FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
September 4, 2020
Information Items

we make housing affordable
CORONAVIRUS RELIEF FUND (CRF)

Information

I. CORONAVIRUS RELIEF FUND (CRF)

A. Coronavirus Relief Fund (CRF)

1. Background/Present Situation

a) The State of Florida has been awarded funding through the Coronavirus Aid, Relief and Economic Security (CARES Act) Coronavirus Relief Funds (CRF). Governor DeSantis announced $250 million in CARES Act funding for rental and mortgage assistance for Florida families that have been negatively impacted by the COVID-19 pandemic.

b) These initiatives include three funding pools: 1) $120 million to provide rental assistance for residents in Florida Housing funded developments, 2) $120 million to provide rent and mortgage assistance administered by State Housing Initiatives Partnership (SHIP) jurisdictions, and 3) $2 million to provide operations assistance for special needs developments. $8 million has been provided for administrative costs. All funds must be expended by December 30, 2020.

c) Attached as Exhibit A is a summary of the CRF activities through August 21, 2020.
I. FISCAL


1. Background/Present Situation

   a) The Financial Analysis for July 31, 2020, is attached as Exhibit A.

   b) The Operating Budget for the period ending July 31, 2020, is attached as Exhibit B.
GUARANTEE PROGRAM

Information

I. GUARANTEE PROGRAM

A. Status of the Guarantee Program portfolio

1. Background/Present Situation

a) Since the implementation of the Guarantee Program in 1993, 120 transactions facilitating the construction of over 28,000 housing units in Florida were guaranteed. 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. As of 7/31/20, one (1) multifamily development remains in the Guarantee Program portfolio.

b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program portfolio, representing the total (and only) multifamily claims incurred in its 24-year history. The Guarantee Program experienced a strong 87% foreclosure recovery rate, compared to the 64% national average at that time. Currently, 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 was $754.5 million. Since then, in keeping with the Board’s mandate to cede risk from the portfolio, total risk exposure has been reduced over 99%, as reflected below:

<table>
<thead>
<tr>
<th>As of 7/31/20</th>
<th>12/31/19</th>
<th>12/31/18</th>
<th>12/31/17</th>
<th>12/31/16</th>
<th>12/31/15</th>
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<tr>
<td></td>
<td>$0</td>
<td>$5.2M</td>
<td>$19.9M</td>
<td>$20.4</td>
<td>$30.9M</td>
<td>$59.4M</td>
<td>$158.9M</td>
<td>$306.5M</td>
<td>$468.5M</td>
<td>$578.8M</td>
</tr>
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</table>

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. Refinancing activity is reflected in the following chart:

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1 Real Capital Analytics, April 2011
d) Contributing to the reduction in Total Commitments was approximately $115 million in partial prepayments (of mortgages) from SAIL ELI proceeds, funded prior to or at the time of closing, helping facilitate refinancing activity.

e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off $90.2 million on April 20, 2011, another $15 million on July 29, 2011, and the remaining $51.0 million on December 21, 2012, reducing the Guarantee Fund’s capitalizing debt to zero ($0).


C. Current Ratings (Insurer Financial Strength)

1. Background/Present Situation

Standard & Poor’s: May 2020 A+ / Stable outlook
Cited strengths: “Strong state financial support…Strong asset quality…Strong asset management policies”[1]

Fitch: March 2018 A+ / Stable outlook
Cited strengths: “Low Risk-to-Capital Ratio… Limited State support …Minimal Multifamily Losses”[2]

D. Risk-to-Capital Ratio

1. Background/Present Situation

a) Authorized Maximum Ratio = 5:1. Peaking in 1999 at 4.95:1, subsequent management efforts resulted in a more conservative downward trend to the vastly improved ratio of 0.04:1 as of 7/31/20. Capital not needed to support the outstanding Guarantees has been made available to the SAIL program for use in the 2016-2018 and 2019 competitive solicitations. Specifically, $40 million was made available to workforce housing and the remaining $78 million to SAIL.

