THE HENDRICKSON COMPANY

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

From: Mark Hendrickson, Executive Director

Subject: October 12, 2018 Board Meeting

Date: October 3, 2018

I. FY 2018-2019 Budget—Action

1. A proposed Fiscal Year 2018-2019 budget is attached. Key elements are:
   - All expenses billed at higher of FY 17-18 actual or FY 17-18 Budget, unless there is some specific information that would cause the number to be increased or lowered.
   - Budget includes one bond application from the Tampa Housing Authority, THA's estimate. Given timing of existing applications, there is one bond closing in the budget
   - Income from sale of MBS based upon average of 13 loans per month with profit to HFA of 2.0%
   - Income from reimbursement of DPA loans includes only the $500,000 from Hillsborough County that is currently contracted.
   - Income from investments is based upon current portfolio performance.
   - Sponsorship of Florida ALHFA conference in budget under Dues and Subscriptions.
   - Budget includes funds for full year of Metropolitan Ministries, Camelot Catholic Charities and CRED Training programs as if fully utilized every month. Actual expenditures will be less.
   - $355,000 in budget for single family cost of issuance, if for some unexpected reason, a bond deal becomes feasible.

2. **Recommendation**: Approve Resolution drafted by HFA Counsel adopting the proposed Fiscal Year 2018-2019 budget, 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 September fourteen (14) new loans ($105,000) were funded (down from $120,000 in August).

Original Loans	2006 $68,981 (13)	2007 $30,920 (7)	2010 $1,131,176 (227)	2012 $6,714,571(584)	TOTAL $7,945,648 (817)
Paid in Full	$26,797 (5)	$13,829 (3)	$ 466,176 (94)	$504,500 (51)	$1,011,302.00 (153)
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**	**$12,364**	**$640,000**	**$6,190,071**	**$6,866,399**

2, In July, three loans/$22,945 paid in full. One was from the 2007 Program (Quirante for $2,945), and two were from the 2012 Program (Lorenzo & Loscalzo 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.

Average Loan Amount:	$173.000
2% Profit:	$ 3,460
DPA	$ 7.500
Net Cost Per Loan	$ 4,040
Estimated # Loans	156
Total Cost:	$630,240
DPA Repayments	$330,000
Hillsborough SHIP:	$500,000

Analysis: The program can continue at the $7,500 DPA level for the next year, so long as MBS sales profit is maintained at 2%, DPA loans continue to repay at current pace, and loan volume does not increase significantly.

5. **Recommendation**: None.

IV. Single Family Report- Outstanding Bond Issues—Informational

1. To date, 64.8% of all loans have prepaid, 17.5% were repurchased by the servicer, 8.7% were foreclosed or have borrowers in bankruptcy, and 9.0% 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	$204,168 -1.9%	$449,371 -10.9%	$294,707 -1.3%	568,326 -1.1%	$1,183,852 -0.4%	$1,432,188 -9.5%	$4,914,800 -1.9%
Original # of Loans	352	194	180	158	76	106	170
Prepaid	292/83.0% +0.6%	152/78.4% +0.6%	123/68.3% +0.5%	107/67.7% +0.0%	30/39.5% +2.7%	30/28.3% +1.9%	67/39.4% +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%	19/11.2% -0.60%
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%	35/20.6% +0.60%
# Outstanding Loans	6	14	7	11	11	13	49
30 Days Delinquent	0/0.00% -0.00%	0/0.00% -6.67%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -0.00%	0/0.00% -6.67%	2/4.08% -1.92%
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%	1/2.04% +2.042%
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%	1/2.04% +2.04%
In Foreclosure/Bankruptcy	0/0.00% -0.00%	0/0.00% -0.00	0/0.00 -0.00%	0/0.00% -0.00%	1/9.09% +0.76%	0/0.00% -0.00%	0/0.00 -0.00%

2. Recommendation: None.

V. <u>2012 Single Family Program—Informational</u>

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: $7,500
   - 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 165 sales, with net revenues of $2,712,974 (net meaning after payments to RBC and counsel).

