

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
March 4, 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 come from health and safety issues, namely the pest and rodent infestations,

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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.

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- 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.

2. Present Situation

- a) First Housing plans to conduct a follow up review in early/mid-April to assess progress on eradication of the rodent issue.
- b) First Housing has not received documentation regarding the two noncompliant units from the 12/6/2021 review and have sent a follow up inquiry to Hilltop Village for response.
- c) 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.
- d) 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.

FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for December 31, 2021.

1. Background/Present Situation

- a) The Financial Analysis for December 31, 2021, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending December 31, 2021, 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 1/31/22, 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 1/31/22 | 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 |
|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| \$5.0M | \$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 1/31/22 | 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/Current 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 1/31/22. 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 BONDS

Information

I. MULTIFAMILY BONDS

A. Changes to Unit Mix and/or Construction Features and Amenities

1. Background/Present Situation

- a) The following development has requested, and staff approved, changes to the Unit Mix in their Application since the last Board Meeting:
 - (1) Boulevard Tower 2 fka WRDG T3C (2020 Series C / RFA 2018-114 / 2019-019BS / 2018-529C) The Land Use Restriction Agreements are being amended to revise the Unit Mix as follows:
 - (a) Original
 - (i) 15 One Bedroom/One Bath
 - (ii) 74 Two Bedroom/Two Bath
 - (iii) 30 Three Bedroom/Two Bath
 - (b) Revised
 - (i) 15 One Bedroom/One Bath
 - (ii) 67 Two Bedroom/Two Bath
 - (iii) 37 Three Bedroom/Two Bath
 - (2) Scoring of the Application remains unaffected.
 - (3) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Use Agreement(s) for the development as appropriate.

MULTIFAMILY PROGRAMS

Information

I. MULTIFAMILY PROGRAMS

A. RFA Updates

1. Background/Present Situation

- a) The Application Deadline for RFA 2022-103 Housing Credit And SAIL Financing To Develop Housing For Homeless Persons was February 15, 2022. 8 Applications were received.
- b) The Application Deadline for RFA 2022-106 Financing To Develop Housing For Persons With Disabling Conditions / Developmental Disabilities was February 17, 2022. 1 Application was received.
- c) A workshop for RFA 2022-208 SAIL Financing for the Construction of Workforce Housing was held January 26, 2022. Staff plans to issue the RFA on March 7, 2022, with an Application Deadline of March 31, 2022.
- d) A second workshop for RFA 2022-210 Permanent Supportive Housing Focusing On Best Practices And Funding For Tenancy Supports And Resident Services Coordination For High Utilizers Of Public Behavioral Health Systems was held on February 2, 2022.

B. Rule Development Update

1. Background/Present Situation

- a) A rule development workshop was held on February 17, 2022. Staff expects to present the Notice of Proposed Rule to the Board for approval on April 29, 2022.

MULTIFAMILY PROGRAMS

Information

- C. The development listed below has requested approval to allow one subcontractor to exceed the 20% limitation set forth in 67-21.014(2)(r)7, 67-21.026(13)(f), and 67-48.0072(17)(g) F.A.C. (2017)¹

1. **Background/Present Situation**

- a) Pembroke Tower Apartments (2018-040BS/2016-573C) is a 4% Housing Credit Development.
- (1) On December 16, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Vaughn Bay Construction, Inc. (“Vaughn”), the General Contractor (GC), to subcontract more than 20% of the construction costs to one entity, Integrated Apartment Services, Inc. (“IAS”). The original subcontract amount with IAS was below the 20% limitation; however, there were 22 change orders issued for items that were not in the original plans, developer’s scope of work or were owner’s upgrades. In addition, there were firewalls not in place behind tub walls and unit separations that the Fire Marshall required to be completed. This additional work caused the payments to IAS to exceed the 20% subcontractor limit by approximately 2.79%. Seltzer Management Group, LLC (“Seltzer”), the underwriter on this transaction in conjunction with On Solid Ground, LLC (“OSG”) the construction consultant engaged by Seltzer, found that the costs were reasonable for the scope of work performed and recommended approval of the request.
- (2) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, because FHFC became aware of the excess 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 Rules 67-21.014(2)(r)7, 67-21.026(13)(f), and 67-48.0072(17)(g), 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.

