

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
April 24, 2009
Action Items



LEGAL

Action

I. LEGAL

A. In Re: GHG Evergreen, Ltd. - FHFC Case No.: 2008-094UC

Development Name: (“Development”):	Evergreen
Developer/Principal: (“Developer”):	The Gatehouse Group, LLC
Number of Units: 120	Location: Broward County
Type: Garden Apartments	Set Aside: 40% @ or below 60% AMI 24% @ or below 30% AMI
Demographics: Elderly	SAIL: \$6,125,000
MMRB: \$10,500,000	Housing Credits: \$938,079

1. Background

Petitioner applied for funding, under Application No. 2008-174BS, during the 2008 Universal Application Cycle, seeking a State Apartment Incentive Loan (“SAIL”) loan and Multifamily Mortgage Revenue Bonds (“MMRB”). Petitioner was notified by Florida Housing Finance Corporation (“Florida Housing”) of its final ranking on or about September 26, 2008. GHG Evergreen was not funded; another project, the Meetinghouse at Zephyrhills, Application No. 2008-185BS was funded instead, based on the SAIL leveraging tiebreaker. Petitioner timely filed a Petition for an Informal Administrative Hearing under Sections 120.569 and 120.57(2), Florida Statutes, challenging Florida Housing’s final ranking of its 2008 Universal Cycle.

2. Present Situation

The parties filed a Joint Proposed Recommended Order. On February 16, 2008, Hearing Officer Diane D. Tremor filed a Recommended Order, adopting the Joint Proposed Recommended Order. A copy of the Recommended Order is attached as [Exhibit A](#).

3. Recommendation

Staff recommends that the Board adopt the Findings of Fact, Conclusions of Law, and Recommended disposition of the Recommended Order as its own, and issue a Final Order consistent with its adoption of the Recommended Order.

LEGAL

Action

B. Fountain Terrace Apartments Limited Partnership - FHFC Case No.: 2008-102UC

Development Name: (“Development”):	Fountain Terrace
Developer/Principal: (“Developer”):	JR Beneficial Development 8 LLC
Number of Units: 72	Location: Highlands County
Type: Garden Apartments	Set Aside: 80% @ or below 60% AMI 20% @ or below 40% AMI
Demographics: Farmworker/Commercial Fishing Worker	SAIL: \$3,378,004
MMRB: n/a	Housing Credits: \$1,070,000

1. Background

Fountain Terrace Apartments Limited Partnership (“Petitioner”) applied for funding, under Application No. 2008-018CS, during the 2008 Universal Application Cycle, seeking a State Apartment Incentive Loan (“SAIL”) loan and Low Income Housing Tax Credits. Petitioner was notified by Florida Housing Finance Corporation (“Florida Housing”) of its final ranking on or about September 26, 2008. Petitioner was not funded; another applicant, SP Winter Haven Gardens LP, Application No. 2008-109S was funded instead, as there was insufficient SAIL funds for both applicants. Petitioner timely filed a Petition for an Informal Administrative Hearing under Sections 120.569 and 120.57(2), Florida Statutes, challenging Florida Housing’s final ranking of its 2008 Universal Cycle.

2. Present Situation

A hearing was conducted on February 16, 2009, before Florida Housing’s appointed Hearing Officer, Diane Tremor. The parties filed Proposed Recommended Orders. On March 20, 2009, Hearing Officer Diane D. Tremor filed a Recommended Order, recommending that Florida Housing adopt a Final Order overturning its Final Order in *SP Winter Haven Gardens LP v. Florida Housing*, Case No. 2008-057UC, and to fund Petitioner’s application. A copy of the Recommended Order is attached as [Exhibit B](#) and Respondent’s Argument in Opposition to Recommended Order is attached as [Exhibit C](#).

3. Recommendation

Staff recommends that the Board reject Conclusions of Law numbered 5, 6, and 7, and the Recommendation disposition of the Recommended Order and issue a Final Order adopting the Findings of Fact, the remaining conclusions of law; and affirm its decision in *SP Winter Haven Gardens v. Florida Housing*.

