THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Financial Advisor

Subject: December 11, 2017 Board Meeting

Date: December 2, 2017

I. Bond Allocation—Action

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	$100,000,000	$100,000,000		December 31, 2020
2016	$100,000,000	$100,000,000		December 31, 2019
2015	$100,000,000	$100,000,000		December 31, 2018
TOTAL	**$300,000,000**	**$300,000,000**	**$0**	

2. The HFA requested $200 million of single family allocation from the State Pool—with all received. Bond counsel needs guidance as to how to split the allocation for carryforward.

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

II. Extension/Modification of Professional Services Contracts—Action

1. The HFA selected its professional team and entered into three-year agreements, which expire December 31, 2017.

2. The contracts permit multiple one-year extensions.

3. The Board directed Ms. Farris and Mr. Hendrickson to draft a modified contract wherein Mr. Hendrickson would be designated as the HFA Executive Director, on a contract (not-employee) basis. A draft of that agreement is attached.

4. Recommendations:
   - Approve one-year extensions for bond counsel (Bryant Miller Olive) and investment banking (RBC Capital Markets) contracts
   - Approve new Executive Director contract (Mark Hendrickson)

III. Second Mortgage Status—Informational

- In November, six (6) new loans ($90,000) were funded (down from $135,000 in October).

Original Loans	2006 $68,981 (13)	2007 $30,920 (7)	2010 $1,131,176 (227)	2012 $5,154,571 (438)	TOTAL $6,385,648 (676)
Paid in Full	$26,797 (5)	$10,884 (2)	$ 414,176 (83)	$285,000 (31)	$736,857.00 (121)
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**	**$692,000**	**$4,859,571**	**$5,590,844**

- In November, two loans/$10,000 paid in full. One was from the 2010 Program (Avery for $5,000), and one was from the 2012 Program (Binnix for $5,000).

- 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.

- **Recommendation**: None.

IV. Single Family Report- Outstanding Bond Issues—Informational

1. To date, 62.7% of all loans have prepaid, 17.7% were repurchased by the servicer, 8.4% were foreclosed or have borrowers in bankruptcy, and 11.1% 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	$293,999 -0.5%	$613,156 -1.2%	$416,586 -0.4%	598,323 -0.4%	$1,317,793 -0.2%	$1,610,412 -0.2%	$6,263,792 -2.4%
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% +0.0%
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%	34/32.1% +0.9%	16/9.4% -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%	29/27.4% -0.9%	37/21.8% +1.2%
# Outstanding Loans	9	18	9	11	13	15	62
30 Days Delinquent	0/0.00% -0.00%	0/0.00% -5.56%	0/0.00% -11.11%	1/9.09% +9.09%	0/0.00% -0.00%	0/0.00% -0.00%	3/4.84% -6.13%
60 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%	5/8.06% +6.47%
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% -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% -0.00%	0/0.00% -0.00%	1/1.61 +0.02%

2. Recommendation: None.

V. 2012 Single Family Program—Action

1. 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

2. **Rate Change**: The interest rate was increased from 3.875% to 4.0% in August 2017.

3. **DPA Change**: The DPA amount was increased to $15,000, effective July 1, 2016.

4. **MBS Sales**: The HFA has executed 105 sales, with net revenues of $1,811,634 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure**: The HFA has seven hedges totaling $7.45 million in place. With full delivery, the projected net revenues are estimated at $210,800 (shared pro rata with other counties). The unhedged pipeline as of November 30 is $0 (changes daily).

6. **Summary of 2012 DPA Funding**:
   - The County funded $2.1 million of DPA with SHIP funds, with another $700,000 committed and $300,000 pending. to the HFA. In September, the County funded $662,500, leaving only $37,500 of the $700,000—with $567,000 of loans closed and available for the program.
   - The FHFC DPA Program is now available. It provides $15,000 (forgivable loan 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	$ 567,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	**$4,398,331**
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 2nd $600,000 from SHIP Fully Committed	$ 309,626
Total HFA Funded	**$ 756,240**
TOTAL DPA LOANS	**$5,154,571**

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 $18,670,500 utilized.

