

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

December 12, 2003

Information Items



PROFESSIONAL SERVICES SELECTION (PSS)

Informational Supplement

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Update on Request for Proposals 2003/03 for the Development of Transitional Housing for Victims of Domestic Violence

1. Background/Present Situation

- a) On March 7, 2003, the Florida Housing Finance Corporation Board of Directors approved the issuance of a Request for Proposals (RFP) to fund transitional housing for victims of domestic violence. To ensure that the RFP considered issues of particular relevance to the needs of those developing such housing, before the RFP was finalized, Florida Housing contacted the Florida Coalition Against Domestic Violence to discuss the RFP and the needs of this special population.
- b) The Florida Coalition is a statewide organization of shelters for victims of domestic violence. These shelters provide services and both emergency and transitional housing for this population. After meeting with the Coalition's executive director in late April, Florida Housing sent a memo to the Coalition outlining general parameters of the draft RFP and asking specific questions to encourage input on the RFP. This memo was to be circulated to all the shelters at the Coalition's annual conference.
- c) Several comments were received, and the RFP was finalized and issued on September 19, 2003. Proposals are due December 19, 2003.
- d) In the first week of December, Vice Chair Terri Santini received communication from the director of a local shelter indicating that one or more shelters are unwilling to submit proposals for funding, mainly because the RFP as written allegedly does not address the financing needs of these shelters.
- e) Based on this information, it is possible Florida Housing will not receive any proposals by the December 19 due date. Staff considered withdrawing and reworking the RFP; however, it was too late to notice a withdrawal. Therefore, staff will await any responses that may come in by December 19 and then determine whether it is necessary to re-issue the RFP with revisions.

FISCAL

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I. FISCAL

A. Operating Budget Analysis for October 2003

1. Background/Present Situation

- a) The Financial Analysis for October 31, 2003, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending October 31, 2003, is attached as [Exhibit B](#).

GUARANTEE

Informational

II. GUARANTEE

A. Review of Application for Guarantee Program Credit Enhancement for Kyros Light Village and Florida Manor

1. Background

- a) Qualified Lending Institutions interested in applying for credit enhancement through the Guarantee Program are encouraged to complete the Application for Credit Enhancement (“Application”).
- b) The Housing Finance Authorities of Palm Beach and Miami-Dade Counties (both Qualified Lending Institutions) recently submitted Applications for Kyros Light Village and Florida Manor developments.

2. Present Situation

- a) The Guarantee Program, along with TIBOR PARTNERS, Inc., will be conducting a review of the Application and will seek discussion with and guidance from the Committee.

Project	Developer	Lender	Project Type	Corp. Programs	Set-Aside	Units	Estimated Mortgage Amt.
Kyros Light Village	Dominion Development	HFA of Palm Beach County	New Construction	Housing Credits	40% @ 60%	126	\$8,820,000
Florida Manor	Dominion Development	HFA of Miami-Dade County	New Construction	Housing Credits	40% @ 60%	180	\$7,800,000

- b) Guarantee Program Capacity ([Exhibit A](#))

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III. LEGAL

A. Ybor III, Ltd. v. Florida Housing Finance Corporation

Developer: Citizens Housing Development Co. – Tom McMullen

1. Background

- a) On November 29, 2001, Petitioner, Ybor III, Ltd. (“Ybor”) filed a Notice of Administrative Appeal with the First District Court of Appeal. Ybor appealed Florida Housing’s dismissal of its petition challenging the scoring of a competitor’s application in the 2001 Combined Cycle. Ybor requested oral argument, which was held on February 19, 2003. The Court issued its opinion on April 23, 2003.
- b) The Court found that Ybor had standing to seek an administrative hearing and that Fla. Admin. Code R. 67-48.005 (2001) did not provide a point of entry into the administrative hearing process. The Court remanded the case with directions for Florida Housing to forward Ybor’s petition to the Division of Administrative Hearings for a formal hearing. Rule 67-48.005 Fla. Admin. Code R., as amended in 2002, provides a point of entry for applicant’s to challenge the scoring of another application.
- c) The case was forwarded to the Division of Administrative Hearings for a formal hearing on May 27, 2003. Petitioner’s attorney filed a Motion for Leave to Withdraw as Counsel on June 20, 2003, which was granted on July 1, 2003. Petitioner filed two Motions for Continuance which were both granted. Petitioner filed an Unopposed Emergency Motion for Continuance on November 14, 2003. The Motion was granted and the parties are to advise the court as to the agreeable dates for rescheduling the hearing by November 25, 2003.

