

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
July, 2012  
Consent Items



# COMMUNITY WORKFORCE HOUSING INNOVATION PILOT (CWHIP) PROGRAM

## Consent

### I. COMMUNITY WORKFORCE HOUSING INNOVATION PILOT (CWHIP) PROGRAM

#### A. Request Approval to Add Two New Home Models to the Four Previously Approved for the Homes of West Augustine CWHIP 06-18

Applicant Name (“Applicant”):	Housing Finance Authority of St. Johns County / St. Johns County Community Redevelopment Agency
Development Name (“Development”):	Homes of West Augustine
Developer/Principal (“Developer”):	Tom Crawford
Number of Units: 111 - Homeownership	Location: St. Johns County, Florida
Type: CWHIP Loan	Allocated Amount: \$5,000,000

#### 1. Background

On October 23, 2009, the Board approved the Final Credit Underwriting Report (“CUR”) for the Development. The CWHIP loan closed on March 12, 2010, and the construction period extends through March 12, 2015. Thirty-four of the 111 lots are being developed by Habitat for Humanity. The remaining seventy-seven lots are being developed by the Applicant.

#### 2. Present Situation

- a) In the final CUR, there were four models approved for construction on the lots being developed by the Applicant. None of these four models includes a garage and the Applicant believes this is a reason that they are not able to sign many construction contracts with eligible homebuyers. Therefore, in an effort to spur home sales, the Applicant requested the addition of two models, a 3BR/2BA with a 1.5 car garage, and a 4BR/2BA with a 2 car garage.
- b) The credit underwriter has reviewed this request and, in a letter (CU letter) dated July 2, 2012 ([Exhibit A](#)) recommends that it be granted subject to certain conditions.

#### 3. Recommendation

Staff recommends that the Board approve the request to add the two additional models subject to the conditions contained in the CU letter and further approvals by the credit underwriter, counsel and the appropriate corporation staff.

## GUARANTEE

### *Consent*

## II. GUARANTEE

### A. Request Approval to Amend the Mortgage and Security Agreement for Malibu Bay Apartments

<b>DEVELOPMENT NAME (“Development”):</b>	Malibu Bay Apartments
<b>DEVELOPER/PRINCIPAL (“Developer”):</b>	Housing Trust Group of Florida / Randy Rieger
<b>BORROWER: (“Owner”)</b>	Executive Trust, Ltd.
<b>NUMBER OF UNITS:</b>	264
<b>LOCATION (“County”):</b>	Palm Beach County
<b>TYPE:</b>	Multifamily Rental
<b>SET ASIDE:</b>	40% @ 60% (MMRB), 100% @ 60% (HC)
<b>ALLOCATIONS:</b>	\$20,010,000 Palm Beach County HFA Bonds \$20,010,000 Guarantee Program \$447,104 Subordinate Mortgage Initiative (SMI) \$901,157 (annual) Housing Credits
<b>ADDITIONAL COMMENTS:</b>	Amend Mortgage and Security Agreement insurance deductibles

#### 1. Background

On November 10, 2003, the Housing Finance Authority of Palm Beach County issued \$19,510,000 tax-exempt bonds and \$500,000 taxable bonds to finance the construction of the Development. The Guarantee Program provided credit enhancement via mortgage guarantee, along with HUD who shared in the mortgage guarantee 50/50 (with the Guarantee Program) via HUD’s Section 542(c) Risk-Sharing Program. As required by HUD, Florida Housing functions as Lender on all “Local” (HFA) Risk-Sharing transactions in the Guarantee Program portfolio.

#### 2. Present Situation

- a) On June 20, 2012, the Developer/Owner requested ([Exhibit A](#)) that Florida Housing, as Lender, and the Guarantee Program, as Guarantor, consent to amending the First Mortgage and Security Agreement, dated November 6, 2003, increasing the maximum insurance deductible for windstorm coverage from 2% to an amount sufficient to meet the standards consistent with Federal National Mortgage Delegated Underwriting and Servicing guidelines (“Fannie Mae DUS”).
- b) Seltzer Management Group, Inc. (“SMG”), the original credit underwriter and assigned Servicer for the Development, reviewed the Developer/Owner’s request and recommends ([Exhibit B](#)) amending the maximum windstorm deductible from 2% to an amount not to exceed 5%. This change is consistent with Fannie Mae DUS guidelines.

