DEMONSTRATION DEVELOPMENT

Action Supplement

I. DEMONSTRATION DEVELOPMENTS

A. Request for Approval for Subordination to an Increased New First Mortgage for Saint Vincent de Paul, 2001/08-002HL

1. Background/Present Situation

a) On June 22, 2001, Florida Housing issued a Request for Proposal (RFP) for developments to house extremely low income and/or homeless tenants.

b) The Society of Saint Vincent de Paul submitted a response and on September 20, 2001, the Board approved funding in the amount of $400,000 for this 88-unit Single Room Occupancy (SRO) development for extreme low income and/or homeless people located in St. Petersburg, Pinellas County, subject to a positive recommendation from the credit underwriter.

c) A positive recommendation from the credit underwriter was approved by the Board on June 21, 2002 and the loan closed on September 27, 2002. The financing consisted of a first mortgage with United Bank in the amount of $400,000, a second mortgage in favor of the City of St. Petersburg in the amount of $978,000 and a third mortgage with Florida Housing in the amount of $400,000.

d) On November 1, 2002, the Society of St. Vincent de Paul of South Pinellas, Inc. requested that Florida Housing approve and subordinate to a new first mortgage in the amount of $900,000 with Republic Bank (Exhibit A). In addition, the Society requested that the City of St. Petersburg subordinate to the $900,000 first mortgage, as well as the existing $400,000 mortgage with Florida Housing.

e) The new first mortgage funds are required for repayment of the United Bank first mortgage of $400,000, remaining renovation costs of the property, furniture, fixtures, equipment and the manager’s fee.

f) Staff received a credit underwriting feasibility review with a positive recommendation for a new first mortgage in the amount of $900,000 with a contingency requirement that the City of St. Petersburg subordinate to Florida Housing mortgage (Exhibit B). The positive recommendation is conditioned upon the following:

(1) A satisfactory review and recommendation of an increase of at least $24 in the veteran’s per diem rate by the Department of Veterans Affairs during February 2003.

(2) A satisfactory review of an agreement to subordinate to Florida Housing by St. Petersburg CDBG.
2. **Recommendation**

Approve the credit underwriting recommendation and allow staff to amend the closing documents to reflect these changes upon conditions being met.

**B. Request to Reduce Demonstration Loan, Modify Set-Asides and Amend Closing Documents for Homes for New Beginnings, 2001/08-003HL**

1. **Background/Present Situation**
   a) On June 22, 2001, Florida Housing issued a Request for Proposal (RFP) for developments to house the Extremely Low-Income and/or Homeless.
   
   b) The Grand Avenue Economic Community Development Corporation (GAECDC) submitted a response and on September 20, 2001 the Board approved funding in the amount of $500,000. The development has been completed and is located in Orange County. Florida Housing provided funding for 178 units for Extremely Low-Income and/or Homeless persons at or below 30% AMI.
   
   c) On October 9, 2002, the management company for GAECDC provided a letter to GAECDC outlining problems regarding the renting of units under the current set-aside requirements (Exhibit C). On November 5, 2002, staff received a letter from GAECDC stating that the Development did not have the ability to meet the target level of 178 units at 30% AMI (Exhibit D). The letter requested that Florida Housing reduce the amount of the Demonstration Loan from $500,000 to $250,000 and change the set-aside requirements from 178 units at 30% AMI to 89 units at 30% AMI and 89 units at 50% AMI.
   
   d) Staff received a credit underwriting feasibility review with a positive recommendation for the reduction of the Florida Housing Demonstration loan and the change of the set-aside requirements (Exhibit E).

2. **Recommendation**

Approve the credit underwriting recommendation to reduce the amount of the Demonstration loan to $250,000, change the set-aside and allow staff to amend the closing documents to reflect these changes.