2. Present Situation

The parties are preparing for the hearing.

LEGAL

Informational

B. Florida Housing Finance Corporation v. Aloma Bend, Ltd., a Florida limited partnership; Christopher T. Spano, Robert Thollander and Betsy Spano, as Individuals

1. Background

- a) On December 30, 1997, Aloma Bend, Inc. (“Aloma”) closed its Multi-Family Mortgage Revenue Bond loan. Florida Housing allocated \$15,500,000.00 in Multi-Family Mortgage Revenue Bond Program funds for this development. The bond documents provide that the proceeds from any condemnation are to be paid to First Union National Bank, the Trustee.
- b) On November 21, 2000, Plaintiff, The State of Florida, Department of Transportation (“DOT”) filed a Petition in eminent domain to condemn a portion of Aloma’s property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Barrington Place.
- c) On March 28, 2002, the Circuit Court entered a Stipulated Final Judgment Including Attorneys Fees and Costs awarding Aloma the total amount of \$235,000 and requiring that Aloma additionally deposit \$51,100 into the registry of the Clerk of Court (“Condemnation Proceeds”).
- d) In April of 2002, Florida Housing requested from Aloma an accounting of the Condemnation Proceeds. The statement provided by Aloma demonstrates that the Condemnation Proceeds were used to repair and pay for expenses at other unrelated properties.
- e) On June 12, 2002, Florida Housing demanded the return of the Condemnation Proceeds to Florida Housing or the Trustee. Aloma has refused to pay Florida Housing or the Trustee and has otherwise failed to perform their obligations under the Loan Agreement and Guaranty.
- f) On April 24, 2003, Florida Housing filed a Complaint in the Circuit Court of Leon County, Florida, requesting that the court enter an Order enforcing the Guaranty and entering a judgment against Aloma and related parties. A copy of the Complaint was attached to the June 20, 2003 informational package as Exhibit A.

2. Present Situation

- a) On June 23, 2003, Aloma filed a Motion to Dismiss Florida Housing’s Complaint as to Thollander, which was denied on August 14, 2003. Aloma and Thollander did not file an answer to the Complaint by September 3, 2003. Defendant Betsy Spano filed a response to the Complaint, moving to dismiss for failure to join an indispensable party, the motion was denied on August 14, 2003. Defendant, Christopher T. Spano, has not yet been served with the Complaint via substitute service. Florida Housing will continue with the litigation.

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C. Seminole County, et al. v. TWC Ninety-Five, Ltd., et al. (Windchase Apartments)

Developer : The Wilson Companies; TWC Ninety-Five, Ltd.

1. **Background**

- a) On May 15, 1997, TWC Ninety-Five, Ltd. ("TWC") closed its loan. Florida Housing allocated \$15,100,000 in Housing Revenue Bonds (1997 Series C) funds for this development.
- b) On October 28, 2002, Plaintiff, Seminole County, filed a Petition in eminent domain to condemn a portion of TWC Twenty-Five, Ltd.'s property in the Circuit Court of Seminole County, Florida seeking to take a portion of the property for widening the road adjacent to the development known as Windchase Apartments.
- c) Section 11 of the Land Use Restriction Agreement requires that the proceeds of any condemnation be deposited with the Trustee.
- d) A hearing has been set for May 15, 2003, on the Motion to Allow Withdrawal of Funds filed by TWC on March 28, 2003. Florida Housing filed a Response to the Motion to Allow Withdrawal of Funds by TWC on April 15, 2003.

2. **Present Situation**

Florida Housing is monitoring the litigation.

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D. Fifth Avenue Estates, Ltd. (“Fifth Avenue”) – Petition for Rule Waiver

1. Background

- a) On February 3, 2002, Fifth Avenue filed a Petition for Rule Waiver, seeking a waiver of Rule 67-48.004(14)(k), Fla. Admin. Code, which prohibits an applicant from making any change of the total set-aside commitment of Item III, Section E, Subsection 3, of the 2002 Universal Cycle Application.
- b) On June 20, 2003, the Board denied the Petition.
- c) On June 25, 2003, Fifth Avenue filed its Notice of Appeal, and filed its Initial brief on August 13, 2003; Florida Housing filed a Motion to Strike Appellant’s Initial Brief for relying on matters outside the Record of the case and for failure to cite citations from the Record. The Motion to Strike was granted on September 15, 2003. Fifth Avenue’s Amended Initial Brief was filed on September 17, 2003. Florida Housing’s Reply Brief was filed on October 13, 2003. Florida Housing’s Amended Reply Brief was filed on November 19, 2003. Fifth Avenue’s Cross-Reply Brief is due December 9, 2003.

