

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
**January 21, 2022**  
**Information Items**



## ASSET MANAGEMENT

### Information

#### I. ASSET MANAGEMENT

##### A. Hilltop Village Apartments

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Hilltop Village Apartments</b>
<b>DEVELOPER/PRINCIPAL (“Applicant”):</b>	<b>SP Hilltop Village LP/SP Hilltop Village GP, Inc./Southport Financial Services, Inc./J. David Page, individually</b>
<b>NUMBER OF UNITS:</b>	<b>200</b>
<b>LOCATION (“County”):</b>	<b>Duval</b>
<b>TYPE (Rental, Homeownership):</b>	<b>Rental/Family (Multifamily Mortgage Revenue Bond (“MMRB”)/Low Income Housing Tax Credits (“HC”))</b>
<b>SET ASIDE:</b>	<b>85% @ 60% (MMRB) 100% @ 60% (HC) 25% @ 40% (SAIL) 25% @ 45% (SAIL) 50% @ 50% (SAIL)</b>
<b>ALLOCATED AMOUNT:</b>	<b>\$7,000,000 of Tax Exempt Bonds \$504,385 4% HC allocation and \$1,503,237 SAIL Loan Extension</b>

#### 1. Background

- a) Prior to the IRS suspension of compliance monitoring due to COVID, Florida Housing’s contracted monitor First Housing Development Corporation (“First Housing”) visited the Hilltop Village property on 12/9/2019. The property received an unsatisfactory physical inspection primarily due to missing tub and sink stoppers in 7 units. One unit was found to have a deteriorated seal and a faulty lock on a bathroom door. Two units had soiled AC filters. The 2019 review was successfully closed out on 2/21/20.
- b) Florida Housing became aware of a news article on May 5, 2021 regarding code enforcement and the rodent infestation. We immediately reached out to ownership and management of Hilltop Village for their response and action plan. We were able to discern from Southport's response that they received local government code violations on 9/5/2020 and 9/10/2020 citing required repairs as well as "extermination needed". A code enforcement hearing was held 1/25/21 where Southport stated all violations were cleared except for the rodent issue. Southport signed their first contract with Massey Services for vermin exclusion on 4/21/21.
- c) On 5/18/21, Sen. Rubio wrote HUD's Secretary Fudge with his concerns regarding HUD's lack of oversight of Hilltop Village as HUD had not inspected the development since December 2015. HUD had already scheduled a REAC inspection of 100% of the units for 5/11/21. The REAC inspection resulted with a score of 61c/100. (The “c” indicates potentially life-threatening conditions were witnessed during the inspection.) The 61 in the score is considered passing (below 60 is failing). The REAC inspection found while the structural integrity of Hilltop Village meets federal standards, the deductions come from health and safety issues, namely the pest and rodent infestations,

## ASSET MANAGEMENT

### *Information*

chronic mold and disrepair of the units. Four units were declared uninhabitable, and ownership and management were subjected to more than \$160,000 in civil fines. In August, Sen. Rubio wrote Sec. Fudge again asking for affected residents to be relocated.

- d) The Department of Business and Professional Regulation (DBPR) inspected Hilltop on 5/20/21. DBPR has jurisdiction over safety and sanitation for apartments and hotels, among other industries. Hilltop met DBPR's inspection standards during that visit.
- e) First Housing visited the property on 6/3/21, 7/19/21, 8/27/21 and most recently 12/6/21.
- f) On 8/13/21, after viewing another News4jax report, we requested an updated action plan and timeline to remedy the problems since it was apparent the initial plan was not sufficient. Southport engaged another vendor to assist with exclusion of the vermin.
- g) Due to these ongoing issues, in September 2021, the following closing condition was added to Southport's three upcoming new construction transactions:
  - (1) All repairs have been made to resolve outstanding noncompliance issues identified by monitor(s) in their monitoring reports by closing and rodent infestation has been resolved prior to Cambridge Management, Inc. leasing any units in the development. If unresolved prior to leasing, we will require replacement of Cambridge Management, Inc. with an alternate management company, pursuant to requirements of 67-53, F.A.C., that does not share any common Principals, executive directors, board members, officers, guarantors or employees of the Applicant entity or Cambridge Management, Inc.