¹ As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rules 67-21.014, 67-21.026, and 67-48.0072, F.A.C., with the approval being set forth in future Information items.

MULTIFAMILY PROGRAMS

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D. The development listed below has requested approval to allow one subcontractor to exceed the 20% limitation set forth in 67-48.0072(17)(g) F.A.C. (2017)²

1. Background/Present Situation

- a) Residences at Crystal Cove (2018-306CS) is a 9% Housing Credit/SAIL Development.
- (1) On November 16, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Bella Construction Key West, Inc. (“Bella”) to exceed the 20% subcontractor limitation. Bella performed services related to Earth Work, Concrete, and Special Construction for the delivery of the building shell. Due to cost increases in the delivery of materials and the building design (podium) for flood and hurricane purposes, which were directly related to building in a Difficult Development Area, the Development experienced cost overruns causing the subcontractor to exceed the 20% subcontractor limit by approximately 2.6%. Seltzer Management Group, Inc. (“Seltzer”), the underwriter on this transaction in conjunction with GLE Consulting Group (“GLE”) the construction consultant engaged by Seltzer, recommended approval of the request based on GLE’s independent analysis of the reasonableness of the costs incurred by Bella for the work performed.
- (2) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, 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)(g), 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.

² As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rule 67-48.0072, F.A.C., with the approval being set forth in future Information items.

MULTIFAMILY PROGRAMS

Information

E. The development listed below has requested approval to allow one subcontractor to exceed the 20% limitation set forth in 67-48.0072(17)(g) F.A.C. (2017)³

1. Background/Present Situation

- a) Residences at Marathon Key (2018-305CS) is a 9% Housing Credit/SAIL Development.
- (1) On November 16, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Bella Construction Key West, Inc. (“Bella”) to exceed the 20% subcontractor limitation. Bella performed services related to Earth Work and Concrete for the delivery of the four, garden residential building shells. Due to cost increases in the delivery of materials and the building design (podium) for flood and hurricane purposes, which were directly related to building in a Difficult Development Area, the Development experienced cost overruns causing the subcontractor to exceed the 20% subcontractor limit by approximately 4.5%. Seltzer Management Group, Inc. (“Seltzer”), the underwriter on this transaction in conjunction with GLE Consulting Group (“GLE”) the construction consultant engaged by Seltzer, recommended approval of the request based on GLE’s independent analysis of the reasonableness of the costs incurred by Bella for the work performed.
- (2) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, 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)(g), 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.

³ As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rule 67-48.0072, F.A.C., with the approval being set forth in future Information items.

MULTIFAMILY PROGRAMS

Information

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

1. Background/Present Situation

- a) Daytona Gardens Apartments (#2000-080C/2001-001C/2018-100B/2018-523C) is a 9% Housing Credit Development that was resyndicated utilizing Florida Housing Bonds and 4% Housing Credits. The original Extended Low-Income Housing Agreement (“Original EUA”) was recorded in Volusia County on October 18, 2005 and the Assignment and Assumption of Extended Low-Income Housing Agreement was recorded in Volusia County on August 1, 2019. Under the resyndication, the Bond LURA (“LURA”) was recorded in Volusia County on August 1, 2019 and the Extended Low-Income Housing Agreement (“4% EUA”) was recorded in Volusia County on November 5, 2020.
- b) On January 19, 2022, staff received a request from the Applicant to amend Section A in Exhibit B of the Original EUA to update the Unit Mix with correct square footages. The Applicant also requested to amend Section C in Exhibit B to swap “vertical blinds” with “mini-blinds” as well as Section E in Exhibit B to swap “gas water heater with energy factor of .58 or better” with “wall insulation of R-7 (or better) for masonry/concrete block construction”. These features were altered as part of the rehabilitation and the requested amendments will allow the Development to continue to comply with the original EUA requirements
- c) Staff will amend the EUA as appropriate.
- d) Duval Park (2013-111C) is a 9% Housing Credit, SAIL, ELI Development. The SAIL ELI Land Use Restriction Agreement (LURA) was recorded in Pinellas County on October 6, 2014. The Extended Low-Income Housing Agreement (EUA) was recorded in Pinellas County on March 24, 2016.
- e) Staff noted Section 3(a) of the EUA did not include the Extremely Low Income (ELI) conversion language as required by the RFA.
- f) Staff will amend the EUA as appropriate.
- g) Residences at Equality Park (2016-332CL/2017-282CL) is a 9% Housing Credit with Gap Funding Development. The Land Use Restriction Agreement (LURA) was recorded in Broward County on June 21, 2019. The Extended Low-Income Housing Agreement (EUA) was recorded in Broward County on December 29, 2021.
- h) On February 4, 2022, staff received a letter from the Owner requesting a revision to Exhibit A of the Extended Low-Income Housing Agreement (EUA) to correct the legal description recorded with the EUA.
- i) On February 17, 2022, staff received a letter from the Owner requesting a correction to the Owner name on the Extended Low-Income Housing Agreement (EUA).
- j) Staff will amend the Extended Low-Income Housing Agreement (EUA) as appropriate.

