housing developer, the Carlisle Development Group, on allegations that it bilked the U.S. government out of millions of dollars in tax subsidies used to finance more than a dozen rental projects in Miami-Dade and Broward counties.

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A Miami federal grand jury is investigating South Florida's preeminent affordable-housing developer, the Carlisle Development Group, on allegations that it bilked the U.S. government out of millions of dollars in tax subsidies used to finance more than a dozen rental projects in Miami-Dade and Broward counties.

Carlisle is suspected of committing fraud by padding construction costs of the rental apartments to generate higher government-issued tax credits for itself and its investors, according to sources familiar with the probe. Prosecutors are trying to prove that top executives of Carlisle, a for-profit company, worked in cahoots with a Fort Lauderdale building contractor to unlawfully pocket those extra tax credits, the sources said.

The grand jury is focusing on two of Carlisle's chief executive officers, Matthew S. Greer and retired CEO and founder Lloyd J. Boggio, as well as a general contractor Michael K. Runyan, according to a subpoena obtained by The Miami Herald.

The subpoena, issued in January in connection with "an official criminal investigation of a suspected federal offense," names Carlisle and its development entities, along with the three businessmen. It seeks loan and other records for two of Carlisle's rental projects built by Runyan's Fort Lauderdale company, BJ&K Construction Services, in the low-income Little Haiti and Allapattah neighborhoods.

Both the city and Miami-Dade governments partially financed those high-rise apartment projects, Villa Patricia and Amber Garden, with multimillion-dollar, lowinterest loans.

includes housing over 13,000 low income residents, including working families, the elderly, youth aging out of foster care, and the formerly homeless."

Carlisle was founded by Boggio and Greer's father, attorney Bruce Greer, in 1997. Matthew Greer joined the development company in 2004 and rose to CEO four years later, replacing Boggio. He remained as a principal.

Carlisle has garnered kudos over the past decade — despite a rough patch in the aftermath of the nation's 2008 financial crisis — as a socially and environmentally conscious developer.

The firm has been credited with developing attractive apartment complexes in blighted urban areas, and with improving the lives of people who could never afford market-rate rents in South Florida and elsewhere.

Carlisle's website lists awards won by Greer, including the 2009 Urban Land Institute's Young Leader prize and the South Florida Business Journal's 40 under 40 recognition.

The investigation into Matthew Greer, Boggio and Runyan, the contractor, started in late 2011 when two senior Carlisle executives quit and became whistle blowers for the feds, cutting cooperation deals with the FBI, Internal Revenue Service and U.S. Attorney's Office.

Prosecutors declined to comment for this story, as did representatives of the Florida Housing Finance Corp., which administers the federally funded low-income housing tax-credit program, known as LIHTC.

Greer, Carlisle's chief executive officer, represented by prominent defense attorneys Roy Black and Hy Shapiro, could not be reached for comment after messages were left at his Miami office.

Boggio, who was appointed by former Gov. Jeb Bush to Florida's Affordable Housing

Carlisle, according to sources familiar with the federal probe. Carlisle and the contractor then split the resulting profits in some fashion, the sources said.

Whenever a developer delivers a project below cost, the company is required to notify the state and return any extra tax credits initially approved by the Florida Housing Finance Corp., according to the agency.

The tax-credit program, approved by Congress as part of the 1986 Tax Reform Act to spur the development of affordable housing, is especially lucrative for investors — usually banks and other financial firms — because they can deduct the credits over many years dollar-for-dollar from their actual tax obligations, rather than as just deductions.

Generally, the IRS grants tax credits to the developer, who sells the credits to investors. Those credits typically are capped at 9 percent of the project's construction costs.

With the influx of investment capital, the developer can limit how much he or she needs to borrow. The result: lower debt that allows for lower rents.

Tax-credit applications are reviewed on a project-by-project basis by the Florida Housing Finance Corp., which doles them out under strict IRS guidelines. This year, the state agency has about $43 million in tax credits to allocate, based on Florida's population.

Kevin Tatreau, director of the agency's multifamily development programs, said affordable housing units have become extremely desirable over the past decade as many Floridians' incomes have failed to keep pace with rising housing costs. Concurrently, the tax-credit program has become fiercely competitive for affordable-housing developers. The state now receives proposals seeking credits worth seven times Florida's allocation.

Alfredo Duran, deputy director of the city’s community and economic development

Among its most notable projects:

— Villa Patricia, three white-and-blue towers with 339 apartments for elderly residents. Carlisle developed the project, at Northeast Second Avenue and 79th Street in Little Haiti, with Biscayne Housing Group. Built by BJ&K, the project cost a total of $74 million. Investors put in $57.5 million, and received $6.7 million in federal tax credits.

— Royalton Hotel, a 1923 Italian Renaissance Revival-style landmark in downtown Miami. Carlisle rehabilitated the property at 131 SE First St. and created 100 single-room-occupancy units for former homeless people, along with a community center, library and computer lab. The $18.5 million project, which won a 2010 National Preservation Award, was developed with Carrfour Supportive Housing. Investors put in about $9.7 million, and received $1 million in tax credits.

— Brownsville Transit Village, a mixed-income affordable housing development on six county-owned acres next to the Metrorail station. The 467-unit complex, 5200 NW 29th Ave., has a community clubhouse, fitness center and computer lab, for both families and senior citizens. The project, built by BJ&K, cost $100 million, with nearly $79 million coming from investors who received $7.5 million in tax credits.

— Northwest Gardens, a 14-block distressed area near downtown Fort Lauderdale. Carlisle teamed up with the Fort Lauderdale Housing Authority to redevelop the impoverished 30-acre neighborhood into low-rise buildings with 559 rental apartments. The project, which is being built by BJ&K, cost $109 million. Investors received $9.1 million in tax credits.

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