THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Executive Director

Subject: September 7, 2018 Board Meeting

Date: August 29, 2018

I. FY 2018-2019 Budget—Action

1. The HFA Board has expressed a preference to adopt the upcoming year's budget after final September 30 income and expense numbers are known. As a result, the HFA has adopted a "Continuing Budget Resolution" prior to the start of the fiscal year, which would permit expenditures from October 1 until the final FY 18-19 budget is adopted, at levels not to exceed those in the prior year's budget.

2. **Recommendation**: Approve FY 18-19 Continuing Budget Resolution drafted by HFA Counsel, and direct staff to post the budget to the website within seven days.

II. 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		$70,899,227	December 30, 2018
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	**$370,899,227**	**$300,000,000**	**$70,899,227**	

2. **Recommendation:** None.

III. Second Mortgage Status—Informational

1. In July, twenty (20) new loans ($180,000) were funded. In August fifteen (15) new loans ($120,000) were funded (down from $190,000 in May).

Original Loans	**2006 $68,981 (13)**	**2007 $30,920 (7)**	**2010 $1,131,176 (227)**	**2012 $6,609,571(570)**	**TOTAL $7,840,648 (817)**
Paid in Full	$26,797 (5)	$10,884 (2)	$ 466,176 (94)	$484,500 (49)	$988,357.00 (143)
Partial Payoff	$ 3,000 (2)		10,214.35 (5)	$ 10,500 (2)	$ 23,714.35 (9)
Loss on Partials	$ 7,060		14,785.65	$ 9,500	$ 31,345.65
Default Loss	$ 8,160 (2)	$ 4,727 (1)	-0-	-0-	$ 12,887.00 (3)
Balance	**$23,964**	**$15,309**	**$640,000**	**$6,105,071**	**$6,783,344**

2, In July, three loans/$24,000 paid in full. One was from the 2009 Program (Ortega for $2,000), and two were from the 2012 Program (Carde for $15,000 and Cobb for $7,000). In August, four loans/$30,000 were paid in full. Two were from the 2009 Program (Crooks and Markl both for $5,000) and two were from the 2012 Program (Sanchez and Fils, both for $10,000).

3. Between August 2016 and July 2018, six loan pay-offs ($90,000) were originally funded with SHIP. Those funds must be reinvested in new DPA loans and reported to the County by each June 30. For the record, $75,000 of those funds have all been reinvested in new loans.

4. The Board asked for an analysis of the ability to continue to fund the program, taking into account MBS profits, Hillsborough County SHIP funding, DPA levels, and HFA liquidity. The report will be available in October.

5. **Recommendation**: None.

IV. Single Family Report- Outstanding Bond Issues—Informational

1. To date, 64.4% of all loans have prepaid, 17.4% were repurchased by the servicer, 8.8% were foreclosed or have borrowers in bankruptcy, and 9.4% 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	$208,014 -0.7%	$504,368 -1.3%	$298,286 -0.5%	574,361 -0.4%	$1,183,852 -0.1%	$1,581,952 -0.3%	$5,009,108 -1.7%
Original # of Loans	352	194	180	158	76	106	170
Prepaid	292/83.0% +0.6%	151/77.8% +1.0%	123/68.3% +0.5%	107/67.7% +0.0%	29/36.8% +1.3%	28/26.4% +0.0%	66/38.8% +0.6%
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%	35/33.0% +0.9%	20/11.8% +0.0%
Repurchased by Servicer for chronic delinquency	41/11.6% +0.0%	19/9.8% -0.0%	32/17.8% +0.0%	28/17.7% +0.0%	33/43.4% +0.0%	28/26.4% -1.0%	34/20.0% -0.0%
# Outstanding Loans	6	15	7	11	12	15	50
30 Days Delinquent	0/0.00% -0.00%	1/6.67% +0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	1/6.67% +0.00%	3/6.00% +4.04%
60 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%	0/0.00% -3.92%
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%	1/8.33% +0.00%	0/0.00% -0.00%	0/0.00 -0.00%

2. Recommendation: None.

V. 2012 Single Family Program—Informational

1. The **current program guidelines**:
   - 1st mortgage: 5.0%, 1% origination fee, FHA, VA, RD and 5.25% 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
   - Income limit $59,800 (1-2 person) and $68,770 (3 or more persons)

2. **Rate Change**: Increased the FHA-VA interest rate is from 4.875% to 5.00% & the Freddie Mac rate from 5.125& to 5.25%, both effective May 1. FHFC is at 5.25% FHA and 5.625 FNMA.

3. **DPA Change**: The DPA amount was decreased to $10,000, effective January 1, 2018. It was further decreased to $7,500, effective July 1, 2018.

