

THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County
From: Mark Hendrickson, Executive Director
Subject: September 13, 2019 Board Meeting
Date: September 3, 2019

I. FY 2019-2020 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 19-20 budget is adopted, at levels not to exceed those in the prior year’s budget.
2. **Recommendation:** Approve FY 19-20 Continuing Budget Resolution drafted by HFA Counsel, and direct staff to post the budget to the website within seven days.

II. Bond Allocation—Action

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. The HFA will run short of MCC authority late this year or early in 2020. There is \$100 million of single family bond authority available for conversion.
3. **Recommendation:** Approve actions recommended by bond counsel to convert \$100 million of bond authority to MCC’s, including publication of MCC notice.

III. Second Mortgage Status—Informational

1. In August, twelve (12) new loans (\$155,000) were funded (\$37,500 in July).

	2006	2007	2010	2012	TOTAL
Original Loans	\$68,981 (13)	\$30,920 (7)	\$1,131,176 (227)	\$7,367,071(661)	\$8,597,148 (908)
Paid in Full	\$31,784 (6)	\$13,829 (3)	\$ 541,176 (109)	\$660,000 (64)	\$1,201,789.00 (182)
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	\$560,000	\$6,687,071	\$7,278,412

2. In August, four loans totaling \$27,500 paid in-full—\$10,000 from the 2009 Program (Paul & Cordero each for 5,000), and \$17,500 from the 2012 Program (Feliciano for \$10,000, and Brokaw for \$7,500).

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.

IV. 2012 Single Family Program—Informational

1. The **current program guidelines:**

- 1st mortgage: 4.125% (down from 4.5%), 1% origination fee, FHA, VA, RD and 4.625% (down from 4.875%) for Freddie Mac loans
- First time homebuyers
- 640 minimum credit score Down payment assistance: \$15,000
- 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 \$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 4.125% & the Freddie Mac rate is 4.625%, 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 \$15,000, effective August 1, 2019.

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	\$ 230,000
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$5,276,331
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 698,300
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	\$2,090,740
TOTAL DPA LOANS	\$7,367,071

5. **MBS Sales:** The HFA has executed 180 sales, with net revenues of \$2,914,806 (net meaning after payments to RBC and counsel).

6. **Hedges & Exposure:** The HFA has 7 hedges totaling \$6.85 million in place. With full delivery, the projected net revenues are estimated at \$219,632 (shared pro rata with other counties). The unhedged pipeline as of August 28 is \$642,981 (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-- \$17,055,871 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 2.25% 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. \$122.3 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
\$163,558 781 loans +13 loans	\$156,639	\$49,263 \$78,151.43 Avg. MCC. 715 loans \$55,878,272	36.0 53% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9% Existing: 62% New: 38%	Black: 27% White NH 23% Hispanic: 41% Mixed: 1% Asian: 1% Other: 6%	County: 62% Tampa: 32% 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	271	\$168,445
2019	57	\$169,348

12. **Lender originations:** Eagle (252), DHI (148), Open Mortgage (72), LoanDepot (57), REMN/Homebridge (44), CMG (41), Waterstone (40), Wells Fargo (25), Fairway (20), Paramount (8), Guaranteed Rate (7), Pacific Union (6), Atlantic Bay (6), Prime (6), Annie Mac (4), Everett (4), Tidewater (4), Academy (3), LendUS (3), GSF (3), Center State (3), Embrace (3), Broker Solutions (2), AmeriFirst, Primary, Stonegate, Gershman Investment, NFM, and NVR (2 each), Guild, Homestead, BBMC, Shelter, Homespire, Land Home, Synovus & SWBC (1 each).

13. **Recommendation:** None.

	Sold	Purchased or Pooled	UW	Reservations	Total
5.375%	\$2,585,355	\$233,500	\$145,500	\$0	\$2,964,355
	16	2	1	0	19
5.25%	\$5,250,430	\$0	\$0	\$0	\$5,250,430
	32	0	0	0	32
5.125%	\$7,034,709	\$997,424	\$541,866	\$0	\$8,573,999
	44	7	3	0	54
5.00%	\$21,550,368	\$0	\$0	\$0	\$21,550,368
	134	0	0	0	134
4.875%	\$3,609,958	\$0	\$184,300	\$0	\$3,794,258
	21	0	1	0	22
4.75%	\$3,562,058	\$0	\$0	\$0	\$3,562,058
	22	0	0	0	22
4.625%	0	0	\$313,059	\$452,594	\$765,653
	0	0	2	3	5
4.50%	\$4,212,497	\$121,082	\$0	\$0	\$4,333,579
	32	1	0	0	33
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
4.125%	\$0	\$0	\$2,004,860	\$1,181,051	\$3,185,911
	0	0	11	6	17
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	\$116,159,502	\$1,352,006	\$3,189,585	\$1,633,645	\$122,334,738
	744	10	18	9	781

