

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

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MEMORANDUM

TO: Members of the Housing Finance Authority of Manatee County, Florida

FROM: Angela A. Abbott, Esquire

DATE: October 4, 2016

RE: Financing request of Manatee County Habitat for Humanity

I have been approached by Diana Shoemaker with Manatee County Habitat for Humanity (“Habitat”) and Denise Thomas with Manatee County about the possibility of the Authority providing financial assistance to a new Habitat project, as described in the attached information. Habitat has applied to FHFC for assistance with pre-development and acquisition costs. Ms. Shoemaker indicates that Habitat is primarily in need of funding for infrastructure at this time. We discussed the possibility of the Authority setting up an interest free line of credit to provide a financing source for the project. I suggested that funds could be used for infrastructure costs but I thought the Authority would want to finance the construction of the actual homes as part of the plan of finance. The line of credit could be used as bridge financing until CDBG funds are available for infrastructure costs (the CDBG funds would be used to repay the HFA loan). Denise Thomas is encouraging the Authority to fund this project as a partnership which would be viewed positively by the County Commission.

Attached for your consideration are brief summaries of programs other Authorities in Florida have done for Habitat and other not-for-profit housing providers.

This item is on the October 11th meeting agenda for preliminary discussion purposes. Ms. Shoemaker and Ms. Thomas plan to attend the meeting. If the Authority wants to move forward, the concept may be approved at the meeting, with the details to be worked out at a future date. Your financial advisors will subsequently vet the project and make recommendations.

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Attorney/Administrator

BREVARD COUNTY HOUSING FINANCE AUTHORITY

PROGRAMS SUPPORTING HABITAT FOR HUMANITY

LOAN PROGRAM

The Brevard County Housing Finance Authority (the “Authority”) has established an interest free line of credit with Habitat for Humanity of South Brevard, Inc. (“Habitat”). The Authority has agreed to provide loan advances totaling up to \$525,000 for the purpose of funding land acquisition and/or construction costs for single family residences. The residences are to be sold to lower income families who might not otherwise be able to purchase a home. The terms of the loan are as follows:

- Maximum loan for new construction \$75,000
- Maximum loan for land acquisition \$25,000
- Repayment of principal of the loan due upon the sale of the home to the family, or two years from the date of the loan, whichever occurs first.
- No more than \$262,500 may be utilized for land acquisition at any time.

As of May 7, 2016, thirteen homes have been constructed and sold to lower income families, and twenty one lots have been acquired for future development.

GRANT PROGRAM

The Authority provided the initial funding to start the Critical Home Repair Program (“CHRP”). The purpose of CHRP is to provide funding for critical repairs to correct code violations, improve weatherization, increase energy efficiency, overcome accessibility barriers, and/or upgrade the exterior of the residences. The goal of CHRP is to preserve homeownership and housing stock for lower income residents. A grant of \$200,000 was provided to Habitat pursuant to a Grant Agreement. The terms of the agreement are as follows:

- Maximum income person/family is 50% of area gross median
- Maximum of \$15,000 per residence
- Maximum of \$50,000 toward administrative expenses at any given time
- Habitat administers CHRP and provides quarterly compliance certifications

PROGRAM SUPPORTING COALITION FOR THE HUNGRY AND HOMELESS

In September 2010, the Authority entered into a loan agreement with the Coalition for the Hungry and Homeless of Brevard County, Inc. ("Coalition"). The Authority agreed to provide loan advances totaling up to \$500,000 for the purpose of funding the acquisition, construction, and/or rehabilitation of single family and multi-family housing in Brevard County to provide transitional or permanent housing to low income persons and families (the "Project" or "Projects"). The loan provided interest free bridge financing to allow the Coalition to continue to function while it was awaiting reimbursement under various grant programs (NSP, CHDO and FEMA). This loan agreement ended on December 31, 2013. It provided funding for the acquisition and/or rehabilitation of fourteen homes. The terms of the loan were as follows:

- Maximum draw of \$100,000 per project
- Repayment of principal due upon receipt of grant funds or one year from disbursement, whichever occurred first

In February 2015, the Authority entered into a new loan agreement with the Coalition to provide interest free funds to refinance its interest bearing debt in the amount of approximately \$250,000. The refinancing has resulted in debt service savings to the Coalition of approximately \$40,000. This loan is being repaid in equal monthly installments of principal over a ten year term.

PROGRAM SUPPORTING CROSSWINDS YOUTH SERVICES, INC.

In April, 2016, the Authority made a loan/grant to Crosswinds Youth Services, a not for profit organization that provides emergency shelter and services to youth under the age of 18 who have been abused or neglected or are endangered. The loan/grant in the amount of \$45,000 was made for the purpose replacing the HVAC system for the shelter.

HOUSING FINANCE AUTHORITY OF CLAY COUNTY

The Clay Authority has made two loans to the local Habitat affiliate. The first program was for a \$515,250 mortgage. The loan had a 0% interest rate. Principal was repaid as homes were sold. Each lot sale triggered a principal payment of \$22,500 (24 lots total). In a second transaction, the Clay Authority lent Habitat \$85,000 for the purchase of land. This loan is secured by a second mortgage and will be repaid as homes are sold (\$7,500 per lot).

HOUSING FINANCE AUTHORITY OF POLK COUNTY

The Polk Authority has made several loans to their local Habitat affiliate. As homes are sold, the liability for the loan is assumed by the homebuyer and may be secured by either a first or second lien mortgage. Each loan is for approximately \$15,000. Habitat (or their servicer) services the Authority loans with payments remitted monthly to the Authority.