

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 20, 2019
Information Items



FORECLOSURE COUNSELING PROGRAM

Information

I. 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 June 30, 2019, the program had expended \$4,700,075 through non-profit counseling agencies. The average cost of each applicant proceeding through FCP is \$600.35. In addition, \$2.3 million has been disbursed to SHIP eligible local governments.
- b) Since inception, 11,565 households have received some form of foreclosure counseling.
- c) [Exhibit A](#) provides information on the status of the program over the second quarter of 2019 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

II. FISCAL

A. Operating Budget Analysis for July 31, 2019.

1. Background/Present Situation

- a) The Financial Analysis for July 31, 2019, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending July 31, 2019, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

Information

III. GUARANTEE PROGRAM

A. Status of the Guarantee Program portfolio

1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, 120 transactions facilitating the construction of over 28,000 housing units in Florida were guaranteed. 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 8/31/19, two (2) multifamily developments remain in the Guarantee Program portfolio.
- 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.¹ 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 98%, as reflected below:

Portfolio Risk Exposure

As of 08/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10
\$15.2M	\$19.9M	\$20.4	\$30.9M	\$59.4M	\$158.9 M	\$306.5 M	\$468.5 M	\$578.8 M	\$728.3 M

- 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:

¹ Real Capital Analytics, April 2011

GUARANTEE PROGRAM

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		Refinancing Activity									
		As of 8/31/19	2018	2017	2016	2015	2014	2013	2012	2011	2010
Loans (#):	Risk ceded (\$):	1	0	1	5	17	22	22	9	12	2
		\$4.4M	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 \$138 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

Standard & Poor's: April 2017 A+ / Stable outlook
 Cited strengths: "Strong state financial support...Strong asset quality...Strong asset management policies"^[1]

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 .11:1 as of 8/31/19. Capital not needed to support the outstanding Guarantees has been used in the SAIL Program. A total of \$151.85 million was made available for 2016-2018 SAIL RFAs and an additional \$5 million was made available in 2019.

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.

HOUSING CREDITS

Information

IV. HOUSING CREDITS

A. The developments listed below have requested changes to the Extended Use Agreement:

1. Background/Present Situation

- a) The Courts at Village Square (2013-509C) is a 4% Housing Credit Development. The Extended Low-Income Housing Agreement (EUA) was recorded in Palm Beach County on June 12, 2018.

On January 4, 2019, staff received a letter from the Applicant requesting to revise the number of bathrooms in the two bedroom units within Section 2(e) of the executed Extended Low-Income Housing Agreement (EUA).

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

- b) Sawyer Estates (1998-004C) is a 9% Housing Credit Development. The Extended Low-Income Housing Agreement was recorded in Osceola County on January 31, 2000.

On August 23, 2019, staff received a letter from the Owner requesting an amenity swap to replace “Roll-In Showers provided in at least 2 units” with “a minimum of 10 units shall be accessible for persons with mobility impairments in accordance with the accessibility standards of Section 504 of the Rehabilitation Act of 1973” within Section 2(e)(2) of the Extended Low-Income Housing Agreement.