LEGAL

Action

C. In Re: Pine Berry Senior Limited Partnership vs. Florida Housing Finance Corporation – FHFC Case No. 2008101UC

Development Name: (“Development”):	Pine Berry Senior Apartments
Developer/Principal: (“Developer”):	RLI Beneficial Development 8 LLC
Number of Units: 85	Location: Pinellas County
Type: Garden Apartments	Set Aside: 80% @ or below 60% AMI 20% @ or below 33% AMI
Demographics: Elderly	SAIL: n/a
MMRB: n/a	Housing Credits: \$1,396,571

1. Background

- a) Pine Berry Senior Limited Partnership (“Pine Berry”) applied for funding under Application No. 2008-019C during the 2008 Universal Application Cycle, seeking an allocation of housing credits in the amount of \$1,396,571. While it met all of Florida Housing’s threshold application requirements, received the maximum application score and the maximum tie-breaker points, Pine Berry was not funded because of its ranking behind five (5) competing applications. As permitted by Florida Housing’s universal cycle rules, Pine Berry timely filed a Petition for an Informal Administrative Proceeding in which it challenged Florida Housing’s scoring of five (5) competing applications ranked above it, alleging that but for Florida Housing’s erroneous scoring of those applications, Pine Berry would have received its requested housing credit funding.
- b) An informal administrative hearing was held in this case in Tallahassee, Florida, before Florida Housing’s appointed Hearing Officer, Diane Tremor on February 16, 2009. The parties filed a joint stipulation of facts and exhibits which the Hearing Officer accepted into evidence at the outset of the hearing. Following the hearing, the parties timely submitted their proposed recommended orders for the Hearing Officer’s consideration.

2. Present Situation

On March 31, 2009, Hearing Officer Tremor filed a Recommended Order in this matter which included findings of fact and conclusions of law, and a recommendation that Florida Housing enter a Final Order holding that the five (5) applications challenged by Pine Berry were scored in error with regard to the threshold requirements pertaining to those applicants’ general contractor requirements, and awarding Pine Berry its requested tax credits from the next available allocation. A copy of the Recommended Order is attached as [Exhibit D](#).

3. Recommendation

Staff recommends that the Board adopt the Findings of Fact, Conclusions of Law, and Recommended disposition of the Recommended Order as its own, and issue a Final Order consistent with its adoption of the Recommended Order but specifically rejecting and striking there from the last sentence of the paragraph immediately preceding the Recommendation on page 20 of the Recommended Order which reads “Any other interpretation would be illogical and unreasonable.”

MISCELLANEOUS

Action

II. MISCELLANEOUS

A. Implementation of Chapter 2009-1, Laws of Florida

1. Background

- a) During the 2009 Special Session, the Florida Legislature passed Senate Bills 2-A and 4-A to address the revenue shortfall of the 2008-2009 fiscal year and granted the Corporation emergency rulemaking authority to implement the provisions. The legislation was signed into law on January 27, 2009 as Chapters 2009-1 and 2009-2, Laws of Florida.
- b) Staff prepared a draft emergency rule which establishes the procedure by which the Corporation shall de-obligate, return and transfer unexpended funds held by the Corporation as directed by Chapter 2009-1, Laws of Florida. A public meeting was held on February 17, 2009 to solicit comment on the draft rule.
- c) At its March 13, 2009 meeting, the Board approved Emergency Rule Nos. 67ER09-1 through 67ER09-5. Upon approval, the rule was filed for adoption with the Department of State and became effective immediately upon filing.

2. Present Situation

Following the provisions of the emergency rule, staff has determined the previously funded Developments to be de-obligated. Supplemental materials will be provided at the Board meeting for the Board's consideration and approval.

3. Recommendation

Approve the proposed de-obligation listing and direct staff to proceed with the implementation of the emergency rule provisions.

MISCELLANEOUS

Action

B. American Recovery and Reinvestment Act of 2009

1. Background

- a) The American Recovery and Reinvestment Act of 2009 (ARRA), signed into law on February 17, 2009, includes the following provisions related to the Low Income Housing Tax Credit Program:
 - (1) The ability for allocating agencies to “exchange” a portion of their 2009 Housing Credit ceiling for cash grants from the Treasury, which can be used to make “sub-awards”...to finance the construction or acquisition and rehabilitation of qualified low-income buildings.”; and
 - (2) \$2.25 billion in special HOME funds (Tax Credit Assistance Program (TCAP) funds) to be allocated to housing credit agencies in order to facilitate the production of projects awarded low-income housing tax credits in fiscal years 2007, 2008 and 2009. Florida’s share of the TCAP funding is \$101,134,952.
- b) Within 45 days of the date the HUD NOFA is published, Florida Housing will have 45 days to submit to HUD a description of how it plans to competitively award the TCAP funds, based on the Qualified Allocation Plan (QAP).
- c) A public meeting was held on April 8, 2009 to solicit comments concerning the implementation of the ARRA provisions.

