I. HOUSING CREDITS

A. Request Approval of Transfer of General Partnership Interest for Sailboat Bend Apartments (2011-209C/2012-014C)

<table>
<thead>
<tr>
<th>DEVELOPMENT NAME (“Development”):</th>
<th>Sailboat Bend Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLICATION #:</td>
<td>APPLICATION # 2011-209C/2012-014C</td>
</tr>
<tr>
<td>APPLICANT: (“Owner”)</td>
<td>Sailboat Bend Apartments, Ltd.</td>
</tr>
<tr>
<td>NUMBER OF UNITS:</td>
<td>105</td>
</tr>
<tr>
<td>LOCATION (“County”):</td>
<td>Broward County</td>
</tr>
<tr>
<td>TYPE:</td>
<td>Preservation/100% Rehabilitation</td>
</tr>
<tr>
<td>SET ASIDE:</td>
<td>20% @ 25% AMI</td>
</tr>
<tr>
<td></td>
<td>80% @600% AMI</td>
</tr>
<tr>
<td>ALLOCATED AMOUNT:</td>
<td>$871,418.00</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

a) During the 2011 funding cycle, Florida Housing awarded $871,418 in Low-Income Housing Tax Credits for the development of a 105-unit property in Broward County, Florida.

b) By correspondence dated September 4, 2013 (Exhibit A), FHFC received a request to approve the transfer of 100% general partner ownership interest in CDG Sailboat Bend, LLC (GP) from 1754 LLC (99%) and 1754 MM Inc. (1%) to APCHD MM Inc. (1%), and the Howard D. Cohen Revocable Trust U/A/D 4/6/1993 (99%). Howard D. Cohen will become the manager of the general partner, replacing Matthew Greer.

c) The Applicant requests approval for filing with the Secretary of State of Florida an amendment to the Articles of Organization of CDG Sailboat Bend, LLC changing its name to APC Sailboat Bend, LLC.

d) Per the associated Rule “…any material (33.3% or more of an interest in the Applicant, a general partner of the Applicant or member of the Applicant, as applicable) in the ownership structure of the Borrower shall require approval of the Florida Housing Board of Directors.”

e) The Applicant further requests approval to the transfer of ownership interest in CDG Sailboat Bend Development, LLC (co-developer) from 1754 Development, LLC to Atlantic Pacific Community Housing Development, LLC. The Applicant also requests approval for filing with the Secretary of State of Florida an amendment to the Articles of Organization of CDG Sailboat Bend Development, LLC changing its name to APC Sailboat Bend Development, LLC.

f) The Applicant provided a prior experience chart demonstrating that the co-developer, Housing Enterprises of Fort Lauderdale, Florida, Inc. possesses the required experience (Exhibit B).

g) Per the associated Rule “…any allowable replacement at any future date of any member of the Development Team reflected in the Application must meet the requirements that were met by the original team member.”

September 20, 2013

Florida Housing Finance Corporation
HOUSING CREDITS

Action

2. Recommendation

Staff recommends that the Board approve the transfer of the general partnership interest and developer interest subject to review by FHFC staff and underwriters; and direct staff to proceed with modification activities as needed.
II. LEGAL

A. In Re: Woodcreek Apartments, Ltd. – FHFC Case No. 2013-018VSW

<table>
<thead>
<tr>
<th>Development Name: (“Development”):</th>
<th>Park Springs Apartments aka Lakeside Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: (“Developer”):</td>
<td>Woodcreek Apartments, Ltd.</td>
</tr>
<tr>
<td>Number of Units: 200</td>
<td>Location: Hillsborough County</td>
</tr>
<tr>
<td>Type: Garden</td>
<td>Set Asides: 99% @ 60% AMI (SAIL) 100% @ 60% AMI (HC)</td>
</tr>
<tr>
<td>Demographics: Family</td>
<td>SAIL: $2,375,578.00</td>
</tr>
<tr>
<td></td>
<td>HC: $499,158.25</td>
</tr>
</tbody>
</table>

