

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
April 30, 2021
Information Items



FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for March 31, 2021.

1. Background/Present Situation

- a) The Financial Analysis for March 31, 2021, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending March 31, 2021, 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 3/31/21, 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.¹ 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:

Portfolio Risk Exposure

As of 3/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11
\$5.1M	\$5.1M	\$5.2M	\$19.9M	\$20.4	\$30.9M	\$59.4M	\$158.9M	\$306.5M	\$468.5M	\$578.8M

- 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:

¹ Real Capital Analytics, April 2011

GUARANTEE PROGRAM

Information

Refinancing Activity

	As of 3/31/21	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Loans (#):	0	0	2	0	1	5	17	22	22	9	12
Risk ceded (\$):	n/a	n/a	\$14.4M	n/a	\$10.2M	\$27.6M	\$100M	\$136.8M	\$149.4M	\$84M	\$117.9M

- 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).
- f) The Guarantee Fund corpus contains approximately \$142 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "A+f" by Standard & Poor's as of March 29, 2019.

C. Current Ratings

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 3/31/21. 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](#))

^[1] Standard & Poor's, "Florida Affordable Housing Guarantee Fund", May 21, 2020, www.standardandpoors.com/ratingsdirect.

^[2] Fitch Ratings, "Fitch Affirms Florida Housing Finance Corp's Guarantee Fund at 'A+'; Outlook Stable", March 28, 2018, www.fitchratings.com. Fitch Ratings 2020 surveillance was concluded on September 10, 2020 and resulted in Review-No Action of the rating.

MULTIFAMILY PROGRAMS – ALLOCATIONS

Information

I. MULTIFAMILY PROGRAMS – ALLOCATIONS

A. RFA Updates

1. Background/Present Situation

- a) The Application Deadline for RFA 2021-105 Financing To Build Smaller Permanent Supportive Housing Properties For Persons With Developmental Disabilities was April 21, 2021.
- b) The Application Deadline for RFA 2021-208 SAIL and Housing Credit Financing For The Construction Of Workforce Housing was April 22, 2021.

B. Rule Development Updates

1. Background/Present Situation

- a) Rule Development hearing was held on April 7, 2021. The rules were filed for adoption on April 22, 2021, with an anticipated effective date of May 12, 2021.

C. 2021/2022 Tentative Funding Amounts and Timeline

1. Background/Present Situation

- a) A draft of the 2021/2022 RFA timeline is attached as [Exhibit A](#). Staff intends to present the finalized 2021/2022 Tentative Funding Amounts and Timeline to the Board for approval at either the June 18, 2021 or July 30, 2021 Board meeting.

D. General Workshops

1. Background/Present Situation

- a) Staff expects to hold a Multifamily Development workshop for Local Governments on June 22, 2021.
- b) Staff expects to hold a general workshop for Specialized Demographic RFAs on August 10, 2021.

NATURAL DISASTERS RECOVERY UPDATE

Information

I. NATURAL DISASTERS RECOVERY UPDATE

A. Hurricane Michael Update

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.
- d) Florida Housing continues to monitor the damaged properties for regular updates on reconstruction, damage mitigation efforts and rehousing of the displaced households. As of December 31, 2020, 100% of the previously uninhabitable units were reoccupied¹.
- e) Forty-one developments have completed all work and debris removal. Work on fence replacement continues at Northgate Terrace II. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Michael is attached as [Exhibit A](#).
- f) The current status of Hurricane Michael related Requests for Applications (RFAs) and developments awarded funding through those RFAs is attached as [Exhibit B](#).

¹ The City of Panama City planned to purchase Independence Village (Bay County). The 24 uninhabitable units were demolished and the City plans to replace the units with affordable workforce housing.

NATURAL DISASTERS RECOVERY UPDATE

Information

B. Hurricane Sally Update

1. Background/Present Situation

- a) Florida Housing has 113 developments in its portfolio located in the 14 counties declared a major disaster due to Hurricane Sally. Of the 21 developments that reported mostly limited damage, 16 completed all repairs. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Sally is attached as [Exhibit C](#). No households were displaced by the storm.

C. Hurricane Eta Update

1. Background/Present Situation

- a) Damage reports received indicated limited to moderate damage to roofs and windows combined with limited landscape damage. Of the 34 properties that sustained damage, 30 have completed all repair work as of March 31, 2021. Thirty (30) households were displaced due to flooding at Glorieta Gardens in Opa-Locka, Miami-Dade County. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA is attached as [Exhibit D](#).

