

FLORIDA HOUSING FINANCE CORPORATION
Telephonic Board Meeting
July 24, 2013
Action Items



HOME RENTAL

Action

I. HOME RENTAL

A. Request Approval of Efforts to Meet HUD Deadlines for HOME Allocations

1. Background

- a) HOME funds are allocated to state and local governments each year. Historically, Florida Housing split its annual federal HOME allocation evenly between multifamily and single family programs. For many years, the multifamily HOME funding was generally targeted to smaller developments in rural areas of the state. This strategy was guided by the policy that most large urban areas received HOME funding directly from the federal government and, therefore, the state's HOME funds should be targeted to other areas.
- b) HOME funding for single family programs historically was split between down-payment assistance in conjunction with the First Time Homebuyer Program and other single family development programs, including the Homeownership Pool (HOP) Program, which currently works with the USDA Rural Development Self-Help Program and Habitat for Humanity to provide down-payment assistance to eligible homebuyers. Due to an updated rule interpretation by HUD regarding down-payment assistance in 2006, however, it was no longer feasible to utilize this funding with our First Time Homebuyer Program and the methods to utilize single family HOME funds shifted to development programs only. The Self-Help HOP Program has been the one single family development program to which we have continued to commit HOME funding through the last few years.
- c) Periodically, HOME funds have also been used for other unique purposes, such as for disaster recovery programs or in Requests for Proposals (RFPs) for other targeted strategies. In 2009 when State Apartment Incentive Loan (SAIL) funding was unavailable and both the traditional state and federal funding programs had become unpredictable for a variety of reasons, Florida Housing issued an RFP to utilize HOME as gap financing in conjunction with Multifamily Mortgage Revenue Bonds. That RFP resulted in HOME commitments of \$35 million to multifamily developments throughout the state. The 2009 HOME RFP in conjunction with Tax Credit Assistance Program funds (stimulus funding from the 2009 federal American Recovery and Reinvestment Act) resulted in further HOME commitments of \$3.5 million.
- d) Additionally, in the last two Universal Application Cycles, HOME was again used to replace SAIL funding in multifamily developments serving homeless households. The HOME commitments were \$12.9 million in the 2009 round (awarded in early 2010) and \$9.6 million in the 2011 round (awarded throughout the last half of 2012).
- e) These multifamily uses of HOME funds over the last few years veered from the rural focused strategy, but were important in maintaining our traditional Multifamily Mortgage Revenue Bond programs, and our homeless goal in the Low Income Housing Tax Credit program.

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- f) In addition to our annual HOME allocation, Florida Housing receives HOME Program Income. Program Income is derived from repayment of HOME loans, interest collected on HOME loans and proceeds from the sale of a HOME property. Once Program Income funds are received by Florida Housing, federal rules dictate that they must be spent before HOME allocation funds are committed and drawn. Therefore, every time there is a draw request on a project, if there is Program Income available, the HOME allocation funds that were previously committed to a project must be uncommitted and the Program Income used first. Over the last ten years, Florida Housing has received an average of \$7.8 million per year in HOME Program Income.
- g) In April 2011, the overall HOME funds were overcommitted by \$6.97 million, meaning that we had more commitments for HOME funds than we were allocated by HUD through the 2011 fiscal year HOME allocation. This over commitment included the 2011 fiscal year HOME allocation of \$18.1 million. At times, Florida Housing over commits funding, because we know that some awards will never be used, and Florida Housing is required to obligate funding within a certain time.
- h) Since August 2011, there have been approximately \$6 million in deobligations from projects which returned either all or a portion of their HOME commitments. For completed projects, a portion of the HOME funds can be deobligated due to the lack of need for the remainder of the funds to complete the project. For projects that are not able to begin construction activities due to unforeseen reasons, the entire commitment is deobligated.
- i) By October 2012, we were left with \$9.7 million of funds with a commitment deadline of July 31, 2013 (due to Program Income received and deobligated commitments from the 2011 annual allocation). Of this, \$4.7 million was committed to the homeless rental development awarded Low Income Housing Tax Credits in the last Universal Application Cycle in December 2012. In addition, \$5.6 million was recently committed to the HOP Program. However, due to further Program Income received over the last eight months, we currently have \$8.9 million to commit.
- j) In October 2004, the Board approved staff's request to implement a Tenant Based Rental Assistance (TBRA) program by granting HOME funds to Public Housing Authorities (PHA) that administered the Section 8 Housing Choice Voucher program. PHAs were chosen to implement the program because they were familiar with Federal Regulations that govern the HOME program which greatly sped up the delivery process to the families in need. Preference was given to those households who had been displaced from their primary residence as a result of a natural disaster. Other income eligible families were assisted if there were no families that met this preference. There were 22 PHAs that received TBRA grants to assist families in need. Over \$18,000,000 was disbursed for rental assistance to assist approximately 1,900 families for up to 24 months. The program was concluded in 2011 due to all of the set aside funds for the TBRA program being disbursed.

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2. Present Situation

- a) TBRA is a housing strategy that Florida Housing can implement quickly and provides helpful short term housing assistance for those in need. In addition to natural disasters, where a family home may be unlivable, TBRA is helpful in situations where a family has a short term housing need due to job loss, unforeseen medical bills or other situations where they need help with rent. TBRA requires the family to pay 30 percent of its income for rent, and then supplies the remaining amount to the private sector landlord (at rates not to exceed federal rental standards).
- b) In an effort to meet the HUD deadline of July 31, 2013, for obligation of the 2011 HOME allocation, Florida Housing has reached out to previous recipients of the TBRA Program. Most of the previous TBRA Program recipients are ready to sign initial commitments of up to \$500,000 each.

3. Recommendation

Approve using HOME funds for a TBRA program pursuant to Rule Chapter 67-57, Florida Administrative Code.