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

HURRICANE MICHAEL UPDATE

Information

V. HURRICANE MICHAEL UPDATE

A. Multifamily Rental Portfolio Hurricane Michael Recovery Update

1. Background/Present Situation

- a) Florida Housing has 68 developments comprised of 597 buildings with 6,134 units in its portfolio located in the twelve counties declared a major disaster due to Hurricane Michael.
- b) From the damage assessments, nine developments reported damage extensive enough to require displacement of some or all households. In total, 652 households have been displaced due to direct damage, unhealthy moisture content and/or the discovery of mold in the housing units. An additional 15 properties reported moderate damage, 17 reported limited damage because of the hurricane. Hatton House, a Jackson County development, was able to return all 76 households to their units once power was restored and the elevator operational.
- c) The status of displaced households typically falls into one of four categories:
 - (1) Those that received FEMA rental assistance despite having to move 30 miles or more to find affordable housing. Many displaced from Bay County had to find housing in Destin, Fort Walton or as far west as Pensacola. FEMA was able to relocate many Jackson County families to Dothan, Alabama;
 - (2) Those that are staying with family or friends in the immediate area to be closer to jobs and schools;
 - (3) Those that were transferred to another property owned by the same landlord; and
 - (4) Those, especially in Bay County, that have permanently relocated due to loss of employment.
- d) Florida Housing continues to monitor the damaged properties for regular updates on reconstruction, damage mitigation efforts and rehousing of the displaced households. Initially, 40 units were projected to be ready for occupancy by the end of the first quarter with all units projected to be ready by year-end. As of August 15, 2019, 179 displaced households, nearly 27 percent of the total 652 households, have returned to their units. Those developments with previously uninhabitable units now ready for occupancy are:
 - (1) Andrews Place (Bay County) 39 units
 - (2) Foxwood (Bay County) 97 units
 - (3) Orchard Pointe (Jackson County) 39 units
 - (4) Reserve at Northshore (Bay County) 4 units

HURRICANE MICHAEL UPDATE

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- e) Twenty-six developments have completed all work and debris removal. A summary of the status of developments within Florida Housing’s portfolio that sustained damage from Hurricane Michael is attached as Exhibit A.

B. Hurricane Michael Recovery Loan Program

1. Background/ Present Situation

- a) On June 3, 2019, Homeownership Programs launched the Hurricane Michael Recovery Loan Program. Using \$5 million dollars of Florida Housing’s own funds, we are offering a \$15,000 down payment and closing cost assistance (DPA) product that has a 0% interest rate and 5-year forgivability feature, at 20% per year. In addition, active duty military personnel who are officially reassigned and forced to sell their homes will have any remaining balance of their DPA loan forgiven if the transfer is for more than 6 months and over 250 miles away from their current base. The second mortgages are originated with Florida Housing first mortgage loans and have a substantially lower interest rate than our current loan products. Additionally, there is no first-time homebuyer requirement as we want to serve previous homeowners who lost their homes in Hurricane Michael. The 11 targeted counties are: Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Taylor, Wakulla, and Washington Counties. As of September 4th, we have committed over \$2.75 million in DPA with borrowers in Bay County reserving roughly two-thirds of that amount.

SF DARM - 1 HURRICANE MICHAEL PIPELINE

Reservation Date											
Loan Count	Loan Amount		Program	Stage							
County	FL Hurricane Michael \$15,000 DPA								FL Hurricane Michael \$15,000 DPA Total		
	Reservation		Underwriting		Compliance		Purchase		Loan Count	Loan Amount	
	Loan Count	Loan Amount	Loan Count	Loan Amount	Loan Count	Loan Amount	Loan Count	Loan Amount			
Bay	16	\$240,000.00	35	\$520,175.00	18	\$270,000.00	53	\$777,550.00	122	\$1,807,725.00	
Calhoun					1	\$15,000.00			1	\$15,000.00	
Gadsden	1	\$15,000.00	7	\$105,000.00	1	\$15,000.00	2	\$30,000.00	11	\$165,000.00	
Gulf	2	\$30,000.00	1	\$15,000.00			1	\$15,000.00	4	\$60,000.00	
Jackson	2	\$30,000.00	2	\$21,622.00					4	\$51,622.00	
Liberty	1	\$15,000.00							1	\$15,000.00	
Taylor	1	\$15,000.00			2	\$30,000.00			3	\$45,000.00	
Wakulla	11	\$165,000.00	11	\$165,000.00	3	\$45,000.00	8	\$120,000.00	33	\$495,000.00	
Washington	1	\$15,000.00	2	\$27,500.00	1	\$15,000.00	3	\$41,000.00	7	\$98,500.00	
Grand Total	35	\$525,000.00	58	\$854,297.00	26	\$390,000.00	67	\$983,550.00	186	\$2,752,847.00	

