

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

January 24, 2003

Consent Items



HOMEOWNERSHIP LOAN PROGRAM

Consent

I. HOMEOWNERSHIP LOAN PROGRAM

A. Request Approval of the Analytical Review Report for Citrus County Scattered Sites II/HH02-003

1. Background

- a) An Application was submitted on behalf of Citrus County Scattered Sites II during round one of the 2002 Homeownership Loan Program Cycle.
- b) On October 30, 2002, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to Florida Low Income Housing Associates Inc., for a HOME Purchase Assistance Loan in the amount of \$1,000,000 to assist in the construction of 57 homes in Citrus County.

2. Present Situation

- a) The credit underwriter has provided Staff with a Final Analytical Review dated January 8, 2003, outlining the parameters of the proposed development.
- b) Staff has reviewed the report and concurs with the credit underwriter's recommendation to reserve HOME funds in the amount of \$1,000,000 for purchase assistance to the homebuyer
- c) The Analytical Review is attached and labeled as [Exhibit A](#).

3. Recommendation

- a) Staff recommends that the Board approve the Final Analytical Review and authorize staff to issue a firm commitment letter in the amount of \$1,000,000 to Florida Low Income Housing Associates, Inc. to be utilized as HOME Purchase Assistance loans to the homebuyers subject to further approvals by the credit underwriters, counsel and the appropriate corporation staff.

HOUSING CREDITS

Consent

II. HOUSING CREDITS

A. Request from the Applicant of The Crossings at Leesburg to modify one of the amenity commitments in the Application

1. Background/Present Situation

- a) The Crossings at Leesburg is a competitive Housing Credit Urban In-fill New Construction Development providing 168 set-aside units in Lake County. Florida Housing allocated \$1,105,000 in Housing Credits to this Development in December of 2002.
- b) On December 20, 2002, Florida Housing received a request from the Applicant to change one of the original amenities selected in the Application. The Applicant has requested that the Heat Pump be replaced by a Hydronic (combo unit) HVAC. [Exhibit A](#). The proposed change is of a higher point value than the Heat Pump initially chosen in the application. A third party opinion letter is also provided to show that the proposed change is slightly more costly to install, however it is less costly to operate.
- c) The Applicant stated that the proposed changes will not be made without prior Board approval as required by Rule 67-48.004(24).

2. Recommendation

Staff recommends that the Board approve this request.

B. Request from the Applicant of Silver Hills Apartments to modify selections made in the original application

1. Background/Present Situation

- a) Silver Hills Apartments is a competitive Housing Credit New Construction Development providing 272 set-aside units in Orange County. Florida Housing allocated \$1,400,000 in Housing Credits to this Development in December of 2002.
- b) On December 12, 2002, Florida Housing received a request from the Applicant to modify some of the original commitments chosen in the Application. [Exhibit B](#). The applicant is proposing a change in the original set-asides as well as a modification to the energy conservation features for the development. The set-asides would change from 56% at 50% AMI and 44% at 60% AMI to 15% at 30% AMI and 85% at 60%AMI. The change in the set-asides would increase the net operating income, thereby decreasing the extra risk taken in providing the deeper targeting. The Applicant could have chosen these new proposed set-asides in the Application and would have received the same points. The proposed changes to the energy features are to replace the 11 SEER rated air conditioning unit with a 12 SEER rated air conditioning unit and to change double-paned windows to solar screened windows. The modifications proposed would not have an effect on the original points scored. Staff will provide a cost analysis as a Supplement prior to the Board meeting.

HOUSING CREDITS

Consent

- c) The Applicant stated that the proposed changes will not be made without prior Board approval as required by Rule 67-48.004(24).

2. **Recommendation**

Staff will provide a recommendation following a review of the cost analysis.

HOUSING CREDITS

Consent Supplement

II. HOUSING CREDITS

A. Silver Hills Apartments request for a substitution of energy features.

1. Background/Present Situation

- a) In the initial Consent Agenda for Housing Credits, Silver Hills Apartments requested a substitution to the energy features for the development. At the time of printing, staff did not have available an opinion letter from a disinterested third party entity and proposed that one be presented as a supplemental at the time of the Board meeting.
- b) Attached is a memo from Consultec and Associates, Inc. ([Exhibit A](#)) which states the proposed new energy features are comparable in cost and energy efficiency as those being are replaced.

2. Recommendation

After reviewing the attached opinion, staff recommends the Board approve this request.

LEGAL

Consent

III. LEGAL

A. In Re: Camden Club, Ltd. - Universal Cycle Appeal

1. Background

- a) On April 15, 2002, Applicants submitted applications to Florida Housing for the award of SAIL or HOME funds and/or an allocation of Housing Credits in the 2002 Universal Cycle program.
- b) On May 13, 2002, Florida Housing notified all applicants of its score, provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes, and an Election of Rights form.
- c) On October 18, 2002, Florida Housing notified all applicants of their post appeal scores and provided all applicants with a Notice of Rights pursuant to Sections 120.569 and 120.57, Florida Statutes.

