

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
August 8, 2014
Information Items



COMMUNICATIONS

Information

I. COMMUNICATIONS

A. Florida Hardest-Hit Fund (HHF)

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 newspapers, television stations and websites)¹:

- (1) ABC 7 (WWSB)
- (2) ABC 13 (WMBB.com)
- (3) ABC 25
- (4) Active Rain Blog
- (5) Associated Press
- (6) Bay News 9 Tampa
- (7) Before It's News Blog
- (8) Boston Today Newspaper
- (9) Bradenton Herald Newspaper
- (10) CBS 4 in Miami
- (11) CBS 12 News
- (12) Charlotte Sun
- (13) CitrusDaily.com Online
- (14) Clay Today Newspaper
- (15) Crestview Bulletin
- (16) The Current
- (17) Daily Record
- (18) Daytona News-Journal Newspaper
- (19) eCreditDaily
- (20) Elder Affairs Newsletter
- (21) First Coast News.com Online
- (22) Florida Courier
- (23) Florida Current
- (24) Florida.newszap.com
- (25) Florida Times Union Newspaper

¹ ***Bold Italics*** – Media Hit
Bold – New Media Hit

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- (26) Florida Today Newspaper
- (27) Florida Trent
- (28) Florida Weekly
- (29) 4 Closure Fraud Blog
- (30) Fox News
- (31) Free-Press-Release.com
- (32) GreenvilleOnline.com
- (33) Guardian
- (34) Heartland News
- (35) Herald Tribune Newspaper
- (36) Highlandstoday.com Online
- (37) ***Hispanic Business***
- (38) Housingwire.com Online
- (39) Huffington Post
- (40) Kansas City Star
- (41) Lakeland Ledger
- (42) Lake City Journal
- (43) Livinglies Garfield Firm
- (44) Lobby Tools
- (45) Matt Widner's Foreclosure News
- (46) Media Advisory – US Senate
- (47) **Mearkle, Trueblood, Adam**
- (48) **Mtalawyesjacksonville.com**
- (49) Madison County Carrier
- (50) Miami Herald Newspaper
- (51) Mortgageorb.com Online
- (52) NCOA
- (53) Naples News
- (54) News Channel 5 (online)
- (55) News Chief
- (56) News-Press Newspaper in Fort Myers
- (57) News Service of Florida
- (58) News 13 Online
- (59) News Vine
- (60) New York Times

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- (61) NorthEscambia.com Online
- (62) Ocala.com Online
- (63) Ocala Star Banner Newspaper
- (64) Orlando Sentinel
- (65) ***Palm Beach Post***
- (66) Panama City News Herald
- (67) Pensacola News Journal Newspaper
- (68) Ponte Vedra Recorder
- (69) RealEstateRama.com Online
- (70) The Record
- (71) The Republic
- (72) The Laker
- (73) Reuters Newspaper
- (74) Reverse Mortgage Daily
- (75) San Francisco Chronicle
- (76) Stateline.org Online
- (77) St. Augustine Record Newspaper
- (78) St. Pete Times Newspaper
- (79) Sun-Sentinel Newspaper
- (80) Sunshine State News
- (81) Tallahassee Democrat
- (82) Tampa Bay Times
- (83) Tampa Tribune
- (84) TCPalm.com Online
- (85) The Times (www.nwtimes.com)
- (86) Tomrollins.com Online
- (87) Townhall
- (88) Treasury Notes
- (89) Tweet - @Framabama
- (90) Tweet – Troy Kinsey @TroyKinsey
- (91) Tweet – Peter Schorsch @SaintPetersblog
- (92) WAND 17
- (93) Watchdog
- (94) WBBH Channel 2 Charlotte County
- (95) WCTV – Action 9

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- (96) WDEF News Channel 12 online wdef.com
 - (97) WEAR Channel 3 Pensacola
 - (98) Weidner Law Blog
 - (99) WESH 2 News Orlando
 - (100) Western Orlando News Online
 - (101) WFOL Orlando
 - (102) WFSU
 - (103) WFTV News Orlando
 - (104) WGCU
 - (105) WINK Ft. Myers News
 - (106) Winter Haven News Chief
 - (107) WJXT Channel 9 Jacksonville
 - (108) WLRN Miami Herald News
 - (109) WMBB
 - (110) WOFL Channel 35 Lake Mary
 - (111) Wn.com
 - (112) WPEC Palm Beach TV
 - (113) WPTV Channel 5 West Palm Beach
 - (114) WTSP
 - (115) WTVT Channel 13 Fox Tampa
 - (116) WTXL Tallahassee TV
 - (117) WUFT 89 FM Radio Gainesville
 - (118) WZVN ABC Channel 7 Fort Myers
- b) Communications staff continues to field reporter calls and inquires on the Florida HHF programs weekly and provide updates to the press as determined necessary to keep the public informed regarding the programs. Additionally, the HHF Download Center (www.HHFdownload.com) - the website from which the Advisor Agencies can download marketing materials for the HHF programs - is being updated to include materials for the Principal Reduction program. Advisor Agencies are in the beginning stages of marketing the PR program, in addition to the unemployment programs (UMAP/MLRP, which they have been marketing since the programs' inceptions).
- c) Communications and HHF staffs are exploring additional strategies to market and perform targeted outreach for the Florida ELMORE program, as well. We are working with various reverse mortgage servicers to see if there is an opportunity to reach more elders whose reverse mortgages may be in arrears.