LEGAL

Information

VI. LEGAL

A. Legal

1. Background/Present Situation

- a) Pursuant to Resolution No. 2018-035A, the Board of Directors of Florida Housing Finance Corporation delegated its authority under Section 120.542, Fla. Stat., to consider, grant, or deny variances to the current and prior versions of Rules 67-21.027(1), 67-21.003(1)(b), and 67-48.0023(2), Fla. Admin. Code, to the Executive Director, the General Counsel, the Director of Multifamily Development, and the Director of Multifamily Allocations of Florida Housing. These variances would allow applicants for housing tax credits that had submitted applications prior to July 8, 2018, to change their minimum set-aside election to the Average Income test. Since the May Board meeting, Florida Housing has issued such variances to the following:

<u>Applicant</u>	<u>Development</u>	<u>County</u>
HTG Addison, LLC.	The Addison	Manatee
Water's Edge Associates, Ltd.	Water's Edge	Miami-Dade

MULTIFAMILY PROGRAMS

Information

VII. MULTIFAMILY PROGRAMS

A. The developments listed below have requested changes to the Extended Use Agreement:

1. Background/Present Situation

- a) Sulzbacher Village (2015-149CS / 2016-423CS) is a 9% Housing Credit Development utilized in conjunction with SAIL funding. The SAIL Land Use Restriction Agreement (SAIL LURA) was recorded in Duval County on May 9, 2017. The Extended Low-Income Housing Agreement (EUA) was recorded on December 28, 2018.

On June 21, 2019, the Board approved a rule waiver to increase the total number of units in the development from 70 units to 97 units; to decrease the total set-aside percentage from 100% to 72.1649%; and to decrease the ELI set-aside percentage from 15% to 11.34%.

Staff will amend the SAIL Land Use Restriction Agreement and the Extended Low-Income Housing Agreement (EUA) as appropriate.

- b) Regency Gardens Apartments (2000-033C / 2002-090S) is 9% Housing Credit Development utilized in conjunction with SAIL funding. The SAIL Land Use Restriction Agreement (SAIL LURA) was recorded in Broward County on October 17, 2003. The First Amendment to the SAIL Land Use Restriction Agreement (SAIL First Amendment) was recorded on December 22, 2016, and the Assignment and Assumption of and Second Amendment to Land Use Restriction Agreement (SAIL Second Amendment) was recorded on June 18, 2019. The Extended Low-Income Housing Agreement (EUA) was recorded in Broward County on August 18, 2003. The First Amendment to Extended Low-Income Housing Agreement (EUA First Amendment) was recorded on December 22, 2016, and the Assignment and Assumption of and Second Amendment to Extended Low-Income Housing Agreement (EUA Second Amendment) was recorded on June 18, 2019.

On August 1, 2019, staff received a letter from the Owner requesting to rectify a scrivener's error on the Applicable Set-Asides set forth within Section 2(n)(ii) of the Extended Low-Income Housing Agreement.

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

MULTIFAMILY PROGRAMS

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- c) Regency Palms f/k/a Park Richey Apartments (1998-527C / 1999-079S) is a 4% Housing Credit Development utilized in conjunction with local bonds and SAIL funding. The SAIL Land Use Restriction Agreement (SAIL LURA) was recorded in Pasco County on March 23, 2000. Subsequently, the First Amendment to Land Use Restriction Agreement (SAIL First Amendment) was recorded on September 7, 2016, and the Second Amendment to Land Use Restriction Agreement (SAIL Second Amendment) was recorded on May 23, 2018. The Extended Low-Income Housing Agreement (EUA) was recorded on December 6, 1999. Subsequently, the First Amendment to Extended Low-Income Housing Agreement (HC First Amendment) was recorded on November 13, 2001, and the First Global Modification and Amendment to and Subordination of Florida Housing Finance Corporation Mortgage and Loan Documents and Extended Low-Income Housing Agreement (Global Modification) was recorded on September 7, 2016.

On July 16, 2019, staff received a letter from the Owner requesting an amenity swap to replace the car care area with public transportation available within one-half mile of the property.

The above-referenced SAIL Land Use Restriction Agreement (SAIL First Amendment) had previously accommodated this amenity swap. Staff will amend the Extended Low-Income Housing Agreement (EUA) as appropriate.