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. $69.7 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	108	$184,520

Sales Price/ # Loans	**Loan Amount**	**Borrower Income/ MCC Amount**	**Borrower Age/ Gender**	**Borrower Family Size**	**Housing Type**	**Borrower Ethnicity**	**Location**
$160,148 457 loans +12 loans	$152,423	$50,842 $76,168 Avg. MCC. 442 loans $33,666,212	35.0 53% female	2.6	SF Detached 90% Rowhouse: <1% Townhouse: 9% Existing: 48% New: 52%	Black: 29% White: 30% Hispanic: 34% 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	$323,520	$3,796,032
	27		0	2	29
4.25%	$19,226,134	$0	$0	$0	$19,226,134
	133	0	0	0	133
4.00%	$8,880,622	$2,313,673	$1,602,257	$907,224	$13,703,776
	62	13	9	5	89
3.875%	$26,519,156	$336,351	$0	$0	$26,855,507
	161	2	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	**$64,174,509**	**$2,650,024**	**$1,602,257**	**$1,230,744**	**$69,657,534**
	426	**15**	**9**	**7**	**457**

11. **Lender originations**: Eagle (formerly UAMC) (204), DHI (123), Open Mortgage (57), Wells Fargo (25), REMN/Homebridge (32), Fairway (5), Annie Mac (4), Stonegate (2), Prime (1), Shelter (1) GSF (1), LoanDepot (1), & Tidewater (1).

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

13. **2018 MCC Program**: $100,000,000 of single family bond allocation expires at the end of 2018. The allocation can be converted to MCC's—in the amount of $25,000,000. MCC's would be eliminated if private activity bonds are eliminated. The conversion would not take place in that situation, and legal costs would not be incurred.

14. **DPA Amount**:
    - Sue Denihan reports that FHFC will utilize all of its HHF DPA funds this month, and that the $8 million reserved for local HFA's will be utilized within a few weeks thereafter (counties of highest volume will be Hillsborough and Duval).
    - This will produce a significant increase in our first mortgage volume with no DPA cost to the HFA. However, after those funds are utilized,
    - FHFC will be offering only a $7,500 DPA loan or 3% grant, with an interest rate significantly higher than the HFA's (currently 4.75% for FHA and VA loans).
    - The HFA will be offering a $15,000 DPA loan plus an MCC. This will result in a massive volume of DPA expenditures for the HFA—beyond a sustainable level.

- Ms. Denihan recommends that the HFA reduce its DPA amount to $10,000 beginning January 1 in order to reduce DPA exposure. If loan volume still increases beyond the HFA's ability to fund, another reduction could be implemented.

15. **Recommendations:**

- Adopt Resolution drafted by bond counsel which, among other items, establishes the 2018 MCC Program, authorizes the exchange of $100,000,000 of single family private activity bond allocation for $25,000,000 of MCC authority, designates eHousing Plus as program administrator, and authorizes the execution of a Program Administration Agreement (see Resolution for all items).
- Reduce DPA amount to $10,000, effective January 1, 2018, and delegate to the Chair the authority to further reduce the DPA amount after that date.

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VI. 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. **Bethune Residences** has requested the HFA to close bonds in escrow before the end of 2017—to protect the financing if private activity bonds are eliminated. This will require a massive work effort in a very short time. The closing will not be typical of other deals, as we will not have a completed credit underwriting report. However, funds will not be released until sometime in 2018 when all "normal" closing criteria are met. This will require a Special HFA meeting to provide final approvals.

3. **The Tempo:**
   - The Tempo is a 203-unit development that is part of Encore. The HFA sold $19.85 million of bonds to finance this development—with the closing on October 23, 2014.

   - As has been documented in earlier meetings, there have been multiple construction delays, problems, and litigation related to construction. As a result, the total cost of the development has increased dramatically from an estimated $41.971 million to $75.147 million (revised budget attached).

   - Additionally, approximately $1.6 million of equity investment has been lost due to the failure to complete the construction and rent the units by the date originally agreed to by the owner and the investors.

   - To qualify for the 4% Housing Credits, a development must meet the 50% test. This means that at least 50% of the eligible basis of the development must be financed with tax-exempt bonds (calculation attached). To reach the 50% level needed to protect the initial allocation of Housing Credits (and potentially generate additional credits on the increased costs), the total tax-exempt bonds must be increased by $13 million. This will result in 53.78% of the eligible basis being financed with tax-exempt bonds (creating the necessary cushion for potential cost changes).

- The new bonds will be cash-collateralized. The remaining funds required for completion of the development will come from Bank of America, and potentially additional tax credit equity investment or other sources.

- An application and appropriate fees for the additional $13 million of bonds has been received. **Seltzer Management (credit underwriter) is reviewing the financial information, and their report is attached. Bond proceeds cannot be advanced without approval by Seltzer.**

- HFA Board policy allows for a TEFRA hearing to be noticed and held without Board action—however, the Board must invite a developer into the bond process before the BOCC actually votes on TEFRA approval. The TEFRA notice has been published, and the TEFRA hearing will be held December 13—with BOCC consideration on December 14.

