

THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County
From: Mark Hendrickson, Executive Director
Subject: January 24, 2019 Board Meeting
Date: January 16, 2019

I. Bond Allocation—Informational

- The 2018 allocation was \$70,899,227, up \$4,975,547 (7.6%) over 2017. The Division of Bond Finance has not released the 2019 allocation amounts.

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2019				
2018	\$110,000,000	\$110,000,000		December 31, 2021
2017	\$100,000,000	\$100,000,000		December 31, 2020
2016	\$100,000,000	\$100,000,000		December 31, 2019
TOTAL	\$300,000,000	\$310,000,000	\$0	

- Recommendation:** None.

II. Second Mortgage Status—Informational

- In December, ten (10 new loans (\$75,000) were funded (\$67,500 in November).

	2006	2007	2010	2012	TOTAL
Original Loans	\$68,981 (13)	\$30,920 (7)	\$1,131,176 (227)	\$6,977,071(619)	\$8,208,148 (866)
Paid in Full	\$31,784 (6)	\$13,829 (3)	\$ 491,176 (99)	\$534,500 (52)	\$1,071,289.00 (160)
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	\$18,977	\$12,364	\$615,000	\$6,422,571	\$7,068,912

- In December, two loans/\$20,000 paid in full. One was from the 2010 Program (Landrum for \$5,000), and one was from the 2012 Program (Casaneli for \$15,000).
- Between August 2016 and November 2018, nine loan pay-offs (\$112,500) originally funded with SHIP were reinvested in new loans.
- Recommendation:** None.

III. 2012 Single Family Program—Informational

1. The **current program guidelines**:
 - 1st mortgage: 5.125%, 1% origination fee, FHA, VA, RD and 5.375% 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 5.00% to 5.125% & the Freddie Mac rate from 5.25% to 5.375%, both effective Octobers 5. FHFC has multiple rates, but the most comparable are 5.50% FHA and 5.75 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 170 sales, with net revenues of \$2,741,593 (net meaning after payments to RBC and counsel).
5. **Hedges & Exposure**: The HFA has 5 hedges totaling \$6.025 million in place. With full delivery, the projected net revenues are estimated at \$155,121 (shared pro rata with other counties). The unhedged pipeline as of January 14 is \$188,595 (changes daily).
6. **Summary of DPA Funding**:
 - The County funded \$3.6 million of DPA with SHIP funds, with a contract for an additional \$933,000 in process. Another \$1,129,500 of loans have been funded which would be eligible under the program when 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.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$3,600,000
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$1,129,500
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$5,798,331
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 598,300
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded After 2 nd \$600,000 from SHIP Fully Committed	\$ 310,626
Recycled SHIP Funds	\$ 60,000
Total HFA Funded	\$1,178,740
TOTAL DPA LOANS	\$6,977,071

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—\$18,129,770 used)
 - Tranche 5 (\$5,806,451-- \$5,750,845 used) is available until the end of 2019
 - Tranche 6 (\$25 million-- \$13,101,757 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 \$155,000 and a 5.125/30-year mortgage, interest payments in Year 1 = \$7,892. 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 21 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 3.30% 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. \$113.5 million of loans have been originated or are in process to date.

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

11. 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
\$162,907 728 loans +9 loans	\$155,940	\$49,511 \$78,045.17 Avg. MCC. 666 loans \$51,978,083	36.0 53% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9% Existing: 61% New: 39%	Black: 27% White: 24% Hispanic: 40% Mixed: 1% Asian: 1% Other: 6%	County: 64% Tampa: 30% Plant City: 6% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
5.375%	\$735,553	\$334,032	\$1,046,387	\$0	\$2,115,972
	5	2	6	0	13
5.25%	\$5,098,430	\$0	\$232,800	\$0	\$5,331,230
	31	0	2	0	33
5.125%	\$1,783,326	\$1,233,237	\$1,460,919	\$165,938	\$4,643,420
	12	7	9	1	29
5.00%	\$21,145,460	\$404,908	\$144,750	\$0	\$21,695,118
	132	2	1	0	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	\$108,501,409	\$1,972,177	\$2,884,856	\$165,938	\$113,524,380
	698	11	18	1	728

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	271	\$168,445
2019	3	\$146,500

12. **Lender originations:** Eagle (247), DHI (145), Open Mortgage (71), LoanDepot (49), REMN/Homebridge (42), Waterstone (41), CMG (33), Wells Fargo (25), Fairway (20), Pacific Union (6), Atlantic Bay (5), Prime (6), Annie Mac (4), Tidewater (4), Academy (3), Paramount (4), GSF (3), Center State, Stonegate, Gershman Investment, NFM, NVR, LendUS, (2 each), Homestead, BBMC, Embrace, Shelter, Guaranteed Rate, Homespire, Land Home & SWBC (1 each).