**C. Request for Approval for the Partial Transfer of Funds to be Used in Highlands County for the Coalition to Assist Supported Living, Inc. (CASL), 2001/07-001DD**

1. **Background/Present Situation**
   a) On June 22, 2001, Florida Housing issued a Request for Proposal (RFP) for developments to serve persons who are developmentally disabled.
   
   b) CASL submitted a response and on September 20, 2001, the Board approved funding in the amount of $1,020,000 for the acquisition/rehabilitation of houses in Manatee and Sarasota Counties, subject to a positive recommendation from the credit underwriter.
   
   c) A positive recommendation from the credit underwriter was approved by the Board on March 7, 2002 and the loan closed on May 10, 2002.
DEMONSTRATION DEVELOPMENT

Action Supplement

d) The Highlands County SHIP administrator offered $100,000 in Match from Highlands County and requested that CASL provide $100,000 with funds from Florida Housing to assist Highlands County in obtaining housing for the developmentally disable in that county.

e) On January 8, 2003, CASL requested that Florida Housing approve the transfer of $100,000 of the Demonstration funds that were allocated to Sarasota and Manatee Counties for use in Highlands County for the purchase/rehabilitation of housing in that county (Exhibit F).

2. Recommendation

Approve the request to transfer $100,000 of the $1,020,000 allocation to be used in Highlands County.
FISCAL

Action

I. FISCAL

A. Approval of the Fiscal Committee Minutes for December 6, 2002.

The December 6, 2002, Fiscal Committee minutes are included with the Board Meeting Minutes in the Board Package.
II. GUARANTEE PROGRAM

A. Consider Approval of the December 6, 2002 Guarantee Program Committee Minutes

B. Extension of “Conditional Commitments to Guarantee” for Guarantee Program Credit Enhancement for the year 2002 multifamily bond transactions to be financed by the Florida Housing Finance Corporation

1. Background

On March 7, 2002, the Guarantee Program issued Commitments to Guarantee (the “Commitments”) in connection with applications for proposed developments requesting 2002 Multifamily Bond allocation. A summary of the applications for which Commitments were issued, allocation awarded, and the applicant remains interested in using Guarantee Program credit enhancement, is attached as Exhibit A. Due to the timing of the year 2002 multifamily tax exempt bond allocation awards which were finalized on October 10, 2002, largely driven by the need of the combined cycle to comply with the Florida Administrative Procedures Act the proposed transactions identified in Exhibit A were unable to close prior to the Commitments’ January 1, 2003 expiration. No applicant receiving 2002 bond allocation was able to close its transaction before the expiration of the Commitment.

2. Present Situation

a) The applicants of the proposed developments require reinstatements and extensions of the Commitments in order to continue the credit underwriting process.

b) The Guarantee Program, along with TIBOR Partners, Inc., has reviewed the Commitments and is recommending that the Committee reinstate and extend the Commitments until September 30, 2003.

3. Recommendation

Accept this recommendation of Staff and TIBOR Partners, Inc. to approve the reinstatement and extension of the Conditional Commitments to Guarantee for the proposed developments identified in Exhibit A until September 30, 2003.

C. Consideration of an “Amended Commitment to Guarantee” for Hampton Point Apartments

1. Background

On April 26, 2002, the Board approved the issuance of a Commitment to Guarantee for the Hampton Point Apartments, a proposed 284-unit multifamily rental development to be located in the City of Port Charlotte, Charlotte County, Florida. Under the current Commitment to Guarantee, the Applicant, Hampton Point Limited Partnership, is expecting to receive a 2001 tax-exempt bond allocation in the amount of $11,020,000 from the Florida Housing Finance Corporation, in addition to $1,895,000 in taxable bonds.
2. **Present Situation**

   a) Due to the passage of time since the issuance of the Commitment to Guarantee and the resulting need to update associated third party reports, the promulgation of the HUD 2002 allowable rents, as well as the combined affect of an increase in the total equity contribution and a more favorable interest rate environment (allowing for an increase in the amount of available taxable bonds from $1,895,000 to $2,180,000), First Housing Development Corporation has requested an amendment to the Commitment to Guarantee.

   b) The Guarantee Program, along with TIBOR Partners, Inc., has conducted a review of the proposed Hampton Point transaction and is recommending that the Committee issue an “Amended Commitment to Guarantee.”

   c) A copy of TIBOR’s Modified Project Suitability Assessment and Risk Evaluation Report is provided as Exhibit B.

