

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: February 13, 2020 Board Meeting  
Date: February 3, 2020

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

1. The December 2019 Financial Statement is attached. Net assets as of January 31, 2020 are \$1,235,710.40, with \$795,690.72 in cash (\$166,782.64 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: \$296,025.64
  - ✓ Emergency Repair expenditures since August 2016: \$117,080
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$166,782.64
3. An Expenditure Approval list and bank/SBA statements are attached.
4. As requested, a five-year income and expense report is attached (YTD Budget).
5. **Recommendations: None**
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Magnolia Family Bond Application—Action**

1. The HFA published a NOFA for bond applications for developments that would also seek SAIL funding from FHFC. The NOFA is “open”, meaning applications are on a “first-come first-evaluated” basis.
2. An application with correct fees was received for Magnolia Family, and the HFA induced the development at the December 2019 meeting. The development applied for SAIL funding, and the consensus analysis is that the deal is likely to be funded. That would make the bond deal feasible and the developer is moving forward.
3. Accordingly, the TEFRA hearing has been scheduled for today (February 13). TEFRA approval is needed to apply for bond allocation. Because bond allocation is regional, and first-come first-served, the sooner the bond allocation is applied for the more likely it is that it will be received.

4. The tentative timeline for the financing:
  - FHFC Board approval of SAIL scoring            March 6
  - TEFRA approval consideration by BOCC        March
  - SAIL scoring challenges completed            July 1
  - Enter credit underwriting if not challenged    April
  - Enter credit underwriting if challenged        July
  - Credit underwriting complete                 Late 2020
  
5. **Recommendation:** Request BOCC approval of TEFRA.

Name	<b>Magnolia Family</b>
Owner Entity*	Country Club Magnolia Family, LP
Developer/Location	New Affordable Housing Partners, LLC Atlanta, Georgia Tallahassee Housing Economic Corporation Tallahassee, Florida
Type	New Construction
Street Address	Canton Circle, 150' SW of the intersection of Canton Circle & Country Club Drive
County Commission District	District 1, Bill Proctor
Units	130
Bedrooms	252
# of Buildings	5 residential buildings
# of Stories	3
Bond Request	\$15,000,000 \$115,385/unit
TEFRA Approval	TBD
Total Cost	\$24,623,515
Cost Per Unit	\$189,412
Land Cost	\$0—Ground Lease from Tallahassee Housing Authority \$0//unit
Acquisition of Building Cost	NA
Hard Construction Cost	\$16,314,670 \$125,497/unit
General Contractor	TBD
Credit Enhancement	TBD
Set-Aside Period	50 years
Set-Aside Levels	10.0% ( 13 units) <33% AMI for 15 years, then 60% AMI 90.0% (117 units) <60% AMI

### **III. Multi-Family Bonds: Magnolia Terrace—Action**

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received and approved to move through the HFA process. A final credit underwriting is now available.
  
2. **Magnolia Terrace** is scheduled to close in late February 2020. The developer requested issuance of bonds in an amount not to exceed \$13,000,000 (current estimate \$11,880,000). The credit underwriting is complete, and the deal is ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:

- Approval of substantially final forms of bond and loan documents including, but not limited to, the Preliminary Official Statement, Indenture of Trust, Financing Agreement, Multifamily Loan and Security Agreement, Land Use Restriction Agreement, Subordination Agreement, Compliance Monitoring Agreement, Financial Monitoring Agreement, Construction Loan and Mortgage Servicing Agreement, Bond Purchase Agreement, Assignment of Management Agreement, Assignment of Collateral Agreements and Other Documents, Assignment of Security Instrument, Omnibus Assignment of Contracts, Plans, Permits, and Approvals, Agreement and Assignment Regarding General Contractor’s Contract, Assignment of Housing Assistance Payments Contract, Termination Agreement, and Subordination, Non-Disturbance and Attornment Agreement;
- Approval of the final Credit Underwriting Report;
- Authorization of the issuance of the Bonds (subject to the parameters in the Resolution) and sale to the Underwriter;
- Official appointment of RBC Capital Markets LLC as Underwriter in connection with the sale of the Bonds;
- Official appointment of Seltzer Management Group, Inc., as compliance monitor, financial monitor and construction/loan servicer;
- Official appointment of The Bank of New York Mellon Trust Company, N.A. as Trustee;
- Authorization of appropriate Board members and members of the Issuer to execute documents and take all other actions necessary not inconsistent with the terms of the Resolution and subject to final approval by Bond Counsel and Issuer’s Counsel; and
- Approval of the sale and transfer of the development to the Borrower and termination of existing land use restriction agreement.

