

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 19, 2014
Action Items



MULTIFAMILY PROGRAMS

Action

I. MULTIFAMILY PROGRAMS

A. 2014 Rule Development

1. Background/Present Situation

- a) Rule development workshops were held on April 24, 2014 and June 12, 2014, in order to solicit comments concerning the proposed changes to Rule Chapter 67-21, F.A.C.
- b) As a result of these workshops, staff has revised Rule Chapter 67-21, F.A.C., which governs the Multifamily Mortgage Revenue Bond and Non-Competitive Housing Credit Programs. Staff would like to proceed with the rule development process and requests the Board's approval of the proposed changes. A supplement to the Board Package will be provided which contains the proposed rule.
- c) If the Board approves the proposed rule as presented, the Notice of Proposed Rulemaking (NOPR) will be published in the September 23, 2014 edition of the Florida Administrative Register. The NOPR will announce the Rule Hearing which is scheduled for October 15, 2014, in Tallahassee. Following review of the public comments received at the Rule Hearing and the comments received from the Joint Administrative Procedures Committee following its review of the NOPR, staff will proceed as follows:
 - (1) If modification of the proposed rule is not required, staff will file the proposed rule for adoption.
 - (2) If modification of the proposed rule is required, staff will prepare the necessary Notice of Change (NOC) to incorporate all proposed modifications to the proposed rule and, if required, will submit the NOC for Board approval.

2. Recommendation

Approve the proposed rule and authorize staff to file the rule for adoption if a NOC is not required, and, if a NOC is required, authorize the Chair to determine whether a NOC makes material, substantive changes to the rule chapter. If he determines that it does not, staff recommends that the Board approve such NOC without the requirement of another Board meeting. In the alternative, if the Chair determines that any NOC does make material, substantive changes to the rule chapter, staff recommends that a telephonic board meeting be called to obtain Board approval for any required changes, with such changes to be ratified at the next regularly scheduled Board meeting.

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B. 2014/2015 Funding Amounts and Time Lines for Request for Applications (RFAs) for Multifamily Developments

1. Background

- a) During 2014/2015, the Corporation expects to offer the following funding through various RFAs:
- (1) \$10 million in grant funding (2014 Legislative appropriation for housing developments designed, constructed and targeted for persons with developmental disabilities, as defined in section 393.063, F.S.);
 - (2) \$57,660,000 of State Apartment Incentive Loan (SAIL) Program funding (2014 Legislative appropriation for the SAIL Program), plus SAIL Program Income;
 - (3) Estimated \$46 million of Low Income Housing Tax Credit (HC) allocation (anticipated 2015 Annual Allocation of HC); and
 - (4) Estimated \$10 million of Home Investment Partnerships (HOME) Program funding (portion of 2014-2015 Annual Allocation of HOME funding).

2. Present Situation

The attached plan (Tentative 2014/2015 Funding Amounts/Time Lines, provided as [Exhibit A](#)) outlines the estimated funding amounts and tentative timeframes for the various RFAs that staff expects to issue through the remainder of 2014 and into the first half of 2015. As each individual RFA is developed, staff will provide the Board with detailed information and timeframes.

3. Recommendation

Approve the plan and authorize staff to proceed with the development of the various RFAs for the grant, SAIL, HC, and HOME funding, as outlined in [Exhibit A](#), and authorize the Executive Director to establish a review committee for each RFA, as each RFA is issued, in order to make recommendations to the Board.

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C. **State Apartment Incentive Loan (SAIL) Funding under RFP 2014-108 to Guarantee Program Developments to Provide Set-Aside Units for Extremely Low Income (ELI) Households**