## **GUARANTEE**

### *Consent*

3. **Recommendation**

Staff recommends that the Board approve amending the Development's First Mortgage and Security Agreement, dated November 6, 2003, revising the maximum windstorm insurance deductible from 2% to 5%, as well as amending the necessary loan documents, subject to further approvals and verifications by the Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

## LEGAL

### Consent

### III. LEGAL

#### A. In Re: Pasco CWHIP Partners, LLC – FHFC Case No. 2012-033VW

<b>Development Name: (“Development”):</b>	<b>Village Green with Ten Oaks App. No. 2007-004W</b>
<b>Developer/Principal: (“Developer”):</b>	<b>Pasco CWHIP Partners, LLC</b>
<b>Number of Units: 30</b>	<b>Location: Pasco County</b>
<b>Type: Single-family</b>	<b>Set Asides: 100% @ 140% AMI</b>
<b>Demographics: Community Workforce</b>	<b>CWHIP: \$2,500,000 Supplemental: \$150,000.00</b>

#### 1. Background

- a) Pasco CWHIP Partners, LLC (“Petitioner”) successfully applied for Community Workforce Housing Innovation Pilot (“CWHIP”) program funding during Florida Housing Finance Corporation’s (“Florida Housing”) 2007 funding period. Due to the passage of House Bill 639 (2011) on March 31, 2011, which temporarily prevented any new construction funded by the state of Florida until July 1, 2012, Petitioner sought a 10 month extension to complete underwriting according to Rules 67-58.020(6) and 67-58.070(6), Florida Administrative Code, and received Board approval on October 14, 2011. The ten month extension expires on August 3, 2012.
- b) On June 19, 2012, Florida Housing received this “Petition for Waiver or Variance from Rules 67-58.020(6) and 67-58.070(6), F.A.C.” (the “Petition”). A copy of the Petition is attached as [Exhibit A](#). Florida Housing has received no comments regarding this petition.

#### 2. Present Situation

- a) Rules 67-58.020(6) and 67-58.070(6), Fla. Admin. Code, contain the same language and provide, in pertinent part:

The Applicant has 14 months from the date of the acceptance of the letter of invitation to complete credit underwriting and receive Board approval unless an extension of up to 10 months is approved by the Board. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and detail the timeframe to close the loan. The written request will then be submitted to the Corporation’s Board for consideration. The Corporation shall charge an extension fee of 1 percent of the CWHIP loan amount if the Board approves the extension request.

- b) Petitioner has requested a waiver from that portion of the above Rules to obtain a onetime additional second extension of additional time for 186 days from August 3, 2012 to complete credit underwriting and obtain board approval of its project, due to circumstances beyond its control. On or around November 13, 2008, Petitioner received a commitment letter from Florida Housing and invitation to enter credit underwriting for an award of \$5,000,000.00 in CWHIP funding and \$300,000.00 as a supplemental loan. Subsequent to the receipt of

## LEGAL

### *Consent*

the November 13, 2008 commitment letter, Florida Housing issued a memorandum that notified Petitioner that its project had been de-obligated. On or around September 8, 2009, Petitioner received a revised invitation to enter into credit underwriting where Florida Housing offered Petitioner a preliminary commitment for a CWHIP loan of up to \$1,735,000.00 under Emergency Rule 67ER09-4, Florida Administrative Code, of which Petitioner did not accept. On or around February 22, 2010, Petitioner received a revised invitation to enter credit underwriting for the original award amount of \$5,000,000.00 and a supplemental loan of \$300,000.00. On or around August 3, 2010, Petitioner received a another revised invitation to enter into credit underwriting for a revised award amount of \$2,500,000.00 and a supplemental loan of \$150,000.00 based off of the downsizing of the project from 60 units to 30 units. In August of 2010, Petitioner officially accepted the invitation to enter into credit underwriting and started its initial 14 month period to complete credit underwriting and receive board approval.

- c) House Bill 639 (2011), which temporarily prevented any new construction funded by the state of Florida until July 1, 2012, was signed into law by the governor on June 21, 2011. Due to this newly enacted legislation, on or around September 21, 2011, Petitioner formally requested a 10 month extension from Florida Housing to complete underwriting according to Rules 67-58.020(6) and 67-58.070(6), Florida Administrative Code. On or around October 14, 2011, the Board granted that request. However, Petitioner still could not move forward with credit underwriting during the 10 month extension due to House Bill 639 (2011). Petitioner has extinguished its initial 14 months from the date of the acceptance letter to complete underwriting and the only 10 month extension granted by the Board through Rules 67-58.020(6) and 67-58.070(6), Florida Administrative Code, is set to expire on August 3, 2012. It was only after the legislature did not extend House Bill 639 in the 2012 legislative session that Florida Housing allowed the Petitioner to resume credit underwriting in April 2012. Due to the extensive time constraints of what is required and needed in order to complete the credit underwriting process, however, Petitioner cannot finish credit underwriting before the 10 month expiration date of August 3, 2012, after restarting the whole process in April 2012. For that reason, Petitioner has submitted a request for a second extension of time due to the unusual circumstances that both the de-obligation and House Bill 639 have presented.
- d) Petitioner has demonstrated that strict application of the above Rules under these circumstances would cause substantial hardship to Petitioner and violate the principles of fairness, in that the Development has been stalled and delayed through no fault of its own and at considerable expense and hardship to Petitioner. The granting of this waiver would also serve the underlying purpose of the statute by facilitating the development of much needed affordable workforce housing to teachers in Pasco County.

