

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
September 8, 2006**

TIME: 9:10 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 South Adams Street
Tallahassee, FL 32301

BOARD MEMBERS PRESENT:

Terry Santini, Chairman
Lynn Stultz, Vice Chairman
Cesar Calvet
Thaddeus Cohen
David Oellerich
J. Luis Rodriguez

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Wayne Conner
Laura Cox
Rebecca Delarosa
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Vicki Robinson
Stephanie Sgouros
David Westcott

ADVISORS AND OTHERS PRESENT:

Jan Carpenter, Shuffield, Lowman
Mark Mustian, Nabors, Giblin & Nickerson
Doug McCree, First Housing
Ben Johnson, Seltzer Management

Chairman Santini called the Board of Directors' meeting to order at 9:10 a.m., and confirmed that a quorum was present.

Chairman Santini recognized Steve Auger to address the Board. Mr. Auger introduced Bill Aldinger, Florida Housing's new Supportive Housing Coordinator, and asked Nancy Muller to brief the Board on the presentation on the new Rental Housing Locator Service. Ms. Muller reminded the Board that in August 2005 they authorized staff to issue a request for proposals to select an entity to provide affordable housing locator services, and in March 2006 a contract to provide those services was signed with Socialserve, Inc. She introduced Van Gattel, of Socialserve, Inc., and he presented a demonstration of FloridaHousingSearch.org, the web-based housing locator service developed for the State of Florida.

FISCAL

Chairman Santini recognized Barb Goltz to address the Board regarding Fiscal matters.

Item A, July 31, 2006, Operating Results. Ms. Goltz gave the Board a report on the operating results for the seven months ending July 31, 2006, and noted that overall, while revenues were slightly under-projected, expenses have been managed to allow an excess of revenue over expenses. She stated that she anticipates being in a positive position at year end. She also outlined historical trends on bond issues for both multifamily and single family programs.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Santini recognized Vicki Robinson to address the Board regarding EHCL matters.

Item A, Request for Authority to Begin Rulemaking. Ms. Robinson asked the Board to approve staff's request to begin the rule development process for Rule Chapter 67-32, which governs the Elderly Housing Community Loan Program.

Motion to approve the recommendation was made by Ms. Stultz with a second by Mr. Calvet. Motion passed unanimously.

DEMONSTRATION LOANS

Chairman Santini asked staff to discuss Florida Housing's procedures to ensure that funds are not at risk vis-à-vis the problems that occurred recently in Miami-Dade County and how and if Florida Housing could withhold SHIP funds from Miami-Dade County. Mr. Auger stated that Florida Housing does compliance monitoring and auditing of the local SHIP governments and their use of Florida Housing's funds. He stated that for the large counties it happens every year, and for the smaller counties, every three years, and if there is concern about a particular county, it happens as often as is deemed necessary. He added that the Miami-Dade Housing Agency has had a SHIP compliance monitoring/audit visit every year for the last three years, and it appears that there has not been a misappropriation of SHIP funds, and given that evidence, Florida Housing has no authority to turn off their SHIP funds.

Stephanie Sgouros then outlined the full SHIP oversight process and what occurs when Florida Housing does have to stop sending SHIP funds to a local government because of problems. Chairman Santini asked if Florida Housing can expand its audits due to any concerns and Ms. Sgouros said yes.

Secretary Cohen used a scenario to suggest that where locals aren't doing a good job to get their needs met, they should not be given funding that could be used by other locales doing a better job. Mr. Meffert outlined the statutory provision for how SHIP payments may be stopped.

Secretary Cohen and Chairman Santini agreed that they would like to see local officials consider how mis-use of local funds impacts the greater need. Mr. Auger agreed that it was reasonable to express concern about what is going on because the need is so great. He added that Cynthia Curry has been tasked by the County of Miami-Dade to go into the Miami-Dade Housing Agency and clean up the surtax program, and staff flew down to Miami-Dade a few weeks ago to explain to them how Florida Housing sets policy based on need, the principles we look at, how credit underwriting and the local closing process works and to encourage their sense of urgency in making sure there is appropriate oversight of their local resources.

Chairman Santini recognized Nancy Muller to brief the Board on Demonstration Loan matters.

Item A, De-obligation of Funding for Smathers Plaza Assisted Living Facility. Ms. Muller stated that over four years ago the Board approved and staff issued a request for proposals for a demonstration to fund affordable assisted living facilities as part of a partnership Florida Housing had with the Department of Elder Affairs. She added that in June 2002 the Board approved funding of \$3 million to the Miami-Dade Housing Authority Development Corporation for the Smathers Plaza Assisted Living Facility. She stated that the original funding for the construction of the development subsequently fell through, and the developer was unable to secure other funding; and therefore, the facility will not be able to be built. She asked the board to authorize staff to de-obligate the demonstration loan funds for the Smathers Plaza Assisted Living Facility.

