

2021 Annual Report

Jacksonville Housing Finance Authority

Pursuant to the requirements of Section 52.112, *Municipal Code*, the Jacksonville Housing Finance Authority (JHFA) respectfully submits this annual report to the City Council Finance Committee.

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2021 Annual Report

Jacksonville Housing Finance Authority

About the Jacksonville Housing Finance Authority (JHFA)

The Jacksonville Housing Finance Authority (JHFA) was created in 1978 as the Duval County Housing Finance Authority (DCHFA). The JHFA position within City government has been altered several times over the past 40 years, most recently in 2014. The JHFA is a dependent special district, governed by a seven-member Board of Directors appointed by the Mayor (4) and City Council (3).

The JHFA does not receive operating appropriations from the City—it funds all of its operations from revenues generated from its bond and loan programs. The JHFA is essentially a public purpose lending institution that generates its loans from the proceeds of tax-exempt bonds and program income.

The JHFA finances loans to first-time homebuyers and to developers who build or rehabilitate rental housing for occupancy by eligible families. Since its inception, the JHFA has provided over \$850 million in funding for the creation of affordable housing. This funding has created over 8,500 units of affordable rental housing and thousands of new homeownership opportunities.

Market Driven Approach

All of the JHFA's programs are market-driven. The JHFA must structure programs that work from an economic perspective – not because the law says they have to, but because the private sector would not invest their money in bonds or loans that are improperly structured or developments that are not feasible.

Board of Directors

The JHFA is governed by a seven-member Board of Directors.

Name	# of Terms	Term Ends / Resolution	Race	Sex	Notes
Barney Smith (Chair)	1 of 2	11/30/2023 (2019-820)	W	M	Mayoral Appointment
Spencer Cummings (Vice-Chair)	1 of 2	6/30/2022 (2019-341)	W	M	Mayoral Appointment
Delilah R. "Dee" Bumbarger (Secretary)	2 of 2	6/30/2024 (2021-31)	W	F	Council Appointment
Gloria "Nadine" Sherman Carswell	1 of 2	6/30/2023 (2021-34)	B	F	Council Appointment
Jeffrey Rosen	2 of 2	6/30/2025 (2021-393)	W	M	Mayoral Appointment
Jane L. Scofield	1 of 2	6/30/2022 (2018-736)	W	F	Council Appointment
Matthew Swanson	1 of 2	6/30/2024 (2020-674)	W	M	Mayoral Appointment

Strategic Partnerships

Partnerships with Other Counties

The JHFA partners with Brevard, Clay, Pasco, Pinellas, Polk and Hillsborough Counties to facilitate the pooling and sale of mortgages originated in the home ownership programs of the six counties. By pooling mortgages, marketable volume is achieved more quickly, reducing interest rate risk and quick return of the JHFA's capital investment (for use in making new loans). The JHFA has executed 186 sales for a profit of \$2,465,477 from the sales—funds that are used to make the down payment assistance loans.

Partnership with Florida Housing Finance Corporation (FHFC)

In response to an ongoing request from the JHFA, FHFC allowed Duval County to establish a "Qualifying Financial Assistance Funding Preference" pilot program which enabled the JHFA the opportunity to select its preferred project by allocating a higher level of local government support commitment in 2015. That program was

extremely successful and has now been formalized for other large and medium sized programs in the FHFC programs.

FHFC again kept the preference system for the most recent 9% Housing Tax Credit Request for Applications. An applicant that receives “Local Government Area of Opportunity Funding” receives a preference in funding and the applicant automatically receives the maximum score for “proximity” to services and is not penalized if it is within a defined distance from other developments that are under construction or have not yet stabilized. Additional information on this important partnership is included under the section titled Local Government Support Contributions.

Sadowski Education Effort

The JHFA continues to be an active participant in the effort to secure state funding for housing programs—funding that comes directly to the City (State Housing Initiative Partnership (SHIP) Program) and to rental developments being built or rehabilitated within the City (State Apartment Incentive Loan (SAIL) Program). The SHIP allocation to Jacksonville for State Fiscal Year 2021-2022 was \$6.506 million—funds that are used for activities such as permanent supportive housing, owner-occupied rehabilitation, and down payment assistance. Since its inception in 2011, the Sadowski Education Effort has resulted in \$32.4 million of SHIP funds and \$18.0 million of SAIL funds coming to Jacksonville.