2. Present Situation

Petitioner has requested oral argument.

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E. In Re: 2003 Universal Cycle

1. Present Situation

Cases referred to the Division of Administrative Hearings:

- (1) Clarcona Hills, LLC – This petition was withdrawn by the Petitioner and this case is now closed.
- (2) Riverside Village Partners, Ltd. – Provincetown Village Partners, Ltd. A Joint Motion to consolidate Riverside Village and Provincetown Village cases was filed on September 5, 2003. An order of consolidation was issued and the hearing was held on November 2, 2003. The parties are awaiting a copy of the transcript of the hearing. Proposed Recommended Orders are to be filed by the parties within ten days of the receipt of the transcript of the hearing from Division of Administrative Hearings.

MISCELLANEOUS

Informational

IV. MISCELLANEOUS

A. **Lobbyist Information - Barbara Doolittle Auger, Wife of Florida Housing Finance Corporation's Operations Director Steve Auger**

1. **Background/Present Situation**

Barbara Doolittle Auger, wife of Florida Housing's Operations Director Steve Auger, is a registered lobbyist in her role as a partner in the law firm of Tew Cardenas, et al., in their Tallahassee Office. She is registered as a representative for developers, some of which do business with Florida Housing from time to time. ([Exhibit A](#))

MULTIFAMILY BONDS

Informational

V. MULTIFAMILY BONDS

A. Cutler Glen and Cutler Meadows Apartments Press Release

1. Background/Present Situation

- a) This is to provide an update and information on a positive press release issued by Standard and Poor's ("S&P") regarding Cutler Glen and Cutler Meadows Apartments ("Development"), \$8,100,000 in 2003 Series U 501(c)(3) Bonds, 225 units in total located in unincorporated Miami-Dade County, Florida.
- b) On October 31, 2003, Florida Housing issued bonds to finance the Development. The bonds received a "BBB" rating from S&P under a new program that considers the beneficial effect of existing HUD Section 8 contracts. Prior to this S&P program, the bonds would have been unrated. The 501 (c)(3) bonds issued for this Development were the first in the country to be rated under this new program. William R. Hough & Company served as the bond underwriter on this transaction.
- c) The combined development has 190 one-bedroom units and 35 two-bedroom units. The properties were acquired by affiliates of Greater Miami Neighborhoods on July 31, 2002. The tenants in the project are approximately 80% elderly. The bonds are being issued to refinance an acquisition loan from Bank of America and to finance improvements to the property. In addition to the proceeds of this bond financing the Development will be simultaneously receiving a subordinate \$ 1.5 million surtax loan from Miami-Dade County which will be used make capital improvements and renovations to the properties. The renovations will be for exterior work mostly and will not require tenant displacement.
- d) The Development is currently under five-year contract renewals of HUD Section 8 contracts provided under the Multifamily Assisted Housing and Reform Act of 1977 (MAHRA). The contracts provide for HUD rental subsidies for tenants but stipulate the rents the development can charge tenants. Under MAHRA, the HUD Section 8 subsidy payments are subject to appropriation by Congress for the HUD annual budget. Moreover, the appropriation history of HUD Section 8 subsidies for developments under the aforementioned program has been good. Under MAHRA the renewal of a contract for Section 8 subsidies is subject to certain conditions regarding the owner or affiliates complying with conditions under various HUD contracts or loan covenants. If the owner is in violation of any of these conditions or covenants HUD may elect not to renew the Section 8 subsidy contract on this property. S&P will only rate bonds secured by properties subject to renewals under MAHRA where it is unlikely that the owner will have Section 8 compliance issues that will cause HUD to decline to renew a Section 8 contract under MAHRA because the owner has a strong management history and capabilities. The bonds meet S&P's newly issued criteria for HUD subsidized Section 8 bonds that have been restructured under MAHRA.