1. Background

a) During the 1998-99 State Apartment Incentive Loan (“SAIL”) Cycle XI, Woodcreek Apartments, Ltd., a for-profit limited partnership (“Petitioner”) applied for and was awarded a SAIL loan to finance the construction of a family development known as Park Springs Apartments (the “Development”) located in Hillsborough County, Florida. In 2000, the Development was also awarded an allocation of low-income housing tax credits (“HC”) in the amount of $499,158.25.

b) Petitioner is attempting to refinance the existing first mortgage loan on the Development. Florida Housing’s credit underwriter reviewed Petitioner’s request to refinance the first mortgage loan, extend the SAIL loan term and SAIL LURA by an equal amount of time, and subordinate the SAIL loan, SAIL LURA and HC EUA. The credit underwriter recommended approval subject to the conditions outlined in its report, including any required pay-down on the SAIL loan, and payment of all outstanding fees and arrearages. The credit underwriter’s report is attached to the Petition.


2. Present Situation


(15) The Developer shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

(a) The Board shall approve requests for mortgage loan refinancing only if Development Cash Flow is improved, the Development's economic viability is maintained, the security interest of the Corporation is not adversely affected, and the Credit Underwriter provides a positive recommendation.
LEGAL

Action

(b) The Board shall deny requests to increase the amount of any superior mortgage, unless the criteria outlined in 67-48.010 (15)(a) are met, the original combined loan to value ratio for the superior mortgage and the SAIL mortgage is maintained or improved, and a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding SAIL loan balance...

(c) The Board shall deny requests for mortgage loan refinancing which require extension of the SAIL loan term or otherwise adversely affect the security interest of the Corporation unless the criteria outlined in 67-48.010 (15)(a) are met, the Credit Underwriter recommends that the approval of such a request is crucial to the economic survival of the Development or unless the Board determines that public policy will be better served by the extension as a result of the Developer agreeing to further extend the Compliance Period or provide additional amenities or resident programs suitable for the resident population...

b) Petitioner requested a permanent waiver of the above Rules that requires the repayment of the required proportionate amount of SAIL loan; payment of a non-refundable renegotiation fee of ½ of 1 percent of the outstanding principal balance of the SAIL loan, per the credit underwriter’s positive recommendation; and requests a temporary waiver of the credit underwriter’s requirement of payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team. Petitioner does not specify a length of time for the temporary waiver.

c) As justification, Petitioner states that the complex is in great need of repair and that there are no additional funds available for any additional fees or payments as recommended by the credit underwriter.

d) Under the conditions of the credit underwriter’s report, Petitioner would owe Florida Housing approximately $170,439 (before deducting eligible refinancing costs) for the proportionate pay-down of the SAIL loan and approximately $11,900 for the renegotiation fee.

e) Per the Past Due Report, dated July 16, 2013, Petitioner is in arrears for two properties: the Development and Pasco Woods. Petitioner is the developer of both properties. Petitioner owes Florida Housing approximately $93,000 for the Development and approximately $186,000 for Pasco Woods. Past Due Notices have been sent monthly concerning the Development. Petitioner requested a workout agreement for Pasco Woods, but has not executed the forbearance agreement sent by Florida Housing. To date, Petitioner has not paid the amounts owed.

f) On July 12, 2013, the Notice of Petition was published in the Florida Administrative Register in Volume 39, Number 135. To date, Florida Housing has received no comments concerning the Petition.
Section 120.542(2), Florida Statutes 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.

Petitioner failed to demonstrate that strict application of the above Rule under these circumstances would cause undue hardship or violate the principles of fairness. Petitioner has not demonstrated a substantial hardship, as it is in the process of refinancing the first mortgage through First Housing Development Corporation and U.S. Department of Housing and Urban Development (“HUD”) which will increase the cash flow to the Development. The Development has an average occupancy rate of 90%.

