

THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County
From: Mark Hendrickson, Executive Director
Subject: July 31, 2019 Board Meeting
Date: July 24, 2019

I. Bond Allocation—Informational

1. The 2019 allocation is \$72,297,939, up \$1,398,712 (2.0%) over 2018.

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2019	\$ 72,297,939			
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	\$372,297,939	\$310,000,000	\$72,297,939	

2. **Recommendation:** None.

II. Second Mortgage Status—Informational

1. In June, four (4) new loans (\$32,500) were funded (\$30,000 in May).

	2006	2007	2010	2012	TOTAL
Original Loans	\$68,981 (13)	\$30,920 (7)	\$1,131,176 (227)	\$7,174,571(645)	\$8,405,648 (892)
Paid in Full	\$31,784 (6)	\$13,829 (3)	\$ 521,176 (105)	\$607,500 (59)	\$1,174,289.00 (173)
Partial Payoff	\$ 3,000 (2)		12,574.75 (6)	\$ 10,500 (2)	\$ 26,074.75 (9)
Loss on Partial	\$ 7,060		17,425.25	\$ 9,500	\$ 33,985.25
Default Loss	\$ 8,160 (2)	\$ 4,727 (1)	-0-	-0-	\$ 12,887.00 (3)
Balance	\$18,977	\$12,364	\$580,000	\$6,547,071	\$7,158,412

2. In June, five loans totaling \$43,000 paid in-full—\$10,000 from the 2009 Program (Kater & Salazar each for 5,000), and \$33,000 from the 2012 Program (Miranda for \$8,000, Toache-Sanchez for \$10,000, and Martinez-Madrid for \$15,000).
3. Between August 2016 and June 2019, thirteen loan pay-offs (\$160,000) originally funded with SHIP were reinvested in new loans.
4. **Recommendation:** None.

III. 2012 Single Family Program—Action

1. The **current program guidelines**:

- 1st mortgage: 4.5% (down from 5.125%), 1% origination fee, FHA, VA, RD and 4.875% (down from 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 \$283,348 (up from \$253,809 this month)
- Income limit \$63,900 (1-2 person) and \$72,485 (3 or more persons)—up from \$59,800 and \$68,770 this month

2. **Rate Change:** FHA-VA interest rate is 5.125% & the Freddie Mac rate is 5.375%, both reduced in July 2019. FHFC has multiple rates, but the most comparable are 5.25% FHA and 5.125% FNMA.

3. **DPA Change:** The DPA amount was increased to \$10,000, effective June 14, 2019. **However, this has not resulted in a significant increase in loan volume. The HFA’s interest rates are high compared to the market and not significantly different from FHFC’s (FHFC FHA rate is 5.25% and their FNMA rate is 5.125%, both with \$7,500 DPA on most loans). Accordingly, the Chair and Executive Director directed eHousing to lower our rates to 4.5% for FHA and 4.875% for Freddie Mac, and increase the DPA amount to \$15,000, effective July 25. Of note, there is still over \$1 million of SHIP DPA funding available.**

4. **Summary of DPA Funding:**

- The County funded \$3.6 million of DPA with SHIP funds, and a new contract for \$1,423,170 has been executed (for loans closing after August 15, 2018). A reimbursement request for \$377,500 was funded.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$3,977,500
Hillsborough Reimbursement Request Submitted	\$ 0
Hillsborough Eligible but not ready for Reimbursement Request	\$ 100,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$5,146,331
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 635,800
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded Between SHIP Programs	\$1,037,626
Recycled SHIP Funds	\$ 145,000
Total HFA Funded	\$2,028,240
TOTAL DPA LOANS	\$7,174,571

5. **MBS Sales:** The HFA has executed 180 sales, with net revenues of \$2,920,829 (net meaning after payments to RBC and counsel).
6. **Hedges & Exposure:** The HFA has 3 hedges totaling \$3.785 million in place. With full delivery, the projected net revenues are estimated at \$135,845 (shared pro rata with other counties). The unhedged pipeline as of July 17 is \$239,513 (changes daily).
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-- \$15,282,443 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 not sold, hedged, or from another county at any given time. \$117.8 million of loans have been originated or are in process to date in Hillsborough County.
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
\$162,656 756 loans +8 loans	\$155,835	\$49,196 \$77,960.87 Avg. MCC. 694 loans \$54,104,844	36.0 53% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9% Existing: 61% New: 39%	Black: 27% White NH 24% Hispanic: 40% Mixed: 1% Asian: 1% Other: 6%	County: 62% Tampa: 32% Plant City: 6% Temple Terrace <1%

