

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
March 20, 2015
Information Items



COMMUNICATIONS

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

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

- b) In January and February, HHF Program staff held trainings for the Advisor Agencies to provide updates on recent changes to the unemployment programs. Communications staff participated in all trainings to provide guidance regarding media, outreach and promotions, and customer relations. Trainings were held in Fort Lauderdale, Tampa, and Tallahassee, respectively.
- c) Additionally, Communications staff participated in two Bank of America events, along with two Advisor Agencies at each event. Events were held in Miami at the end of February and in Orlando during early March.

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- d) Outreach for the Florida HHF Principal Reduction (HHF-PR) program continues. A direct mail project was completed in partnership with US Treasury and the GSEs. More than 25,000 pieces were sent to homeowners identified as having mortgages that are underwater, urging them to consider applying for HHF-PR assistance. Additionally, new marketing materials for the HHF-PR program are now accessible for Advisor Agencies on the HHF download center. Agencies must be granted access to the download center through a secure portal; many have already been putting the materials to good use through hosting and participating in community outreach events.

B. Business Continuity

1. Background/Present Situation

Staff continues to review and update the Corporation's business continuity plan, disaster and evacuation procedures, and other materials for business recovery and emergency preparedness. A tabletop exercise is being tentatively planned for later this year.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications and ITS staffs have begun work on re-developing the Corporation's website (see subsequent information item titled "Communications Website Redevelopment Project"). It is expected that the project should take between 12 – 18 months to complete. The Board will be provided with periodic updates throughout the process.
- b) The first quarter *What's Developing* electronic corporate newsletter will be distributed this month. Two more issues should be produced prior to the end of 2015, as scheduled.
- c) Lastly, in an effort to continue building relationships with affordable housing advocates and providers statewide, Communications staff will participate as an exhibitor at the following annual conferences this year:
 - (1) June 16 -19 – Florida Association of Counties (FAC) Annual Conference;
 - (2) August 13 -15 – Florida League of Cities (FLC) Annual Conference; and
 - (3) August 30 - September 2 – Florida Housing Coalition (FHC) Annual Conference.

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D. Website Redevelopment Project

1. Background/Present Situation

- a) In accordance with the Corporation's Strategic Plan, Priority IV—which states “Ensure that information about Florida Housing's programs and the role that affordable housing plays in our state's economy is accessible and understandable to all” (adopted on September 19, 2014)—Communications and ITS staffs have begun work on redeveloping and redesigning the website.
- b) Florida Housing's website serves as the place on the Internet where interested persons may obtain various information about the Corporation and its programs. Federally and state-funded programs administered by Florida Housing include those for first time homeownership purchase and development; rental housing development and construction; local governments; homeowners experiencing challenges with their mortgages; entities interested in investment opportunities; property owners and managers, in addition to others.
- c) We believe that the website currently suffers from a dated design and a lack of focus in content, navigation and purpose. Additionally, it does not have the desired maintenance and governance structure in place to ensure its style sheet is consistent across all pages, and that the information presented on it is timely, accurate and kept up-to-date.

- d) The vision of the Website Redevelopment Project (WRP) is as follows:

Florida Housing's new website will integrate all areas of the Corporation to reflect our mission of providing ranges of affordable housing opportunities for residents that help to make Florida communities great places in which to live, work and do business. The website will feature representations of the populations we serve, and be organized in an intuitive way, easy to navigate and incorporate social media to help forward our brand.

- e) The WRP will proceed in three phases that include the following:
 - (1) Research and Planning. This phase will involve a comprehensive analysis of Florida Housing's websites through the lens of other FHA websites. It also will include, developing Florida Housing's current website utilization requirements by engaging with both internal and external stakeholders. An independent third party will facilitate the information gathered during this phase.
 - (2) Design and Re-branding. Using the information collected during Phase 1, Phase 2 will use the services of an external contractor to design the website in a manner that re-launches the Corporation's brand (re-branding), while addressing the needs for the website to be organized in an intuitive way, easy to navigate and incorporating social media, while featuring representations of the populations we serve.

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- (3) Building and Deployment. The final phase will encompass the actual construction and deployment of the website. It will include the installation of a content management system (CMS) and, at its conclusion, will allow content managers to update the website and post documents with a governance and oversight structure in place. This phase will also include activities that will formally end this project.
- f) It is expected that this project will take from 12-18 months to complete from inception to deployment.
- g) The project is currently in Phase 1, Research and Planning; Florida Housing will engage a qualified public relations firm to provide an in-depth review of the Corporation's website, to help determine the best way to redesign/redevelop the site. Goals for this phase are as follows:
 - (1) Assessing the existing Florida Housing website on its own, and in comparison with other state HFA sites;
 - (2) Examining Florida Housing's customer base to determine strengths, weaknesses, opportunities and potential threats (SWOT analysis) with respect to how the website is currently structured and used by them; and
 - (3) Developing a report to be presented to designated Florida Housing staff that details the research conducted and provides feedback on how the Corporation can better present its brand to customers and stakeholders.
- h) This phase is expected to commence mid-March and conclude mid-June. The Board will be provided with updates regarding the WRP periodically throughout the duration of the project.