4. **MBS Sales**: The HFA has executed 160 sales, with net revenues of $2,497,382 (net meaning after payments to RBC and counsel). **The HFA, with the assistance of RBC, entered into a new trading agreement with Brean Capital. The pricing is competitive, and the transition has been seamless**.

5. Hedges & Exposure: The HFA has 20 hedges totaling $24.5 million in place. With full delivery, the projected net revenues are estimated at $609,138 (shared pro rata with other counties). The unhedged pipeline as of August 30 is $0 (changes daily).

6. **Summary of DPA Funding**:
   - The County funded $3.1 million of DPA with SHIP funds (final $337,5000 funded by County in March). Another $635,000 of loans have been funded which would be eligible under the program if additional funding was provided. The County has approved an amendment to the existing contract adding another $500,000 to the agreement, and a draw has been submitted.

   - The County has indicated that for next year's program, they want to have the DPA loans closed in the name of the County, so that repaid loan proceeds would come to them. The solution that has been tentatively agreed to is that the HFA will pay the County 5% of each loan that is repaid and recycled into a new SHIP loan.

   - The FHFC HHF DPA Program ($15,000 forgivable loan) ended April 24 when all funds were committed. Eighty-nine (89) Hillsborough loans for $13,804,706 are in the pipeline. With an average net profit of 2.25%, this will generate $310,606 of income, and bring $1,335,000 of federal HHF funds to Hillsborough borrowers.

Source for 2012 Single Family Program DPA	Amount
FHFC	$1,068,831
Hillsborough Funded	$3,100,000
Hillsborough Reimbursement Request Submitted	$ 500,000
Hillsborough Eligible but not ready for Reimbursement Request	$ 814,500
Total Funded or to be Funded by FHFC or Hillsborough SHIP	**$5,483,331**
HFA Funded Before FHFC Program	$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	$ 546,800
HFA Funded but Over SHIP Income Limit	$ 40,000
HFA Funded After 2nd $600,000 from SHIP Fully Committed	$ 309,626
Recycled SHIP Funds	$ 60,000
Total HFA Funded	**$1,126,240**
TOTAL DPA LOANS	**$6,609,571**

7. **MCC's:** Between 2012 and 2018 the HFA converted $383,225,804 of bond authority into $95,806,451 of MCC's.
   Tranche 1 ($2.5 million—$2,496,213.50 used)
   Tranche 2 ($12.5 million—$12,499,498 used)
   Tranche 3 ($25 million) expired at the end of 2016—and eHousing inadvertently booked no MCC's against this program
   Tranche 4 ($25 million—$18,789,425 used)
   Tranche 5 ($5,806,451-- $4,857,825 used) is available until the end of 2019
   Tranche 6 ($25 million-- $10,722,388 used) is available until the end of 2020.

8. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of $154,000 and a 5.00%/30-year mortgage, interest payments in Year 1 = $7,648. 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 3.20% 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. $106.2 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
$162,356 684 loans +21 loans	$155,332	$49,797 $77,680.53 Avg. MCC. 627 loans $48,705,692	36.0 52% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9% Existing: 60% New: 40%	Black: 28% White: 24% Hispanic: 39% Mixed: 1% Asian: 1% Other: 6%	County: 64% Tampa: 29% Plant City: 6% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
5.25%	$1,061,890	$791,639	$2,196,598	$356,925	$4,407,052
	6	5	13	2	26
5.125%	$1,594,804	$0	$0	$0	$1,594,804
	11	0	0	0	11
5.00%	$14,210,026	$2,103,366	$3,583,646	$605,920	$20,502,958
	90	13	22	4	129
4.875%	$3,609,958	$0	$0	$0	$3,609,958
	21	0	0	0	21
4.75%	$3,562,058	$0	$0	$0	$3,562,058
	22	0	0	0	22
4.50%	$4,212,497	$0	$0	$0	$4,212,497
	32	0	0	0	32
4.375%	$1,235,109	$0	$0	$0	$1,235,109
	7	0	0	0	7
4.25%	$19,226,134	$0	$0	$0	$19,226,134
	133	0	0	0	133
4.00%	$14,961,292	$0	$0	$0	$14,961,292
	97	0	0	0	97
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	**$96,605,360**	**$2,895,005**	**$5,780,244**	**$962,845**	**$106,243,454**
	625	**18**	**35**	**6**	**684**

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	$182,958
2018	229	$167,770

11. **Lender originations**: Eagle (241), DHI (141), Open Mortgage (71), REMN/Homebridge (40), LoanDepot (40), Waterstone (33), Wells Fargo (25), CMG (24), Fairway (20), Atlantic Bay (5), Pacific Union (5), Prime (5), Annie Mac (4), Paramount (4), Tidewater (4), Academy (3), Stonegate (2), Gershman Investment (2), NFM (2), NVR (2), LendUS (2), GSF (2), Homestead (1), BBMC (1), Embrace (1), Shelter (1), Center State (1), Homespire (1) & SWBC (1).

