

THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Financial Advisor

Subject: April 14, 2017 Board Meeting

Date: April 5, 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
TOTAL	\$289,149,484	\$249,000,000	\$0	

2. **Recommendation:** None.

II. Second Mortgage Status—Informational

1. In March, ten (10) new loans (\$150,000) were funded.

	2006	2007	2010	2012
Original Loans	\$68,981 (13)	\$30,920 (7)	\$1,131,176 (227)	\$4,044,571 (365)
Paid in Full	\$21,793 (4)	\$10,884 (2)	\$ 295,000 (59)	\$177,500 (19)
Partial Payoff	\$ 3,000 (2)		8,714.35 (4)	\$ 3,000 (1)
Loss	\$ (7,060)		11,285.65	\$ 7,000
Default	\$ (8,160) (2)	\$(4,727) (1)	-0-	-0-
Balance	\$28,968	\$15,309	\$816,176	\$3,857,071

2. In March, seven loans/\$55,000 paid in full. Three were from the 2010 Program and were for \$5,000 each (Givens, Rivera & Louis), and four were from the 2012 Program and were for \$10,000 each (Davis, Callahan, Rodriguez & Taylor).
3. One of the loan payoffs in August 2016 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, 60.9% of all loans have prepaid, 17.6% were repurchased by the servicer, 8.2% were foreclosed or have borrowers in bankruptcy, and 13.2% 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	\$362,347 -0.9%	\$716,192 -1.2%	\$492,537 -0.5%	\$744,594 -0.5%	\$1,413,474 -0.2%	\$1,790,986 -0.3%	\$8,357,732 -4.1%
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% +0.0%	26/34.2% +0.0%	27/25.5% +0.0%	39/22.9% +1.7%
Foreclosed/Bankruptcy	13/3.7% -0.0%	9/4.6% -0.0%	18/10.0% -0.0%	12/7.6% -0.0%	2/2.6% +0.0%	32/30.2% -0.9%	15/8.2% -0.0%
Repurchased by Servicer for chronic delinquency	40/11.4% +0.0%	20/10.3% +0.0%	31/17.2% +0.0%	28/17.7% +0.0%	33/43.4% +0.0%	30/28.3% +0.9%	36/21.2% +0.0%
# Outstanding Loans	10	19	10	13	14	17	80
30 Days Delinquent	0/0.00% -0.00%	1/0.53% +0.00%	0/0.00% -10.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -11.76%	4/5.00% -3.43%
60 Days Delinquent	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%	1/5.88% +5.88%	1/1.25% +1.25%
90+ Days Delinquent	1/0.00% +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% -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%	0/0.00% -0.00%

- Recommendation: None.

IV. 2012 Single Family Program—Action

- The **current program guidelines**:
 - 1st mortgage: 3.875%, 1% origination fee, FHA, VA, RD and Freddie Mac loans
 - 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).
 - Sales price limit of \$225,000
- 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 83 sales, with net revenues of \$1,568,768 (net meaning after payments to RBC and counsel).
- Hedges & Exposure**: The HFA (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 \$867,500 funded. The County indicated another \$1 million of funding is anticipated.
- The Federal Home Loan Bank of Atlanta is launching a \$3 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. New lenders have signed up for the program and are being trained. **Two of those lenders offer only conventional loans, and have requested HFA approval of their participation on that basis.** While we believe Board action is not required for this approval, the Board's ratification of this approval is requested.
- The FHFC DPA Program is now available. It provides \$15,000 (forgivable loan). The final MOU is being reviewed by counsel and the financial team prior to execution. This program requires a new Program Administration Agreement with eHousing.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$1,967,500
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$ 282,500
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$3,318,331
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 221,800
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded After 2 nd \$600,000 from SHIP Fully Committed	\$ 309,626
Total HFA Funded	\$ 741,240
TOTAL DPA LOANS	\$4,059,571

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 no MCC's against this program. Tranche 4 (\$25 million) expires at the end 2017 with \$11,487,116 utilized. The Board authorized bond counsel to publish a notice to covert \$123,225,804 of bond allocation to MCC's.

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. \$53.77 million of loans have been originated to date.

