

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
December 8, 2017  
Action Items



# FISCAL

## *Action*

### I. FISCAL

#### A. 2018 Proposed Operating Budget

##### 1. Background

- a) The Florida Housing Operating Budget is created with a conservative approach to both revenue and expenses.
- b) The 2018 budget, which includes both Operating and the Hardest Hit Fund, was created using the following approach, as applicable:
  - a projection of fee revenue based on the current loan portfolio. Ten new multifamily bond transactions were projected for 2018;
  - a projection of revenue from the administration of other federal programs;
  - a projection of investment earnings based on input from investment managers;
  - a zero-based budget model for operating expenses, exclusive of salaries and benefits; the 2018 projected work plan for operational units determines the initial expense budget request from each work unit;
  - employee benefits information based on final quotes for insurance.
- c) Upon implementation of the 2018 Operating Budget, Florida Housing will closely monitor all revenues and expenses. Florida Housing will pay special attention to discretionary line items, such as staff development travel and outreach travel, which will be controlled at the executive level. With these measures in place to control expenditures, Florida Housing expects to maintain a positive trend of revenues exceeding expenses.

##### 2. Present Situation

- a) The recommended Draft Proposed Operating Budget for 2018 was provided to the Board at the October 2017 board meeting.
- b) An Account Guide describing the budget categories is included with the Proposed 2018 Operating Budget.

##### 3. Recommendation

- a) Staff recommends approval of the Proposed 2018 Operating Budget as the 2018 Operating Budget.

**HOME RENTAL**

*Action*

**II. HOME RENTAL**

**A. Request Acceptance of Credit Underwriting Report with Negative Recommendation and Approve the Deobligation of \$4,531,000 in HOME Funds for Willie Downs Villas (2016-321H)**

<b>Development Name: Willie Downs Villas (“Development”)</b>	<b>Location: Highlands County</b>
<b>Developer: Highlands County Housing Authority, Inc., GHD Construction Services, Inc. (“Developers”)</b>	<b>Set-Aside: 20% @ 50% AMI 80% @ 60% AMI 50 HOME Units</b>
<b>Type: New Construction/Quadplexes</b>	<b>HOME: \$4,531,000</b>
<b>Total Number of Units: 50</b>	<b>Demographics: Family</b>

**1. Background**

- a) The Applicant applied for funding under Request for Applications (“RFA”) 2016-101, seeking an allocation of HOME Financing to be Used for Rental Developments in Rural Areas. On August 5, 2016, the Board approved the selection of six (6) Applications, including Willie Downs Villas, for funding and invitation to credit underwriting.
- b) On August 10, 2016, the Corporation issued a preliminary commitment letter. In accordance with Rule 67-48, the Developer had a May 5, 2017 deadline to complete the credit underwriting report. At the May 5, 2017 Board Meeting the developer requested and the Board approved an extension of the credit underwriting deadline from May 5, 2017 until July 28, 2017.
- c) On July 28, 2017, the Board approved an extension of the credit underwriting deadline from July 28, 2017 until October 27, 2017.
- d) On October 12, 2017, staff received a final credit underwriting report ([Exhibit A](#)) with a positive recommendation for a HOME loan in the amount of \$4,531,000 contingent upon receipt prior to the October 27<sup>th</sup> Board Meeting of an acceptable final site plan or status of final site plan approval, soils test, statement of financial affairs for Brian Smith and Tom Smith and plan and cost review.
- e) On October 27, 2017, the Board approved the extension of the credit underwriting deadline from October 27, 2017 until December 8, 2017, based upon additional concerns raised by the credit underwriter.

## HOME RENTAL

### *Action*

#### 2. **Present Situation**

- a) On November 9, 2017, staff received a credit underwriting update letter ([Exhibit B](#)) from Seltzer Management Group (SMG) with a negative recommendation, based on the Co-Developer, GHD Construction Services, Inc.'s (GHD) inability to meet pre-determined underwriting and construction completion deadlines and its lack of capacity to develop and construct multiple transactions at one time. Staff concurs with the concerns raised by SMG.

#### 3. **Recommendation**

- a) Accept the negative credit underwriting letter and approve the deobligation of the \$4,531,000 in HOME funding for the Development.