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

13. **Recommendations**: None.

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VI. <u>New Multi-Family Transactions—Action</u>

1. A 2019 Bond NOFA was published with a due date of October 31. After that date, the application process will be "open", with applications evaluated on a first-come first-evaluated basis. The NOFA included two applications, one for applicants for bonds and SAIL, and another for bond-only applicants. The Bond-SAIL application is much shorter, and is designed to solve the problem wherein FHFC requires "complete applications" to have been submitted to a local HFA when the applicant is applying for SAIL

2. **Bethune Residences, now known as The Renaissance at West River, is scheduled to close in August 2018.** The developer requested an increase in the bond amount from $22.0 million to $22.4 million. The credit underwriting is in draft form, and the deal may be ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:
   - ✓ Approval of bond and loan documents (Funding Loan Agreement, Construction Phase Project Loan Agreement, Project Loan Agreement, Mortgage and Assignment, Compliance Monitoring Agreement, Financial Monitoring Agreement, Servicing Agreement, Borrower Note, LURA, and Guaranties);
   - ✓ Approval of the estimated Cost of Issuance;
   - ✓ Approval of the Credit Underwriting Report;

- ✓ Authorization of the issuance of the Note (subject to the parameters in the Resolution) and the private placement with Banc of America;
- ✓ Official Appointment of RBC Capital Markets LLC as Placement Agent in connection with the Notes;
- ✓ Official appointment of Seltzer as compliance monitor, financial monitor and construction/loan servicer;
- ✓ Official appointment of U.S. Bank National Association as fiscal agent; and
- ✓ Authorization of appropriate Board members to execute documents.

3. **Recommendation**: **Renaissance at West River**: adopt resolution prepared by bond counsel.

	Bethune Residences I at West River **The Renaissance 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	$44,995,260	$26,353,041
SAIL Loan Amount	$7,600,000	$0
Bond Amount **Units**	$22,400,000 160	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	8-2-18 8-15-18	NA
Credit Enhancement	Bank of America Freddie Mac DUS Lender: Greystone	Lender: Chase Equity: Raymond James
Credit Underwriter	Seltzer	Seltzer
Anticipated Closing Date	September 2018	August 2018

VI. <u>FHFC: Local Government Area of Opportunity Funding—Informational</u>

1. FHFC is retaining the LGAOF system for the 2018-2019 RFA's, with an application deadline of October 30.

2. Accordingly, the HFA established selection criteria and authorized the publication of a NOFA and Application—which have been posted to the HFA's website and distributed to CAHP and other developers who have expressed an interest in the process. The due date is September 14.

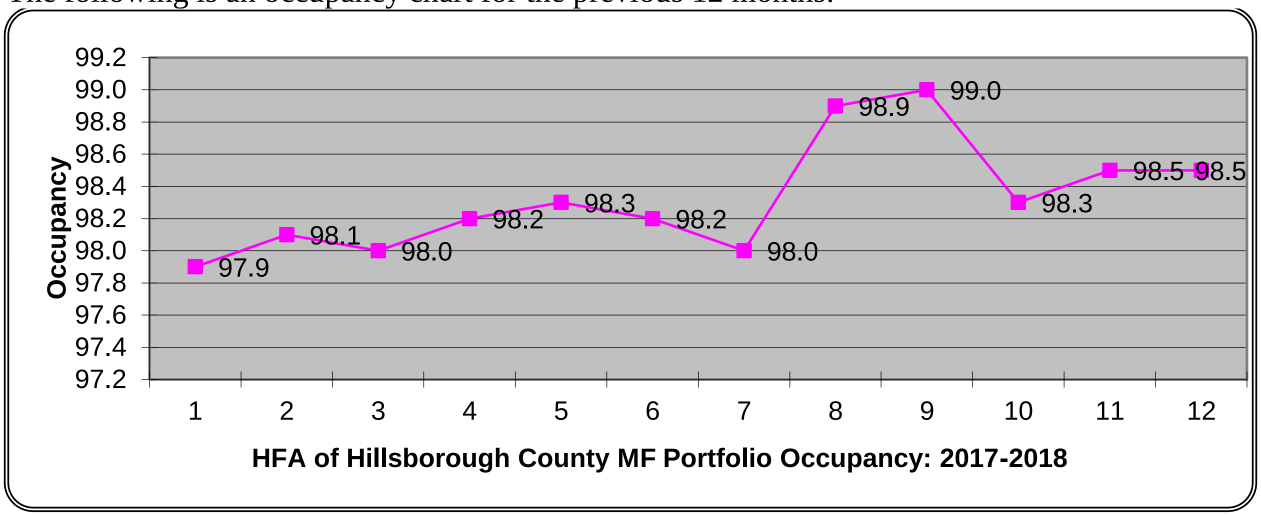
3. **Recommendation:** None.