3. **Recommendation**

   Accept this recommendation of Staff and TIBOR Partners, Inc. to approve the issuance of an “Amended Commitment to Guarantee” for the Hampton Point Apartments, subject to the terms and conditions contained in the Modified Project Suitability and Risk Evaluation Report, and subject to the Board’s approval of the Multifamily Bond Program’s recommendation. Further, that the amended guarantee amount, presently estimated at $13,200,000 (excluding the debt service reserve fund), may be adjusted by not more than 10%, solely to reflect actual interest rates and/or necessary modifications in the credit underwriter’s report, as long as the loan-to-value ratio does not exceed 90% and the debt service coverage ratio is not less than 1.10:1.0.

D. **Consideration of “Commitment to Guarantee” for Andrews Place Apartments**

1. **Background**

   The Andrews Place Apartments is a proposed 200-unit multifamily rental development to be located in the City of Panama City, Bay County, Florida. The Applicant, Andrews Place, LLC, is expecting to receive a 2002 tax-exempt bond allocation in the amount of $9,500,000 from the Florida Housing Finance Corporation.

2. **Present Situation**

   a) The Guarantee Program, along with TIBOR Partners, Inc., has conducted a review of the proposed Andrews Place transaction and is recommending that the Committee issue a “Commitment to Guarantee.”

   b) A copy of TIBOR’s Project Suitability Assessment and Risk Evaluation Report is provided as Exhibit C.
3. **Recommendation**

Accept this recommendation of Staff and TIBOR Partners, Inc. to approve the issuance of a “Commitment to Guarantee” for the Andrews Place Apartments, subject to the terms and conditions contained in the Project Suitability and Risk Evaluation Report, and subject to the Board’s approval of the Multifamily Bond Program’s recommendation. Further, that the guarantee amount, presently estimated at $9,500,000 (excluding the debt service reserve fund), may be adjusted by not more than 10%, solely to reflect actual interest rates and/or necessary modifications in the credit underwriter’s report, as long as the loan-to-value ratio does not exceed 90% and the debt service coverage ratio is not less than 1.15:1.0.

E. **Consideration of “Commitment to Guarantee” for Eagle Pointe Apartments**

1. **Background**

The Eagle Pointe Apartments is a proposed 192-unit multifamily rental development to be located in the City of Pompano Beach, Broward County, Florida. The Applicant, Eagle Pointe Associates, Ltd., is expecting to receive a 2002 tax-exempt bond allocation in the amount of $12,270,000 from the Florida Housing Finance Corporation.

2. **Present Situation**

   a) The Guarantee Program, along with TIBOR Partners, Inc., has conducted a review of the proposed Eagle Pointe transaction and is recommending that the Committee issue a “Commitment to Guarantee.”

   b) A copy of TIBOR’s Project Suitability Assessment and Risk Evaluation Report is provided as Exhibit D.

3. **Recommendation**

Accept this recommendation of Staff and TIBOR Partners, Inc. to approve the issuance of a “Commitment to Guarantee” for the Eagle Pointe Apartments, subject to the terms and conditions contained in the Project Suitability and Risk Evaluation Report, and subject to the Board’s approval of the Multifamily Bond Program’s recommendation. Further, that the guarantee amount, presently estimated at $12,270,000 (excluding the debt service reserve fund), may be adjusted by not more than 10%, solely to reflect actual interest rates and/or necessary modifications in the credit underwriter’s report, as long as the loan-to-value ratio does not exceed 90% and the debt service coverage ratio is not less than 1.15:1.0.
III. LEGAL

A. Emerald Dunes Apartments, Ltd. v. Florida Housing Finance Corporation

1. Background/Present Situation

   a) Information released by the Office of Urban Opportunity, which administers the Front Porch Florida program, represented to the public that the northern boundary of the Opa-Locka Community was County Line Road (NW 215th). This information was relied upon by Emerald Dunes, which filed an application for housing tax credits to develop housing within the Opa-Locka Community.

