FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 3, 2004
Action Items

I. ELDERLY HOUSING COMMUNITY LOAN (EHCL) PROGRAM

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

1. <u>Background</u>

a) On September 10, 2004, the Board approved Staff's request to proceed with the rule amendment process to Rule Chapter 67-32, F.A.C., which governs the Elderly Housing Community Loan (EHCL) Program.

b) On September 24, 2004, a Notice was published in the *Florida Administrative Weekly* announcing the Rule Development Workshop to be held on October 11, 2004. Written and verbal comments were received.

c) On October 22, 2004, the Notice of Proposed Rule Amendments and strikethrough version were published in the *Florida Administrative Weekly*. A Rule Hearing was scheduled and held on November 15, 2004. There was no one in attendance.

2. <u>Present Situation</u>

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

3. <u>Recommendation</u>

Approve the final Rule Chapter 67-32, F.A.C. (Exhibit A), subject to a Notice of Change in the event that substantive comments must be incorporated and direct staff to finalize the rule amendment process in accordance with the EHCL Rule Amendment Timeline (Exhibit B).

II. FINANCE

A. 2005 Operating Budget

1. Background

a) The Florida Housing operating budgets are created with a conservative projection of revenue and a conservative but realistic view of all expenses. The current, and projected continuing, low interest rate environment coupled with increasing construction and land costs have had an adverse impact on our revenue projections. On the expense side, certain costs continue to rise.

b) More specifically, the operating budget for 2005 was created as follows:

(1) projection of fee revenue based on the current property portfolio and additions to it for estimated new deals in 2005;

(2) projection of revenue from the administration of Federal programs;

(3) projection of investment earnings based on input from our investment managers;

(4) as applicable, expected appropriations supporting the Affordable Housing Study Commission, Catalyst program, and compliance monitoring; and

(5) a zero-based budget model for operating expenses; the 2005 projected work plan for operational units determines the initial expense budget request from each work unit.

c) Upon implementation of the 2005 operating budget, FHFC will continue to control expenses. Work units will be given spending authority for one quarter only after at least a 10% holdback of the approved budget for most line items. Additionally, certain line items, such as staff development travel, will be controlled at the executive level. With these measures in place to control the budget, FHFC expects to maintain a positive excess of revenue above expenses trend and manage the budget during this difficult time.

2. Present Situation

a) The Operating Budget for 2005 has been compiled and reviewed and is included as Exhibit A.

b) An Account Guide describing the budget categories is included as Exhibit B.

3. Recommendation

Approve the Operating Budget for 2005.

III. HOMEOWNERSHIP LOAN PROGRAM

A. Request to Extend Completion Date for Indiantown Non-Profit Housing, Inc. for Oakview/00HH-005

Applicant Name ("Applicant"):	**Indiantown Non-Profit Housing, Inc.**
Development Name ("Development"):	**Oakview**
Developer/Principal ("Developer"):	**Donna Carmen**
Number of Units: 22	**Location: Indiantown, Martin County**
Type: HOME Construction Loan	**Allocated Amount: $664,500**

1. Background

a) The Developer submitted an application during the 2000-2001 HOME Homeownership Application Cycle.

b) At its April 26, 2002 meeting, the Board approved a final credit underwriting report and authorized Staff to issue a firm commitment to the Developer in the amount of $925,675.

c) The loan was closed on August 30, 2002.

d) At the February 27, 2004 meeting, the Board approved the extension of the completion date from December 31, 2003 to December 31, 2004 and a reduction in units from 42 to 22 and funding from $925,675 to $664,500.

2. Present Situation

On October 20, 2004, the Developer requested an additional 6-month extension of the completion date, advising complications as a result of recent hurricanes, such as securing construction materials and contractor issues. The letter is attached as **Exhibit A**.

3. Recommendation

Staff recommends that the Board grant the request to extend the completion date from December 31, 2004 to June 30, 2005.

HOMEOWNERSHIP LOAN PROGRAM

Action

B. Request Approval of the Extension of the Loan Closing Date for Sable Chase/HH02-005

Applicant Name ("Applicant"):	**DFC Homes of Florida, Inc.**
Development Name ("Development"):	**Sable Chase**
Developer/Principal ("Developer"):	**Kenny Davis**
Number of Units: 50	**Location: Broward County**
Type: HOME Construction Loan	**Allocated Amount: $1,325,000**

1. Background

a) The Applicant submitted an application during Round One of the 2002 Homeownership Loan Program cycle.

b) The Application scored within the funding range and was invited into credit underwriting on November 4, 2002.

c) The Board approved the final credit underwriting report at its January 23, 2004 meeting.

d) At the July 30, 2004 meeting, the Board granted an extension of the loan closing until October 23, 2004, due to the city's requirement that certain wind load requirements be met.

2. Present Situation

On October 21, 2004, Staff received a letter requesting an additional 90-day extension of the loan closing date from October 23, 2004 to January 23, 2005, advising that additional time was necessary to update all the necessary documentation required by Florida Housing and Citrus Bank. The letter is attached as **Exhibit B**.

3. Recommendation

Staff recommends that the Board grant the loan closing extension until January 23, 2005.

