

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
June 13, 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.newzap.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) Madison County Carrier
- (48) Miami Herald Newspaper
- (49) Mortgageorb.com Online
- (50) **NCOA**
- (51) Naples News
- (52) News Channel 5 (online)
- (53) News Chief
- (54) News-Press Newspaper in Fort Myers
- (55) News Service of Florida
- (56) News 13 Online
- (57) News Vine
- (58) New York Times
- (59) NorthEscambia.com Online
- (60) Ocala.com Online

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- (61) Ocala Star Banner Newspaper
- (62) Orlando Sentinel
- (63) **Palm Beach Post**
- (64) Panama City News Herald
- (65) Pensacola News Journal Newspaper
- (66) Ponte Vedra Recorder
- (67) RealEstateRama.com Online
- (68) The Record
- (69) The Republic
- (70) The Laker
- (71) Reuters Newspaper
- (72) Reverse Mortgage Daily
- (73) San Francisco Chronicle
- (74) Stateline.org Online
- (75) St. Augustine Record Newspaper
- (76) St. Pete Times Newspaper
- (77) Sun-Sentinel Newspaper
- (78) Sunshine State News
- (79) Tallahassee Democrat
- (80) Tampa Bay Times
- (81) Tampa Tribune
- (82) TCPalm.com Online
- (83) The Times (www.nwtimes.com)
- (84) Tomrollins.com Online
- (85) Townhall
- (86) Treasury Notes
- (87) Tweet - @Framabama
- (88) Tweet – Troy Kinsey @TroyKinsey
- (89) Tweet – Peter Schorsch @SaintPetersblog
- (90) WAND 17
- (91) Watchdog
- (92) WBBH Channel 2 Charlotte County
- (93) WCTV – Action 9
- (94) WDEF News Channel 12 online wdef.com
- (95) WEAR Channel 3 Pensacola

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- (96) Weidner Law Blog
 - (97) WESH 2 News Orlando
 - (98) Western Orlando News Online
 - (99) WFOL Orlando
 - (100) WFSU
 - (101) WFTV News Orlando
 - (102) WGCU
 - (103) WINK Ft. Myers News
 - (104) Winter Haven News Chief
 - (105) WJXT Channel 9 Jacksonville
 - (106) WLRN Miami Herald News
 - (107) WMBB
 - (108) WOFL Channel 35 Lake Mary
 - (109) **Wn.com**
 - (110) WPEC Palm Beach TV
 - (111) WPTV Channel 5 West Palm Beach
 - (112) WTSP
 - (113) WTVT Channel 13 Fox Tampa
 - (114) WTXL Tallahassee TV
 - (115) WUFT 89 FM Radio Gainesville
 - (116) WZVN ABC Channel 7 Fort Myers
- b) Communications staff attended the Making Home Affordable® event held in Orlando April 8. Staff supported HHF Advisor Agencies, in addition to assisting event attendees (homeowners) with information regarding the ELMORE and HHF unemployment programs.
- c) The Florida HHF Principal Reduction program re-opened the online application on Thursday, May 15. It was announced to the media two days prior, and received significant media attention during the subsequent week.
- d) Communications Staff has also been working with the media regarding the continuation of the HHF Modification Enabling Pilot (MEP) program.

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B. Business Continuity

1. Background/Present Situation

Business Continuity staff continues reviewing and updating the business continuity plan, alert notifications process, disaster and evacuation procedures, informational material, etc. Employee workshops on active shooter situations were conducted during the first part of June.

C. Corporate Marketing/Outreach

1. Background/Present Situation

- a) Communications will distribute the second quarter electronic *What's Developing* corporate newsletter in July.
- b) The unit continues working with the Information Technology Services (ITS) Department on website governance, maintenance, training and the creation of a newly developed website by the end of 2014; the goal is to have it fully operational by the first quarter of 2015.
- c) Staff continues to field media and public inquiries for both the Corporation and regarding the federal Hardest-Hit Fund daily.

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II. FISCAL

A. Operating Budget Analysis for April 2014

1. Background/Present Situation

- a) The Financial Analysis for April 30, 2014, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending April 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 41 multifamily developments in the Guarantee Program portfolio today, 29 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 April 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 60%, as reflected below:

Portfolio Risk Exposure

12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	4/30/2014
\$754,475,974	\$728,323,576	\$578,754,817	\$468,471,463	\$306,526,369	\$265,794,523

GUARANTEE PROGRAM

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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 4/30/14
Loans (#):		0	2	12	9	22	7
Risk ceded (\$):		\$0	\$9,876,854	\$117,963,056	\$83,995,036	\$149,398,081	\$39,479,712

- d) Also contributing to the reduction in Total Commitments is approximately \$100 million in partial prepayments (of mortgages) from SAIL ELI proceeds, \$35 million in scheduled amortization of guaranteed mortgages and \$23 million in foreclosures (Sarah's Place and Nelson Park in 2009, and 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 \$168.6 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](#))**

LEGISLATIVE

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IV. LEGISLATIVE – End of Session Summary

Prior to the start of this year’s session, the Corporation had two legislative goals: 1.) Senate Confirmation for all board appointments, and 2.) Funding for our affordable housing programs. Late in the evening of May 2, the 2014 Legislative Session concluded, with both of our goals successfully completed.

