

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: June 17, 2021, HFA of Leon County Board Meeting  
Date: June 10, 2021

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

1. The May 2021 Financial Statement is attached. Total assets as of May 31, 2021, are \$1,456,418.56, with \$1,060,644.66 in cash (\$347,022.46 restricted for housing programs and \$25,000 offset by liability—good faith deposit).
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). As of March 28, 2021:
  - ✓ Total revenues from property sales: \$529,265.46
  - ✓ Emergency Repair expenditures since August 2016: \$170,080
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$347,022.46
3. An Expenditure Approval list and bank/SBA statements are attached.
4. The agreement with the Auditor was for a three-year period, which has expired. The HFA needs to initiate the process for Auditor selection, so that the Auditor is in place before October. Legal counsel has reviewed and their recommendation for process is below.
5. **Recommendations:** None
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list
  - Authorize the establishment of and select an audit committee as required by Section 218.391, Florida Statutes with respect to the solicitation of audit services for fiscal years 2021 through 2023 and authorize staff to prepare a draft RFP for audit services to be reviewed and approved by the audit committee at a separate meeting.

## **II. County Request for Funding in FY 21-22—Action**

1. The County submitted their funding request for FY 20-21, as follows:
  - Emergency Repair Program \$75,000 (\$25,000 increase)
  - 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, this is a good investment. The total is also within the required housing expenditures from land sales.

3. In conjunction with the increase in funding, County staff are requesting modifications to the Emergency Repair Program, to increase award levels (adjusting for cost increases) and expanding mobile home repair into City of Tallahassee (was unincorporated Leon County only).
4. **Recommendation:** Approve funding for County programs at levels requested by County.

### **III. Bond and Local Government Contribution Applications—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. The County has determined to let the City of Tallahassee designate the Orange Avenue deal as the only LGAOF deal for the upcoming FHFC 9% Housing Credit RFA. The HFA will not be asked to conduct a selection process for the County this year.
3. **Magnolia Senior** and **Magnolia Family II** received TEFRA approval on December 8. Both applied for SAIL funding from FHFC but did not win. Magnolia Family II was awarded 9% Housing Credits and will utilize that resource instead of bonds.
4. **Magnolia Family I** is moving through credit underwriting with an anticipated closing in late 2021. The developer anticipates final approvals at the September HFA meeting and a closing in December. **The developer has requested an increase in bond amount from \$15 million to \$18 million, due to increased construction costs the 50% test.**
5. Jason Breth from BMO provided this summary of the HFA’s bond allocation:
  - HFA has \$16.24 million in multi-family carryforward, available for any deal
  - HFA currently has \$17,000,000 in allocation for Magnolia Family II, which expires on June 24<sup>th</sup>.
  - HFA currently has \$8,713,220.13 in allocation for Magnolia Senior with an additional \$4,786,779.87 pending. The expiration date of the allocation for Magnolia Senior will be determined when the full request is filled.
  - HFA will rescind its allocation for Magnolia Family II upon the condition that there are no pending requests for allocation from an entity other than Leon HFA.
  - Upon rescission of the Magnolia Family II allocation, the Division of Bond Finance will fill the entire Magnolia Senior allocation. That allocation will expire 155 days from the date it is awarded, which will allow us to file a validation and request carryforward.
  - The Division will then fill the new Magnolia Family II allocation request with the \$12,713,220.13 remaining and \$4,286,779.87 will be added to the pending list. Depending on how much allocation becomes available in November and how much is on the pending list at that time will dictate if we get the remaining allocation.
5. **Recommendation:** Adopt amended Inducement Resolution for Magnolia Family prepared by bond counsel, increasing the bond amount to \$15 million, and authorizing new TEFRA hearing and request to BOCC for approval.

