

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 12, 2008
Action Items



FISCAL

Action

I. FISCAL

A. 2009 Operating Budget

1. Background

- a) The Florida Housing operating budget is created with a conservative approach to both revenue and expenses. Current economic conditions compel Florida Housing to carefully and continuously monitor revenue and expenditures.
- b) More specifically, the operating budget for 2009 was created using the following:
 - (1) a projection of fee revenue based on the current loan portfolio and additions to it for estimated new deals in 2009;
 - (2) a projection of revenue from the administration of federal programs;
 - (3) a projection of investment earnings based on input from our investment managers;
 - (4) as applicable, expected appropriations supporting the Affordable Housing Study Commission, Catalyst program, and compliance monitoring;
 - (5) a zero-based budget model for operating expenses, exclusive of salaries and benefits; the 2009 projected work plan for operational units determines the initial expense budget request from each work unit; and
 - (6) benefits information based on quotes for insurance and other benefits. Salaries and benefits are budgeted at the corporate level. The 2009 budget is based on the currently existing number of positions.
- c) Upon implementation of the 2009 operating budget, Florida Housing will closely monitor revenues and expenses. Non-discretionary line item budgets, such as program administration, monitoring and workshops, will be fully allocated to work areas; however, we will vigorously monitor all expenditures to assure revenues will support expenditures. Certain discretionary line items, such as staff development travel and certain outreach travel, will be controlled at the executive level. With these measures in place to control the budget, Florida Housing expects to maintain a positive excess of revenue above expenses trend.

2. Present Situation

- a) The recommended Operating Budget for 2009 has been compiled, reviewed, and revised and is provided under separate cover.
- b) An Account Guide describing the budget categories is included with the operating budget.

3. Recommendation

Staff recommends approval of the 2009 operating budget.

HURRICANE HOUSING RECOVERY PROGRAM

Action

II. HURRICANE HOUSING RECOVERY PROGRAM

A. Amendment to Hurricane Housing Recovery Program Emergency Rule 67ER06-45 (9), Florida Administrative Code (F.A.C.)

1. Background/Present Situation

- a) During the 2005 regular session, the Legislature appropriated \$208 million for the Hurricane Housing Recovery Program (HHRP) to provide for long term recovery efforts in 28 counties affected by the hurricanes of 2004. The HHRP program requires the funding to be expended generally in accordance with the State Housing Initiatives Program (SHIP) with a few exceptions for specific recovery activities (e.g., mobile homes, rental assistance).
- b) On June 10, 2005, the Board approved Staff's request to proceed with emergency rulemaking for the HHRP. This rule was adopted on July 1, 2005. On June 23, 2006, the HHRP rule was made a permanent emergency rule.
- c) One difference between HHRP and SHIP is that, unlike SHIP, HHRP allows local governments to expend less than 65% of the funding on homeownership activities. This change allowed local governments with long term recovery needs in the affordable rental sector to invest in rental developments to a greater degree than they have traditionally through SHIP.
- d) Some local governments have leveraged these HHRP funds with Florida Housing's Universal Cycle and other hurricane recovery programs (e.g., the Rental Recovery Loan Program) in addition to other federal and state programs. Currently, several of those developments are in the process of closing on the other funding sources or are closed and under construction. In these cases, HHRP funds are committed and may even be disbursed to the development. However, based on SHIP program requirements, HHRP funds may not be considered expended until the development is constructed and initial occupancy has taken place.
- e) The HHRP rule requires local governments to expend all funds by June 30, 2008, with the ability for a one year extension through June 30, 2009. A number of development delays outside local government control are likely to result in a need for expenditure extensions beyond the June 30, 2009, timeframe for some local governments. Local governments with funds committed to developments that may not be completed by June 30, 2009, are concerned that they will be required to return the funds to the state. Providing an additional expenditure extension period will provide the necessary time for these local governments to expend the remaining funds (See page 11 of [Exhibit A](#)).

2. Recommendation

Approve change in Emergency Rule 67ER06-45 (9), F.A.C., as provided and direct staff to proceed with the amendment process for the Hurricane Housing Recovery Program emergency rule.

