

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
August 5, 2022
Information Items



ASSET MANAGEMENT

Information

I. ASSET MANAGEMENT

A. Hilltop Village Apartments

DEVELOPMENT NAME (“Development”):	Hilltop Village Apartments
DEVELOPER/PRINCIPAL (“Applicant”):	SP Hilltop Village LP/SP Hilltop Village GP, Inc./Southport Financial Services, Inc./J. David Page, individually
NUMBER OF UNITS:	200
LOCATION (“County”):	Duval
TYPE (Rental, Homeownership):	Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”)/Low Income Housing Tax Credits (“HC”))
SET ASIDE:	85% @ 60% (MMRB) 100% @ 60% (HC) 25% @ 40% (SAIL) 25% @ 45% (SAIL) 50% @ 50% (SAIL)
ALLOCATED AMOUNT:	\$7,000,000 of Tax Exempt Bonds \$504,385 4% HC allocation and \$1,503,237 SAIL Loan Extension

1. Background

- a) Prior to the IRS suspension of compliance monitoring due to COVID, Florida Housing’s contracted monitor First Housing Development Corporation (“First Housing”) visited the Hilltop Village property on 12/9/2019. The property received an unsatisfactory physical inspection primarily due to missing tub and sink stoppers in 7 units. One unit was found to have a deteriorated seal and a faulty lock on a bathroom door. Two units had soiled AC filters. The 2019 review was successfully closed out on 2/21/20.
- b) Florida Housing became aware of a news article on May 5, 2021 regarding code enforcement and the rodent infestation. We immediately reached out to ownership and management of Hilltop Village for their response and action plan. We were able to discern from Southport's response that they received local government code violations on 9/5/2020 and 9/10/2020 citing required repairs as well as "extermination needed". A code enforcement hearing was held 1/25/21 where Southport stated all violations were cleared except for the rodent issue. Southport signed their first contract with Massey Services for vermin exclusion on 4/21/21.
- c) On 5/18/21, Sen. Rubio wrote HUD's Secretary Fudge with his concerns regarding HUD's lack of oversight of Hilltop Village as HUD had not inspected the development since December 2015. HUD had already scheduled a REAC inspection of 100% of the units for 5/11/21. The REAC inspection resulted with a score of 61c/100. (The “c” indicates potentially life-threatening conditions were witnessed during the inspection.) The 61 in the score is considered passing (below 60 is failing). The REAC inspection found while the structural integrity of Hilltop Village meets federal standards, the deductions

ASSET MANAGEMENT

Information

come from health and safety issues, namely the pest and rodent infestations, chronic mold and disrepair of the units. Four units were declared uninhabitable, and ownership and management were subjected to more than \$160,000 in civil fines. In August, Sen. Rubio wrote Sec. Fudge again asking for affected residents to be relocated.

- d) The Department of Business and Professional Regulation (DBPR) inspected Hilltop on 5/20/21. DBPR has jurisdiction over safety and sanitation for apartments and hotels, among other industries. Hilltop met DBPR's inspection standards during that visit.
- e) First Housing visited the property on 6/3/21, 7/19/21, 8/27/21 and most recently 12/6/21.
- f) On 8/13/21, after viewing another News4jax report, we requested an updated action plan and timeline to remedy the problems since it was apparent the initial plan was not sufficient. Southport engaged another vendor to assist with exclusion of the vermin.
- g) Due to these ongoing issues, in September 2021, the following closing condition was added to Southport's three upcoming new construction transactions:
 - (1) All repairs have been made to resolve outstanding noncompliance issues identified by monitor(s) in their monitoring reports by closing and rodent infestation has been resolved prior to Cambridge Management, Inc. leasing any units in the development. If unresolved prior to leasing, we will require replacement of Cambridge Management, Inc. with an alternate management company, pursuant to requirements of 67-53, F.A.C., that does not share any common Principals, executive directors, board members, officers, guarantors or employees of the Applicant entity or Cambridge Management, Inc.
- h) At the December 2021 Board meeting, the Executive Director informed the Board that staff would review the facts and circumstances relating to the management of Hilltop Village, along with the 12/6/2021 compliance review and determine whether further administrative action should be pursued in accordance with Florida Statutes.
- i) On 12/6/2021, First Housing performed their compliance review and inspected 26 units. All 26 failed the inspection for a variety of reasons. There were towel bars broken off, holes in the walls, and sink and tub stoppers missing. Southport's management agent timely submitted their response. All noncompliance issues cited in the 12/6/2021 compliance review have now been rectified and cured with the exception of the following:
 - (1) Two units remain in noncompliance due to resident housekeeping issues. The units were not cleaned upon Management's re-inspection. Management had scheduled follow-up inspections; however, the inspections have been postponed until COVID quarantine restrictions have been lifted. Once the quarantine restrictions are lifted, the follow-up inspections will take place. If the units are not cleaned, Management will initiate eviction procedures.

