

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

May 2, 2003

Action Items



DEMONSTRATION

Action

I. DEMONSTRATION

A. Request Credit Underwriting Approval for Wesley Haven Villas, 2002/01-002ALF

1. Background/Present Situation

- a) On March 8, 2002, Florida Housing issued a Request for Proposal (RFP) for Assisted Living Facilities (ALFs).
- b) Methodist Homes for the Aging submitted a response and on September 20, 2001 the Board approved funding of \$3,000,000 subject to a positive recommendation from the credit underwriter. This development is located in Escambia County and will provide 55 Assisted Living Facility housing units.
- c) Staff received a credit underwriting report for this development with a positive recommendation for a loan of \$3,000,000, subject to the conditions outlined in the review ([Exhibit A](#)).

2. Recommendation

- a) Approve the credit underwriter's recommendation and direct staff to issue a firm loan commitment and proceed with loan closing activities.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM

Action

II. ELDERLY HOUSING COMMUNITY LOAN PROGRAM

A. 2003 Elderly Housing Community Loan Program (EHCL) Cycle – Review Committee

1. Background/Present Situation

Chapter 420, Florida Statutes, and Rule Chapter 67-32, Florida Administrative Code (F.A.C.), provides for a review committee to be comprised of FHFC staff and at least one Department of Community Affairs (DCA) staff person. The review committee will make recommendations to the Board regarding program participation.

2. Recommendation

Approve review committee for the 2003 EHCL Application cycle to be comprised of the following FHFC staff: Kerey Carpenter, Joyce Martinez, Vicki Brady, Lynn Seiler and Susan Parks, with Marcus Hepburn as the DCA representative and William Aldinger from the Department of Elder Affairs.

B. 2003 Elderly Housing Community Loan Program (EHCL) Cycle – Lottery Seed Number

1. Background

Chapter 420, Florida Statutes, and Rule Chapter 67-32, F.A.C., provides that each Application assigned an Application number receive a random lottery number at or prior to the issuance of final scores and that the lottery numbers must be assigned by having Florida Housing's internal auditors run the total number of assigned Application numbers through a random number generator program.

2. Present Situation

The seed number must be selected for the random number generator program so that staff will be able to assign the lottery numbers at the appropriate time

3. Recommendation

Select the seed number from the listing of seed numbers provided by staff.

FISCAL

Action

III. FISCAL

A. Approval of the Fiscal Committee Minutes for March 7, 2003.

The March 7, 2003, Fiscal Committee minutes are included with the [Board Meeting Minutes](#) in the Board Package.

GUARANTEE FUND

Action

IV. GUARANTEE FUND

- A. Consider Approval of the March 7, 2003 Guarantee Program Committee Minutes
- B. Reinstatement and Extension of Commitment to Guarantee for Hampton Point Apartments

1. Background

- a) On April 26, 2002, the Board approved the issuance of a Commitment to Guarantee for Hampton Point Apartments, a proposed 284-unit multifamily rental development to be located in the City of Port Charlotte, Charlotte County, Florida. Currently, the applicant, Hampton Point Limited Partnership (“Applicant”), is expecting to receive a 2001 tax-exempt bond allocation in the amount of \$11,020,000 from Florida Housing Finance Corporation, in addition to issuing \$2,180,000 of taxable bonds.
- b) Following updates of the appraisal and market study, and a subsequent revision to the final credit underwriting report, the Board, at its December 6, 2002 meeting, approved an extension of the original Commitment to Guarantee from December 31, 2002 to March 31, 2003.
- c) At its March 7, 2003 meeting, the Board approved extending the Multifamily Mortgage Revenue Bond commitment for the proposed Hampton Point development until June 30, 2003. The Applicant erroneously assumed that this extension would also extend the Guarantee Program’s Commitment to Guarantee.

2. Present Situation

- a) Due to the proposed payment and performance bond provider’s withdrawal from the transaction and the time associated with the Applicant’s procurement of a replacement payment and performance bond (from a provider acceptable to the Guarantee Program), the Applicant has requested an extension of the Commitment to Guarantee from March 31, 2003 until June 30, 2003, consistent with the aforementioned MMRB commitment extension, as further specified in the Applicant’s correspondence attached as [Exhibit A](#) and [Exhibit B](#).
- b) The Applicant has confirmed to Guarantee Program staff that it continues to maintain control of the site.
- c) Guarantee Program staff has reviewed the requested extension and recommends the reinstatement and extension of the Commitment to Guarantee until June 30, 2003.

3. Recommendation

Accept Guarantee Program staff’s recommendation to approve the reinstatement and extension of the Commitment to Guarantee for Hampton Point Apartments until June 30, 2003.

HOME RENTAL

Action Supplement

I. HOME RENTAL

A. Request Approval to Change Funding Source for Orlando Neighborhood Improvement Development (City View)

1. Background

- a) In connection with the revitalization of the Parramore district of downtown Orlando and in anticipation of the need to demolish the existing Sunview Terrace HOME Rental development, on June 15, 2001 the Board approved amending the Sunview Terrace HOME Rental Land Use Restriction Agreement (LURA) and applicable loan documents at the end of the affordability period as follows:
 - (1) The term of the HOME loan to be transferred to the new development (now identified as City View) extended to be co-terminus with the longest affordability period then-applicable for the affordable housing units in the West Church Street development (City View);
 - (2) The LURA on the current Sunview Terrace property will be terminated;
 - (3) A new LURA securing performance under the HOME loan recorded on the West Church Street development (City View); and
 - (4) The new LURA to include the required set-aside as identified below and an 25 additional units will be set-aside for those at or below 120% AMI.
- b) The amendments to the LURA and loan documents are contingent upon (1) the affordability requirements of the LURA having been materially complied with upon the termination of the affordability period (assumed on June 15, 2001 to be in June 2003), (2) the West Church Street development (now known as City View) structured to include 30% of the units at or below 60% AMI and 10% of the units at or below 50% AMI, and (3) all appropriate consents obtained from third parties.

2. Present Situation

- a) The affordability period for Sunview Terrace ends on October 31, 2003, rather than June 2003 as previously understood, and the Sunview Terrace loan in the amount of \$473,498.98 is due June 2, 2003. Rather than transferring the HOME loan to City View, staff recommends that borrower repay the HOME loan upon maturity and that Florida Housing issue a new loan in the amount of \$473,498.98 from HOME match (state funds) for the City View property. In accordance with 67-48.015, Florida Administrative Code, HOME match funds "are to be used for demonstration Developments, pilot programs, or other Developments selected and approved by the Corporation's Board of Directors."
- b) A new LURA would be executed to reflect the terms and conditions of this new loan. To avoid additional monitoring fees, staff recommends that the set-aside requirements be included in the Extended Use Agreement ("EUA") (for non-competitive 4% housing credits). If the EUA is terminated earlier than the

HOME RENTAL

Action Supplement

affordability period required by the LURA, the borrower would then be responsible to pay Florida Housing the appropriate monitoring fees.

3. Recommendation

- a) Amend the previous Board action so that the HOME loan on Sunview Terrace will be repaid at maturity (June 2, 2003) and fund the City View development with HOME match funds with a loan term to be co-terminus with the longest affordability period then-applicable for the affordable housing units in City View;
- b) Approve the termination of the LURA on Sunview Terrace on November 1, 2003;
- c) Require execution of a new LURA securing performance of all required set-aside commitments for City View, with the LURA to include the required set-aside as identified below and an 25 additional units will be set-aside for those at or below 120% AMI; and
- d) Require the set-aside requirements for City View to be included in the EUA for monitoring purposes, until such time as the EUA may terminate and then the borrower would be required to pay monitoring fees for the LURA.