## LEGAL

### *Action*

### III. LEGAL

#### A. Warley Park, Ltd. v. Florida Housing Finance Corporation, DOAH Case No. 17-3996BID, FHFC Case No. 2017-048BP (Intervenor Northside Commons Residential, LLC)

##### 1. Background

- a) This case regards Request for Applications (“RFA”) 2017-103, which solicited applications to compete for Low Income Housing Tax Credits and State Apartment Incentive Loan (“SAIL”) funding to develop housing in medium and large counties for homeless households and persons with a disabling condition. Petitioner Warley Park and Intervenor Northside submitted applications in response to the RFA. On June 16, 2017, Florida Housing posted notice of its intended decision to award funding to three applicants, including Northside. Warley Park was determined to be eligible, but it was not selected for funding because it was the fourth highest scored applicant.
- b) Warley Park timely filed a notice of intent to protest and formal written protest as required by section 120.57(3), Florida Statutes, challenging the Corporation’s scoring and ranking of Applicants for funding under the RFA. Northside properly and timely filed for intervention to participate in the case. Because there were material facts in dispute, the case was referred to the Division of Administrative Hearings for a formal hearing.
- c) The central issue here is whether Florida Housing’s decisions to award or deny funding under the RFA are contrary to the agency’s governing statutes, the agency’s rules or policies, or the solicitation specifications. More specifically, the issue is whether Florida Housing’s determination that the application of Northside was eligible for funding was within the bounds described above. If Northside had been deemed ineligible, Warley Park would have been recommended for funding.
- d) Warley Park alleged in its petition that the Northside application was deficient for failure to demonstrate the availability of water and sewer service for the proposed development. Northside submitted a letter from Miami-Dade County in lieu of providing the forms specified in the RFA, and Warley Park alleged that because this same letter had been submitted by Northside in a previous RFA, the letter was expired and was not development-specific.

##### 2. Present Situation

- a) A hearing was conducted on August 18 and 25, 2017, before Administrative Law Judge Mary Li Creasy. All parties filed Proposed Recommended Orders. After reviewing the Proposed Recommended Orders, the Administrative Law Judge issued a Recommended Order on October 19, 2017. The Recommended Order concluded that Northside’s application should have been found ineligible, and that Warley Park should have been recommended for funding under RFA 2017-103. A copy of the Recommended Order is attached as [Exhibit A](#).

## LEGAL

### *Action*

- b) Florida Housing timely filed one Exception to the Recommended Order on October 25, 2017, attached as [Exhibit B](#). Warley Park and Northside each concurred with this Exception and consequently waived their right to file Exceptions or Responses to the Exception. This Exception is intended to clarify one of the Conclusions of Law in the Recommended Order, but did not challenge the ultimate conclusion and recommendation that Northside be found ineligible.

### 3. **Recommendation**

- a) Staff recommends that the Board accept Florida Housing's Exception, adopt the Findings of Fact and the Conclusions of Law of the Recommended Order, as amended by the Exception, adopt the Recommendation of the Recommended Order, and issue a Final Order recommending that Warley Park be awarded funding instead of Northside.

# LEGAL

## *Legal Supplement*

### I. LEGAL

#### A. In Re: Denton Cove, LTD. – FHFC Case No. 2017-081VW

<b>Development Name: (“Development”)</b>	<b>Denton Cove</b>
<b>Developer/Principal: (“Developer”):</b>	<b>Denton Cove Developer, Inc. Jonathan L. Wolf</b>
<b>Number of Units: 52</b>	<b>Location: Franklin County</b>
<b>Type: Garden (New Construction)</b>	<b>Set Asides: 40% @ 60% AMI</b>
<b>Demographics: Family</b>	<b>HC: \$939,370</b>

#### 1. Background

- a) Petitioner was awarded Housing Credit Financing for Affordable Housing Developments located in Medium and Small Counties to assist in the construction of a 52-unit development located in Franklin County, Florida. On November 20, 2017, Florida Housing received a Petition for Waiver of Rule 67-48.002(95), Fla. Admin. Code, to allow a tax credit exchange at this time instead of the last calendar quarter of 2018. A copy of the Petition is attached as [Exhibit “A”](#).

