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

From: Mark Hendrickson, Executive Director

Subject: January 18, 2018 Board Meeting

Date: January 11, 2018

I. Bond Allocation—Informational

1. The 2018 allocation is $70,899,227, up $4,975,547 (7.6%) over 2017.

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2018			$70,899,227	
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**	**$70,899,227**	

2. **Recommendation:** None.

II. Extension of Special Program Contracts—Action

1. The HFA has contracts with Metropolitan Ministries, Catholic Charities, and Camelot for homeless and youth aging out of foster care programs. All were included in the budget for FY 17-18. The contracts have either expired or will expire soon.

2. **Recommendation**: Authorize contract extension for Metropolitan Ministries, Catholic Charities, and Camelot through September 30, 2018.

III. Second Mortgage Status—Informational

1. In December nine (9) new loans ($135,000) were funded (up from $90,000 in November).

Original Loans	2006 $68,981 (13)	2007 $30,920 (7)	2010 $1,131,176 (227)	2012 $5,289,571 (438)	TOTAL $6,520,648 (676)
Paid in Full	$26,797 (5)	$10,884 (2)	$ 414,176 (83)	$315,000 (33)	$766,857.00 (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**	**$4,964,571**	**$5,695,844**

2, In December, two loans/$25,000 paid in full. Both were from the 2012 Program (Ospina for $15,000 and Ponce for $10,000). Ospina was funded with SHIP monies.

3. One loan payoff in August 2016 and another in December 2017 were funded with SHIP, and the HFA will need to reinvest that cash into additional DPA loans.

4. **Recommendation**: None.

IV. Single Family Report- Outstanding Bond Issues—Informational

1. To date, 62.8% of all loans have prepaid, 17.8% were repurchased by the servicer, 8.3% were foreclosed or have borrowers in bankruptcy, and 11.0% 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	$291,343 -0.2%	$607,192 -1.0%	$414,310 -0.5%	594,998 -0.6%	$1,313,225 -0.4%	$1,606,938 -0.2%	$6,187,722 -1.2%
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%	56/32.9% +0.5%
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% -1.0%	16/9.4% -0.0%
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%	37/21.8% +0.0%
# Outstanding Loans	9	18	9	11	13	15	61
30 Days Delinquent	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -9.09%	0/0.00% -0.00%	0/0.00% -0.00%	3/4.92% +0.08%
60 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%	1/1.64% -6.427%
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%	1/7.69% -0.00%	0/0.00% -0.00%	0/0.00 -1.61%

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: $10,000
   - 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 decreased to $10,000, effective January 1, 2018.

4. **MBS Sales**: The HFA has executed 108 sales, with net revenues of $1,864,168 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure**: The HFA has seven hedges totaling $7.303 million in place. With full delivery, the projected net revenues are estimated at $181,112 (shared pro rata with other counties). The unhedged pipeline as of January 3 is ***$897,367*** (changes daily).

6. **Summary of 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 $702,000 of loans closed and available for the program.
   - The FHFC DPA Program is now available. It provides $15,000 (forgivable loan). One loan for $138,605 is in the pipeline. Training for lenders scheduled for January 18 should increase volume.
   - An agreement with the City of Tampa for a SHIP/DPA allocation of $250,000 was executed. While working with the City to begin the program, it became apparent that the City expected the HFA to administer their SHIP Program, and the HFA expected the City to fund the HFA's DPA Program. The two are not compatible, as an overlay of all City loan requirements on top of the HFA Program renders it unworkable. The City was notified that the contract could be voided.

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	$ 702,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	**$4,533,331**
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	**$5,289,571**

7. **MCC's:** Between 2012 and 2017 the HFA converted $283,225,804 of bond authority into $70,806,451 of MCC's. Tranche 1 ($2.5 million—$2,496,213.50 used) and Tranche 2 ($12.5 million—$12,499,498 used) were 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) expired at the end 2017 with $18,789,425 utilized. Trance 5 ($5,806,451) is available until the end of 2019. Another Tranche ($100 million of bonds/$25 million of MCC's) will be converted this year and will be available until the end of 2020.

8. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of $152,000 and a 4.0%/30 year mortgage, interest payments in Year 1 = $5,922. 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 15 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 2.0% mortgage rate.

