

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: January 10, 2019 Board Meeting  
Date: January 2, 2019

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

1. The December 31, 2018 Financial Statement is attached. Net assets as of December 31, 2018 are \$1,130,956.17, with \$659,956.11 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 delivered a draft audit to the Audit Committee and Board. The Board approved finalizing the audit, subject to no substantive changes being recommended by the County or their auditor.
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 was 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 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 \$6,331 has been expended by the County, \$3,700 allocated, and \$1,170 recaptured (SHIP)—leaving a balance of \$9,889.

3. A new spreadsheet has been created for all repair costs incurred towards the \$30,000 authorized for this fiscal year. Due to its size, it will be emailed this month.
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.
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 Ketchum Realty. County staff indicated that they hope to have a contract in place by December 7. **As of January 2, 2019, no contract had been executed.**
5. At the November HFA meeting, the Board committed up to \$6,000 for the payment of upfront fees required by Ketchum Realty (matching the County investment). The HFA also authorized working with the County to determine which properties warranted the payment of an upfront fee.
6. Mr. Rogers and Ms. Leigh have visited the properties. After Ketcham Realty is engaged, a meeting will be set up to develop a strategy which would include marketing for sale in general, and targeted marketing to non-profits that would develop affordable housing. Their analysis will also guide the determination of which properties are worth the investment of the upfront fee to Ketchum Realty.
7. Ms. McGhin indicates that the Dykes Road property is still under contract for \$25,000, with an extension for closing granted until January 30. The borrower is moving through VA loan qualifying.
8. A current list of available properties is attached.
9. **Recommendation:** None.

#### **V. Legal Update—Informational**

1. Counsel participated in negotiations with the Escambia County HFA and reviewed and approved the new Interlocal Agreement and Area of Operations Agreement that will go to the Leon County BOCC.
2. **Recommendation:** None.

**VI. 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. At June 2018 meeting, staff directed to move forward with the concept	X					Administrator evaluating	
<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>							
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	
<b>April 2018</b>							
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	
<b>June 2018</b>							
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	
<b>November 2018</b>							
The Board directed Mr. Hendrickson to schedule a brief training at the December meeting on Community Land Trusts, to be conducted by the Florida Housing Coalition		X				FHC staff not available for December. Will be available in January	Rescheduled for January 2019
<b>December 2018</b>							
The Board directed Mr. Hendrickson to place the 2019 calendar on the January 2019 agenda		X				On agenda	Done

**VII. State Legislative Update—Informational**

1. The 2019 legislative session begins in March. The new Senate President will be Bill Galvano (Bradenton) and the new House Speaker will be Jose Oliva (Miami). Senator Galvano has been a long-time supporter of housing funding. Rep. Travis Cummings (Clay County) was named House Appropriations Chairman and Rep. Jay Trumbull is the TED Appropriations Chair. In the Senate, Senator Rob Bradley is Appropriations Chair, and Senator Travis Hutson is the TED Appropriations Chair.

- The latest (August) revenue estimate for doc stamp distributions into the Housing Trust Funds for FY 19-20 is \$328.2 million (\$229.99 SHIP and \$98.21 FHFC programs/SAIL). The estimated impact of appropriating all available funds to housing programs:

Program	SAIL	SHIP	Combined Totals
Funding	\$ 98,210,000	\$ 229,990,000	\$ 328,200,000
TDC Produced	\$ 499,986,951	\$1,238,692,868	\$1,738,679,820
# of Units	2,238	10,056	12,294
Jobs Created	7,412	21,341	28,753
Economic Impact	\$1,075,712,139	\$3,052,457,405	\$4,128,169,544

- The SHIP distributions—at full funding—have been calculated for FY 19-20. With all monies in the housing trust funds appropriated for housing, Leon County and the City of Tallahassee would receive a combined \$3,403,870 (County \$1,163,783, City of Tallahassee \$2,240,087). The legislator one-pagers are complete and in the Board Packet.
- However, we are hearing from multiple members of the legislature a new talking point—“Housing funding isn’t needed because if local governments would just relax regulations and not charge impact fees, housing would be affordable”. We are working on a counter-message, as obviously, this notion is not accurate. Housing is sold for what the market will pay—the same home sold in Naples costs more than if it were sold in Tallahassee. Sellers of homes don’t lower the sales price because they save money with fee reductions. Emergency repairs aren’t less costly because there aren’t impact fees. Down payment assistance is needed whatever the price of housing. And most importantly, the gap that SAIL fills is several million dollars per deal, not a few dollars that would be saved by any regulatory cost reductions.
- Senator Kathleen Passidomo (R-Naples) has filed a bill to prohibit sweeps of the trust funds (SB70). While this bill does not absolutely restrict sweeps (it would take a Constitutional amendment to accomplish that), it is an important part of our strategy to keep the pressure for full funding. We are working with various Republican House members to file the House companion, and expect Rep. Plasencia to file it later this month.
- Recommendations:** Meet with your legislators to solicit their support for using all housing trust funds for housing programs and to co-sponsor Senator Passidomo’s bill or its House companion. It is important to tell the story of how Florida’s housing programs work—this isn’t “throwing money at a problem”, it is funding programs that have proven over 25 years that they work and attract massive private sector investment in affordable housing.

**VIII. New Business: 2019 Calendar—Action**

- The HFA has traditionally met on the 2<sup>nd</sup> Thursday of each month. This can make it difficult to receive and prepare financial reports each month. The Board may want to consider an altered schedule, such as the 4<sup>th</sup> Thursday of the month.
- Recommendation:** Adopt 2019 HFA meeting calendar.