

THE HENDRICKSON COMPANY

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To: Board of Directors, Housing Finance Authority of Hillsborough County
From: Mark Hendrickson, Executive Director
Subject: June 12, 2020 Board Meeting
Date: June 5, 2020

I. COVID-19 Rental Assistance Program—Action

1. The Board authorized a \$300,000 COVID-19 Rental Assistance Program on May 15
 - ✓ The funds be targeted to person who had lost their jobs or have reduced hours (50%)
 - ✓ Limited to persons living in HFA financed properties
 - ✓ Assistance limited to no more than 2 months and no more than \$1,000 per month
 - ✓ Funds to be paid directly to landlords who will verify rent
 - ✓ Mr. Hendrickson and Ms. Koehler to work with Metropolitan Ministries (“MetMin”) to discuss their participation as administrator of the program, including verifying resident eligibility and marketing program to owners of the HFA funded properties
 - ✓ Information on program to be distributed by owners to residents

- A MOU with MetMin was executed on May 27, with an administrative fee of 10%.

- The \$300,000 is estimated to be able to assist 150 families. The 150 positions were divided among the HFA’s property owners, with each receiving an allotment of at least 10 positions, and the remainder divided based upon the percentage of non-Section 8/PHA units for each owner.

- The owners were asked to identify potential clients at their properties, and initial lists were generated by May 27. A telephonic meeting was held with all parties on May 29, with program documents distributed. Owners and residents have until June 5 to submit documentation. MetMin staff will contact all applicants and will make eligibility determinations.

- HFA funds will be transferred to MetMin, who will make payments directly to each property for the June and July rent of eligible residents.

- As of June 5, 108 residents living in 20 apartment developments have been submitted for review.

- **Recommendation:** Approve \$300,000 budget amendment for COVID-19 Rental Assistance Program.

II. Bond Allocation—Informational

1. The 2020 allocation is \$73,497,149, up \$1,199,210 (1.7%) over 2019.

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2020	\$ 73,497,149			
2019	\$100,000,000	\$100,000,000		December 31, 2022
2018	\$110,000,000	\$110,000,000		December 31, 2021
2017	\$100,000,000	\$100,000,000		December 31, 2020
TOTAL	\$383,497,149	\$310,000,000	\$0	

2. **Recommendation:** None.

III. Second Mortgage Status—Informational

1. In May, twenty (20) new loans (\$197,500) were funded (\$160,000 in April).
2. In May, seven loans totaling \$85,000 paid in-full—from the 2012 Program (Daub, Ramos-Williams & Alexander for \$15,000 & Osorio, Cedeno, Deshong & Martinez for \$10,000). Three of these were repaid by the lender, as the first mortgage for each was rejected by US Bank.
3. Between August 2016 and March 2020, twenty-two loan payoffs (\$270,000) originally funded with SHIP were reinvested in new loans. Another four payoffs have been received for \$52,500.

4. **Recommendation:** None.

	2006		2007		2010		2012		TOTAL	
Original Loans	\$ 68,981	13	\$ 30,920	7	\$ 1,131,176	227	\$ 9,408,071	828	\$ 10,639,148	1,075
Paid in Full	\$ 39,384	7	\$ 13,829	3	\$ 586,176	118	\$ 932,500	89	\$ 1,571,889	217
Partial Payoff	\$ 3,000	2	\$ -	-	\$ 12,575	6	\$ 12,000	3	\$ 27,575	11
Loss on Partials	\$ 7,060		\$ -		\$ 17,425		\$ 23,000		\$ 47,485	-
Default Loss	\$ 8,160	2	\$ 8,516	2	\$ -	-	\$ -	-	\$ 16,676	4
Balance	\$ 11,377	2	\$ 8,575	2	\$ 515,000	103	\$ 8,440,571	736	\$ 8,975,523	843

IV. 2012 Single Family Program—Action

1. The **current program guidelines:**
- 1st mortgage: 3.125%, 1% origination fee, FHA, VA, RD and 3.625% for Freddie Mac loans
 - First time homebuyers
 - 640 minimum credit score (limited to 70 loans, all county total for 2020), then 660
 - Down payment assistance: \$10,000
 - 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
- Income limit \$63,900 (1-2 person) and \$73,485 (3 or more persons)