   b) The “Verification of Front Porch Florida Funding Commitment” form filed as Exhibit 31 to the Application was completed and executed by the Chairperson of the Governor’s Revitalization Council and executed by the Director of the Governor’s Office of Urban Opportunity, and verified that Emerald Dunes was sited within the Opa-Locka Front Porch Community. A copy is attached as Exhibit “A.”

   c) On May 7, 2002, the Office of Urban Opportunity issued a letter attached as Exhibit “B” to Florida Housing which indicated that the area north of Palmetto Parkway was not within the Opa-Locka Front Porch Community. As a result, tax credits were not available for the Emerald Dunes project. On July 30, 2002, Emerald Dunes filed a Petition for Formal Administrative Proceeding, which Florida Housing duly forwarded to the Division of Administrative Hearings (“DOAH”) for assignment to an Administrative Law Judge and scheduling of a formal administrative hearing.

   d) On December 17, 2002, the Office of Urban Opportunity issued a letter attached as Exhibit “C” indicating that the area between Palmetto Parkway and County Line Road was included in the Opa-Locka Front Porch Community as of April 15, 2002, and that this area was to be deemed as included in the Opa-Locka Community for purposes of Florida Housing’s 2002 Universal Application Cycle.

   e) On December 31, 2002, Counsel for Emerald Dunes and Counsel for Florida Housing entered into a settlement stipulation attached as Exhibit “D” which accepted the decision of the Office of Urban Opportunity, by which Florida Housing agreed to issue a binding commitment for the allocation of tax credits to Emerald Dunes, subject to a favorable credit underwriting report.

2. Recommendation

   Staff recommends that the Board adopt a final order approving the Settlement Stipulation.
B. In Re: Universal Cycle Ranking Appeals

1. **Background**
   
a) On April 15, 2002, Applicants submitted applications to Florida Housing for the award of SAIL or HOME funds and/or an allocation of Housing Credits in the 2002 Universal Cycle program.

b) On May 13, 2002, Florida Housing notified all applicants of their score, provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes, and an Election of Rights form.

c) On October 18, 2002, Florida Housing notified all applicants of their post appeal scores and provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes. All applicants had until November 12, 2002, to file a petition contesting the final appeal scores.

d) On December 18, 2002, Florida Housing held informal hearings regarding five (5) of the informal ranking petitions which were filed. On January 8 and 9, 2003, the Hearing Officers issued their Recommended Orders. Copies of the Recommended Orders are attached as Exhibit E, Exhibit F, Exhibit G and Exhibit H.

2. **Present Situation**

   Board may decide to accept or reject the Recommended Orders and enter Final Orders accordingly.

3. **Recommendation**

   Staff recommends the Board enter Final Orders in these matters.
LEGAL

Action Supplement

I. LEGAL

A. Re: HOME Ownership Loan Program

1. Background

a) After all applications received in the October 2002 HOME Ownership application cycle were scored and ranked, Florida Housing received information that a former employee of Florida Housing had worked as a consultant in the preparation of five applications for funding under the HOME Ownership Program, in violation of 24 CFR § 92.356 (Conflicts of Interest). This provision in the Department of Housing and Urban Development’s rules prohibits such actions on behalf of applicants or recipients of HOME funds by former employees of HUD or participating jurisdictions for a period of one year after the end of employment in the HUD-assisted program. The HUD rules are adopted by reference and incorporated into Florida Housing’s rules at R. 67-50.005(40), Florida Administrative Code; applicants are specifically charged with compliance with the HUD rules by R. 67-50.040(7)(e), Florida Administrative Code. This activity did not violate the conflict of interest provisions of Part III Ch. 112, Florida Statutes.

b) The underwriting process was abated pending investigation by the Office of the General Counsel, which confirmed that the former employee, Ms. Lainie Lowery, the HOME Ownership program administrator for Florida Housing until March 1, 2002, acting as RCL Consulting and Development, Inc., provided consulting services for compensation on three applications (HH02-013, HH02-016, and HH02-017) and filed same with Florida Housing. Ms. Lowery acted as a consultant on two applications (HH02-014 and HH02-015) without compensation.