## 2. Present Situation

- a) At the December 2021 Board meeting, the Executive Director informed the Board that staff would review the facts and circumstances relating to the management of Hilltop Village, along with the 12/6/2021 compliance review and determine whether further administrative action should be pursued in accordance with Florida Statutes.
- b) On 12/6/2021, First Housing performed their compliance review and inspected 26 units. All 26 failed the inspection for a variety of reasons. There were towel bars broken off, holes in the walls, and sink and tub stoppers missing. Southport's management agent timely submitted their response. All noncompliance issues cited in the 12/6/2021 compliance review have now been rectified and cured with the exception of the following:
  - (1) Two units remain in noncompliance due to resident housekeeping issues. The units were not cleaned upon Management's re-inspection. Management had scheduled follow-up inspections; however, the inspections have been postponed until COVID quarantine restrictions have been lifted. Once the quarantine restrictions are lifted, the follow-up inspections will take place. If the units are not cleaned, Management will initiate eviction procedures.

## ASSET MANAGEMENT

### *Information*

- c) While the monitor did not observe any rodents, there continues to be a rodent problem. On the day of the monitoring visit, Terminix, who is now the current rodent pest control company under contract, trapped 35 mice. Property management reported Terminix is on site daily, except for weekends. Based on this, there continues to be a rodent problem.
- d) Staff will schedule a follow up review to assess progress on eradication of the rodent issue.

**FISCAL**  
***Information***

**I. FISCAL**

**A. Operating Budget Analysis for November 30, 2021.**

**1. Background/Present Situation**

- a) The Financial Analysis for November 30, 2021, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending November 30, 2021, is attached as [Exhibit B](#).

# GUARANTEE

## *Information*

### I. GUARANTEE

#### 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 12/31/21, 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.<sup>1</sup> 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 12/31/21	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
\$5.0M	\$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:

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<sup>1</sup> Real Capital Analytics, April 2011

## GUARANTEE

### *Information*

#### Refinancing Activity

	As of 12/31/21	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 \$144 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "AA-f" by Standard & Poor's as of June 30, 2021.

#### 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"<sup>[1]</sup>

Fitch:    March 2018                      A+ / Stable outlook  
 Cited strengths: "Low Risk-to-Capital Ratio... Limited State support ...Minimal Multifamily Losses"<sup>[2]</sup>

#### 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 0.03:1 as of 12/31/21. 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](#))

<sup>[1]</sup> Standard & Poor's, "Florida Affordable Housing Guarantee Fund", May 21, 2020, [www.standardandpoors.com/ratingsdirect](http://www.standardandpoors.com/ratingsdirect).

<sup>[2]</sup> Fitch Ratings, "Fitch Affirms Florida Housing Finance Corp's Guarantee Fund at 'A+'; Outlook Stable", March 28, 2018, [www.fitchratings.com](http://www.fitchratings.com). Fitch Ratings 2021 surveillance was concluded on August 18, 2021 and resulted in Review-No Action of the rating.

## HOUSING CREDITS

### *Information*

#### I. HOUSING CREDITS

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

###### 1. Background/Present Situation

- a) Brittany Bay Apartments II is a 9% Housing Credit Development. The Extended Low-Income Housing Agreement (EUA) was recorded in Collier County on December 22, 2003. Subsequently the First Amendment to Extended Low-Income Housing Agreement (Amendment) was recorded in Collier County on December 1, 2006.
- b) On December 14, 2021, staff received a letter from the Owner requesting a revision to Section 2(f) of the Extended Low-Income Housing Agreement (EUA) to swap residential programs from “Financial Incentive for Assistance with Purchasing a Home” for “Literacy Training On-Site;” “Job Training;” “First Time Home Buyer Seminars;” and “Financial Management Program.”
- c) Staff will amend the Extended Low-Income Housing Agreement (EUA) as appropriate.