2. Recommendation

On December 19, 2002, Florida Housing and Camden Club, Ltd. filed a Joint Proposed Recommended Order. On January 8, 2003, the Hearing Officer issued a Recommended Order. A copy of the Recommended Order is attached as [Exhibit A](#).

3. Present Situation

Staff recommends the Board enter Order adopting in full the Recommended Order.

B. In Re: Presbyterian Towers, Inc.

1. Background

- a) Presbyterian Towers, Ltd. ("Presbyterian Towers") was awarded an Elderly Housing Community Loan by Florida Housing in the amount of \$132,720.00 during the 2000 Competitive Application Cycle.
- b) On December 6, 2002, Presbyterian Towers, Ltd., filed a "Petition for Waiver from Rule 67-32.F.A.C." No comments have been received to date.
- c) Rule 67-32.006, Florida Administrative Code (2000), states, in pertinent part: 67-32.006 Terms and Conditions of Loan. The loan shall be in compliance with this rule chapter and the Act, and loan documents shall, at a minimum, contain the following terms and conditions: The loan shall be non-amortizing and shall have an interest rate of three percent.
- d) Presbyterian Towers is a not-for-profit entity, engaged solely in provision of housing and services to the low-income, elderly population of Presbyterian Towers. The payment of three percent interest inflicts a substantial hardship on Presbyterian Towers, as the development receives no subsidy from HUD and is operated solely upon the income received from tenants' rents.

LEGAL

Consent

2. **Present Situation**

- a) Presbyterian Towers request that its loan be modified to reflect the terms allowed by the 2002 version of Rule 67-32.006, F.A.C.

3. **Recommendation**

Staff recommends that the Board grant the Petition and the provisions of Rule 67-32.006, Florida Administrative Code (2000), are waived only to change the interest rate on Presbyterian Tower's Elderly Housing Community Loan from three percent to one percent, as required by the 2002 rule.

C. **In Re: Tampa Presbyterian Community, Inc.**

1. **Background**

- a) Tampa Presbyterian was awarded an Elderly Housing Community Loan by Florida Housing in the amount of \$120,000.00 during the 2000 Competitive Application Cycle.
- b) On December 6, 2002, Tampa Presbyterian filed a "Petition for Waiver from Rule 67-32.F.A.C." No comments have been received to date.
- c) Rule 67-32.006, Florida Administrative Code (2000), states, in pertinent part: 67-32.006 Terms and Conditions of Loan. The loan shall be in compliance with this rule chapter and the Act, and loan documents shall, at a minimum, contain the following terms and conditions: The loan shall be non-amortizing and shall have an interest rate of three percent.
- d) Tampa Presbyterian is a not-for-profit entity, engaged solely in provision of housing and services to the low-income, elderly population of Tampa Presbyterian Community, Inc. The payment of three percent interest inflicts a substantial hardship on Tampa Presbyterian, as the development receives no subsidy from HUD and is operated solely upon the income received from tenants' rents.

2. **Present Situation**

Tampa Presbyterian requests that its loan be modified to reflect the terms allowed by the 2002 version of Rule 67-32.006 F.A.C.

3. **Recommendation**

Staff recommends that the Board grant the Petition and the provisions of Rule 67-32.006, Florida Administrative Code (2000), are waived only to change the interest rate on Tampa Presbyterian's Elderly Housing Community Loan from three percent to one percent, as required by the 2002 rule.

LEGAL

Consent

D. In Re: First Coast Family and Housing Foundation, Inc.

1. Background

On December 12, 2002, First Coast Family and Housing Foundation, Inc. (“Petitioner”) filed a Petition for Waiver of Rule 67-48, F.A.C. On January 3, 2003, Petitioner filed a letter withdrawing its petition.

2. Recommendation

Staff recommends the Board enter an Order Closing File for the withdrawn petition.

E. In Re: The Oaks Housing Partners, Ltd.

1. Background

On November 21, 2002, The Oaks Housing Partners (“Petitioner”) filed a Petition for Waiver of Rules 67-48.002(32), 67-48.002(116), 67-48.004(15), 67-48.004(20), 67-48.026(6) and (7), Florida Administrative Code. On December 4, 2002, Petitioner filed a Motion to Withdraw Petition for Waiver of Rules 67-48.002(32), 67-48.002(116), 67-48.004(15), 67-48.004(20), 67-48.026(6) and (7), Florida Administrative Code.

2. Recommendation

Staff recommends the Board enter an Order Closing File for the withdrawn petition.

F. In Re: Island Place Apartments, LLC

1. Background

On November 19, 2002, Island Place Apartments, LLC. (“Petitioner”) filed a Petition for Waiver of Rule 67-48.010(13), F.A.C. On January 7, 2003, Petitioner filed a letter withdrawing its petition.

2. Recommendation

Staff recommends the Board enter an Order Closing File for the withdrawn petition.

