

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 14, 2018**

TIME: 8:30 a.m.

LOCATION: Hyatt Regency Orlando Airport
9300 Jeff Fuqua Blvd.
Orlando, Florida

BOARD MEMBERS PRESENT:

Ray Dubuque, Chair
Ron Lieberman, Vice-Chair
Natacha Bastian
Julie Dennis
Renier Diaz de la Portilla
Mario Facella
LaTasha Green-Cobb
Creston Leifried
Barney Smith

CORPORATION STAFF PRESENTING:

Hugh Brown
Marisa Button
Laura Cox
Barb Goltz
Nancy Muller
Trey Price
David Westcott

OTHERS PRESENTING:

Susan Leigh, Community Concepts
Natalie Maxwell, Florida Legal Services
Shannon Nazworth, Ability Housing/Florida Supportive Housing Coalition
Mark Sween, Dominionium
Steve Moore, Vestcor
Michael Hartman, Turnstone Development
Shawn Wilson, Blue Sky Communities
Delmarie Alecia, Florida Legal Services

Chairman Dubuque called the meeting to order at 8:30 a.m.

MINUTES

Item A, Approval of Minutes of the September 14, 2018, Board Meeting. Chairman Dubuque asked for a motion to approve the Minutes of the September 14, 2018, Board Meeting.

Motion to approve the Minutes was made by Ms. Bastian with a second by Mr. Facella. Motion passed unanimously.

Item B, Approval of Minutes of the November 2, 2018, Telephonic Board Meeting. Chairman Dubuque asked for a motion to approve the Minutes of the November 2, 2018, Telephonic Board Meeting.

Motion to approve the Minutes was made by Ms. Green-Cobb with a second by Ms. Bastian. Motion passed unanimously.

Trey Price reported that SAIL Consent Item B, would be pulled from the Consent Agenda at the end of the meeting, as the loan was able to close, so the developer no longer needed the extension.

AUDIT COMMITTEE REPORT

Natacha Bastian reported that the Audit Committee met on December 13, 2018, and the Inspector General's Office presented the finalized IT audit, the 2019 risk assessment overview, an update on the ongoing ethics audit, and a final review of the 2016 Auditor General operational audit report.

FISCAL

Item A, Approval of 2019 Operating Budget. Barb Goltz asked the Board to approve the 2019 Operating Budget.

Motion to approve staff's recommendation was made by Ms. Green-Cobb with a second by Mr. Facella. Motion passed by a vote of 8-1 with Mr. Diaz de la Portilla casting the dissenting vote.

MULTIFAMILY PROGRAMS - Allocations

Item A, Request for Applications for HOME Funding. David Westcott asked the Board to authorize staff to proceed with the development of an RFA for HOME funding for rental developments in rural areas, but also with a preference for housing in counties most impacted by Hurricane Michael and to authorize the executive director to establish a review committee for the RFA to make recommendations for awards to the Board.

Motion to approve staff's recommendation was made by Ms. Bastian with a second by Mr. Lieberman. Motion passed unanimously.

Item B, Request for Applications (RFA) 2018-106 – Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities. Marisa Button asked the Board to approve the review committee’s recommendation that the Board adopt the scoring results of the seven applications received in response to RFA 2018-106 for Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities and authorize the tentative selection of four applications for funding and invitation into credit underwriting. She stated that after the allocation, an unallocated balance of \$948,000 will remain, and as provided in the RFA, those remaining funds will be distributed as approved by the Board. She stated that if no notice of protest or formal written protest is filed, staff will issue invitations into credit underwriting to the seven applicants; however, if a notice of protest or formal written protest is filed, then at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations into credit underwriting to those applicants within the funding range.

Motion to approve staff’s recommendation was made by Ms. Bastian with a second by Mr. Smith. Motion passed unanimously.