- Because of the potential for elimination of Private Activity Bonds after December 31, 2017, the bonds for this development must be sold prior to the end of the calendar year (because there is no assurance that the final tax bill agreed to by Congress will allow the sale in 2018). Additionally, all existing bond proceeds would have to be drawn by that date as well.

- The application for $13 million of additional bonds meets HFA standards, and the initial development already was approved by the HFA (with appropriate restrictions in the LURA and other bond documents).

- Bond counsel has drafted an Inducement Resolution for The Tempo.

- Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds for the Tempo, including [summary only, please read resolution for full description]:
  - ✓ Approval of bond and loan documents (Subordinate Loan Agreement and Subordinate Trust Indenture; First Amendment to Land Use Restriction Agreement and Global Amendment to Loan Documents);
  - ✓ Approval of the estimated Cost of Issuance;
  - ✓ Approval of the Supplement to Credit Underwriting Report;
  - ✓ Authorization of the issuance of the Bonds (subject to the parameters in the Resolution) and the private placement with Bank of America, N.A;
  - ✓ Official Appointment of RBC Capital Markets LLC as Placement;

- ✓ Official appointment of Seltzer as compliance monitor, financial monitor and construction/loan servicer;
- ✓ Official appointment of U.S. Bank National Association as trustee; and
- ✓ Authorization of appropriate Board members to execute documents.

4. **Recommendations**:
   - Consider approval of Chair to execute documents amendments to allow full draw of funds on existing bonds by December 31
   - Consider approval of the Inducement Resolution for The Tempo
   - Consider approval of resolution prepared by bond counsel approving The Tempo transaction.

	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 **Units**	$22,000,000 160	No Bonds- $441,000 loan from HFA, $100,000 from County 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. <u>FHFC: Local Government Area of Opportunity Funding—Informational</u>

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 Loans/Grants**
Garden-Wood (NC)	$472,000
Garden-Concrete (NC)	$567,500
Mid-Rise-Wood (NC)	$567,500
Mid-Rise-Concrete (NC)	$625,750
High-Rise (NC)	$747,000
Garden (Rehab)	$396,750
Non-Garden (Rehab)	$559,000

3. 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.

4. 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. The County will provide $100,000 of the required funding.

5. Six applications were received by the December 1 NOFA deadline, with correct fees paid:

NAME LOCATION	DEVELOPER & CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	LOAN REQUEST	Hard Cost/Unit
Bloomingdale Terrace 5622 Watson Road **Riverview**	Housing Trust Group Matthew Rieger	63		$13,342,090 $211,779/unit	$567,500	$123,503 58% of TDC
Carmine Square S. Morgan St. (0.1 miles north of intersection of E. Alsobrook St. & S. Morgan St.) **Plant City**	Housing Trust Group Matthew Rieger	65	Family Garden- Concrete 2-Story New Construction	$12,205,974 $187,784	$567,500	$108,796 58% of TDC
City Edge **5416 Robert Tolle Rd.** (0.2 miles NE of Bloomingdale, Robert Tolle & Sherwood) **Riverview**	Richman Group of Florida & CDC of Tampa Todd Fabbri	120	Elderly Garden- Wood 3-Story with Elevator New Construction	$23,609,185 $196,743/unit	$472,000	$129,877 66 % of TDC
Granada SR 574 (1000' west of Leaning Palm Ct) **Plant City**	Blue Sky Communities Shawn Wilson	132	Family Mid-Rise- Concrete 4-Story with Elevator New Construction	$26,534,093 $201,016/unit	$625,750	$137,661 68% of TDC
La Costa 24th Street SE, (700' south of E. Shell Point Rd) **Ruskin**	Blue Sky Communities Shawn Wilson .	132	Family Garden- Concrete 3-Story New Construction	$26,163,172 $198,206/unit	$567,500	$127,608 64% of TDC
The Willows 1010 E. Brandon Blvd. **Brandon**	Roundstone Clifton Phillips	96	Family Garden- Concrete 3-Story New Construction	$20,543,451 $213,994/unit	$567,500	$129,023 60% of TDC

6. Copies of the applications were emailed to Board members. The NOFA and a detailed analysis of the applications are attached.

