Corporation</b>

#### 1. Background

- a) During the 1999 funding cycle, Florida Housing Finance Corporation ("FHFC") awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of \$9,797,364.47, and FHFC issued taxable bonds in the original amount of \$2,755,000 to Logan's Pointe Associates, Ltd., a Florida limited partnership ("Borrower"), for the development of a 248-unit apartment complex in Duval County, Florida. The Multifamily Revenue Bonds ("MMRB") loan closed on August 25, 1999, and is scheduled to mature on June 1, 2039. The Development is guaranteed with Florida Housing's Guarantee Program ("Guarantee Program"). The Development also received a 1999 allocation of low-income housing tax credits of \$649,377.
- b) The Borrower received a SAIL ELI loan of \$1,875,000, and is expected to receive funding through a second SAIL ELI loan of \$900,000 scheduled to close on or before September 24, 2012. The first SAIL ELI loan closed on March 28, 2011, and will mature on March 28, 2026.

#### 2. Present Situation

- a) The Borrower requests consent from the Board to refinance the existing first mortgage. The Borrower intends to obtain a HUD insured 223(f) program first mortgage loan originated by First Housing Development Corporation, the proceeds of which will be utilized to satisfy the existing first mortgage, redeeming the underlying bonds and effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC.
- b) The Borrower also requests that the term of the SAIL ELI loan be extended and that the SAIL ELI loan, the Extended Use Agreement ("EUA"), the SAIL ELI loan documents, and the MMRB Land Use Restriction Agreement ("LURA") be subordinated to the new first mortgage. As necessary to facilitate the refinance, MMRB loan documents may need to be modified and extended.

## SPECIAL ASSETS

### *Consent*

- c) Staff received a credit underwriting report from AmeriNational Community Services ([Exhibit C](#)) recommending approval for the new financing, subordination of the SAIL ELI loan, the EUA, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, extension of the SAIL ELI loan term, and modification and extension of MMRB loan documents as necessary.

### **3. Recommendation**

Approve the refinancing of the first mortgage, extension of the SAIL ELI loan, subordination of the SAIL ELI loan, the EUA, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, and modification and extension of MMRB loan documents as necessary, subject to the conditions outlined in the credit underwriter's report and subject to further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

**E. Request Approval of HOME Loan Extension for Housing and Neighborhood Development Services of Central Florida, Inc., a Florida Non-Profit Corporation, for Lancaster Villas (96HR-015)**

<b>Development Name: Lancaster Villas (“Development”)</b>	<b>Location: Orange County</b>
<b>Developer/Principal: Housing and Neighborhood Development Services of Central Florida, Inc. (“Developer”)</b>	<b>Set-Aside: 20% @ 50% &amp; 80% @ 60% AMI: LURA: 50 years</b>
<b>Number of Units: 145</b>	<b>Allocated Amount: HOME - \$964,419</b>
<b>Demographics: Family</b>	<b>Servicer: Amerinational Community Services</b>

**1. Background**

- a) During the 1996 HOME Cycle, Florida Housing awarded a \$964,419 construction/permanent loan to Housing and Neighborhood Development Services (“H.A.N.D.S.”) of Central Florida, Inc., a Florida non-profit corporation (“Borrower”), for the rehabilitation of a 145-unit development in Orange County. The HOME loan closed on September 17, 1997, and will mature on September 17, 2012.
- b) The Development received senior financing from tax-exempt bonds issued by the Orange County Housing Finance Authority (“Bond Loan”). In 2001, the Borrower modified the Bond Loan. On November 6, 2001, Florida Housing and the Borrower amended the HOME Escrow and Servicing Agreement requiring semiannual payments into the sinking fund in amounts which, if paid through the term of the modified Bond Loan, would be sufficient to repay the outstanding balance of the HOME loan. However, at the time of the modification to the Bond Loan and the amendment to the HOME Escrow and Servicing Agreement, the HOME loan was not extended to be coterminous with the Bond Loan.

**2. Present Situation**

In a letter dated January 31, 2012, the Borrower requests that the HOME loan be extended for approximately 20 years to be coterminous with the Bond Loan. Staff has received a positive recommendation from the credit underwriter ([Exhibit D](#)) for the extension and modification of the loan documents.

