

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
January 26, 2007
Action Items



ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Action

I. ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

A. Request Approval of Rule Amendments to Rule Chapter 67-32, F.A.C.

1. Background

- a) On September 8, 2006, the Board approved staff's request to proceed with the rule amendment process to amend Rule Chapter 67-32, F.A.C., which governs the Elderly Housing Community Loan (EHCL) Program.
- b) On September 29, 2006, a Notice was published in the Florida Administrative Weekly announcing the Rule Development Workshop to be held on October 13, 2006. No comments were received.
- c) On November 3, 2006, the Notice of proposed Rule Amendments and strikethrough version was published in the Florida Administrative Weekly. A Rule Hearing was scheduled for November 28, 2006. There was no one in attendance.

2. Present Situation

Staff has submitted the strikethrough version of Rule Chapter 67-32, F.A.C. to the Joint Administrative Procedures Committee (JAPC). There are no suggested changes from JAPC.

3. Recommendation

Approve the final Rule Chapter 67-32, F.A.C. ([Exhibit A](#)) and direct staff to continue the rule amendment process in accordance with the Rule Amendment Timeline ([Exhibit B](#)).

LEGAL

Action

II. LEGAL

A. In Re: Harbour Cove Associates, Ltd.

FHFC Case No. 2006-53VW FHFC Case No. 2006-67VW

Development Name: (“Development”):	Harbour Cove Apartments
Developer/Principal: (“Developer”):	Cornerstone Development, LLC
Number of Units: 212	Location: Broward County
Type: mid-rise	Set Asides: 25% @ 50% AMI 75% @ 60% AMI
Demographics: family	SAIL: \$2,000,000
MMRB: N/A	Housing Credits: N/A

1. Background

- a) During the 2003 Universal Cycle, Florida Housing awarded \$2 million in State Apartment Incentive Loan (SAIL) funding to Harbour Cove Associates, Ltd. (“Petitioner”) to construct a 212 unit multi-family rental apartment complex to be located in Broward County, Florida (“Development”). The Development is currently under construction.
- b) On September 18 and 20, 2006, Florida Housing received a “Petition for Variance from Rule 67-48.010(3)(b)” and a “Petition for Variance and Waiver from Rules 67-48.004(14)(I), 67-48.009(4) and Part V.A.1. of the Universal Application (Rev. 4-03) Incorporated by Reference into Rule 67-48.002(111)” (“Petitions¹”), from Petitioner. Copies of the Petitions are attached as Exhibits [A](#) and [B](#).
- c) On September 29, 2006, the original Notice of Petition was published in the Florida Administrative Weekly in Volume 32, Number 39.
- d) To date, Florida Housing has received no comments concerning the Petitions.
- e) Rule 67-48.004(14), Florida Administrative Code (2003), states in pertinent part:

Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application Deadline....those items are as follows:

- (I) Funding request...;

¹ As Petitioner’s two Petitions pertain to one underlying application, the Petitions are consolidated for the purposes of the Order.

LEGAL

Action

- f) Rule 67-48.009(4), Florida Administrative Code (2003), states in pertinent part:

Applicants cannot request additional SAIL funding for the same Development, unless otherwise specified in the Universal Application.
- g) Part V.A. 1 of the 2003 Universal Application Instructions, incorporated by reference in Rule 67-48.002(111), Florida Administrative Code (2003), states in pertinent part:

SAIL request cannot exceed...\$2 million...
- h) Rule 67-48.010(3)(b), Florida Administrative Code (2003), states in pertinent part:

The loans shall be non-amortizing and shall have interest rates as follows:

...

(b) 3% simple interest per annum on loans to Developments other than those identified in (a) above;
- i) Petitioner requests variances and waivers of Rule 67-004(14)(1), 67-48.009(4), 67-48.010(3)(b) and Part V.A.1 of the 2003 Universal Application Instructions to permit a change in the funding request. Specifically, Petitioner wishes to change the current funding request of \$2,000,000.00 to request an additional \$2,000,000.00 for a total funding request of \$4,000,000.00 and to reduce its current interest rate from 3% to 1%. Petitioner is seeking additional SAIL funds to offset the costs it incurred as a result of discovering the presence of oil on the site of the Development during construction.