3. **Recommendation:** Adopt Resolution prepared by Bond Counsel giving final approvals for bond sale

Name	<b>Magnolia Terrace</b>	
Owner Entity*	LIH Magnolia Terrace, LP	
Developer/Location	Levy Affiliated Holdings Santa Monica, CA 90401	
Type	Acquisition and Rehabilitation Garden	
Street Address	509 East Magnolia Dr, Tallahassee, FL 32301	
County Commission District	District 1, Bill Proctor	
Units	108	
Bedrooms	232	
# of Buildings	17, 15 residential, 1 community room, and 1 office/laundry	
# of Stories	2	
Bond Request	\$11,880,000 or \$110,000/unit	
Housing Credit Equity	\$6,119,513 \$56,662/unit	Hunt Capital \$0.8955 per \$1 HC
TEFRA Approval	5-28-19	
Total Cost	\$21,283,066	
Cost Per Unit	\$197,065	
Land Cost	\$648,000 or \$6,000/unit	
Acquisition of Building Cost	\$8,452,000 or \$78,259/unit	
Hard Construction Cost	\$6,096,877 \$56,453/unit	
General Contractor	Wilshire Pacific Builders, LLC	
Credit Enhancement	Fannie Mae/CBRE	
Set-Aside Period	30 years	
Set-Aside Levels	100% of the 108 units <60% AMI	

**IV. 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 \$50,000 has been committed for FY 19-20. Individual repairs are limited to \$1,650 per home (\$7,500 for senior or persons with special needs that reside in mobile homes).
2. Of the FY 19-20 allocation, \$15,115 has been reserved, with \$7,015 spent.
3. **Recommendation:** None.

**V. 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 seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. As of January 31, 2020, sales of 29 properties by Ketcham Realty have generated \$188,923.64 to the HFA. The new total is now \$296,025.64.

<b>PROPERTIES SOLD BY COUNTY</b>				
<b>Property</b>	<b>Sales Price</b>	<b>County Costs</b>	<b>HFA</b>	<b>Deposit</b>
Calloway Street	\$ 5,900.00	\$ 700.00	\$ 5,200.00	3/29/2017
278 Oakview Drivie	\$ 27,300.00	\$ 775.00	\$ 26,525.00	1/5/2017
114 Osceola Street	\$ 34,100.00	\$ 1,523.00	\$ 32,577.00	8/29/2016
723 Frankie Lane Drive	\$ 12,000.00	\$ 700.00	\$ 11,300.00	12/1/2016
2109 Holton Street	\$ 6,500.00	\$ 1,700.00	\$ 4,800.00	2/15/2017
6009 Sam's Lane	\$ 3,000.00	\$ 600.00	\$ 2,400.00	5/15/2018
7234 Dykes Road	\$ 25,000.00	\$ 700.00	\$ 24,300.00	1/11/2019
<b>TOTAL</b>	<b>\$ 113,800.00</b>	<b>\$ 6,698.00</b>	<b>\$ 107,102.00</b>	
<b>PROPERTIES SOLD BY BROKER</b>				
<b>Property</b>	<b>Sales Price</b>	<b>Ketcham Fee</b>	<b>HFA</b>	<b>Deposit</b>
1506 Crown Ridge Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	5/10/2019
2997 Lilly Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	5/10/2019
4060 Morgan Road	\$ 7,000.00	\$ 1,500.00	\$ 5,500.00	5/10/2019
4037 Bishop Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
4033 Bishop Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
4043 Buster Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
2572 Tiny Leaf Road	\$ 4,000.00	\$ 1,000.00	\$ 3,000.00	5/17/2019
1209 Southern Street	\$ 3,000.00	\$ -	\$ 3,000.00	5/17/2019
4065 Morgan Road	\$ 7,000.00	\$ 122.50	\$ 6,877.50	6/5/2019
Monday Road	\$ 15,000.00	\$ 178.50	\$ 14,821.50	6/5/2019
12513 Forest Acres Trail	\$ 9,500.00	\$ -	\$ 9,500.00	6/5/2019
2993 Lilly Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	6/13/2019
714 Stafford Street	\$ 15,000.00	\$ 55.00	\$ 14,945.00	6/28/2019

