

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

February 27, 2004

Information Items



FISCAL

Informational

I. FISCAL

A. Operating Budget Analysis for December 2003

1. Background/Present Situation

- a) The Financial Analysis for December 31, 2003, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending December 31, 2003, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

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II. GUARANTEE PROGRAM GENERAL INFORMATION

A. Guarantee Program Capacity ([Exhibit A](#))

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III. LEGAL

A. In Re: Universal Cycle

1. Background/Present Situation

a) Cases referred to the Division of Administrative Hearings:

Riverside Village Partners, Ltd. – Provincetown Village Partners, Ltd. A Joint Motion to consolidate Riverside Village and Provincetown Village cases was filed on September 5, 2003. The Motion was granted, and the hearing on the consolidated cases was held on November 2, 2003. The parties are awaiting a copy of the transcript of the hearing. Proposed Recommended Orders were filed by the parties on December 29, 2003. The parties await a Recommended Order from the Division of Administrative Hearings.

b) Ranking Disputes

Pinnacle Oakes files a Petition for Formal Hearing. After review Florida Housing determined that no dispute of material fact exists. The case will be scheduled for an Informal Hearing.

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B. Ybor III, Ltd. v. Florida Housing Finance Corporation

Developer: Citizens Housing Development Co. – Tom McMullen

1. Background

- a) On November 29, 2001, Petitioner, Ybor III, Ltd. (“Ybor”) filed a Notice of Administrative Appeal with the First District Court of Appeal. Ybor appealed Florida Housing’s dismissal of its petition challenging the scoring of a competitor’s application in the 2001 Combined Cycle. The Court, in its opinion issued on April 23, 2003, found that Ybor had standing to seek an administrative hearing and that Fla. Admin. Code R. 67-48.005 (2001) did not provide a point of entry into the administrative hearing process. (Rule 67-48.005 Fla. Admin. Code, as amended in 2002, provides a point of entry for applicant’s to challenge the scoring of another application.) The Court remanded the case with directions for Florida Housing to forward Ybor’s petition to the Division of Administrative Hearings for a formal hearing.
- b) The case was forwarded to the Division of Administrative Hearings for a formal hearing on May 27, 2003. Petitioner’s attorney filed a Motion for Leave to Withdraw as Counsel on June 20, 2003, which was granted on July 1, 2003. Petitioner filed two Motions for Continuance which were both granted. Petitioner filed an Unopposed Emergency Motion for Continuance on November 14, 2003. The Motion was granted and the hearing was held on January 30, 2004. The parties requested a transcript of the hearing, and await filing of same.

2. Present Situation

Proposed Recommended Orders will be due ten days after the hearing transcript is filed.

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C. Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals.

1. Background

- a) On December 30, 1997, Aloma Bend, Inc. (“Aloma”) closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation (“DOT”) filed a Petition in eminent domain to condemn a portion of Aloma’s property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court (“Condemnation Proceeds”).
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.
- f) On April 24, 2003, Florida Housing filed a Complaint in the Circuit Court of Leon County, Florida, requesting that the court enter an Order enforcing the Guaranty and entering a judgment against Aloma and related parties. A copy of the Complaint was attached to the June 20, 2003 informational package as Exhibit A.

2. Present Situation

On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing’s Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano’s motion to dismiss for failure to join an indispensable party was denied on August 14, 2003. Defendant, Christopher T. Spano was served via alternative service through the Secretary of State, and did not file a proper answer within the allotted time. A motion for default on other defendants will also be heard in the near future, but the date has not yet been set. Florida Housing will continue to monitor the litigation.

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D. Fifth Avenue Estates, Ltd. (“Fifth Avenue”) – Petition for Rule Waiver

1. Background

- a) On February 3, 2002, Fifth Avenue filed a Petition for Rule Waiver, seeking a waiver of Rule 67-48.004(14)(k), Fla. Admin. Code, which prohibits an applicant from making any change of the total set-aside commitment of Item III, Section E, Subsection 3, of the 2002 Universal Cycle Application.
- b) On June 20, 2003, the Board denied the Petition.
- c) On June 25, 2003, Fifth Avenue filed its Notice of Appeal, and filed its Initial brief on August 13, 2003; Florida Housing filed a Motion to Strike Appellant’s Initial Brief for relying on matters outside the Record of the case and for failure to cite citations from the Record. The Motion to Strike was granted on September 15, 2003. Fifth Avenue’s Amended Initial Brief was filed on September 17, 2003. Florida Housing’s Reply Brief was filed on October 13, 2003. Fifth Avenue’s Reply Brief was filed on November 5, 2003. Florida Housing’s Amended Reply Brief (correcting an omission in its Table of Contents) was filed on November 19, 2003.

