

# THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301  
Telephone: 850-671-5601

To: Board of Directors, Housing Finance Authority of Hillsborough County  
From: Mark Hendrickson, Executive Director  
Subject: October 15, 2019 Board Meeting  
Date: October 7, 2019

## **I. FY 2018-2019 Budget Amendments—Action**

1. The Board increased the Up & Out Program from 25 to 33 clients during FY 18-19 and increased the case manager to full-time. Also, due to billing timing, the HFA funded 13 months of advances in the 12-month period. The change approved in August should be reflected in a formal budget amendment so that expenditures stay within the amended approved budget levels.
2. **Recommendation:** Approve Resolution drafted by HFA Counsel adopting amendments to Fiscal Year 2018-2019 budget, and direct staff to post the budget amendment to the website within seven day.

## **II. FY 2019-2020 Budget—Action**

1. A proposed Fiscal Year 2019-2020 budget is attached. Key elements are:
  - All expenses billed at higher of FY 18-19 actual or FY 18-19 Budget, unless there is some specific information that would cause the number to be increased or lowered.
  - Budget includes two bond applications using the bond-sail application/fees. Given timing of existing applications, there is one bond closing in the budget
  - Multi-Family ongoing fees based upon anticipated payments, with scheduled bond amount reductions.
  - Income from sale of MBS based upon average of 13 loans per month with profit to HFA of 2.0% (average amount for this year—this number could be higher)
  - Income from reimbursement of DPA loans includes the remaining \$1,000,000 from Hillsborough County that is currently contracted.
  - Income from investments is based upon current portfolio performance, except that Custody Accounts rate reduced to 2% due to anticipated falling interest rates.
  - Sponsorship of Florida ALHFA conference in budget under Dues and Subscriptions. SEE contribution in budget under Other Expenditures.
  - 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 likely 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 2019-2020 budget, and direct staff to post the budget to the website within seven days.

### III. 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
<b>TOTAL</b>	<b>\$372,297,939</b>	<b>\$310,000,000</b>	<b>\$72,297,939</b>	

2. The HFA will run short of MCC authority late this year or early in 2020. The Board approved conversion of \$100 million of single-family allocation to MCC's, and the process for the conversion is underway.

3. **Recommendation:** None.

### IV. Second Mortgage Status—Informational

1. In September, twenty-four (24) new loans (\$360,000) were funded (\$155,000 in August).

	2006	2007	2010	2012	TOTAL
<b>Original Loans</b>	<b>\$68,981 (13)</b>	<b>\$30,920 (7)</b>	<b>\$1,131,176 (227)</b>	<b>\$7,727,071(685)</b>	<b>\$8,957,148 (932)</b>
<b>Paid in Full</b>	\$39,384 (7)	\$13,829 (3)	\$ 541,176 (109)	\$685,000 (66)	\$1,234,389.00 (185)
<b>Partial Payoff</b>	\$ 3,000 (2)		12,574.75 ( 6)	\$ 10,500 (2)	\$ 26,074.75 (9)
<b>Loss on Partial</b>	\$ 7,060		17,425.25	\$ 9,500	\$ 33,985.25
<b>Default Loss</b>	\$ 8,160 (2)	\$ 4,727 (1)	-0-	-0-	\$ 12,887.00 (3)
<b>Balance</b>	<b>\$11,437</b>	<b>\$12,364</b>	<b>\$560,000</b>	<b>\$7,022,071</b>	<b>\$7,605,872</b>

2. In September, three loans totaling \$32,600 paid in-full—\$7,600 from the 2006 Program (Kettle), and \$25,000 from the 2012 Program (Torrince for \$15,000 & Castano for \$10,000).
3. Between August 2016 and September 2019, seventeen loan pay-offs (\$210,000) originally funded with SHIP were reinvested in new loans.
4. **Recommendation:** None.

V. **2012 Single Family Program—Informational**

1. The **current program guidelines:**

- 1<sup>st</sup> 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	\$ 485,000
<b>Total Funded or to be Funded by FHFC or Hillsborough SHIP</b>	<b>\$5,531,331</b>
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 788,300
HFA Funded but Over SHIP Income Limit	\$ 40,000
HFA Funded Between SHIP Programs	\$1,037,626
Recycled SHIP Funds	\$ 160,000
<b>Total HFA Funded</b>	<b>\$2,195,740</b>
<b>TOTAL DPA LOANS</b>	<b>\$7,727,071</b>

5. **MBS Sales:** The HFA has executed 183 sales, with net revenues of \$2,964,928 (net meaning after payments to RBC and counsel).

