

# THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Financial Advisor

Subject: August 1, 2017 Board Meeting

Date: July 24, 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	\$ 43,400,000		December 31, 2017
<b>TOTAL</b>	<b>\$289,149,484</b>	<b>\$243,000,000</b>	<b>\$0</b>	

2. **Recommendation:** None.

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

1. In July, ten (10) new loans (\$1505000) 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>\$4,644,571 (404)</b>
<b>Paid in Full</b>	\$26,797 (5)	\$10,884 (2)	\$ 339,176 (68)	\$240,000 (26)
<b>Partial Payoff</b>	\$ 3,000 (2)		10,214.35 ( 5)	\$ 3,000 (1)
<b>Loss</b>	\$ (7,060 )		14,785.65	\$ 7,000
<b>Default</b>	\$ (8,160) (2)	\$(4,727) (1)	-0-	-0-
<b>Balance</b>	<b>\$23,964</b>	<b>\$15,309</b>	<b>\$767,000</b>	<b>\$4,394,571</b>

2. In June, two loans/\$15,000 paid in full. One was from the 2010 Program (Knox for \$5,000), and one was from the 2012 Program (Arroyo for \$10,000). One loan in the 2010 program had an approved short sale, with \$1,500 recovered and \$3,500 lost).
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. The County has initiated BOCC approval for another \$700,000 of DPA funding.
5. **Recommendation:** None.

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

- To date, 61.7% of all loans have prepaid, 18.2% were repurchased by the servicer, 7.8% were foreclosed or have borrowers in bankruptcy, and 12.2% 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	\$307,554 -0.5%	\$695,632 -1.1%	\$426,310 -1.26	664,118978 -1.0%	\$1,406,801 -0.2%	\$1,697,433 -5.1%	\$7,520,056 -3.3%
Original # of Loans	352	194	180	158	76	106	170
Prepaid	289/82.1% +0.0%	146/75.3% +0.0%	122/67.8% +0.0%	106/67.1% +0.0%	26/34.2% +0.0%	28/26.4% +0.9%	46/27.1% +1.8%
Foreclosed/Bankruptcy	13/3.7% -0.0%	9/4.6% -0.0%	17/9.4% -0.0%	12/7.6% -0.0%	2/2.6% +0.0%	31/29.2% -0.0%	13/7.7% -0.0%
Repurchased by Servicer for chronic delinquency	41/11.6% +0.0%	20/10.3% +0.0%	32/17.8% +0.0%	28/17.7% +0.0%	33/43.4% +0.0%	33/29.2% +0.0%	39/22.9% +0.0%
# Outstanding Loans	9	19	9	12	14	16	72
30 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%	0/0.00% -0.00%	3/4.17% -1.16%
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%	0/0.00% -6.25%	0/0.00% -0.00%
90+ 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%	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%	1/1.39% +0.06%

- Recommendation: None.

