

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: September 20, 2024, HFA of Leon County Board Meeting
Date: September 9, 2024

I. Financial Reports—Action

1. August 31, 2024, Financial Statement is attached. Total assets as of August 31, 2024, are \$2,528,307.27, with \$2,212,187.04 in cash (\$595,791.44 restricted for housing programs), and \$50,000 in liabilities (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 September 3, 2024:
 - ✓ Total revenues from property sales: \$1,068,034.44 (through 8-13-24)
 - ✓ Emergency Repair expenditures since August 2016: \$445,080
 - ✓ 9/11 Day of Service: \$9,000
 - ✓ Home Expo: \$6,000
 - ✓ CDBG rehab: \$12,163
 - ✓ Remaining Restricted Funds: \$595,791.44
3. An Expenditure Approval list and bank/SBA statements are attached.
4. The audit for FY 23-24 will begin soon. The Nichols Group fee is unchanged for this year at \$11,500.
5. The current system for expenditure approvals which requires every expenditure to come to the full Board for approval does not work and can needlessly delay payments of items within the budget. After consulting with our auditors, the Treasurer and Administrator propose the following new system:
 - All expenditures approved in writing by Treasurer and one other Board member
 - Approvals to be uploaded to QuickBooks Online system to be available for audit
 - Treasurer or Administrator authorized to make payments after approvals
 - Any expenditure outside of the budget or above budgeted amount must be brought to the full Board for approval
 - Monthly report of all expenditures to full Board
6. **Recommendations:** (1) Approve Financial Report and Expenditures, and (2) Approve new Expenditure Approval policies.

II. Proposed Budget for FY 2024-2025—Action

1. A proposed FY 24-25 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. The proposed budget is conservative in revenue estimates.
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
 - Lake Bradford closing and application fees
 - Revenue from existing bond developments
 - Reduction in Land Parcel Sales to level between FY 21-22 and FY 22-23 levels
3. The Board could consider increasing support of Florida ALHFA by increasing conference sponsorship to Platinum (\$5,000) and/or by increasing SEE contribution.
4. **Recommendation:** Approve proposed FY 2024-2025 budget.

III. Administrator/Financial Advisor Contract—Action

1. The current contract is for a three-year term ending September 30, 2024, with options for up to two 1-year renewals. The current compensation is \$54,000 for the Administrator, 0.2% of the bond amount (with a minimum fee of \$25,000) for financial advisory services (paid by developer, not the HFA), \$5,500 for review of bonds without SAIL application, \$2,500 for review of a bonds with SAIL application, and \$3,000 for any other multifamily review.
2. The 2021 contract established the Administrator Fee for both potential extensions at \$56,000 for October 1, 2024, through September 30, 2025, and \$58,000 for October 1, 2025, through September 30, 2026. Other fees remain the same.
3. **Recommendation:** Consider amendment to the current contract exercising the option for a one-year extension through September 30, 2025.

IV. Bond Update & Construction Reports—Action

1. Occupancy and Construction status reports will now be on a spreadsheet, attached.
2. The **Tallahassee Affordable Housing Portfolio (TAHP)** provided a Plan to remedy outstanding compliance issues. The progress is being monitored by bond counsel and staff. Compliance with required features and amenities as required by the LURA became an issue. The compliance monitor and counsel are following up with the owner as the issues have not been fully resolved. Updates:
 - Specifically, the ADA ramps are still in progress. Plans and specifications are currently with the City awaiting approval so this work can be completed.
 - Appliances are to be replaced in all units—at Bainbridge and High Road 100% have been replaced, with 90% replaced at the Ocala property.
 - There was a grace period for this student property to transition to income eligible

tenants. TAMP believes this has been achieved. The Compliance Monitor will provide a report in October

- A request was previously made for a waiver of the requirement for double compartment sinks. The properties were all existing and there is not adequate space for this replacement.
- In addition, the owner changed management of properties without Board Approval. This apparently was needed due to lack of management by the previous management company.

3. **Lake Bradford** has an award for SAIL funds and TEFRA approval was given by the BOCC on October 10. The closing is scheduled for December; therefore, a new TEFRA approval by the BOCC will be required. It is scheduled for October 8, 2024. The developer has submitted the following notices of changes (see letter for details). These changes will be part of the credit underwriting report:

- Add Tallahassee Housing Authority as co-owner and co-developer
- Make minor adjustments to ownership structure of Elmington entity
- Increase number of units from 156 to 158
- Increase the number of 60% AMI units by two
- Increase the number of bathrooms in all 92 two-bedroom units from one to two

4. **Ridge Road:** The owner is making minor changes to the ownership entity, replacing some natural persons with trusts. This has no impact on the financing or the guaranties to the HFA and does not require Board approval.

5. **Recommendations: Tallahassee Affordable Portfolio:** (1) Approve the requested waiver for double compartment sinks, and (2) Approve the change of management company to Stonemark, effective February 2024.

