

# THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County

From: Mark Hendrickson, Financial Advisor

Subject: February 17, 2017 Board Meeting

Date: February 8, 2017

## **I. Bond Allocation—Informational**

1. The 2017 allocation is \$65,923,680, up \$1,416,819 (2.1%) over 2016.

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2017	\$ 65,923,680			
2016	\$100,000,000	\$100,000,000		December 31, 2019
2015	\$100,000,000	\$100,000,000		December 31, 2018
2014	\$ 23,225,804	\$ 49,400,000		December 31, 2017
<b>TOTAL</b>	<b>\$289,149,484</b>	<b>\$249,000,000</b>	<b>\$0</b>	

2. **Recommendation:** Authorize bond counsel to file for carryforward in amount of \$100 million for both single family and multi-family.

## **II. Second Mortgage Status—Informational**

1. In January, seven (7) new loans (\$105,000) were funded.

	2006	2007	2010	2012
<b>Original Loans</b>	<b>\$68,981 (13)</b>	<b>\$30,920 (7)</b>	<b>\$1,131,176 (227)</b>	<b>\$3,819,571 (350)</b>
<b>Paid in Full</b>	\$21,793 (4)	\$10,884 (2)	\$ 255,000 (51)	\$137,500 (15)
<b>Partial Payoff</b>	\$ 3,000 (2)		8,714.35 ( 4)	\$ 3,000 (1)
<b>Loss</b>	\$ (7,060 )		11,285.65	\$ 7,000
<b>Default</b>	\$ (8,160) (2)	\$(4,727) (1)	-0-	-0-
<b>Balance</b>	<b>\$28,968</b>	<b>\$15,309</b>	<b>\$856,176</b>	<b>\$3,672,071</b>

2. January: \$25,000—2009: Fetzer (\$5,000), & 2012: Kraus & Peterson (each \$10,000) paid in full.
3. One of the loan payoffs in August was funded with SHIP, and the HFA will need to reinvest that cash into another DPA loan—and show this in the accounting system.
4. **Recommendation:** None.

### III. Single Family Report- Outstanding Bond Issues—Informational

- To date, 60.5% of all loans have prepaid, 17.5% were repurchased by the servicer, 8.3% were foreclosed or have borrowers in bankruptcy, and 13.6% are still outstanding.

Issue	1997A	1998A	2000 A&B	2001	2006	2007	2010
Servicer	US BANK	US Bank	US Bank	US Bank	Citibank	US Bank	US Bank
Mortgage Rates	6.40% 6.87%- 7.40%	5.85% 6.85%	6.60% 7.60%	5.99% 6.55%	5.99%	5.89% 6.45%- 6.55%	3.99% 4.99%
Original Loan Balance	\$25,359,029	\$13,909,019	\$14,765,664	\$14,018,539	\$9,793,523	\$13,611,243	\$21,032,827
Current Loan Balance	\$368,121 -0.5%	\$729,950 -0.9%	\$497,051 -0.4%	\$751,671 -0.5%	\$1,417,550 -0.2%	\$1,799,580 -0.2%	\$8,971,166 -2.4%
Original # of Loans	352	194	180	158	76	106	170
Prepaid	289/82.1% +0.0%	146/75.3% +0.6%	121/66.7% +0.0%	105/66.5% +0.7%	26/34.2% +1.3%	27/25.5% +1.0%	34/20.0% +1.2%
Foreclosed/Bankruptcy	13/3.7% -0.0%	9/4.6% -1.1%	18/10.0% -0.0%	12/7.6% -0.0%	2/2.6% +0.0%	33/31.1% +0.9%	16/9.4% +1.7%
Repurchased by Servicer for chronic delinquency	40/11.4% +0.0%	20/10.3% +1.0%	31/17.2% +0.0%	28/17.7% +0.0%	33/43.4% +0.0%	29/27.4% -1.8%	35/20.6% -1.8%
# Outstanding Loans	10	19	10	13	14	17	85
30 Days Delinquent	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -10.00%	0/0.00% -0.00%	0/0.00% -0.00%	1/5.88% +0.00%	3/3.53% +0.08%
60 Days Delinquent	0/0.00% -10.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -5.88%	1/1.18% +1.18%
90+ Days Delinquent	1/10.00% +10.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%
In Foreclosure/Bankruptcy	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	2/14.29% +0.00%	0/0.00% -0.00%	1/1.18% +0.03%

- Recommendation: None.

