FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

September 1, 2011

Consent Items

LEGAL

Consent

I. LEGAL

A. In Re: Community Connections of Jacksonville, Inc. – FHFC Case No. 2010-037VW

Development Name: (“Development”):	**Florence N. Davis Center**
Developer/Principal: (“Developer”):	**Community Connections of Jacksonville, Inc.**
Number of Units: 79	**Location: Duval County**
Type: Garden Apartment	**Set Aside: 20% @ 40 % AMI 55% @ 55% AMI 25% @ 60% AMI**
Demographics: Family	**SAIL: $ 288,200.00**

1. <u>Background</u>

a) During the 1994-1995 SAIL VII Cycle, Community Connections of Jacksonville, Inc. (“Petitioner”) applied for and was awarded a State Apartment Incentive Loan (“SAIL”) loan (95S-045) to finance the rehabilitation of the Florence N. Davis Center, a family housing development located in Duval County, Florida (the “Development”). The Development has been operating as a homeless housing facility.

b) On December 9, 2010, Florida Housing received a “Petition for Waiver/Variance of Rule 91–35.006(5), Florida Administrative Code,” (“Petition”) from Petitioner. On December 23, 2010, the Notice of Petition was published in Volume 36, Number 51 of the Florida Administrative Weekly. On February 23, 2011, Florida Housing received an “Amended Petition for Waiver of Rule 91–35.006(5) and 9I-35.006(5)(b), Florida Administrative Code,” (“Amended Petition”) from Petitioner. A copy of the Amended Petition is attached as <u>Exhibit A</u>. To date, Florida Housing has received no comments concerning the Amended Petition.

c) Rule 9I – 35.006(5), F.A.C. (1995), states:

> (5) If, in its application, the Applicant agrees to a very low-income set-aside for a term longer than that required by law, the deferred SAIL interest due pursuant to Rule 9I – 35.006(10), F.A.C., shall be forgiven in an amount equal to the amount of interest due pursuant to Rule 9I – 35.006(10), multiplied by .05 multiplied by the number of years, not to exceed 15, that the very low-income set aside was extended beyond that required by law.
>
> (b) Only interest which is in excess of the base interest rates specified in Rule Chapter 9I-35.006(4)(d), F.A.C. shall be eligible for forgiveness.

d) Petitioner and Florida Housing have been in negotiations regarding the Petitioner's request to forgive all deferred interest accrued under the SAIL loan, to reduce the present interest rate to 0% and re-amortize the outstanding principal balance of the SAIL loan over an extended term of thirty-five years from the initial maturity date. Petitioner and Florida Housing have reached a tentative agreement to extend the loan.[1]

e) Petitioner requests a variance from the rule in order to obtain forgiveness of the entire deferred SAIL interest and as a basis states the SAIL statutes now include a homeless set-aside and authorize SAIL loans for homeless developments to be made at an interest rate of zero to three percent, reduced from the 9% rate presently effective in the loan. *See*, Sections 420.507(22)(a)(1) and (2), 420.5087(3)(c) and 420.5087 (6)(a), Florida Statutes. The 2008 SAIL rule establishes a 0% interest rate on loans to developments that set aside at least 80% of the units for homeless residents. Rule 67-48.010(3)(a), F.A.C. (2009).

2. <u>Present Situation</u>

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

> Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

b) Recognizing the unique financial circumstances faced by homeless developments, granting this request for a waiver forgiving all deferred interest will serve the purpose of the underlying statute in that it will enhance the financial viability of the Development and thus ensure the continued availability of affordable housing to the homeless in this Development. Granting Petitioner's request will also facilitate a new loan structure with Petitioner's SAIL loan interest at 0%, and with the principal balance amortized over a new thirty-five year term. Denial of the Petition would result in substantial hardship to the Petitioner in that the Development could not continue to operate as a homeless development without relief from the terms of the existing SAIL loan and the limitation on interest forgiveness as set forth in Rule 9I-35.006(5), F.A.C. (1995).

3. <u>Recommendation</u>

Staff recommends the Board grant the Petitioner's request for waiver from Rule 9I-35.006(5) and (5)(b), F.A.C. (1995), to forgive all outstanding and deferred SAIL interest due on the loan with the waiver conditioned upon and subject to the closing of the loan modifications and extension in accordance with the proposal submitted by Special Assets contemporaneous herewith.

