

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 7, 2012
Consent Items



AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Consent

I. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

A. Request Approval of Credit Underwriting Update Letter for Marcis Pointe Apartments (2009-207C/2010-040CX/2011-020CX)

Development Name: Marcis Pointe Apartments (“Development”)	Location: Duval County
Developer/Principal: NVC-III, LLC (“Developer”)	Set-Aside: 20% @ 30% AMI & 80% @ 60% AMI
Number of Units: 120	Tax Credit Exchange Program: \$6,020,000
Type: Mid-Rise	Housing Credit Allocation: \$1,120,000
Demographics: Elderly	MMRB: N/A

1. Background/Present Situation

- a) On December 10, 2010, a Tax Credit Exchange Program (TCEP) loan in the amount of \$6,020,000 closed for this 120 unit elderly development in Duval County.
- b) On October 2, 2012, staff received a letter from the Borrower requesting approval to change the first mortgage lender and increase the amount of the permanent first mortgage loan ([Exhibit A](#)).
- c) On November 20, 2012, staff received a credit underwriting update letter with a positive recommendation for a change in the first mortgage lender from JNR Lender, L.L.C. to CW Capital and an increase in the amount of the permanent first mortgage loan from \$1,481,243 to \$2,125,000 ([Exhibit B](#)). Staff has reviewed this letter and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C., RFP 2010-04, and RFP 2010-14.

2. Recommendation

Approve the credit underwriting update letter subject to the conditions outlined in the letter 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.

HOUSING CREDITS

Consent

II. HOUSING CREDITS

A. Request Approval to Minimally Exceed Subcontractor Cost Limit for City Heights Apartments / #2011-058C/2012-027C

Development Name:	City Heights Apartments
Developer/Principal:	Landmark Development Corporation / Affordable Housing Solutions for Florida, Inc.
Number of Units:	98
Location :	Miami-Dade County
Type/Demographic:	Elderly
Set-Aside:	10% @ 28% AMI and 90% @ 60% AMI
Allocated Amount:	\$2,561,000.00

1. Background/Present Situation

- a) City Heights Apartments (#2011-058C/2012-027C) is a Competitive Housing Credit, New Construction Development providing 98 set-aside units in Miami-Dade County, Florida. City Heights Apartments was invited to enter credit underwriting on June 8, 2012. Florida Housing issued an allocation of \$2,561,000 in Housing Credits in August of 2012.
- b) The Development has requested Board approval, required by Rule 67-48.0072(17)(f), to allow one entity to receive more than 20% of construction cost.
- c) First Housing Development Corporation engaged On Solid Ground, LLC (“OSG” or “Construction Consultant”) to perform a Plan & Cost Review (“PCR”) of the Development. OSG issued a draft PCR dated November 21, 2012 that indicates the building shell subcontractor is to receive 29.3% of the total construction costs.
- d) OSG opines that a percentage of 29.3% should pose no significant risk to the completion of the Development as long as this subcontractor provides insurance and bonding protection to the Applicant that are of equal value to the value threshold required of the general contractor.
- e) Given the above opinion of First Housing and the General Contractor fee being 12.9% versus the Rule limitation of 14%, First Housing has provided a positive recommendation to this request, attached as [Exhibit A](#).

2. Recommendation

Approve the request to allow the 20% subcontractor limit to be exceeded as referenced above.

HOME RENTAL

Consent

III. HOME RENTAL

A. Request Approval of HOME Credit Underwriting Report for Amistad (2011-064CH)

Development Name: Amistad (“Development”)	Location: Miami-Dade County
Developer: Pinnacle Housing Group, LLC, (Developer) Carrfour Supportive Housing, Inc (Co-Developer)	Set-Aside: 20% @ 50% AMI 80% @ 60% AMI 89 HOME Units
Number of Units: 89	Allocated Amount: \$4,450,000
Type: New Construction	Demographics: Homeless

1. Background/Present Situation

- a) On June 8, 2012, the Board approved the final scores and ranking for the 2011 Universal Application Cycle and directed Staff to proceed with all necessary credit underwriting activities. Amistad was issued an invitation to enter credit underwriting for a HOME loan in an amount up to \$4,450,000 for this 89-unit homeless Development located in Miami-Dade County.
- b) Rule Chapter 67-48.0072(4)(c), F.A.C. states the loan must close within 12 months of the date of the letter of invitation to enter credit underwriting. Applicants may request one (1) extension of up to 12 months.
- c) On November 27, 2012, staff received a final credit underwriting report with a positive recommendation for a HOME loan in the amount of \$4,450,000 ([Exhibit A](#)). Staff has reviewed this report and finds that the Development meets all of the requirements of Rule Chapter 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

LEGAL

Consent

IV. LEGAL

A. In Re: Amistad Apartments, Ltd. – FHFC Case No. 2012-053-VW

Development Name: (“Development”):	Amistad Apartments Application No. 2011-064CH
Developer/Principal: (“Developer”):	Pinnacle Housing Group, LLC Carrfour Supportive Housing, Inc.
Number of Units: 89	Location: Miami-Dade County
Type: Mid-Rise w/ elevator	Set Aside: 10% at 28% AMI 90% at 60% AMI
Demographics: Homeless	Housing Credits: \$1,785,000 HOME: \$4,450,000

