

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
July 27, 2018  
Information Items



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**From:** Governor's Press Office <Governor'sPressOffice@eog.myflorida.com>  
**Sent:** Monday, July 2, 2018 4:08 PM  
**Subject:** Gov. Scott: DCF to Redirect Funds, File Budget Amendment for Homelessness Prevention Services



**FOR IMMEDIATE RELEASE**  
July 2, 2018

**CONTACT: GOVERNOR'S PRESS OFFICE**  
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## **Gov. Scott: DCF to Redirect Funds, File Budget Amendment for Homelessness Prevention Services**

**TALLAHASSEE, Fla.** – Today, Governor Rick Scott directed the Florida Department of Children and Families (DCF) to file a budget amendment to redirect funding for homelessness prevention services. The Florida Legislature provided DCF spending authority in the FY 2018-19 budget for the Challenge Grant, but did not provide dollars needed to fund these important services. DCF has identified \$3.1 million in funding that may be redirected to help fill this gap - a process which requires legislative approval through the Legislative Budget Commission.

Governor Scott said, "While it's concerning that that this funding was not provided in this year's budget, I am proud that DCF will be able to redirect money to combat homelessness. I encourage the Legislature to quickly approve this budget amendment that will fund programs that served nearly 13,000 Floridians last year."

DCF Secretary Mike Carroll said, "DCF staff worked diligently to identify every opportunity to continue funding for this important program. I want to thank Governor Scott for his continued support of our work with all our federal and state partners to help every individual in need have a safe place to call home."

Challenge Grant funds are directed to local agencies that coordinate homelessness services to provide housing and support to individuals and families in communities across the state. This grant served approximately 13,000 individuals last fiscal year, primarily through rapid rehousing and prevention, as well as case management. Other services include emergency shelter and vouchers, housing management information system entry and employment services.

This funding, if approved by the Florida legislature, would be in addition to \$1.7 million in federal Emergency Solutions Grant funding that will carry over and be allocated to the Challenge Grant for homelessness services. There will also be approximately \$5 million in Emergency Services Grant that will be allocated to Florida from Department of Housing and Urban Development at the beginning of the next federal fiscal year, October 2018.

For more information on the DCF Office of Homelessness, click [HERE](#).

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## NEWSRelease

Contact:

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**For Immediate Release:**

**06/15/2018**

### Florida Housing Targets Most Vulnerable for Additional Funding

**TALLAHASSEE, FL** - The Board of Directors for the Florida Housing Finance Corporation (Florida Housing) approved three applications this morning to fund affordable homeless housing developments in Osceola, Brevard, and Hillsborough County, as well as, two applications for developments housing persons with a Disabling Condition in Hillsborough and Miami-Dade County. While originally anticipated that these combined RFAs would fund three developments, the exceptional move by the Board allowed additional available resources to be used to fund the next available eligible application in each RFA.

#### *Homeless Developments Funded*

Available Low Income Housing Tax Credits (LIHTC) and State Apartment Incentive Loan (SAIL) program dollars allowed Florida Housing's Board to fully fund all three eligible homeless applications in RFA 2018 - 103. The approval of these affordable housing developments will help address the high percentage of homeless in the area, including our fellow Americans who had to evacuate from Puerto Rico and the Virgin Islands due to Hurricane Maria.

#### *Persons with a Disabling Condition Developments Funded*

Available LIHTC and SAIL program dollars allowed Florida Housing's Board to approve the first eligible highest-ranking application under RFA 2018-108. However, Florida Housing's Board directed staff to use additional available resources in order to fully fund the second eligible highest-ranking application, for a total of two developments that will be fully funded. This action helps these counties address the significant need for permanent supportive housing for persons with a Disabling Condition.

"Florida Housing's role is to provide long-term housing solutions," said Trey Price, executive director for Florida Housing. "Considering the need to address homeless housing, as well as, provide supportive housing for persons with a disabling condition in Florida, we are happy that these resources allowed for five developments to be funded. This approval by our Board is an extraordinary reflection and commitment of providing safe, decent housing to the state's most vulnerable individuals."

For more information about Florida Housing, visit [www.floridahousing.org](http://www.floridahousing.org).

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## **FISCAL**

### ***Information***

## **II. FISCAL**

### **A. Operating Budget Analysis for May 31, 2018**

#### **1. Background/Present Situation**

- a) The Financial Analysis for May 31, 2018, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending May 31, 2018, is attached as [Exhibit B](#).