E. Guarantee Program Portfolio (Exhibit A)

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I. HOUSING CREDITS

A. The development listed below has requested changes to the Extended Use Agreement

1. Background/Present Situation

   a) Douglas Pointe Apartments (2016-533C) is a 4% Housing Credit Development. The Extended Low-Income Housing Agreement (EUA) was recorded in Miami-Dade County on December 18, 2018.

   b) On July 22, 2020, staff received a letter from the Owner requesting a revision to Section 2 of the Extended Low-Income Housing Agreement (EUA) to correctly reflect the square footages of the two-bedroom and three-bedroom units.

   c) Staff will amend the Extended Low-Income Housing Agreement (EUA) as appropriate.
HURRICANE MICHAEL UPDATE

Information

I. HURRICANE MICHAEL UPDATE

A. Multifamily Rental Portfolio

1. Background/Present Situation

a) Florida Housing has 68 developments comprised of 597 buildings with 6,134 units in its portfolio located in the twelve counties declared a major disaster due to Hurricane Michael.

b) From the damage assessments, nine developments reported damage extensive enough to require displacement of some or all households. In total, 652 households have been displaced due to direct damage, unhealthy moisture content and/or the discovery of mold in the housing units. An additional 15 properties reported moderate damage, 17 reported limited damage because of the hurricane. Hatton House, a Jackson County development, was able to return all 76 households to their units once power was restored and the elevator operational.

c) The status of displaced households typically fell into one of four categories:

(1) Those that received FEMA rental assistance despite having to move 30 miles or more to find affordable housing. Many displaced from Bay County had to find housing in Destin, Fort Walton or as far west as Pensacola. FEMA was able to relocate many Jackson County families to Dothan, Alabama;

(2) Those that were staying with family or friends in the immediate area to be closer to jobs and schools:

(3) Those that were transferred to another property owned by the same landlord; and

(4) Those, especially in Bay County, that permanently relocated due to loss of employment.

Florida Housing continues to monitor the damaged properties for regular updates on reconstruction, damage mitigation efforts and rehousing of the displaced households. Initially, 40 units were projected to be ready for occupancy by the end of the first quarter with all units projected to be ready by year-end. As of July 31, 2020, 625 (99%) of the 652 previously uninhabitable units have been reoccupied. Those developments with units that have not been reoccupied are:

(1) Independence Village (Bay County) 24 uninhabitable units was purchased by the City of Panama City and will be demolished and replaced with affordable workforce housing.

(2) Pebble Hill Estates (Jackson County) 27 of the 30 restored units are re-occupied.
HURRICANE MICHAEL UPDATE

Information

(3) Thirty-seven developments have completed all work and debris removal. A summary of the status of developments within Florida Housing’s portfolio that sustained damage from Hurricane Michael is attached as Exhibit A.

(4) The current status of Hurricane Michael related Requests for Applications (RFAs) and developments awarded funding through those RFAs is attached as Exhibit B.
I. MULTIFAMILY PROGRAMS – ALLOCATIONS

A. Present Situation of Multifamily Programs Allocations

1. Background/Present Situation

   a) RFA Updates

      (1) A workshop regarding the 9% Housing Credit geographic RFAs was be held on July 28, 2020. The RFAs were issued on August 26, 2020.

      (2) A workshop regarding RFA 2020-204 “Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments” was held on August 11, 2020. The RFA was issued September 3, 2020.

      (3) A workshop regarding RFA 2020-205 “SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits” will be held September 10, 2020. Staff plans to issue the RFA on October 15, 2020.

      (4) A workshop regarding RFA 2020-101 “Elderly Housing Community Loan” will be held September 22, 2020. Staff plans to issue the RFA October 22, 2020.