**3. Recommendation**

Approve the extension of the HOME loan to be coterminous with the Bond Loan subject to the conditions outlined in the credit underwriter’s report, and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

**F. Request Approval of SAIL Loan Modification for A.M.R. at Pensacola, Inc., a Florida Corporation, for Belmont Duplexes (96S-004)**

<b>Development Name: Belmont Duplexes (“Development”)</b>	<b>Location: Escambia County</b>
<b>Developer/Principal: A.M.R. at Pensacola, Inc. (“Developer”)</b>	<b>Set-Aside: 30% @ 50% AMI LURA: 50 years</b>
<b>Number of Units: 26</b>	<b>Allocated Amount: SAIL - \$328,500</b>
<b>Demographics: Family</b>	<b>Servicer: AmeriNational Community Services</b>

**1. Background**

During the 1995/1996 State Apartment Incentive Loan (SAIL) Cycle VIII, Florida Housing awarded a \$328,500 construction/permanent loan to A.M.R. at Pensacola, Inc., a Florida corporation (“Borrower”), for the construction of a 26-unit development in Escambia County. The SAIL loan closed on March 7, 1996, and will mature on June 30, 2016.

**2. Present Situation**

- a) The Borrower has requested that the SAIL loan interest rate be modified from a 9% interest rate to a 3% interest rate in accordance with Senate Bill 1996 passed by the legislature in 2012 and stated in the proposed Rule 67-48 as follows:

Any SAIL Applicant from SAIL Application cycles with non-amortizing loans at 9 percent simple interest per annum with payments based on Development Cash Flow pursuant to the applicable cycle rule, may submit a written renegotiation request to the Corporation to modify their SAIL loan interest rate going forward from 9 percent simple interest per annum to 3 percent simple interest per annum with payments based on Development Cash Flow pursuant to subsections 67-48.010 (5)- (10), F.A.C., in exchange for providing a payment to the Corporation of the deferred interest based on an accrual rate of 3 percent simple interest per annum in no more than five (5) equal annual installments but in no event shall it be later than the maturity date of the loan. Payments made from Development Cash Flow, shall be included as Development Expenses as stated in paragraph 67-48.010 (6)(b), F.A.C. All loan renegotiation requests must be submitted in writing to the Director of Special Assets. In addition to any related professional fees, the Corporation shall charge a non-refundable renegotiation fee as outlined in the Universal Application instructions. The Corporation shall not proceed with the request until the Applicant or Developer has satisfied any financial obligations for which the Applicant or Developer, or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer is in arrears to the Corporation or any agent or assignee of the Corporation.

## SPECIAL ASSETS

### *Consent*

- b) The Borrower has agreed to pay all accrued and outstanding 3% interest on the current SAIL note in order for the loan to be modified to the 3% interest rate.

### 3. **Recommendation**

Approve the modification of the loan terms from a 9% cash flow note to a 3% cash flow note for the remaining term of the loan after payment of all accrued 3% base interest and direct staff to proceed with loan document modification activities.

## SPECIAL ASSETS

### *Consent*

**G. Request Approval of Short Sale for the SAIL Loan for Bella Grande, Ltd., a Florida Limited Partnership, for Bella Grande (94S-041/93L-089)**

<b>Development Name: Bella Grande (“Development”)</b>	<b>Location: Hendry County</b>
<b>Developer/Principal: Heritage Group (“Developer”); Bella Grande, Ltd. (“Borrower”)</b>	<b>Set-Aside: SAIL 20% @ 45% &amp; 80% @ 60% AMI; HC 100% @ 60% LURA: 15 years; EUA: 30 years</b>
<b>Number of Units: 30</b>	<b>Allocated Amount: SAIL - \$578,355, HC \$248,297</b>
<b>Demographics: Family</b>	<b>Servicer: First Housing</b>

**1. Background**

During the 1993/1994 State Apartment Incentive Loan (SAIL) Cycle, Florida Housing awarded a \$578,355 construction/permanent loan to Bella Grande, Ltd., a Florida limited partnership (“Borrower”), for the development of a 30-unit apartment complex in Hendry County. The SAIL loan closed on March 9, 1995, and matured on May 31, 2010. The Development also received a 1993 allocation of low-income housing tax credits of \$248,297. The Development was placed in service in February of 1995.

**2. Present Situation**

- a) The Borrower states that the Development has been underwater for some time and that attempts have been made to sell the property. A potential purchaser has been identified to buy the Development for less than the total debt outstanding. The Borrower has been unable to secure any better offers for the property. The proposed purchase price provides sufficient funds to pay off the first mortgage and the principal balance on the SAIL loan and a partial payment of the SAIL interest.
- b) Fla. Admin. Code R. 9I-35.006 (8) allows that upon sale of the Development if there is insufficient funds from the sale, “the SAIL loan shall not be satisfied until the Agency has received: An appraisal ... indicating that the purchase price ... is reasonable and consistent with existing market conditions; A certification from the borrower that the purchase price reported is the actual price paid for the project and that no other consideration passed between the parties and that the income reported to the Agency during the life of the loan was true and accurate; and A certification that there are no other funds available to repay the loan and that the borrower knows of no other source of funds that could or would be forthcoming so as to pay off the loan.”
- c) The Borrower will be required to meet the outlined requirements to the satisfaction of Florida Housing before closing. An appraisal has been received confirming that the sale price is reasonable and consistent with market conditions. The Borrower requests that Florida Housing approve the sale and provide a satisfaction of the mortgage upon payment of those funds remaining from the sale proceeds after paying the first mortgage and closing costs to be applied to the balance of the SAIL loan at the time of the closing.