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

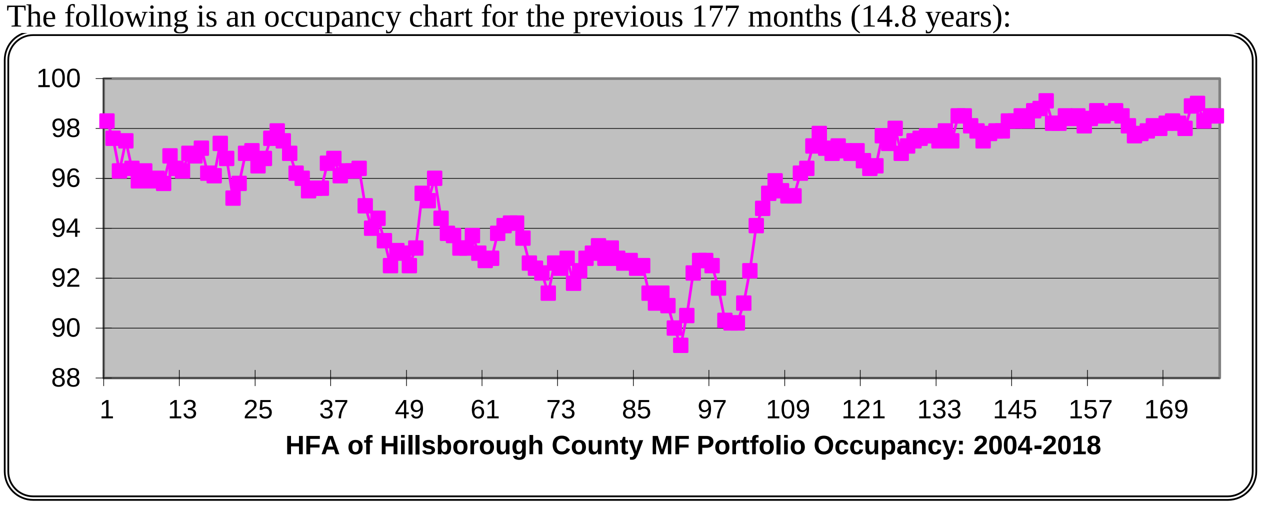
1. The Authority has financed twenty-eight (28) rental developments, containing 5,184 units, with a total development cost of $576,124,600 financed with $285,910,000 of bonds, $168,530,407 of Housing Credit equity, and $47,938,493 of SAIL. The HFA also issued $16.7 million of bonds to refund the Brandon 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 98.5% (+0.0%). The median occupancy level is 99.0% (+0.0%). Twenty (20) of the 22 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 177 months (14.8 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. **Sweetwater Villas**: the owner has requested approval of a change in the developer entity. The new entity is controlled by the same parties. AmeriNat has reviewed and recommends approval.

7. **Recommendation**: **Sweetwater Villas**: Approve substitution of Blue Sky Communities, LLC in place of Blue Sky Communities III, LLC, as the developer of the project.

VIII. Housing & Training Programs—Informational

1. **Up & Out Homeless Program** (MetMin)
   - Twenty (20) families (+2) are enrolled in the program. **In the last three months, clients Getu, Roque, Senna, Mitchell, Ladson & Gaines successfully exited the program.**
   - Of the 95 clients that are no longer in the program, 63 successfully completed the program and are now self-sufficient, 9 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, 11 were terminated from the program for non-compliance with case management/self-sufficiency plan, 1 was incarcerated and was terminated from the program, 6 had financial problems and sought other housing, and 1 cannot be located.
   - A total of 341 persons have benefited from the program—143 adults and 198 children. The HFA has advanced a total of $863,582 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 ten (+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 fourteen (+2) have graduated from the program successfully. The HFA has advanced $174,237 to the program. The subsidy provided is $200 per month. Report is through July 2018.

3. Catholic Charities has five (-1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. This month one client voluntarily left the program. To date, two clients have successfully left the program, two clients have been terminated from the program, one moved in with family, and one voluntarily left the program. The HFA has advanced $113,147 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. Three clients were terminated from the program, one graduated and remains in unit, and two reunited with family. This program was modeled on the MetMin Up and Out Program, with a two-year limit on assistance. Given that the clients are elderly, the ability for them to move to self-sufficiency without subsidy from the HFA or other sources is questionable. The question of the "exit strategy" has been posed to Catholic Charities, and we are awaiting a response. Report is through July 2018.

4. **USF CRED Training**: The 2017 training ended April 8, 2017. We received an invoice for the payment on July 14, 2018.

5. Total for advances is through August 29, 2018.

6. **Recommendation**: None.