Florida Housing staff agrees in principle with the refinancing structure and supports the recommendations of its credit underwriter. The credit underwriter’s recommendation for approval of this refinancing is consistent with Florida Housing’s rules and reflects the uniform application of its rules to all borrowers requesting refinancing of their existing loans. To allow Petitioner the benefit of refinancing the Development without first paying the fees, the required pay-down of the loan, and the arrearages owed on the Development and Pasco Woods, would violate the principles of fairness to other borrowers who refinanced their loans and paid Florida Housing as part of the refinancing process and set a precedent that is not consistent with Florida Housing’s rules, affordable housing policies, or other refinancing.

3. **Recommendation**

Staff recommends the Board deny Petitioner’s request for a waiver of Rule 67-48.010(15), Fla. Admin. Code (1999) and any other relief requested in its Petition.
MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

Action

III. MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

A. Request Authorization to Contract with the University of Florida to Obtain Energy Data Services for the Multifamily Energy Retrofit Program (MERP)

1. Background

At its August 9, 2013 meeting, Florida Housing’s Board of Directors approved program parameters to implement the Multifamily Energy Retrofit Program (MERP) and authorized the Executive Director to sign an agreement with the Florida Department of Agriculture and Consumer Services/State Energy Office to receive funding for MERP. MERP funds will be used to provide loans to older properties in Florida Housing’s portfolio to upgrade old, inefficient building components, with the resulting savings on energy costs used to repay the loans. Federal energy funding includes reporting requirements to show the energy savings achieved from the retrofit. Florida Housing will report key measures to the State Energy Office, which will in turn report to the U.S. Department of Energy on a quarterly basis for the life of the loan. As the retrofits are taking place, Florida Housing will provide quarterly status updates, including number of loans provided, amount of loans closed, and number of energy audits conducted. Once the retrofits are complete, Florida Housing is required to analyze and report energy use quarterly so that pre- and post-retrofit energy use can be compared.

2. Present Situation

a) Florida Housing staff is interested in contracting for services to obtain utility data from MERP properties to fulfill the reporting requirements of MERP. We also believe that high quality data on energy savings from retrofits under the MERP parameters will allow us to target retrofits to get the most efficient results over time.

b) Rule Chapter 67-49.002(6)(e), Florida Administrative Code, allows Florida Housing to contract with governmental entities, including those in the state university system, without going through the competitive solicitation process. Because the staff believes that Florida Housing has a very knowledgeable resource for MERP data compilation and analysis at the University of Florida (UF), we propose to contract directly with UF for this work. We have begun working with UF’s Shimberg Center for Housing Studies and the Program for Resource Efficient Communities (at UF) to develop a strategy to work with utility providers to collect and analyze the utility data that will meet the energy data reporting requirements of the program.

c) Florida Housing has a long term relationship with the Shimberg Center, which maintains the Florida Housing Data Clearinghouse and prepares publications such as the triennial rental market study. A sister center to the Shimberg Center, the Program for Resource Efficient Communities (PREC) promotes the adoption of design, construction and management practices that measurably reduce energy and water consumption and environmental degradation in residential communities.
MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

Action

d) PREC services revolve around review and evaluation of model landscape designs and ordinances for resource-efficient standards, residential plan reviews for energy and water efficiency, and diagnostic testing for home energy performance. Among other things, PREC works in the field on development projects, offers continuing education for licensed building professionals and carries out research on energy usage in new and existing developments (including multifamily properties) with utility partners and others. PREC’s working relationships with many utilities, as well as its expertise in this arena will be very helpful to Florida Housing.

e) Florida Housing staff believes that working with the University of Florida will satisfy the federal reporting requirements, as well as provide staff with the information needed to evaluate the success of the program. The contract amount is expected to be $20,000 annually for three years, subject to the satisfactory performance of UF, at the sole discretion of Florida Housing. If the parties mutually agree, the Contract may be renewed twice for an additional one year period, for a total of five years.