HOMEOWNERSHIP LOAN PROGRAM

Action

III. HOMEOWNERSHIP LOAN PROGRAM

- A. **Request for Approval for an the Extension of the Homeownership Loan Program (HLP) Construction Period and an Extension of the Maturity Date for the Predevelopment Loan Program (PLP) Loan for We Help Community Development Corporation for Abidjan Estates**

Applicant Name (“Applicant”):	We Help Community Development Corporation (Non-Profit)
Development Name (“Development”):	Abidjan Estates
Developer/Principal (“Developer”):	Dr. D.M. Walker
Number of Units: 76	Location: Palm Beach County, Florida
Type: Purchase Assistance Loan, Predevelopment Loan	Allocated Amount: \$2,000,000 (HLP) \$500,000 (PLP)

1. Background/Present Situation

a) **Homeownership Loan Program (HLP)**

- (1) The Applicant was funded during the 2003 Homeownership Loan Program Cycle for Abidjan Estates. On February 2, 2004, the Applicant was invited into credit underwriting.
- (2) On September 10, 2004, the Board approved the final credit underwriting report, dated September 2, 2004. On September 13, 2004, a firm commitment letter was issued with a 3-year construction period through September 13, 2007.
- (3) On January 25, 2008 the Board granted the Developer’s request for a one-year extension of the construction period, from September 13, 2007 to September 13, 2008, contingent upon satisfactory resolution of the issues identified in the market study and appraisal, the purchase price increase, a firm commitment from Palm Beach County for down payment assistance for all homes in this Development, and a plan for the developer to repay the Predevelopment Loan Program (PLP) loan.
- (4) To date, the Developer has completed and closed on 4 homes, utilizing \$184,100 out of the original \$2,000,000 that was awarded. The Developer has provided 33 homebuyer purchase contracts with matching building permits for those lots. At the September 26, 2008, meeting, the Board granted an additional extension of the HLP construction period until December 12, 2008, contingent upon: (1) satisfactory resolution of the issues identified in the market study, appraisal and CASI Plan Review; (2) a commitment to repay the \$500,000 PLP loan at \$15,000 per home; and (3) the 13 homes that have already been constructed must be sold before other closings can occur.

HOMEOWNERSHIP LOAN PROGRAM

Action

- (5) Additionally, in order to consider an extension beyond December 12, 2008, the Board required that the Developer attend the December 12, 2008 meeting to discuss the status of the Development. Specifically, the Board requested an update on the first mortgage approval status of homebuyers under contract, the status of the construction loan and the projected construction schedule.
- (6) The Developer has provided Abidjan Estates Client Listing and Status, first mortgage loan commitments for three borrowers and an update on the status of pre-qualifications for twelve borrowers for the Board's review. Those documents are attached as [Exhibit A](#).
- (7) Collectively, these document show that there are twenty (20) unsold homes that are either completed or under construction. Five of these homes have borrowers with first mortgage loan commitments. Two borrowers have been submitted to Seltzer Management for approval and three more will be submitted shortly. There are twenty-two (22) clients undergoing credit repair with different projected closing dates.
- (8) The current construction loan period has expired and the Developer did not have a new construction loan commitment as of November 26, 2008. The Developer hopes to have a new construction loan commitment to present to the Board at the meeting.
- (9) Palm Beach County has sent a letter reaffirming their commitment to Abidjan Estates. This letter is attached as [Exhibit B](#).

b) **Predevelopment Loan Program (PLP)**

- (1) The Developer also received a PLP loan for this Development, which closed on June 20, 2003, in the amount of \$500,000 for eligible predevelopment expenses. The Developer has drawn \$498,819.92. The Developer has repaid \$60,000 from the sale of the first four homes towards the principal and accrued interest on the PLP loan.
- (2) Prior to the PLP Loan maturing on June 20, 2006, the Developer requested an extension to the maturity period, advising of significant problems including the 2004 and 2005 hurricanes, zoning issues, and delays in obtaining approval for a purchase price increase from the servicer.
- (3) Due to dramatic increases in construction costs, the Board on October 14, 2005 approved a request to allow all active developers to increase the level of subsidy that a homebuyer could receive, up to 25% of the purchase price of the home, which would reduce the amount of units provided by the Developer. As a result, the Developer has reduced the number of units that will require HLP funding from 76 to 40. The Developer has also agreed to repay the PLP loan through the sale of these 40 units with each payoff being estimated to be \$15,000 to cover the principal and accrued interest. However, Florida Housing still holds a mortgage and a LURA to secure the PLP loan on all 76 lots and will not release the entire mortgage until the PLP loan is fully repaid.

HOMEOWNERSHIP LOAN PROGRAM

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- (4) On March 13, 2008, the Board approved an extension to the PLP Loan maturity date from June 20, 2006, to December 20, 2008, to allow the Developer time to meet the conditions of the Board approval related to the HLP funding extension.

2. **Recommendation**

- a) Based upon the additional information submitted by the Developer, and due to the fact that there is currently no construction loan, staff recommends that the Board grant an extension to the HLP construction period until September 13, 2009 to allow the Developer time to complete the closings on the twenty units that are either completed or under construction. Staff further recommends that HLP funds in excess of those necessary to close on these twenty (20) homes be deobligated now and that any remaining HLP funds as of September 13, 2009 be deobligated at that time. The construction period will not be further extended beyond this date.
- b) Staff also recommends an extension to the maturity date for the Predevelopment Loan Program loan until September 13, 2009.
- c) Both loan extension approvals are subject to further verifications and approvals by the credit underwriter, counsel and the appropriate Florida Housing staff.