	Lake Bradford
Developer/ Location	Elmington Capital Group & Tallahassee Housing Authority Nashville, TN & Tallahassee, FL
Development Location	1131 & 1139 Kissimmee Street City of Tallahassee
County Commission District	Bill Proctor
Type	New Construction Mid-Rise 4-story with elevator
Demographic	Family
HFA Bond Request	\$35,000,000
TEFRA Hearing	9-25-23/8-26-24
TEFRA Approval	10-10-23/10-8-24
Credit Enhancement	Private Placement to R4
Credit Underwriter	Seltzer
Closing Date	12-11-24
Units	158
Permanent 1st Mortgage Estimate	\$16,979,000
SAIL & ELI (FHFC)	\$7,146,000
City of Tallahassee Loan	\$1,000,000
HFA Loan Request	\$57,000

Housing Credits	R4 \$21,454,332 \$135,787/unit
TDC	\$56,190,457
TDC per unit	\$355,636
Land Cost	\$2,300,000 or 14,557/unit
Hard Construction Cost	\$35,291,359 \$223,363/unit
Set Aside Period	50 years
Set Aside Levels	9.5% (15 units) < 80% AMI 55.1% (87 units) < 70% AMI 10.8% (17 units) < 60% AMI 24.7% (39 units) < 30% AMI

V. Emergency Repair Program—Informational

1. The HFA funds an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County’s SHIP Program. The program was amended in March 2024, and the current limits are:
 - Maximum award \$3,000 for regular homeowners
 - Maximum award \$15,000 for elderly or persons with special needs
2. The FY 23-24 new funding is \$75,000, with \$6,350 carried forward, making the balance available for FY 23-24 \$81,350. The application period opened in December, with seven households (\$78,459.08) encumbered.
3. **Recommendation:** None.

VI. 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. Fourteen sales have occurred in FY 23-24, with \$156,575.49 received.
2. To date, sales of 142 properties (by the Real Estate Division, Ketcham Realty and Hamilton Realty) generated total revenues to the HFA \$1,068,034.44.
3. A spreadsheet is attached.
4. There are two properties under contract, with net proceeds to the HFA of \$16,400 if the sales close.
5. **Recommendation:** None.

VII. Legal Update—Informational

1. Bond and General Counsel will present any updates.
2. **Recommendations:** None.

VIII. To-Do List—Informational

To-Do Item	HFA	Admin	County	BMO	Status	Completed
Meeting Date:						
August 24, 2023						
Board requested update on Tallahassee Affordable Housing Portfolio non-compliance issues		X		X	Ongoing	
December 8, 2023						
Board discussed how the HFA could work in alignment with MWSBE goals. Ms. Henry and Ms. Milon volunteered to work with Mr. Hendrickson on the issue with the goal of bringing specific recommendations to changes in the HFA process to a future HFA meeting.	X	X			Work not completed	
April 18, 2024						
Board requested that staff prepare a list of potential program options with a budget of approximately \$100,000 per year, and that they distribute a capital stack example from FHFC homeless deals		X			In progress	
Dr. Sharkey asked that Ms. George, Mr. Lohbeck and he consider asking community partners to match a \$100,000 HFA investment	X				In progress	

IX. State Legislative Update—Informational

1. The 2024 session is complete. The budget includes full funding for housing. Work on the 2025 session has begun.
2. Beginning in 2025, Leon County will be in a multi-county region with Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Gadsden, Liberty, Franklin, Wakulla, Jefferson, Madison, Taylor, Hamilton, Suwannee, Lafayette, Dixie, Columbia and Gilchrest counties. Only Escambia has an active HFA. The upside—the new Region would have a \$101.4 million allocation compared to the current \$28.4 million. The flip side—the HFA of Leon County would need to cooperate with the Escambia County HFA to make sure both receive a fair share of the regional allocation.

3. For FY 24-25, The House and Senate budgets would provide \$2,292,421 of SHIP funds for the community, with Tallahassee receiving \$1,533,400 and Leon County receiving \$759,021.

4. **Recommendation:** None.

X. New Requirements for Special Districts—Action

1. A new statute impacting Special Districts (the HFA is a dependent special district) became law on July 1, 2024.

189.0694 Special districts; performance measures and standards.—

(1) Beginning October 1, 2024, or by the end of the first full fiscal year after its creation, whichever is later, each special district must establish goals and objectives for each program and activity undertaken by the district, as well as performance measures and standards to determine if the district's goals and objectives are being achieved.

(2) By December 1 of each year thereafter, each special district must publish an annual report on the district's website describing:

(a) The goals and objectives achieved by the district, as well as the performance measures and standards used by the district to make this determination.

(b) Any goals or objectives the district failed to achieve.

History.—s. 7, ch. 2024-136.

2. A draft goals and objectives document will be brought to the meeting for review and consideration by the Board. If possible, the draft will be emailed 1-2 days prior to the meeting.

3. **Recommendation:** Consider approval of goals and objectives.