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[1] Rule 9I-35.006(14) provides that Florida Housing "may renegotiate and extend the loan in order to extend the availability of housing for the target population."

B. In Re: MBCDC: The London, LLC - FHFC Case No. 2011-013VW

Development Name: ("Development"):	**The London Apartments Application No. 2005-123PLP**
Developer/Principal: ("Developer"):	**MBCDC: The London, LLC**
Number of Units: 31	**Location: Miami-Dade County**
Type: Single Family Townhomes	**Set Aside: 60% @ 60% AMI**
Demographics: Family	**PLP: $500,000**

1. <u>Background</u>

a) In 2008, MBCDC, The London, LLC ("Petitioner") applied for and was awarded Predevelopment Loan Program ("PLP") funds in the amount of $500,000 to aid in the substantial rehabilitation of The London Apartments, located in Miami-Dade, Florida ("The Development"). The Development consists of two buildings. To date, Petitioner has drawn a total of $292,269.16 from the PLP loan.

b) Petitioner is in the process of closing on a partial construction loan consisting of Neighborhood Stabilization Program ("NSP") funds from the City of Miami Beach for one of the buildings in the Development.

c) On August 2, 2011, Florida Housing received an "Amended and Restated Petition for Waiver or Variance from Rule and 67-38.007(5)(a), Florida Administrative Code" ("Amended Petition") from Petitioner.[2] A copy of the Petition is attached as Exhibit B.

d) Rule 67-38.007(5)(a), F.A.C. (2008), provides, in pertinent part:

> (5) With respect to home rental Developments, the PLP Loan's Maturity Date shall be on the earlier of:
>
> (a) The date of closing on the first source of permanent or construction loan for the Development.

e) Petitioner requests a waiver or variance of the rule to allow it to either (1) partially repay a portion of the PLP loan based upon the square footage of the building that is to receive NSP Funds, with a full repayment of the balance of the PLP loan upon closing on construction or permanent financing on the second building; or (2) repay the entire PLP loan on the date of closing on the first source of permanent or construction loan for the entire Development.

f) On August 12, 2011, the Notice of Petition was published in Volume 37, Number 32, in the <u>Florida Administrative Weekly</u>. To date, Florida Housing has received no comments concerning the Petition.

[2] Petitioner's previously submitted petition was withdrawn prior to the submission of the instant Petition.

g) 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.

h) Under these circumstances, strict application of the above Rule to this Petitioner would create a substantial hardship and violate the principals of fairness. Petitioner demonstrated that the NSP funds are to be allocated solely for the rehabilitation of one of the buildings in the Development, with the NSP loan mortgage encumbering the one building. However the rule would trigger the repayment of the entire PLP loan, causing the redevelopment of the Development to be financially unfeasible, as it would lead to a substantial financing gap that would jeopardize the completion of the Development. Granting the waiver serves the purpose of the statute in that the PLP Loan will be repaid in its entirety once permanent or construction financing is received for the entire Development.

2. <u>Recommendation</u>

a) Staff recommends the Board **GRANT** Petitioner's request for a waiver of Rule 67-38.007(5)(a), (2008), but only to the following extent:

(1) Petitioner shall pay the amount of $76,977.12 (based upon the closing on the NSP construction loan from the City of Miami Beach.) This amount is equal to approximately 25% of the outstanding balance on the PLP loan and is commensurate with the percentage of the total square footage of the development represented in this building.

(2) Petitioner shall pay remaining outstanding balance on the PLP Loan upon closing of the first source of permanent or construction financing for the second building on the development site.

(3) Petitioner shall not request remaining undisbursed PLP funds for costs related to the portion of the development receiving funding through the NSP loan.

II. MULTIFAMILY BONDS

A. Request Approval to Allocate $61,060,492 in Tax-Exempt, Private Activity Bond Allocation to the Developments

1. <u>Background</u>

At the January 23, 2009 meeting, the Board authorized the MMRB Program to conduct a supplemental application cycle.

2. <u>Present Situation</u>

a) The Developments are 2009 Supplemental MMRB Applications (the “Applications”), attached as <u>Exhibit A</u> to acquire and rehabilitate or construct new affordable developments in the Counties.

b) The rules governing the 2009 Supplemental MMRB Application cycle require an application to achieve a perfect score of seventy (70) points in order to be funded. 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.”

c) The Applications for these Developments are only requesting MMRB and 4% non-competitive HC. These requests do not require any other Florida Housing funding. Staff believes that the public policy purpose served by obtaining these Developments as affordable for thirty (30) years far outweighs any failure to achieve a perfect score on the Applications.