ASSET MANAGEMENT

Information

- j) While the monitor did not observe any rodents, there continues to be a rodent problem. On the day of the monitoring visit, Terminix, who is now the current rodent pest control company under contract, trapped 35 mice. Property management reported Terminix is on site daily, except for weekends. Based on this, there continues to be a rodent problem.
- k) Staff informed the Board a follow up review would be scheduled to assess the progress on eradication of the rodent issue.
- l) On February 16, 2022, Jacksonville city councilwoman Ju'Coby Pittman met with José Alvarez, HUD Regional Administrator for the Southeast, representatives from Cambridge Management and residents of Hilltop Village apartments to hear their concerns regarding the ongoing rodent problem.
- m) Florida Housing requested an updated action plan. Southport's representatives responded that they are down to 10 units with code violations that have been remedied and are awaiting reinspection. Additionally, Southport has represented that they have been doing weekly contracts with Terminix and will continue until they have met Terminix's definition of eradication.
- n) At the deadline for submitting Board items for the March meeting, First Housing had not received documentation regarding the two noncompliant units from the 12/6/2021 review and sent a follow up inquiry to Hilltop Village for response. Shortly thereafter, documentation was submitted curing one unit however, the other unit failed their reinspection and management advised that a notice to vacate had been issued. First Housing requested documentation when that unit is ready for occupancy.
- o) First Housing conducted a follow up review on 4/5/2022 to reinspect units with prior noncompliance issues and assess progress on eradication of the rodent issue. The report is currently in draft form and will be finalized and issued by the first week of May. Preliminarily, noncompliance issues were found in 14 of the 31 units inspected ranging from broken door locks, inoperable appliances and moldlike substances, however, none of the units showed signs of rodent infestation. Southport management advised that the unit was not able to be inspected on 4/5 due to the resident changing the locks without permission. Since that time, Arco Management, the new management company for Hilltop Village, gained access to the unit, noted open items from the 12/6/21 review and has committed to curing the open issues for this unit by 5/2/2022. In addition, management reported they had experienced their first week, beginning April 11th, without any rodent captures.
- p) On 5/4/2022, First Housing issued the report of their 4/5/2022 follow-up inspection. Noncompliance issues were found in 14 of the 31 units inspected. The units selected for inspection included 21 that had deficiencies noted during the 12/6/21 review. Of those, 9 units still had not been corrected. Noncompliance issues ranged from broken door locks, inoperable appliances and moldlike substances, however, none of the units showed signs of rodent infestation. Roaches were observed in one unit. In addition, the laundry facility had 3 damaged windows, an inoperable washer and was in need of housekeeping. All buildings were in need of power washing, excess litter was present throughout the property, the trash collection area was overflowing and not properly maintained. Since the 4/5 review, Arco Management, the new

ASSET MANAGEMENT

Information

management company for Hilltop Village, noted the open items from the 12/6/21 review and committed to curing the open issues.

- q) Management submitted their response to the 4/5/2022 review on 6/2/2022, however, First Housing was still following up on outstanding issues related to 10 units, the laundry facility and trash collection.

2. Present Situation

- a) First Housing received and evaluated management's response and documentation regarding the outstanding noncompliance issues. All issues noted in the management reviews have been cured, with the exception of one unit. The household has vacated the unit and management has engaged a contractor to make repairs to the unit so that it is ready for occupancy.
- b) The companies servicing Hilltop Village for rodent exclusion have reported zero (0) captures in the last two weeks.

ASSET MANAGEMENT

Information

B. Silver Oaks

DEVELOPMENT NAME (“Development”):	Silver Oaks
DEVELOPER/PRINCIPAL (“Applicant”):	SP Johnson Kenneth Court LP/SP Johnson Kenneth Court GP, Inc./Southport Financial Services, Inc./J. David Page, individually
NUMBER OF UNITS:	200
LOCATION (“County”):	Hillsborough
TYPE (Rental, Homeownership):	Rental/Family (Low Income Housing Tax Credits (“HC”) Tax Credit Exchange Program (“TCEP”))
SET ASIDE:	20% @ 25% (HC) 80% @ 60% (HC 20% @ 35% (TCEP) 80% @ 60% (TCEP)
ALLOCATED AMOUNT:	\$1,734,259 9% HC allocation and \$6,650,000 TCEP allocation

1. Background

- a) Prior to the IRS suspension of compliance monitoring due to COVID, Florida Housing’s contracted monitor First Housing Development Corporation (“First Housing”) visited the Silver Oaks on 8/25/2017. The property failed its records and physical reviews, but all items were subsequently cured. The 2020 review was cancelled due to COVID.
- b) Florida Housing became aware of a news article describing residents’ concerns alleging black mold and a “rodent nightmare.” We immediately reached out to ownership and management of Silver Oaks for their response, action plan and timetable for remediation. First Housing will be on-site to conduct a review of Silver Oaks on 5/3/2021.
- c) Southport’s initial response addressed the actions that have been taken thus far to address sewage leaks and sewer/sanitary backups. Management has reported that all residential building sanitary lines have been scoped and jetted over the last few months. This process identified some areas with foreign objects in the pipes and some areas with sagging pipes and tree root intrusion. Management solicited bids and reports that repair work is in progress.
- d) Management also advised that Cambridge Management had been performing quarterly housekeeping inspections until they were suspended due to COVID. Their first inspection this year was noticed 4/15/2022 and would occur 4/19 – 4/21. Southport’s response did not address remediation for the reported “mold” and rodent issues. Florida Housing requested clarification regarding Cambridge’s policy to only inspect units quarterly, rather than monthly. In addition, Florida Housing requested Southport address plans for mold remediation/air quality as well as their plan for vermin exclusion.

