

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 10, 2004
Consent Items



HOMEOWNERSHIP LOAN PROGRAM

Consent

I. HOMEOWNERSHIP LOAN PROGRAM

A. Request for Change of Use of Funds for Abidjan Estates/HH03-017

Applicant Name (“Applicant”):	We Help Community Development Corporation
Development Name (“Development”):	Abidjan Estates
Developer/Principal (“Developer”):	We Help Community Development Corporation/Dr. D. M. Walker
Number of Units: 76	Location: Palm Beach County
Type: HOME Construction Loan	Allocated Amount: \$2,000,000

1. Background

- a) At its January 23, 2004 meeting, the Board approved the final rankings for Round Two of the 2003 Homeownership Loan Program Cycle.
- b) On February 2, 2004, Florida Housing issued an invitation into credit underwriting and a preliminary funding allocation in the amount of \$2,000,000 for HOME Construction funds to construct 76 homes in Palm Beach County.

2. Present Situation

- a) On August 3, 2004, the Developer requested a change in the use of the funds from Construction to Purchase Assistance. The letter is attached as [Exhibit A](#).
- b) The underwriter has reviewed the Application and has determined that the Developer does not require HOME funds for construction purposes.

3. Recommendation

Staff recommends that the Board approve the change of use of funds from Construction to Purchase Assistance.

HOMEOWNERSHIP LOAN PROGRAM

Consent

B. Authorize Staff to De-obligate HOME Funds for Orange Blossom Hills Scattered Sites/HH03-030

Applicant Name (“Applicant”):	Florida Low Income Housing Associates, Inc.
Development Name (“Development”):	Orange Blossom Hills Scattered Sites
Developer/Principal (“Developer”):	Florida Low Income Housing Associates, Inc./Patricia Kenney
Number of Units: 30	Location: Marion County
Type: HOME Purchase Assistance Loan	Allocated Amount: \$738,750

1. Background

- a) The Applicant submitted an application for the 2003-2004 Homeownership Loan Program Supplemental Cycle.
- b) The Application scored within the funding range and was invited into credit underwriting on August 2, 2004.

2. Present Situation

Staff received a letter from the Developer on August 16, 2004 advising Florida Housing of their decision to withdraw this proposed Development from the process because all of the lots in the Orange Blossom Hills subdivision had been purchased by other investors and builders. The Developer explained that the area in which the Development was to be built became very attractive to investors. The investors recognized that this area was appreciating in value and had the potential for a greater level of return for them in the future. However, the cost for the lots dramatically increased and the Developer could not support the cost. The letter is attached as [Exhibit B](#).

3. Recommendation

Staff recommends that \$738,750 in HOME funds for the Orange Blossom Hills Scattered Sites Development be de-obligated and made available for future use with the HOME Program.

HOMEOWNERSHIP LOAN PROGRAM

Consent

C. Authorize Staff to De-obligate HOME Funds for Golden Gate Estates/HH03-036

Applicant Name (“Applicant”):	American Dream Builders, Inc.
Development Name (“Development”):	Golden Gate Estates
Developer/Principal (“Developer”):	American Dream Builders, Inc./Ed Hanf
Number of Units: 5	Location: Collier County
Type: HOME Purchase Assistance Loan	Allocated Amount: \$246,625

1. Background

- a) The Applicant submitted an application for the 2003-2004 Homeownership Loan Program Supplemental Cycle.
- b) The Application scored within the funding range and was invited into credit underwriting on August 2, 2004.

2. Present Situation

On August 18, 2004, the Developer advised Florida Housing of their decision to withdraw this proposed Development due to the escalated sales prices of the lots. The letter is attached as [Exhibit C](#).

3. Recommendation

Staff recommends that \$246,625 in HOME funds for the Golden Gate Estates Development be de-obligated and made available for future use with the HOME Program.

HOMEOWNERSHIP LOAN PROGRAM

Consent

D. Authorize Staff to De-obligate HOME Funds for City of North Port/HH03-037

Applicant Name (“Applicant”):	American Dream Builders, Inc.
Development Name (“Development”):	City of North Port
Developer/Principal (“Developer”):	American Dream Builders, Inc./Ed Hanf
Number of Units: 11	Location: Sarasota County
Type: HOME Purchase Assistance Loan	Allocated Amount: \$454,200

1. **Background**

- a) The Applicant submitted an application for the 2003-2004 Homeownership Loan Program Supplemental Cycle.
- b) The Application scored within the funding range and was invited into credit underwriting on August 2, 2004.

2. **Present Situation**

On August 18, 2004, the Developer advised Florida Housing of their decision to withdraw this proposed Development due to the escalated sales prices of the lots. The letter is attached as [Exhibit D](#).

3. **Recommendation**

Staff recommends that \$454,200 in HOME funds for the City of North Port Development be de-obligated and made available for future use with the HOME Program.