2. **Rate Change:** FHA-VA interest rate reduced to 3.125% & the Freddie Mac program has been suspended. **The 3.125% rate is the lowest in the eight-year history of this program.** FHFC has multiple rates, but the most comparable is the 4.00% FHA bond.
3. **Freddie Mac Changes:** Due to a new 5% fee charged by Freddie Mac for loans that go into forbearance prior to being pooled, the program has been suspended. Prior to June, US Bank covered that fee, but now requires the HFA to pay the fee—unless we agree to a reduction of 15 basis points on the SRP for all loans purchased. As we have some loans in the pipeline that have not been pooled, Debbie Berner recommends that we agree to the reduction to remove risk (effectively an insurance policy that will cost \$1,500, with a risk of \$8,850 per loan average).
4. **DPA Change:** The DPA amount was decreased to \$10,000, effective December 12, 2019.
5. **Summary of DPA Funding:**
 - The County funded \$5,023,170 of DPA with SHIP funds, and a contract amendment adding \$700,000 has been approved.

Source for 2012 Single Family Program DPA	
FHFC	\$ 1,068,831
Hillsborough SHIP Funded	\$ 5,023,700
Hillsborough Reimbursement Request Submitted	\$ -
Hillsborough SHIP Eligible but not ready for Reimbursement Request	\$ 681,830
Total Funded or to be Funded by FHFC or Hillsborough SHIP	\$ 6,774,361
HFA Funded Before FHFC Program	\$ 25,000
HFA Funded After FHFC & Before Hillsborough SHIP	\$ 144,814
HFA Funded After Hillsborough SHIP but in Tampa	\$ 1,101,800
HFA Funded but over SHIP Income Limit	\$ 40,000
HFA Funded Between SHIP Programs	\$ 1,052,096
Recycled SHIP Funds	\$ 270,000
Total HFA Funded	\$ 2,633,710
TOTAL DPA LOANS	\$ 9,408,071

6. **MBS Sales:** The HFA has executed 202 sales, with net revenues of \$3,685,952 (net meaning after payments to RBC and counsel).
7. **Hedges & Exposure:** The HFA has 9 hedges totaling \$9.59 million in place. With full delivery, the projected net revenues are estimated at \$478,308 (shared pro rata with other counties). The unhedged pipeline as of June 1 is \$0 (changes daily).

8. **MCC's:** Between 2012 and 2019 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)
 Tranche 6 (\$25 million-- \$24,999,137 used) is available until the end of 2020.
 Tranche 7 (\$25 million-- \$7,371,864 used) is available until the end of 2021
9. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan in 2020 of \$179,475 and a 3.625%/30-year mortgage, interest payments in Year 1 = \$5,609. 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 12 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 1.35% mortgage rate.**
10. **Size of Program:** The program is limited to \$3.5 million of loans not sold, hedged, or from another county at any given time. \$151.5 million of loans have been originated or are in process to date in Hillsborough County.
11. **Counties:** Hillsborough, Clay, Brevard and Jacksonville.

12. **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
\$167,205 940 loans +17 loans	\$160,607	\$49,327 \$80,497.51 Avg. MCC. 885 loans \$71,240,296	37.0 51% female	2.5	SF Detached 89% Rowhouse: 1% Townhouse: 10% Existing: 66% New: 34%	Black: 27% White NH 22% Hispanic: 43% Mixed: 1% Asian: 1% Other: 6%	County: 58% Tampa: 36% 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%	\$8,573,999	\$0	\$0	\$0	\$8,573,999
	54	0	0	0	54
5.00%	\$21,550,368	\$0	\$0	\$0	\$21,550,368
	134	0	0	0	134
4.875%	\$3,925,006	\$0	\$0	\$0	\$3,925,006
	23	0	0	0	23
4.75%	\$3,562,058	\$0	\$0	\$0	\$3,562,058
	22	0	0	0	22
4.625%	\$4,236,101	\$0	\$0	\$0	\$4,236,101
	26	0	0	0	26
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%	\$20,097,454	\$521,379	\$476,050	\$0	\$21,094,883
	138	4	3	0	145
4.125%	\$19,480,591	\$565,470	\$753,907	\$0	\$20,799,968
	106	3	4	0	113
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
3.625%	\$1,299,108	\$0	\$2,825,023	\$0	\$4,124,131
	7	0	16	0	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
3.125%	\$0	\$0	\$618,488	\$1,307,757	\$1,926,245
	0	0	3	7	10
Total	\$144,401,042	\$1,086,849	\$4,673,468	\$1,307,757	\$151,469,116
	904	7	26	7	944