ASSET MANAGEMENT

Information

- e) In Southport's subsequent response received 4/21/2022, management shared:
- (1) "Cambridge has two pest control companies working on inspections, and bids for preventative maintenance/measures. Preventative measures would include building exclusion if needed, exterior bait stations, and additional interior treatments if recommended. Pest control will be doing a full spread for insects next week with a clean out. Additionally, tree and shrub work will commence immediately to trim trees and other vegetation away from the buildings.
 - (2) During the inspections units are also being inspected for organic growth. Organic growth that appears to be more than surface are immediately inspected, verify all leaks or moisture sources are remedied prior to repairing the area. Once repairs are made management will inspect after to ensure repairs holding and there are no further moisture issues. We will initiate an air quality control test if we feel we cannot remedy the situation in household. If a resident requests an air quality control test after the repair is remedied, we will request one from a certified vendor. However, we advise the resident that if there are no findings, they are responsible for the cost of the test. If any adverse findings are reported in the test results, management will pay for the test. Many times, if surface mildew or organic growth are found it can be remedied with a clean up using authorized mildew/growth cleaners. (Clorox wipes, etc.) Some may be a resident issues, and some may be a unit issue. We review and determine how to handle each issue based on the situation itself. For surface issues for example, are the residents running the HVAC, oven vent fan while cooking, exhaust fan during and after showering, running HVAC while windows and doors are open. Residents are counseled on best practices, including insuring they know how to operate thermostats, vents, etc. Residents are encouraged to report any organic growth concerns immediately to management. Organic growth concerns and reports are deemed immediate needs and processed as fast as possible. Each property is governed by a MMP (moisture management plan). The property staff abide by that as well as Cambridge Management policies and procedures on remediation."
- f) On 5/25/2022, First Housing issued the report of their 5/3/2022 special site inspection requested by Florida Housing. Noncompliance issues were found in all 16 of the occupied units inspected and 3 of the 4 vacant units inspected. Unit noncompliance included inoperable and/or missing smoke detectors, drywall damage and holes in walls, missing stove drip pan, missing stove knobs, broken blinds, broken closet, missing or broken cabinet doors, toilet in need of repair, fire extinguishers expired or missing, refrigerator not working properly, inoperable dishwasher, dishwasher needing repairs, lights not working properly, broken door locks, broken door frames, boarded windows, ripped screens, roaches observed in one unit, poor housekeeping observed in 3 units as well as other issues. Management's response was due no later than 6/24/2022.
- g) Management reported they had contracted with a pest control company for rodent control throughout the exterior of the property. Rodent baits and exclusions were reportedly completed on 4/25/2022. In addition, management reported that a cleanout pest control service for all residential units occurred on April 26-29, 2022 and would be continued with a routine bi-monthly service.

ASSET MANAGEMENT

Information

Management also reported they had contracted with a plumbing company to drain and clean drain lines in 7 buildings and in specific units to restore proper flow. The plumbing contractor was working to replace the drain in Building D's breezeway on the day of the review. Management estimated the plumbing project would take a few weeks to complete.

2. Present Situation

- a) First Housing received and evaluated management's response and documentation regarding the outstanding noncompliance issues and has noted that the only remaining issue is the work that is continuing on the drain lines to restore proper flow. This work is being conducted on a building by building basis. Management reported that half of the repairs/building have been completed and the other half will start the first week of August. Management estimates this project will be complete by the end of September.

ASSET MANAGEMENT

Information

C. Florida Housing Multifamily Rental Portfolio Compliance Dashboard

1. Background/Present Situation

- a) Florida Housing's Management Review and Physical Inspection (MRPI) includes a review of records such as application for residency, tenant income certification/recertification and income verification documents, leases, rent rolls and regulatory agreements (Land Use Restriction Agreement and/or Extended Low-Income Housing Agreement). Physical Inspections include the interior/exterior of residential building and common areas, and a review of general site conditions- landscape, sidewalks, and pave areas.
- b) To arrive at the information presented below, data on all reviews conducted from 1/1/2018 through 6/30/2022 was analyzed. It is important to note, that from 4/1/2020 to 9/30/2021, Florida Housing conducted no on-site, physical inspections due health and safety risks associated with COVID-19; only desk-top reviews of tenant files were completed during this period.
 - During the study period, Florida Housing conducted, 3,254 MRPI Reports of 1,333 different developments.
 - 89% of all MRPIs conducted during the study period were successfully closed.
 - Of the 358 open reviews from the study period, 40% of developments and 45% of owners have unsatisfactory ratings for examination of records.
 - Of the 358 open reviews from the study period, 42% of developments and 36% of owners have unsatisfactory rating(s) regarding physical condition of the development.
 - Of the 358 open reviews from the study period, 27% of owners have deficiencies in both the examination of record and physical inspection categories.

FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for June 30, 2022.

1. Background/Present Situation

- a) The Financial Analysis for June, 2022, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending June 30, 2022, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

Information

I. 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 6/30/22, one (1) multifamily development remains 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 99%, as reflected below:

Portfolio Risk Exposure

As of 6/30/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12
\$4.9M	\$5.0M	\$5.1M	\$5.2M	\$19.9M	\$20.4	\$30.9M	\$59.4M	\$158.9M	\$306.5M	\$468.5M

- 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

Information

Refinancing Activity

	As of 6/30/22	2021		2020	2019	2018	2017	2016	2015	2014	2013	2012
Loans (#):	0	0		0	2	0	1	5	17	22	22	9
Risk ceded (\$):	n/a	n/a		n/a	\$14.4M	n/a	\$10.2M	\$27.6M	\$100M	\$136.8M	\$149.4M	\$84M

- 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 \$144 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "AA-f" by Standard & Poor's as of June 30, 2021.

C. Current Ratings (Insurer Financial Strength)

1. Background/Present Situation

Standard & Poor's: May 2020 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 0.03:1 as of 6/30/22. Capital not needed to support the outstanding Guarantees has been made available to the SAIL program for use in the 2016-2018 and 2019 competitive solicitations. Specifically, \$40 million was made available to workforce housing and the remaining \$78 million to SAIL.

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

^[1] Standard & Poor's, "Florida Affordable Housing Guarantee Fund", May 21, 2020, 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. Fitch Ratings 2021 surveillance was concluded on August 18, 2021 and resulted in Review-No Action of the rating.

MULTIFAMILY PROGRAMS

Information

I. MULTIFAMILY PROGRAMS

A. 2022 Construction Housing Inflation Response Program (CHIRP) Update

1. Background/Present Situation

- a) The Invitation to Participate (ITP) was issued on May 9, 2022. Responses to the ITP must be received by the Corporation no later than July 5, 2022. 67 responses were received. A complete list of the responses received can be found on the ITP Website (accessible [here](#)).
- b) In addition, the following final Credit Underwriting Reports have been received:

CHIRP APP #	Date CHIRP app Received	Development Name	Original App Award #	Additional Funding Amounts	CUR Status
CHIRP22-2021-090C	5/11/2022	Blue Sky Landing II	2021-090C	\$155,452 (Housing Credits)	New – Exhibit A
CHIRP22-2021-081C	5/10/2022	Tanager Square	2021-081C	\$500,000 (Housing Credits)	New – Exhibit B
CHIRP22-2020-173C	5/10/2022	Tranquility at Milton	2020-173C	\$500,000 (Housing Credits)	Update – Exhibit C
CHIRP22-2021-017C	5/19/2022	Pinnacle 441	2021-017C	\$500,000 (Housing Credits)	New – Exhibit D

- c) The following final Credit Underwriting Reports are included in the Consent Agenda:

CHIRP APP #	Date CHIRP app Received	Development Name	Original App Award #	Additional Funding Amounts	CUR Status
CHIRP22-2021-304CS	5/11/2022	Southwest Hammocks	2021-304CS	\$4,300,000 (NHTF)	New
CHIRP22-2021-253BSN	5/12/2022	Arbor Park	2021-253BSN	\$3,945,236 (Loan)	New
CHIRP22-2020-419BS	5/10/2022	Arbours at Quincy	2020-419BS	\$2,711,957 (Loan)	Update

MULTIFAMILY PROGRAMS

Information

B. RFA Update

1. Background/Present Situation

- a) A general RFA workshop for the 2022/2023 funding cycle was held on July 12, 2022.

C. Rule Update

1. Background/Present Situation

- a) Rule Chapters 67-21, 67-48, and 67-60, F.A.C. were effective July 6, 2022.

MULTIFAMILY PROGRAMS

Information

D. The developments listed below have requested an approval to increase their hard cost contingency during credit underwriting:

1. Background/Present Situation

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board granted staff ability to approve contingency reserve increases upon recommendation by the Credit Underwriter. This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the rule in place at the time of the below Applications, Rule Chapter 67-48.0072(19), F.A.C. stated:

(19) Contingency reserves which total no more than 5 percent of total actual construction costs (hard costs) and total general development costs (soft costs) for Redevelopment and Developments where 50 percent or more of the units are new construction may be included within the Total Development Cost for Application and underwriting purposes. Contingency reserves which total no more than 15 percent of total actual construction costs (hard costs) and no more than 5 percent of total general development costs (soft costs) for Rehabilitation, Moderate Rehabilitation, Substantial Rehabilitation, and Preservation may be included within the Total Development Cost for Application and underwriting purposes; however, in the event financing is obtained through a federal government rehabilitation program, a contingency reserve up to 20 percent may be utilized if required by the program. Contingency reserves shall not be paid from SAIL or HOME funds.