This recommendation is contingent upon (1) the affordability requirements of the LURA having been materially complied with upon the termination of the affordability period; (2) City View structured to include 30% of the units at or below 60% AMI and 10% of the units at or below 50% AMI; and (3) all appropriate consents obtained from third parties.

LEGAL

Action

V. LEGAL

A. In Re: 2002 Homeownership Program Petitions - HOME and HAP

1. Background

All of the applicants timely submitted applications to Florida Housing for the award of HOME/HAP funds in the 2002 Homeownership program. Florida Housing notified all applicants of their respective scores and provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes. All applicants timely filed a petition contesting the application scores. Informal hearings were held for the three (3) applicants ("Petitioners") who filed petitions on April 16, 2003.

2. Present Situation

On or about April 25, 2003, the Hearing Officer issued his Recommended Orders for the hearings held on April 16, 2003. A copy of the Recommended Orders is attached as [Exhibit A](#).

3. Recommendation

Board may decide to accept or reject the Recommended Orders and enter Final Orders accordingly.

B. In Re: Fifth Avenue Estates, Ltd, a Florida Limited Partnership

1. Background

- a) On February 3, 2003, Florida Housing received a Petition for Variance from, or waiver of, Rule 67-48.004(14)(k), Florida Administrative Code, requesting Florida housing accept the cure submitted by the Petitioner for its Application and grant the Petitioner the allocation of Tax Credits and SAIL financing.
- b) On February 3, 2003, Florida Housing received a Petition for Variance from, or waiver of, Rule 67-48.004(14)(k), Florida Administrative Code, requesting Florida housing accept the cure submitted by the Petitioner for its Application and grant the Petitioner the allocation of Tax Credits and SAIL financing.
- c) A copy of the Petition for Variance is attached as [Exhibit B](#).
- d) No comments have been received regarding this Petition.

2. Present Situation

- a) Section 120.542(2), Florida Statutes provides in pertinent part:

Variations 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.

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Action

- b) Rule 67-48.004(14) Provides 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:

- (k) The total set-aside percentage of the Total set-Aside Commitment...

3. **Recommendation**

Staff recommends that the Board deny the Petition.

C. **In Re: In Re: Universal Cycle Ranking Appeal – Los Suenos, Ltd.**

1. **Background**

- a) On April 15, 2002, Applicants submitted applications to Florida Housing for the award of SAIL or HOME funds and/or an allocation of Housing Credits in the 2002 Universal Cycle program
- b) On October 10, 2002, final scores and rankings for the Universal Cycle were approved by the Board.
- c) On October 18, 2002, Florida Housing notified all applicants of their post appeal scores and provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes. Applicants (“Petitioners”) timely filed a petition contesting the final appeal scores.

2. **Present Situation**

Pursuant to 67-48.005, Florida Administrative Code, a hearing was held on February 4, 2003. On March 7, 2003, the Hearing Officer issued his Recommended Order. A copy of the Recommended Order is attached as [Exhibit C](#).

3. **Recommendation**

Board may decide to accept or reject the Recommended Order and enter a Final Order accordingly.

D. **In Re: The Oaks Housing Partners**

Developer: ELCO Housing Partners, LLC

1. **Background**

- a) During the 2002 Universal Cycle, The Oaks Housing Partners (“the Oaks”) applied for an allocation of housing tax credits under Housing Credit Program. In its Application, The Oaks stated that the Developer was ELCO Housing Partners, LLC.

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Action

- b) American Pacific Properties, Inc. and ENB Partners, LLC each hold a 50% ownership interest as members of ELCO. For purposes of this Agenda, American Pacific Properties, Inc. is referred to as the “LNR Group” and Becky T. Edwards, Glen F. Bamberger and ENB Partners, LLC, are collectively referred to as the “BNG Group.”
- c) On April 2, 2003, Florida Housing received a Petition for Waiver of Rules 67-48.002 (32), 67-48.002(116), 67-48.004(15), 67-48.004 (20), and 67-48.026(6) and (7), F.A.C., from The Oaks (“Petition”). A copy of the Petition is attached as [Exhibit D](#). Specifically, The Oaks’s Petition requests a waiver of the Rules to allow for an indemnification and release of ELCO and the LNR Group by the BNG Group and a transfer of the LNR Group’s obligations as a principal of the Developer to ENB Partners, LLC.
- d) BNG Group intends to proceed with The Oaks development and it would not be adversely affected as BNG Group has the requisite experience to develop low income housing.
- e) Rule 67-48.002(32), Florida Administrative Code, states in pertinent part:

The Developer, as identified in an Application, may not change until the construction of the Development is complete.
- f) Rule 67-48.002(116), Florida Administrative Code states in pertinent part:

The 2002 Universal Application Package...shall be completed and submitted...in order to apply for the...State Apartment Incentives Loan (“SAIL”) and/or Housing Credit (“Housing Credits”) Programs.
- g) The Application is unaffected except that the following provisions of the Application are affected by the above-referenced Developer Substitution:
 - (1) The Applicant agrees to abide by the applicable Florida Statutes and administrative rules, and certifies that all information provided in the Application is correct (Exhibit 1 – Applicant Certification and Acknowledgment); and
 - (2) The Developer has certified to Florida Housing in writing that it is the Developer (or principal of the Developer) of record for the Development and that it will remain in such capacity, or as a co-developer until the Development is completed (Exhibit 10 – Developer or Principal(s) of Developer Certification); and
 - (3) The Applicant further certified that the Developer identified in the Developer or Principal(s) of Developer Certification will serve as the Developer or the co-developer of the proposed Development (Exhibit 10 – Developer or Principal(s) of Developer Certification – Applicant’s Certification).

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- h) Rule 67-48.004(15), Florida Administrative Code states in pertinent part:
- A Development will be withdrawn from funding and any outstanding commitments for funds or HC will be rescinded if at any time the Board determines that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development."
- i) 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.
- j) The purpose of the underlying statute is to encourage the development of affordable housing. Allowing for an indemnification and release of ELCO and the LNR Group by the BNG Group, and transfer of the LNR Group's obligations as a principal of the Developer to ENB Partners, LLC., will not violate the true legislative intent or policy of applicable statute.
- k) The Oaks Petition and subsequently submitted additional information demonstrates that PNC Bank and Columbia Housing have agreed to lend BNG Group the required construction and permanent financing loans and Columbia Housing will purchase the equity. BNG Group will be the sole guarantors for the loans and will be able to complete The Oaks development by itself. These changes are not prejudicial to The Oaks Development.
- l) Moreover, not granting this waiver will create a substantial hardship for The Oaks. The Oaks has demonstrated that BNG Group's economic viability will be jeopardized and that it would be irreparably harmed by the refusal to grant this waiver and would frustrate the mission of Florida Housing to provide affordable housing.
- m) Rule 67-48.004(20), Florida Administrative Code states in pertinent part:
- Prior to instituting any change resulting in any modification or deviation from the Application or credit underwriting, Applicant shall notify the Corporation.
- n) Rule 67-48.026(6) and (7), Florida Administrative Code states in part:
- (1) The Credit Underwriter shall verify all information in the Application, including information relative to the Applicant, Developer, Syndicator, General Contractor and other members of the Development team.
 - (2) The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant's Application during credit underwriting.