Action

C. Request for an Increase in Down Payment Assistance Available to Homebuyers for Florida Low Income Housing Associates, Inc. (Non-Profit) Developments

Applicant Name ("Applicant"):	**Florida Low Income Housing Associates, Inc. (Non-Profit)**
Developer/Principal ("Developer"):	**Pat Kenney**
Type: HOME Purchase Assistance	

FHFC #	Development Name / Location	Number of Units	Allocated HOME Funds
00HH-011	**Marion County Scattered Sites II**	**51**	**$1,000,000**
HH02-004	**Marion County Scattered Sites III**	**50**	**$1,000,000**
HH02-003	**Citrus County Scattered Sites II**	**57**	**$1,000,000**
HH02-002	**Wildwood Scattered Sites (Sumter)**	**27**	**$600,000**

1. Background

a) The Applicant submitted an application for Marion County Scattered Sites II during the 2000-2001 HOME Home Ownership Construction Loan Program Application Cycle. Applications for Marion County Scattered Sites III, Citrus County Scattered Sites II, and Wildwood Scattered Sites were submitted during the 2002 Homeownership Loan Program Application Cycle.

b) Final credit underwriting reports were completed and the Board approved firm commitments as follows:

Marion County Scattered Sites II	$1,000,000	May 20, 2002
Marion County Scattered Sites III	$1,000,000	May 7, 2003
Citrus County Scattered Sites II	$1,000,000	March 17, 2003
Wildwood Scattered Sites	$660,000	March 17, 2003

2. Present Situation

a) On October 4, 2004, the Developer requested that the Board consider allowing the Developer to maximize the use of HOME dollars for the homebuyer up to 25% of the purchase price with the understanding that all units, as contemplated in the initial Application, won't be assisted with HOME dollars.

b) The Developer is requesting that we allow them to maintain the same level of funding but spread it across fewer units.

c) Allowing this change would assist the Developer and Homebuyer in hedging against unprecedented increases in the cost of building materials, labor and real estate. The letter is attached as **Exhibit C**.

3.

HOMEOWNERSHIP LOAN PROGRAM

Action

Recommendation

a) Staff recommends that the Board approve the Developer's request to increase the HOME Down Payment Assistance available to Homebuyers to the maximum of 25% of the sales price, while maintaining the HOME allocation amount, and reducing the number of units accordingly, subject to review by the credit underwriter / servicer and the appropriate Florida Housing staff.

D. Request Approval of Name Change and a Reduction in Units and Funding for the City of Tallahassee for Carolina Place/HAPC99-004

Applicant Name (“Applicant”):	**City of Tallahassee**
Development Name (“Development”):	**Carolina Place**
Developer/Principal (“Developer”):	**Tom Lewis**
Number of Units: 15	**Location: Leon County**
Type: HAP Purchase Assistance Loan	**Allocated Amount: $375,000**

1. Background

a) The Developer submitted an application during the 1999-2000 HAP Construction Loan Program Application Cycle.

b) The Applicant scored within the funding range and was invited into credit underwriting on March 15, 2001.

c) The credit underwriting process was completed and the credit underwriting report, dated January 8, 2004, was approved at the January 23, 2004 Board meeting.

2. Present Situation

On November 1, 2004, the Developer requested: (1) a change in the name of the proposed Development from “Carolina Place” to “Carolina Oaks Phase II”; (2) a reduction of the number of units from 15 to 14; and (3) the HAP funding be reduced proportionately, from $375,000 to $350,000, due to the recommendations of Housing Tallahassee, LLC and the Growth Management Department. The letter is attached as **Exhibit D**.

3. Recommendation

Staff recommends that the Board approve: (1) the name change to “Carolina Oaks Phase II”; (2) a reduction of the number of units to 14; and (3) the HAP funding be reduced proportionately to $350,000.

IV. LEGAL

A. In Re: Orange County Falcon Trace Partners, Ltd. v. Florida Housing Finance Corporation

Development Name: (“Development”):	**Falcon Trace Apartments**
Developer/Principal: (“Developer”):	**Orange Co. Falcon Trace Partners, Ltd.**
Number of Units: 252	**Location: Orange County**
Type: Garden Apartments	**Set Aside: 100% @ 60%**
Demographics: Multi-family	**Allocated Amount: SAIL $2,000,000**

1. Background

a) On July 26, 2004, Orange County Falcon Trace Partners, Ltd. (“Falcon Trace”) filed with Florida Housing its “Petition for Formal Administrative Hearing Pursuant to Sections 120.569 and 120.57(1), Florida Statutes,” (the “Substantial Interests” petition) which challenged Florida Housing’s interpretation of the terms, “SAIL Equity,” and “Project Expenses,” as defined in R. 67-48.002(83) and 67-48.002(75), Florida Administrative Code (1998) as those terms were applied to calculate the contingent interest owed on Falcon Trace’s SAIL loan. Specifically, Falcon Trace protested Florida Housing’s decision to disallow its “Incentive Management Fee” as a project expense, and Florida Housing’s decision not to include the proceeds of a bridge loan as SAIL equity, both for purposes of calculating the amount of interest owed on the SAIL loan. CED protested payment of interest as to all developments, from initial billing and continuing through this litigation.