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 development has requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs in their application since the last Board Meeting:
 - (1) Merritt Place Estates / 2002 Universal Application / 2002-010CS – The borrower has requested to replace “Homeownership Opportunity Program (2 points)” with “Job training (2 points)” 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 development as appropriate.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

I. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs

1. Background/Present Situation

- a) Florida Housing's Homebuyer Loan Programs provide assistance to eligible homebuyers by offering low-cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance (DPA). Currently, we have four first mortgage programs; the Florida First Government Loan Program (Government Loan Program), the Florida HFA Preferred Conventional Loan Program (HFA Preferred), the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage), the Salute Our Soldiers (S.O.S.) Military Loan 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 funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets.
- c) The HFA Preferred Conventional Loan Program offers a first mortgage loan product developed by Fannie Mae specifically for state housing finance agencies. This program is offered both as a bond-financed product as well as a forward delivery "To Be Announced" (TBA) Program in conjunction with our TBA Program Administrator, Hilltop Securities. Single Family Program Staff sets a daily mortgage rate for the TBA loans based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers a 30-year, fixed-rate mortgage.
- d) Borrowers at or below 80% AMI benefit by not having to pay Loan Level Price Adjustments (LLPA) and from lower mortgage insurance costs on these loans when compared to other Fannie Mae mortgage products, as well as similar government-insured loans such as FHA.
- e) The Freddie Mac HFA Advantage Conventional Loan Program offers a first mortgage loan product developed by Freddie Mac specifically for state and local housing finance agencies. The program is offered both as a bond-financed product as well as a forward delivery "To Be Announced" (TBA) Program in conjunction with our TBA Program Administrator, Hilltop Securities. Single Family Program Staff sets a daily mortgage rate for the TBA loans 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 at or below 80% AMI, benefit from lower mortgage insurance costs on these loans when compared to other Freddie Mac mortgage products and similar government-insured loans such as FHA.
- f) The Salute Our Soldiers Military Loan Program offers our military service personnel and veterans 30-year, fixed-rate first mortgage loans at a lower rate than our standard loan programs and with several down payment assistance options. This program is available in all 67 counties throughout the State of Florida to borrowers who are purchasing a primary residence, meet income and purchase price limits, can qualify for a first mortgage loan, and successfully

SINGLE FAMILY HOMEBUYER PROGRAMS

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complete a homebuyer education course. We have allocated \$8 million dollars of DPA for this program which should help over 1,000 military families acquire a home in Florida while generating over \$170 million in first mortgage loan volume.

- g) Florida Housing offers qualified homebuyers DPA in the form of a second mortgage loan in conjunction with our remaining first mortgage loan programs. Our Florida Assist loan is a 0% interest, deferred payment loan of \$7,500. This second mortgage program 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.
- h) The HFA Preferred PLUS Conventional Loan Program and the HFA Advantage PLUS Conventional Loan Program offer 3%, 4% and 5% of the loan amount in DPA as forgivable second mortgage loans. These loans are forgiven 20% annually over a 5-year period unless the home is sold, refinanced or is no longer the borrower's primary residence. If any of these actions occur prior to the 5-year forgiveness period, any unforgiven balance becomes due and payable.
- i) We also offer an amortizing second mortgage product, the Homebuyer Loan Program (HLP) Second Mortgage. This product is offered across all of our first mortgage programs and provides up to \$10,000 of assistance at a 3% fixed interest rate and is repaid in monthly payments over 15 years.
- j) 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 Homebuyer Loan Programs, Mortgage Credit Certificate Programs, and other affordable housing programs available to their potential homebuyers. We have received permanent approval from DBPR to continue offering the class via webinar (online) format. We have found this format to be highly effective in attracting more Realtors to the classes while eliminating travel costs entirely. Our most recent classes were for the Greater Tampa REALTORS®, REALTORS® Association of Franklin and Gulf Counties and the Ocala/Marion County Association of REALTORS®. We had 76 attendees for these three classes.
- k) Single Family Program Staff also conducts telephonic and webinar trainings for lender partners throughout the state. Trainings consist 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 Homebuyer Loan Program. We also partner with other stakeholders such as mortgage insurance providers and the GSEs, Fannie Mae and Freddie Mac, to better educate and inform our lenders of recent industry changes.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

- 1) Florida Housing sponsors a toll-free telephone line (800-814-HOME), for first time homebuyers to call. Callers receive a pre-recorded message that directs them to our website where they can access our Homebuyer Loan Program Wizard tool to learn more about our Program.