5. **Hedges & Exposure**: The HFA has 15 hedges totaling $21.05 million in place. With full delivery, the projected net revenues are estimated at $480,426 (shared pro rata with other counties). The unhedged pipeline as of September 28 is $0 (changes daily).

6. **Summary of DPA Funding**:
   - The County funded $3.6 million of DPA with SHIP funds (final $500,000 funded by County in October). Another $897,000 of loans have been funded which would be eligible under the program if additional funding was provided.

   - 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	$ 897,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	**$5,565,831**
HFA Funded Before FHFC Program	$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	$ 569,300
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	**$1,148,740**
TOTAL DPA LOANS	**$6,714,571**

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-- $11,790,187 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
$162,489 697 loans +13 loans	$155,450	$49,797 $77,771.08 Avg. MCC. 640 loans $48,705,692	36.0 53% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9% Existing: 60% New: 40%	Black: 28% White: 24% Hispanic: 40% Mixed: 1% Asian: 1% Other: 6%	County: 64% Tampa: 29% Plant City: 6% Temple Terrace <1%

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	242	$167,769

	Sold	Purchased or Pooled	UW	Reservations	Total
5.25%	$2,031,179	$648,950	$2,395,798	$255,303	$5,331,230
	12	4	15	2	33
5.125%	$1,594,804	$0	$0	$0	$1,594,804
	11	0	0	0	11
5.00%	$16,681,500	$2,129,307	$2,677,326	$196,377	$21,684,510
	105	14	15	1	135
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	**$100,046,123**	**$2,778,257**	**$5,073,124**	**$451,680**	**$108,349,184**
	646	**18**	**30**	**3**	**697**

11. **Lender originations**: Eagle (243), DHI (142), Open Mortgage (71), REMN/Homebridge (42), LoanDepot (43), Waterstone (35), Wells Fargo (25), CMG (26), Fairway (20), Atlantic Bay (5), Pacific Union (6), Prime (5), Annie Mac (4), Paramount (3), 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), Guaranteed Rae (1), Homespire (1) & SWBC (1).

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

13. **Recommendations**: None.

V. New Multi-Family Transactions—Informational

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), was given final approvals at the September HFA meeting, and is now scheduled to close in late October (estimated). The Board requested that the developer provide an explanation of how they will meet the required homeless set-aside. The email from the developer has been forwarded to the Board.

3. **Recommendation**: None.

	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	$22,400,000	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	8-2-18 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. FHFC: Local Government Area of Opportunity Funding—Action

1. FHFC retained the LGAOF system for the 2018-2019 RFA's, with an application deadline of October 30. 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 was September 14, and two applications were received.

	Brandon Preserve	Springfield Plaza
Developer	Vestcor	Housing Trust Group
Address	339 Paul's Drive	1010 E. Brandon Boulevard
City/County	Brandon Unincorporated Hillsborough County	Brandon Unincorporated Hillsborough County
Demographic	Family	Elderly
New or Rehab	NC	NC
Design	Wood Frame Garden 3-story	Concrete Single Building with Elevator (Garden) 3-story
Units	163	96
Total Development Cost	$31,590,472	$22,619,186
TDC/Unit	$193,807	$235,617
Land/Unit	$23,926	$27,083
Set-Aside	15.34% <30% AMI 63.19%< 60% AMI 21.47%<80% AMI	16.6%<35% AMI 4.1%<50% AMI 79.3%<60% AMI
Set-Aside Length	Perpetuity	Perpetuity
Loan Request	$472,000	$567,500