3. Recommendation

Authorize the Executive Director to sign a contract with the University of Florida to provide energy data reporting services for the Multifamily Energy Retrofit Program.
IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Qualifications (RFQ) for Trustee, Registrar, Paying Agent and Dissemination Bond Agent Services

1. Background

a) In March and September 2009, Florida Housing entered into contracts for Trustee, Registrar, Paying Agent and Dissemination Bond Agent (“Trustee”) services with the following firms:

   2. U.S. Bank National Association
   3. Wells Fargo & Company

b) The initial term of the contracts was for a three year period. The contracts were renewable for two additional one-year periods.

c) At its December 9, 2011, meeting, Florida Housing’s Board of Directors authorized staff to proceed with the contract renewal process for each provider for the initial one (1) year period.

d) At its February 1, 2013, meeting, Florida Housing’s Board of Director authorized staff to proceed with the final contract renewal process for each provider for the final one (1) year period.

2. Present Situation

a) The terms of the current Trustee contracts expire as follows:

   3. Wells Fargo & Company – March 22, 2014

b) Florida Housing has a need for qualified entities to serve as Trustee. Services provided by the Trustee are those typical of trustees under trust indentures securing revenue bonds and shall include all such functions with respect to issues or series of bonds issued for MMRB, MMRB with HUD Risk-Sharing, or any Florida Housing bonds guaranteed by the Guarantee Program. It is anticipated that the structure of the issue(s) may include taxable as well as tax-exempt and private placement bonds. Services also include acting as dissemination agent under continuing disclosure agreements entered into with developers or Florida Housing for the above referenced bonds.
PROFESSIONAL SERVICES SELECTION (PSS)

Action

3. Recommendation

Authorize Florida Housing staff to begin the solicitation process to select a pool of entities to provide Trustee, Registrar, Paying Agent and Dissemination Bond Agent services and authorize the Executive Director to establish a Review Committee.
V. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Denial of Loan Closing Extension Request for Preserve at Oslo f/k/a Woods at Vero Beach (RFP 2011-05-04)

<table>
<thead>
<tr>
<th>Development Name:</th>
<th>Preserve at Oslo f/k/a Woods at Vero Beach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal:</td>
<td>Creative Choice Homes XVI, Ltd.</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>176</td>
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<tr>
<td>Location:</td>
<td>Indian River County</td>
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<tr>
<td>Type/Demographic:</td>
<td>Rental/Family (MMRB, Guarantee, HC and SMI)</td>
</tr>
<tr>
<td>Set-Aside:</td>
<td>50% @ 60% AMI (MMRB)</td>
</tr>
<tr>
<td></td>
<td>100% @ 60% AMI (HC)</td>
</tr>
<tr>
<td>Allocated Funding Amount:</td>
<td>MMRB 1999 Series N1 &amp; N2 $7,665,000</td>
</tr>
<tr>
<td></td>
<td>Tax-Exempt Bonds and $125,000 Taxable Bonds</td>
</tr>
<tr>
<td></td>
<td>$602,633 Housing Credits</td>
</tr>
<tr>
<td></td>
<td>$381,155 Subordinate Mortgage Initiative</td>
</tr>
<tr>
<td></td>
<td>(SMI)</td>
</tr>
<tr>
<td></td>
<td>$675,000 SAIL ELI (RFP 2010-16)</td>
</tr>
<tr>
<td>SAIL ELI Funding under RFP 2011-05 not to exceed:</td>
<td>$2,625,000</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

a) On October 21, 2011, Florida Housing staff issued Request for Proposals (RFP) 2011-05 to award SAIL Extremely Low Income (ELI) funding to Applicants where the Applicant’s development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Wednesday, November 9, 2011.

b) On December 9, 2011, the Board approved the award list of RFP 2011-05 and directed staff to proceed with all necessary credit underwriting activities.

c) On December 30, 2011, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL Funding under RFP 2011-05 for units set-aside for ELI Households.