1. Background

- a) During the 2011 Universal Cycle, Amistad Apartments, Ltd. (“Petitioner”) successfully applied for an allocation of Low Income Housing Tax Credits (HC) and a loan under the HOME Investment Partnership Program (“HOME”), as provided in 24 C.F.R. Part 92, to finance the construction of Amistad Apartments (the “Development”) located in Miami-Dade County, Florida. As part of its application, Petitioner stated that the Development Type would be a Mid-Rise with an elevator (a building comprised of five or six stories).
- b) On November 15, 2012, Florida Housing received a “Petition for Waiver of Rule 67-48.004(14)(g) for a Change in Development Type.” A copy of the Petition is attached as [Exhibit A](#).
- c) Rule 67-48.004(14)(g), Florida Administrative Code (2011), provides in pertinent part:

(14) 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. Failure to submit these items in the Application at the time of the Application Deadline shall result in rejection of the Application without opportunity to submit additional information. Any attempted changes to these items will not be accepted. Those items are as follows:

(g) Development Type

- d) Petitioner requested a waiver of the above rule to change the Development Type from Mid-Rise with elevator to High-Rise to increase the number of stories from six to seven stories. Under Florida Housing’s rules governing Development Type, a building with seven stories is a High-Rise. The requested change would allow Petitioner to accommodate the required surface parking. The requested change would neither affect the scoring of Petitioner’s application nor allow Petitioner to gain an unfair advantage over other applicants.

LEGAL

Consent

- e) Notice of the Petition was published in Volume 38, Number 73, of the Florida Administrative Register. To date, Florida Housing received no comments regarding the Petition.
- f) 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.
- g) Petitioner has demonstrated that strict application of the above Rule under these circumstances would cause substantial hardship to Petitioner and violate the principles of fairness. Petitioner demonstrated that it must complete and place in service the Development by December 31, 2013, in order to avail itself of the full 9% federal low income housing tax credit rate. Failure to place in service by December 31, 2013, will result in a decrease in the tax credit percentage, substantially decreasing the tax credit equity invested in the transaction. A decrease in the amount of tax credit equity invested may result in total sources of funds substantially decreasing, which would jeopardize the completion of the proposed Development. Petitioner has further demonstrated that permitting this change in Development would also serve the underlying purpose of the statute. By granting the Petition, Petitioner will be able to provide needed homeless housing in Miami-Dade County.

2. Recommendation

Staff recommends the Board grant Petitioner's request for a waiver from Rule 67-480.004(14)(g), Florida Administrative Code (2011) to allow Petitioner to change the Development Type from Mid-Rise with elevator to High-Rise, increasing the number of stories in the Development from six to seven.

MULTIFAMILY BONDS

Consent

V. MULTIFAMILY BONDS

A. Request Approval of the Request for Consent to Transfer Ownership Interest in Lake Forest Apartments

Development Name: Lake Forest Apartments	Location: Volusia County
Development Owner: Lake Forest Acquisition Corporation	Set-Asides: 25% @ 80% AMI 75% @ 150% AMI
Funding Source: Multi-Family Housing Revenue Bonds (MMRB)	Amount: \$10,620,000 Tax Exempt Bonds
Number of Units: 240	Type: Rental/Family (MMRB)

1. Background

- a) Florida Housing financed the construction of the above-referenced Development in 1985 with \$12,375,000 in tax exempt bonds designated as 1985 Series BBB.
- b) Florida Housing refunded the Bonds in 2001 with \$10,620,000 in tax exempt bonds designated as 2001 Series G.

2. Present Situation

- a) Lake Forest Acquisition Corporation, the current owner of the Development, has requested the consent of Florida Housing in connection with the proposed merger with Agape Lake Forest, Inc., a Florida not-for-profit corporation. Agape Lake Forest, Inc. will become the sole owner of Lake Forest Apartments.
- b) The Credit Underwriter has reviewed the request and by letter dated November 20, 2012, and attached as [Exhibit A](#), recommends that Florida Housing approve the request.

3. Recommendation

That the Board approve the Request for Consent to Transfer Ownership Interest in the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, Credit Enhancer or Bondholder (if required or applicable) and appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

B. Request Approval of the Request for Consent to the Transfer of the General Partnership Interest in Fairmont Oaks Apartments

Development Name: Fairmont Oaks Apartments	Location: Alachua County
Development Owner: Fairmont Oaks, LP	Set-Asides: 30% @ 80% AMI 70% @ 150% AMI
Funding Source: Multi-Family Housing Revenue Bonds (MMRB)	Amount: \$8,180,000 Tax Exempt Bonds
Number of Units: 178	Type: Rental/Family (MMRB)

1. Background

- a) Florida Housing financed the construction of the above-referenced Development in 1985 with \$8,180,000 in tax exempt bonds designated as 1985 Series Z.
- b) Florida Housing refunded the Bonds in 1989 with \$8,020,000 in tax exempt bonds designated as 1989 Series E.
- c) Florida Housing refunded the Bonds in 2003 with \$8,180,000 in tax exempt bonds designated as 2003 Series I.