### IV. 2012 Single Family Program—Informational

- The **current program guidelines**:
  - 1<sup>st</sup> mortgage: 3.875%, 1% origination fee, insured by FHA, VA or RD
  - First time homebuyers
  - 640 minimum credit score Down payment assistance: \$15,000
  - Mortgage Credit Certificates providing homebuyers a credit in the amount of 50% of mortgage interest paid annually (up to a \$2,000 annually).
- Rate Change**: The interest rate was decreased from 4.25% to 3.875% in February 2016.
- DPA Change**: The DPA amount was increased to \$15,000, effective July 1, 2016.
- MBS Sales**: The HFA has executed 78 sales, with net revenues of \$1,471,160 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure:** The HFA has seven hedges totaling \$6.13 million in place. With full delivery, the projected net revenues are estimated at \$123,787 (shared pro rata with other counties). The unhedged pipeline as of February 7 is \$0 (changes daily).
6. **Summary of 2012 DPA Funding:**
- The County funded \$1.1 million of DPA with SHIP funds. Another \$1 million is available for loans funded after February 1, 2016, with \$530,000 funded or requested for funding.
  - The Federal Home Loan Bank of Atlanta is launching a \$1 million program which will fund \$1 of DPA for every \$2 funded by the HFA. The FHLB loan would be subordinate and forgivable. However, the lender must be a member of FHLB Atlanta. A lender meeting was held January 11.
  - The FHFC DPA Program is expected to be available in early 2017. It provides \$15,000 (forgivable loan). A draft MOU was distributed January 3. FHFC is requiring that the mortgage rate on the HFA's loans that utilize HFA funds be the same rate as FHFC's rate. This would necessitate an increase to 4.5% (or higher if rate increased by FHFC).

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$1,630,000
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$ 352,500
<b>Total Funded or to be Funded by FHFC or Hillsborough SHIP</b>	<b>\$3,051,331</b>
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 206,800
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded After 2 <sup>nd</sup> \$600,000 from SHIP Fully Committed	\$ 351,626
<b>Total HFA Funded</b>	<b>\$ 768,240</b>
<b>TOTAL DPA LOANS</b>	<b>\$3,819,571</b>

7. **MCC's:** Between 2012 and 2015 the HFA converted \$260 million of bond authority into \$65 million of MCC's. Tranche 1 (\$2.5 million—\$2,496,213.50 used) and Tranche 2 (\$12.5 million—\$12,499,498 used) have been fully utilized. Tranche 3 (\$25 million) expired at the end of 2016—and eHousing inadvertently booked to MCC's against this program. Tranche 4 (\$25 million) expires at the end 2017 with \$9,303,015 utilized. Bond counsel is working to investigate if the eHousing error can be corrected by amended filings with the IRS.
8. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of \$141,000 and a 3.875%/30 year mortgage, interest payments in Year 1 = \$5,419. With the 50% MCC rate that the HFA has chosen, **the homebuyer would be able to claim a tax credit of the federal maximum of \$2,000 each year** (slightly declining after Year 7 as more of monthly payment is principal) until the home buyers sells or moves from the property. The MCC lowers net payments (monthly payments - \$2,000) to a level equivalent to a 1.6% mortgage rate.

9. **Size of Program:** The program is limited to \$3.5 million of loans (not sold, hedged, or from another county) at any given time. \$52.16 million of loans have been originated to date.