13. **Recommendations:** None.

IV. 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. Two bond applications were received, both using the bond-SAIL application. Southport applied for \$12.0 of bonds for Mango Terrace and Related Urban applied for \$20.0 million of bonds for a “to be named” development in West River. Details in chart below.

	Mango Terrace	West River (to be named) WRDG T3B	Preserve at Sabal Palm (Local Preference)
Developer	Southport	Related Urban	Blue Sky Communities
Development Location	Unincorporated County 785 feet south of intersection of Dr. MLK Jr. Blvd. & Lemon Avenue Seffner	City of Tampa Main Street, NW Corner of Main St. & N. Willow Avenue West River.	Unincorporated County Williams Rd, appx. 200' N of E. Broadway Ave and 10920 E. Broadway Avenue
Total Development Cost	\$22,726,000	\$34,240,396	\$29,150,743
SAIL Loan Amount	\$5,527,500	\$5,891,228	\$1,250,000 (FHFC Viability Loan)
Bond Amount	\$22,000,000	\$20,000,000	No Bonds- \$439,000 loan from HFA, \$112,000 from County
Units	93	130	144
Set-Asides	90%<60% AMI 10%<35% AMI	26.2% <30% AMI (34 units) 34.6%<60% AMI (45 units) 39.2%<80% AMI (51 units)	80%<60% AMI 20%<40% AMI
Set-Aside Period	50 years	50 years	Perpetuity
Allocation Status	TBD	TBD	NA
New Construction or Rehab	New Construction	New Construction	New Construction
TEFRA Hearing & BOCC TEFRA Approval Dates	TBD TBD	TBD TBD	NA
Credit Enhancement	TBD	TBD	Lender: Citibank Equity: Raymond James
Credit Underwriter	TBD	TBD	Seltzer
Anticipated Closing Date	June 2019	September 2019	January 2019
Evidence of Site Control	Purchase & Sale Contract	Purchase & Sale Contract	Purchase & Sale Contract
Zoning	PD- 93 units	NMU-35	PUD
Demographic	Family	Family	Family
Construction/Design	Garden Concrete	Highrise	Garden Concrete

