

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**January 27, 2012**  
**Information Items**



# AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

## *Information*

### **I. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

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

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

- a) Below is a list of developments that have requested changes to the Construction Features & Amenities and/or Resident Programs in their Application since the last Board meeting which staff has approved:
  - (1) Laurel Villas (2009-228C/2010-037CX) has swapped: “Outside recreation facility: Sports court” (2 points) for “Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill” (1 point) and “Library consisting of a minimum of 100 books and 5 current magazine subscriptions” (1 point). This exchange is of equal point value to the amenities originally chosen in the application.
  - (2) Village Carver II (2009-064X) has swapped: “Energy Star rating for all windows in each unit” (1 of 10 green building features) for “Low VOC paint (less than 50 grams per liter) in all units and common areas” (1 of 10 green building features). This exchange is of equal point value to the amenities originally chosen in the application.
- b) Staff will amend the appropriate EUAs and/or LURAs for each of the developments, as appropriate.

# COMMUNICATIONS

## *Information*

### II. COMMUNICATIONS

#### A. Hardest-Hit Fund

##### 1. Background/Present Situation

a) Since the implementation of the statewide launch, Florida Housing has received press on the program in the following media outlets (including print, broadcast and Internet):

- (1) Bay News 9 Tampa
- (2) Boston Today Newspaper
- (3) Bradenton Herald Newspaper
- (4) CBS 4 in Miami
- (5) Clay Today Newspaper
- (6) CitrusDaily.com Online
- (7) Daytona News-Journal Newspaper
- (8) First Coast News.com Online
- (9) Florida Times Union Newspaper
- (10) Florida Today Newspaper
- (11) Herald Tribune Newspaper
- (12) Highlandstoday.com Online
- (13) Housingwire.com Online
- (14) Miami Herald Newspaper
- (15) Mortgageorb.com Online
- (16) News-Press Newspaper in Fort Myers
- (17) NorthEscambia.com Online
- (18) Ocala.com Online
- (19) Ocala Star Banner Newspaper
- (20) Orlando Sentinel
- (21) Palm Beach Post

## **COMMUNICATIONS**

### ***Information***

- (22) Pensacola News Journal Newspaper
- (23) RealEstateRama.com Online
- (24) Stateline.org Online
- (25) St. Augustine Record Newspaper
- (26) St. Pete Times Newspaper
- (27) Sun-Sentinel Newspaper
- (28) TCPalm.com Online
- (29) Tomrollins.com Online
- (30) WBBH Channel 2 Charlotte County
- (31) WDEF News Channel 12 online wdef.com
- (32) WEAR Channel 3 Pensacola
- (33) WESH 2 News Orlando
- (34) WFTV News Orlando
- (35) WJXT Channel 9 Jacksonville
- (36) WOFL Channel 35 Lake Mary
- (37) WPTV Channel 5 West Palm Beach
- (38) WTVT Channel 13 Fox Tampa
- (39) WUFT 89 FM Radio Gainesville
- (40) WZVN ABC Channel 7 Fort Myers

## COMMUNICATIONS

### *Information*

- b) Follow-up articles continue to be monitored, and are being saved and cataloged. Communications staff is monitoring HHF Advisors marketing/outreach for the program in their communities, as well.
- c) Just prior to the end of 2011, staff implemented the use of referral codes as a way for HHF Advisor Agencies to monitor their marketing efforts, and automatically have applicants assigned to their agencies. Referral codes were given to each Advisor Agency for all of the marketing materials available on the HHF Download Center (including distinct codes for English, Spanish and Creole outreach materials). These codes allow for the applicants to be assigned to the Advisor Agency from which they receive marketing materials. Additionally, Agencies are able to track the success of specific outreach methods because they have the ability to assign different codes for each event, marketing material and/or website, etc.
- d) Communications staff joined the recent Bank of America Mortgage Outreach event in the Panhandle. The event was held in four North Florida cities, and received positive press through local news coverage.
- e) In efforts to facilitate and keep the Florida HHF program messaging consistent, Communications staff created and implemented language to be used by all of the Advisor Agencies that choose to market the program via their websites. The standardization of website marketing should also help to “validate” the program in the public, while deterring the formation of scammers and spoof sites.

## COMMUNICATIONS

### *Information*

#### **B. Communications Ongoing Public Relations**

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

- a) As the Corporation works to build relationships with affordable housing advocates and providers, we are continuing our partnership with the Florida Department of Veterans Affairs (DVA) to publicize Florida Housing's programs to the state's Veteran population. To date, DVA has posted information about our homeownership program for military personnel in its newsletter and on its Facebook page. The Department also has showcased homeownership success stories on Veterans who used Florida Housing's programs, in addition to adding a link to the First Time Homebuyer Wizard on the DVA website.
- b) Communications staff continues to implement its plan to revamp the corporate newsletter, *What's Developing*. To date, research is in process, in accordance with the communications plan; also surveys have been created and distributed to affordable housing stakeholders and Florida Housing staff.