In the 2021 legislative session, the Sadowski Education Effort obtained an amendment to State law prohibiting future sweeps of the housing trust funds. As a result, it is expected that Jacksonville will receive \$10.1 million of SHIP in FY 22-23.

Rental Development

The JHFA encourages the development of affordable rental housing through the issuance of Mortgage Revenue Bonds and the provision of local government support commitments, and other forms of subordinate lending.

Over the history of the JHFA and its predecessor agency the Duval County HFA, the JHFA has originated bonds or other loans to developers who built or rehabilitated rental housing. A list of all developments that have outstanding loans and the associated number of units is as follows:

Development	Number of Units	Outstanding Bond Loan Balance	Outstanding Subordinate Loan Balance	Total Outstanding Loan Balances
Beaches Hamlet	192		\$171,834.00	\$171,834.00
Bennett Creek	264	\$21,600,000.00	\$750,000.00	\$22,350,000.00
Brookwood Forest	168	\$8,800,000.00	\$1,700,000.00	\$10,500,000.00
Camri Green	184	\$8,200,000.00		\$8,200,000.00
Caroline Oaks	80	\$1,317,663.78	\$962,382.41	\$2,280,046.19
Caroline Arms	204	\$12,500,000.00		\$12,500,000.00
Cathedral Terrace	240	\$7,585,000.00	\$1,000,000.00	\$8,585,000.00
Christine Cove	96	\$2,450,000.00	\$1,140,110.00	\$3,590,110.00
Hartwood Apartments	110	\$4,055,000.00	\$500,000.00	\$4,555,000.00
Hubbard House	11		\$82,266.43	\$82,266.43
Lenox Court Ltd	360	\$575,000.00		\$575,000.00
Liberty Center III	109		\$8,146.37	\$8,146.37
Liberty Center IV	100		\$750,000.00	\$750,000.00
Millennia Portfolio	768	\$81,600,000.00		\$81,600,000.00
Oakwood Villa	200	\$12,700,000.00		\$12,700,000.00
Sanctuary Walk	120		\$250,000.00	\$250,000.00
Timberwood Trace	224	\$16,000,000.00		\$16,000,000.00
Timuquana Park	100	\$3,485,000.00		\$3,485,000.00
W.A Knight	12		\$211,427.65	\$211,427.65
	19	\$180,867,663.78	\$7,526,166.86	\$188,393,830.64

Bond Financing for Rental Housing

The JHFA and its private sector partners closed on two bond-financed multi-family projects in 2021.

Beachwood Apartments

Beachwood Apartments is a 148-unit rehabilitation development for families located at 2901 Beachwood Boulevard. Beachwood Apartments is comprised of 15 two-story, garden-style apartment buildings containing all 148 residential units, in addition to a stand-alone clubhouse building containing the management office, community room, and central laundry facilities. This development has a total development cost of \$39.3 million which includes \$26.5 million in JHFA Mortgage Revenue Bonds.

Sable Palms Apartments

Sable Palms Apartments is a 200-unit rehabilitation development for families located at 2150 Emerson Street. This development has a total development cost of \$61 million which includes \$36.5 million in JHFA Mortgage Revenue Bonds.

Additionally, the JHFA has approval for two bond-financed multi-family projects in line to close in fiscal year 2022. They are Pine Grove Apartments and Lofts of San Marco East. Two other transactions (Mandarin Terrace and Oak Hammock) are beginning the TEFRA approval process and the legislative process with City Council.

Local Government Support Contributions

Developers seeking to participate in FHFC's various funding cycles are required to obtain local government support contributions as a component of their application. The JHFA provided local government support contributions for the following projects. Without the JHFA's contribution, the federal and state resources associated with the developments would not have been secured for Jacksonville. Moreover, Jacksonville would have forgone the associated overall economic benefit, construction jobs, and expansion of affordable housing.

