

# THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County  
From: Mark Hendrickson, Executive Director  
Subject: December 9, 2019 Board Meeting  
Date: November 30, 2019

## **I. 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	\$200,000,000			
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>\$510,000,000</b>	<b>\$310,000,000</b>	<b>\$72,297,939</b>	

2. The request from the State Pool for \$200 million was granted. These funds can be carried forward as single family or multi-family allocation.
3. **Recommendation:** Authorize carryforward of \$100 million each for single family and multi-family.

## **II. Second Mortgage Status—Informational**

1. In November, sixteen (16) new loans (\$212,500) were funded (\$218,500 in September).

	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>\$8,158,071 (715)</b>	<b>\$9,389,148 (962)</b>
<b>Paid in Full</b>	\$39,384 (7)	\$13,829 (3)	\$ 556,176 (112)	\$740,000 (70)	\$1,349,389.00 (191)
<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>\$11,377</b>	<b>\$12,364</b>	<b>\$545,000</b>	<b>\$7,398,071</b>	<b>\$7,966,812</b>

2. In November, three loans totaling \$25,000 paid in-full—\$10,000 from the 2010 Program (Miller & Gonzalez), and \$15,000 from the 2012 Program (Pera).
3. Between August 2016 and September 2019, seventeen loan payoffs (\$210,000) originally funded with SHIP were reinvested in new loans.
4. **Recommendation:** None.

### III. 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 \$73,485 (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 and a request for \$455,000 was submitted November 26.

Source for 2012 Single Family Program DPA	Amount
FHFC	\$1,068,831
Hillsborough Funded	\$3,977,500
Hillsborough Reimbursement Request Submitted	\$ 455,000
Hillsborough Eligible but not ready for Reimbursement Request	\$ 400,500
<b>Total Funded or to be Funded by FHFC or Hillsborough SHIP</b>	<b>\$5,901,331</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	\$ 849,300
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>\$2,256,740</b>
<b>TOTAL DPA LOANS</b>	<b>\$8,158,071</b>

5. **MBS Sales:** The HFA has executed 185 sales, with net revenues of \$3,039,723 (net meaning after payments to RBC and counsel).

6. **Hedges & Exposure:** The HFA has 13 hedges totaling \$16.315 million in place. With full delivery, the projected net revenues are estimated at \$459,768 (shared pro rata with other counties). The unhedged pipeline as of November 30 is \$343c524ges 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-- \$22,602,120 used) is available until the end of 2020.
  - Tranche 7 (\$25 million) is available until the end of 2021
  
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. \$133.9 million of loans have been originated or are in process to date in Hillsborough County.
  
10. **Counties:** Hillsborough, Clay, Brevard and Jacksonville.
  
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
\$165,371 845 loans +27 loans	\$158,493	\$49,212  \$79,053.44 Avg. MCC. 777 loans \$61,424,523	36.0  52% female	2.5	SF Detached 89% Rowhouse: 1% Townhouse: 10%  Existing: 64% New: 36%	Black: 27% White NH 23% Hispanic: 41% Mixed: 1% Asian: 1% Other: 6%	County: 60% Tampa: 34% Plant City: 6% Temple Terrace 1%

	Sold	Purchased or Pooled	UW	Reservations	Total
5.375%	\$2,964,355	\$0	\$0	\$0	\$2,964,355
	19	0	0	0	19
5.25%	\$5,250,430	\$0	\$0	\$0	\$5,250,430
	32	0	0	0	32
5.125%	\$8,032,133	\$541,866	\$0	\$0	\$8,573,999
	51	3	0	0	54
5.00%	\$21,550,368	\$0	\$0	\$0	\$21,550,368
	134	0	0	0	134
4.875%	\$3,794,258	\$0	\$0	\$0	\$3,794,258
	22	0	0	0	22
4.75%	\$3,562,058	\$0	\$0	\$0	\$3,562,058
	22	0	0	0	22
4.625%	0	\$561,955	\$1,832,658	\$1,372,660	\$3,767,273
	0	4	11	8	23
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%	\$2,538,995	\$1,070,562	\$6,576,581	\$1,589,915	\$11,776,053
	14	6	34	9	63
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>\$120,380,303</b>	<b>\$2,174,383</b>	<b>\$8,409,239</b>	<b>\$2,962,575</b>	<b>\$133,926,500</b>

