

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
May 4, 2018
Information Items





For Immediate Release:
Friday, January 26, 2018

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Florida Housing Announces New Board of Directors Chair and Vice Chair

TALLAHASSEE— Ray Dubuque and Ron Lieberman concluded their first meeting as the recently named Chairman and Vice Chairman of the Board of Directors for Florida Housing Finance Corporation (Florida Housing).

Dubuque, of Panama City, is retired and previously served as the regional director of external affairs for AT&T. Dubuque also sat on the City of Panama City’s Planning Board, where he was reappointed seven times for two-year terms. He serves as one of the two citizen representatives on the Florida Housing Board of Directors. Dubuque has been a board member since August 2013.

Lieberman, of Ocala, is president of Steel Structures of Florida, Inc. Lieberman has been a significant force in the housing arena in Florida for more than 30 years. He is a past president of the Florida Home Builders Association and two-time president of the Citrus County Builders Association. Lieberman also served for seven years as chairman of the Citrus County Affordable Housing Finance Committee, in addition to being appointed on the Advisory Committee for the Tampa Bay Regional Transportation Authority, which he chaired for several years, as well. He represents the residential builder seat on Florida Housing’s Board of Directors. Lieberman has been board member since March 2017.

“We all have the ability to make a positive difference in someone’s life and I can think of no better way to do that than to help them secure a safe and affordable environment to live,” said Chairman Ray Dubuque. “In Florida we have a critical need for affordable housing, covering a wide spectrum of our citizens; from homeless schoolchildren, to our workforce, to the disabled, to our veterans, and to our seniors. It is our duty to do what we can to help those, so they help themselves live a productive and safe life.”

“Affordable housing is what I do,” said Vice-Chairman Ron Lieberman. “I am happy to do what I can to help Floridians realize their dream of safe, decent, affordable housing.”

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Florida Housing was created by the Legislature to assist in providing a range of affordable housing opportunities for residents that help make Florida communities great places in which to live, work and do business. For more information about Florida Housing, visit www.floridahousing.org.



For Immediate Release:
Friday, March 16, 2018

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Florida Housing’s Board Approves Three Rental Properties for Funding in the Keys

TALLAHASSEE – The Board of Directors for the Florida Housing Finance Corporation (Florida Housing) unanimously approved three applications this morning to fund the development of affordable housing in Monroe County.

The Board first approved issuing this request for application (RFA) at the January board meeting. RFA 2018-107 offered \$2.6 million in Low Income Housing Tax Credits (LIHTC) and \$10.4 million in State Apartment Incentive (SAIL) program dollars to specifically fund affordable family housing developments in the Florida Keys. Florida Housing received three applications to build affordable rental housing in the county hardest hit by Hurricane Irma. While the initially approved allocation amounts were sufficient to fund two developments, today, Florida Housing’s Board committed additional amounts to ensure the funding of a third development.

During the recently concluded 2018 legislative session, an additional \$15 million in SAIL funding was also allocated for housing in Monroe County that Florida Housing will administer.

“Florida Housing’s Board took decisive action today to further assist those impacted by the hurricane that struck in Monroe County,” said Trey Price, executive director for Florida Housing. “We are grateful to the Governor and Legislature for providing additional affordable housing dollars that are targeted in this area to continue our commitment of providing safe, decent, affordable housing to the citizens of Florida.”

Florida Housing’s Executive Director and senior staff traveled to Monroe County following the hurricane last year, toured the impacted areas of the Keys, and met with state and local officials to assess damage and housing conditions.

For more information on Florida Housing, visit www.floridahousing.org.

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For Immediate Release:
Wednesday, January 31, 2018

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Florida Housing Launches Pilot Helping Homeless Families with Children in Santa Rosa County

SANTA ROSA - Florida Housing Finance Corporation (Florida Housing), in collaboration with local community partners, is launching a pilot program this month that will provide short-term rental housing assistance to homeless families that have school age children in Santa Rosa County. In 2017, Florida Housing's Board of Directors approved Federal HOME funds to provide short-term, tenant based rental assistance (TEBRA) in small counties.

Board Chairman Ray Dubuque said that he believes this pilot program with Florida Housing and local community partners continues the mission of providing affordable housing. "The Board welcomes this initiative," Dubuque said. "As a board member from the Panhandle area I am especially elated to see the launch of this pilot here and ensuring it provides safe, decent, affordable housing for the citizens of Florida."

"Research shows that being homeless means greater challenges for children in school," said Trey Price, Executive Director of Florida Housing. "At a minimum these at-risk kids are more likely to have lower school achievement while homeless."

Of the available HOME funds, \$750,000 will be used for the housing pilot in Santa Rosa County to provide rental security deposits, as well as, 12 months or less of rental assistance to the eligible families. Eligible families will also have the opportunity to attend life skill trainings, such as financial workshops. The allocation is expected to serve a total of 75 families over three years – 25 families per year. The amount of rental assistance per family will depend on the amount a family can pay for rent and the cost of the monthly rent.

