

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
January 29, 2016**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall
300 South Adams Street
Tallahassee Florida

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Renier Diaz de la Portilla
Ray Dubuque
John Hawthorne
Brian Katz
Len Tylka
Howard Wheeler

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Barb Goltz
Nancy Muller
Jacqui Peters
Ken Reecy

OTHERS PRESENTING:

Michael Nache, Senator Garrett Richter's Office

Chairman Smith called the meeting to order at 8:30 a.m.

Chairman Smith introduced Michael Nache, from Senator Garrett Richter's office, who read a letter from Senator Richter to the Board thanking Florida Housing for its work on behalf of the residents of Florida.

Steve Auger stated that Senator Richter has been a big supporter of Florida Housing's programs during his tenure in the legislature.

MINUTES

Item A, Approval of Minutes of the December 11, 2015, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the December 11, 2015, Board Meeting.

Motion to approve the Minutes was made by Mr. Hawthorne with a second by Mr. Tylka.
Motion passed unanimously.

Chairman Smith noted that even though a report on the Audit Committee meeting is listed on the Agenda, that meeting was cancelled and will be rescheduled as a telephonic meeting at a later date and will be reported on at the next Board Meeting. Mr. Auger noted that the meeting will be properly noticed and take place before the next Board Meeting, and it will replace the one that was cancelled on January 28, 2016.

LEGISLATIVE UPDATE

Jacqui Peters updated the Board on the ongoing legislative session and how it might impact Florida Housing and its programs.

LEGAL

Item A, In Re: Kinneret, Inc. Hugh Brown stated that Kinneret, Inc., was selected for funding under the Multifamily Energy Retrofit Program RFA 2015-115, but was subsequently determined not to qualify for the 15 percent forgiveness of the MERP loan on the grounds that its articles of incorporation did not explicitly state that one of its purposes was to foster low income housing as is required by the rule. He stated that Kinneret challenged that determination based on the fact that Florida Housing had previously accepted its articles of incorporation in a prior funding cycle, and in lieu of that, rather than litigating the matter, he asked the Board to approve staff's recommendation to grant the request for a rule waiver.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Dubuque. Motion passed unanimously.

Item B, In Re: Hallmark-Florida GB, LLC. Hugh Brown stated that Hallmark, Florida GP, LLC, intends to finance the acquisition and rehabilitation of 24 properties across 13 counties in Florida with a single local bond issue coupled with 4 percent tax credits, and asked for a waiver of the rule that requires a \$3,000 fee for each 4 percent credit application and a waiver of the rule that requires a separate application for each development. He stated that due to the expected similarities in the 24 applications, staff recommends granting the request to accept a single application fee of \$3,000; however, due to 24 different sets of site control documents and other unique property information, staff recommends denying the request to waive the requirement for separate applications.

Motion to approve staff's recommendation was made by Mr. Dubuque with a second by Mr. Tylka. Motion passed unanimously.

MULTIFAMILY PROGRAMS

Item A, Request for Applications (RFA) 2015-109 – SAIL Financing for Smaller Permanent Supportive Housing for Persons with Special Needs. Ken Reecy stated that RFA 2015-109 was issued to solicit applications for \$11 million in SAIL funding to finance smaller permanent supportive housing properties for persons with special needs, including a set-aside for extremely low income households. He stated that five applications were received. He asked the Board to approve the review committee's recommendation to adopt the scoring results for the five applications and authorize the tentative selection of three applications for invitation into credit underwriting. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statute, staff would then proceed with the credit underwriting process; but if a notice of protest was received, any recommended orders would be brought to the Board prior to beginning the credit underwriting process.

Motion to approve staff's recommendation was made by Mr. Hawthorne with a second by Mr. Dubuque. Motion passed unanimously.

Item B, Request for Applications (RFA) 2015-106 for Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties. Ken Reecy stated that RFA 2015-106 was issued to solicit applications for \$12.2 million in housing credits and an estimated \$14 million in SAIL program funds to applicants for housing developments located in medium and small counties. He stated that 98 applications were received – 96 in medium counties, and two in small counties. He asked the Board to approve the review committee's recommendation to adopt the scoring results for all 98 applications and authorize the tentative selection of eight medium county applications and one small county application for invitation into credit underwriting. He stated that would leave a balance of \$410,000+ of housing credits and \$3.4+ million in SAIL funds, which may be distributed as approved by the Board. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statute, staff would then proceed with the credit underwriting process; but if a notice of protest was received, any recommended orders would be brought to the Board prior to beginning the credit underwriting process.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Dubuque. Motion passed unanimously.