HOMEOWNERSHIP LOAN PROGRAM

Action

B. Authorize Staff to De-obligate HAP Funds for We Help Scattered Sites / HAP03-308

Applicant Name (“Applicant”):	We Help Community Development Corporation (Non-Profit)
Development Name (“Development”):	We Help Scattered Sites
Developer/Principal (“Developer”):	Dr. D.M. Walker
Number of Units: 34	Location: Palm Beach County, Florida
Type: HOME Purchase Assistance Loan	Allocated Amount: \$1,000,000

1. Background

- a) The Applicant submitted an application during the 2003 Homeownership Loan Program Cycle, which scored within the funding range and was invited into credit underwriting on September 15, 2003.
- b) The final credit underwriting report, dated February 2, 2004, was approved at the February 27, 2004 Board Meeting. On March 2, 2004, a firm commitment letter was issued to the Developer with the construction period scheduled to end on December 31, 2007.
- c) At the December 12, 2007, the Board approved an extension of the construction period until December 31, 2008.
- d) The Developer has constructed 18 homes and closed upon 11 homes, utilizing \$237,378 out of the original \$1,000,000 that was awarded.

2. Present Situation

On November 18, 2008, the Developer requested that the remaining HOME funds be de-obligated, advising that they will be concentrating their efforts on Abidjan Estates.

3. Recommendation

Staff recommends that the remaining \$762,622 in HAP funds be de-obligated.

LEGAL

Action

IV. LEGAL

A. In Re: Walton County Workforce Housing Corporation - FHFC Case No. 2008-097VW

Development Name: (“Development”):	Wolf Creek Village Application No. CWHIP 06-31
Developer/Principal: (“Developer”):	Walton County Workforce Housing Corporation
Number of Units: 242	Location: Walton County

1. Background/Present Situation

- a) During the 2006 Community Work Housing Innovation Pilot Program (“CWHIP”), Walton County Workforce Housing Corporation (“Petitioner”) was invited to enter into credit underwriting to finance, in part, the construction of Wolf Creek Village (the “Development”) located in Walton County, Florida.
- b) On October 13, 2008, Florida Housing received a Petition for Waiver or Variance from Rules 67-58.020(6) and 67-58.070(6), Fla. Admin. Code. A copy of the Petition is attached as [Exhibit A](#).
- c) Rules 67-58.020(6) and 67-58.070(6), Fla. Admin. Code (2008), both provide:

The Applicant has 14 months from the date of the acceptance of the letter of invitation to complete credit underwriting and receive Board approval unless an extension of up to 10 months is approved by the Board. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and detail the timeframe to close the loan. The written request will then be submitted to the Corporation’s Board for consideration. The Corporation shall charge an extension fee of 1 percent of the CWHIP loan amount if the Board approves the extension request.

- d) Petitioner requests a waiver of the above Rules, to avoid paying an extension fee of 1 percent of the CWHIP loan amount. As grounds for its request for a waiver, Petitioner states that it is being adversely affected by the current economic climate, constricted credit markets, unforeseen time delays and other related matters.
- e) Petitioner has failed to demonstrate that strict application of the above Rules under these circumstances would cause substantial hardship to Petitioner or violate the principles of fairness. First, four other developers who responded to the 2006 CWHIP RFP have paid an extension fee of 1 percent for their respective CWHIP loan amount, while others have chosen to withdraw and make the funds available for other uses. By granting this waiver, Florida Housing would violate the principles of fairness by providing Petitioner an unfair advantage over the other applicants.

LEGAL

Action

- f) Second, should Applicants complete credit underwriting with a positive recommendation from the credit underwriter by May 8, 2009, the 1% extension fee will be refunded to the Applicants at closing.¹ Moreover, the conditions experienced by Petitioner are not substantially different than those experienced by any of the 2006 RFP participants as to justify disparate treatment under the Rules. Ultimately, the Petitioner's invitation to enter into credit underwriting was not made in perpetuity. Rather, a time limit of 14 months was placed on each Applicant to enter into credit underwriting. As clearly stated in the above noted Rules, Florida Housing **shall** impose a fee extension on those Applicants that have exceeded their allotted time.
- g) On November 21, 2008, Notice of the Petition was published in Volume 34, Number 47, of the Florida Administrative Weekly. To date, Florida Housing received no comments regarding the Petition.
- h) Section 120.542(2), Fla. Stat. provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- i) Petitioner has failed to demonstrate that strict application of the above Rules under these circumstances will give rise to substantial hardship or otherwise violate the principles of fairness. Furthermore, under the circumstances described in the Petition, granting this request does not further Florida Housing's statutory mandate to provide safe, sanitary and affordable housing to the citizens of Florida.