6. **Hedges & Exposure:** The HFA has 10 hedges totaling \$12.135 million in place. With full delivery, the projected net revenues are estimated at \$331,238 (shared pro rata with other counties). The unhedged pipeline as of October 4 is \$0 (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-- \$19,537,769 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 \$157,000 and a 4.125/30-year mortgage, interest payments in Year 1 = \$6,476. 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 16 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 2.2% 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. \$126.2 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
\$164,023 803 loans +22 loans	\$157,164	\$49,226  \$78,151.43 Avg. MCC. 742 loans \$58,360,170	36.0  53% female	2.5	SF Detached 90% Rowhouse: 1% Townhouse: 9%  Existing: 63% New: 37%	Black: 27% White NH 23% Hispanic: 41% Mixed: 1% Asian: 1% Other: 6%	County: 60% Tampa: 33% 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	79	\$172,466

12. **Lender originations:** Eagle (253), DHI (148), Open Mortgage (74), LoanDepot (61), REMN/Homebridge (44), CMG (45), Waterstone (40), Wells Fargo (25), Fairway (20), Paramount (9), Guaranteed Rate (11), Pacific Union (6), Atlantic Bay (6), Prime (6), Annie Mac (4), Everett (5), Tidewater (4), Primary, (4), Academy (3), AmeriFirst, (3), LendUS (3), GSF (3), Center State (3), Embrace (3), Broker Solutions (3), Stonegate, Synovus, Gershman Investment, NFM, and NVR (2 each), Guild, Homestead, BBMC, Shelter, Homespire, Land Home, & SWBC (1 each).

13. **Recommendation:** None.

	Sold	Purchased or Pooled	UW	Reservations	Total
5.375%	\$2,818,855	\$0	\$145,500	\$0	\$2,964,355
	18	0	1	0	19
5.25%	\$5,250,430	\$0	\$0	\$0	\$5,250,430
	32	0	0	0	32
5.125%	\$8,032,133	\$154,156	\$387,710	\$0	\$8,573,999
	51	1	2	0	54
5.00%	\$21,550,368	\$0	\$0	\$0	\$21,550,368
	134	0	0	0	134
4.875%	\$3,609,958	\$184,300	\$0	\$0	\$3,794,258
	21	1	0	0	22
4.75%	\$3,562,058	\$0	\$0	\$0	\$3,562,058
	22	0	0	0	22
4.625%	0	0	\$931,650	\$145,000	\$1,076,650
	0	0	6	1	7
4.50%	\$4,333,579	\$0	\$0	\$0	\$4,333,579
	33	0	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	\$835,290	\$5,044,044	\$863,927	\$6,743,261
	0	4	28	5	37
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
<b>Total</b>	<b>\$117,511,508</b>	<b>\$1,173,746</b>	<b>\$6,508,904</b>	<b>\$1,008,927</b>	<b>\$126,203,085</b>
	<b>754</b>	<b>6</b>	<b>37</b>	<b>6</b>	<b>803</b>

**VI. 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 is “open”, with applications evaluated on a first-come first-evaluated basis.
2. 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. The Arbors at Valhalla Pond will apply for SAIL in the upcoming RFA.
3. **Recommendation:** None