- d) Brookestone I (2014-310S / 2014-120B / 2016-504C) is a 4% Housing Credit Development utilized in conjunction with SAIL funding and Multifamily Mortgage Revenue Bonds. The MMRB Land Use Restriction Agreement (Bond LURA) was recorded in Leon County on October 19, 2016. The SAIL Land Use Restriction Agreement (SAIL LURA) was recorded on October 19, 2016. The Extended Low-Income Housing Agreement (EUA) was recorded on January 10, 2019.

On August 14, 2019, staff received a letter from the Owner requesting an amendment to the EUA. The 4% Housing Credit EUA should have included all the features and amenities required by the Bond LURA.

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

- e) Marcia Gardens (2016-106H / 2015-107B / 2016-503C) is a 4% Housing Credit Development utilized in conjunction with HOME funding and Multifamily Mortgage Revenue Bonds. The HOME Land Use Restriction Agreement (HOME LURA) and the MMRB Land Use Restriction Agreement (Bond LURA) were recorded in Miami-Dade County on October 28, 2016. The Extended Low-Income Housing Agreement (EUA) was recorded on April 22, 2019.

On August 5, 2019, staff received a letter from the Owner requesting an amendment to the EUA. The 4% Housing Credit EUA should have included an Exhibit B with all the features and amenities required by the Bond LURA.

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

MULTIFAMILY PROGRAMS

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- f) Enclave at Pine Oaks f/k/a Garfield Place Apartments (2003-532C / 2003-013B) is a 4% Housing Credit Development utilized in conjunction with Multifamily Mortgage Revenue Bonds. The Extended Low-Income Housing Agreement (EUA) was recorded in Volusia County on March 30, 2005. Subsequently, the Amendment and Subordination Agreement of Existing Extended Low-Income Housing Agreement (EUA First Amendment) was recorded on August 5, 2015. The MMRB Land Use Restriction Agreement (Bond LURA) was recorded on February 10, 2004. Subsequently, the First Amendment and Subordination Agreement of existing MMRB Land Use Restriction Agreement (Bond First Amendment) were recorded on August 5, 2015.

On August 27, 2019, staff received a letter from the Owner requesting an amenity swap to replace both the after school program for children and the first time homebuyer seminars with job training and literacy training.

Staff will amend the Extended Low-Income Housing Agreement and the MMRB Land Use Restriction Agreement as appropriate.

MULTIFAMILY PROGRAMS – ALLOCATIONS

Information

VIII. MULTIFAMILY PROGRAMS – ALLOCATIONS

A. Present Situation of Multifamily Allocations

1. Background/Present Situation

a) RFA Updates:

- (1) RFA 2019-102 Community Development Block Grant-Disaster Recovery (CDBG-DR) to be used in conjunction with Tax-Exempt MMRB and Non-Competitive Housing Credits in Counties Deemed Hurricane Recovery Priorities was issued July 30, 2019 and the Application Deadline was August 27, 2019 but has been extended to September 17, 2019.
- (2) RFA 2019-103 Community Development Block Grant-Disaster Recovery (CDBG-DR) for Small Developments in Areas Deemed Hurricane Recovery Priorities was issued July 30, 2019 and the Application Deadline is August 29, 2019. Twelve (12) Applications were received.
- (3) RFA 2019-111 Rental Recovery Loan Program (RRLP) was issued August 1, 2019 and the Application Deadline will be October 9, 2019.
- (4) RFA 2019-112 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County was issued August 20, 2019 and the Application Deadline will be October 15, 2019.
- (5) RFA 2019-113 Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties was issued August 20, 2019 and the Application Deadline will be October 29, 2019.
- (6) RFA 2019-114 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties was issued August 20, 2019 and the Application Deadline will be November 7, 2019.
- (7) RFA 2019-115 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments was issued September 18, 2019 and the Application Deadline will be October 17, 2019.
- (8) RFA 2019-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits was issued September 19, 2019 and the Application Deadline will be October 10, 2019.

