

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**October 30, 2014**  
**Information Items**



# COMMUNICATIONS

## *Information*

### I. COMMUNICATIONS

#### A. Florida Hardest-Hit Fund (HHF) Programs

##### 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)<sup>1</sup>:

- (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

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<sup>1</sup> ***Bold Italics*** – Media Hit  
**Bold** – New Media Hit

## COMMUNICATIONS

### *Information*

- (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

## COMMUNICATIONS

### *Information*

- (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](http://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) WBZT “The Talk Station”

## COMMUNICATIONS

### *Information*

- (96) WCTV – Action 9
- (97) WDEF News Channel 12 online wdef.com
- (98) WEAR Channel 3 Pensacola
- (99) Weidner Law Blog
- (100) WESH 2 News Orlando
- (101) Western Orlando News Online
- (102) WFOL Orlando
- (103) WFSU
- (104) WFTV News Orlando
- (105) WGCU
- (106) WINK Ft. Myers News
- (107) Winter Haven News Chief
- (108) WJXT Channel 9 Jacksonville
- (109) WLRN Miami Herald News
- (110) WMBB
- (111) WOFL Channel 35 Lake Mary
- (112) Wn.com
- (113) WPEC Palm Beach TV
- (114) WPTV Channel 5 West Palm Beach
- (115) WTSP
- (116) WTVT Channel 13 Fox Tampa
- (117) WTXL Tallahassee TV
- (118) WUFT 89 FM Radio Gainesville
- (119) WZVN ABC Channel 7 Fort Myers

- b) In addition to ongoing revisions to existing informational materials for HHF programs, Communications staff has finalized promotional materials for the Principal Reduction program to be distributed to advisor agencies. This will allow the advisors to perform targeted outreach for their geographical areas for the program. Additionally, in partnership with the GSEs, staff is planning a targeted outreach effort to those homeowners for the Principal Reduction program.

# COMMUNICATIONS

## *Information*

### **B. Business Continuity**

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

- a) Business Continuity staff continues reviewing and updating the business continuity plan, disaster and evacuation procedures, one-pagers, etc. Alert notification testing was conducted in August; now, staff can receive both email and text messages from the Corporation in the event of an emergency. Staff actually experienced a fire evacuation where these alert notification were successfully deployed.

### **C. Corporate Marketing/Outreach**

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

- a) Communications is currently working on the third quarter electronic *What's Developing* corporate newsletter. This issue will be distributed in November.
- b) Also, the Communications office has hired a multimedia design specialist, with responsibility as the webmaster for the Corporation, the social media coordinator (e.g., Facebook, Twitter, etc.) and graphic design. We expect this is help the Corporation move forward with an improved web and social media presence.
- c) Staff has completed its participation as an exhibitor at several annual conference as a way to continue building relationships with affordable housing advocates, providers, and stakeholders. These include events hosted by the Florida Association of Counties (FAC), Florida League of Cities (FLC) and Florida Housing Coalition (FHC).

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

**II. FISCAL**

**A. Operating Budget Analysis for August 2014**

**1. Background/Present Situation**

- a) The Financial Analysis for August 31, 2014, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending August 31, 2014, is attached as [Exhibit B](#).

# GUARANTEE PROGRAM

## Information

### III. GUARANTEE PROGRAM

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

##### 1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, 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 31 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 September 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. 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, 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 by almost 75%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	As of 9/30/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$192,970,283



## GUARANTEE PROGRAM

### *Information*

- 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 9/30/14
<b>Loans (#):</b>	<b>0</b>	<b>2</b>	<b>12</b>	<b>9</b>	<b>22</b>	<b>17</b>
<b>Risk ceded (\$):</b>	<b>\$0</b>	<b>\$9,876,854</b>	<b>\$117,963,056</b>	<b>\$83,995,036</b>	<b>\$149,398,081</b>	<b>\$103,328,349</b>

- 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, a \$9 million foreclosure (Heritage in 2010), and \$7.4 million in terminated single-family mortgage reinsurance pools.
- 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).
- f) The Guarantee Fund corpus contains approximately \$169 million in invested capital, all of which is currently invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "AA-F" by Standard & Poor's as of September 30, 2014.

- C. FHFC actions to effectively manage the Guarantee Program ([Exhibit A](#))**
- D. Guarantee Program Foreclosure Summary ([Exhibit B](#))**
- E. Guarantee Program Portfolio Summary and Guarantee Fund Capacity ([Exhibit C](#))**

## HOME RENTAL

### *Information*

#### IV. HOME RENTAL

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

##### 1. Background/Present Situation

- a) The following development has requested, and staff has approved, changes to the Construction Features and Amenities and/or Resident Programs in their Application since the last Board meeting:
  - (1) Tradewinds Hammocks (2000-075CH) has requested to replace the existing Land Use Restriction Agreement language (“LURA”), which states “carpeting will be installed in the living rooms, dining rooms, closets, hallways and bedrooms”, with the following language “carpeting, vinyl, VCT and/or ceramic tile will be installed in the living rooms, dining room, closets, hallways and bedrooms”. Scoring of the Application will remain unaffected.
- b) Staff will amend the LURA for the development as appropriate.

## **4% HOUSING CREDITS**

### *Information*

#### **V. 4% HOUSING CREDITS**

##### **A. Adjustment to the Residential Income Limit**

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

Sunrise Place Apartments (#2011-532C) is a Family 4% Housing Credit Development. The Extended Use Agreement was recorded in Leon County on May 2, 2014. However, the residential income limit in Section 3(a) was incorrectly reflected at 40% or less of the area median income. Staff will amend to adjust the residential income limit to the correct 60% or less of the area median income in the EUA.