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II. LEGAL

A. In Re: St. John's County Scattered Sites Development

Development Name: ("Development"):	St. John's County Scattered Sites
Developer/Principal: ("Petitioner"):	The Housing League, Inc.
Number of Units: 40	Location: St. John's County
Type: Purchase Assistance	Set Aside: n/a
Demographics: n/a	Allocated Amount: \$1,000,000
MMRB: n/a	Housing Credits: n/a

1. Background

- a) During the 2003 Homeownership Loan Program, Round Two, Florida Housing awarded an allocation of \$1 million to the Development.
- b) On August 11, 2004, Florida Housing received a Waiver of Rule 67-50.005(6), F.A.C. ("Petition"), from the Petitioner. On August 20, 2004, Petitioner submitted an Amended Petition for Waiver of Rule 67-50.005(8), F.A.C. A copy of the Petition is attached as [Exhibit A](#).
- c) Rule 67-50.005(8), F.A.C., Florida Administrative Code, states in pertinent part:

"Application Package" or "HOMEOWN-0530 (Rev. 4/03)" means the forms and instructions obtained from the Corporation, at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329 and available on the Corporation's website at www.floridahousing.org, which shall be completed and submitted to the Corporation in order to apply for either HAP or HOME funds, which is adopted and incorporated herein by reference and effective on the date of the latest amendment to this rule chapter.
- d) Exhibit 21, Verification of Availability of Infrastructure for Roads, states in pertinent part:

Existing paved roads provide access to the proposed Development or paved roads will be constructed as part of the proposed Development.
- e) On August 20, 2004, the Notice of Petition was published in the Florida Administrative Weekly.
- f) To date, Florida Housing has not received any comments concerning the Petition.

2. Present Situation

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

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of a rule would create a substantial hardship or would violate principles of fairness.

3. Recommendation

Staff recommends the Board grant Petitioner's request for a waiver of Rule 67-50.005(6), Florida Administrative Code. As to the requirement that all roads be paved, Petitioner demonstrated that there are rural areas where the roads are owned and maintained by local governments but are not paved and these rural areas are still acceptable to the U.S. Department of Housing and Urban Development, the Veterans Administration, and U.S. Department of Agriculture-Rural Development to provide financial assistance for those homeowners who live in these rural areas. Petitioner would suffer substantial hardship, as it is a not for profit and would suffer severe financial consequences if it is unable to proceed with the development of the Leon South HOME project. The grant of the waiver would serve the underlying purpose of the statute as Petitioner would be able to complete the construction and purchase of thirty new homes, made available to low income home buyers.

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B. In Re: North Okaloosa Scattered Sites – Phase I

Development Name: (“Development”):	North Okaloosa Scattered Sites- Phase I
Developer/Principal: (“Developer”):	Okaloosa Community Development Corporation
Number of Units: 66	Location: Okaloosa County
Type: Purchase Assistance	Set Aside: n/a
Demographics: n/a	Allocated Amount: \$1,948,961
MMRB: n/a	Housing Credits: n/a

1. Background

- a) During the 2003 Homeownership Loan Program Supplemental Cycle, Florida Housing awarded an allocation of \$1,948,961 to North Okaloosa Scattered Sites-Phase I.
- b) On August 9, 2004, Florida Housing received a Waiver of Rule 67-50.005(6), F.A.C. (“Petition”), from Okaloosa Community Development Corporation. (“Petitioner”) A copy of the Petition is attached as [Exhibit B](#). On August 23, 2004, Florida Housing received from Petitioner a notice of a partial withdrawal of its Waiver of Rule 67-50.005(6), F.A.C. A copy of this notice is attached as [Exhibit C](#).
- c) Rule 67-50.005(6), F.A.C., Florida Administrative Code, states in pertinent part:

“Application” means the completed forms from the Application Package together with all exhibits submitted to the Corporation in order to apply for either HAP or HOME Loan funds, in accordance with this rule chapter and the Application Package instructions, which is adopted and incorporated herein by reference.
- d) Exhibit 21, Verification of Availability of Infrastructure for Roads, states in pertinent part:

Existing paved roads provide access to the proposed Development or paved roads will be constructed as part of the proposed Development.
- e) Petitioner requests a waiver of the requirement that all roads within the North Okaloosa Scattered Sites Phase I Application be paved.
- f) On August 20, 2004, the Notice of Petition was published in the Florida Administrative Weekly.
- g) To date, Florida Housing has not received any comments concerning the Petition.

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2. Present Situation

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.

3. Recommendation

Staff recommends the Board grant Petitioner's request for a waiver of Rule 67-50.005(6), Florida Administrative Code. Petitioner demonstrated that there are rural areas where the roads are owned and maintained by local governments but are not paved and these rural areas are still acceptable to the U.S. Department of Housing and Urban Development, the Veterans Administration, and U.S. Department of Agriculture-Rural Development to provide financial assistance for those homeowners who live in these rural areas. Petitioner would suffer substantial hardship, as it is a not for profit and would suffer severe financial consequences if it is unable to proceed with the development of the Leon South HOME project. The grant of the waiver would serve the underlying purpose of the statute as Petitioner would be able to complete the construction and purchase of thirty new homes, made available to low income home buyers.

