

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**July 20, 2012**  
**Action Items**



## HOUSING CREDITS

### *Action*

#### I. HOUSING CREDITS

##### A. Request Approval of the final Credit Underwriting Report for Oak Harbor Apartments (#2011-518C)

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Oak Harbor Apartments APPLICATION #2011-518C</b>
<b>DEVELOPER/PRINCIPAL (“Developer”):</b>	<b>Southeast Preservation, Inc.</b>
<b>APPLICANT: (“Owner”)</b>	<b>Oak Harbor Partners, Ltd.</b>
<b>NUMBER OF UNITS:</b>	<b>176</b>
<b>LOCATION (“County”):</b>	<b>Orange County</b>
<b>TYPE:</b>	<b>Acquisition and Rehabilitation</b>
<b>SET ASIDE:</b>	<b>6% @ 40% and 94% @ 60%</b>
<b>CREDIT UNDERWRITING REPORT RECOMMENDED AMOUNT:</b>	<b>\$554,499.00</b>

#### 1. Background/Present Situation

- a) Oak Harbor Apartments is a Non-Competitive Housing Credit Acquisition and Rehabilitation Development providing 176 set-aside units in Orange County, Florida.
- b) The Applicant closed on an \$8,000,000 NIBP First Mortgage Loan, with Tax-Exempt Bonds issued by the Orange County Housing Finance Authority on November 15, 2011. Florida Housing received an Application for an allocation of \$540,000 in Non-Competitive Housing Credits from the Applicant on February 17, 2012.
- c) The Development Location Point provided in the Application reveals that the Development is located in a Restricted Area. This means the Development is located within a 2.5 mile radius of a Florida Housing Guarantee Fund Development that has a Subordinate Mortgage Initiative (SMI) loan, specifically Grande Pointe. As a result, and in accordance with pages 149-150 of the 2011 Universal Application Instructions, the final credit underwriting report requires final approval of the Board prior to issuance of the Preliminary Determination for the four percent Housing Credits.
- d) Staff received a positive credit underwriting report July 3, 2012 ([Exhibit A](#)).

#### 2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with the issuance of the Preliminary Determination.

## LEGAL

### Action

## II. LEGAL

### A. In Re: Janie Poe Associates 3, LLC vs. Florida Housing Finance Corporation, DOAH Case No. 12-1613; Application No. 2012-201C

<b>Development Name: (“Development”):</b>	<b>Janie’s Garden Phase 3</b>
<b>Developer/Principal: (“Developer”):</b>	<b>The Michaels Development Company 1, LP; Sarasota Housing Authority</b>
<b>Number of Units: 73</b>	<b>Location: Sarasota County</b>
<b>Type: Garden Apartments</b>	<b>Set Aside: 40% at 60%</b>
<b>Demographics: Family</b>	<b>Housing Credits: \$1,190,000</b>

#### 1. Background

- a) Janie Poe Associates 3, LLC, (the “Applicant”) timely submitted an application in the 2011 Universal Cycle seeking an allocation of low income housing tax credits to help fund its proposed development, Janie’s Garden, Phase 3 (“Application”).
- b) On March 27, 2012, Florida Housing notified the Applicant of its final score, and provided the Applicant with a Notice of Rights pursuant to Sections 120.569, F.S., and an Election of Rights form. Florida Housing determined that the Applicant was not entitled to six proximity tie-breaker points for a Public Bus Transfer Stop and was not entitled to 1.75 proximity tie-breaker points for a Public Library.
- c) The Applicant timely filed a Petition for Review (“Petition”) challenging Florida Housing with respect to the scoring determination noted above.
- d) A formal hearing was held before Administrative Law Judge Linzie F. Bogan, Division of Administrative Hearings, on June 14, 2011. Judge Bogan issued a Recommended Order on July 6, 2012, a copy of which is attached as [Exhibit “A.”](#) Judge Bogan upheld Florida Housing’s scoring determination and recommended that Florida Housing enter a Final Order denying Applicant’s Petition.