##### B. The development listed below has requested approval to allow one subcontractor to exceed the 20% limitation set forth in 67-21.026(13)(f) F.A.C. (2019)<sup>1</sup>

###### 1. Background/Present Situation

- a) Brenton at Abbey Park (2019-502C) is a 4% Housing Credit Development.
  - (1) On October 25, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Proficient Cabinets, Inc., to exceed the 20% subcontractor limitation. Due to the COVID-19 pandemic, there was a mandate put in place to restrict and attempt to minimize the number of subcontractors and workers in tenant occupied units at any given point in time, to reduce exposure to all parties. At Brenton at Abbey Park specifically, major bulk purchasing took place to secure materials to get ahead of shipping supply delivery delays. The contract with Whirlpool initially included delivery and installation. However, instead of bringing in appliance technicians to each unit, they utilized the existing Proficient Cabinet crew, who were already performing work in the units, to install the appliances. Additionally, the Applicant also requested that Proficient Cabinets, Inc. sub out the work to install bath liners instead of hiring another company and add more workers in the units. Total costs attributable to Proficient Cabinets, Inc. amount to \$812,300 or 20.17% of total costs. Seltzer Management Group, LLC (“Seltzer”), the underwriter on this transaction in conjunction with GLE Consulting Group (“GLE”), the construction

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<sup>1</sup> As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rule 67-21.026, F.A.C., with the approval being set forth in future Information items.



## HOUSING CREDITS

### *Information*

consultant engaged by Seltzer found that the costs were reasonable for the scope of work performed and recommended approval of the request.

- (2) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, because FHFC became aware of the excess through the cost certification review, after the work had been completed, no General Contractor Fee or Developer Fee will be allowed on the subcontract amounts that surpass the maximum contract amount allowed under Rule 67-21.026(13)(f), F.A.C. If the General Contractor Fee on this amount has already been paid to the General Contractor, it will be paid out of the Developer's profit and reflected as a subset of the Developer Fee on the Development Final Cost Certification.

**C. The development listed below has requested approval to allow a second subcontractor to exceed the 20% limitation set forth in 67-21.026(13)(f) F.A.C. (2019)<sup>2</sup>**

**1. Background/Present Situation**

- a) Four Freedoms House (2019-527C) is a 4% Housing Credit Development.

- (1) On September 9, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Serinca Construction to exceed the 20% subcontractor limitation. This represents the second subcontractor to exceed the 20% limitation on this Development since Florida Housing approved WDR Technologies, Inc, the electrical contractor, to exceed the 20% limitation in November 2020. The General Contractor awarded Serinca Construction with a contract value of \$1,081,000 (15% of the total contract amount). After the subcontract award there was an increase in their scope of work including an increase in the number of floors to be replaced, an add-on for dead bolts in all units, replacement of the fire doors in corridors, replacement of existing exterior hollow metal doors, as well as additional cabinet replacements in thirty (30) units. The city also required the Development to re-configure three (3) ADA units, which required added demo. Because of COVID, the Applicant was unable to access all units prior to the commencement of the rehabilitation, to fully survey the work that would be required during the rehabilitation; therefore the General Contractor purports that they could not have anticipated many of the unforeseen conditions and additional work needed in areas throughout the Development. Total costs attributable to Serinca Construction amount to \$1,500,805.80 or 20.56% of the total cost. AmeriNat®, the underwriter on this transaction in conjunction with GLE Associates, Inc., the construction consultant engaged by AmeriNat® found that the costs were reasonable for the scope of work performed and recommended approval of the request.

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<sup>2</sup> As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rule 67-21.026, F.A.C., with the approval being set forth in future Information items.

## HOME RENTAL

### *Information*

#### I. HOME RENTAL

##### A. Changes to Amenities and/or Resident Programs

###### 1. Background/Present Situation

- a) The following development has requested ([Exhibit A](#)) and staff has approved the following changes to the LURA from their Application since the last Board meeting.
  - (1) Brittany Bay I (2001HR-120) has requested to amend the HOME LURA to change the Financial Incentive for Assistance with Purchasing a Home requirement with Literacy Training On-Site and First Time Home Buyer Seminars. This change would not have affected the scoring of the Application.
- b) The LURA will be amended subject to further approvals and verifications by the Special Counsel and the appropriate Florida Housing Staff.

##### B. Changes to Amenities and/or Resident Programs

###### 1. Background/Present Situation

- a) The following development has requested ([Exhibit B](#)) and staff has approved the following changes to the LURA from their Application since the last Board meeting.
  - (1) Townsend Terrace (2004-005H) has requested to amend the HOME LURA to swap the Garbage Disposal requirement with 30 year expected life roofing on all buildings. This change would not have affected the scoring of the Application.
- b) The LURA will be amended subject to further approvals and verifications by the Special Counsel and the appropriate Florida Housing Staff.

