

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 16, 2010
Action Items



PROFESSIONAL SERVICES SELECTION (PSS)

Action

I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Proposals (RFP) for Predevelopment Loan Program (PLP) and Demonstration Loans Technical Assistance Provider (TAP) Services

1. Background

- a) A key element in the implementation of the PLP program is the provision of technical assistance to non-profits, Public Housing Authorities and other community based organizations that are eligible for loans under the PLP program. This technical assistance is designed to build capacity in these organizations to prepare them for the development process including the competitive funding cycles conducted to allocate Florida Housing's resources. Applicants to the PLP program are required to work with a TAP. The TAP must submit a recommendation that the applicant has developed a feasible plan to Florida Housing prior to a loan being approved by the Board.
- b) Additionally, Florida Housing issues demonstration loans from time to time through a Request for Proposal process. These RFPs are often targeted for special needs housing and awarded to mission-based developers that specialized in serving these groups. Florida Housing has found that the provision of technical assistance to these developers has proven beneficial in the developments moving forward and units being constructed timely and successfully.
- c) Technical assistance services include, but are not limited to on-site and telephonic technical assistance. This assistance covers one or more aspects of the development process including how to access private and public resources and how to work with consultants and other members of the development team. In the past few years, technical assistance has been very active with over 5,000 hours provided through PLP and demonstration loans. The success of developers in the PLP program and with demonstration loans has increased as technical assistance has increased.

2. Present Situation

Florida Housing contracts with an outside provider for technical assistance services. In the most recent contract, Florida Housing entered into a contract with the Florida Housing Coalition, Inc., for TAP services for PLP and the demonstration loans effective January 08, 2008. The contracts were renewed for an additional one year period in January 2009 and 2010. There are no more renewal options available.

3. Recommendation

Florida Housing staff recommends that the Board authorize staff to begin the Request for Proposals (RFP) process, and establish a review committee, to select one or more Technical Assistance Providers for PLP and demonstration loan applicants.

PROFESSIONAL SERVICES SELECTION (PSS)

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B. Request for Qualifications (RFQ) for Media Buying and Public Relation Services

1. Background

- a) In December 2007 and February 2008, Florida Housing entered into contracts for Media Buying Services with the Kidd Group, O’Kelly Sammons Advertising and Taproot Creative respectively.
- b) The media buying firms provide media buying strategies and placement for its programs. Specifically, Florida Housing buys print, radio, television, outdoor and online advertising to promote its First time Homebuyer Program.

2. Present Situation

- a) The contracts were for a three year period. The Kidd Group’s contract will expire on December 19, 2010. O’Kelly Sammons Advertising and Taproot Creative’s contracts will expire on February 25 and 29, 2011.
- b) Florida Housing staff has determined that the scope of services in the original RFQ needs to be expanded to include Offerors that can perform public relation services for Florida Housing.

3. Recommendation

Florida Housing staff recommends that the Board authorize staff to begin the RFQ process and establish a review committee to select multiple providers to perform media buying and public relations activities for all of Florida Housing’s programs.

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C. **Request for Proposals (RFP) for Credit Underwriting, Loan Servicing and Compliance Monitoring Services**

1. **Background**

- a) Florida Housing issued an RFP on November 24, 2004 for Credit Underwriting, Construction and Permanent Loan Servicing, Compliance Monitoring and Financial Monitoring for Florida Housing's single family and multifamily programs.
- b) On March 4, 2005, Florida Housing's Board of Directors selected the following offerors to provide some or all of these services:
 - (1) Seltzer Management Group, Inc.
 - (2) First Housing Development Corporation
 - (3) AmeriNational Community Services, Inc.
- c) The initial term of the contracts was for a three year period. By written agreement of the parties, the contracts may be renewed once, each renewal being for an additional three year period. This contract will expire in September of 2011.

2. **Present Situation**

Florida Housing continues to need the services provided by these outside contractors to support and implement its affordable housing programs.

3. **Recommendation**

Florida Housing staff recommends that the Board authorize staff to begin the RFP process and establish a review committee to select multiple providers to perform credit underwriting, servicing and monitoring activities for Florida Housing's single family and multifamily programs.