Motion to approve the recommendation was made by Mr. Calvet with a second by Ms. Stultz.

Secretary Cohen asked what went wrong with the original funding. Ms. Muller stated that the original funding sources included a possible HOPE VI grant, which was not ultimately granted by U.S. HUD, while more recent sources included bonds which, in every instance, proved to be too expensive for this demonstration project. Secretary Cohen asked if this meant this demonstration did not work. Ms. Muller indicated that there were two other projects funded through this demonstration, one of which is built and fully occupied. Mr. Auger stated that two ALFs were funded through the Universal Application Cycle using what was learned from this demonstration.

Motion passed unanimously.

HURRICANE PROGRAMS

Chairman Santini recognized Stephanie Sgouros to take the Board through seed number selection for the Hurricane Programs (FHRP and SHADP) application cycle's lotter numbers.

Item A, Hurricane Programs Application Cycle Lottery Number Selection. Ms. Sgouros asked Chairman Santini to pick a seed number from Statement 4914, Interstate Commerce Commission, Appendix 81, Pages 1441 through 1446, Lines 1 through 300, Columns 1 through 14. Chairman Santini selected Page 1446, Column 10, Line Number 280, Number 27517.

PREDEVELOPMENT LOAN PROGRAM (PLP)

Chairman Santini recognized Nancy Muller to brief the Board on Predevelopment Loan Program matters.

Item A, Request for Reduction in Number of Units for Palafox Landing. Ms. Muller stated that on December 9, 2005, the Board approved a \$383,775 PLP loan for Palafox Landing, a proposed 144-unit development, with the expectation that the developer would pursue additional funding through multifamily revenue bonds, noncompetitive low income housing tax credits and local Hurricane Housing Recovery Program dollars through Escambia County; however, that financing structure was subsequently determined not to be feasible for the development. She stated that the developer then retooled the development and submitted a plan for a 96-unit development in the 2006 Universal Cycle, and was allocated competitive low income housing tax credits in the amount of \$998,400. She stated that the developer has requested a reduction in the number of units from 144 to 96 to coincide with the housing credit application, and that the technical assistance provider for the PLP Program has recommended approval of the request. She stated that in most cases, a reduction in funds would correspond with a reduction in units, but staff and the technical assistance provider believe it is reasonable to allow the loan to remain at its amount of \$383,775 because the total predevelopment costs are in excess of \$500,000. She asked the Board to approve staff's recommendation to approve the reduction in the number of units for Palafox Landing from 144 to 96 and to allow staff to proceed with loan closing activities.

Motion to approve the recommendation was made by Mr. Calvet with a second by Mr. Oellerich.

Mr. Calvet asked for clarification and Mr. Auger explained that had the developer initially come in with a 96-unit proposal, the costs proposed today would have been covered. Secretary Cohen asked about the specifics of the costs. Mr. Muller clarified the PLP process, and pointed out that a comparison of preliminary costs compared to today's costs showed some increases and some decreases due to reconfiguration of the project. Secretary Cohen asked further clarifying questions about the size of the PLP loan, and staff explained that the developer talked about dropping out and re-applying for the highest amount eligible under the program, \$500,000, but working with the technical advisor, ultimately decided to maintain the current application.

Motion passed unanimously.

RENTAL RECOVERY LOAN PROGRAM (RRLP)

Chairman Santini recognized Vicki Robinson to brief the Board on Rental Recovery Loan Program (RRLP) matters.

Item A, Request Approval to Make Remaining 2005 Rental Recovery Loan Program (RRLP) Funds Available to the 2006 Rental Recovery Loan Program Cycle. Ms. Robinson reminded the Board that on October 14, 2005, they adopted and approved the final rankings for the 2005 Rental Recovery Loan Program Application Cycle, but due to the withdrawal of the Orange Blossom Apartments Application, there is currently \$2,808,786 of RRLP funds from the 2005 Cycle available. She stated that Program rules state that any funds available should be awarded first to any partially funded applicants and then to the highest ranked application for a period of one year from the application deadline, after which time, funds may be allocated as the Board deems appropriate. She asked the Board to approve staff's recommendation to approve

allocating any currently available 2005 RRLP funds and any funds that become available due to the withdrawal of any other applications to the 2006 RRLP Cycle.

Motion to approve the recommendation was made by Ms. Stultz with a second by Mr. Calvet. Motion passed unanimously.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Chairman Santini recognized Vicki Robinson to brief the Board on SAIL matters.