2. Present Situation

Florida Housing and Ms. Lowery have entered into a Settlement Agreement (copy attached as Exhibit A) under which Ms. Lowery (1) has provided affidavits from herself (copy attached as Exhibit B) and the applicants regarding applications HH02-014 and HH02-015 (copies attached as Exhibit C, Exhibit D, and Exhibit E, respectively), affirming that no payment has been made or will be made for her services in preparing the two applications; (2) Ms. Lowery will disgorge all payments made to her for preparation of the applications (HH02-013, HH02-016, and HH02-017); and (3) that Ms. Lowery will make all financial records for the period from March 1, 2002, through February 28, 2003, available for inspection by Florida Housing without subpoena. Upon receipt of the foregoing, Florida Housing will reinstate the five applications without further penalty.

3. Recommendation

Staff recommends that the Board issue a final Order approving the Settlement Agreement.
IV. LEGISLATIVE

A. Overview of Upcoming 2003 Legislative Session

1. Appropriations – Trust Funds

2. Governor’s Recommendations for the 2003 Budget

B. Federal Legislation

1. HR 951/S677 Repeal of Ten Year Rule

2. HR 284-2003
V. MULTIFAMILY BONDS

A. Request Approval to Assign the $288,996,544 in Initial 2003 Private Activity Bond Allocation Received by the Corporation from the Division of Bond Finance for use by the Multifamily Mortgage Revenue Bond Program

1. Background

The Corporation received a spreadsheet from the Division of Bond Finance dated December 26, 2002, assigning the Corporation $288,996,544 in initial 2003 private activity bond allocation. A copy of this spreadsheet is attached hereto as Exhibit A. Each year, Florida Housing’s Board allocates that initial authority between the multifamily and single-family bond programs.

2. Present Situation

a) Because of authority otherwise available to Florida Housing, the Corporation could make more than $117 million in new single-family mortgages during 2003 without any new authority being allocated to that program. Recent usage patterns indicate that amount to be more than enough to meet the expected demand this calendar year.

b) The Corporation’s Multifamily Mortgage Revenue Bond Program anticipates that it will receive more requests for allocation during the 2003 Universal Application cycle than the $288,996,544 in allocation initially assigned to the Corporation.

3. Recommendation

Assign the $288,996,544 in Initial 2003 Private Activity Bond Allocation Received by the Corporation from the Division of Bond Finance for use by the Multifamily Mortgage Revenue Bond Program.
I. PROFESSIONAL SERVICES SELECTION

A. Trustee, Registrar, Paying Agent and Dissemination Bond Agent Services

1. Background

   a) May 19, 2000, Florida Housing issued Request For Proposal (RFP) 2000/01 for Trustee, Registrar, Paying Agent and Dissemination Bond Agent Services. The RFP stated that offerors should be prepared to perform the required services by July 1, 2000, and that the initial term of the contract was anticipated to be for three years.

   b) In July and August 2000, in lieu of contracts, letters of acceptance of the schedule of trustee fees for various single and multifamily bond issues with Florida Housing were signed by the following entities:

      (1) SunTrust Bank
      (2) First Union National Bank
      (3) U.S. Trust Company (recently acquired by The Bank of New York Trust Company)
      (4) Wells Fargo Corporate Trust Services

   c) The letters of acceptance did not incorporate the RFP.

   d) The Trustee represents bondholders in a bond issue. The Trustee holds and invests bond proceeds, receives interest and principal payments from the borrower/developer, and makes all interest and principal payments to bondholders. The Trustee also assists Florida Housing on its bond issues and continuing disclosure requirements.

2. Present Situation

   a) Florida Housing received a letter dated January 15, 2003 from Wachovia Bank (formerly First Union) stating that it will formally tender its resignation on seventy-one (71) Florida Housing multifamily bond issues by the end of January 2003, with an effective date not later than May 1, 2003. These 71 bond issues will need to be reassigned to a new trustee(s).

   b) Upon Wachovia’s withdrawal, there will be three available trustees to choose from for each bond issue.