2. Present Situation

Petitioner’s request for oral argument has not been addressed by the Court.

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Informational

E. Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals.

1. Background

- a) On December 30, 1997, Aloma Bend, Inc. (“Aloma”) closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation (“DOT”) filed a Petition in eminent domain to condemn a portion of Aloma’s property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court (“Condemnation Proceeds”).
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.
- f) On April 24, 2003, Florida Housing filed a Complaint in the Circuit Court of Leon County, Florida, requesting that the court enter an Order enforcing the Guaranty and entering a judgment against Aloma and related parties. A copy of the Complaint was attached to the June 20, 2003 informational package as Exhibit A.

2. Present Situation

On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing’s Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano’s motion to dismiss for failure to join an indispensable party was denied on August 14, 2003. Defendant, Christopher T. Spano was served via alternative service through the Secretary of State, and did not file a proper answer within the allotted time. A motion for default on other defendants will also be heard in the near future, but the date has not yet been set. Florida Housing will continue to monitor the litigation.

SINGLE FAMILY BONDS

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IV. SINGLE FAMILY BONDS

A. 2003 Series 5 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On September 12, 2003, the Board authorized issuance of the 2003 Series 5 Bonds. The origination period began on October 27, 2003.
- b) Lendable proceeds totaling \$45,745,051 are currently offered at an interest rate of 5.68%.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities
 - (2) \$2,000,000 for purchases in Urban Infill and Targeted Areas
 - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
 - (4) \$1,000,000 for Disabled Homebuyers
- d) As of February 9, 2004, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	45,745,051	34,324,678	369	11,420,373	75%
Front Porch and HOPE VI	1,000,000	228,830	2	776,170	22.9%
Urban Infill	2,000,000	1,966,392	23	33,608	98.3%
USDA Self Help	1,000,000	912,531	13	87,469	91.3%
Disabled Homebuyers	1,000,000	373,220	6	626,780	37.3%
HAP D/P	Pooled	2,215,977	224	Pooled	N/A
HOME Loans	Pooled	1,847,134	125	Pooled	N/A
HAMI Loans	Pooled	10,000	2	Pooled	N/A

SINGLE FAMILY BONDS

Informational

B. 2003 Series 1-4 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On May 2, 2003, the Board authorized issuance of the 2003 Series 1, 2, 3 and 4 Bonds. The origination period began on June 25, 2003.
- b) Lendable proceeds totaling \$46,032,499 are currently offered at an interest rate of 5.10%.
- c) **Additionally, funding was set-aside for special targeting at an interest rate of 4.50% as follows:**
 - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities
 - (2) \$3,000,000 for purchases in Urban Infill and Targeted Areas
 - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program.
- d) On September 15, 2003, Staff authorized Leader Mortgage to combine the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help and Urban Infill).
- e) Staff negotiated with the participant in the Builder program to relinquish unused allocation that could be better utilized in the Spot Pool. As a result, \$2,765,000 was reallocated from the Builder Pool to the Spot Pool.
- f) As of February 9, 2004, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	44,996,003	42,536,415	467	2,871,043	94.5%
Builder	1,036,496	1,036,496	9	0	0%
Urban Infill, RD Self Help HOPE VI /Front Porch	5,000,000	4,886,382	66	113,618	97.7%
HAP D/P	Pooled	2,657,734	275	Pooled	N/A
HOME Loans	Pooled	2,733,219	183	Pooled	N/A

SINGLE FAMILY BONDS

Informational

C. 2002 Series 1-3 Single-Family Mortgage Revenue Bond Program, Extended

1. Background/Present Situation

- a) On April 26, 2002, the Board authorized issuance of the 2002 Series 1, 2, and 3 Bonds. The origination period began on November 8, 2002.
- b) On January 8, 2004, Staff authorized the extension of the origination period for one year from the expiration of the initial origination period. Simultaneously, the rate was reduced to 5.68% to reflect the rate of the 2003 Series 5 Bonds
- c) Lendable proceeds totaling \$45,620,806 are currently offered at an interest rate of 5.68%.
- d) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$1,520,677 for purchases in HOPE VI and Front Porch Communities
 - (2) \$3,041,355 for purchases in Urban Infill and Targeted Areas
 - (3) \$506,411 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
- e) Effective April 1, 2003, the Board authorized the combination of the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help and Urban Infill).
- f) Staff negotiated with three participants in the Builder program to relinquish unused allocation that could be better utilized in the Spot Pool. As a result, \$5,289,581 was reallocated from the Builder Pool to the Spot Pool.
- g) As of January 5, 2004, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		Amount Available	% Used
		Amount	Number		
Spot Pool	39,218,100	38,887,400	468	330,700	99.2%
Builder	7,619,741	7,619,741	86	0	100%
Urban Infill, RD Self Help HOPE VI /Front Porch	5,008,248	5,008,248	79	0	100%
HAP D/P	Pooled	3,783,470	383	Pooled	N/A
HOME Loans	Pooled	3,295,350	221	Pooled	N/A