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- o) Section 120.542, Florida Statutes (2002), defines “substantial hardship” as a demonstrated economic, technological, legal, or other type of hardship to the person, and provides that “principles of fairness” are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.
- p) The Oaks requests the waiver of Rules, 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code, and states that the waiver of these Rules would serve the underlying purpose of the statute, in that it will enable BNG Group to complete the development of The Oaks, thereby aiding it in accomplishing the statutory goals of providing affordable housing to the residents of Florida.
- q) Granting the waiver of Rules 67-48.004 (20), 67-48.026(6) and (7), F.A.C., would not serve the purpose of the underlying statute. The Oaks has not demonstrated a substantial hardship resulting from the application of these rules. The Petition contains no direct statements regarding the necessity to waive the requirements that The Oaks be subjected to review by the Credit Underwriter. The Oaks has alleged only that the waiver is required to allow the release and indemnification of ELCO and LNR Group. The Credit Underwriter conducts its review only after all applications have been awarded a final ranking and the applicant is within the funding range. Allowing ELCO and LNR Group to withdraw as Developer from The Oaks would occur prior to being reviewed by the Credit Underwriter and does not necessitate the waiver of this review requirement.
- r) Petitioner has not demonstrated that the literal application of Rules 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code, affects Petitioner in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule, and therefore has not demonstrated that the literal application of the Rule violates the principles of fairness as defined in Section 120.542, Florida Statutes (2002).

2. Recommendation

Staff recommends that the Board grant the Oaks Petition for Waiver of Rules 67-48.002 (32), 67-48.002(116) and 67-48.004(15), Florida Administrative Code. Staff recommends that the Board deny the Oaks Petition for Waiver of Rules 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code.

E. **In Re: Collins Cove Housing Partners, Ltd.**

Developer: ELCO Housing Partners, LLC

1. Background

- a) During the 2002 Universal Cycle, Collins Cove Housing Partners (“Collins Cove”) applied for an allocation of housing tax credits under Housing Credit Program, an allocation from its Multifamily Mortgage Revenue Bonds program, an allocation from its State Apartment Incentives Loan program. In its application, Collins Cove stated that the Developer was ELCO Housing Partners, LLC.

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- b) American Pacific Properties, Inc. and ENB Partners, LLC each hold a 50% ownership interest as members of ELCO Housing Partners, LLC. For purposes of this Agenda, American Pacific Properties, Inc. is referred to as the “LNR Group” and Becky T. Edwards, Glen F. Bamberger and ENB Partners, LLC, are collectively referred to as the “BNG Group.”
- c) On April 2, 2003, Florida Housing received a Petition for Waiver of Rules 67-21.002(30), 67-21.002(97), 67-21.003(15), 67-21.003(20), 67-21.014(2), 67-48.002 (32), 67-48.002(116), 67-48.004(15), 67-48.004 (20), and 67-48.026(6) and (7), F.A.C., from Collins Cove (“Petition”). A copy of the Petition is attached as [Exhibit E](#). Specifically, Collins Cove’s Petition requests a waiver of the Rules to allow for an indemnification and release of ELCO and the LNR Group by the BNG Group, transfer of the LNR Group’s obligations as a principal of the Developer to ENB Partners, LLC, and allow Finlay Development LLC, to be added as a Co-Developer to share in the Developers duties and responsibilities.
- d) BNG Group intends to proceed with the Collins Cove development and it would not be adversely affected as BNG Group has the requisite experience to develop low income housing.
- e) Rule 67-21.002(30), Florida Administrative Code, states in pertinent part:

The Developer, as identified in an Application, may not change until the construction of the Development is complete.
- f) Rule 67-21.002(97), Florida Administrative Code, states in pertinent part:
 - (1) The 2002 Universal Application Package...shall be completed and submitted...in order to apply for the for Multifamily Mortgage Revenue Bond (“MMRB”) Program.
 - (2) The Application is unaffected except that the following provisions of the Application are affected by the above-referenced Developer Substitution:
 - (a) The Applicant agrees to abide by the applicable Florida Statutes and administrative rules, and certifies that all information provided in the Application is correct (Exhibit 1 – Applicant Certification and Acknowledgment); and
 - (b) The Developer has certified to Florida Housing in writing that it is the Developer (or principal of the Developer) of record for the Development and that it will remain in such capacity, or as a co-developer until the Development is completed (Exhibit 10 – Developer or Principal(s) of Developer Certification); and
 - (c) The Applicant certifies that the Developer identified in the Developer or Principal(s) of Developer Certification will serve as the Developer or the co-developer of the proposed Development (Exhibit 10 – Developer or Principal(s) of Developer Certification – Applicant’s Certification).

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- g) Rule 67-21.003(15), Florida Administrative Code, states in pertinent part:
- A Development will be withdrawn from funding and any outstanding commitments for funds will be rescinded if at any time the Board determines that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development.
- h) Rule 67-48.002(32), Florida Administrative Code, states in pertinent part:
- The Developer, as identified in an Application, may not change until the construction of the Development is complete.
- i) Rule 67-48.002(116), Florida Administrative Code states in pertinent part:
- The 2002 Universal Application Package...shall be completed and submitted...in order to apply for the...State Apartment Incentives Loan ("SAIL") and/or Housing Credit ("Housing Credits") Programs.
- j) The following provisions of the Application are implicated by the above-referenced Developer Substitution:
- (1) The Applicant agrees to abide by the applicable Florida Statutes and administrative rules, and certifies that all information provided in the Application is correct (Exhibit 1 – Applicant Certification and Acknowledgment); and
 - (2) The Developer certifies that it is the Developer (or principal of the Developer) of record for the Development and that it will remain in such capacity, or as a co-developer until the Development is completed (Exhibit 10 – Developer or Principal(s) of Developer Certification); and
 - (3) The Applicant further certified that the Developer identified in the Developer or Principal(s) of Developer Certification will serve as the Developer or the co-developer of the proposed Development (Exhibit 10 – Developer or Principal(s) of Developer Certification – Applicant's Certification).
- k) Rule 67-48.004(15), Florida Administrative Code states in pertinent part:
- A Development will be withdrawn from funding and any outstanding commitments for funds or HC will be rescinded if at any time the Board determines that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development."

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- l) 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.
- m) The purpose of the underlying statute is to encourage the development of affordable housing. Allowing for an indemnification and release of ELCO and the LNR Group by the BNG Group, transfer of the LNR Group's obligations as a principal of the Developer to ENB Partners, LLC., and allow Finlay Development LLC, to be added as a co-developer to share in the Developers duties and responsibilities will not violate the legislative intent or policy of the applicable statute.
- n) The Collins Cove Petition and subsequently submitted additional information demonstrates that due to the required guarantees of the tax exempt bond development, BNG Group would not be able to complete the Collins Cove development by itself. The participation of Finlay Development LLC will allow the Collins Cove development to proceed, but will only participate as a 30% General Partner and Co-Developer with the BNG Group remaining as the 70% General Partner. These changes are not prejudicial to the Collins Cove Development.
- o) Moreover, not granting this waiver will create a substantial hardship for Collins Cove. Collins Cove has demonstrated that BNG Group's economic viability will be jeopardized and that it would be irreparably harmed by the refusal to grant this waiver and would frustrate the mission of Florida Housing to provide affordable housing.
- p) Rule 67-21.003(20), Florida Administrative Code states in pertinent part:
- The Applicant shall notify the Corporation prior to instituting any change resulting in any modification or deviation from the Application or the credit underwriting report.
- q) Rule 67-21.014(2), Florida Administrative Code states in pertinent part:
- The Credit Underwriter shall...verify all information in the Application in order to make a recommendation to the Board on the feasibility of the Development.
- r) Rule 67-48.004(20), Florida Administrative Code states in pertinent part:
- Prior to instituting any change resulting in any modification or deviation from the Application or credit underwriting, Applicant shall notify the Corporation.