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	127	\$177,781
2020	95	\$184,429

13. Lender originations:

Lender	2012-2018	2019	2020	Total
CMG	32	18	21	71
Eagle	246	13	12	271
AmeriFirst	0	6	12	18
Guaranteed Rate	1	20	11	32
Paramount	4	8	7	19
Fairway	20	2	6	28
Primary	0	4	6	10
Loan Depot	50	17	5	72
Money Store	0	0	4	4
Open	68	6	2	76
DHI	145	4	0	149
Waterstone	38	4	0	42
Other	120	23	9	152
TOTAL	724	125	95	944

14. **Recommendation:** Authorize Executive Director to execute amended US Bank Servicing Agreement that selects the 15 basis point SRP option.

V. New Multi-Family Transactions—Action

1. The 2020 Bond NOFA is “open”, with applications evaluated on a first-come first-evaluated basis.
2. Related Housing submitted an application for the construction of **WRDG T3D**, a 134 unit development in West River. A full analysis is attached.

3. **Mango Terrace** was awarded SAIL funding and moving forward. **Uptown Sky** received a commitment for County funds and moving forward but will need an amended Inducement Resolution due to change in number of units and bond amount. **Millennia Housing** Development has TEFRA approval and has begun credit underwriting. Seltzer estimates a CUR by August or September. The **Arbors at Valhalla Pond** and **WRDG T4 Phase II** submitted complete applications and applied for SAIL funds but were not funded. Both are attempting to move forward with another SAIL application and/or County funding.
4. Future applications are likely to include the recapitalization/rehabilitation of Belmont Heights Phases I & II and a new construction elderly deal (Wendover) which was awarded \$5 million of County funds.
5. **Recommendations:**
 - **WRDG T3D:** (1) Adopt Inducement Resolution prepared by bond counsel, and (2) Request BOCC TEFRA approval after TEFRA hearing is held.
 - **Uptown Sky:** (1) Adopt amended Inducement Resolution prepared by bond counsel, and (2) Request BOCC TEFRA approval after TEFRA hearing is held.

	Mango Terrace	Uptown Sky	WRDG T3D
Developer	Southport	Blue Sky	Related
Development Location	Unincorporated County 785 feet south of intersection of Dr. MLK Jr. Blvd. & Lemon Avenue Seffner	Unincorporated County 13603 N. 12 Street & Fletcher Avenue USF	City of Tampa Chestnut St. NE Corner of West Chestnut & N. Willow Avenue West River
Total Development Cost	\$25,667,459	\$19,422,780	\$48,010,665
TDC/Unit	\$213,895	\$323,713	\$358,289
Bond Amount	\$13,250,000	\$7,500,000	\$36,500,000
SAIL Loan Amount	\$5,000,000	\$0	RAD funding
ELI Loan Amount	\$ 600,000	\$0	\$849,600
NHTF Loan Amount	\$1,113,000	\$0	PMM funding
Hillsborough County	\$1,000,000	\$5,820,000	\$884,520
New Construction or Rehab	New Construction	New Construction	New Construction
Units	120	60	134
Demographic	Family	Family	Family
Construction/Design	Garden Concrete	Mid-Rise Concrete	High Rise Concrete & 3-Story Garden
Credit Enhancement	TBD	TBD	TBD
Tax Credits	TBD \$9,183,689	TBD	TBD \$17,123,666
TEFRA Hearing & BOCC	5-15-20	TBD	TBD
TEFRA Approval Dates	6-3-20	TBD	TBD
Credit Underwriter	Seltzer	TBD	TBD
Anticipated Closing Date	Late 2020	2 nd Quarter 2021	
Set-Aside Levels	90%<60% AMI 10%<35% AMI	90%<60% AMI 10%<33% AMI	15%<80% AMI 55%<60% AMI 30%<50% AMI
Set-Aside Period	50 years	50 years	50 years