#### 2. Present Situation

The Board must enter a Final Order in this matter.

#### 3. Recommendation

Staff recommends that the Board enter a Final Order finding adopting the Findings of Fact and the Conclusions of Law in the Recommended Order.

## LEGAL

### *Action*

**B. Urban Edge Family, Ltd. and Urban Edge Apartments, Ltd. v. Florida Housing Finance Corporation, DOAH Case Nos. 12-1615 and 12-1616**

<b>Development Name: (“Development”):</b>	<b>Urban Edge – Phase II (2011-236C) and Urban Edge Apartments (2011-235C)</b>
<b>Developer/Principal: (“Developer”):</b>	<b>Atlantic Housing Partners, LLLP</b>
<b>Number of Units: 64/80</b>	<b>Location: Pinellas County</b>
<b>Type: Mid-rise with elevator (both)</b>	<b>Set Aside: 10% @ 33% AMI 90% @ 60% AMI (both)</b>
<b>Demographics: Family/Elderly</b>	<b>Housing Credits: \$1,460,000/\$1,660,000</b>

**1. Background**

- a) Urban Edge Family, Ltd. and Urban Edge Apartments, Ltd., (the “Petitioners”) timely submitted applications in the 2011 Universal Cycle seeking an allocation of low income housing tax credits to help fund their proposed developments.
- b) On March 27, 2012, Florida Housing notified the Petitioners of their final scores, and provided each of the Petitioners with a Notice of Rights pursuant to Sections 120.569, F.S., and an Election of Rights form. In its scoring of the Petitioners’ applications, Florida Housing rejected a proposed “Medical Facility” submitted to garner proximity tie-breaker points, on the grounds that it did not provide general medical treatment or general surgical services to all persons.
- c) The Petitioners timely filed petitions (the “Petitions”) challenging Florida Housing’s scoring of their applications with respect to the scoring determination noted above. After reviewing the Petitions, Florida Housing determined that the cases involved disputes of material fact, and forwarded the Petitions to the Division of Administrative Hearings (DOAH). Subsequently, DOAH consolidated the two cases into a single proceeding.
- d) A formal administrative hearing was held in this consolidated matter on June 21, 2012, before a DOAH Administrative Law Judge (ALJ). On July 6, 2012, the ALJ issued a Recommended Order, holding that the emergency room of All Children’s Hospital meets the definition of “medical facility” for purposes of awarding tie-breaker measurement points and recommending that the Board issue a Final Order awarding 4.0 tie breaker measurement points to each Application.

**2. Present Situation**

The Board must enter a Final Order in this matter.

**3. Recommendation**

Staff recommends that the Board adopt the Findings of Fact, Conclusions of Law and Recommendation of the Recommended Order as its own, and issue a Final Order consistent with same in this matter.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

### III. PROFESSIONAL SERVICES SELECTION (PSS)

#### A. Investment Manager Services Request for Proposals (RFP)

##### 1. Background

- a) Florida Housing entered into contracts with Bear Stearns Asset Management on November 5, 2007 and PFM Asset Management on October 30, 2007 to provide Investment Manager Services for Florida Housing.
- b) The initial term of both contracts was for three (3) years and could be renewed twice. Each renewal was for an additional one-year period. Bear Stearns Asset Management's contract was assigned to Logan Circle Partners, L.P., due to a change in personnel at Bear Stearns. This assignment was completed in September 2008. The Logan Circle Partners L.P. contract expires November 5, 2012 and PFM Asset Management's contract expires October 30, 2012. There are no renewal options available.