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- s) Rule 67-48.026(6) and (7), Florida Administrative Code states in part:
 - (1) The Credit Underwriter shall verify all information in the Application, including information relative to the Applicant, Developer, Syndicator, General Contractor and other members of the Development team.
 - (2) The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant's Application during credit underwriting.
- t) Section 120.542, Florida Statutes (2002), defines "substantial hardship" as a demonstrated economic, technological, legal, or other type of hardship to the person, and provides that "principles of fairness" are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.
- u) Collins Cove requests the waiver of Rules, 67-21.003(20), 67-21.014(2), 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code, and states that the waiver of these Rules would serve the underlying purpose of the statute, in that it will enable BNG Group to complete the development of Collins Cove, thereby aiding it in accomplishing the statutory goals of providing affordable housing to the residents of Florida.
- v) Granting the waiver of Rules 67-21.003(20), 67-21.014(2), 67-48.004 (20), 67-48.026(6) and (7), F.A.C., would not serve the purpose of the underlying statute. Collins Cove has not demonstrated a substantial hardship resulting from the application of these rules. The Petition contains no direct statements regarding the necessity to waive the requirements that Collins Cove be subjected to review by the Credit Underwriter. Collins Cove has alleged only that the waiver is required to allow the release and indemnification of ELCO and LNR Group and to allow BNG Group to add Finlay Development LLC as a Co-Developer to complete the Collins Cove development. The Credit Underwriter conducts its review only after all applications have been awarded a final ranking and the applicant is within the funding range. Allowing BNG Group to add Finlay Development LLC as a Co-Developer would occur prior to being reviewed by the Credit Underwriter and does not necessitate the waiver of this review requirement.
- w) Petitioner has not demonstrated that the literal application of Rules 67-21.003(20), 67-21.014(2), 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code, affects Petitioner in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule, and therefore has not demonstrated that the literal application of the Rule violates the principles of fairness as defined in Section 120.542, Florida Statutes (2002).

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2. **Recommendation**

Staff recommends that the Board grant the Collins Cove Petition for Waiver of Rules 67-21.002(30), 67-21.002(97), 67-21.003(15), 67-48.002 (32), 67-48.002(116) and 67-48.004(15), Florida Administrative Code. Staff recommends that the Board deny the Collins Cove Petition for Waiver of Rules 67-21.003(20), 67-21.014(2), 67-48.004 (20), 67-48.026(6) and (7), Florida Administrative Code, staff recommends that this waiver be denied.

MINUTES

Action

VI. MINUTES

- A. Consider Approval of the March 7, 2003, Board of Directors' Meeting Minutes.
- B. [Board of Directors' Meeting Minutes – March 7, 2003.](#)

MULTIFAMILY BONDS

Action Supplement

I. MULTIFAMILY BONDS

A. Request approval of the Final Credit Underwriting Report for Spring Haven Apartments, \$6,200,000 Tax-Exempt Bonds, 176 units, located in Hernando County, Florida

1. Background

- a) SHA Associates, Ltd. (“Applicant”) submitted an application on behalf of the proposed Development during the 2002 Application Cycle. SHA Associates, Ltd. is a Florida limited partnership formed to own and operate Spring Haven Apartments (“Development”). The General Partner of Applicant (with a 0.01% ownership interest) is SHA Housing, L.L.C., a Florida limited liability company. The sole and managing member of SHA is TRG GP, L.L.C. The sole and managing member of TRG GP, L.L.C., is Richard P. Richman. The 99.99% limited partner of Applicant is TRGHT, Inc. (“Limited Partner”). The Richman Group Capital Corp., Greenwich, CT, a related business entity, will act as Equity Investor (Syndicator) wherein the 99.99% limited partnership interest will be sold to an investor at, or prior to loan closings. Mr. Richman owns 95% of Richman Capital.
- b) The developer is The Richman Group of Florida, Inc. (“Developer”), owned 100% by Mr. Richman. It is an affiliate of The Richman Group, Greenwich, CT, owned 95% by Mr. Richman. The Property Manager is WRMC, Inc., Greenwich, CT, which is 10% owned by Mr. Richman.
- c) At the October 11, 2002 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in the amount not to exceed \$6,200,000 in tax-exempt bond financing to construct the Development.

2. Present Situation

- a) The current Program Rule does not prohibit changes for modifications of the proposed Development during credit underwriting. However, the Board has directed staff to advise it of any changes from the Application, which are detailed as follows:
 - (1) Features and Amenities:
 - (a) The Building Plans & Specifications do not include all features and amenities committed to in the Application. Applicant requested approval to “swap out” the following features/amenities:
 - (i) Marble Window Sills and Microwave Ovens for Gated Community with “Carded” Entry or Security Guard.
 - (ii) Laundry Hook-Ups and Space for full-size Washer and Dryer for Two or more Parking Spaces per unit.
 - (iii) Heat Pumps with a minimum HSPF of 7.4 for Electric Water Heaters with an Energy Factor of 0.91 or better.

MULTIFAMILY BONDS

Action Supplement

(b) SMG recommends approval of the substitutions as they are like-kind exchanges per the Application and the points total for the substitutions is equal to or greater than originally awarded the Applicant under Florida Housing's scoring system.

(2) Set-Asides:

(a) SMG has underwritten the Development under revised set-asides. The Application reflected Multifamily Mortgage Revenue Bonds ("MMRB") set-asides as 85% of the units at 60% or less of Area Median Income ("AMI") with SAIL Loan Set-Asides as 3% at 30% or less AMI and 97% at 60% or less AMI.

(b) Applicant requested the SAIL Loan set-asides be changed to 11% at 50% or less AMI and 89% at 60% or less AMI. MMRB set-asides will change to 11% at 50% or less AMI and 74% at 60% or less AMI. Low Income Housing Tax Credit ("HC") set-asides will be 100% at 60% or less AMI. SMG recommends approval of these substitutions. The points total for the substitutions of these set-asides is equal to those originally awarded the Applicant under Florida Housing's scoring system.

(3) Ownership Interest:

Richard P. Richman, the principal of the various entities that are involved in this transaction, has adjusted the stream of ownership as follows:

(i) General Partner:

The sole and managing member of the General Partner, SHA Housing, L.L.C., is TRG GP, L.L.C., rather than The Richman Group of Florida, Inc. ("Richman Florida"). Richman Florida is the developer of the Development. Richard P. Richman is the sole and Managing Member of TRG GP, L.L.C. and the 100% owner of Richman Florida.

(ii) Limited Partner

The Limited Partner is TRGHT, Inc., rather than The Richman Group Capital Corp. ("Richman Capital"). Richman Capital, a related business entity, is the syndicator of the Low Income Housing Tax Credits ("HC"). Since Richard P. Richman is Principal to all of the above entities, SMG considers the changes not material to the subject development.

MULTIFAMILY BONDS

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(iii) General Contractor:

The Construction Contract is with Summit Contactors, Inc. ("Summit") of Jacksonville, FL. Summit replaces First Florida Building Corporation as the General Contractor. Summit has extensive experience with large commercial and multifamily developments. Payment & Performance Bond(s) will protect the interests of FHFC.

b) A Final Credit Underwriting Report dated April 30, 2003, labeled as [Exhibit A](#).

3. **Recommendation**

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated April 30, 2003 to finance the construction of the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

B. Request approval of the change of the general contractor from Brisben Development, Inc. to Trammell Crow Residential for Palms at Vero Beach Apartments, 2002 Series R, 259 Units, Indian River County, Florida.