# GUARANTEE PROGRAM

## Information

### III. GUARANTEE PROGRAM

#### A. Status of Guarantee Program portfolio

##### 1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, it has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. As of 6/30/18, three (3) multifamily developments remain in the Guarantee Program portfolio; one (1) is a Risk-Sharing transaction.
- b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program portfolio, representing the total (and only) multifamily claims incurred in its 24-year history. The Guarantee Program experienced a strong 87% foreclosure recovery rate, compared to the 64% national average at that time.<sup>1</sup> Currently, there are no foreclosures in inventory and no developments in monetary default in the portfolio.

#### B. Corpus and Portfolio Risk Exposure

##### 1. Background/Present Situation

- a) The global liquidity crisis of 2008 collapsed the market for the variable rate bonds capitalizing the Guarantee Program corpus, ultimately leading staff to restructure the debt, paying off approximately \$89 million and refinancing the remaining \$156.2 million in variable rate bonds to a 5-year term loan with Citibank, closing on December 31, 2009.
- b) At that time, the Guarantee Program's total risk exposure was \$754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure has been reduced over 97%, as reflected below:

Portfolio Risk Exposure

As of 6/30/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10
\$20.2M	\$20.4	\$30.9M	\$59.4M	\$158.9M	\$306.5M	\$468.5M	\$578.8M	\$728.3M

- c) The continued low interest rate environment has prompted many Developers to refinance their properties, paying-off their guaranteed mortgages and removing them from the Guarantee Program portfolio, representing the primary driver

<sup>1</sup> Real Capital Analytics, April 2011

## GUARANTEE PROGRAM

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behind the reduction in Total Commitments reflected above. Refinancing activity is reflected in the following chart:

		Refinancing Activity								
		As of 6/30/18	2017	2016	2015	2014	2013	2012	2011	2010
<b>Loans (#):</b>		<b>0</b>	<b>1</b>	<b>5</b>	<b>17</b>	<b>22</b>	<b>22</b>	<b>9</b>	<b>12</b>	<b>2</b>
<b>Risk ceded (\$):</b>		<b>n/a</b>	<b>\$10.2M</b>	<b>\$27.6M</b>	<b>\$100M</b>	<b>\$136.8M</b>	<b>\$149.4M</b>	<b>\$84M</b>	<b>\$117.9M</b>	<b>\$9.9M</b>

- d) Contributing to the reduction in Total Commitments was approximately \$115 million in partial prepayments (of mortgages) from SAIL ELI proceeds, funded prior to or at the time of closing, helping facilitate refinancing activity.
- e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011, another \$15 million on July 29, 2011, and the remaining \$51.0 million on December 21, 2012, reducing the Guarantee Fund’s capitalizing debt to zero (\$0).
- f) The Guarantee Fund corpus contains approximately \$133.9 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated “A+F” by Standard & Poor’s as of September 30, 2017.

### C. Current Ratings (Insurer Financial Strength)

#### 1. Background/Present Situation

- a) Standard & Poor’s: April 2017 A+ / Stable outlook  
Cited strengths: “Strong state financial support...Strong asset quality...Strong asset management policies”<sup>[1]</sup>
- b) Fitch: March 2018 A+ / Stable outlook  
Cited strengths: “Low Risk-to-Capital Ratio... Limited State support ...Minimal Multifamily Losses”<sup>[2]</sup>

<sup>[1]</sup> Standard & Poor’s, “Florida Affordable Housing Guarantee Fund”, April 11, 2017, [www.standardandpoors.com/ratingsdirect](http://www.standardandpoors.com/ratingsdirect).

<sup>[2]</sup> Fitch Ratings, “Fitch Affirms Florida Housing Finance Corp’s Guarantee Fund at ‘A+’; Outlook Stable”, March 28, 2018, [www.fitchratings.com](http://www.fitchratings.com).

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#### **D. Risk-to-Capital Ratio**

##### **1. Background/Present Situation**

- a) Authorized Maximum Ratio = 5:1. Peaking in 1999 at 4.95:1, subsequent management efforts resulted in a more conservative downward trend to the vastly improved ratio of .15:1 as of 6/30/18. Capital not needed to support the outstanding Guarantees has been made available to the SAIL program for use in the 2016-2018 competitive solicitations. Specifically, \$40 million was made available to workforce housing and the remaining \$73 million to SAIL.

