

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: March 8, 2018 Board Meeting  
Date: March 1, 2018

## **I. Financial Reports and Budget—Action**

1. The Financial Statement for January 31, 2018 is attached. Net assets as of January 31, 2018 are \$1,509,596.37, with \$700,212.03 in cash (\$73,189.07 restricted).
2. All Emergency Repair expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations:**
  - Accept Financial Statement
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Emergency Repair Program—Action**

1. The HFA authorized an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County's SHIP Program. A total of \$30,000 has been authorized for this program. Individual repairs are limited to \$1,650 per home.
2. The total amount of repairs funded through October 2017 was \$17,351.43. These repairs were paid by County check with funds drawn from the HFA's account. That left \$12,648.57 available for repairs this fiscal year.
3. Since October, the County has been paying for repairs directly, with a plan to request reimbursement from the HFA when all remaining funds are used. To date, the County has expended or committed \$7,354.96, leaving \$5,293.61 available for additional homeowners needing repairs.
4. Mr. Lamy has requested (memo attached) that the County increase the per home limit to \$2,500—which will be at the same level as the County now offers. This will allow total repairs up to \$5,000, which would provide a long-term solution with an emergency repair (not major repairs, but enough to fix problem). Mr. Lamy notes that on certain repairs (mobile homes and homes located within the City of Tallahassee), the County would not be able to fund repairs.
5. **Recommendation:** Increase per home repair limit to \$2,500, with requirement that County

fund 50% of the repairs on all non-mobile home repairs on houses located outside the City limits of Tallahassee.

### **III. Real Estate—Informational**

1. The Real Estate Division is responsible for selling surplus properties designated for affordable housing, with proceeds of the sale coming to the HFA.
2. Mr. Rogers volunteered to work with Ms. McGhin to develop an advertisement for the properties for publication in the Tallahassee Democrat, which was published in the Tallahassee Democrat January 31, and February 4, 7, 11 and 14. There were no meaningful responses to the advertisement.
3. Previous sales of five properties generated total revenues to the HFA of \$80,402.
4. At the February meeting, the Board directed the Administrator to request that County staff provide contact information of non-profits that might have an interest in purchasing the properties, and to explore the possibility of offering a discount to a purchaser who bought all of the properties on the list.
5. The work is in progress, and an update will be provided at the HFA meeting.
6. **Recommendation:** None.

### **IV. Status of HFA of Leon County DPA Mortgages—Informational**

1. In late 2015, the Administrator began researching the public records to determine how many loans had been made where the HFA is the lender on the note and mortgage. This was prompted by the appearance of a loan repayment in an HFA financial report generated by the County.
2. County staff was asked for a list of loans and their status. The County staff indicated that there was no list and that they did not know the volume or status of the loans.
3. County staff indicated that all loan repayments were deposited in the HFA's account. Until recently, there were periodic deposits made.
4. An initial search of the public records discovered that 261 loans totaling \$1,306,266.28 had been made in the name of the HFA. However, significant research was required to determine the actual status of each loan.
5. The 261 loans have been grouped into three categories:
  - Loan still outstanding: no record of loan satisfaction recording, and original buyer generally still lives in home. However, it appears that eight of these homes are being rented, in direct violation of the mortgage terms
  - Loan Repaid: Satisfaction of mortgage recorded
  - Loan Loss: First mortgage foreclosed, no satisfaction of mortgage recorded, borrower generally no longer living in home

	# Loans	Mortgage Amount
Loan Still Outstanding	89	\$ 490,389.51
Loan Repaid	137	\$ 599,208.98
Loan Loss	35	\$ 216,667.79
<b>TOTAL</b>	<b>261</b>	<b>\$1,306,266.28</b>

6. The loans with recent recorded satisfactions are being checked against payments to the HFA recorded by the County over the past few years. In December, a mortgage satisfaction was discovered for a loan where there was no record of a payment having been made and deposited into the HFA's account. Mr. Mustian discussed the overall matter with Mr. Rigo and discovered that Mr. Rigo/the County believed that the loans had "mistakenly" been closed in the name of the HFA, that the origin of the funds were SHIP funds, and that required the money to be repaid to the County.
7. Mr. Mustian replied that the loans are clearly in the name of the HFA, that there was no evidence that this was due to any error, and that SHIP did not require the funds to be repaid to the County (only that the money be used for SHIP eligible purposes).
8. The issue is not resolved. Mr. Mustian and I are meeting with County Staff/Attorney prior to the HFA meeting.
9. **Recommendation:** None.

