

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
June 17, 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/Present Situation

- 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, chronic mold and disrepair of the units. Four units were declared uninhabitable,

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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.
- h) 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.
- i) 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.

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- j) 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.
- k) Staff informed the Board a follow up review would be scheduled to assess the progress on eradication of the rodent issue.
- l) On February 16, 2022, Jacksonville city councilwoman Ju'Coby Pittman met with José Alvarez, HUD Regional Administrator for the Southeast, representatives from Cambridge Management and residents of Hilltop Village apartments to hear their concerns regarding the ongoing rodent problem.
- m) Florida Housing requested an updated action plan. Southport's representatives responded that they are down to 10 units with code violations that have been remedied and are awaiting reinspection. Additionally, Southport has represented that they have been doing weekly contracts with Terminix and will continue until they have met Terminix's definition of eradication.
- n) At the deadline for submitting Board items for the March meeting, First Housing had not received documentation regarding the two noncompliant units from the 12/6/2021 review and sent a follow up inquiry to Hilltop Village for response. Shortly thereafter, documentation was submitted curing one unit however, the other unit failed their reinspection and management advised that a notice to vacate had been issued. First Housing requested documentation when that unit is ready for occupancy.
- o) First Housing conducted a follow up review on 4/5/2022 to reinspect units with prior noncompliance issues and assess progress on eradication of the rodent issue. The report is currently in draft form and will be finalized and issued by the first week of May. Preliminarily, noncompliance issues were found in 14 of the 31 units inspected ranging from broken door locks, inoperable appliances and moldlike substances, however, none of the units showed signs of rodent infestation. Southport management advised that the unit was not able to be inspected on 4/5 due to the resident changing the locks without permission. Since that time, Arco Management, the new management company for Hilltop Village, gained access to the unit, noted open items from the 12/6/21 review and has committed to curing the open issues for this unit by 5/2/2022. In addition, management has reported they have experienced their first week, beginning April 11, without any rodent captures.

## 2. Present Situation

- a) On 5/4/2022, First Housing issued the report of their 4/5/2022 follow-up inspection. Noncompliance issues were found in 14 of the 31 units inspected. The units selected for inspection included 21 that had deficiencies noted during the 12/6/21 review. Of those, 9 units still had not been corrected. Noncompliance issues ranged from broken door locks, inoperable appliances and moldlike substances, however, none of the units showed signs of rodent infestation. Roaches were observed in one unit. In addition, the laundry facility had 3 damaged windows, an inoperable washer and was in need of housekeeping. All buildings were in need of power washing, excess litter was present throughout the property, the trash collection area was overflowing and not properly maintained. Since the 4/5 review, Arco Management, the new

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management company for Hilltop Village, noted the open items from the 12/6/21 review and has committed to curing the open issues.

- b) Management submitted their response to the 4/5/2022 review on 6/2/2022, however, First Housing is still following up on outstanding issues related to 10 units, the laundry facility and trash collection.

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#### B. Silver Oaks

<b>DEVELOPMENT NAME (“Development”):</b>	<b>Silver Oaks</b>
<b>DEVELOPER/PRINCIPAL (“Applicant”):</b>	<b>SP Johnson Kenneth Court LP/SP Johnson Kenneth Court GP, Inc./Southport Financial Services, Inc./J. David Page, individually</b>
<b>NUMBER OF UNITS:</b>	<b>200</b>
<b>LOCATION (“County”):</b>	<b>Hillsborough</b>
<b>TYPE (Rental, Homeownership):</b>	<b>Rental/Family (Low Income Housing Tax Credits (“HC”) Tax Credit Exchange Program (“TCEP”))</b>
<b>SET ASIDE:</b>	<b>20% @ 25% (HC) 80% @ 60% (HC) 20% @ 35% (TCEP) 80% @ 60% (TCEP)</b>
<b>ALLOCATED AMOUNT:</b>	<b>\$1,734,259 9% HC allocation and \$6,650,000 TCEP allocation</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 Silver Oaks on 8/25/2017. The property failed its records and physical reviews, but all items were subsequently cured. The 2020 review was cancelled due to COVID.
- b) Florida Housing became aware of a news article describing residents’ concerns alleging black mold and a “rodent nightmare.” We immediately reached out to ownership and management of Silver Oaks for their response, action plan and timetable for remediation. First Housing will be on-site to conduct a review of Silver Oaks on 5/3/2021.
- c) Southport’s initial response addressed the actions that have been taken thus far to address sewage leaks and sewer/sanitary backups. Management has reported that all residential building sanitary lines have been scoped and jetted over the last few months. This process identified some areas with foreign objects in the pipes and some areas with sagging pipes and tree root intrusion. Management solicited bids and reports that repair work is in progress.
- d) Management also advised that Cambridge Management had been performing quarterly housekeeping inspections until they were suspended due to COVID. Their first inspection this year was noticed 4/15/2022 and would occur 4/19 – 4/21. Southport’s response did not address remediation for the reported “mold” and rodent issues. Florida Housing requested clarification regarding Cambridge’s policy to only inspect units quarterly, rather than monthly. In addition, Florida Housing requested Southport address plans for mold remediation/air quality as well as their plan for vermin exclusion.