1. **Background**

- a) Between November 2008 and April 2010, in the height of the financial crisis and economic recession, Florida Housing experienced eight claims/foreclosures in the Guarantee Program (Program) multifamily portfolio (see the Guarantee Program Informational Item for a list of those claims/foreclosures). In 2009, Fitch Ratings Service downgraded the Guarantee Fund's (Fund) insurer financial strength (IFS) rating from A+/Stable to A-/Negative. In June 2012, Fitch reaffirmed that A- rating but revised the outlook to "stable". In their report, Fitch stated they view "the SAIL ELI initiative as a positive action by management to assist properties during a period of economic and financial stress on the portfolio." Fitch further added, "The extent to which the combination of losses from claims and loan repayments will impact the GF's risk-to-capital ratio partially depends on the number of developments that refinance out of the portfolio." Developments that refinance out of the Program portfolio, terminate the mortgage guaranty and its associated financial risk to Florida Housing, yet the affordable units remain in Florida's affordable housing stock. However, in the event of a claim on the Guarantee Fund and subsequent foreclosure of a development, Florida not only loses the affordable housing units, such claims and further potential downgrade of the Fund's rating put future State Housing Trust Fund resources at risk.
- b) To mitigate against further claims/foreclosures in the Program portfolio, Florida Housing has attempted to (1) halt cannibalization of current Program guaranteed developments by keeping new units serving similar households from being built in close proximity to existing Program developments with low occupancy; (2) provide resources through the Subordinate Mortgage Initiative to aid struggling transactions in the Program's portfolio for a short term period; and, (3) provide Extremely Low Income (ELI) funding preference to developments in the Program portfolio, to "buy down" the debt on units currently targeted to families earning 60% Area Median Income (AMI) in exchange for units set-aside for ELI households (generally meaning households earning 30% to 35% AMI and below). To date, Florida Housing has used SAIL ELI to pay off part of the Program-guaranteed mortgage in return for renting a specified number of units to ELI households for a 15-year period, thus increasing occupancies at these properties while reducing Program risk and facilitating refinancings out of the Program:

Year	# At-risk properties funded	ELI Units	Risk Reduction
2010	18	673	\$50,475,000*
2011	16	554	\$41,625,000
2012	9	362	Up to \$20,000,000

*Includes \$28.5 million in previously appropriated doc stamps.

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- c) In May, 2014, Fitch upgraded the Funds' IFS rating to A+; outlook remains stable. In their report, Fitch acknowledged the low risk-to-capital ratio (due primarily to the volume of refinancing activity and the associated ceding of portfolio risk) and repayment of the Citibank loan, but also noted that a smaller portfolio coupled with poor performance of existing properties could result in an adverse concentration of risk, putting negative pressure on the rating. Specifically, Fitch commented,

"Following further decreases in the size of the portfolio, in the future, Fitch may analyze the program on a project-by-project basis to reflect the risk inherent in a small portfolio, including any adverse selection of remaining loans in the portfolio..."
- d) At its June 13, 2014 meeting, the Board approved the issuance of a Request for Applications (RFA) to award funding to existing Florida Housing Guarantee Program developments, with closing on the SAIL ELI funding to occur simultaneously to their refinancing out of the Guarantee Program portfolio effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to FHFC.
- e) On August 18, 2014, Florida Housing staff issued RFA 2014-108 and the deadline for receipt of Applications was 11:00 a.m., Eastern Time, Tuesday, September 2, 2014.

2. Present Situation

- a) Four Applications were received from the following:
 - (1) Tuscan Isle (formerly known as Heron Cove)
 - (2) Carolina Club
 - (3) Bristol Bay
 - (4) Clipper Bay
- b) The Review Committee members (Committee) designated by the Executive Director were Chair, Laura Cox, Director of Asset Management & Guarantee Program, Karla Brown, Multifamily Loans Manager and Tammy Bearden, Loan Closing Manager. Each member of the Committee individually reviewed the responses prior to convening for the Committee meeting on September 8, 2014.
- c) The Committee classified the Applications according to the priority and ranking preferences, as follows:
 - (1) Priority 1: Tuscan Isle
 - (2) Priority 2: None
 - (3) Priority 3: None
 - (4) No Priority: Carolina Club, Bristol Bay and Clipper Bay

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- d) The Committee deemed Clipper Bay a non-responsive application and removed it from the pool of Applications.

3. **Recommendation**

The Committee recommends that the Board approve Tuscan Isle, Bristol Bay and Carolina Club per the ranking and for the awards amounts reflected on [Exhibit B](#) and authorize staff to proceed to issue the invitations to enter credit underwriting and direct staff to return the unused SAIL funds from RFA 2014-108 to be used for other RFAs.