2. Present Situation

- a) Fairmont Oaks, LP, the current owner of the development, has requested the consent of Florida Housing to a transfer of the general partnership interest. The withdrawing general partner is Fairmont Oaks GP Corp., and the replacement general partner is Agape Fairmont Oaks, Inc., a Florida not-for-profit corporation. The current owner listed above will remain the sole owner of the Fairmont Oaks Apartments.
- b) The Credit Underwriter has reviewed the request and by letter dated November 20, 2012, and attached as [Exhibit B](#), recommends that Florida Housing approve the request.

3. Recommendation

That the Board approve the Request for Consent to transfer the general partnership interest in the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, Credit Enhancer or Bondholder (if required or applicable) and appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

C. Request Approval of the Final Credit Underwriting Report for Sunrise Place Apartments and Approval of the Refinancing and Transfer of the Development, and the Assumption, Renegotiation, and Subordination of the SAIL Loan (2003-012S)

Development Name: Sunrise Place Apartments	Location: Leon County
Developer/Principal (“Applicant”): Southport Financial Services, Inc./SP Sunrise LP/J. David Page	Set-Asides: 20% @ 33% AMI (MMRB) 65% @ 60% AMI (MMRB) 100% @ 60% AMI (SAIL) 20% @ 33% AMI (HC) 80% @ 60% AMI (HC)
Funding Source: Multi-Family Housing Revenue Bonds (MMRB) State Apartment Incentive Loan (SAIL) Housing Tax Credits (HC)	Amount: \$4,280,000 Tax Exempt Bonds
Number of Units: 99	Type: Rental/Family
Additional Comment:	Acquisition/Rehabilitation

1. Background

- a) Applicant submitted an Application (“Application”) on behalf of the proposed Development during the 2011 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of \$4,100,000 in order to acquire and rehabilitate the Development.
- b) A SAIL loan in the amount of \$900,000 closed August 15, 2005.

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 Applicant originally applied for tax exempt bonds in the amount of \$4,100,000 and subsequently increased their request to \$4,280,000.
- c) The application did not include the assumption of a \$350,000 Federal Home Land Bank Affordable Housing Program subsidy which is currently shown as a use of funds.
- d) Development costs are \$8,585,188 an increase of \$1,697,107 or 19.7% primarily due to increases in rehabilitation costs, an operating deficit reserve, and additional closing and assumption costs. The total construction cost per unit is \$28,182.
- e) The Applicant requests approval for the refinancing of the first mortgage using FHFC tax exempt bonds, transfer of ownership of the Development, assumption and renegotiation of the terms of the SAIL loan and subordination of the SAIL loan to the new first mortgage. The Applicant requests the SAIL loan term be extended to 16.5 years at 3% interest with payment based on cash flow upon payment of all accrued interest on the existing note. The affordability period in the LURA will be extended to 50 years.

MULTIFAMILY BONDS

Consent

- f) A Final Credit Underwriting Report dated November 29, 2012, is attached as [Exhibit C](#).

3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report recommending and allocating \$4,280,000 in tax exempt bonds for the acquisition and rehabilitation of the Development and the transfer of the Development, the assumption, renegotiation, and subordination of the SAIL loan with the new terms, and the extension of the LURA affordability period subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

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 and construction of the proposed Development referenced below, a Final Credit Underwriting Report is being presented to the Board for approval simultaneously with this request to assign the appropriate professionals to this transaction. A brief description of the Development is detailed below along with the Staff's recommendation for the assignment.
- b) Additionally, the Corporation's Senior Financial Advisor has prepared a method of bond sale letter. Staff has reviewed the method of sale letter and Board approval is requested at the current meeting.

2. Present Situation

The Credit Underwriter, the Senior Financial Advisor and Florida Housing staff have reviewed the financial structure for the proposed Development.

3. Recommendation

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

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
Sunrise Place Apartments	Leon County	99	Negotiated	Stern Brothers

MULTIFAMILY BONDS

Consent

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

1. Background/Present Situation

- a) The Credit Underwriter has provided a Final Credit Underwriting Report for the proposed Development below. Florida Housing seeks Board approval pursuant to the recommendation 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 structure by the Senior Financial Advisor in order to make a recommendation to the Board for the method of bond sale.
- c) TIBOR PARTNERS, Inc. has prepared an analysis and recommendation for the method of bond sale for the Development. The recommendation letter is attached as [Exhibit D](#).

Development Name	Location of Development	Number of Units	Method of Bond Sale
Sunrise Place Apartments	Leon County	99	Negotiated

2. Recommendation

That the Board approves the recommendation of the Senior Financial Advisor for the method of bond sale for the above Development.