**LEGAL**

***Information***

**I. LEGAL**

**A. Legal**

**1. Background/Present Situation**

- a) Pursuant to Resolution No. 2018-035A, the Board of Directors of Florida Housing Finance Corporation delegated its authority under Section 120.542, Fla. Stat., to consider, grant, or deny variances to the current and prior versions of Rules 67-21.027(1), 67-21.003(1)(b), and 67-48.0023(2), Fla. Admin. Code, to the Executive Director, the General Counsel, the Director of Multifamily Development, and the Director of Multifamily Allocations of Florida Housing. These variances would allow applicants for housing tax credits that had submitted applications prior to July 8, 2018, to change their minimum set-aside election to the Average Income test. Since the December Board meeting, Florida Housing has issued such variances to the following:

Applicant	Development	County
Hogan Creek Redevelopment Partners, LLC	Hogan Creek	Duval

## MULTIFAMILY PROGRAMS

### *Information*

#### I. MULTIFAMILY PROGRAMS

##### A. RFA Updates

###### 1. Background/Present Situation

- a) The Application Deadline for RFA 2022-104 SAIL Financing Farmworker and Commercial Fishing Worker Housing was January 20, 2022. The Review Committee Meeting is scheduled for February 23, 2022.
- b) RFA 2021-206 HOME Financing For The Construction Of Small, Rural Developments was issued December 15, 2021 with an Application Deadline of January 25, 2022.
- c) A workshop for RFA 2022-208 SAIL Financing for the Construction of Workforce Housing is scheduled for January 26, 2022. Staff plans to issue the RFA on February 25, 2022, with an Application Deadline of March 22, 2022.
- d) A workshop for RFA 2022-301 Housing Credit Financing For Affordable Housing Developments Located In Duval County was held on January 5, 2022. Staff expects to issue the RFA on January 24, 2022 with an Application Deadline of February 8, 2022.

##### B. The developments listed below have requested changes to the Extended Use Agreement and/or Land Use Restriction Agreement:

###### 1. Background/Present Situation

- a) Emerald Palms Apartments (2001 Combined Rental Cycle / 2001-074S/2001-520C / Non-Competitive Housing Credits / 2018-501C) was originally awarded SAIL Funding and Non-Competitive Housing Credits in 2001 and was re-syndicated in 2018 with 4% Housing Credits. The Original Extended Low-Income Housing Agreement (Original EUA) was recorded in Broward County on February 20, 2004. The First Amendment to Extended Low-Income Housing Agreement (EUA First Amendment) was recorded in Broward County on June 5, 2009. The Assignment and Assumption of and Second Amendment to Extended Low-Income Housing Agreement (EUA Assignment and Assumption) was recorded in Broward County on June 1, 2017. The Third Amendment to Extended Low-Income Housing Agreement (EUA Third Amendment) was recorded in Broward County on September 19, 2018. The Land Use Restriction Agreement (LURA) was recorded in Broward County on December 5, 2002. The First Amendment to Land Use Restriction Agreement (LURA First Amendment) was recorded in Broward County on November 16, 2004. The Second Amendment to Land Use Restriction Agreement (LURA Second Amendment) was recorded in Broward County on December 22, 2008. The Third Amendment to Land Use Restriction Agreement (LURA Third Amendment) was recorded in Broward County on May 21, 2009. The Assignment, Assumption, and Affirmation Agreement (LURA Assignment and Assumption) was recorded in Broward County on June 1, 2017. The Fourth Amendment to Land Use Restriction Agreement (LURA Fourth Amendment) was recorded in Broward County on September 19, 2018. The Extended Low-

## MULTIFAMILY PROGRAMS

### *Information*

Income Housing Agreement (EUA) for the 2018 Housing Credit application was recorded on July 21, 2020 in Broward County.

- b) On November 15, 2021, staff received a request from the Applicant to correct the Unit Mix.
- c) Staff will amend the Land Use Restriction Agreement(s) and/or Extended Low-Income Housing Agreement(s) as appropriate.