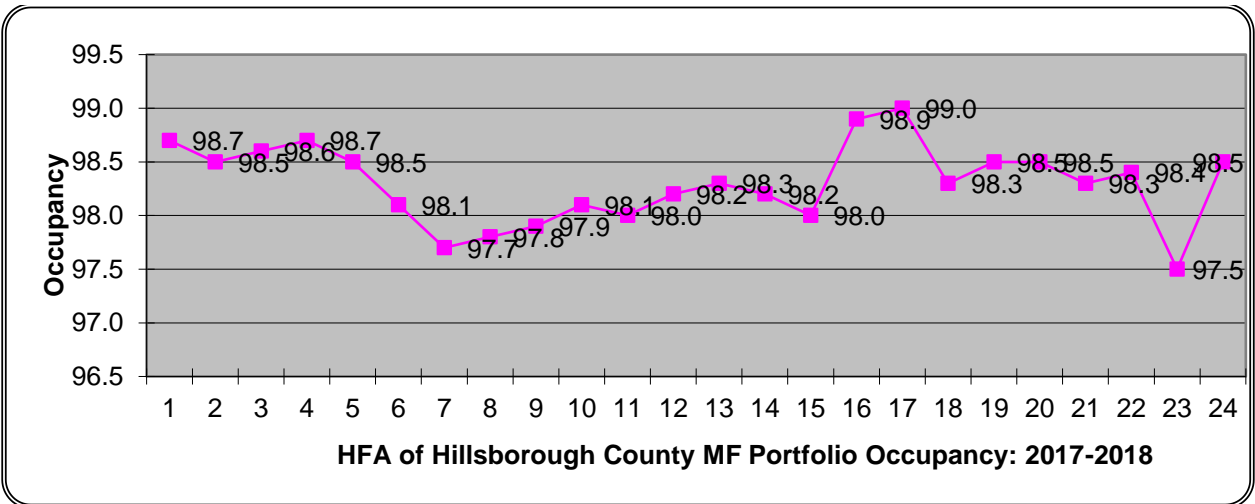
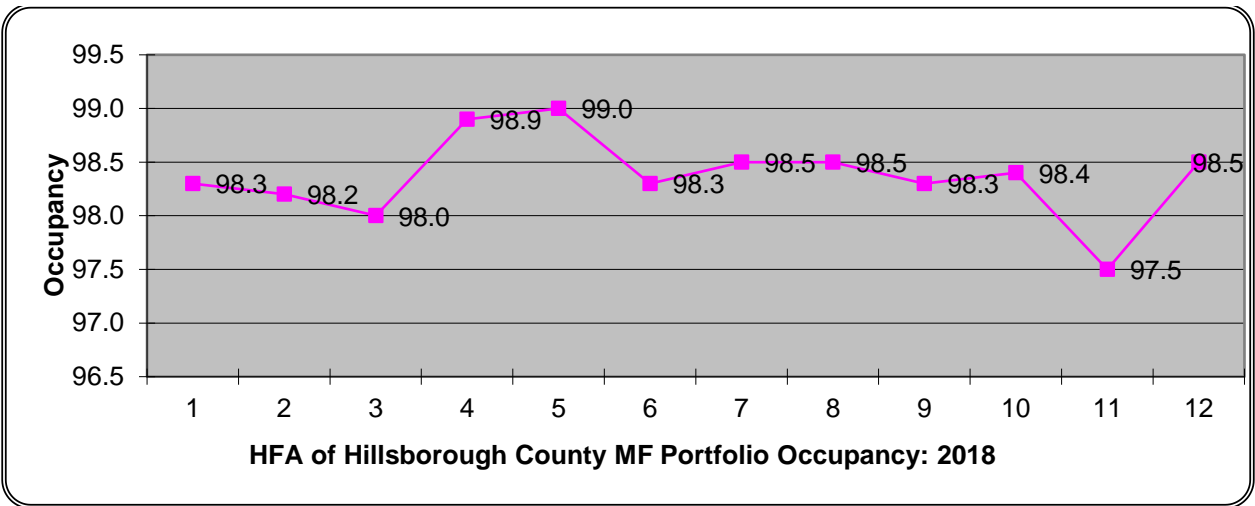
3. **Recommendation:** None.

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

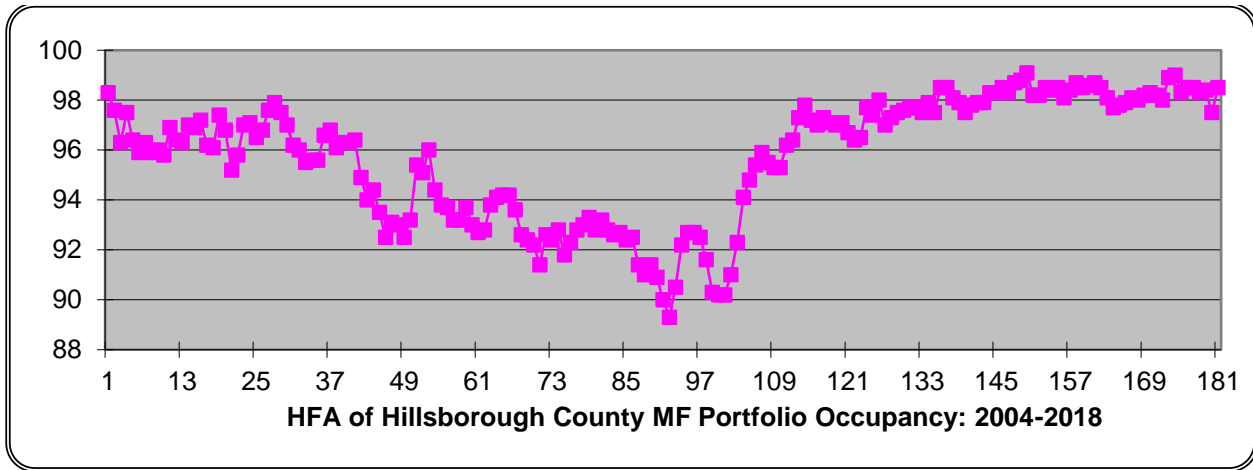
1. The HFA selected Brandon Preserve for Priority and Springfield Plaza as a backup. Both are proceeding with their FHFC Housing Credit applications. The City of Tampa’s preference deal, a to be named development in West River, received a lower lottery number than Brandon Preserve. Assuming no errors in the application, that development should be funded.
2. In 2016, the HFA selected the Preserve at Sabal Park as the “preference” development. The loan is scheduled to close this month.
3. **Recommendation:** None.