#### **E. Guarantee Program Portfolio ([Exhibit A](#))**

## HOUSING CREDITS

### *Information*

#### IV. HOUSING CREDITS

##### A. Housing Credits

##### 1. Background/Present Situation

a) The developments listed below requested and staff approved, changes to the Extended Use Agreements:

- (1) Westview Garden Apartments (1999-030C/2000-001C) is a 9% Housing Credit Development. The Extended Low-Income Housing Agreement was recorded in Miami-Dade County on December 19, 2000, and the First Amendment was recorded on November 7, 2017. The Owner sought to release a small portion of land along the western boundary of the Development; which had been deeded to the adjacent country club prior to the recording of the Extended Low-Income Housing Agreement but erroneously included in the legal description represented in the Extended Low-Income Housing Agreement. The land in question has no buildings or amenities, and it does not provide road access to the Development.

(a) Staff approved the legal description change and the Partial Release of Extended Low-Income Housing Agreement was recorded in Miami-Dade County on May 31, 2018.

- (2) Groves of Delray (2011-510C) is a 4% Housing Credit Development. The Extended Low-Income Housing Agreement was recorded in Palm Beach County on October 30, 2013.

(a) On June 14, 2018, staff was notified by the Owner of a scrivener's error within Section 1, Page 4 of the Extended Low-Income Housing Agreement which incorrectly defines "Low-Income Tenants." In order to make a correction, a First Amendment to the Extended Low-Income Housing Agreement is required.

(b) Staff will amend the Extended Low-Income Housing Agreement as appropriate.

- (3) Landstar Park (2015-506C) is a 4% Housing Credit Development. The Extended Low-Income Housing Agreement was recorded in Orange County on April 25, 2016. The First Amendment to the Extended Low-Income Housing Agreement was recorded on December 29, 2016.

(a) On July 3, 2018, staff received a request from the Owner for a Second Amendment to the Extended Low-Income Housing Agreement in order to accurately reflect the total number of residential buildings. The Extended Low-Income Housing Agreement currently states that there are eleven buildings, whereas the final construction site observation accounts for a total of ten buildings.

(b) Staff will amend the Extended Low-Income Housing Agreement as appropriate.



## SINGLE FAMILY HOMEBUYER PROGRAMS

### *Information*

#### V. SINGLE FAMILY HOMEBUYER PROGRAMS

##### A. Single Family Homebuyer Programs

###### 1. Background/Present Situation

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through FHFC Homebuyer Loan Programs. Florida Housing's Programs provide assistance to eligible homebuyers by offering low-cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance (DPA). Currently, we have two Homebuyer Loan Programs; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Conventional Loan Program (HFA Preferred). We also offer a Mortgage Credit Certificate Program for qualified homebuyers who may benefit from additional annual federal tax savings offered through this program.
- b) The Government Loan Program offers borrowers a 30-year, fixed-rate mortgage using all approved government-insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and United States Department of Agriculture-Rural Development (RD) loans. This program is funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers both honorably discharged veterans and active duty military personnel the benefit of a lower first mortgage interest rate.
- c) The HFA Preferred Program uses a loan product developed by Fannie Mae specifically for state housing finance agencies. Rather than selling bonds as a funding source, this program is structured as a forward delivery "To Be Announced" (TBA) Program in conjunction with one of our contracted investment bankers, Raymond James. Single Family Program staff sets a daily mortgage rate based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers a 30-year, fixed-rate mortgage. Borrowers benefit from lower mortgage insurance costs on these loans when compared to other Fannie Mae mortgage products, as well as similar government-insured loans such as FHA.
- d) Florida Housing primarily offers qualified homebuyers DPA in the form of a second mortgage loan on both the Government Loan Program and HFA Preferred loans. Our Florida Assist loan is a 0% deferred payment loan of \$7,500. This second mortgage program serves homebuyers with an area median income (AMI) of up to 120%, adjusted for household size. It is repayable upon sale of the property, refinance of the first mortgage, at the end of the first mortgage term, or if the homeowner no longer occupies the property as his/her primary residence.
- e) We also offer a 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program offers borrowers 3% of the purchase price in non-repayable assistance to help with downpayment and closing costs. The HFA Preferred PLUS, like the HFA Preferred, offers daily

## SINGLE FAMILY HOMEBUYER PROGRAMS

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pricing. Our HFA Preferred PLUS grant provides assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