1. **Background**

Palms at Vero Beach Apartments ("Development") is a 259 unit development currently under construction in Indian River County, Florida which received a \$13,800,000 loan in December of 2002 from the proceeds of the Corporation's 2002 Series R Bonds. The Bonds are credit enhanced by SunAmerica, Inc. SunAmerica Affordable Housing Partners, Inc. purchased the low income housing tax credits.

2. **Present Situation**

- a) Brisben Development Inc. has ceased construction on the Development. The Borrower and the Credit Enhancer have requested to replace the general contractor, Brisben Development, Inc. with Trammel Crow Residential, so that the Development may proceed on schedule.
- b) Trammel Crow and the Borrower are in the process of negotiating a construction contract. It is anticipated that this contract will be on terms substantially similar to those in the contract with Brisben Development, Inc.
- c) First Housing Development Corp. has reviewed this request and their recommendation is attached as [Exhibit B](#).

3. **Recommendation**

Approve the replacement of Brisben Development, Inc. as general contractor with Trammel Crow Residential for the Development subject to Credit Underwriter's satisfaction that the terms of the construction contract being substantially similar to those with Brisben Development, Inc. and subject to further review by the Credit Underwriter, Bond Counsel, Special Counsel and appropriate Florida Housing staff.

MULTIFAMILY BONDS

Action Supplement

C. Request Approval to Assign \$50,000,000 of the \$288,996,544 in Initial 2003 Private Activity Bond Allocation Received by the Corporation from the Division of Bond Finance for use by the Single-Family Bond Program

1. Background

- a) The Corporation received a schedule from the Division of Bond Finance dated December 26, 2002, allocating the Corporation \$288,996,544 in initial 2003 private activity bond allocation. Each year, Florida Housing's Board allocates that initial authority between the multifamily and single-family bond programs.
- b) At the January 24, 2003 meeting, the Board assigned the entire amount of initial 2003 Private Activity Bond allocation to the Multifamily Mortgage Revenue Bond Program.

2. Present Situation

- a) The Single-Family Bond Program is planning a \$50,000,000 bond issue in 2003.
- b) The remaining \$238,996,544 in allocation, together with allocation returned to the Corporation by Applicants from prior Application cycles, is adequate to fund all of the eligible 2003 Universal Applications requesting Multifamily Mortgage Revenue Bonds.

3. Recommendation

Assign the \$50,000,000 of the \$288,996,544 in Initial 2003 Private Activity Bond Allocation Received by the Corporation from the Division of Bond Finance for use by the Single-Family Bond Program.

D. Request Approval to proceed with the rule development process to establish a 2003 Multifamily Mortgage Revenue Bond Program (MMRB) Supplemental Application Cycle

1. Background and Present Situation

- a) The Corporation has adequate private activity bond (PAB) allocation to fund all eligible 2003 MMRB Applications. The Corporation expects to receive a substantial amount of additional PAB allocation from the Division of Bond Finance on November 15, 2003.
- b) However, the Corporation will not be able to use the anticipated additional PAB allocation unless it receives additional eligible applications. Therefore, a supplemental application cycle for MMRB is needed.

2. Recommendation

- a) Authorize staff to proceed with the rule development process to establish a supplemental application cycle for the MMRB Program.

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Action

VII. POLICY

A. Housing Assistance for Needy Families

A Proposal to Block Grant Section 8 Vouchers to the States

1. Background

- a) The U.S. Department of Housing and Urban Development (HUD) has proposed that the Section 8 voucher program be converted to a block grant to the states, to take effect in Fiscal Year 2005. Section 8 vouchers are tenant-based housing assistance, intended to help lower income households obtain housing in the open market. The housing must meet HUD housing quality standards and be owned by landlords willing to enter into a Housing Assistance Payment contract with the local public housing authority (PHA) or other voucher administrator. The voucher value is the difference between 30 percent of the tenant's income and the Fair Market Rent for a unit in a particular jurisdiction, as determined by HUD.
- b) Most vouchers are provided to extremely low income households, that is, those making 0-30 percent of an area's median income. Vouchers can be provided to households with incomes up to 80 percent AMI and are often used in federal and state subsidized housing. For instance, we know that some households with Section 8 vouchers are living in units built with housing credits. Florida receives a total of 85,000 vouchers each year.
- c) Funding for Section 8 vouchers has been traditionally administered by HUD and allocated to approximately 2,600 grantees (mostly PHAs) nationally. Under the new initiative – Housing Assistance for Needy Families (HANF) – state housing finance agencies would receive the block grant, including funds for administration, and, in turn, could choose to contract with PHAs or other entities to administer the program.
- d) Funding for Section 8 vouchers has been traditionally administered by HUD and allocated to approximately 2,600 grantees (mostly PHAs) nationally. Under the new initiative – Housing Assistance for Needy Families (HANF) – state housing finance agencies would receive the block grant, including funds for administration, and, in turn, could choose to contract with PHAs or other entities to administer the program.
- e) HUD Secretary Mel Martinez has outlined several reasons why he believes this proposal is good public policy, as follows:
 - (1) The allocation of funds to states rather than PHAs should allow for more flexibility in efforts to address problems in the underutilization of vouchers that have occurred in certain local markets;
 - (2) Allocation of the funds to the states should allow for more coordinated efforts with the Temporary Assistance for Needy Families (TANF) program and other welfare-to-work programs in each state; and
 - (3) The time lag between changes in market rents and changes in voucher payment levels should decrease.

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- f) HUD proposes that Fiscal Year 2004 (beginning October 1 of 2003) would be a transition year in which PHAs would continue to receive voucher funds directly while states ramp up in preparation for administering the HANF program.

2. Present Situation

- a) Although a bill has not yet been introduced in Congress, many believe this legislation has a plausible chance of passing this year. Even if Congress should give states a year to transition into the HANF program, Florida must have major program and operational decisions ready before the 2004 state legislative session in order to make any necessary statutory changes. Some key program and operational questions, listed below, must be answered before Florida Housing can finalize how this program will be implemented.
- b) Program Questions:
 - (1) How much flexibility will states be given to determine to whom vouchers are targeted?
 - (2) Assuming program flexibility is given to the states, how will Florida choose to target its vouchers? How much of this decision will the state retain, and how much will be given to local grantees? How will Florida integrate Section 8 vouchers with other programs currently administered by Florida Housing?
 - (3) Currently there are problems nationally with low voucher utilization rates (i.e., the percentage of local PHA's voucher allocation actually being used). HUD found that, in the year 2000, large metropolitan areas had a utilization rate of only 69 percent, down from 81 percent in 1993. On the other side of this problem are voucher waiting lists that most PHAs have. In a 2001 survey of PHAs, the Shimberg Center for Affordable Housing found that waiting lists ranged from six months to over two years. How could Florida's operation of the HANF program provide greater efficiencies to address these two problems?
- c) Operational Questions:
 - (1) What will be Florida Housing's operational role in administering the HANF program? Should Florida Housing take on full administration of the program, or should all or parts of HANF be contracted to private or other governmental entities?
 - (2) What federal oversight will remain in place on the HANF program?
 - (3) If Florida Housing works with PHAs and/or other local entities to distribute vouchers, how will Florida Housing monitor these activities?
- d) Florida Housing staff recognizes that program changes to Section 8 will impact a variety of entities, such as local governments, PHAs and advocacy groups that see vouchers as an important tool to provide housing for their clients. Assuming that Congress sends responsibility for administration of Section 8 vouchers to the state housing finance agencies, the staff believes that Florida Housing should engage in a public process to develop the new HANF program. This would provide a well-rounded perspective on the variety of current housing needs that

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are being met with vouchers, as well as what unmet needs can be addressed with program changes. These discussions could also lead to the development of legislative recommendations that are supported by many of the stakeholders. At the same time, Florida Housing can learn from several other state housing finance agencies that are currently involved in administering Section 8 vouchers. A very preliminary list of stakeholders who should be included in these discussions is provided below.