MULTIFAMILY BONDS

Consent

IV. MULTIFAMILY BONDS

A. Request Approval of the Final Credit Underwriting Report for Heather Glenn Apartments, a 2002 Bond Application in the amount of \$7,560,000 Tax-Exempt Bonds, 168 Units, located in Fort Walton Beach, Okaloosa County, Florida.

1. Background

- a) An application was submitted by Florida Heather Glenn Partners, Ltd. on behalf of the proposed Development during the 2002 Application Cycle. Applicant requested funds to finance the construction of the Development via the issuance of tax-exempt bonds in the amount of \$7,560,000.
- b) At the October 11, 2002 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in an amount not to exceed \$7,560,000 in tax-exempt bond financing to construct the Development, and invited the Applicant into credit underwriting for a SAIL second mortgage loan in an amount up to \$1,500,000. SAIL staff has completed a separate write-up for the Board in their agenda.

2. Present Situation

- a) The current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting. However, the Board has directed staff to advise it of any changes from the Application, which are detailed below:
 - (1) Funding Sources: In the Application, the Applicant presented a commitment from AmerUs Capital Management, dated April 9, 2002, to provide equity in the amount of at least \$3,354,658, by purchasing the tax credits at a rate of \$.80 for each \$1.00 of expected tax credits. During underwriting, the Applicant submitted a new commitment from AmSouth Bank, dated December 11, 2002, in which AmSouth has agreed to provide equity in the amount of at least \$3,667,000 by purchasing the Housing Credits at a rate of \$.84 for each \$1.00 of expected tax credits. The AmSouth commitment also provides for a construction bridge loan with an interest expense paid from equity installments. The net difference is an increase in equity for the development. Therefore this change is beneficial to the development as it provides for an overall higher rate.
 - (2) Development Cost: The total development cost listed in the application was \$14,018,334. The cost has increased \$317,831 to \$14,336,165. Hard costs have increased due to an increase in the hard cost contingency, soft costs have decreased to allow for actual costs as well as an increase in the Capitalized Interest required during the construction and stabilization period and the Developer fee has increased.
 - (3) Other Changes: The construction period credit enhancer has changed from Bank of America to AmSouth Bank. The type of enhancement is the same although the Letter of Credit fee has decreased. This is a beneficial change to the development.

MULTIFAMILY BONDS

Consent

- b) A Final Credit Underwriting Report dated January 8, 2003, labeled as [Exhibit A](#) is attached.

3. **Recommendation**

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated January 8, 2003 to finance the construction of Heather Glenn Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

B. Request Approval of the Final Credit Underwriting Report for Hunters Run Phase II Apartments, a 2002 Bond Application in the amount of \$9,000,000 Tax-Exempt Bonds, 192 Units, located in Tampa, Hillsborough County, Florida.

1. **Background**

- a) An application was submitted by Hunters Run II Partners, Ltd. on behalf of the proposed Development during the 2002 Application Cycle. Applicant requested funds to finance the construction of the Development via the issuance of tax-exempt bonds in the amount of \$9,000,000.
- b) At the October 11, 2002 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in an amount not to exceed \$9,000,000 in tax-exempt bond financing to construct the Development.

2. **Present Situation**

- a) The current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting. However, the Board has directed staff to advise it of any changes from the Application, which are detailed below:
 - (1) **Funding Sources:** In the Application, the Applicant presented a commitment from AmerUs Capital Management, dated April 9, 2002, to provide equity in the amount of at least \$3,979,377, by purchasing the tax credits at a rate of \$.80 for each \$1.00 of expected tax credits. During underwriting, the Applicant submitted a new commitment from AmSouth Bank, dated November 12, 2002, in which AmSouth has agreed to provide equity in the amount of at least \$4,411,800 by purchasing the Housing Credits at a rate of \$.84 for each \$1.00 of expected tax credits. The AmSouth commitment also provides for a construction bridge loan with an estimated interest expense. The net difference is an increase in equity for the development. Therefore this change is beneficial to the development as it provides for an overall higher rate.
 - (2) The Applicant requested a \$2,000,000 SAIL loan in the application. However, did not receive the ranking for funding. The shortfall has been made up from a Supplemental Second Mortgage through Fannie Mae for \$1,200,000 and deferred developer fees.

MULTIFAMILY BONDS

Consent

- (3) Development Cost: The total development cost listed in the application was \$16,552,867. The cost has increased \$136,158 to \$16,689,025. Hard costs have increased due to an increase in the hard cost contingency, soft costs have decreased to allow for actual costs as well as an increase in the Capitalized Interest required during the construction and stabilization period and the Developer fee has increased.
 - (4) Other Changes: The construction period credit enhancer has changed from Bank of America to AmSouth Bank. The type of enhancement is the same although the Letter of Credit fee has decreased. This is a beneficial change to the development.
- b) A Final Credit Underwriting Report dated January 8, 2003, labeled as [Exhibit B](#) is attached.