MULTIFAMILY PROGRAMS – ALLOCATIONS

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- (9) RFA 2019-117 Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities was issued August 30, 2019 and the Application Deadline will be September 26, 2019.
- (10) RFA 2019-118 Elderly Housing Community Loan will be issued September 24, 2019 and the Application Deadline will be October 22, 2019.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

IX. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Changes to Construction Features and Amenities and/or Resident Programs

1. Background/Present Situation

- a) The following developments have requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs in their application since the last Board Meeting:
 - (1) Summerlake Apartments / SAIL Cycle 2000 / 2000-019S – The Land Use Restriction Agreement contains the following item which was not a scored point item or requirement “Interior floor coverings will be vinyl in the kitchen, foyer, bathrooms, and laundry, with carpet throughout the remaining living areas in all units.” The language is being removed and scoring of the Application remains unaffected.
 - (2) Mount Carmel Gardens / RFA 2014-111 / 2014-423S - The Land Use Restriction Agreement contains the Jacksonville Housing Finance Authority commitments at Part E of the Description of Features and Amenities exhibit. Since these are not scored point items or requirements of the RFA, Part E will be removed and scoring of the Application remains unaffected.
- b) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Use Agreement(s) for the development as appropriate.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

X. 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 three Homebuyer Loan Programs; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Conventional Loan Program (HFA Preferred) and the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage). 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 Conventional Loan Program offers a first mortgage loan product developed by Fannie Mae specifically for state housing finance agencies. This program is offered both as a bond-financed product as well 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 for the TBA loans 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 by not having to pay Loan Level Price Adjustments (LLPA) and 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. Fannie Mae unexpectedly has announced that it will no longer offer the benefits of this product through its HFA Partners for loans that exceed 80% AMI. Effective September 5, 2019 any HFA Preferred Loan that exceeds 80% AMI will revert to standard Mortgage Insurance Levels (i.e. 35% vs. 18% coverage for loans at 97% Loan to Value) and these loans will also be assessed a higher Guarantee Fee instead of LLPAs. These changes will result in higher costs and higher mortgage payments to our borrowers who utilize this loan product.
- d) On July 1, 2019, we launched the Freddie Mac HFA Advantage Conventional Loan Program. This first mortgage program offers a loan product developed by Freddie Mac specifically for state and local housing finance agencies. The program is offered as a forward delivery "To Be Announced" (TBA) Program in conjunction with one of our contracted investment bankers, Raymond James.

SINGLE FAMILY HOMEBUYER PROGRAMS

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Single Family Program staff sets a daily mortgage rate for the TBA loans 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 Freddie Mac mortgage products, as well as similar government-insured loans such as FHA. For borrowers whose income is between 50.01%-80% AMI, Freddie Mac offers a \$1500 grant to help offset some of the borrowers closing costs. This is in addition to our own DPA. For borrowers at or below 50% AMI, the Freddie Mac subsidy increases to \$2500.

- e) 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.
- f) We also offer 3% and 4% grant programs as part of the HFA Preferred PLUS Conventional Loan Program and the HFA Advantage PLUS Conventional Loan Program. These grant programs offer borrowers either 3% or 4% of the purchase price in non-repayable assistance to help with down payment and closing costs. Our HFA Preferred PLUS and HFA Advantage PLUS grants help borrowers with an area median income (AMI) of up to 140%.
- g) We have reintroduced an amortizing second mortgage product, the Homebuyer Loan Program (HLP) Second Mortgage. This is offered across all of our first mortgage programs and provides up to \$10,000 of assistance at a 3% fixed interest rate and is repaid in monthly payments over 15 years.
- h) On March 4, 2019, we relaunched the Hardest Hit Fund (HHF) DPA Program utilizing repayments collected from previous HHF-funded Programs. We made approximately \$22 million available under this DPA Program in five eligible counties. They were; Clay, Duval, Osceola, Hillsborough and Pasco Counties. These funds were completely reserved on May 10, 2019.
- i) On June 3, 2019, we launched our new Hurricane Michael Recovery Loan Program. Using \$5 million dollars of Florida Housing's own funds, we are offering a \$15,000 second mortgage down payment and closing cost assistance product that closely resembles the HHF DPA product. It has the same 0%, 5 year forgivability feature, at 20% each year, but we added a special feature for active duty military personnel who are reassigned and therefore are forced to sell their homes. If the transfer is for more than 6 months and over 250 miles away from their current base, we will forgive any unpaid principal balance that remains on the second mortgage upon sale of the home. The second mortgages are originated with Florida Housing first mortgage loans and have a substantially lower interest rate than our current loan products. Additionally, there is no first time homebuyer requirement as we want to serve previous homeowners who lost their homes in Hurricane Michael. The 11 targeted counties are: Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Taylor, Wakulla, and Washington Counties. We have committed over half of the