- (1) Florida Association of Housing Redevelopment Officials (representing public housing authorities)
 - (2) Florida League of Cities
 - (3) Florida Association of Counties
 - (4) Florida Coalition for the Homeless
 - (5) Florida Association of Homes for the Aging
 - (6) National Alliance for the Mentally Ill, Florida Chapter
 - (7) Florida Independent Living Centers
 - (8) Florida Developmental Disabilities Council
 - (9) Florida Housing Coalition
 - (10) Florida Legal Services
 - (11) Olmstead Real Choice Partnership
 - (12) Florida Supportive Housing Coalition
 - (13) Florida Department of Community Affairs
 - (14) Florida Department of Elder Affairs
 - (15) Florida Department of Children and Families
 - (16) Florida Department of Health
- e) The proposed block granting of Section 8 vouchers to the state housing finance agencies provides Florida with an opportunity to better utilize Section 8 vouchers. The block grant proposal also provides an opportunity to integrate housing vouchers with the state's other housing programs to target resources where they are most needed.

3. Recommendation

The staff recommends that the Board endorse the staff of Florida Housing proceeding with public discussions with stakeholders and others to determine how to implement the proposed HANF program.

PROFESSIONAL SERVICES SELECTION

Action

VIII. PROFESSIONAL SERVICES SELECTION (PSS)

A. Procurement Rule Revisions

1. Background

Florida Housing's Procurement Rule, Rule Chapter 67-49, Florida Administrative Code, was last revised on March 12, 2002.

2. Present Situation

Florida Housing's current Procurement Rule governs the method by which commodities or services are procured on behalf of Florida Housing. Staff has drafted proposed revisions to the rule to modernize it and allow more appropriate procurement practices. A draft is attached as [Exhibit A](#).

3. Recommendation

Staff recommends that the Board direct staff to start the process to amend Rule Chapter 67-49, Florida Administrative Code, pursuant to Florida's Administrative Procedure Act.

B. Environmental Services Providers

1. Background

- a) At the October 10, 2002 Florida Housing's Board directed staff to begin the RFQ process to select up to four Environmental Engineering service providers for all federal programs.
- b) On January 24, 2003, RFQ 2003/01 for Environmental Engineering/Consultant Services was issued with responses due February 25, 2003.
- c) On February 25, 2003, six responses were received. They are as follows
 - (1) Advanced Environmental Technologies, Inc.
 - (2) Florida Planning Group, Inc.
 - (3) Genesis Group
 - (4) Malcolm Pirnie
 - (5) Professional Services Industries, Inc.
 - (6) Spectra Engineering & Research, Inc.

PROFESSIONAL SERVICES SELECTION

Action

- d) The review committee members, designated by the Executive Director, were Joyce Martinez, Multifamily Loans Administrator, Shane Gager, Guarantee Program Analyst, Jean Amison, Multifamily Bonds Senior Analyst, and George Mensah, Homeownership Loan Program Administrator.

2. Present Situation

- a) The Review Committee reviewed the responses to the RFQ individually prior to convening for the Review Committee meeting, and met to evaluate the proposals on March 20, 2003.
- b) Results of the Review Committee's evaluation of the scored items are provided in [Exhibit B](#).

3. Recommendation

The Review Committee recommends that the Board direct staff to initiate contract negotiations with the top four Offerors to provide Environmental Engineering/Consultant services. Those Offerors are as follows: Malcolm Pirnie, Genesis Group, Florida Planning Group, and Professional Services Industries, Inc.

C. **Structuring Agent Service Providers**

1. Background

- a) At the January 24, 2003 Board meeting, Florida Housing's Board directed staff to begin the Request For Qualifications (RFQ) process to select a pool of structuring agent service providers.
- b) On February 28, 2003, RFQ 2003/02 for Structuring Agent Services was issued with responses due April 4, 2003.
- c) On April 4, 2003 seven responses were received. They are as follows:
 - (1) A.G. Edwards & Sons, Inc.
 - (2) Banc of America Securities LLC
 - (3) Morgan Keegan and Company, Inc.
 - (4) Raymond James & Associates, Inc.
 - (5) RBC Dain Rauscher
 - (6) Stern Brothers & Co.
 - (7) The Flood Company, Inc. and Marianne Edmonds, Inc.

PROFESSIONAL SERVICES SELECTION

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- d) The review committee members, designated by the Executive Director, were David Westcott, Multifamily Bond Administrator, Wayne Conner, Deputy Development Officer, Kevin Pichard, Guarantee Program Analyst, Stephanie Reaves, Multifamily Bond Manager, and Raymond Anderson, Senior Financial Analyst
- e) The Review Committee reviewed the responses to the RFQ individually prior to convening for the Review Committee meeting, and met to evaluate the proposals on April 14, 2003.
- f) Results of the Review Committee's evaluation of the scored items are provided in [Exhibit C](#).

2. **Recommendation**

The Review Committee recommends that the Board direct staff to initiate contract negotiations with the top four Offerors to provide Structuring Agent services. Those Offerors are as follows: Banc of America Securities LLC, Morgan Keegan and Company, Inc., RBC Dain Rauscher, and Stern Brothers & Co.

PROFESSIONAL SERVICES SELECTION (PSS)

Action Supplement

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Invitation to Negotiate for Consultant Services

1. Background

The U.S. Department of Housing and Urban Development (HUD) is seeking congressional approval to convert the Section 8 voucher program to a block grant to the states, to take effect in Fiscal Year 2005. Assuming the bill to introduce this to Congress passes, Florida Housing must make major program and operational decisions in order to implement this change.

2. Present Situation

Florida Housing staff would like to seek the advice of one or more persons or business entities, which have experience with the Section 8 voucher program, to assist staff in developing recommendations on the best course of action for implementation.

3. Recommendation

Authorize the staff to issue an Invitation to Negotiate to select one or more persons or entities with which to commence negotiations to procure consulting services to assist Florida Housing to prepare for the conversion of the Section 8 voucher program to a block grant to the state.

SINGLE FAMILY BONDS

Action

IX. SINGLE FAMILY BONDS

A. Single Family Homeowner Program

1. Background

- a) Florida Housing issued its last single family bond issue (\$50 million) on November 14, 2002 with mortgage rates of 5.92% for the spot and builder pools and 4.99% for the subsidized pool. Currently, there are approximately \$8 million in the spot pool and \$5 million in the builder pool. There are no funds in the subsidized pool that remain unreserved. Florida Housing staff estimates that the funds in the spot pool will be entirely reserved by the end of July 2003. Pricing the proposed bonds in mid-July will ensure that continuous funding is available for the Single Family Homeowner Program.
- b) The investment banking team for the 2003 Single Family Homeowner Program was selected at the October 25, 2001 board meeting. UBS PaineWebber Inc. is the proposed senior manager for this proposed bond sale.
- c) Florida Housing will continue to use Mortgage Backed Securities (MBS) to secure this single family bond issue as it did with the 2002 bond issue.
- d) The bond sale process, from initial planning through closing, is estimated to take between 90 and 120 days.