2. Present Situation

- a) 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.
- b) The Board took the matter under consideration at its December 2006, meeting, and continued consideration until the January 2007, Board meeting, upon Petitioner's agreement to waive the 90-day time limit for action on the petition.

LEGAL

Action

3. **Recommendation**

Staff recommends the Board deny the Petitioner's request for variances and waivers of Rule 67-004(14)(l), 67-48.009(4), 67-48.010(3)(b) and Part V.A.1 of the 2003 Universal Application Instructions incorporated by reference in Rule 67-48.002(111), Florida Administrative Code (2003). Petitioner failed to demonstrate entitlement to a variance or a waiver of the rules pled in its Petitions. Petitioner failed to demonstrate that the purpose of the underlying statute will be or has been achieved by other means by the person. Petitioner failed to demonstrate how the application of the rules to it would create a substantial hardship. Additionally, Petitioner has the resources to mitigate its unforeseen costs. Petitioner has also applied for and received relief under the Brownfields Redevelopment Act. As a matter of policy, were Florida Housing to allow Petitioner to receive additional funding, Florida Housing would be severely hampered in implementing its underlying statutory goal of facilitating the availability of decent, safe and sanitary housing in the State of Florida.

LEGAL

Action

B. In Re: Creative Choice Homes XXIX, Ltd.

FHFC Case No. 2006-076VW

Application No.: 2003-023CS

Development Name: (“Development”):	Mariner’s Landing
Developer/Principal: (“Developer”):	Creative Choice Homes, Inc.
Number of Units: 112	Location: Lee County
Type: garden apartments	Set Asides: 60% @ 50% AMI 40% @ 60% AMI
Demographics: Elderly	SAIL: \$860,000
MMRB: N/A	Housing Credits: \$825,000

1. Background

- a) During the 2003 Universal Cycle, Florida Housing awarded \$860,000 in State Apartment Incentive Loan (SAIL) funding and \$825,000 in low income housing Tax Credits to Creative Choice Homes XXIX, Ltd. (“Petitioner”) to construct a 112-unit elderly rental apartment complex to be located in Lee County, Florida, known as Mariner’s Landing (“Development”). The Development achieved its placed in service date for its allocation of housing Tax Credits on December 31, 2006
- b) On November 14, 2006, Florida Housing received a “Petition for Variance and Waiver from Rules 67-48.004(14)(l), 67-48.009(4), 67-48.012(g) and Part V.A.1. of the Universal Application (Rev. 4-03) Incorporated by Reference into Rule 67-48.002(111)” (“Petition”), from Petitioner. A copy of the Petition is attached as [Exhibit C](#).
- c) On November 22, 2006, the Notice of Petition was published in the Florida Administrative Weekly in Volume 32, Number 47.
- d) To date, Florida Housing has received no comments concerning the Petition.
- e) Rule 67-48.004(14), Florida Administrative Code (2003), states in pertinent part:

Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application Deadline....those items are as follows:

(l) Funding request...;

- f) Rule 67-48.009(4), Florida Administrative Code (2003), states in pertinent part:

Applicants cannot request additional SAIL funding for the same Development, unless otherwise specified in the Universal Application.

- g) Part V.A. 1 of the 2003 Universal Application Instructions, incorporated by reference in Rule 67-48.002(111), Florida Administrative Code (2003), states in pertinent part:

SAIL request cannot exceed...\$1.5 million...

LEGAL

Action

- h) Rule 67-48.012(1)(g), Florida Administrative Code (2003), states in pertinent part:

The minimum combined debt service coverage shall be 1.10 and the maximum debt service coverage shall be 1.50, including the SAIL mortgage and all other superior mortgages.

- i) Petitioner requests variances and waivers of Rule 67-004(14)(l), 67-48.009(4), 67-48.012(1)(g) and Part V.A.1 of the 2003 Universal Application Instructions to permit a change in the funding request. Specifically, Petitioner wishes to change the current SAIL funding request of \$860,000.00 to request an additional \$2,000,000.00 for a total SAIL funding request of \$2,860,000.00 and to reduce its debt service coverage ratio to less than 1.10. Petitioner is seeking additional SAIL funds to offset the cost overruns it alleges it incurred due to unexpected hurricanes making landfall in south Florida during construction.