#### 2. Present Situation

- a) Rule 67-48.002(95), Fla. Admin. Code, provides in pertinent part:
- (1) (95) “QAP” or “Qualified Allocation Plan” means, with respect to the HC Program, the 2016 Qualified Allocation Plan which is adopted and incorporated herein by reference, effective upon approval by the Governor of the state of Florida, pursuant to Section 42(m)(1)(B) of the IRC and sets forth the selection criteria and the preferences of the Corporation for Developments which will receive Housing Credits. The QAP is available on the Corporation’s website under the Multifamily Programs link or by contacting the Housing Credit Program at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, or from <http://www.flrules.org/Gateway/reference.asp?No=Ref-07355>.
- b) Petitioner seeks waiver of Rule 67-48.002(95) to allow a tax credit exchange at this time instead of at the last calendar quarter of 2018. On December 21, 2016, the Petitioner entered into a Carryover Agreement for the allocation of its Tax Credits, which requires that the development be placed in service no later than the close of the second calendar year following the year in which the agreement is made, which would be December 31, 2018. Petitioner asserts that they need more time for the transaction to be underwritten in order to move forward, based on delays caused by local residents opposed to the development of affordable housing, and a resultant Fair Housing suit brought by the Petitioner against the local government – which has now been resolved in Petitioner’s favor. Petitioner states that due to these circumstances, it will not be able to place the development in service prior to December 31, 2018, and because of this potential investors are unwilling to invest if there is any chance that the development will not receive the Housing Credits.

## LEGAL

### *Legal Supplement*

- c) On November 21, 2017, Notice of the Petition was published in the Florida Administrative Register in Volume 43, Number 225. To date, Florida Housing has received no comments concerning the Peition.
- d) Section 120.542(2), Florida Statutes provides in pertinent part:
  - (1) Petitioner has demonstrated that it would suffer a substaintial hardship if the waiver is not granted, and has demonstrated that the purpose of the underlying statute, which is to “encourage development of low-income housing in the state” (§420.5099, Fla. Stat.), would still be achieved if the waiver is granted.
- e) Petitioner has demonstrated that it would suffer a substaintial hardship if the waiver is not granted, and has demonstrated that the purpose of the underlying statute, which is to “encourage development of low-income housing in the state” (§420.5099, Fla. Stat.), would still be achieved if the waiver is granted.

### **3. Recommendation**

- a) Staff recommends the Board **GRANT** Petitioner’s request for a waiver of Rule 67-48.002(95), Fla. Admin. Code, so that Petitioner can receive its tax credit now instead of the last calander quarter of 2018.



# MULTIFAMILY BONDS

## *Action*

### IV. MULTIFAMILY BONDS

#### A. Request approval for the authorization and delivery of documents and document modifications necessary to ensure or maintain the tax exemption on multifamily mortgage revenue bonds or notes (MMRB) issued or approved for issuance by Florida Housing due to proposed federal tax legislation

##### 1. Background/Present Situation

- a) The U.S. House of Representatives passed HR 1 - “The Tax Cut and Jobs Act” which would eliminate all private activity bonds, including housing bonds, effective January 1, 2018. H.R. 1 includes provisions that would terminate the tax exemption for all private activity bonds – these are the bonds that finance infrastructure such as airports; seaports; nonprofit hospitals, colleges, universities, and other schools, and, importantly, low-income rental housing and single-family housing bonds. H.R. 1 preserves low-income housing tax credits (LIHTC), but because the use of 4% LIHTC are tied to MMRB tax-exempt financing, approximately half of the LIHTC won’t be used if H.R. 1 passes. The companion tax reform measure in the U.S. Senate does not include the elimination of the private activity bonds. The future of the tax bills and the date for the passage or failure of federal tax reform legislation is uncertain, but due to the January 1, 2018 effective date in H.R. 1, all MMRB must be fully issued by December 31, 2017.
- b) Florida Housing Finance has previously issued and is in the process of issuing various series of its MMRB to fulfill its public purpose for the financing and refinancing of affordable multifamily residential housing developments. Certain of the MMRB were and are structured to allow the maximum principal amount of the bonds or notes to be drawn down in one or more advances over a period of time to provide the funds as needed for construction or rehabilitation draws.
- c) Due to proposed tax legislation with a January 1, 2018 effective date, to ensure the tax-exemption of its MMRB, Borrowers will need to obtain advances from lenders of the remaining outstanding principal amount of such MMRB (and to preserve the LIHTC associated with these MMRB), it may be necessary for Florida Housing to enter into documents to effect the expedited full advance of such bonds or notes or provide other document modifications, including, but not limited amendments or supplements to existing documents executed in connection with the issuance of MMRB.