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C. In Re: Florida Low Income Housing Associates, Inc.

Development Name: (“Development”):	Nature Walk
Developer/Principal: (“Developer”):	Florida Low Income Housing Associates, Inc
Number of Units: 50	Location: Citrus County
Type: Duplexes	Set Aside: n/a
Demographics: family	Allocated Amount: n/a
MMRB: n/a	Housing Credits: n/a

1. Background

- a) On March 31, 2004, Applicants submitted applications to Florida Housing for the award of SAIL, MMRB or HOME funds and/or an allocation of Housing Credits in the 2004 Universal Cycle program.
- b) On April 29, 2004, Florida Housing notified all applicants of its 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 or about July 31, 2004, petitioner filed a petition challenging Florida Housing’s scoring decisions.

2. Present Situation

On August 20, 2004, petitioner filed a Notice of Voluntary Dismissal.

3. Recommendation

Staff recommends the Board issue an Order closing file.

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Consent

D. In Re: New Miami City View, LLC

Development Name: (“Development”):	City View Towers
Developer/Principal: (“Developer”):	New Miami City View, LLC
Number of Units:	Location: Miami-Dade County
Type:	Set Aside: n/a
Demographics: family	Allocated Amount: n/a
MMRB: n/a	Housing Credits: n/a

1. Background

- a) On March 31, 2004, Applicants submitted applications to Florida Housing for the award of SAIL, MMRB or HOME funds and/or an allocation of Housing Credits in the 2004 Universal Cycle program.
- b) On April 29, 2004, Florida Housing notified all applicants of its 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 or about July 31, 2004, petitioner filed a petition challenging Florida Housing’s scoring decisions. The petition failed in a number of respects to comply with the requirements for Petitions set forth in R. 28-106.104(2) and 28-106.301(27), Fla. Admin. Code and Florida Housing filed a Motion to Dismiss the Petition on August 2, 2004.

2. Present Situation

On August 16, 2004, the Hearing Officer issued a Recommended Order dismissing the petition.

3. Recommendation

Staff recommends the Board issue an Order closing file.

MULTIFAMILY BONDS

Consent

III. MULTIFAMILY BONDS

- A. Request Approval of the Final Credit Underwriting Report for \$15,500,000 of tax-exempt bonds in order to finance the Development consisting of 312 Units, located in Orlando, Orange County, Florida

DEVELOPMENT NAME (“Development”):	Mill Creek Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Prime/Commander Drive, LLC/Whiteco Residential, LLC/White/Peterman RD, LLC/Timothy J. Connelly
NUMBER OF UNITS:	312
LOCATION (“County”):	Orange County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	85% @ 60% (MMRB) 100% @ 60% (HC)
ALLOCATED AMOUNT:	\$15,500,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: Final Credit Underwriting Report	

1. **Background**

- a) Prime/Commander Drive, LLC (“Applicant”) submitted an application (“Application”) on behalf of the proposed Development during the 2003 Supplemental Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$19,965,000 in order to construct the Development.
- b) At the December 12, 2003 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$19,965,000 for construction of the Development.

2. **Present Situation**

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any such changes.
- b) The Application indicated \$19,965,000 in tax-exempt bonds. The Applicant has revised its request to \$15,500,000 in tax-exempt bonds with credit enhancement from GMAC Commercial Mortgage Corporation/Fannie Mae in lieu of SunAmerica, Inc.
- c) The syndicator, SunAmerica Affordable Housing Partners, Inc. will be replaced by Paramount Financial Group, Inc. The new syndicator will provide Low Income Housing Tax Credits in the amount of \$10,000,000 instead of the original amount of \$5,952,670.
- d) The credit underwriter does not consider the changes in financing to be significant. They have no material impact on its’ recommendations.
- e) As underwritten, the total Development Costs of \$28,816,607 is \$1,666,299 (6.21%) higher than Applicant’s original amount of \$27,150,308. The significant changes are:

