

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 16, 2022
Action Items



COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

Action

I. COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

A. Request Denial of RFA Waiver of Total Development Cost Limits and Fourth Extension of Firm Loan Commitment Issuance Deadline for Eleven44 (2020-008D)

Development Name: Eleven44	Location: Miami-Dade County
Applicant/Borrower: Housing Authority of the City of Miami Beach	Set-Aside(s): 90% @ 80% AMI (Workforce) 10% @ 28% AMI (ELI) 50% of ELI Units or 5% of Total Units (LINK)
Developer/Principal: Housing Authority of the City of Miami Beach	Demographic/Number of Units: Disaster Relief/Workforce/22 units
Requested Amounts (Development Funding): Community Development Block Grant – Disaster Relief (CDBG-DR): \$3,299,999	Development Category/Type: New Construction/Mid-Rise, 4 stories

1. Background

- a) On July 30, 2019, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2019-103 for Community Development Block Grant – Disaster Recovery Financing to be used for Small Rental Developments in Areas Deemed Hurricane Recovery Priorities.
- b) On December 13, 2019, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. Late December 2019, the corporation issued preliminary commitment letters to selected applications.
- c) On February 4, 2020, Florida Housing received a letter from Baxley Gardens, (Application Number 2020-012D) stating that due to higher-than-expected costs, it was not able to proceed with the proposed Development and it would be returning \$3,944,000 in CDBG-DR funding. This returned funding combined with the remaining balance of \$1,142,800, meant that there was \$5,086,800 of unallocated CDBG-DR funding.
- d) On March 6, 2020, the Board authorized Florida Housing to issue an invitation to credit underwriting to the highest-ranking Application that can be fully funded, using the selection criteria outlined in Section Five of the RFA.
- e) On March 23, 2020, staff issued a preliminary commitment letter to Eleven44. In accordance with the RFA, the Developer had a March 24, 2021 deadline to complete the credit underwriting report and be issued a firm loan commitment. Pursuant to the RFA, the Applicant may request one extension of the deadline of up to six months.

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- f) On March 12, 2021, the Board approved the extension of the first firm loan commitment deadline through September 24, 2021 and waiver of applicable CDBG-DR extension fees due to conditions created by the COVID-19 pandemic.
- g) On September 10, 2021, the Board approved the extension of the second firm loan commitment deadline through March 24, 2022 and waiver of applicable CDBG-DR extension fees due to a significant delay in securing the required development approvals from the Miami Beach Historic Preservation Board for this project, as the project site is in the recently designated local historic district and the COVID-19 pandemic's continuing impact on the construction industry increased costs.
- h) On March 4, 2022, the Board approved the extension of a third firm loan commitment deadline September 23, 2022 and waiver of applicable CDBG-DR extension fees. The Applicant requested the third extension to ensure that all deadlines and requirements are met in case of unexpected delays and to address gap funding due to increased construction costs. The Applicant also committed to the completion of the Development by the 2024 deadline.

2. Present Situation

- a) On August 30, 2022, the Applicant requested a waiver of the Total Development Cost (TDC) per unit limitations and a fourth firm loan commitment extension ([Exhibit A](#)). The Applicant states several factors for the TDC waiver including increases in costs of building materials and construction labor, elevation requirements of the site, and that TDC limits impact smaller developments due to little or no economies of scale. The applicant also requests an extension of the firm commitment deadline to be able to take the credit underwriting report to the October 2022 Board Meeting.
- b) Florida Housing and its stakeholders have been communicating over the years about the unforeseen cost increases due to various influences out of the control of the stakeholders. The Board has taken the stance of approving increases to the limits, primarily on a global basis, so the majority of developments receive a fair increase. The Board has not yet approved any single development's request for a TDC per unit limitation increase outside the collective periodic increases. The Board has approved three TDC per unit limitation increases affecting many RFAs since the submission deadline for RFA 2019-103 in August 2019. The TDC per unit limitation as of Application Deadline for the subject development was \$292,000 and after the April 2022 Board approved updates, the TDC per unit limitation has increased to \$445,338.65, an increase of 52.5%. These increases across the portfolio of active awards have seen the vast majority of developments able to move ahead in a timely manner.
- c) Applicant has yet to provide the information requested to complete the environmental review by Florida Housing staff and its environmental review provider. This is only the preliminary step required as the final environmental review must still be completed by the Department of Economic Opportunity (DEO). However, the construction plans and other information submitted show

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that the Applicant is building to an elevation standard that does not comply with the requirements of the Hurricane Irma CDBG-DR funds.

3. Recommendation

- a) Staff recommends that the Board deny the Total Development Cost per unit limitation waiver and the fourth extension to complete the credit underwriting report.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Competitive Solicitation for Electrical Service Providers

1. Background

- a) Florida Housing occasionally requires an electrician to perform work in the Corporation's offices. Staff currently engages firms for individual projects, a task which can be time consuming depending on the cost and complexity of the work needed.

2. Present Situation

- a) Florida Housing staff believes it's in the best interest of the Corporation to have one or more electrical service providers under contract in order to encourage consistent pricing and more expedient completion of projects.

3. Recommendation

- a) Staff recommends that the Board direct staff to proceed with a competitive solicitation for electrical service providers.

PROFESSIONAL SERVICES SELECTION (PSS)

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B. Tenant-Based Rental Agreement (TBRA) for the Housing Stability for Homeless Schoolchildren Initiative in Hernando County

1. Background

- a) At the September 20, 2019 meeting, the Board authorized Florida Housing staff to execute an agreement with the Hernando County Housing Authority for the implementation of the Housing Stability for Homeless Schoolchildren Pilot. The term of this agreement is set to expire on September 22, 2022 and there are no renewal options remaining.

2. Present Situation

- a) The Initiative in Hernando County has a significant amount of TBRA funds remaining, and staff believes it is in the Corporation's best interest to enter into a new agreement for the continued use of the funds that were originally allocated.

3. Recommendation

- a) Staff recommends the Board direct staff to proceed with a new TBRA agreement for the continuation of the Housing Stability for Homeless Schoolchildren Initiative in Hernando County.

PROFESSIONAL SERVICES SELECTION (PSS)

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C. **Tenant-Based Rental Agreement (TBRA) Renewal for Housing Stability for Homeless Schoolchildren Initiative in Santa Rosa County**

1. **Background**

- a) At the October 16, 2020 meeting, the Board authorized Florida Housing staff to execute a two-year agreement, with a two-year renewal option with the Milton Housing Authority for the continued implementation of the Housing Stability for Homeless Schoolchildren Pilot in Santa Rosa County. The original term of this agreement is set to expire on November 4, 2022.
- b) Contingent upon satisfactorily performing its obligations under the contract as determined by Florida Housing, these agreements may be renewed for an additional two-year period.

2. **Present Situation**

- a) Florida Housing staff finds that the Milton Public Housing Authority is satisfactorily performing its obligations under the contract and supports using the two-year renewal option for this agreement.

3. **Recommendation**

- a) Staff recommends the Board direct staff to proceed with the two-year renewal option for this agreement.