MULTIFAMILY PROGRAMS

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- k) Pelican Pointe Apartments (2016-181BS/2016-522C) is a SAIL, MMRB, 4% Housing Credit Development. The SAIL Land Use Restriction Agreement (“SAIL LURA”) was recorded in Bay County on March 21, 2017. The First Amendment to Land Use Restriction Agreement (“SAIL First Amendment”) was recorded in Bay County on November 15, 2017. The Bond Land Use Restriction Agreement (“Bond LURA”) was recorded in Bay County on March 21, 2017. The First Amendment to the Land Use Restriction Agreement (“Bond First Amendment”) was recorded in Bay County on November 15, 2017. The Extended Low-Income Housing Agreement (EUA) was recorded in Bay County on March 23, 2018. The First Amendment to the Extended Low-Income Housing Agreement was recorded in Bay County on November 27, 2018.
- l) Staff noted Section 1(a), Section 2(d), and Section 3(a) of the Extended Low-Income Housing Agreement (EUA) did not include the definition of “Competitive Solicitation”, the percentage of units set-aside for Persons with a Disabling Condition, and the Extremely Low Income (ELI) conversion language as required by the RFA.
- m) Staff will amend the EUA as appropriate.
- n) Clear Pond Estates (2016-183BS/2016-524C) is a SAIL/ELI, MMRB, 4% Housing Credit Development. The SAIL/ELI Land Use Restriction Agreement (SAIL LURA) was recorded in Brevard County on May 16, 2017. The First Amendment to the Land Use Restriction Agreement (SAIL First Amendment) was recorded in Brevard County on May 3, 2018. The Bond Land Use Restriction Agreement (Bond LURA) was recorded in Brevard County on May 16, 2017. The First Amendment to the Land Use Restriction Agreement (Bond First Amendment) was recorded in Brevard County on May 3, 2018. The Extended Low-Income Housing Agreement (EUA) was recorded in Brevard County on December 3, 2018. The First Amendment to the Extended Low-Income Housing Agreement (EUA First Amendment) was recorded in Brevard County on March 12, 2019.
- o) Staff noted Section 1(a), Section 2(d), and Section 3(a) of the EUA did not include the definition of “Competitive Solicitation”, the percentage of units set-aside for Persons with a Disabling Condition as required by the RFA, and the Extremely Low Income (ELI) conversion language as required by the RFA.
- p) Staff will amend the EUA as appropriate.
- q) Cedar Park Apartments (2016-388BS/2016-540C) is a SAIL, ELI, MMRB, 4% Housing Credit Development. The SAIL/ELI Land Use Restriction Agreement (SAIL LURA) was recorded in Columbia County on December 20, 2017. The Bond Land Use Restriction Agreement (Bond LURA) was recorded in Columbia County on December 20, 2017. The Extended Low-Income Housing Agreement (EUA) was recorded in Columbia County on December 21, 2018.
- r) Staff noted Section 2(d) and Section 3(a) of the EUA did not include the correct percentage of units set-aside for Persons with a Disabling Condition or the Extremely Low Income (ELI) conversion language as required by the RFA.
- s) Staff will amend the EUA as appropriate.
- t)

NATURAL DISASTERS UPDATE

Information

I. NATURAL DISASTERS UPDATE

A. Hurricane Michael Updates

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 fell 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 were 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 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. By December 31, 2020, 100% of the previously uninhabitable units were reoccupied¹.
- e) Forty-one developments have completed all work and debris removal. Work on fence replacement at Northgate Terrace II is projected to be completed by March 31, 2022. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Michael is attached as [Exhibit A](#).