	Sold	Purchased or Pooled	UW	Reservations	Total
5.375%	\$2,585,355	\$0	\$379,000	\$0	\$2,964,355
	16	0	3	0	19
5.25%	\$5,250,430	\$0	\$0	\$0	\$5,250,430
	32	0	0	0	32
5.125%	\$6,359,328	\$798,116	\$757,677	\$392,328	\$8,307,449
	40	5	5	3	53
5.00%	\$21,550,368	\$0	\$0	\$0	\$21,550,368
	134	0	0	0	134
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	\$115,484,121	\$798,116	\$1,136,677	\$392,328	\$117,811,242
	740	5	8	3	756

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	32	\$152,573

12. **Lender originations:** Eagle (250), DHI (147), Open Mortgage (72), LoanDepot (56), REMN/Homebridge (44), Waterstone (40), CMG (36), Wells Fargo (25), Fairway (20), Pacific Union (6), Atlantic Bay (6), Prime (6), Annie Mac (4), Guaranteed Rate (5), Tidewater (4), Academy (3), LendUS (3), Paramount (6), GSF (3), Center State, Stonegate, Gershman Investment, NFM, and NVR (2 each), Broker Solutions, Homestead, BBMC, Embrace, Everett, Shelter, Homespire, Land Home, Synovus & SWBC (1 each).
13. **Recommendation:** Ratify actions of Chairman and Executive Director lowering interest rates and increasing DPA to \$15,000.

IV. New Multi-Family Transactions—Informational

1. The 2020 Bond NOFA was published on July 22, with a due date of August 29. After that date the NOFA will become “open”, with applications evaluated on a first-come first-evaluated basis. That date will allow the HFA to take official action on any application at the September meeting—in time for the SAIL application tentatively due on October 10.
2. The NOFA includes 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
3. The Mango Terrace development was awarded SAIL funding and will be moving forward. Details on Mango Terrace in chart below.
4. **Recommendation:** None.

	Mango Terrace
Developer	Southport
Development Location	Unincorporated County 785 feet south of intersection of Dr. MLK Jr. Blvd. & Lemon Avenue Seffner
Total Development Cost	\$22,726,000
SAIL Loan Amount	\$5,000,000
ELI Loan Amount	\$ 600,000
NHTF Loan Amount	\$1,113,000
Bond Amount	\$12,000,000
Units	93
Set-Asides	90%<60% AMI 10%<35% AMI
Set-Aside Period	50 years
Allocation Status	Available
New Construction or Rehab	New Construction
TEFRA Hearing & BOCC TEFRA Approval Dates	11-29-18 1-9-19
Credit Enhancement	TBD
Credit Underwriter	Seltzer
Anticipated Closing Date	Late 2018
Evidence of Site Control	Purchase & Sale Contract
Zoning	PD- 93 units
Demographic	Family
Construction/Design	Garden Concrete

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

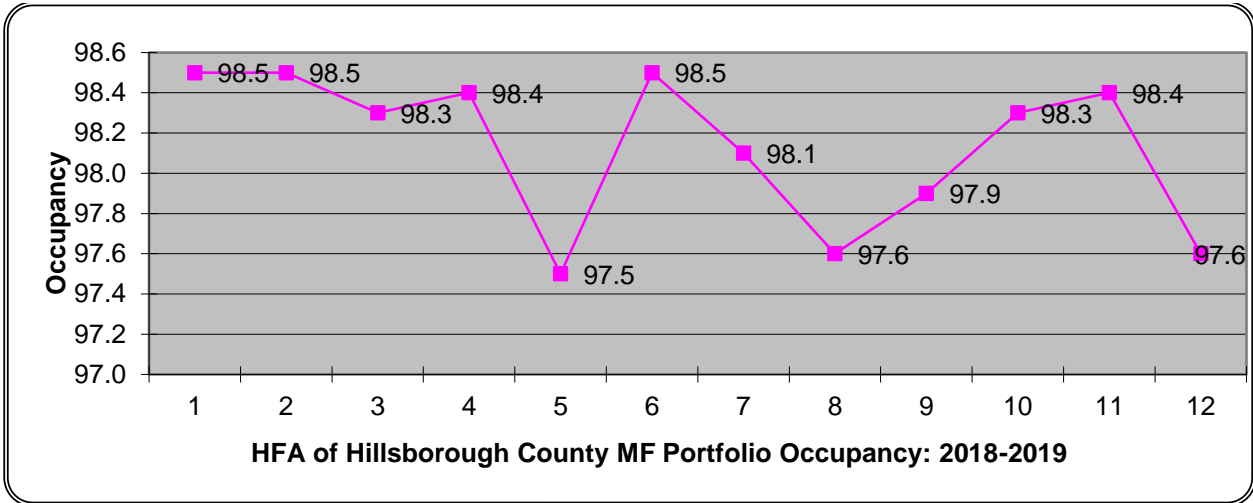
1. FHFC is retaining the LGAOF system for the 2019-2020 RFA’s, with a proposed application deadline of November 7.
2. A NOFA has been published with a due date of September 19, 2019. This will give staff adequate time to evaluate the applications and present them for a Board decision at the October HFA meeting.
3. **Recommendation:** None.