3. <u>Recommendation</u>

Approve the request to allocate $61,060,492 in tax exempt, private activity bonds to the Developments, 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 Final Credit Underwriting Report for Pine Meadow Apartments

DEVELOPMENT NAME (“Development”):	**Pine Meadow**
DEVELOPER/PRINCIPAL (“Applicant”):	**Pine Meadow Redevelopment, Ltd/SCG Pine Meadow, LLC/Royal American Development, Inc./Stratford Capital Group, LLC**
NUMBER OF UNITS:	**78**
LOCATION (“County”):	**Alachua**
TYPE (Rental, Homeownership):	**Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”)/HOME/Low Income Housing Tax Credits (“HC”))**
SET ASIDE:	**20% @ 35% (MMRB) 65% @ 50% (MMRB) 40% @ 60% (HC) 20% @ 50% (HOME) 80% @ 60% (HOME)**
ALLOCATED AMOUNT:	**$4,875,000 of Tax Exempt Bonds and $1,863,681 HOME Loan**
ADDITIONAL COMMENTS: Acquisition/Rehabilitation	

1. Background

Applicant submitted an Application (“Application”) on behalf of the proposed Development during the 2010 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of $4,875,000 in order to acquire and rehabilitate the Development. The Applicant also submitted a response to RFP 2009-06, and was awarded funding, for a HOME loan in the amount of $1,863,681.

2. Present Situation

a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to notify it of any such changes.

b) The Application reflects SCG Development Company L.L.C. as a co-General Partner and Stratford Interim Housing, L.L.C. as the 99.99% Limited Partner. Subsequent to application submission, the Applicant changed the co-General Partner entity to SCG Pine Meadow, L.L.C. and the Limited Partner entity to Stratford Pine Meadow Investors, L.P. (99.98%) and added Stratford SLP, Inc. as a .01% Special Limited Partner. All individual members remain the same as presented in the Application.

c) The Development site plans, architectural drawings and/or specification book account for all amenities and features listed in the Application with the exception of Energy Star rating for all windows in each unit. The inclusion of this required feature is a loan closing condition of the Credit Underwriting Report.

d) A Final Credit Underwriting Report dated August 3, 2011 is attached as Exhibit B.

3. **Recommendation**

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 3, 2011, recommending that $4,875,000 in tax exempt bonds and a $1,863,681 HOME loan for the acquisition and rehabilitation of the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

C. Request Approval of the Final Credit Underwriting Report for Royal Coast Apartments

DEVELOPMENT NAME ("Development"):	**Royal Coast Apartments**
DEVELOPER/PRINCIPAL ("Applicant"):	**Royal Coast Preservation, LP/Royal Coast Preservation GP, LLC/Royal Coast Preservation Class B Limited Partner, LLC/The Related Companies, LP**
NUMBER OF UNITS:	**174**
LOCATION ("County"):	**Miami-Dade**
TYPE (Rental, Homeownership):	**Rental/Family (Multifamily Mortgage Revenue Bond ("MMRB") and Housing Credits("HC"))**
SET ASIDE:	**85% @ 60% (MMRB) 20% @ 40% (9% HC) 80% @ 60% (9% HC) 100% @ 60% (4% HC)**
ALLOCATED AMOUNT:	**$9,250,000 of Tax Exempt Bonds**
ADDITIONAL COMMENTS: Acquisition/Rehabilitation	

1. Background

Applicant submitted an Application ("Application") on behalf of the proposed Development during the 2010 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of $9,250,000 in order to acquire and rehabilitate the Development.

2. Present Situation

a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to notify it of any such changes.

b) Total Housing Credit Equity has been lowered as a result of higher than anticipated land value. The subsequent gap has been filled with a deferred Developer fee and in the case of the construction period, the addition of required owner's cash equity.

c) The total development costs have decreased $232,838 from the Application. This decrease is primarily the result of a reduction in earned Developer fee as recommended by the Credit Underwriter.

d) A Final Credit Underwriting Report dated August 18, 2011 is attached as Exhibit C.