A. Board Confirmation

1. Background/Present Situation

- a) Prior to the start of session, there were four board appointments that needed to be confirmed by the Senate. The four appointments, consisting of Len Tylka, John Hawthorne, Brian Katz, and Ray Dubuque, were confirmed early in the process, with a favorable committee report on March 17 and final confirmation on the Senate floor on March 20.
- b) During session, we received another board appointment that also required Senate confirmation. Despite the timing, by working with the new appointee, Howard Wheeler, and staff, we were able to get him on the agenda and reported favorably out of the last Senate Ethics and Elections committee hearing on April 21, with final Senate confirmation on April 29.
- c) All the board appointees did such a wonderful job providing the necessary documentation, making the confirmation process a possibility. Thank you to each of you and congratulations (again) on your confirmation.

B. Funding for Affordable Housing Programs

1. Background/Present Situation

- a) We are thankful that the Legislature has entrusted us with funding for our affordable housing programs, the largest doc stamp appropriation since 2009. This funding was provided in the General Appropriations Act (GAA), HB 5001. The GAA appropriated a total of \$167,660,000 from the housing trust funds for affordable housing. This included funding for our established and successful programs, with \$67,660,000 to the State Apartment Incentive Loan (SAIL) program and \$96,000,000 for the State Housing Initiatives Partnership (SHIP) program. There was also \$4 million from the Local Government Housing Trust Fund to assist homeless population that would be used by the Department of Children and Families and the Department of Economic Opportunity. Proviso language contained in the GAA provides guidance on the use of the housing trust funds allocated:

*“AFFORDABLE HOUSING PROGRAMS
FROM STATE HOUSING TRUST FUND . . . 67,660,000*

From the funds in Specific Appropriation 2246, \$57,660,000 is provided to fund the construction or rehabilitation of units through the State Apartment Incentive Loan (SAIL) Program. Each SAIL development that receives an award from these funds and will be targeted to families, elderly persons, and persons who are homeless pursuant to section 420.5087 (3), Florida Statutes, must include not less than 5 percent and no more than 10 percent of its units designed,

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constructed, and targeted for persons with a disabling condition as defined in section 420.0004 (7), Florida Statutes. Each development shall be required to enter into an agreement with at least one designated supportive services lead agency, such as the Local Center for Independent Living, the Agency for Persons with Disabilities, or any other such agency approved by the Florida Housing Finance Corporation (FHFC), for the purpose of coordinating services and housing for persons with disabilities.

From the funds in Specific Appropriation 2246, \$10,000,000 is provided to fund a competitive grant program for housing developments designed, constructed, and targeted for persons with developmental disabilities as defined in section 393.063, Florida Statutes. Private nonprofit organizations whose primary mission includes serving persons with developmental disabilities as defined in section 393.063, Florida Statutes, shall be eligible for these grant funds. Housing projects funded with these grants may include community residential homes as defined in section 419.001, Florida Statutes, or individual housing units, and may include new construction and renovation of existing housing units. In evaluating proposals for these funds, the FHFC shall consider: the extent to which funds from local and other sources will be used by the applicant to leverage the grant funds provided under this section; employment opportunities and supports that will be available to residents of the proposed housing; a plan for residents to effectively and efficiently access community-based services, resources, and amenities; and partnerships with other supportive services agencies.

**AFFORDABLE HOUSING PROGRAMS STATE HOUSING
INITIATIVES PARTNERSHIP (SHIP)
PROGRAM FOR LOCAL GOVERNMENT HOUSING TRUST
FUND..... 100,000,000**

From the funds in Specific Appropriation 2247, each local government must use a minimum of 20 percent of its allocation to serve person with special needs as defined in section 420.0004, Florida Statutes. Before this portion of the allocation is released by the Florida Housing Finance Corporation (FHFC), a local government must certify that it will meet this requirement through existing approved strategies in the local assistance plan or submit a new local housing assistance plan strategy for this purpose to the FHFC for approval to ensure that it meets these specifications. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in section 393.063, Florida Statutes, with an emphasis on home modifications, including technological enhancements and devices, which will allow homeowners to remain independent in their own homes and maintain their homeownership.

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From the funds in Specific Appropriation 2247, \$4 million shall be used to provide services to homeless persons. Of the \$4 million, \$3,800,000 shall be transferred to the Department of Children and Families to implement the provisions of section 420.622, Florida Statutes, and \$200,000 shall be used by the Department of Economic Opportunity to provide training and technical assistance regarding affordable housing to designated lead agencies of homeless assistance continuums of care.