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D. Request for Proposals (RFP) for Compliance Monitoring Services for the Hardest Hit Fund for Mortgage Intervention Strategy Services

1. Background

- a) On February 19, 2010, President Obama announced \$1.5 billion in funding called the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (HFA Hardest-Hit Fund) to help families in the five states that have been hit the hardest by the combination of housing price declines and unemployment. There are now 18 states and the District of Columbia participating in this \$4.1 billion program. Florida's share of these funds now totals \$656 million.
- b) Florida Housing submitted an amended Mortgage Intervention Strategy to the US Treasury (Treasury) on September 1, 2010 that is designed to help unemployed or underemployed homeowners achieve the goal of sustainable homeownership by extending the time period for homeowners to become re-employed at a salary that is sufficient to either resume making full mortgage payments or qualify for a mortgage modification that will lower the payments and terms of the mortgage to an affordable level. Based on Treasury's approval of this amended strategy, Florida Housing may need to change or add additional provisions to the contract for compliance monitoring services.

2. Present Situation

- a) A Request for Proposals (RFP) process was initiated and RFP 2010-08 was issued on Friday, July 23, 2010. ([Exhibit A](#)). The deadline for receipt of responses was 2:00 p.m., Friday, August 13, 2010. Seven (7) proposals were received by the deadline. The responses received by the deadline are: Amerinational Community Services, Inc., Community Marketing & Development, Inc., Florida Planning Group, Harvey, Covington & Thomas, LLC, Mortgage & Credit Services, RER Solutions, Seltzer Management, Group, Inc.
- b) The Review Committee members, designated by the Executive Director, were David Westcott, Director of Homeownership Programs, Rob Dearduff, Special Programs Administrator & Local Government Liaison, Matt Jugenheimer, Asset Management Manager and Robin Fowler, Quality Assurance Administrator.
- c) Each member of the Review Committee individually reviewed the Proposals prior to convening for the Review Committee meetings. The first Review Committee meeting was held at 10:00 a.m. Wednesday, August 18, 2010 and the final meeting was held at 2:00 p.m. Tuesday, August 24, 2010. The scoring summary is attached as [Exhibit B](#).

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3. **Recommendation**

- a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with the Offerors which are ranked as follows:
 - (1) Seltzer Management Group, Inc., Amerinational Community Services, Inc., Mortgage & Credit, RER Solutions, Inc., Florida Planning Group, Inc., Harvey Covington & Thomas LLC and Community Marketing and Development, Inc., provided any deficiencies in the respective responses (identified below) are corrected prior to signing of the contract. The contract negotiations with the Offerors will continue in ranked order from one to seven (1-7) until Florida Housing determines that sufficient compliance monitoring capacity exists to meet the needs of the Hardest Hit Fund program.
- b) The following information must be provided prior to the signing of the contract with the following Offerors:
 - (1) Amerinational Community Services, Inc., must provide a current (2010) certification from the Florida Department of State that they are qualified to do business in the State of Florida;
 - (2) Community Marketing & Development, Inc., and Florida Planning Group, Inc. must provide further documentation regarding their respective errors & omissions insurance policies.

PROFESSIONAL SERVICES SELECTION (PSS)

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E. Request for Qualifications for Management Company Services (RFQ 2010-06)

1. Background

The mission of Florida Housing Finance Corporation (Florida Housing) is to help our fellow Floridians obtain safe, decent housing that might otherwise be unaffordable to them. One of the ways this is done is by making loans to developers of affordable multifamily housing developments. As it may become necessary for Florida Housing to foreclose on such loans or to otherwise replace the Management Company that operates an affordable multifamily housing development for which Florida Housing has made a loan, Florida Housing has a need for qualified firms to perform Management Company services to ensure full compliance with all applicable federal, state, and local laws including specific requirements, procedures, and guidelines for the HOME Investment Partnership Program, Multifamily Mortgage Revenue Bonds Program, State Apartment Incentive Loan Program, and Demonstration Development Programs in the event of foreclosure, and for the Housing Credit Program when a development also participates in a Florida Housing loan program.