b) On July 30, 2004, Falcon Trace filed its “Petition for Administrative Determination that Agency Statement Violates Section 120.54(1)(a), Florida Statutes, and for Administrative Determination That Unadopted Rule Is Invalid” (the “Nonrule Policy” petition) with the Division of Administrative Hearings. The Nonrule Policy petition sought a determination that Florida Housing’s decision to treat Falcon Trace’s incentive management fee as a partnership expense rather than a project expense (deductible from project cash flow) constituted an unadopted rule, and thus was invalid. Copies of the petitions are attached as Exhibits “A,” and “B,” respectively.

c) On August 5, 2004, Florida Housing transmitted the Substantial Interests petition to DOAH, and moved to consolidate the two matters. On August 11, 2004, Administrative Law Judge Don W. Davis ordered the cases consolidated, with Formal Hearing set for August 30, 2004.

d) On August 17, 2004, Florida Housing filed a Motion for Stay, based on its filing a Notice of Rule Development for publication in the August 27, 2004, edition of the Florida Administrative Weekly. The Motion was granted, with the formal hearing rescheduled for October 12-14, 2004, at the Division of Administrative Hearings.

e) During the course of discovery in preparation for Formal Hearing, Florida Housing staff determined that from 1995 through 2001, bridge loans had routinely been treated as equity for purposes of determining SAIL interest owed, which was directly contrary to Florida Housing’s interpretation and application of R. 67-48.002(83), Fla. Admin. Code (1999), the definition of “SAIL Equity.”

This rendered Florida Housing's litigation position on the SAIL equity issue untenable.

f) Florida Housing and CED have negotiated a Settlement Agreement and Release (the "Agreement"), attached as Exhibit "C," which will resolve all issues in this litigation, as to all CED affiliate entities. The Agreement provides that Florida Housing will recalculate the SAIL Equity for the CED projects listed in the Agreement, and will issue refunds/credits to CED as described in the Agreement. CED will accept Florida Housing's treatment of Incentive Management Fees. Each party will bear its own attorneys fees, costs, and expenses arising from this litigation.

2. Present Situation

Florida Housing's staff is requesting that the Board approve and adopt the Settlement Agreement and Release.

3. Recommendation

That the Board enter an Order approving and adopting the Settlement Agreement and Release.

V. MULTIFAMILY BONDS

A. Request approval to allocate $40,700,000 in tax-exempt, private activity bond allocation to the Development

DEVELOPMENT NAME (“Development”):	**Lynn Lake Apartments**
DEVELOPER/PRINCIPAL (“Developer”):	**Kings Lynn Lake Apartments, LLC/Ronald Fieldstone/Michael Denberg/Joe Lubeck/Paul Lester**
NUMBER OF UNITS:	**807**
LOCATION (“County”):	**Pinellas County**
TYPE (Rental, Homeownership):	**Rental**
SET ASIDE:	**20% @ 50% (MMRB)**
ALLOCATED AMOUNT:	**$40,700,000 of Tax-Exempt Bonds**
ADDITIONAL COMMENTS: Award of bond allocation	

1. Background

At the April 2, 2004 meeting, the Board authorized the MMRB Program to conduct a supplemental application cycle.

2. Present Situation

a) As of November 15, 2004, the MMRB Program has $421,243,058 in tax-exempt, private activity bond allocation that is not committed to a specific multifamily development.

b) Lynn Lake is a 2004 Supplemental MMRB Application (“Application”) to acquire and rehabilitate an existing market-rate development in Pinellas County. No housing credits will be used to help finance this transaction. As a result, Lynn Lake will have 20% of its units (162 units) set-aside for families earning no more than 50% of the area median income. This will place 162 more affordable units into an area in which it has been traditionally difficult to place units. At the same time, this mixed-income structure is preferred by local governments in Pinellas County over the100% affordable developments pursued by most developers. However, the failure to set aside at least 70% of the units resulted in a three (3) point deduction in the scoring of the Application.

c) Lynn Lake was constructed in three phases over a period of many years. Some buildings and units are older and need more rehabilitation than the newer units. However, in order to receive the maximum points in energy conservation features, the Developer would need to commit to providing the same features (such as new windows) for <u>all</u> units, even though many of the units would not need upgrades. The Developer is spending over $6,000,000 in needed rehabilitation for the Development. The Application received a seven (7) point deduction in the energy conservation features category.

d) Lynn Lake scored a total of fifty-six (56) points on the application. However, the rules governing the 2004 Supplemental MMRB Application cycle require an application to achieve a perfect score of sixty-six (66) points in order to be funded. Therefore, the Application is ineligible for funding under the 2004 Supplemental MMRB Application cycle. However, the rules further state:

> If there is private activity bond allocation remaining after all eligible Applications are funded, then this allocation will be applied to the Corporation's single-family bond program or otherwise used as directed by the Board[1].

e) Since the corporation's single-family bond program is not in need of any additional allocation, staff recommends that the Board use its discretion to award private activity bond allocation to Lynn Lake even though it did not obtain a perfect score on its Application. Staff believes that the public policy purposes served by this Development far outweigh any failure to achieve a perfect score on the Application.