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

1. The Authority has financed twenty-nine (29) rental developments, containing 5,344 units, with a total development cost of \$626,847,792 financed with \$308,310,000 of bonds, \$178,360,072 of Housing Credit equity, and \$55,538,493 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% (+1.0%). The median occupancy level is 99.0% (+1.0%). Eighteen (18) of the 22 monitored developments are at 98% or higher occupancy.
3. The following is an occupancy chart for the previous 12 and 24 months:



4. The following is an occupancy chart for the previous 181 months (15 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.

VII. Housing & Training Programs—Informational

1. Up & Out Homeless Program (MetMin)

- Twenty-three (23) families (-2) are enrolled in the program. Three clients successfully graduated from the program, remained in their apartment, and are moving towards home ownership. One new client entered the program.
- Of the 99 clients that are no longer in the program, 67 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 371 persons have benefited from the program—152 adults and 219 children. The HFA has advanced a total of \$907,264 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 nine (-2) 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), seventeen (+2) graduated from the program successfully, and one only required a security deposit. The HFA has advanced \$187,706 to the program. The subsidy provided is \$200 per month. Report is through December 2018.

3. **Catholic Charities** has five (-1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. To date, two clients have successfully left the program, two clients have been terminated from the program, two moved in with family, and two voluntarily left the program. The HFA has advanced \$138,743 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 December 2018.
4. **USF CRED Training:** Angela Crist contacted the HFA this month about the 2019 contract.
5. Total for advances is through January 9, 2019.
6. **Recommendation:** None.

VIII. 2019 Legislative Session—Informational

1. The 2019 legislative session begins in March. 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. Rep. Travis Cummings (Clay County) was named House Appropriations Chairman and Rep. Jay Trumbull is the TED Appropriations Chair. In the Senate, Senator Rob Bradley is Appropriations Chair, and Senator Travis Hutson is the TED Appropriations Chair.
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	10,056	12,294
Jobs Created	7,412	21,341	28,753
Economic Impact	\$1,075,712,139	\$3,052,457,405	\$4,128,169,544

3. The SHIP distributions—at full funding—have been calculated for FY 19-20. With all monies in the housing trust funds appropriated for housing, Hillsborough County and the City of Tampa would receive a combined \$16,390,189 (County \$11,986,145, City of Tampa \$4,404,044). The legislator one-pagers are complete and samples are in the Board Packet. A complete list can be found at <https://www.sadowskicoalition.org/> under Tab entitled “Resources”.

4. However, we are hearing from multiple members of the legislature a new talking point—“Housing funding isn’t needed because if local governments would just relax regulations and not charge impact fees, housing would be affordable”. We are working on a counter-message, as obviously, this notion is not accurate. Housing is sold for what the market will pay—the same home sold in Naples costs more than if it were sold in Tampa. Sellers of homes don’t lower the sales price because they save money with fee reductions. Emergency repairs aren’t less costly because there aren’t impact fees. Down payment assistance is needed whatever the price of housing. And most importantly, the gap that SAIL fills is several million dollars per deal, not a few dollars that would be saved by any regulatory cost reductions.
5. Senator Kathleen Passidomo (R-Naples) has filed a bill to prohibit sweeps of the trust funds (SB70). 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 various Republican House members to file the House companion, and expect Rep. Plasencia to file it later this month.
6. **Recommendations:** Meet with your legislators to solicit their support for using all housing trust funds for housing programs and to co-sponsor Senator Passidomo’s bill or its House companion. 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.

IX. New Business: Travel Authorization—Action

1. The NALHFA conference is scheduled for May in Denver, Florida ALHFA for July in Atlantic Beach, and the Florida Housing Coalition for August in Orlando (see calendar for details).
2. **Recommendation:** Authorize travel by Board members and General Counsel to the NALHFA, FLALHFA and Florida Housing Coalition conferences.

X. New Business: Board Reappointments—Action

1. Board members Hollis and DiMaio have appointments that expire in February 2019.
2. **Recommendation:** Authorize Chair to sign letter of support for reappointment, if he deems it appropriate.