3. Recommendation

   Florida Housing staff recommends the Board authorize staff to begin the Request for Qualifications (RFQ) process, and establish a review committee, to select a pool of providers for the services of Trustee, Registrar, Paying Agent, and Dissemination Bond Agent.

January 24, 2003

Florida Housing Finance Corporation
VI. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Land Transfer from Jacaranda Trail Phase I (2001-022CS) to Jacaranda Trail Phase II

1. Background/Present Situation

   a) Jacaranda Trail, Phase I received a SAIL loan in the amount of $519,000 from the 2001 Combined Cycle for the construction of a 50-unit family development on 9.00 acres in De Soto County.

   b) The developer requested that Florida Housing Finance Corporation approve a land transfer of 4.326 acres to be used for Jacaranda Trail Phase II which will consist of 50 units (Exhibit A).

   c) The credit underwriter has reviewed and considered the value of the remaining collateral on Phase I and the current market value of the proposed Phase II parcel. The current market value of Jacaranda Trail Phase I, assuming a land site of 4.674 acres, is $2,140,000 as of January 8, 2003. Based on this market value, the combined loan-to-value (“LTV”) ratio for the SAIL Loan and the first mortgage is 45.3%, which is less than the 100% LTV as required by SAIL Rule 67-48 F.A.C. The current market value of the proposed 4.326 acres of undeveloped land for Jacaranda Phase II is $80,000. Based on these values the credit underwriter concludes that the land transfer would not have an adverse affect on the collateral for Jacaranda Trail Phase I (Exhibit B).

   d) The credit underwriter recommends approval of the transfer subject to the following:

      (1) A prepayment to Florida Housing of the SAIL loan principal in the amount of $42,848. This has been calculated by multiplying the $80,000 value of the Phase II parcel by the SAIL loan’s pro-rata percentage of the combined first mortgage ($450,000) and SAIL loan ($519,000) amounts, which is 53.56%.

      (2) Review and approval of the final transfer by Florida Housing’s legal counsel, and consent and approval of the first mortgage loan and housing credit equity provider.
2. **Recommendation**

Approve developer’s request for land transfer subject to the conditions described above.

**B. 2003 Elderly Housing Community Loan Program**

1. **Background/Present Situation**

   a) On December 6, 2002, the Board approved staff to begin the rule development process for the 2003 Elderly Housing Community Loan (EHCL) Program. A rule hearing on Chapter 67-32, F.A.C was held on January 13, 2003. The hearing included discussion on the proposed revisions to the EHCL Rule and Application.

   b) Following review of the public comments received at the rule hearing, staff will modify the proposed rule and application. A supplement to the Board Package will be provided which contains the proposed rule and application.

   c) If approved by the Board, staff will file the Notice of Proposed Rulemaking. If no Notice of Change (NOC) is required, it is anticipated that the rule will be filed for adoption on March 7, 2003, with an effective date of March 27, 2003 and that the application cycle will open on March 28, 2003 and close on May 27, 2003.

2. **Recommendation**

Approve the proposed rule, authorize staff to file the rule for adoption if no NOC is required, authorize Chair to determine whether any NOC makes material, substantive changes to the rule chapter. If he determines that it does not, staff recommends that the Board approve such NOC without the requirement of another Board meeting. In the alternative, if the Chair determines that any NOC does make material substantive changes to the rule chapter, staff will present the proposed changes at the next Board meeting.