Local community partners that are working with Florida Housing on this program include the following: Santa Rosa County School District, EscaRosa Coalition on the Homeless, Milton Housing Authority, Family Promises, and other organizations. Families will be identified, assessed and prioritized by the Santa Rosa County School District's Homeless Education Program. The Homeless Education Program is a federal program that provides school districts resources to help keep homeless children in school and work to provide all the opportunities that are available to the other students. Local partners will also handle the case management around the families by assisting the families with accessing permanent rental housing and improving their overall self-sufficiency. For more information on Florida Housing, visit www.floridahousing.org.

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For Immediate Release:

Monday, March 26, 2018

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Hurricane Housing Funding Available for Homeowners and Evacuees in Florida from Puerto Rico and the Virgin Islands

TALLAHASSEE – Florida Housing Finance Corporation (Florida Housing) is announcing the availability of funding from the State Housing Initiatives Partnership (SHIP) program for homeowners in need of repairs to their home due to the hurricane, and for evacuees in Florida from Puerto Rico and the Virgin Islands who were impacted by Hurricanes Irma and Maria.

The SHIP program has \$5 million for disaster recovery from the current 2017-18 fiscal year to allocate to local governments most affected by the 2017 hurricanes. Based on damage estimates provided to Florida Housing by FEMA, the SHIP disaster funds are being allocated to the 12 hardest hit counties and 27 entitlement cities within those 12 counties. The funds will be used by these local governments to assist income qualified households that experienced damage from hurricanes as well as evacuees in Florida from Puerto Rico and the Virgin Islands.

Governor Rick Scott said, "Hurricane Irma was the largest storm to hit our state in modern history and we have been fully committed to helping Floridians fully recover. We have also continued to welcome families who have relocated from Puerto Rico to Florida because of Hurricane Maria. The SHIP program will provide \$5 million for ongoing disaster recovery to communities in need, and I appreciate the work of the Florida Housing Finance Corporation to make these important funds available. We will continue to do all we can to help all families impacted by these hurricanes recover and rebuild."

"Florida Housing is following through on its commitment to provide long-term housing solutions in times of disaster," said Trey Price, executive director for Florida Housing. "This funding will not only assist the citizens of Florida who were impacted by the hurricanes with their housing needs, but also our fellow Americans from Puerto Rico and the Virgin Islands that had to evacuate to Florida."

Florida Housing administers the SHIP program which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate-income families. Depending on income, persons may be eligible for home repair or replacement, down payment assistance, rental housing assistance and other affordable housing assistance.

[Click here](#) to view the list of the 12 hardest hit counties and 27 entitlement cities within those 12 counties that will be receiving funding.

For more information on Florida Housing, visit www.floridahousing.org.

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FORECLOSURE COUNSELING PROGRAM

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II. FORECLOSURE COUNSELING PROGRAM

A. Foreclosure Counseling Program

1. Background

- a) In September 2013, the Foreclosure Counseling Program (FCP) was launched to help at-risk homeowners avoid foreclosure by providing foreclosure counseling and financial management education to help them better manage their money and assist them in resolving credit problems to become more financially stable.
- b) The program was appropriated funding by the state Legislative Budget Commission which approved \$10 million from the National Mortgage Settlement funds to provide foreclosure counseling services to be administered by Florida Housing.
- c) The program objectives are met by providing funding on a fee-for-service basis to non-profit HUD approved housing counseling agencies and SHIP eligible local governments to carry out foreclosure counseling services and financial management education.

2. Present Situation

- a) As of March 31, 2018, the program had expended \$2,539,400 and reserved more than \$7.7 million (including expended funds) through non-profit counseling agencies. Since inception, 8,654 households have received some form of foreclosure counseling.
- b) On May 6, 2016, the Board approved up to \$3 million of FCP funds to be disbursed to SHIP local governments that certified the funds would be used for housing counseling activities including foreclosure counseling and first-time homebuyer education. To date, more than \$2.3 million has been disbursed to eligible local governments. In total, more than \$4.8 million has been disbursed out of FCP funds through housing counseling agencies and to SHIP local governments.
- c) [Exhibit A](#) provides information on the status of the program over the first quarter of 2018 and since program inception for the portion of funding going directly to housing counseling agencies. This report details the number of households that have entered the program and the progress and outcomes that have resulted since inception. The outcomes data will lag behind the number of participants in the program, as the typical time for a homeowner to get through this process is 12-24 months.

