

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: February 9, 2023, HFA of Leon County Board Meeting
Date: February 3, 2023

I. Financial Reports—Action

1. The December 31, 2022, Financial Statement is attached. Total assets as of December 31, 2022, are \$1,782,494.29, with \$1,444,466.72 in cash (\$268,690.71 restricted for housing programs and \$25,000 offset by liability—good faith deposits).
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 January 31, 2023:
 - ✓ Total revenues from property sales: \$657,433.71
 - ✓ Emergency Repair expenditures since August 2016: \$370,080
 - ✓ 9/11 Day of Service: \$6,000
 - ✓ CDBG rehab: \$12,163
 - ✓ Remaining Restricted Funds: \$269,190.71
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendation:** Approve Financials and Expenditures

II. Bond Update & Local Government Contribution Application—Action

1. **Ridge Road** is scheduled to close February 22, 2023. The developer has requested issuance of bonds in an amount not to exceed the lesser of \$55 million or the amount approved by the credit underwriter. The credit underwriting is complete, and the deal is ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:
 - Approval of substantially final forms of Governmental Note documents including the Funding Loan Agreement, Borrower Loan Agreement, Construction Loan Servicing Agreement, Compliance Monitoring Agreement, Financial Monitoring Agreement, Land Use Restriction Agreement, and Assignment of Mortgage and Funding Loan Documents,
 - Approval of the final Credit Underwriting Report,
 - Authorization of the issuance of the Governmental Note (subject to the parameters in the Resolution),
 - Authorization of the private placement of the Governmental Note with Allianz Life Insurance Company of North America, or other designee of R4 Capital Funding LLC,

- Official appointment of RBC Capital Markets, LLC as Placement Agent in connection with the Governmental Note,
- Official appointment of First Housing Development Corporation, as compliance monitor, financial monitor, and construction/loan servicer,
- Official appointment of U.S. Bank Trust Company, National Association, N.A. as fiscal agent, and
- Authorization of appropriate Board members and members of the HFA to execute documents and take all other actions necessary and not inconsistent with the terms of the Resolution.

Two community meetings were held, a portion of the land is scheduled to be purchased by the Bethel CDC for homeownership, and the goal is for 20% of the subcontracted work to be done by vendors on the MWSBE database. The developer is reaching out to every vendor on the list.

The development will be mixed income, with units targeted to families at 30% AMI, 60% AMI, and 70% AMI. The families at 30% AMI will have project based rental assistance. For a family of four, the income limits are \$24,360 (30% AMI), \$48,720 (60% AMI), and \$56,840 (70% AMI)—all adjusted up or down based upon actual family size.

The development has met all the requirements of the HFA to move forward with final approvals.

2. 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. **Lakeside Flats** was recommended by the HFA for LGAOF designation by the County and applied to FHFC after the BOCC approved the contribution and LGAOF designation. This development did not “win” in the FHFC competition, due to a poor lottery number. Another transaction in Leon County was given an initial award of tax credits.
3. **Recommendations: Ridge Road:** Consider approval of Resolution prepared by bond counsel.

Name	Ridge Road
Owner Entity*	ECG Ridge Road, LP
Developer/Location	Elmington Capital Group Nashville, Tennessee
Street Address	Ridge Road WSW of intersection of Ridge Road & Ridge Haven Road
Type	New Construction
Demographic	Family
County Commission District	District 1, Bill Proctor
Units	250
Bedrooms	535
# of Buildings	7 residential buildings (garden); one includes clubhouse, leasing office & fitness center
# of Stories	3
Credit Underwriter	First Housing
Estimated Closing Date	February 2023
Bond Request	\$51,000,000 or \$204,000/unit
Permanent Loan Bond Amount	\$23,905,000
Private Placement	R4 Private Placement
SAIL & ELI Funding & NHTF	\$9,800,000
Housing Credit Investor	US Bank
Housing Credits	\$33,278,899
City//County/HFA Funding	\$37,500
TEFRA Approval	4-12-22
Total Cost	\$79,153,644
Total Cost Per Unit	\$316,615
Land Cost	\$695,000
Acquisition of Building Cost	NA
Hard Construction Cost	\$54,930,724 \$219,723/unit
General Contractor	Elmington Construction, LLC
Credit Enhancement	NA- Private Placement
Set-Aside Period	50 years
Set-Aside Levels	16.4% (41 units) <30% AMI 34.4% (86 units) <60% AMI 49.2% (123 units) < 70% 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. Individual repairs are limited to \$1,650 per home (\$7,500 for seniors 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 December, the \$12,000 remains encumbered.
3. New applications opened November 14, and several are in process.
4. **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 January 31, 2023, sales of 96 properties by Ketcham Realty have generated \$550,331.71 paid to the HFA. The total is \$656,933.71. This month, payments for four new sales will be received (\$32,500)—not included in totals until payment received.
3. A spreadsheet is attached.
4. **Recommendation:** None.