      (5) A workshop regarding RFA 2020-206 “HOME Financing for the construction of small, rural Developments” will be held September 29, 2020. Staff plans to issue the RFA on October 29, 2020.

   b) General Updates

      (1) A general workshop for specialized demographics will be held on September 23, 2020.
STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Changes to Construction Features and Amenities

1. Background/Present Situation

   a) The following developments have requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs in their application since the last Board Meeting:

   (1) Evergreen Village / RFA 2018-101 / 2018-308S – The Borrower has requested to replace “Energy Star Certified Roofing Materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles)” (3 points) and “Energy efficient windows in each unit. For all Development Types except Mid-Rise and High Rise; Energy Star rating for all windows in each unit: For Development Type of Mid-Rise and High Rise: U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)” (3 points) with “Humidistat in each unit” (2 points), “Water Sense certified dual flush toilets in all bathrooms” (2 points), and “Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings” (2 points). Scoring of the application will remain unaffected.

   (2) Venetian Walk II / RFA 2017-108 / 2018-017S – The SAIL/ELI Land Use Restriction Agreement is being amended to correct a scrivener’s error in Exhibit B, Section G to remove the Green Building Feature “Eco-friendly cabinets – no added urea formaldehyde and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)”. Scoring of the application will remain unaffected.

   (3) Arbor Village / RFA 2017-103 / 2017-255CSN – The SAIL/NHTF Land Use Restriction Agreement is being amended to correct a scrivener’s error in Section 2.2(c) to state: Twenty percent (20%) of the total units (8 units) within the Development shall be rented to the demographic commitment of Persons with a Disabling Condition. Additionally, the borrower requested to add the following language after paragraph Section 2.2(c): A household may meet the requirements of more than one of the above Demographic commitments in (b) and (c) above; and the following language at the end of the paragraph in Section 2.2(g): At the end of the 30-Year Compliance Period, at the time the NHTF Set-Aside Units described in subsection (a) convert to serve residents at or below sixty percent (60%) of the area median income for the remainder of the Program Compliance Period, the rent controls for the NHTF Set-Aside Units shall not exceed thirty percent (30%) of the income of a family whose annual income equals sixty percent (60%) of the median income for the geographic area, as determined by HUD, with adjustments for the number of bedrooms in the unit. Scoring of the application will remain unaffected.
(4) Warley Park / RFA 2017-103 / 2017-258CSN – The SAIL and NHTF Land Use Restriction Agreements are being amended to correct a scrivener’s error in Section 2.2(c) to state: Twenty percent (20%) of the total units (8 units) within the Development shall be rented to the demographic commitment of Persons with a Disabling Condition. Additionally, the following language will be included for clarification after paragraphs in Section 2.2(c): A household may meet the requirements of more than one of the above Demographic commitments in (b) and (c) above. Scoring of the application will remain unaffected.

b) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Use Agreement(s) for the developments as appropriate.
I. STRATEGIC PLAN AND PERFORMANCE MEASURES

A. Strategic Plan Performance Measures and Informational Indicators

1. Background

a) Sections 420.0006 and 420.504(1), Florida Statutes, direct the Executive Director of the Department of Economic Opportunity (DEO) to contract with Florida Housing on a multi-year basis to address the affordable housing needs of the state. The contract must include the performance measures adopted by the Board as part of and consistent with Florida Housing’s Strategic Plan, pursuant to section 420.511(1), F.S.

b) The Affordable Housing Services contract requires Florida Housing to report to DEO quarterly on the performance measures and targets. Section 420.0005, F.S., requires the DEO Director to certify to the state’s Chief Financial Officer that Florida Housing is in compliance with the performance measure targets. This is required to give Florida Housing access to appropriated state funding. These reports are provided to DEO within 30 days of the end of each quarter.