¹ The city of Panama City planned to purchase Independence Village (Bay County). The 24 uninhabitable units were demolished and the city plans to replace the units with affordable workforce housing. On June 2, 2021, the city advised that all communications ceased with Independence Village, LLC., whose managing member is Big Bend Community Based Care, Inc. Florida Housing has initiated foreclosure proceedings. Communications resumed and all parties are hopeful a resolution will be reached and the property will be sold to the city of Panama City.

NATURAL DISASTERS UPDATE

Information

- f) The current status of Hurricane Michael related Requests for Applications (RFAs) and developments awarded funding through those RFAs is attached as [Exhibit B](#).

B. Hurricane Sally Update

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, 18 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 C](#). No households were displaced by the storm.

C. Hurricane Eta Update

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 February 15, 2021, management reported 13 households remain displaced. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA is attached as [Exhibit D](#).

D. Tropical Storm Fred Update

1. Background/Present Situation

- a) There was no reported damage from Tropical Storm Fred.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Changes to Construction Features and Amenities

1. Background/Present Situation

- a) 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) Royal Palm Place / RFA 2014-111 / 2014-429S: The borrower has requested to change the Resident Program “After School Program for Children” to “Financial Management Program”. 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.

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 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 Salute Our Soldiers (SOS) Military Loan 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 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) The SOS Military Loan Program offers our veterans and active duty military service personnel 30-year, fixed-rate first mortgage loans with lower interest rates than our standard loan programs. The SOS Military Loan Program also offers several down payment assistance options. This program is available in all 67 counties throughout Florida to borrowers who are purchasing a primary residence, satisfy income and purchase price limits, can qualify for a first mortgage loan, and successfully complete a homebuyer education course. We have allocated \$8 million dollars of DPA for this program which should help over 1,100 military families acquire a home in Florida while generating approximately \$260 million in first mortgage loan volume. As of February 11th, our Lenders have originated 971 loans totaling over \$245 million in first mortgage loan volume and over \$7.4 million in DPA assistance. Of the 971 loans originated, 109 did not use our DPA. These borrowers simply took advantage of the low interest rates and low fees that are available only with the SOS Military Loan Program. We structured this program to offer a lower housing payment and reduced closing costs for our military and veteran buyers.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- f) 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. 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.
- g) The amount of our Florida Assist second mortgage is \$10,000 for all FHA, VA and USDA-RD loans. FHA loans continue to be the gateway to homeownership for most first-time homebuyers, especially those who come from economically disadvantaged backgrounds. The amount of the Florida Assist loan when paired with our conventional first mortgage products is \$7,500.
- 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 received permanent approval from DBPR to continue offering 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 January 1, 2022, we have held online classes for the following realtor associations; REALTOR® Association of Sarasota and Manatee, Broward, Palm Beaches & St. Lucie REALTORS®, and the Greater Tampa REALTORS®. A total of 167 realtors attended these classes.
- k) Single Family Program Staff also conduct 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.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- 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. Since January 1, 2022, we have held online training for Family First Funding Inc., New American Funding, Preferred Lending Services and OVM Financial. Over 60 lending staff attended these trainings.

SINGLE FAMILY HOMEBUYER PROGRAMS

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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 | \$210,296.00 | \$215,430.00 | \$202,193.00 |
| Average Acquisition Price | \$204,282.00 | \$216,315.00 | \$218,402.00 | \$213,021.00 |
| Average Compliance Income | \$53,192.00 | \$54,881.81 | \$56,271.77 | \$52,687.85 |
| County Area Median Income % | 67% | 69% | 67% | 73% |
| Total Purchased 1 st Mortgage Loan Amounts | \$840,786,523.00 | \$110,280,330.00 | \$69,125,765.00 | \$41,154,565.00 |
| Total # of Units | 4,272 | 526 | 322 | 204 |