**C. The development listed below has requested approval to allow one subcontractor to exceed the 20% limitation set forth in 67-48.0072(17)(g) F.A.C. (2017)<sup>1</sup>**

**1. Background/Present Situation**

- a) Gannet Pointe (2018-345CS) is a SAIL/9% Housing Credit Development.
  - (1) On October 15, 2021, staff received a letter from the Applicant requesting Corporation approval to allow SDC of Florida, LLC (SDC) to exceed the 20% subcontractor limitation. The original scope of work for SDC included both masonry and rough carpentry work. The inclusion of both masonry and rough carpentry into one scope of work was necessitated due to the small size of the job, relative to other work in the market as well as the increased costs and logistical problems that would have arisen if separated. Thereby no subcontractors were willing to provide only masonry or rough carpentry work. SDC was the lowest bidder for the combined scope of work.
  - (2) During credit underwriting, the Applicant submitted a request to allow one subcontractor to exceed the 20% limitation. However, the Applicant informed FHFC that after discussion with the GC, they determined it would not be necessary. Subsequently, during the course of construction, change orders were required thus increasing the total scope of work for the subcontractor. SDC's total subcontract amount is \$2,359,138 or 22.18% of the total hard costs. AmeriNat® (“AmeriNat”), the underwriter on this transaction in conjunction with GLE Associates, Inc (“GLE”) the construction consultant engaged by AmeriNat, found that the costs were reasonable for the scope of work performed and recommended approval of the request.
  - (3) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, because of the good faith effort of the Applicant to inform FHFC of the possibility of this situation during credit underwriting, staff is allowing the General Contractor Fee and Developer Fee to be calculated on the subcontract amounts that surpass the maximum contract amount allowed under Rule 67-48.0072(17)(g), F.A.C.

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<sup>1</sup> As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rule 67-48.0072, F.A.C., with the approval being set forth in future Information items.

## MULTIFAMILY PROGRAMS

### *Information*

- D. The development listed below has requested approval to allow a subcontractor to exceed the 20% limitation set forth in 67-48.0072(17)(g), 67-21.014(2)(r)7, and 67-21.026(13)(f) F.A.C. (2017)<sup>2</sup>**

**1. Background/Present Situation**

- a) Water's Edge Apartments (2018-025BS/2016-580C) is a SAIL, Bond, ELI, and 4% Housing Credit Development.
- (1) On October 7, 2021, staff received a letter from the Applicant requesting Corporation approval to allow Torrent Builders Corp ("Torrent") to exceed the 20% subcontractor limitation. Torrent constructed the shell of the Development. The Development consists of six separate buildings, which drove the cost of the shell up, as it is typically more expensive to build out instead of up. Total costs attributable to Torrent amount to \$3,606,019 or 22.9% of total costs. Seltzer Management Group, Inc., ("Seltzer") the underwriter on this transaction in conjunction with On Solid Ground, LLC, the construction consultant engaged by Seltzer found that the costs were reasonable for the scope of work performed and recommended approval of the request.
- (2) Staff has approved the request to allow one subcontractor to exceed the 20% limitation. However, because FHFC became aware of the excess through the cost certification review, after the work had been completed, no General Contractor Fee or Developer Fee will be allowed on the subcontract amounts that surpass the maximum contract amount allowed under Rules 67-48.0072(17)(g), 67-21.014(2)(r)7, and 67-21.026(13)(f), F.A.C. If the General Contractor Fee on this amount has already been paid to the General Contractor, it will be paid out of the Developer's profit and reflected as a subset of the Developer Fee on the Development Final Cost Certification.

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<sup>2</sup> As a reminder, at the March 12, 2021 FHFC Board meeting, the Board delegated authority to Corporation staff approve the 20% subcontractor limitation set forth in Rules 67-48.0072 and 67-21.026, F.A.C., with the approval being set forth in future Information items.

# NATURAL DISASTERS UPDATE

## *Information*

### I. NATURAL DISASTERS 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. By December 31, 2020, 100% of the previously uninhabitable units were reoccupied<sup>1</sup>.

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<sup>1</sup> 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. On June 2, 2021, the city advised that all communications ceased with Independence Village, LLC., whose managing member is Big Bend Community Based Care, Inc. Florida Housing has initiated foreclosure proceedings. Communications resumed and all parties are hopeful a resolution will be reached and the property will be sold to the city of Panama City.