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 deny the Petitioner's request for variances and waivers of Rule 67-004(14)(l), 67-48.009(4), 67-48.012(1)(g) and Part V.A.1 of the 2003 Universal Application Instructions incorporated by reference in Rule 67-48.002(111), Florida Administrative Code (2003). Petitioner failed to demonstrate entitlement to a variance or a waiver of the rules pled in its Petition. Petitioner failed to demonstrate that the purpose of the underlying statute will be or has been achieved by other means by the person. Petitioner failed to demonstrate how the application of the rules to it would create a substantial hardship. Petitioner failed to demonstrate how the application of the rules will affect it in a manner significantly different from the way the rules affect other similarly situated developers who are subject to the rule. Moreover, Petitioner has nearly completed construction and met its placed in service date requirement under IRC Section 42(h)(1)(E)(i). As a matter of policy, were Florida Housing to allow Petitioner to receive additional funding, Florida Housing would be severely hampered in implementing its underlying statutory goal of facilitating the availability of decent, safe and sanitary housing in the State of Florida.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

III. PROFESSIONAL SERVICES SELECTION (PSS)

A. Financial Advisor Services

1. Background

- a) Florida Housing entered into an agreement dated May 30, 2000 with TIBOR Partners, Inc. to provide Financial Services for Florida Housing's Guarantee Program.
- b) The agreement was renewable on a yearly basis for a period of up to two (2) years after the initial agreement or for a period of no longer than the term of the original agreement, whichever period was longer. The initial term of the agreement was June 4, 2001 through June 3, 2004.
- c) At its April 2, 2004 meeting Florida Housing's Board of Directors authorized staff to extend the agreement until June 4, 2007.

2. Present Situation

- a) The term of the current contract expires June 4, 2007. There are no renewal options available.
- b) Florida Housing has a need for qualified financial advisor services to provide consultant and professional advice, including but not limited to, the following:
 - (1) Assist staff with strategies for Single Family Program transactions; and
 - (2) Assist staff with strategies for Multifamily Program transactions.
 - (3) Assist staff in its coordination of the activities of the Florida Affordable Housing Guarantee Program, including but not limited to:
 - (a) Formulating, implementing and complying with feasibility studies that define housing eligibility to obtain the guarantee;
 - (b) Maintain a claims paying rating for the Guarantee Fund;
 - (c) Monitoring of outstanding obligations and the formulation of specific loss mitigation strategies; and
 - (d) Development of tactics and strategies to maximize the Guarantee Fund's leverage capability.
 - (4) Support for ongoing program development.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

3. Recommendation

- a) Authorize staff to begin the solicitation process in order to select a qualified Offeror as Financial Advisor.
- b) Authorize the Executive Director to establish a Review Committee to make a recommendation to the Board.

PROFESSIONAL SERVICES SELECTION (PSS)

Action Supplement

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Proposals (RFP) 2006-05 for the Community Workforce Housing Innovation Pilot Program

1. Background

- a) House Bill (HB) 1363, passed by the Legislature on May 2, 2006, became law effective on July 1, 2006 (Laws of Florida 2006-69). Section 27 of this Law created the Community Workforce Housing Innovation Pilot Program (CWHIP). CWHIP is a pilot program created to provide affordable rental and homeownership Workforce Housing for Essential Services Personnel and others affected by the high cost of housing, using regulatory incentives and state and local funds to promote local Public Private Partnerships that leverage government and private resources. CWHIP loans may be forgivable and may only be used for new construction or rehabilitation of Workforce Housing.
- b) At its June 9, 2006 meeting, Florida Housing's Board of Directors authorized staff to begin development of the CWHIP RFP to select projects for funding, and to promulgate rules to govern the program.