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

Sales Price/ # Loans	Loan Amount	Borrower Income/ MCC Amount	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	Location
\$154,385 374 loans +10 loans	\$146,874	\$51,076 \$73,563 Avg. MCC. 360 loans \$26,482,828	35.0 53% female	2.6	SF Detached 91% Rowhouse: 1% Townhouse: 9% Existing: 52% New: 48%	Black: 29% White: 31% Hispanic: 34% Mixed: 2% Asian: 1% Other: 3%	County: 69% Tampa: 23% 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%	\$14,783,295	\$1,965,095	\$1,686,055	\$325,267	\$18,759,712
	93	12	10	2	117
3.75%	\$3,430,088	\$0	\$0	\$0	\$3,430,088
	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
Total	\$50,954,601	\$1,965,095	\$1,686,055	\$325,267	\$54,931,018
	350	12	10	2	374

11. **Lender originations:** UAMC (150), DHI (108), Open Mortgage (51), Wells Fargo (25), REMN/Homebridge (27), 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. **Sale Price Proposed Change:** Helen Feinberg recommends increasing the sale price limit to \$250,000—which is still below the federal limit and the current FHFC limit. Borrowers buying homes between \$225,000 and \$250,000 are forced to use the higher rate FHFC program. Helen’s comments:

Strong Demand for New Construction Homes: There has been a strong demand from home buyers for new construction homes. This is likely in part because it remains difficult for first time home buyers to compete for lower priced existing homes.

Average Cost of Affordable New Construction Homes: While a lot of Hillsborough HFA's pipeline has been new construction homes, there may be home buyers who are missing opportunities to participate in the Hillsborough program. Shaun Owens, Division Manager of UAMC, reported that their average sales price in Hillsborough County is \$237,000. Therefore it would be helpful if the HFA would raise the new construction limit to \$250,000. The income limits for the program will ultimately dictate the maximum purchase price a family can afford.

IRS Revised 2017 Purchase Price Limits: The Internal Revenue Service (IRS) last week released [Revenue Procedure 2017-27](#), which establishes the nationwide average purchase price limits and average area purchase price safe harbors for the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate (MCC) programs. The 2017 nationwide average purchase price was \$282,010 for a one unit dwelling. This translates to a new maximum purchase limit of **\$253,809**. The current maximum purchase price limit for the Florida Housing program is \$255,573 and \$312,368 for homes in federally designated targeted areas.

14. **Recommendations:**

- Ratify approval of Center State Bank originating only conventional and RD loans
- Ratify approval of Atlantic Coast Bank to only originate conventional loans until such time as FHA and VA approved underwriters are on staff
- Approve increase in sales price limit to \$250,000
- Approve Program Administration Agreement with eHousing (FHFC DPA Program)

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. Sweetwater Villas is moving forward, with an anticipated closing date of May 24.
3. Bethune will require demolition of the existing building prior to bond closing, which is now estimated for December 2017.
4. **Recommendation:** None.

	Bethune	Sweetwater Villas
Developer	Tampa Housing Authority & Banc of America CDC	Blue Sky Communities
Development Location	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
Total Development Cost	\$38,680,295	\$12,087,269
SAIL Loan Amount	\$7,600,000	\$0
Bond Amount	\$18,500,000	\$6,000,000
Units	160	56
Allocation Status	TBD	TBD
Development Status	New Construction TBD	New Construction Moving through permitting
TEFRA Hearing & BOCC TEFRA Approval Dates	9-26-16 10-19-16	9-26-16 10-19-16
Credit Enhancement	Bank of America Freddie Mac DUS Lender: Greystone	Private Placement Citi Community Capital
Credit Underwriter	Seltzer	AmeriNational
Anticipated Closing Date	TBD	5-24-17