9. **Size of Program:** The program is limited to $3.5 million of loans ($5.0 million for HHF Program) not sold, hedged, or from another county at any given time. $72.0 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	106	$182,883
2018	16	$181,010

Sales Price/ # Loans	**Loan Amount**	**Borrower Income/ MCC Amount**	**Borrower Age/ Gender**	**Borrower Family Size**	**Housing Type**	**Borrower Ethnicity**	**Location**
$160,365 471 loans +14 loans	$152,728	$50,842 $76,093 Avg. MCC. 444 loans $33,785,137	36.0 53% female	2.5	SF Detached 90% Rowhouse: <1% Townhouse: 9% Existing: 49% New: 51%	Black: 29% White: 30% Hispanic: 34% Mixed: 2% Asian: 1% Other: 4%	County: 73% Tampa: 20% Plant City: 6% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
4.75%	$0	$0	$138,685	$94,785	$233,470
	0	0	1	1	2
4.50%	$3,472,512	$0	$108,668	$980,851	$4,562,031
	27		1	5	33
4.25%	$19,226,134	$0	$0	$0	$19,226,134
	133	0	0	0	133
4.00%	$10,635,580	$1,771,235	$1,199,821	$1,469,740	$15,076,376
	73	9	7	9	98
3.875%	$26,855,507	$0	$0	$0	$26,855,507
	163	0	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	**$66,265,818**	**$1,771,235**	**$1,447,174**	**$2,545,376**	**$72,029,603**
	439	**9**	**9**	**15**	**472**

11. **Lender originations**: Eagle (formerly UAMC) (204), DHI (125), Open Mortgage (57), Wells Fargo (25), REMN/Homebridge (33), Fairway (6), Annie Mac (4), Stonegate (2), Prime (2), Shelter (1) GSF (1), LoanDepot (9), & Tidewater (1).

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

13. **Freddie Mac Affordable Subsidy Program**: Freddie Mac is offering an additional subsidy to borrowers in some HFA loan programs—2% of final loan amount.
    - 2% for borrwers below 50% AMI
    - 0.5% for borrowers between 50% and 80% AMI
    - US Bank and eHousing are prepared to implement
    - Requires letter of intent from the HFA

14. **Recommendations:** Approve letter of intent to participate in Freddie Mac Affordable Subsidy Program.

    .

VI. New Multi-Family Transactions—Informational

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".

2. **Bethune Residences** is scheduled to close in the March 2018.

3. **The Tempo** closed the bond issue which provided $13 million of additional bonds, the amount needed to meet the 50% test for Housing Credits (given the cost increases).

4. **Recommendation**: None.

	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. The HFA selected the City Edge development to receive Local Government Area of Opportunity Funding, and recommended that the County give the minimal local government contribution to The Willows (back-up).

2. The Willows developer declined to move forward with a back-up submission. Housing Trust Group acquired rights to the site, and "stepped in the shoes" of Roundstone—submitting the back-up application.

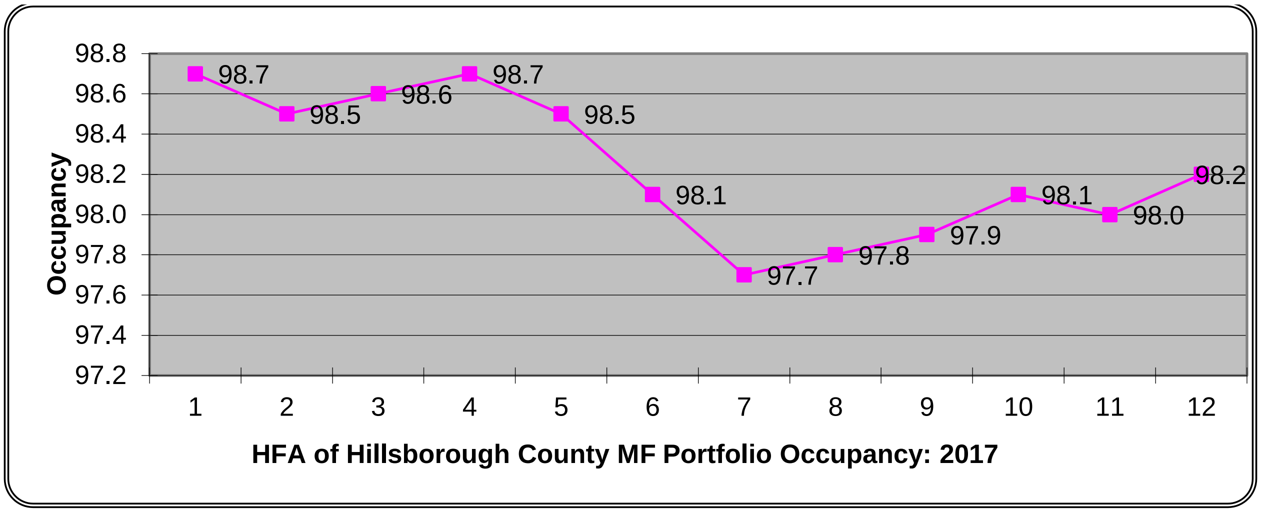
3. FHFC has not released the applications submitted report.

4. **Recommendation:** None.

