

THE HENDRICKSON COMPANY

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

I. Financial Reports and Budget—Action

1. The Year-End Financial Statement for September 30, 2018 and the October 31, 2018 Financial Statement are attached. Net assets as of October 31, 2018 are \$1,143,609.37, with \$674,850.87 in cash (\$37,309.01 restricted).
2. All Emergency Repair and CDBG expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
 - ✓ Total revenues from property sales: \$82,802
 - ✓ Emergency Repair expenditures since August 2016: \$33,329.99
 - ✓ CDBG rehab: \$12,163
 - ✓ Remaining Restricted Funds: \$37,309.01
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations:**
 - Accept Financial Statements
 - Approve expenditures detailed on Expenditure Approval list.

II. Audit Update—Informational

1. The Auditor has begun work on the audit and will provide the audited financial statements before December 15, 2018. They are coordinating with the County and its auditors, as the HFA's audited financial statement will be included in the County's financial statement (HFA is a component unit of the County).
2. **Recommendations:** None.

III. 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 through September 30, 2018, with another \$30,000 committed for FY 18-19. Individual repairs are limited to \$1,650 per home (\$7,500 for senior or persons with special needs that reside in mobile homes).

2. The total amount of repairs funded through August 2018 was \$30,000. Another \$11,250 was funded in September, which was an advance on the \$30,000 authorized for FY 18-19 (leaving \$18,750 available for remainder of fiscal year). Another \$185 has been expended by the County and \$3,335 allocated- all of which will be part of a future HFA payment.
3. A new spreadsheet has been created for all repair costs incurred towards the \$30,000 authorized for this fiscal year.
4. **Recommendation:** None.

IV. 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. An advertisement for the properties was published in the Tallahassee Democrat for five days in January and February 2018. There were no meaningful responses to the advertisement.
2. Sales of six properties generated total revenues to the HFA of \$82,802.
3. At the April meeting, the Board directed the Administrator to develop a proposed marketing strategy for selling the properties to non—profit organizations. That work is in progress. Due to the lack of response on previous advertisements it was determined that MLS listings would be necessary—which required a County procurement process to select a broker.
4. The County conducted their procurement process which resulted in the selection in September by the BOCC of the single respondent—Ketchum Realty. However, negotiations over the fees are still in process, and no contract is in place. County staff indicated that they hoped to complete negotiations by the end of November and have a contract in place by the end of the year.
5. Mr. Rogers and Ms. Leigh have visited most of the properties and will visit the remainder prior to this meeting. After their visits a strategy will be presented to the Board (December), which would include marketing for sale in general, and targeted marketing to non-profits that would develop affordable housing.
6. The property visits also noted that several of the properties in the Crown Ridge community had abandoned mobile home and other items on the lots. Since then, the County has removed the abandoned property from five of the lots. Ms. McGhin indicates that there will be as many as 10 lots for sale in Crown Ridge and that they may be marketed as a package sale.
7. Ms. McGhin also indicates that the Dykes Road property is under contract for \$25,000, with an extension for closing granted until the end of November.
8. A current list of available properties is attached.
9. **Recommendation:** None.

V. Escambia HFA Marketing Report—Informational

1. A copy of the 3rd Quarter 2018 Marketing Report to the Escambia HFA is attached.
2. **Recommendation:** None.

VI. Escambia HFA Program Change & Interlocal—Action

1. Escambia County HFA has indicated that they are considering issuing bonds, instead of using the current MBS Program. As a result, they are asking that the HFA of Leon County adopt a Resolution approving an Amendment to the current Interlocal Agreement. This would also require action by the Leon County BOCC to approve an Area of Operation agreement authorizing Escambia HFA to operate a bond program in Leon County.
2. Our analysis is that the bond program would not be an improvement over the current program from a homebuyer or issuer perspective, with the same or only slightly lower mortgage rate, loss of the MCC's for the borrower, and substantial costs to sell the bonds.
3. Escambia HFA is offering 0.1% of the mortgage amount as payment to the HFA of Leon County, for each loan originated in Leon County (down from 0.2% in current program). They would continue to fund the DPA loans to Leon County borrowers.
4. **Recommendation:** As discussions with Escambia are still underway, a recommendation will be presented at the meeting.

VII. Lakes at San Marcos Quarterly Occupancy Report—Informational

1. The Board requested that the reports be shared quarterly. The latest report is attached.
2. The development is 95% occupied, down 3% since April.
3. **Recommendation:** None.

VIII. Legal Update—Informational

1. Counsel has evaluated proposed changes to the Interlocal Agreement with Escambia County HFA and the related Resolution.
2. **Recommendation:** None.

IX. To-Do List—Informational

| To-Do Item | HFA | Admin | CAO | SL | NBN | Status | Completed |
|---|-----|-------|-----|----|-----|---|-----------|
| Prior to October 2015 Meeting | | | | | | | |
| Set date for Stakeholders Meeting. At June 2018 meeting, staff directed to move forward with the concept | X | | | | | Administrator evaluating | |
| December 2016 | | | | | | | |
| HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts. | X | | | | | In progress | |
| February 2018 | | | | | | | |
| 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 | |
| April 2018 | | | | | | | |
| The Board directed the Administrator draft a proposed policy for Board consideration on ways to market the properties to non-profits at a discount. | | X | | | | In progress. Awaiting County contract with Broker | |
| June 2018 | | | | | | | |
| Chairman Lewis directed the Administrator to invite lenders to the September HFA meeting | | X | | | | Lenders indicated they would attend meeting when focused on increased loan volume | |
| September 2018 | | | | | | | |
| Mr. Stucks asked that a year-end financial statement be provided | | X | | | | In the packet | Done |

X. New Business: Update from County—Informational

1. Attached is a memo from the County updating the HFA on the Emergency Repair Program, the County RFQ related to a Community Land Trust, and the Tallahassee-Leon County Leadership Council.
2. **Recommendation:** None.