

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: November 10, 2022—HFA of Leon County Board Meeting
Date: November 4, 2022

I. Financial Reports—Action

1. The October 31, 2022, Financial Statement is attached. Total assets as of October 31, 2022, are \$1,777,093.20, with \$1,436,865.63 in cash (\$268,690.71 restricted for housing programs and \$25,000 offset by liability—good faith deposits).
2. Net income for FY 21-22 was \$279,910.15. Net income for the one-month period of FY 22-23 is -\$67,504.34. This is due to the frontloading of program expenses (\$75,000 Emergency Repair Program funded in October).
3. 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 October 31, 2022:
 - ✓ Total revenues from property sales: \$656,933.71
 - ✓ Emergency Repair expenditures since August 2016: \$370,080
 - ✓ 9/11 Day of Service: \$6,000
 - ✓ CDBG rehab: \$12,163
 - ✓ Remaining Restricted Funds: \$268,690.71
4. An Expenditure Approval list and bank/SBA statements is attached.
5. The Auditor (The Nichols Group) has begun their work for FY 21-22..
6. **Recommendations:** Approve Financial and Expenditure Reports.

II. Bond Update & Local Government Contribution Application—Action

1. **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.
2. **Tallahassee Affordable Housing Portfolio:** This is the 470-unit acquisition/rehabilitation of three older student housing complexes that are being converted to affordable rentals. As of the October draw, the rehabilitation was 60% complete.

3. The FHFC SAIL applications are due in late December. A NOFA for local government support in conjunction with a Bonds-SAIL was issued with a due date of October 24. No applications were received.
4. The City and County 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 agreed and a NOFA was issued. No applications were received by the October 7 deadline, and the County and City requested that the application deadline be extended until October 31. An application was received for **Lakeside Flats**—details below. A full analysis is attached.
5. The owner of **Magnolia Terrace** has requested approval of a change of management company from RAM to Rainey Property Management. The change has been approved by the HFA’s servicer (Seltzer) and FHFC.
6. **Recommendations:** (1) **Lakeside Flats:** Recommend to County that they designate this development as their Local Government Area of Opportunity Funding (preference) development and provide required form(s) to FHFC, and (2) **Magnolia Terrace:** Approve requested change in property management company.

Name	Ridge Road	Lakeside Flats
Owner Entity*	ECG Ridge Road, LP	Citrus Gardens Apartments, LLC
Developer/Location	Elmington Capital Group Nashville, Tennessee	Archway Partners Orlando, Florida
Street Address	Ridge Road WSW of intersection of Ridge Road & Ridge Haven Road	2120 Mahan Drive
Type	New Construction	New Construction
Demographic	Family	Family
County Commission District	District 1, Bill Proctor	District 5, Kristin Dozier
Units	250	66
Bedrooms	535	96
# of Buildings	7 residential buildings (garden)	3 residential buildings (garden)
# of Stories	3	3
Credit Underwriter	First Housing	TBD
Estimated Closing Date	February 2023	December 2023
Bond Request Permanent Loan Bond Amount Private Placement	\$51,000,000 or \$204,000/unit \$21,976,000 R4 Private Placement	None
SAIL & ELI Funding & NHTF	\$9,800,000	\$9,800,000
Housing Credit Investor Housing Credits	US Bank \$34,213,105	TBD \$22,130,422
City//County/HFA Funding	\$37,500	\$460,000
TEFRA Approval	4-12-22	NA
Total Cost	\$77,492,223	\$22,130,422
Total Cost Per Unit	\$309,969	\$335,309
Land Cost	\$695,000	\$1,050,000
Acquisition of Building Cost	NA	NA
Hard Construction Cost	\$54,855,724 \$219,423/unit	\$13,770,205 \$208,639/unit
General Contractor	TBD	TBD
Credit Enhancement	TBD	NA
Set-Aside Period	50 years	Perpetuity

Set-Aside Levels	5.2% (13 units) <30% AMI 19.6% (49 units) < 50% AMI 40.0% (100 units) <60% AMI 35.2% (88 units) < 70% AMI	15.2% (10 units) <30% AMI 39.4% (26 units) < 60% AMI 45.5% (30 units) <70% AMI 35.2% (88 units) < 70% AMI
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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. 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 was \$132,045 (\$125,000 new allocation and carryforward of \$7,045). For the year, \$130,180.75 was encumbered for 20 cases, with \$12,000 of that encumbered but not spent. The remaining \$13,864.53 has been carried forward for use in FY 22-23 (\$75,000 new allocation plus \$13,864.53). Through October, the \$12,000 remains encumbered.
3. **Recommendation:** None.

IV. 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 October 10, 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.

V. Legal Update—Informational

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

VI. To-Do List—Informational

To-Do Item	HFA	Admin	County	NGN	Status	Completed
Meeting Date:						
January 13, 2022						
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	
April 26, 2022						
HFA to invite County MWSBE representative to HFA meeting for presentation on program		X	X		Darryl Jones to attend November 10 HFA meeting	Complete
September 15, 2022						
The Board requested an update on the status of the rehabilitation and occupancy of the Tallahassee Affordable Housing Portfolio		X			Update in November Packet	Complete

VII. 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 2021 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. This directly impacts the HFA of Leon County, as the Regional Bond Allocation for 2022 was only \$25.2 million. A request has been made to FHFC for additional bond allocation in 2023 so that the Ridge Road transaction can be financed by the HFA of Leon County. FHFC will either grant the request or issue the bonds for the development themselves.
7. 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.
8. **Recommendation:** None.

VIII. New Business: Administrator Contract—Action

1. The current contract has a scrivener's error, wherein the review fee paid to the Administrator is stated as \$3,000. In fact, the HFA has established the review fee as \$5,500 for review of bonds without SAIL applications and \$2,500 for bonds with SAIL applications (both reflected in the MF Handbook and NOFA's).
2. Per MSRB and SEC guidelines, the contract must correctly reflect all fees.
3. **Recommendation:** Consider approval of amendment to contract to correct MF review fees.

IX. New Business: Annual Report—Action

1. The HFA is required to submit an annual report to the BOCC. A draft report is attached.
2. **Recommendation:** Consider approval of Annual Report or provide edits/suggestions for new draft to be approved at December HFA meeting.