PROFESSIONAL SERVICES SELECTION (PSS)

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II. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Proposals (RFP) 2014-04, Auditing Services

1. Background

At its March 14, 2014 meeting, the Board authorized Florida Housing staff to issue an RFP for Auditing Services and authorized the Executive Director to establish a Review Committee to make a recommendation for an independent certified public accounting firm to the Board.

2. Present Situation

- a) RFP 2014-04 was issued on Thursday, July 31, 2014. The deadline for receipt of proposals was 2:00 p.m., Thursday, August 21, 2014. The RFP is provided as [Exhibit A](#).
- b) Four (4) Responses were received by the deadline from the following:
 - (1) Cherry Bekaert LLP
 - (2) CliftonLarsonAllen LLP
 - (3) Ernst & Young
 - (4) McGladrey, LLP & Thomas Howell Ferguson P.A.
- c) A response was also received from BCA Watson Rice LLP but was not scored as it was deemed non-responsive.
- d) Members of the review committee were Kirstin Helms (Chairperson), Assistant Comptroller; Kenny Derrickson, Assistant Comptroller; Todd Fowler, Special Assets Director; and Denise Monzingo, Accounting Manager.
- e) Each member of the Review Committee individually reviewed the proposals submitted prior to convening for the Review Committee meetings which were held at 10:00 a.m., Tuesday, August 26, 2014 and 10:00 a.m., Thursday, August 28, 2014, respectively.
- f) At the August 28th meeting, the Review Committee provided final scores and rankings. The Final Scoring and Ranking is provided in [Exhibit B](#).

3. Recommendation

- a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Ernst and Young LLP, the first ranked Offeror.
- b) The Review Committee further recommends that if negotiations with Ernst & Young LLP fail, authorize staff to enter into contract negotiations with the second highest ranked Offeror.

PROFESSIONAL SERVICES SELECTION (PSS)

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B. Request for Proposals (RFP) 2014-06, Independent Registered Municipal Advisor

1. Background

At its June 13, 2014 meeting, the Board authorized Florida Housing staff to issue an RFP for an Independent Registered Municipal Advisor Services and authorized the Executive Director to establish a Review Committee to make a recommendation to the Board.

2. Present Situation

- a) RFP 2014-06 was issued on Monday, July 28, 2014. The deadline for receipt of proposals was 2:00 p.m., Monday, August 18, 2014. The RFP is provided as [Exhibit C](#).
- b) Four (4) Responses were received by the deadline from the following:
 - (1) Caine Mitter LLP
 - (2) CSG Advisors
 - (3) George K. Baum & Company
 - (4) Public Resources Advisory Group
- c) Members of the review committee were Melanie Weathers (Chairperson), Senior Financial Administrator; Jade Grubbs, Multifamily Programs Coordinator; and Kevin Pichard, Assistant Director of the Guarantee Program.
- d) Each member of the Review Committee individually reviewed the proposals submitted prior to convening the Review Committee meetings which were held at 10:00 a.m., Monday, August 25, 2014 and 10:00 a.m., Wednesday, August 27, 2014.
- e) At the August 27th meeting, the Review Committee provided final scores and rankings. The Final Scoring and Ranking is provided in [Exhibit D](#).

3. Recommendation

- a) The Review Committee recommends that the Board authorize staff to enter into contract negotiations with Caine Mitter LLP, the first ranked Offeror.
- b) The Review Committee further recommends that if negotiations with Caine Mitter LLP fail, authorize staff to enter into contract negotiations with the second highest ranked Offeror, George K. Baum & Company.

PROFESSIONAL SERVICES SELECTION (PSS)

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C. Request for Proposals (RFP) for Real Estate Brokerage Services

1. Background

- a) At its July 24, 2009 meeting Florida Housing's Board of Directors authorized staff to begin the RFP process for Real Estate Brokerage services to retain firms to sell properties that have been acquired by Florida Housing through foreclosure or an instrument in lieu of foreclosure and to assist with the Housing Credit Qualified Contract Process. On October 23, 2009 the Board authorized staff to enter into contract negotiations with Marcus & Millichap, CB Richard Ellis and Colliers Arnold. In 2014, Colliers Arnold elected not to renew their contract.
- b) The following contracts have completed an initial three (3) year term and two one (1) year renewals:

Contract Number	Vendor	Initial Term Expiration Date	First Renewal Term Expiration Date	Second Renewal Term Expiration Date
2009-05-01-001	Marcus & Millichap Real Estate Investment Brokerage Company of Florida	2/22/2013	2/22/2014	2/22/2015
2009-05-01-003	CB Richard Ellis	2/2/2013	2/2/2014	2/2/2015

2. Present Situation

- a) Effective February 2015, the term for Florida Housing's real estate brokerage services contracts will expire.
- b) Florida Housing has a continuing need for qualified brokers to sell properties that have been acquired through foreclosure or an instrument in lieu of foreclosure and to assist and advise Florida Housing with the Housing Credit Qualified Contract Process.

3. Recommendation

Authorize staff to begin the solicitation process for these services and authorize the Executive Director to establish a review committee to review responses and make a recommendation to the Board.

SINGLE FAMILY BONDS

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III. SINGLE FAMILY BONDS

A. Request Approval to Issue Mortgage Credit Certificates (MCC)

1. Background

- a) Florida Housing's Board previously approved Single Family Program Staff's request to create and implement a Mortgage Credit Certificate (MCC) Program on January 27, 2012. The Program rollout date was June 1, 2012 and the Program will end on December 31, 2014 or earlier if the allocation is exhausted.
- b) Mortgage Credit Certificates are nonrefundable, federal tax credits that provide a form of housing assistance to persons with low and moderate incomes. The holder of an MCC receives an annual tax credit that the holder can apply against his or her federal tax liability in each year the MCC is effective. The annual amount of the tax credit will be set at an amount between 10% and 50% of the yearly interest paid or accrued on the holder's mortgage loan; provided however, that if the credit rate exceeds 20%, the annual amount of the credit may not exceed \$2,000. (See Attachment 1 hereto for an example of determining the amount of the credit). The effect of the tax credit is to increase the homebuyer's after-tax pay and thus increase his or her ability to afford a home. To qualify for an MCC, the homebuyer must meet the requirements for Florida Housing's Single Family Bond Program. Due to the nature of the tax benefits provided, our current MCC Program has shown these credits tend to serve beneficiaries with incomes above 80% of area median income (AMI) as those with lower incomes are not as likely to incur a tax liability. Our average AMI is currently 91.84%.
- c) Before issuing MCCs, Florida Housing must elect not to issue an amount of qualified mortgage bonds and other private activity bonds it otherwise could issue (including any unused carry forward from previous years). Pursuant to the Internal Revenue Code, MCC's use \$4 of bond volume cap for every \$1 of MCC issued. Notice to the public regarding the issuance of MCCs, including the eligibility requirements and the method for issuing MCCs, must be published at least 90 days prior to issuing any MCCs.

2. Present Situation

- a) Florida Housing presently has \$1,090,855,067.80 of 2011 carry forward volume cap which much be used for mortgage revenue bonds or mortgage credit certificates on or before December 31, 2014. Electing to convert all or a portion of this 2011 carry forward into a mortgage credit certificate program would extend the expiration date of this carry forward to December 31, 2016.
- b) Florida Housing recently completed issuance of the 2014B Bond issue in the amount of \$50,000,000. Due to the unfavorable pricing that exists for housing bonds, we anticipate selling minimal amounts of additional mortgage revenue bonds through the end of the year.

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- c) Staff proposes to elect to not issue up to \$500 million of its 2011 carry forward volume cap as mortgage revenue bonds and to make such volume cap available for a new MCC Program that will offer up to \$125 million of MCCs. Staff plans to begin the new MCC Program in 2014 and will, pursuant to IRS rules, end it on the earlier of the date all MCCs are issued under the new MCC Program or December 31, 2016. The guidelines and parameters for eligibility in the MCC Program will generally follow the same guidelines and parameters applicable to the types of borrowers and types of properties that qualify for Florida Housing's Single Family Bond Program.
- d) Florida Housing launched the 2012 MCC Program on June 1, 2012. Since that time, program staff have continually recruited and trained new participating lenders, as well as educated our Realtor© partners through continuing education classes. These efforts have paid off. By the end of 2013, Florida Housing had issued a total of 162 MCC's – and the program continues to grow. We currently have 77 participating lenders and, in 2014 alone, we have already issued 281 MCCs through August 31st. The 443 MCCs issued so far have generated approximately \$221,500 in issuance fees paid to Florida Housing, and this amount does not include lender enrollment fees. Bond allocation is plentiful and all of the start-up work for the MCC Program has already been done. Lenders, Realtors© and borrowers are now familiar with MCC's and are using the program to assist first time homebuyers purchase a home. Because of this success and because the program is also producing revenue for Florida Housing, staff recommends continuing with the 2014 MCC Program.