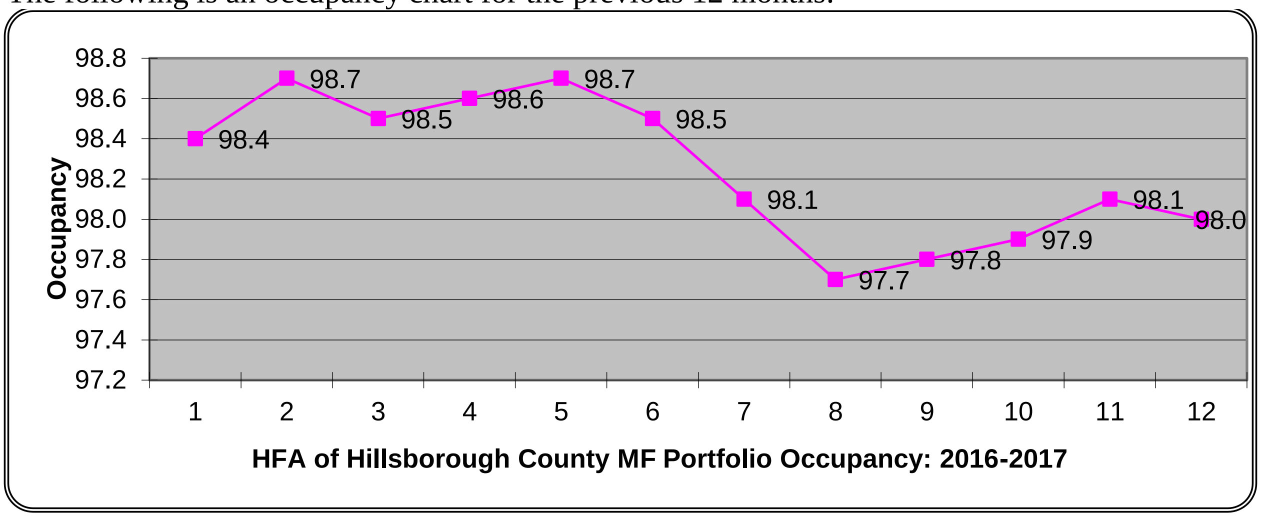
7. **Recommendations:**
   - Select one application for priority funding level.
   - Recommend that County fund remaining applicants that meet threshold as back-up deals
   - Establish amount of loan, term of loan, and amortization.
   - Authorize the Chair to sign loan commitment letters.
   - Request the appropriate County official to sign the FHFC form required to verify the local government contribution.
   - Loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction). Loan documents to include a Land Use Restriction Agreement with all Applicant commitments (HFA programs, length of set-aside, income restrictions).
   - Loan commitment expiration date of December 31, 2018.

VIII, Status of Rental Developments Financed by the HFA—Informational

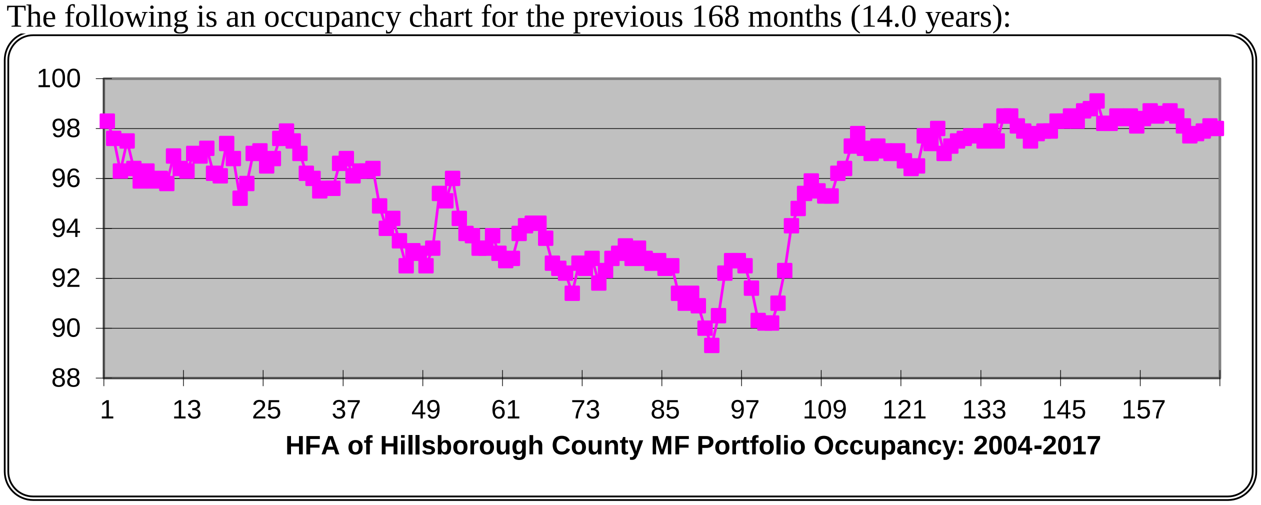
1. The Authority has financed twenty-eight (28) rental developments, containing 5,184 units, with a total development cost of $555,992,013 financed with $272,910,000 of bonds, $160,451,975 of Housing Credit equity, and $47,938,493 of SAIL. The HFA also issued $16.7 million of bonds to refund the Brandon 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 98.0% (-0.1%). 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 168 months (14.0 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-four (24) families (+1) are enrolled in the program.
   - 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 $755,686 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 seven (-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 eight (+1) have graduated from the program successfully. The HFA has advanced $129,410 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 $85,974 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. One client was terminated from the program.