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- e) In Southport's subsequent response received 4/21/2022, management shared:
- (1) Cambridge has two pest control companies working on inspections, and bids for preventative maintenance/measures. Preventative measures would include building exclusion if needed, exterior bait stations, and additional interior treatments if recommended. Pest control will be doing a full spread for insects next week with a clean out. Additionally, tree and shrub work will commence immediately to trim trees and other vegetation away from the buildings.
- f) During the inspections units are also being inspected for organic growth. Organic growth that appears to be more than surface are immediately inspected, verify all leaks or moisture sources are remedied prior to repairing the area. Once repairs are made management will inspect after to ensure repairs holding and there are no further moisture issues. We will initiate an air quality control test if we feel we cannot remedy the situation in household. If a resident requests an air quality control test after the repair is remedied, we will request one from a certified vendor. However, we advise the resident that if there are no findings, they are responsible for the cost of the test. If any adverse findings are reported in the test results, management will pay for the test. Many times, if surface mildew or organic growth are found it can be remedied with a clean up using authorized mildew/growth cleaners. (Clorox wipes, etc.) Some may be a resident issues, and some may be a unit issue. We review and determine how to handle each issue based on the situation itself. For surface issues for example, are the residents running the HVAC, oven vent fan while cooking, exhaust fan during and after showering, running HVAC while windows and doors are open. Residents are counseled on best practices, including insuring they know how to operate thermostats, vents, etc. Residents are encouraged to report any organic growth concerns immediately to management. Organic growth concerns and reports are deemed immediate needs and processed as fast as possible. Each property is governed by a MMP (moisture management plan). The property staff abide by that as well as Cambridge Management policies and procedures on remediation."

## 2. Present Situation

- a) On 5/25/2022, First Housing issued the report of their 5/3/2022 special site inspection requested by Florida Housing. Noncompliance issues were found in all 16 of the occupied units inspected and 3 of the 4 vacant units inspected. Unit noncompliance included inoperable and/or missing smoke detectors, drywall damage and holes in walls, missing stove drip pan, missing stove knobs, broken blinds, broken closet, missing or broken cabinet doors, toilet in need of repair, fire extinguishers expired or missing, refrigerator not working properly, inoperable dishwasher, dishwasher needing repairs, lights not working properly, broken door locks, broken door frames, boarded windows, ripped screens, roaches observed in one unit, poor housekeeping observed in 3 units as well as other issues. Management's response is due no later than June 24, 2022.
- b) Management reported they have contracted with a pest control company for rodent control throughout the exterior of the property. Rodent baits and exclusions were reportedly completed on April 25, 2022. In addition, management reported that a cleanout pest control service for all residential units occurred on April 26-29, 2022 and will be continued with a routine bi-monthly service. Management also reported they've contracted with a plumbing company to drain and clean drain lines in 7 buildings and in specific units to restore

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proper flow. The plumbing contractor was working to replace the drain in Building D's breezeway on the day of the review. Management estimated the plumbing project would take a few weeks to complete.

- c) Management's response is due no later than June 24, 2022.



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

**I. FISCAL**

**A. Operating Budget Analysis for April 30, 2022.**

**1. Background/Present Situation**

- a) The Financial Analysis for April 30, 2022, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending April 30, 2022, 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 5/31/22, 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 5/31/22	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
\$4.9M	\$5.0M	\$5.1M	\$5.2M	\$19.9M	\$20.4	\$30.9M	\$59.4M	\$158.9M	\$306.5M	\$468.5M

- 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:

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

## GUARANTEE PROGRAM

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#### Refinancing Activity

	As of 5/31/22	2021		2020	2019	2018	2017	2016	2015	2014	2013	2012
Loans (#):	0	0		0	2	0	1	5	17	22	22	9
Risk ceded (\$):	n/a	n/a		n/a	\$14.4M	n/a	\$10.2M	\$27.6M	\$100M	\$136.8M	\$149.4M	\$84M

- 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 5/31/22. 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.

