

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
October 28, 2022  
Action Items



## MULTIFAMILY PROGRAMS

### *Action*

#### I. MULTIFAMILY PROGRAMS

##### A. RFA 2022-109 SAIL And HOME-ARP Financing For Smaller Permanent Supportive Housing Developments For Persons With Special Needs

###### 1. Background

- a) On September 6 2022, Florida Housing Finance Corporation (Florida Housing) issued RFA 2022-109 offering \$2,950,000 of State Apartment Incentive Loan (SAIL) funding, \$2,950,000 of Home Investment Partnerships Program (HOME) From The American Rescue Plan Act (“HOME-ARP”) funding, and \$2,240,000 of National Housing Trust Fund (“NHTF”) funding for Non-Profit Applicants proposing new construction developments to create new housing to provide Permanent Supportive Housing for HOME-ARP Qualifying Populations.
- b) The deadline for receipt of Applications was 3:00 p.m., Eastern Time, September 27, 2022.

###### 2. Present Situation

- a) Florida Housing received 4 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Lisa Nickerson, Multifamily Programs Administrator (Chair), Diana Fields, Policy Administrator, Sheila Freaney, Board Liaison/Policy Manager, Matt Jugenheimer, Development Finance Administrator, Ryan McKinless, Policy Coordinator, Elizabeth Thorp, Multifamily Rules and Special Projects Administrator, and David Woodward, Federal loan Program Manager. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its October 18, 2022 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five, B. of the RFA. The individual scores are set forth on the RFA webpage and can be accessed [here](#).
- c) The RFA 2022-109 All Applications chart (provided as Exhibit A) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) are listed in assigned Application Number order. There was one ineligible Application.
- d) The Review Committee considered the following motions:
  - (1) A motion for the Review Committee to approve the scoring results set out on [Exhibit A](#) and recommendations for funding as set out on [Exhibit B](#);
  - (2) A motion to recommend that the Board approve the scoring results set out on Exhibit A and recommendations for funding as set out on Exhibit B.

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- e) The motions passed unanimously.

### 3. **Recommendation**

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 4 Applications and authorize the tentative selection of the 1 Application (set out on Exhibit B) for funding.
- b) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Application set out on the Exhibit B.
- c) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.
- d) There is no SAIL, HOME-ARP or NHTF funding remaining. As provided in Section Five, B. of the RFA, any remaining funding will be distributed as approved by the Board.

## MULTIFAMILY PROGRAMS

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#### **B. Rule Development for Qualified Contracts**

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

- a) The 2022 Florida Legislature enacted laws that impact the qualified contract process set forth in Rule Chapters 67-21 and 67-48, F.A.C. Among these statutes are s. 420.503(4), F.S. (2022) which defines a bona fide contract, s. 420.503(36), F.S. (2022) which defines a qualified contract, and s. 420,5099(7), F.S. (2022) which addresses certain situations in which a qualified contract fails to close. Due to the implementation of these statutes, staff would like to amend the qualified contract rules (specifically, rules 67-21.031 and 67-48.031, F.A.C.).
- b) Staff would like to begin the rule development process by scheduling a rule development workshop to solicit comments concerning these two rules. Staff does not intend to open the entirety of the rule chapters, but only the rules concerning the qualified contract.
- c) Staff plans to hold a Rule Development Workshop on November 15, 2022.

##### **2. Recommendation**

- a) Authorize staff to proceed with the rule development process for rules 67-21.031 and 67-48.031, F.A.C.