	MILLENNIA PORTFOLIO	
	Sandhill Village (fka Summit Ridge)	Windbay Plaza (fka Mar Plaza)
Developer/ Location	Millennia Cleveland, Ohio	
Development Location	Unincorporated County 928 Summit Ridge Drive Immediately south of Brandon Blvd. and Beverly Blvd. Brandon	City of Tampa 4817 E. Temple Heights Road 2 blocks east of Takomah Trail on E. Temple Heights Rd. Tampa
Type	Acquisition/Rehabilitation Garden	
Demographic	Family	Elderly
Bond Request	\$15,700,000 for both developments combined \$127,642/unit	
TEFRA Hearing	5-15-20	
TEFRA Approval	6-3-20	
Preliminary Agreement Expiration	12-31-20	
Credit Enhancement	Private Placement to Red Stone Capital	
Credit Underwriter	Seltzer	
Closing Date	Fall 2020	
Units	40	83
Permanent 1st Mortgage Estimate		
SAIL & ELI (FHFC)	\$0	
City, County or HFA Loan	\$0	
Seller Financing	\$3,000,000	
Housing Credits	RBC \$8,441,979 for both developments combined \$68,634/unit	
TDC	\$28,818,068 Approximately 37% for Sandhill and 63% for Windbay	
TDC per unit	\$234,293	
Land Cost	\$525,000 \$12,500/unit	\$770,000 \$9,277/unit
Acquisition of Building	\$4,725,000 \$118,125/unit	\$6,930,000 \$83,494/unit
Hard Construction or Rehabilitation Cost	\$8,059,609 \$65,525/unit	
Set Aside Period	50 years (application states 20 years, but HFA minimum is 50 years)	
Set Aside Levels	100%<60% AMI	

	The Arbors at Valhalla Pond	WRDG T4 Phase II
Developer	Southport	Related Urban Group
Development Location	Unincorporated County East side of Robert Tolle Drive, approximately 1900 feet north on Robert Tolle & Bloomingdale Avenue Unincorporated County	City of Tampa Main Street at NW corner of Main & North Delaware Ave.
Total Development Cost	\$24,300,000	\$35,094,945
TDC/Unit	\$209,483	\$327,990
Bond Amount	\$15,000,000	\$21,000,000
SAIL Loan Amount	\$7,000,000	\$6,800,000
ELI Loan Amount	\$ 600,000	\$ 600,000
New Construction or Rehab	New Construction	New Construction
Units	116	107
Demographic	Family	Family
Construction/Design	Garden- Wood Frame	Highrise- Concrete
Credit Enhancement	TBD	TBD
Tax Credits	TBD	TBD
TEFRA Hearing & BOCC	TBD	TBD
TEFRA Approval Dates	TBD	TBD
Credit Underwriter	TBD	TBD
Anticipated Closing Date	TBD	TBD
Set-Aside Levels	100%<60% AMI	89.7%<60% AMI 10.3%<40% AMI
Set-Aside Period	50 years	50 years

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

1. The Executive Director has reached out to Bonnie Wise as to the best way to try to better coordinate the system between the County and City of Tampa. A meeting was held with City of Tampa staff.
2. FHFC staff have released a tentative timeline for 9% Housing Credit applications—with the RFA to be issued August 20 and a November 20 due date.
3. Copies of last year’s NOFA and Application are attached.
4. This year, FHFC is mandating that a development in a Geographic Area of Opportunity (GAO) be funded in Hillsborough County, rather than a LGAOF. However, with proper coordination between the City of Tampa and the County, local government can still select the “winning” application, by submitting only one deal in a GAO. The following was sent to City staff:
 - FHFC generally permits local governments to designate a development for preference in their allocation of 9% Housing Credits. Because each large county is guaranteed one deal, this means that the deal will be one selected by the local government. For Hillsborough County-Tampa, for the past four years each has designated a priority deal, and the FHFC lottery has determined which deal is

funded. FHFC permitted each local government to submit only one priority deal—so for Hillsborough and Tampa, that meant that each could pick only one deal.

