



Housing Finance Authority of Leon County

ANNUAL REPORT

FY 2023-2024



Housing Finance
Authority
OF LEON COUNTY

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Background

The Housing Finance Authority (HFA) of Leon County exists for the purpose of addressing affordable housing needs in Leon County, Florida, by stimulating the construction and rehabilitation of housing through the use of public financing.

The HFA of Leon County is empowered to alleviate the shortage of affordable residential housing and to provide capital for investment in such facilities for low, moderate, or middle-income families and persons anywhere within Leon County (including within the City of Tallahassee) through the issuance of its mortgage revenue bonds.

Effective October 1, 2017, after an ordinance was approved by the Leon County Board of County Commissioners (BOCC), the HFA of Leon County was granted all of the powers of an HFA under state law. As a result, the HFA began to operate as an independent entity with a separate budget and has the annual requirements to undergo an independent audit and provide an annual report to the Leon County BOCC.

A seven-member volunteer board has been appointed by the BOCC and governs the HFA.

Programs and Services

The mission of the HFA is to finance apartments that are affordable to low- and moderate-income seniors and families and to assist first-time homebuyers with the purchase of a home. The HFA also works with the County to fund an Emergency Repair Program and other County housing activities, as well as in partnership with the Escambia County HFA for their first-time homebuyer program. Additionally, the HFA works closely with the County to right-size subsidies to rental developments and in the disposition of surplus lands designated for affordable housing.

WAYS TO INCREASE OPPORTUNITIES FOR Available Affordable Housing in Leon County



Increase the availability of affordable housing



HFA financing for the construction or rehabilitation of affordable rental housing



Fund the Emergency Repair Program + other housing activities



Fuel first-time homebuyer program partnerships



Support disposition of surplus lands for affordable housing



Housing Finance
Authority
OF LEON COUNTY

Tax Exempt Bonds

The HFA of Leon County issues tax-exempt bonds to provide funds for below market rate mortgages to homebuyers and finance affordable rental developments.

Since its creation, the HFA has issued, or joined with other counties to issue, single-family mortgage revenue bonds or provide loans to first-time homebuyers via other programs. The HFA continues its long-term partnership with the Escambia County Housing Finance Authority to provide home loans to first-time buyers

The HFA of Leon County has issued multifamily bonds to finance the construction or acquisition and rehabilitation of apartment complexes. Since the interest paid to the investors who buy these bonds is exempt from federal income tax, the interest rate on the mortgage to the developer is generally lower than conventional interest rates. More importantly, tax-exempt bonds bring automatic federal Housing Credits to each deal—providing private sector equity investment that makes the transaction economically feasible.

By federal law, developments financed through the issuance of tax-exempt bonds include a requirement that a certain percentage of units be set aside for specific percentage levels of the local area median income. The development is also required to remain affordable for a specific period of time. The HFA has adopted policies that require significantly longer affordability periods than the minimum federal requirement.

The HFA encourages investment by private enterprise and stimulates construction and rehabilitation of housing through use of public financing. The HFA is authorized to issue and sell bonds but must seek BOCC approval for each bond issue.

The HFA has developed resources, including a rental bond application and handbook, and encourages developer applications for bond financing. Applications can be received throughout the year and are reviewed for feasibility and public purpose (benefit). This program offers the opportunity to provide multifamily housing with little to no local funding by utilizing federal resources.

The economic environment influences the viability of tax-exempt financing for both single and multifamily programs. The last few years has been a positive economic environment for multifamily housing and the HFA positioned its programs and guidelines to take advantage it.



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Notable Successes for Fiscal Year 2023-2024

Multifamily (Rental Housing) Activity

Rental Development Policies: The HFA of Leon County has adopted policies that require developments receiving HFA financing to have a provide a greater public policy benefit component than the minimum required by federal law. All HFA bond financings require 50 years of affordability, as compared to the federal 15-year requirement. Additionally, the HFA requires multiple resident programs to be provided as well as significant development and unit amenities and energy efficiency features—none of which are required by federal law. As a result, HFA financed properties meet a higher standard than those financed with only the minimum federal requirements and are affordable for a much longer period.