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	121	\$178,950

12. **Lender originations:** Eagle (259), DHI (149), Open Mortgage (77), LoanDepot (68), REMN/Homebridge (45), CMG (49), Waterstone (41), Wells Fargo (25), Fairway (22), Paramount (11), Guaranteed Rate (21), Pacific Union (6), Atlantic Bay (6), Prime (6), Annie Mac (4), Everett (4), Tidewater (4), Primary, (4), Academy (4), AmeriFirst, (5), LendUS (3), GSF (3), Center State (3), Embrace (3), Synovus (4), Broker Solutions (4), Stonegate, Gershman Investment, NFM, and NVR (2 each), Guild, Homestead, BBMC, Shelter, Homespire, Land Home, & SWBC (1 each).

13. **Recommendation:** None.

#### IV. New Multi-Family Transactions—Action

1. The 2020 Bond 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. One Bond-SAIL application was received for Uptown Sky (Blue Sky). 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. **Recommendations:**
  - Authorize Executive Director or Chairman to execute form and/or letters necessary for Uptown Sky to apply for SAIL.
  - Adopt Inducement Resolution prepared by bond counsel for Uptown Sky

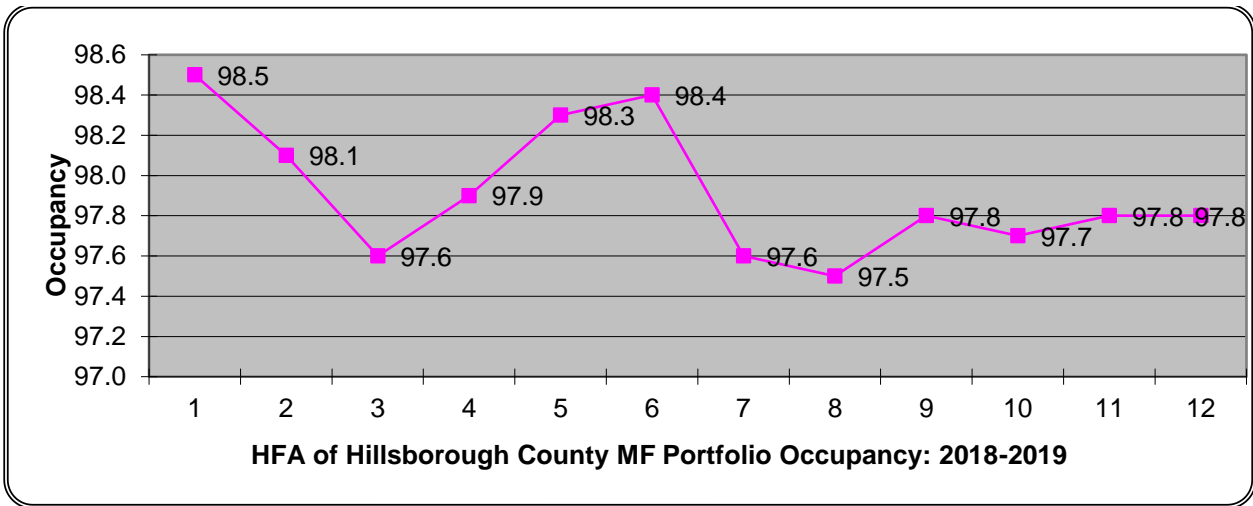
	Mango Terrace	The Arbors at Valhalla Pond	Uptown Sky
<b>Developer</b>	Southport	Southport	Blue Sky
<b>Development Location</b>	Unincorporated County 785 feet south of intersection of Dr. MLK Jr. Blvd. & Lemon Avenue Seffner	Unincorporated County East side of Robert Tolle Drive, approximately 1900 feet north on Robert Tolle & Bloomingdale Avenue	Unincorporated County 13603 N. 12 Street & Fletcher Avenue
<b>Total Development Cost</b>	\$22,726,000	\$24,300,000	\$19,422,780
<b>SAIL Loan Amount</b>	\$5,000,000	\$7,000,000	\$6,090,000
<b>ELI Loan Amount</b>	\$ 600,000	\$ 600,000	\$ 600,000
<b>NHTF Loan Amount</b>	\$1,113,000	\$0	\$0
<b>Bond Amount</b>	\$12,000,000	\$15,000,000	\$11,000,000
<b>Units</b>	93	116	87
<b>Set-Asides</b>	90%<60% AMI 10%<35% AMI	100%<60% AMI	90%<60% AMI 10%<33% AMI
<b>Set-Aside Period</b>	50 years	50 years	50 years
<b>Allocation Status</b>	Available	Available	Available
<b>New Construction or Rehab</b>	New Construction	New Construction	New Construction
<b>TEFRA Hearing &amp; BOCC</b>	11-29-18	TBD	TBD
<b>TEFRA Approval Dates</b>	1-9-19	TBD	TBD
<b>Credit Enhancement</b>	TBD	TBD	TBD
<b>Credit Underwriter</b>	Seltzer	TBD	TBD
<b>Anticipated Closing Date</b>	2 <sup>nd</sup> Quarter 2020	July 2020	March 2021
<b>Evidence of Site Control</b>	Purchase & Sale Contract	Purchase & Sale Contract	Purchase & Sale Contract
<b>Zoning</b>	PD- 93 units	PD- 116 units	PD- 87 units
<b>Demographic</b>	Family	Family	Family
<b>Construction/Design</b>	Garden Concrete	Garden- Wood Frame	Mid-Rise Concrete