4. **USF CRED Training**: The 2017 training ended April 8.

5. Total for advances is through November 29, 2017.

6. **Recommendation**: None.

X. 2018 Legislative Update—Informational

1. In 2018, the legislature meets in January, rather than the regular March date.

2. 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

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. The Governor released his budget recommendations, which include $230.3 million for housing and a sweep of $91.8 million from the housing trust funds to general revenue (note: total is $322.1 because of inclusion of some unused funds from the current fiscal year). While an improvement from past recommendations, it is still disappointing that in the middle of an affordable housing crisis which has been acerbated by the hurricane and the influx of American refugees from Puerto Rico, the Governor still has not recommended full funding:

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET
Hurricane Recovery: SAIL Line 2224	$ 25,000,000			
Hurricane Recovery: SHIP with limits Line 2224	$ 65,000,000			
Hurricane Recovery: Farmworker Housing Line 2224	$ 10,000,000			
FHFC: General Use Line 2225	$ 76,300,000			
FHFC: SAIL Workforce Line 2225	$ 20,000,000			
SHIP Line 2226	$ 34,000,000			
TOTAL HOUSING	**$230,300,000**			
SHTF SWEEP	$0			
LGHTF SWEEP	$ 91,800,000			
TOTAL SWEEP	**$ 91,800,000**			
Unallocated SHTF	**$0**			

Unallocated LGHTF	$0			

5. Senator Passidomo (R-Naples) and Representative Shaw (D-Tampa) have filed bills (SB 874 and HB 191) which would prohibit use of monies in the Housing Trust Funds for non-housing activities. While researching the issue, an alternative method of prohibiting the sweeps was found, and Senator Passidomo's bill (attached) contains this improved approach (includes State and Local Housing Trust Funds in list of trust funds where sweeps are not permitted). While we hope this legislation can move forward, its major purpose is to draw attention to the issue of housing funding and increase pressure in the appropriations process.

6. A press conference was held with Senator Passidomo, Representative Shaw, other legislators, and the Sadowski Coalition—which generated press coverage of the issue of the need for full housing funding.

7. Legislation has also been filed which would grant tax exemption to all local HFA notes and mortgages, not just those associated with bond issues. The legislation is sponsored by Senator Perry (R-Gainesville)—SB 730, and by Representative Hahnfeldt (R-The Villages)—HB 607. This will be an uphill battle, as we will need to get the legislation included in the large tax package (individual tax exemption bills will not pass—but you must be heard in at least one committee to be eligible to be amended onto the larger tax bill later in the session).

8. **Recommendation**: Report on legislative meetings.

XI. <u>Federal Legislative Update—Informational</u>

1. The US House has passed its version of a tax bill, which includes elimination of all private activity bonds. Housing bonds would be eliminated if this bill becomes law in its current form—meaning that no tax-exempt housing bonds or mortgage credit certificates would be permitted after December 31, 2017.

2. The US Senate's version of the tax bill does NOT include elimination of private activity bonds.

3. We are working with NALHFA and in a coalition with New York, California and Texas housing advocates to push for the preservation of housing bonds. This effort has generated coverage in the Wall Street Journal, USA Today, CNBC, Bloomberg News and other national media outlets. Attached is an Op-Ed piece published November 16 in the Orlando Sentinel, and editorials have been written in the Sarasota and Jacksonville newspapers.

9. **Recommendation**: Contact Senators Rubio and Nelson to urge them to advocate for the Senate's position on private activity bonds when the tax bill goes to conference.