PUBLIC HOUSING MITIGATION INITIATIVE (PHMI)

Consent

VI. PUBLIC HOUSING MITIGATION INITIATIVE (PHMI)

A. Request Approval of Loan Closing Extension and Credit Underwriting Update Letter for Arcadia Housing Authority (RFP 2009-07-01)

Public Housing Authority (“PHA”):	Arcadia Housing Authority
Location:	Desoto County
Number of Units ≥ 30 Years Old:	69
Grant Amount:	\$79,028

1. Background/Present Situation

- a) On November 13, 2009, Florida Housing Finance Corporation issued a request for proposal (RFP) for the Public Housing Mitigation Initiative to assist in the preservation and rehabilitation of dwellings which are 30 years or older under control by Public Housing Authorities.
- b) On January 22, 2010, the Board approved the final scores and ranking and directed staff to proceed with all necessary credit underwriting activities.
- c) On February 5, 2010, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Public Housing Mitigation Initiative funds in the amount of \$79,028 to Arcadia Housing Authority.
- d) On April 30, 2012, staff issued a firm commitment letter to Arcadia Housing Authority in the amount of \$79,028 with a closing date of October 28, 2012.
- e) On November 15, 2012, staff received a request from the Arcadia Housing Authority for a 60 day loan closing extension ([Exhibit A](#)). The extension is needed in order to clarify the actual ownership structure of the development for which the grant funds will be used, and to revise the closing documents accordingly.
- f) On November 19, 2012, staff received a credit underwriting update letter with a positive recommendation for the clarification of the ownership structure of the development for which the grant funds will be used ([Exhibit B](#)). Staff has reviewed this letter and finds that the development meets all of the requirements of RFP 2009-07.

2. Recommendation

Approve the request for a 60 day loan closing extension to December 31, 2012, and the credit underwriting update letter, and direct staff to proceed with closing activities.

PREDEVELOPMENT LOAN PROGRAM (PLP)

Consent

VII. PREDEVELOPMENT LOAN PROGRAM (PLP)

A. Request Approval of Loan Extension for Florida Non-Profit Services, Inc., a Not-for-Profit Entity, for Esperanza Place Phase II (2009-010P-07)

DEVELOPMENT NAME (“Development”):	Esperanza Place, Phase II
APPLICANT/DEVELOPER (“Developer”):	Florida Non-Profit Services, Inc.
CO-DEVELOPER (“Co-Developer”)	N/A
NUMBER OF UNITS:	64
LOCATION (“County”):	Collier County
TYPE:	Rental, Elderly
SET ASIDE:	60% @ or below 60% AMI
PLP LOAN AMOUNT:	\$300,000

1. Background

- a) On December 4, 2009, the Board approved a PLP loan and a credit underwriting report in the amount of \$300,000 for an elderly development called Esperanza Place II located in Collier County.
- b) On February 16, 2010, the Developer closed on the PLP loan.
- c) The Developer submitted an application in the 2010 Universal Cycle and received a perfect score, but was not within the funding range. The developer chose not to submit an application in the 2011 Universal Cycle due to their perception that the development would not qualify for funding.

2. Present Situation

- a) The PLP loan is due to mature on February 16, 2013.
- b) The Developer has requested a one year extension to the maturity date to allow them to pursue other financing sources for the development.
- c) The Technical Assistance Provider has evaluated the request and is supporting the one year extension ([Exhibit A](#)).

3. Recommendation

Approve the extension to the maturity date on the PLP Loan for Florida Non-Profit Services, Inc., from February 16, 2013 to February 16, 2014, and allow staff to amend loan documents.

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

VIII. PROFESSIONAL SERVICES SELECTION (PSS)

A. Affordable Housing Locator Subscription Services Contract Renewal

1. Background

- a) In 2008 Florida Housing's Board of Directors authorized staff to carry out a solicitation process to select an entity to develop and maintain a regularly updated, web-based housing locator to help extremely low to moderate income Floridians conduct searches for available rental housing financed by Florida Housing.
- b) The goal was to create a system to enable the eventual inclusion of any affordable rental unit statewide that met Florida Housing's inclusion standards (for example, units that serve households at or below 120 percent of area median income).
- c) A contract was entered into in February of 2008 with Socialserve.com for a term of three years with two (2) additional one-year renewals.

2. Present Situation

- a) The floridahousingsearch.org database is now populated with nearly 160,000 publicly funded and private units statewide and more than 9,700 housing providers. We find that, on any given date, approximately 6 percent of the total number of registered units are listed as available for lease. The housing providers range from private landlords having one or two units in a neighborhood to large developers managing hundreds of apartments across Florida. Since the 2009 Universal Application Cycle, Florida Housing has required funded applicants to register their funded developments and units on the locator, as well as regularly update their listings. The registration of non-Florida Housing funded rental housing is voluntary.
- b) The end result of these efforts is that Florida now has a user-friendly affordable housing locator service that allows households to locate available housing that best fits their needs and ability to pay. Individuals can access the information online, in English and Spanish, 24 hours a day. They can easily search for housing using a wide variety of search criteria such as rents and rent deposits, property and unit type, accessibility features, proximity to employment and community resources, as well as rental assistance and restricted rent programs. Through the support of the Agency for Health Care Administration and the Department of Elder Affairs, the housing locator also provides a separate search engine to find affordable assisted living facilities and adult family care homes. Other features of locator services include:
 - (1) A toll-free call center, staffed with bi-lingual search specialists, to personally help users who require additional assistance or do not have access to the internet. The center is open Monday through Friday from 9 a.m. – 8 p.m. ET;