##### 2. Present Situation

- a) Florida Housing has a need for one or more Investment Managers to provide investment management services, including but not limited to, the following:
  - (1) Make recommendations to Florida Housing on formulation, implementation and amendment of the Florida Housing Finance Corporation Investment Guidelines.
  - (2) Recommend investment account asset transactions.
  - (3) Supervise the buying and selling transactions of investment account assets.
  - (4) Provide Florida Housing with monthly reports, including detailed and summarized statements, a quarterly summary of the performance of the investment account assets and an annual report.

The detailed monthly report shall include, but is not limited to, the following:

- (a) Summary report of account activity
- (b) Asset valuation statement showing cost basis and market basis valuations for each security
- (c) Income earned analysis
- (d) Computation of monthly expenses
- (e) Actual performance compared to benchmarks
- (f) Portfolio compliance with Florida Housing Finance Corporation Investment Guidelines

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

- (5) Retain on file, for a period of three years, confirmations of all transactions.
- (6) Meet periodically, at such times as Florida Housing may reasonably request, concerning the investment accounts. The Investment Manager(s) shall be available to attend all regularly scheduled meetings of Florida Housing's Board of Directors upon request. Attendance at approximately two to four meetings per year for investment update presentations is anticipated,

### **3. Recommendation**

- a) Authorize staff to begin the solicitation process in order to select one or more qualified Offerors to provide Investment Manager Services.
- b) Authorize the Executive Director to establish a Review Committee to make a recommendation to the Board.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### **B. Investment Manager Services Extension of Current Contract**

##### **1. Background**

- a) Florida Housing entered into contracts with Bear Stearns Asset Management on November 5, 2007 and PFM Asset Management on October 30, 2007 to provide Investment Manager Services for Florida Housing.
- b) The initial term of both contracts was for three (3) years and could be renewed twice. Each renewal was for an additional one-year period. Bear Stearns Asset Management's contract was assigned to Logan Circle Partners, L.P., due to a change in personnel at Bear Stearns. This assignment was completed in September 2008. The Logan Circle Partners, L.P. contract expires November 5, 2012 and PFM Asset Management's contract expires October 30, 2012. There are no renewal options available.

##### **2. Present Situation**

Florida Housing is in the process of developing an RFP for investment manager services. Due to requirements in the Florida Statutes that the RFP be published in the Florida Administrative Weekly and the Florida Housing Board of Directors' meeting schedule, Florida Housing staff will be unable to complete the solicitation process before the contracts expire.

##### **3. Recommendation**

Florida Housing staff request that the Board of Directors approve an extension of the contracts for Logan Circle Partners, L.P. and PFM Asset Management until December 31, 2012 in order to complete the Request for Proposals process and to complete the contract negotiation process.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### C. Financial Advisor Services Request for Qualifications (RFQ)

##### 1. Background

At its April 27, 2012, meeting Florida Housing's Board of Directors authorized staff to begin the solicitation process for Financial Advisor services and establish a review committee to make recommendations to the Board.

##### 2. Present Situation

- a) An RFQ process was initiated and RFQ 2012-01 was issued on Friday, May 18, 2012. Proposals were due on or before 2:00 p.m., Friday, June 15, 2012 and is attached as [Exhibit A](#).
- b) Three (3) responses were received. They are as follows:
  - (1) CSG Advisors
  - (2) The Dust Group, LLC, and PK Securities, Inc.
  - (3) Tibor Partners, Inc.
- c) The Review Committee members, designated by the Executive Director, were David Westcott, Chair, Director of Homeownership Programs, Angie Sellers, Comptroller, Kevin Pichard, Assistant Director Guarantee Program, Wayne Conner, Director of Multi Family Bond and Melanie Weathers, Bond Administrator.
- d) Each member of the Review Committee individually reviewed, scored, and ranked the proposals prior to convening for the Review Committee meetings. The Review Committee met at 9:30 a.m., on Friday, June 22, 2012 and at 1:00 p.m., on Tuesday, June 26, 2012. Results of the Review Committee's actions are provided as [Exhibit B](#).