**C. Request Approval to Reallocate SAIL Cycle XIV Funds That Have Become Available Due to the Withdrawal of Two Developments, Madison Cay (2002-124BS) and Stoney Point (2002-132-BS)**

1. **Background/Present Situation**

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities for those developments within funding range.

   b) On October 29, 2002, Madison Cay, Ltd., requested withdrawal of its Madison Cay application (2002-124BS) for SAIL funding in the amount of $1,000,000 (Exhibit C), and on January 3, 2003, Jay P. Brock, CED Capital Holdings, requested withdrawal of its Stoney Point application (2002-132-BS) for SAIL funding in the amount of $1,500,000 (Exhibit D).
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

c) In accordance with pages 71 and 72 of the 2002 Universal Application Instructions (Exhibit F), if an invitation to credit underwriting has been declined, those funds attributable to the respective applications will be allocated first to partially funded applications. Then, if funds still remain, the funds will be offered to the highest ranked eligible SAIL application without SAUL being applied.

d) Attached is a list of the remaining unfunded SAIL Cycle XIV applications (Exhibit F) in ranked order. As a result of the October 10, 2002, Board action, Avalon Reserve (2002-151BS) received $1,447,601.87 of its total request of $1,500,000. Therefore, $52,398.20 is required to fund the balance of its request. Remaining funds totaling $2,447,601.80 would fund the next two applications Southwood Apartments (2002-163S) which requested $900,000 and University Club Apartments (2002-081S) which requested $1,500,000. The balance remaining after fully funding Avalon Reserve, Southwood Apartments, and University Club Apartments would be $47,601.80. According to SAIL provisions on page 66 of the ranking and scoring criteria (Exhibit G), a SAIL application will not be funded if there are not enough funds available to fund at least 60% of the request amount. The remaining funds do not constitute 60% of any of the request amount for any of the remaining unfunded SAIL applications.

2. Recommendation

a) Authorize staff to fully fund the SAIL request for Avalon Reserve by providing the balance of its request ($52,398.20), Southwood Apartments ($900,000), and University Club Apartments ($1,500,000).

b) Authorize staff to carry the remaining balance ($47,601.80) over to the next cycle unless additional funding becomes available because of declined invitations to credit underwriting or withdrawal of funding requests.

c) In the event that additional SAIL funding becomes available because of declined invitations to credit underwriting or withdrawal of funding requests, authorize staff to use the remaining balance of $47,601.80 plus any additional funding to continue to fund developments in order of the ranked unfunded list.
I. STATE APARTMENT INCENTIVE LOAN PROGRAM

A. Request Approval to Reallocate SAIL Cycle XIV Funds That Have Become Available Due to the Withdrawal of Funding Requests

1. Background/Present Situation

   a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Cycle and directed staff to proceed with all necessary credit underwriting activities for those developments within funding range.

   b) On October 29, 2002, Madison Cay, Ltd., requested withdrawal of its Madison Cay application (2002-124BS) for SAIL funding in the amount of $1,000,000 (Exhibit A), and on January 3, 2003, Stoney Point Partners, Ltd. requested withdrawal of the Stoney Point application (2002-132-BS) for SAIL funding in the amount of $1,500,000 (Exhibit B). On January 17, 2003, Whispering Oaks Housing Partners, Ltd. requested withdrawal of its Whispering Oaks application (2002-088BS) for SAIL funding in the amount of $1,000,000 (Exhibit C). The available funding from the withdrawal of these 3 applications totals $3,500,000.

   c) Florida Housing has included in the legal section of this Board package recommended orders in response to informal appeal hearings which, if adopted, would result in funding the following applications:

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<tr>
<th>Application Number</th>
<th>Development Name</th>
<th>SAIL Loan Request</th>
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<tbody>
<tr>
<td>2002-040S</td>
<td>San Marco Apartments</td>
<td>$490,650.83</td>
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<tr>
<td>2002-152CS</td>
<td>McPines Apartments</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>2002-078BS</td>
<td>NorthBridge at Millenia</td>
<td>2,000,000.00</td>
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<tr>
<td>2002-123CS</td>
<td>Magnolia Cove Apartments</td>
<td>999,270.00</td>
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<tr>
<td>2002-81S</td>
<td>University Club Apartments</td>
<td>1,500,000.00</td>
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<td>2002-076S</td>
<td>The Landings at Millenia</td>
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<tr>
<td>2002-035S</td>
<td>Tuscany Place Apartments</td>
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<tr>
<td>2002-032BS</td>
<td>Hunters Run Apartments - Phase I</td>
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<td>2002-101S</td>
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<td>Total</td>
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</tr>
</tbody>
</table>

   *This application had received a partial tentative allocation prior to this date. The amount shown here represents the balance required to fully fund Applicant's request.

   d) The Finance Department has informed staff that there is sufficient funding available from SAIL appropriations to provide an additional $10,489,208.83, which together with the $3,500,000 from withdrawn applications, would fully fund each of the above applications.