MULTIFAMILY BONDS

Consent

- (1) The construction contract (including clubhouse furniture) amount of \$19,000,000 which is \$1,483,192 (8.47%) greater than the hard construction costs of \$17,516,808 reflected in the Application.
 - (2) The credit underwriter's insertion of a \$570,000 (3.00%) Hard Cost Contingency outside of the construction contract.
 - (3) Applicant's increased Impact Fees estimate by \$149,136 (9.56%) to \$1,709,136;
 - (4) Applicant's increased Property taxes estimate by \$90,000 (180.00%) to \$140,000; and
 - (5) Applicant's increased Soft Cost Contingency by \$165,000 (122.22%) to \$300,000;
- f) These increases are somewhat offset by a reduction in construction interest and the deletion of a pre-funded debt service reserve in the amount of \$337,500. The credit enhancer requires an operating deficit reserve equal to six months debt service, however it will be funded over a ten-year period following permanent loan conversion.
- g) Applicant states that the 3.00% minority ownership interest in Whiteco Residential, LLC ("Whiteco"), Developer of Mill Creek Apartments and managing and sole member of Prime/Commander Drive, LLC ("Applicant"), reflected in the MMRB Application as RTC Investors, LLC, was sold January 2, 2004, to Dean V. White (2.875%) and John Peterman (0.125%).
- h) Richard F. Cavanaugh ("Cavanaugh") is identified in the Application as the principal of the Developer with the required affordable housing experience. The Developer is Whiteco Residential, LLC ("Whiteco"), which is also the managing and sole member of the Applicant. Cavanaugh is no longer a principal of Whiteco and Timothy J. Connelly ("Connelly") replaced him as president. Connelly has the affordable housing experience required by the Application.
- i) Applicant, Whiteco and Cavanaugh were identified in the application as guarantors, however, Connelly now replaces Cavanaugh. Due to limited liquid assets reflected in Connelly's August 4, 2004 Financial Statement, the credit underwriter recommends Letters of Credit ("LOC") be obtained from Whiteco and/or Connelly to support the following standard guarantees:
- (1) A \$950,000 LOC supporting the Construction Completion Guarantee, representing 5.00% of the construction contract; and
 - (2) A \$456,000 LOC supporting the Operating Deficit Guarantee, representing approximately six month's debt service.
- j) The Application reflected Charlan Brooks & Associates, as Architect or Engineer. The Civil Engineering Plans, however, were drawn by Kimley Horn and Associates, Inc., with the Architectural Plans and Specifications from KSNG Architects, Inc.

MULTIFAMILY BONDS

Consent

- k) A Final Credit Underwriting Report dated August 27, 2004, is attached as [Exhibit A](#).

3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 27, 2004, recommending that \$15,500,000 in bonds be issued for the purpose of constructing the Development, 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 the Refunding of the Bonds for the Development; 1998 Series N, in the amount of \$10,000,000 Tax-Exempt Bonds, consisting of 304 Units, located in Palm Bay, Brevard County, Florida**

DEVELOPMENT NAME (“Development”):	Madalyn Landing
DEVELOPER/PRINCIPAL (“Developer”):	Vestcor Fund XII, Ltd./Vestcor Partners XII, Inc./John D. Rood/Related Companies
NUMBER OF UNITS:	304
LOCATION (“County”):	Brevard
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	50% @ 60% (MMRB) 100% @ 60% (HC)
ALLOCATED AMOUNT:	\$14,000,000 Tax-Exempt Bonds
ADDITIONAL COMMENTS:	Refunding

1. Background

In 1998, Florida Housing financed the construction of the Development with \$14,000,000 in tax-exempt bonds, designated as 1998 Series N.

2. Present Situation

- a) Florida Housing received a letter from The Vestcor Companies (“Vestcor”) dated August 4, 2004, requesting initiation of the process to refund approximately \$10,000,000 of the outstanding bonds ([Exhibit B](#)). The bonds are not currently credit enhanced, however, the proposed new structure is anticipated to be a variable rate demand bond for a term of 30 years, credit enhanced by Fannie Mae.
- b) A Final Credit Underwriting Report dated August 27, 2004, is attached as [Exhibit C](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 27, 2004 recommending that \$10,000,000 in bonds be refunded, 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 of the appointment of a Successor Trustee for the Development; 2002 Series R in the amount of \$8,070,000 in Tax-Exempt Bonds and \$2,970,000 in Taxable Bonds, consisting of 259 units, located in Vero Beach, Indian River County, Florida**

DEVELOPMENT NAME (“Development”):	Palms at Vero Beach Apartments
DEVELOPER/PRINCIPAL (“Developer”):	The Palms at Vero Beach, L.P./MUDCO 4, Inc./AIG SunAmerica
NUMBER OF UNITS:	259
LOCATION (“County”):	Indian River County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	80% @ 60% MMRB, 100% @ 60% HC
ALLOCATED AMOUNT:	\$8,070,000 Tax-Exempt Bonds and \$2,970,000 Taxable Bonds
ADDITIONAL COMMENTS: Appointment of Successor Trustee	

1. **Background**

- a) In 2002, Florida Housing financed the construction of the Development with \$8,070,000 in Tax-Exempt Bonds and \$2,970,000 in Taxable Bonds designated as 2002 Series R.
- b) In 2003, Florida Housing approved the transfer of ownership of the Development to the current owner MUDCO 4, Inc.

2. **Present Situation**

The Credit Enhancer, Ambac Assurance Corporation, in a letter dated August 18, 2004 ([Exhibit D](#)), has given notice of its intent to remove Wells Fargo as Trustee. This notice is in accordance with Section 9.7 of the Trust Indenture. In this same letter, Ambac has acknowledged that it consents to the appointment of U.S. Bank, National Association, an approved Trustee for Florida Housing Finance Corporation, as Successor Trustee in accordance with Section 9.8 of the Trust Indenture.