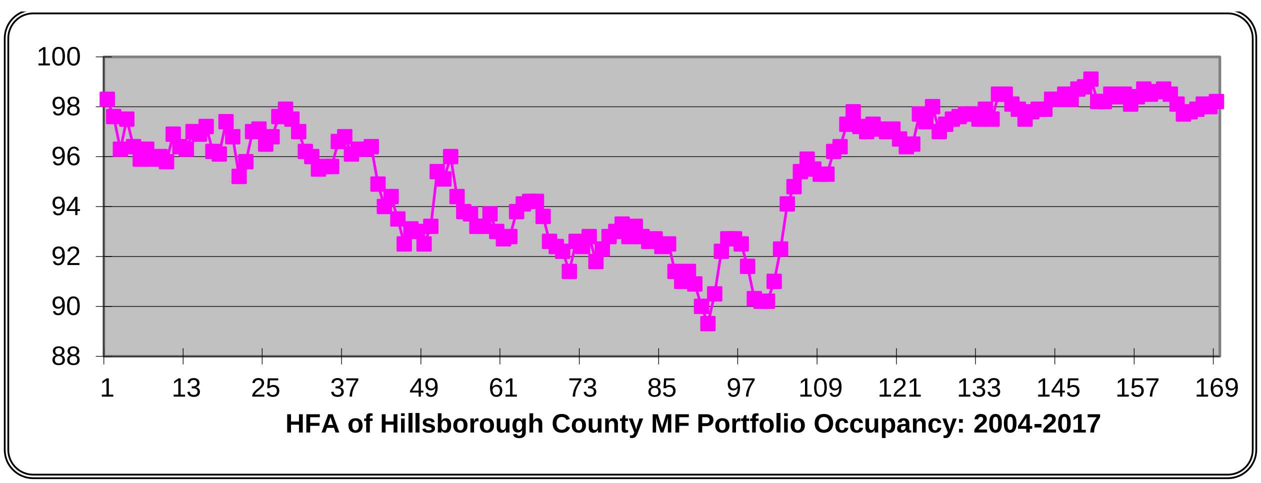
VIII, Status of Rental Developments Financed by the HFA—Action

1. The Authority has financed twenty-eight (28) rental developments, containing 5,184 units, with a total development cost of $576,124,600 financed with $285,910,000 of bonds, $168,530,407 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 98.2% (+0.2%). 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 169 months (14.1 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. **Clipper Cove** is refinancing their loan (2nd time) and may require a new LURA subordination agreement. Bond counsel is researching the issue.

7. **Recommendation**: Approve replacement LURA Subordination Agreement for Clipper Cove, subject to review and approval by bond counsel.

IX. Housing & Training Programs—Informational

1. **Up & Out Homeless Program** (MetMin)
   - Twenty-five (25) 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 323 persons have benefited from the program—135 adults and 188 children. The HFA has advanced a total of $778,666 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 (-0) 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 ten (+2) have graduated from the program successfully. The HFA has advanced $140,884 to the program. The subsidy provided is $200 per month.

3. **Catholic Charities** has nine (+2) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. The HFA has advanced $93,212 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 January 10, 2018.

6. **Recommendation**: None.

X. State Legislative Update—Informational

1. There is $321,1 million available for appropriation from the Housing Trust Funds.

2. 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:

	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**			

3. Any funding for housing will likely include large pieces that are targeted to areas of the state most impacted by Hurricane Irma. There will be regular SHIP and SAIL funding at some level, with additional funds distributed through the SHIP and SAIL systems, but with targeting based upon hurricane damage assessments. The mix between the types of funding is largely unknown at this point.

4. Our team is working to get Senate funding as high as possible, in anticipation that the House will likely come in at a lower number than the Senate.

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 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. 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. A major problem: Rep. Hahnfeldt passed away unexpectedly over the Holidays, so our bill now has no sponsor in the House. We are attempting to get a replacement sponsor. The strategy is to get the bills through at least one committee in both chambers so that under legislative rules, they could be amended unto a larger tax bill that will develop during the session. The bills will not move forward to passage as stand-alone bills, as all bills relating to tax exemptions will be rolled into a single bill. At this point, I am not optimistic that this effort will be successful in the 2018 Session.

7. There are also additional housing bills related to hurricane funding and other housing issues, including HB 301 (Rep. Cortes), HB 987/SB1328 (Rep. Cortes and Sen. Perry), and HB 4361 (housing funding for the Keys from General Revenue by Rep. Raschein). We are monitoring all bills.

8. **Recommendation**: None.

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

1. The US House version of the tax bill, included the elimination of all private activity bonds. Housing bonds would have been eliminated if this bill became law—meaning that no tax-exempt housing bonds or mortgage credit certificates would have been permitted after December 31, 2017.

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

3. Florida ALHFA and the Sadowski Education Effort worked with NALHFA and in a coalition with New York, California and Texas housing advocates to push for the preservation of housing bonds. This effort generated coverage in the Wall Street Journal, USA Today, CNBC, Bloomberg News and other national media outlets. Op-Ed pieces were published in the Orlando Sentinel and Miami-Herald, and editorials were published in the Sarasota and Jacksonville newspapers.

4. The final version of the tax bill did not eliminate Private Activity Bonds—so housing bonds and MCC's are still in business for 2018. However, Chairman Brady of the House Ways and Means Committee is still an opponent of PAB's, and will likely take another shot at their elimination to create revenue as part of an infrastructure package.

5. Recommendation: None.