##### 3. Recommendation

The Review Committee recommends that the Board direct staff to enter into contract negotiations with Tibor Partners, Inc. and if contract negotiations fail that Florida Housing enter into contract negotiations with CSG Advisors. The Committee also recommended that if for some reason Tibor Partners, Inc., is unable to complete the full term of the contract, that Florida Housing be allowed to enter contract negotiations with CSG Advisors to finish the term of the original contract.



## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### **D. Bond Counsel Services Request for Qualifications (RFQ)**

##### **1. Background**

At its March 16, 2012, meeting Florida Housing's Board of Directors authorized staff to begin the solicitation process for Bond Counsel services and establish a review committee to make recommendations to the Board.

##### **2. Present Situation**

- a) An RFQ process was initiated and RFQ 2012-02 was issued on Friday, May 18, 2012. Proposals were due on or before 2:00 p.m., Tuesday, June 19, 2012. The RFQ is attached as [Exhibit C](#).
- b) Four (4) responses were received. They are as follows:
  - (1) Bryant Miller Olive jointly with Steven Bullock P.A.
  - (2) Greenberg Traurig jointly with Edwards & Associates
  - (3) Hawkins Delafield & Wood jointly with Murai Wald, et al.
  - (4) Kutak Rock
- c) The Review Committee members, designated by the Executive Director, were Wayne Conner, Chair, Director of Multi Family Bonds, Jan Rayboun, Loan Closing Coordinator, Michelle Connelly, Bond Administration Manager, Charles White, Single Family Programs Administrator and Melanie Weathers, Bond Administrator.
- d) Each member of the Review Committee individually reviewed, scored, and ranked the proposals prior to convening for the Review Committee meetings. The Review Committee met at 1:30 p.m., on Friday, June 22, 2012 and at 2:30 p.m., on Tuesday, June 26, 2012. Results of the Review Committee's actions are provided as [Exhibit D](#).

##### **3. Recommendation**

The Review Committee recommends that the Board direct staff to enter into contract negotiations with all four of the bond counsel firms as follows:

- (1) Bryant Miller Olive jointly with Steven Bullock P.A.
- (2) Greenberg Traurig jointly with Edwards & Associates
- (3) Hawkins Delafield & Wood jointly with Murai Wald, et al.
- (4) Kutak Rock

## SPECIAL PROGRAMS

### *Action*

#### IV. SPECIAL PROGRAMS

##### A. Request Approval to Apply for Federal Section 811 Project Rental Assistance Demonstration Grant

###### 1. Background

- a) On May 15, 2012 U.S. HUD issued the Section 811 Project Rental Assistance Demonstration Notice of Funding Availability (NOFA), which will be a competitive selection process. The purpose of the funding opportunity is to provide long-term rental assistance to affordable housing developments to allow extremely low-income households adults with disabilities to access decent rental housing and live stable, productive lives. The objective is to provide housing opportunities that are integrated into their communities with the assistance of supportive and long-term care services. Target populations are persons with disabilities that are heavy users of publicly-funded institutional, emergency response and health-care resources because of the lack of adequate housing and services.
- b) Eligible Applicants are state housing finance agencies that have a portfolio of existing affordable rental housing, a pipeline of future rental housing developments, and the capacity to administer project-based rental assistance. Successful applicants will have to execute a Cooperative Agreement with HUD committing to set aside units for the demonstration for a period of 30 years or earlier if federal funding is not appropriated for rental assistance. No more than 25 percent of a development's units may be set aside for the demonstration to promote the integration of targeted populations in independent, permanent housing in the community.
- c) Applicants must execute an Inter-Agency Agreement with their State Medicaid Office and State Health and Human Services Agency that describes the partnership, roles and responsibilities, as well as approach(s) for each party in carrying-out the demonstration's purpose, objectives and commitments. The Agreement must be signed and submitted with the Application.
- d) HUD will issue a total of \$85 million to up to 16 successful applicants. Each Applicant may apply for between \$2 million and \$12 million dollars. The demonstration provides 5 years of initial funding on 20 year contracts. Subsequent years of funding will be contingent on federal appropriations. In addition, the President's request for Fiscal Year 2013 seeks funding to provide another round of new project-based rental assistance funding for 20 year contracts next year. Applicants may request an administrative fee of up to 5 percent.
- e) It will be the responsibility of the state housing finance agency to be the lead applicant responsible for submitting the application and, if selected, administering the project-based rental assistance, and taking the lead in working closely with HUD regarding implementing, monitoring and evaluating the demonstration. The Florida Department of Children and Families, as the Health and Human Services Agency, and the Agency for Health Care Administration, as the State Medicaid Office, would be responsible for funding and administering the provision of outreach to, referral of and the provision of supportive and long-term care services to the targeted households.