3. <u>Recommendation</u>

Approve the request to allocate $40,700,000 in tax exempt, private activity bonds to Lynn Lake Apartments, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

[1] Page 101 of the 2004 Universal Application Cycle Instructions (referring specifically to the Supplemental MMRB Application cycle) which is incorporated by reference in Rule Chapter 67-21, F.A.C.

MINUTES

Action

VI. MINUTES

A. Consider Approval of the October 14, 2004, Board of Directors' Meeting Minutes.

VII. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request Approval of Repayment Timeframe and Removal of LURA for Coral Village II (PLP 00-007)

1. Background

a) On December 6, 2000, an Invitation to Participate was issued to Coral Village, Ltd., a limited partnership with a non-profit general partner that has a 51% ownership interest in the development, for the Coral Village II development. The proposed development was to consist of 64 rental units and be located in Lee County.

b) On September 21, 2001, the Board approved the development plan submitted by the Technical Assistance Provider (TAP) and a PLP loan in the amount of $116,880.00.

2. Present Situation

a) Due to an increase in construction costs, the developer has determined that the development is no longer economically feasible. As such, the developer would like to sell the land in order to repay the PLP loan. As of October 11, 2004, $116,785.54 in principal and $5,730.49 in interest was due for a total due of $122,516.03. Interest has continued to accrue at a rate of $9.60 per diem, and will continue to accrue until the loan is satisfied.

b) The TAP has sent a letter recommending that Florida Housing allow the developer six (6) months to sell the property and repay the PLP loan (Exhibit A). Further, the TAP recommends that, upon full repayment of the loan, Florida Housing remove all encumbrances placed on the property, including the 15 year LURA in order to allow for the provision of clear title to the purchaser upon acquisition.

3. Recommendation

Allow the developer six (6) months to sell the property and repay the PLP loan and remove the LURA upon full repayment.

B. Request Approval of Repayment Timeframe and Removal of LURA for Eagle Rock (PLP 00-019)

1. Background

a) On April 12, 2002, an Invitation to Participate was issued to Triple Eagle CDC, a non-profit, for the Eagle Rock development. The proposed development was to consist of 15 homeownership units and be located in Polk County.

b) On December 6, 2002, the Board approved the development plan submitted by the Technical Assistance Provider (TAP) and a PLP loan in the amount of $133,700.00.

2. Present Situation

a) Due to the inability to obtain site plan approval from the county commission, the development is unable to move forward. As such, the developer would like to sell the land on the open market in order to repay the PLP loan. As of November 30, 2004, $112,918.52 in principal and $5,446.51 in interest is due for a total due of $118,365.03. Interest will continue to accrue at a rate of $9.28 per diem until the loan is satisfied.

b) The TAP has sent a letter recommending that Florida Housing allow the developer six (6) months to sell the property and repay the PLP loan (Exhibit B). Further, the TAP recommends that, upon full repayment of the loan, Florida Housing remove all encumbrances placed on the property, including the 15 year LURA in order to allow for the provision of clear title to the purchaser upon acquisition.

3. Recommendation

Allow the developer six (6) months to sell the property and repay the PLP loan and remove the LURA upon full repayment.

VIII. PROFESSIONAL SERVICES SELECTION (PSS)

A. Predevelopment Loan Program (PLP) and Demonstration Loans Technical Assistance Provider Services

1. Background

a) At its July 30, 2004 meeting Florida Housing's Board authorized staff to begin the Request for Proposals (RFP) process, and establish a review committee, to select one or more Technical Assistance Providers for PLP and Demonstration Loan applicants.

b) An RFP process was initiated and RFP 2004-08 was issued on September 3, 2004. Responses to the RFP were due on or before 2:00 p.m., Friday, October 1, 2004.

c) Two responses were received. They are as follows:

(1) Michael B. Shafer

(2) The Florida Housing Coalition, Inc.

2. Present Situation

a) The Review Committee members, designated by the Executive Director, are Robert Dearduff, Special Programs Administrator, Elizabeth Loggins, Homeownership Loan Programs Administrator, Jessie Pitt, Multifamily Loans Manager, and Freyja Sutherland, Housing Policy Senior Analyst.

b) Each member of the Review Committee is individually reviewing the responses to the RFP prior to convening for the Review Committee meeting. The Review Committee will be held on Tuesday, November 23, 2004, at 2:00 p.m. Results of the Review Committee's evaluation of the scored items will be provided in Exhibit A.

3. Recommendation

Will be provided as a supplemental item.

