

THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Financial Advisor

Subject: November 9, 2017 Board Meeting

Date: November 2, 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
TOTAL	\$289,149,484	\$243,000,000	\$0	

2. **Recommendation:** None.

II. Second Mortgage Status—Informational

1. In October, nine (9) new loans (\$135,000) were funded (down from \$180,000 in August, up from \$30,000 in September).

	2006	2007	2010	2012	TOTAL
Original Loans	\$68,981 (13)	\$30,920 (7)	\$1,131,176 (227)	\$5,064,571 (432)	\$6,295,648 (670)
Paid in Full	\$26,797 (5)	\$10,884 (2)	\$ 409,176 (82)	\$285,000 (30)	\$731,857.00 (119)
Partial Payoff	\$ 3,000 (2)		10,214.35 (5)	\$ 3,000 (1)	\$ 16,214.35 (8)
Loss on Partials	\$ 7,060		14,785.65	\$ 7,000	\$ 28,845.65
Default Loss	\$ 8,160 (2)	\$ 4,727 (1)	-0-	-0-	\$ 12,887.00 (3)
Balance	\$23,964	\$15,309	\$697,000	\$4,769,571	\$5,505,844

2. In October, three loans/\$25,000 paid in full. Two were from the 2010 Program (Bethea/Chamberlan & Mayer—each for \$5,000), and one was from the 2012 Program (Grimmett for \$15,000).
3. One loan payoff 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, 62.7% of all loans have prepaid, 17.6% were repurchased by the servicer, 8.4% were foreclosed or have borrowers in bankruptcy, and 11.2% 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	\$295,533 -2.6%	\$620,355 -3.1%	\$418,294 -1.4%	600,617 -9.1%	\$1,317,793 -6.2%	\$1,613,701 -0.6%	\$6,419,198 -9.2%
Original # of Loans	352	194	180	158	76	106	170
Prepaid	289/82.1% +0.0%	147/75.7% +0.4%	122/67.8% +0.0%	107/67.7% +0.6%	27/35.5% +1.3%	28/26.4% +0.0%	55/32.4% +3.0%
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%	33/31.1% +0.9%	17/10.0% +0.6%
Repurchased by Servicer for chronic delinquency	41/11.6% +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%	35/20.6% -0.6%
# Outstanding Loans	9	18	9	11	13	15	63
30 Days Delinquent	0/0.00% -0.00%	1/5.56% +5.56%	1/11.11% +11.11%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	7/11.11% +5.23%
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% -0.00%	1/1.59% +0.12%
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%	1/1.59% +1.59%
In Foreclosure/Bankruptcy	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	1/7.69% -6.60%	0/0.00% -0.00%	1/1.59% +0.12%

- Recommendation: None.

IV. 2012 Single Family Program—Informational

- The **current program guidelines**:
 - 1st mortgage: 4.0%, 1% origination fee, FHA, VA, RD and 4.5% for 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 \$253,809
- Rate Change**: The interest rate was increased from 3.875% to 4.0% in August 2017.
- DPA Change**: The DPA amount was increased to \$15,000, effective July 1, 2016.
- MBS Sales**: The HFA has executed 103 sales, with net revenues of \$1,741,582 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure:** The HFA has eight hedges totaling \$8.677 million in place. With full delivery, the projected net revenues are estimated at \$257,898 (shared pro rata with other counties). The unhedged pipeline as of November 1 is \$0 (changes daily).
6. **Summary of 2012 DPA Funding:**
 - The County funded \$2.1 million of DPA with SHIP funds. The County received BOCC approval for another \$700,000 of funding. In September, the County funded \$662,500, leaving only \$37,500—with \$477,000 of loans closed and available for the program.
 - 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. No loans have been originated in Hillsborough County
 - An agreement with the City of Tampa for a SHIP/DPA allocation of \$250,000 has been executed. We are working with the City to launch the program.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$2,762,500
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$ 477,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$4,308,331
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 236,800
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	\$ 756,240
TOTAL DPA LOANS	\$5,064,571

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 \$18,681,126 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. \$67.4 million of loans have been originated or are in process to date.