## SPECIAL ASSETS

### *Consent*

#### 3. **Recommendation**

Affirm the conditions pursuant to Fla. Admin. Code R. 9I-35.006 (8) and direct staff to release the mortgage upon payment subject to review and approval of all proceeds and costs by the credit underwriter and staff review of same and other closing documents indicating that the sale proceeds are sufficient only to pay off the first mortgage and a portion of the outstanding SAIL loan balance and assumption of all use restrictions by the purchaser, as applicable, all subject to further approvals and verifications by legal counsel and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities as needed.

## SPECIAL ASSETS

### *Consent*

**H. Request Approval of Short Sale for the SAIL Loan for Country Club Woods Affordable Homes, Ltd., a Florida Limited Partnership, for Country Club Woods (94S-039/93L-092)**

<b>Development Name: Country Club Woods (“Development”)</b>	<b>Location: Bradford County</b>
<b>Developer/Principal: Heritage Group (“Developer”); Country Club Woods Affordable Homes, Ltd. (“Borrower”)</b>	<b>Set-Aside: SAIL 22% @ 45% &amp; 78% @ 60% AMI; HC 100% @ 60% LURA: 15 years; EUA: 30 years</b>
<b>Number of Units: 37</b>	<b>Allocated Amount: SAIL - \$699,936, HC \$239,222</b>
<b>Demographics: Family</b>	<b>Servicer: Seltzer Management</b>

**1. Background**

During the 1993/1994 State Apartment Incentive Loan (SAIL) Cycle VI, Florida Housing awarded a \$699,936 construction/permanent loan to Country Club Woods Affordable Homes, Ltd., a Florida limited partnership (“Borrower”), for the development of a 37-unit apartment complex in Bradford County. The SAIL loan closed on March 9, 1995, and matured on May 31, 2010. The Development also received a 1993 allocation of low-income housing tax credits of \$239,222. The Development was placed in service in December of 1995.

**2. Present Situation**

- a) The Borrower states that the Development has been underwater for some time and that attempts have been made to sell the property. A potential purchaser has been identified to buy the Development for less than the total debt outstanding. The Borrower has been unable to secure any better offers for the property. The proposed purchase price provides sufficient funds to pay off the first mortgage and the principal balance on the SAIL loan and a partial payment of the SAIL interest.
- b) Fla. Admin. Code R. 9I-35.006 (8) allows that upon sale of the Development if there is insufficient funds from the sale, “the SAIL loan shall not be satisfied until the Agency has received: An appraisal ... indicating that the purchase price ... is reasonable and consistent with existing market conditions; A certification from the borrower that the purchase price reported is the actual price paid for the project and that no other consideration passed between the parties and that the income reported to the Agency during the life of the loan was true and accurate; and A certification that there are no other funds available to repay the loan and that the borrower knows of no other source of funds that could or would be forthcoming so as to pay off the loan.”
- c) The Borrower will be required to meet the outlined requirements to the satisfaction of Florida Housing before closing. An appraisal has been received confirming that the sale price is reasonable and consistent with market conditions. The Borrower requests that Florida Housing approve the sale and provide a satisfaction of the mortgage upon payment of those funds remaining from the sale proceeds after paying the first mortgage and closing costs to be applied to the balance of the SAIL loan at the time of the closing.

## SPECIAL ASSETS

### *Consent*

#### 3. **Recommendation**

Affirm the conditions pursuant to Fla. Admin. Code R. 9I-35.006 (8) and direct staff to release the mortgage upon payment subject to review and approval of all proceeds and costs by the credit underwriter and staff review of same and other closing documents indicating that the sale proceeds are sufficient only to pay off the first mortgage and a portion of the outstanding SAIL loan balance and assumption of all use restrictions by the purchaser, as applicable, all subject to further approvals and verifications by legal counsel and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities as needed.