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

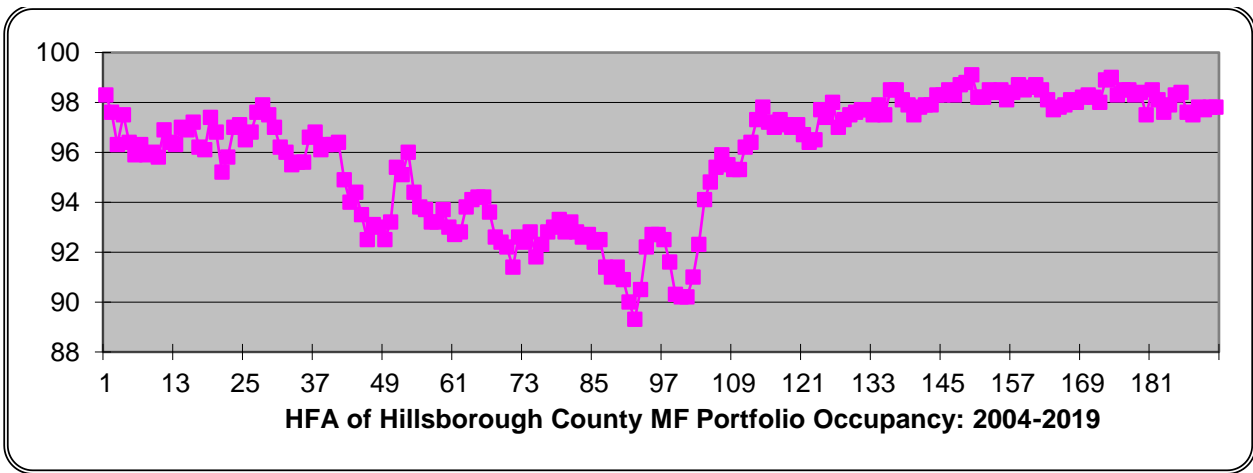
1. The HFA selected Brandon Preserve (200-unit, family) as the County’s LGAOF development for the upcoming FHFC RFA. The City of Tampa selected Madison Highlands, a 102-unit elderly deal. Madison Highlands drew a lower lottery number and will be funded unless it fails FHFC threshold scoring.
2. As a point of interest, and on FHFC scoring, Madison Highlands requested \$2.18 million of Housing Credits to produce 102 units, while Brandon Preserve requested \$2.375 million of credits to produce 200 units.
3. **Recommendation:** None.

**VIII. Status of Rental Developments Financed by the HFA—Action**

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 97.8 (+0.0%). The median occupancy level is 99.0% (+1.0%). Sixteen (16) 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 192 months (16.0 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. **The Preserve at Sabal Park** has requested to change a resident program from After School Program for Children to Financial Management Program. In their LGAOF application, Blue Sky committed to both an after-school program and financial counseling. This was a competitive selection and resident programs was one of the selection criteria. The owner was informed that the Executive Director would not recommend approval of this request, and was asked if they had any alternative program that they would like to offer that was not already in their LGAOF application—awaiting response. The following was provided as an explanation of dropping the after-school program:

*The issue is that this program creates a huge amount of liability. The insurance companies view it as childcare, which is outside of the normal habitational liability scope. At another property we had one child spill hot water on another child during the after-school program and now we are being sued. At our insurance renewal this year we had issues getting general liability quotes because of this program. While we think it is a great program to offer, we are being advised to move away from it because next year we may have issues getting general liability coverage at all.*

7. **Recommendation:** Consider request by Preserve at Sabal Park for resident program change.