SINGLE FAMILY BONDS

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VI. SINGLE FAMILY BONDS

A. 2003 5 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On September 12, 2003, the Board authorized issuance of the 2003 Series 5 Bonds. The origination period began on October 27, 2003.
- b) Lendable proceeds totaling \$45,745,051 are currently offered at an interest rate of 5.68%.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities
 - (2) \$2,000,000 for purchases in Urban Infill and Targeted Areas
 - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
 - (4) \$1,000,000 for Disabled Homebuyers
- d) As of November 17, 2003, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	45,745,051	15,757,965	170	29,987,086	34.4%
Front Porch and HOPE VI	1,000,000	0	0	1,000,000	0%
Urban Infill	2,000,000	357,079	4	1,642,921	17.9%
USDA Self Help	1,000,000	663,445	10	336,555	66.3%
Disabled Homebuyers	1,000,000	0	0	1,000,000	0%
HAP D/P	Pooled	997,153	101	Pooled	N/A
HOME Loans	Pooled	730,119	49	Pooled	N/A

SINGLE FAMILY BONDS

Informational

B. 2003 1-4 Single Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On May 2, 2003, the Board authorized issuance of the 2003 Series 1, 2, 3 and 4 Bonds. The origination period began on June 25, 2003.
- b) Lendable proceeds totaling \$46,032,500 are currently offered at an interest rate of 5.10%.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.50% as follows:
 - (1) \$1,000,000 for purchases in HOPE VI and Front Porch Communities
 - (2) \$3,000,000 for purchases in Urban Infill and Targeted Areas
 - (3) \$1,000,000 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
- d) On September 15, 2003, Staff authorized Leader Mortgage to combine the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help and Urban Infill).
- e) As of November 17, 2003, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		\$ Amount Available	% Used
		\$ Amount	Number		
Spot Pool	43,797,500	42,922,583	460	874,917	98%
Builder	2,235,000	892,003	8	1,342,997	39.9%
Urban Infill, RD Self Help HOPE VI /Front Porch	5,000,000	4,999,999	68	1	99.9%
HAP D/P	Pooled	2,451,674	254	Pooled	N/A
HOME Loans	Pooled	2,785,647	186	Pooled	N/A

SINGLE FAMILY BONDS

Informational

C. 2002 1-3 Single-Family Mortgage Revenue Bond Program

1. Background/Present Situation

- a) On April 26, 2002, the Board authorized issuance of the 2002 Series 1, 2, and 3 Bonds. The origination period began on November 8, 2002.
- b) Lendable proceeds totaling \$45,620,806 are currently offered at an interest rate of 5.92%.
- c) Additionally, funding was set-aside for special targeting at an interest rate of 4.99% as follows:
 - (1) \$1,520,677 for purchases in HOPE VI and Front Porch Communities
 - (2) \$3,041,355 for purchases in Urban Infill and Targeted Areas
 - (3) \$506,411 for the USDA Rural Development (RD) Section 523 Mutual Self-Help Housing Program
- d) Effective April 1, 2003, the Board authorized the combination of the subsidized loan pools (HOPE VI and Front Porch, Section 523 Mutual Self-Help and Urban Infill).
- e) Staff negotiated with three participants in the Builder program to relinquish unused allocation that could be better utilized in the Spot Pool. As a result, \$5,289,581 was reallocated from the Builder Pool to the Spot Pool.
- f) As of November 17, 2003, the following activity was reported:

Allocation Pool	Current \$ Amount Allocated	Purchased/Reserved		Amount Available	% Used
		Amount	Number		
Spot Pool	37,752,029	37,550,163	451	201,866	99.4%
Builder	7,868,777	7,619,741	86	249,036	96.8%
Urban Infill, RD Self Help HOPE VI /Front Porch	5,068,443	4,958,970	75	109,473	97.8%
HAP D/P	Pooled	3,595,970	364	Pooled	N/A
HOME Loans	Pooled	3,265,545	219	Pooled	N/A

SINGLE FAMILY BONDS

Informational

D. **Satisfactions**

1. **Background/Present Situation**

- a) The Corporation reflects the following information regarding satisfactions of Second Mortgages for the time period of January 1, 2003 to September 30, 2003:

Program	Total \$ Amount of Payoffs	Total # of loans
HAL/disasters	508,901	23
HOME w/ bonds	2,175,727	186
HAP/HAP Perm	1,986,935	591
Totals	4,671,563	800