2. Recommendation

Staff recommends the Board **DISMISS** Petitioner's request for waiver of Rules 67-58.020(6) and 67-58.070, Fla. Admin. Code, to avoid paying an extension fee of 1 percent of the loan amount and **DENY** all relief requested therein.

¹ Pursuant to the Rule, closing must occur within 90 days of the CWHIP loan commitment (issued after the credit underwriting report is approved by the Board). Closing extensions must be approved by the Board and also carry a 1% extension fee.

LEGAL

Action

B. In Re: ST. CLOUD PRESERVE, LLC - FHFC Case No. 2008-096VW

Development Name: (“Development”):	The Preserve Application No. CWHIP 06-28
Developer/Principal: (“Developer”):	The Foundation for Osceola Education, Inc.
Number of Units: 120	Location: Osceola County

1. Background/Present Situation

- a) During the 2006 Community Work Housing Innovation Pilot Program (“CWHIP”), St. Cloud Preserve, LLC (“Petitioner”) was invited to enter into credit underwriting to finance, in part, the construction of The Preserve (the “Development”) located in Osceola County, Florida.
- b) On October 10, 2008, Florida Housing received a Petition for Waiver or Variance from Rule 67-58.020(6), Fla. Admin. Code. A copy of the Petition is attached as [Exhibit B](#).
- c) Rule 67-58.020(6), Fla. Admin. Code (2008), provides:

The Applicant has 14 months from the date of the acceptance of the letter of invitation to complete credit underwriting and receive Board approval unless an extension of up to 10 months is approved by the Board. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and detail the timeframe to close the loan. The written request will then be submitted to the Corporation’s Board for consideration. The Corporation shall charge an extension fee of 1 percent of the CWHIP loan amount if the Board approves the extension request.

- d) Petitioner requests a waiver of the above Rule, to avoid paying an extension fee of 1 percent of the CWHIP loan amount. As grounds for its request for a waiver, Petitioner states that it is being adversely affected by the current economic climate, constricted credit markets, unforeseen time delays and other related matters.
- e) Petitioner has failed to demonstrate that strict application of the above Rule under these circumstances would cause substantial hardship to Petitioner or violate the principles of fairness. First, four other developers who responded to the 2006 CWHIP RFP have paid an extension fee of 1 percent for their respective CWHIP loan amount, while others have chosen to withdraw and make the funds available for other uses. By granting this waiver, Florida Housing would violate the principles of fairness by providing Petitioner an unfair advantage over the other applicants.

LEGAL

Action

- f) Second, should Applicants complete credit underwriting with a positive recommendation from the credit underwriter by May 8, 2009, the 1% extension fee will be refunded to the Applicants at closing.² Moreover, the conditions experienced by Petitioner are not substantially different than those experienced by any of the 2006 RFP participants as to justify disparate treatment under the Rules. Ultimately, the Petitioner's invitation to enter into credit underwriting was not made in perpetuity. Rather, a time limit of 14 months was placed on each Applicant to enter into credit underwriting. As clearly stated in the above noted Rules, Florida Housing **shall** impose a fee extension on those Applicants that have exceeded their allotted time.
- g) On November 21, 2008, Notice of the Petition was published in Volume 34, Number 47, of the Florida Administrative Weekly. To date, Florida Housing received no comments regarding the Petition.
- h) Section 120.542(2), Fla. Stat. provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- i) Petitioner has failed to demonstrate that strict application of the above Rule under these circumstances will give rise to substantial hardship or otherwise violate the principles of fairness. Furthermore, under the circumstances described in the Petition, granting this request does not further Florida Housing's statutory mandate to provide safe, sanitary and affordable housing to the citizens of Florida.

2. Recommendation

Staff recommends the Board **DISMISS** Petitioner's request for waiver of Rule 67-58.020(6), Fla. Admin. Code, to avoid paying an extension fee of 1 percent of the loan amount and **DENY** all relief requested therein.

² Pursuant to the Rule, closing must occur within 90 days of the CWHIP loan commitment (issued after the credit underwriting report is approved by the Board). Closing extensions must be approved by the Board and also carry a 1% extension fee.