2. Present Situation

- a) An RFP process was initiated and RFP 2006-05 was issued on Friday, October 6, 2006, making up to \$50 million available as loans. The deadline for receipt of responses was 2:00 p.m., Friday, December 15, 2006.
- b) Thirty three (33) Responses were received by the deadline. The list of Responses is provided as [Exhibit A](#).
- c) The Review Committee members, designated by the Executive Director, were David Westcott (Chairman), Deputy Development Officer, Steve Auger, Executive Director, Barbara Goltz, Chief Financial Officer, Laura Cox, Director of Asset Management and the Guarantee Program, Wayne Conner, Deputy Development Officer, Vicki Robinson, Deputy Development Officer, and Robert Dearduff, Special Programs Administrator and Local Government Liaison.
- d) Each member of the Review Committee individually reviewed the Responses prior to convening for the series of Review Committee meetings. The Review Committee meetings were held at 10:00 a.m., on Friday, January 5, 2007; 10:00 a.m. on Tuesday, January 16, 2007; and 10:00 a.m. Friday, January 19, 2007.
- e) Eleven (11) Projects were selected for funding and one (1) Project was placed on the waiting list. The Scoring Template, Threshold, High Cost, High Growth, and Innovation spreadsheets are provided as [Exhibit B](#). The Final Ranking spreadsheet which reflects those eleven (11) Projects selected by the Review Committee and recommended for funding is provided as [Exhibit C](#).
- f) At its meetings the Review Committee found the following Responses non-responsive or ineligible for funding based on Threshold Items required by the RFP and Laws of Florida 2006-69, Section 27:

PROFESSIONAL SERVICES SELECTION (PSS)

Action Supplement

- (1) Auburn Development, LLC – Failure to provide evidence of Contributions collectively totaling 15% of total development costs (Commitment letters were not provided for density bonus/impact fee waivers, and other Contributions; the land contribution for one parcel was denied because there was no documentation about the purchase price.);
- (2) Bay County and the St. Joe Company – Failure to provide documentation of a Public Private Partnership and to demonstrate site control; and total sources did not equal or exceed uses;
- (3) Bowden Road Housing, Ltd. - Failure to provide evidence of Contributions collectively totaling 15% of total development costs (could not determine the NPV of the bonds because they had not been issued);
- (4) Bradenton Village Homeownership, Inc. and Bradenton Homeownership LLC – Failure to provide evidence of site control; to provide a description on resale provisions; and inadequate documentation was provided for Contributions;
- (5) City of Fort Myers and Partners in Self Sufficiency - Failure to provide documentation of a Public Private Partnership; demonstrate site control; provide evidence of Contributions collectively totaling 15% of total development costs (appraisal for land donation included was not for the proposed property and was more than 6 months old); no letter of commitment for impact fees; and provide evidence of required infrastructure availability (dates of infrastructure availability were left blank);
- (6) City of Gainesville Housing Division and Southeast Gainesville Renaissance Initiative – Failure to provide documentation of a Public Private Partnership; to commit to minimum affordability period; to provide a description on resale provisions; and to demonstrate site control; provide evidence of Contributions collectively totaling 15% of total development costs (SHIP homebuyer assistance to homebuyer did not meet definition of Contribution in the RFP; no expiration date on commitment letter as required by the RFP); and to provide description on resale provisions;
- (7) City of Tallahassee and Evening Rose Community Housing, LLC – Failure to provide evidence of required infrastructure availability by completing the forms reflected as Exhibit C in the RFP (none of the forms were submitted in the Response);
- (8) Community Housing & Resources, Inc. – Failure to commit to minimum affordability period (affordability period for the homeownership units was not addressed); total sources did not equal uses (shortfall in permanent sources for rental and homeownership); and provide evidence of Contributions collectively totaling 15% of total development costs (no express commitment for land or SHIP grants);

PROFESSIONAL SERVICES SELECTION (PSS)