2. Present Situation

a) Quarterly Performance Measures and Targets for Quarter 2 – 2020 are attached as Exhibit A. Quarterly Informational Indicators for Quarter 2 – 2020 are attached as Exhibit B.
**HOMEOWNERSHIP**

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<thead>
<tr>
<th>Performance Measures</th>
<th>Data</th>
<th>Informational Indicators</th>
<th>Data</th>
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<tbody>
<tr>
<td><strong>Number of Participating First Mortgage Lenders</strong>*</td>
<td>End of Q2/2020: 284 active and approved lenders. (Target: 50)</td>
<td><strong>Homebuyer Loan Programs:</strong></td>
<td>Q2/2020: Price: $178,137&lt;br&gt;Homebuyer Income: $52,513</td>
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<tr>
<td><strong>Homebuyer Loan Programs</strong>&lt;br&gt;First Mortgage Loan and Down Payment Assistance (DPA):</td>
<td>Q2/2020: $125,691,678&lt;br&gt;DPA Q2/2020: $5,420,131</td>
<td><strong>Mortgage Credit Certificate:</strong></td>
<td>Q2/2020: Price: $195,303&lt;br&gt;Homebuyer Income: $46,538</td>
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**RENTAL**

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<th>Performance Measures</th>
<th>Data</th>
<th>Informational Indicators</th>
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<tr>
<td><strong>Guarantee Fund</strong>&lt;br&gt;Risk-to-Capital Ratio</td>
<td>End of Q2/2020: 04:1 (Maintain no more than a 5:0:0:1 leverage ratio)</td>
<td><strong>FHFC Rental Portfolio Occupancy Rate Statewide</strong>&lt;br&gt;Period Ending 5/31/20: 94.87%&lt;br&gt;(Target: 93%-95%)</td>
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<td><strong>Guarantee Fund</strong>&lt;br&gt;Insurer Ratings</td>
<td>Standard &amp; Poor's: A+/Stable (as of 05/21/20)&lt;br&gt;Fitch: A+/Stable (as of 05/21/20) (Rating of not less than third-highest to safeguard State Housing Trust Fund)</td>
<td><strong>Average Tenant Income in Florida Rental Properties</strong>&lt;br&gt;Most recent annual figures (2019)&lt;br&gt;Public Housing: $13,743&lt;br&gt;HUD Properties: $11,207&lt;br&gt;USDA RD Properties: $16,833&lt;br&gt;FHFC Properties: $24,971&lt;br&gt;All Florida Renters: $47,096</td>
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<td><strong>Amount of State Appropriated Rental Funding Awarded</strong>*</td>
<td>Q2/2020: 100% of current FY appropriated rental program funds awarded. (Q2 Target: 80% of current FY appropriated rental program funds awarded.)</td>
<td><strong>Average Tenant-Paid Gross Rent at Florida Rental Properties</strong>&lt;br&gt;Most recent annual figures (2019)&lt;br&gt;Public Housing: $312&lt;br&gt;HUD Properties: $259&lt;br&gt;USDA RD Properties: Unavailable&lt;br&gt;FHFC Properties (w/Rental Assist): $307&lt;br&gt;FHFC Properties (w/o Rental Assist): $859&lt;br&gt;All Florida Renters: $1,208</td>
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<td><strong>Eligibility for National Pool of Low Income Housing Tax Credits</strong></td>
<td>Most recent eligibility period Received 2018 National Pool Housing Credits</td>
<td><strong>Maturing Loans Data</strong>&lt;br&gt;2019&lt;br&gt;7 SAIL Loans: 736 Units&lt;br&gt;5 HOME Loan: 368 Units&lt;br&gt;2020 Anticipated&lt;br&gt;7 SAIL Loans: 558 Units&lt;br&gt;1 HOME Loan: 33 Units</td>
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<td><strong>Percentage of SAIL Funds Awarded across each Demographic Group Compared to Reserved Allocation Percentages</strong></td>
<td>FY 2019-20 Funds Allocation Reserved compared to Actual Awarded (End of Q2/2020)&lt;br&gt;Farm/Fishworkers (5%-4.05%)&lt;br&gt;Homeless (10% - 13.0%)&lt;br&gt;Special Needs (31% - 12.53%)&lt;br&gt;Elderly (24.6% - 20.72%)&lt;br&gt;Families (47.4% - 47.10%)</td>
<td><strong>Searches for Affordable Rentals on Housing Locator Website</strong>&lt;br&gt;Q2/2020: 258,468 searches conducted</td>
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<td><strong>Percentage of SAIL Funds Awarded across Small, Medium and Large Counties</strong></td>
<td>FY 2019-20 Funds Allocation Reserved compared to Actual Awarded (End of Q2/2020)&lt;br&gt;Small Counties (10% - 4.79%)&lt;br&gt;Medium Counties (36.2% - 38.05%)&lt;br&gt;Large Counties (53.8% - 53.47%)</td>
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<td><strong>Total/Affordable Units in FHFC Portfolio</strong></td>
<td>End of Q2/2020</td>
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**OPERATIONS**