LEGAL

Action

C. **In Re: Villa Capri Associates, Ltd., Motion for Reconsideration - FHFC Case No. 2008-058UC**

Development Name: (“Development”):	Villa Capri Apartments Application # 2008-266BS
Developer/Principal: (“Developer”):	
Number of Units: 160	Location: Miami-Dade County
Type: Garden	
Demographics: Family	MMRB \$12,000,000 SAIL \$3,700,000 Non-competitive HC \$837,806

1. **Background/Present Situation**

- a) During the 2008 Universal Cycle, Villa Capri Associates, Ltd. (“Petitioner”) applied for funding to finance the construction of Villa Capri Apartments (the “Development”) located in Miami-Dade County, Florida.
- b) Petitioner’s application failed threshold and Petitioner timely filed a petition challenging Florida Housing’s scoring of its application. An informal hearing was held on August 27, 2008. On September 8, 2008, the designated Hearing Officer entered a Recommended Order recommending that Florida Housing’s final scoring of the Petitioner’s application be upheld, and that Petitioner’s application be rejected for failure to establish the threshold requirement that electricity be available to the project as of the application deadline. On September 26, 2008, Florida Housing’s Board adopted the Recommended Order and entered a Final Order rejecting Petitioner’s application for failure to establish the threshold requirement that electricity be available to the project as of the application deadline.
- c) On October 22, 2008, Florida Housing received Petitioner’s “Motion for Reconsideration.” A copy of the Motion for Reconsideration is attached as [Exhibit C](#).

2. **Present Situation**

- a) Subsequent to the filing of its Motion for Reconsideration, Villa Capri appealed the Final Order entered in this matter to the First District Court of Appeal. A copy of Villa Capri’s Notice of Administrative Appeal was served on Florida Housing on October 24, 2008.
- b) As a result, Florida Housing has been divested of any jurisdiction it may have had over the Final Order entered in this matter.

3. **Recommendation**

Staff recommends the Board enter an order denying Petitioner’s Motion for Reconsideration for lack of jurisdiction.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

V. PROFESSIONAL SERVICES SELECTION (PSS)

A. Arbitrage Rebate Analyst Services

1. Background

- a) Florida Housing entered into contracts for Arbitrage Rebate Analyst services effective March 18, 2004 and February 18, 2004 respectively with the following firms:
 - (1) The Arbitrage Group, Inc.
 - (2) BondLogistix, LLC
- b) The original term of the contracts expired March 18, 2007 and February 18, 2007. The contracts could be renewed twice. The term of each renewal was for a one-year period.
- c) At its January 26, 2007 and January 25, 2008 meetings, Florida Housing's Board authorized staff to proceed with the first and second contract renewals.

2. Present Situation

- a) The final term of The Arbitrage Group, Inc. contract expires March 18, 2009, and the BondLogistix, LLC contract expires February 18, 2009.
- b) To remain in compliance with the Arbitrage and Tax Certificate requirement, Florida Housing mandates an annual rebate calculation for all bond issues. Should a rebate liability occur during any five year period, the IRS requires payment of the existing liability. All rebate calculation reports prepared by the rebate analysts contain the calculations and conclusions needed for continued tax compliance.

3. Recommendation

Staff believes that it is in the best interests of Florida Housing to continue to retain arbitrage rebate analysts and recommends the Board direct staff to begin the solicitation process to select one or more Arbitrage Rebate Analyst service providers.

SINGLE FAMILY BONDS

Action

VI. SINGLE FAMILY BONDS

A. Single Family Homeowner Program

1. Background

- a) Florida Housing sold \$76,135,000 of bonds identified as 2008 Series 4 Bonds on November 13, 2008.
- b) Staff is requesting approval to issue up to \$250 million of single family bonds to fund mortgages from what will be designated as 2009 Phase One Bonds (multiple series to be determined) and if savings can be achieved to refund a portion or all of the following outstanding bonds: 1996 Series 1-2, 1996 Series 3, 1997 Series 1-3, 1998 Series 1-3, 1999 Series 1-3, 1999 Series 6-9 and 2000 1-2 bonds.
- c) The 2009 Phase One Bonds are expected to be rated “AA+” by Standard & Poor’s Ratings Services, “Aa1” by Moody’s Investor Service and “AA+” by Fitch Ratings. It is anticipated that the 2009 Phase One Bonds and any additional new money bonds issued under Florida Housing’s Homeowner Mortgage Revenue Bonds Indenture, as amended and supplemented (collectively, the “1995 Indenture”) will, for the foreseeable future, be secured by mortgage backed securities.
- d) RBC Capital Markets will serve as senior managing investment banker for the negotiated sale of the first series of the 2009 Phase One Bonds. The selection of investment bankers for subsequent series under this resolution will be based on the pool of investment bankers under contract at the time of the bond sale.
- e) Shuffield Lowman will serve as special counsel. Greenberg Traurig, P.A. jointly with Edwards & Associates P.A. will serve as bond counsel for the first series of the 2009 Phase One Bonds. Tibor Partners will serve as financial advisor for the first series of the 2009 Phase One Bonds.

2. Present Situation

- a) Authorization necessary to issue the 2009 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, the authorizing resolution for the 2009 Phase One Bonds is being presented for consideration at the Florida Housing’s December 12, 2008 meeting.
- b) Current market conditions render it difficult to predict the precise rate of reservation for proceeds of the 2008 Series 4 Bonds; however, to insure sufficient time for obtaining required approvals for the 2009 Phase One Bonds, authorization is hereby requested to commit up to \$50,000,000 of the 1995 Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities.

