

Leon County Board of County Commissioners

Cover Sheet for Agenda

February 7, 2017

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator
Herbert W.A. Thiele, County Attorney

Title: First and Only Public Hearing to Consider a Proposed Ordinance Amending the Leon County Code of Laws Regarding the Housing Finance Authority and Consider Adoption of a Resolution Establishing the Administrative Practices of the Housing Finance Authority

County Administrator Review and Approval:	Vincent S. Long, County Administrator
County Attorney Review and Approval:	Herbert W.A. Thiele, County Attorney
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator Wanda Hunter, Assistant County Administrator
Lead Staff/ Project Team:	Shington Lamy, Director, Office of Human Services and Community Partnerships Lamarr Kemp, Sr., Director of Housing Services Dan Rigo, Assistant County Attorney

Fiscal Impact:

This item has no fiscal impact.

Staff Recommendation:

Option #5: Board direction.

Title: First and Only Public Hearing to Consider a Proposed Ordinance Amending the Leon County Code of Laws Regarding the Housing Finance Authority and Consider Adoption of a Resolution Establishing the Administrative Practices of the Housing Finance Authority

February 7, 2017

Page 2

Report and Discussion

Background:

At the request of the Housing Finance Authority (HFA), this item seeks Board direction on a revised Ordinance and proposed Resolution that restructures the HFA to operate under their own budget, procurement and contract processes independently of existing County policies and procedures (Attachments #1 and #2). The HFA believes the restructuring, which is similar to the majority of other HFAs in Florida, provides them greater flexibility to respond quickly to investment/partnership opportunities in addressing affordable housing needs.

Pursuant to Chapter 159.604, Florida Statutes, the Board established the HFA on June 10, 1980, through the adoption of Ordinance No. 80-39. The HFA is a dependent special district comprised of seven members appointed by the Board that functions to alleviate a shortage of affordable housing and investment capital for residents who meet specific income qualifications.

Currently, the County Ordinance establishes the HFA's structure, membership, and powers. The Ordinance requires Board approval of all HFA contracts and bond issuance. Additionally, the Ordinance requires Board approval of the HFA's annual budget. As a result, the HFA's budget is included as part of the County budget, its funds are managed by the Clerk of Courts (Finance Department) and its operation is subject to County policies. This includes the County's procurement policies.

On June 16, 2016, the HFA requested staff to prepare and present to the Board changes to the Ordinance that would provide the HFA greater autonomy of its budget, contracts, and policies (Attachment #3). On December 8, 2016, County staff presented the preliminary changes to the ordinance as well as a proposed resolution as requested to the HFA (Attachment #4).

Notice of this public hearing has been timely advertised pursuant to Section 125.66, Florida Statutes (Attachment #5).

Analysis:

As required by Florida Statutes, the proposed amendments to the County Ordinance would establish the findings and declaration of necessity of affordable housing in Leon County and provide for the general powers of the HFA. However, the proposed Resolution would specify the structure, organization, membership, programs and activities of the HFA. This would allow the Board to make any future changes to the HFA without the requirement of a public hearing. Collectively, the revised Ordinance and proposed Resolution would provide the HFA greater autonomy over its budget, contracts, and policies. Board approval would no longer be required for the HFA budget and contracts and as a result, the HFA would have the authority to adopt its own policies. Moving forward, the HFA would provide an annual report to the Board of its programs, activities, and accomplishments.

According to the HFA, these changes would streamline its operation and allow it to be more responsive to its private sector partners and react quickly to changes that may occur for financing

Title: First and Only Public Hearing to Consider a Proposed Ordinance Amending the Leon County Code of Laws Regarding the Housing Finance Authority and Consider Adoption of a Resolution Establishing the Administrative Practices of the Housing Finance Authority

February 7, 2017

Page 3

affordable housing projects. The HFA has cited that at times financing development projects may require quick contract approval for services such as credit underwriting, compliance monitoring, servicing, and bond trustees. Greater autonomy would allow the HFA to rapidly adopt and execute a contract and make the appropriate budget adjustments without the requirement of Board approval. Should the Board adopt the revised Ordinance and proposed Resolution, the HFA has indicated that it intends to adopt operating policies that support the best practices of housing finance authorities in Florida.

As previously mentioned, the proposed changes would align the HFA functions with other finance authorities in Florida (Attachment #6). A review of county ordinances around the state found that the overwhelmingly majority do not require Board approval of the budgets and/or contracts of their respective housing finance authorities. Most also have their own staff and legal counsel.

Over the past few years, the HFA has taken several steps to align its functions with other housing finance authorities which have been supported by the Board. As a special district, Florida Statutes provides the HFA the authority to retain professional services. In 2014, the HFA contracted (with Board approval) with The Hendrickson Company to serve as its financial advisor. Mark Hendrickson of the Hendrickson Company has also served as the primary staff of the HFA preparing its agendas, minutes, and financial reports. In December 2016, following Board approval, the HFA contracted with Knowles & Randolph, PA to serve as its legal counsel. Prior to taking these actions, County staff and the County Attorney's Office served as the primary staff and legal counsel to the HFA respectively.