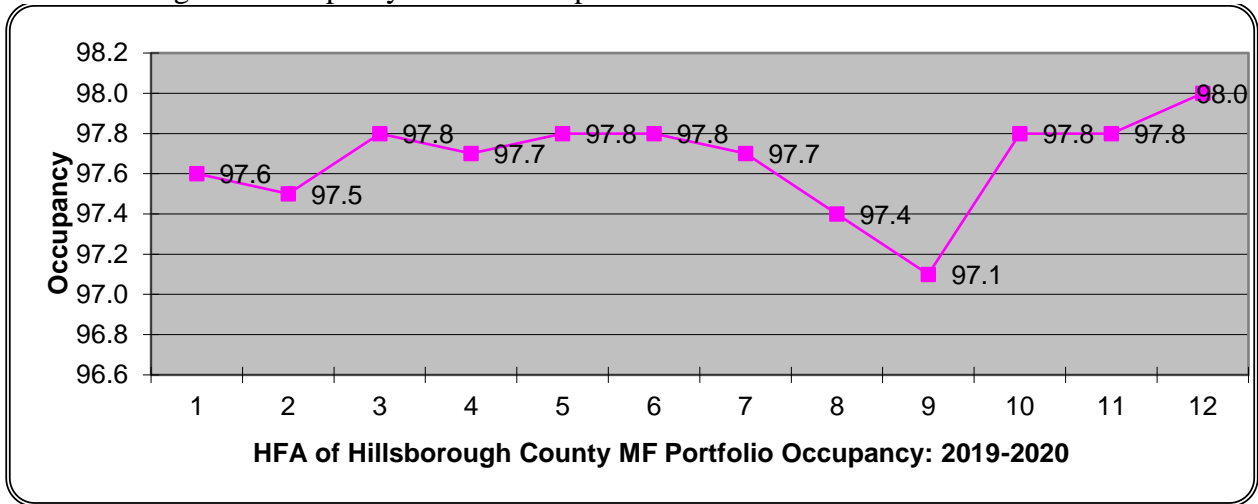
- However, each year, FHFC removes the priority for a preference deal to be funded in two large counties—replacing that goal with one that the funded deal be in a geographic area of opportunity – GAO--(area with higher income, educational levels, employment, etc.). Hillsborough County is on the FHFC list for GAO in 2020, not local preference.
- There are multiple outcomes from FHFC’s designation for 2020. One is that everyone just turns in as many GAO deals as they can, and it simply becomes a lottery. We believe this is a terrible idea, as it removes any local government targeting/selection to make sure the deal that best advances local government goals is selected by FHFC.
- Another approach is that the City of Tampa and Hillsborough County agree to submit only one deal located in a GAO, so that the deal would be the one funded by FHFC. This would effectively retain the local preference, although the preference deal would have to be in a GAO. As a note, there are many more multi-family sites located in GAO’s in the unincorporated County as opposed to the City. This approach could be part of an overall agreement between the City and County to rotate which entity selects the preference deal each year, with the other jurisdiction submitting a back-up deal (safety net in the event the preference deal failed threshold due to applicant error). We would propose that Hillsborough County select the deal in 2020, as the County’s GAO options are much greater than the City’s, with the City picking the preference deal in 2021.
- Another approach would be for both the City and County to submit one GAO deal each, with lottery determining the winner. This approach is better than the lottery free-for-all, but misses the opportunity to create an organized structure going forward.
- In any case, we must come to agreement soon, so that we can collectively let the development community know what is happening and get a NOFA on the street in time for applicants to go through our process before the FHFC application deadline.

5. **Recommendation:** Discuss options.