## SPECIAL PROGRAMS

### *Action*

- f) The application package must be submitted to HUD by July 31, 2012. Awardees are scheduled to be selected in October 2012. Awardees, in conjunction with the partner State agencies, will then begin the Cooperative Agreement development and execution process during the last quarter of this year. The demonstration's set-aside units shall be in-service no later than 24 months after the Cooperative Agreement is executed.
- g) A more detailed summary of the NOFA may be found in [Exhibit A](#).

### 2. **Present Situation**

- a) Florida Housing staff worked with the relevant State agencies to review the NOFA requirements and evaluate Florida's capacity to compete successfully for and administer this demonstration. We determined that participating in this demonstration will allow Florida to:
  - (1) Transition persons with disabilities from higher cost and more restrictive institutional and congregate residential settings, such as state hospitals, nursing homes, ALFs and group homes, into more independent, integrated housing;
  - (2) Provide stable housing with appropriate community-based supportive services to significantly decrease these consumers' high use of expensive emergency and healthcare services; and
  - (3) Meet Olmstead Act requirements by helping qualified persons with mental disabilities to move to or remain in non-institutional community settings.
- b) Such funding will provide a helpful framework to promote more integrated working relationships between Florida Housing, the Florida Department of Children and Families and the Agency for Health Care Administration. Florida Housing has high quality rental housing available, but properties have difficulty renting units to extremely poor individuals, such as those who would be targeted in this demonstration. The project-based rental assistance provides an opportunity to assist these people.

## SPECIAL PROGRAMS

### *Action*

- c) Florida Housing staff has worked with the relevant State agencies and other stakeholders to determine the proposed target population, geographic areas where the demonstration would be implemented, supportive services programs and providers and development types. The proposed target population identified to serve is adults (18-61) with mental illness that are eligible for supportive and/or long-term care services through the State Medicaid Office or Department of Children and Families programs. The focus will be on those individuals that are residing in institutional, community residential and transitional housing settings that choose to and are able to live in permanent, independent housing with access to community-based services, as well as training and employment opportunities. To address the Governor's employment initiatives, priority emphasis would be individuals who are currently employed, enrolled in employment programs or interested in supported and other employment and workforce opportunities. The proposed geographic areas are communities in Miami-Dade and the Tampa Bay area (Hillsborough, Pinellas and Pasco counties). These areas have been selected by State agencies and stakeholders as areas with established behavioral health managing entities and service provider networks.
  
- d) To best meet the requirements of the NOFA, the proposed development types would be existing multifamily housing constructed or substantially rehabilitated in the last few years. The NOFA strongly encourages applicants to utilize developments that have incorporated green, energy efficient and universal design features. It also encourages set-aside units to be available to serve demonstration households as quickly as possible. Florida Housing is proposing to select a total of 10-12 properties as demonstration sites. As the staff is currently thinking about our proposal, there would be no more than 10 units per Development set aside to serve demonstration households with project-based rental assistance, for an approximate total of 110-120 households served through this demonstration. The developments would be selected through a Request for Proposals process.