# MULTIFAMILY PROGRAMS

## Information

### I. MULTIFAMILY PROGRAMS

#### A. RFA Updates

##### 1. Background/Present Situation

- a) RFA 2022-210 Permanent Supportive Housing Focusing On Best Practices And Funding For Tenancy Supports And Resident Services Coordination For High Utilizers Of Public Behavioral Health Systems was issued on June 7, 2022, with an Application Deadline of July 12, 2022.
- b) The Invitation to Participate (ITP) in the 2022 Construction Housing Inflation Response Program (CHIRP) was issued on May 9, 2022. Responses to the ITP must be received by the Corporation no later than July 5, 2022. As of June 8, 2022, 38 responses have been received. A complete list of the responses received to date can be found on the ITP Website (accessible [here](#)).

#### B. 2022 Construction Housing Inflation Response Program (CHIRP) Update

##### 1. Background/Present Situation

- a) The Invitation to Participate (ITP) was issued on May 9, 2022. Responses to the ITP must be received by the Corporation no later than July 5, 2022. As of June 8, 2022, 38 responses have been received. A complete list of the responses received to date can be found on the ITP Website (accessible [here](#)).
- b) In addition, the following requests for approval of Credit Underwriting Reports are included in the Consent Agenda:

CHIRP APP #	Date CHIRP app Received	Development Name	Original App Award #	Funding Amounts	CUR Status
CHIRP22-2021-203BSN	5/10/2022	Fern Grove	2021-203BSN	\$2,999,999	New
CHIRP22-2021-206BS	5/10/2022	Rosewood Pointe	2021-206BS	\$4,300,000	New
CHIRP22-2021-320CS	5/11/2022	Coco Vista	2021-320CS	\$3,000,000	Update
CHIRP22-2021-253BSN	5/12/2022	Arbor Park	2021-253BSN	\$3,476,547	New
CHIRP22-2021-222BS	5/12/2022	St. Peter Claver Place Phase I	2021-222BS	\$3,408,483	New

## MULTIFAMILY PROGRAMS

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#### **C. Timeline**

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

- a) A draft of the 2022/2023 Tentative Funding Amounts and Timeline is provided as [Exhibit A](#). Staff expects to present the final 2022/2023 funding amounts and timeline for Board approval at the August 5, 2022 meeting.

#### **D. Rule Update**

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

- a) Rule Hearings regarding Rule Chapters 67-21, 67-48, and 67-60 were held on May 25, 2022. Staff anticipates filing the proposed rules for adoption prior to the June 17, 2022 Board meeting, with an effective date in early July 2022.

## MULTIFAMILY PROGRAMS

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**E. The developments listed below have requested to change their Development Type**

**1. Background/Present Situation**

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board approved to allow staff to approve changes to the Development Type (e.g. Garden Apartments, Townhouses, High-Rise, etc.). This action was ratified by the Board at the April 29, 2022 Board Meeting.

b) Under the rule in place at the time of the below Applications, Rule Chapter 67-48.004(3)(g), F.A.C. stated:

*(3) For the SAIL, HOME and Housing Credit Programs, notwithstanding any other provision of these rules, the following items as identified by the Applicant in the Application must be maintained and cannot be changed by the Applicant after the applicable submission, unless provided otherwise below:*

*(g) Development Type;*

c) And Rule Chapter 67-21.003(8)(g), F.A.C. stated:

(1) *(8) Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application is deemed complete. Those items are as follows:*

(2) *(g) Development Type;*

d) The following Developments have made requests to make a change in their Development Type and staff has approved the requests:

<b>Development</b>	<b>Application Number</b>	<b>From</b>	<b>To</b>
The Adderley	2022-130C	Mid-Rise 4-Stories	Mid-Rise 5-Stories
Cordova Estates	2022-102C	Garden	Townhouse
Andrew Landing	2022-117C	Mid-Rise 4-Stories	Mid-Rise 5 to 6 Stories
Arbours at Crestview	2021-130C	Garden	Mid-Rise 4-Stories
Lake Sumter Reserve Senior Living	2019-506C	Garden	Mid-Rise 4-Stories
Heritage Oaks	2022-120C	Garden	Garden and Quadraplex