Steve Auger stated that we paired SAIL with these credits in a small county, which helps us get our small county SAIL out, and in the medium counties where we have not done many tax credit deals that didn't have the Difficult Development Area designation, we used SAIL to fill in that gap. He stated that we also changed the leveraging scores to take the bottom 20 percent, which appears to have encouraged folks to sharpen their pencils when doing their budgets and formulating the tax credit requests.

Item C, Waiver Request of RFA Requirement and Loan Closing Extension for Orchid Estates. Steve Auger stated that in August 2014 Florida Housing issued an RFA for SAIL financing to be used in conjunction with bonds and noncompetitive housing credits, and in December 2014, the Board approved the final scores. He stated that there was language in the RFA stating that if you were using local bonds, within ten days of engaging the underwriters, you had to give Florida Housing the housing credit application. He stated that in future RFAs the language was removed, as staff realized it was potentially a troubling line in the sand. He stated that in October 2015, Orchid Estates asked for an extension of the loan closing deadline, and then in November 2015, it was discovered that the housing credit application had not been received within that time frame, but the developer immediately

submitted the application when the discovery was made. He stated that in January 2015 staff received a request to waive the provision of the RFA regarding the timing of the submission of the application. He asked the Board to approve staff's recommendation to approve the request to waive the provision and extend the loan closing deadline from February 8, 2016, to February 8, 2017.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Hawthorne. Motion passed unanimously.

Item D, Request for Applications (RFA) 2015-107 for Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach and Pinellas Counties.

Steve Auger stated that RFA 2015-107 was issued for developments in Broward, Duval, Hillsborough, Orange, Palm Beach and Pinellas Counties. He stated that 56 applications were received. He asked the Board to approve the review committee's recommendation to adopt the scoring results for the 56 applications and authorize the selection of six applications for invitation into credit underwriting. He stated that would leave a balance of \$1.8 million in credits and asked the Board to authorize the use of those funds for the tentative selection of the next highest ranked eligible unfunded application for new construction in Belle Glade for funding and invitation into credit underwriting. He also asked the Board to authorize the award of a binding commitment of future low income housing tax credits to fully fund the request amount, if necessary. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statute, staff would then proceed with the credit underwriting process; but if a notice of protest was received, any recommended orders would be brought to the Board prior to beginning the credit underwriting process. He stated that we also gave the Belle Glade area special scoring dispensation to get some new units out there, as that rural western Belle Glade area has been very challenging for us. He stated that the last couple of years we've done an extra Broward or an extra Miami-Dade development, so this is both fair and good form from a policy perspective.

Mr. Hawthorne asked if there are any other communities like this in any of the other large counties that we perhaps need to focus on. Mr. Auger stated that the western part of Palm Beach is really unique in that regard.

Mr. Tylka stated that there is a geological barrier, and all the sugarcane fields and the glades are mostly between the eastern urban areas and the areas where Belle Glade and all those towns closer to the lake are.

Motion to approve staff's recommendation was made by Mr. Hawthorne with a second by Mr. Tylka. Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Competitive Solicitation for 2017 Lender Appreciation Awards Venue. Cecka Green asked the Board to authorize staff to issue a competitive solicitation to procure a venue for the 2017 lender appreciation awards dinner.

Motion to approve staff's recommendation was made by Mr. Hawthorne with a second by Mr. Tylka. Motion passed unanimously.

Item B, Competitive Solicitation to Provide Servicing for the Single Family Homebuyer Program. Barb Goltz stated that the Single Family Homebuyer Program had been renamed the Homebuyer Loan

Program. She stated that Florida Housing contracts with an outside firm to provide all loan servicing for the homebuyer loan program, including pooling first mortgage loans into mortgage-backed securities (MBSs), performing all loan servicing for both first and second mortgages in conjunction with the program, providing reporting on loans pooled into MBSs, providing periodic lending training sessions as needed, and selling whole loans in the cash window as requested by Florida Housing. She stated that the current contract expires on September 30, 2016, and Florida Housing has continued need for the services. She asked the Board to authorize staff to begin the competitive solicitation process in order to obtain responses from qualified entities to provide servicing for the program and to authorize the executive director to appoint a review committee for the review and selection of a respondent to recommend to the Board.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Hawthorne.

