

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
October 27, 2017  
Action Items



## HOME RENTAL

### *Action*

#### I. HOME RENTAL

##### A. Request Approval of HOME Credit Underwriting Report 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/Present Situation

- 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 with a positive recommendation for a HOME loan in the amount of \$4,531,000 ([Exhibit A](#)) contingent upon receipt prior to the 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.

#### 2. Recommendation

- a) Approve the final credit underwriting report, subject to the receipt and approval by the credit underwriter, of the final site plan or status of final site plan approval, soils test report, pre-construction plan and cost analysis/review and statements of financial/credit affairs for both Brian Smith and Tom Smith, and direct staff to proceed with issuance of a firm loan commitment and loan closing activities subject to further approvals and verifications by the Credit Underwriter, Special Counsel and the appropriate Florida Housing Staff.

## HOME RENTAL

### *Action*

#### **B. Request Approval to Extend the Credit Underwriting Deadline for Highland Grove, a Development Approved Under RFA 2016-101**

<b>Development Name: Highland Grove (“Development”)</b>	<b>Location: Highlands County</b>
<b>Developer: Gardner Capital Development Florida, LLC (“Developers”)</b>	<b>Set-Aside: 20% @ 50% AMI 80% @ 60% AMI 40 HOME Units</b>
<b>Type: New Construction/Quadplexes</b>	<b>HOME: \$4,750,000</b>
<b>Total Number of Units: 40</b>	<b>Demographics: Family</b>

#### **1. Background**

- a) Request for Applications (RFA) 2016-101 was open to Applicants proposing the construction of affordable housing utilizing HOME Investment Partnerships Program (“HOME Rental”) to be used for Rental Developments in Rural Areas. The RFA was issued on January 22, 2016 and Applications were received on or prior to February 25, 2016.
- b) Florida Housing received nine (9) Applications in response to the RFA. On May 6, 2016, the Board approved and Florida Housing posted a notice of its intended decision to award funding to five (5) eligible applicants.
- c) National Development Foundation, Inc. (“NDF”) the developer for American Way Townhomes (“American Way”) an ineligible Applicant, filed a formal written protest contesting the ineligibility of its Application. A hearing was conducted on June 22, 2016 and a Recommended Order was received on July 18, 2016.
- d) On August 5, 2016, the Board approved American Way for selection for funding under RFA 2016-101, in addition to the original five Applicants selected on May 6, 2016 and all six Applicants to receive an invitation to credit underwriting.
- e) On August 10, 2016, the Corporation issued preliminary commitment letters for all six Applicants. On March 24, 2017, the Board approved the underwriting report for the Towns of Okeechobee. In accordance with Rule 67-48, the Developers of the remaining five developments had a May 5, 2017 deadline to complete the credit underwriting report.
- f) On May 5, 2017, the Board approved extensions to the credit underwriting deadline for Willie Downs Villas, American Way Townhomes, Highland Grove, St. John Paul II Villas and Turner Senior at Five Ash until July 28, 2017. The Developer for Turner Senior at Five Ash formally withdrew their Application on June 8, 2017.

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- g) On July 28, 2017, the Board approved requests from the Applicants for Highland Grove and Willie Down Villas to extend the deadline for completion of the credit underwriting report until October 27, 2017 and to extend the loan closing deadline until August 10, 2018 for Highland Grove.

### 2. Present Situation

- a) The Applicant for Highland Grove does not have a final credit underwriting report to present at the October 27, 2017 Board meeting. Instead, they have requested an extension, which if granted, would be the fourth extension for this development ([Exhibit B](#)). The Applicant states that it has struggled with high construction pricing in Highlands County and that this has forced the revision to the original site and unit plans to ensure project feasibility. Applicant has moved forward in good faith and has closed on the land which is shovel-ready and zoned appropriately for the proposed development. The project has received concurrency clearance from Highlands County and the County has committed to providing expedited permitting.
- b) Highland Grove is the sole Applicant from RFA 2016-101 that has not received a final Credit Underwriting Report. There is not a wait-list of applicants behind Highland Grove that could be funded with the HOME funds committed to this project. Therefore, if deobligated, the Board could redesignate all or a portion of these funds to another eligible use.

### 3. Recommendation

- a) Approve Staff recommendation to extend the deadline for completion of the credit underwriting report until March 31, 2018.

## MULTIFAMILY PROGRAMS

### *Action*

## II. MULTIFAMILY PROGRAMS

### A. Request for Applications (RFA) 2017-106 Financing to Build or Rehabilitate Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities

#### 1. Background

- a) On August 2, 2017, Florida Housing Finance Corporation (Florida Housing) issued RFA 2017-106 offering \$6,714,893 in grant funding to Applicants proposing to build or rehabilitate smaller Permanent Supportive Housing properties for Persons with Developmental Disabilities.
- b) The deadline for receipt of Applications was 11:00 a.m., Eastern Time, Thursday, September 7, 2017.