SINGLE FAMILY BONDS

Informational

E. Marketing and Outreach

1. Background/Present Situation

- a) In efforts to gather additional information for the Annual Report, Staff developed an initiative that offers our homebuyers an incentive to submit pictures of their families and homes by way of the "I Did It" sweepstakes. Staff also incorporated "post-purchase" counseling into the sweepstakes by developing 5 questions that will help them learn more about potential homeowner challenges and how to be prepared. On November 18, 2003 over 700 homebuyers, who purchased homes over the past year via the First Time Homebuyer Program, were mailed the "I Did It" sweepstakes packets. The grand prize is a \$250 gift card for Home Depot and publication in Florida Housing's marketing materials. The winner will be announced on December 17, 2003, contacted via telephone and posted on Florida Housing's website.
- b) On November 15, 2003, Wallisa Cobb, Keantha Belton and Edny Sanchez-Gammons, attended a homebuyer fair in Miami hosted by the Colombian American Service Association (CASA). This event was marketed primarily to Spanish speaking individuals. Several new lenders inquired about the programs offered by Florida Housing for first time homebuyers and expressed interest in participating. Staff will continue to follow-up with these lenders in order to build a larger base of loan originators that are prevalent in the Spanish speaking community.
- c) The latest Single Family Marketing and Public Relations Campaign commenced on November 17, 2003 to promote the 2003 Series 5 Mortgage Purchase Program (First Time Homebuyer Program). The marketing and media campaign seeks to increase program participation in underserved counties in order to provide greater access to financing for low to moderate income potential homebuyers. The campaign's initial focus is on earned media promotions such as, generating newspaper articles in daily papers throughout the State, notifying major partners (lenders, real estate agents, home builders, etc.), and distributing news releases to localized public television and radio sources statewide that will generate interviews and other programming media.

F. Loan Information/Summary Reports (See [Exhibit A](#), [Exhibit B](#) and [Exhibit C](#))

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

Informational

VII. STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

A. Local Housing Assistance Plans

1. Background

To receive SHIP funds, a local government must submit a Local Housing Assistance Plan for approval by the Corporation's SHIP Review Committee. These plans have a minimum effective date of one (1) state fiscal year and a maximum of three (3) state fiscal years. A local government may amend its plan to add or delete strategies consistent with SHIP Program requirements.

2. Present Situation

By May 2, 2004, fifty-nine (59) local governments are required to submit new Local Housing Assistance Plans to maintain eligibility to receive SHIP funds.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

Informational

B. Local Housing Assistance Program Annual Reports

1. Background

Annually, by September 15, a county or eligible municipality participating in the SHIP Program must submit a report of its local affordable housing program accomplishments and its funding expenditure and leveraging using forms provided by the Corporation pursuant to Section 420.9075(9), Florida Statutes. The annual reports document the local government's compliance with the Florida Statutes and SHIP program requirements and must be timely and correctly filed as a condition of receiving funds.

2. Present Situation

- a) The reports were due to the Corporation by September 15, 2003 to cover activities and expenditures for state fiscal years 2000-2001 (close out reports as of 6/30/03), fiscal year 2001-2002, and fiscal year 2002-2003 (interim reports as of 06/30/03).
- b) One (1) local government, Marion County, has an expenditure extension for fiscal year 1999-2000 funds.
- c) Nine (9) local governments, City of Cocoa, City of Margate, City of Pembroke Pines, City of Tampa, Alachua County, Baker County, Flagler County, Marion County, and Putnam County, have an expenditure extension for fiscal year 2000-2001 funds.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

Informational

C. Financial Status

1. Background

- a) Created in 1992 by the William E. Sadowski Affordable Housing Act, SHIP is funded with proceeds of the documentary stamp tax on recorded deeds deposited into the Local Government Housing Trust Fund.
- b) The state fiscal year 2003-2004 total appropriation available for the SHIP Program is \$130,886,000.00 with an anticipated set-aside of \$5,000,000.00 for disaster relief and \$129,499.00 for the Housing Data Clearing House. The current available funding is \$125,756,501.00.

2. Present Situation

- a) Total SHIP disbursements to the local governments for fiscal year 2003-2004 to date are \$63,698,619.00.
- b) Total SHIP allocation due to the local governments for fiscal year 2003-2004 is \$62,057,882.00.
- c) Total SHIP disaster relief funding available to the local governments for fiscal year 2003-2004 is \$5,000,000.00.