SINGLE FAMILY HOMEBUYER PROGRAMS

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available assistance since launch date with borrowers in Bay County reserving roughly two-thirds of that amount.

- j) Our Mortgage Credit Certificate (“MCC”) Program provides qualified first-time homebuyers with a non-refundable federal tax credit used to offset a portion of their 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 186 approved Participating Lenders in the MCC Program compared with 258 in our Homebuyer Loan Program. The current 2018 MCC Program utilizes a multi-credit structure, ranging from a 10% to 30% credit rate, which is 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% and below 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. The 2018 Program will be the last one offered by Florida Housing. As part of our wind down process, we have ceased taking new MCC Lender applications. We estimate that we currently have a remaining issuance capacity of 6 months. We will notify current lenders that the Program will be ending in the near future. This should ensure that lenders have adequate advanced notice of the impending Program closure and can manage their loan pipeline accordingly.
- k) 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.
- l) 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.
- m) 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 Homebuyer Loan Program 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

	2018 HLP Program Totals	2019 YTD HLP Totals	2019 YTD Government Loan Programs	2019 YTD HFA Preferred Conventional Loan Program	2019 Mortgage Credit Certificate (MCC) Program
Average 1 st Mortgage Loan Amount	\$152,242	\$155,618	\$154,056	\$156,763	\$179,356
Average Acquisition Price	\$159,500	\$163,200	\$159,917	\$165,606	\$187,463
Average Compliance Income	\$48,696	\$51,536	\$51,543	\$51,532	\$48,781
County Area Median Income %	65%	66%	71%	61%	*75%
Total Purchased 1st Mortgage Loan Amounts	\$944,971,833	\$583,881,744	\$244,488,004	\$339,393,740	NA
Total # of Units	6,207	3,752	1,587	2,165	975

*uses 2019 statewide AMI of \$65,100

2019 YTD TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount	Downpayment Assistance
Duval	880	\$130,489,412.41	\$10,702,300.00
Hillsborough	637	\$104,427,916.69	\$7,577,500.00
Pasco	342	\$46,483,302.61	\$4,160,000.00
Polk	197	\$31,099,601.79	\$1,432,440.00
Pinellas	184	\$27,618,989.83	\$1,211,500.00
Clay	158	\$25,534,758.75	\$2,021,500.00
Osceola	132	\$24,830,579.58	\$1,590,000.00
Brevard	124	\$18,720,824.62	\$742,430.00
Volusia	124	\$18,839,443.33	\$911,400.00
Orange	120	\$19,976,638.98	\$797,500.00

**FLORIDA HOUSING FINANCE CORPORATION
2019-2020 STRATEGIC PLANNING PROCESS**

Information

XI. FLORIDA HOUSING FINANCE CORPORATION 2019-2020 STRATEGIC PLANNING PROCESS

A. Florida Housing Finance Corporation 2019-2020 Strategic Planning Process

1. Background

- a) Florida Housing's strategic plan provides a road map of how programs will be targeted over several years. It is not meant to be a comprehensive plan that includes every facet of what Florida Housing does, but instead provides a big picture view of the Corporation's most important priorities. Section 420.511 (1), Florida Statutes, requires Florida Housing to develop such a plan. The Affordable Housing Services Contract between the Corporation and the Florida Department of Economic Opportunity required by s. 420.0006, F.S., incorporate the performance measures that are affiliated with the plan. [Exhibit A](#) provides these statutory references.
- b) The last time that Florida Housing's plan was updated was September 2014 after the Board and staff undertook a 9 month process to evaluate conditions and trends, invite stakeholder input on the direction Florida Housing should be taking with its programs and develop the final plan which was adopted by the Board. [Exhibit B](#) provides a copy of the adopted 2014 plan.