Lofts at Cathedral

The Lofts at Cathedral Apartments is a 120-unit new construction and renovation development for families located at E. Duval Street. Lofts at Cathedral will consist of two residential buildings. The first residential building will be a newly constructed, mid-rise five-story residential building that includes 91 residential units, a leasing office, and amenities. The second residential building will be the redevelopment of the historic three-story building into 29 residential units. This development has a total development cost of \$26.2 million which includes \$2.5 million in JHFA Local Government Support Contributions. The Lofts at Cathedral will serve as a catalyst for redevelopment within the Cathedral District.

Lofts at San Marco East

The Lofts at San Marco East is a 172-unit new construction development for families located on Philips Highway, utilizing a combination of JHFA bonds, SAIL and federal tax credits. It will consist of one residential building. This development has a total development cost of \$35.7 million which will include \$21.75 million of JHFA bonds, \$5.15 million of SAIL and a \$115,000 JHFA Local Government Support Contribution.

Home Ownership

During fiscal year 2014, the JHFA successfully launched a home ownership program that does not utilize tax exempt bonds. Instead, the JHFA is offering affordable 30-year fixed-rate mortgages through participating lenders, and then selling those mortgages. This allows limited JHFA cash reserves to serve as a revolving fund for a continual loan program.

In addition to the fixed rate mortgage (currently 3.125%), the home buyers also receive a mortgage credit certificate (MCC) valued at up to \$2,000 per year. The MCC is a federal tax credit (not deduction) and may be claimed each year that the buyer continues to live in the home.

Also, in order to help each borrower achieve home ownership, JHFA provides a \$7,500 down payment assistance loan.

Since inception, this program has generated 655 first mortgage loans totaling \$91.6 million. The program has distributed MCCs totaling \$45.3 million to date. The average family in the program had a 37-year-old head of household, with total family income of \$47,547.00, and who purchased a \$144,892.00 priced home.

Since most borrowers can claim the full \$2,000 refundable credit per year, these families will get a collective annual tax savings of \$1,310,000. **This is the functional equivalent of having provided each of the borrowers with a 1.20% first mortgage rate.**

Servicing Report

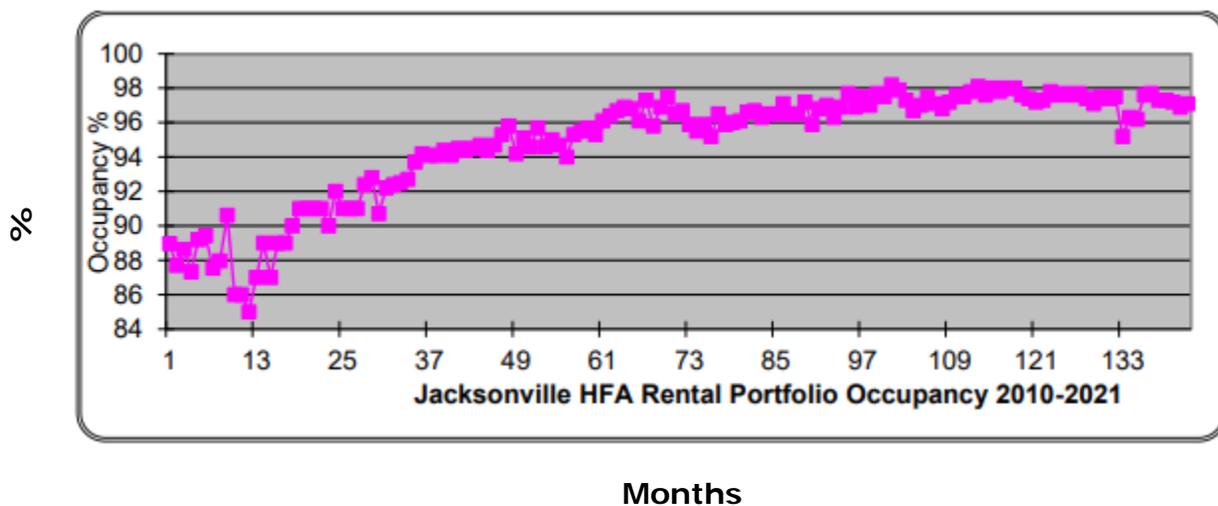
A servicing report summarizing the performance of all of the existing mortgages in the JHFA's portfolio is below.