Lake Bradford: This 158-unit new construction family housing property will be a four-story mid-rise with an elevator. It received public financing from multiple sources including, a SAIL loan of \$7,146,000 from the Florida

Housing Finance Corporation (FHFC), \$1,000,000 from the City of Tallahassee and a small HFA loan request which enabled this property to qualify for SAIL dollars. The HFA will provide \$35 million of tax-exempt bonds with the financing scheduled to close in December 2024 (1131 & 1139 Kissimmee Street).

Ridge Road: This 250-unit new construction garden-style family housing property has received \$51 million of HFA bond financing, along with \$9.8 million in SAIL financing. It closed on March 8, 2023, and is currently 83% complete.

Tallahassee Affordable Housing Portfolio: This 470-unit acquisition/rehabilitation rental development bond sale provided \$73.93 million of bond financing from the HFA of Leon County. It closed in April 2022 and the project is complete and leasing.

Ridge Road





The Magnolia Family I/Columbia Gardens at South City:

This 130-unit new construction rental development bond sale provided \$18.9 million of bond financing from the HFA of Leon County and closed in August 2022. It was completed and leased this year as the first phase of the Orange Avenue redevelopment. The total development cost was \$37.7 million, with additional funding from Housing Credit Equity, SAIL, Leon County, the City of Tallahassee and the Tallahassee Housing Authority. The coordination between the County,

City, the Tallahassee Housing Authority and the HFA made this financing possible.

Additionally, the HFA and its credit underwriter worked with the County and City to “right-size” the local subsidy for this development—giving the developer what was needed as opposed to what was requested initially. This HFA activity saved over \$1.5 million of public funds.

Mixed Income Developments:

The HFA's developments are mixed income, serving a wide range of households. Research has shown that avoiding a concentration of extremely low-income families leads to better results for both the development and the families that reside in the development. Developments have households ranging from extremely low income to market rate residents. Examples are included on the right.

	Lake Bradford	Ridge Road	Magnolia Family/ Columbia Gardens at South City	Tallahassee Affordable (Three Developments)
Total Units	158	250	130	470
Units < 30% AMI	39	41	0	0
Units < 33% AMI	0	0	13	0
Units < 50% AMI	0	0	0	94
Units < 60% AMI	17	86	117	0
Units < 70% AMI	87	123	0	0
Units < 80% AMI	15	0	0	259
Market	0	0	0	117
Total Affordable Housing Units	316	500	260	823

Note: It's important to note that 62 units at Magnolia Family, 41 units at Ridge Road, and 39 units at Lake Bradford have project-based rental assistance, meaning that residents of those units pay only 30% of their income as rent, with the remainder paid by a federal subsidy.

Minority and Women and Owned Business or Small Business (MWSBE) Participation:

The HFA encourages developers to involve minority and women owned businesses and small businesses in the construction of the developments financed by the HFA. The HFA Board is studying ways to improve this component of the HFA's policies. However, on the last two financings, there has been significant MWSBE participation:

	Ridge Road	Magnolia Family
Percent Complete	85%	100%
Total Construction Budget	\$51,267,032	\$22,476,894
MBE (to date)	\$5,865,159 or 11.4%	\$4,219,976 or 18.8%
WBE (to date)	\$1,735,239 or 3.4%	\$3,220,201 or 14.3%
SBE (to date)	\$210,275 or 0.4%	
Total MWSBE (to date)	\$7,811,113 or 15.2%	\$7,440,177 or 33.1%

**Construction is still underway at Ridge Road and the dollar amount and percentage of MWSBE participation will grow as construction is completed.*



Homeownership Activity

Three families purchased their first home using \$484,649 from the program. From 2012 to present, 470 loans for \$56.689 million of mortgages were made in Leon County. The program is operated by the Escambia County HFA, who provide both the first mortgages and down payment assistance loans to the homebuyers in Leon County. The program was approved via an interlocal agreement between the Escambia County HFA and the Leon County BOCC. This year, the Escambia County HFA funded \$30,000 of the downpayment assistance for loans made in Leon County.