V. Legal Update—Informational

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

VI. Lakes at San Marcos—Bond Redemption & Subordination of LURA—Action

1. Lakes at San Marcos is a 312-unit development financed in 2005, with a minimum of 75% of the units affordable for a period of 50 years. The 50-year affordability period was (and is) a requirement of the HFA.
2. The owner is refinancing the development with a conventional loan (Fannie Mae) and paying off the bonds. However, the HFA's Land Use Restriction Agreement (LURA) will remain in effect. Without the HFA's policy, these units would now become market rate with whatever rents the market could bear.
3. The LURA will need to be subordinated to the rights of the new lender, except that the subordination excludes the sections of the LURA related to the affordability units/period and all indemnifications and the HFA retains the right to exercise remedies to enforce those provisions.
4. Bond counsel has prepared a Resolution approving the subordination of the LURA.
5. **Recommendation:** Consider approval of Resolution prepared by bond counsel.

VII. To-Do List—Informational

To-Do Item	HFA	Admin	County	NGN	Status	Completed
Meeting Date:						
April 26, 2022						
HFA to invite County MWSBE representative to HFA meeting for presentation on program		X	X		Darryl Jones scheduled to attend November 10 HFA meeting but did not appear	
November 10, 2022						
Chairman Sharkey stated that the HFA needed to brief new Commissioners on affordable housing and the HFA	X	X			Mr. Rogers and Mr. Hendrickson met with Commissioner O'Keefe; Mr. White and Mr. Hendrickson to meet with Commissioner Caban	In progress.

VIII. State Legislative Update—Informational

1. The Senate released their major housing bill on January 26. Sadowski Programs are fully funded (\$252 million for SHIP and \$109 for SAIL), \$150 million of doc stamps is added to Sadowski for 10 years (for SAIL), \$100 million of general revenue is appropriated for both Hometown Heroes and a CHIRP-like program to provide additional funds for deals in the SAIL pipeline. Total appropriations for housing: \$711 million.
2. The Governor released his proposed budget February 1, with full funding of all Sadowski Housing Trust Funds plus \$100 million of general revenue for housing.
3. The bill has multiple other housing provisions, programs, incentives—all of which are being analyzed (attached).
4. **Recommendation:** None.

	Available for Appropriation FY 23-24 (current law)	Governor FY 23-24	Senate FY 23-24	Final Budget FY 22-23
FHFC: SAIL & other FHFC	\$121,710,000	\$121,710,000	\$150,000,000 (recurring) \$109,000,000 (non-recurring)	\$28,250,000
SHIP	\$280,975,000	\$280,975,000	\$252,000,000	\$209,475,000
Hometown Heroes				\$100,000,000
TOTAL TF HOUSING	\$402,685,000	\$402,685,000	\$511,000,000	\$337,725,000
Hometown Heroes		\$100,000,000 (General Revenue)	\$100,000,000 (General Revenue)	
SAIL Pipeline Deals			\$100,000,000 (General Revenue)	
SAIL				\$25,000,000 (General Revenue)
Hurricane Recovery				\$150,000,000 (General Revenue)
TOTAL GR FOR HOUSING		\$100,000,000	\$200,000,000	\$175,000,000
TOTAL HOUSING		\$502,685,000	\$711,000,000	\$512,725,000

FY 23-24: Governor's Proviso:

- FHFC funds to be used for SAIL, with 20% of units for person with special needs and \$20 million for SAIL developments in the Florida Keys serving primarily moderate income persons
- \$100 million of non-recurring General Revenue for Hometown Heroes

FY 23-24: SB 102:

- \$100 million of non-recurring General Revenue for SAIL deals in pipeline (CHIRP-like), reverting to SAIL if not used for pipeline
- \$100 million of non-recurring General Revenue for Hometown Heroes
- 10-year redirection of doc stamps now going to GR redirected to SAIL, \$150 million/year

Additional Homeless Funding from General Revenue or DCF Trust Funds				
Item	Amount	Line Item	Source	Agency
Overall Homeless Programs				
Challenge Grants- Governor	\$15,000,657	350	GR	DCF
Housing Assistance Grants for Rapid Re-Housing- Governor	\$1,834,665	350		DCF
Federal Emergency Shelter Grant Program- Governor	\$7,211,973	351	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies)- Governor	\$5,205,056	352	GR	DCF
Project Specific Funding				

Other Projects Funded from General Revenue				
Item	Amount	Line Item	Source	Agency

IX. Conference Travel—Action

1. Board and staff travel to conferences requires pre-approval. The standard conferences for Board attendance are Florida ALHFA and the Florida Housing Coalition conferences.
2. As a reminder, the Executive Director handles registration for the conference and each Board member handles their hotel reservations and travel (and are reimbursed after the conference). When requested, travel advances can be processed.
3. **Recommendation:** Approve travel to Florida ALHFA and Florida Housing Coalition conferences for Board members.