d) On March 28, 2012, staff issued a firm loan commitment to Preserve at Oslo in the amount of $2,625,000 with a closing deadline of September 24, 2012.

e) On September 20, 2012, staff received a request from the Developer for a 120 day loan closing extension.

f) On November 2, 2012, the Board deferred this item to the December Board meeting. On December 7, 2012, the Board tabled this item to the February 1, 2013 Board meeting.
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

On February 1, 2013, the Board approved the request for a loan closing extension to September 1, 2013, subject to: 1) payment of a loan closing extension fee (one-half of one percent of the loan amount) pursuant to Rule Chapter 67-48, F.A.C. and RFP 2011-05, 2) receipt and satisfactory review by First Housing Development Corp. (First Housing) of a firm commitment for the refinancing of the first mortgage loan on Peacock Run to effectively remove it from the Guarantee Program portfolio, and 3) full restoration of all of the down units at Tuscan Isle (f/k/a Heron Cove) to suitable for occupancy status as verified by a 100% unit inspection performed by First Housing as directed by the Guarantee Program. Additionally, closing and funding of the SAIL ELI loan was required to be simultaneous with the closing of the refinancing of the first mortgage effectively removing the development from the Guarantee Program portfolio and repayment in full of the Subordinate Mortgage Initiative (SMI) loan.

On August 27, 2013, staff received a request from the Developer for a 180 day loan closing extension (Exhibit A).

As of September 1, 2013, First Housing has not received or reviewed a firm commitment for the refinancing of the first mortgage loan on Peacock Run and full restoration of all the down units at Tuscan Isle has not occurred. There are currently 76 down units at Tuscan Isle.

2. Recommendation

Deny the request for a 180 day loan closing extension, de-obligate the $2,625,000 SAIL ELI award, and authorize staff to re-allocate the returned funds to the next eligible Proposal(s) on the Priority/Ranking Chart for RFP 2011-05.
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

B. Request Denial of Loan Closing Extension Request for Peacock Run (RFP 2011-05-08)

<table>
<thead>
<tr>
<th>Development Name:</th>
<th>Peacock Run</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal:</td>
<td>Creative Choice Homes XX, Ltd.</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>264</td>
</tr>
<tr>
<td>Location:</td>
<td>St. Lucie County</td>
</tr>
<tr>
<td>Type/Demographic:</td>
<td>Rental/Family (MMRB, Guarantee/HUD-Risk, HC and SMI)</td>
</tr>
<tr>
<td>Set-Aside:</td>
<td>80% @ 60% AMI (MMRB) 100% @ 60% AMI (HC)</td>
</tr>
<tr>
<td>Allocated Funding Amount:</td>
<td>MMRB 2002 Series H1 &amp; H2 $9,690,000 Tax-Exempt Bonds and $3,090,000 Taxable Bonds $674,643 Housing Credits $605,345 Subordinate Mortgage Initiative (SMI) $1,050,000 SAIL ELI (RFP 2010-16)</td>
</tr>
<tr>
<td>SAIL ELI Funding under RFP 2011-05 not to exceed:</td>
<td>$3,900,000</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

a) On October 21, 2011, Florida Housing staff issued Request for Proposals (RFP) 2011-05 to award SAIL Extremely Low Income funding to Applicants where the Applicant’s development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Wednesday, November 9, 2011.

b) On December 9, 2011, the Board approved the award list of RFP 2011-05 and directed staff to proceed with all necessary credit underwriting activities.

c) On December 30, 2011, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL Funding under RFP 2011-05 for units set-aside for ELI Households.

d) On March 28, 2012, staff issued a firm loan commitment to Peacock Run in the amount of $3,900,000 with a closing deadline of September 24, 2012.

e) On September 20, 2012, staff received a request from the Developer for a 120 day loan closing extension.