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- (9) Creative Choice Homes XXV, Ltd. – Ineligible for funding pursuant to Laws of Florida 2006-69, Section 27, subparagraph (4); The Project was already built.
- (10) Creative Community Development of South Florida, LLC - Failure to provide documentation of a Public Private Partnership; Total sources did not equal or exceed uses;
- (11) Fountain Lakes ESP Residential Cooperative - Failure to provide evidence of Contributions collectively totaling 15% of total development costs (SHIP homebuyer assistance to homebuyer did not meet definition of Contribution in the RFP; letters of commitment were missing);
- (12) Franklin County and the St. Joe Company - Failure to provide documentation of a Public Private Partnership and to demonstrate site control; Total sources did not equal or exceed uses (land cost not included caused a shortfall);
- (13) Lee County Partnership for Affordable Workforce Housing - Failure to provide documentation of a Public Private Partnership (all parties in the Public Private Partnership did not sign the agreement); Failure to provide evidence of Contributions collectively totaling 15% of total development costs (commitment letter for CDBG funds did not have an expiration date as required by the RFP);
- (14) Marion Manor, Inc. - Failure to provide documentation of a Public Private Partnership; and to provide evidence of required infrastructure availability form for electricity; Failure to provide evidence of Contributions collectively totaling 15% of total development costs (Commitment letter expired January 1, 2007. The RFP required expiration date not before March 31, 2007);
- (15) Miami-Dade Wagner Square CWHIP Partnership - Failure to provide evidence of Contributions collectively totaling 15% of total development costs (could not include land because no value documented in Response; no letter of commitment for fee waivers; HOME loan commitment letters did not specify expiration date; SHIP loan was subject to present value and the interest was higher than discount rate);
- (16) Middle Keys Community Land Trust in partnership with Village of Islamorada and City of Marathon - Failure to provide evidence of required sewer infrastructure availability for the Marathon Project;
- (17) Mount Sinai Medical Center - Total sources did not equal or exceed uses (The reduction of total development cost to include only the housing portions of the Project, not the office space, caused a reduction in the amount of CWHIP they could request and this caused a shortfall in total sources).
- (18) Pembroke Pines Public-Private Partnership for Affordable Workforce Housing - Failure to provide evidence of Contributions collectively

PROFESSIONAL SERVICES SELECTION (PSS)

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totaling 15% of total development costs (commitment letters did not have the required expiration date);

- (19) Perla Palm Beach LLP - Failure to provide evidence of Contributions collectively totaling 15% of total development costs (letters of commitment did not specify expiration date);
- (20) Second Chance Help Center, Inc. - Failure to provide documentation of a Public Private Partnership; Failure to provide evidence of Contributions collectively totaling 15% of total development costs (letters of commitment from the city did not mention CWHIP or the Project); and
- (21) The Village of Hope In Myakka City, Inc. - Failure to provide documentation of a Public Private Partnership; to provide evidence of Contributions collectively totaling 15% of total development costs (appraisal for land was more than 6 months old; no commitment letters for the remaining contributions).

3. Recommendation

The Review Committee recommends that the Board accept the Ranking as presented.

RENTAL RECOVERY LOAN PROGRAM (RRLP)

Action Supplement

I. RENTAL RECOVERY LOAN PROGRAM (RRLP)

A. Request Approval of RRLP Loan Closing Extension for Palmetto Ridge Estates (2005-321HR)

Development Name: Palmetto Ridge Estates (“Development”)	Location: Brevard County
Developer/Principal: Gandolf Group, LLC & Timothy J. Oliver (“Developer”)	Set-Aside: 25% @ 35% AMI and 75% @ 60% AMI
Number of Units: 192	Allocated Amount: \$7,400,000
Type: Garden Style	Housing Credit Equity \$9,016,210
Demographics: Family	MMRB: \$11,500,000

1. Background/Present Situation

- a) On July 28, 2006, the Board approved the final credit underwriting report and directed staff to proceed with issuance of a firm loan commitment and loan closing activities.
- b) On December 14, 2006, a firm commitment letter was issued with a closing deadline of February 12, 2007. Pursuant to Rule Chapter 67ER06-13, F.A.C., RRLP loans must close within 60 days of issuance of a firm commitment letter.
- c) On January 24, 2007, staff received a letter from the Applicant ([Exhibit A](#)) requesting an extension of the RRLP loan closing deadline until April 1, 2007 due to various construction permitting issues causing a delay in approval from the City of Titusville.

2. Recommendation

Approve the request for an extension of the RRLP closing deadline until April 1, 2007, subject to the payment of the extension fee pursuant to Rule Chapter 67ER06-13, F.A.C.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

IV. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request for Proposals (RFP) for New Construction/Substantial Rehabilitation of Commercial Fishing Worker/Farmworker Housing

1. Background

Florida Statute requires that a minimum of 10% of the annual SAIL appropriation be used to fund housing for farmworkers/commercial fishing workers and Florida Housing staff is seeking the most effective manner in which to allocate these funds.

