

Memorandum

Housing Finance Authority

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TO: Rodney S. Fischer, Chairman
And Members of the Housing finance Authority

FROM: Anthony M. Jones

SUBJECT: Authorization of Line of Credit for Tampa Bay Community Development Corporation (TBCDC)

DATE: October 29, 2007

RECOMMENDATION: I recommend that the Authority authorize the officers of the Authority to execute Agreements that would establish a revolving line of credit for TBCDC in the amount of \$200,000.00. I further recommend the following terms: an interest rate of 3% with interest only payments, based on the outstanding balance, and a balloon repayment of any still outstanding balance due at the end of a 3-year period. I further recommend that these funds be kept in a special revenue/fund account and that TBCDC provides the Authority with a quarterly report and annual review documenting use of funds and an annual audit that includes the special revenue/fund account.

BACKGROUND: Over the past 25 years, Tampa Bay Community Development Corporation (TBCDC) has established itself as leader in the community, providing down-payment assistance programs and educating the public about homeownership. TBCDC has been a partner with the Authority, Pinellas County and well as 5 other local jurisdictions working with State, Federal and local funding sources. Their primary business lines are providing down payment assistance and homebuyer counseling. They also operate the Homebuyer's Club of Tampa Bay, which is has been nationally recognized as a model for training potential homebuyers. And the Authority has also been a longtime supporter of their successful Foreclosure Prevention program, to which we provide \$75,000 in initial seed capital.

This request is for a credit facility is to support their Down Payment Assistance programs. Formerly, Pinellas County funded a similar credit facility through the use of State Housing Initiative Partnership (SHIP) funds. These funds allowed TBCDC to directly fund down payment assistance loans, allowing first-time homebuyers to close quickly without awaiting the cumbersome processes of local governments in issuing checks. They would then use the reimbursement of outstanding loans in order to proceed with additional loans. Due to the regulatory constraints of the SHIP program, the County was forced to terminate that agreement last year. TBCDC's production is such that not having such funds available will create a hardship on first-time homebuyers seeking a quick closing. Going into the private market and paying market interest rates is puts a significant strain on TBCDC's operating budget.

In an effort to support the affordable housing initiatives of TBCDC, I recommend providing this revolving line of credit at a below-market rate of 3% with interest only payments, based on the

outstanding balance, and a balloon repayment of any still outstanding balance due at the end of a 3-year period. At that time, the Authority has the option to extend the credit facility if the need is still present. This will serve as bridge financing allowing TBCDC to quickly close loan for first-time homebuyers, and repay when they are reimbursed by the respective government agencies. The credit facility will be used only for loans generated within the Pinellas County.

TBCDC has an outstanding record in the management of public funds is audited annually. A copy of the most recent audit has been reviewed by staff. Their internal controls are excellent and they are considered a low-risk agency for monitoring purposes.