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

- (2) Links to other federal, state and local affordable housing and related resources; and
 - (3) Helpful tools for renters such as an affordability calculator, rental checklist, and renter rights and responsibilities information.
- c) The site currently receives more than 90,000 visitors per month. Socialserve.com's call-in center now handles nearly 4,000 calls a month.
 - d) On the asset management side, the locator provides a simple way for property managers to market properties with higher vacancies (at no cost to the property) to the public.
 - e) Florida Housing's rental locator has become a valuable, reliable resource in helping households search for affordable rental units that meet their needs. It is a proven success. It has a wide spectrum of users including the general public, legislative offices that help their constituents with housing inquiries, emergency management and responders assisting displaced households, and supportive services providers searching for accessible housing for their clients with disabilities or special needs. Florida Housing staff regularly receives positive feedback from these users regarding the usefulness and quality of the on-line and call-center services provided by Socialserve.com. The staff have found it to be a useful and effective one-stop resource to refer most of the many public and official contacts we receive for assistance in finding affordable rental housing for households.

3. Recommendation

Staff believes that the scope of services provided continues to exceed our expectations as an effective, beneficial resource for Florida citizens and the developments in our portfolio. Staff believes that it is in the best interests of Florida Housing to continue to retain the services of Socialserve.com and recommends the Board direct staff to proceed with the final one-year contract renewal.

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

B. Real Estate Brokerage Services

1. Background

- a) At its January 2009 meeting, the Board of Directors of Florida Housing authorized staff to enter into contract negotiations with Marcus & Millichap Real Estate Investment Brokerage Company of Florida, CB Richard Ellis and Colliers Arnold to provide real estate brokerage services.
- b) The initial term of the contract began February 3, 2009, and expires February 3, 2013. The contract may be renewed twice for an additional one-year period.

2. Present Situation

- a) Florida Housing utilizes the services of Marcus & Millichap Real Estate Investment Brokerage Company of Florida, CB Richard Ellis and Colliers Arnold to provide real estate brokerage services.
- b) Florida Housing staff supports a renewal to extend the term of the contract for the initial one-year period.

3. Recommendation

Staff believes that it is in the best interests of Florida Housing to continue to retain its real estate brokerage companies and recommends that the Board direct staff to proceed with the contract renewal.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

IX. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Credit Underwriting Letter for Noah's Landing (2012-04-02)

Development Name:	Noah's Landing
Developer/Principal:	Vestcor Fund XV, Ltd.
Number of Units:	264
Location :	Collier County
Type/Demographic:	Rental/Family (MMRB, Guarantee/HUD-Risk, HC and SMI)
Set-Aside:	50% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Allocated Funding Amount:	MMRB 2001 Series H1 &H2 \$10,370,000 Tax-Exempt Bonds and \$6,580,000 Taxable Bonds \$603,737 Housing Credits \$819,118 Subordinate Mortgage Initiative (SMI) \$4,950,000 SAIL ELI (RFP 2011-05)
SAIL ELI Funding under RFP 2012-04 not to exceed:	\$2,500,000

1. Background/Present Situation

- a) On September 27, 2012, Florida Housing staff issued RFP 2012-04 to award SAIL ELI funding to Applicants where the Applicant's development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Friday, October 12, 2012.
- b) On November 2, 2012, the Board approved the award list of RFP 2012-04 and directed staff to proceed with all necessary credit underwriting activities.
- c) On November 5, 2012, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL Funding under RFP 2012-04 for units set-aside for ELI Households.
- d) On November 20, 2012, staff received a credit underwriting letter with a positive recommendation for a SAIL ELI loan in the amount of \$2,490,000 ([Exhibit A](#)). Staff has reviewed this report and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C. and RFP 2012-04.

2. Recommendation

Approve the credit underwriting letter and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

SPECIAL ASSETS

Consent

X. SPECIAL ASSETS

A. Request Approval of the Extension of the SAIL Loan for Garden Walk Associates, Ltd., a Florida Limited Partnership, for Garden Walk Apartments (93HRR-008/95L-004)

Development Name: Garden Walk (“Development”)	Location: Miami-Dade County
Developer/Principal: Tacolcy Economic Development Corporation (“Developer”); Garden Walk Associates, Ltd. (“Borrower”)	Set-Aside: SAIL & HC 33% @ 40% AMI, 52% @ 50% AMI and 15% @ 60% AMI LURA & EUA: 50 years
Number of Units: 228	Allocated Amount: SAIL - \$3,110,901
Demographics: Family	Housing Credits: \$1,554,615

1. Background

During the 1993 State Apartment Incentive Loan/Hurricane Recovery and Rebuilding Program Cycle (“SAIL/HRR”), Florida Housing awarded a \$3,110,901 construction/permanent loan to Garden Walk Associates, Ltd., a Florida limited partnership (“Borrower”), for the development of a 228-unit development in Miami-Dade County. The SAIL loan closed on October 27, 1994, and matured on October 31, 2011. The Development also received a 1995 annual allocation of low-income housing tax credits of \$1,554,615. The Development was placed in service in October 1995. At its December 2011 meeting, the Board approved a one-year and two-month extension of the loan and Land Use Restriction Agreement (“LURA”) through December 31, 2012.