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II. FISCAL

A. Operating Budget Analysis for December 2014

1. Background/Present Situation

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

B. Operating Budget Analysis for January 2015

1. Background/Present Situation

- a) The Financial Analysis for January 31, 2015, is attached as [Exhibit C](#).
- b) The Operating Budget for the period ending January 31, 2015, is attached as [Exhibit D](#).

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 25 multifamily developments in the Guarantee Program portfolio today, 17 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 December 31, 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 reduced almost 80%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	As of 1/31/2015
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$ 149,489,825

- 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

GUARANTEE PROGRAM

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behind the reduction in Total Commitments reflected above. The sharp increase in refinancing activity is reflected in the following chart:

Refinancing Activity

	2010	2011	2012	2013	2014	As of 1/31/15
Loans (#):	2	12	12	22	22	1
Risk ceded (\$):	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081	\$136,753,440	\$9,259,273

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$38 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 \$147 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 November 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](#))**

MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

Information

IV. MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

A. Request for Applications

1. Background

In October of 2014, Florida Housing issued a Request for Applications (RFA) proposing the retrofit of older multifamily developments in Florida Housing's portfolio. As reported at the January 30, 2015 Board meeting, staff evaluated the feedback from interested property owners and developers in order to determine why they did not apply. At that meeting, staff reported that it was in the process of evaluating the information received from property owners to determine the best approach going forward and would report to the Board in March.

2. Present Situation

Comments from property owners and developers generally focused on the financial feasibility of a transaction funded only with MERP. Florida Housing staff is coordinating with staff at the Florida Department of Agriculture and Consumer Services to adjust the terms of the funding, and is exploring the feasibility of offering MERP as a complement to competitive Low Income Housing Tax Credits offered in the upcoming Preservation RFA. Staff will report to the Board at its May 2015 meeting.

SINGLE FAMILY BONDS

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V. 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 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 Veterans Affairs (VA) loans, and United States Department of Agriculture-Rural Development (RD) loans. This program is funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets. Included in this program is the Military Heroes Program, which offers both honorably discharged veterans and 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 introduced a 3% grant program as part of the HFA Preferred PLUS Conventional Loan Program. The grant program 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% assistance. Our HFA Preferred PLUS grant provides

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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 91 approved lenders participating in the MCC Program compared with 101 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. 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. Most recently, Single Family Program Staff conducted the three hour course at the Florida Realtors Mid-Winter Conference on January 24th in Orlando and on January 30th in Tallahassee at the Tallahassee Board of Realtors.
- 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.
- 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

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2015 FIRST TIME HOMEBUYER PROGRAMS SUMMARY

	2014 FTHB Program Totals	2015 FTHB Program Totals	2015 Government Loan Program	2015 HFA Preferred Conventional Loan Program	2015 Mortgage Credit Certificate (MCC) Program Totals
Average Loan Amount	\$120,441	\$121,775	\$121,227	\$122,506	\$159,856
Average Acquisition Price	\$127,172	\$129,012	\$124,395	\$132,967	\$169,890
Average Household Income	\$47,667	\$45,001	\$46,903	\$42,462	\$50,051
County Area Median Income %	64.42%	64.68%	67.33%	**75.69	**89.22%
Total # of Units	2,801	635	363	272	104
Total \$ Volume	\$337,354,224	\$77,327,248	\$44,005,653	\$33,321,595	\$16,624,995

** uses statewide AMI of \$56,100

2015 TOP 10 COUNTIES FOR FTHB LOAN ORIGINATIONS

County	# of Loans	1st Mortgage Loan Amounts
Duval	79	\$9,289,090.43
Hillsborough	60	\$7,530,753.80
Brevard	43	\$4,365,182.01
Broward	33	\$4,399,496.33
Pinellas	32	\$3,704,551.87
Polk	31	\$3,817,991.68
Orange	30	\$4,128,714.00
Lee	29	\$3,374,258.26
Palm Beach	29	\$3,660,398.86
Manatee	24	\$3,086,058.99

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VI. 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 were closed in the principal amount of \$17,834,309.01, of which \$17,557,032.82 was disbursed.
 - (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 (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 February 25, 2015, twenty two (22) loans have been paid in full totaling \$12,734,610.

STRATEGIC PLAN AND PERFORMANCE MEASURES

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VII. STRATEGIC PLAN AND PERFORMANCE MEASURES

A. Strategic Plan and Performance Measures

1. Background/Present Situation

Section 420.511, Florida Statutes, requires Florida Housing to include performance measures and targets in its strategic plan. Quarterly Performance Measures and Targets for Quarter 4 - 2014 are attached in [Exhibit A](#).