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated January 8, 2003 to finance the construction of Hunters Run Phase II Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

C. **Request Approval of the Final Credit Underwriting Report for Andrews Place Apartments, a 2002 Bond Application in the amount of \$9,500,000 Tax-Exempt Bonds, 200 Units, located in Panama City, Bay County, Florida.**

1. Background

- a) An application was submitted by Andrews Place, LLC on behalf of the proposed Development during the 2002 Application Cycle. Applicant requested funds to finance the construction of the Development via the issuance of tax-exempt bonds in the amount of \$9,850,000.
- b) At the October 11, 2002 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in an amount not to exceed \$9,850,000 in tax-exempt bond financing to construct the Development

2. Present Situation

- a) The current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting. However, the Board has directed staff to advise it of any changes from the Application, which are detailed below:
 - (1) The applicant requested a Multifamily Mortgage Revenue Bond financed loan totaling \$9,850,000. Because of anticipated interest rates on financial instruments, though, this request has been revised to \$9,500,000. However, should interest rate conditions become more favorable, Applicant will have the ability to increase the amount of tax-exempt bonds up to the Application request amount, subject to the approval of the Credit Underwriter.

MULTIFAMILY BONDS

Consent

- (2) The development costs have increased from \$15,676,436 to \$15,930,874. This increase is primarily reflective of an increase to the hard cost contingency budget, increased soft costs, and increased developer fees.
 - (3) The rent roll has changed to reflect that all two bedroom units will have two baths as required by the Florida Affordable Housing Guarantee Program (“Guarantee Program”).
 - (4) The size of the site has decreased from 38.04 acres in the application to 14.58 acres due to the applicant’s decision to eliminate the pond and/or wetlands area on the western portion of the site thereby eliminating any related conservation concerns or wetlands permitting concerns or delays.
 - (5) These changes have no material impact on the Credit Underwriter’s recommendation for this development.
- b) A Final Credit Underwriting Report dated January 9, 2003, labeled as [Exhibit C](#) is attached.

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated January 9, 2003 to finance the construction of Andrews Place Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

D. Request Approval of the Final Credit Underwriting Report for Eagle Pointe Apartments, a 2002 Bond Application in the amount of \$12,270,000 Tax-Exempt Bonds, 192 Units, located in Pompano Beach, Broward County, Florida.

1. Background

- a) An application was submitted by Eagle Pointe Associates, Ltd. on behalf of the proposed Development during the 2002 Application Cycle. Applicant requested funds to finance the construction of the Development via the issuance of tax-exempt bonds in the amount of \$12,270,000.
- b) At the October 11, 2002 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in an amount not to exceed \$12,490,000 in tax-exempt bond financing to construct the Development.

2. Present Situation

- a) The current Program Rule does not prohibit changes for modifications of the proposed Development during credit underwriting. However, the Board has directed staff to advise it of any changes from the Application, which are detailed below:

MULTIFAMILY BONDS

Consent

- (1) The tax exempt bond amount requested in the application was \$12,490,000. However, the underwriter reduced the maximum amount allowable to \$12,270,000 in order to meet the 1.15:1 Debt Service Coverage requirement. However, upon bond pricing, the maximum tax exempt bond amount may increase up to the applicant's request of \$12,490,000 if the DSC can be met. This change is neither harmful nor beneficial to the development.
- (2) According to the Applicant, the unit mix has changed from 48 one bedrooms to 60 and from 84 two bedrooms to 72 based upon market study information the developer received. The net change in square footage is approximately 2% therefore the budget has been similarly reduced. The Applicant also stated that they decided to offer more one bedrooms also based upon recent information showing that affordable communities typically do not offer enough one bedrooms and that there is an unmet need in the area since the one bedroom units typically rent out first. ACS finds that this change is beneficial to the development.

b) A Final Credit Underwriting Report dated January 9, 2003, labeled as [Exhibit D](#).

3. **Recommendation**

- a) Approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated January 9, 2003 to finance the construction of Eagle Pointe Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

E. **Request approval of the Revised Final Credit Underwriting Report for Hampton Point Apartments, \$11,020,000 Tax-Exempt Bonds and \$2,180,000 Taxable Bonds, 284 units, located in Port Charlotte, Florida (Charlotte County).**

1. **Background**

- a) Hampton Point Limited Partnership submitted an application on behalf of the proposed Development during the 2001 Application Cycle. The developer, Picerne Affordable Development, holds no ownership interest; however, its principals have ownership interest as members of Picerne Hampton Point, LLC, the General Partner.
- b) At the September 20, 2001 Board meeting, the Board authorized the adoption of an Acknowledgement Resolution in the amount not to exceed \$11,020,000 in tax-exempt bond financing to construct the Development.
- c) At the April 2002 Board meeting, the Board approved a Credit Underwriting report and approved a subsequent revised report at its August 2002 meeting. The scope of the update included changes associated with the Applicant's request to substitute the Syndicator/Equity Provider from First Union Affordable Housing Community Development Corporation, a subsidiary of Wachovia Securities Corporate & Investment Banking Division, to Paramount Financial Group, Inc.