SINGLE FAMILY HOMEBUYER PROGRAMS

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HOMEBUYER LOAN PROGRAMS SUMMARY

	2020 HLP Program Totals	2021 HLP Program Totals	2021 HLP Government Loan Programs Totals	2021 HLP Conventional Loan Programs Totals	2020** Mortgage Credit Certificate (MCC) Program
Average 1 st Mortgage Loan Amount	\$177,395.00	\$192,016.00	\$193,034.00	\$190,675.00	\$191,839.96
Average Acquisition Price	\$183,399.00	\$200,039.00	\$197,751.00	\$203,056.00	\$199,678.32
Average Compliance Income	\$51,747.00	\$52,191.00	\$53,448.00	\$50,534.00	\$49,369.23
County Area Median Income %	66%	67%	68%	63%	73%*
Total Purchased 1 st Mortgage Loan Amounts	\$612,014,086.00	\$281,378,502.00	\$160,723,720.00	\$120,654,782.00	N/A
Total # of Units	3,450	1,472	837	635	2,182

*uses 2020 statewide AMI of \$68,000

** 2020 MCC Program Totals

2021 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount	DPA
Bay	255	\$50,756,134.89	\$3,743,856.00
Duval	229	\$46,008,047.88	\$1,712,405.00
Hillsborough	95	\$19,264,164.06	\$782,704.00
Pinellas	76	\$14,641,685.87	\$618,620.00
Pasco	63	\$10,813,249.00	\$507,534.00
Polk	56	\$10,247,037.36	\$425,368.00
Clay	49	\$9,572,651.42	\$363,641.00
Volusia	48	\$8,476,681.16	\$377,301.00
Orange	47	\$9,290,725.43	\$392,268.00
Wakulla	47	\$8,485,819.33	\$682,500.00



Media Contact:

Taylor Maxey

Taylor.Maxey@floridahousing.org

850-488-4197

FOR IMMEDIATE RELEASE:

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**FLORIDA HOUSING FINANCE CORPORATION LAUNCHES
STATEWIDE ART CONTEST: *WHAT DOES HOME MEAN TO YOU?***

Kids 5-18 invited to design a piece of artwork leading up to National Homeownership Month in June

Tallahassee, Fla. –Today, the Florida Housing Finance Corporation (Florida Housing) announced the launch of a statewide art contest, inviting kids and teens to submit their visions on the theme: *What does home mean to you?* The contest aims to increase awareness on the importance of having a home by encouraging kids across the state to use their imaginations to illustrate the meaning of what their home truly means. A Florida Housing committee will review all designs and select the top 40 to be prominently displayed in the Florida Housing Finance Corporation building in Tallahassee in honor of National Homeownership Month in June. **The deadline to submit artwork is May 3.**

“We are excited to kick off this statewide art contest at a time when having a place to call home is more important now than ever before,” **said Trey Price, Executive Director of Florida Housing Finance Corporation.** “Leading up to National Homeownership Month, Florida Housing wanted to bring back this fun initiative to engage with kids, while also increasing awareness of the need and significance of quality, affordable housing for all Floridians.”

Kids and teens between the ages of 5-18 are invited to visit Florida Housing’s website and upload an image of their artwork or print out the online form and mail it directly to Florida Housing’s main office at: Florida Housing Finance Corporation, Attn: External Affairs Department, 227 N Bronough St # 5000, Tallahassee, FL 32301. Florida Housing’s evaluation committee will select the top 40 winners in late May. The winning artworks will be announced on Florida Housing’s webpage and social media and displayed in the in the Florida Housing Finance Corporation building throughout the month of June.

For more information about Florida Housing and the statewide art contest: “*What does home mean to you?*” please visit www.floridahousing.org/artcontest.

Florida Housing was created by the Legislature 40 years ago. We are the state’s housing finance agency (HFA) that administers state and federal resources to help provide affordable homeownership and rental housing options for the citizens of Florida www.floridahousing.org.

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