2. Present Situation

- a) Because the plan is five years old, it is time to begin work to revise the plan to address current conditions, trends and priorities. The staff proposes the following timeline towards adoption of the plan in early 2020:
 - (1) **September 2019 Board Meeting:** Board receives trends and conditions information and lays groundwork for the planning process. Board requests stakeholders to provide input on Florida Housing's strategic direction.
 - (2) **October 2019 Board Meeting:** Staff provides any public comments received, provides a public comment period regarding the plan, and makes additional requests information from the staff.
 - (3) **December 2019 Board Meeting:** Board receives and discusses draft plan; plan also made available to stakeholders for comment.
 - (4) **First Board Meeting of 2020:** Board adopts final plan and moves to discussion of performance measures. After meeting, staff continues work on a set of proposed annual and quarterly performance measures.
 - (5) **Second Board Meeting of 2020:** Board discusses proposed annual and quarterly performance measures and takes public comment. Board either adopts measures or requests additional work by staff.
 - (6) **Third Board Meeting of 2020:** If measures not adopted at prior meeting, final measures adopted by Board.

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- b) In addition, the staff has updated the strategic planning page on Florida Housing's website to invite the public to provide comments towards revision of the plan. Based on the above timeline, the public is invited to speak during a public comment period at the Board's October meeting. In addition, the website explains how stakeholders may submit comments via email or letter to Florida Housing. One or more "e-news" notices inviting participation also will be emailed to the public across Florida Housing's emails lists.
- c) Overview information about Florida Housing's programs and initial trends and conditions will be provided to the Board at or before the meeting.

STRATEGIC PLAN AND PERFORMANCE MEASURES

Information

XII. STRATEGIC PLAN AND PERFORMANCE MEASURES

A. Strategic Plan Performance Measures and Informational Indicators

1. Background

- a) Sections 420.0006 and 420.504(1), Florida Statutes, direct the Executive Director of the Department of Economic Opportunity (DEO) to contract with Florida Housing on a multi-year basis to address the affordable housing needs of the state. The contract must include the performance measures adopted by the Board as part of and consistent with Florida Housing's Strategic Plan, pursuant to section 420.511(1), F.S.
- b) The Affordable Housing Services contract requires Florida Housing to report to DEO quarterly on the performance measures and targets. Section 420.0005, F.S., requires the DEO Director to certify to the state's Chief Financial Officer that Florida Housing is in compliance with the performance measure targets. This is required to give Florida Housing access to appropriated state funding. These reports are provided to DEO within 30 days of the end of each quarter.

2. Present Situation

- a) Quarterly Performance Measures and Targets for Quarter 2 – 2019 are attached as [Exhibit A](#). Quarterly Informational Indicators for Quarter 2 – 2019 are attached as [Exhibit B](#). The Quarterly Hardest Hit Fund Measure for Quarter 2 – 2019 is attached as [Exhibit C](#).

FHFC Performance Dashboard

Quarter 2 2019

Green = Good to Go
 Orange = Merits additional Monitoring
 Red = A Concern to Address

HOMEOWNERSHIP			
Performance Measures	Data	Informational Indicators	Data
Number of Participating First Mortgage Lenders*	End of Q2/2019 291 active and approved lenders. (Target: 50)	Homebuyer Loan Programs: Average Acquisition Price Average Homebuyer Income	Q2/2019 Price: \$164,296 Homebuyer Income: \$51,818
Hardest Hit Fund (HHF): Total Quarterly Funding Assistance Disbursed	Period Ending 03/30/19: Most Recent Treasury Report: \$4.3 million	Mortgage Credit Certificate: Average Acquisition Price Average Homebuyer Income	Q2/2019 Price: \$187,248 Homebuyer Income: \$46,140
Homebuyer Loan Programs First Mortgage Loan and Down Payment Assistance (DPA): Purchase Totals	First Mortgages Q2/2019: \$282,755,122 DPA Q2/2019: \$21,914,355	Homebuyer Loan Programs Top 5 Counties for Originations (*county with access to HHF DPA program introduced in July 2015)	2019 YTD (# of Loans: \$ Total) Duval* (692 Loans: \$102,617,434.06) Hillsborough* (481 Loans: \$77,899,816) Pasco* (266 Loans: \$35,994,469) Polk* (154 Loans: \$24,340,371) Pinellas* (137 Loans: \$20,319,281)
Foreclosure Counseling Program Funding Expended	Q2/2019: \$469,325 Since Inception: \$7,000,075 (estimated) (Since inception total includes more than \$2.3 million disbursed to local SHIP governments.)		
HOME Allocation and Commitment Status	On pace for all commitments and disbursements		
Number of Hardest Hit Fund Mortgage Loan Servicers	End of Q2/2019 484 active and approved servicers		