IX. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval to Reallocate SAIL Funds That Have Become Available due to the Withdrawal of Multiple Developments

1. Background/Present Situation

a) On October 14, 2004, the Board approved the final scores and ranking for the 2004 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities for those developments within the funding range.

b) Since the above-mentioned date, the developments listed below have withdrawn their applications:

2002-046S	Baywinds	$2,000,000.00
2002-109S	Captiva Club	$2,000,000.00
2003-113BS	Spring Trace	$1,500,000.00
2003-114BS	Morse Landing	$2,000,000.00
2004-030CS	Valencia	$2,000,000.00
2004-038BS	Deland Gardens	$1,500,000.00
2004-063BS	Vista Trace	$2,000,000.00
2004-067BS	Fisherman's Landing	$2,000,000.00
2004-093BS	Sugarfoot	$1,500,000.00
2004-130S	Covington Club	$1,500,000.00

c) Based on these withdrawals, $18,000,000 has become available since the Board approved the final scores and ranking for the 2004 Universal Application Cycle. In accordance with pages 94 and 95 of the 2004 Universal Application Instructions, funds available after final ranking due to Applicant's withdrawal will be allocated first to partially funded SAIL applications. Then, if funds still remain, the funds will be offered to the highest ranked eligible SAIL application without SAUL being applied.

d) Attached is the 2004 Ranked Waiting List for the remaining eligible unfunded SAIL Cycle XVI applications (Exhibit A). SAIL funds are available to fully fund each Application on the attached list.

2. Recommendation

Authorize staff to fully fund the SAIL request amount of the Applications on the 2004 Ranked Waiting List and proceed with all necessary credit underwriting activities.

X. STATE APARTMENT INCENTIVE LOAN PROGRAM

PROPOSED MULTIFAMILY ALLOCATION FOR 2005

A. Proposed Geographic Allocation

1. <u>Background</u>

a) Section 420.5087(1), Florida Statutes, calls for State Apartment Incentive Loan (SAIL) funds to be distributed over successive three year periods to meet the need for very low income[2] housing throughout the state, as determined by using the most recent statewide low income rental housing market study. In this case, this is the 2004 Rental Market Study prepared by the Shimberg Center for Affordable Housing at the University of Florida.

b) The statute calls for at least ten percent (10%) of the program funds distributed over three years to be allocated to each of three categories: large counties (more than 500,000 people), medium counties (between 100,000 and 500,000 people) and small counties (100,000 or less). Counties are assigned to these categories using the population statistics published in the most recent edition of the Florida Statistical Abstract. Traditionally, this same geographic distribution is used for the Housing Credit (HC) and Multifamily Mortgage Revenue Bond (MMRB) programs.

2. <u>Recommendation</u>

a) Based on the 2004 Rental Market Study, the proposed allocation of resources for the SAIL, HC and MMRB programs between large, medium and small counties is as follows:

(1) Large counties: 60 percent;

(2) Medium counties: 30 percent; and

(3) Small counties: 10 percent.

b) For information on how these percentages were derived, please see Explanation for Proposed Allocations below.

B. Proposed Target Group Allocation

1. <u>Background/Present Situation</u>

a) Section 420.5087(3), Florida Statutes, calls for SAIL funds to be reserved for certain population groups as follows:

(1) Commercial fishing workers and farmworkers: Not less than 10 percent;

(2) Homeless people: Not less than 5 percent;

[2] "Very low income" is defined as less than or equal to 50 percent of area median income (AMI).

(3) Elders: Not less than 10 percent; and

(4) Families: Not less than 10 percent.

b) The reservation of funds to each group is determined using the most recent statewide low income rental housing market study available at the time of publication of each notice of fund availability. The 2004 Rental Market Study serves this purpose.

2. Recommendation

a) Based on the 2004 Rental Market Study, the proposed allocation of funds for the target population groups is as follows:

(1) Commercial fishing workers and farmworkers: 10 percent;

(2) Homeless people: 9 percent;

(3) Elders: 24 percent; and

(4) Families: 57 percent.

b) For information on how these percentages were derived, please see Explanation for Proposed Allocations below.

C. Explanation for Proposed Allocations

1. Geographic Allocation

a) To determine the distribution of need for very low income households, the estimated number of severely cost burdened[3] renter households between 0 and 49.9 percent of area median income was determined for each county. These renters are the focus of the SAIL program, which targets very low income households. The summary for each county size category is provided below.

Large counties:	206,835 severely cost burdened, very low income households
Medium counties:	92,968 severely cost burdened, very low income households
Small counties:	12,640 severely cost burdened, very low income households
Total:	312,443 severely cost burdened, very low income households

b) To establish the allocation for each category, the total number of households in need (as defined by severe cost burden) for each category was divided by the overall total for the state to get a percentage. In doing this, only the small county category shows an allocation percentage of less than the 10 percent minimum required by statute. The small county allocation was increased to 10 percent and the amount of increase was deducted from the category with the largest allocation, the large county category, as required by statute. The final allocation split is:

[3] Severely cost burdened households are those which pay more than 50 percent of their income towards rent and utilities.

(1) Large counties: 60 percent (reduced from 66 percent);

(2) Medium counties: 30 percent; and

(3) Small counties: 10 percent (increased from 4 percent).

2. Target Group Allocation

a) For purposes of allocating across target groups, the overall housing need number for the very low income rental population in Florida includes three components: 1) The total number of very low income, severely cost burdened, renter households in 2004, as summarized above; 2) The total number of estimated homeless households without any kind of adequate shelter; and 3) The total number of migrant farmworker households estimated to lack decent housing. Ideally, the first number should include migrant farmworker and homeless households, but they are rarely included in the overall Census count as they move frequently and generally do not have addresses to receive Census forms. Because these households are likely not included in the total count, they have been manually added here. Note that seasonal farmworker and commercial fishing worker households have not been added, as they are more likely to reside in one place and be counted in the Census.