3. **Recommendation**

Staff recommends that the Board approve Resolution 2014-16 (attached hereto as Attachment 2), authorizing Single Family Program Staff to take all action necessary to create and implement the new 2014 MCC Program, subject to further approvals by bond counsel, special counsel, and the appropriate Florida Housing Staff.

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Attachment 1 Determining the Amount of the Credit

To determine the amount of the credit, the loan amount is multiplied by the interest rate, the product of which is then multiplied by the credit rate. This number may be divided by 12 to obtain the monthly savings amount for income qualification purposes. For example:

- \$100,000 Loan Amount
- 4.50% Interest Rate*
- 50% credit rate

$$\$100,000 \times .045 = \$4,500$$

$\$4,500 \times .50 = \$2,250$ (NOTE: because the credit rate exceeds 20%, the amount of the credit is capped at **\$2,000** annually)

This equates to a \$2,000 annual federal tax credit or \$166.66 monthly credit.

This credit can be incorporated into the tax withholding calculation by the employer to lower the withholding per pay period.

*For purposes of this example, simple interest is used.

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Attachment 2

RESOLUTION NO. 2014-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES (“MCCs”) AND THE ESTABLISHMENT OF AN MCC PROGRAM; ELECTING TO NOT ISSUE MORTGAGE REVENUE BONDS IN LIEU OF ISSUING MCCs; AUTHORIZING THE EXECUTIVE DIRECTOR TO FILE AN ELECTION WITH THE INTERNAL REVENUE SERVICE, TO DETERMINE THE MCC RATES, TERMS AND CRITERIA AND TO GIVE PUBLIC NOTICE OF THE MCC PROGRAM; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Florida Housing Finance Corporation (the “Corporation”) is authorized under the provisions of Chapter 420, Part V, Florida Statutes (the “Act”), to transact business for the purpose of financing affordable housing developments; and

WHEREAS, the Corporation is an authorized issuer of “qualified mortgage bonds” described in Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”) and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Corporation to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap (including any unused carry forward) in order to issue mortgage credits certificates (“MCCs”) under a qualified mortgage credit certificate program; and

WHEREAS, the Corporation desires not to issue qualified mortgage bonds from a portion of its volume cap so that such amounts may be used to issue MCCs in connection with the program authorized herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

1. That the Florida Housing Finance Corporation (the “Corporation”) does hereby elect, pursuant to Section 25 of the Code, not to issue up to \$500 million of qualified mortgage bonds (the “nonissued bond amount”) that the Corporation is authorized and has volume cap available to issue (including any unused carry forward). The nonissued bond amount is hereby allocated to the MCC program established under this Resolution.

2. That it is the intention of the Board by this resolution to make a “mortgage credit certificate election” as provided in Section 25 of the Code.

3. That the Board approves and authorizes the establishment of a program (the “MCC Program”) of issuing MCCs, pursuant to the election described herein, to qualified homebuyers who incur mortgage loans for eligible purposes. The parameters and purposes of this MCC Program are attached hereto as Exhibit A and are now before the Corporation. Such parameters are hereby approved in substance, with such changes and modifications as the Executive Director, the staff and

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counsel to the Corporation deem necessary and advisable, and are incorporated by reference as part of this Resolution.

4. That the Board hereby authorizes and directs the Executive Director of the Corporation to take all action necessary to create and implement the MCC Program of the Corporation which meets all requirements of state and federal law, including, but not limited to, determining the non-issued bond amount, filing notice of the election with the Internal Revenue Service, giving notice to the public of creation of the MCC Program (the form of which is attached hereto as Exhibit B), and approving the program guide, forms and other materials relating to the MCC Program.

