

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
December 14, 2018
Action Items



MULTIFAMILY PROGRAMS – ALLOCATIONS

Action

I. MULTIFAMILY PROGRAMS ALLOCATIONS

A. Request for Applications for HOME Funding

1. Background

- a) On July 28, 2017, the Board authorized staff to proceed with development of an RFA for HOME program funding in an amount to be determined.

2. Present Situation

- a) An estimated \$30 Million in HOME Program funding (2017 Annual Allocation of HOME funding plus HOME Program Income) is available for this RFA.
- b) Staff would like to proceed with the development of an RFA to target Rental Developments for Hurricane Michael Recovery as well as Developments in Rural Areas.

3. Recommendation

- a) Authorize staff to proceed with the development an RFA for HOME Financing and authorize the Executive Director to establish a review committee for the RFA to make recommendations for award to the Board.

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B. Request for Applications (RFA) 2018-106 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities

1. Background

- a) On September 12, 2018, Florida Housing Finance Corporation (Florida Housing) issued RFA 2018-106 offering \$3,000,000 in Grant funding to Applicants proposing the Development of small Permanent Supportive Housing Developments for housing for Persons with Developmental Disabilities.
- b) The deadline for receipt of Applications was 3:00 p.m., Eastern Time, Thursday, October 25, 2018.

2. Present Situation

- a) Florida Housing received 7 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Bill Aldinger, Assistant Policy Director (Chair), Diana Fields, Policy Administrator, Heather Greene, Multifamily Programs Manager, Ryan McKinless, Multifamily Programs Senior Analyst; and Elaine Roberts, Senior Supportive Housing Analyst. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its November 29, 2018 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five, B. of the RFA.
- c) The 2018-106 All Applications chart (provided as [Exhibit A](#)) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
 - (1) A motion to adopt the scoring results, as set out on Exhibit A;
 - (2) A motion to tentatively select the Applications set out on [Exhibit B](#) for funding and invite the Applicants to enter credit underwriting.
- e) The motions passed unanimously.
- f) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, Florida Housing shall offer all Applicants within the funding range an invitation to enter credit underwriting.

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3. **Recommendation**

- a) Approve the Committee’s recommendations that the Board adopt the scoring results of the 7 Applications (set out on Exhibit A) and authorize the tentative selection of the 4 Applications (set out on Exhibit B) for funding.
- b) There is an unallocated balance of \$948,000 remaining. As provided in Section Five, B.5. of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit B.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

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C. Request for Applications (RFA) 2018-114 SAIL Financing for the Construction of Workforce Housing

1. Background

- a) On October 8, 2018, Florida Housing Finance Corporation (Florida Housing) issued RFA 2018-114 offering \$23,939,000 in State Apartment Incentive Loan (SAIL) funding to Applicants proposing workforce housing to serve primarily low-income persons (i.e., households with incomes that do not exceed 80 percent of the Area Median Income (AMI) as defined in Section 420.0004, F.S.)
- b) The deadline for receipt of Applications was 3:00 p.m., Eastern Time, Thursday, November 8.

2. Present Situation

- a) Florida Housing received 17 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Tracy Willis, Quality Assurance Credit Underwriting Administrator (Chair), Ryan McKinless, Multifamily Programs Senior Analyst; and Sofia Miles, Multifamily Programs Manager. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its December 4, 2018 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five, B. of the RFA.
- c) The 2018-114 All Applications chart (provided as [Exhibit C](#)) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
 - (1) A motion to adopt the scoring results, as set out on Exhibit C;
 - (2) A motion to tentatively select the Applications set out on [Exhibit D](#) for funding and invite the Applicants to enter credit underwriting.
- e) The motions passed unanimously.
- f) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, Florida Housing shall offer all Applicants within the funding range an invitation to enter credit underwriting.