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B. Business Continuity

1. Background/Present Situation

Business Continuity staff continues to review and update the Corporation's business continuity plan, alert notifications, disaster and evacuation procedures, one-pagers, etc. Staff presented informational workshops in June for employees on active shooters; additional workshops are planned this month on the same topic.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications is working on the second quarter electronic *What's Developing* corporate newsletter was distributed in July.
- b) In an effort to continue building relationships with affordable housing advocates and providers, Communications staff participated/will participate as an exhibitor at the following annual conferences:
 - (1) June 18-20—Florida Association of Counties Annual Conference, Orlando;
 - (2) August 13-15—Florida League of Cities Annual Conference, Hollywood; and
 - (3) September 7-10—Florida Housing Coalition Annual Conference, Orlando
- c) Staff also is working on a social media implementation plan for the Corporation to begin having a presence on widely used social media platforms. Additional information on this will be provided at a later Board meeting.

FISCAL
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II. FISCAL

A. Operating Budget Analysis for June 2014

1. Background/Present Situation

- a) The Financial Analysis for June 30, 2014, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending June 30, 2014, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

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III. 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 33 multifamily developments in the Guarantee Program portfolio today, 23 are Risk-Sharing transactions.
- b) 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 20-year history. The last multifamily claim occurred in April 2010. The chart in Exhibit B reflects the developments that have been foreclosed as of June 30, 2014, listed in chronological order by claim filed date.
- c) There are no foreclosures in inventory and no developments in monetary default in the portfolio.

B. Capitalizing Debt and 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, single-family and multifamily combined, was \$754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure (as reflected in Exhibit C, chart "Guarantee Fund Capacity", line item "Total Commitments") has been reduced by more than 70%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	6/30/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$207,916,735

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- 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. The sharp increase in refinancing activity is reflected in the following chart:

		Refinancing Activity					
		2009	2010	2011	2012	2013	As of 6/30/14
Loans (#):		0	2	12	9	22	15
Risk ceded (\$):		\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081	\$96,375,714

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$36 million in scheduled amortization of guaranteed mortgages and a \$9 million foreclosure (Heritage in 2010).
- e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011 and another \$15 million on July 29, 2011, leaving \$51.0 million outstanding. On December 21, 2012, the remaining balance of \$51.0 million was paid in full, reducing the Guarantee Fund's capitalizing debt to zero (\$0).

C. Corpus Investments

1. Background/Present Situation

The Guarantee Fund corpus contains approximately \$168.8 million in invested capital, all of which is currently invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "A+f" by Standard & Poor's as of August 31, 2013.

- D. FHFC Actions to Effectively Manage the Guarantee Program ([Exhibit A](#))**
- E. Guarantee Program Foreclosure Summary ([Exhibit B](#))**
- F. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))**

HOUSING CREDITS

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IV. HOUSING CREDITS

A. Changes to the Legal Description of Extended Use Agreement

1. Background/Present Situation

Pine Run Villas (#2011-524C) has received a request from Palm Beach County for the release of a small portion of the legal description included in their Extended Use Agreement. The release of this tract, the corner of the property, would be used for an easement by the County. The Applicant has requested, and staff has approved, modification of the legal description to reflect this release. Staff will amend the Extended Use Agreement.

B. Clarification of Extended Use Agreement Demographic

1. Background/Present Situation

The Ella at Encore (#2011-520C) is an Elderly 4% Housing Credit Development. The Extended Use Agreement was recorded in Hillsborough County on April 11, 2013. However, the definition of the Elderly demographic was omitted from the original document. Staff will amend the Extended Use Agreement.