MULTIFAMILY BONDS

Consent

2. Present Situation

- a) The Applicant made a request to revise the taxable bond amount. As required by Rule, a new Credit Underwriting review was provided. The Board has directed staff to advise it of any changes from the Application, which are detailed as follows:
- (1) In the Application, the Applicant presented a commitment from Columbia Housing Partners Limited Partnership (a subsidiary of PNC Bank), dated February 6, 2001, to provide equity in the amount of at least \$7,173,676, by purchasing the tax credits at a rate of \$.8325 for each \$1.00 of expected tax credits. During underwriting, the Applicant submitted a new commitment from First Union Affordable Housing Community Development Corporation ("First Union"), a subsidiary of Wachovia Securities Corporate & Investment Banking Division, dated December 13, 2001, in which First Union had agreed to provide equity in the amount of at least \$7,215,946, by purchasing the tax credits at a rate of \$.8325 for each \$1.00 of expected tax credits. Wachovia has withdrawn their offer, and according to representatives of Wachovia, their decision to withdraw from this transaction was not directly related to the Applicant, and/or the transaction itself. The Applicant has subsequently presented an offer from Paramount Financial Group, Inc. ("PFG"), dated July 11, 2002. In this commitment, PFG has agreed to provide equity in the amount of \$7,631,764, by purchasing the tax credits at a rate of \$.8125 for each \$1.00 of expected tax credits. This rate is lower than the previous offers, but commensurate with current rate, terms and conditions in today's marketplace. Note that PFG has agreed to provide a higher equity amount, thereby reducing the amount of required bridge loan during construction. Overall, this offer is beneficial to the development, as more equity is available during construction, thereby reducing the level of required deferral of developer's fee.
 - (2) The Applicant has also chosen the option to cover the enhancer's debt service reserve requirement with the issuance of a Surety Bond instead of with taxable bond funds. This change reduces the amount of required taxable tail, and is therefore, considered beneficial to the overall development.
 - (3) In the Application, the Applicant submitted a total cost (hard and soft costs) estimate equal to \$21,263,757 as compared to a current estimate of \$22,291,125, a difference of \$1,027,368 (4.6% increase). Changes are primarily attributed to soft costs, including slight differences in the cost of administrative fees, enhancement fees, capitalized interest, and cost of issuance fees. These fees will be adjusted to reflect actual costs, at closing of the Bonds. The most significant changes are higher building permits, and eligible developer's fee (\$3,236,253 as compared with a previous estimate of \$2,300,000 per the Application), which is permitted per Rule. All changes are considered appropriate, and fall within typical underwriting guidelines.

MULTIFAMILY BONDS

Consent

- (4) In the Application, the Applicant requested a total taxable tail equal to \$1,225,000 (10.00% of Total Bonds). In this report, the Applicant has revised their request to reflect total taxable bonds in the amount of \$2,180,000 (16.5% of Total Bonds) which is within the 25% maximum per FHFC 2001 MMRB Rule. This change is considered beneficial to the overall development, as it provides for additional sources of funds to accommodate increases in costs, while still maintaining debt service coverage (DSC) above the minimum 1.10X required under the 2001 Guarantee Fund Rule.
- (5) In the Application, unit sizes range from 990 square feet to 1,312 square feet, or an average square footage of 1,125 square feet (total rentable area of 319,512 square feet). The latest plans and specifications indicate that the unit sizes will range from 985 square feet to 1,338 square feet, or an average unit size of 1,140 square feet (total rentable area of 323,828 square feet); which is slightly higher (1.4%) than originally planned. This change is not considered to impact the marketability of the development.

- b) A final Credit Underwriting Report dated January 9, 2003 is attached as [Exhibit E](#).

3. **Recommendation**

Approve the recommendation of the Credit Underwriter outlined in the Revised Final Credit Underwriting Report dated January 9, 2003 to finance the construction of Hampton Point Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and appropriate Florida Housing Staff.

F. **Request Approval for prepayment of the outstanding note on Pine Meadow Apartments, 1992 Series A & B, 78 Units, Alachua County, Florida and Crystalwood Apartments, 1992 Series A & B, 63 units, Polk County, Florida.**

1. **Background**

- a) Pine Meadow is a 78 unit development located in Alachua, Florida and Crystalwood Apartments is a 63 unit development located in Polk County, Florida, which received a \$2,049,600 loan and a \$3,030,300 loan, respectively, from the proceeds of a \$47,000,000 bond issue (Series 1982 A). They were originally funded in 1982 from a FHA 221(d)(4) pool bond program. The loans were secured by a standard form FHA mortgage and the FHA provided mortgage insurance through the 221(d)(4) program. The borrower is paying approximately 11% interest rate on these loans. The borrower is also receiving Section 8 subsidies for the units. As a result of the Section 8 subsidies these developments were designated for participation in the Mark to Market Program. The 1982 bonds were refunded in 1992. None of the interest rate savings from the refunding were passed on to the borrower. Currently, Florida Housing divides the savings with HUD on a 50/50 basis. We must use our share for certain specific purposes, all of which are related to providing housing for low and very low income tenants.