Item C, Request for Applications (RFA) 2018-114 – SAIL Financing for the Construction of Workforce Housing. Marisa Button asked the Board to approve the review committee’s recommendation that the Board adopt the scoring results of the 17 applications received in response to RFA 2018-114 for SAIL Financing for the Construction of Workforce Housing and authorize the tentative selection of four applications for funding and invitation into credit underwriting. She stated that after the allocation, an unallocated balance of \$434,000 will remain, and as provided in the RFA, those remaining funds will be distributed as approved by the Board. She stated that if no notice of protest or formal written protest is filed, staff will issue invitations into credit underwriting to the four applicants; however, if a notice of protest or formal written protest is filed, then at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations into credit underwriting to those applicants within the funding range.

Motion to approve staff’s recommendation was made by Mr. Lieberman with a second by Ms. Bastian. Motion passed unanimously.

Item D, Request for Applications (RFA) 2018-115 – SAIL Financing for the Construction of Workforce Housing for Hurricane Recovery in Monroe County. Marisa Button asked the Board to approve the review committee’s recommendation that the Board adopt the scoring results of the five applications received in response to RFA 2018-115 for SAIL Financing for the Construction of Workforce Housing for Hurricane Recovery in Monroe County and authorize the tentative selection of two applications for funding and invitation into credit underwriting. She stated that after the allocation, an unallocated balance of approximately \$10 million will remain, and as provided in the RFA, those remaining funds will be distributed as approved by the Board. She stated that if no notice of protest or formal written protest is filed, staff will issue invitations into credit underwriting to the two applicants; however, if a notice of protest or formal written protest is filed, then at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations into credit underwriting to those applicants within the funding range.

Motion to approve staff’s recommendation was made by Mr. Lieberman with a second by Mr. Diaz de la Portilla. Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION

Item A, Contract Renewal – Website Design, Development and Hosting Services. Hugh Brown asked the Board to authorize staff to proceed with a three-year renewal of the contract with SGS Technology, LLC, to provide website design, development and hosting services.

Motion to approve staff's recommendation was made by Mr. Smith with a second by Ms. Bastian. Motion passed unanimously.

SINGLE FAMILY BONDS - FINANCE

Item A, Single Family Homeownership Program. Barb Goltz asked the Board to approve the necessary funding, staff actions and the resolution to permit the issuance of the proposed 2019 Phase One Homeowner Mortgage Revenue Bonds.

Motion to approve staff's recommendation was made by Ms. Bastian with a second by Mr. Smith. Motion passed unanimously.

FLORIDA HOUSING PORTFOLIO PRESERVATION PLAN

Chairman Dubuque reminded the Board that in September 2016, the question about affordability periods and the preservation of units past the 30-year time frame was brought to the Board, but because of various things, the issue was put on the back burner. He stated that early in 2018 the issue was brought up again, including a bill filed in the legislature, but the bill never got the vote. He stated that in early March, staff began discussions to identify the extent of the issue and an effort was made to identify ways to ensure that Florida Housing continues to provide and maintain affordable housing units. He stated that the proposal being presented was a good start.

Nancy Muller stated that the question had always been how do keep properties in good condition over the longer affordability period and when you have restricted rents on property, how do you get the income need to rehabilitate those units over 50 years. She stated that staff acknowledges that this is an issue and understands that there is a need for preservation or assistance in preserving properties past year 30 and potentially even before that in some cases.

Ms. Muller went over the proposed plan and Board Members asked a number of questions. Mr. Smith proposed a revision to Recommendation 3, Option 2. He stated that the fourth sentence reads "If the analysis shows that the property is unable to remain viable for the remainder of the restricted use period—" and asked to add a clause that says "And does affirm that increasing a portion of the units from 60 percent AMI to 80 percent AMI will preserve and recapitalize the property for the final 20 years of the affordability period" changing it to **will** amend rather than **may** preserve.

Ms. Dennis suggested doing it as a pilot and to have a set period when staff could report back on how things are working.

Mr. Diaz de la Portilla asked how long is necessary to properly assess the plan's success. Ms. Muller stated that staff would not go beyond a year to report back, but would do so as often as the Board requested.

Ms. Dennis suggested revisiting the issue sooner than one year – maybe at six months or sooner. Chairman Dubuque agreed with the six month time frame.

Ms. Bastian asked to amend Recommendation 3 to include both four and nine percent credits. Ms. Cox asked Ms. Bastian to consider allowing staff time to petition for rule waiver for four percent properties, as they had not researched that prior to this meeting.