LEGAL

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V. LEGAL

A. **In Re: Northwest Properties V, Ltd., v. Florida Housing Finance Corporation – FHFC Case No. 14-068BP;**

SP SD Apartments, LLC, and Southport Development, Inc., d/b/a Southport Development Services, Inc., v. Florida Housing Finance Corporation – FHFC Case No. 14-069BP;

Orange City Villas, LP, v. Florida Housing Finance Corporation – FHFC Case No. 14-070BP

1. **Background/Present Situation**

- a) Northwest Properties V, Ltd. (“Northwest”), SP SD Apartments, LLC, and Southport Development, Inc., d/b/a Southport Development Services, Inc. (“Southport”), and Orange City Villas, LP (“Orange City”) (collectively, the “Petitioners”), each submitted an application and sought Low Income Housing Tax Credits through RFP 2014-104 for the Preservation of Existing Affordable Housing Developments (the “RFP”). The Board adopted the staff Review Committee’s recommendations for funding on April 25, 2014, and on the same date gave notice of its intended funding decision. The Petitioners timely filed notices of intent to protest, followed by timely filed formal written protests of the Board’s funding decision, as required by section 120.57(3), Florida Statutes.
- b) Northwest and Southport filed formal written protests on May 12, 2014, challenging the Board’s decision to fund Villages at Tarpon (“Villages”), Application 2014-359C, alleging that one of Village’s scattered sites contained only 32 units, rather than its reported 35, which rendered Villages’ leveraging and total development cost per unit incorrect, and resulted in its development Location Point not being on the scattered site with the most units, all of which should have made Villages ineligible for funding. Orange City filed its written protest on May 12, 2014, challenging the scoring of its own Application, No. 2014-356C.
- c) The three cases were referred to the Division of Administrative Hearings on June 11, 2014.
- d) Orange City Villas filed a Notice of Voluntary Dismissal on June 16, 2014.
- e) As a result of discovery exchanged, Northwest and Southport withdrew all allegations regarding the number of units in the proposed Villages at Tarpon project. As the only disputes of material fact were related to the number of units, DOAH relinquished jurisdiction and sent the cases back to Florida Housing for an informal hearing. An informal hearing was scheduled for July 7, 2014.
- f) On July 7, 2014, the day of the scheduled hearing, Northwest and Southport each filed a Notice of Voluntary Dismissal, ending all challenges to the Board’s funding awards.
- g) Conclusion - The funding process, which was suspended by the filing of formal written protests, resumed on July 7, 2014. No further Board action is required.

MULTIFAMILY BONDS

Information

VI. MULTIFAMILY BONDS

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

1. Background/Present Situation

- a) The following developments have requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in their Applications since the last Board meeting:
 - (1) Captiva Cove (Series 2009S, Series 2011J, 2011-505C, RFP 2009-06-08) has requested to replace “Car care area (for car cleaning/washing)” for “Library consisting of a minimum 100 books and 5 current magazine subscriptions.” Scoring of the Application will remain unaffected.
 - (2) Landon Pointe (2000 Series Q, 2000-535C) has requested to replace “Laundry facilities” and “Washer/dryer connections” for “Washer & Dryer in each unit.” Scoring of the Application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreements and/or Extended Use Agreements for the developments as appropriate.

SINGLE FAMILY BONDS

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VII. SINGLE FAMILY BONDS

A. Program Update

1. Background/Present Situation

- a) Florida Housing continues to have funds continuously available for qualifying homebuyers through our First Time Homebuyer (FTHB) Programs. Florida Housing's Programs provide assistance to eligible homebuyers by offering low cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance. Currently, we have two First Time Homebuyer (FTHB) Programs that offer down payment and closing cost assistance to qualified borrowers; the Florida First Government Loan Program (Government Loan Program) and the Florida HFA Preferred Loan Program (HFA Preferred). We also offer a Mortgage Credit Certificate Program for those FTHBs who do not need down payment assistance but who may benefit from additional annual federal tax savings offered through this program.
- b) The Government Loan Program offers borrowers a 30-year, fixed rate mortgage using all approved government-insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and United States Department of Agriculture-Rural Development (RD) loans. This program is primarily funded through traditional mortgage revenue bond sales and bolstered by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers honorably discharged veterans or active duty military personnel the benefit of a lower first mortgage interest rate.
- c) On February 3, 2014, we introduced the HFA Preferred Program. This Program uses a loan product developed by Fannie Mae specifically for state housing finance agencies. Rather than selling bonds as a funding source, this program is structured as a forward delivery "To Be Announced" (TBA) Program in conjunction with one of our contracted investment bankers, Raymond James. Single Family Program staff sets a daily mortgage rate based upon prevailing market rates and predetermined profitability goals. The conventional loans originated by participating lenders offer borrowers a 30-year, fixed rate mortgage. Borrowers benefit from lower mortgage insurance costs on these loans, when compared to similar government insured loans such as FHA, and can qualify with a 3% - 5% down payment.
- d) Florida Housing primarily offers qualified homebuyers down payment and closing cost assistance (DPA) in the form of a second mortgage loan on both the Government Loan Program and HFA Preferred loans. Our Florida Assist loan is a 0% deferred payment, \$10,000 second mortgage that serves homebuyers with an area median income (AMI) of up to 120%, adjusted for household size. It is repayable upon sale of the property, refinance of the first mortgage, at the end of the first mortgage term, or if the homeowner no longer occupies the property as his/her primary residence. We also recently introduced a new 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program was introduced on June 25, 2014, and offers borrowers 3% of the purchase price in non-repayable assistance to help with down payment and closing costs. The HFA Preferred PLUS, like the HFA Preferred, offers daily pricing, but at a slightly higher first mortgage interest rate to generate the 3%

SINGLE FAMILY BONDS

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assistance. Our HFA Preferred PLUS grant provides assistance to borrowers with an area median income (AMI) of up to 140%, adjusted for household size.