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

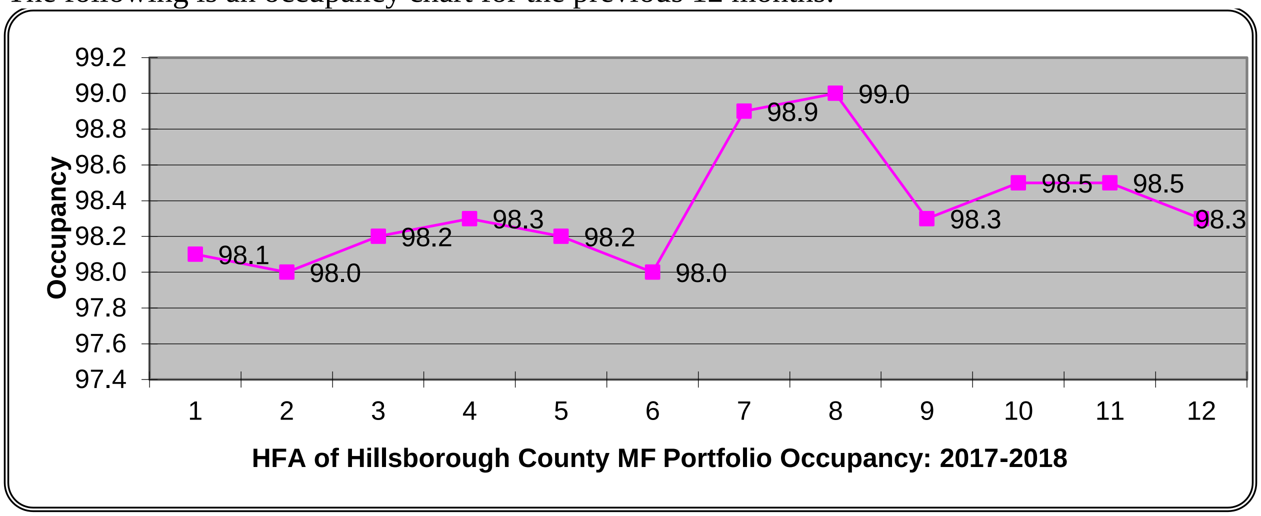
3. **Recommendations:**
   - Select one application for priority funding level.
   - Recommend that County fund applicant recommenedg by the HFA as back-up deals
   - Establish amount of loan, term of loan, and amortization.
   - Authorize the Chair to sign loan commitment letters.
   - Request the appropriate 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, 2019.

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

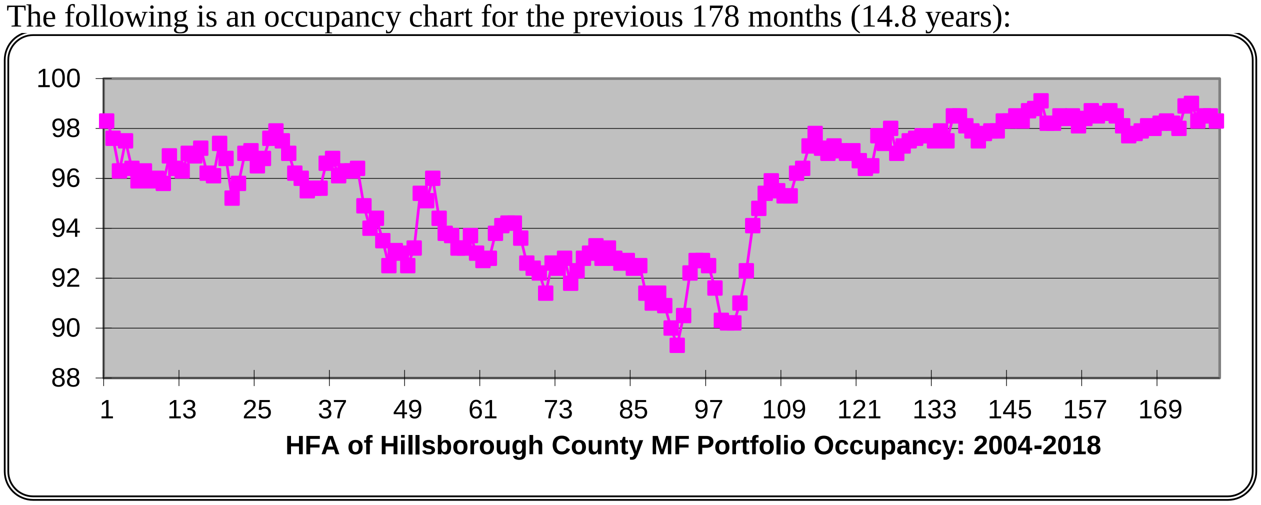
1. The Authority has financed twenty-eight (28) rental developments, containing 5,184 units, with a total development cost of $576,124,600 financed with $285,910,000 of bonds, $168,530,407 of Housing Credit equity, and $47,938,493 of SAIL. The HFA also issued $16.7 million of bonds to refund the Brandon 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 98.3% (-0.2%). The median occupancy level is 99.0% (+0.0%). Nineteen (19) 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 178 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. **Recommendation**: None.