10. The current pipeline and loan demographics:

SALES PRICE BY YEAR		
YEAR	NUMBER LOANS	AVERAGE SALES PRICE
2012	13	\$142,075
2013	76	\$148,137
2014	86	\$144,913
2015	105	\$150,641
2016	69	\$172,088
2017	96	\$183,355

Sales Price/ # Loans	Loan Amount	Borrower Income/ MCC Amount	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	Location
\$159,239 445 loans +11 loans	\$151,558	\$50,842 \$76,020 Avg. MCC. 443 loans \$33,676,838	35.0 53% female	2.6	SF Detached 90% Rowhouse: <1% Townhouse: 9% Existing: 49% New: 51%	Black: 30% White: 30% Hispanic: 33% Mixed: 2% Asian: 1% Other: 4%	County: 72% Tampa: 20% Plant City: 7% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
4.50%	\$3,472,512	\$0	\$0	\$184,576	\$3,657,088
	27		0	1	28
4.25%	\$19,226,134	\$0	\$0	\$0	\$19,226,134
	133	0	0	0	133
4.00%	\$7,396,575	\$1,821,305	\$1,887,571	\$522,964	\$11,628,415
	54	11	10	3	78
3.875%	\$25,631,708	\$1,223,799	\$0	\$0	\$26,855,507
	156	7	0	0	163
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	\$61,803,014	\$3,045,104	\$1,887,571	\$707,540	\$67,443,229
	413	18	10	4	445

11. **Lender originations:** Eagle (formerly UAMC) (195), DHI (122), Open Mortgage (57), Wells Fargo (25), REMN/Homebridge (32), Fairway (5), Annie Mac (4), Stonegate (2), Prime (1), Shelter (1) & Tidewater (1).

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

13. **Marketing Update** from Sue Denihan:

On Nov 6th we are starting a marketing campaign online targeting Hillsborough County and Manatee County. I spoke with Debbie Berner last week about the lower rate for the City of Tampa loans. And I asked Sol Nicoletti about loans in the City. Her borrower's want the forgivable \$15,000, so it has been a hard sell. And the interest rate is not low enough to convince a buyer to use the HFA product. If the interest rate is low enough for the City of Tampa loans, you could see more production. I spoke with Sol Nicoletti, I asked her for a realistic rate and she said 3.875% would work.

14. From RBC related to new **FINRA Rule:**

RBC has provided Bond Counsel with the FINRA 4210 Annex which allows the HFA to claim an exemption status. RBC has also provided Bond Counsel a new MSFTA for the HFA to sign (reflecting the new FINRA requirements). BMO is currently reviewing the documents and will direct any questions with RBC Legal department and will bring the documents to the board for signature at the next meeting. The deadline for the execution of the MSFTA and Annex has been moved to June of 2018, but we will try to wrap it up before year end.

15. **Recommendation:** None.

V. New Multi-Family Transactions—Action

1. A 2017 Bond NOFA was published August 21, 2017, with a due date of October 1. No applications have been received, and the NOFA is now “open”. There is one active application from last year’s NOFA.

2. Preserve at Sabal Palm (the local preference development for 9% HC) has requested approval of a change in design from townhomes to garden apartments. This change would also need to be approved by the County (amendment to PUD).

3. **Recommendation: Preserve at Sabal Palm:** Approve change from townhomes to garden apartment design, contingent upon approval of PUD amendment by County.