3. **Recommendation**

That the Board approve the appointment of U.S. Bank as Successor Trustee subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- D. **Request Approval to amend the Trust Indenture for the Development; 2003 Series B in the amount of \$8,000,000 in Tax-Exempt Bonds and \$2,100,000 Taxable Bonds, consisting of 192 Units, located in Jensen Beach, Martin County, Florida**

DEVELOPMENT NAME (“Development”):	Stuart Pointe Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Regency Investment Associates, Inc./ CED Stuart Pointe, LLC
NUMBER OF UNITS:	192
LOCATION (County):	Jensen Beach, Martin County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	50% @ 60% MMRB 100% @ 60% HC
ALLOCATED AMOUNT:	\$8,000,000 of Tax-Exempt Bonds \$2,100,000 of Taxable Bonds
ADDITIONAL COMMENTS: Amendment to Trust Indenture	

1. **Background**

In 2003, Florida Housing financed the construction of the Development with \$8,000,000 in Tax-Exempt Bonds, designated as 2003 Series B-1 and \$2,100,000 in Taxable Bonds, designated as 2003 Series B-2.

2. **Present Situation**

- a) On August 19, 2004, the owner requested an amendment to the trust indenture ([Exhibit E](#)) to modify the commencement date of the replacement reserve payments for the Development. Although construction is complete, there were issues regarding an agreement with local residents that delayed the issuance of certificates of occupancy which in turn delayed the ability to lease units on a timely basis.
- b) One half of the required replacement reserves have been pre-funded at bond closing.
- c) The Owner is requesting that replacement reserves commence upon 90% occupancy.
- d) The Credit Underwriter has reviewed the request to amend the Trust Indenture and recommends ([Exhibit F](#)) approval.

3. **Recommendation**

That the Board approve the amendment to the Trust Indenture for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- E. **Request approval of the Transfer of Member Interest of Kings Mandarin Realty, LLC, the General Partner (“GP”) of Kings Mandarin Associates, LP (“Owner”) for the Development; 2002 Series J in the amount of \$19,370,000 in Tax-Exempt Bonds and \$4,430,000 in Taxable Bonds and 2004 Series B in the amount of \$2,400,000 Taxable Bonds, consisting of 520 units, located in Jacksonville, Duval County, Florida**

DEVELOPMENT NAME (“Development”):	Victoria Park Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Kings Mandarin Associates, LP/IMT Acquisition, LLC/John Tesoriero/Bryan Scher/Cory Thabit
NUMBER OF UNITS:	520
LOCATION (“County”):	Duval
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	30% @ 80%, 70% @ 150% (MMRB)
ALLOCATED AMOUNT:	\$19,370,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: Transfer of GP Interest	

1. **Background**

- a) In 1983 and 1984, Florida Housing financed the construction of the Development with \$8,825,000, \$5,125,000, and \$5,420,000, respectively, in tax-exempt bonds, designated as 1983 Series A, D, and 1984 Series B, respectively.
- b) In 1988, Florida Housing approved the refunding of the bonds for the Development with \$8,825,000, \$5,125,000, and \$5,420,000 in tax-exempt bonds respectively, designated as 1988 Series A, E, and F respectively.
- c) In 2002, Florida Housing approved the refunding of the bonds for the Development, with \$19,400,000, in tax-exempt bonds, designated as 2002 Series J. The bonds were refunded with the option for additional taxable bonds to be issued at a later date.
- d) In 2004, Florida Housing approved the funding of an additional \$2,400,000 in taxable bonds for the Development designated as 2004 Series B.

2. **Present Situation**

- a) IMT Acquisition, LLC (“Purchaser”), through its counsel James Giel, in a letter dated June 11, 2004 ([Exhibit G](#)), requested approval of a transfer of member interest of the GP to the Purchaser.
- b) A Final Credit Underwriting Report dated August 27, 2004, ([Exhibit H](#)) recommends that Florida Housing allow the transfer of GP member interest.

3. **Recommendation**

That the Board approve the transfer of GP member interest for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- F. **Request approval of the Transfer of Member Interest of Kings Waterford Realty, LLC, the General Partner (“GP”) of Kings Waterford Apartments, LLC (“Owner”) for the Development; 1985 Series B in the amount of \$7,600,000 in Tax-Exempt Bonds, consisting of 200 units, located in Orlando, Orange County, Florida**

DEVELOPMENT NAME (“Development”):	Waterford at Regency
DEVELOPER/PRINCIPAL (“Developer”):	Kings Waterford Apartments, LLC/IMT Acquisition, LLC/John Tesoriero/Bryan Scher/Cory Thabit
NUMBER OF UNITS:	159
LOCATION (“County”):	Duval
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	20% @ 80%, 80% @ 150%
ALLOCATED AMOUNT:	\$7,600,000 Tax-Exempt Bonds
ADDITIONAL COMMENTS: Transfer of Ownership of GP Interest	

1. **Background**

- a) In 1985, Florida Housing financed the construction of the Development with \$7,600,000 in tax-exempt bonds designated as 1985 Series B.
- b) At the August, 2003 Board Meeting, Florida Housing approved the transfer of ownership of the Development to the Owner. This transaction occurred September 2, 2003.