f) On November 2, 2012, the Board deferred this item to the December Board meeting. On December 7, 2012, the Board tabled this item to the February 1, 2013 Board meeting.
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

g) On February 1, 2013, the Board approved the request for a loan closing extension to September 1, 2013, subject to the payment of a loan closing extension fee (one-half of one percent of the loan amount) pursuant to Rule Chapter 67-48, F.A.C. and RFP 2011-05. Additionally, closing and funding of the SAIL ELI loan was required to be simultaneous with the closing of the refinance of the first mortgage effectively removing the development from the Guarantee Program portfolio and repayment in full of the Subordinate Mortgage Initiative (SMI) Loan.

h) On August 27, 2013, staff received a request from the Developer for a 180 day loan closing extension (Exhibit B).

i) As of September 1, 2013, the Developer has not closed the SAIL ELI loan or refinanced the first mortgage in order to remove the development from the Guarantee Program portfolio and repay the full amount of the SMI loan.

2. Recommendation

Deny the request for a 180 day loan closing extension, de-obligate the $3,900,000 SAIL ELI award and authorize staff to re-allocate the returned funds to the next eligible Proposal(s) on the Priority/Ranking Chart for RFP 2011-05.
VI. SINGLE FAMILY BONDS - FINANCE

A. Single Family Homeownership Program

1. Background

   a) In 2009 Florida Housing created its Homeowner Mortgage Revenue Bonds (Special Program) bond indenture (the “NIBP Master Indenture”) for the purpose of implementing the United States Treasury’s New Issue Bond Program (the “NIBP”). Prior to issuing bonds under the Master Indenture, Florida Housing issued single family bonds under its 1995 open Homeowner Mortgage Revenue Bond Indenture (the “1995 Indenture”). The 1995 Indenture is currently rated “AA+” by Standard & Poor’s Rating Services, “Aa1” by Moody’s Investors Service and “AA+” by Fitch Ratings.

   b) Florida Housing has $2.9 billion of volume cap that has been allocated for single family bond issuance. The $2.9 billion consists of $694.8 million of 2010 carry forward, $1.14 billion of 2011 carry forward and 1.11 billion of 2012 carry forward.

   c) Due to difficult conditions in the municipal bond market but attractive pricing of Mortgage-Backed Securities (“MBS”) in the mortgage market, the Board approved a resolution on October 31, 2008 allowing Staff to access funding for Florida Housing’s single family lending program through the sale of specified pools or To-Be-Announced (“TBA”) commitments in the MBS mortgage market purchased by Florida Housing under its Homeowner Mortgage Program (the “Single Family Program”). During 2013 Florida Housing sold over $34.9 million of newly originated MBS in this mortgage market. Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when prudent based on market conditions at the time of sale. Recently, however, financing alternatives in the municipal market have again become more attractive and as a result Staff is currently seeking approval to issue up to $450,000,000 in single family bonds during calendar year 2014 for the purposes of: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, and (2) continuing Florida Housing’s single family lending program through the purchase of Guaranteed Mortgage Securities backed by Mortgage Loans under Florida Housing’s Homeowner Mortgage Program and providing down-payment assistance loans to qualifying homebuyers who are receiving a Florida Housing first mortgage loan. Staff will continue to evaluate market conditions and, should market conditions warrant may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and/or refund the outstanding bonds subject to optional redemption.
SINGLE FAMILY BONDS - FINANCE

Action

2. Present Situation

a) With regard to the refunding of high rate outstanding debt for the purpose of lowering Florida Housing’s debt service payments, the 2004 Series 3-4, 2004 Series 5-6 and 2005 Series 1 bonds with current outstanding balances of $9.7 million, $14.9 million and $17.5 million, respectively, with initial bond yields of 4.17%, 4.58% and 4.50% and are subject to redemption at par at the option of Florida Housing in 2014. Staff and its Financial Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and to optionally redeem the bonds should this be deemed more economically prudent.