PASSED AND ADOPTED this 19th day of September, 2014.

**FLORIDA HOUSING FINANCE
CORPORATION**

Bernard E. Smith, Chairman

ATTEST:

Wellington H. Meffert II, General Counsel

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Exhibit A to Resolution No. 2014-16

FLORIDA HOUSING FINANCE CORPORATION

MORTGAGE CREDIT CERTIFICATE 2014 PROGRAM PARAMETERS

The mortgage credit certificate ("MCC") program will be established pursuant to Section 25 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder to complement the Corporation's single-family bond program (the "Bond Program"). The following is an outline of the general parameters of the MCC program.

1. The MCC program will follow the same general parameters applicable to the types of borrowers and type of properties which qualify for financing through the Bond Program. Likewise, the same type of certifications will be required of the recipient of the MCC.
2. MCCs shall be issued in connection with mortgage loans for the acquisition, construction, improvement and/or rehabilitation of single family residences within the State of Florida.
3. The MCC program will have the certificate credit rates, eligible loans and other terms and conditions determined by the Executive Director, all in accordance with Section 25 and the regulations.
4. The MCC program will be conducted through the end of the second calendar year following the calendar year in which the Corporation elects not to issue an amount of private activity bonds, or such shorter period selected by the Executive Director, unless a longer period is permitted by the federal tax laws.
5. MCCs shall not be required to be issued in conjunction with the debt of any particular lender.
6. MCCs shall be transferable, to the extent permitted by regulations of the Secretary of the Department of the Treasury of the United States of America and as approved by the Corporation.
7. MCCs to be used for or with respect to any particular developers or developments shall require the prior approval of the Corporation's Board.
8. The mortgage credit rate on the MCCs shall not be less than 10% nor more than 50%, which shall be established by the Executive Director from time to time.
9. The Executive Director of the Corporation shall notify the Secretary of the Treasury of the United States of America of any mortgage credit certificate revocation.
10. The Corporation may charge a processing fee, as established by the Executive Director, to each recipient of an MCC to defray the costs of administering the MCC Program.
11. During the first year of each MCC program, at least 20% of the MCCs shall be reserved for persons incurring loans relating to residences in certain targeted areas.
12. MCCs may be reissued in connection with certain mortgage loan refinancings at the discretion of the Executive Director.

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Exhibit B to Resolution No. 2014-16

PUBLIC NOTICE TO QUALIFIED HOMEBUYERS AND LENDERS FLORIDA HOUSING FINANCE CORPORATION 2014 MORTGAGE CREDIT CERTIFICATE PROGRAM

The Florida Housing Finance Corporation (“FHFC”) proposes to implement a program (the “Program”) to provide Mortgage Credit Certificates (“MCCs”) to residents of the State of Florida (the “State”) who purchase new or existing residences within the State. An MCC reduces the amount of income tax a qualified homeowner pays by providing a non-refundable, federal tax credit during the life of a mortgage loan. After all other credits and deductions are taken into account the value of the MCC is applied directly to a homeowner’s remaining tax liability.

No sooner than 90 days following publication of this Notice, FHFC intends to issue MCCs according to the guidelines summarized below. The total credit authority available under the Program is \$125,000,000 which is expected to provide assistance with respect to \$250,000,000 in aggregate principal amount of mortgage loans.

The annual amount of the tax credit will be equal to the lesser of 50% of the yearly interest paid or accrued on the homeowner’s mortgage loan or \$2,000. The amount of the credit may not exceed the homeowner’s total tax liability for a specified year, but excess credit may be carried forward for up to three subsequent tax years. Use of an MCC will reduce the deduction for home mortgage interest on the homeowner’s tax return. An MCC expires on the date the mortgage loan relating thereto is paid in full or refinanced and is revoked on the date the residence to which it relates ceases to be the taxpayer’s primary residence. FHFC reserves the right to adjust the MCC credit rate or make allocations to specific sectors of the housing industry or to conform to market demand or future tax legislation.