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<th>Informational Indicators</th>
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<tr>
<td><strong>Budgeted Total Operating Expenses to Actual Total Operating Expenses</strong>*</td>
<td>Period Ending 04/30/20&lt;br&gt;Under budget&lt;br&gt;(Target: Not to exceed budget by more than 10%)</td>
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<td><strong>Board Engagement: Attendance &amp; Attainment of Quorum</strong>*</td>
<td>Q2/2020 Board Meetings&lt;br&gt;April: 7 of 7 seated members present&lt;br&gt;June: 7 of 7 seated members present&lt;br&gt;(Target: Quorum - five members present)</td>
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*DEO/FHFC Contract Measure
Governor Ron DeSantis Announces Approval of $75 Million Coronavirus Relief Fund Dollars for Property Owners, Renters and Homeowners Affected by COVID-19

Apopka, Fla. — Today, Governor Ron DeSantis announced that the Florida Housing Finance Corporation (Florida Housing) Board of Directors unanimously approved the release of $75 million to local governments to assist Floridians in need of rental and mortgage assistance due to the COVID-19 pandemic. Through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Governor DeSantis made available $250 million, of which $120 million will be sent to local governments to provide rental and mortgage assistance program. The $75 million approved today is the first release of the funding to local governments.

“The COVID-19 pandemic has caused profound disruption to families throughout the state,” said Governor DeSantis. “It is my hope that these funds and the rest of the $250 million will provide some level of relief to individuals who—through no fault of their own—are now having difficulty making ends meet.”

The $75 million includes allocations to many local governments in Florida, but the Governor travelled to the City of Apopka to highlight Orange County’s allocation of $7.3 million.

For a full list of the allocations, click HERE.

“As Floridians continue to struggle with the negative economic impacts of COVID-19, Florida Housing remains committed to providing renters and homeowners with housing assistance,” said Trey Price, Executive Director of Florida Housing Finance Corporation. “We are proud to stand with the Governor to ensure affordable housing remains a top priority, and that families have the necessary assistance to remain in their homes during these difficult times.”
$120 Million Coronavirus Relief Fund for Impacted Homeowners and Renters
Impacted homeowners and renters can apply for the following assistance through a local State Housing Initiatives Partnership (SHIP) Program housing office:

- Rental and mortgage assistance payments for persons who experienced a hardship that prevents them from making these payments;
- Emergency Repair; and
- Rehabilitation and New Construction related specifically to a need caused by the COVID-19 emergency.

Click here for more information on the program and how to start the process. Florida Housing encourages homeowners and renters impacted by the pandemic to visit the website. Also, the toll-free Coronavirus Relief Fund for Impacted Homeowners and Renters Information Line 1-888-362-7885 will be available starting Monday, July 20th from 9 a.m. to 7 p.m. weekdays for those who would like to speak with a representative.

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