## MULTIFAMILY PROGRAMS

### *Information*

#### VI. MULTIFAMILY PROGRAMS

##### A. 2015 Housing Credit Allocation

##### 1. Background/Present Situation

- a) At the September 19, 2014 meeting, the Board approved the Tentative 2014/2015 Funding Amounts/Time Line, which, in part, set out two (2) Request for Applications (RFAs) for Geographic funding: one (1) for Medium and Small Counties and one (1) for Large Counties.
- b) A Geographic RFA workshop was held following the September 19, 2014 Board meeting, with a second workshop held on October 23, 2014. Based on the public comments received, staff has determined that it is in the best interest of all parties to divide the Large County Geographic RFA into two (2) separate RFAs: one (1) for Miami-Dade County and one (1) for the remaining six (6) Large Counties (Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas).
- c) Staff anticipates issuing the three (3) Geographic RFAs in mid-November 2014, with staggered due dates in mid/late January and early February 2015.

## STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

### *Information*

#### **VII. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

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

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

a) The development listed below has requested, and staff has approved, changes to the Construction Features & Amenities and/or Resident Programs in its Application since the last Board meeting:

(1) Lakeside Park I (RFP 2008-01-06) has revised the unit mix.

(a) Original Unit Mix:

5 Two bedroom/one bath units  
5 Three bedroom/one bath units  
4 Four bedroom/two bath units  
2 Five bedroom/two bath units

(b) Revised Unit Mix:

5 Two bedroom/one bath units  
5 Three bedroom/one bath units  
4 Three bedroom/one and one half bath units  
2 Four bedroom/two bath units

b) Staff will amend the Land Use Restriction Agreement for the development as appropriate.

## SINGLE FAMILY BONDS

### *Information*

#### VIII. SINGLE FAMILY BONDS

##### A. Single Family Homebuyer Programs

###### 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; 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) The HFA Preferred 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

### *Information*

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 80 approved lenders participating in the MCC Program compared with 90 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 for the Realtor Association of S.W. Florida on September 10th in Fort Myers. 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) Single Family Program staff also conducts both webinar and face-to-face trainings for lender partners throughout the state. Training consists of program requirements and recent updates, system training offered in conjunction with eHousing and first mortgage and servicer requirements and updates offered in conjunction with US Bank Home Mortgage. Together, Florida Housing, eHousing and US Bank Home Mortgage provide lenders with information to better assist with the origination, delivery and purchase of first and second mortgages originated through our First Time Homebuyer Program. Most recently, Single Family Program Staff conducted a two hour face-to-face training for CitiBank originators and processors in their Miami offices in response to requests for such training from CitiBank management.
- h) 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**

*Information*

**2014 FIRST TIME HOMEBUYER PROGRAM SUMMARY**

	<b>2013 FTHB Program Totals (01/01/2013-12/31-2013)</b>	<b>2014 Government Loan Programs YTD</b>	<b>2014 HFA Preferred Conventional Loan Programs YTD</b>	<b>2014 Mortgage Credit Certificate (MCC) Program YTD</b>
Average Loan Amount	\$108,277	\$117,248	\$122,445	\$153,559
Average Acquisition Price	\$113,697	\$123,016	\$133,245	\$159,211
Average Household Income	\$46,548	\$49,673	\$ 43,970	\$51,482
*County Area Median Income %	*60.77%	* 65.10	**78.38%	**91.77%
Total # of Units	1,517	1487	491	376
Total \$ Volume	\$164,256,571	\$174,347,481	\$60,120,328	\$57,738,340

\* using county level AI data as reported in reservation system

\*\* uses statewide AMI of \$56,100

**2014 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS**

Duval	346	\$40,705,746.28
Brevard	143	\$14,615,144.74
Hillsborough	138	\$16,235,355.11
Lee	125	\$14,076,196.71
Orange	104	\$14,001,061.83
Volusia	89	\$8,769,854.29
Leon	83	\$9,187,417.71
Palm Beach	72	\$9,193,172.12
Sarasota	72	\$8,696,173.59
Manatee	69	\$8,491,952.32



## SUBORDINATED MORTGAGE INITIATIVE (SMI)

### *Information*

#### IX. 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 (8) mortgage payments and the developer making a total of sixteen (16) 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 August 31, 2014.
  - (3) One SMI loan, Preserve at Oslo (fka: 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 (3) 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 (24) months after the final disbursement. The loan will then be amortized based on a twenty (20) year amortization with a balloon payment due at the end of year six.
  - (6) As of September 30, 2014, nineteen (19) loans have been paid in full totaling \$11,063,562.31.

# STRATEGIC PLAN AND PERFORMANCE MEASURES

## *Information*

### **X. STRATEGIC PLAN AND PERFORMANCE MEASURES**

#### **A. Strategic Plan and Performance Measures**

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

- a) On September 19, 2014, the Board of Directors adopted a new strategic plan to provide a three to five year framework for policy and operational decisions at Florida Housing Finance Corporation. Section 420.511, Florida Statutes, requires Florida Housing to include performance measures and targets in the plan. Quarterly Performance Measures and Targets for Quarter 3 - 2014 are attached in [Exhibit A](#).
- b) Florida Housing staff are working with staff at the Department of Economic Opportunity to update the Affordable Housing Services Contract with the Department to incorporate these performance measures, pursuant to section 420.511(1), Florida Statutes. Staff have also begun the process of operationalizing the strategic plan, which will lead to additional operational measures being reported to the Board over time.