##### 2. Recommendation

- a) Based on the proposed federal tax reform legislation, staff recommends that the Board approve a resolution ([Exhibit A](#)) authorizing the execution and delivery of documents and document modifications necessary to ensure or maintain the tax exemption on MMRB issued or approved for issuance by Florida Housing, subject to delivery by the Borrower(s) of any fees due to Florida Housing and its professionals, and subject to review and approval by Florida Housing's bond counsels, special counsels, and credit underwriters.

## MULTIFAMILY PROGRAMS

### *Action*

#### V. MULTIFAMILY PROGRAMS

##### A. Request for Applications (RFA) 2017-107 SAIL Financing for the Construction of Workforce Housing

###### 1. Background

a) Florida Housing Finance Corporation (Florida Housing) was appropriated \$40 million of State Apartment Incentive Loan (SAIL) Program funding by the 2017 Legislature for the construction of workforce housing to serve primarily low-income persons (i.e., households with incomes that do not exceed 80 percent of the Area Median Income (AMI) as defined in Section 420.0004, F.S.) and, in the Florida Keys Area of Critical State Concern, to serve households with incomes that do not exceed 140 percent of AMI when strategies are included in the Local Housing Assistance Plan (LHAP) to serve these households. In addition, the Corporation had an estimated \$1,012,000 remaining from the 2016 Legislature.

(1) For proposed Developments located in the Florida Keys Area of Critical State Concern (Monroe County):

(a) An estimated \$7,012,000 of Workforce SAIL funding and \$1,200,000 of Competitive Housing Credits was made available under this RFA.

(2) For proposed Developments located in a county other than Monroe County:

(a) An estimated \$34 million of Workforce SAIL was made available under this RFA. The SAIL funding had to be paired with Tax-Exempt Bonds and Non-Competitive Housing Credits (“4% HC”).

b) The deadline for receipt of Applications was 11:00 a.m., Eastern Time, Monday, October 23, 2017.

###### 2. Present Situation

a) Florida Housing received 14 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Amy Garmon, Multifamily Programs Manager (Chair); Tammy Bearden, Loan Closing Manager; Elizabeth O’Neill, Multifamily Programs Manager; Karla Brown, Multifamily Programs Manager; and Melissa Levy, Assistant Director of Multifamily Programs. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.

b) At its November 14, 2017 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five of the RFA.

## MULTIFAMILY PROGRAMS

### *Action*

- c) The 2017-107 All Applications chart (provided as Exhibit A) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
  - (1) A motion to adopt the scoring results, as set out on [Exhibit A](#);
  - (2) A motion to tentatively select the Applications set out on [Exhibit B](#) for funding and invite the Applicants to enter credit underwriting.
- e) The motions passed unanimously.
- f) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, Florida Housing shall offer all Applicants within the funding range an invitation to enter credit underwriting.

### **3. Recommendation**

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 14 Applications (set out on Exhibit A), and authorize the tentative selection of the five (5) Applications (set out on Exhibit B) for funding.
- b) An unallocated balance of \$439,000 of Workforce SAIL funding and \$200,000 of Competitive Housing Credit funding remains. As provided in Section Five, B.4.e. of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit B.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

## MULTIFAMILY PROGRAMS

### *Action*

#### **B. Request for Applications (RFA) 2017-108 SAIL Financing Of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bond Financing And Non-Competitive Housing Credits**

##### **1. Background**

- a) On August 31, 2017, Florida Housing Finance Corporation (Florida Housing) issued RFA 2017-108 offering \$87,320,000, comprised of a part of the Family and Elderly Demographic portion of the SAIL funding appropriated by the 2017 Florida Legislature in conjunction with (i) Tax-Exempt Bond financing (i.e., Corporation-issued Multifamily Mortgage Revenue Bonds (MMRB) or Non-Corporation-issued Tax-Exempt Bonds obtained through a Public Housing Authority (established under Chapter 421, F.S.), a County Housing Finance Authority (established pursuant to Section 159.604, F.S.), or a Local Government), (ii) Non-Competitive Housing Credits (HC), and, if applicable, (iii) \$6,893,053.20 in National Housing Trust Funds (NHTF) to support NHTF Link units.
- b) The deadline for receipt of Applications was 11:00 a.m., Eastern Time, Thursday, October 12, 2017.