2. Present Situation

Florida Housing expects to have \$4,500,000 available in SAIL program funds for this type of housing from CYCLE XIX (2007 Universal Application Cycle). Through discussions with appropriate stakeholders and through experience in prior years, staff has determined that pairing SAIL farmworker funds with USDA's Rural Development funds is a very effective utilization of this set-aside. Due to the timing of Florida Housing's Universal Application Cycle, it is difficult for Florida Developers to pair SAIL funding with Rural Development funds. For this reason, staff would like to award a portion of the SAIL farmworker/commercial fishing worker allocation through a Request for Proposal process prior to the opening of the regular 2007 Universal Application Cycle. This will enable Applicants to obtain a preliminary commitment of SAIL farmworker funds from Florida Housing prior to applying for federal funding through Rural Development programs.

3. Recommendation

Staff recommends the Board direct staff to draft and issue RFP to solicit proposals for the new construction and/or substantial rehabilitation of commercial fishing worker/farmworker housing.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

B. Request Approval of SAIL Loan Closing Extension for McCurdy Center, Cycle XVII (2005-106CS)

Development Name: McCurdy Center (“Development”)	Location: Palm Beach County
Developer/Principal: Greater Miami Neighborhoods, Inc., & McCurdy Senior Housing Corporation (“Developer”)	Set-Aside: 24% @ 30% AMI and 76% @ 60% AMI
Number of Units: 93	Allocated Amount: \$1,750,000
Type: Garden Style	Housing Credit Equity \$13,257,000
Demographics: Homeless	MMRB: N/A

1. Background/Present Situation

- a) On August 25, 2005, the Board approved the final scores and ranking for the 2005 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On September 30, 2005, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,750,000 for this 93-unit homeless development in Palm Beach County.
- c) On October 17, 2006, staff received a credit underwriting report that did not provide a definitive recommendation for the SAIL loan due to concerns relating to construction costs for the proposed design type.
- d) On October 20, 2006, the Board approved this development for funding and directed staff to proceed with issuance of a firm loan commitment and loan closing activities.
- e) On October 26, 2006, a firm commitment letter was issued with a closing deadline of December 27, 2006. Pursuant to Rule Chapter 67-48, F.A.C., SAIL loans must close within 60 days of issuance of a firm commitment letter.
- f) On December 26, 2006, the Credit Underwriter received 2006 financial statements that revealed defaults on two properties that the borrower previously failed to disclose. Staff, the Credit Underwriter, and Florida Housing’s legal counsel found it unacceptable to close without further due diligence.
- g) On December 28, 2006, staff received a letter from the Developer requesting an extension of the SAIL loan closing deadline until April 4, 2007 ([Exhibit A](#)).
- h) Based on the defaults and the Developer’s limited cash liquidity, the underwriter and staff recommend an extension of the SAIL loan closing deadline subject to the Developer providing a Letter of Credit (LOC) in the amount of 5% of the construction costs. If an LOC cannot be provided, then staff will recommend that funding is not provided until 100% lien free completion.

2. Recommendation

Approve the request for an extension of the SAIL closing deadline until April 4, 2007, subject to the conditions stated above and payment of the extension fee pursuant to Rule Chapter 67-48, F.A.C.

SINGLE FAMILY BONDS

Action

V. SINGLE FAMILY BONDS

A. Single Family Homeowner Program

1. Background

- a) Florida Housing sold its \$120 million 2006 Series 6 Bonds on November 15, 2006 which resulted in single family rates of 6.20% for assisted loans, 5.69% for low rate loans, 5.10% for subsidized loans and 5.25% for community loans.
- b) Based on the strong demand Florida Housing has been experiencing for these mortgage products, staff is requesting approval to issue up to \$200 million of single family bonds to fund mortgages from what will be designated as 2007 Phase One Bonds (multiple series to be determined) and if savings can be achieved to refund the outstanding 1996 Series 1-2 and 1996 Series 3 bonds.
- c) The 2007 Phase One Bonds are expected to be rated “AA” by Standard & Poor’s Ratings Services, “Aa1” by Moody’s Investors Service, and “AA” by Fitch Ratings. It is anticipated that the 2007 Phase One Bonds and any additional new money bonds issued under the 1995 Indenture for the foreseeable future will be secured by mortgage backed securities.
- d) Consistent with normal rotation of bond professionals, RBC Capital Markets will serve as senior managing investment banker for the negotiated sale of the 2007 Phase One Bonds. Squire, Sanders & Dempsey and the law offices of Reginald D. Hicks, P.A. will serve as bond counsel and Nabors, Giblin & Nickerson, P.A. will serve as special counsel.

