ILLINOIS HOUSING
DEVELOPMENT AUTHORITY

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FINANCE COMMITTEE MEETING MINUTES
Friday, February 16, 2024

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, February 16, 2024, at 10:00 a.m. at 111 East Wacker Drive, Chicago, IL. Attending the meeting were Finance Committee Chair, Mr. Sam Tornatore, Mr. King Harris, Ms. Luz Ramirez, Mr. Tommy Arbuckle, Mr. Daniel Hayes, Mr. Brice Hutchcraft, Mr. Tom Morsch, and Ms. Erika Poethig. Attending from IHDA's Executive team were Ms. Kristin Faust, Mr. Lawrence Grisham, Ms. Karen Davis, Ms. Maureen Ohle, and Mr. Keith Evans.

I.A. Mr. Tornatore called the meeting to order at 10:00 a.m.

I.B. Ms. Geishecker called the roll. Finance Committee Chair Tornatore, Mr. Arbuckle, Chairman Harris, Mr. Hayes, Mr. Hutchcraft, Mr. Morsch, Ms. Poethig, and Vice Chair Ramirez were present. Ms. Berg was not in attendance.

I.C. Mr. Tornatore called a motion for the approval of the January 19, 2023, minutes to be approved as presented. Motion carried.

II.A. Presentation of Consolidated Interim Financial Statements

Mr. Jalaluddin stated: Operating Revenues YTD are $45.9M, a favorable deviation of $19.4M from the budget. This favorability is largely attributed to increase in investment income and higher origination fees. Throughout this fiscal year our investment income has leveraged favorable market dynamics, surpassing our initial projections, however, as we advance into the second half of the FY, we see this trend revert to a more neutral and balanced outlook, influenced by rising costs associated with hedge contract settlements. This favorability is also driven by an increase in the single family pipeline resulting in higher warehousing of Mortgage-Backed Securities returns during the holding period. The Administrative reimbursements were $33.6M, $4.9M favorable to budget, which I will delve into further in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses YTD are $54.1M, which is $4.4M under budget. Favorability is attributed to underspending in Salaries and Benefits of $1.8M due to unfilled positions; Professional fees of $4.9M driven by a combination of favorable spend on Contractual Services & Consultants Fees; and Financing fees of $1.6M which due to the timing difference arising from our straight-line budgeting approach, however, this was partly offset by an increase in office administration expenses, primarily General & Administration charges and Temporary employee expenses of $4.5M for various governmental programs.

Mr. Jalaluddin continued: Focusing solely on the admin fund, we observe favorable trends in both operating revenues and expenses, reflective of the factors previously outlined. This fund analysis provides an isolated view of the administrative fund's financial performance, excluding reimbursements.

Mr. Jalaluddin continued: Turning our attention to the Governmental fund's operating revenues which comprises of Administrative Reimbursements for incurred authority expenses. Fiscal Year to Date reimbursements reached $33.6M, favorable to budget by $4.9M. This is largely due to increased reimbursements from programs such as CBRAP2 and ASERAP balanced by a decrease in reimbursements for phasing out initiatives like the HAF or Homeowner assistance fund program.

Mr. Jalaluddin concluded: Operating Expenses for the Governmental Funds YTD are $33.6M, unfavorable to budget by $3.2M. This is primarily due to Temporary employee expenses of $4.6M which is again due to the timing difference as the budget is straight line, but activity of the programs is front loaded, surpassing our linear budget expectations. These additional expenses are counterbalanced by a rise in reimbursements, effectively neutralizing the unfavorable expense variance. Additionally, this budget overage in operating expenses has been partly offset by lower Professional Fees of $2.5M.

II.B. Multifamily Update

Ms. Sanchez stated: We have two items on the main agenda for your consideration today; 1237 North California Avenue Family Apartments is the proposed new construction of a six-story, 40 unit non-elderly building located in the West Town neighborhood of Chicago; Access South Cook is the proposed development of 44 units of supportive housing in townhouse style apartments in Park Forest.

Ms. Sanchez concluded: Regarding Multifamily updates, we received 26 applications seeking approximately $165 million in connection with the Permanent Supportive Housing Funding Round X. We have approximately $75 million set aside for this year's PSH round and are busy reviewing these applications and are targeting awards at the April Board meeting. On February 2nd we issued 69 Preliminary Project Assessment approvals. These approved PPA's are eligible to apple in the 2024 9% Low Income Housing Tax Credit competitive funding round. Applications are due March 29th.

II.C. Single Family/Homeownership Update

Mr. Gumucio stated: Homeownership reservations for January 2024 totaled just over $79.2 million in first mortgages, we had a variance decrease of 27% by loan count and 19% by loan volume compared to the same month in 2023.

Mr. Gumucio continued: The breakdown by IHDA DPA offerings were as follows: Access 4%, our forgivable program, accounted for 36% of total volume, Access 5%, our deferred program, made up 28%, and Access 10%, our repayable program, made up the remaining 36%. Chicagoland was the largest of the regions by loan count and volume, followed by Central, Northwest, and Southern. As of 1/31/24, our pipeline is just over $306M. The pipeline is the total number of loans in the reservation and loans purchased not yet pooled status. Average count is 57 days from reservation to purchase by our master servicer.

Mr. Gumucio continued: Regarding GNMA/conventional loan reservation history for the IHDA programs over the last 13 months, the green line on this chart represents our rates compared to the red line which represents the Freddie national 30-day average rate.

Mr. Gumucio continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through 1/31/24, those who identify as Black or African American households of IHDA's purchased loans was 16.7% compared to the state of IL's total population at 14.7%, while those who identify as Hispanic or Latino of IHDA's purchased loans was 27.5% compared to the State of IL total population at 18.3%. Homeownership is aware that the Black/African American and Hispanic/Latino ethnic categories rose this month. We are continuing our target outreach and marketing efforts for further improvements and evaluation.

Mr. Gumucio continued: Here is a year-to-date comparison for years 2019-2024. The 2019 and 2020 are what we would consider more normalized years in terms of how it follows traditional mortgage seasonality with peaks and valleys throughout the year. As we begin 2024, we are seeing a return to a more traditional volume flow.

III.A.1. Resolution Ratifying Establishment of Loan Loss Reserve

Mr. Jalaluddin stated: We are seeking approval of the Quarterly Resolution Ratifying Establishment of Loan Loss Reserve for December 31, 2023. The loan loss reserve increased by $6.6M from $117.6M to $124.2M. The increase was primarily due to an increase in IL Affordable Housing Trust Fund of ($3.9M), Home ($2.1M), and Housing Bonds of ($1.0M) because of higher loan loss reserve % and principal disbursements.

IV. Mr. Tornatore adjourned the meeting at 10:10 a.m.