

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: June 13, 2019 Board Meeting  
Date: June 5, 2019

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

1. The May 2019 Financial Statement is attached. Net assets as of March 31, 2019 are \$1,166,712.61, with \$700,662.55 in cash (\$87,859.01 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: \$151,302
  - ✓ Emergency Repair expenditures since August 2016: \$52,079.99
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$87,859.01
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations:**
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Multi-Family Bond Application: Magnolia Terrace—Informational**

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received along with appropriate fees. Magnolia Terrace is a 108-unit Section 8 development built in 1972 and located just east of Magnolia Drive and Golf Terrace. The financing sources are a bond financed first-mortgage and tax credit equity (no SAIL or local government funds).
2. The development was induced and will proceed through credit underwriting. A TEFRA hearing was held on Monday, April 15, with no public comment. The request for TEFRA approval was forwarded to the BOCC immediately thereafter—the TEFRA approval is needed to apply for bond allocation. TEFRA approval was obtained on May 28, and the allocation request has been filed.
3. This development is still working with HUD on rent levels and has not settled on the financing structure. As such, the financing will take place in late 2019 or early 2020.
4. **Recommendation:** None.

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	\$13,000,000 \$120,370/unit
TEFRA Approval	5-28-19
Total Cost	\$20,178,702
Cost Per Unit	\$186,840
Land Cost	\$720,000 \$6,666/unit
Acquisition of Building Cost	\$8,280,000 \$76,667/unit
Hard Construction Cost	\$5,352,925 \$49,564/unit
General Contractor	Wilshire Pacific Builders, LLC
Credit Enhancement	TBD
Set-Aside Period	30 years: HFA requires 50 years
Set-Aside Levels	40% of the 108 units <60AMI—Tax Credits 100% <60% AMI

### **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. In May, the HFA increased the commitment for FY 18-19 to \$45,000. 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 18-19 allocation, \$11,250 was funded in September and the remaining \$18,750 of the initial allocation in April. The success of the program and the need for additional funds was illustrated by the fact that all but \$569 of the \$30,000 was expended in the first six months of the fiscal year).
3. The County submitted the requested executive summary of the results of the program, showing its great success. Fifty-one households have been served with leaking roofs and septic system malfunctions the most often remedied issues. Twenty-one of these households used \$15,830 of Emergency Repair funds to bridge to SHIP repairs totaling over \$200,000—leveraging HFA funds at 12.0 to 1.0.
4. **Recommendation:** None.

**IV. County Request for Funding in FY 19-20—Action**

1. The County submitted their funding request for FY 19-20, as follows:
  - Emergency Repair Program      \$50,000 (up from \$45,000 this year)
  - Leon County Home Expo          \$ 1,500 (same as this year)
  - 9/11 Day of Service                \$ 1,500 (same as this year)
2. The HFA agreed to establish funding levels for County programs by June of each year. Given the massive leveraging of HFA funds achieved with the Emergency Repair Program, and high demand for the funds, the increase appears to be a good investment. The total is also within the required housing expenditures from land sales.
3. **Recommendation:** Approve funding for County programs at levels requested by County.

**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. In May, sales of eight properties by Ketcham Realty generated \$44,200 to the HFA. The new total is \$151,302.

Property	Sales Price	Ketcham Fee	HFA	Deposit
1506 Crown Ridge Road	\$ 8,100	\$ 1,500	\$ 6,600	5/10/2019
2997 Lilly Road	\$ 8,100	\$ 1,500	\$ 6,600	5/10/2019
4060 Morgan Road	\$ 7,000	\$ 1,500	\$ 5,500	5/10/2019
4037 Bishop Road	\$ 8,000	\$ 1,500	\$ 6,500	5/10/2019
4033 Bishop Road	\$ 8,000	\$ 1,500	\$ 6,500	5/10/2019
4043 Buster Road	\$ 8,000	\$ 1,500	\$ 6,500	5/10/2019
2575 Tiny Leaf Road	\$ 4,000	\$ 1,000	\$ 3,000	5/17/2019
1209 Southern Street	\$ 3,000	\$ -	\$ 3,000	5/17/2019
<b>TOTAL</b>	<b>\$ 54,200</b>	<b>\$ 10,000</b>	<b>\$ 44,200</b>	

3. Mitzi McGhin submitted an updated spreadsheet, which showed additional sales (revenues of \$61,337 to HFA will be received and booked in June):

Property	Sales Price	Ketcham Fee	HFA	Deposit
2993 Lilly Road	\$ 8,100	\$ 1,500	\$ 6,600	
4065 Morgan Road	\$ 7,000	\$ 123	\$ 6,878	6/5/2019
Lilly Road	\$ 7,000	\$ 123	\$ 6,878	
Craft Street	\$ 6,000	\$ 116	\$ 5,885	
3529 Sunburst Loop	\$ 4,000	\$ 102	\$ 3,898	
Moore Woods Rd	\$ 7,000	\$ 122	\$ 6,878	
Monday Road	\$ 15,000	\$ 179	\$ 14,822	6/5/2019
12513 Forest Acres Trail	\$ 9,500	\$ -	\$ 9,500	6/5/2019
<b>TOTAL</b>	<b>\$ 63,600</b>	<b>\$ 2,263</b>	<b>\$ 61,337</b>	

4. **Recommendation:** None.