MULTIFAMILY BONDS

Consent

- b) On November 5, 2002 Florida Housing received a request, which is attached as [Exhibit F](#), from the current owners asking if the Corporation will consent to a prepayment of this loan. The Mortgage Notes for these loans have a provision that states that prepayment may only occur with the approval of the Agency (now Corporation) and FHA. The exact language is as follows:
- (1) "Except as hereinafter provided, there shall be no payments made hereunder, other than regularly scheduled payments of principal hereunder, to reduce the principal amount of the debt evidenced hereby in whole or in part prior to July 31, 1992. On or after August 1, 1992 privilege is reserved, subject to approval of the Secretary and only if the written consent of the Agency has been obtained, which consent shall not be withheld unless the Agency determines such prepayment would affect the tax-exempt Status of the Bonds issued to finance the loan evidenced by this Note..."
 - (2) "If this debt is paid in full prior to maturity and while insured under the National Housing Act, as amended, all parties liable for payment of this debt hereby agree to be jointly and severally bound to pay to the holder hereof any adjusted premium charge required by the applicable Regulations."
- c) Pursuant to the terms of the Note, the Corporation must be provided 30 days written notice of the intent to prepay and the Corporation is entitled to charge the borrower (subject to the Commissioner's approval) the reasonable fees and charges associated with redeeming the Bonds.
- d) We have been advised that HUD would consider allowing the prepayment if the Corporation provided them written consent. The Bonds are not due to mature until June 1, 2024. HUD was projecting revenue from this transaction through December, 2003.

2. Present Situation

- a) The Borrower is asking the Corporation to provide HUD with the following:
- (1) Written consent to prepayment of the loan.
 - (2) A resolution authorizing the execution of a satisfaction of mortgage upon prepayment.
 - (3) The execution of the HUD Form 9807 by the Corporation requesting the termination of the HUD insurance.

3. Recommendation

Approval of the following Staff recommendations, subject to confirmation that a thirty day written notice has been provided:

- (1) To consent to the prepayment subject to HUD also consenting.
- (2) Approval of the resolution provided subject to HUD approving the prepayment.

MULTIFAMILY BONDS

Consent

- (3) Authorizing the execution of HUD Form 9807 and its submission to HUD if HUD has approved the prepayment.
- (4) Agreement by the Borrower to pay any cost incurred as a result of the prepayment.

G. Request approval of the Substitution of Credit Enhancement for Lakeside South, Series 1985 B, 200 units located in Orange County, Florida.

1. Background

- a) In 1985 Florida Housing financed the development of Lakeside South, 1985 Series B in the amount of \$7,600,000. The development is currently owned by Jupiter Realty Corporation which acquired the property in February 2000 upon Board approval.
- b) In June 1999, the Board approved a request for a change in ownership from L.U. Holdings Corporation to Sovereign Property Group.

2. Present Situation

On December 2, 2002, Florida Housing received a letter, which is attached as [Exhibit G](#), from the owner requesting the following:

- (1) Replace the current credit enhancement with Fannie Mae which would cause the bond rating to rise to AAA. The current Letter of Credit from Bank of America expires in February 2003.
- (2) An extension of the maturity date of the bonds from February 1, 2008 to February 1, 2013.
- (3) Extending the maturity date will automatically result in a recalculation and extension of the Qualified Project Period (QPP).

3. Recommendation

Approve the request for substitution of credit enhancement, extension of the maturity date of the bonds and modification of the documents subject to approval from the Credit Underwriter, Special Counsel, Bond Counsel and Florida Housing Staff.

H. Request Approval to amend the Land Use Restriction Agreement (“LURA”) for The Villas at Lake Smart Apartments, 2002 Series P in the amount of \$7,975,000 Tax-Exempt Bonds and \$1,000,000 Taxable Bonds, 220 Units, located in Winter Haven, Polk County, Florida.

1. Background

In 2002, Florida Housing financed the construction of The Villas of Lake Smart Apartments with \$7,975,000 in tax-exempt bonds, and \$1,000,000 taxable bonds, designated as 2002 Series P.

MULTIFAMILY BONDS

Consent

2. **Present Situation**

- a) Florida Housing received a letter dated December 18, 2002 requesting a change in one of their selections of the Public Policy Criteria from After School Program for Children to Homeownership Opportunity Program. Emphasis is given to the Homeownership Opportunity Program to encourage low-income tenants into homeownership. This letter is attached as [Exhibit H](#).
- b) Florida Housing received a letter dated January 2, 2003 from the Credit Underwriter stating the change in one of the selections of a Form 4 Public Policy Criteria for the financing does not impact the applicant's score or ranking and has no material effect on its recommendation. This letter is attached as [Exhibit I](#).

3. **Recommendation**

Approve the LURA amendment for The Villas at Lake Smart Apartments subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

I. Invite NorthBridge at Millenia, 2002-078BS, in to Credit Underwriting at its own risk

1. **Background**

When the Board issued its final rankings at the October 2002 meeting, NorthBridge at Millenia (NorthBridge) was not funded with either SAIL or MMRB and was placed on the MMRB Ranked List to await available bond allocation.