2123 Flipper Street	\$ 4,000.00	\$ 1,500.00	\$ 2,500.00	7/26/2019
Lilly Road	\$ 7,000.00	\$ 122.50	\$ 6,877.50	7/26/2019
Craft Street	\$ 6,000.00	\$ 115.50	\$ 5,884.50	7/26/2019
3529 Sunburst Loop	\$ 4,000.00	\$ 102.00	\$ 3,898.00	7/26/2019
Moore Woods Rd	\$ 7,000.00	\$ 122.00	\$ 6,878.00	7/26/2019
7344 Poplar Point Drive	\$ 9,000.00	\$ 1,816.56	\$ 7,183.44	8/13/2019
1017 Dover Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Abraham Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
1118 Clay Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Calloway Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Delaware Street	\$ 6,000.00	\$ 1,500.00	\$ 4,500.00	8/28/2019
2277 Saxon Street	\$ 2,500.00	\$ 1,000.00	\$ 1,500.00	10/10/2019
10715 Tebo Trail	\$ 20,000.00	\$ 1,154.30	\$ 18,845.70	11/21/2019
4046 Morgan Road	\$ 7,000.00	\$ 567.50	\$ 6,432.50	11/25/2019
5017 Dust Bowl Lane	\$ 3,543.00	\$ 1,543.00	\$ 2,000.00	12/28/2019
413 Great Lakes Street	\$ 3,600.00	\$ 1,500.00	\$ 2,100.00	1/29/2020
<b>TOTAL</b>	<b>\$ 215,443.00</b>	<b>\$ 26,519.36</b>	<b>\$ 188,923.64</b>	

3. **Recommendation:** None.

**VI. Legal Update—Informational**

1. HFA Counsel will report on their activities.

2. **Recommendation:** None.

**VII. Occupancy Reports (Quarterly)—Informational**

1. Lakes at San Marcos is 95% occupied, up 3% for 2019. Magnolia Terrace is 100% occupied.

2. **Recommendation:** None.

**VIII. To-Do List—Informational**

To-Do Item	HFA	Admin	CAO	SL	NBN	Status	Completed
<b>August 2019</b>							
The Board directed the Administrator to research who is buying the properties that have been sold.		X				Presented January 2020	X
<b>January 2020</b>							
Dr. Sharkey requested a five-year income and expense comparison		X				In February Board packet	X
Board directed Mr. Hendrickson to work with Mr. White on visits to tiny homes and Westgate developments		X				Invitation distributed to Board	X

## **IX. State Legislative Update—Informational**

1. The 2020 legislative session is underway.
2. Based upon the January 2020 Revenue Estimate, \$359.25 million will be available from the Housing Trust Funds for FY 20-21 appropriations. SHIP is \$251.74 million and FHFC Programs (SAIL) \$107.51 million.
3. Governor DeSantis recommended full funding in his proposed budget released November 18, stating, *“Despite our strong economy and low unemployment, finding affordable housing can be challenging. My budget provides \$387 million to fully fund Workplace and Affordable Housing Programs, with \$267.2 million for the SHIP and \$119.8 for the SAIL program.”*
4. The Senate’s initial budget also includes full funding of \$387 million. However, the initial House budget appropriates only \$147 million for housing, and sweeps \$200 million to general revenue. The Sadowski Coalition will be working to push for the Senate to hold firm in budget negotiations.
5. The difference between the two “full funding” numbers is that the Governor included anticipated trust fund balances from unanticipated revenues this fiscal year added to projected revenues for FY 20-21, while the Sadowski Coalition only uses the projected revenues. The difference is approximately \$31 million.
6. The full-funding SHIP distribution by County/City has been generated and is attached. With full funding, \$3,493,730 would come to Tallahassee-Leon County, with the County receiving \$1,194,506 and the City of Tallahassee \$2,299,224.
7. The legislator one-pagers are available under the Advocacy tab at [www.sadowskicoalition.com](http://www.sadowskicoalition.com)
8. Senator Mayfield (R- Melbourne) introduced SB 306, which would prohibit transferring monies in the Housing Trust Funds to General Revenue or the Budget Stabilization Fund. A companion bill (HB 381) was filed by Representatives Silver (D-Palm Beach) and Killebrew (R-Polk County). This is significant because we have a Republican prime sponsor in the House for the first time. SB 306 was heard in its first committee February 3, and was reported favorably by unanimous vote.
9. **Recommendations:** None.