**VI. FHFC Proposed Limited Development Status for Leon County—Action**

1. Limited Development Areas (LDA's) are counties or portions of counties where applications for SAIL and 9% Housing Credits are prohibited by FHFC--- due to their concern for a weak market.
2. FHFC has proposed that all of Leon County be designated as an LDA. The staff at FHFC have indicated that a local government preference deal would be exempt from the LDA designation, as would applications for 4% Housing Credits to be allocated in conjunction with a local bond deal.
3. In any case, staff analysis is that the occupancy data used by FHFC is faulty, and includes lease-up period figures as well as including developments where occupancy issues are related to management, physical condition, and/or location—not the market for affordable housing.
4. HFA staff met with City and County staff to initiate a comment or comments to FHFC on this issued.
5. **Recommendation:** Authorize the Chairman to sign a letter drafted by staff urging FHFC to drop the proposed designation of Leon County as an LDA>

**VII. Legal Update—Action**

1. The current Interlocal Agreement with the County requires HFA input on the use of DPA loan repayments on County DPA loans. As these are not HFA loans, the County has requested an amendment to remove this requirement. The amendment has been reviewed by Mark Mustian
2. **Recommendation:** Approve amendment to Interlocal Agreement with County.

**VIII. HFA DPA Loans—Informational**

1. In May, one old HFA DPA loan for \$4,950 paid in full. The HFA now has thirty-two outstanding loans totaling \$149,919.23. This is not booked as income, as it is a transfer from non-liquid asset to cash.
2. Recommendation: None.

**IX. Escambia HFA Single Family Program—Informational**

1. From 10-1-18 to 3-31-19, eighteen loans totaling \$2,344,826 were closed in Leon County. Only three of those loans closed in 2019.
2. A payment for 0.2% or \$4,689.65 has been received and appears in the May financials.
3. No DPA loans repaid—therefore there was no payment related to this item.
4. The HFA entered into a new agreement with Escambia HFA to govern payments under a bond issue. The payment was based upon the percentage of loans in the Escambia program originated in Leon County in the previous program—23.66%, with the HFA of Leon County receiving an equivalent fee as under the current MBS program. Escambia County HFA issued \$15 million of single-family bonds which generated a fee of \$7,096.57 (deposited, and will be booked in June).
5. **Recommendation:** None.

**X. Orange Avenue Redevelopment Project—Informational**

1. The Board directed the Administrator to invite a representative of the Orange Avenue Redevelopment Project to an HFA meeting to discuss financing opportunities.
2. Mr. Hendrickson met with Michael Parker (City of Tallahassee) to discuss the development and provided a pro forma of a bond deal for a similar public housing redevelopment. The City will be discussing the need for the utilization of bond financing with the developer.
3. **Recommendation:** None.

**XI. To-Do List—Informational**

To-Do Item	HFA	Admin	CAO	SL	NBN	Status	Completed
<b>March 2019</b>							
Board directed Administrator to invite a representative of the Orange Avenue Redevelopment effort to an HFA meeting to discuss financing opportunities		X				Met with City to communicate financing opportunities with HFA	Info to be sent to developer
Board directed Administrator to research Opportunity Zones and their potential benefit to MF bond developments/financings		X				Development specific and HFA cannot drive process. Developer needs to reach out to investors on deal specific basis.	Complete
<b>April 2019</b>							
The Board directed the Administrator to work with Mr. Lamy on a summary of TEFRA for the BOCC		X				TEFRA approved	Complete
<b>May 2019</b>							
The Board directed the Administrator to identify existing 9% Housing Credit deals that might be ready to recapitalize, and to let the owners know that the HFA is available for bond financing.		X				Developments identified; finding contact information for outreach	In Process
Administrator to contact Escambia HFA concerning timing of payments due to HFA of Leon County from SF bond issue		X				Contact complete; check received in June	Complete
Chairman Lewis to contact Tallahassee Housing Authority about use of HFA bonds on Orange Avenue Redevelopment Project	X						

**XII. State Legislative Update—Informational**

1. The 2019 legislative session began March 5 and is ended May 4.
2. The latest (March 2019) revenue estimate for doc stamp distributions into the Housing Trust Funds for FY 19-20 was \$331.96 million. Also available are monies in the trust fund that were neither swept nor appropriated, and some interest earning, bringing the total available for appropriation in FY 19-20 to approximately \$353 million.
3. Governor DeSantis released his proposed budget February 1 and including full funding for housing—using every penny in the trust funds for housing programs and sweeping no monies. The Senate also proposed full funding; however, the House proposed sweeping over 60% of the funds to General Revenue—and appropriating money only for Panhandle counties impacted by Hurricane Michael. The final result:

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET FY 19-20	FINAL BUDGET FY 18-19
FHFC: SAIL Line 2315	\$ 85,448,000	\$ 61,775,600	\$0	\$ 39,040,000	\$ 79,180,000
FHFC: SAIL Workforce Keys Line 2315	\$ 20,000,000	\$0	\$0	\$0	\$0
SHIP Line 2316	\$246,930,000	\$170,102,400	\$0	\$ 46,560,000	\$ 43,950,000
Hurricane Housing Recovery Program (SHIP-like program for Hurricane Michael disaster counties only) Line 2316A	\$0	\$ 90,000,000	\$ 49,450,000	\$ 65,000,000	\$ 0
Rental Recovery Loan Program (SAIL-like program (for Hurricane Michael disaster counties only) Line 2316 A	\$0	\$ 10,000,000	\$ 74,180,000	\$ 50,000,000	\$ 0
<b>TOTAL HOUSING</b>	<b>\$352,378,000</b>	<b>\$331,878,000</b>	<b>\$123,630,000</b>	<b>\$200,600,000</b>	<b>\$123,630,000</b>
SHTF SWEEP	\$0	\$0	\$ 60,000,000	\$ 10,000,000	\$ 54,600,000
LGHTF SWEEP	\$0	\$0	\$140,000,000	\$115,000,000	\$127,400,000
<b>TOTAL SWEEP</b>	<b>\$0</b>	<b>\$0</b>	<b>\$200,000,000</b>	<b>\$125,000,000</b>	<b>\$182,000,000</b>
Unallocated SHTF	\$0	\$ 600,000	\$ 7,358,000	\$ 300,000	\$2,600,000
Unallocated LGHTF	\$0	\$15,610,000	\$17,100,000	\$7,060,000	\$5,850,000

**Proviso/Back of the Bill for FHFC:**

- 10% of SAIL for competitive grant for housing for persons with developmental disabilities
- \$8 million from SAIL for Jacksonville Urban Core Workforce Housing Program (Senate Form 2071)
- \$500,000 from SHIP for Catalyst Training
- \$1 million from SHIP for grants to nonprofit organizations that build, modify, maintain, transfer & enhance home to and for Florida veterans (at least 15 homes)
- HHRP funds may be spent on (including, not limited to) repair and replacement of housing; assistance to homeowners to pay insurance deductibles; repair, replacement and relocation assistance for manufactured homes; acquisition of building materials for home repair and construction; housing re-entry assistance, such as security deposit utility deposits, and temporary storage of household furnishings; foreclosure eviction prevention, including monthly rental assistance for a limited period of time; or strategies in the approve local housing assistance plans.
- HHRP distribution by FEMA damage assessment data and population.

<b>Additional Homeless Funding</b>				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$3,181,500 Senate	346	GR	DCF
Federal Emergency Shelter Grant Program	\$7,803,393	347	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants—note specific projects funded from this listed below	\$4,490,800 Senate	348	GR	DCF
Homeless Veterans Housing Assistance Brevard County	\$150,000	348 Senate Form 1535	GR	DCF
CESC, Inc. Homeless Services	\$1,000,000	348 Senate Form 1996	GR	DCF
The Transition House Homeless Veterans Program	\$200,000 Senate	348 Senate Form 1369	GR	DCF
Citrus Health Safe Haven for Homeless Youth	\$140,800	348 Senate Form 2136	GR	DCF
CASL Renaissance Manor Independent Supportive Housing (Lee County)	\$500,000	373 Senate Form 1342	GR	DCF
Housing First for Persons with Mental Illness (Miami-Dade County)	\$100,000	373 Senate Form 1925	GR	DCF
Five Star Veterans Center Homeless Housing & Reintegration	\$250,000	575A Senate Form 1891	GR	Health
Homeless Collaborative of Broward County Rapid Rehousing	\$250,000	2307A Senate Form 1063	GR	DEO

<b>Other Projects</b>				
Item	Amount	Line Item	Source	Agency
Facility Improvement for City-Owned Elderly Housing Properties- Hialeah	\$635,000	2307A HB 3745	GR	DEO
Casa Familia Village Pilot Program	\$300,000	2307A Senate Form 1605	GR	DEO
NeighborWorks Florida Collaborative Catalyst for Florida	\$250,000	2307A Senate Form 1189	GR	DEO



4. The SHIP distributions—at full funding—were calculated, and Leon County would have received \$3,510,107 (\$1,200,106 for the County and \$2,310,001 for the City of Tallahassee). **Under the House proposal, Leon County and the City of Tallahassee would have received \$0 for both SHIP and SAIL. In the end, the SHIP funding level is \$502,444, with \$171,786 to Leon County and \$330,658 to the City of Tallahassee**
5. The team is working to request Governor DeSantis to veto of the sweep. Multiple editorials have been written in support of a veto.
6. The analysis of all legislation that passed in ongoing. One particularly bad provision was removed (would have prohibited inclusionary zoning).
7. **Recommendations:** None