

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: September 15, 2022—HFA of Leon County Board Meeting  
Date: September 9, 2022

## **I. Financial Reports—Action**

1. The August 2022 Financial Statement is attached. Total assets as of August 31, 2022, are \$1,819,562.00, with \$1,474,334.43 in cash (\$345,190.71 restricted for housing programs and \$50,000 offset by liability—good faith deposits). NOTE: The Magnolia Family closing fees and return of good-faith deposit will be reflected on the September 30 statements.
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 July 31, 2022:
  - ✓ Total revenues from property sales: \$656,933.71
  - ✓ Emergency Repair expenditures since August 2016: \$295,080
  - ✓ 9/11 Day of Service: \$4,500
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$345,190.71
3. An Expenditure Approval list and bank/SBA statements are attached.
4. The Auditor (The Nichols Group) will begin their audit in October.
5. **Recommendations:** Approve Financial and Expenditure Reports.

## **II. Proposed Budget for FY 2022-2023—Action**

1. A proposed FY 22-23 budget is attached. It is based upon previous Board decisions related to funding County programs/activities, and upon projected income and expenses for other items.
2. The budget:
  - Continues Florida ALHFA Membership: Active Issuer (\$1,000) & Gold Conference Sponsor (2,500) and SEE Contribution (\$2,500)
  - Expenses with anticipated increases
  - Ridge Road Bond Closing
  - Reduction in Land Parcel Sales to FY 21-22 level
3. **Recommendation:** Approve proposed FY 2022-2023 budget.

### III. Bond Update & Local Government Contribution Application—Action

1. **Magnolia Family I** closed September 2, after numerous delays. The HFA received closing fees totaling \$54,500.
2. **Ridge Road** applied for bonds and has a preliminary SAIL commitment from FHFC. TEFRA approval was given on April 12. A community meeting was held. The deal is moving forward, and the developer has provided an update letter on the development approval process and timing. A bond closing is anticipated in February 2023.
3. The FHFC SAIL applications are due in late December. This is the time for a NOFA and Application for the local contribution for developments using HFA bonds with SAIL.
4. The City and County have asked the HFA to administer their application process for selecting a local preference (Local Government Area of Opportunity Funding or LGAOF) development for a 9% Housing Credit application to FHFC. The HFA would make a recommendation to the local governments who would make the ultimate funding decision.
5. **Recommendations:** (1) Approve NOFA and Application for local contribution for developments using HFA bonds and SAIL, and (2) Approve participation with City of Tallahassee and Leon County for LGAOF.

Name	Magnolia Family I	Ridge Road
Owner Entity*	Country Club Magnolia Family, LP	ECG Ridge Road, LP
Developer/Location	New Affordable Housing Partners, LLC. Atlanta, Georgia Tallahassee Housing Economic Corporation, Tallahassee, FL	Elmington Capital Group Nashville, Tennessee
Street Address	Canton Circle, 150' SW of the intersection of Canton Circle & Country Club Drive	Ridge Road WSW of intersection of Ridge Road & Ridge Haven Road
Type	New Construction	New Construction
Demographic	Family	Family
County Commission District	District 1, Bill Proctor	District 1, Bill Proctor
Units	130	250
Bedrooms	252	527
# of Buildings	5 residential buildings	5 garden + townhomes
# of Stories	3	3 in garden (200 units), 2 in townhomes (50 units)
Credit Underwriter	Seltzer Management	First Housing
Estimated Closing Date	9-2-22	February 2023
Bond Request	\$18,900,000 or \$145,3852/unit (originally \$18 million)	\$51,000,000 or \$204,000/unit
Permanent Loan Bond Amount	\$8,850,000	\$27,529,000
SAIL & ELI Funding & NHTF	\$7,324,577	\$9,800,000
Housing Credit Investor	RBC	TBD
Housing Credits	\$16,112,062 (originally 9,376,537)	\$32,089,428
City//County/HFA Funding	\$2,530,706	\$37,500
TEFRA Approval	4-28-20 9-14-21	4-12-22
Total Cost	\$37,751,370 (originally \$24,826,109)	\$76,918,676
Total Cost Per Unit	\$290,395 (originally \$190,971)	\$307,675
Land Cost	\$0—Ground Lease from Tallahassee Housing Authority \$0//unit	\$708,900
Acquisition of Building Cost	NA	NA
Hard Construction Cost	\$27,074,339 (originally \$16,314,670)	\$53,913,734