## SPECIAL ASSETS

### *Consent*

#### I. Request Approval of Short Sale for the SAIL Loan for Sandy Pines, Ltd., a Florida Limited Partnership, for Sandy Pines (94S-046/93L-087)

<b>Development Name: Sandy Pines</b> <b>(“Development”)</b>	<b>Location: Indian River County</b>
<b>Developer/Principal: Heritage Group</b> <b>(“Developer”); Sandy Pines, Ltd.</b> <b>(“Borrower”)</b>	<b>Set-Aside: SAIL 20% @ 40% &amp; 80% @</b> <b>60% AMI; HC 100% @ 60%</b> <b>LURA: 15 years; EUA: 30 years</b>
<b>Number of Units: 45</b>	<b>Allocated Amount: SAIL - \$602,842, HC</b> <b>\$452,462</b>
<b>Demographics: Family</b>	<b>Servicer: First Housing</b>

#### 1. Background

During the 1993/1994 State Apartment Incentive Loan (SAIL) Cycle VI, Florida Housing awarded a \$602,842 construction/permanent loan to Sandy Pines, Ltd., a Florida limited partnership (“Borrower”), for the development of a 45-unit apartment complex in Indian River County. The SAIL loan closed on March 9, 1995, and matured on May 31, 2010. The Development also received a 1993 allocation of low-income housing tax credits of \$452,462. The Development was placed in service in February of 1995.

#### 2. Present Situation

- a) The Borrower states that the Development has been underwater for some time and that attempts have been made to sell the property. A potential purchaser has been identified to buy the Development for less than the total debt outstanding. The Borrower has been unable to secure any better offers for the property. The proposed purchase price provides sufficient funds to pay off the first mortgage and the principal balance on the SAIL loan and a partial payment of the SAIL interest.
- b) Fla. Admin. Code R. 9I-35.006 (8) allows that upon sale of the Development if there is insufficient funds from the sale, “the SAIL loan shall not be satisfied until the Agency has received: An appraisal ... indicating that the purchase price ... is reasonable and consistent with existing market conditions; A certification from the borrower that the purchase price reported is the actual price paid for the project and that no other consideration passed between the parties and that the income reported to the Agency during the life of the loan was true and accurate; and A certification that there are no other funds available to repay the loan and that the borrower knows of no other source of funds that could or would be forthcoming so as to pay off the loan.”
- c) The Borrower will be required to meet the outlined requirements to the satisfaction of Florida Housing before closing. An appraisal has been received confirming that the sale price is reasonable and consistent with market conditions. The Borrower requests that Florida Housing approve the sale and provide a satisfaction of the mortgage upon payment of those funds remaining from the sale proceeds after paying the first mortgage and closing costs to be applied to the balance of the SAIL loan at the time of the closing.

## SPECIAL ASSETS

### *Consent*

#### 3. **Recommendation**

Affirm the conditions pursuant to Fla. Admin. Code R. 9I-35.006 (8) and direct staff to release the mortgage upon payment subject to review and approval of all proceeds and costs by the credit underwriter and staff review of same and other closing documents indicating that the sale proceeds are sufficient only to pay off the first mortgage and a portion of the outstanding SAIL loan balance and assumption of all use restrictions by the purchaser, as applicable, all subject to further approvals and verifications by legal counsel and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities as needed.

## SPECIAL ASSETS

### *Consent*

**J. Request Approval of Loan Workout for GoodHomes of Manasota, a Florida Non-Profit Corporation, for GoodHomes/CLTRFP05-04-02**

<b>Development Name: GoodHomes of Manasota – Single Family Residences (“Development”)</b>	<b>Location: Sarasota County</b>
<b>Developer/Principal: GoodHomes of Manasota, Inc. (“Borrower”)</b>	<b>Set-Aside: AMI LURA:</b>
<b>Number of Units: 6</b>	<b>Allocated Amount: Community Land Trust (“CLT”)/Demonstration - \$290,000</b>
<b>Demographics: Family</b>	<b>Servicer: First Housing Development Corporation</b>

**1. Background**

- a) GoodHomes of Manasota, Inc. submitted a proposal for the 2005 Community Land Trust Request for Proposals (“CLTRFP-05”). The final rankings were approved at the March 2006 FHFC Board meeting and the Borrower was invited into credit underwriting. The final credit underwriting report dated August 24, 2006, was approved at the September 2006 Board meeting and specified that construction must commence within twelve (12) months following the purchase of the land due to HUD requirements of the funding source HOME. The loan closed October 31, 2006, with a term of two years for the purchase of 6 lots for \$290,000. The October 2007 Board granted an extension until October 31, 2008 for commencement of construction.
- b) On August 4, 2008, the Borrower advised that they were unable to continue with the Development due to severe price declines in the housing market, the focus in Sarasota on existing housing stock, and the withdrawal of funding commitment for new housing by Sarasota County. At the September 2008 Board meeting, the Board directed program staff to negotiate a “work-out” strategy for the \$290,000 in CLT funds received. Due to continuing declines in the housing market, staff has recommended, and the Board has granted, four one-year extensions since 2008.
- c) On April 25, 2012, program staff requested a waiver from HUD to the provisions of 24 CFR 92.2 requiring that construction begin on the project within twelve (12) months of the date of the agreement. HUD denied the request and subsequently Florida Housing repaid the funds to HUD in the amount of \$303,449 representing \$290,000 for the purchase price of the six lots and \$13,449 in soft costs.

