

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 19, 2015
Action Items



MULTIFAMILY PROGRAMS

Action

I. MULTIFAMILY PROGRAMS

A. Authorization of 2016 Low Income Housing Tax Credit (HC) Request for Applications (RFAs)

1. Background/Present Situation

- a) On May 28, 2015, staff held a workshop to solicit comments and suggestions from interested persons relative to the HC and State Apartment Incentive Loan (SAIL) Program RFAs that were issued in 2014 and the RFA process in general. Staff will hold individual workshops and consider the comments received as future RFAs are prepared.
- b) During the remainder of 2015 and first half of 2016, the Corporation expects to offer HC, SAIL, HOME and grant funding through various RFAs.
- c) Staff expects to offer the majority of the estimated \$46 million of the 2016 annual Allocation of HC through the following Geographic and Preservation RFAs:

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Subject of RFA	Estimated Funding Amount	Notes	Tentative RFA Issue Date	Tentative RFA Due Date	Tentative Date to Request Board Approval of Committee's Recommendations
Developments located in Small Counties and Medium Counties	<ul style="list-style-type: none"> • Small Counties: <ul style="list-style-type: none"> ○ Estimated \$___ HC; ○ Estimated \$___ SAIL • Medium Counties: <ul style="list-style-type: none"> ○ Estimated \$___ HC 	<ul style="list-style-type: none"> • New Construction, Rehabilitation and Redevelopment • Family and Elderly Demographic • Funding Goals: <ul style="list-style-type: none"> ○ 1 Development in Florida Keys Area ○ 1 Development in County other than Monroe 	August/September 2015	Early/Mid-October 2015	January/February 2016
Developments located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties	Estimated \$___ HC	<ul style="list-style-type: none"> • New Construction, Rehabilitation and Redevelopment • Family and Elderly Demographic • Funding Goal: <ul style="list-style-type: none"> ○ 1 Development per County 	August/September 2015	Early November 2015	March/April 2016
Developments located in Miami-Dade County	Estimates \$___ HC	<ul style="list-style-type: none"> • New Construction, Rehabilitation and Redevelopment • Family and Elderly Demographic • Funding Goal: <ul style="list-style-type: none"> ○ 2 Developments 	August/September 2015	Mid-November 2015	March/April 2016
Preservation Developments	Estimated \$___ HC	<ul style="list-style-type: none"> • Preservation of existing affordable multifamily developments • Family, Elderly, and Person with a Disability Demographic • Funding Goals: TBD 	October 2015	Mid-December 2015	May/June 2016

- d) At the present time, the amount of the 2015 Legislative appropriation of state funding (i.e., SAIL funding and grant funding for developments targeted for persons with a developmental disability) is pending, which will delay the RFAs offering those funding sources until later in 2015/early 2016.

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- e) At the August 2015 Board meeting, staff will present a complete plan for the Board's approval which outlines the estimated funding amounts and tentative timeframes for the various RFAs that staff expects to issue offering the 2016 HC allocation and the 2015 SAIL appropriation and any grant funding, as well as a portion of the 2015/2016 Annual Allocation of Home Investment Partnerships (HOME) Program funding.

2. **Recommendation**

Authorize staff to proceed with the development of the Geographic and Preservation RFAs for the HC funding, as outlined above, and authorize the Executive Director to establish a review committee for each RFA, as each RFA is issued, in order to make funding recommendations to the Board.

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B. Request for Applications (RFA) 2015-103 for Housing Credit Financing to Provide Affordable Multifamily Rental Housing that is a Part of Local Revitalization Initiatives

1. Background/Present Situation

- a) On March 26, 2015, Florida Housing staff issued RFA 2015-103 offering an estimated \$2,300,000 of Housing Credits (HC), as well as State Apartment Incentive Loan (SAIL) Program income as gap financing, for affordable, multifamily rental housing that is part of a broader neighborhood or local community revitalization effort. The HC offered in this RFA represents 5 percent of the annual allocation of HC targeted to finance high-priority affordable housing developments, as authorized by section 420.507(48), F.S. The deadline for receipt of Applications was 11:00 a.m., Eastern Time, Tuesday, May 5, 2015.
- b) Florida Housing received six (6) Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Nancy Muller, Policy Director (Chair); Heather Boyd, Multifamily Programs Manager; Elizabeth Thorp, Multifamily Programs Manager; Bill Aldinger, Assistant Policy Director; Elaine Roberts, Senior Supportive Housing Analyst; and Kevin Tatreau, Director of Development Finance. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- c) At its June 8, 2015 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Four B of the RFA.
- d) The RFA 2015-103 All Applications chart (provided as [Exhibit A](#)) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- e) The Review Committee considered the following two (2) motions:
 - (1) A motion to adopt the scoring results, as set out on Exhibit A; and
 - (2) A motion to tentatively select the Applications set out on [Exhibit B](#) for funding and invite the Applicants to enter credit underwriting.
- f) Both of the motions were passed unanimously.
- g) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, the Corporation shall offer all Applicants within the funding range an invitation to enter credit underwriting.