## MULTIFAMILY PROGRAMS

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**F. The developments listed below have submitted General Contractor Cost Certifications that reflect self-performance of construction work by the General Contractor**

**1. Background/Present Situation**

a) On April 29, 2022, as part of the 2022 Rule Development process, staff recommended and the Board approved developments that had applied under prior rule versions be allowed to utilize the less restrictive, new proposed rule regarding the ability of General Contractors to self-perform a limited amount of construction work.

b) Under the rules in place at the time of the below Applications, Rule Chapter 67-48.0072(17)(f), F.A.C. and Rule Chapter 67-21.026(13)(e), F.A.C. stated:

*(17/13) The General Contractor must meet the following conditions;*

*(f/e) Ensure that no construction or inspection work that is normally performed by subcontractors is performed by the General Contractor;*

c) The proposed rule, Rule Chapter 67-48.0072(17)(f), F.A.C. and Rule Chapter 67-21.026(13)(e), F.A.C., which the Board approved on April 29, 2022 states:

*(17/13) The General Contractor must meet the following conditions:*

*(f/e) Ensure that no construction or inspection work is performed by the General Contractor, with the following exceptions: (i) the General Contractor may perform its duties to manage and control the construction of the Development; and (ii) the General Contractor may self-perform work of a de minimis amount, defined for purposes of this paragraph as the lesser of \$350,000 or 5 percent of the construction contract;*

d) The following Developments have submitted General Contractor Cost Certifications reflecting self-performed work that falls within the definition of de minimis amount as defined above and staff will continue to move forward in the review of the Final Cost Certification Application Package:

<b>Development</b>	<b>Application Number</b>	<b>Dollar Amount Self-Performed</b>	<b>% of Contract Self-Performed</b>
Clermont Ridge Senior Villas	2018-112C	\$179,662	2.2%
Cypress Village	2019-372CS	\$238,762	2.3%
Mission Hills	2019-132C	\$156,820	3.1%
Praxis of Deerfield Beach	2018-522C	\$213,866	3.0%

## MULTIFAMILY PROGRAMS

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#### **G. The developments listed below have requested approval to allow one subcontractor to exceed the 20% limitation**

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

- a) On March 12, 2021, the Board delegated authority to staff to approve the 20% subcontractor limitation set forth in Rule Chapters 67-48.0072(17)(g), F.A.C. and 67-21.026(13)(f), F.A.C., as stated below:
- (1) *(17) The General Contractor must meet the following conditions;*
  - (2) *(g) Ensure that not more than 20 percent of the construction cost is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-48.002(5)/67-21.002(5), F.A.C., except that the term "Applicant" therein shall mean "subcontractor";*
- b) Staff, in conjunction with review by the credit underwriter and construction consultant, and receipt of a positive recommendation from the underwriter, has approved the below requests to allow one subcontractor to exceed the 20% limitation. However, in both instances, 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 67-48.0072(17)(g), 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.

<b>Development</b>	<b>Application Number</b>	<b>Dollar Amount of Contract</b>	<b>Percentage of Contract</b>
Mission Hills Apartments	2019-132C	\$1,085,868	21.4%
Marquis Apartments	2019-161SN / 2018-528C	\$3,301,158	25.9%



## MULTIFAMILY PROGRAMS

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

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

- a) Lake Mangonia Apartments (1999-062S/2016-100B/2000-524C) is a SAIL, Bond, 4% Housing Credit Development that came in for resyndication in 2016 utilizing 4% Housing Credits. The 2000-524C Extended Low-Income Housing Agreement (EUA) was recorded in Palm Beach County, FL on May 29, 2001. The Assignment and Assumption of the Extended Low-Income Housing Agreement was recorded in Palm Beach County on December 26, 2007. The Amendment and Subordination Agreement of Existing Extended Low-Income Housing Agreement was recorded in Palm Beach County on February 23, 2018. Another Amendment and Subordination Agreement of Existing Extended Low-Income Housing Agreement was recorded in Palm Beach County on May 5, 2020. The Second Amendment and Subordination Agreement of Existing Extended Low-Income Housing Agreement was also recorded on May 5, 2020.
- b) On April 15, 2022, staff received a letter from the Owner requesting a revision to Section 2(e)(1) of the EUA to correct the square footage of the units.
- c) Staff will amend the EUA as appropriate.