To be eligible for an MCC, an applicant must (1) purchase a new or existing single-family home within the State; (2) acquire a new mortgage loan (refinancing of an existing mortgage or land contract is not permissible, except for certain construction loans); (3) continuously occupy the home as a primary residence within 60 days of its purchase; (4) purchase a home with a purchase price that does not exceed the applicable county limits, which currently range between \$265,158 and \$632,500; please refer to FHFC’s website at www.floridahousing.org for the specific purchase price limits for the county you are purchasing in; (5) have a household income, including all household members age 18 and older, that does not exceed the limit for the applicable county, which currently range between \$57,600 and \$121,380 depending upon household size and the county of purchase; (6) have not had an ownership interest in a principal residence within the preceding three years, except for qualified homebuyers purchasing homes in federally designated targeted areas or qualifying veterans; and (7) pay to FHFC a nonrefundable \$500 issuance fee at the time of loan closing. The applicant must sign all documents and affidavits which are needed to demonstrate eligibility for an MCC, and the regulations, rulings and interpretations issued by the Internal Revenue Service shall control in the event of a conflict with other requirements. FHFC reserves the right to adjust and/or waive the application fee and adjust the purchase price and income limits for the Program to reflect housing costs and market conditions within federal guidelines.

Until the total credit authority is exhausted, a qualifying taxpayer may obtain an MCC in connection with obtaining financing relating to the purchase of an eligible residence from any participating lender. The applicant must meet the credit and underwriting criteria established by the participating lender which provides the mortgage loan. MCC applications will be accepted on a first-come, first served basis; however, for the first year of the Program, 20% will be targeted to persons purchasing single-family homes in Targeted Areas. There is no allocation of MCC’s by lender.

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Banks, savings and loan associations, credit unions, mortgage companies and other financing institutions and individuals are invited to participate as lenders. FHFC will make a list of participating lenders available to the public upon request. An applicant may also obtain a loan from a lender not on such list if the lender agrees to participate in the Program. Any lender who wishes to participate will be required to sign a Participation Agreement, which outlines the lender's loan review and reporting responsibilities, and pay to FHFC a one-time fee of \$750.

MCCs cannot be used with FHFC-financed mortgage revenue bond loans or with any mortgage loans subsidized by mortgage revenue bonds. Current federal tax law may require a payment to the federal government of a "recapture" tax if the homeowner sells or otherwise transfers his or her home to someone else within nine years after the MCC is issued.

FHFC reserves the right to adjust, modify or amend the Program guidelines at its sole discretion and without further notice.

For more information on the Program, to participate in the Program as a lender or to receive a copy of the current list of participating lenders or a list of the eligible Targeted Areas, contact Chip White at the Florida Housing Finance Corporation, 227 North Bronough ST., Ste 5000, Tallahassee, FL 32301 or email Charles.white@floridahousing.org.

Dated: September 19, 2014

FLORIDA HOUSING FINANCE CORPORATION

By /s/ Stephen P. Auger
Executive Director

STRATEGIC PLAN

Action

IV. STRATEGIC PLAN

A. Approval of the Florida Housing Finance Corporation 2014 Strategic Plan

1. Background

- a) The purpose of Florida Housing's strategic plan is 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 develop a plan for the provision of affordable housing for the state.
- b) The Board of Directors began its work on the plan update in January 2014 by holding a retreat to learn from affordable housing experts and stakeholders and discuss current and emerging affordable housing issues. In March, Florida Housing staff provided a trends and conditions document to provide the backdrop for the planning process, and based on discussion with the Board, provided a draft plan for Board review in April. Revisions were made based on Board comments and review of public comments.
- c) In August, the staff provided proposed performance measures with targets to be included in the plan pursuant to section 420.511, F.S.
- d) During the entire process, we have maintained a page on Florida Housing's website to encourage public comment on the plan. Florida Housing received several comments during this time.

2. Present Situation

- a) The final 2014 plan is provided as [Exhibit A](#). Florida Housing staff has started work on more detailed strategies to implement the plan, and once these are more developed, we will craft the set of attendant operational performance measures that will be reported on regularly to the Board.
- b) Once the Board approves the final plan, the performance measures in the plan will be incorporated into a revised affordable housing services contract with the Florida Department of Economic Opportunity.

3. Recommendation

Staff recommends that the Board approve the proposed Florida Housing Finance Corporation 2014 Strategic Plan.