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3. **Recommendation**

- a) Approve the Committee’s recommendations that the Board adopt the scoring results of the 17 Applications (set out on Exhibit C) and authorize the tentative selection of the 4 Application (set out on Exhibit D) for funding.
- b) There is an unallocated balance of \$434,000 remaining. As provided in Section Five, B.4. of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit F.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

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D. Request for Applications (RFA) 2018-115 SAIL Financing for the Construction of Workforce Housing for Hurricane Recovery in Monroe County

1. Background

- a) On October 8, 2018, Florida Housing Finance Corporation (Florida Housing) issued RFA 2018-115 offering \$1,850,688 of Competitive Housing Credits and \$15,000,000 in State Apartment Incentive Loan (SAIL) funding to Applicants proposing the development of workforce housing for hurricane recovery in Monroe County.
- b) The deadline for receipt of Applications was 3:00 p.m., Eastern Time, Thursday, November 08, 2018.

2. Present Situation

- a) Florida Housing received 5 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Lisa Nickerson, Multifamily Programs Administrator; (Chair), Heather Greene, Multifamily Programs Manager, and Rebecca Sheffield, Multifamily Programs Manager. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its December 4, 2018 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five, B. of the RFA.
- c) The 2018-115 All Applications chart (provided as [Exhibit E](#)) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
 - (1) A motion to adopt the scoring results, as set out on Exhibit E
 - (2) A motion to tentatively select the Applications set out on [Exhibit F](#) for funding and invite the Applicants to enter credit underwriting.
- e) The motions passed unanimously.

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- f) As outlined in subsection 67-48.0072(1), F.A.C., at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, Florida Housing shall offer all Applicants within the funding range an invitation to enter credit underwriting.

3. Recommendation

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 5 Applications (set out on Exhibit E) and authorize the tentative selection of the 2 Applications (set out on Exhibit F) for funding.
- b) There is an unallocated balance of \$10,099,600 in Workforce SAIL funding remaining and no unallocated balance of Housing Credit funding remaining. As provided in Section Five, B.4. of the RFA, any remaining funding will be distributed as approved by the Board.
- c) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit F.
- d) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

II. PROFESSIONAL SERVICES SELECTION (PSS)

A. Contract Renewal – Website Design, Development and Hosting Services

1. Background

- a) At the March 2016 meeting, the Board of Directors of Florida Housing authorized staff to enter into contract negotiations with SGS Technologie, LLC to provide website design, development and hosting services.
- b) The current contract with SGS Technologie, LLC expires April 27, 2019. Contingent upon satisfactorily performing its obligations under the contract as determined by Florida Housing, this contract may be renewed once for an additional three-year period.

2. Present Situation

- a) Florida Housing staff supports using the three-year renewal option for this contract. The renewal cost is low, and the additional time will give FHFC staff an opportunity to develop skill and take over support at the end of the contract term.

3. Recommendation

- a) Staff recommends the Board direct staff to proceed with the three-year renewal option.

SINGLE FAMILY BONDS – FINANCE

Action

III. SINGLE FAMILY BONDS – FINANCE

A. Single Family Homeownership Program

1. Background

- a) Florida Housing issues bonds under two master bond indentures. The 2009 Homeowner Mortgage Revenue (Special Program) Bond Indenture (the “NIBP Master Indenture”) was created for the purpose of implementing the United States Treasury’s New Issue Bond Program (the “NIBP”). The NIBP Master Indenture is currently rated “Aaa” by Moody’s Investors Service. Florida Housing also issues single family bonds under its 1995 Homeowner Mortgage Revenue Bond Indenture (the “1995 Master Indenture”). The 1995 Master Indenture is currently rated “Aaa” by Moody’s Investors Service. In addition, bonds issued under the 1995 Master Indenture prior to December 1, 2015 are also rated “AA+” by Standard and Poor’s Rating Service and “AA+” by Fitch Ratings.
- b) Once Florida Housing closes the 2018 Series 2 bonds on December 20, 2018, Florida Housing will have approximately \$333.8 million of tax-exempt bond volume cap that has been allocated for single family bond issuance. The \$333.8 million consists of \$20.9 million of 2016 carry forward and \$312.9 million of 2017 carry forward. It is expected that additional allocation from 2018 will be added to the carry forward from prior years.
- c) Due to difficult conditions in the municipal bond market but attractive pricing of Mortgage-Backed Securities (“MBS”) in the mortgage market, commencing on October 31, 2008, the Board approved multiple resolutions allowing staff to access funding for Florida Housing’s single family lending program through the sale of specified pools or To-Be-Announced (“TBA”) commitments in the MBS mortgage market purchased by Florida Housing under its Homeowner Mortgage Program (the “Single Family Program”). This year, through November 19, 2018, Florida Housing has sold over \$321.9 million of newly originated Ginnie Mae MBS and \$736.7 million of Fannie Mae MBS. Of these totals, \$262.4 million of Ginnie Mae MBS settled in bonds, \$59.5 million of GNMA MBS settled in the specified pool market and \$733.8 million of Fannie Mae MBS were sold in the TBA mortgage market and \$2.9 million of Fannie Mae MBS settled in bonds. Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when market conditions are favorable at the time of sale. Financing alternatives in the municipal market have again become more attractive. The sale of bonds in the municipal market can be for: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, (2) refunding outstanding bonds currently subject to special redemption to preserve volume cap, (3) continuing Florida Housing’s single family lending program through the pooling of Mortgage Loans into Guaranteed Mortgage Securities under Florida Housing’s Homeowner Mortgage Program. Staff will continue to evaluate market conditions and, should market conditions warrant, may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and refund the outstanding bonds subject to optional redemption.