2. Present Situation

- a) At the September 18, 2009, the Board of Directors gave permission to issue a Request for Qualifications and to select a review committee for management company services. A Request for Qualifications (RFQ) process was initiated and RFQ 2010-06 was issued on Friday, July 23, 2010. ([Exhibit C](#)). The deadline for receipt of responses was 2:00 p.m., Tuesday, August 17, 2010. Four (4) proposals were received by the deadline. The responses received by the deadline are: Apogee Affordable Housing, Inc., d/b/a Apogee New Dawn, Interstate Realty Management, Inc., Services Taylor-Made, Inc., and Stephenson & Moore, Inc.
- b) The Review Committee members, designated by the Executive Director, were Todd Fowler, Special Assets Director, Kevin Pichard, Assistant Director of the Guarantee Program, Brian Williams, Guarantee Program Senior Manager, Tamara Alford, Guarantee Program Asset Manager and Robin Grantham, Compliance Monitoring Administrator.
- c) Each member of the Review Committee individually reviewed the Proposals prior to convening for the Review Committee meetings. The first Review Committee meeting was held at 2:00 p.m. Wednesday, August 25, 2010 and the final meeting was held at 10:00 a.m. Tuesday, August 31, 2010. The scoring summary is attached as [Exhibit D](#).

3. Recommendation

The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Services Taylor-Made, Inc., and Stephenson & Moore, Inc., contingent upon the companies providing documentation of the HUD Participation Agreement as outlines in the RFQ in order to supplement the management companies that are currently under contract. If contract negotiations fail then the Review Committee recommends that the Board give permission to publish a new RFQ in order to supplement the existing pool of management companies.

SUBORDINATE MORTGAGE INITIATIVE

Action

II. SUBORDINATE MORTGAGE INITIATIVE

A. Request Approval of Subordinate Financing in an Amount not to Exceed \$450,000 Through the Subordinate Mortgage Initiative

Development Name: Malibu Bay Apartments (“Development”)	Location: Palm Beach
Developer/Principal: Housing Trust Group (“Developer” or “Principal”)	Set-Aside: 40% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)
Funding Sources: Palm Beach HFA 2003 Series A & B	Amounts: \$19,510,000 Tax-Exempt Bonds \$500,000 Taxable Bonds
Number of Units: 264	Type: Rental
Subordinated Mortgage amount not to exceed:	\$450,000
TOTAL Subordinated Mortgage amount not to exceed:	\$450,000

1. Background

Palm Beach HFA financed the construction of the above referenced Development in the year 2003 with \$19,510,000 in tax-exempt bonds and \$500,000 in taxable bonds. The bond issues were secured by mortgages guaranteed by the Florida Affordable Housing Guarantee Program (Guarantee Program) as well as being additionally guaranteed through the HUD Risk-Sharing Program.

2. Present Situation

- a) The Developer has requested subordinate financing on its development that is credit enhanced by the Guarantee Program, which is the only development in the Guarantee Program for this Developer. The purpose of which is to provide temporary assistance in funding its mortgage debt service obligations for a period of up to twenty-four (24) months. It has been determined that the development submitted for financing is currently in financial distress and, as a result, is eligible for financing through the Subordinate Mortgage Initiative. Florida Housing will provide funding for one mortgage payment per each six month period. The Developer will be required to make the following five payments. This process will be repeated for up to twenty-four (24) months, with Florida Housing potentially making a total of four mortgage payments and the Developer making a total of twenty mortgage payments during this period.
- b) Seltzer Management Group has reviewed the information and data submitted by the Developer and by letter, dated August 31, 2010 ([Exhibit A](#)), has confirmed the need for financial assistance for this Development.

3. Recommendation

Staff recommends that the Board approve the requested subordinate financing in an amount not to exceed \$450,000 subject to further approvals and verifications by Bond Counsel, Special Counsel and Florida Housing staff.

NEW ISSUE BOND PURCHASE PROGRAM – SINGLE FAMILY

Action

I. NEW ISSUE BOND PURCHASE PROGRAM – SINGLE FAMILY

A. Request Approval to Amend the Original Indenture in Connection with the New Issue Bond Purchase Program (“NIBP” or “the Program”)

1. Background

- a) On December 7, 2009, the U.S. Treasury allocated to the Florida Housing Finance Corporation (“FHFC”) a total \$548,610,000 for the single family mortgage revenue bond program.
- b) The purpose of the single family component of the NIBP is to assist HFAs in providing low interest fixed rate financing to low- to middle-income homebuyers qualifying under the terms of private activity mortgage revenue bonds. The Board previously authorized staff to issue SF-MRB under the NIBP program and adopted the appropriate Resolutions, including a resolution that permitted the creation of a new AAA-rated Indenture [the Homeowner Mortgage Revenue Bonds (Special Program)] under which NIBP-associated bonds might be issued.