**FISCAL**  
***Information***

**III. FISCAL**

**A. Operating Budget Analysis for November 2011**

- a) The Financial Analysis for November 30, 2011, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending November 30, 2011, is attached as [Exhibit B](#).

## **GUARANTEE PROGRAM**

### *Information*

#### **IV. GUARANTEE PROGRAM**

##### **A. Status of the Guarantee Program Portfolio**

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

- a) Since the implementation of the Guarantee Program in 1993, it has guaranteed 120 transactions, facilitating the construction of over 28,000 housing units in Florida. In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. Of the 79 multifamily developments in the Guarantee Program portfolio today, 53 are Risk-Sharing transactions.
- b) As of December 31, 2011, there were no developments in the portfolio in monetary default (due to the borrower's failure to make timely payments on the note).
- c) Since November 2008, there have been eight (8) multifamily claims filed on the Guarantee Program, representing the total (and only) multifamily claims incurred in its 18-year history. The last multifamily claim occurred in April 2010. The chart in Exhibit A reflects the developments that have been foreclosed as of December 31, 2011, listed in chronological order by claim filed date.

##### **B. Guarantee Program Foreclosure Summary ([Exhibit A](#))**

##### **C. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit B](#))**



## HOUSING CREDITS

### *Information*

#### V. HOUSING CREDITS

##### A. Spring Lake Cove I (2007533C)

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

An Extended Low-Income Housing Agreement November 16, 2010. Due to a scrivener's error, the Applicant has requested the number of residential buildings be corrected from six (6) to seven (7) residential buildings.

##### B. Bradenton Village II (2007-145C/2009-007C)

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

On November 28, 2011, the Applicant requested a change in Developer entity from Bradenton Development, LLC as indicated in the Application, to Telesis Miami Corporation, the Sole Managing Member of Bradenton Development, LLC ([Exhibit A](#)). The Development is currently in Credit Underwriting and the request has been approved by the credit underwriter as both entities are affiliates of Telesis Corporation, and therefore have the same level of experience.

## MULTIFAMILY BONDS

### *Information*

#### VI. MULTIFAMILY BONDS

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

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

- a) BCC Apartments has requested changes to the Construction Features & Amenities in its Application and related LURA.
- b) BCC Apartments (2009 Series F), a Family Development, has requested an amendment to the LURA to substitute an emergency call service in all units (3 points) with a community center or clubhouse (3 Points). This change is of equal value to the amenities originally chosen in the application.
- c) Seltzer Management Group has reviewed this request and has recommended approval subject to certain conditions being met. Staff has approved the request subject to these same conditions.
- d) Staff will amend the LURA for the development as appropriate.

## SINGLE FAMILY BONDS

### *Information*

#### VII. SINGLE FAMILY BONDS

##### A. Single Family Professional Development and Outreach

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

- a) Florida Housing continues to honor our commitment to have funds continuously available for qualifying homebuyers through our First Time Homebuyer Program. Florida Housing's Program provides assistance to eligible homebuyers by offering low cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Current allowable mortgage loan products include: Federal Housing Administration (FHA), Department of Veterans Affairs (VA), United States Department of Agriculture - Rural Development (USDA-RD), as well as conventional loan products offered through Fannie Mae and Freddie Mac. These loan products are 100% guaranteed. Borrowers must have a 620 FICO score or higher and must complete a 6-8 hour face-to-face homebuyer education class in order to qualify for assistance through our First Time Homebuyer Program. Our increase from a minimum 600 to a 620 FICO score was a result of closely monitoring Program delinquency data and making the necessary Program changes to ensure that we are helping borrowers not only obtain homeownership but more importantly sustain homeownership. Florida Housing offers qualified homebuyers two down payment and closing cost assistance programs in the form of second mortgage loans. Florida Assist is a 0% deferred payment \$7,500 second mortgage that serves homebuyers with an area median income (AMI) of up to 100%, adjusted for family size. Homeowner Assistance for Moderate Incomes (HAMI) serves households above 100% AMI, up to Program first mortgage income limits. This product provides a qualified buyer with up to \$5,000 of assistance in the form of a 10-year, amortizing second mortgage, currently at a 5% fixed rate. These second mortgage products may only be used in conjunction with Florida Housing's first mortgage products.
- b) Since 2003, Single Family Program Staff has taught a three hour, Department of Business and Professional Regulation (DBPR) approved continuing education ("CE") course for Realtors which is coordinated through local Realtor boards throughout the state. As previously reported in September, our travel costs have, historically, been partially offset by charging a nominal fee to the sponsoring Realtor board based upon the number of participants in attendance. For 2011, we have had a number of classes cancel due to lack of pre-registrations by their members. While class evaluations indicate that Realtors continue to find the course information useful for their prospective homebuyers, we are being told that our fee is to blame for the cancellations. We have discovered that many other CE classes held by these organizations are free of charge. As a result, we agreed to waive our fee in cases where the Realtor board can guarantee increased attendance. We currently have two classes scheduled for January.