2. **Present Situation**

NorthBridge is the final Applicant remaining on the MMRB Ranked List. A number of Applicants above NorthBridge have either returned their bond allocation or declined to enter credit underwriting. Because of this, there is now sufficient bond allocation available to fully fund the NorthBridge Application.

3. **Recommendation**

Invite NorthBridge at Millenia, 2002-078BS in to Credit Underwriting at its own risk.

J. Request Approval of the Method of Sale Recommendations from Florida Housing's Senior Financial Advisor

1. **Background/Present Situation**

- a) The Credit Underwriter has provided Final Credit Underwriting Reports for the proposed Developments below. Florida Housing seeks Board approval pursuant to the recommendation of the Credit Underwriter and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- 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 recommendations to the Board for the methods of bond sale.
- c) WLJ Capital has prepared analysis and recommendations for the methods of bond sale for the Developments. These recommendation letters are labeled [Exhibit J](#).

Development Name	Location of Development	Number of Units	Method of Bond Sale
Eagle Pointe	Broward	192	Competitive
Heather Glenn	Okaloosa	168	Negotiated
Hunters Run II	Hillsborough	192	Negotiated
Andrews Place	Bay	200	Competitive

- d) The Heather Glenn and Hunters Run II Developments are recommended as negotiated deals because the variable interest rate on the bonds will be re-priced each week. This “low floater” structure is most efficiently handled through a negotiated transaction.

2. **Recommendation**

Accept the recommendation of the Senior Financial Advisor for the methods of bond sale for the above Developments.

K. **Assignment of Bond Underwriters and Structuring Agents**

1. **Background**

- a) Pursuant to the request regarding the issuance of bonds to finance the construction of the proposed Developments referenced below, Final Credit Underwriting Reports are being presented to the Board for approval simultaneous with this request to assign the appropriate professionals to these transactions. A brief description of the Developments is detailed below along with the Staff’s recommendation for the assignments.
- b) Additionally, the Corporation’s Senior Financial Advisor has prepared method of bond sale letters. Staff has reviewed these method of sale letters and Board approval is requested at the current meeting

2. **Present Situation**

- a) The Credit Underwriters, the Senior Financial Advisor and Florida Housing Staff have reviewed the financing structures for the proposed Developments.
- b) The Senior Financial Advisor’s recommendation for the methods of bond sale is being presented to the Board at the current meeting during the Multifamily Bond Program Update of items on the agenda.

MULTIFAMILY BONDS

Consent

3. Recommendation

- a) Approve the assignments of the recommended professionals as shown in the chart for the proposed Developments.

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
Eagle Pointe	Broward	192	Competitive	Morgan Keegan & Company
Heather Glenn	Okaloosa	168	Negotiated	UBS Paine Webber
Hunters Run II	Hillsborough	192	Negotiated	William R. Hough & Co.
Andrews Place	Bay	200	Competitive	Stern Brothers and Company

PREDEVELOPMENT LOAN PROGRAM

Consent

V. PREDEVELOPMENT LOAN PROGRAM

A. Request Approval of PLP Loan for Russell Street Apartments (PLP 00-025)

1. Background

- a) On September 20, 2002, the Predevelopment Loan Program issued an invitation to participate in the program to Housing Corporation of America for a Development called Russell Street Apartments (PLP 00-025). The Development, located in St. Petersburg, will consist of 32 rental units.
- b) Florida Housing Coalition provided technical assistance to Housing Corporation of America in preparing a development plan. Staff has reviewed the development plan and budget ([Exhibit A](#)). The applicant's request includes funding for land acquisition costs. The TAP has supported this request for acquisition funding in the recommendation letter ([Exhibit B](#)). The Applicant must receive a positive credit underwriting recommendation prior to disbursement of funds for acquisition. Staff will present the credit underwriting report to the Board at a future meeting.

2. Present Situation

The TAP has approved the Development Plan and has recommended a loan amount of \$425,610 for PLP eligible activities. This loan amount includes \$375,000 for acquisition costs.

3. Recommendation

Approve a loan from PLP funds for \$425,610 for Housing Corporation of America for predevelopment costs related to the Russell Street Apartments development as recommended by the TAP and direct staff to submit the credit underwriting report to the board for approval prior to distribution of funds for acquisition.

PROFESSIONAL SERVICES SELECTION (PSS)

Consent

VI. PROFESSIONAL SERVICES SELECTION (PSS)

A. Structuring Agent Service Providers

1. Background

- a) A contract was signed in August 1999 with Dain Rauscher, Inc. to provide Structuring Agent services.
- b) Contracts were signed in May 2000 with Morgan Keegan & Company, Stern Brothers & Co., and The Flood Company, Inc. and Marianne Edmonds, Inc.
- c) Each contract contains a provision for up to two one-year renewals.
- d) At the March 8, 2001 Board meeting, Florida Housing's Board directed staff to renew the current structuring agent's contracts for a one-year renewal period and to change the terms of the contracts to include the reimbursement of travel expenses in accordance with the Florida Housing Finance Corporation's Travel Policy, effective February 7, 2001, rather than s. 112.061, Fla. Stat.
- e) At the March 7, 2002 Board meeting, Florida Housing's Board directed staff to renew the current structuring agent's contracts for the second one-year renewal period.