Total very low income, severely cost burdened households:	312,443
Total homeless households:	+ 37,389
Total migrant farmworker households:	+ 44,570[4]
Total very low income rental households	365,818

3. Commercial Fishing Workers and Farmworkers

a) The 2004 Rental Market Study estimates that 521 commercial fishing worker households have severe cost burdens. The farmworker need is more difficult to measure. There are an estimated 89,848 unaccompanied farmworkers and 30,122 accompanied farmworker households. The supply of housing for these unaccompanied farmworkers, consisting mainly of Department of Heath permitted camps and other housing, includes 35,402 “beds.” For accompanied farmworker households there are an estimated 5,565 units assisted through Section 514/516 and Florida Housing programs. This leaves a total of 54,446 unaccompanied workers and 24,557 accompanied worker households in the state with a need for affordable housing. Because unaccompanied farmworkers by themselves cannot afford to rent the type of apartments currently built through Florida Housing programs, four unaccompanied farmworkers are assumed to make up one household. Therefore, the estimated 54,446 unaccompanied workers are assumed to form 13,612 households.

[4] To determine the number of migrant farmworker households without adequate shelter the following methodology was employed: The 2004 Rental Market Study estimates the number of unaccompanied migrant workers at 62,888 or 70 percent of the total 89,848 unaccompanied workers. The number of accompanied migrant farmworker households is estimated at 7,931, or 26.3 percent of the total 30,122 accompanied worker households. Applying these proportions to the need numbers, 70 percent of the 54,446 unaccompanied farmworkers without adequate shelter is 38,112 unaccompanied migrant farmworkers without adequate shelter. Of the 24,557 accompanied farmworker households without adequate shelter, 26.3 percent, or 6,458, are migrant farmworker households. Adding the accompanied and unaccompanied together, 44,570 migrant farmworker households are estimated to be without adequate shelter.

Accompanied farmworker households:	24,557
Unaccompanied farmworker households:	+13,612
Total estimated farmworker households:	38,169
Severely cost burdened commercial fishing worker households:	+ 521
Total estimated commercial fishing worker/farmworker households:	38,690

4. Homeless Persons

a) The 2004 Rental Market Study estimates the overall number of homeless people at 70,769, with a total of 19,606 permanent and transitional beds available. This leaves a total of 51,163 people without housing, including 20,696 people who are members of homeless families. There is no defined count of these family households available; thus an estimate of homeless families must be made. For this estimate, the number of people who are members of homeless families was divided by 2.99, which is the average number of persons in households with two or more persons.[5] Thus, the 20,696 people who are members of homeless families translate into an estimated 6,922 homeless households. This result was added to the number of homeless single people (30,467) to arrive at 37,389, the total number of homeless households without adequate shelter on any given night.

5. Elders

a) Of the 312,443 severely cost burdened, very low income households reported in the Census, 103,158 are estimated to be elders aged 55 and older. This represents 26 percent of "Total very low income rental households," with includes the Census counts, the homeless persons estimate and the migrant farmworkers without adequate shelter estimate as described above.

b) During rule making for the 2003 Universal Cycle, a suggestion was made to lower the allocation percentage specifically targeted to develop elder housing, as there are elder households (aged 55 and above) living in SAIL developments targeted to families. On December 6, 2002, the Board approved reducing the SAIL Elder allocation by three percent, from 27 percent to 24 percent based on an analysis of Tenant Income Certification forms for one-third of SAIL Family developments. This allocation was used for the 2003 and 2004 cycles.

c) To establish the final allocation for the 2005-2007 three-year period, staff has examined electronically submitted Tenant Income Certification Recaps for the 155 stabilized SAIL Family developments. Of these, 70, or 45.16 percent, provided complete age information for every household for the months of April through June 2004.

[5] Using the 2000 Public Use Microdata Sample files for Florida, the Shimberg Center for Affordable Housing calculated the average number of persons in households with two or more persons, excluding non-family, student headed households, as 2.99.

d) Elders aged 62 and above are more likely to need the amenities and resident programs found in Elder developments. While those aged 55 to 61 may live in Elder developments, the reality is that older Floridians are truly the target of more specialized amenities included in Elder developments. By reducing the Elder allocation by the portion of elders aged 55 to 61 who live in Family developments, we recognize that this portion of the population can reasonably be housed in Family developments while elders aged 62 and above are the target of the SAIL Elder allocation.

e) To remove the 55 to 61 age group from the SAIL Elder allocation, the following calculations were made. Those households made up of tenants aged 55 to 61 living in SAIL Family units represent 3.02 percent of the sample staff examined. Applying the methodology used in 2002, staff multiplied 3.02 percent by 55 percent (the preliminary SAIL Family allocation percentage for the next three years) by for a result of 1.66 percent. This represents the portion of the Family SAIL allocation that can be anticipated to serve elders aged 55 to 61. Applying the 1.66 percent (rounded to 2 percent) reduction to the Elder allocation, the Elder allocation will be reduced from 26 percent to 24 percent of the total allocation, and the Family allocation will be increased from 55 percent (see below) to 57 percent.