RENTAL			
Performance Measures	Data	Informational Indicators	Data
Guarantee Fund Risk-to-Capital Ratio	End of Q2/2019: .11:1 (Maintain no more than a 5.00:1 leverage ratio)	FHFC Rental Portfolio Occupancy Rate Statewide	Q2/2019: 96.64% (Target 93%-95%)
Guarantee Fund Insurer Ratings	Standard & Poor's: A+/Stable (as of 04/11/17) Fitch: A+/Stable (as of 03/28/18) (Rating of not less than third-highest to safeguard State Housing Trust Fund)	Average Tenant Income in Florida Rental Properties	Most recent annual figures (2019) Public Housing: \$13,743 HUD Properties: \$11,207 USDA RD Properties: \$16,833 FHFC Properties: \$24,971 All Florida Renters: \$47,096
Amount of State Appropriated Rental Funding Awarded*	Q2/2019 100% of current FY appropriated rental program funds awarded. (Q2 Target: 80% of current FY appropriated rental program funds awarded.)	Average Tenant-Paid Gross Rent at Florida Rental Properties	Most recent annual figures (2019) Public Housing: \$312 HUD Properties: \$259 USDA RD Properties: Unavailable FHFC Properties (All): \$744 FHFC Properties (w/Rental Assist): \$307 FHFC Properties (w/o Rental Assist): \$859 All Florida Renters: \$1,208
Eligibility for National Pool of Low Income Housing Tax Credits	Most recent eligibility period Received 2018 National Pool Housing Credits	Maturing Loans Data	2019 7 SAIL Loans: 736 Units 5 HOME Loan: 368 Units 2020 Anticipated 5 SAIL Loans: 556 Units 1 HOME Loans: 33 Units
Percentage of SAIL Funds Awarded across each Demographic Group Compared to Reserved Allocation Percentages	FY 2018-19 Funds Allocation Reserved compared to Actual Awarded (End of Q2/2019) Farm/fishworkers (5% - 0%) Homeless (10% - 11.23%) Special Needs (14% - 17.11%) Elderly (21% - 18.34%) Families (50% - 53.33%)	Searches for Affordable Rentals on Housing Locator Website	Q2/2019: 207,735 searches conducted
Percentage of SAIL Funds Awarded across Small, Medium and Large Counties	FY 2018-19 Funds Allocation Reserved compared to Actual Awarded (End of Q2/2019) Small Counties (10% - 0%)* Medium Counties (37% - 38.61%) Large Counties (53% - 61.39%) *In 2018/2019 funding cycle \$28,360,400 of SAIL Workforce and 2017 SAIL funding to small counties.		
Total/Affordable Units in FHFC Portfolio	End of Q2/2019 Total: 209,216 Affordable: 177,895 ELI: 16,329 Homeless/Special Needs: 7,438 (includes 3,042 Link units)		

OPERATIONS			
Performance Measures	Data	Informational Indicators	Data
Budgeted Total Operating Expenses to Actual Total Operating Expenses*	Period Ending 04/30/19 Under budget (Target: Not to exceed budget by more than 10%)		
Board Engagement: Attendance & Attainment of Quorum*	Q2/2019 Board Meetings May: 6 of 8 seated members present June: 6 of 8 seated members present (Target: Quorum - five members present)		

*DEO/FHFC Contract Measure