	Bethune Residences I at West River	Preserve at Sabal Palm (Local Preference)
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 Williams Rd, appx. 200' N of E. Broadway Ave and 10920 E. Broadway Avenue
Total Development Cost	\$38,680,295	\$26,353,041
SAIL Loan Amount	\$7,600,000	\$0
Bond Amount	\$22,000,000	No Bonds- \$441,000 loan from HFA, \$100,000 from County
Units	160	144
Allocation Status	TBD	NA
Development Status	New Construction TBD	New Construction TBD
TEFRA Hearing & BOCC TEFRA Approval Dates	8-7-17 8-16-17	NA
Credit Enhancement	Bank of America Freddie Mac DUS Lender: Greystone	Lender: Chase Equity: Raymond James
Credit Underwriter	Seltzer	Seltzer
Anticipated Closing Date	March 2018	August 2018

VII. FHFC: Local Government Area of Opportunity Funding—Informational

1. **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. FHFC has continued this process for the upcoming RFA 2017-113.
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

Minimum Local Government Area of Opportunity Funding Amounts	
Building Type*	Total Amount of Loan(s)/Grant(s)
Garden-Wood (NC)	\$484,500
Garden-Concrete (NC)	\$580,000
Mid-Rise-Wood (NC)	\$580,000
Mid-Rise-Concrete (NC)	\$638,250
High-Rise (NC)	\$759,500
Garden (Rehab)	\$409,250
Non-Garden (Rehab)	\$571,500

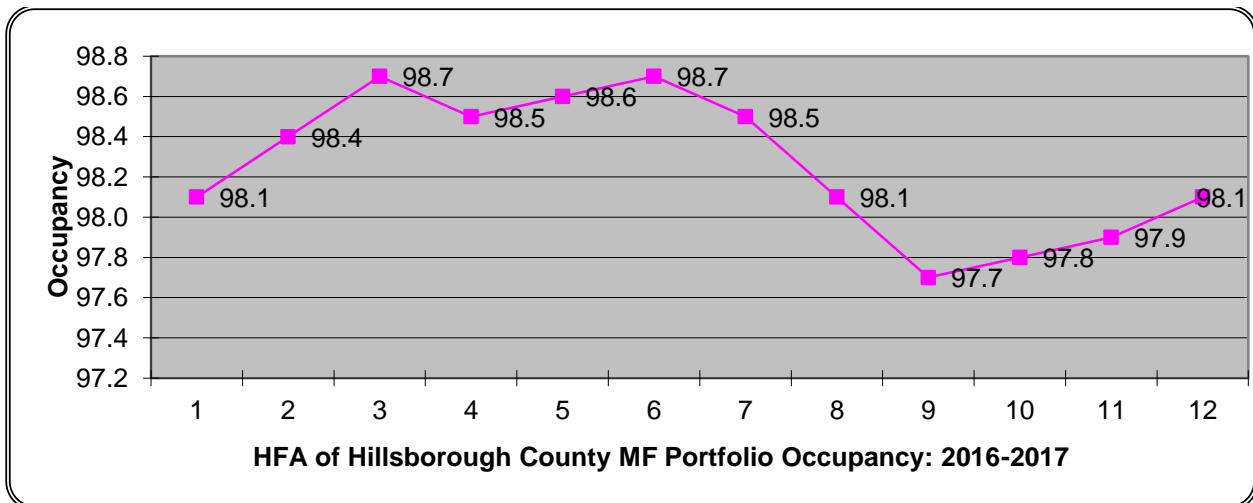
* For purposes of this provision (i) Concrete refers to a “Yes” answer to question 4.d. of Exhibit A; (ii) NC includes Development Categories of New Construction, Redevelopment and Acquisition and Redevelopment and Rehab includes Development Categories of Rehabilitation and Acquisition and Rehabilitation, as selected by the Applicant at question 4.b. 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 4.c. 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