## SPECIAL ASSETS

### *Consent*

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

On July 20, 2012, the Borrower requested that Florida Housing accept payment for the lots based on each lot's appraised value and release the properties without further financial obligation so that the lots can be developed and kept affordable. Staff estimates that each lot is valued approximately between \$5,000 to \$10,000. The Borrower has done the preliminary architectural and development work to immediately obtain permits to begin construction of one home. The Borrower will use its Community Housing Development Corporation (CHDO) funds to build the house. The Borrower anticipates that they will be able to complete the home and have it sold to a family qualified for first time homeownership no later than January 31, 2013. Habitat for Humanity South Sarasota Co., Inc. has agreed to develop affordable homes on the remaining five lots and sell the homes to HOME-qualified families. Habitat plans to begin construction of 2 lots in early 2013 and the remaining 3 lots in late 2013 or early 2014.

#### 3. **Recommendation**

Accept the Borrower's proposal and direct staff to release the lots upon verification of a satisfactory appraisal and receipt of payment.

## SPECIAL PROGRAMS

### *Consent*

#### VII. SPECIAL PROGRAMS

##### A. Request Subordination of Demonstration Loan for Meridian Place Apartments (RFP 2001/08-006HL) to a Permanent Loan from National Housing Trust

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Meridian Place Apartments</b>
<b>DEVELOPER/PRINCIPAL (“Developer”):</b>	<b>Meridian Housing Limited Partnership (Miami Beach CDC)</b>
<b>NUMBER OF UNITS:</b>	<b>34</b>
<b>LOCATION (County):</b>	<b>Miami-Dade County</b>
<b>TYPE:</b>	<b>Rental</b>
<b>SET ASIDE:</b>	<b>Homeless</b>
<b>LOAN AMOUNT:</b>	<b>\$1,000,000</b>
<b>ADDITIONAL COMMENTS: This development was formerly known as Sunsouth Place</b>	

##### 1. Background

- a) On December 15, 2006, the Board approved a transfer of ownership of the development known as Sunsouth Place, owned by the Carrfour Corporation, which had been awarded a \$1,000,000 demonstration loan under an RFP in 2002 for homeless housing, to the Miami Beach Community Development Corporation. The development was renamed Meridian Place Apartments.
- b) When MBCDC assumed ownership from Carrfour Corporation, construction was at a standstill due to management issues, permitting and design. There were problems with the design that the City of Miami Beach would not approve as originally proposed. The Development had to be redesigned to make the units comply with the City of Miami Beach building requirements. This required new permits, drawings, etc. A second redesign was required to meet requirements set forth by HUD for the housing units. Additionally, the Developer worked for over a year to get a loan with the county amended to allow additional funding sources to be used for the development without triggering repayment of the county loan.
- c) The development is currently under construction and approximately 80% complete. An inspection authorized by First Housing on July 3, 2012, confirmed that the construction had surpassed 75% completion. The development has an anticipated completion by the end of 2012.

##### 2. Present Situation

- a) The Developer has requested ([Exhibit A](#)) that Florida Housing subordinate the demonstration loan to a new permanent loan in the amount of \$635,012 from the National Housing Trust which is requiring that their loan be in first lien position. This new loan is necessary for completion of the development due to delays in construction and increased construction costs related to additional requirements placed on the construction of the development.

## SPECIAL PROGRAMS

### *Consent*

- b) When the demonstration loan was originally closed by Florida Housing, it was in a second lien position behind a seller held first mortgage in the amount of \$1,041,397. The demonstration loan moved to a first lien position in 2007 when the developer was required to pay off the original first mortgage upon the transfer of the development to Miami Beach CDC.
- c) This request, if approved, would return the demonstration loan to the second lien position.
- d) The credit underwriter has reviewed the request and ([Exhibit B](#)) recommends that the request for subordination be approved.

### 3. **Recommendation**

Approve the Developer's request to subordinate the demonstration loan to the permanent loan in the amount of \$635,012 from the National Housing Trust and allow staff to amend the loan closing documents.