JACKSONVILLE HOUSING FINANCE AUTHORITY			
COMBINING SUMMARY OF MORTGAGE PORTFOLIO PERFORMANCE			
SEPTEMBER 30, 2021			
FUND	ACCOUNT	PROJECT DESCRIPTION	PRINCIPAL BALANCE ENDING BALANCE ADJUSTMENTS
81101	128101	LB JAX	231,565 215,977 15,588
81101	128007	VALUE HOMES PROGRAM	96,000 96,000
81101	128105	LENOX COURT LTD	575,000 575,000
81101	128106	YWCA- Florence Davis Residence-Ch Ctr	184,635 184,635
81101	128014	BEACHES HAMLET	171,834 171,834
81101	120024	CHRISTINE COVE	1,140,110 1,140,110
81101	128071	LIBERTY CENTER (III)	8,146 8,146
81101	128072	HUBBARD HOUSE	82,266 82,266
81101	128106	LIBERTY CENTER (IV)	750,000 750,000
81101	128128	SINGLE FAMILY 2006 BOND SUBSIDY	829,335 829,335
81101	128130	SP HARTWOOD LIMITED PARTNERSHIP	633,342 633,342
81101	128131	SINGLE FAMILY 2010 BOND SUBSIDY	535,712 438,739 96,973
81101	128135	SINGLE FAMILY LOAN PROGRAM	84,898 84,898
81101	128137	REGENTS APARTMENTS	0 0
Total Fund 81101			5,322,842 5,210,281 112,561
FUND	ACCOUNT	PROJECT DESCRIPTION	PRINCIPAL BALANCE ENDING BALANCE ADJUSTMENTS
81102	128035	SANCTUARY WALK	250,000 250,000
81102	128108	BROOKWOOD FOREST	1,700,000 1,700,000
81102	128140	BENNETT CREEK	1,088,000 750,000 388,000
81102	128142	CAROLINE OAKS LTD.	962,382 962,382
81102	128143	SINGLE FAMILY LOAN PROGRAM	200,000 200,000
Total Fund 81102			4,200,382 3,862,382 388,000
FUND	ACCOUNT	PROJECT DESCRIPTION	PRINCIPAL BALANCE ENDING BALANCE ADJUSTMENTS
81103	128142	CAROLINE OAKS LTD.	1,317,664 1,317,664
81103	128143	SINGLE FAMILY LOAN PROGRAM	51,710 51,710
Total Fund 81103			1,369,374 1,369,374 0

Compliance Report

All developments within the JHFA's portfolio are in compliance. The current weighted average occupancy of the portfolio (as of October 31st) is 97.1%. The following are charts which track portfolio occupancy over the last eleven years. Occupancy hit a low point during the Great Recession as persons without employment doubled up in apartments or moved back to family residences. With job creation and new household formation, demand for the existing units has risen dramatically.

144 Month Occupancy Levels—Entire Portfolio Average Occupancy



Occupancy Levels as of October 31, 2021:

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Ashley Square 127 E. Ashley St. & 116 Beaver St. 202	Blue Sky	\$15,000,000 11-23-20	120 Under construction 47% complete (+7%)
Beachwood 2901 Beachwood Blvd. 32246	Fairstead	\$26,500,000 6-22-21	148 95% (+0%) Rolling Rehab 12% complete (+7%)
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 98% (-0%)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 98% (+0%)
Calloway Cove—Millennia Portfolio 4229 Moncrief Road West 32209	Millennia	Part of \$81,600,000 10-24-18	200 93% (-1%)
Caroline Arms 6457 Fort Caroline Road 32277	Lincoln Avenue	\$12,500,000 7-3-18	204 91% (-2%)
Caroline Oaks 5175 Main Street N. 32208	Vestcor	\$5,600,000 4-22-15	82 100% (+0%)

