

# THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301  
Telephone: 850-671-5601  
Fax: 850-671-5603

To: Leon County Housing Finance Authority Board of Directors  
From: Mark Hendrickson, Financial Advisor  
Subject: February 16, 2017 Board Meeting  
Date: February 8, 2017

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

1. The Financial Statement for January 31, 2017 is attached. Net assets as of January 31, 2017 are \$1,731,729.72, with \$682,059.13 in cash.
2. The HFA Budget and Income/Expenditure detail is attached. For January, income exceeded expenses by \$22,415.13. Year-to-date, income has exceeded expenses by \$25,291.46.
3. **Recommendation:** Accept Financial Statement.

## **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 were limited to \$1,650 per home.
2. The total amount of repairs funded through October 2016 was \$11,549.97. The program resumed in October, with eighteen (18) new cases totaling \$18,300 shown in process.
3. County staff conducted a “purge” of the waiting list, to determine if the persons still had need of repairs, or still lived at the residence. As a result, all persons on the waiting list were removed, and the 18 cases shown in process were removed. The January report is attached.
4. The HFA Board directed that consideration of an increase in funding for this program be placed on the January 2017 HFA agenda, and then deferred action until March. Given that no cases are in progress at this time, there is no need for any immediate action to increase the funding for the program.
5. **Recommendation:** None.

## **III. Real Estate—Informational**

1. The Real Estate Division is working on disposing of properties as clear title is obtained. They are also obtaining appraised values.

2. At the request of the Real Estate Division, the HFA prioritized the properties (to avoid spending more money obtaining clear title than the property's value).
3. Mitzi McGhin reports:
  - 114 Osceola Street: Sold in September for \$34,100, with net revenue to the HFA of \$32,577.
  - 723 Frankie Lane Drive: Sold in December for \$12,000 (appraised value \$13,000)., with net revenue to the HFA of \$11,300.
  - 278 Oakview Drive: Scheduled to close January 5, with sales price of \$27,300 (appraised value \$35,000)—net revenue to the HFA of \$26,525.
  - 2109 Holton Street: Under contract (title issues being worked on), with sales price of \$6,500—net revenue to the HFA to be determined. Scheduled to close on 2-15-17.
  - For sale signs placed on properties in Crown Ridge, with appraisals due December 2. Several inquiries have been received, but no interest shown after being given sales price.
4. The master spreadsheet has been emailed to Board Members.
5. **Recommendation:** None.

#### **IV. Future Role of HFA—Action**

1. On February 7, the BOCC passed amendments to the HFA's Ordinance, and an accompanying Resolution, that grant significant independence to the HFA. A copy of each is attached.
2. Three significant powers that had been withheld from the HFA, are now granted to the HFA:
  - Contracts—no longer need BOCC approval.
  - Budget/Finance/Banking/Audit—HFA to adopt its own systems; budget no longer needs BOCC approval.
  - Procurement—HFA to adopt its own Procurement Policy/Procedures.
3. The HFA's ability to adopt its own budget is available as an option at the sole discretion of the HFA—but not until the beginning of FY 17-18 (October 1, 2017).
4. Over the next few months, the HFA will need to adopt policies and procedures in order to implement these changes. The HFA's professional team will assist in providing the HFA Board the information needed for implementation. The team will look to other local HFA's for comparable procedures, policies, and systems—as well as to the County when appropriate.
5. The HFA Board may want to take up different areas/powers at different Board meetings. If so, direction to staff as to what order the items should be prioritized would be beneficial.
6. Mr. Kemp produced a list of activities he performs for the HFA, which will be used as we move through the development of independent HFA operations.
7. Thanks to all on the team who worked to make this happen.
8. **Recommendation:** Decide order, if any, that transition items to be considered. Consider if Board Committees would be useful.

**V. Legal Update**

1. The Board asked that a legal update be placed on each agenda and FA memo.
2. Legal Counsel and FA met to discuss how to implement future work, and to begin to identify potential financing opportunities for the HFA.
3. **Recommendation:** None.