**V. Escambia HFA Marketing Report—Informational**

1. The agreement with the Escambia County HFA requires the HFA to file quarterly marketing reports. A copy of the 4<sup>th</sup> Quarter 2017 Report is attached.
2. Ms. Leigh will be working to implement a more aggressive marketing strategy this quarter. She and Randy Wilkerson of Escambia County HFA will be meeting with lenders this month.
3. **Recommendation:** None.

**VI. Legal Update—Action**

1. The County distributed a revised MOU with the HFA, in the form of an interlocal agreement.
2. The proposed new document has substantive changes from the MOU approved by the HFA. A summary of those changes is attached. Mr. Mustian and the Administrator are reviewing the changes, and have a meeting with County Attorney/Staff prior to the HFA meeting.
3. Of concern are proposed changes wherein the HFA would have to determine by June 1 of each year which programs would be administered by the County, and also set the funding levels for the Emergency Repair Program, and partnership events (such as the Home Expo and 9/11 Day of Services). This would require HFA action in May, when only 7 months of financials would be available.
4. An update will be provided at the HFA meeting
5. **Recommendation:** None.

**VII. To-Do List—Informational**

To-Do Item	HFA	Admin	CAO	SL	NBN	Status	Completed
<b>Prior to October 2015 Meeting</b>							
Set date for Stakeholders Meeting	X					On hold	
<b>December 2016</b>							
HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts.	X					In progress	
<b>February 2018</b>							
The Board requested Mr. Lamy to submit his proposal on the emergency repair program in writing, and for the Administrator to analyze the proposal and place on March agenda		X		X		Proposal received & on agenda	Done
The Board directed the Administrator to work with County staff to obtain a list of non-profit organizations that might have an interest in purchasing the properties, and to analyze the potential for offering a discounted sales price if an entity or person would purchase the entire portfolio.		X		X			
HFA DPA Loans: The Board requested that contact with borrowers that appeared to be in violation of agreement be contacted with report back to HFA Board in June		X					

**VIII. State Legislative Update—Informational**

1. There is \$321.1 million available for appropriation from the Housing Trust Funds.
2. The House and Senate released their initial FY 18-19 budget proposals. The details of the proposed housing budgets are below:

	<b>GOVERNOR</b>	<b>SENATE</b>	<b>HOUSE</b>	<b>FINAL BUDGET</b>
Hurricane Recovery: SAIL Line 2225	\$ 25,000,000	\$60,000,000	\$74,180,000	
Hurricane Recovery: SHIP targeted to counties with damage Line 2226	\$ 65,000,000	\$30,000,000	\$48,950,000	
Hurricane Recovery: Farmworker Housing Line 2224	\$ 10,000,000			
Monroe County Land Authority Line 2224		\$10,000,000		
FHFC: General Use Line 2225	\$ 76,300,000	\$114,050,000 At least \$57.025 million SAIL \$10,000,000 grant for housing for persons with DD \$7.025 million undesignated		
FHFC: SAIL Workforce Line 2225	\$ 20,000,000	\$40,000,000 (part of \$104.05 million above)		
SHIP Line 2226	\$ 34,000,000	\$103,800,000		
Homeless Line 2226	\$0	\$3.800,000	\$0	
Catalyst and Homeless Training Line 2226	\$0	\$250,000 Catalyst \$200,000 Homeless	\$500,000 Catalyst	
<b>TOTAL HOUSING</b>	<b>\$230,300,000</b>	<b>\$322,100,000</b>	<b>\$123,630,000</b>	
<b>SHTF SWEEP</b>	<b>\$0</b>	<b>\$0</b>	<b>\$54,600,000</b>	
<b>LGHTF SWEEP</b>	<b>\$ 91,800,000</b>	<b>\$0</b>	<b>\$127,400,000</b>	
<b>TOTAL SWEEP</b>	<b>\$ 91,800,000</b>	<b>\$0</b>	<b>\$182,000,000</b>	
<b>Unallocated</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 16,470,000</b>	

**Proviso/Back of the Bill for FHFC**

Hurricane Housing Recovery Program (SHIP) and Rental Recovery Loan Programs (SAIL) created in House Implementing Bill.

<b>Additional Homeless Funding</b>				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$4,107,206	345	Grants & Donations TF	DCF
Federal Emergency Shelter Grant Program	\$6,966,640	346	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$4,181,800 House \$3,350,000 Senate	347	GR	DCF
Homeless Housing Assistance Grants Proviso: National Veterans Homeless Support Housing Assistance	\$150,000 Senate	347	Senate Form 2193	
Homeless Housing Assistance Grants Proviso: Camillus House Veteran's Treatment Program	\$441,000 House	347	HB 3251	DCF
Homeless Housing Assistance Grants Proviso: Transition House-Osceola County	\$300,000 House \$200,000 Senate	347	HB 2435 Senate Form 1249	DCF
Homeless Housing Assistance Grants Proviso: Transition House-Bradford County	\$300,000 House	347	HB 3283	DCF
Homeless Housing Assistance Grants Proviso: Citrus Health Network	\$140,800 House	347	HB 3343	DCF
Five Star Veterans Center Homeless Housing & Reintegration Projects	\$150,000 Senate	577A		