### 3. **Recommendation**

Staff recommends that the Board approve the necessary staff actions to apply to HUD the Lead Applicant for the Section 811 Project Rental Assistance Demonstration Grant.

# MULTIFAMILY BONDS

## Action

### I. MULTIFAMILY BONDS

#### A. Request Approval of the Final Credit Underwriting Report for The Anchorage

<b>DEVELOPMENT NAME (“Development”):</b>	<b>The Anchorage</b>
<b>DEVELOPER/PRINCIPAL (“Applicant”):</b>	<b>Carlisle Group III Development, LLC/Carlisle Group III, Ltd./Carlisle Group, LLC/Matthew Greer, individually</b>
<b>NUMBER OF UNITS:</b>	<b>22</b>
<b>LOCATION (“County”):</b>	<b>Miami-Dade</b>
<b>TYPE (Rental, Homeownership):</b>	<b>Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”)/Low Income Housing Tax Credits (“HC”))</b>
<b>SET ASIDE:</b>	<b>85% @ 60% (MMRB) 100% @ 60% (HC)</b>
<b>ALLOCATED AMOUNT:</b>	<b>\$2,750,000 of Tax Exempt Bonds</b>
<b>ADDITIONAL COMMENTS: New Construction</b>	

#### 1. Background

Applicant submitted an Application (“Application”) on behalf of the proposed Development during the 2011 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of \$2,750,000 in order to acquire and construct the Development.

#### 2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to notify it of any such changes.
- b) The total development costs are \$6,262,162, an increase of \$361,259 or 6.1%, which changes were due to inclusion of reserves.
- c) A Final Credit Underwriting Report dated July 11, 2012 is attached as [Exhibit A](#).

#### 3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated July 11, 2012, recommending \$2,750,000 in tax exempt bonds for the acquisition and construction of the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

# MULTIFAMILY BONDS

## *Action*

### **B. Assignment of Bond Underwriters and Structuring Agents**

#### **1. Background**

- a) Pursuant to staff's request for approval to issue bonds to finance the acquisition and construction of the proposed Development referenced below, a Final Credit Underwriting Report is being presented to the Board for approval simultaneously with this request to assign the appropriate professionals to this transaction. A brief description of the Development is detailed below along with the Staff's recommendation for the assignment.
- b) Additionally, the Corporation's Senior Financial Advisor has prepared a method of bond sale letter. Staff has reviewed the method of sale letter and Board approval is requested at the current meeting.

#### **2. Present Situation**

The Credit Underwriter, the Senior Financial Advisor and Florida Housing staff have reviewed the financing structure for the proposed Development.

#### **3. Recommendation**

That the Board approves the assignment of the recommended professionals as shown in the chart for the proposed Development.

Development Name	Location of Development	Number of Units	Method of Bond Sale	Recommended Professional
The Anchorage	Miami-Dade	22	Negotiated	Morgan Keegan & Company, Inc.

# MULTIFAMILY BONDS

## *Action*

### C. **Request Approval of the Method of Bond Sale Recommendation from Florida Housing's Senior Financial Advisor**

#### 1. **Background/Present Situation**

- a) The Credit Underwriter has provided a Final Credit Underwriting Report for the proposed Development below. Florida Housing seeks Board approval pursuant to the recommendation of the Credit Underwriter and the appropriate Florida Housing staff.
- b) Pursuant to Rule 67-21.0045, F.A.C., staff has requested a review of the proposed bond structure by the Senior Financial Advisor in order to make a recommendation to the Board for the method of bond sale.
- c) TIBOR PARTNERS, Inc. has prepared an analysis and recommendation for the method of bond sale for the Development. The recommendation letter is attached as [Exhibit B](#).

Development Name	Location of Development	Number of Units	Method of Bond Sale
The Anchorage	Miami-Dade	22	Negotiated

#### 2. **Recommendation**

That the Board approves the recommendation of the Senior Financial Advisor for the method of bond sale for the above Development.