2. Present Situation

- a) The Borrower has requested approval to extend the SAIL loan, at its current terms, to December 31, 2013, to allow additional time for refinancing of the Development. The Borrower has agreed to an extension of the LURA term equal to the loan extension.
- b) The Borrower has also requested FHFC’s consent to an extension of the terms of the first mortgage with Wells Fargo to October 31, 2013. There will be no other changes to the terms of the first mortgage loan.

3. Recommendation

Approve the extension of the SAIL loan, at its current terms, to December 31, 2013, extend the LURA for an equal amount of time, and direct staff to proceed with loan document modification activities. Also, grant consent to the extension of the first mortgage term.

SPECIAL ASSETS

Consent

B. Request Approval of the Extension of the SAIL Loan for TWC Eighty-Eight, Ltd., a Florida Limited Partnership, for Woodhill Apartments (95S-061/96L-001)

Development Name: Woodhill ("Development")	Location: Orange County
Developer/Principal: The Wilson Company ("Developer"); TWC Eighty-Eight, Ltd. ("Borrower")	Set-Aside: SAIL & HC 20% @ 40% & 80% @ 60% AMI; LURA & EUA: 50 years
Number of Units: 450	Allocated Amount: SAIL \$3,000,000; HC \$2,454,166
Demographics: Family	Servicer: Seltzer

1. Background

During the 1995 State Apartment Incentive Loan ("SAIL") Cycle VII, Florida Housing awarded a \$3,000,000 construction/permanent loan to TWC Eighty-Eight, Ltd., a Florida limited partnership ("Borrower"), for the development of a 450-unit development in Orange County. The SAIL loan closed on September 19, 1995, and had an original maturity date of February 8, 2012. The Development also received a 1996 annual allocation of low-income housing tax credits of \$2,454,166. At its January 2012 meeting, the Board approved a one-year extension of the loan and Land Use Restriction Agreement ("LURA") through February 8, 2013.

2. Present Situation

The Borrower has requested approval to extend the SAIL loan, at its current terms, to February 8, 2014, to allow additional time for refinancing of the Development. The Borrower has agreed to an extension of the LURA term equal to the loan extension.

3. Recommendation

Approve the extension of the SAIL loan, at its current terms, to February 8, 2014, extend the LURA for an additional year and direct staff to proceed with loan document modification activities.

SPECIAL ASSETS

Consent

C. **Request Approval of the Extension of the SAIL Loan for TWC Ninety-Six, Ltd., a Florida Limited Partnership, for Woodcrest Apartments (97S-032/96L-041)**

Development Name: Woodcrest (“Development”)	Location: St. Johns County
Developer/Principal: The Wilson Company (“Developer”); TWC Ninety-Six, Ltd. (“Borrower”)	Set-Aside: SAIL 100% @ 60%; HC 15% @ 35%, 85% @ 60% AMI; LURA & EUA: 50 years
Number of Units: 90	Allocated Amount: SAIL \$1,061,605; HC \$468,587
Demographics: Family	Servicer: First Housing Development Corporation

1. **Background**

During the 1997 State Apartment Incentive Loan (“SAIL”) Cycle IX, Florida Housing awarded a \$1,061,605 construction/permanent loan to TWC Ninety-Six, Ltd., a Florida limited partnership (“Borrower”), for the development of a 90-unit development in St. Johns County. The SAIL loan closed on October 30, 1996, and will mature on February 11, 2013. The Development also received a 1996 annual allocation of low-income housing tax credits of \$468,587.

2. **Present Situation**

The Borrower has requested approval to extend the SAIL loan, at its current terms, to February 11, 2014, to allow time for refinancing of the Development. The Borrower has agreed to an extension of the LURA term equal to the loan extension.

3. **Recommendation**

Approve the extension of the SAIL loan, at its current terms, to February 11, 2014, extend the LURA for an additional year and direct staff to proceed with loan document modification activities.