<b>Other Projects</b>				
Item	Amount	Line Item	Source	Agency
Habitat for Humanity Neighborhood Infrastructure Senate line 2233A	\$276,783	Senate 2233A	GR	DEO
Building Homes for Heroes	\$2,000,000	Senate 2216	GR Senate Form 2100	DEO
Casa Familia Housing for Adults with Intellectual and DD	\$250,000 Senate \$350,000 House	2216	GR Senate Form 1421	DEO
City of Hialeah Elderly Housing Building Improvements	\$1,000,000 House	2216	GR	DEO

3. Our team is working to encourage the Senate to hold to their full-funding position.
4. Senator Passidomo (R-Naples) and Representative Shaw (D-Tampa) filed bills (SB 874 and HB 191) which would prohibit use of monies in the Housing Trust Funds for non-housing activities. The legislation has had its intended effect of pushing for higher appropriation levels.
5. Legislation has also been filed which would grant tax exemption to all local HFA notes and mortgages, not just those associated with bond issues. The legislation is sponsored by Senator Perry (R-Gainesville)—SB 730, and by Representative Santiago (R-Deltona)—HB 607. Both bills have been reported favorably by their first committee, and the House bill has been amended onto the House tax package (HB 7087). The Senate has not decided on the

size of their tax package, and therefore there is no information on whether our bill will be included or not.

6. There are also additional housing bills related to hurricane funding and other housing issues, including HB 987/SB1328 (Rep. Cortes and Sen. Perry), and HB 4361 (housing funding for the Keys from General Revenue by Rep. Raschein). A developer has tried an end-run around FHFC and amended language on the Cortes and Perry bills which would reduce the affordability period for 9% HC deals to only 30 years. This almost certainly violates s. 42 of the Code, and is extremely bad policy and procedure. We are monitoring all bills.
7. **Recommendation:** None.

#### **IX. Coordination with County—Informational**

1. Lutheran Social Services of North Florida is rehabilitating a 10-unit apartment complex at 606 W. 4<sup>th</sup> Street in Frenchtown. Due to a funding source pulling out, they were able to complete the rehabilitation of only 8 of the units, and contacted Shington Lamy about potential funding sources.
2. Mr. Lamy contacted the Administrator on January 30, copying his email to Lutheran Social Services stating that the county did not have the funds to assist the project, suggesting that the Administrator may be able to provide guidance for other funding sources.
3. Ms. Leigh visited the property on February 12 and met with the non-profit's director. He stated that his organization needs \$55,000 to complete the rehabilitation (\$350,000 already spent).
4. Ms. Leigh observed the quality of the work done to date, and concluded that based on the organization's history and the overall value of the existing property, that they were a good candidate for the Florida Community Loan Fund. FCLF works with small non-profits that need this type of assistance.
5. Ms. Leigh contacted the Florida Community Loan Fund to verify that this was a project that would be eligible for their program and to make sure there were available funds. On February 14, the loan fund contacted Lutheran Social Services to express their willingness to work with him on this issue (providing them with a loan application).
6. Ms. Leigh followed up with Lutheran Social Services to inquire if he had any questions or need any further help at this time. They indicated that they would work through the application in the next few weeks. They said they wished they had known about FCLF before rehabilitation of the property had commenced, and added that the introduction, regardless of the funds needed for this property, would help them in these future plans.
7. Lutheran Social Services also expressed interested in obtaining another property to repeat what they have been able to do on 6<sup>th</sup> street. They said they wished he had known about FCLF before he had begun the property he is now finishing. He added that he felt the introduction, regardless of the funds needed for this property, would help them in the future.
8. **Recommendation:** None

**X. New Business—County Request for Funding—Action**

1. Mr. Lamy's memo (attached) states that the tentative date for the Annual Leon County Home Expo is April 28, from 9 AM to 11:30 AM. He states that the expo would be tailored to potential and current homeowners, with a goal of 100 participants—with the theme of the event centering on home buying, home insurance, and maintaining a sustainable home. Mr. Lamy states that demonstrations on home repairs, gardening, and home preparedness for hurricanes would also be conducted.
2. Mr. Lamy states the costs of the Expo will not exceed \$5,000. He is requesting that the HFA fund \$1,500 of the costs, which would assist with promotion and advertising of the event.
3. The HFA budget includes a line item where the \$1,500 could be paid.
4. **Recommendation:** Approve request for \$1,500 of funding for 2018 Home Expo.