2. Recommendation

   a) If the Board of Directors approves the recommended orders regarding each of the above-listed developments, authorize staff to fully fund the SAIL requests for each of these developments by using the $3,500,000 from withdrawal of the 3 applications listed above and $10,489,208.83 in SAIL appropriations.
b) Authorize staff carry over to the next SAIL cycle any SAIL funding which becomes available due to withdrawal of any applications after today.

B. SAIL Consent Item VII., E. Horizon House Sunset Apartments, Cycle XII (2000-066S)

1. Background
   
   a) On January 17, 2003, staff received a cost analysis for the change in amenities requested by the Applicant (Exhibit D).
   
   b) The requested substitutions are a community center in lieu of two parking spaces per unit and electric water heaters and heat pumps with a minimum HSPF of 7.4 in lieu of gas water heaters.
   
   c) The cost analysis concludes that the community center will cost approximately $25,000 - $30,000. It is estimated that the cost to fulfill their commitment to provide two parking spaces per unit would have been $10,000 - $12,000. The electric water heaters will cost approximately $100 per water heater less than the gas water heaters that were committed to. This results in an overall increase in construction cost of $5,000 - $7,000. The additional cost is being funded in part by additional funding in the form of an IRP subsidy mortgage.

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

C. SAIL Consent Item VII., G. Westlake Apartments, Phase II (2002-007S)

1. Background/Present Situation
   
   a) On January 21, 2003, staff received a cost analysis for the change in amenities requested by the Applicant (Exhibit E).
   
   b) The requested substitutions are a library and an outdoor picnic area in lieu of a volleyball court.
   
   c) The library and outdoor picnic area are estimated to cost $25,000. The volleyball court would have cost approximately $1,500. This results in a net increase of $23,500 to the construction costs for Westlake Apartments, Phase II. The additional cost will be funded by deferred developer fees.

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

D. SAIL Action Item VI., B. Elderly Housing Community Loan Program (EHCL)

1. Background/Present Situation
   
   Following a Rule workshop for the EHCL program, staff has prepared a proposed Rule and Application for 2003 (Exhibit F).
VII. UNIVERSAL APPLICATION

A. 2003 Universal Application

1. **Background**

   Rule hearings on Chapters 67-21 and 67-48, F.A.C., were held on January 10, 2003, in Tallahassee. The hearings included discussions on the proposed revisions to the Universal Application.

2. **Present Situation**

   a) Following review of the public comments received at the rule hearings and comments received from the Joint Administrative Procedures Committee (JAPC), staff will prepare a Notice of Change (NOC) to modify the proposed rules that were presented at the last board meeting. A supplement to the Board Package will be provided which contains the proposed NOC.

   b) If approved by the Board, staff will file the NOC for publication in the Florida Administrative Weekly. The NOC will also be filed with JAPC for its review.

   c) Provided that a second NOC is not necessary, it is anticipated that the rules will be filed for adoption on February 24, 2003, with an effective date of March 13, 2003 and that the application cycle will open on February 25, 2003 and close on March 26, 2003.

3. **Recommendation**

   Approve the NOC, authorize staff to file the rules for adoption if a second NOC is not required, and, if a second NOC is required, authorize the Chair to determine whether any second NOC makes material, substantive changes to the rule chapters. If he determines that it does not, staff recommends that the Board approve such second NOC without the requirement of another Board meeting. In the alternative, if the Chair determines that any second NOC does make material, substantive changes to the rule chapters, staff recommends that a telephonic board meeting be called to obtain Board approval for any required changes.