VI. 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):

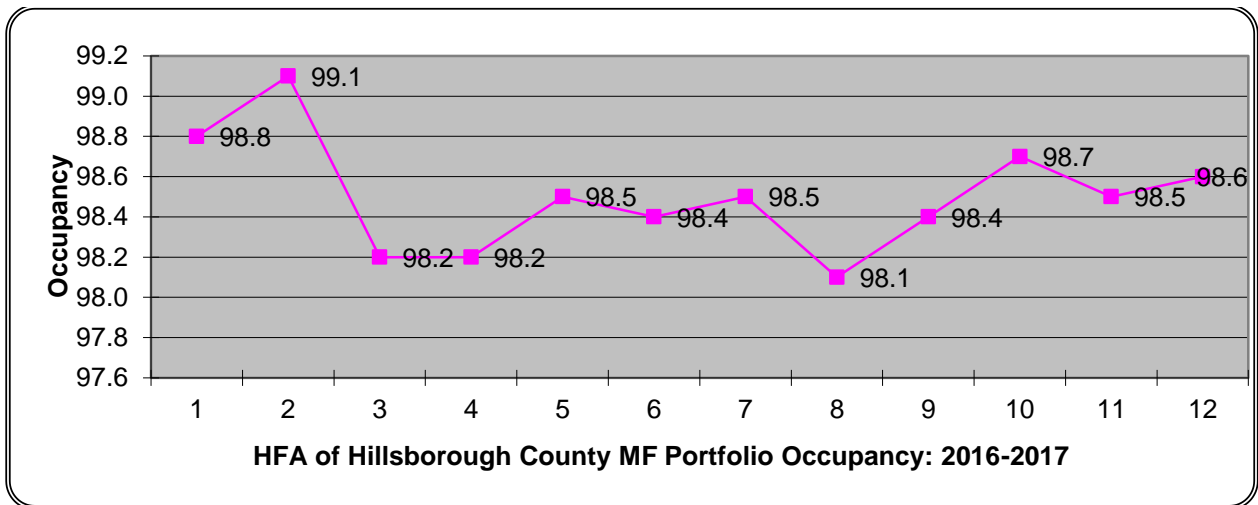
Minimum Local Government Area of Opportunity Funding Amounts	
Building Type*	Total Amount of Loan(s)/Grant(s)
Garden-Wood (NC)	\$458,250
Garden-Concrete (NC)	\$551,000
Mid-Rise-Wood (NC)	\$551,000
Mid-Rise-Concrete (NC)	\$607,500
High-Rise (NC)	\$739,500
Garden (Rehab)	\$385,250
Non-Garden (Rehab)	\$542,750

* 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.

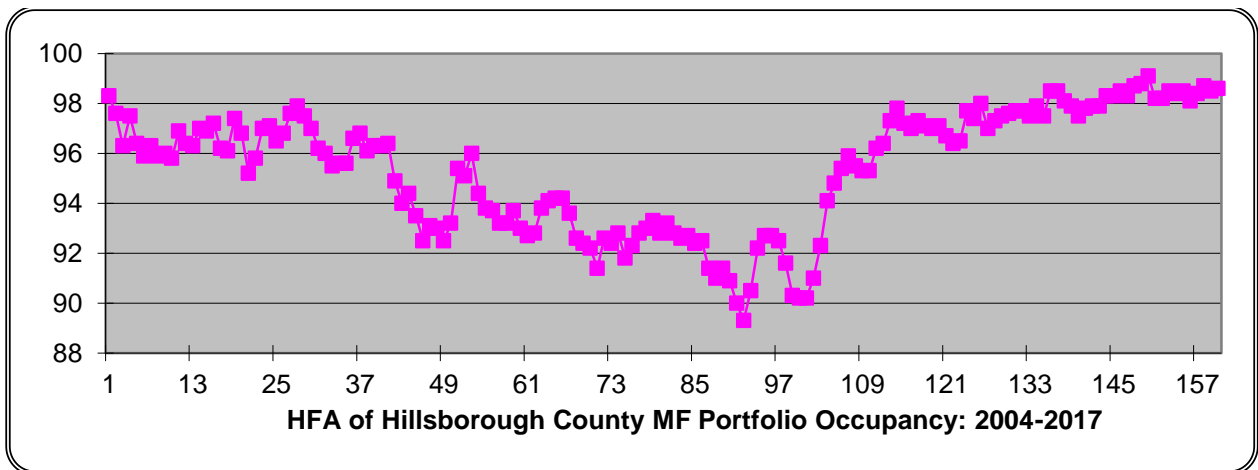
3. Hillsborough County requested the HFA to issue a NOFA and select a development to receive the local government preference. In December, the HFA selected the Preserve at Sabal Park development to receive the funding required for the preference points. Three other developments were offered funding from the County for the lower point level—allowing them to serve as “back-up” applications (one accepted). 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. Five applications were submitted to FHFC—the two local priority developments, one of the backups selected by the HFA/County, and two additional applications for new construction deals located within the City of Tampa. Of the two priority deals, the Boulevard at West River has the lower lottery number.
5. After legal challenges were resolved (with FHFC prevailing), scoring began. Initial scoring/threshold determination is expected by late April.
6. **Recommendation:** None.

VII. Status of Rental Developments Financed by the HFA—Informational

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 98.6% (+0.1%). The median occupancy level is 99.0% (-0.0%). Sixteen (16) 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 160 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. An update from the owner of **The Tempo** is attached, outlining the current situation with the surety and construction.

7. **Recommendation:** None.