### IV. 2012 Single Family Program—Informational

- The **current program guidelines**:
  - 1<sup>st</sup> 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 \$250,000
- 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 96 sales, with net revenues of \$1,676,218 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure:** The HFA has eight hedges totaling \$8.5 million in place. With full delivery, the projected net revenues are estimated at \$1844108 (shared pro rata with other counties). The unhedged pipeline as of July 21 is \$0 (changes daily).
6. **Summary of 2012 DPA Funding:**
  - The County funded \$2.1 million of DPA with SHIP funds. The County has initiated BOCC approval for another \$700,000 of funding.
  - 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.
  - The FHFC DPA Program is now available. It provides \$15,000 (forgivable loan). MOU has been executed as has a new Program Administration Agreement with eHousing. Lender training is scheduled for August 3, with roll-out August 7.
  - The City of Tampa is moving forward with a SHIP/DPA allocation of \$250,000.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$2,100,000
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$ 719,500
<b>Total Funded or to be Funded by FHFC or Hillsborough SHIP</b>	<b>\$3,888,331</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	\$ 236,800
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded After 2 <sup>nd</sup> \$600,000 from SHIP Fully Committed	\$ 309,626
<b>Total HFA Funded</b>	<b>\$ 756,240</b>
<b>TOTAL DPA LOANS</b>	<b>\$4,644,571</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 no MCC's against this program. Tranche 4 (\$25 million) expires at the end 2017 with \$15,566,708 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. \$61.11 million of loans have been originated or are in process 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
\$157,840 421 loans +12 loans	\$150,147	\$50,974  \$75,092 Avg. MCC. 407 loans \$30,562,420	35.0  53% female	2.6	SF Detached: 90% Rowhouse: <1% Townhouse: 10%  Existing: 50% New: 50%	Black: 30% White: 30% Hispanic: 34% Mixed: 2% Asian: 1% Other: 4%	County: 71% Tampa: 21% 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%	\$21,104,302	\$2,551,382	\$1,616,353	\$1,768,624	\$27,040,661
	131	14	9	10	164
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
<b>Total</b>	<b>\$57,275,608</b>	<b>\$2,551,382</b>	<b>\$1,616,353</b>	<b>\$1,768,624</b>	<b>\$63,211,967</b>
	<b>388</b>	<b>14</b>	<b>9</b>	<b>10</b>	<b>421</b>

11. **Lender originations:** Eagle (formerly UAMC) (177), DHI (119), Open Mortgage (56), Wells Fargo (25), REMN/Homebridge (30), Fairway (5), Annie Mac (4), Stonegate (2), Prime (1), Shelter (1) & Tidewater (1).

12. **Counties:** Hillsborough, Clay, Brevard, Jacksonville & Pinellas (Pasco and Polk).

13. **Recommendation:** None.

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

1. A 2016 Bond NOFA was published September 2, 2016, 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 one remaining, as listed below).
2. **Sweetwater Villa** closed June 13. The developer reports:
  - *Closing – We closed on June 13, 2017. In lieu of a closing dinner, we made a charitable contribution to Miracles Outreach in the amount of \$500. They are a foster home provider here in town. I will invite other financial partners to make a similar gesture.*
  - *Construction – Clearing 75%. Pads 75%. Overall 5%. No notable unanticipated conditions so far.*
  - *Leasing – We intend to lease primarily from the extensive waiting list at Silver Lake (1.2 miles away).*
  - *Homeless – We will be coordinating with THHI to serve as the clearinghouse to identify residents transitioning from homelessness. (per HOME agreement)*

The final sources and uses table:

SWEETWATER VILLA FINAL SOURCES AND USES							
Source	Total	Construction Site Work & Hard Cost Contingency	Financing Costs	General Development	Developer Fee	Land Acquisition	Pay Down of Bonds
Short Term Bonds	\$ 4,000,000	\$4,000,000					
Long Term Bonds	\$ 2,000,000	\$1,416,116	\$343,217	\$ 240,667			
HC Equity	\$ 4,894,161		\$413,768	\$ 259,837	\$1,028,349	\$119,613	\$3,072,594
HOME 4th	\$ 4,500,000	\$2,103,058	\$ 63,000	\$ 856,536		\$550,000	\$ 927,406
Deferred Developer Fee	\$ 693,270				\$ 693,270		
<b>Total</b>	<b>\$16,087,432</b>	<b>\$7,519,174</b>	<b>\$819,985</b>	<b>\$1,357,041</b>	<b>\$1,721,619</b>	<b>\$669,613</b>	<b>\$4,000,000</b>

Note: Actual total development cost is \$12,087,432, as \$4 million of bonds are used for construction period only and are retired with HC Equity and County HOME funds after construction.