	Mango Terrace	The Arbors at Valhalla Pond
<b>Developer</b>	Southport	Southport
<b>Development Location</b>	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
<b>Total Development Cost</b>	\$22,726,000	\$24,300,000
<b>SAIL Loan Amount</b>	\$5,000,000	\$7,000,000
<b>ELI Loan Amount</b>	\$ 600,000	\$ 600,000
<b>NHTF Loan Amount</b>	\$1,113,000	\$0
<b>Bond Amount</b>	\$12,000,000	\$15,000,000
<b>Units</b>	93	116
<b>Set-Asides</b>	90%<60% AMI 10%<35% AMI	100%<60% AMI
<b>Set-Aside Period</b>	50 years	50 years
<b>Allocation Status</b>	Available	Available
<b>New Construction or Rehab</b>	New Construction	New Construction
<b>TEFRA Hearing &amp; BOCC</b>	11-29-18	TBD
<b>TEFRA Approval Dates</b>	1-9-19	TBD
<b>Credit Enhancement</b>	TBD	TBD
<b>Credit Underwriter</b>	Seltzer	TBD
<b>Anticipated Closing Date</b>	2 <sup>nd</sup> Quarter 2020	July 2020
<b>Evidence of Site Control</b>	Purchase & Sale Contract	Purchase & Sale Contract
<b>Zoning</b>	PD- 93 units	PD- 116 units
<b>Demographic</b>	Family	Family
<b>Construction/Design</b>	Garden Concrete	Garden- Wood Frame

**VII. FHFC: Local Government Area of Opportunity Funding—Action**

1. FHFC is retaining the LGAOF system for the 2019-2020 RFA’s, with an application deadline of November 7.
2. A NOFA was published 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 19, and four applications were received.

	<b>Arbors at Valhalla Pond</b>	<b>Brandon Preserve</b>	<b>Bullard Bluffs</b>	<b>Uptown Sky</b>
<b>Developer</b>	Southport	Vestcor	Blue Sky Communities & University Area CDC	Blue Sky Communities & University Area CDC
<b>Address</b>	E. side of Robert Tolle Drive, approx. 1900' north of Robert Tolle & Bloomingdale Avenue	339 Pauls Drive	6310 E. Sligh Avenue	13603 N. 12 <sup>th</sup> Street & 1116 E. 142 <sup>nd</sup> Avenue both north of Fletcher
<b>City/County</b>	Riverview Unincorporated Hillsborough County	Brandon Unincorporated Hillsborough County	East County Between Fairgrounds & Temple Terrace Unincorporated Hillsborough County	USF Unincorporated Hillsborough County
<b>Demographic</b>	Family	Family	Family	Family
<b>New or Rehab</b>	NC	NC	NC	NC
<b>Design</b>	Wood Frame Garden 3-story	Wood Frame Garden 3-story	Wood Frame Garden 3-story	Concrete Mid-Rise with Elevator (Garden) 4-story
<b>Units</b>	80	200	144	118
<b>Total Development Cost</b>	\$17,430,672	\$36,019,522	\$29,558,282	\$27,635,484
<b>TDC/Unit</b>	\$150,264	\$180,098	\$205,266	\$234,199
<b>Land/Unit</b>	\$6,250	\$19,500	\$14,931	\$13,127
<b>Set-Aside</b>	10% <33% AMI 90% < 60% AMI	15% <30% AMI 20% < 60% AMI 45% <70% AMI 10% <80% AMI 10% Market	10% <33% AMI 90% < 60% AMI	10% <33% AMI 90% < 60% AMI
<b>Set-Aside Length</b>	75 years	Perpetuity	Perpetuity	Perpetuity
<b>Loan Request</b>	\$472,000	\$472,000	\$472,000	\$625.750

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

**4. Recommendations:**

- Select one application for LGAOF designation and funding.
- Recommend that County fund applicants recommended 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