3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 18, 2011, recommending that $9,250,000 in tax exempt bonds be issued for the acquiring and rehabilitating of the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

D. Assignment of Bond Underwriters and Structuring Agents

1. Background

a) Pursuant to staff's request for approval to issue bonds to finance the acquisition, construction and/or rehabilitation of the proposed Developments referenced below, Final Credit Underwriting Reports are being presented to the Board for approval simultaneously with this request to assign the appropriate professionals to these transactions. Brief descriptions of the Developments are detailed below along with the Staff's recommendations for the assignments.

b) Additionally, the Corporation's Senior Financial Advisor has prepared method of bond sale letters. Staff has reviewed the method of sale letters and Board approval is requested at the current meeting.

2. Present Situation

a) The Credit Underwriter, the Senior Financial Advisor and Florida Housing staff have reviewed the financing structure for the proposed Developments.

b) The Senior Financial Advisor's recommendations for the methods of bond sale are being presented to the Board at the current meeting during the Multifamily Mortgage Revenue Bond Program Update of items on the agenda.

3. Recommendation

That the Board approves the assignment of the recommended professionals as shown in the chart for the proposed Developments.

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
Pine Meadow	**Alachua**	**78**	**Negotiated**	**Stern Brothers & Company**
Royal Coast Apartments	**Miami-Dade**	**174**	**Negotiated**	**RBC Capital Markets, Inc.**
Georgia Ayers	**Miami-Dade**	**72**	**Negotiated**	**Morgan Keegan & Company, Inc.**

E. Request Approval of the Method of Bond Sale Recommendations from Florida Housing's Senior Financial Advisor

1. Background/Present Situation

a) The Credit Underwriter has provided Final Credit Underwriting Reports for the proposed Developments below. Florida Housing seeks Board approval pursuant to the recommendations of the Credit Underwriter and the appropriate Florida Housing staff.

b) Pursuant to Rule 67-21.0045, F.A.C., staff has requested a review of the proposed bond structures by the Senior Financial Advisor in order to make recommendations to the Board for the methods of bond sale.

c) TIBOR PARTNERS, Inc. has prepared an analysis and recommendation for the methods of bond sale for the Developments. The recommendation letters are attached as Exhibit D.

2. Recommendation

That the Board approves the recommendations of the Senior Financial Advisor for the methods of bond sale for the above Developments.

Development Name	Location of Development	Number of Units	Method of Bond Sale
Pine Meadow	**Alachua**	**78**	**Negotiated**
Royal Coast Apartments	**Miami-Dade**	**174**	**Negotiated**
Georgia Ayers	**Miami-Dade**	**72**	**Negotiated**

F. Request Approval of the Final Credit Underwriting Report for Georgia Ayers Apartments

DEVELOPMENT NAME (“Development”):	**Georgia Ayers Apartments**
DEVELOPER/PRINCIPAL (“Applicant”):	**Georgia Ayers Apartments, LLC/MM Georgia Ayers, LLC/Biscayne Housing Group, LLC/Gonzalo DeRamon and Michael C. Cox, individually**
NUMBER OF UNITS:	**72**
LOCATION (“County”):	**Miami-Dade**
TYPE (Rental, Homeownership):	**Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”)/Low Income Housing Tax Credits (“HC”))**
SET ASIDE:	**85% @ 60% (MMRB)** **100% @ 60% (HC)**
ALLOCATED AMOUNT:	**$7,000,000 of Tax Exempt Bonds**
ADDITIONAL COMMENTS: Acquisition/Rehabilitation	

1. Background

Applicant submitted an Application (“Application”) on behalf of the proposed Development during the 2009 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of $8,000,000 in order to acquire and rehabilitate the Development.

2. Present Situation

a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to notify it of any such changes.

b) The Application reflects $5,760,000 in funding from the American Recovery and Reinvestment Act of 2009 (“ARRA”). The Borrower will substitute the ARRA funding with a $7,500,000 construction and permanent loan from the non-profit, Transforming Communities Foundation, Inc. (“TCF”). The TCF loan is made available from a Building Better Communities General Obligation Bond issued by Miami-Dade County.

c) The final plan and cost review by New Perspective of Florida (“NPF”) identified that the plans submitted for review do not account for the volleyball court committed to as an amenity in the Application. A set of plans must be submitted to NPF for review that account for all features and amenities committed to in the Application prior to bond closing or an acceptable alternative must be approved by Florida Housing.

d) A Final Credit Underwriting Report dated August 18, 2011 is attached as Exhibit E.