SPECIAL ASSETS

Consent

D. Request Approval of the Extension of the HOME Loan for M.B. Apartments, Ltd., a Florida Limited Partnership for Madison (94DRHR-022/96L-013)

Development Name: Madison (“Development”)	Location: Miami-Dade County
Developer/Principal: Miami Beach CDC (“Developer”)/M.B. Apartments, Ltd. (“Borrower”)	Set-Aside: HOME & HC 20% @ 40% & 80% @ 60% AMI; LURA & EUA: 50 years;
Number of Units: 17	Allocated Amount: HOME - \$50,000
Demographics: Family	Housing Credits: \$164,607

1. Background

- a) During the 1994 HOME Disaster Relief Cycle, Florida Housing awarded a \$50,000 HOME loan to M.B. Apartments, Ltd., a Florida limited partnership (“Borrower”), for the acquisition and rehab of a 17-unit development in Miami-Dade County. The HOME loan closed on December 27, 1995, and had an original maturity date of December 30, 2010. The Development also received a 1996 annual allocation of low-income housing tax credits of \$164,607. The Development was placed in service in June of 1997.
- b) At its December 2010 meeting, the Board approved an extension of the loan through December 30, 2012 to be co-terminus with the expiration of the first 15 years of the housing credit compliance period, and extended the Land Use Restriction Agreement (“LURA”) for an equal amount of time.

2. Present Situation

The Borrower has requested approval to extend the HOME loan at the current terms, to December 30, 2013. The Borrower has agreed to extend the affordability period by an equal amount of time. The Borrower requires additional time to continue negotiations with the limited partner for an exit strategy. After taking full ownership, Miami Beach CDC, the general partner, intends to refinance the Development to preserve the affordability of the units.

3. Recommendation

Approve the extension of the HOME loan, at its current terms, to December 30, 2013, and extend the LURA for an additional year and direct staff to proceed with loan document modification activities.

SPECIAL ASSETS

Consent

E. Request Approval of the Renegotiation of the SAIL Loan for Arbor Place Apartments, Ltd., a Florida Limited Partnership, for Arbor Place (95S-046/96L-006)

Development Name: Arbor Place (“Development”)	Location: Hillsborough County
Developer/Principal: Volunteers of America of Florida (“Developer”); Arbor Place Apartments, Ltd. (“Borrower”)	Set-Aside: SAIL & HC: 20% @ 40% & 80% @ 60% AMI; LURA & EUA: 50 years
Number of Units: 32	Allocated Amount: SAIL \$185,000; HC \$84,988
Demographics: Family	Servicer: First Housing Development Corporation

1. Background

During the 1995 State Apartment Incentive Loan (“SAIL”) Cycle VII, Florida Housing awarded an \$185,000 construction/permanent loan to Arbor Place Apartments, Ltd., a Florida limited partnership (“Borrower”), for the construction/rehabilitation of a 32-unit development in Hillsborough County. The SAIL loan closed on January 4, 1996, and matured on May 31, 2012. The Development also received a 1996 annual allocation of low-income housing tax credits of \$84,988.

2. Present Situation

- a) The Borrower requests approval to renegotiate the terms of the SAIL loan and convert to a “hard pay” loan at 1% interest with annual amortization of principal and interest over 15 years. The Developer will guarantee the monthly payments of principal and interest. The Borrower agrees to pay all outstanding accrued 3% base interest in exchange for forgiveness of the remaining 6% deferred interest in accordance with section 420.5087, FS. The Borrower also agrees to an extension of the Land Use Restriction Agreement (“LURA”) term equal to the loan extension term.
- b) Staff received a credit underwriting report ([Exhibit A](#)) from Seltzer Management Group with a positive recommendation.

3. Recommendation

Approve the renegotiation of the SAIL loan terms including forgiveness of the 6% deferred interest with payment of all the outstanding accrued 3% interest, extension of the LURA term by an equal amount of time as the loan extension, 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.

SPECIAL ASSETS

Consent

F. Request Ratification and Continuation of Loan Workout Terms for Halo Properties, Inc., a Florida Corporation, for Maxwell Manor II's Non-Conforming and HOME Loan (2003-133H)

Development Name: Maxwell Manor II ("Development")	Location: St. Johns County
Developer/Principal: Halo Properties, Inc. ("Developer")	Set-Aside: 22% @ 50% & 78 @ 60% AMI LURA: 50 years
Number of Units: 36	Allocated Amount: Non-Conforming - \$582,340, HOME - \$2,496,000
Demographics: Family	Servicer: AmeriNational Community Services/FHFC

1. Background

- a) During the 2003 Universal Application Cycle, Florida Housing awarded a \$2,496,000 construction/permanent loan to Halo Properties, Inc., a Florida Corporation ("Borrower"), for the construction of a 36-unit development in St. Johns County. The HOME loan closed on March 27, 2006 and will mature on March 27, 2026.
- b) Completion of the Development was delayed and the Borrower was unable to make the annual 2009 interest payment on the HOME loan. A forbearance agreement was entered into allowing Borrower to make monthly payments to cure the default. The Borrower did not make the last payment due under the agreement. Construction delays and cost disputes between the General Contractor and the Borrower resulted in liens being perfected on the Development by the General Contractor. On September 28, 2010 the first mortgagee Neighborhood Lending Partners ("NLP") filed foreclosure on the Development in St. Johns County. On October 22, 2010 FHFC's Board approved staff's request to purchase the NLP note and restructure debt to maintain the development's affordability and on December 3, 2010 the NLP note was purchased. Subsequent negotiations with the Borrower for workouts of the loans did not produce a plan that was mutually agreeable between Staff and the Borrower. The Borrower remained in default under its obligations within the loan documents for both loans. On November 15, 2011 mediation was held between Staff and the Borrower and a Settlement and Forbearance Agreement ("Agreement") ([Exhibit B](#)) was entered into to remedy the default under the loan documents for both loans. A summary of the terms follows:
 - (1) Borrower will begin making monthly payments on the NLP note at a rate of 3% amortized over 30 years.
 - (2) The HOME loan terms remain unchanged except interest payments will be made monthly instead of annually.
 - (3) Borrower will begin making monthly payments on the delinquent interest accrued under the HOME loan amortized over a 15 year period.
 - (4) Borrower will begin escrow payments for insurance and taxes in accordance with the negotiated schedule.