	\$208,264/unit (originally \$125,497/unit)	\$215,655/unit
General Contractor	Mad Dog Construction (Tallahassee)	TBD
Credit Enhancement	Freddie TEL/ Key Bank	TBD
Set-Aside Period	50 years	50 years
Set-Aside Levels	100%<60% AMI 62 Project-based vouchers FHFC will have 13 units at 33% AMI & 6 units at 22% AMI for 50 years	5.2% (13 units) <30% AMI 79.2% (198 units) <60% AMI 15.6% (39 units) < 70% AMI

#### **IV. 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. Individual repairs are limited to \$1,650 per home (\$7,500 for senior or persons with special needs that reside in mobile homes).
2. The total available for FY 21-22 is \$132,045 (\$125,000 new allocation and carryforward of \$7,045). To date, \$131,980.85 has been encumbered for 20 cases.
3. **Recommendation:** None.

#### **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. Four sales netting \$30,468.25 occurred this fiscal year.
2. Sales of seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. As of August 4, 2022, sales of 95 properties by Ketcham Realty have generated \$549,831.71 paid to the HFA. The total is \$656,933.71.
3. A spreadsheet is attached.
4. **Recommendation:** None.

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

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

#### **VII. Occupancy Reports (Quarterly)—Informational**

1. Lakes at San Marcos is 97% occupied, down 1% from last quarter. Magnolia Terrace is 100% occupied, up 1% in last quarter. Kenwood Place is 96%, down 4% from last quarter.
2. **Recommendation:** None.

**VIII. To-Do List—Informational**

To-Do Item	HFA	Admin	County	NGN	Status	Completed
<b>Meeting Date:</b>						
<b>January 13, 2022</b>						
The Board directed the Administrator to research the issue related to mobile home park residents that owned their mobile homes and were being displaced due to increased lot rents.		X			Not completed	
<b>April 26, 2022</b>						
Mr. Mustian to consult with County Attorney on requirement for public engagement in TEFRA process particularly as relates to potential Fair Housing violation, and report back to HFA				X	Potential fair housing violation. Cannot be implemented	Completed
HFA to invite County MWSBE representative to HFA meeting for presentation on program		X	X		Darryl Jones to attend November 10 HFA meeting	

**IX. State Legislative Update—Informational**

1. Work has begun for the 2023 Legislative Session. The P5 Group and Bascom Communications have been engaged.
2. **Estimated trust funds available for appropriation in 2023 are \$403 million.**
3. The current focus for 2022 is to work with leadership and candidates prior to November’s election—where all 120 House members and 40 Senators will be on the ballot.
4. SEE launched a housing email newsletter called State of Housing which is targeted to legislators and their staff. It highlights successes of SHIP and SAIL.
5. The Division of Bond Finance announced in December that they were changing their approach to carryforward allocation, and that they would no longer permit a validation to “toll” the December 29 date. However, those with allocations of \$50 million or greater may still toll the date and carryforward the bond allocation.
6. Senator Pruitt advises that we work on some type of legislative fix—but cautions that if the Division opposes our fix, it will not pass. This will require some threading of the needle.
7. **Recommendation:** None.

**X. New Business: Administrator Contract—Action**

1. The current contract has a fixed fee of \$25,000 for MF bond closings. The fee is paid by the developer at closing and has no financial cost to the HFA.
2. Recent experience has shown that the amount of work required for each deal is significantly higher than anticipated. Additionally, the fee for closings provides compensation for the Administrator/Financial Advisors that offsets pressure for an increase in the basic fixed fee paid by the HFA. However, the HFA does not have enough MF bond closings to move the entire fee to this approach (three closings in eight years).
3. Other financial advisors have bond closing fees that are significantly higher. A typical fee structure would involve a fee that is a percentage of the bond amount, with a minimum fee per deal.
4. The Financial Advisor/Administrator is proposing an amendment to the existing contract which would change the fee for multi-family bond closings from \$25,000 to 0.2% of the bonds issued, with a \$25,000 minimum.
5. Recommendation: Consider approval of amendment to contract related to fee structure.