10. The **current pipeline and loan demographics:**

Sales Price/ # Loans	Loan/	Borrower Income/ MCC Amount	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	Location
\$153,512 357 loans +6 loans	\$146,115	\$51,104  \$73,163 Avg. MCC. 346 loans \$25,314,505	35.0  53% female	2.6	SF Detached 91% Rowhouse: 1% Townhouse: 9%  Existing: 53% New: 47%	Black: 29% White: 31% Hispanic: 34% Mixed: 2% Asian: 1% Other: 3%	County: 69% Tampa: 24% Plant City: 7% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
4.50%	\$3,472,512	\$0	\$0	\$0	\$3,472,512
	27				27
4.25%	\$19,226,134	\$0	\$0	\$0	\$19,226,134
	133	0	0	0	133
4.00%	\$7,396,575	\$0	\$0	\$0	\$7,396,575
	54	0	0	0	54
3.875%	\$11,272,698	\$3,482,322	\$1,063,197	\$173,483	\$15,991,700
	73	20	6	1	100
3.75%	\$3,430,088	\$0	\$0	\$2	\$3,430,090
	23				23
3.50%	\$1,659,312	\$0	\$0	\$0	\$1,659,312
	12				12
3.25%	\$986,685	\$0	\$0	\$0	\$986,685
	8				8
<b>Total</b>	<b>\$47,444,004</b>	<b>\$3,482,322</b>	<b>\$1,063,197</b>	<b>\$173,485</b>	<b>\$52,163,008</b>
	<b>330</b>	<b>20</b>	<b>6</b>	<b>1</b>	<b>357</b>

11. **Lender originations:** UAMC (138), DHI (104), Open Mortgage (51), Wells Fargo (25), REMN/Homebridge (26), Fairway (5), Annie Mac (4), Stonegate (2), Prime (1), & Shelter (1).

12. **Counties:** Hillsborough, Clay, Brevard and Jacksonville. Pinellas HFA (including Pasco and Polk Counties) was invited to join the program, and is moving to take that step.

13. The inclusion of **Freddie Mac** loans was approved by the Board and will be implemented when a Freddie Mac lender joins the program.

14. **Recommendation:** None.

**V. New Multi-Family Transactions—Informational**

1. A 2016 Bond NOFA was published September 2, with a due date of October 1. The NOFA is now “open”. **Four applications for bond funding** were received under last year’s “Open NOFA” (with two remaining, as listed below).
2. The Boulevard transaction applied for 9% Housing Credits as the City of Tampa’s “preference deal”. As a result, they are withdrawing their bond application. Mango Terrace is also withdrawing because the deal is not feasible without SAIL (which they did not receive).

	<b>Bethune</b>	<b>Sweetwater Villas</b>
<b>Developer</b>	Tampa Housing Authority & Banc of America CDC	Blue Sky Communities
<b>Development Location</b>	City of Tampa, West River NE Corner of North Rome Avenue & Main Street West River Development	Unincorporated County, Carrollwood 4102 W. Humphrey St. 8437, 8441 & 8713 N. Lois Avenue
<b>Total Development Cost</b>	\$38,680,295	\$11,319,646
<b>SAIL Loan Amount</b>	\$7,600,000	\$811,000
<b>Bond Amount Units</b>	\$18,500,000 160	\$5,400,000 (\$6 million TEFRA) 56
<b>Allocation Status</b>	TBD	TBD
<b>Development Status</b>	New Construction TBD	New Construction TBD
<b>TEFRA Hearing &amp; BOCC TEFRA Approval Dates</b>	9-26-16 10-19-16	9-26-16 10-19-16
<b>Credit Enhancement</b>	Bank of America Freddie Mac DUS Lender: Greystone	Private Placement Citi Community Capital
<b>Credit Underwriter</b>	Seltzer	AmeriNational
<b>Anticipated Closing Date</b>	TBD	5-15-17

3. In initial scoring (subject to appeals), FHFC has awarded SAIL funding to the Bethune Residences at West River and Sweetwater Villas applications.
4. The developer of Sweetwater Villas has provided the following update:
  - Land acquisition: Closed January 19, 2017
  - Architecture/Engineering: Working drawings complete
  - Permitting: focus of developer efforts, work in progress
    - Site Work (County)      Revising and resubmitting for 2nd review within 2 weeks.

SWFWMD	Revising and resubmitting for 2nd review within 2 weeks.
EPC/DEP	Submit after County plan review
Water (City)	Commitment letter received February 2, 2017.
ACOE	Received initial determination letter, should not need permit.