2. Present Situation

- a) There are two key approvals needed to complete the bond process, Board approval and SBA approval. Working within the confines of the meeting schedules of these two bodies and maintaining the goal of continuous lending for the single family homeowner program, it is necessary to gain Board approval of the proposed bond sale at this meeting. The SBA is not scheduled to meet during the month of July. SBA approval would be scheduled for June.
- b) The investment banking firm and staff have had an initial meeting to prepare a proposed schedule of events to close bonds in August.
- c) Negative arbitrage for the 2002 bonds is covered by assets of the single family program. Negative arbitrage was significantly mitigated by investing the bond proceeds with the State Treasurer.
- d) The details of the proposed issue are as follows:
 - (1) Issue Size: Not to exceed \$50,000,000 in lendable proceeds, in one or more series.
 - (2) Mortgage Interest Rate: Not to exceed 5.90% for the spot and builder pool and 4.99% for the subsidized pool under current market conditions. UBS PaineWebber Inc. estimates current market conditions would produce rates of 5.59% for the spot and builder pool and 4.68% for the subsidized pool.

SINGLE FAMILY HOMEOWNER PROGRAM

Action Supplement

I. SINGLE FAMILY HOMEOWNER PROGRAM

A. Single Family Homeowner Program

1. Background

- a) Florida Housing issued its last single family bond issue (\$50 million) on November 14, 2002 with mortgage rates of 5.92% for the spot and builder pools and 4.99% for the subsidized pool. Currently, there are approximately \$5.2 million in the spot pool and \$5.3 million in the builder pool. There are no funds in the subsidized pool that remain unreserved. Florida Housing staff estimates that the funds in the spot pool will be entirely reserved by the end of June 2003. Pricing the proposed bonds in June will ensure that continuous funding is available for the Single Family Homeowner Program.
- b) The investment banking team for the 2003 Single Family Homeowner Program was selected at the October 25, 2001 board meeting. UBS PaineWebber Inc. is the proposed senior manager for this proposed bond sale.
- c) Florida Housing will continue to use Mortgage Backed Securities (MBS) to secure this single-family bond issue as it did with the 2002 bond issue
- d) The bond sale process, from initial planning through closing, is estimated to take between 90 and 120 days.

2. Present Situation

- a) There are two key approvals needed to complete the bond process, Board approval and SBA approval. Working within the confines of the meeting schedules of these two bodies and maintaining the goal of continuous lending for the single-family homeowner program, the Board must approve the proposed bond sale at this meeting if this bond offering is to proceed. The SBA is not scheduled to meet during the month of July. SBA approval would be scheduled for May.
- b) The investment banking firm and staff have had an initial meeting to prepare a proposed schedule of events to close bonds in July.
- c) Negative arbitrage for the 2002 bonds is covered by assets of the single-family program. Negative arbitrage was significantly mitigated by investing the bond proceeds with the State Treasurer.
- d) Currently, Florida Housing pays the Federal Home Loan Bank 7 basis points to preserve its private activity volume cap through the use of the Liquidity Advance Line (LAL). Florida Housing is proposing to replace the balance remaining in its (LAL) with proceeds from tax-exempt or taxable bonds (to mature within 3 years), so that principal payments, prepayments, , unexpended bond proceeds, and mortgage sale proceeds currently captured in the LAL can be invested with the State Treasurer. This would save the Corporation the 7 basis point cost of the LAL, and permit the Corporation to earn the spread between the short-term bonds and the earnings on the State Treasurer's Fund. Currently the positive spread is approximately 225 basis points.

SINGLE FAMILY HOMEOWNER PROGRAM

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- e) The details of the proposed issue are as follows:
- (1) 2003 Series 1 and 2 Bond Issue Size: Not to exceed \$50,000,000 in lendable proceeds, in one or more series.
 - (2) 2003 Series 3 Bond Issue Size: Not to exceed \$65,000,000, in one or more series, for a term not to exceed 3 years.
 - (3) Mortgage Interest Rate: Not to exceed 5.90% for the spot and builder pool and 4.99% for the subsidized pool under current market conditions. UBS PaineWebber Inc. estimates current market conditions would produce rates of 5.56% for the spot and builder pool and 4.99% for the subsidized pool.
 - (4) Projected Origination Period: Fourteen months beginning June 15, 2003 and ending October 1, 2004.
- f) All of the following are consistent with the 2002 program:
- (1) Maximum Loan-to-Value: 103% Combined LTV
 - (2) Loan Types: Conventional, VA, Rural Development and FHA
 - (3) Second Mortgages: HAP Down Payment, HOME
 - (4) Potential Certificate Providers: Ginnie Mae, Fannie Mae, and Freddie Mac

3. **Recommendation**

Approve the necessary funding, staff actions and resolution to permit the issuance of the proposed 2003 Single Family Homeowner Program and allow Florida Housing to issue tax-exempt or taxable bonds to replace the balance remaining in the LAL.

Please See:

[Exhibit A](#)-William L. Johnston, III, Approval Letter

[Exhibit B](#)-Draft Program Summary

[Exhibit C](#)-Draft Terms Memorandum

[Exhibit D](#)-Resolution

SINGLE FAMILY BONDS

Action

- (3) Projected Origination Period: Fourteen months beginning August 15, 2003 and ending October 15, 2004.
- e) All of the following are consistent with the 2002 program:
 - (1) Maximum Loan-to-Value: 103% Combined LTV
 - (2) Loan Types: Conventional, VA, Rural Development and FHA
 - (3) Second Mortgages: HAP Down Payment, HOME
 - (4) Potential Certificate Providers: Ginnie Mae, Fannie Mae, Freddie Mac

3. **Recommendation**

Approve the necessary funding, staff actions and resolution to permit the issuance of the proposed 2003 Single Family Homeowner Program.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Final Plan and Cost Analysis for Magnolia Walk Apartments Phase II, Cycle XIV (2002-159CS)

1. Background/Present Situation

On April 22, 2003, staff received approval of the final plan and cost analysis for Magnolia Walk by the credit underwriter ([Exhibit A](#)).

2. Recommendation

Approve the final plan and final cost analysis and allow staff to proceed as proposed in this Board package, (SAIL Consent Item G).

B. Update for Eden Park at Ironwood Apartments, Cycle XII (2000-067S)

1. Background/Present Situation

a) On April 25, 2003, staff received an update letter from the credit underwriter which clarifies the financing structure of this development. The Housing Finance Authority of Alachua County will provide a \$4,250,000 loan funded from the sale of tax-exempt bonds. The bonds will be purchased in two series – one totaling \$3,400,000 and the other totaling \$850,000. Notwithstanding the bondholder's have agreed to share a first mortgage position and will hold first and second lien positions. Thus, the SAIL loan will be in a third lien position ([Exhibit B](#)).

b) The tax-exempt financing structure described herein has no material impact on the underwriter's previously submitted loan recommendation.

c) Additionally on April 28, 2003, staff received a revised final credit underwriting report which contains the approval of the final plan and cost analysis for Eden Park at Ironwood ([Exhibit C](#)). This revised underwriting report also reflects a decrease in the square footage of the three bedrooms units, revisions to the construction costs and verification that all features and amenities that were committed to in the Application are reflected in the updated plans with the exception of the two disabled units required to be fully handicapped accessible in accordance with ANSI standards. Staff recommends receipt of updated plans reflecting the two disabled units as a condition to the loan closing.

2. Recommendation

a) Approve the SAIL loan secured by a third mortgage and the revised final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities subject to receipt of the updated plans. (See also SAIL Consent Item F).