#### 2. Present Situation

- a) Florida Housing received 13 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Lisa Nickerson, Multifamily Programs Manager (Chair); Bill Cobb, Multifamily Programs Manager; Tim Kennedy, Special Assets Administrator; Diana Fields, Policy Administrator; Bill Aldinger, Assistant Policy Director; and Elaine Roberts, Senior Supportive Housing Analyst. 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 October 10, 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 RFA 2017-106 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 issue Corporation letters of preliminary award to the Applicants.
- e) The motions passed unanimously.
- f) As outlined in Section Six, E of the RFA, after issuance by the Board of all final orders regarding this RFA, each approved Application will be sent a Corporation letter of preliminary award.

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#### 3. **Recommendation**

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 13 Applications (set out on Exhibit A), and authorize the tentative selection of the 11 Applications (set out on Exhibit B) for funding.
- b) An unallocated balance of \$2,903,893 of funding remains. As provided in Section Five, B.5. 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 a Corporation letter of preliminary award 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 the Corporation letters of preliminary award to those Applicants in the funding range.

## MULTIFAMILY PROGRAMS

### *Action*

#### **B. Request Approval to Provide Grant Funding for the Purchase and Installation of Permanent, Standby Generators for Community Residential Homes that Serve Persons with Intellectual/Developmental Disabilities**

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

- a) There have been accounts of issues with group homes or community residential homes (CRHs) using portable generators during and after Irma. These accounts include issues with carbon monoxide fumes; the need to have and store a lot of gas for multi-day outages; and insufficient capacity to handle a home's key power needs. In one case, the use of a portable generator started an electrical fire. Due to these situations, Florida Housing is proposing the use of the state grant funds for housing persons with intellectual/developmental disabilities (I/DD) to be used for the purchase and installation of permanent stand by generators.
- b) A permanent standby generator is a professionally installed, in-place, generator. It both looks and functions like an air conditioner. However, unlike air conditioners, which run on electricity, each generator contains a stand-alone motor which can be connected to a home's non-electric, external fuel source. Each generator is connected to an automatic transfer switch, which monitors the home's power. When a home experiences a power outage, the generator automatically starts, and subsequently shuts off when power is restored. The costs of purchasing and installing a permanent generator depend on the size of the home, the condition of the home's electrical system, and the type of non-electric, external fuel source.

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

- a) Over each of the last five years, the Legislature has appropriated \$10 million in grant funding for nonprofit organizations to provide housing for persons with I/DD, with specific proviso to Florida Housing to include funding for CRHs. CRHs are licensed units that serve persons receiving services through the Florida Agency for Persons with Disabilities. These group homes serve up to 6 persons who receive supervision and care by trained staff.
- b) In addition to funding several larger multifamily properties built to serve persons with I/DD in independent living settings, Florida Housing has also used the grant funds for new construction and rehab of 73 CRH properties to provide approximately 425 units/beds. Additionally, the Review Committee for RFA 2017-106 is recommending an additional 10 CRH properties with 60 units/beds for awards at this meeting. If these recommendations are approved, Florida Housing will have approximately \$2.9 million in unallocated funds from RFA 2017-106, plus approximately \$500,000 in recently returned funding, in addition to the \$10 million already planned for in the 2017-18 cycle for additional housing units.

## MULTIFAMILY PROGRAMS

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- c) Florida Housing already allows CRHs applying for new construction or rehab grants through an RFA to use a portion of those funds for these generators. Florida Housing staff believes that the best way to meet the needs of CRHs in Florida Housing's portfolio that do not have such generators in place would be to provide funding to allow such Applicants to purchase these generators for CRH properties funded through previously issued Requests for Applications (RFAs). We believe this approach meets the objective of the Legislature's grant funding and provides assistance to operators of CRHs in emergencies, such as hurricanes, for CRH residents who may be in fragile health and would be difficult to evacuate. This would also meet Florida Housing's concerns about long term hurricane housing recovery.
- d) Guiding principles regarding this funding will include, but not be limited to:
  - (1) The funding will be made available to nonprofit applicants that have previously received an award of funding from Florida Housing for CRHs for Persons with Intellectual/Developmental Disabilities;
  - (2) The funding will be eligible for use at CRH properties funded through previously issued RFAs that do not currently have a standby whole house generator;
  - (3) Florida Housing will provide guidance on the type and size of generators, and require professional installation; and
  - (4) The process will include consideration of accessories such as generator pads and batteries.
- e) The staff will workshop this concept to develop the criteria before making funding available.

### 3. **Recommendation**

- a) Authorize staff to proceed with offering up to \$3 million in grant funding to provide permanent, standby generators to CRHs serving persons with I/DD that were funded through previously issued RFAs.