- Financing

Construction/Perm:	Citi Back to Back program, no changes.
HOME:	Closed loan with Hillsborough County.
4% Equity	Raymond James, no changes.
SAIL	Preliminarily selected on December 9, 2016 -- pending protests
Credit Underwriting	Pending receipt of 3rd party reports.
Impact Fee Waiver	Submit request by February 15, 2017.

- Construction: Finalize schedule of values for GC contract by February 24

5. **Recommendation:** None.

**VII. FHFC Housing Credit RFA & Local Government Preference—Informational**

1. FHFC’s scoring process for 9% Housing Credits offers the option to large counties and their cities to provide a higher level of local government financial support to one deal, which would then receive points not available to other applicants. Effectively, the deal chosen by the local government would “win” the HC, if they turned in an application that otherwise met threshold.
2. To give the preference, the local government has to contribute a significantly higher amount of funds to the development. The contribution measurement is cash into the deal, not the NPV of the cash. Therefore, a loan is valued at its face amount, rather than an NPV of the savings. For this year, the following are the required loan amounts (Preserve at Sabal Park amount highlighted):

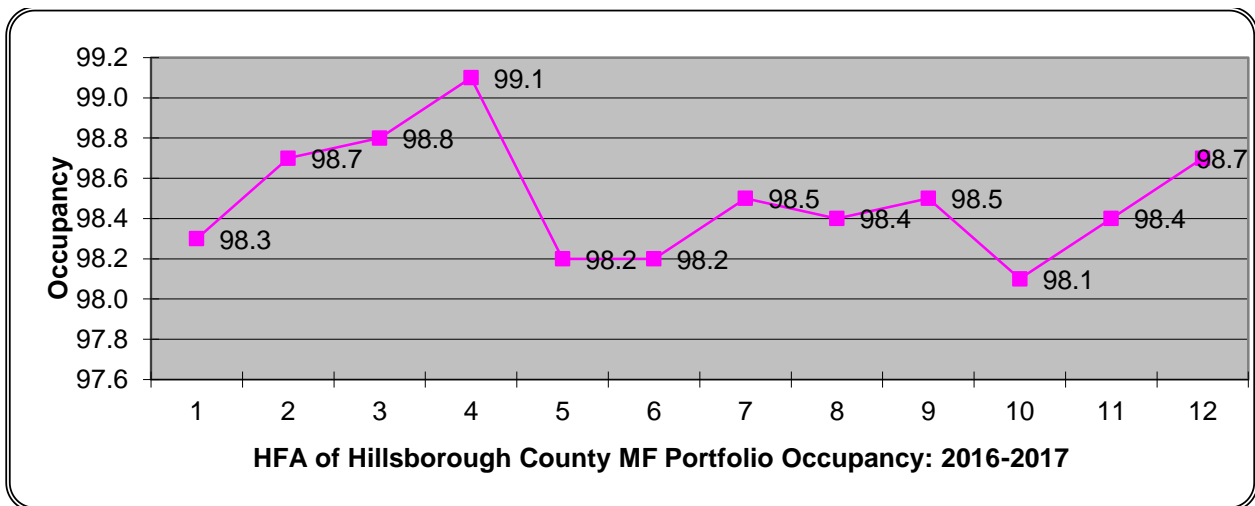
<b>Minimum Local Government Area of Opportunity Funding Amounts</b>	
<b>Building Type*</b>	<b>Total Amount of Loan(s)/Grant(s)</b>
Garden-Wood (NC)	\$458,250
Garden-Concrete (NC)	\$551,000
Mid-Rise-Wood (NC)	\$551,000
Mid-Rise-Concrete (NC)	\$607,500
High-Rise (NC)	\$739,500
<b>Garden (Rehab)</b>	<b>\$385,250</b>
Non-Garden (Rehab)	\$542,750

\* For purposes of this provision (i) Concrete refers to a “Yes” answer to question 5.c.(3) of Exhibit A; (ii) NC includes Development Categories of New Construction, Redevelopment and Acquisition and Redevelopment and Rehab includes Development Categories of Rehabilitation and Acquisition and Rehabilitation, as selected by the Applicant at question 5.c.(1) of Exhibit A; and (iii) Garden includes all Development Types other than Mid-Rise and High-Rise; Non-Garden includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories) and High-Rise (7 or more stories); Mid-Rise includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories); and High-Rise includes Development Type of High Rise (7 or more stories), as selected by the Applicant at question 5.d. of Exhibit A. In the case of mixed-type Developments, the Applicant should use the Building Type that will comprise the majority of the units in the Development.