In addition to the finance and legal contract support, the County also increased its direct support of the HFA through modifications to the County real estate policy. Through the policy, the County now provides the HFA the "first right of refusal" for excess property owned by the County and deemed to be appropriate for Affordable Housing. Several parcels have been sold under the policy to support the activities of the HFA.

With the adoption of the revised Ordinance and proposed Resolution, the HFA is also expected to maintain its banking and investments independently from the Finance Department. This would further reduce the role of County staff in the HFA's day-to-day operation. The County's Housing Division currently administers the HFA's housing programs (emergency repair, home rehab, down payment assistance and the home replacement programs) which could be impacted by the proposed changes. The HFA may choose to hire its own staff to administer the program or contract with the County.

Staff has shared with the HFA that the changes would have a fiscal impact on its current operation. According to the Office of Management and Budget, a preliminary review of the services provided to the HFA last year which included banking, auditing and procurement services, totaled an estimated \$16,000. This does not include the cost of County Housing staff time for program administration.

Title: First and Only Public Hearing to Consider a Proposed Ordinance Amending the Leon County Code of Laws Regarding the Housing Finance Authority and Consider Adoption of a Resolution Establishing the Administrative Practices of the Housing Finance Authority

February 7, 2017

Page 4

Although changes would provide the HFA greater authority of its operations, the Board would continue to have the sole discretion to alter or change the structure, organization, programs or activities of the HFA, or to terminate the HFA. Additionally, Board approval would continue to be required for bond issuance by the HFA.

Table 1 provides a summary of the administrative practices and approval authorities for the HFA under the current structure versus the proposed structure.

**Table 1: Summary of HFA Current versus Proposed Changes:
Administrative Practices and Approval Authority**

Administrative Practices	Current	Proposed
Bond Approval	BOCC	BOCC
Budget Approval	BOCC	HFA
Contract Approval	BOCC	HFA
HFA Program Administration	Leon County Housing	HFA or Leon County Housing
Procurement Services	Leon County Purchasing	HFA
Banking Services	Clerk	HFA
Independent Audit	Included with County Audit	HFA
Financial Advisor	Hendrickson Company	Hendrickson Company
Agendas, Minutes, Financial Reports	Hendrickson Company	Hendrickson Company
Legal Counsel	Knowles & Randolph, PA	Knowles & Randolph, PA

Upon adoption of the proposed Ordinance and Resolution, over the next few months, the HFA intends to draft its operating policies and procedures incorporating those practices commonly used by housing finance authorities. The financial advisor for Leon County’s HFA, who also serves as the executive director of the Florida Association of Local Housing Finance Authorities and contracts with several other housing finance authorities throughout Florida, would guide Leon County’s HFA through this transition.

Conclusion

As presented in this item, the HFA is recommending the Board approve allowing the HFA greater independence and authority for the purpose of providing them greater flexibility to respond quickly to investment/partnership opportunities in addressing affordable housing needs. As reflected in Attachment #6, the recommended changes are very consistent with the structure of other HFA’s throughout Florida.

Staff concurs that by allowing the HFA contract and budget approval authority, this eliminates the time necessary for these item to be presented to the Board for final approval. However, neither the HFA nor County staff was able to identify any specific affordable housing opportunities that were not pursued as a result of the current HFA structure. The HFA has stated, however, that as they continue to seek opportunities to support new affordable housing

Title: First and Only Public Hearing to Consider a Proposed Ordinance Amending the Leon County Code of Laws Regarding the Housing Finance Authority and Consider Adoption of a Resolution Establishing the Administrative Practices of the Housing Finance Authority

February 7, 2017

Page 5

projects, greater independence will allow them the ability to be more responsive than the current structure allows.

1. **Options:** Conduct first and only public hearing and adopt the proposed Ordinance amending Chapter 2, Article III, Division 3 of the Leon County Code of Laws regarding the Housing Finance Authority.
2. Adopt the Resolution establishing the structure, organization, membership, programs and activities of the Housing Finance Authority of Leon County.
3. Conduct first and only public hearing and do not adopt the proposed Ordinance amending Chapter 2, Article III, Division 3 of the Leon County Code of Laws regarding the Housing Finance Authority.
4. Do not adopt the Resolution establishing the structure, organization, membership, programs and activities of the Housing Finance Authority of Leon County
5. Board direction.

Recommendation:

Option #5: Board direction.

Attachments:

1. Proposed Ordinance amending Chapter 2, Article III, Division 3 of the Leon County Code of Laws regarding the HFA
2. Proposed Resolution regarding the HFA's structure, organization, membership, programs and activities Minutes of June 16, 2016 HFA Meeting
3. Minutes of the December 8, 2016 HFA Meeting
4. Advertisement of Notice of Public Hearing
5. Housing Finance Authorities Comparison Table