SINGLE FAMILY BONDS

Action

- c) Florida Housing may also request that the Master Servicer sell loans directly to Fannie Mae as previously approved by the Board on October 31, 2008.
- d) Final size, structure, timing and other decisions relating to the 2009 Phase One Bonds will be made based on production, program changes and market conditions with the advice of RBC Capital Markets and Florida Housing's financial advisor closer to the time of the anticipated transaction. Issuance costs and capitalized interest for the 2009 Phase One Bonds will be funded with assets available under the 1995 Indenture and/or by a contribution from Florida Housing's general funds. In the past actual negative reinvestment costs were reduced or eliminated by shortening origination schedules and by investing bond proceeds with the State Treasurer's fund or a Guaranteed Investment Contract. This approach is no longer as beneficial to Florida Housing as it once was. Under current market conditions, weighing both risk and benefit are paramount. Therefore, it may be most advantageous to Florida Housing to invest bond proceeds in a treasury backed money market in the short term. Florida Housing will continue to monitor the market, to include a risk/benefit analysis in determining the investment of these bond funds. Based on current market conditions, we do expect negative arbitrage on invested bond proceeds to be used to acquire mortgage backed securities.
- e) Summary of Proposed 2009 Phase One Bonds:
 - (1) Principal Amount: Not to exceed \$250,000,000 in long term taxable and tax-exempt bonds in one or more series to finance new mortgage loans and, if savings can be achieved, to refund all or a portion of Florida Housing's 1996 Series 1-2, 1996 Series 3, 1997 Series 1-3, 1998 Series 1-3, 1999 Series 1-3, 1999 Series 6-9 and 2000 Series 1-2 bonds (a total of \$85,276,813 is still outstanding). Florida Housing may issue the 2009 Phase One Bonds in multiple series, at various times, if doing so is deemed advantageous based upon prevailing market conditions.
 - (2) Florida Housing funds: 1) interim funding, not to exceed \$50,000,000 from 1995 Indenture resources and/or other funds available to Florida Housing with the expectation that any funds committed will be reimbursed with proceeds of the 2009 Phase One Bonds and 2) issuance costs and any capitalized interest, not to exceed \$15,000,000 from 1995 Indenture resources and/or other funds available to Florida Housing.
 - (3) Mortgage Rates: Not to exceed a weighted average mortgage loan rate of 8.25% for the 2009 Phase One portfolio.
 - (4) Origination & Delivery Period: Expect a twelve month with up to an eighteen month delivery period for each issuance.
 - (5) Maximum Combined Loan-To-Value: Per the guidelines of Fannie Mae, Freddie Mac FHA , VA and USDA/RD.
 - (6) Loan Types: Conventional, VA, Rural Development and FHA

SINGLE FAMILY BONDS

Action

- (7) Second Mortgages: Florida Assist and Homeowner Assistance for Moderate Income (HAMI)
- (8) Guaranteed Mortgage Securities: Ginnie Mae, Fannie Mae and Freddie Mac
- (9) Private Activity Tax-Exempt Bond Resources Available:
 - (a) \$535,643,407.12 of 2007 carry forward private activity bond allocation
 - (b) Recycled bond proceeds of \$2,754,752.11
- f) [Exhibit A](#) - Authorizing Resolution ([Link](#))
- g) [Exhibit B](#) - Method of Sale Letter
- h) [Exhibit C](#) – Program Summary
- i) [Exhibit D](#) – Terms Memorandum

3. Recommendation

Staff recommends the Board 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 2009 Phase One Homeowner Mortgage Revenue Bonds.

SPECIAL HOUSING ASSISTANCE AND DEVELOPMENT PROGRAM (SHADP)

Action

VII. SPECIAL HOUSING ASSISTANCE AND DEVELOPMENT PROGRAM (SHADP)

A. Request for an Extension to the Loan Closing Date for Tropic Hammock (2006-001 FHRP/SHADP)

DEVELOPMENT NAME (“Development”):	Tropic Hammock
APPLICANT/DEVELOPER (“Developer”):	Coalition for the Hungry and Homeless of Brevard County, Inc., a not-for-profit entity
CO-DEVELOPER:	N/A
NUMBER OF SET-ASIDE UNITS:	10
LOCATION (“County”):	Brevard County
TYPE:	Rental, Homeless
SET ASIDE:	30% at or below 30% AMI 30% at or below 50% AMI 40% at or below 60% AMI
LOAN AMOUNT:	\$623,895

1. Background

- a) On January 25, 2008, the Board approved a loan to the Coalition for the Hungry and Homeless of Brevard County (the Coalition) in the amount of \$623,895 in special needs hurricane funding for Tropic Hammock, a development to be located in Brevard County.
- b) On February 25, 2008, the commitment letter was sent to the Developer establishing a loan closing date of no later than April 25, 2008. The loan did not close by the deadline.
- c) On June 13, 2008, the Board approved the Developer’s request for an extension to the SHADP loan closing deadline to October 27, 2008. The loan did not close by the deadline due to continued delays related to subordination agreements and coordination of documentation between the multiple financing sources required to fund the development.