## **LEGAL**

### ***Consent***

#### **3. Recommendation**

Staff recommends the Board grant Petitioner's request for a waiver of Rules 67-58.020(6) and 67-58.070(6), Fla. Admin. Code, to permit the requested second extension of additional time for 186 days from August 3, 2012 to complete credit underwriting and obtain board approval of its project, subject to Petitioner paying all sums due to the credit underwriter within 30 days for any required third party reports, studies, or other work necessary to complete credit underwriting.

**PREDEVELOPMENT LOAN PROGRAM (PLP)**

*Consent*

**IV. PREDEVELOPMENT LOAN PROGRAM (PLP)**

**A. Request Approval of PLP Loan for Carver Theatre Developers, LLC, a Not-for-Profit Entity, for Renaissance at Carver Square (2012-001P-09)**

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Renaissance at Carver Square</b>
<b>APPLICANT/DEVELOPER (“Developer”):</b>	<b>Carver Theatre Developers, LLC</b>
<b>CO-DEVELOPER:</b>	<b>Black Business Capital Finance Corporation</b>
<b>NUMBER OF UNITS:</b>	<b>100</b>
<b>LOCATION (“County”):</b>	<b>Orange County</b>
<b>TYPE:</b>	<b>Rental, Elderly</b>
<b>MINIMUM SET ASIDE:</b>	<b>20% @ or below 50% AMI</b>
<b>PLP LOAN AMOUNT:</b>	<b>\$500,000</b>
<b>ADDITIONAL COMMENTS: This development will be located within the City of Orlando’s CRA redevelopment for the Parramore area.</b>	

**1. Background**

- a) On January 31, 2012, Florida Housing received a PLP Application from the Applicant for Renaissance at Carver Square, a mixed use property that is proposed for development in Orange County and will include 100 units of rental housing.
- b) On April 2, 2012, Florida Housing issued an Invitation to Participate in the PLP to the Developer.

**2. Present Situation**

The Technical Assistance Provider (TAP) has submitted a Development Plan and recommended a loan amount of \$500,000 for PLP eligible activities ([Exhibit A](#)). Staff has reviewed the Development Plan and determined that all budget items are PLP eligible.

**3. Recommendation**

Approve the PLP Loan in the amount of \$500,000 to Carver Theatre Developers, LLC, a not-for-profit entity, for Renaissance at Carver Square for eligible predevelopment expenses related to the housing portion of the development, as recommended by the TAP, and allow staff to issue the Commitment Letter and commence with loan closing proceedings.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Consent*

#### V. PROFESSIONAL SERVICES SELECTION (PSS)

##### A. Investment Banker Services

###### 1. Background/Present Situation

- a) At its August 8, 2008, meeting, the Board of Directors of Florida Housing directed staff to issue a Request for Qualifications for investment banker services for the Guarantee, Single Family and MultiFamily programs.
- b) RFQ 2009-02 was issued on Friday, March 27, 2009 to initiate the competitive selection process.
- c) Florida Housing entered into contracts in August and September 2009 with the following firms to act as Investment Banker for Guarantee, Single Family and MultiFamily programs.
  - (1) Citigroup Global Markets, Inc.
  - (2) Edward Jones
  - (3) George K. Baum & Company
  - (4) Janney Montgomery Scott LLC
  - (5) Bank of America f/k/a Merrill Lynch & Co., Inc.
  - (6) Merchant Capital, L.L.C.
  - (7) Morgan Keegan & Company, Inc.
  - (8) Morgan Stanley & Company Incorporated
  - (9) RBC Capital Markets Corporation
  - (10) Raymond James & Associates
  - (11) Red Capital Markets, Inc.
  - (12) Stern Brothers & Co.
  - (13) Wachovia Securities

###### 2. Recommendation

Florida Housing requires the services of investment bankers for guarantee, single family and multifamily transactions and believes it is in the best interests of Florida Housing to renew the contracts for the initial one-year renewal.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Consent*

#### **B. Hearing Officer Services Contract Renewal**

##### **1. Background**

- a) At its July 2010 meeting, the Board of Directors of Florida Housing authorized staff to enter into contract negotiations with Rose, Sundstrom & Bentley LLP, to provide Hearing Officer Services. Rose, Sundstrom & Bentley LLP reorganized and the firm is now known as Sundstrom, Friedman & Fumero LLP.
- b) The contract was for a one (1) year term of the contract began on August 23, 2010. Contingent upon the hearing officers satisfactorily performing their obligations under the contract as determined by Florida Housing, the contracts may be renewed twice. Each renewal shall be for an additional one (1) year period.

##### **2. Present Situation**

Florida Housing staff supports a renewal to extend the term of the contract for the final one-year period.

##### **3. Recommendation**

Staff believes that it is in the best interests of Florida Housing to continue to retain Sundstrom, Friedman & Fumero LLP. as independent hearing officers pursuant to the existing contract, and recommends the Board direct staff to proceed with the final contract renewal.