# SINGLE FAMILY HOMEOWNERSHIP PROGRAM

## *Action*

### I. SINGLE FAMILY HOMEOWNERSHIP PROGRAM

#### A. Single Family Homeownership Program

##### 1. Background

- a) Florida Housing issues bonds under two master bond indentures. The 2009 Homeowner Mortgage Revenue (Special Program) Bond Indenture (the “NIBP Master Indenture”) was created for the purpose of implementing the United States Treasury’s New Issue Bond Program (the “NIBP”). The NIBP Master Indenture is currently rated “Aaa” by Moody’s Investors Service. Florida Housing also issues single family bonds under its 1995 Homeowner Mortgage Revenue Bond Indenture (the “1995 Master Indenture”). The 1995 Master Indenture is currently rated “Aaa” by Moody’s Investors Service.
- b) It is anticipated that Florida Housing will have sufficient resources to issue \$450 million of bonds. \$377.3 million of tax-exempt bond volume cap has been allocated for single family bond issuance consisting of \$177.1 million of 2020 carry forward, \$200.2 million of 2021 carryforward. It is expected that a portion of the 2022 volume cap allocation will be added to the carry forward from prior years. In addition to allocation from 2022 and carry forward from prior years there is a resource of up to \$44 million of recycled carryforward in the collateral account with the Federal Home Loan Bank.
- c) Due to difficult conditions in the municipal bond market but attractive pricing of Mortgage-Backed Securities (“MBS”) in the mortgage market, commencing on October 31, 2008, and subsequently thereafter, the Board has approved resolutions allowing staff to access funding for Florida Housing’s Homeowner Mortgage Program (the “Single Family Program”) through the sale of specified pools or To-Be-Announced (“TBA”) commitments in the MBS mortgage market.
- d) This year, through July 31, 2022, Florida Housing has settled newly originated MBS including over \$323.0 million of Ginnie Mae MBS, \$143.3 million of Fannie Mae MBS and \$16.4 million of Freddie Mac MBS through various market options. Of the Ginnie Mae totals, \$195.4 million settled in bonds, \$9.3 million settled in the specified pool market \$103.6 million settled in the TBA mortgage market, and \$14.7 million settled as an investment for FHFC. Of the Fannie Mae MBS totals, \$44.8 million settled in bonds, \$96.4 million were sold in the TBA mortgage market and \$2.1 million settled as an investment for FHFC. Of the Freddie Mac totals, \$16.4 million were sold in the TBA mortgage market.
- e) Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when market conditions are favorable at the time of sale, however, financing alternatives in the municipal market have again become more attractive. The sale of bonds in the municipal market can be for: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, (2) refunding outstanding bonds currently subject to special redemption to preserve volume cap, (3) continuing Florida Housing’s single family lending program through the pooling of Mortgage Loans into Guaranteed Mortgage Securities under Florida Housing’s Homeowner Mortgage Program.

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Staff will continue to evaluate market conditions and, should market conditions warrant, may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and refund the outstanding bonds subject to optional redemption.

- f) Guaranteed Mortgage Securities under Florida Housing’s Homeowner Mortgage Program. Staff will continue to evaluate market conditions and, should market conditions warrant, may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and refund the outstanding bonds subject to optional redemption.

## 2. **Present Situation**

- a) Below is a chart of bonds that may be optionally redeemed in 2023:

NIBP Indenture	
Bond Series	2009 Series B-5
Bond Balance	\$22,730,000
Bond Yield	2.32%

\*as of July 1, 2022

- b) Staff and its Independent Registered Municipal Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and use the proceeds of such sale to optionally redeem the bonds should this be deemed more economically prudent.
- c) Conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. Staff expects that it will be financially prudent to issue new money bonds under several separate series throughout 2023 to continue funding single family loans, including the potential to fund down payment and closing cost assistance loans under its program.
- d) The investment banking team, bond counsels, Independent Registered Municipal Advisor and special counsels have been approved by the board pursuant to Florida Housing’s competitive solicitation process. The following professionals may serve as senior and co-senior managing investment bankers for the 2023 Phase One Bonds, in alphabetical order: BofA Securities, Inc., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC., and RBC Capital Markets LLC. Caine Mitter & Associates Incorporated will serve as the Independent Registered Municipal Advisor.
- e) The 2023 Phase One bonds will be issued under the 1995 Master Indenture, the NIBP Indenture or a new master indenture, but the aggregate amount of such 2023 Phase One Bonds shall not exceed \$450,000,000. The 2023 Phase One Bonds are expected to be rated “Aaa” by Moody’s Investors Service if issued under either the 1995 Indenture or the NIBP Indenture, however, in consultation with the underwriting team and our Independent Registered Municipal Advisor, staff may opt to solicit ratings from additional rating agencies. If the bonds are issued under a new master indenture, the rating is expected to be “Aaa” by Moody’s Investors Service. It is anticipated that the 2023 Phase One Bonds and

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any additional new money bonds issued will, for the foreseeable future, be secured by MBS.

- f) Authorization necessary to issue the 2023 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing's Board and (2) approval of a fiscal determination in accordance with updated statutory requirements. To work within the constraints of regularly scheduled public meetings, to maintain Florida Housing's goal of providing continuously available single family mortgage funding, and to take full advantage of the market conditions for refunding, the authorizing resolution for the 2023 Phase One Bonds is being presented for consideration at Florida Housing's October 28, 2022 meeting.
- g) Staff will determine the timing of issuance, size of issuance, and the most applicable documents for the issuance of each series of 2023 Phase One Bonds based upon prevailing market conditions and recommendations from the Independent Registered Municipal Advisor.
- h) To ensure sufficient time for obtaining required approvals for the 2023 Phase One Bonds, staff requests authorization to commit up to \$65 million of indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities and down payment and closing cost assistance loans. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.
- i) The Board Resolution is included as [Exhibit A](#).

### **3. Recommendation**

- a) Staff recommends the Board approve the necessary funding, staff actions and the Resolution to permit the issuance of the proposed 2023 Phase One Homeowner Mortgage Revenue Bonds.