FISCAL
Information

III. FISCAL

A. Operating Budget Analysis for March 31, 2018

1. Background/Present Situation

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

GUARANTEE PROGRAM

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IV. GUARANTEE PROGRAM

A. Status of the 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 3/31/18, 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, representing the total (and only) multifamily claims incurred in its 24-year history. 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 3/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10
\$20.3M	\$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 behind the reduction in Total Commitments reflected above. Refinancing activity is reflected in the following chart:

GUARANTEE PROGRAM

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Refinancing Activity

	As of 3/31/18	2017	2016	2015	2014	2013	2012	2011	2010
Loans (#):	0	1	5	17	22	22	9	12	2
Risk ceded (\$):	n/a	\$10.2M	\$27.6M	\$100M	\$136.8M	\$149.4M	\$84M	\$117.9M	\$9.9M

- 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 \$133.8 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"^[1]

- b) Fitch: March 2018 A+ / Stable outlook

Cited strengths: "Low Risk-to-Capital Ratio... Limited State support ...Minimal Multifamily Losses"^[2]

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 3/31/18. 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](#))

^[1] Standard & Poor's, "Florida Affordable Housing Guarantee Fund", April 11, 2017, www.standardandpoors.com/ratingsdirect.

^[2] Fitch Ratings, "Fitch Affirms Florida Housing Finance Corp's Guarantee Fund at 'A+'; Outlook Stable", March 28, 2018, www.fitchratings.com.

HOME RENTAL

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V. HOME RENTAL

A. Changes to Amenities and/or Resident Programs

1. Background/Present Situation

- a) The following development has requested ([Exhibit A](#)) and staff has approved the following changes to the LURA from their Application since the last Board meeting:
 - (1) Marcia Gardens (2016-106H) has requested to amend the HOME LURA language, that the development will have “Energy Star water heaters” and replace with “water heaters with a Uniform Energy Factor (UEF) of .92” in each unit. The reason for the swap is that there are no longer any Energy Star electric storage tank water heaters available on the market. Language in the most recent Request for Applications (RFA) requires a UEF rating of .93, therefore the developer is also installing thermal wraps around the water heater tanks which will achieve additional efficiency.
- b) Staff will amend the LURA for the development as appropriate.

MULTIFAMILY PROGRAMS

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VI. MULTIFAMILY PROGRAMS

A. Allocations

1. Present Situation

- a) Upcoming Review Committee Meetings
 - (1) RFA 2018-102 Housing Credit Financing to Provide Affordable Multifamily Rental Housing that is a Part of Local Revitalization Initiatives
 - (a) Review Committee Meeting: May 17, 2018
 - (2) RFA 2018-104 SAIL Financing for Farmworker and Commercial Fishing Worker Housing
 - (a) Review Committee Meeting: May 30, 2018
 - (3) RFA 2018-103 Housing Credit and SAIL Financing for the Development of Housing for Homeless Persons
 - (a) Review Committee Meeting: June 6, 2018
 - (4) RFA 2018-108 Financing for the Development of Housing for Persons with Disabling Conditions or Developmental Disabilities
 - (a) Review Committee Meeting: June 6, 2018
- b) Proposed Timeline
 - (1) Staff intends to present the proposed 2018-2019 Funding Timeline to the Board at the June 15, 2018 meeting.

SINGLE FAMILY HOMEBUYER PROGRAMS

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VII. 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 down payment 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 29th, 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 153 approved lenders participating in the MCC Program compared with 220 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program. The current 2017 MCC Program utilizes a multi-credit structure, ranging from a 20% to 50% 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 \$2,000 annually while those at 20% are not capped. By adopting this structure, we should be 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 3-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 March 27, 2018, Single Family Program Staff conducted the course at the Orlando Regional Realtors Association (ORRA) in Orlando with over 50 Realtors in attendance. Most recently, Single Family Program Staff conducted the course at the Daytona Beach Area Association of Realtors in Daytona Beach. This course was held on April 10, 2018, with over 40 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. On March 27, 2018, Single Family Program Staff conducted a lender training with Atlantic Home Loans in Orlando. Their regional production manager, loan officers, processors, underwriters, closers and post-closing staff were in attendance. Single Family Program Staff provided a Program overview as well as loan delivery requirements and issues to avoid to improve and increase loan purchase.

- 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

	2017 HLP Program Totals	2018 YTD HLP Totals	2018 YTD Government Loan Program	2018 YTD HFA Preferred Conventional Loan Program	2017 Mortgage Credit Certificate (MCC) Program
Average Loan Amount	\$146,496	\$148,457	\$146,298	\$149,323	\$174,383
Average Acquisition Price	\$158,007	\$158,525	\$153,332	\$160,608	\$182,448
Average Compliance Income	\$48,597	\$47,471	\$47,269	\$47,202	\$46,484
County Area Median Income %	62.16%	61.84%	66.37%	57.55%	79.00%
Total Purchased Loan Amounts	\$1,889,515,508	\$375,450,173	\$105,920,418	\$269,529,754	N/A
Total # of Units	12,898	2,529	724	1,805	576

*uses 2017 statewide AMI of \$59,000

2018 YTD TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

	Loan Count	Loan Amount
Duval	458	\$65,175,423
Hillsborough	401	\$62,232,048
Brevard	214	\$31,075,605
Pinellas	199	\$29,587,353
Orange	189	\$31,213,923
Pasco	175	\$23,215,583
Polk	175	\$26,400,921
Volusia	153	\$20,908,669
Osceola	92	\$16,143,764
St Lucie	84	\$13,095,561