#### **I. The development listed below has requested funding for the Construction Housing Inflation Response Program (CHIRP)**

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

- a) Coco Vista (2021-320CS) is a SAIL and 9% Housing Credit Development that applied under the Applications (RFA) 2021-208 SAIL and Housing Credit Financing for the Construction of Workforce Housing. The Development will consist of 109 new construction units in Monroe County.
- b) On May 9, 2022, Florida Housing issued the 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). Staff received a CHIRP ITP Application from the Applicant on May 11, 2022.
- c) On June 7, 2022, staff received an update to the final credit underwriting report with a positive recommendation to include the CHIRP funding ([Exhibit B](#)). Staff has reviewed this report and finds that it meets all requirements of the RFA.

# NATURAL DISASTERS UPDATE

## *Information*

### I. NATURAL DISASTERS UPDATE

#### A. Hurricane Michael

##### 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>.
- e) Reported damage at all forty-one developments is now complete. A summary of the status of the last development within Florida Housing's portfolio that sustained damage from Hurricane Michael is attached as [Exhibit A](#).

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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*

- 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, 20 have 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 May 31, 2021, management reported 8 households remain displaced and 24 units are out of service. 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.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Information*

#### I. PROFESSIONAL SERVICES SELECTION (PSS)

##### A. Request for Applications (RFA) 2022-01 for the Housing Stability for Homeless Schoolchildren Initiative

###### 1. Background

- a) At the March 4, 2022, meeting, the Board authorized Florida Housing staff to issue a competitive solicitation for funding the Housing Stability for Homeless Schoolchildren Initiative and authorized the Executive Director to establish a Review Committee to make a recommendation to the Board.

###### 2. Present Situation

- a) RFA 2022-01 was issued on March 21, 2022. The deadline for receipt of responses was 2:00 p.m., May 19, 2022.
- b) One application was received by the May 19<sup>th</sup> deadline; however, it was deemed non-responsive in accordance with Fla. Admin. Code R. 67-60.006(1).
- c) Staff has received some feedback from stakeholders about the barriers to application given current market conditions and is actively researching ways to make the Initiative more feasible and attractive. Staff plans to come back to the Board at a later time with a recommendation on how best to proceed with the Initiative.

## 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 active 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), and the Florida Hometown Heroes Housing Loan Program (Hometown Heroes).
- 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) Hometown Heroes was launched by Governor DeSantis on May 23 at a press conference in Cape Coral, and we began accepting loan reservations on June 1, 2022. The Florida Legislature appropriated \$100 million in the 2022-23 state budget to be used as a revolving source of funds to make homeownership more affordable by providing down payment and closing cost assistance to income-qualified, first-time homebuyers who are frontline community workers. Veterans and active-duty military personnel previously assisted with our Salute Our Soldiers (SOS) Military Loan program are also being included in this new program. Eligible borrowers can receive up to 5% of their first mortgage loan amount (a maximum of \$25,000) in assistance to help them purchase a primary residence in the community in which they work and serve. The 30-year, 0% deferred repayment second mortgage is combined with one of Florida Housing's Homebuyer Loan Program's low interest rate, first mortgage loans. It is

## SINGLE FAMILY HOMEBUYER PROGRAMS

### *Information*

anticipated that this initial funding will allow us to assist between 5,000 - 6,000 borrowers.

- f) With the launch of the new Hometown Heroes Program, the SOS Military Loan Program is no longer accepting new loan reservations. The Program offered our veterans and active duty military service personnel 30-year, fixed-rate first mortgage loans with lower interest rates than our standard loan programs along with several down payment assistance (DPA) options. We have exceeded the original \$8 million dollars of DPA allocated for this program. Our Participating Lenders have originated 1,178 loans totaling over \$302 million in first mortgage loan volume and over \$9.4 million in DPA assistance. We will provide final program numbers when the remaining loans are purchased by US Bank.
- g) 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 in the amount of \$10,000. 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, refinanced, deed is transferred, or the home is no longer the borrower's primary residence.
- 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 permanent approval from DBPR to offer 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. Since April 18th, 2022, we have held online classes for the following Realtor associations; Gainesville-Alachua County Association of Realtors, Osceola County Association of Realtors, Greater Tampa Realtors, Broward, Palm Beaches & St. Lucie Realtors, Space Coast Association of Realtors, and Miami Association of Realtors. Approximately 269 Realtors attended these classes. We have also provided Hometown Heroes Realtor

## SINGLE FAMILY HOMEBUYER PROGRAMS

### *Information*

specific trainings. As of June 3, we have provided training to over 1,760 real estate agents throughout the State of Florida.

