

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: April 12, 2018 Board Meeting  
Date: April 4, 2018

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

1. The Financial Statement for March 31, 2018 is attached. Net assets as of March 31, 2018 are \$1,488,896.58, with \$679,515.24 in cash (\$61,026.07 restricted—reduced by \$12,163 paid for CDBG rehab).
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—Informational**

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, leaving \$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 \$4,404.96, leaving \$8,243.61 available for additional homeowners needing repairs. Another eight clients are shown on the program report without any dollar amount attributed to their case.
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. Subsequently, the Sam's Lane property has been put under contract (\$3,000, less \$600 for survey).
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. The list was provided and shared with Mr. Rogers.
5. **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. However, the last loan that was repaid was not deposited into the HFA's account.
4. County staff researched the origin of the funds that were used to make the loans. From October 1, 1998 forward, evidence has been found that the loans were made with SHIP funds. This discovery means that all repayments have to be treated as SHIP recaptured funds, and are subject to most SHIP rules and reporting requirements.
5. There was clearly some reason that the loans were closed in the name of the HFA; however, no party has been able to discover that reason. The only person that had any memory of the situation was a former employee of the Tallahassee Lending Consortium, who remembered a discussion with a County employee when a loan had NOT been closed in the name of the HFA, directing the TLC employee to close all loans in the name of the HFA. An initial position of the County that the loans were "mistakenly" closed in the HFA's name does not seem plausible.

6. There has been considerable discussion between County staff, the County Attorney, and the HFA Counsel and Administrator. The outline of a proposed agreement:
- HFA keeps all loans made where loan documents were not processed by the Tallahassee Lending Consortium (agent for County SHIP loans)
  - Any repayments made where TLC processed loan documents will be deposited into the County’s account and treated as SHIP recaptured funds, with the County reporting on the use of these funds as part of their SHIP reporting.
  - The use of these funds will require agreement between the County and HFA (within SHIP guidelines)
  - All previous repayments deposited into the HFA’s accounts will be retained by the HFA
7. 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.
8. 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

<b>LOANS W/O TLC- HFA RETAINED</b>		
	# Loans	Mortgage Amount
Loan Still Outstanding	33	\$154,869.23
Loan Repaid	50	\$204,018.46
Loan Loss	22	\$109,310.29
<b>TOTAL</b>	<b>105</b>	<b>\$468,197.98</b>

<b>LOANS WITH TLC- SUBJECT TO AGREEMENT</b>		
	# Loans	Mortgage Amount
Loan Still Outstanding	56	\$335,520.28
Loan Repaid	87	\$395,190.52
Loan Loss	13	\$107,357.50
<b>TOTAL</b>	<b>156</b>	<b>\$838,068.30</b>

9. **Recommendation:** Part of proposed Interlocal Agreement with County—see Legal Update.

**V. Lakes at San Marcos Occupancy Report—Informational**

1. The HFA now receives the monthly occupancy reports for the Lakes at San Marcos. The Board requested that the reports be shared quarterly. The latest report is attached.
2. Lakes has a set-aside of 75% below 60% of area median income, and 25% market rate.
3. As is the case with most mixed-income developments, the market rate unit occupancy level trails the occupancy rate of the set-aside units (which have lower rents). The overall occupancy of Lakes at San Marcos is 95%, with 104% set-aside occupancy and 67% occupancy of the market rate units (meaning many “market rate” units are actually rented to lower income households).
4. **Recommendation:** None.

**VI. 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 1<sup>st</sup> Quarter 2018 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.

**VII. 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 had substantive changes from the MOU approved by the HFA. Mr. Mustian and the Administrator reviewed the changes and met twice with County Attorney/Staff prior to the HFA meeting. This resulted in changes to the proposed Interlocal Agreement, based upon HFA input.
3. A summary of the document is attached.
4. **Recommendation:** Approve proposed Interlocal Agreement.

**VIII. 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		X		X		Proposal	Done

his proposal on the emergency repair program in writing, and for the Administrator to analyze the proposal and place on March agenda						received & on agenda	
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		Request made & list received	Done
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				On hold	

**IX. State Legislative Update—Informational**

1. The estimates of funds available for appropriation from the Housing Trust Funds for FY 2018-2019 ranged from \$314.08 million to \$322.1 million (estimates based upon revenue projections for FY 18-19 and collections in current year FY 17-18).
2. The Senate proposed full funding for housing, with the House at only \$123.63 million—proposing to sweep \$182 million to general revenue.
3. Before final negotiations, the Parkland tragedy occurred, and the legislature decided to increase spending by \$400 million. They paid for a large portion of it with by sweeping \$182 million of money from the housing trust funds, This illustrates our basic problem—the legislature has become addicted to using the housing trust funds as their “piggy bank” for whatever spending they currently want to do.
4. Final budget information, where the lower level House funding level was accepted is below.
5. **The estimated SHIP allocation to Leon County is \$490,251 (County: \$167,323 and Tallahassee: \$322,928). Without the Sadowski Education Effort (SEE) lobbying effort, SHIP funding would have likely been eliminated or limited to distribution only to counties with direct hurricane damage. Leon County will also have access to the \$47.51 million of SAIL funding.**
6. **Additionally, the House funding was limited only to counties with direct hurricane damage. SEE worked to make sure that SHIP and SAIL would be distributed to all counties, using the normal formula.**
7. As a note, Florida ALHFA is working with FHFC to eliminate the structural disadvantage for applicants applying for SAIL with local HFA bonds (applicant only has to check a box on the application if using FHFC bonds, but has to submit a complete bond application to a local HFA if using those bonds—increasing costs and delays). Initial discussions indicate that we should be successful. This is the main reason that there were no new bond applications last year.