SINGLE FAMILY BONDS

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D. Marketing and Outreach

1. Background/Present Situation

- a) The effective use of marketing and media campaigns has been vital to the success of homeownership programs and equally instrumental in establishing meaningful partnerships with lenders, realtors, and builders throughout the state. In an effort to garner more participation and support of our homeownership programs, we recently offered three Realtor Trainings, with the Northeast Florida Association of Realtors, the Alachua County Association of Realtors, and the Flagler County Board of Realtors, on “Affordable Housing Solutions” in which Realtors received 3 Continuing Education Credits. We also recently developed a question and answer guide for First-Time Homebuyers which enables potential homebuyers to gain insight on the necessary steps in obtaining their own home.

E. Loan Information/Summary Reports (See Exhibits [A](#), [B](#) and [C](#))

SHIP PROGRAM

Informational

V. SHIP PROGRAM

A. Local Housing Assistance Plans

1. Background

To receive SHIP funds, a local government must submit a Local Housing Assistance Plan for approval by the Corporation's SHIP Review Committee. These plans have a minimum effective date of one (1) state fiscal year and a maximum of three (3) state fiscal years. A local government may amend its plan to add or delete strategies consistent with SHIP Program requirements.

2. Present Situation

By May 2, 2004, fifty-nine (59) local governments are required to submit new Local Housing Assistance Plans to maintain eligibility to receive SHIP funds.

SHIP PROGRAM

Informational

B. Local Housing Assistance Program Annual Reports

1. Background

Annually, by September 15, a county or eligible municipality participating in the SHIP Program must submit a report of its local affordable housing program accomplishments and its funding expenditure and leveraging using forms provided by the Corporation pursuant to Section 420.9075(9), Florida Statutes. The annual reports document the local government's compliance with the Florida Statutes and SHIP program requirements and must be timely and correctly filed as a condition of receiving funds.

2. Present Situation

- a) The reports were due to the Corporation by September 15, 2003 to cover activities and expenditures for state fiscal years 2000-2001 (close out reports as of 6/30/03), fiscal year 2001-2002, and fiscal year 2002-2003 (interim reports as of 06/30/03).
- b) One (1) local government, Marion County, has an expenditure extension for fiscal year 1999-2000 funds.
- c) Four (4) local governments, City of Cocoa, City of Pembroke Pines, Flagler County, and Marion County, have an expenditure extension for fiscal year 2000-2001 funds.

SHIP PROGRAM

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C. Financial Status

1. Background

- a) Created in 1992 by the William E. Sadowski Affordable Housing Act, SHIP is funded with proceeds of the documentary stamp tax on recorded deeds deposited into the Local Government Housing Trust Fund.
- b) The state fiscal year 2003-2004 total appropriation available for the SHIP Program is \$130,886,000.00 with an anticipated set-aside of \$5,000,000.00 for disaster relief and \$129,499.00 for the Housing Data Clearing House. The current available funding is \$125,756,501.00.

2. Present Situation

- a) Total SHIP disbursements to the local governments for fiscal year 2003-2004 to date is \$125,756,501.00.
- b) Total SHIP allocation due to the local governments for fiscal year 2003-2004 is zero.
- c) Total SHIP disaster relief funding available to the local governments for fiscal year 2003-2004 is \$5,000,000.00. These funds will be distributed to eligible jurisdictions prior to June 30, 2004.

UNIVERSAL CYCLE

Informational

VI. UNIVERSAL CYCLE

A. 2004 Universal Cycle

1. Background

As authorized by the Board at its January 23, 2004 meeting and subsequently approved by the Chair, Notices of Change (NOCs) for Rule Chapters 67-21 and 67-48, F.A.C., were filed with the Florida Administrative Weekly on January 28, 2004 and published on February 6, 2004. Copies of the NOCs are provided as Exhibits [A](#) and [B](#). The NOCs were also filed with the Joint Administrative Procedures Committee for its review.

2. Present Situation

It is anticipated that the rules will be filed for adoption on March 1, 2004, with an effective date of March 21, 2004, and that the application cycle will open on March 1, 2004 and close on March 31, 2004. Application workshops have been scheduled for March 8 and 9, 2004, in Tallahassee.