2. Present Situation

Based on comments received at the April 8th public meeting, review of written comments, and subsequent meetings between staff, credit underwriters and counsel, Florida Housing has prepared a conceptual plan which outlines staff’s intent to implement the exchange and TCAP provisions through an emergency rule and request for proposal process. A supplement to the Board package will be provided which includes the conceptual plan.

3. Recommendation

Approve the conceptual plan and authorize staff to proceed with emergency rulemaking and preparation of a request for proposal. Staff anticipates submitting these documents for Board approval at the June 5, 2009 Board meeting.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

III. PROFESSIONAL SERVICES SELECTION (PSS)

A. Arbitrage Rebate Analyst Services

1. Background

At its December 12, 2008, meeting the Board approved staff's recommendation to finalize and issue an RFQ to solicit proposals for arbitrage rebate analyst services.

2. Present Situation

- a) An RFQ process was initiated and RFQ 2009-01 was issued on Friday, January 23, 2009 ([Exhibit A](#)). The deadline for receipt of responses was 2:00 p.m., Friday, February 13, 2009.
- b) Five (5) Proposals were received by the deadline. The list is as follows: AMTEC, Bond Logistix, LLC, GNP Services, CPA, PA, Hawkins Delafield and Wood LLP, and The Arbitrage Group.
- c) The Review Committee members, designated by the Executive Director, were Wayne Conner (Chairman), Deputy Development Officer, Melanie Weathers, Bond Administrator, Kenny Derrickson, Bond Fund Administrator, Edny Sanchez-Gammons, Bond Administration Manager, Brian Williams, Guarantee Program Senior Asset Manager, Allison Richardson, Special Assets Manager and Shannon Rivera, Multifamily Bonds Manager.
- d) Each member of the Review Committee individually reviewed the Proposals prior to convening for the series of Review Committee meetings. The Review Committee meetings were held at 10:00 a.m. Monday, March 16, 2009 and 2:00 p.m. Wednesday, March 25, 2009.
- e) At its March 25, 2009 meeting the Review Committee provided final scores and ranking. The Final Scoring and Ranking is provided as [Exhibit B](#).

3. Recommendation

The Board authorizes Florida Housing to enter into contract negotiations with the three highest-ranking Offerors which are:

- (1) AMTEC
- (2) Bond Logistic, LLC
- (3) Hawkins, Delafield and Wood LLP

SUBORDINATE MORTGAGE INITIATIVE

Action

I. SUBORDINATE MORTGAGE INITIATIVE

A. Request Approval of Subordinate Financing in an Amount Not to Exceed a Combined Amount of \$1,685,000 Through the Subordinate Mortgage Initiative

Development Name: Hampton Point Apartments (“Development”)	Location: Charlotte
Developer/Principal: Picerne Affordable Development, LLC/Picerne Hampton Point, LLC (“Developer”)	Set-Aside: 40% @ 60% AMI
Funding Sources: MMRB 2003 Series Q1 & Q2	Amounts: \$11,020,000 Tax-Exempt Bonds \$2,180,000 Taxable Bonds
Number of Units: 284	Type: Rental
Subordinated Mortgage amount not to exceed:	\$620,000
Development Name: Stratford Point Apartments (“Development”)	Location: Seminole
Developer/Principal: Picerne Development Corporation of Florida/Picerne Stratford Point, LLC (“Developer”)	Set-Aside: 50% @ 60% AMI
Funding Sources: MMRB 2000 Series O1 & O2	Amounts: \$12,965,000 Tax-Exempt Bonds \$6,325,000 Taxable Bonds
Number of Units: 384	Type: Rental
Subordinated Mortgage amount not to exceed:	\$1,065,000

1. Background

Between the years 2000 and 2003, Florida Housing financed the construction of the above referenced Developments with \$23,985,000 in tax-exempt bonds and \$8,505,000 in taxable bonds. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) with Hampton Point Apartments mortgage being additionally guaranteed through the HUD Risk-Sharing Program.

2. Present Situation

- a) These properties are currently in financial distress and are credit enhanced by the Guarantee Program. As a result, they are eligible for financing through the Subordinate Mortgage Initiative. The Developer has requested subordinate financing in an amount not to exceed \$1,685,000 in total to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated April 9, 2009 ([Exhibit A](#)), has confirmed the need for financial assistance.

SUBORDINATE MORTGAGE INITIATIVE

Action

3. **Recommendation**

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$1,685,000, subject to further approvals and verifications by Bond Counsel, Special Counsel, and Florida Housing staff.