## SINGLE FAMILY BONDS

### *Information*

- c) The Single Family Program Staff, in conjunction with our Master Servicer, US Bank, and the program compliance team at eHousing, conducts quarterly lender training webinars. The morning session is held for loan officers and processors, with the afternoon session directed to underwriters, closers, shippers, and post-closing staff. By splitting the training into two webinars, we are better able to target the specific needs of each group. We continue to work with US Bank to convert this training into a 24/7 online educational platform. Although we accept new applications from lending institutions once per year (January), the need for training remains constant throughout the year as new loan officers join already approved lending institutions.
- d) Florida Housing continues to sponsor a toll-free telephone line (800-814-HOME), for first time homebuyers to call for information about our program. For the months of November and December, we received 710 total calls; of which 305 were transferred to the Single Family Staff. The remaining callers that were not transferred to the Single Family Staff were able to receive information by accessing our First Time Homebuyer Wizard tool, which is located on our website. We continue to closely monitor these calls to evaluate the best way to efficiently handle the call volume in the long term.

### **B. Single Family Bonds Information ([Exhibit A](#))**

## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *Information*

#### VIII. SUBORDINATED MORTGAGE INITIATIVE (SMI)

##### A. Program Update

##### 1. Background/Present Situation

- a) As of this date the Board has approved funding for a total of thirty-two (32) Subordinated Mortgage Initiative (SMI) loans. The purpose of these loans is to provide subordinate financing on these developments which are credit enhanced by the Guarantee Program, and determined to be in financial distress, in order to provide temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. Florida Housing provided funding for up to one mortgage payment per each three month period. The developer is required to make the remaining payments. This process is to be repeated for up to twenty-four (24) months, with Florida Housing potentially making up to a total of eight mortgage payments and the developer making a total of sixteen mortgage payments during this period.
- b) Attached as [Exhibit A](#) is a spreadsheet of the status of the SMI loans approved to date. Highlights of the data are as follows:
  - (1) The Board has approved a total of thirty-two (32) SMI loans in the amount of \$19,120,000.
  - (2) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01.
  - (3) \$16,346,302.32 has been disbursed to date.
  - (4) Two (2) loans, representing two different developers, approved in the total amount of \$675,000, have yet to be closed.
  - (5) It does not appear, at this time, that these two loans will be closed due to an inability to obtain the required consent of the investment limited partner.
  - (6) As of December 31, 2011, the final disbursement has been made on twenty-three (23) of the thirty (30) loans closed to date. All accrued interest will be due on these loans twenty four months after the final disbursement. The loan will then be amortized based on a twenty year amortization with a balloon payment due at the end of year six.
  - (7) One loan, Villas at Lake Smart, was paid in full on April 11, 2011. There was \$151,730.22 in undisbursed SMI funds at the time. Another loan, Woodbridge Apartments, was paid in full on December 13, 2011.
  - (8) Since the inception of the Subordinated Mortgage Initiative only one developer, involving two SMI loans, has failed to make a required payment under their obligations as outlined in the SMI loan. However, the required payments were ultimately made and, as a result, there have been no claims made on the Guarantee Fund Program for any development receiving SMI funding.

## UNIVERSAL CYCLE

### *Information*

#### IX. UNIVERSAL CYCLE

##### A. 2011 Universal Cycle Update

###### 1. Background

- a) Preliminary scores for the 2011 Universal Cycle Applications were issued to Applicants on January 19, 2012.
- b) Applicants had until 5:00 p.m., Eastern Time, on January 25, 2012, to file a written Notice of Possible Scoring Error (NOPSE) relative to the preliminary scoring of another Applicant's Application. A report on the total number of NOPSEs that were received for evaluation by staff will be available at the Board Meeting.

###### 2. Present Situation

Staff anticipates issuing NOPSE scores on February 23, 2012. Applicants will then have until 5:00 p.m., Eastern Time, on February 29, 2012, to file cures on curable items. After expiration of the cure period, Applicants will have until March 6, 2012 to submit Notices of Alleged Deficiencies (NOADs) relative to another Applicant's cures. Staff anticipates issuing final scores on March 28, 2012.

##### B. Universal Cycle Rule Development Update

###### 1. Background

- a) During the 2011 Legislative Session, statutory changes to Sections 196.196 and 196.1978, F.S., were passed which extend the affordable housing property ad valorem tax exemptions to include property that is held for the purpose of providing affordable housing to persons and families meeting the income restrictions in Sections 159.603(7) and 420.0004, F.S.
- b) A rule development workshop was held on January 26, 2012, to solicit comments concerning proposed changes to Rule Chapters 67-21 and 67-48, F.A.C., to address the process for evaluating requests for the transfer of the general partnership interests from a for-profit entity to a not-for-profit entity.

###### 2. Present Situation

Staff will consider the public comments received and will bring recommendations back to the Board.