2. Present Situation

- a) Authorization necessary to issue the 2007 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing’s Board and (2) approval of the plan of finance by the State Board of Administration. To work within the constraints of regularly scheduled public meetings and maintain Florida Housing’s goal of providing continuously available single family mortgage funding, the authorizing resolution for the 2007 Phase One Bonds is being presented for consideration at Florida Housing’s January 26, 2007 meeting.
- b) Based on the current rate of reservation, it is possible that all 2006 Series 6 bond proceeds could be fully reserved by the middle of February. To provide sufficient time to obtain the required approvals, authorization is requested to commit up to \$15,000,000 of Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family reservations.

SINGLE FAMILY BONDS

Action

- c) Final size, structure, timing and other decisions relating to the 2007 Phase One Bonds will be made based on production, program changes and market conditions with the advice of CSG Advisors and RBC Capital Markets closer to the time of the anticipated transaction. Issuance costs and capitalized interest (if any) for the 2007 Phase One Bonds will be funded with assets available under the single family bond indenture and/or by a contribution from Florida Housing's general funds. In the past actual negative reinvestment costs have been reduced by shortening origination schedules and by investing bond proceeds with the State Treasurer's fund, which until last year paid a higher rate of interest than could be achieved by investing in a Guaranteed Investment Contract (GIC) or in other qualified investments. The investment determined to be financially advantageous to Florida Housing will be used for the 2007 Phase One bond proceeds. The current financial conditions indicate a Guaranteed Investment Contract will be a viable option for minimizing negative arbitrage.
- d) Summary of Proposed 2007 Phase One Bonds:
- (1) Principal amount: Not to exceed \$200,000,000 in long term bonds in one or more series to finance new mortgage loans and, if savings can be achieved, to refund Florida Housing's 1996 Series 1&2 and 1996 Series 3 bonds of which \$12,075,000 are still outstanding.
 - (2) Florida Housing Funds: 1) interim funding, not to exceed \$15,000,000 from Indenture resources and/or other funds available to Florida Housing with the expectation that any funds committed will be reimbursed with proceeds of the 2007 Phase One Bonds and 2) issuance costs and any capitalized interest contributed from Indenture resources and/or other funds available to Florida Housing.
 - (3) Mortgage Rates: Not to exceed a mortgage loan yield of 7.75% for the 2007 Phase One portfolio.
 - (4) Origination & Delivery Period: Four to six months production with up to twelve months delivery period.
 - (5) Maximum Combined Loan-To-Value: 105% of the lesser of the appraised value or the purchase price of the property except in the case of the person with a disability as defined by the Americans with Disabilities Act in which case the combined loan-to-value may be up to 120% with certain restrictions.
 - (6) Loan Types: Conventional, VA, Rural Development and FHA.
 - (7) Second Mortgages: HOME, HAP Down Payment and HAMI.
 - (8) Guaranteed Mortgage Securities: Ginnie Mae, Fannie Mae and Freddie Mac.

SINGLE FAMILY BONDS

Action

- (9) Private Activity Tax-Exempt Bond Resources Available:
 - (a) \$18,405,638.89 of tax exempt bond authority outstanding in the liquidity advance line at the Federal Home Loan Bank
 - (b) \$176,120,739.96 of 2005 carry-forward
 - (c) \$250,497,280 of 2006 carry-forward
- e) [Exhibit A](#) – CSG Advisors Method of Sale Letter
- f) [Exhibit B](#) – Draft Program Details
- g) [Exhibit C](#) – Draft Terms Memo
- h) [Exhibit D](#) – Authorizing Resolution
- i) [Exhibit E](#) – Distribution List

3. Recommendation

Staff recommends the Board approve the necessary funding (including reimbursable amounts to provide program funding between bond issues), staff actions and the resolution to permit the issuance of the proposed 2007 Phase One Homeowner Mortgage Revenue Bonds.