**Appropriation of Housing Trust Fund Monies: \$359.25 Million**  
 Revenue Estimate from January 2020 REC Conference

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET FY 20-21	FINAL BUDGET FY 19-20
<b>FHFC: SAIL &amp; other FHFC Line 2281</b>	\$119,800,000	\$119,800,000	\$48,800,000		\$ 39,040,000
<b>SHIP Line 2282</b>	\$267,200,000	\$267,200,000	\$73,200,000		\$ 46,560,000
<b>Hurricane Housing Recovery Program (SHIP-like program for Hurricane Michael disaster counties only) 2282A</b>	\$0	\$0	\$25,000,000		\$ 65,000,000
<b>Rental Recovery Loan Program (SAIL-like program (for Hurricane Michael disaster counties only) Line</b>	\$0	\$0	\$0		\$ 50,000,000
<b>TOTAL HOUSING</b>	<b>\$387,000,000</b>	<b>\$387,000,000</b>	<b>\$147,000,000</b>		<b>\$200,600,000</b>
<b>SHTF SWEEP</b>	\$0	\$0	\$65,000,000		\$ 10,000,000
<b>LGHTF SWEEP</b>	\$0	\$0	\$135,000,000		\$115,000,000
<b>TOTAL SWEEP</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000,000</b>		<b>\$125,000,000</b>
<b>Unallocated SHTF</b>	<b>\$0</b>				<b>\$ 300,000</b>
<b>Unallocated LGHTF</b>	<b>\$0</b>				<b>\$7,060,000</b>

**Proviso/Back of the Bill for FHFC in Governor's Budget:**

- 20% of each SAIL development for person with special needs or the elderly
- \$20 million of SAIL for workforce housing in the Keys
- SHIP funds shall prioritize funding to assist with hurricane housing recovery before routine and customary use of funds
- \$500,000 from SHIP for Catalyst Training

**Proviso/Back of the Bill for FHFC in Senate Budget:**

- 10% of FHFC funds for competitive grant program for housing developments for persons with developmental disabilities
- \$500,000 for Catalyst (SHIP)

**Proviso/Back of the Bill for FHFC in House Budget:**

- \$15 million of HHRP distributed like SHIP to counties impacted by Hurricane Michael, based upon damage assessments
- \$10 million of DPA in Bay, Jackson, Gulf, Calhoun, Gadsden, Washington, Liberty, Franklin, Wakulla, Taylor & Holmes counties

<b>Additional Homeless Funding from General Revenue or DCF Trust Funds</b>				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$3,181,500	350	GR	DCF
Federal Emergency Shelter Grant Program	\$6,950,886 \$852,507	351	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies)	\$3,000,000	352	GR	DCF
Tampa Hillsborough Homeless Initiative- Shared Housing (SB 2490) Senate	\$250,000		GR	DEO
Homeless Veteran Homeless Assistance- Brevard (S1186)	\$190,000	352 Senate	GR	DCF
Transition House of Starke- Homeless Relief Program (S1811)	\$250,000	352 Senate	GR	DCF
Metropolitan Ministries- First Hug Program- Pasco & Pinellas (S2361)	\$800,000	352 Senate	GR	DCF
Metropolitan Ministries- Miracles for Pasco Program (S2365)	\$250,000	352 Senate	GR	DCF
Connecting Everyone with Second Chances- Leon & surrounding counties (S1532)	\$716,000	352 Senate	GR	DCF
Citrus Health Network- Safe Haven for Homeless Youth (HB 4165)	\$100,000	352 House	GR	DCF
Transition House (of St. Cloud)- Homeless Veterans (Osceola County)	\$100,000	352 House	GR	DCF

<b>Other Projects Funded from General Revenue</b>				
Item	Amount	Line Item	Source	Agency
Casa Familia Village Phase II (HB 3157) House	\$425,000	2272	GR	DEO
Windley Key & Key Heights Affordable Housing Project (HB 3709) (SB 2086)	\$1,000,000 House \$ 250,000 Senate	2272	GR	DEO
Calhoun County Affordable Workforce Housing (HB 9109) House	\$750,000	2272	GR	DEO
Gulf County Affordable Workforce Housing (HB 9111) House	\$750,000	2272	GR	DEO
Neighborworks Florida Collaborative- Catalyst for Florida Communities (HB 4071) House	\$200,000	2272	GR	DEO
Habitat for Humanity Hernando County (SB 2279) Senate	\$60,000	2272	GR	DEO



**X. Revolving Construction Loan Fund—Informational**

1. The HFA received a request from Bill Wilson to create a revolving construction loan fund for non-profits building for-sale housing. The Board voted to table the request.
2. Board member White requested that the item be placed on the agenda for this meeting for discussion.
3. Mr. White has discussed with staff the creation of a \$1 million construction loan fund, with an HFA contribution of \$100,000. The fund would find the remainder of the money from private sector lenders and would be administered by the TLC (or other entity, not the HFA). The fund would produce a limited number of home designs, potentially focusing on specific lots, with private builders enticed to build new for-sale housing under \$100,000.
4. **Recommendation:** Give guidance to staff on whether to pursue this activity.