3. <u>Recommendation</u>

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated August 18, 2011, recommending that $7,000,000 in tax exempt bonds for the acquisition and rehabilitation of the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

III. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request Approval of Subordinate Lien for Ability Oakland, LLC, a Not-for-Profit Entity, for Oakland Terrace Apartments (2010-006P-09)

DEVELOPMENT NAME ("Development"):	**Oakland Terrace Apartments**
APPLICANT/DEVELOPER ("Developer"):	**Ability Oakland, LLC., a not-for-profit entity**
CO-DEVELOPER:	**Ability Housing of Northeast Florida**
NUMBER OF UNITS:	**60**
LOCATION ("County"):	**Duval County**
TYPE:	**Rental**
SET ASIDE:	**20% @ or below 50% AMI**
PLP LOAN AMOUNT:	**$750,000**
ADDITIONAL COMMENTS: This is a preservation development.	

1. <u>Background</u>

a) On May 28, 2010, Florida Housing received a PLP Application from the Applicant for Oakland Terrace Apartments, an existing development built in 1973 that is proposed for preservation. The Development is located in Duval County.

b) On July 30, 2010, the Board approved a PLP loan in the amount of $750,000. Included in the loan was $358,250 requested for the acquisition of the property. Under requirements of the PLP program rule, the acquisition portion is subject to a positive recommendation from the assigned credit underwriter.

c) On June 10, 2011, the Board approved the credit underwriting report for the acquisition of the property. However, as a result of a reduced purchase price, the developer reduced the amount of funding requested for the acquisition of the property to $200,135. The $104,115 reduction in the line item for land acquisition financing has been reallocated to cover other eligible pre-development expenses. Therefore, the total PLP loan remains at $750,000.

2. <u>Present Situation</u>

a) The developer has requested a change in lien position for the PLP loan due to issues related to financing sources for the development being provided by HUD. In the credit underwriting report, the PLP loan was to be in a third lien position with a total of $613,982 being in a superior position from the first mortgage holder Berkadia Commercial Mortgage and a proposed line of credit from the **Local Initiatives Support Corporation (LISC).**

b) The requested change in lien position would place the PLP in a fourth lien position with a total amount of superior liens being reduced to $538,380. The new lien position would be subordinate to the Berkadia loan and two HUD funding sources that were previously anticipated to be subordinate to the PLP. However, LISC has agreed to subordinate their line of credit to the PLP allowing PLP to be in a fourth position. The developer has provided a detailed request for the change in lien position (Exhibit A).

c) Staff believes that with the decrease in total funding that will be in a superior position to the PLP, the risk to the PLP funding has not increased and believes that the new lien position and overall financing plan will allow this preservation development to proceed toward completion.

3. Recommendation

Approve the change in lien position for the PLP loan from third to fourth and authorize staff to amend loan documents and proceed with closing activities.

IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Proposals (RFP) for Investment Manager Services

1. Background

In October and November 2007, Florida Housing entered into contracts for Investment Manager Services with PFM Asset Management LLC and Logan Circle Partners, LP, respectively.

2. Present Situation

a) The initial three (3) year term of the contract began on October 30, 2007 and November 5, 2011, respectively. Contingent upon the Investment Management firm satisfactorily performing its obligations under the contract as determined by Florida Housing, the contract is renewable twice, each for a one year term. Florida Housing renewed the contract for its initial one-year term in September of 2010.

b) Florida Housing staff has determined that renewing each contract for the second and final one year term allowed is in the best interests of Florida Housing.

3. Recommendation

Staff recommends that Florida Housing continue to retain PFM Asset Management LLC and Logan Circle Partners, LP pursuant to the existing contracts and recommends the Board directs staff to proceed with the final one-year contract renewal with each entity.

V. SPECIAL ASSETS

A. Request Approval to Refinance the First Mortgage for Vestcor-WR Associates, Ltd., a Florida Limited Partnership, for Holly Cove Apartments (1995 MMRB Series F/Guarantee Program/96S-021/95L-505)

Development Name: Holly Cove ("Development")	**Location: Clay County**
Developer/Principal: Vestcor-WR Associates, Ltd. ("Borrower") Vestcor	**Set-Aside: MMRB: 40% @ 60% AMI, SAIL & HC: 80% @ 60% AMI, LURA: 50 years; EUA: 50 years**
Number of Units: 202	**Allocated Amount: MMRB: $7,235,000 SAIL: $2,417,000; HC: $353,420**
Demographics: Family	**Servicer: First Housing**