SPECIAL ASSETS

Action

VI. SPECIAL ASSETS

A. Request Approval To Transfer Of The Set-Aside Restrictions For Arundel Apartments (90L-013)

Development Name: Arundel Apartments ("Development")	Location: Miami Beach-Dade County
Developer/Principal: The Roosevelt Park, L.L.C. ("Developer")	Set-Aside: 100% @ 60% AMI
Funding Sources: HC 90L-013 (9%)	Terms: EUA: 30 years, 12/31/2020
Number of Units: 24	Housing Credits: \$15,025; 12/31/05 15yrs.
Demographics: Family	1611 Meridan Avenue, Miami Beach, FL 33139

1. Background

Florida Housing issued a final allocation of \$150,250 in housing credits in 1990 to Ruth Moses, an individual, for the development of a twenty-four (24) unit apartment complex in Miami Beach, Miami-Dade County, Florida. Due to noncompliance, a final 8823 was filed with the Internal Revenue Service (IRS) on May 24, 2002 and Ms. Moses paid interest and recapture of the credits to the IRS.

2. Present Situation

- a) The Roosevelt Park, L.L.C. (Developer) purchased the Development July 6, 2005. The Developer sent a request to Florida Housing proposing the release of the restrictions on the twenty-four (24) units in the Development in exchange for providing forty-eight (48) units in the City of Miami within approximately five miles of the Development.
- b) The Developer first approached the Board about this at the December 2005 Board meeting and at the June 2006 Board meeting the Board authorized staff to negotiate with the Developer to substitute 48 units for the current 24 units. The Developer and Florida Housing Staff have negotiated a proposed transfer of the Extended Use Agreement (EUA) as outlined in the credit underwriting report ([Exhibit A](#)).

3. Recommendation

Approve the transfer of the EUA from the current encumbered development to the proposed development subject, but not limited to, the conditions outlined in the credit underwriting report and subject to further approvals by the credit underwriter, counsel and the appropriate corporation staff and direct staff to proceed with EUA document modification activities.

UNIVERSAL CYCLE

Action

VII. UNIVERSAL CYCLE

A. 2007 Universal Cycle

1. Background/Present Situation

- a) A public meeting was held on July 28, 2006, and rule development workshops were held on September 8, 2006, October 20, 2006, November 17, 2006, and January 4, 2007, in order to solicit comments on Rule Chapters 67-21 and 67-48, F.A.C., and proposed changes to the Universal Application.
- b) As a result of these meetings, staff has revised the Universal Application and the rules governing the multifamily programs. A supplement to the Board Package will be provided which contains the proposed Rules, Application and Qualified Allocation Plan (QAP).
- c) After the Board's approval of the proposed Rules, Application and QAP, the Notice of Proposed Rulemaking (NOPR) will be published in the February 2, 2007 edition of the Florida Administrative Weekly. The NOPR will announce the Rule Hearing which is scheduled for February 23, 2007, in Tallahassee.
- d) Following review of the public comments received at the February 23, 2007 Rule Hearing and the comments received from the Joint Administrative Procedures Committee following its review of the NOPR, staff will proceed as follows:
 - (1) If modification of the proposed rules is not required, staff will file the rules for adoption. It is anticipated that the application cycle will open on March 12, 2007.
 - (2) If modification of the proposed rules is required, staff will prepare a Notice of Change (NOC) to incorporate all proposed modifications to the proposed rules and, if required, will submit the NOC for Board approval. Opening of the application cycle would then be delayed until early April 2007.

2. Recommendation

Approve the proposed underline/strike through Rules, Universal Application, and QAP, and authorize staff to file the rules for adoption if a NOC is not required, and, if a NOC is required, authorize the Chair to determine whether a NOC makes material, substantive changes to the rule chapters. If she determines that it does not, staff recommends that the Board approve such NOC without the requirement of another Board meeting. In the alternative, if the Chair determines that any NOC does make material, substantive changes to the rule chapters, staff recommends that a telephonic board meeting be called to obtain Board approval for any required changes.