Chairman Smith asked if by changing the name these loans are now available to others other than first-time homebuyers. Ms. Goltz stated that we are trying to come up with a title that does broaden the ways we offer these programs to investors and the way we sell the loans, and it does give it just a more generic title. Mr. Auger stated that we've still been holding to the federal first-time homebuyer loan definition. He also stated that if we're not putting them into a bond issue, if we wanted to, we could do non first-time homebuyers, but we have thus far stuck to that niche.

Motion passed unanimously.

Item C, Single Source Procurement for Affordable Housing Catalyst Program Services. Nancy Muller stated that the Affordable Housing Catalyst Program provides training and technical assistance to local governments and nonprofits on state and federal housing programs and is funded through the State's annual legislative appropriations process. She stated that the requirements in Section 420.531 are specific that the entity must be recognized by the IRS as a nonprofit, must have as its primary mission a provision of affordable housing training and technical assistance, must have an ability to provide the assistance statewide, and must have a proven track record of successfully providing that assistance under specifically the Catalyst Program, and the only firm that meets all those statutory requirements is the Florida Housing Coalition and that is the only entity Florida Housing has ever contracted with to provide these services. She stated that Rule 67-49.003(2) allows the Board to exempt contractual services from competitive solicitation requirements upon determination by the executive director that such services are most readily available from a single source. She stated that the current contract expires June 30, 2016, and there is a continuing need for the services. She asked the Board to authorize staff to enter into a one-year single source contract with the Florida Housing Coalition to deliver affordable housing training and technical assistance under the Catalyst Program subject to funding availability.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Hawthorne.

Mr. Dubuque stated that he is not a proponent of single contract awards; however, he understands this is the only available source for this. He encouraged staff to make sure that that is a fact. He stated that one of the major focuses is for government staff training. He stated there is a need for training of our government staffs out there, so he would support it.

Motion passed unanimously.

SPECIAL PROGRAMS

Item A, Request Authorization to Implement a Demonstration to Facilitate Development of Rental Housing for Homeless Households in Rural and Small Counties. Nancy Muller stated that in 2013 Florida Housing was appropriated \$10 million in one-time grant funds to finance housing for homeless persons. She stated that when the request for applications was issued, pots were specified for small, medium and large counties, but no applications were received for the small county pot. She stated that beginning in May 2015, staff met with leaders of local rural continuums to talk about what their needs are. She stated that the consensus was that they need a flexible, predictable source of grant or forgivable funding to help them deliver homeless housing, and they want the funding to be without some of the complex regulations and requirements like the housing credit program. She stated that they want the funding predictability out over time so they can, knowing what is out there, begin using that as a catalyst to get them going in their local communities, to pull together the service providers, nonprofits and others to develop the housing. She stated we would provide free technical assistance to awardees for development support. She summarized the proposed loan terms and asked the Board to authorize staff to use up to \$5 million of unrestricted net position designated for demonstrations to issue a request for applications to fund permanent homeless rental housing in small and rural communities with populations under 250,000.

Motion to approve staff's recommendation was made by Mr. Dubuque with a second by Mr. Hawthorne.

Mr. Hawthorne asked was this the \$10 million that was authorized in 2013. Mr. Muller stated that was all awarded, so when we didn't get small county applications, we moved to fund other applications from the other counties.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Item A, Request Approval of Loan Closing Extension for Northwest Gardens V. Ken Reecy asked the Board to approve a loan closing extension request for Northwest Gardens V from February 8, 2016, to May 9, 2016, pursuant to the requirements of the RFA and the Florida Administrative Code.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Dubuque. Motion passed unanimously.

CONSENT AGENDA

Chairman Smith stated that PSS Item A was pulled from consideration and asked for a motion to approve the remaining items on the Consent Agenda.

Motion to approve the remaining items on the Consent Agenda was made by Mr. Dubuque with a second by Mr. Tylka. Motion passed unanimously.

PUBLIC COMMENT

No public comments were offered.

Chairman Smith adjourned the meeting at 9:25 a.m.