1. Background

During the 1995 funding cycle, Florida Housing Finance Corporation ("FHFC") awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of $7,235,000, along with a second mortgage State Apartment Incentive Loan ("SAIL") in the original amount of $2,417,000 to Vestcor-WR Associates, Ltd., a Florida Limited Partnership ("Borrower"), for the development of a 202-unit apartment complex in Clay County, Florida. The SAIL loan closed on November 27, 1995, and will mature on May 27, 2012. The Multifamily Revenue Bonds ("MMRB") closed on December 12, 1996, and are scheduled to mature on October 1, 2035. The development is HUD risk sharing with Florida Housing's Guarantee Program ("Guarantee Program"). The development also received a 1995 allocation of low-income housing tax credits of $353,420.00.

2. Present Situation

a) The Borrower requests consent from the Board to refinance the existing first mortgage. The Borrower intends to obtain conventional financing from a Fannie Mae DUS lender, the proceeds of which will be utilized to satisfy the existing first mortgage, redeeming the underlying bonds and effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC. The Borrower also requests the SAIL loan term be extended to be co-terminus with the new first mortgage and the SAIL Land Use Restriction Agreement ("LURA") would be extended by an equal time. The SAIL loan would continue to be subordinate to the first mortgage.

b) Staff has received a credit underwriting report from First Housing (Exhibit A) recommending approval of the refinancing of the first mortgage and extension of the SAIL loan and LURA.

Consent

3. Recommendation

Approve the refinancing of the first mortgage and extension of the SAIL loan to be co-terminus with the refinanced first mortgage and extension of the SAIL LURA equal to the term of the loan extension and subordination of the SAIL loan to the new first mortgage subject to the conditions outlined in the credit underwriter's report and subject to further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities.

Consent

B. Request Approval to Refinance the First Mortgage for VCP-SB Associates, Ltd., a Florida Limited Partnership, for Leigh Meadows Apartments (1996 MMRB Series N/Guarantee Program/SAIL ELI Loan RFP 2010-16-09/97S-019/96L-508 and SMI 28)

Development Name: Leigh Meadows (“Development”)	**Location: Duval County**
Developer/Principal: VCP-SB Associates, Ltd. (“Borrower”) Vestcor	**Set-Aside: MMRB: 40% @ 60% AMI; SAIL & HC: 100% @ 60% AMI; SAIL ELI: 15% @ 30%** **LURA & EUA: 50 years; ELI LURA: 15 years**
Number of Units: 304	**Allocated Amount: MMRB: $10,690,000; SAIL: $3,157,000; SMI: $290,000; SAIL ELI: $3,300,000; HC: $634,880.71**
Demographics: Family	**Servicer: First Housing**

1. <u>Background</u>

During the 1996 funding cycle, Florida Housing Finance Corporation (“FHFC”) awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of $10,690,000, along with a second mortgage State Apartment Incentive Loan (“SAIL”) in the original amount of $3,157,000 to VCP-SB Associates, Ltd., a Florida Limited Partnership (“Borrower”), for the development of a 304-unit apartment complex in Duval County, Florida. In 2009, the Borrower received a Subordinated Mortgage Initiative (SMI) loan in the amount of $290,000. In 2010, the Borrower also received a SAIL ELI Loan in the original amount of $3,300,000. The SAIL loan closed on September 23, 1996, and will mature on September 23, 2036. The Multifamily Revenue Bonds (“MMRB”) closed on September 1, 1996, and are scheduled to mature on September 1, 2036. The development is HUD risk sharing with Florida Housing’s Guarantee Program (“Guarantee Program”). The development also received a 1996 allocation of low-income housing tax credits of $634,880.71.

2. <u>Present Situation</u>

a) The Borrower requests consent from the Board to refinance the existing first mortgage. The Borrower intends to obtain conventional financing from a Fannie Mae DUS lender, the proceeds of which will be utilized to satisfy the existing first mortgage, redeeming the underlying bonds and effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC. The SAIL loan would continue to be subordinate to the first mortgage.

b) Staff has received a credit underwriting report from First Housing (Exhibit B) recommending approval of the refinancing of the SAIL loan.

Consent

3. **Recommendation**

Approve the refinancing of the first mortgage and subordination of the SAIL loan to the new first mortgage subject to the conditions outlined in the credit underwriter's report dated August 17, 2011 and subject to further approvals and verifications by the credit underwriter, legal counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities.