V. New Multi-Family Transactions—Action

1. The 2020 Bond NOFA was published on July 22, with a due date of August 29. After that date the NOFA is “open”, with applications evaluated on a first-come first-evaluated basis.
 2. The NOFA includes two applications, one for applicants for bonds and SAIL, and another for bond-only applicants.
 3. One Bond-SAIL application was received for The Arbors at Valhalla Pond (Southport). The application meets all HFA criteria and is a “complete application” for FHFC scoring purposes. This will allow the deal to apply for SAIL.
 4. The Mango Terrace development was awarded SAIL funding and will be moving forward. However, due to delays, a new TEFRA hearing and TEFRA approval will be required at some point.
5. **Recommendations:**
- Authorize Executive Director to execute form and/or letters necessary for Arbors at Valhalla Pond to apply for SAIL.
 - Adopt Inducement Resolution prepared by bond counsel for Arbors at Valhalla Pond

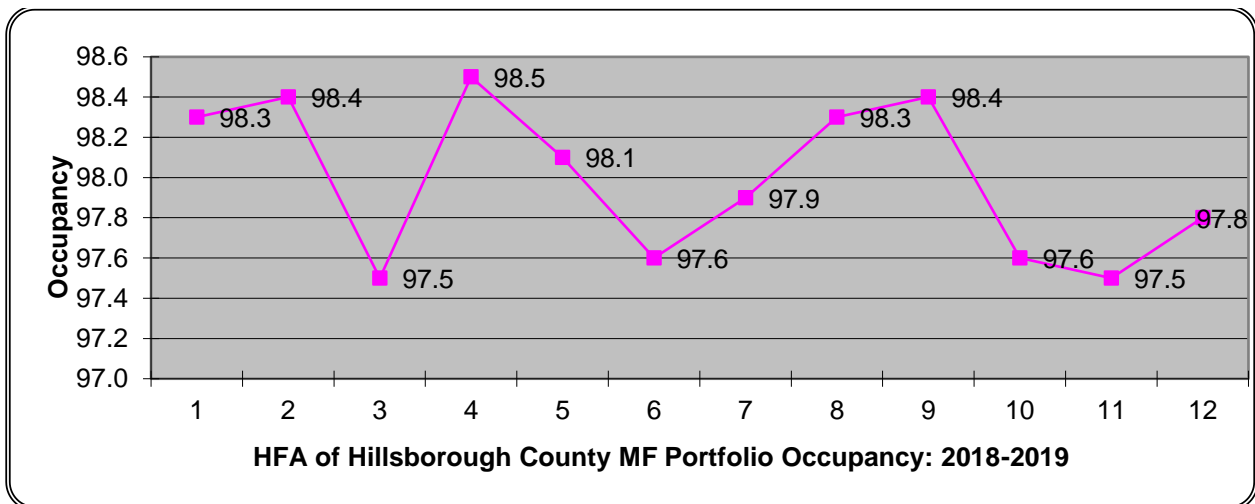
	Mango Terrace	The Arbors at Valhalla Pond
Developer	Southport	Southport
Development Location	Unincorporated County 785 feet south of intersection of Dr. MLK Jr. Blvd. & Lemon Avenue Seffner	Unincorporated County East side of Robert Tolle Drive, approximately 1900 feet north on Robert Tolle & Bloomingdale Avenue
Total Development Cost	\$22,726,000	\$24,300,000
SAIL Loan Amount	\$5,000,000	\$7,000,000
ELI Loan Amount	\$ 600,000	\$ 600,000
NHTF Loan Amount	\$1,113,000	\$0
Bond Amount	\$12,000,000	\$15,000,000
Units	93	116
Set-Asides	90%<60% AMI 10%<35% AMI	100%<60% AMI
Set-Aside Period	50 years	50 years
Allocation Status	Available	Available
New Construction or Rehab	New Construction	New Construction
TEFRA Hearing & BOCC	11-29-18	TBD
TEFRA Approval Dates	1-9-19	TBD
Credit Enhancement	TBD	TBD
Credit Underwriter	Seltzer	TBD
Anticipated Closing Date	2 nd Quarter 2020	July 2020
Evidence of Site Control	Purchase & Sale Contract	Purchase & Sale Contract
Zoning	PD- 93 units	PD- 116 units
Demographic	Family	Family
Construction/Design	Garden Concrete	Garden- Wood Frame

