STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

In Re: MILLENNIA JACKSONVILLE FL TC, LP

FHFC CASE NO.: 2022-007VW

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ORDER GRANTING WAIVER OF RULE

THIS CAUSE came on for consideration and final action before the Board of Directors of the Florida Housing Finance Corporation on March 4, 2022, pursuant to a "Petition for Waiver of Rule 67-21.003(8)(i) ("Petition"). Florida Housing Finance Corporation ("Florida Housing") received the Petition on January 12, 2022, and the Amended Petition on February 3, 2022 from Millennia Jacksonville FL TC, LP ("Petitioner"). Notice of the Petition was published on January 13, 2022, in Volume 48, Number 09, of the Florida Administrative Register. Florida Housing has received no comments concerning the Petition. After careful review of the record and being otherwise fully advised in the premises, the Board of Directors (the "Board") of Florida Housing hereby finds:

1. The Board has jurisdiction over the subject matter of this case and the parties hereto.
2. Petitioner successfully received a loan from the Jacksonville Housing Finance Authority and successfully applied for Non-Competitive Housing Credits to

FILED WITH THE CLERK OF THE FLORIDA HOUSING FINANCE CORPORATION
Ann Flamory /DATE: 3/4/2022

assist in financing the acquisition and rehabilitation of the Calloway Cove ("Development").

3. Rule 67-21.003(8)(i) Fla. Admin. Code (2018), states in relevant part:

   (8) 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 is deemed complete. Those items are as follows:

   (i) Total number of units…

4. Petitioner requests waiver of the above cited Rules to allow for the decrease in units in Development.

5. During Credit Underwriting, Building G of the development was damaged by fire and 12 units were damaged beyond repair. Included in the Credit Underwriting Report (CUR) issued December 2020, was the cost of repair for Building G. Petitioner asserts it was unaware of the extent of the damage and was not made aware until January 2021 when they were able to complete a through damage/repair assessment.

6. The fire caused both damage to the building and personal injuries, which led to numerous investigations of the building. After the investigations and inspections, Petitioner worked with former residents to help retrieve their personal belongings from the building. Asbestos-containing components were also found in the building, resulting in further delays.

7. In February 2020, the COVID-19 pandemic further delayed the Petitioner's rehabilitation process at the development. Petitioner then received a Notice of Condemnation by the City of Jacksonville. Repair work on the building began on December 7, 2020 and was completed on January 11, 2021. It was only after this work was completed that The Architectural Team Company (TAT) determined that the building should be demolished due to (1) the existing walls having extensive fire damage; (2) the need for new roof tie-down anchors throughout the building; and (3) the fact that existing brick and masonry walls were not tied together and would need to be structurally connected.

8. This reconstruction cost would exceed $2.3 million, and insurance only covered $864,000 worth of damages. Petitioner notes that while Building G will not be repaired or replaced, the increased Development costs as noted in the CUR will remain because of other additional costs incurred. Petitioner also conducted gas line testing at the Development and at the additional three properties in the Portfolio as a precaution, which resulted in replacing all the gas lines at the Petitioner's Valencia Way property (part of the four-property portfolio).

9. Even with the loss of 12 units, Petitioner states that the Debt Services Coverage Ratio will remain above 1.10 because (a) since issuance of the Certificate, Petitioner has received two Operating Cost Adjustment Factor increases to overall rents; and (b) since construction completion and as the Development approaches stabilization, operating expenses have continued to decrease.

10. Florida Housing requested a recommendation letter from First Housing Development Corporation of Florida ("First Housing"), the Credit Underwriter on this transaction, to substantiate that the Development will continue to meet Florida Housing's requirements and underwriting standards in light of the reduction to the overall number of units. Florida Housing received the recommendation letter on February 16, 2022, which reflected that the overall debt service coverage ratio would meet the 1.10x underwriting standard and that the Development has or will receive $872,193 in insurance proceeds, which will be used to pay down one of the affiliated loans.

11. Petitioner has demonstrated that the waiver is needed to efficiently serve residents of Duval County. Petitioner has also 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.

12. Section 120.542, Florida Statutes provides in pertinent part:

> The Corporation has the power and authority to grant waivers or variances to its rule requirements when strict application of the rules would lead to unreasonable, unfair, and unintended consequences in particular instances. A waiver or variance shall be granted when the person who is subject to the rule demonstrates that the application of the rule would: (1) create a substantial hardship or violate principles of fairness, and (2) the purpose of the underlying statute has been or will be achieved by other means by the person.

13. Petitioner has demonstrated that the waiver is needed to efficiently serve families. Petitioner has also 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.

14. The Board finds that granting the waiver will not have a detrimental impact on Florida Housing or the Development.

15. The Board finds that strict application of the above Rule under these circumstances would cause substantial hardship to Petitioner, and that granting this request furthers Florida Housing's statutory mandate to provide safe, sanitary, and affordable housing to the citizens of Florida.

IT IS THEREFORE ORDERED: Petitioner's request for a waiver of Rule 67-21.003(8)(i) is hereby **GRANTED** to decrease the total number of units from 200 to 188.

DONE and ORDERED this this 4th day of March, 2022.

Florida Housing Finance Corporation

By: _____
Chair

Copies furnished to:

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NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

A PARTY WHO IS ADVERSELY AFFECTED BY THIS ORDER IS ENTITLED TO ADMINISTRATIVE REVIEW PURSUANT TO SECTIONS 120.542(8), 120.569, AND 120.57, FLORIDA STATUTES. SUCH PROCEEDINGS ARE COMMENCED PURSUANT TO CHAPTER 67-52, FLORIDA ADMINISTRATIVE CODE, BY FILING AN ORIGINAL AND ONE (1) COPY OF A PETITION WITH THE AGENCY CLERK OF THE FLORIDA HOUSING FINANCE CORPORATION, 227 NORTH BRONOUGH STREET, SUITE 5000, TALLAHASSEE, FLORIDA 32301-1329.