b) With regard to the issuance of new money bonds, conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. The improvement in market conditions for new money funding is largely the result of market demand for MBS Pass-Through Bonds (the “Pass-Through Bonds”). Traditional housing bond issues have fixed maturities and are structured with a variety of serial and term bonds. The Pass-Through Bond structure mimics a mortgage backed security (e.g. a GNMA) by having a single maturity date. All repayments of principal, including prepayments, are passed through to the investors on a pro-rata basis. Investors in the bonds are able to analyze the underlying MBS collateral and are better able to track the projected average life of the bond. This structure has reduced the funding cost by 50-100 basis points as compared to traditional housing bond structures. Should such market demand and advantageous pricing conditions continue, Staff expects that it would be financially prudent to issue new money bonds under several separate series throughout 2014 to continue funding single family loans under its Program. Florida Housing received Board approval on April 30, 2010 to use the FHLB to warehouse MBS between bond sales.

c) The investment bankers team, bond counsels, financial advisor and special counsels have been approved by the board pursuant a RFP/RFQ process. It is expected that if a refunding bond issue is priced first the following professionals would participate on what would be called the first issuance of the 2014 Phase One Bonds: (i) RBC Capital Markets, Citigroup Global Markets, Inc. and Morgan Stanley & Co. Incorporated (collectively, the “Investment Banking Team”) will serve as senior and co-senior managing investment bankers for the negotiated sale; and (ii) Tibor Partners Inc. will serve as financial advisor.

d) The 2014 Phase One bonds will be issued under one of the following: the Homeowner Mortgage Revenue Bond Indenture (“1995 Master Indenture”), the Homeowner Mortgage Revenue Bond (Special Program) Indenture (“NIBP Indenture”) or a new master indenture but the aggregate amount of such 2014 Phase One Bonds shall not exceed $450 million. The 2014 Phase One Bonds are expected to be rated “AA+” by Standard and Poor’s Rating Services, “AA1” by Moody’s Investors Service and “AA+” by Fitch Ratings if issued under the 1995 Master Indenture. The expected rating, if the bonds are issued under the NIBP Master Indenture or a new master indenture, is expected to be “Aaa” by Moody’s Investors Service. It is anticipated that the 2014 Phase One Bonds and any additional new money bonds issued will, for the foreseeable future, be secured by mortgage backed securities. It is expected that $50 million will be issued in refunding bonds and $400 million will be used for new money bonds.

September 20, 2013          Florida Housing Finance Corporation
SINGLE FAMILY BONDS - FINANCE

Action

e) Authorization necessary to issue the 2014 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 and to take full advantage of the current market conditions for the refunding, the authorizing resolution for the 2014 Phase One Bonds is being presented for consideration at Florida Housing’s September 20, 2013 meeting.

f) Staff will determine the timing of issuance, size of issuance and the most applicable documents for the issuance of each series 2014 Bonds based upon prevailing market conditions.

g) To ensure sufficient time for obtaining required approvals for the 2014 Phase One Bonds, authorization is hereby requested to commit up to $65 million of Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.

h) Exhibit A: Board Resolution

3. Recommendation

Staff recommends the Board approve the necessary funding (including reimbursable amounts to provide funding between bond issues), staff actions and the resolution to permit the issuance of the proposed 2014 Phase One Homeowner Mortgage Revenue Bonds.
MULTIFAMILY PROGRAMS

Action Supplement

I. MULTIFAMILY PROGRAMS

A. Request Authorization to Issue Request for Proposals to Develop Permanent Supportive Housing for Special Needs and Extremely Low Income Households

1. Background

a) The 2012 Legislature included proviso language in the state budget to provide up to $10 million in documentary stamp tax revenue deposited into the State Housing Trust Fund during Fiscal Year 2012-2013 (year ending June 30, 2013) in excess of the $35,310,000 revenue estimate used by the Legislature. The final amount of $50,191,320 was deposited into the Trust Fund for the year, allowing Florida Housing to receive the entire $10 million appropriation.

b) The proviso specifies that this funding must be used by Florida Housing to issue a Request for Proposals to finance the development of affordable, sustainable and permanent housing for special needs and extremely low income households. Only nonprofit housing developers specializing in housing for individuals with special needs and extremely low incomes may be awarded this financing.