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2. **Recommendation**

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the six (6) Applications (set out on Exhibit A) and authorize the tentative selection of the one (1) Application (set out on Exhibit B) for funding and invitation to enter credit underwriting).
- b) An unallocated balance of \$190,000 of HC remains. As provided in Section Four B of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit B.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

II. PROFESSIONAL SERVICES SELECTION (PSS)

A. Management Company Services Request for Qualifications (RFQ)

1. Background

- a) At the September 2010 meeting, Florida Housing's Board selected the top two Offerors from RFQ 2014-06 to provide management company services on an as needed basis. During the same meeting, the Board authorized staff to proceed with a second competitive solicitation, RFQ 2010-13, that allowed Florida Housing to select additional providers of these services. At the December 2010 meeting, Florida Housing's Board authorized staff to enter into contract negotiations with additional Providers.
- b) As a result of these two competitive solicitations, Florida Housing entered into contracts with the following:
 - (1) Royal American Management, Inc.;
 - (2) Services Taylor-Made, Inc.;
 - (3) Stephenson & Moore, Inc.;
 - (4) Wilson Management Company; and,
 - (5) WRH Realty Services, Inc.

2. Present Situation

Four of the five contracts are approaching their respective expiration dates and have exhausted all available renewal options. Florida Housing has a continuing need to have a pool of management companies ready to provide these services when the need arises.

3. Recommendation

Authorize staff to begin the RFQ process, and establish a review committee to make recommendations to the Board on a pool of management companies from which Florida Housing staff may choose from to provide management company services.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

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III. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Farmworker Demographic Waiver for New Hope Villas of Seville (1999-072S)

Development Name: New Hope Villas of Seville (“Development”)	Location: Volusia County
Developer/Principal: Seville Farm Family Housing Association, Inc. (“Developer”)	Set-Aside: 83% (51 units) @ 50% AMI
Number of Units: 61	Loan Amount: \$2,877,785
Type: Townhomes/Flats	Housing Credit Allocation: N/A
Demographics: Farmworker	MMRB: N/A

1. Background/Present Situation

- a) On June 29, 2000, a SAIL loan in the amount of \$2,877,785 closed for this 61 unit Farmworker development in the town of Seville, located in Volusia County. Seville has been a long standing hub of farm work in Florida, providing housing for many workers who travel out to the ferneries in Volusia and surrounding counties for work.
- b) On May 1, 2015, staff received a letter from the Developer requesting temporary relief from the 83% Farmworker demographic set-aside requirement ([Exhibit A](#)). The Developer states that the diminished demand for Farmworker housing in Seville has resulted in higher vacancies than budgeted for and in vacant units remaining unoccupied for longer periods of time. Without approval of the waiver the Developer indicates that continued lost rent revenue will continue to adversely affect the fiscal viability of the development. This property also has financing from USDA Rural Development, including Section 514/516 project based rental assistance, which allows tenants to pay only 30% of their incomes for rent. USDA recently granted approval to allow the development to lease to income eligible non-farmworker households ([Exhibit B](#)).
- c) Staff conversations with the third party property manager for this property suggest that several changes to the farm labor needs for the Seville area have shifted. The number of year-round fern growing operations have been reduced from over 400 to approximately 65 due to businesses closing. As a result, fewer Farmworkers are needed. The property manager provided information about marketing efforts to encourage Farmworkers to live at New Hope Villas of Seville. Even with rental specials, as of June 1, 2015, New Hope Villas of Seville currently has only 32 of the total 61 units (52%) occupied by Farmworkers.
- d) Florida Housing’s Board has approved other similar Farmworker waivers over the last few years, with two properties in Immokalee approved at the June 2014 Board meeting and a third property in Immokalee approved at the October 2014 Board meeting. As discussed in prior Board meetings, we are finding that there are areas of the state where there is a lower need for Farmworkers due to changes such as those seen in Seville with a reduction in ferneries.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

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- e) Recent Farmworker developments financed by Florida Housing have required only 40% of the units to be set aside for Farmworkers. Recent waivers have lowered the required Farmworker set-aside to 40% of total units, with the rest for Families, i.e., general occupancy, and a priority on the properties' waiting lists for Farmworkers. Staff believes that, based on the information provided by the New Hope Villas of Seville property manager, a more nuanced approach could be implemented to respond to the change in vacancy rates. In discussion with the property manager, it appears that this approach will be responsive enough to the current situation to allow the property to maintain a positive cash flow.

2. **Recommendation**

Staff recommends that New Hope Villas of Seville be granted a waiver for a period of up to two years from the 83% Farmworker demographic set-aside requirement, and that the property instead meet the following requirements: 1) Maintain a set-aside of 50% of the units (31 units) for Farmworker households; 2) Maintain the income set-aside of 83% of the units for households with incomes at or below 50% of area median income; 3) Maintain a priority on the property's waiting list for Farmworkers during the entire period; 4) Collect additional tenant data as specified by and for Florida Housing; and direct Florida Housing staff to proceed with loan document modification activities.