Name	Magnolia Family	Magnolia Senior	Magnolia Family II
Owner Entity*	Country Club Magnolia Family, LP	Country Club Magnolia Senior, LP	Country Club Magnolia Family II, LP
Developer/Location	New Affordable Housing Partners, LLC. Atlanta, Georgia Tallahassee Housing Economic Corporation, Tallahassee, FL	Columbia Residential Atlanta, Georgia Tallahassee Housing Authority Tallahassee, FL	Columbia Residential Atlanta, Georgia Tallahassee Housing Authority Tallahassee, FL
Street Address	Canton Circle, 150' SW of the intersection of Canton Circle & Country Club Drive	Sebring Ct., NE of intersection of Sebring & Country Club Drive	Country Club Dr., SW of intersection of Country Club & Putnam Drive
Type	New Construction	New Construction Garden	New Construction
Demographic	Family	Elderly	Family
County Commission District	District 1, Bill Proctor	District 1, Bill Proctor	District 1, Bill Proctor
Units	130	110	160
Bedrooms	252	125	320
# of Buildings	5 residential buildings	1 residential building	6 residential buildings
# of Stories	3	3 with elevator	3
Credit Underwriter	Seltzer Management	Seltzer Management	Seltzer Management
Estimated Closing Date	December 2021	November 2021	November 2021
Bond Request Permanent Loan Bond Amount	\$18,000,000 or \$138,462/unit \$7,000,000	\$13,500,000 or \$122,727/unit \$6,500,000	\$17,000,000 or \$106,250/unit \$11,500,000
SAIL & ELI Funding	\$6,211,577	\$6,600,000	\$6,600,000
Housing Credit Investor Housing Credits	TBD \$9,376,537	TBD \$8,266,414	TBD \$11,352,521
City Funding	\$1,650,000	\$2,000,000	\$2,000,000
TEFRA Approval	4-28-20 2-16-21	12-8-20	12-8-20
Total Cost	\$24,826,109	\$24,693,561	\$32,617,000
Total Cost Per Unit	\$190,971	\$224,487	\$203,856
Land Cost	\$0—Ground Lease from Tallahassee Housing Authority \$0//unit	\$0—Ground Lease from Tallahassee Housing Authority	\$0—Ground Lease from Tallahassee Housing Authority
Acquisition of Building Cost	NA	NA	NA
Hard Construction Cost	\$16,314,670 \$125,497/unit	\$16,630,000 \$151,182/unit	\$23,100,000 \$144,375/unit
General Contractor	TBD	TBD	TBD
Credit Enhancement	TBD	TBD	TBD
Set-Aside Period	50 years	50 years	50 years
Set-Aside Levels	10.0% (13 units) <33% AMI for 15 years, then 60% AMI 90.0% (117 units) <60% AMI	10.0% (11 units) <33% AMI for 15 years, then 60% AMI 90.0% (99 units) <60% AMI	10.0% (16 units) <33% AMI 70.0% (112 units) <60% AMI 20% (32 units) market rate

#### IV. Emergency Repair Program—Action

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 paid to the County for FY 20-21. 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 \$53,000 FY 19-20 allocation, \$36,259 was spent. The balance of \$16,741 was

carried forward to this FY, making total funds available FY 20-21 \$66,741. Of that, \$38,094.51 is encumbered (13 cases), with \$23,291.28 disbursed. County staff anticipate all funds being utilized prior to October 1.

3. County staff have requested modifications to the program, including increasing the basic repair limit from \$1,650 to \$2,000 and for elderly person and persons with special needs residing in mobile homes from \$7,500 to \$12,000. With SHIP funding coming, and hopefully stable, the Emergency Repair Program would have a greater focus on mobile home residents (SHIP has very limited capacity to serve persons living in mobile homes).
4. **Recommendation:** Approve proposed changes, subject to final review and approval by HFA legal counsel and Administrator.

#### **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. This fiscal year, 21 properties have been sold with \$104,084.30 received by the HFA.
2. Sales of seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. As of April 30, 2021, sales of 77 properties by Ketcham Realty have generated \$422,163.46 paid to the HFA. The total is \$529,265.46.
3. County real estate reports six additional properties sold, but funds not received by the HFA, (net to HFA of \$56,700).
4. A spreadsheet is attached.
5. **Recommendation:** None.

#### **VI. Legal Update—Informational**

1. HFA Counsel will report on their activities.
2. **Recommendation:** None.

#### **VII. Escambia HFA Single Family Program—Informational**

1. From 10-1-20 to 3-31-21, fifteen loans totaling \$2,142,062 were closed in Leon County, with a payment for 0.2% or \$4,284.12 received (will appear in the May financials).
2. Two DPA loans for \$14,825.88 repaid, with the 50% due to the HFA of Leon County equal to \$7,412.94 (which will appear in the May financials)
3. **Recommendation:** None.

**VIII. Financial Advisor/Administrator Contract—Action**

1. The contract with Financial Advisor/Administrator was for a three-year period ending October 1.
2. HFA counsel reviewed procurement procedures and the recommendation below has legal sign-off.
3. **Recommendation:** Authorize a new contract for Administrator/Financial Advisory services with The Hendrickson Company on substantially the same terms as the existing contract, with the final agreement to be presented for approval at the Authority’s subsequent meeting.

**IX. To-Do List—Informational**

To-Do Item	HFA	Admin	County	NGN	Status	Completed
<b>Meeting Date:</b>						
December 10, 2020						
Dr. Sharkey recommends HFA set up meetings with new County Commissioners Welch and Cummings	X				Not completed Mike Rogers met with BOCC at Housing Workshop	
<b>Meeting Date</b>						
None						

**X. State Legislative Update—Informational**

1. The legislature passed SB 2512 which permanently reduced the percent of doc stamps going to housing by more than 50%. It also prohibits sweeps of the housing trust funds after July 1, 2021.
2. The legislature then passed a budget which appropriated all of the money projected to come into the housing trust funds during FY 21-22—under the new distribution formula—which is \$209.2 million. They also swept all monies currently in the trust funds, a total of \$362.45 million.
3. **The Governor vetoed part of the sweep—the \$40 million from the State Housing Trust Fund, but left the sweep of the Local Government Housing Trust Fund in place.**
4. The estimated SHIP distribution to Leon County-Tallahassee for FY 21-22 is \$1,993,884, with \$1,322,344 to the City and \$671,540 to the County. This is a tremendous return on investment of the \$2,500 SEE contribution made by the HFA.
5. **Recommendations:** None.