***based on credit qualifying income, not MRB Limits**

2022 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

| County | Loan Count | Loan Amount | DPA |
|--------------|------------|-----------------|--------------|
| Duval | 99 | \$21,392,315.42 | \$927,359.00 |
| Hillsborough | 37 | \$8,760,447.81 | \$353,257.00 |
| Pasco | 34 | \$6,482,899.91 | \$298,634.00 |
| Polk | 32 | \$6,609,939.70 | \$316,862.00 |
| Leon | 28 | \$4,851,256.45 | \$259,207.00 |
| Pinellas | 23 | \$4,697,989.07 | \$204,333.00 |
| Lee | 21 | \$4,612,107.05 | \$208,139.00 |
| Volusia | 17 | \$3,831,389.26 | \$164,399.00 |
| Clay | 16 | \$3,842,305.38 | \$153,940.00 |
| Escambia | 16 | \$2,976,834.40 | \$159,897.00 |

STRATEGIC PLAN AND PERFORMANCE MEASURES

Information

I. 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 Secretary 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 Secretary 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 4 – 2021 are attached as [Exhibit A](#). Quarterly Informational Indicators for Quarter 4 – 2021 are attached as [Exhibit B](#).

FHFC Performance Dashboard

Quarter 4 2021

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 Q4/2021 236 active and approved lenders. (Target: 50) | Homebuyer Loan Programs: Average Acquisition Price Average Homebuyer Income | Q4/2021 Price: \$213,415 Homebuyer Income: \$54,847 |
| Homebuyer Loan Programs First Mortgage Loan and Down Payment Assistance (DPA): Purchase Totals | First Mortgages Q4/2021: \$200,931,428 DPA Q4/2021: \$9,119,698 | Homebuyer Loan Programs Top 5 Counties for Originations | Q4/2021 (# of Loans: \$ Total) Duval (172 Loans: \$36,601,991) Pasco (72 Loans: \$14,052,555) Hillsborough (63 Loans: \$15,400,891) Polk (57 Loans: \$12,044,277) Leon (47 Loans: \$7,438,034) |
| Number of Local Governments Participating in the State Housing Initiative Partnership Program with Approved Local Housing Assistance Plans | End of Q4/2021 120 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 | Q4/2021: 283,305 searches conducted |
| HOME Allocation and Commitment Status | On pace for all commitments and disbursements | FHFC Rental Portfolio Occupancy Rate Statewide | Period Ending 11/30/21: 97.24% (Target 93%-95%) |
| RENTAL | | | |
| Performance Measures | Data | Informational Indicators | Data |
| Guarantee Fund Risk-to-Capital Ratio | End of Q4/2021: .03:1 (Maintain no more than a 5.00:1 leverage ratio) | Maturing Loans Data | 2020 2 SAIL Loans: 224 Units 1 HOME Loan: 33 Units 2021 Anticipated 3 SAIL Loans: 260 Units 2 HOME Loans: 190 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 (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* | Q4/2021 Six public meetings related to Requests for Applications had been held by the end of the quarter. (Q4 Target: Hold at least one public meeting on one or more draft competitive funding proposals for the current FY funding.) | 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 2020 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 (Q4/2021) Farm/Fishworkers (5% - 0%) Homeless (10% - 0%) Special Needs (13% - 0%) Elderly (25% - 22.1%) Families (47% - 40.35%) | | |
| Percentage of SAIL Funds Awarded across Small, Medium and Large Counties | FY 2021-22 Funds Allocation Reserved compared to Actual Awarded (Q4/2021) Small Counties (10% - 5.39%) Medium Counties (36.2% - 23.62%) Large Counties (53.8% - 33.45%) | | |
| Total/Affordable Units in FHFC Portfolio | End of Q4/2021 Total: 234,328 Affordable: 214,114 ELI: 19,237 Homeless/Special Needs: 9,338 (includes 3,908 Link units) | | |
| OPERATIONS | | | |
| Performance Measures | Data | Informational Indicators | Data |
| Budgeted Total Operating Expenses to Actual Total Operating Expenses* | Period Ending 10/31/21 Under budget (Target: Not to exceed budget by more than 10%) | | |
| Board Engagement: Attendance & Attainment of Quorum* | Q4/2021 Board Meetings October: 6 of 9 seated members present December: 7 of 8 seated members present (Target: Quorum - five members present) | | |

*DEO/FHFC Contract Measure