2. Present Situation

a) Last fall, Florida Housing staff hosted a forum that was facilitated by the Corporation for Supportive Housing, a national nonprofit that provides technical assistance to states and communities. State agencies, including the Florida Department of Children and Families, Elder Affairs, the Agency for Persons with Disabilities, the state Medicaid office and the Governor’s Office, participated in the forum. Key state and national supportive housing and services providers, disability groups and others were also present. The purpose of the forum was to discuss best practices to target and integrate supportive housing and community-based services to high needs persons with disabilities and frail elders who are homeless or living in a more restrictive institutional or congregate setting than they need or desire. These low income individuals may be high utilizers of publicly funded crisis services, such as emergency rooms and jails. For those who are living in institutional settings such as nursing homes and mental health institutions because there are no permanent supportive housing options, the residential costs to the state are huge.

b) Some other states and cities have carried out evaluations of cost savings experienced when high utilizers of crisis services are provided with supportive housing and services. Exhibit A summarizes these findings. At the forum last fall, there was agreement that Florida should pursue a pilot to develop supportive housing targeting high need populations, incorporating a strategy to evaluate the Florida-specific savings from this approach. The purpose would be to demonstrate, through coordinated local and state public-private partnerships, reduced public expenditures and improved personal outcomes for residents by providing high utilizers of crisis services or residential/institutional care with permanent supportive housing. This will require partners chosen under this demonstration to provide Florida Housing and its state partners with specific data concerning the cost benefits and residents’ outcomes.
c) The staff recommends that Florida Housing continue to work in consultation with state agencies, the Governor’s Office and stakeholders to develop and issue a Request for Proposals to finance the development of permanent supportive housing for extremely low income households for this purpose.

3. **Recommendation**

   a) Authorize Florida Housing staff to develop and issue a Request for Proposals to finance permanent supportive housing for extremely low income special needs populations that are high users of crisis services and/or are living in more restrictive institutional settings than needed or desired; and require applicants for this financing to commit to the provision of data evaluating the cost benefit of the permanent supportive housing approach and residents’ outcomes; and

   b) Authorize the Executive Director to establish a Review Committee to review the RFP responses and make a recommendation to the Board.
HARDEST-HIT FUND (HHF)

Action

I. HARDEST-HIT FUND (HHF)

A. Request Approval to Close on the Term Sheet and File an Amended Rule and Allocate $350 Million for the Hardest Hit Fund (“HHF”) Principal Reduction (“PR”) Program

1. Background

   a) Since January of this year, staff has been working with the Governor’s Office, stakeholders and the US Treasury on a program that will help underwater homeowners in Florida by reducing the principal balance owed on their homes to an amount not less than the current market value.

   b) Specifically, the PR Program is designed to assist severely underwater, low-to-moderate income homeowners who have been consistently “current” on their mortgage payments by providing Hardest Hit Funds to reduce the amount of their outstanding principal loan balance to an amount as close to 100% loan-to-value (“LTV”) as possible and reduce their monthly mortgage payment. By bringing such a program online in 2013, we will be assisting the homeowners who have stayed in their homes, remained committed to their neighborhoods and honored their obligation to make their mortgage payments.

2. Present Situation

   Staff has submitted the attached term sheet (Exhibit A) to the US Treasury, who has approved the program and is ready to close. Staff has also drafted an amended HHF Rule (Exhibit B).

3. Recommendation

   Allocate $350 million towards the PR Program, authorize staff to close on the term sheet with the U.S. Treasury and to file an amended rule, subject to further approvals and conditions from counsel, the U.S. Treasury and the appropriate Florida Housing staff.
HARDEST-HIT FUND (HHF)

Action