## NATURAL DISASTERS UPDATE

### *Information*

- e) Forty-one developments have completed all work and debris removal. Work on fence replacement at Northgate Terrace II is projected to be complete by December 31, 2021. 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](#).

#### **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, 18 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, 33 have completed all repair work as of December 31, 2021. Thirty (30) households were displaced due to flooding at Glorieta Gardens in Opa-Locka, Miami-Dade County. As of December 31, 2021, management reported 13 households remain displaced. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA is attached as [Exhibit D](#).

#### **D. Tropical Storm Fred Update**

##### **1. Background/Present Situation**

- a) There was no reported damage from Tropical Storm Fred.



## POLICY

### *Information*

#### I. POLICY

##### A. Statewide Housing Needs Assessment for Special Needs/Homeless Households

###### 1. Background

- a) After receiving approval from Florida Housing's Board based on a recommendation made by the 2017 Affordable Housing Work Group, the staff contracted with the Corporation for Supportive Housing (CSH) in the fall of 2020 to carry out a statewide housing needs assessment focused on the needs of persons experiencing homelessness and persons with special needs. While the three-year rental needs study required by section 420.5087, Florida Statutes, provides a basic evaluation of the housing need for special needs and homeless households, among others, Florida has a limited understanding of the more specific housing needs across these sub-populations – for example, how many permanent supportive housing (PSH) units versus general rental units are needed for these populations. In addition to estimating the number and type of housing units needed, the assessment includes financial modeling to estimate the housing cost to meet the entire need across these populations.

###### 2. Present Situation

- a) CSH completed the Needs Assessment in December 2021. The report is posted on Florida Housing's public website, and our landing page will provide a link to the report under "What's Developing." Florida Housing has also made interested parties aware of the report through emails and our listservs.
- b) [Exhibit A](#) provides the Executive Summary of the Needs Assessment Report, including key findings related to the demographic characteristics of these two broad populations, estimates of the number of PSH and affordable units and the costs of developing these units assuming they were all built immediately. The assessment also projects the cost of subsidizing a portion of operating expenses (generally provided through rental assistance from public housing authorities, local governments or local continuums of care), as well as costs that supportive service providers or property owners subsidize in lowering cost barriers to entry (application costs, security deposits and the like) for the lowest income, hardest to serve of these tenants. The assessment did not consider the need for and cost of supportive services that many of these households need to assist them in living successfully in independent housing.
- c) The staff appreciates the work that CSH provided in the preparation of this report. We also acknowledge and are grateful to external experts who served on the Needs Assessment Advisory Group, reviewing information and providing perspective during the development of the assessment. The list of these people is included in Exhibit A.
- d) If you have questions about this report, please contact Bill Aldinger, Managing Director of the Policy and Special Programs Unit.

## 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 Fannie Mae HFA Preferred Conventional Loan Program (HFA Preferred), the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage), the Salute Our Soldiers (SOS) 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 U.S. 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 and HFA Advantage programs offer first mortgage loan products developed specifically for state housing finance agencies. These programs are offered both as bond-financed products as well as forward delivery "To Be Announced" (TBA) products in conjunction with our TBA Program Administrator, Hilltop Securities. Single Family Program Staff sets daily mortgage interest rates for the TBA loans based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers 30-year, fixed-rate mortgages.
- d) Borrowers at or below 80% of the area median income (AMI) benefit from lower mortgage insurance costs on these loans when compared to other conventional mortgage products, as well as similar government-insured loans such as FHA.
- e) The SOS program offers our military service personnel and veterans 30-year, fixed-rate first mortgage loans with lower interest rates than our standard loan programs and with several down payment assistance options. This program is available in all 67 counties throughout Florida to borrowers who are purchasing a primary residence, meet income and purchase price limits, can qualify for a first mortgage loan, and successfully complete a homebuyer education course. We have allocated \$8 million dollars of DPA for this program which should help over 1,100 military families acquire a home in Florida while generating approximately \$260 million in first mortgage loan volume.
- f) Florida Housing offers qualified homebuyers DPA in the form of a second mortgage loan in conjunction with our first mortgage loan programs. Our Florida Assist loan is a 0% interest, non-amortizing, deferred payment loan. This second mortgage program serves homebuyers with an AMI of up to 120%, adjusted for household size. It is repayable in the event the home is sold,

## SINGLE FAMILY HOMEBUYER PROGRAMS

### *Information*

refinanced, deed is transferred, or the home is no longer the borrower's primary residence.