Item A, Auburn Trace Apartments. Ms. Robinson stated that on August 24, 1993, a SAIL loan in the amount of \$1,765,000 closed for Auburn Trace Apartments, a 256-unit development in Palm Beach County. She stated that the write-up indicated it is 192 units, but it is actually 256 units. She stated that the development also had housing credits with a compliance period ending December 31, 2005, but that there is an existing SAIL LURA on the property for an additional 15 years for 192 set-aside units. She stated that on August 18, 2006, staff received a letter from the borrower proposing a conceptual plan for the redevelopment of Auburn Trace, increasing the number of units to 264, with 192 restricted to families at or below 60 percent AMI, which is the same as what they currently have set aside, and 72 units serving families at or below 120 percent AMI. She stated that the SAIL LURA would be released on the remaining 19 acres, allowing for the construction of workforce homeownership condos and/or town homes. She asked the Board to approve staff's recommendation to approve the conceptual plan to redevelop Auburn Trace subject to the developer securing the funding required. She added that once the redevelopment plan is complete and reviewed by the credit underwriter, staff would present it to the Board for final approval and request a final release of the LURA on the 19 acres.

Mr. Auger stated that the owners applied for tax credits in the 2006 cycle to tear down and rebuild the units they had, but they weren't successful in their application, and staff encouraged the developer to think about different financing avenues. He stated that the conceptual plan calls for tearing down the existing units and reconstructing those units on the site where the local government has given increased density. He stated that staff wanted to bring the concept to the Board and if it is approved, staff will work with the developer to see if they can get financing, and then it would come back to the Board for approval. Several Board Members expressed that they liked the conceptual idea.

Secretary Cohen asked for clarification that there would be 264 new units for a total of 50 years in exchange for 192 15-year-old units, but more money is being put into the project. Ms. Robinson stated that the developer is planning to apply for multifamily mortgage revenue bonds. She added that the developer is committing to make the 192 units rent restricted for 50 years, while the current SAIL LURA only has income restrictions, not rent restrictions. Secretary Cohen asked if the 168 workforce units would be coming out of the CWHIP program and what the restrictions are on that. Ms. Robinson stated that depending on the proposal, there are minimum threshold requirements stating that 50 percent of the units must serve essential services personnel for up to 140 percent of area median income.

Motion to approve the recommendation was made by Mr. Oellerich with a second by Secretary Cohen. Motion passed unanimously.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM

Chairman Santini recognized Nancy Muller to brief the Board on SHIP matters.

Item A, Approval of Changes to Rule Chapter 67-37, F.A.C. Ms. Muller stated that the SHIP rule gets updated every year after a review by Florida Housing staff and SHIP Administrators during rule development workshops. She stated that in addition to technical changes, based on the passage of House Bill 1363 in the last legislative session, the substantive changes proposed this year are:

- Requiring the inclusion of a definition of essential services personnel in each Local Housing Assistance Plan (LHAP) local governments produce.
- Strategies suggested that local governments might want to consider, including a strategy to address the housing needs of these essential services personnel, and a strategy to assist those impacted by mobile home park closures and condo conversions.
- Addition of a definition for extremely low income households.
- Changing the submission date for each local government's consolidated audited financial report from April 30 to June 30.

She asked the Board to approve the rule changes to Chapter 67-37, Florida Administrative Code, and authorize staff to proceed with filing the rule with the Secretary of State.

Motion to approve the recommendation was made by Mr. Calvet with a second by Ms. Stultz. Motion passed unanimously.

SINGLE FAMILY BONDS

Chairman Santini recognized Barb Goltz to brief the Board on Single Family Bond matters.

Item A, Approval of Resolution for 2006, Phase Four Homeowner Mortgage Revenue Bonds. Ms. Goltz stated that Florida Housing's 2006-4 and 5 bond series is being reserved at a rate that requires staff to come back to approve another resolution for the Single Family First Time Homebuyer Program. She stated that the program was experiencing \$10-\$12 million per week in reservations. She stated that in order to keep bond proceeds available for borrowers, she asked the Board to approve the necessary funding, including reimbursable amounts, to provide program funding between bond issues, staff actions, and the resolution to permit the issuance of the proposed 2006, Phase 4, homeowner mortgage revenue bonds.

Motion to approve the recommendation was made by Ms. Stultz with a second by Mr. Calvet. Motion passed unanimously.

CONSENT AGENDA

Chairman Santini asked the Board if anyone wanted any items pulled from the Consent Agenda for discussion, and asked for motion to approve everything on the Consent Agenda with the exception of SAIL Item H, which she wanted to discuss.

Motion to approve everything on the Consent Agenda except SAIL Item H, was made by Mr. Calvet with a second by Secretary Cohen. Motion passed unanimously.

Chairman Santini voiced her concerns about SAIL Item H with regard to the amenity swap of a library for a laundry room even though the point value is the same in the application, as the tenants will need laundry facilities more than a library. Ms. Robinson suggested the item be tabled until the next meeting when staff would come back to the Board with another recommendation.

Hearing no further business, Chairman Santini adjourned the September 8, 2006, Board of Directors' Meeting at 11:10 a.m.