c) The following Developments have made a request to increase their hard cost contingency reserve at the recommendation of the Credit Underwriter:

Development	Application Number	From	To
Blue Sky Landing II	2021-090C/2022-267C	5%	8%
Pinnacle 441	2021-017C	5%	7%
Southwest Hammocks	2021-304CS	5%	7%

MULTIFAMILY PROGRAMS

Information

E. The development listed below has requested to change its Development Type:

1. Background/Present Situation

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board granted staff ability to approve changes to the Development Type (e.g. Garden Apartments, Townhouses, High-Rise, etc.). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the rule in place at the time of the below Application, Rule Chapter 67-48.004(3)(g), F.A.C. stated:

(3) For the SAIL, HOME and Housing Credit Programs, notwithstanding any other provision of these rules, the following items as identified by the Applicant in the Application must be maintained and cannot be changed by the Applicant after the applicable submission, unless provided otherwise below:

(g) Development Type;

c) The following Development has made a request to make a change in their Development Type and staff has approved the request:

Development	Application Number	From	To
Vincentian Village	2022-255CSN	High-Rise	Mi-Rise, 5 to 6-stories

MULTIFAMILY PROGRAMS

Information

F. The developments listed below have requested approval to allow one subcontractor to exceed the 20% limitation:

1. Background/Present Situation

- a) On March 12, 2021, the Board delegated authority to staff to approve the 20% subcontractor limitation set forth in Rule Chapters 67-48.0072(17)(f), F.A.C. (2014) and 67-48.0072(17)(g)1, F.A.C. (2020), as stated below, respectively:

(17) The General Contractor must meet the following conditions;

(f) Ensure that not more than 20 percent of the construction cost is subcontracted to any one entity, with the exception of a subcontractor contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Board for a specific Development. With regard to said approval, the Board shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees.

And

(17) The General Contractor must meet the following conditions;

(g) For Developments with a Development category of new construction, unless otherwise approved by the Board for a specific Development, ensure that not more than 20 percent of the construction cost, not to include the General Contractor fee or pass-through fees paid by the General Contractor, is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor):

1. Contracted to deliver the building shell of a building less than five (5) stories which may not have more than 25 percent of the construction cost in a subcontract, unless otherwise approved by the Board for specific Development; or

- b) Staff, in conjunction with review by the credit underwriters and construction consultants, and receipt of positive recommendations from the underwriter, has approved the below requests to allow one subcontractor to exceed the 20% limitation. In the case of Residences at Equality Park, because FHFC became aware of the excess through the cost certification review, after the work had been completed, no General Contractor Fee or Developer Fee will be allowed on the subcontract amounts that surpass the maximum contract amount allowed under Rule 67-48.0072(17)(f), F.A.C. If the General Contractor Fee on this amount has already been paid to the General Contractor, it will be paid out of the Developer's profit and reflected as a subset of the Developer Fee on the Development Final Cost Certification.

MULTIFAMILY PROGRAMS

Information

Development	Application Number	Dollar Amount of Contract	Percentage of Contract
Residences at Equality Park	2016-332CL/2017-282CL	\$1,879,940	23.4%
Southwest Hammocks	2021-304CS	\$5,289,700	27.6%

MULTIFAMILY PROGRAMS

Information

G. The developments listed below have requested funding for the Construction Housing Inflation Response Program (CHIRP):

1. Background/Present Situation

- a) On May 24, 2022, Florida Housing issued 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). The following Applications have submitted CHIRP Applications and received a positive recommendation from their respective credit underwriter for additional 9% Housing Credits in the amounts presented below. All developments listed below either have or will receive a Carryover Allocation for the total Allocation amount listed below.

Development	Application Number	Original Allocation	CHIRP Allocation	Total Allocation
Blue Sky Landing II	2021-090C/2022-267C	\$1,675,000	\$155,452	\$1,830,452
Tanager Square	2021-081C/2022-266C	\$1,600,000	\$500,000	\$2,100,000
Pinnacle 441	2021-017C	\$2,882,000	\$500,000	\$3,382,000
Tranquility at Milton	2020-173C/2021-335C	\$1,200,000	\$500,000	\$1,700,000

MULTIFAMILY PROGRAMS

Information

H. The following development has requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs in their application since the last Board Meeting:

1. Background/Present Situation

- a) The Quarry II (RFA 2017-107/2018-065CS and RFA 2018-109/2018-338V)
The borrower has requested to change the following and the scoring of the application will remain unaffected.
- (1) *Green Building Feature from "Energy efficient windows in each unit" to "Eco-friendly cabinets – formaldehyde free and material must be certified by the Forest Stewardship Council or a certification program endorsed by the Programme for the Endorsement of Forest Certification"*
- (2) *Unit Mix from "28 one bedroom/one bath, 72 two bedroom/two bath, 12 three bedroom/two bath" to "28 one bedroom/one bath, 72 two bedroom/two bath, 8 three bedroom/two bath, 4 three bedroom/three bath". The 112 total units are unchanged.*
- b) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Use Agreement(s) for the developments as appropriate.