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

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

- Twenty-six (26) families (+1) are enrolled in the program. There were two new clients this month, and one client successfully moved from the program.
- Of the 110 clients that are no longer in the program, 79 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 428 persons have benefited from the program—168 adults and 260 children. The HFA has advanced a total of \$1,036,297 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 some combination of rent subsidies, funding for security deposits, application fees, administration, and a transition specialist. This month, one new client entered the program and one successfully graduated. In total, seven clients have had non-compliant exits from the program and twenty-two graduated from the program successfully. The HFA has advanced \$257,594 to the program. The subsidy provided is \$200 per month. Report is through October 2019.

3. **Catholic Charities** has eight (-0) 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 and one new client entered the program. 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 \$184,488 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 October 2019.

4. **USF CRED Training:** No update.
5. Total for advances is through November 30, 2019.
6. **Recommendation:** None.

**X. State Legislative Update—Informational**

1. The 2020 legislative session begins in January.
2. 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.
3. Governor DeSantis recommended full funding in his proposed budget released November 18, stating, *“Despite our strong economy and low unemployment, finding affordable housing can be challenging. My budget provides \$387 million to fully fund Workplace and Affordable Housing Programs, with \$267.2 million for the SHIP and \$119.8 for the SAIL program.”*
4. The difference between the two “full funding” numbers is that the Governor included anticipated trust fund balances from unanticipated revenues this fiscal year added to projected revenues for FY 20-21, while the Sadowski Coalition only uses the projected revenues.
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 under the Advocacy tab at [www.sadowskicoalition.com](http://www.sadowskicoalition.com)
7. Senator Mayfield (R- Melbourne) introduced SB 306, which would prohibit transferring monies in the Housing Trust Funds to General Revenue or the Budget Stabilization Fund. A companion bill (HB 381) was filed by Representatives Silver (D-Palm Beach) and Killebrew (R-Polk County). This is significant because we have a Republican prime sponsor in the House for the first time.
8. **Recommendations:** None.

## Appropriation of Housing Trust Fund Monies: \$350.77 Million

Revenue Estimate from November 2019 REC Conference

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET FY 20-21	FINAL BUDGET FY 19-20
<b>FHFC: SAIL Line 2281</b>	\$119,800,000				\$ 39,040,000
<b>SHIP Line 2282</b>	\$267,200,000				\$ 46,560,000
<b>Hurricane Housing Recovery Program (SHIP-like program for Hurricane Michael disaster counties only) Line</b>	\$0				\$ 65,000,000
<b>Rental Recovery Loan Program (SAIL-like program (for Hurricane Michael disaster counties only) Line</b>	\$0				\$ 50,000,000
<b>TOTAL HOUSING</b>	<b>\$387,000,000</b>				<b>\$200,600,000</b>
<b>SHTF SWEEP</b>	\$0				\$ 10,000,000
<b>LGHTF SWEEP</b>	\$0				\$115,000,000
<b>TOTAL SWEEP</b>	<b>\$0</b>				<b>\$125,000,000</b>
<b>Unallocated SHTF</b>	<b>\$0</b>				<b>\$ 300,000</b>
<b>Unallocated LGHTF</b>	<b>\$0</b>				<b>\$7,060,000</b>

**Proviso/Back of the Bill for FHFC:**

- 20% of each SAIL development for person with special needs or the elderly
- \$20 million of SAIL for workforce housing in the Keys
- SHIP funds shall prioritize funding to assist with hurricane housing recovery before routine and customary use of funds
- \$500,000 from SHIP for Catalyst Training

<b>Additional Homeless Funding</b>				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$3,181,500	350	GR	DCF
Federal Emergency Shelter Grant Program	\$6,950,886	351	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies)	\$3,000,000	352	GR	DCF