	<b>GOVERNOR</b>	<b>SENATE</b>	<b>HOUSE</b>	<b>FINAL BUDGET</b>
<b>Hurricane Recovery: SAIL targeted only to counties with damage Line 2225</b>	\$ 25,000,000	\$60,000,000	\$74,180,000	\$0
<b>Hurricane Recovery: SHIP targeted only to counties with damage Line 2226</b>	\$ 65,000,000	\$30,000,000	\$48,950,000	\$0
<b>Hurricane Recovery: Farmworker Housing Line 2224</b>	\$ 10,000,000			\$0
<b>Monroe County Land Authority Line 2224</b>		\$10,000,000		\$0
<b>FHFC: General Use Line 2225</b>	\$ 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		\$79,180,000 At least \$47.51 million SAIL \$15 million for Keys Workforce Housing \$25,000 Study on SAIL \$1.647 million undesignated
<b>FHFC: SAIL Workforce Line 2225</b>	\$ 20,000,000	\$40,000,000 (part of \$104.05 million above)		\$15 million (part of \$79.18 million above)
<b>SHIP Line 2226</b>	\$ 34,000,000	\$103,800,000		\$43,950,000
<b>Homeless Line 2226</b>	\$0	\$3.800,000	\$0	\$0
<b>Catalyst and Homeless Training Line 2226</b>	\$0	\$250,000 Catalyst \$200,000 Homeless	\$500,000 Catalyst	\$500,000 Catalyst
<b>TOTAL HOUSING</b>	<b>\$230,300,000</b>	<b>\$322,100,000</b>	<b>\$123,630,000</b>	<b>\$123,630,000</b>
<b>SHTF SWEEP</b>	\$0	\$0	\$54,600,000	\$ 54,600,000
<b>LGHTF SWEEP</b>	\$ 91,800,000	\$0	\$127,400,000	\$127,400,000
<b>TOTAL SWEEP</b>	<b>\$ 91,800,000</b>	<b>\$0</b>	<b>\$182,000,000</b>	<b>\$182,000,000</b>
<b>Unallocated SHTF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 4,910,000</b>	<b>\$ 2,600,000</b>
<b>Unallocated LGHTF</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,560,000</b>	<b>\$ 5,850,000</b>

The breakout of FHFC funding:

- FHFC Funding Total: \$79.18 million
- At least \$47.51 million for SAIL
- \$15 million for Keys Workforce
- \$15 million for SAIL Workforce
- **\$25,000 for study of early SAIL repayments-- Vetoed**
- \$1.647 million undesignated– FHFC Board will allocate

<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	\$7,803,393	346	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$3,590,000	347	GR	DCF
Homeless Housing Assistance Grants Proviso: National Veterans Homeless Support Housing Assistance	\$150,000	347	GR Senate Form 2193	DCF
Homeless Housing Assistance Grants Proviso: Transition House-Bradford County	\$300,000	347	GR HB 3283	DCF
Homeless Housing Assistance Grants Proviso: Citrus Health Network	\$140,800	347	GR HB 3343	DCF
Miami-Dade County Homeless Trust	\$250,000	372	GR Senate Form 2351	DCF
Five Star Veterans Center Homeless Housing & Reintegration Project	\$150,000	577A	GR Senate Form 1775	Veteran's Affairs

<b>Other Projects</b>				
Item	Amount	Line Item	Source	Agency
Habitat for Humanity Neighborhood Infrastructure	\$276,783	2233A	Senate Special Employment Security Administration TF Form 1892	DEO
Building Homes for Heroes	\$1,000,000	2216	GR Senate Form 2100	DEO
Casa Familia Housing for Adults with Intellectual and DD	\$250,000	2216	Senate Special Employment Security Administration TF Senate Form 1421	DEO
City of Hialeah Elderly Housing Building Improvements	\$2,100,000	2216	Special Employment Security Administration TF Senate Form 1868	DEO

8. 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 was passed in one committee in the Senate and was never heard in the House—both effectively killed by legislative leadership.

9. **Legislation was passed which grants a doc stamp tax exemption (notes and mortgages) for all homebuyers in local HFA programs local HFA notes and mortgages, not just those associated with bond issues (HB 7087). This is an important victory for local HFA's, as it will help level the playing field between local HFA and FHFC mortgage programs.** The provision saves the average local HFA homebuyer \$875, and (total savings to homebuyers \$800,000 per year).
10. There were additional housing bills related to hurricane funding and other housing issues, including HB 987/SB1328 (Rep. Cortes and Sen. Perry). None of these bills passed. These bills had been loaded up with developer driven provisions that were bad public policy.
11. **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.