2. **Present Situation**

- a) IMT Acquisition, LLC, (“Purchaser”) through its counsel James Giel, in a letter dated June 11, 2004 ([Exhibit I](#)), requested approval of a transfer of member interest of the GP to the Purchaser.
- b) A Final Credit Underwriting Report dated August 27, 2004, ([Exhibit J](#)) recommends that Florida Housing allow the transfer of GP member interest.

3. **Recommendation**

That the Board approve the transfer of GP member interest for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- G. Request approval of the Transfer of Member Interest of Kings Wood Forest Realty, LLC, the General Partner (“GP”) of Kings Wood Forest Apartments, LLC (“Owner”) for the Development; 1983 Series I in the amount of \$6,240,000 in Tax-Exempt Bonds, consisting of 144 units, located in Daytona Beach, Volusia County, Florida

DEVELOPMENT NAME (“Development”):	Wood Forest Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Kings Wood Forest Apartments, LLC/IMTAcquisitions, LLC/John Tesoriero/Bryan Scher/Cory Thabit
NUMBER OF UNITS:	144
LOCATION (“County”):	Volusia
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	(20% @ 80%), (80% @ 150%)
ALLOCATED AMOUNT:	\$5,995,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS:	Transfer of Ownership of GP Interest

1. **Background**

- a) In 1983, Florida Housing financed the construction of the Development with \$6,240,000 in tax-exempt bonds, designated as 1983 Series I.
- b) At the October, 2003 Board Meeting, Florida Housing approved the transfer of ownership of the Development to the Owner. This transaction occurred November 3, 2003.

2. **Present Situation**

- a) IMT Acquisition, LLC (“Purchaser”), through its counsel James Giel, in a letter dated June 11, 2004 ([Exhibit K](#)), requested approval of a transfer of member interest of the GP to the Purchaser.
- b) A Final Credit Underwriting Report dated August 27, 2004, ([Exhibit L](#)) recommends that Florida Housing allow the transfer of GP member interest.

3. **Recommendation**

That the Board approve the transfer of GP member interest for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- H. Request approval of the Transfer of Member Interest of Kings Lakeside Realty, LLC, the General Partner (“GP”) of Kings Lakeside Apartments, LLC (“Owner”) for the Development; 1985 Series B in the amount of \$7,600,000 in Tax-Exempt Bonds, consisting of 200 units, located in Orlando, Orange County, Florida

DEVELOPMENT NAME (“Development”):	Lakeside South
DEVELOPER/PRINCIPAL (“Developer”):	Kings Lakeside Apartments, LLC/IMT Acquisition, LLC/John Tesoriero/Bryan Scher/Cory Thabit
NUMBER OF UNITS:	200
LOCATION (“County”):	Orange
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	20% @ 80%, 80% @ 150%
ALLOCATED AMOUNT:	\$7,600,000 Tax-Exempt Bonds
ADDITIONAL COMMENTS: Transfer of Ownership of GP Interest	

1. **Background**

- a) In 1985, Florida Housing financed the construction of the Development with \$7,600,000 in tax-exempt bonds designated as 1985 Series B.
- b) At the August, 2003 Board Meeting, Florida Housing approved the transfer of ownership of the Development to the Owner. This transaction occurred October 31, 2003.

2. **Present Situation**

- a) IMT Acquisition, LLC (“Purchaser”), through its counsel James Giel, in a letter dated June 11, 2004 ([Exhibit M](#)), requested approval of a transfer of member interest of the GP to the Purchaser.
- b) A Final Credit Underwriting Report dated August 27, 2004, ([Exhibit N](#)) recommends that Florida Housing allow the transfer of GP member interest.

3. **Recommendation**

That the Board approve the transfer of GP member interest for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

I. Assignment of Bond Underwriters and Structuring Agents

1. Background

- a) Pursuant to staff's request for approval to issue bonds to finance the construction of the proposed Development referenced below, a Final Credit Underwriting Report is being presented to the Board for approval simultaneously with this request to assign the appropriate professionals to this transaction. A brief description of the Development is detailed below along with the Staff's recommendation for the assignments.
- b) Additionally, the Florida Housing's Senior Financial Advisor has prepared a method of bond sale letter. Staff has reviewed this method of sale letter and Board approval is requested at the current meeting.

2. Present Situation

- a) The Credit Underwriter, the Senior Financial Advisor and Florida Housing Staff have reviewed the financing structures for the proposed Development.
- b) The Senior Financial Advisor's recommendation for the method of bond sale is being presented to the Board at the current meeting during the Multifamily Bond Program Update of items on the agenda.

3. Recommendation

That the Board approve the assignments of the recommended professionals as shown in the chart for the proposed Development.

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
Mill Creek	Orange	312	Negotiated	RBC Dain Rauscher, Inc.

MULTIFAMILY BONDS

Consent

J. Request Approval of the Method of Sale Recommendation from Florida Housing's Senior Financial Advisor

1. Background/Present Situation

- a) The Credit Underwriter has provided a Final Credit Underwriting Report for the proposed Development below. Florida Housing seeks Board approval pursuant to the recommendation of the Credit Underwriter and the appropriate Florida Housing staff.
- b) Pursuant to Rule 67-21.0045, F.A.C., Staff has requested a review of the proposed bond structure by the Senior Financial Advisor in order to make recommendations to the Board for the method of bond sale.
- c) CSG Advisors has prepared an analysis and recommendation for the method of bond sale for the Development. The recommendation letter is attached as [Exhibit O](#).