2. Present Situation

- a) Based on feedback received from the HFA community regarding the continuing difficulties of originating competitive mortgage products, especially in light of ever falling Treasury yields and, as a result, historically low mortgage rates, the U.S. Department of the Treasury provided the following modifications to the NIBP:
 - (1) “Extension of Escrow Draw Period – The deadline to draw funds from escrow before unused funds are subject to mandatory redemption will be extended from December 31, 2010 to December 31, 2011.”
 - (2) “Interest Rate Reset – For issuers who locked in a permanent interest rate in December 2009, the locked rate will become a maximum rate for all releases occurring in 2010. The actual rate for future issuance in 2010 will be the lower of that locked rate and the lowest rate reported between the close of business the day prior to notification of a release and the date eight (8) days before the release is to occur. A maximum rate for 2011 draws will be set in December of 2010, with the actual rate determined by the same process described above.”
 - (3) “Increase in Number of Escrow Releases – The total number of times each issuer is permitted to draw funds from escrow is to increase from three (3) to six (6) per program during the duration of the program, including the extended escrow draw period referenced in (1) above. No issuer may draw more than once within any 30-day period for single family escrow releases.”

NEW ISSUE BOND PURCHASE PROGRAM – SINGLE FAMILY

Action

- (4) Additional Modification Participation Fee – In addition, HFAs participating in the three modifications listed above are required to pay a participation fee of 1 basis point per year on their total Program bonds outstanding, including bonds in escrow and prior conversions under the Program. This fee is a legal consideration designed to offset the cost to the Government involved in making these changes.
- (5) Reporting Requirement Clarification – The reporting requirements for projects and loans financed under the NIBP program will be clarified.
- (6) On September 1, 2010, FHFC submitted the required election letter to participate in the program. This allowed the MF and SF bond programs to take advantage of the new Treasury provisions.
- (7) On September 2, 2010 FHFC submitted the notification of interest rate conversion for its SF bond program.

3. **Recommendation**

Authorize staff to amend the original Indenture under the New Issue Bond Purchase program subject to further approvals and verifications by Bond Counsel, Special Counsel, and the appropriate Florida Housing Staff.

NEW ISSUE BOND PURCHASE PROGRAM – MULTIFAMILY

Action

I. NEW ISSUE BOND PURCHASE PROGRAM - MULTIFAMILY

A. Request Approval to Amend the Original Indenture in Connection with the New Issue Bond Purchase Program (“NIBP” or “the Program”)

1. Background

The U.S. Treasury previously allocated to Florida Housing Finance Corporation (“FHFC”) a total of \$248,521,134 available for the issuance of multifamily housing bonds under the New Issue Bond Purchase (“NIBP”) program. The purpose of the program is to provide low interest rate tax-exempt fixed rate financing to developers acquiring or constructing multifamily developments qualifying for private activity bonds. Under this program, FHFC, through RBC, will sell its Multifamily Mortgage Revenue Bonds, Series 2009 (“MMRB”) to Fannie Mae and Freddie Mac (the “GSEs”) who will in turn securitize the bonds and sell them to the U.S. Treasury as outlined in the NIBP program based on authority granted under the Housing and Economic Recovery Act of 2008 (HERA). The board previously authorized staff to issue MMRB under the NIBP program, adopt the appropriate Resolutions, and assign RBC as bond underwriter.

2. Present Situation

- a) In connection with Treasury’s exercise of Decision Control, Treasury has offered modifications to the original Indenture which are to be considered “Optional Approved Modifications” which the GSEs are authorized to implement through appropriate amendments to the Supplemental Indentures of those HFAs electing to participate and otherwise complying with all applicable Program requirements. Forms of approved Supplemental Indenture amendments will be provided to participating HFAs. The Modifications are as follows:
- (1) The deadline to draw funds from escrow before unused funds are subject to mandatory redemption will be extended from December 31, 2010 to December 31, 2011.
 - (2) For those HFAs who locked in a permanent interest rate in December 2009, the locked rate will become a maximum rate for all releases occurring in 2010. The actual rate for future issuance in 2010 will be the lower of that locked rate and the lowest rate reported between the close of business the day prior to notification of a release and the date eight days before the release is to occur. A maximum rate for 2011 draws will be set in December of 2010, with the actual rate determined by the same process described above. A more detailed description of the rate reset mechanism is provided below.
 - (3) The total number of times each HFA is permitted to draw funds from escrow is to increase from three (3) to six (6) per program (Multifamily or Single Family) during the duration of the program, including the extended escrow draw period referenced in (1) above. No HFA may draw more than once within any 30-day period for Single Family Releases, nor may any HFA draw more than once within any 30-day period for Multifamily Releases.