- f) On July 13, 2015, we launched a DPA Program that utilizes Hardest Hit Fund (HHF) resources. The HHF DPA Loan Program was initially being offered as a pilot program in Brevard, Duval, Hillsborough, Orange and Volusia counties. On August 31, 2016, the HHF DPA Loan Program expanded into an additional six counties; Clay, Osceola, Pasco, Pinellas, Polk and St. Lucie. This Program can serve borrowers with incomes up to 140% AMI. The Program offers the following benefits to qualified borrower(s):
  - (1) Borrower(s) qualifying for eligible Homebuyer Loan Programs automatically qualify.
  - (2) A five-year loan that is forgiven at the rate of 20% per year, provided the borrower is not in default.
  - (3) 0% interest rate.
  - (4) Up to \$15,000 in assistance.
- g) As of December 29<sup>th</sup>, 2017, all funds allocated to the HHF DPA Program had been fully reserved. Borrowers in these 11 counties can now access the Florida Assist or 3% PLUS Grant for needed DPA.
- h) Our Mortgage Credit Certificate (“MCC”) Program provides qualified first time homebuyers with a non-refundable federal tax credit. Our MCC Programs provides the homeowner with a maximum annual tax credit used to offset any federal tax liability. The homeowner can claim this credit each year they occupy the home as a primary residence, pay mortgage interest, and have a tax liability to offset. We currently have 161 approved lenders participating in the MCC Program compared with 226 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program. The current 2018 MCC Program utilizes a multi-credit structure, ranging from a 10% to 30% credit rate, which will be dependent upon the dollar amount of the underlying first mortgage. Homeowners receiving a credit in excess of 20% may claim a credit up to \$2000 annually while those at 20% are not capped. By adopting this structure, we have been able to extend the life of the program while also providing the federal tax credit benefit to more borrowers.
- i) Single Family Program Staff continually offers a three hour, Department of Business and Professional Regulation (DBPR)-approved continuing education (“CE”) course for Realtors, which is coordinated through local Realtor boards throughout the state. Realtors who attend these classes receive a general 3 hour CE credit while learning about our Homebuyer Loan Programs, our Mortgage Credit Certificate Program, and other affordable housing programs available to their potential homebuyers. We strive to market to large groups such as Realtors and lenders statewide to maximize the benefit of our time and travel and to help others learn about the resources available through our programs. On June 13, 2018, Single Family Program Staff conducted the course at the Lakeland Realtors in Lakeland, FL with 16 Realtors in attendance.

## **SINGLE FAMILY HOMEBUYER PROGRAMS**

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- j) Single Family Program Staff also conducts telephonic, webinar and face-to-face trainings for lender partners throughout the state. Training consists of program requirements and recent updates, system training offered in conjunction with eHousing and first mortgage and servicer requirements and updates offered in conjunction with US Bank Home Mortgage. Together, Florida Housing, eHousing and US Bank Home Mortgage provide lenders with information to better assist with the origination, delivery and purchase of first and second mortgages originated through our Homebuyer Loan Program.
  
- k) Florida Housing sponsors a toll-free telephone line (800-814-HOME), for first time homebuyers to call for information about our program. Callers are able to receive information through pre-recorded information that directs them to our First Time Homebuyer Wizard tool, which is located on our website. Those callers that have additional questions are transferred to Single Family Staff for assistance.

**SINGLE FAMILY HOMEBUYER PROGRAMS**

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**HOMEBUYER LOAN PROGRAMS SUMMARY**

	<b>2017 HLP Program Totals</b>	<b>2018 YTD HLP Totals</b>	<b>2018 YTD Government Loan Program</b>	<b>2018 YTD HFA Preferred Conventional Loan Program</b>	<b>2017 Mortgage Credit Certificate (MCC) Program</b>
Average Loan Amount	\$146,496	\$149,983	\$147,952	\$150,864	\$174,705
Average Acquisition Price	\$158,007	\$158,749	\$153,878	\$160,862	\$183,089
Average Compliance Income	\$48,597	\$48,151	\$48,610	\$47,926	\$46,933
County Area Median Income %	62.16%	64.05%	72.62%	60.32%	75.00%
<b>Total Purchased Loan Amounts</b>	\$1,889,515,508	\$573,385,491.92	\$171,181,097.07	\$402,204,394	NA
<b>Total # of Units</b>	12,898	3,823	1,157	2,666	960

\*uses 2018 statewide AMI of \$62,500

**2018 YTD TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS**

	Loan Count	Loan Amount
Duval	628	\$90,692,029
Hillsborough	548	\$86,049,710
Brevard	305	\$45,170,512
Pinellas	302	\$45,636,032
Orange	279	\$45,991,664
Polk	261	\$38,907,695
Pasco	253	\$33,011,056
Volusia	229	\$32,598,845
Osceola	127	\$22,254,148
St Lucie	120	\$19,008,064