2. Present Situation

On November 14, 2008, the Developer submitted correspondence requesting an additional loan closing extension on the SHADP Loan ([Exhibit A](#)). The letter refers to the delays in receiving documentation concerning subordination agreements with additional funding sources for the Development. The development should close within the next thirty days, but staff is recommending a 90 day extension to allow for any further unseen delays.

3. Recommendation

Approve the Developer’s request for an extension to the SHADP loan closing deadline to January 27, 2009 for Tropic Hammock.

SPECIAL PROGRAMS

Action

VIII. SPECIAL PROGRAMS

A. Request Approval of Plan for Distribution of Funds Appropriated by the Legislature for Local Governments that Reduce Impact Fees or Do Not Impose Impact Fees for Homeownership Purposes

1. Background

- a) In the 2008 session, the Legislature appropriated \$20,000,000 in non-recurring funds from the State Housing Trust Fund for the following purpose:

For homeownership assistance in counties and municipalities in the state which have reduced impact fees within the twelve months prior to the effective date of this act, or reduce impact fees subsequent to the effective date of this act, by a minimum of 25% for a period not less than 18 months, or which impose no impact fees entirely for homeownership purposes.

- b) Specifically, the appropriation is intended to:

- (1) Be expended for homeownership assistance including, but not limited to, down payment assistance, foreclosure prevention and rehabilitation.
- (2) Be committed and expended in a short time frame.
- (3) Reduce the amount of excess housing stock.
- (4) Assist homeowners in the very low, low and moderate income categories.
- (5) Incentivize a jurisdiction to reduce impact fees on new construction to stimulate construction.

- c) As with other portions of the legislative appropriation to Florida Housing, the funds must give preference to all military personnel with homes of record in Florida.

2. Present Situation

- a) Staff is recommending the funds be administered through the framework of the State Housing Initiatives Partnership (SHIP) program according to the following process:

SHIP eligible local governments will submit the following items:

- (1) A request for funding including a funding request amount, maximum award per applicant amount, and anticipated number of households assisted;

SPECIAL PROGRAMS

Action

- (2) An ordinance that provides for the reduction of the impact fees or a signed statement from an authorized official stating that the jurisdiction has no impact fees for homeownership purposes;
 - (3) An explanation of the type of activities on which the funding will be expended. If the activities are not already being carried out under the SHIP program under the approved local housing assistance plan (LHAP), then a revision to the LHAP must be submitted to Florida Housing and approved;
 - (4) An assessment of the housing market detailing the need for the funding and the ability for the local government to expend the funds in a timely manner; and
 - (5) A timeline detailing the length of time in which the funds will be expended.
- b) Staff is recommending that funding be allocated based on the following criteria:
- (1) Maximum of \$2,000,000 per jurisdiction;
 - (2) Awarded on a first come, first served basis for local governments that meet all criteria for receiving funds; and
 - (3) Track record of local government in encumbering and expending SHIP funds.
- c) Although a local government may be awarded a particular amount up to \$2 million, the funds will only be disbursed as the local government encumbers the funds. Additionally, if the local government is unable to encumber any or all of the funds within one year or if funding available for this activity is reduced as a result of lower deposits into the State Housing Trust Fund than previously projected, awards may be reduced.

3. Recommendation

Approve staff's recommended plan for distributing up to \$20,000,000 in appropriated funds to local governments that reduce impact fees within the twelve months prior to the effective date of this act, or reduce impact fees subsequent to the effective date of this act, by a minimum of 25% for a period not less than 18 months, or which impose no impact fees entirely for homeownership purposes.

FLORIDA HOUSING FINANCE CORPORATION STRATEGIC PLAN

Action

IX. FLORIDA HOUSING FINANCE CORPORATION STRATEGIC PLAN

A. Review and Comment on Proposed Questions to Ask Public Stakeholders for Florida Housing's Strategic Planning Process

1. Background/Present Situation

- a) As part of the strategic planning process Florida Housing is currently undergoing, the staff is evaluating current conditions and expected trends over the next 5 years and beyond. The staff believes it would be helpful to seek input and counsel from stakeholders who are concerned with affordable housing issues in Florida.
- b) After board members review and comment on the proposed questions, they will be finalized and placed on our public website (www.floridahousing.org). Through our various web boards that anyone may subscribe to for free, we will request the public's input and direct them to the website to answer our questions and provide other comments as desired. As we've done in the past, we'll post comments received on our website to encourage a public conversation about the big, strategic affordable housing issues that will likely impact Floridians in the coming years.
- c) At the end of the comment period, the Florida Housing staff will use these comments and our own research to develop and propose strategic issues for the Board to consider.
- d) The proposed questions will be provided under separate cover before the Board meeting.