Development Name	Location of Development	Number of Units	Method of Bond Sale
Mill Creek	Orange	312	Negotiated

2. Recommendation

That the Board approve the recommendation of the Senior Financial Advisor for the method of bond sale for the above Development.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

IV. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Revised Credit Underwriting Report for Brookside Apartments, Cycle XV, (2003-149S)

Development Name: Brookside Apartments (“Development”)	Location: Alachua County
Developer/Principal: Sandspur Housing Partners, Ltd. (“Developer”)	Set-Aside: 17% @ 50% AMI and 83% @ 60% AMI
Number of Units: 176	Allocated Amount: \$1,500,000
Type: Garden Style Buildings	Total Housing Credit Equity: \$4,146,336
Demographics: Family	MMRB: \$8,425,000 Local

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 176-unit family development in Alachua County.
- c) On July 30, 2004, Board approved a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000.
- d) On August 27, 2004, staff received a credit underwriting report with a revised Exhibit B of the report ([Exhibit A](#)).

2. Recommendation

Approve the final revised credit underwriting report and direct staff to proceed with loan closing activities.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

B. Request Approval of Additional Subordinate Financing for Saxon Trace Apartments, Cycle XV, (2003-153S)

Development Name: Saxon Trace Apartments (“Development”)	Location: Volusia County
Developer/Principal: Sandspur Housing Partners, Ltd. (“Developer”)	Set-Aside: 17% @ 50% AMI and 83% @ 60% AMI
Number of Units: 192	Allocated Amount: \$1,500,000
Type: Garden Style	Total Housing Credit Equity: \$4,327,744
Demographics: Family	MMRB: \$9,500,000 (Local)

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On June 6, 2004 the Board approved a credit underwriting report recommending a loan in the amount of \$1,500,000 and a commitment letter was issued to the Borrower with a closing deadline of September 9, 2004.
- c) On August 5, 2004, staff received a letter from the Developer requesting additional subordinate financing from Volusia County in the amount of \$300,000 ([Exhibit B](#)).
- d) On August 26, 2004, staff received an updated review from the credit underwriter with a positive recommendation for a subordinate loan in the amount of \$300,000 ([Exhibit C](#)). The subordinate financing will be in the form of a two percent interest loan, with interest only payments until maturity and a term of up to 32 years which is co-terminus with the first mortgage lender. The underwriter has confirmed that the additional subordinate debt will not adversely affect the repayment of the SAIL loan.

2. Recommendation

Approve the additional subordinate financing for Saxon Trace Apartments.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

C. Request Approval of Additional Subordinate Financing for St. Croix Apartments, Cycle XIV, (2002-034S)

Development Name: St. Croix Apartments (“Development”)	Location: Broward County
Developer/Principal: Cornerstone Group Development, LLC (“Developer”)	Set-Aside: 80% @ 60% AMI and 20% @ 50% AMI
Number of Units: 246	Allocated Amount: \$2,000,000
Type: Garden Apartments	Total Housing Credit Equity: \$6,453,000
Demographics: Large Family	MMRB: \$16,400,000 (Local)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 14, 2002, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 246-unit Large Family development in Broward County.
- c) On October 9, 2003, the Board approved the final credit underwriting report for this Development for a SAIL loan in the amount of \$2,000,000. On March 1, 2004, a firm commitment letter was issued in the amount of \$2,000,000 for the Development with a loan closing deadline of May 24, 2004.
- d) On June 18, 2004, Board approved a closing deadline extension for the Developer until August 30, 2004.
- e) On August 1, 2004, staff received a letter from the Developer requesting approval of additional subordinate financing in the amount of \$359,950 from the Broward County SHIP program ([Exhibit D](#)). The subordinate financing will be in the form of a forgivable loan which has no principal and interest payments due for a term of 15 years, as long as the development remains in compliance as an affordable rental development. The underwriter has stated that the additional subordinate financing will be beneficial to the development and will not adversely affect the repayment of the SAIL loan.
- f) On August 24, 2004, staff received an updated review from the credit underwriter approving subordinate financing in the amount of \$359,950 for St Croix ([Exhibit E](#)).

2. Recommendation

Approve the additional subordinate financing for St Croix Apartments.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

D. Request Approval of Loan Closing Extension for Hawk’s Landing Apartments, Cycle XV, (2003-048S)

Development Name: Hawk’s Landing Apartments (“Development”)	Location: Lee County
Developer/Principal: Cornerstone Group Development, LLC (“Developer”)	Set-Aside: 17% @ 50% AMI and 83% @ 60% AMI
Number of Units: 204	Allocated Amount: \$1,500,000
Type: Garden Style Buildings	Total Housing Credit Equity: \$4,241,000
Demographics: Family	MMRB: \$9,900,000 Local

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 204-unit family development in Lee County.
- c) On May 6, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000. On May 21, 2004, the Board approved the credit underwriting report and a commitment letter was issued with a closing deadline of August 13, 2004.
- d) On August 13, 2004, staff received a request from the Developer for a loan closing extension until October 15, 2004 due to a required amendment to the trust indenture ([Exhibit F](#)). This amendment will be considered by the Lee County Housing Finance Authority at its September 2004 meeting.