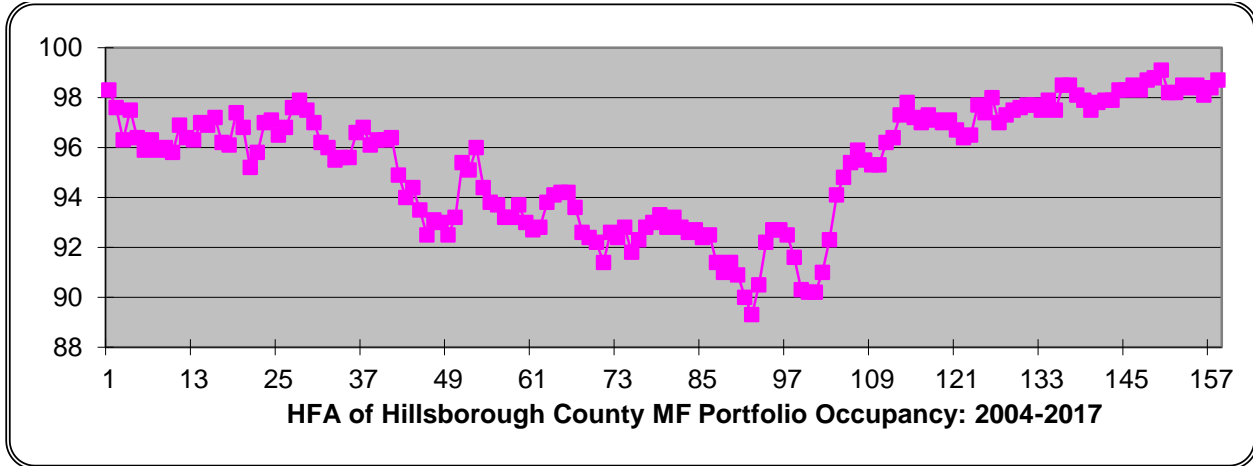
3. Hillsborough County requested the HFA to issue a NOFA and select a development to receive the local government preference. In December, the HFA selected the Preserve at Sabal Park development to receive the funding required for the preference points. Three other developments were offered funding from the County for the lower point level—allowing them to serve as “back-up” applications. The City of Tampa selected the Boulevard at West River development as their preference development. If both applications meet threshold, a lottery will determine which receives the Housing Credits.
4. The applications were submitted to FHFC on December 30. Their review is on hold until litigation challenging certain aspects of the RFA (including the local preference concept) is resolved. The hearing officer ruled in favor of FHFC, and a special meeting will be held to consider accepting the Recommended Order. If accepted by FHFC, scoring will commence.
5. **Recommendation:** None.

**VIII. Status of Rental Developments Financed by the HFA—Action**

1. The Authority has financed twenty-seven (27) rental developments, containing 5,128 units, with a total development cost of \$537,904,581 financed with \$272,910,000 of bonds, \$155,557,814 of Housing Credit equity, and \$47,938,493 of SAIL. The HFA also issued \$16.7 million of bonds to refund the Brandon Crossing and Mobley Park developments. One development (Kaylee Bay) was financed without bonds.
2. The weighted average occupancy level of the HFA’s portfolio is 98.7% (+0.3%). The median occupancy level is 99.0% (-0.0%). Seventeen (17) of the 21 monitored developments are at 98% or higher occupancy.
3. The following is an occupancy chart for the previous 12 months:



4. The following is an occupancy chart for the previous 158 months (13 years):



5. All HFA financed properties are in compliance, except for **Hunter’s Run** (Atlantic). The owner has not recertified resident income this year as required by the LURA, nor have they requested that the LURA be amended to remove the requirement. The HFA has established a policy that such a request would be approved, subject to the owner paying legal costs of the HFA.