2. Requested Action

Review and comment on the proposed questions.

UNIVERSAL CYCLE

Action

X. UNIVERSAL CYCLE

A. 2009 Program Funding Application/Proposal Lottery Seed Number Selection

1. Background

The instructions for various Florida Housing programs provide that each application or proposal for funding will receive a random lottery number at or prior to the issuance of final scores and that the lottery numbers will be assigned by Florida Housing's internal auditors using a random number generator program.

2. Present Situation

A seed number to be used for each of the following 2009 Florida Housing programs must be selected so that the internal auditors will be able to generate random lottery numbers for each program's applications or proposals at the appropriate time: 2009 Universal Cycle Application, 2009 Elderly Housing Community Loan (EHCL) Application, 2009 Extremely Low Income (ELI) Special Needs Request for Proposal, and 2009 Development and Rehabilitation of Farmworker/Commercial Fishing Worker Housing Request for Proposal.

3. Recommendation

From the listing of numbers provided by internal audit, the Chair should select a seed number to be used for each of these programs in 2009.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Credit Underwriting Report for Malabar Cove - Phase I, Cycle XIX (2007-197BS)

Development Name: Malabar Cove - Phase I (“Development”)	Location: Brevard County
Developer/Principal: Atlantic Housing Partners, L.L.P. (“Developer”)	Set-Aside: 10% @ 33% AMI and 60% @ 60% AMI
Number of Units: 76	Allocated Amount: \$4,000,000 (SAIL) and \$680,000 (Supplemental)
Type: Garden Style	Housing Credit Equity: \$4,658,031
Demographics: Family	MMRB: \$6,700,000 (Local)

1. Background/Present Situation

- a) On September 21, 2007, the Board approved the final scores and ranking for the 2007 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 1, 2007, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for a SAIL Loan in an amount up to \$4,000,000 and a Supplemental loan in the amount of \$680,000 for this 76-unit family development located in Brevard County.
- c) On December 3, 2008, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$4,000,000 and Supplemental Loan in the amount of \$680,000 ([Exhibit A](#)). Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule Chapter 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.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM

B. Request Approval of Credit Underwriting Report for Malabar Cove - Phase II, Cycle XX (2008-242S)

Development Name: Malabar Cove - Phase II (“Development”)	Location: Brevard County
Developer/Principal: Atlantic Housing Partners, L.L.L.P. (“Developer”)	Set-Aside: 10% @ 33% AMI and 60% @ 60% AMI
Number of Units: 72	Allocated Amount: \$2,000,000 (SAIL) and \$680,000 (Supplemental)
Type: Garden Style	Housing Credit Equity: \$4,468,569
Demographics: Family	MMRB: \$6,400,000 (Local)

1. Background/Present Situation

- a) On September 26, 2008, the Board approved the final scores and ranking for the 2008 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On September 30, 2008, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for a SAIL Loan in an amount up to \$2,000,000 and a Supplemental loan in the amount of \$680,000 for this 72-unit family development located in Brevard County.
- c) On December 4, 2008, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 and Supplemental Loan in the amount of \$680,000 ([Exhibit A](#)). Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule Chapter 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.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action Supplement

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

C. Request Approval of Credit Underwriting Report for Sea Grape II, Cycle XIX (2007-126CS)

Development Name: Sea Grape II (“Development”)	Location: Monroe County
Developer/Principal: Sea Grape II Development, LLC (“Developer”)	Set-Aside: 20% @ 30% AMI, 17% @ 45% and 63% @ 60% AMI
Number of Units: 28	Allocated Amount: \$991,033 (SAIL) and \$255,000 (Supplemental)
Type: Mid-Rise with Elevator	Housing Credit Equity: \$5,914,409
Demographics: Family	MMRB: N/A

1. Background/Present Situation

- a) On September 21, 2007, the Board approved the final scores and ranking for the 2007 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On August 16, 2007, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for a SAIL Loan in an amount up to \$1,960,000 and a Supplemental loan in the amount of \$255,000 for this 28-unit family development located in Monroe County. During credit underwriting, the SAIL Loan amount was reduced to \$991,033.
- c) On December 5, 2008, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$991,033 and a Supplemental Loan in the amount of \$255,000 ([Exhibit A](#)). Staff has reviewed this report and finds that the Development meets all of the requirements of SAIL Rule Chapter 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.