VIII. Housing & Training Programs—Action

1. **Up & Out Homeless Program** (MetMin)
   - Twenty-one (21) families (+1) are enrolled in 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 344 persons have benefited from the program—144 adults and 200 children. The HFA has advanced a total of $871,329 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), fifteen (+1) graduated from the program successfully, and one only required a security deposit. The HFA has advanced $180,756 to the program. The subsidy provided is $200 per month. Report is through September 2018.

3. **Catholic Charities** has six (+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 two voluntarily left the program. The HFA has advanced $125,344 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. This program was modeled on the MetMin Up and Out Program, with a two-year limit on assistance. Report is through September 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 October 1, 2018.

6. All programs require new contracts for the upcoming fiscal year.

7. **Recommendation**: Approve one-year contract extension for Metropolitan Ministries, Camelot, Catholic Charites, and CRED.

IX. <u>2019 Legislative Session</u>

1. The 2019 legislative session begins in March. At this point, it is likely that the Republicans will keep the majority in both the Senate and House; therefore, the new Senate President will be Bill Galvano (Bradenton) and the new House Speaker will be Jose Oliva (Miami). Senator Galvano has been a long-time supporter of housing funding.

2. The latest (August) revenue estimate for doc stamp distributions into the Housing Trust Funds for FY 19-20 is $328.2 million ($229.99 SHIP and $98.21 FHFC programs/SAIL). The estimated impact of appropriating all available funds to housing programs:

Program	**SAIL**	**SHIP**	**Combined Totals**
Funding	$98,210,000	$229,990,000	$328,200,000
TDC Produced	$499,986,951	$1,238,692,868	$1,738,679,820
# of Units	2,238.0	10,055.8	12,293.8
Leveraging other $	$401,776,951	$1,008,702,868	$1,410,479,820
Jobs Created	7,411.88	21,340.72	28,752.60
Economic Impact	$1,075,712,139	$3,052,457,405	$4,128,169,544

3. We have been working with both candidates for Governor on housing. Andrew Gillum has pledged to veto any sweep of the housing trust funds. Ron DiSantis expressed general support for using trust funds for their intended purposes.

4. SEE contribution letters have been sent to all HFA's and other SEE supporters. Funding level pledges have not been received from several HFA's.

5. The lobbying team has been engaged and will again be led by Ken Pruitt of The P5 Group. Becker Poliakoff and Sunrise Consulting will also be utilized, as will Bascom Communications (PR and editorials) and LAT Creative (website and materials). The estimated cost of the effort is $200,000.

6. Senator Kathleen Passidomo (R-Naples) also intends to file her bill to prohibit sweeps of the trust funds. While this bill does not absolutely restrict sweeps (it would take a Constitutional amendment to accomplish that), it is an important part of our strategy to keep the pressure for full funding. We are working with Rep. Holly Raschein (R-Key West) to file the House companion.

7. We have also been asked by various campaigns for Governor and legislative seats to develop an analysis of the cost of sweeps—lost housing and economic impact—as well as the five-year impact of fully funding housing. Those analyses are attached. In summary:

Five Year Impact of Full Funding

- $1.789 billion appropriated for housing
- 67,012 units built, rehabilitated or sold
- 156,728 jobs created
- $22.5 billion total economic impact

Negative Impact of Sweeps

- $2.19 billion has been swept from the housing trust funds to general revenue
- 81,566 units have been lost
- 191,512 jobs have been lost
- $27.5 billion of economic impact lost

8. **Recommendations**: Meet with your candidates running for office prior to the election to solicit their support for using all housing trust funds for housing programs and to co-sponsor Senator Passidomo or Representative Raschein's bills (once filed). It is important to tell the story of how Florida's housing programs work—this isn't "throwing money at a problem", it is funding programs that have proven over 25 years that they work and attract massive private sector investment in affordable housing.