3. **Bethune** will require demolition of the existing building prior to bond closing, which is now estimated for December 2017. The applicant has requested an increase in the bond amount from \$8.5 million to \$22.0 million.
4. A **NOFA for 2018** allocation is required. It has been noted that most local HFA rules that govern multi-family financing, have inadequate protection/restrictions related to developer/applicants that have legal issues related to their work in affordable housing.
5. **Recommendations:** (1) Approve amended Inducement Resolution for Bethune at West River reflecting increase in bond amount to \$22.0 million, (2) Authorize publication of 2017 Bond NOFA, and (3) Authorize change to MF Handbook drafted by General Counsel related to restrictions on applicants (and related parties) with certain legal issues.

Bethune	
<b>Developer</b>	Tampa Housing Authority & Banc of America CDC
<b>Development Location</b>	City of Tampa, West River NE Corner of North Rome Avenue & Main Street West River Development
<b>Total Development Cost</b>	\$38,680,295
<b>SAIL Loan Amount</b>	\$7,600,000
<b>Bond Amount</b>	\$18,500,000
<b>Units</b>	160
<b>Allocation Status</b>	TBD
<b>Development Status</b>	New Construction TBD
<b>TEFRA Hearing &amp; BOCC TEFRA Approval Dates</b>	9-26-16 10-19-16
<b>Credit Enhancement</b>	Bank of America Freddie Mac DUS Lender: Greystone
<b>Credit Underwriter</b>	Seltzer
<b>Anticipated Closing Date</b>	December 2017

**VIII. FHFC: Local Government Preference & Limited Development Areas—Action**

- Limited Development Areas (LDA’s):** FHFC has requested local HFA input on their LDA methodology and proposed areas. No part of Hillsborough County is proposed as an LDA. The Chair sent a letter to FHFC stating the HFA’s agreement with this conclusion and sharing the HFA’s occupancy data.
- Local Government Preference** (now known as Local Government Area of Opportunity Funding): 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.
- 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
<b>Garden-Concrete (NC)</b>	<b>\$551,000</b>
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

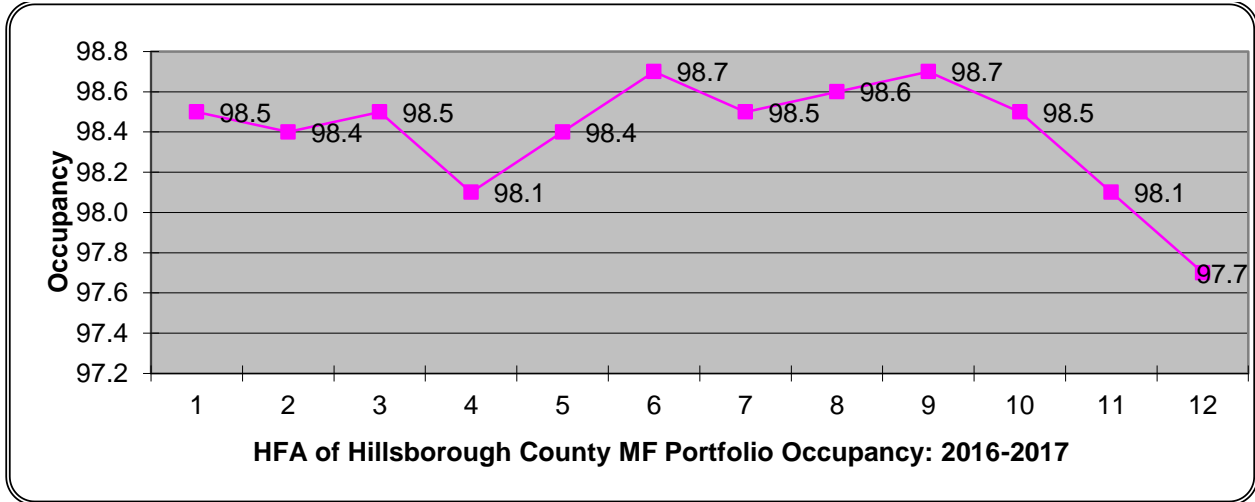
Rehabilitation and Acquisition and Rehabilitation, as selected by the Applicant at question 5.c.(1) of Exhibit A; and (iii) Garden includes all Development Types other than Mid-Rise and High-Rise; Non-Garden includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories) and 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.