**VI. To-Do List—Informational**

To-Do Item	HFA	FA	CAO	LK	LS	Status	Completed
<b>Prior to October 2015 Meeting</b>							
Set date for Stakeholders Meeting	X					On hold	
Seek Independent operational status separate from County. Make specific request to BOCC.	X	X	X		X	Public hearing on Ordinance changes scheduled for February 7	Ordinance Adopted. Done.
<b>October 2015</b>							
Research if old payoffs of DPA loans came to HFA.		X			X	In process.	
<b>June 2016</b>							
Board directed Mr. Rigo and Mr. Ross to move forward with sale of properties with the goal of selling as soon as possible to create revenue—for this point in time.			X			Work underway. 1 <sup>st</sup> sale complete.	Ongoing
<b>November 2016</b>							
Board directed CAO and County staff to include ability for HFA to adopt its own budget and enter into contracts without additional BOCC approval in Ordinance changes			X		X	Draft Ordinance includes these items.	Ordinance Adopted. Done.
<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	
Mr. Gay and Mr. Hendrickson to recommend policy for handling financial statements when Board meeting falls early in the month—and the 7 day website publication rule. Board directed that 7-day notice should be followed even if financials were delayed by one month.	X	X				In progress	
<b>January 2017</b>							
Dr. Sharkey asked that a column for percentages be added to the monthly income and expense report.		X				In report	Done
Board asked Mr. Kemp to bring before and after pictures of emergency repairs funded by the HFA to the February meeting.				X		Mr. Kemp to bring photos	
Board asked FA to highlight the revenue from the land sales in the financials.		X				In report	Done
Board directed FA to add Legal Update section to future HFA Meeting Agendas		X				In report	Done

## VII. Request to Fund Home Expo—Action

1. The County Housing staff has asked the HFA to fund the Home Expo scheduled for March 18. The last Expo was held in March 2016.
2. The cost of the Expo is not to exceed \$5,000—with an estimate of \$4,850. The HFA is being asked to fund all of this, except for \$750 (AV/PA) from the County. The cost estimate is
  - Refreshments/Lunch           \$1,500
  - Tent                               \$1,200
  - Printing & Mailing             \$ 800
  - Door Prizes                     \$ 400
  - Demonstration Supplies       \$ 200
3. Even though various vendors are involved in the Expo, the County is not seeking sponsorships due to some perception about paid vendors having undue influence.
4. The Expo is NOT required as part of the MOU with Escambia County. The methods used by Mr. Kemp in lieu of the Expo (which was not held in the fall of 2016), are considered by the Escambia HFA to meet the requirements.
5. There is no documentation if the Expo produces any homebuyers for the Escambia program that would not already have been in the program. Direct outreach to realtors, lenders, and homebuyer counseling organizations will have more impact.
6. The Expo also markets to buyers facing foreclosures and owners in need of home repairs.
7. The FA cannot make a value judgement on the overall effectiveness of the Expo. It has various goals. However, the cost of the Expo effectively spends all of the funds received from the Escambia program (\$5,000 cost each six months v. \$5,700 revenue). There seems to be no relationship between the Expo and the number of homebuyers utilizing the program.
8. Again, the FA is not an expert in marketing events such as the Expo. However, when the substantive program begins at 9 AM and ends by Noon, the need for serving a free lunch is questionable. If removing the free lunch significantly impacts attendance, one would have to evaluate the value of the Expo as a housing event, rather than as a food event.
9. Also, the various firms (Home Depot, for example), realtors and lenders who participate in the Expo derive economic benefit from their participation, and reasonably can be expected to help pay for the event. By being selected, they already receive the benefit of being given access to customers at a government sponsored event. In addition to sponsorship, certainly “door prizes” can be provided by the vendors, rather than with HFA money.
10. The City used to participate in an Expo organized by the TLC. The City withdrew because of cost and staff time issues. The City participates in a Fair Housing event each April.
11. **Recommendations:** (1) Approve funding for the Expo, not including door prizes and lunch, (2) Request that vendors provide donations to cover Expo costs, and (3) Work with County staff before future Expos, to decide what is the purpose of an Expo, and how the Expo can be structured as a self-financing event that meets the established goals.