2. Recommendation

Approve the extension date of October 15, 2004 for Hawk’s Landing Apartments subject to payment of the loan closing extension fee as required by Rule 67-48, Florida Administrative Code.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

E. Request Approval of Credit Underwriting Report for Mariner’s Landing, Cycle XV, (2003-023CS)

Development Name: Mariner’s Landing (“Development”)	Location: Lee County
Developer/Principal: Creative Choice Homes, Inc. (“Developer”)	Set-Aside: 60% @ 50% AMI and 40% @ 60% AMI
Number of Units: 112	Allocated Amount: \$860,000
Type: Garden Style Buildings	Total Housing Credit Equity: \$6,846,815
Demographics: Elderly	MMRB: N/A

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 14, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$860,000 for this 112-unit elderly development in Lee County.
- c) On August 27, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$860,000 ([Exhibit G](#)). The SAIL loan will be secured by a second mortgage. Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

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

SINGLE FAMILY BONDS

Consent

V. SINGLE FAMILY BONDS

A. Request authorization to commence the rule amendment process for Rule Chapter 67-51, 67 - 45 and 67-25

1. Background

- a) Rule Chapters 67-51, 67- 45 and 67-25 set forth the policies and procedures implemented by the Florida Housing Finance Corporation in the use of the Single Family Mortgage Revenue Bond Program. The following rules need to be amended:
 - (1) Rule Chapter 67-51 sets forth the policies and procedures implemented by the Florida Housing Finance Corporation in the use of the Homeownership Assistance for Moderate Income Loan Program.
 - (2) Rule Chapter 67-45 sets forth the policies and procedures implemented by the Florida Housing Finance Corporation in the use of the Florida Home Ownership Assistance Program/Down Payment Assistance Loan Program.
 - (3) Rule Chapter 67-25 sets forth the policies and procedures implemented by the Florida Housing Finance Corporation in the use of the Single-Family Mortgage Revenue Bond Program.
- b) Staff has reviewed the aforementioned Rules in order to up-date the Internal Revenue Code procedure references and to reflect current program changes.

2. Present Situation

- a) Several IRC references cited in Rule Chapter 67-51, 67 - 45 and 67-25 need to be corrected as some of the information is out-dated.
- b) Additionally, changes need to be made to Rule Chapter 67-51, 67 - 45 and 67-25 to reflect current program operations and functions.

3. Recommendation

Authorize Staff to proceed with the rule amendment process for Rule Chapter 67-51, 67 - 45 and 67-25.

SPECIAL ASSETS

Consent

VI. SPECIAL ASSETS

A. Request for Transfer of General Partnership Interest – Magnolia Walk Apartments II (2002-159CS)

Development Name: Magnolia Walk Apartments II (“Development”)	Location: Marion County
Developer/Principal: Ocala Leased housing Corp. (“Developer”)	Set-Aside: 15% @ 30% AMI and 85% @ 60% AMI
Number of Units: 144	Allocated Amount: \$1,000,000
Type: Midrise	Housing Credits: \$906,360
Demographics: Elderly	

1. Background

- a) In 2002, Florida Housing provided \$1,000,000 in SAIL funding to the Development. This Development is located in Marion County and consists of a 144 unit elderly development.
- b) By letter dated February 4, 2004 ([Exhibit A](#)), Ocala Leased Housing Corporation (“OLHC”), the general partner, requested to transfer its general partner interests to Magnolia Walk Apartments II, Inc., a wholly owned subsidiary of OLHC (“Purchaser”).

2. Present Situation

Staff has received a draft opinion letter from Borrower’s counsel ([Exhibit B](#)) and a credit underwriting report ([Exhibit C](#)) regarding this transfer of general partnership interest with a positive recommendation subject to the following conditions

- (1) Receipt and satisfactory review of all legal documents by FHFC and its legal counsel;
- (2) Execution by Magnolia Walk Apartments II, Inc. of any documents that FHFC and/or its Legal Counsel may require, including a legal opinion letter regarding these documents from borrower’s counsel;
- (3) Any other reasonable requirement(s) of the Loan Servicer and/or FHFC and its Legal Counsel;
- (4) Evidence of compliance with the Treasury’s procedures for completing the transfer of ownership, if applicable;
- (5) FHFC Board of Directors Approval.

3. Recommendation

Staff recommends and requests the Board approve the Developer’s request to transfer OLHC’s general partnership interest subject to the conditions recommended by the credit underwriter described above, receipt of a signed opinion letter from Developer’s counsel and a positive recommendation from SAIL legal counsel.