- k) Single Family Program Staff also conducts telephonic and webinar trainings for Participating Lenders 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. We've started a monthly "Lunch & Learn" call for our Participating Lenders, covering various topics of interest. We held a closer and post-closer training for two of our Participating Lenders, Direct Mortgage Loans, LLC and Homespire Mortgage Corporation on May 2 with over 50 closers and post-closers attending. We also held a FL Hometown Heroes training for Participating Lenders on May 16th, 17th, 19th, 20th and the 25<sup>th</sup> with about 1,400 lenders attending to learn more about this new program.
  
- l) Additionally, we 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. We have held online trainings. We were invited by Freddie Mac to present our Homebuyer Loan Program to the Florida Association of Realtors and the Orlando Regional Realtors Association. These two events were attended by over 150 Realtors. We were also asked to virtually present our Homebuyer Loan Program to the National Association of Real Estate Brokers (NAREB), North Florida Chapter, to over 40 real estate brokers in the Jacksonville Area.

**SINGLE FAMILY HOMEBUYER PROGRAMS**

*Information*

**HOMEBUYER LOAN PROGRAMS SUMMARY**

	2021 HLP Program Totals	2022 HLP Program Totals	2022 HLP Government Loan Programs Totals	2022 HLP Conventional Loan Programs Totals
Average 1 <sup>st</sup> Mortgage Loan Amount	\$196,813.00	\$215,963.00	\$221,205.00	\$205,531.00
Average Acquisition Price	\$204,282.00	\$222,344.00	\$225,362.00	\$216,337.00
Average Compliance Income	\$53,192.00	\$56,924.00	\$57,651.00	\$55,478.00
County Area Median Income %	67%	70%	68%	75%
Total Purchased 1 <sup>st</sup> Mortgage Loan Amounts	\$840,786,523.00	\$335,176,053.00	\$228,505,153.00	\$106,670,900.00
Total # of Units	4,272	1,552	1,033	519

\*Based on credit qualifying income, not MRB limits.

**2022 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS**

County	Loan Count	Loan Amount	DPA
Duval	299	\$65,370,968.73	\$2,853,953.00
Polk	104	\$21,923,963.13	\$1,003,108.00
Pasco	92	\$18,586,791.02	\$840,084.00
Hillsborough	82	\$19,591,236.39	\$793,335.00
Leon	73	\$13,027,029.24	\$678,806.00
Escambia	54	\$10,212,822.98	\$532,807.00
Okaloosa	53	\$13,956,349.34	\$515,358.00
Lee	49	\$11,086,258.25	\$479,851.00
Volusia	48	\$11,030,230.26	\$463,209.00
Pinellas	47	\$10,078,819.81	\$427,053.00



# STRATEGIC PLAN AND PERFORMANCE MEASURES

## *Information*

### 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 Secretary 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 Secretary 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 1 – 2022 are attached as [Exhibit A](#). Quarterly Informational Indicators for Quarter 1 – 2022 are attached as [Exhibit B](#).

# FHFC Performance Dashboard

Quarter 1 2022

Green = Good to Go  
 Orange = Merits additional Monitoring  
 Red = A Concern to Address