# MULTIFAMILY PROGRAMS

## *Action Supplement*

### I. MULTIFAMILY PROGRAMS

#### A. Request to Move Financing between Requests for Applications (RFAs) and Approve Additional RFAs in the 2017/2018 Funding Cycle

##### 1. Background

- a) On July 28, 2017, the Florida Housing Board of Directors approved a timeline to allocate funding in Requests for Applications (RFAs) numbered 2017-110 through 2018-105. The timeline that was presented describes the proposed dates and funding associated with each RFA. Florida Housing proposes modifying some of the funding allocations and adding an additional RFA to assist in getting funding out for affordable housing.
- b) RFA 2018-101 – SAIL Financing for Smaller Permanent Supportive Housing Developments for Persons with Special Needs, provides financing for smaller developments of up to 30 units that specialize in serving Persons with Special Needs, as defined in statute. The approved timeline states that \$18.2 million of State Apartment Incentive Loan (SAIL) funding will be used for this RFA. This amount reflects the entire amount of SAIL funding required by statute to be reserved for housing serving the Persons with Special Needs demographic category.
- c) In RFA 2018-103 – Housing Credit and SAIL Financing for Homeless Persons and Persons with Disabling Conditions, the timeline states that in addition to Housing Credits, \$13 million of SAIL funds will be used. This amount reflects the entire amount of SAIL funding that is required by statute to be reserved for housing to the Homeless demographic category.
- d) The current timeline does not provide for an additional RFA in which to award the remaining grant funds allocated by the 2017 Legislature for housing for Persons with Developmental Disabilities.

##### 2. Present Situation

- a) Florida Housing staff has reviewed the available funding and RFAs and believes the corporation can better use the funding to provide opportunities to develop more types of housing by re-organizing the funding. In short, staff proposes that:
  - (1) A portion of Homeless SAIL funding be moved into RFA 2018-101, allowing this RFA to finance not just smaller properties for Persons with Special Needs, but also one or more properties to serve Homeless persons. This will be a helpful option for developments built in smaller communities;

## MULTIFAMILY PROGRAMS

### *Action Supplement*

- (2) Special Needs SAIL funding and grant funding for Persons with Developmental Disabilities be moved to RFA 2018-103 to allow the specialized Disabling Condition development to be funded in this RFA has adequate gap financing to build the property. The grant funding will be used only if a property serving Persons with Developmental Disabilities is awarded funding. The SAIL funding will be used only if a property serving households with a disabling condition other than developmental disabilities is awarded funding. This creates more flexibility in this RFA and ensures that enough financing is available to make these transactions financially feasible.
- (3) If the grant funding is not used in RFA 2018-103, then it will be offered with the rest of the grant funding for Persons with Developmental Disabilities in a new RFA proposed here in this agenda item.

### **3. Recommendation**

- a) Allow RFA 2018-101 to provide financing to finance smaller housing developments to serve Homeless persons by moving \$4 million in Homeless SAIL funding from RFA 2018-103 to this RFA.
- b) Provide needed financial feasibility in RFA 2018-103 for a development that will serve persons with a Disabling Condition by the following:
  - (1) Include \$4 million of grant funding appropriated by the 2017 Legislature to be awarded in concert with 9% Housing Credits if the development selected for funding primarily plans to serve Persons with Developmental Disabilities; and
  - (2) Move \$4 million of the Special Needs SAIL funding currently in RFA 2018-101 to the this RFA to be awarded in concert with 9% Housing Credits if the development selected for funding primarily plans to serve Special Needs residents.
- c) If the SAIL gap funding moved to RFA 2018-103 is not awarded, this funding will remain designated for use to serve Persons with Special Needs in another RFA.
- d) Reserve the remaining grant funds allocated by the 2017 Legislature for housing for Persons with Developmental Disabilities to one or more new RFAs to provide financing to build or rehabilitate smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities in a manner similar to previously issued RFAs that serve this demographic category.