6. Related to **The Tempo**, from Bond Counsel (Misty Taylor):

*In 2014 the HFA issued two series of Bonds to fund a loan to The Tempo at Encore, LP, a joint venture between the Tampa Housing Authority and Banc of America Community Development Corporation. The two series of Bonds were comprised of a Senior series and a Subordinate series. Bank of America, N.A. is the sole owner of all of the Subordinate Bonds. As the Board is aware, following construction delays and multiple issues with the original contractor, Siltek, the original contractor has been replaced with a new contractor, Tron Construction, LLC. The Borrower is requesting that the HFA approve amendments to the Subordinate Bond documents in order to address the construction delays. As required by the subordinate documents, Bank of America, N.A. will consent to the amendments. The amendments provide for, among other things, an extended draw down period; an extension of the Completion Deadline; an extension of the Maturity Date of the Subordinate Bonds, as well as provisions that allow for future extensions. Bond Counsel has reviewed the amendments on behalf of the Authority and will be delivering the opinion required by the subordinate documents in connection with the amendments.*

Bond Counsel drafted a Resolution approving the changes as reflected in amendments to various documents. Proposed changes related to Financial Monitoring were not accepted and are not part of the Resolution. Seltzer has reviewed the changes and has no issues.

7. **Recommendation:** The Tempo—Approve resolution authorizing the Chair and any Assistant Secretary to execute the First Amendment to Subordinate Loan Agreement and First Amendment to Subordinate Trust Indenture in substantially the forms attached to the resolution as exhibits A and B, respectively.



## **IX. Housing & Training Programs—Action**

### **1. Up & Out Homeless Program (MetMin)**

- Twenty (20) families (-1) are enrolled in the program. One client had services terminated due to non-compliance—even though they are still employed.
- Of the 77 clients that are no longer in the program, 50 successfully completed the program and are now self-sufficient, 8 moved for employment or to be with family and are now self-sufficient, 4 were moved back into supportive housing on the advice of their case worker, 7 were terminated from the program for non-compliance with case management/self-sufficiency plan, 1 is incarcerated and was terminated from the program, 6 had financial problems and sought other housing, and 1 cannot be located.
- A total of 283 persons have benefited from the program—123 adults and 160 children. The HFA has advanced a total of \$675,892 to the program. The subsidy provided is \$286 per month for a one bedroom and \$403 per month for a two bedroom or larger apartment.

2. **Youth Aging Out of Foster Care** (Camelot) has eleven (+2) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, administration, and a transition specialist. Four clients moved against recommendation of program and forfeited deposits. The HFA has advanced \$23,478 to the program. The subsidy provided is \$200 per month.

3. **Catholic Charities** has six (+1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. The HFA has advanced \$14,656 to the program. The subsidy provided is \$286 per month for a one bedroom and \$403 per month for a two bedroom or larger apartment

4. **USF CRED Training:** The 2016 program is complete and a report has been received.

5. **Recommendation:** Approve extension of CRED contract for one year, and authorize the Chair to sign the contract when approved by Ms. Farris.

## **X. 2017 Legislative Update—Informational**

1. Meetings have been held in with, the Governor’s Chief of Staff, the House Speaker, the Appropriations Chair in the Senate, and key Appropriations Committee staff.

2. The Doc Stamp Revenue Estimate was updated in December, and shows that \$292.37 million of new money will be available for appropriation in FY 17-18. The division is \$204.88 million in the Local Government Housing Trust Fund (SHIP) and \$87.49 million in the State Housing Trust Fund (SAIL and other FHFC programs).

3. If full funding was approved, Hillsborough County and Tampa would receive \$13,502,904 of SHIP funding (County \$9,853,069 and City \$3,649,835).
4. The Governor released his proposed budget for FY 17-18, and recommends sweeping \$224.4 million from the Housing Trust Funds to General Revenue, while only appropriating \$34 million for SHIP and \$10 million for SAIL.
5. One-pager documents for each legislator have been created, showing statewide impact of full funding, SHIP funding for their county or counties, and with talking points. These are excellent pieces to use in meetings with legislators. They can be found at [www.sadowskicoalition.com](http://www.sadowskicoalition.com)
6. Editorials have been written by the newspapers in Jacksonville, Bradenton, and Naples. A press conference calling for full funding will be held on March 2.
7. **Recommendation:** Meet with legislators.