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Cathedral Terrace 701 N. Ocean St. 32202	Blue Sky	\$12,500,000 1-21-16	200 93% (-2%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 98% (-1%)
Desert Winds/Silver Creek 233 Sahara Ct. & 300 Silver Creek Trace 32216	LEDIC	\$22,000,000 12-28-18	304 99% (+1%)
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 95% (-0%)
Houston Street Manor 139 N. Jefferson Street	Beneficial	Housing Credits \$115,000 JHFA Loan 2014	72 97% (-0%)
Lofts at Brooklyn 190 Chelsea Street 32204	Vestcor	Housing Credits LGOAF 2019	133 98% (-1%)
Lofts at Jefferson 799 Water Street 32204	Vestcor	Housing Credits \$225,750 JHFA Loan 10-3-18	133 100% (+1%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan 10-12-16	130 100% (+1%)
Lofts at Monroe 906 W. Monroe Street 32204	Vestcor	Housing Credits \$303,750 JHFA Loan 9-29-17	108 100% (+3%)
Lofts at Murray Hill 840 Edgewood Avenue, South	Vestcor	Housing Credits \$115,000 JHFA loan 8-28-20	117 Leasing 50% (+50%)
Mary Eaves 1250 16 th Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan 8-19-16	80 100% (+0%)
Monaco Arms 10415 & 10525 Monaco Drive 32218	Lincoln Avenue	\$16,380,000 5-31-19	156 98% (+2%)
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 97% (-1%)
Oakwood Villa 8201 Kona Avenue 32211	Southport	\$12,700,000 6-30-17	200 96% (+0%)
Palmetto Glen—Millennia Portfolio 2414 Westmont Street 32204	Millennia	Part of \$81,600,000 10-24-18	74 97% (-3%)
Peyton Ridge	Vestcor	Housing Credits \$115,000 JHFA loan 4-7-16	123 100% (+0%)
Sydney Trace 8575 Merchants Way 32222	Vestcor	\$21,500,000 6-30-20	192 100% (+0%)
The Weldon—Millennia Portfolio	Millennia	Part of \$81,600,000	94 99% (+1%)
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 97% (+2%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004 \$10,200,000 8-31-20	100 100% (+9%) Rolling Rehab 80% complete (+7%)
Valencia Way—Millennia Portfolio 1214 Labelle Street 32205	Millennia	Part of \$81,600,000 10-24-18	400 95% (+2%)
The Waves Scattered Sites in Jacksonville	JHA/Vestcor	\$15,800,000 9-26-19	127 100% (+0%)

Fiscal Year 2022 Goals and Objectives

The JHFA will continue to aggressively seek partnerships with the private sector—lenders and developers—to create affordable housing opportunities for the citizens of Jacksonville. The JHFA will also continue its support for the Sadowski Education Effort to make sure that resources such as SHIP and SAIL are funded, and tax-exempt housing bonds are protected. While doing all of this, JHFA will continue to structure programs to create the greatest amount of affordable housing for the most efficient costs.

Bond Financing for Rental Housing

The JHFA and its private sector partners are working on two developments that are scheduled to utilize JHFA bond financing and close in 2022:

- Pine Grove Apartments: A 168-unit substantial rehabilitation that will provide housing for low-income families. The development consists of three-story garden style building, amenities, and a surface parking lot. The project consists of two and three-bedroom units ranging in size from 900 square feet to 1,200 square feet. The total development cost is \$36.3 million, which includes JHFA bonds of \$28.95 million and \$750,000 in JHFA Gap financing. This development is scheduled to close in 2022.
- Lofts of San Marco East: A 172-unit new construction project formerly known as Tori Meadows Apartments. The development consists of a single four-story mid-rise affordable apartment community and amenities located in the middle of the revitalizing San Marco East neighborhood. The total development cost is \$35.7 million. This development was awarded \$5.15 million of SAIL funds by Florida Housing Finance Corporation and will utilize \$21.725 of JHFA bonds. This development is scheduled to close in 2022.

Other Rental Housing

JHFA will again provide the required local government contribution for applications to FHFC for Housing Credits. This small investment of JHFA funds will allow at least one development to receive substantial state and federal assistance.

Partnership with Other Counties

JHFA will continue its partnership with Brevard, Clay, , and Hillsborough Counties to facilitate the pooling and sale of mortgages originated in the home ownership programs of the four counties.

Contact Information

General Contact

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