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2. Present Situation

- a) Below is a chart of bonds that may be optionally redeemed in 2019:

1995 Indenture	
Bond Series	2009 Series 2
Bond Balance	\$25,085,000
Bond Yield	4.49%

NIBP Indenture		
Bond Series	2009 B-2	2009 B-5
Bond Balance	\$12,500,000	\$51,360,000
Bond Yield	3.01%	2.32%

- b) Staff and its Independent Registered Municipal Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and use the proceeds of such sale to optionally redeem the bonds should this be deemed more economically prudent.
- c) With regard to the issuance of new money bonds, conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. Staff expects that it would be financially prudent to issue new money bonds under several separate series throughout 2019 to continue funding single family loans, including the potential to fund down payment assistance and closing cost assistance loans under its program.
- d) The investment banking team, bond counsels, Independent Registered Municipal Advisor and special counsels have been approved by the board pursuant a RFP/RFQ process. It is expected that the following professionals would participate in the issuances of the 2019 Phase One Bonds: (i) in alphabetical order Citigroup Global Markets Inc., Morgan Stanley & Co. LLC., Raymond James & Associates, Inc. and RBC Capital Markets LLC., will serve as senior and co-senior managing investment bankers for the bond sale; and (ii) Caine Mitter & Associates Incorporated will serve as the Independent Registered Municipal Advisor.
- e) The 2019 Phase One bonds will be issued under one of the following: the 1995 Master Indenture, the NIBP Indenture or a new master indenture but the aggregate amount of such 2019 Phase One Bonds shall not exceed \$450,000,000. The 2019 Phase One Bonds are expected to be rated “Aaa” by Moody’s Investors Service if issued under either the 1995 Indenture or the NIBP Indenture; provided, however, that in consultation with the underwriting team and our Independent Registered Municipal Advisor, staff may opt to solicit ratings from additional rating agencies. The expected rating, if the bonds are issued under a new master indenture, is expected to be “Aaa” by Moody’s Investors Service. It is anticipated that the 2019 Phase One Bonds and any

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additional new money bonds issued will, for the foreseeable future, be secured by MBS.

- f) Authorization necessary to issue the 2019 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing's Board and (2) approval of a fiscal determination by the State Board of Administration. To work within the constraints of regularly scheduled public meetings and maintain Florida Housing's goal of providing continuously available single family mortgage funding and to take full advantage of the current market conditions for the refunding, the authorizing resolution for the 2019 Phase One Bonds is being presented for consideration at Florida Housing's December 14, 2018 meeting.
- g) Staff will determine the timing of issuance, size of issuance and the most applicable documents for the issuance of each series of 2019 Phase One Bonds based upon prevailing market conditions and recommendations from the Independent Registered Municipal Advisor.
- h) To ensure sufficient time for obtaining required approvals for the 2019 Phase One Bonds, authorization is hereby requested to commit up to \$65 million of indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities and down payment assistance and closing cost assistance loans. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.
- i) [Exhibit A](#): Board Resolution

3. **Recommendation**

- a) Staff recommends the Board approve the necessary funding, staff actions and the Resolution to permit the issuance of the proposed 2019 Phase One Homeowner Mortgage Revenue Bonds.