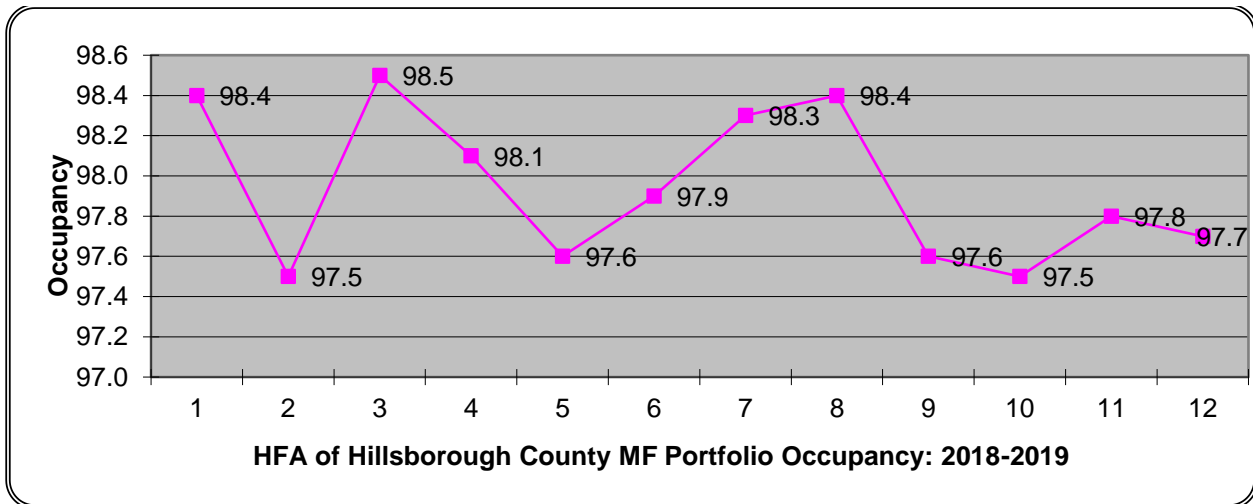


position (subject to all loan documents and due diligence necessary to evidence and complete the transaction). Loan documents to include a Land Use Restriction Agreement with all Applicant commitments (HFA programs, length of set-aside, income restrictions).

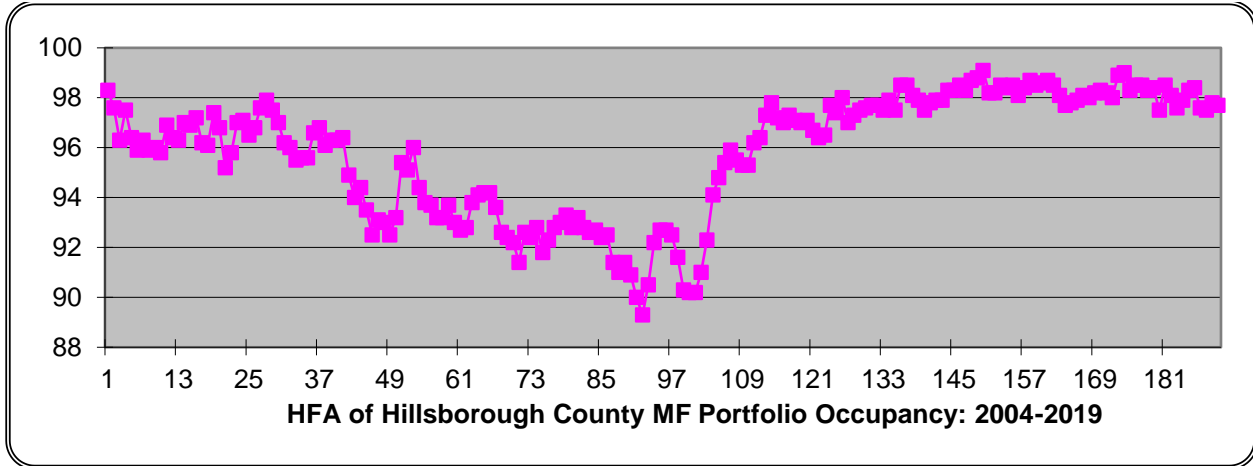
- Loan commitment expiration date of December 31, 2020.

### **VIII. 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 97.7 (-0.1%). The median occupancy level is 98.0% (-0.0%). Fourteen (14) 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 190 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.

### **IX. Housing & Training Programs—Informational**

#### **1. Up & Out Homeless Program (MetMin)**

- Twenty-five (25) families (+0) are enrolled in 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 418 persons have benefited from the program—164 adults and 253 children. The HFA has advanced a total of \$1,008,190 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 has been signed.

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, no 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 \$251,063 to the program. The subsidy provided is \$200 per month. Report is through September 2019.

3. **Catholic Charities** has eight (-1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. One client graduated from the program and is using savings and budgeting skills to stay in same apartment. To date, four 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 \$169,244 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 2019.
4. **USF CRED Training:** No update.
5. Total for advances is through October 2, 2019.
6. **Recommendation:** None.

**X. 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 are available at [www.sadowskicoalition.com](http://www.sadowskicoalition.com)
7. **Recommendations:** None.