##### **2. Present Situation**

- a) Florida Housing received 38 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Lisa Nickerson, Multifamily Programs Manager (Chair); Kevin Tatreau, Director of Development Finance; Bill Cobb, Multifamily Programs Manager; Heather Greene, Multifamily Programs Manager; and Rachael Grice, Multifamily Programs Manager. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its November 15, 2017 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five of the RFA.
- c) The 2017-108 All Applications chart (provided as Exhibit C) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
- e) A motion to adopt the scoring results, as set out on [Exhibit C](#);
- f) A motion to tentatively select the Applications set out on [Exhibit D](#) for funding and invite the Applicants to enter credit underwriting.
- g) The motions passed unanimously.

## MULTIFAMILY PROGRAMS

### *Action*

- h) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, Florida Housing shall offer all Applicants within the funding range an invitation to enter credit underwriting.

### 3. Recommendation

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 38 Applications (set out on Exhibit C), and authorize the tentative selection of the 16 Applications (set out on Exhibit D) for funding.
- b) An unallocated balance of \$ 3,888,830 of funding remains. As provided in Section Five, B.4.d.(4)(b) of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit D.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### VI. PROFESSIONAL SERVICES SELECTION (PSS)

##### A. Request Approval of Rule (67-49, F.A.C.) and Submission of Notice of Proposed Rule

###### 1. Background

- a) The Procurement of Commodities or Contractual Services rule was enacted on January 31, 1999. The purpose of this rule is to establish to the procedure by which the corporation shall procure commodities or contract for services, and it falls under the power of s.420.507(27), Fla. Stat. which states that “notwithstanding the provisions of chapter 282 and part 1 of chapter 287, to establish guidelines for and to implement the purchase and procurement of materials and services for use by corporation.” The rule became was last amended on March 11, 2014.

###### 2. Present Situation

- a) On July 28, 2017, the Board authorized staff to proceed with rulemaking.
- b) A Notice of Proposed Rule Development was posted in the August 10, 2017 issue of the Florida Administrative Register, Vol. 43/155.
- c) The proposed changes are to clarify terms, separate emergency purchase provisions from single sources, and revise some sections to be consistent with state agencies. A copy of the Notice of Proposed Rule is attached as [Exhibit A](#).
- d) To date, there have been no comments from the Joint Administrative Procedures Committee, nor a request for a workshop.

###### 3. Recommendation

- a) Authorize staff to proceed with filing the Notice of Proposed Rule for Rule 67-49, Florida Administrative Code.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### **B. Request Competitive Solicitation for Independent Registered Municipal Advisor (IRMA) Services**

##### **1. Background**

- a) The Municipal-Advisor Rule was implemented by the Securities Exchange Commission (“SEC”) under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Municipal Advisor Rule makes it advantageous for Housing Finance Agencies, to engage a financial advisor who is registered with the SEC and the Municipal Securities Rule Making Board as a Municipal Financial Advisor and may therefore act as the issuer’s IRMA.
- b) Since 2014, Florida Housing has retained an IRMA in order to receive the best information and recommendations from the underwriting team prior to issuing tax exempt bonds. The services include, but are not limited to, the following:
  - (1) Assist staff with strategies for Single Family Program bond transactions; and
  - (2) Assist staff with strategies for Multifamily Program bond transactions.

##### **2. Present Situation**

- a) Florida Housing’s current contract for these services with Caine Mitter & Associates Incorporated expires on October 2, 2018 and there is a continuing need for these services.

##### **3. Recommendation**

- a) Authorize staff to proceed with a competitive solicitation to select a qualified firm to serve as an IRMA for Florida Housing.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### C. Request Competitive Solicitation for Printing Services for Official Statements

##### 1. Background

- a) Florida Housing uses an outside firm to provide services for the printing, binding, shipping, and electronic transmission of preliminary and final official statements.