## Appropriation of Housing Trust Fund Monies

	GOVERNOR FY 21-22	SENATE FY 21-22	HOUSE FY 21-22	FINAL BUDGET FY 21-22	FINAL BUDGET FY 20-21
<b>FHFC: SAIL &amp; other FHFC Line 2238</b>	\$126,700,000	\$62,500,000	\$62,500,000	\$62,500,000	\$115,000,000
<b>SHIP Line 2239</b>	\$296,600,000	\$146,700,000	\$146,700,000	\$146,700,000	\$225,000,000 <i>VETOED</i>
	\$0	\$0	\$0	\$0	\$30,000,000 <i>Hurricane Housing Recovery Program (SHIP-like program for Hurricane Michael disaster counties only) Line 2282A</i>
<b>TOTAL HOUSING</b>	<b>\$423,300,000</b>	<b>\$209,200,000</b>	<b>\$209,200,000</b>	<b>\$209,200,000</b>	<b>\$145,000,000</b>
<b>SHTF SWEEP</b>	\$0	\$38,600,000	\$25,000,000	<b>\$40,000,000 VETOED</b>	\$0
<b>LGHTF SWEEP</b>	\$225,000,000	\$254,400,000	\$273,490,000	\$322,450,000	\$0
<b>TOTAL SWEEP</b>	<b>\$225,000,000</b>	<b>\$293,000,000</b>	<b>\$298,490,000</b>	<b>\$362,450,000 \$322,450,000 after veto</b>	\$0
<b>Unallocated SHTF</b>	\$0	<b>TBD</b>	<b>TBD</b>	\$0	\$4,800,000
<b>Unallocated LGHTF</b>	\$0	<b>TBD</b>	<b>TBD</b>	\$0	\$12,200,000 + \$225 <i>million veto</i>

**Proviso/Back of the Bill:**

- \$563,600 from SHIP for Catalyst Training
- Sweep to take place by June 30, 2021

<b>Additional Homeless Funding from General Revenue or DCF Trust Funds</b>				
Item	Amount	Line Item	Source	Agency
<b>Overall Homeless Programs</b>				
Challenge Grants- House	\$3,181,500	341	GR	DCF
Federal Emergency Shelter Grant Program	\$7,211,973	342	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies)	\$3,000,000	343	GR	DCF
<b>Project Specific Funding</b>				
Miami Bridge- Host Homes for Homeless Youth	\$100,000	310A	GR	DCF
Clara White Mission Homelessness Services	\$200,000 <b>VETOED</b>	345	GR	DCF
Connecting Everyone with	\$716,000	345	GR	DCF

Second Chances (CESC)- Homeless Services				
Miami-Dade County Homeless Trust- Housing First	\$562,000	345	HT	DCF
Miracles for Pasco Homeless Campus (Metropolitan Ministries)	\$5,000,000	356B	GR	DCF
Five Star Veterans Center Homeless Housing	\$250,000	567A	GR	Veteran's Affairs

<b>Other Projects Funded from General Revenue</b>				
Item	Amount	Line Item	Source	Agency
Zebra Coalition- Youth Transitional Housing	\$50,000 VETOED	345	GR	DCF
Zebra Coalition- Youth Transitional Housing- Orange County	\$700,000 VETOED	356A	GR	DCF
CASL Renaissance Manor- Independent Supportive Housing	\$1,250,000	367	GR	DCF
Affordable Housing for At- Risk/Foster Children & Senior Citizen	\$1,000,000	2236A	GR	DEO
Anchorage Children's Home Transition Living Housing- Bay	\$1,000,000	2236A	GR	DEO
Building Homes for Heroes	\$1,000,000	2236A	GR	DEO
Windley Key & Key Heights Affordable Housing Project	\$750,000	2236A	GR	DEO

## **XI. New Business—Action**

1. An unsolicited proposal was received from Bill Wilson of Graceful Solutions, requesting a \$100,000 line-of-credit to purchase land, with repayment at 0% interest and due upon sale of a home to be built on the land.
2. The HFA has a consistent policy to not fund direct solicitations for funding by specific private sector entities.
3. If the HFA is interested in pursuing a line-of-credit program for land purchase, an RFP should be issued. Staff has significant concerns about whether such a program would be an effective use of limited HFA resources and if it would lead to production of any significant amount of affordable housing.
4. **Recommendations:** If interested in the concept (which the Administrator does not recommend), direct Administrator and HFA Counsel to research and bring recommendations on whether such a program should be established and if so, the method for solicitation of vendors.