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

C. Update for Thomas Chase Apartments, Cycle XIV, (2002-126BS)

1. Background

- a) On April 24, 2003, staff received an update letter to the credit underwriting report contained in this Board Package which further refined the financing structure of this development ([Exhibit D](#)). This development is financed, in part, by multi-family mortgage revenue bonds credit enhanced by a secured letter of credit ("LOC"). The LOC provider will be secured by a second mortgage securing its letter of credit. Upon recording of the various documents evidencing this transaction, Florida Housing's mortgage securing the SAIL loan will be the mortgage lien in third position that will be recorded. At construction completion the mortgage securing the LOC will be satisfied by the recording of a satisfaction of mortgage, which will result in Florida Housing's mortgage securing the SAIL loan becoming the mortgage lien in second position.
- b) SAIL Rule 67-48.010(2) directly addresses this scenario providing that "The SAIL loan may be in a first, second, or other subordinated lien position. For purposes of this rule, mortgages securing a letter of credit as credit enhancement for the bonds financing the first mortgage shall be considered a contingent liability and part of the first mortgage lien, provided that the Applicant's counsel furnishes an opinion regarding the contingent nature of such mortgage satisfactory to the Corporation and its counsel."

2. Recommendation

Approve the final credit underwriting report as updated and allow staff to proceed as proposed in this Board package, (SAIL Consent Item D).

D. Request Approval to Change Lien Position for Colonial Park Apartments, Cycle XIV, (2002-111S)

1. Background

- a) On March 7, 2003, Board approved the final credit underwriting report for this 160-unit elderly development in Broward County and directed staff to proceed with loan closing activities.
- b) On April 24, 2003, staff received an update letter to the credit underwriting report contained in this Board Package which further refined the financing structure of this development ([Exhibit E](#)). This development is financed, in part, by multi-family mortgage revenue bonds credit enhanced by a secured letter of credit ("LOC"). The LOC provider will be secured by a second mortgage securing its letter of credit. Upon recording of the various documents evidencing this transaction, Florida Housing's mortgage securing the SAIL loan will be the mortgage lien in third position that will be recorded. At construction completion the mortgage securing the LOC will be satisfied by the recording of a satisfaction of mortgage, which will result in Florida Housing's mortgage securing the SAIL loan becoming the mortgage lien in second position.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

- c) SAIL Rule 67-48.010(2) states that “The SAIL loan may be in a first, second, or other subordinated lien position. For purposes of this rule, mortgages securing a letter of credit as credit enhancement for the bonds financing the first mortgage shall be considered a contingent liability and part of the first mortgage lien, provided that the Applicant’s counsel furnishes an opinion regarding the contingent nature of such mortgage satisfactory to the Corporation and its counsel.”

2. Recommendation

Approve the change in the SAIL mortgage lien position, allow staff to proceed with closing activities and proceed to closing.

E. Request Approval to Change Mortgage Lien Position for The Meridian Apartments, Cycle XIV, (2002-110S)

1. Background

- a) On March 7, 2003, Board approved the final credit underwriting report for this 160-unit elderly development in Broward County and directed staff to proceed with loan closing activities.
- b) On April 24, 2003, staff received an update letter to the credit underwriting report contained in this Board Package which further refined the financing structure of this development ([Exhibit F](#)). This development is financed, in part, by multi-family mortgage revenue bonds credit enhanced by a secured letter of credit (“LOC”). The LOC provider will be secured by a second mortgage securing its letter of credit. Upon recording of the various documents evidencing this transaction, Florida Housing’s mortgage securing the SAIL loan will be the mortgage lien in third position that will be recorded. At construction completion the mortgage securing the LOC will be satisfied by the recording of a satisfaction of mortgage, which will result in Florida Housing’s mortgage securing the SAIL loan becoming the mortgage lien in second position.
- c) SAIL Rule 67-48.010(2) states that “The SAIL loan may be in a first, second, or other subordinated lien position. For purposes of this rule, mortgages securing a letter of credit as credit enhancement for the bonds financing the first mortgage shall be considered a contingent liability and part of the first mortgage lien, provided that the Applicant’s counsel furnishes an opinion regarding the contingent nature of such mortgage satisfactory to the Corporation and its counsel.”

2. Recommendation

Approve the change in the SAIL mortgage lien position, allow staff to proceed with closing activities and proceed to closing.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

F. Request Approval to Change Lien Position for Allapattah Gardens, Cycle XIV, (2002-060S)

1. Background

- a) On March 7, 2003, Board approved the final credit underwriting report for this 128-unit family development in Miami-Dade County and directed staff to proceed with loan closing activities.
- b) On April 29, 2003, staff received an update letter to the credit underwriting report contained in this Board Package which further refined the financing structure of this development ([Exhibit G](#)). This development is financed, in part, by multi-family mortgage revenue bonds credit enhanced by a secured letter of credit ("LOC"). The LOC provider will be secured by a second mortgage securing its letter of credit. Upon recording of the various documents evidencing this transaction, Florida Housing's mortgage securing the SAIL loan will be the mortgage lien in third position that will be recorded. At construction completion the mortgage securing the LOC will be satisfied by the recording of a satisfaction of mortgage, which will result in Florida Housing's mortgage securing the SAIL loan becoming the mortgage lien in second position.

2. Recommendation

Approve the change in the mortgage lien position securing the SAIL loan, allow staff to proceed with closing activities and proceed to closing.

G. Request Approval to Change Lien Position for Heron Pond Apartments, Cycle XIV, (2002-054S)

1. Background

- a) On March 7, 2003, the Board approved the final credit underwriting report for this 156-unit elderly development in Lee County and directed staff to proceed with loan closing activities.
- b) On April 29, 2003, staff received an update letter to the credit underwriting report contained in this Board Package which further refined the financing structure of this development ([Exhibit H](#)). This development is financed, in part, by multi-family mortgage revenue bonds credit enhanced by a secured letter of credit ("LOC"). The LOC provider will be secured by a second mortgage securing its letter of credit. Upon recording of the various documents evidencing this transaction, Florida Housing's mortgage securing the SAIL loan will be the mortgage lien in third position that will be recorded. At construction completion the mortgage securing the LOC will be satisfied by the recording of a satisfaction of mortgage, which will result in Florida Housing's mortgage securing the SAIL loan becoming the mortgage lien in second position.
- c) SAIL Rule 67-48.010(2) directly addresses this scenario providing that "The SAIL loan may be in a first, second, or other subordinated lien position. For purposes of this rule, mortgages securing a letter of credit as credit enhancement for the bonds financing the first mortgage shall be considered a contingent liability and part of the first mortgage lien, provided that the Applicant's counsel furnishes an opinion regarding the contingent nature of such mortgage satisfactory to the Corporation and its counsel."

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

2. **Recommendation**

Approve the change in the SAIL mortgage lien position, allow staff to proceed with closing activities and proceed to closing.

H. **Request Approval to Extend Loan Term for Lenox Court Apartments, Cycle XIV, (2002-053S)**

1. **Background**

- a) On March 7, 2003, the Board approved the final credit underwriting report for this 360-unit family development in Duval County and directed staff to proceed with loan closing activities, including closing. The SAIL loan was approved by the Board to be co-terminus with the first mortgage.
- b) On April 28, 2003, staff received a request from the Developer to extend the term of the SAIL loan by three months beyond the maturity date of the first mortgage loan ([Exhibit I](#)) secured by the property. In compliance with Section III, 1205.01 of the DUS Guide pertaining to the maturity requirements on subordinate debt. SAIL Rule 67-48.010(13) does allow the term of the SAIL loan to "...exceed 15 years as required by the Federal National Mortgage Association whenever it is participating in the financing of the Development."
- c) The underwriter has reviewed this request and determined that the change in the loan term has no material effect on their previously submitted loan recommendation ([Exhibit J](#)).

2. **Recommendation**

Approve the change in the term of the SAIL mortgage loan, allow staff to proceed with closing activities and proceed to closing.