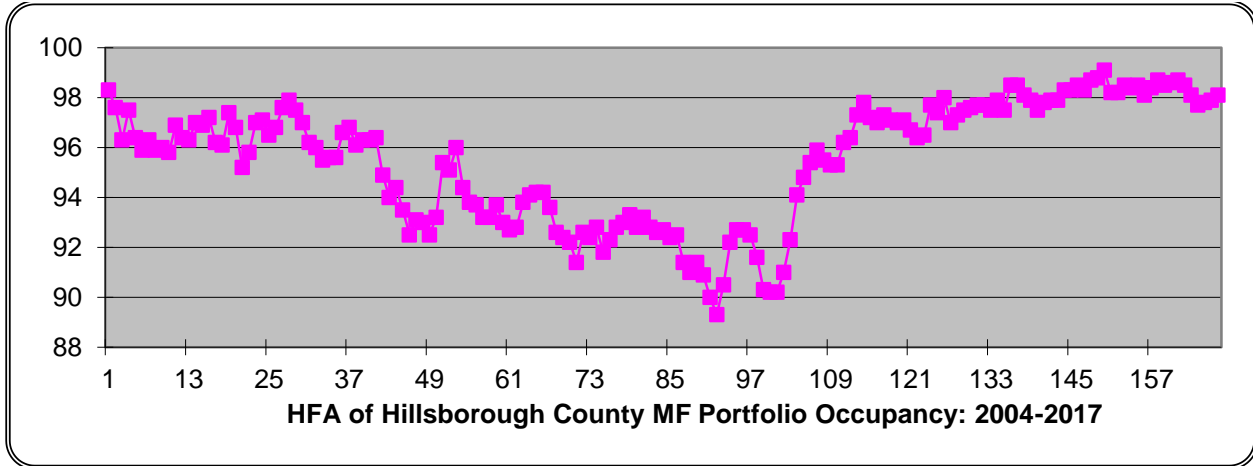
3. In September, the County requested that the HFA administer an application and selection process to select a development for the preference funding—located in unincorporated Hillsborough County, Plant City or the City of Temple Terrace.
4. At the August meeting, the HFA decided to use the same selection process and criteria and authorized publication of the NOFA and application —if requested by the County to administer the process. The NOFA was published September 22 with a due date of December 1.
5. **Recommendations:** None.

VIII, 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 98.1% (+0.2%). The median occupancy level is 99.0% (+0.0%). Fourteen (14) 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 167 months (13.9 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. **Recommendation:** None.

IX. Housing & Training Programs—Informational

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

- Twenty-three (23) families (-2) are enrolled in the program. Two clients were terminated for non-compliance.
- Of the 83 clients that are no longer in the program, 55 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, 10 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 321 persons have benefited from the program—135 adults and 186 children. The HFA has advanced a total of \$743,789 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 eight (+1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, administration, and a transition specialist. Six clients moved against recommendation of program and forfeited deposits, one was evicted for not paying their last month’s rent (paid for first 11 months of 12 month lease), while seven (+1) have graduated from the program successfully. The HFA has advanced \$124,034 to the program. The subsidy provided is \$200 per month.

3. **Catholic Charities** has seven (+0) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. The HFA has advanced \$75,054 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 training ended April 8.
5. Total for advances is through October 26, 2017.
6. **Recommendation:** None.

X. **2018 Legislative Update—Informational**

1. In 2018, the legislature meets in January, rather than the regular March date.
2. This is the time to meet with legislators and deliver the message that the legislature should appropriate all monies in the housing trust funds for housing programs.
3. The appropriation of the estimated \$314.08 million in the State and Local Housing Trust Funds in FY 2018-19 for Florida’s housing programs will create over 30,000 jobs and more than \$4 billion of positive economic impact in Florida.

4. At the September Board meeting, HFA members committed to meet with specific legislators in the Hillsborough delegation.

Representative Cruz:	DiMaio
Representative Grant:	Hedges
Representative Harrison:	Hedges
Senator Lee:	Hollis
Representative Newton:	DeBose
Representative Rouson:	DeBose
Representative Spano:	Hollis and Kelley
Representative Toledo:	Koehler
Senator Young:	Hedges and DeBose

5. Representative Shaw has filed a bill (HB 191) which would prohibit use of monies in the Housing Trust Funds for non-housing activities. Senator Passidomo (R-Naples) has agreed to file the Senate companion. While researching the issue, an alternative method of prohibiting the sweeps was found, and Senator Passidomo’s bill will contain this improved approach (includes State and Local Housing Trust Funds in list of trust funds where sweeps are not permitted).
6. **Recommendation:** Report on legislative meetings.