4. For 2017, Hillsborough County requested the HFA to issue a NOFA and select a development to receive the local government preference. The HFA selected the Preserve at Sabal Park development to receive the funding required for the preference points. 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.
5. 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.
6. The Boulevard at West River was approved for funding at the May FHFC meeting, Legal challenge were filed, with the initial position of FHFC staff supporting the legal challenge. A hearing has been held which will determine which development will be funded.
7. FHFC indicates that they will retain the Local Government Area of Opportunity Funding for 2018 (despite complaints from several developers). The FA has asked Hillsborough County if they wish for the HFA to administer a selection process for 2018, with no response received to date. In any case, the HFA needs to be prepared to quickly issue a NOFA if requested.
8. **Recommendations: Local Government Preference:** Confirm continuation of criteria and process for 2018 as was utilized for selection of development in 2017.

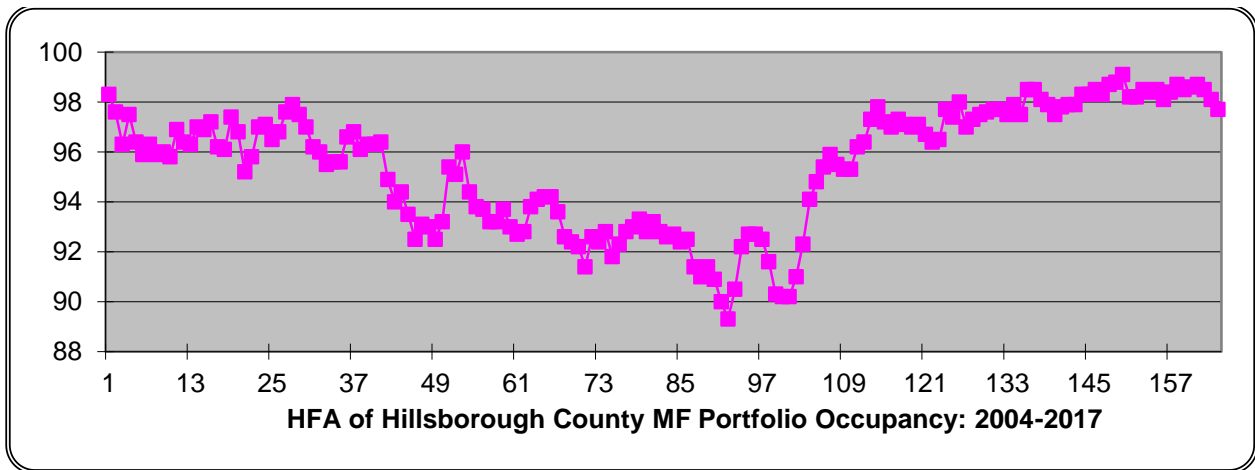
## **IX, Status of Rental Developments Financed by the HFA—Informational**

1. The Authority has financed twenty-eight (28) rental developments, containing 5,184 units, with a total development cost of \$555,992,013 financed with \$272,910,000 of bonds, \$160,451,975 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 97.7% (-0.4%). The median occupancy level is 98.0% (-1.0%). Twelve (12) 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 164 months (13.5 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 has been sent by email to the Board.
7. **Recommendation:** None.



## **X. Housing & Training Programs—Informational**

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

- Twenty-three (22) families (+1) are enrolled in the program. One client graduated and two new clients entered the program.
- Of the 81 clients that are no longer in the program, 54 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 308 persons have benefited from the program—131 adults and 177 children. The HFA has advanced a total of \$707,326 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 nine (-0) 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 four have graduated from the program successfully. The HFA has advanced \$39,765 to the program. The subsidy provided is \$200 per month.

3. **Catholic Charities** has seven (+1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. The HFA has advanced \$64,822 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 has been executed.

5. **Recommendation:** None.

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

1. The 2018 SEE Effort will begin by September 1.

2. **Recommendation:** None.