VIII. Housing & Training Programs—Informational

1. Up & Out Homeless Program (MetMin)

- Twenty-one (21) families (-1) are enrolled in the program. One client had services terminated due to non-compliance—even though they are still employed, one client graduated, and one new client entered the program.
- Of the 79 clients that are no longer in the program, 51 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, 8 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 290 persons have benefited from the program—126 adults and 164 children. The HFA has advanced a total of \$692,818 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 (-1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, administration, and a transition specialist. Five clients moved against recommendation of program and forfeited deposits, while two have graduated from the program successfully. The HFA has advanced \$35,263 to the program. The subsidy provided is \$200 per month.

3. **Catholic Charities** has six (+0) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. The HFA has advanced \$20,506 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. No clients have left the program.

4. **USF CRED Training:** The 2017 program contract is in process.

5. **Recommendation:** None.

IX. 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 House and Senate released their proposed budgets. The final housing appropriations will be decided in Conference Committee.

Appropriation of Housing Trust Fund Monies

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET
SAIL	\$ 10,000,000	In Proviso		
Housing for Developmentally Disabled		\$10,000,000 in recurring budget	\$10,000,000 in recurring budget	
FHFC Line 2225		\$27,500,000		
SHIP Line 2226	\$ 34,000,000	\$120,900,000	\$30,000,000	
Homeless		\$4,000,000 in recurring budget	\$4,000,000 in recurring budget	
Training		In proviso		
TOTAL HOUSING	\$ 44,000,000	\$162,400,000	\$44,000,000	
SHTF SWEEP	\$ 64,000,000	\$50,000,000	\$ 67,000,000	
LGHTF SWEEP	\$160,000,000	\$80,000,000	\$157,000,000	
TOTAL SWEEP Section 61 House & 71 Senate	\$224,000,000	\$130,000,000	\$224,000,000	
Unallocated SHTF	\$14,540,000	\$1,040,000	\$11,540,000	
Unallocated LGHTF	\$13,360,000	\$2,460,000	\$16,360,000	

Senate Proviso/Back of the Bill for FHFC

\$10 million for person with developmental disabilities

Acknowledges that \$111.0 million of Guarantee Fund monies to be spent on SAIL. This section 67 of budget is not required, as FHFC can expend this money without appropriation.

Requires at least 50% of funds to be spent on SAIL

\$40 million of SAIL/Guarantee Fund monies for Workforce Housing

\$100,000 for Affordable Housing Workgroup

Senate Proviso for SHIP

20% for Special Needs

Including the \$4 million in recurring, a total of \$5 million for the homeless through DCF

\$200,000 for DEO homeless training

\$500,000 for Catalyst

\$75,000 to Florida Supportive Housing Coalition for Special Needs and Homeless Training

House Back of the Bill for SAIL

\$75.25 million of SAIL funding from Guarantee Fund (Section 55)

House Proviso for SHIP

Additional \$35.75 million of SHIP funding from Guarantee Fund (Section 55)

\$200,000 for DEO homeless training

Additional Homeless Funding				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$5,000,000 Senate \$3,800,000 House	342	Grants & Donations TF— comes from SHIP	DCF
Federal Emergency Shelter Grant Program	\$6,203,876 in both House & Senate	343	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$4,075,000 Senate \$2,840,800 House	344	GR	DCF
Homeless Housing Assistance Grants: Senate Proviso	\$100,000 from line 344 for Love in Action & Hope Homeless Shelter			DCF
Homeless Housing Assistance Grants: Senate Proviso	\$500,000 from line 344 for Comprehensive Emergency Services Center serving Leon, Franklin and Gadsden Counties			DCF
Homeless Housing Assistance Grants: House Proviso	\$140,800 from line item 344 for Citrus Health Network Safe Haven\ for Homeless Youth			
Pasco County Homeless Navigation Center: Senate Proviso	\$1,000,000	358A	GR	DCF
Rapid Rehousing Program: Senate Proviso	\$500,000	2224M	SEED	DEO
Tarpon Springs Hope Center: Senate Proviso	\$200,000	2224M	SEED	DEO
Tampa-Hillsborough Community Housing Solutions Center: Senate Proviso	\$1,000,000	2224M	SEED	DEO

Other Member Projects

Item	Amount	Line Item	Source	Agency
Neighborworks Florida Collaborative: Senate Proviso	\$500,000	2224M	SEED	DEO
Building Homes for Heroes: Senate Proviso	\$1,000,000	2226L	SEED	DEO
Building Homes for Heroes: House Proviso	\$1,000,000	2224M	General Revenue	DEO

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
6. Editorials have been written by the newspapers in Orlando, Ft. Lauderdale, Jacksonville, Bradenton, and Naples. A press conference calling for full funding was held on March 2, with excellent press coverage.
7. **Recommendation:** None.