Susan Leigh, or Community Concepts Group, reminded the Board of the amount of subsidy that is going into some of the transactions. She stated that with costs of \$300,000 per unit, there should be some expectation of what results from that.

Natalie Maxwell, with Florida Legal Services, stated that she wants to make sure that in terms of what the relationship of the viability analysis for both option one and option two are that staff and Board figure out a way to include tenant feedback on what is happening at the properties. She stated that the data shows that the greatest need is at the 0 to 60 percent AMI level, so allowing the number of units to be based on 80 percent AMI will make ELI units even less available than they are now. She stated that in the Qualified Allocation Plan, the 15 percent preservation set aside can be increased so Florida Housing can preserve its own units as well as the federally subsidized units.

Shannon Nazworth, of Ability Housing and the Florida Supportive Housing Coalition, asked as viability analyses are being done, that as many units below 80 percent that can be preserved be preserved. She asked that as the plan is rolling out, that it be done in a way where no current tenants are displaced when a property becomes eligible for higher units; that the eligibility only comes into effect when that tenant chooses to leave the property.

Mark Sween, with Dominion, spoke in support of the plan.

Steve More, with Vestcor, stated that the plan is a great start.

Michael Hartman, with Turnstone Development, asked that work on the appraisal issue begin as soon as possible.

Ms. Green-Cobb stated that she would like to see language in term of protection for the tenants that are in the units when the transition happens. Ms. Cox promised to work on that and get back to the Board.

Laura Cox asked the Board to approve staff's recommendation to approve the portfolio preservation plan in Exhibit A with the amendment to option two as follows:

If the analysis shows that the property is unable to remain viable for the remainder of the restricted use period, but does affirm that increasing a portion of the units from 60 percent of AMI to 80 percent of AMI, will preserve and recapitalize the property for the final 20 years of the affordability period, Florida Housing will amend the set aside restrictions to include a portion of total units not to exceed 80 percent to increase to 80 percent of AMI as required by the needs identified in the analysis.

She also asked the Board to direct staff to continue implementation of the strategies in the plan on the timeline outlined in the plan.

Motion to approve staff's recommendation was made by Mr. Lieberman with a second by Ms. Bastian. Motion passed unanimously.

CONSENT AGENDA

Chairman Smith asked for a motion to approve the items on the Consent Agenda with the exception of SAIL Item B, which was removed from consideration.

Motion to approve the remaining items on the Consent Agenda was made by Mr. Lieberman with a second by Ms. Bastian. Motion passed unanimously.

PUBLIC COMMENT

Shawn Wilson, of Blue Sky Communities, encouraged everyone to volunteer in their hometowns to help the hardest working families in Florida.

Delmarie Alecia, of Florida Legal Services, encouraged the Board to require landlords at Florida Housing properties to provide verification of uninhabitability when claiming damages from Hurricane Michael, as she has heard reports of tenants being put out of their homes due to uninhabitability even though that isn't truly the case. Chairman Dubuque asked if staff received reports from properties in the Panhandle regarding damages and uninhabitability. Laura Cox stated that staff did receive reports, and in some cases, damage assessments done immediately after the storm had to be revised once engineers were able to perform more in-depth inspections and discovered more water damage than initially reported. Ms. Cox stated that oversight is ongoing. Ms. Muller indicated that staff was preparing a report on units damaged during Hurricane Michael for the legislature and would provide copies for the Board when complete.

Natalie Maxwell, of Florida Legal Services, reminded the Board that once project-based rental assistance is lost, it is lost forever and does not come back, as opposed to tenant-based rental assistance.

ELECTION OF CHAIR AND VICE CHAIR

Natacha Bastian made a motion to nominate Ray Dubuque as Chairman and Ron Lieberman as Vice Chairman. The motion was seconded by Barney Smith. There were no other nominations. Motion passed unanimously.

Trey Price thanked outgoing Board Member Barney Smith for his years of dedicated service on the Board, including the years he served as Chairman and Vice Chairman, and presented him with a plaque.

Chairman Dubuque adjourned the meeting at 10:43 a.m.