MULTIFAMILY PROGRAMS

Information

I. The development listed below has requested changes to the Land Use Restriction Agreement and Extended Use Agreement:

1. Background/Present Situation

- a) Mary Bethune Highrise (2016-104B/2016-568C) is a MMRB and 4% Housing Credit Development. The Land Use Restriction Agreement (LURA) was recorded in Hillsborough County on June 28, 2019 and the Extended Low-Income Housing Agreement (EUA) was recorded in Hillsborough County on December 2, 2020.
- b) On April 6, 2022, staff received a letter from the Owner requesting to amend the number of bathrooms in the two-bedroom units within the LURA and EUA.
- c) Staff will amend the LURA and the EUA as appropriate.

NATURAL DISASTERS UPDATE

Information

I. NATURAL DISASTERS UPDATE

A. Hurricane Michael

1. Background/Present Situation

- a) Florida Housing had 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) Reported Hurricane Michael damage at all forty-one developments was complete as of May 31, 2022.
- d) The current status of Hurricane Michael related Requests for Applications (RFAs) and developments awarded funding through those RFAs is attached as [Exhibit A](#).

B. Hurricane Sally

1. Background/Present Situation

- a) Florida Housing has 113 developments in its portfolio located in the 14 counties declared a major disaster due to Hurricane Sally. Of the 21 developments that reported mostly limited damage, 20 have completed all repairs. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Sally is attached as [Exhibit B](#). No households were displaced by the storm.

C. Hurricane Eta

1. Background/Present Situation

- a) Damage reports received indicated limited to moderate damage to roofs and windows combined with limited landscape damage. Of the 34 properties that sustained damage, 33 have completed all repair work as of December 31, 2021. Thirty (30) households were displaced due to flooding at Glorieta Gardens in Opa-Locka, Miami-Dade County. As of July 15, 2021, management reported 2 households remain displaced and 21 units are out of service. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA is attached as [Exhibit C](#).

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. The following development has requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs

1. Background/Present Situation

- a) Holly Cove Apartments / 1995 Universal Cycle / 96S-011 / 95L-505: The borrower has requested to change the requirement that "All units shall be fully equipped with wall to wall carpeting." to "All units must contain either carpet or vinyl flooring." The scoring of the application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Use Agreement(s) for the developments as appropriate.

B. The developments listed below have requested to change their Development Type:

1. Background/Present Situation

- a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board approved to allow staff to approve changes to the Development Type (e.g. Garden Apartments, Townhouses, High-Rise, etc.). This action was ratified by the Board at the April 29, 2022 Board Meeting.
- b) Under the rule in place at the time of the below Applications, Rule Chapter 67-48.004(3)(g) (effective 5/18/2021), F.A.C. stated:

(3) For the SAIL, HOME and Housing Credit Programs, notwithstanding any other provision of these rules, the following items as identified by the Applicant in the Application must be maintained and cannot be changed by the Applicant after the applicable submission, unless provided otherwise below:

(g) Development Type;

- c) And Rule Chapter 67-21.003(8)(g) (effective 5/18/2021), F.A.C. stated:

(8) Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application is deemed complete. Those items are as follows:

(g) Development Type;

- d) The following Developments have made requests to make a change in their Development Type and staff has approved the requests:

Development	Application Number	From	To
Falcon Trace II	2022-186S	Mid-Rise, 4-stories	Garden Apartments

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

I. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs

1. Background/Present Situation

- a) Florida Housing's Homebuyer Loan 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 four active first mortgage programs; the Florida First Government Loan Program (Government Loan Program), the Fannie Mae HFA Preferred Conventional Loan Program (HFA Preferred), the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage), the Florida Hometown Heroes Housing Loan Program (Hometown Heroes).
- 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 U.S. 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.
- c) The HFA Preferred and HFA Advantage programs offer first mortgage loan products developed specifically for state housing finance agencies. These programs are offered both as bond-financed products as well as forward delivery "To Be Announced" (TBA) products in conjunction with our TBA Program Administrator, Hilltop Securities. Single Family Program Staff sets daily mortgage interest rates for the TBA loans based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers 30-year, fixed-rate mortgages.
- d) Borrowers at or below 80% of the area median income (AMI) benefit from lower mortgage insurance costs on these loans when compared to other conventional mortgage products, as well as similar government-insured loans such as FHA.
- e) Hometown Heroes was launched June 1, 2022. The Florida Legislature appropriated \$100 million in the 2022 state budget to be used as a revolving source of funds to make homeownership more affordable by providing down payment and closing cost assistance to income-qualified, first-time homebuyers who are frontline community workers. Veterans and active duty military personnel previously assisted with our Salute Our Soldiers Military Loan program are also being included in this new program. Eligible borrowers can receive up to 5% of their first mortgage loan amount (a maximum of \$25,000) in assistance to help them purchase a primary residence in the community in which they work and serve. The 30 year 0% deferred repayment second mortgage is combined with one of Florida Housing's Homebuyer Loan Program's low interest rate first mortgage loans. It is anticipated that this initial amount of funding will allow us to assist between 5000-6000 borrowers. As of July 25, 2022, we had 837 loan reservations totaling over \$233 million in first mortgage

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

loan volume, paired with \$12.1 million of downpayment and closing cost assistance.