## SINGLE FAMILY BONDS – FINANCE

### *Action*

### III. SINGLE FAMILY BONDS – FINANCE

#### A. Single Family Homeownership Program

##### 1. Background

- a) Florida Housing issues bonds under two master bond indentures. The 2009 Homeowner Mortgage Revenue (Special Program) Bond Indenture (the “NIBP Master Indenture”) was created for the purpose of implementing the United States Treasury’s New Issue Bond Program (the “NIBP”). The NIBP Master Indenture is currently rated “Aaa” by Moody’s Investors Service. Florida Housing also issues single family bonds under its 1995 Homeowner Mortgage Revenue Bond Indenture (the “1995 Master Indenture”). The 1995 Master Indenture is currently rated “Aaa” by Moody’s Investors Service. In addition, bonds issued under the 1995 Master Indenture prior to December 1, 2015 are also rated “AA+” by Standard and Poor’s Rating Service and “AA+” by Fitch Ratings.
- b) Florida Housing has approximately \$689.5 million of volume cap that has been allocated for single family bond issuance. The \$689.5 consists of \$436.9 million of 2015 carry forward and \$252.6 million of 2015 carry forward. It is expected that additional allocation from 2017 will be added to the carry forward from prior years.
- c) Due to difficult conditions in the municipal bond market but attractive pricing of Mortgage-Backed Securities (“MBS”) in the mortgage market, commencing on October 31, 2008, the Board approved multiple resolutions allowing Staff to access funding for Florida Housing’s single family lending program through the sale of specified pools or To-Be-Announced (“TBA”) commitments in the MBS mortgage market purchased by Florida Housing under its Homeowner Mortgage Program (the “Single Family Program”). This year, through September 27, 2017 Florida Housing has sold over \$389.2 million of newly originated Ginnie Mae MBS and \$893.3 million of Fannie Mae MBS in this mortgage market. Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when market conditions are favorable at the time of sale. Recently, however, financing alternatives in the municipal market have again become more attractive. The sale of bonds in the municipal market can be for: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, and (2) continuing Florida Housing’s single family lending program through the pooling of Mortgage Loans into Guaranteed Mortgage Securities under Florida Housing’s Homeowner Mortgage Program. Staff will continue to evaluate market conditions and, should market conditions warrant, may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and refund the outstanding bonds subject to optional redemption.

## SINGLE FAMILY BONDS – FINANCE

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#### 2. Present Situation

- a) Below is a chart of bonds that may be optionally redeemed in 2018:

<b>1995 Indenture</b>			
Bond Series	2008 Series 3	2008 Series 4	2009 Series 1
Bond Balance	\$18,020,000	\$13,600,000	\$16,610,000
Bond Yield	5.18%	5.80%	4.85%

<b>NIBP Indenture</b>		
Bond Series	2009 B-2	2009 B-5
Bond Balance	\$14,380,000	\$57,700,000
Bond Yield	3.01%	2.32%

- b) Staff and its Independent Registered Municipal Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and use the proceeds of such sale to optionally redeem the bonds should this be deemed more economically prudent.
- c) With regard to the issuance of new money bonds, conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. Staff expects that it will be financially prudent to issue new money bonds under several separate series throughout 2018 to continue funding single family loans, including the potential to fund down payment assistance and closing cost assistance loans under its program.
- d) The investment banking team, bond counsels, Independent Registered Municipal Advisor and special counsels have been approved by the board pursuant a RFP/RFQ process. It is expected that the following professionals would participate in the issuances of the 2018 Phase One Bonds: (i) in alphabetical order Citigroup Global Markets Inc., Morgan Stanley & Co. LLC., Raymond James & Associates, Inc. and RBC Capital Markets LLC., will serve as senior and co-senior managing investment bankers for the bond sale; and (ii) Caine Mitter & Associates Incorporated will serve as the Independent Registered Municipal Advisor.
- e) The 2018 Phase One bonds will be issued under one of the following: the 1995 Master Indenture, the NIBP Indenture or a new master indenture but the aggregate amount of such 2018 Phase One Bonds shall not exceed \$450,000,000. The 2018 Phase One Bonds are expected to be rated “Aaa” by Moody’s Investors Service if issued under either the 1995 Indenture or the NIBP Indenture; provided however, that in consultation with the underwriting team and our Independent Registered Municipal Advisor, staff may opt to solicit ratings from additional rating agencies. The expected rating, if the bonds are issued under a new master indenture, is expected to be “Aaa” by Moody’s Investors Service. It is anticipated that the 2018 Phase One Bonds and any

## SINGLE FAMILY BONDS – FINANCE

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additional new money bonds issued will, for the foreseeable future, be secured by MBS.

- f) Authorization necessary to issue the 2018 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing's Board and (2) approval of fiscal determination by the State Board of Administration. To work within the constraints of regularly scheduled public meetings and maintain Florida Housing's goal of providing continuously available single family mortgage funding and to take full advantage of the current market conditions for the refunding, the authorizing resolution for the 2018 Phase One Bonds is being presented for consideration at Florida Housing's October 27, 2017 meeting.
- g) Staff will determine the timing of issuance, size of issuance and the most applicable documents for the issuance of each series of 2018 Phase One Bonds based upon prevailing market conditions and recommendations from the Independent Registered Municipal Advisor.
- h) To ensure sufficient time for obtaining required approvals for the 2018 Phase One Bonds, authorization is hereby requested to commit up to \$65 million of Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities and down payment assistance and closing cost assistance loans. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.
- i) [Exhibit A](#): Board Resolution

### **3. Recommendation**

- a) Staff recommends the Board approve the necessary funding, staff actions and the Resolution to permit the issuance of the proposed 2018 Phase One Homeowner Mortgage Revenue Bonds.