NEW ISSUE BOND PURCHASE PROGRAM – MULTIFAMILY

Action

- (4) The reporting requirements for projects and loans financed under the NIBP program will be clarified.
 - (5) On September 1, 2010 FHFC submitted the required election letter to participate in the program. This allowed the MF and SF bond programs to take advantage of the new Treasury provisions.
 - (6) On September 1, 2010 FHFC submitted the notification of interest rate conversion for its MF bond program.
- b) Proceeds of MMRB must be used by FHFC to acquire and finance the holding of the following types of multifamily loans: (i) loans insured by FHA, including loans under the FHA risk-sharing program, (ii) loans guaranteed by GNMA, (iii) loans guaranteed by either Fannie Mae or Freddie Mac.
 - c) The bonds were initially issued as taxable bonds under a master indenture. Bond proceeds are currently being held in escrow in eligible investments (“Escrow Period”) until the bonds are converted to tax-exempt bonds with long term interest rates (“Conversion”). Following Conversion, bond proceeds may be used to finance loans to acquire or construct one or more qualifying multifamily developments. Upon Conversion, bonds will be re-designated as subseries or series which are secured by loans insured by FHA, loans guaranteed by GNMA or loans guaranteed by either Fannie Mae or Freddie Mac, as applicable.
 - d) Conversion will occur when a developer is ready to close on a qualifying multifamily loan. We currently have several Developments that will soon be converted to tax-exempt bonds through the NIBP program. Developments must be located within the State of Florida and upon conversion the financing must qualify as tax-exempt multifamily private activity bonds. As stated above, loans securing the bonds must be insured by FHA or guaranteed by GNMA, Fannie Mae or Freddie Mac and must qualify for a Aaa or AAA rating (based on the rating agency selected by FHFC).

3. Recommendation

Authorize staff to amend the original Indenture under the New Issue Bond Purchase program subject to further approvals and verifications by Bond Counsel, Special Counsel, and the appropriate Florida Housing Staff.

HOME RENTAL

Action Supplement

I. HOME RENTAL

A. Request Approval to Extend HOME Loan Term for Mayfair Village Apartments (2009-121CH/2010-012CHX)

Development Name: Mayfair Village Apartments ("Development")	Location: Duval County
Developer/Principal: Ability Housing of Northeast Florida, Inc. (Developer)	Set-Aside: 20% @ 30% AMI /50% @ 50% AMI (TCEP & HC) 42 HOME assisted units 20% @ 50% AMI (9 units) 80% @ 60% AMI (33 units)
Number of Units: 83	HOME Program: \$4,000,000
Type: Garden Style	Housing Credit Allocation: \$969,116
Demographics: Homeless	

1. Background/Present Situation

- a) On July 30, 2010, the Board approved a final credit underwriting report with a positive recommendation for a Tax Credit Exchange Program loan in the amount of \$2,485,000, which is equivalent to an annual housing credit allocation of \$292,353, a HOME Program loan in the amount of \$4,000,000, and an annual Housing Credit Allocation of \$969,116 and directed staff to proceed with closing loan activities.
- b) On August 9, 2010, staff issued a firm commitment letter for a HOME loan in the amount of \$4,000,000. The credit underwriting report stated the term of the HOME loan to be for a period of 15-years.
- c) On September 10, 2010, staff received a credit underwriting update letter recommending an extension of the HOME loan term from 15 years to 25 years ([Exhibit A](#)). Staff has reviewed this report and finds that the development meets all of the requirements of Rule Chapter 67-48, F.A.C.

2. Recommendation

Approve the credit underwriting update letter and direct staff to proceed with loan closing activities.