SUBORDINATE MORTGAGE INITIATIVE

Action

B. Request Approval of Subordinate Financing in an Amount Not to Exceed a Combined Amount of \$660,000 Through the Subordinate Mortgage Initiative

Development Name: Oak Glen Apartments (“Development”)	Location: Orange
Developer/Principal: Oak Glen Housing Partners, Ltd. (“Developer”)	Set-Aside: 90% @ 60% AMI
Funding Sources: Orange County Bonds	Amounts: \$3,300,000 Tax-Exempt Bonds \$1,100,000 Taxable Bonds
Number of Units: 88	Type: Rental
Subordinated Mortgage amount not to exceed:	\$240,000
Development Name: River Trace Senior Apartments (“Development”)	Location: Manatee
Developer/Principal: Steadfast Companies/River Oaks Housing Partners, Ltd. (“Developer”)	Set-Aside: 80% @ 60% AMI
Funding Sources: MMRB 2000 V1 & V2	Amounts: \$6,900,000 Tax-Exempt Bonds \$1,200,000 Taxable Bonds
Number of Units: 178	Type: Rental
Subordinated Mortgage amount not to exceed:	\$420,000

1. Background

Between the years 2000 and 2001, Florida Housing financed the construction of the above referenced Developments with \$6,900,000 in tax-exempt bonds and \$1,200,000 in taxable bonds. Oak Glenn Apartments was financed with local bonds through Orange County Housing Finance Authority with \$3,300,000 in tax-exempt bonds and \$1,100,000 in taxable bonds. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) with River Trace Senior Apartments mortgage being additionally guaranteed through the HUD Risk-Sharing Program.

2. Present Situation

- a) These properties are currently in financial distress and are credit enhanced by the Guarantee Program. As a result, they are eligible for financing through the Subordinate Mortgage Initiative. The Developer has requested subordinate financing in an amount not to exceed \$660,000 in total to provide temporary assistance in funding its mortgage debt service obligations for a period of up to two years.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated April 9, 2009 ([Exhibit B](#)), has confirmed the need for financial assistance.

SUBORDINATE MORTGAGE INITIATIVE

Action

3. **Recommendation**

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$660,000, subject to further approvals and verifications by Bond Counsel, Special Counsel, and Florida Housing staff.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of SAIL and Supplemental Loan Closing Extension for The Columbian Apartments, Cycle XX (2008-111BS)

Development Name: The Columbian Apartments (“Development”)	Location: Pinellas County
Developer/Principal: SP One Development, Inc. (“Developer”)	Set-Aside: 10% @ 33% AMI and 90% @ 60%
Number of Units: 188	Allocated Amount: \$4,320,000 (SAIL) and \$1,615,000 (Supplemental)
Type: High-Rise	Housing Credit Equity: \$5,363,325
Demographics: Elderly	MMRB: \$9,750,000 (Local)

1. Background/Present Situation

- a) On January 23, 2009, the Board approved a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$4,320,000 and Supplemental Loan in the amount of \$1,615,000, and directed staff to proceed with issuance of a firm loan commitment and loan closing activities.
- b) On January 23, 2009, staff issued a firm commitment letter with a closing deadline of March 24, 2009.
- c) On March 13, 2009, the Board approved an extension of the loan closing deadline until May 23, 2009.
- d) On April 17, 2009, staff received a letter from the Developer requesting an extension of the loan closing deadline until September 30, 2009, due to the circumstances of the tax credit equity market ([Exhibit A](#)).

2. Recommendation

Approve the request to extend the SAIL and Supplemental loan closing deadline until September 30, 2009.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

B. Request Approval of SAIL Loan Closing Extension for Labre Place, Cycle XVIII (2006-074CS)

Development Name: Labre Place f/k/a St. David (“Development”)	Location: Miami Dade County
Developer/Principal: St. David Development, L.L.C. (“Developer”)	Set-Aside: 50% @ 33% AMI and 50% @ 60% AMI
Number of Units: 90	Allocated Amount: \$4,000,000
Type: High-rise	Housing Credit Equity: 16,641,538
Demographics: Homeless	MMRB: N/A

1. Background/Present Situation

- a) On March 14, 2008, the Board approved a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$4,000,000, and directed staff to proceed with issuance of a firm loan commitment and loan closing activities.
- b) On April 18, 2008, staff issued a firm commitment letter with a closing deadline of June 17, 2008, after which the Board approved five loan closing extensions.
- c) On April 15, 2009, staff received a letter from the Developer requesting a sixth loan closing extension until August 15, 2009, due to scheduling issues internal to the equity financing partner and review of the American Recovery and Reinvestment Act of 2009 ([Exhibit B](#)).

2. Recommendation

Approve the request to extend the SAIL closing deadline until August 15, 2009.