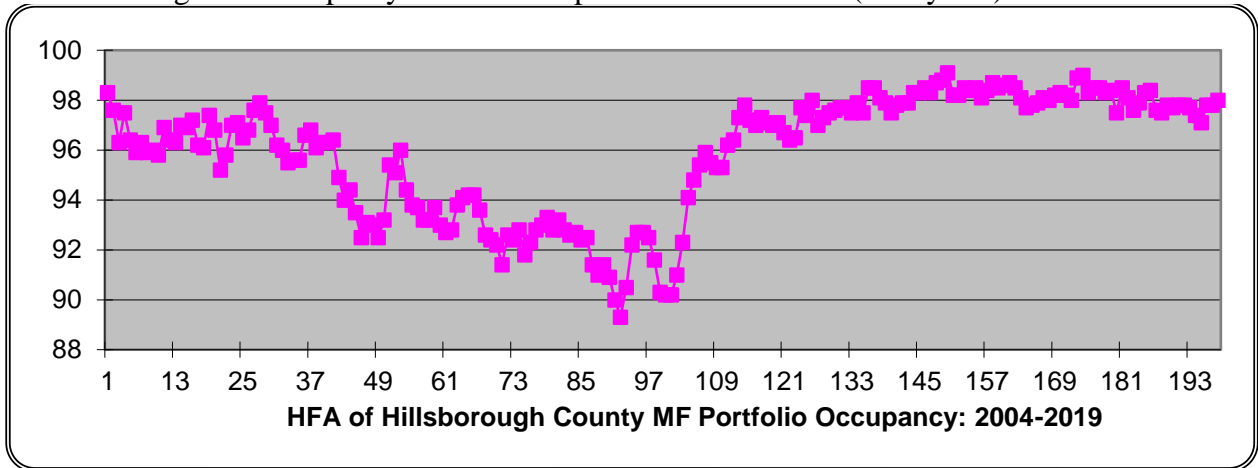
VI. Status of Rental Developments Financed by the HFA—Informational

- 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.
- The weighted average occupancy level of the HFA’s portfolio is 98.0 (+0.2%). The median occupancy level is 98.0% (-0.0%). Seventeen (17) of the 23 monitored developments are at 98% or higher occupancy.

- The following is an occupancy chart for the previous 12 months:



- The following is an occupancy chart for the previous 198 months (16.5 years):



- **Recommendation:** None.

VII. Housing & Training Programs—Informational

1. Up & Out Homeless Program (MetMin)

- Twenty-nine (29) families (-1) are enrolled in the program. One client successfully graduated this month, is employed and moved from Lakewood Shores to a single family rental nearer her children in the City of Tampa.
- Of the 114 clients that are no longer in the program, 82 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 445 persons have benefited from the program—174 adults and 271 children. The HFA has advanced a total of \$1,144,913 to the program. The subsidy provided has been increased to \$377 per month for a one bedroom and \$452 per month for a two bedroom or larger apartment.
2. **Youth Aging Out of Foster Care** (Camelot) has seven (-0) clients receiving upfront assistance (security deposit and application fee), monthly rent subsidies and who participate in case management, and three (-0) clients who receive case management and on-time assistance (security deposit, application fee). In total, ten clients have had non-compliant exits from the program and twenty-five graduated from the program successfully. The HFA has advanced \$290,271 to the program. The subsidy provided is \$200 per month. Report is through May 2020.
 3. **Catholic Charities** has seven (-1) clients receiving rent subsidies, and are also receiving funding for security deposits, application fees, and administration. One client left the program and moved in with roommates. To date, six clients have successfully left the program, two clients have been terminated from the program, three moved in with family/roommates, and two voluntarily left the program. The HFA has advanced \$210,595 to the program. The subsidy provided is \$377 per month for a one bedroom and \$452 per month for a two bedroom or larger apartment. Report is through April 2020.
 4. **USF CRED Training:** A new contract for 2020 has been authorized.
 5. Total for advances is through May 28, 2020.
 6. **Recommendation:** None.

VIII. State Legislative Update—Informational

1. The Senate and House agreed to full funding for housing—the first time in 13 years. The full funding number is \$370 million. The importance of this cannot be understated.
2. With full funding, approximately \$15.5 million will come to Hillsborough-Tampa, with the County receiving \$11.3 million and the City of Tampa \$4.2 million. Additionally, FHFC has released \$8.6 million of SHIP that had been held for disasters, with Hillsborough County receiving \$538,964 and the City of Tampa \$198,030.
3. The Sadowski Education Effort (SEE) was essential to this success. We weren't the only ones in the fight, but we were the ones getting the editorials written and in constant communication with legislators focused on this issue. Florida ALHFA's incredible relationship with FHFC/Trey Price was also massively helpful this year. There was truly a coordinated effort.

4. The Sadowski Education Effort continues to work on the issue to eliminate the possibility that housing funding is pulled back before July 1 due to COVID-19's impact on revenues. We have adopted a strategy of Housing = Healthcare, and are educating legislators that housing funding is being spent in direct response to the problems caused by COVID.
5. Op-ed pieces have been published in newspapers in Sarasota, Tampa Bay, Palm Beach, Gainesville and Ocala on this topic.
6. **Recommendations:** None.