HOMEOWNERSHIP			
Performance Measures	Data	Informational Indicators	Data
<b>Number of Participating First Mortgage Lenders*</b>	<b>End of Q1/2022</b> 240 active and approved lenders. (Target: 50)	<b>Homebuyer Loan Programs:</b> Average Acquisition Price Average Homebuyer Income	<b>Q1/2022</b> Price: \$219,632 Homebuyer Income: \$55,575
<b>Homebuyer Loan Programs First Mortgage Loan and Down Payment Assistance (DPA): Purchase Totals</b>	<b>First Mortgages</b> Q1/2022: \$188,520,995 <b>DPA</b> Q1/2022: \$8,419,840	<b>Homebuyer Loan Programs Top 5 Counties for Originations</b>	<b>Q1/2022 (# of Loans: \$ Total)</b> Duval (179 Loans: \$38,701,473) Polk (66 Loans: \$13,770,325) Hillsborough (50 Loans: \$12k059,955) Pasco (49 Loans: \$9,780,884) Leon (40 Loans: \$6,907,163)
<b>Number of Local Governments Participating in the State Housing Initiative Partnership Program with Approved Local Housing Assistance Plans</b>	<b>End of Q1/2022</b> 121 local governments have approved LHAPs (Target: Maintain at least 110 local governments with approved and active LHAPs)	<b>Searches for Affordable Rentals on Housing Locator Website</b>	<b>Q1/2022:</b> 315,039 searches conducted
<b>HOME Allocation and Commitment Status</b>	On pace for all commitments and disbursements	<b>FHFC Rental Portfolio Occupancy Rate Statewide</b>	<b>Period Ending 02/28/22:</b> 97.51% (Target 93%-95%)
RENTAL			
Performance Measures	Data	Informational Indicators	Data
<b>Guarantee Fund Risk-to-Capital Ratio</b>	<b>End of Q1/2022:</b> .03:1 (Maintain no more than a 5.00:1 leverage ratio)	<b>Maturing Loans Data</b>	<b>2020</b> 2 SAIL Loans: 224 Units 1 HOME Loan: 33 Units <b>2021 Anticipated</b> 3 SAIL Loans: 260 Units 2 HOME Loans: 190 Units
<b>Guarantee Fund Insurer Ratings</b>	<b>Standard &amp; Poor's:</b> A+/Stable (as of 05/21/20) <b>Fitch:</b> A+/Stable (as of 03/28/18) (Rating of not less than third-highest to safeguard State Housing Trust Fund)	<b>Average Tenant Income in Florida Rental Properties</b>	<b>Most recent annual figures (2022)</b> Public Housing: \$15,337 HUD Properties: \$12,153 USDA RD Properties: \$19,405 FHFC Properties: \$26,183 All Florida Renters: \$58,026
<b>Amount of State Appropriated Rental Funding Awarded*</b>	<b>Q1/2022</b> Seven funding opportunities (RFAs) issued by the end of the quarter.  (Q1 Target: Open at least one funding opportunity to receive applications/proposals for the current FY funding.)	<b>Average Tenant-Paid Gross Rent at Florida Rental Properties</b>	<b>Most recent annual figures (2022)</b> Public Housing: \$350 HUD Properties: \$283 USDA RD Properties: Unavailable FHFC Properties (All): \$821 FHFC Properties (w/Rental Assist): \$326 FHFC Properties (w/o Rental Assist): \$985 All Florida Renters: \$1,304
<b>Eligibility for National Pool of Low Income Housing Tax Credits</b>	<b>Most recent eligibility period</b> Received 2021 National Pool Housing Credits		
<b>Percentage of SAIL Funds Awarded across each Demographic Group Compared to Reserved Allocation Percentages</b>	<b>FY 2021-22 Funds Allocation Reserved compared to Actual Awarded (Q1/2022)</b> Farm/Fishworkers (5% - 4.20%) Homeless (10% - 0%) Special Needs (13% - 0%) Elderly (25% - 22.11%) Families (47% - 40.35%)		
<b>Percentage of SAIL Funds Awarded across Small, Medium and Large Counties</b>	<b>FY 2021-22 Funds Allocation Reserved compared to Actual Awarded (Q1/2022)</b> Small Counties (10% - 5.39%) Medium Counties (36.2% - 23.65%) Large Counties (53.8% - 37.65%)		
<b>Total/Affordable Units in FHFC Portfolio</b>	<b>End of Q1/2022</b> Total: 238,097 Affordable: 218,326 ELI: 19,604 Homeless/Special Needs: 9,445 (includes Link 4,030 units)		
OPERATIONS			
Performance Measures	Data	Informational Indicators	Data
<b>Budgeted Total Operating Expenses to Actual Total Operating Expenses*</b>	<b>Period Ending 12/31/21</b> Under budget (Target: Not to exceed budget by more than 10%)		
<b>Board Engagement: Attendance &amp; Attainment of Quorum*</b>	<b>Q1/2022 Board Meetings</b> January: 7 of 7 seated members present March: 5 of 7 seated members present (Target: Quorum - five members present)		

\*DEO/FHFC Contract Measure