TAX CREDIT EXCHANGE PROGRAM

Action Supplement

I. TAX CREDIT EXCHANGE PROGRAM

A. Tax Credit Exchange Program

1. Background

- a) The American Recovery and Reinvestment Act of 2009 (ARRA), signed into law on February 17, 2009, included a provision related to the Low Income Housing Tax Credit Program (LIHTC) which provided the ability for allocating agencies to “exchange” any Housing Credits returned in 2009 and a portion of their 2009 Housing Credit allocation for cash grants from the Treasury, which could then be used to make “sub-awards”...to finance the construction or acquisition and rehabilitation of qualified low-income buildings.” This provision created the Tax Credit Exchange Program (Exchange).
- b) At its April 24, 2009 Board meeting, Florida Housing’s Board of Directors approved a four step plan to utilize the funding provided for in the ARRA, including the 2009 Exchange funding. The first three steps included providing funding for rental transactions that were affected by the de-obligation of state funding for the purposes of complying with the January 2009 budget cuts; providing funding for LIHTC transactions from the 2007 and 2008 Universal Application Cycles that were unable to find equity investors for the tax credits; and providing gap financing for the transactions that won an award of LIHTC in the 2009 Universal Application Cycle. The final step of the four step plan was not determined at that time.
- c) In a Recommended Order issued by Administrative Law Judge Susan B. Harrell on November 12, 2009, in Elmwood Terrace Limited Partnership and RST Fruitland Housing LP v. Florida Housing, DOAH Case No. 09-4682 BID, adopted as Final Order on December 4, 2009, in which the Petitioners challenged Florida Housing’s legal authority to award 2009 Exchange funding through a Request for Proposals, the Judge determined that Florida Housing’s authority to award 2009 Exchange funding must be consistent with the adopted 2009 Universal Application Rules.
- d) At its April 30, 2010 Board meeting, Florida Housing’s Board of Directors approved a process to utilize the remaining Exchange funds (i) in conjunction with Florida Housing’s Multifamily Mortgage Revenue Bonds and non-competitive LIHTC via offering available funding to the highest scoring eligible unfunded Applications from the 2009 Universal Application Cycle; (ii) if there are inadequate Exchange funds to ensure financial viability for the next available Application on the list, that Application will not be awarded Exchange funds and no further Applications on the list will be considered; and (iii) any remaining 2009 Exchange funding will be offered to any RFP 2010-04 awardee which needs additional funds to ensure financial viability, as determined by

TAX CREDIT EXCHANGE PROGRAM

Action Supplement

Florida Housing and its underwriters. The process will continue as 2009 Exchange funding becomes available until there is insufficient time to meet the deadlines imposed by Florida Housing and the Treasury, or unless Florida Housing's legal authority is changed in a manner such that Florida Housing can consider another use for these funds that would allow the funds to be utilized in a manner that would meet the federal expenditure deadline.

2. Present Situation

- a) Florida Housing awarded all Exchange funds that were unencumbered and available as of the July 30, 2010 Board meeting to the highest scoring eligible unfunded Application from the 2009 Universal Application Cycle in conjunction with Florida Housing's Multifamily Mortgage Revenue Bonds and non-competitive LIHTC.
- b) Due to the need to re-size a few of the remaining Exchange awards from RFP 2010-04 and assuming the Board accepts the applicable staff recommendations in this September 16, 2010 Board meeting, there is expected to be about \$0.62 million of unencumbered Exchange funds available to pursue the plan outlined in option (iii) above in paragraph 1.d). In addition, there is about \$22.34 million of funds currently encumbered from pending litigation processes. Depending on the outcome of these litigation processes, Florida Housing may have up to a total of \$22.96 million of Exchange funds remaining to be awarded.
- c) Staff believes there is insufficient time to meet the deadlines imposed by the Treasury to continue pursuing the Multifamily Mortgage Revenue Bond process of the approved plan. Due to the time necessary to underwrite any qualifying responses which indicate the need for additional funds to ensure financial viability and the expectation of not having sufficient qualifying responses to award all of the expected remaining Exchange funds, staff believes there is a need to consider an additional use for the remaining Exchange funds that would allow the funds to be utilized in a manner that would meet the federal expenditure deadline.

3. Recommendation

Staff recommends that the Board authorize staff to pursue the following actions with respect to awarding any remaining unencumbered Exchange funds that may come available:

- (1) Discontinue the process previously approved by the Board at its April 30, 2010 meeting regarding the award of remaining Exchange funds;

TAX CREDIT EXCHANGE PROGRAM

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- (2) Issue an RFP to award 2009 Exchange funding, when available, to any RFP 2010-04 awardee to buy down some of the Development's units which are currently restricted to families earning up to 60% of Area Median Income (AMI) so that they will instead be restricted to families earning an income equal to or less than that area's designated Extremely Low Income (ELI) in the 2009 Universal Application for up to a total of 20% of the Development's total units to be restricted as ELI units. The newly created ELI units would be restricted for the initial 15 years of the Compliance Period and would then revert back to the original 60% AMI restriction. The buy down will be offered at up to \$85,000 per unit for each unit that is transferred from a 60% AMI restriction to an ELI restriction.