- f) With the launch of Hometown Heroes, the SOS Military Loan Program is no longer accepting new loan reservations. The Program offered our veterans and active duty military service personnel 30-year, fixed-rate first mortgage loans with lower interest rates than our standard loan programs along with several down payment assistance options. We have exceeded the original \$8 million dollars of DPA allocated for this program. As of July 22, 2022, our Lenders had originated 1,167 loans totaling over \$298 million in first mortgage loan volume and over \$9.4 million in DPA assistance. We will provide final program numbers when the remaining loans are purchased by US Bank.
- g) Florida Housing offers qualified homebuyers DPA in the form of a second mortgage loan in conjunction with our first mortgage loan programs. Our Florida Assist loan is a 0% interest, non-amortizing, deferred payment loan in the amount of \$10,000. This second mortgage program serves homebuyers with an AMI of up to 120%, adjusted for household size. It is repayable in the event the home is sold, refinanced, deed is transferred, or the home is no longer the borrower's primary residence.
- h) The HFA Preferred PLUS and the HFA Advantage PLUS programs offer 3%, 4% and 5% of the loan amount in DPA as forgivable second mortgage loans. These loans are forgiven 20% annually over a 5-year period unless the home is sold, refinanced, deed transferred, or is no longer the borrower's primary residence. If any of these actions occur prior to the 5-year forgiveness period, any unforgiven balance becomes due and payable.
- i) We also offer an amortizing second mortgage product, the Homebuyer Loan Program (HLP) Second Mortgage. This product 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.
- j) Single Family Program Staff continually offers a three-hour, Department of Business and Professional Regulation (DBPR)-approved continuing education (CE) course for realtors. This course is coordinated through local realtor boards throughout the state. Realtors who attend these classes receive a general three-hour CE credit while learning about our Homebuyer Loan Programs and other affordable housing programs available to their potential homebuyers. Florida Housing has permanent approval from DBPR to offer the class via webinar (online) format. We have found this format to be highly effective in attracting more realtors to the classes while eliminating travel costs entirely. Some local realtor organizations have expressed an interest in having us offer in-person classes again. Staff will resume in-person presentations, where feasible, once the realtor boards are able to guarantee a minimum of 25 realtors for each class. Since June 3rd, 2022, we have held online classes for the following realtor associations; Ocala/Marion County Association of Realtors® (2), Pinellas REALTOR® Organization & Central Pasco REALTOR® Organization, West Pasco Board of Realtors (2), West Volusia Association of REALTORS, Lakeland REALTORS®, Miami Association of Realtors, East Polk County Association of Realtors, Lake City Board of Realtors®, Inc, Florida Keys Board of Realtors, Royal Palm Coast REALTOR® Association, Naples Area Board of REALTORS®, Pensacola Association of REALTORS®, Space Coast Association of REALTORS®, Emerald Coast Association of REALTORS®,

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

Greater Tampa REALTORS®, Broward, Palm Beaches & St. Lucie Realtors. Approximately 1,372 realtors attended these classes. We have provided an additional seven Hometown Heroes realtor specific training classes attended by approximately 900 realtors.

- k) Single Family Program Staff also conducts telephonic and webinar trainings for lender partners throughout the state. Lender trainings generally consist of program requirements and recent updates, system training with our compliance administrator (eHousingPlus) and first mortgage and servicer requirements and updates with our master servicer (US Bank Home Mortgage). Together, Florida Housing, eHousingPlus 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. We have conducted 14 Hometown Heroes lender specific live Webinars with a total of 5,140 lender attendees. We've also begun offering a series of "Lunch & Learn" calls for our lenders, covering various topics of interest. Our most recent class to discuss GSE AMI Limits was attended by over 313 staff members from our Participating Lenders.

- l) Additionally, we partner with other stakeholders such as mortgage insurance (MI) providers and the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, to better educate and inform our Participating Lenders of recent industry changes. On July 20, 2022, we partnered with a leading employer, BayCare Health Systems, to conduct a Hometown Heroes webinar directly a group of their employees. BayCare is a not-for-profit health care system that provides a wide range of services at hundreds of locations in the Tampa Bay and West Central Florida regions. BayCare operates an integrated system operating 15 hospitals and is one of the largest employers in the bay area, with 27,739 team members. This initial presentation was attended by 150 employees from St. Joseph Hospital in Tampa. We plan to offer additional trainings as requested by their Human Resources Staff.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

HOMEBUYER LOAN PROGRAMS SUMMARY

	2021 HLP Program Totals	2022 HLP Program Totals	2022 HLP Government Loan Programs Totals	2022 HLP Conventional Loan Programs Totals
Average 1 st Mortgage Loan Amount	\$196,813.00	\$219,473	\$225,033	\$208,589
Average Acquisition Price	\$204,282.00	\$225,664	\$228,774	\$219,577
Average Compliance Income	\$53,192.00	\$58,367	\$59,022	\$57,086
County Area Median Income %	67%	70%	70%	75%
Total Purchased 1 st Mortgage Loan Amounts	\$840,786,523.00	\$454,985,594	\$308,652,679	\$146,332,915
Total # of Units	4,272	2,079	1,376	703