##### 2. Present Situation

- a) Florida Housing's current contract with Imagemaster, Inc. expires on August 19, 2018 and there is a continuing need for these services.

##### 3. Recommendation

- a) Authorize staff to proceed with a competitive solicitation to select a qualified firm to provide printing services for Florida Housing's official statements.



## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### D. Request Competitive Solicitation for Structuring Agents

##### 1. Background

- a) Florida Housing uses outside firms to serve as Structuring Agents for the Corporation. Services by these firms include:
- (1) Structure competitively-bid bond transactions as directed by Florida Housing;
  - (2) Assist in the development of offering memoranda, Notice of Sale, bids for Investment Agreements, and marketing of bonds issued by Florida Housing;
  - (3) Prepare cash flow schedules;
  - (4) Perform analyses regarding the pricing of required services such as bond insurance as requested by Florida Housing;
  - (5) Advise Florida Housing regarding market conditions and project rates in preparation for bond transactions. Coordinate pre-pricing conference calls with Florida Housing staff, the Developer, and Florida Housing's Financial Advisor;
  - (6) Develop plans to secure appropriate ratings; and
  - (7) Prepare fiscal sufficiency report filed with the Florida State Board of Administration (SBA), and provide post pricing comparable yield analysis.

##### 2. Present Situation

- a) Florida Housing's current contract information is as follows:

<b>Contract Number</b>	<b>Vendor</b>	<b>Initial Term Start Date</b>	<b>Current Expiration Date</b>
2013-11-02-001	Raymond James & Associates, Inc.	8/12/2013	8/11/2018
2013-13-02-001	Stern Brothers & Co.	8/30/2013	8/29/2018
2013-11-02-002	George K. Baum & Company, Inc.	9/6/2013	9/5/2018
2013-11-02-003	RBC Capital Markets, LLC	9/6/2013	9/5/2018

##### 3. Recommendation

- a) Authorize staff to proceed with a competitive solicitation to select one or more qualified firms to provide structuring agent services.

**STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

*Action*

**VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

**A. Request Approval for De-obligation of Funds for Ozanam Village II (2016-274S)**

<b>Development Name: Ozanam Village II</b>	<b>Location: Pasco County</b>
<b>Applicant/Borrower: St. Vincent de Paul South Pinellas, Inc.</b>	<b>Set-Aside(s): 25% @ 40% AMI &amp; 75% @ 60% AMI</b>
<b>Developer/Principal: St. Vincent de Paul South Pinellas, Inc., and GHD Construction Services, Inc.</b>	<b>Demographic/Number of Units: Persons with Special Needs/ 30</b>
<b>Requested Amounts: SAIL \$4,900,000, ELI \$100,000</b>	<b>Development Category/Type: New Construction/Garden Apartments</b>

**1. Background/Present Situation**

- a) On September 8, 2015, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2015-109 for SAIL Financing for Smaller Permanent Supportive Housing Developments for Person with Special Needs.
- b) On January 29, 2016, the Board approved the final scores and recommendations for the RFA, and directed staff to proceed with all necessary credit underwriting activities.
- c) On February 8, 2016, staff issued a preliminary commitment letter and an invitation to enter credit underwriting to St. Vincent de Paul South Pinellas, Inc., with a 12-month closing deadline of February 8, 2017.
- d) On December 9, 2016, the Board approved a one-year extension of the loan closing deadline from February 8, 2017 to February 8, 2018, subject to payment of the required non-refundable extension fee of one percent of the loan amount, pursuant to the requirements of the RFA.
- e) On February 24, 2017, staff approved a six-month extension of the credit underwriting deadline to August 28, 2017.
- f) On August 22, 2017, staff approved an additional four-month extension of the credit underwriting deadline to December 8, 2017 to coincide with the date of the December Board meeting.
- g) It has been nearly two years since the initial preliminary commitment letter was accepted on February 8, 2016. Since that time, the Board has approved a 12-month closing deadline extension, and staff has approved two credit underwriting deadline extensions totaling ten-months. As of the December 8, 2017 Board meeting, the credit underwriting deadline has again been missed. Without a third extension of the credit underwriting deadline, the loans will not close by the current February 8, 2018, closing deadline due to the absence of an approved credit underwriting report.

## STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

### *Action*

#### 2. Recommendation

- a) Rule 67-48.0072(4)(c) provides as follows:

*For SAIL, EHCL, and HOME Applicants, the loan must close within 12 months of the date of the invitation to enter credit underwriting. Applicants may request one (1) extension of up to 12 months. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The written request will then be submitted to the Corporation's Board for consideration. The Board shall consider the facts and circumstances of each Applicant's request and any credit underwriting report, if available, prior to determining whether to grant the requested extension. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the commitment beyond the initial 12 month closing deadline. **In the event the loan does not close by the end of the 12-month extension period, the preliminary commitment or firm commitment, as applicable, will be deemed void and the funds will be de-obligated.***

- b) Further, Rule 67-48.0072(21)(a) provides in part as follows:

*SAIL, EHCL, and HOME Applicants must complete the credit underwriting process within nine (9) months of the Applicant's acceptance to enter credit underwriting. Unless an extension is approved by the Corporation in writing, **failure to complete the credit underwriting process by the specified deadline shall result in withdrawal of the preliminary commitment.***

- c) Based on the above Rules, staff recommends that the Board approve de-obligation of all funds associated with application 2016-274S and the withdrawal of the preliminary loan commitments for both the SAIL and ELI loans due to the applicant's failure to meet the second extended credit underwriting deadline of December 8, 2017.

**STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

*Action*

**B. Request Approval for De-obligation of Funds for Flagler Commons (2016-275S)**

<b>Development Name: Flagler Commons</b>	<b>Location: Flagler County</b>
<b>Applicant/Borrower: Workforce Housing Ventures, Inc.</b>	<b>Set-Aside(s): 25% @ 40% AMI &amp; 75% @ 60% AMI</b>
<b>Developer/Principal: Workforce Housing Ventures, Inc., and GHD Construction Services, Inc.</b>	<b>Demographic/Number of Units: Persons with Special Needs/ 15</b>
<b>Requested Amounts: SAIL \$3,000,000</b>	<b>Development Category/Type: New Construction/Garden Apartments</b>

**1. Background/Present Situation**

- a) On September 8, 2015, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2015-109 for SAIL Financing for Smaller Permanent Supportive Housing Developments for Person with Special Needs.
- b) On January 29, 2016, the Board approved the final scores and recommendations for the RFA, and directed staff to proceed with all necessary credit underwriting activities.
- c) On February 8, 2016, staff issued a preliminary commitment letter and an invitation to enter credit underwriting to Workforce Housing Ventures, Inc., with a closing deadline of February 8, 2017.
- d) On December 9, 2016, the Board approved a one-year extension of the loan closing deadline from February 8, 2017 to February 8, 2018, subject to payment of the required non-refundable extension fee of one percent of the loan amount, pursuant to the requirements of the RFA.
- e) On February 24, 2017, staff approved a six-month extension of the credit underwriting deadline to August 28, 2017.
- f) On August 22, 2017 staff approved an additional two-month extension of the credit underwriting deadline to October 31, 2017.
- g) It has been nearly two years since the initial preliminary commitment letter was accepted on February 9, 2016. Since that time, the Board has approved a 12-month closing deadline extension, and staff has approved two credit underwriting deadline extensions totaling eight months. The most recent extended credit underwriting deadline of October 31, 2017, has now passed. Without a third extension of the credit underwriting deadline, the loan will not close by the current February 8, 2018, closing deadline due to the absence of an approved credit underwriting report.

## STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

### *Action*

#### 2. Recommendation

- a) Rule 67-48.0072(4)(c) provides as follows:

*For SAIL, EHCL, and HOME Applicants, the loan must close within 12 months of the date of the invitation to enter credit underwriting. Applicants may request one (1) extension of up to 12 months. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The written request will then be submitted to the Corporation's Board for consideration. The Board shall consider the facts and circumstances of each Applicant's request and any credit underwriting report, if available, prior to determining whether to grant the requested extension. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the commitment beyond the initial 12 month closing deadline. **In the event the loan does not close by the end of the 12-month extension period, the preliminary commitment or firm commitment, as applicable, will be deemed void and the funds will be de-obligated.***

- b) Further, Rule 67-48.0072(21)(a) provides in part as follows:

*SAIL, EHCL, and HOME Applicants must complete the credit underwriting process within nine (9) months of the Applicant's acceptance to enter credit underwriting. Unless an extension is approved by the Corporation in writing, **failure to complete the credit underwriting process by the specified deadline shall result in withdrawal of the preliminary commitment.***

- c) Based on the above Rules, staff recommends that the Board approve de-obligation of all funds associated with application 2016-275S and the withdrawal of the preliminary loan commitment for the SAIL loan due to the applicant's failure to meet the second extended credit underwriting deadline of October 31, 2017.

**STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

*Action*

**C. Request Approval for De-obligation of Funds for Flagler Commons II (2016-272S)**

<b>Development Name: Flagler Commons II</b>	<b>Location: Flagler County</b>
<b>Applicant/Borrower: Workforce Housing Ventures, Inc.</b>	<b>Set-Aside(s): 25% @ 40% AMI &amp; 75% @ 60% AMI</b>
<b>Developer/Principal: Workforce Housing Ventures, Inc., and GHD Construction Services, Inc.</b>	<b>Demographic/Number of Units: Persons with Special Needs/ 15</b>
<b>Requested Amounts: SAIL \$3,000,000</b>	<b>Development Category/Type: New Construction/Garden Apartments</b>

**1. Background/Present Situation**

- a) On September 8, 2015, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2015-109 for SAIL Financing for Smaller Permanent Supportive Housing Developments for Person with Special Needs.
- b) On January 29, 2016, the Board approved the final scores and recommendations for the RFA, and directed staff to proceed with all necessary credit underwriting activities.
- c) On February 8, 2016, staff issued a preliminary commitment letter and an invitation to enter credit underwriting to Workforce Housing Ventures, Inc., with a closing deadline of February 8, 2017.
- d) On December 9, 2016, the Board approved a one-year extension of the loan closing deadline from February 8, 2017 to February 8, 2018, subject to payment of the required non-refundable extension fee of one percent of the loan amount, pursuant to the requirements of the RFA.
- e) On February 24, 2017, staff approved a six-month extension of the credit underwriting deadline to August 28, 2017.
- f) On August 22, 2017 staff approved an additional two-month extension of the credit underwriting deadline to October 31, 2017.
- g) It has been nearly two years since the initial preliminary commitment letter was accepted on February 9, 2016. Since that time, the Board has approved a 12-month closing deadline extension, and staff has approved two credit underwriting deadline extensions totaling eight months. The most recent extended credit underwriting deadline of October 31, 2017, has now passed. Without a third extension of the credit underwriting deadline, the loan will not close by the current February 8, 2018, closing deadline due to the absence of an approved credit underwriting report.

## STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

### *Action*

#### 2. Recommendation

- a) Rule 67-48.0072(4)(c) provides as follows:

*For SAIL, EHCL, and HOME Applicants, the loan must close within 12 months of the date of the invitation to enter credit underwriting. Applicants may request one (1) extension of up to 12 months. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The written request will then be submitted to the Corporation's Board for consideration. The Board shall consider the facts and circumstances of each Applicant's request and any credit underwriting report, if available, prior to determining whether to grant the requested extension. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the commitment beyond the initial 12 month closing deadline. **In the event the loan does not close by the end of the 12-month extension period, the preliminary commitment or firm commitment, as applicable, will be deemed void and the funds will be de-obligated.***

- b) Further, Rule 67-48.0072(21)(a) provides in part as follows:

*SAIL, EHCL, and HOME Applicants must complete the credit underwriting process within nine (9) months of the Applicant's acceptance to enter credit underwriting. Unless an extension is approved by the Corporation in writing, **failure to complete the credit underwriting process by the specified deadline shall result in withdrawal of the preliminary commitment.***

- c) Based on the above Rules, staff recommends that the Board approve de-obligation of all funds associated with application 2016-272S and the withdrawal of the preliminary loan commitment for the SAIL loan due to the applicant's failure to meet the second extended credit underwriting deadline of October 31, 2017.