- e) Our Mortgage Credit Certificate (“MCC”) Program provides qualified first time homebuyers with a non-refundable federal tax credit. Our MCC Program uses a 50% credit rate that provides the homeowner with a maximum \$2000 annual tax credit used to offset any federal tax liability. The homeowner can claim this credit each year they occupy the home as a primary residence, pay mortgage interest, and have a tax liability to offset. We currently have 75 approved lenders participating in the MCC Program compared with 82 in our loan programs. We charge a \$500 issuance fee for each MCC to cover administration and support of the program.
- f) Single Family Program Staff continually offers a three hour, Department of Business and Professional Regulation (DBPR) approved continuing education (“CE”) course for Realtors, which is coordinated through local Realtor boards throughout the state. Realtors who attend these classes receive a general 3 hour CE credit while learning about our First Time Homebuyer Program, our Mortgage Credit Certificate Program, and other affordable housing programs available to their potential homebuyers. Most recently, Single Family Program Staff conducted the class in Pembroke Pines through the South Broward Board of Realtors on July 15, 2014. We strive to market to large groups such as Realtors and Lenders statewide to maximize the benefit of our time and travel and to help others learn about the resources available through our programs.
- g) Florida Housing sponsors a toll-free telephone line (800-814-HOME), for first time homebuyers to call for information about our program. Callers are able to receive information through pre-recorded information that directs them to our First Time Homebuyer Wizard tool, which is located on our website. Those callers that have additional questions are transferred to Single Family Staff for assistance.

SINGLE FAMILY BONDS

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2014 FIRST TIME HOMEBUYER PROGRAM SUMMARY

	2013 FTHB Program Totals (01/01/2013-12/31-2013)	2014 Government Loan Programs YTD	2014 HFA Preferred Conventional Loan Programs YTD	2014 Mortgage Credit Certificate (MCC) Program YTD
Average Loan Amount	\$108,277	\$115,622	\$119,492	\$154,807
Average Acquisition Price	\$113,697	\$121,502	\$130,395	\$160,047
Average Household Income	\$46,548	\$49,641	\$43,808	\$52,221
*County Area Median Income %	*60.77%	*64.64%	*60.11%	**93.09%
Total # of Units	1,517	980	211	157
Total \$ Volume	\$164,256,571	\$113,309,685	\$25,212,840	\$24,304,725

* using county level AMI data as reported in reservation system

** uses statewide AMI of \$56,100

2014 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	Total # of Loans	Total \$ Volume
Duval	230	\$27,256,626.34
Lee	82	\$9,027,140.07
Brevard	78	\$7,549,683.54
Hillsborough	75	\$8,440,263.38
Orange	65	\$8,655,855.04
Leon	53	\$5,579,340.03
Volusia	50	\$5,190,531.39
Polk	44	\$5,601,312.06
Sarasota	42	\$5,094,116.30
Escambia	41	\$4,119,516.26

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VIII. SUBORDINATED MORTGAGE INITIATIVE (SMI)

A. Program Update

1. Background/Present Situation

- a) Between April 2009 and September 2010, the Board approved funding for a total of thirty-two (32) Subordinated Mortgage Initiative (SMI) loans to developments credit-enhanced by the Guarantee Program and determined to be in financial distress. The loans provided properties with temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. To that extent, Florida Housing provided funding for up to one (1) 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 approved thirty-two (32) SMI loans totaling \$19,120,000 in aggregate.
 - (2) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01, of which \$17,557,032.82 has been disbursed as of June 30, 2014.
 - (3) One SMI loan, Preserve at Oslo (f/k/a: Woods of Vero Beach), received SAIL/ELI funding prior to the final disbursement under the SMI loan. The SAIL/ELI loan reduced the first mortgage balance; as a result the three remaining SMI disbursements for Woods of Vero were reduced accordingly, reducing its SMI loan by \$14,116.97, effectively reducing the amount closed to date to \$17,820,192.04.
 - (4) Two (2) loans, Leigh Meadows and Colony Park, representing two different developers, approved in the total amount of \$665,000, did not close due to the owner/borrower declining the loan.
 - (5) 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.
 - (6) As of June 30, 2014, seventeen (17) loans have been paid in full totaling \$9,406,382.