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

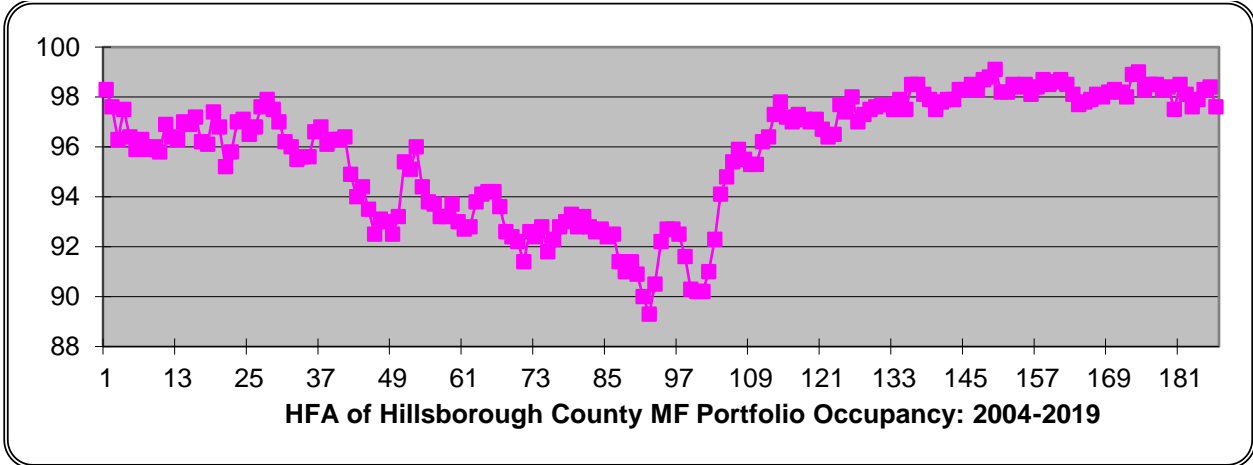
1. The Authority has financed twenty-nine (29) rental developments, containing 5,344 units, with a total development cost of \$626,847,792 financed with \$308,310,000 of bonds, \$178,360,072 of Housing Credit equity, and \$55,538,493 of SAIL. The HFA also issued \$16.7 million of bonds to refund the 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 97.6% (-0.6%). The median occupancy level is 99.0% (+0.0%). Fourteen (14) 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 187 months (15.6 years):



5. All HFA financed properties are in compliance, except for **Hunter’s Run** (Atlantic: The owner has not recertified resident income 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—Action

1. Up & Out Homeless Program (MetMin)

- Twenty-five (25) families (+1) are enrolled in the program. Four clients successfully graduated from the program the past two months and five new clients entered the program.
- Of the 107 clients that are no longer in the program, 76 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 411 persons have benefited from the program—163 adults and 248 children. The HFA has advanced a total of \$990,288 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.
- Metropolitan Ministries has requested that the program be increased by eight participants (to 33 total) and that the case management be increased from 0.75 of a position to a full position. The additional case management time would be required due to the increased caseload.
- The total cost of the increase would be \$51,297.40 if all eight participant slots were filled for an entire year.

2. **Youth Aging Out of Foster Care** (Camelot) has ten (+0) clients receiving some combination of rent subsidies, funding for security deposits, application fees, administration, and a transition specialist. This month, one client successfully graduated, and one new client entered the program. In total, seven clients have had non-compliant exits from the program and twenty-one graduated from the program successfully. The HFA has advanced \$229,471 to the program. The subsidy provided is \$200 per month. Report is through June 2019. The 2nd Quarter 2019 report on the success of the program is attached.

3. **Catholic Charities** has six (-0) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. This month, one client moved to permanent supportive housing. To date, three 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 \$149,051 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 June 2019.

4. **USF CRED Training:** No update.

5. Total for advances is through July 18, 2019.

6. **Recommendation:** Authorize increase in Metropolitan Ministries contract, effective August 1, with a budget amendment authorized if required during this fiscal year, and for the full amount to be included in the FY 19-20 contract.

VIII. State Legislative Update—Informational

1. The 2020 legislative session begins in January, with committee meetings beginning in September.
2. The focus will be on maintaining support for full funding from the Governor and Senate, and attempting to move the House to the same position.
3. The 2020 SEE contribution letter has been received from Florida ALHFA. The HFA's payment will be made in August (\$20,000, in budget).
4. The P5 Group and Bascom Communications will be retained. Two lobbying firms were dropped and will be replaced on an as-needed basis.
5. **Recommendations:** None