*Based on credit qualifying income, not MRB Limits

2022 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount	DPA
Duval	388	\$85,800,870.80	\$3,770,321.00
Polk	137	\$29,672,389.83	\$1,336,168.00
Pasco	121	\$25,215,112.32	\$1,127,931.00
Leon	111	\$19,460,330.36	\$1,056,794.00
Hillsborough	106	\$25,541,911.75	\$1,045,819.00
Okaloosa	77	\$20,008,104.30	\$761,098.00
Escambia	75	\$14,410,574.26	\$737,888.00
Volusia	75	\$17,467,150.03	\$728,909.00
Pinellas	62	\$13,471,508.93	\$588,024.00
Brevard	59	\$13,199,980.87	\$577,786.00

FHFC Performance Dashboard

Quarter 2 2022

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 Q2/2022 226 active and approved lenders. (Target: 50)	Homebuyer Loan Programs: Average Acquisition Price Average Homebuyer Income	Q2/2022 Price: \$228,470 Homebuyer Income: \$59,375
Homebuyer Loan Programs First Mortgage Loan and Down Payment Assistance (DPA): Purchase Totals	First Mortgages Q2/2022: \$216,993,845 DPA Q2/2022: \$9,405,197	Homebuyer Loan Programs Top 5 Counties for Originations	Q2/2022 (# of Loans: \$ Total) Duval (168 Loans: \$37,668,659) Pasco (58 Loans: \$12,328,913) Polk (57 Loans: \$12,731,455) Leon (53 Loans: \$9,493,815) Okaloosa (52 Loans: \$13,767,044)
Number of Local Governments Participating in the State Housing Initiative Partnership Program with Approved Local Housing Assistance Plans	End of Q2/2022 121 local governments have approved LHAPs (Target: Maintain at least 110 local governments with approved and active LHAPs)	Searches for Affordable Rentals on Housing Locator Website	Q2/2022 290,839 searches conducted
HOME Allocation and Commitment Status	On pace for all commitments and disbursements	FHFC Rental Portfolio Occupancy Rate Statewide	Period Ending 05/31/22: 97.66% (Target 93%-95%)
RENTAL			
Performance Measures	Data	Informational Indicators	Data
Guarantee Fund Risk-to-Capital Ratio	End of Q2/2022: .03:1 (Maintain no more than a 5.00:1 leverage ratio)	Maturing Loans Data	2022 2 SAIL Loans: 192 Units 2023 Anticipated 12 SAIL Loans: 1,195 Units 1 HOME Loans: 15 Units
Guarantee Fund Insurer Ratings	Standard & Poor's: A+/Stable (as of 05/21/20) 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 (2022) Public Housing: \$15,337 HUD Properties: \$12,153 USDA RD Properties: \$19,405 FHFC Properties: \$26,183 All Florida Renters: \$58,026
Amount of State Appropriated Rental Funding Awarded*	Q2/2022 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 (2022) Public Housing: \$350 HUD Properties: \$283 USDA RD Properties: Unavailable FHFC Properties (All): \$821 FHFC Properties (w/Rental Assist): \$326 FHFC Properties (w/o Rental Assist): \$985 All Florida Renters: \$1,304
Eligibility for National Pool of Low Income Housing Tax Credits	Most recent eligibility period Received 2022 National Pool Housing Credits		
Percentage of SAIL Funds Awarded across each Demographic Group Compared to Reserved Allocation Percentages	FY 2021-22 Funds Allocation Reserved compared to Actual Awarded (Q2/2022) Farm/Fishworkers (5% - 4.20%) Homeless (10% - 9.22%) Special Needs (13% - 3.87%) Elderly (25% - 22.11%) Families (47% - 45.74%)		
Percentage of SAIL Funds Awarded across Small, Medium and Large Counties	FY 2021-22 Funds Allocation Reserved compared to Actual Awarded (Q2/2022) Small Counties (10% - 10.77%) Medium Counties (36.2% - 27.85%) Large Counties (53.8% - 46.5%)		
Total/Affordable Units in FHFC Portfolio	End of Q2/2022 Total: 241,583 Affordable: 221,818 ELI: 19,795 Homeless/Special Needs: 9,562 (includes 4,057 Link units)		
OPERATIONS			
Performance Measures	Data	Informational Indicators	Data
Budgeted Total Operating Expenses to Actual Total Operating Expenses*	Period Ending 04/30/22 Under budget (Target: Not to exceed budget by more than 10%)		
Board Engagement: Attendance & Attainment of Quorum*	Q2/2022 Board Meetings April: 6 of 7 seated members present June: 7 of 7 seated members present (Target: Quorum - five members present)		

*DEO/FHFC Contract Measure