SPECIAL ASSETS

Consent

C. Request Approval to Refinance the First Mortgage and Extension of the Two SAIL Loans for The Brannon Group, L.C., a Florida Limited Liability Company, for Keys I & II (93HRR-021/91L-066) and Keys III (93HRR-022/96L-019)

Development Name: The Keys (Phase I & II) ("Development")	**Location: Miami-Dade**
Developer/Principal: The Brannon Group, L.C. ("Developer") ("Borrower")	**Set-Aside: SAIL 12.5% @ 40% 17.5% @ 50% & 70% @ 60% AMI; HC 10@ 40% & 90% @ 60% AMI LURA: 45 years; EUA: 50 years**
Number of Units: 80	**Allocated Amount: SAIL - $1,481,200 Housing Credits: $153,069**
Demographics: Family	**Servicer/Credit Underwriter: First Housing**
Development Name: The Keys (Phase III) ("Development")	**Location: Miami-Dade**
Developer/Principal: The Brannon Group, L.C. ("Developer") ("Borrower")	**Set-Aside: SAIL & HC 10% @ 40%, 20% @ 50% & 70% @ 60% AMI, LURA: 45 Years; EUA 45 Years**
Number of Units: 48	**Allocated Amount: SAIL - $1,481,200 Housing Credits: $397,384**
Demographics: Family	**Servicer/Credit Underwriter: First Housing**

1. **Background**

During the 1993 SAIL/HRR (State Apartment Incentive Loan/Hurricane Andrew Recovery and Rebuilding Program) Cycle Florida Housing awarded two $1,481,200 construction/permanent loans to The Brannon Group, L.C., a Florida Limited Liability Company ("Borrower"), for the acquisition/rehabilitation of a 128-unit Development in Miami-Dade County. The SAIL loans closed on February 19, 1996 and December 18, 1997 and matured on January 1, 2011. The Development also received a 1991 and 1996 allocation of low-income housing tax credits of $153,069 and $397,384.

2. **Present Situation**

a) The Borrower has requested approval of refinancing of the existing first mortgage and extension of the SAIL loans, at their current terms, for three years to be co-terminus with the new first mortgage and subordination of the SAIL loans to the new first mortgage. The extension provides for a maturity date beyond the end of the first 15 years of the Housing Credit Compliance period which will allow the general partner, The Brannon Group, L.C., time to negotiate the exit of the Limited Partner from the partnership. The Borrower has agreed to an extension of the LURA (Land Use Restriction Agreement) term equal to the loan extensions.

b) On August 16, 2011, staff received a credit underwriting report (Exhibit C) from First Housing Development Corporation recommending approval for the new financing and subordination of the SAIL loan to the new first mortgage.

Consent

3. <u>Recommendation</u>

Approve the refinancing of the first mortgage, subordination of the SAIL loans to the new first mortgage and extension of the SAIL loans to be co-terminus with the new first mortgage and extend the LURA for an equal amount of time, subject to the conditions outlined in the credit underwriter's report and verification of the required SAIL pay down amount per Rule 67-48 all subject to further approvals and verifications by the credit underwriter, legal counsel and appropriate Florida Housing staff, and direct staff to proceed with loan document modification activities.

D. Request Approval of the Workout and Amendment of the Affordability Restrictions and Affirm the Short Sale Payoff for Edisto Lake Apartments (94S-042/95L-006)

Development Name: Edisto Lake Apartments ("Development")	**Location: Lee County**
Developer/Principal: Edisto Group Ltd. Heritage Company ("Developer")	**Set-Aside: SAIL 20% @ 40%, 80%@60% AMI, 50 Years**
Number of Units: 376	**Allocated Amount: SAIL $2,822,781 Housing Credits $1,688,643**
Demographics: Family	**Servicer: First Housing**

1. <u>Background</u>

a) During the 1994-1995 Cycle, Florida Housing awarded a $2,822,781 SAIL (State Apartment Incentive Loan) loan to Edisto Group Ltd., a Florida Limited Partnership ("Borrower"), for the development of a 376-unit apartment complex in Lee County, Florida. The SAIL loan closed on August 29, 1995 and matured on November 10, 2009. The Development also received a Housing Credit allocation of $1,688,643 and was placed in service on February 11, 1997.

b) The SAIL loan matured almost two years ago and is in default. At the October 22, 2010 Board meeting the Board affirmed a short sale. This sale fell through. After another buyer withdrew, the Developer executed a purchase and sale agreement with Pacifica Companies (Purchaser). The first mortgage lender extended their loan for an additional six months to allow time to sell the development but is ready to foreclose if a sale does not take place in the very near future. A foreclosure would eliminate the affordable housing restrictions.