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- (5) Remaining HOME loan proceeds may be drawn in accordance with the HOME loan documents to pay liens perfected by the General Contractor.
- (6) Borrower to provide audited financial statement for years ended 2010 and 2011 to Florida Housing.

2. **Present Situation**

The Borrower has abided by the terms of the Agreement. The Borrower is continuing negotiations with the General Contractor. Any settlement will be subject to the approval of Florida Housing. After the final draw request and the liens have been removed from the development, Staff will obtain a recommendation from the credit underwriter for restructure of the loans to insure the viability of the development and maintain the affordability of the units. Staff will bring the request for restructure of the loans to the Board for approval.

3. **Recommendation**

Staff recommends that the Board ratify the workout terms and conditions outlined in the Settlement and Forbearance Agreement and allow the terms and conditions outlined in the Agreement be continued until all outstanding items are resolved and a recommendation for restructure of the loans can be obtained from the credit underwriter.

SPECIAL ASSETS

Consent

G. Request Approval to Refinance the First Mortgage for Vestcor Fund XV, Ltd., a Florida Limited Partnership for Noah’s Landing Apartments (MR2001H 1&2/SAIL ELI 2011-05-09/SAIL ELI 2012-04-02/GUAR/RISK/SMI #29/2001-523C)

Development Name: Noah’s Landing Apartments (“Development”)	Location: Collier County
Developer/Principal: Vestcor (“Developer”)/Vestcor Fund XV, Ltd. (“Borrower”)	Set-Aside: MMRB 50% @ 60%; SAIL ELIs 25% @ 28%, 5% @ 28%; HC 100% @ 60% AMI LURA: 50 years; SAIL ELIs: 15/15 years; EUA: 30 years
Number of Units: 264	Allocated Amount: MMRB \$16,950,000; SMI \$819,118; SAIL ELIs \$4,950,000 & \$2,490,000; HC \$603,737
Demographics: Family	Servicer: Seltzer Management Group

1. Background

- a) During the 2001 funding cycle, Florida Housing Finance Corporation (“FHFC”) issued tax-exempt bonds in the original amount of \$10,370,000, and FHFC issued taxable bonds in the original amount of \$6,580,000 to fund a first mortgage loan to Vestcor Fund XV, Ltd., a Florida limited partnership (“Borrower”), for the development of a 264-unit apartment complex in Collier County, Florida. The Multifamily Revenue Bonds (“MMRB”) loan closed on November 1, 2001, and is scheduled to mature on September 1, 2041. The first mortgage loan is guaranteed with Florida Housing’s Guarantee Program (“Guarantee Program”) with HUD Risk sharing. The Development also received a 2001 annual allocation of low-income housing tax credits of \$603,737.
- b) The Borrower received a Subordinate Mortgage Initiative (“SMI”) loan of \$819,118 and two State Apartment Incentive Loan Extremely Low Income (“SAIL ELI”) loans of \$4,950,000 and \$2,490,000. The SMI loan closed on September 30, 2009, and matures on October 1, 2019. The first SAIL ELI loan closed on April 25, 2012, and will mature on April 25, 2027. The second SAIL ELI loan is expected to close on December 11, 2012.

2. Present Situation

- a) The Borrower requests consent from the Board to refinance the existing first mortgage loan. The Borrower intends to obtain a conventional first mortgage loan with PNC, 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 loan guaranty issued by the Guarantee Program and its associated financial risk to FHFC. The SMI loan will also be repaid.
- b) The Borrower also requests that the SAIL ELI loans, the SAIL ELI loan documents, and the MMRB Land Use Restriction Agreement (“LURA”) be subordinated to the new first mortgage. As necessary to facilitate the refinance, MMRB loan documents may need to be modified.

SPECIAL ASSETS

Consent

- c) Staff received a credit underwriting report ([Exhibit C](#)) from Seltzer Management Group recommending approval for the new financing, subordination of the SAIL ELI loans, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, and modification of MMRB loan documents as necessary.

3. **Recommendation**

Approve the refinancing of the first mortgage loan, and subordination of the SAIL ELI loans, the SAIL ELI loan documents, and the MMRB LURA to the new first mortgage, and modification of MMRB loan documents as necessary, 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.