6. Families

a) When the above target group numbers are subtracted from "Total very low income rental households," the result is the number of family households, which makes up 55 percent of the total allocation. The Family allocation has been increased to 57 percent as explained in the Elder allocation section above.

Total very low income rental households:	394,402
Commercial fishing worker/farmworker households:	- 38,690
Homeless households:	- 37,389
Very low income, cost burdened elder households:	- 103,158
Total very low income, cost burdened families:	215,165

7. Allocation Between Target Groups

a) To determine the allocation for each group, the total number of households in each group above was divided by "Total very low income rental households" to get a percentage and Elder and Family allocations were adjusted as described in the Elder allocation section above.

(1) Commercial fishing workers/farmworkers: 10 percent;

(2) Homeless people: 9 percent;

(3) Elders: 24 percent (reduced from 26 percent); and

(4) Families: 57 percent (increased from 55 percent).

XI. SINGLE FAMILY BONDS

A. Mortgage Credit Certificate Program

Approval of Amended Rule Chapter 67-54, Florida Administrative Code (F.A.C)

1. Background/Present Situation

a) A Mortgage Credit Certificate (MCC) allows a homebuyer to receive a tax credit up to 50% of the mortgage interest paid against the homebuyer's federal tax liability or $2,000, whichever is less. Additionally, an MCC ultimately provides the homebuyer with more income to be used towards their mortgage payment and/or other household expenses on a monthly basis. The affect of the tax credit is to increase the homebuyer's after-tax pay and thus increase his or her ability to afford a home. The homeowner will adjust their W-4 to realize the monthly benefits of the MCC.

b) On July 30, 2004, the Board approved the rule development process and executed a Board resolution authorizing the issuance of mortgage credit certificates in the amount of $20 million.

c) A Rule Development Workshop was held on September 10, 2004 in Tallahassee.

d) The proposed Rule 67-54, F.A.C., was forwarded to the Joint Administrative Procedures Committee (JAPC) for review and further comments.

e) A Rule Hearing was held on October 18, 2004 in Tallahassee. No comments from the public were received. Subsequent, a Notice of Change (NOC) was published in the Florida Administrative Weekly (FAW) on November 5, 2004.

f) The Rule is scheduled to become effective on December 9, 2004.

g) Staff is currently drafting the Origination Guidelines and program documents for the MCC Program. The Program is to begin no later than March 1, 2005.

2. Recommendation

Approve the attached (Exhibit A) final Rule 67-54, F.A.C.

XII. STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM

A. Request approval of rule amendments to Rule Chapter 67-37, F.A.C.

1. Background

a) On September 10, 2004, the Board approved Staff's request to proceed with the rule amendment process to Rule Chapter 67-37, F.A.C., which governs the State Housing Initiatives Partnership (SHIP) Program.

b) On September 24, 2004, a Notice was published in the *Florida Administrative Weekly* announcing the Rule Development Workshop that was held on October 11, 2004. Written and verbal comments were received.

c) On October 22, 2004, the Notice of Proposed Rule Amendments and strikethrough version published in the *Florida Administrative Weekly*. A Rule Hearing was scheduled and held November 15, 2004. There was no one in attendance.

2. Present Situation

Staff has submitted the strikethrough version of Rule Chapter 67-37 to the Joint Administrative Procedures Committee (JAPC). There are no suggested changes from JAPC.

3. Recommendation

Approve the final Rule Chapter 67-37, F.A.C., (Exhibit A) subject to a Notice of Change in the event that substantive comments must be incorporated, and direct staff to finalize the rule amendment process in accordance with the SHIP Rule Amendment Timeline (Exhibit B).

XIII. SINGLE FAMILY HOMEOWNER PROGRAM

A. Request approval to issue Mortgage Credit Certificates (MCC)

1. Background

a) On July 30, 2004 the Board approved staff to use $20 million of 2003 volume cap for Mortgage Credit Certificates. A Mortgage Credit Certificate allows a homebuyer to receive a tax credit up to 50% of the mortgage interest paid against the homebuyer's federal tax liability or $2,000, whichever is less (See Exhibit A). The affect of the tax credit is to increase the homebuyer's after-tax pay and thus increase his or her ability to afford a home. To qualify for an MCC, the homebuyer must meet the requirements for FHFC single family bond program. Due to the nature of the tax benefits provided, other state HFAs with MCC programs report that these credits tend to serve beneficiaries with incomes above 80% of area median income (AMI) as those with lower incomes aren't apt to incur a tax liability. This beneficiary group is served in a limited way by Florida Housing's single family bond program. Since November of 2002, only 2% of all FHFC bond loans were made to homebuyers whose income was between 81% to 115% (the upper limit) of AMI.

b) A Rule Development Workshop was held on September 10, 2004 in Tallahassee.

c) The proposed Rule 67-54, F.A.C., was forwarded to the Joint Administrative Procedures Committee (JAPC) for review and further comments.

d) A Rule Hearing was held on October 18, 2004 in Tallahassee. No comments from the public were received. Subsequently, a Notice of Change (NOC) was published in the Florida Administrative Weekly (FAW) on November 5, 2004.

e) The Rule is scheduled to become effective on December 9, 2004.

f) Staff is currently drafting the Origination Guidelines and program documents for the MCC Program. The Program is to begin no later than March 1, 2005.