*TOTAL: FLORIDA HOUSING FINANCE CORPORATION
FROM TRUST FUNDS 167,660,000
TOTAL ALL FUNDS 167,660,000”*

- b) The conditions provided in the proviso are substantially similar to those attached to the 2013 appropriation of the National Mortgage Settlement funds. We will not have to ‘reinvent the wheel’ to allocate these funds.
- c) The GAA also did contain sweeps of the remaining housing trust funds that were not allocated:

*“Local Government Housing Trust Fund..... 91,853,337
State Housing Trust Fund..... 14,298,030”*

**Thank you for all your work and support!
Office of Legislative Affairs, Florida Housing Finance
Corporation**

MULTIFAMILY PROGRAMS

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V. MULTIFAMILY PROGRAMS

A. 2014 Rule Development

1. Background/Present Situation

- a) To solicit comments concerning Rule Chapters 67-21, 67-32, 67-48, and 67-60, F.A.C., and proposed changes to the 2014 Qualified Allocation Plan, rule development workshops were held on April 24, 2014 and June 12, 2014.
- b) As a result of these workshops, staff is continuing to revise the rules governing the multifamily programs and expects to submit the proposed Rules and 2015 Qualified Allocation Plan for Board approval at the August 8, 2014 meeting.

SINGLE FAMILY BONDS

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VI. 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 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 currently 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 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.

SINGLE FAMILY BONDS

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- 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 72 approved lenders participating in the MCC Program compared with 80 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 Naples on April 28, 2014, through the Naples Area Board of Realtors (NABOR), in Ft. Myers on April 29, 2014, through the Realtor Association of Greater Ft. Myers, in Tampa on May 14, 2014, through the Greater Tampa Area of Realtors (GTAR) and in Orlando on May 14, 2014, through the Orlando Regional Realtor Association (ORRA). Over 180 Realtors attended the classes in Collier, Lee, Hillsborough and Orange Counties. 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	\$115,238	\$116,122	\$157,073
Average Acquisition Price	\$113,697	\$121,363	\$128,417	\$162,897
Average Household Income	\$46,548	\$48,556	\$45,705	\$52,972
*County Area Median Income %	*60.77%	*63.33%	*61.50%	**94.42%
Total # of Units	1,517	671	87	130
Total \$ Volume	\$164,256,571	\$77,324,603	\$10,102,635	\$20,419,482

* 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	152	\$18,002,469.09
Brevard	58	\$5,659,807.63
Hillsborough	49	\$5,411,500.88
Lee	47	\$5,053,177.31
Orange	44	\$6,093,427.42
Leon	29	\$2,898,736.13
Volusia	28	\$2,930,578.87
Polk	27	\$3,645,474.63
Sarasota	27	\$3,193,957.93
Escambia	26	\$2,655,979.52

SUBORDINATED MORTGAGE INITIATIVE (SMI)

Information

VII. SUBORDINATED MORTGAGE INITIATIVE (SMI)

A. Program Update

1. Background/Present Situation

- a) As of this date, the Board has approved funding for a total of thirty-two (32) Subordinated Mortgage Initiative (SMI) loans to developments credit enhanced by the Guarantee Program and determined to be in financial distress. The loans provide properties with temporary assistance in funding their mortgage debt service obligations for a period of up to twenty-four (24) months. Florida Housing provided funding for up to one (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 has approved a total of thirty-two (32) SMI loans in the amount of \$19,120,000.
 - (2) Thirty (30) of these SMI loans have been closed to date in the principal amount of \$17,834,309.01, of which \$17,557,032.82 has been disbursed as of April 30, 2014.
 - (3) One SMI loan, Woods of Vero, 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 April 30, 2014, seventeen (17) loans have been paid in full totaling \$9,406,382.

2014 DRAFT STRATEGIC PLAN

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VIII. 2014 DRAFT STRATEGIC PLAN

A. 2014 Draft 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. The statute requires the plan to contain performance measures and specific targets for the following:
- (1) The ability of low-income and moderate-income Floridians to access housing that is decent and affordable;
 - (2) The continued availability and affordability of housing financed by the corporation to target populations;
 - (3) The availability of affordable financing programs, including equity and debt products, and programs that reduce gaps in conventional financing in order to increase individual access to housing and stimulate private production of affordable housing;
 - (4) The establishment and maintenance of efficiencies in the delivery of affordable housing; and
 - (5) Such other measures as directed by the corporation's board of directors.

2. Present Situation

The draft 2014 plan is provided in [Exhibit A](#) and continues to be open for Board suggestions and public comment. Florida Housing staff is beginning work on development of performance measures and targets to address the statutory requirement. We expect to have information for the Board at the August meeting.