2. <u>Present Situation</u>

This development is in need of immediate and significant rehabilitation. With a possible foreclosure imminent and the associated loss of all affordable units, the Purchaser has proposed an amendment to the set-aside restrictions to allow it to rehabilitate the development and make it economically viable for the future. The purchaser requests the set-aside restrictions to be amended to 20%@40% AMI and 20%@60% AMI. The amended set-aside restrictions would still run for the remaining approximately 35 years. The Purchaser agrees to provide funds for paydown of the SAIL loan in the approximate amount of $1,913, 000.

3. <u>Recommendation</u>

Approve the workout and amendment of the set-asides restrictions to 20%@40% AMI and 20%@60% AMI with the length of term remaining the same subject to the receipt of funds to paydown the SAIL loan in the approximate amount of $1,913,000 and confirmation from the credit underwriter that the rehabilitation is completed as agreed and direct staff to proceed with loan document modification activities.

E. Request Approval of Renegotiation of the SAIL Loan for Young Women's Christian Association of Jacksonville, Florida, Inc., a Florida Corporation, for Florence N. Davis Center's SAIL Loan (95S-045) and Approval of Modified Loan Terms for the First and Third Mortgages on the Development

Development Name: Florence N. Davis Center ("Development")	**Location: Duval**
Developer/Principal: Community Connections of Jacksonville, Inc. ("Developer")	**Set-Aside: 20% @ 40%, 55% @ 50% and 25% @ 60% AMI** **LURA: 50 years**
Number of Units: 79	**Allocated Amount: SAIL - $288,200**
Demographics: Family	**Servicer: Seltzer Management Group**

1. <u>Background</u>

a) During the 1994-1995 SAIL (State Apartment Incentive Loan) Cycle VII, Florida Housing awarded a $288,200 construction/permanent loan to Young Women's Christian Association of Jacksonville, Florida, Inc., a Florida Corporation ("Borrower"), for the rehabilitation of a 79-unit development in Duval County. The SAIL loan closed on December 28, 1995 and will mature on June 28, 2012.

b) In its original application, the Borrower committed to extend the low income set-aside into perpetuity (50 years). Pursuant to Fla. Admin. Code R. 9I-35.006(5) (1994), $200,095.24 of the total accrued interest of $400,190.47, is eligible for forgiveness for SAIL loan 95S-045.

2. <u>Present Situation</u>

a) In a letter dated December 9, 2010 the Borrower requested that the terms of the loan be renegotiated and extended, and Staff subsequently entered into negotiations. The Borrower submitted their workout proposal requesting Florida Housing forgive all deferred interest on the loan (Legal is presenting its recommendation for a Petition for Rule Waiver/Variance contemporaneously herewith at this Board meeting which this request is subject to approval of); and renew the principal at 0% interest for thirty-five years, with monthly amortization of principal. The Borrower has negotiated an extension and modification of the terms of the First and Third Mortgages with the City of Jacksonville. The effect of the modifications is to delete the obligation to pay interest and to provide that the outstanding principal balance will be forgiven annually in equal installments, so that the loan amounts for both the First and Third Mortgages will be forgiven on or before November 25, 2023, provided that the Development continues to provide shelter and services to homeless women and families. The Borrower has also agreed to modification of the SAIL LURA (Land Use Restriction Agreement) to homeless designation since there was no homeless designation at inception of the loan and agreed to extend the LURA's affordability period for 15 additional years beyond the current 50 years.

b) Florida Housing Staff has reviewed the Development operating and financial information and have provided a positive recommendation for the restructured terms of the loan.

3. **Recommendation**

Staff recommends that the Board approve the renegotiated loan terms to renew the principal at 0% interest for thirty-five years, with monthly amortization of principal, approval of modified loan terms for the First and Third mortgage and modification of the LURA to homeless designation and extension of the LURA for an additional 15 years, subject to review and approval of a petition for rule waiver to forgive all deferred SAIL interest on the maturing loan and direct staff to proceed with loan closing activities.