2. Present Situation

Currently, FHFC has approximately $310 million of private activity bond volume cap earmarked for its single family program. Florida Housing proposes to make $30 million of 2004 volume cap available for MCC's. The cost to implement and operate the program is minimal.

3. Recommendation

Approve the attached Resolution (See Exhibit B) to issue Mortgage Credit Certificates.

XIV. SPECIAL ASSETS

A. Request Approval of Assumption of SAIL loan and Workout Proposal for National Development Foundation, Inc., a Florida not-for-profit corporation to acquire Baker Manor (97S-004)

Development Name: Baker Manor ("Development")	**Location: Baker County**
Developer/Principal: Barry Haiman ("Developer") **Borrower: Affordable Housing Solutions for Florida, Inc., a Florida not-for-profit corporation**	**Set-Aside: 20% @ 50% AMI, 60% @ 60% AMI**
Number of Units: 50	**Allocated Amount: $1,230,000**
Type: Apartments	**Demographics: Family**

1. Background

During the 1996-97 SAIL Cycle IX, Florida Housing awarded a $1,230,000 construction/permanent loan to Affordable Housing Solutions for Florida, Inc., a Florida not-for-profit corporation ("Borrower"), for the development of a 50-unit family development in MacClenny, Florida. The SAIL loan closed on December 15, 1997. The Borrower has been delinquent for payment of fees, escrows, replacement reserves and interest as well as delinquent in providing various required financial information since 2000.

2. Present Situation

a) On May 19, 2004, National Development Foundation, Inc., a Florida not-for-profit corporation ("Purchaser") contacted Florida Housing to discuss their plans for the purchase of the Development and assumption of the SAIL loan. On September 8, 2004, the Purchaser submitted a proposal for the workout of past due interest on the SAIL loan. On September 9, 2004, the Purchaser submitted their revised workout proposal. The Purchaser requests Florida Housing approve their plan to pay the financial arrearages over a three year period and to restructure the note to allow payment from Development cash flow in the following priority: a) first mortgage fees and SAIL base interest of 3%; b) eligible Development expenses including the servicing fee on the SAIL loan; c) payment of SAIL interest of 1.5% per annum on the outstanding principal balance; d) 12% return on equity to the Purchaser; e) payment of SAIL interest currently due and deferred from previous years; f) any unpaid return on equity deferred from previous years; and g) remaining monies to be equally divided between the Purchaser and Florida Housing with Florida Housing receiving no more than the stated interest rate on the SAIL loan. The Purchaser also proposes to set-aside an additional 20% of the current market-rate units as 50% AMI units making the proposed set-aside 40% @ 50% AMI and 60% @ 60% AMI.

b) Staff has received a credit underwriting report (Exhibit A) regarding this ownership change with a positive recommendation subject to the following conditions:

(1) Execution of the related workout agreement and satisfaction of all conditions outlined in such agreement; and

(2) Agree to contribute a minimum of $200 per unit per year to the Replacement Reserve Escrow Account consistent with the SAIL rule.

3. Recommendation

Subject to review and approval of the Purchaser's petition for rule waiver, staff recommends and requests the Board approve the proposal for Purchaser to acquire the Development and assume the restructured SAIL note requiring payment from Development cash flow in the priority described above, approve a three year payment plan for Purchaser to pay the Borrower's financial arrearages to Florida Housing and increase the Development set-aside to 40% @ 50% AMI and 60% @ 60% AMI , subject to the conditions recommended by the credit underwriter.

XV. UNIVERSAL CYCLE

A. 2005 Universal Application

1. Background/Present Situation

a) Rule development workshops were held on August 17, 2004, September 10, 2004, and October 27, 2004, and a public meeting was held on July 30, 2004, in order to solicit comments on Rule Chapters 67-21 and 67-48, F.A.C., and proposed changes to the Universal Application.

b) As a result of these meetings, Staff has revised the Universal Application and the rules governing the multifamily programs. A supplement to the Board Package will be provided which contains the proposed Rules, Application and Qualified Allocation Plan (QAP).

c) After the Board's approval of the proposed Rules, Application and QAP, the Notice of Proposed Rulemaking (NOPR) will be filed with the Florida Administrative Weekly, for publication on December 17, 2004. The NOPR will announce the Rule Hearing which is scheduled for January 7, 2005, in Tallahassee.

d) Following review of the public comments received at the January 7, 2005, Rule Hearing and the comments received from the Joint Administrative Procedures Committee following its review of the NOPR, Staff will proceed as follows:

(1) If modification of the proposed rules is not required, staff will file the rules for adoption. It is anticipated that the application cycle will open on January 18, 2005.

(2) If modification of the proposed rules is required, Staff will prepare a Notice of Change (NOC) to incorporate all proposed modifications to the proposed rules and, if required, will submit the NOC for Board approval. Opening of the application cycle could then be delayed until mid to late February 2005.

2. Recommendation

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