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

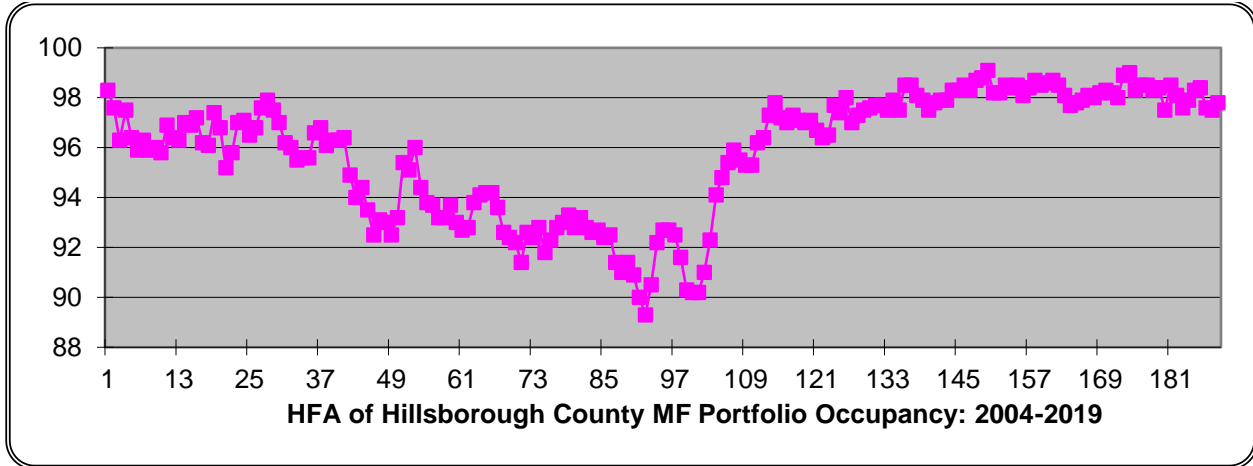
1. FHFC is retaining the LGAOF system for the 2019-2020 RFA’s, with a proposed application deadline of November 7.
2. A NOFA has been published with a due date of September 19, 2019. This will give staff adequate time to evaluate the applications and present them for a Board decision at the October HFA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

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

1. The Authority has financed thirty (30) rental developments, containing 5,488 units, with a total development cost of \$655,998,535 financed with \$308,310,000 of bonds, \$198,687,889 of Housing Credit equity, and \$56,788,493 of SAIL. The HFA also issued \$16.7 million of bonds to refund the Brandon Crossing and Mobley Park developments. Two developments (Kaylee Bay & Preserve at Sabal Park) were financed without bonds.
2. The weighted average occupancy level of the HFA’s portfolio is 97.58 (+0.3%). The median occupancy level is 98.0% (-0.0%). Seventeen (17) of the 23 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 189 months (15.8 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—Informational

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 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 Board approved this July 31 and a contract amendment is in process.

2. **Youth Aging Out of Foster Care** (Camelot) has fourteen (+4) clients receiving some combination of rent subsidies, funding for security deposits, application fees, administration, and a transition specialist. This month, four new clients 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 \$245,057 to the program. The subsidy provided is \$200 per month. Report is through August 2019.
3. **Catholic Charities** has nine (+0) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. 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 \$165,316 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 August 2019.
4. **USF CRED Training:** No update.
5. Total for advances is through September 3, 2019.
6. **Recommendation:** None.

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 P5 Group and Bascom Communications have been retained.
4. Based upon the August 2019 Revenue Estimate, \$350.77 million will be available from the Housing Trust Funds for FY 20-21 appropriations. SHIP is \$245.8 million and FHFC Programs (SAIL) \$104.97 million.
5. The full-funding SHIP distribution by County/City has been generated and is attached. With full funding, \$16,840,535 would come to Hillsborough-Tampa, with the County receiving \$12,315,483 and the City of Tampa \$4,525,052.
6. The legislator one-pagers will be available soon.
7. **Recommendations:** None.