Emergency Repair Program

This program funded emergency repairs for seven households using \$78,459. Four of the households served were very low income and three were low income—with an average household income of \$35,771. Since its beginning in 2016, 125 households have received \$520,080 for emergency repairs. The HFA committed an additional \$75,000 to the program for FY 24-25. The program is administered by the County.

Property Sales

During FY 23-24, the HFA coordinated efforts with County staff for property disposition which resulted in \$156,575.49 in revenue from the sale of fourteen properties. Since its inception, \$1,068,034.44 of revenue has been generated from the sale of 143 parcels designated by the County for affordable housing. All of the revenue has or will be spent on direct housing activities, such as the Emergency Repair Program and local contributions for developers seeking SAIL or 9% Housing Credits from the FHFC.

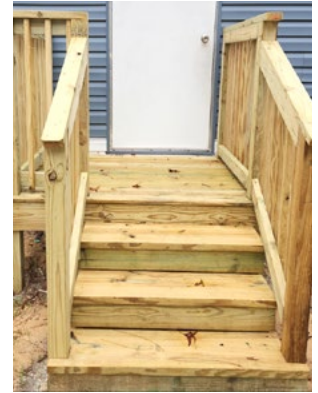
Bond-SAIL Application

The HFA has been able to provide the required local contribution for local applicants to the SAIL program (FHFC rental gap financing for use with HFA of Leon County bonds), increasing the opportunity for priority properties to be competitive. Most recently, Lake Bradford Apartments received over \$7.1 million in SAIL funding as a result of the HFA's \$37,500 contribution.

Local Government Area of Opportunity Funding (LGAOF)

The City and County have asked the HFA to administer their application process for the selection a local preference development for a 9% Housing Credit application to the FHFC. When requested, the HFA has issued a Notice of Funding Availability (NOFA) for this purpose.

Emergency Repair Program





470

**First-Time
Homebuyer Families**
assisted with an affordable
first mortgage and down
payment assistance in
partnership with the
Escambia County HFA
since 2012

\$484.6K

Total Mortgages

financed during
FY 2023-2024

\$56.7 million

Total Loan Volume

since 2012

3

**Single-Family
Loans Closed**

during FY 2023 -2024

125

**Households Recieved
Emergency Repair
Funding**

since 2016

\$75K

**Additional Funding
Committed for
Emergency Repairs**

in FY 2024-25



Nearly
\$520K

**Total Emergency
Repairs Funded**

since 2016

\$156.6K

**in revenue
from property sales**

was generated in FY 23-24 to be
used to supplement funding for
affordable housing programs

+\$1 million

**revenue
from property sales**

generated for affordable
housing since the program's
inception



Other Coordinated Activities for the HFA of Leon County

Working with Leon County and the City of Tallahassee to “Right-size” Subsidy

Developers most often need gap financing to make bond-financed rental developments financially feasible. Gap financing is the funding required after bond/bank debt, tax credit equity and FHFC SAIL funding—and it is most often provided by local governments. However, developers often overstate the level of gap financing needed, underutilizing the first mortgage debt and/or their deferred developer fee. This creates a complex situation for local governments to provide enough gap financing, while not wasting public resources that could be used on future affordable housing developments. In essence, you don’t want to over subsidize the transaction.

Over the past two years, Leon County and the City of Tallahassee partnered with the HFA and its credit underwriter to utilize their technical expertise to make this type of evaluation. This is a true partnership between Leon County, the City of Tallahassee and the HFA—one that has resulted in savings millions of dollars for future affordable housing needs

Other Plans

The HFA of Leon County has and will continue to work with County staff to implement public purpose priorities set by the BOCC.

The HFA operates as an independent entity, but contracts with financial advisors, legal counsel and auditors to conduct its legal, financial, and public policy obligations.

The HFA interacts with the County and its Office of Human Services and Community Partnerships/Housing Services under the direction of Shington Lamy and Jelani Marks for housing policy and programs and with the Office of Financial Stewardship for the disposition of properties designated for affordable housing.

In the coming year, the HFA will continue to create opportunities for more affordable multifamily properties and take advantage of market opportunities to encourage production or rehabilitation serving both families and senior residents. Additionally, the HFA will continue to support the emergency repair and property sales programs to benefit the most vulnerable in our community

HFA of Leon County Board

2023 – 2024

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