- g) Beginning June 1, 2021, the amount of our Florida Assist second mortgage increased from \$7,500 to \$10,000 for all FHA, VA and USDA-RD loans. FHA loans continue to be the gateway to homeownership for most first-time homebuyers, especially those who come from economically disadvantaged backgrounds. With housing costs continuing to rise throughout Florida, this additional \$2,500 is helping fill the widening gap between what otherwise credit-qualified borrowers have in available funds and what is needed in assistance to purchase a home.
- h) The HFA Preferred PLUS and the HFA Advantage PLUS programs 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, deed transferred, 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. This course is coordinated through local Realtor boards throughout the state. Realtors who attend these classes receive a general three-hour CE credit while learning about our Homebuyer Loan Programs and other affordable housing programs available to their potential homebuyers. Florida Housing has 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. Some local Realtor organizations have expressed an interest in having us offer in-person classes again. Staff will resume in-person presentations, where feasible, once the Realtor boards are able to guarantee a minimum of 25 Realtors for each class. In 2021, Program Staff conducted 31 virtual CE classes that were attended by 937 Realtors statewide.
- k) Single Family Program Staff also conduct telephonic and webinar trainings for Lender partners throughout the state. Lender trainings generally consist of program requirements and recent updates, system training with our compliance administrator (eHousingPlus) and first mortgage and servicer requirements and updates with our master servicer (US Bank Home Mortgage). Together, Florida Housing, eHousingPlus 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. For 2021, Program Staff conducted eleven of these focused trainings.

## **SINGLE FAMILY HOMEBUYER PROGRAMS**

### ***Information***

- l) We also partner with other stakeholders such as mortgage insurance (MI) providers and the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, to better educate and inform our Participating Lenders of recent industry changes. In 2021, Single Family Program Staff also:
  - (1) Coordinated with multiple MI providers to facilitate five self-improvement webinars for loan officers which was attended by over 337 loan officers and Realtors statewide.
  - (2) Partnered with Freddie Mac to facilitate four affordable housing webinars which were attended by over 212+ Realtors and loan officers.
  - (3) Coordinated with YWCA South Florida to host two evening webinars in which the Homebuyer Loan Program could be presented to the public. Forty-seven members of the public attended.

**SINGLE FAMILY HOMEBUYER PROGRAMS**

*Information*

**HOMEBUYER LOAN PROGRAMS SUMMARY**

	2020 HLP Program Totals	2021 HLP Program Totals	2021 HLP Government Loan Programs Totals	2021 HLP Conventional Loan Programs Totals
Average 1 <sup>st</sup> Mortgage Loan Amount	\$177,395.00	\$196,813.00	\$201,544.00	\$190,554.00
Average Acquisition Price	\$183,399.00	\$204,282.00	\$206,309.00	\$201,601.00
Average Compliance Income	\$51,747.00	\$53,192.00	\$55,221.00	\$50,508.00
County Area Median Income %	66%	67%	66%	73%
Total Purchased 1 <sup>st</sup> Mortgage Loan Amounts	\$612,014,086.00	\$840,786,523.00	\$490,357,169.00	\$350,429,353.00
Total # of Units	3,450	4,272	2,433	1,839

\*based on credit qualifying income, not MRB Limits

**2021 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS**

County	Loan Count	Loan Amount	DPA
Duval	781	\$158,949,944.87	\$6,536,657.00
Bay	333	\$65,475,325.90	\$4,486,044.00
Hillsborough	293	\$64,544,696.74	\$2,641,858.00
Pasco	251	\$45,943,969.34	\$2,144,876.00
Pinellas	216	\$41,610,500.97	\$1,801,921.00
Polk	202	\$40,316,732.07	\$1,722,785.00
Leon	169	\$26,281,955.74	\$1,401,170.00
Volusia	157	\$30,405,230.48	\$1,361,069.00
Clay	144	\$29,792,633.68	\$1,165,803.00
Orange	141	\$28,627,208.21	\$1,222,959.00