2. Present Situation

- a) Each contract for structuring agent services will expire on April 3, 2003. None of these contracts may be renewed.
- b) Florida Housing will continue to need and utilize the services of structuring agents as part of the financial team for bond issues and for deals enhanced by the Guarantee Fund.

3. Recommendation

Florida Housing staff recommends the Board direct staff to begin the RFQ process to select a pool of Structuring Agent service providers.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Credit Underwriting Report for Cameron Creek Apartments, Cycle XIV (2002-052S)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$1,125,000 for this 148-unit family development in Dade County.
- c) On January 7, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,125,000 ([Exhibit A](#)).

2. Recommendation

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

B. Request Approval of Credit Underwriting Report for Siena Gardens Apartments, Cycle XIV (2002-119CS)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 14, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$1,061,700 for this 150-unit elderly development in Bay County.
- c) On January 7, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,061,700 ([Exhibit B](#)).

2. Recommendation

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

C. Request Approval of Credit Underwriting Report for Willow Creek Apartments, Cycle XIV (2002-061S)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$800,000 for this 104-unit family development in Dade County.
- c) On January 7, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$800,000 ([Exhibit 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.

D. **Request Approval of Credit Underwriting Report for Heather Glenn Apartments, Cycle XIV (2002-131BS)**

1. **Background/Present Situation**

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$1,500,000 for this 168-unit family development in Okaloosa County. This development was also awarded a Bond allocation. The credit underwriting report is addressed in the Multifamily Revenue Bond Section of this Board package. Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 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.

E. **Request Approval of Credit Underwriting Report for Horizon House Sunset, Cycle XII (2000-066S)**

1. **Background/Present Situation**

- a) On December 6, 2001, the Board approved the use of additional SAIL appropriation to fund previously received applications that were determined eligible for funding but did not receive funding based on the funds available during the 2000 cycle.
- b) On February 20, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$2,000,000 for this 80-unit family development in Alachua County.
- c) Staff received a final credit underwriting report with a positive recommendation ([Exhibit D](#)).

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

- d) The Applicant entity name has changed from VMH, Inc. to Community Housing Partners Corporation. The Applicant is now requesting approval to create a wholly-owned single asset entity (LLC) to take ownership of the property at closing.
- e) The General Contractor listed in the application was Professional Foundations of Florida. Subsequently, the General Contractor has been changed to Davis and Sons Construction Company, L.L.C. Davis and Sons meets the requirements of the application and would have resulted in the same points being awarded.
- f) The Applicant is requesting to make the following substitutions to amenities which were committed to in the application ([Exhibit E](#)):
 - (1) A community center in lieu of two parking spaces per unit.
 - (2) Electric water heaters and heat pumps with a minimum HSPF of 7.4 in lieu of gas water heaters.

Staff has reviewed these requests and determined that the points awarded would not have changed with these commitments. A cost analysis will be provided as a supplement prior to the Board meeting.

2. **Recommendation**

Staff will provide a recommendation following review of the cost analysis.

F. **Request approval of Final Credit Underwriting Report for Jamestown Woods, Cycle XIV (2002-120CS)**

1. **Background/Present Situation**

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 22, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$1,125,000 for this 150-unit elderly development in Leon County.
- c) Staff received a final credit underwriting report with a positive recommendation ([Exhibit F](#)). The General Contractor listed in the application was Winter Park Construction Company. Subsequently, the General Contractor has been changed to Peter R. Brown Construction, Inc. Peter R. Brown Construction, Inc. meets the requirements of the application and would have resulted in the same points being awarded.

2. **Recommendation**

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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Consent

G. Request Approval of Credit Underwriting Report for Westlake Apartments Phase II, Cycle XIV (2002-007S)

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2002 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 23, 2002, staff issued a preliminary commitment letter and invitation to credit underwriting for a SAIL second mortgage loan in an amount up to \$905,350 for this 112-unit family development in Palm Beach County.
- c) On January 8, 2003, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$905,350 ([Exhibit G](#)). The applicant committed to provide a volleyball court as an outside recreation facility. The Applicant is requesting to make the following substitutions in lieu of the volleyball court which was committed to in the application:
 - (1) A picnic area with a hard cover, permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining outdoor grill.
 - (2) A library consisting on a minimum of 100 books and 5 current magazine subscriptions.

Staff has reviewed these requests and determined that the points awarded would not have changed with these commitments. A cost analysis will be provided as a supplement prior to the Board meeting.

2. Recommendation

Staff will provide a recommendation following review of the cost analysis.