

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: April 11, 2019 Board Meeting  
Date: April 4, 2019

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

1. The March 2019 Financial Statement is attached. Net assets as of March 31, 2019 are \$1,145,931.50, with \$674,931.44 in cash (\$61,609.01 restricted).
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).
  - ✓ Total revenues from property sales: \$107,102
  - ✓ Emergency Repair expenditures since August 2016: \$33,329.99
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$61,609.01
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations:**
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Multi-Family Bond Application: Magnolia Terrace—Informational**

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received along with appropriate fees.
2. The financing is for the acquisition and rehabilitation of 108 unit Section 8 development built in 972 and located just east of Magnolia Drive and Golf Terrace. The financing sources are a first-mortgage and tax credit equity (no SAIL or local government funds).
3. The development was induced and will proceed through credit underwriting. A TEFRA hearing is scheduled for Monday, April 15. The request for TEFRA approval will be forwarded to the BOCC immediately thereafter—the TEFRA approval is needed to apply for bond allocation.
4. **Recommendation:** None.

| Name                         | Magnolia Terrace   |
|------------------------------|--|
| Owner Entity*                | LIH Magnolia Terrace, LP                                   |
| Developer/Location           | Levy Affiliated Holdings<br>Santa Monica, CA 90401         |
| Type                         | Acquisition and Rehabilitation<br>Garden                   |
| Street Address               | 509 East Magnolia Dr,<br>Tallahassee, FL 32301             |
| County Commission District   | District 1, Bill Proctor                                   |
| Units                        | 108  |
| Bedrooms                     | 232  |
| # of Buildings               | 17, 15 residential, 1 community room, and 1 office/laundry |
| # of Stories                 | 2  |
| Bond Request                 | \$13,000,000<br>\$120,370/unit                             |
| Total Cost                   | \$20,178,702   |
| Cost Per Unit                | \$186,840  |
| Land Cost                    | \$720,000<br>\$6,666/unit                                  |
| Acquisition of Building Cost | \$8,280,000<br>\$76,667/unit                               |
| Hard Construction Cost       | \$5,352,925<br>\$49,564/unit                               |
| General Contractor           | Wilshire Pacific Builders, LLC                             |
| Credit Enhancement           | TBD  |
| Set-Aside Period             | 30 years: HFA requires 50 years                            |
| Set-Aside Levels             | 40% of the 108 units <60AMI—Tax Credits 100% <60% 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. A total of \$30,000 was authorized for this program through September 30, 2018, with another \$30,000 committed for FY 18-19. 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 amount funded through August 2018 was \$30,000. Another \$11,250 was funded in September, which was an advance on the \$30,000 authorized for FY 18-19 (leaving \$18,750 available for remainder of fiscal year). Another \$16,251 has been expended or encumbered by the County—leaving a balance of \$2,499.
3. A new spreadsheet has been created for all repair costs incurred towards the \$30,000 authorized for this fiscal year. Due to its size, it will be emailed this month.
4. The County is adopting a formal Emergency Repair Policy (attached). There has not been a formal policy—and this puts the existing program’s procedures into a formal policy.
5. **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.
2. Sales of six properties generated total revenues to the HFA of \$82,802.
3. At the November HFA meeting, the Board committed up to \$6,000 for the payment of upfront fees required by Ketcham Realty (matching the County investment). The HFA also authorized working with the County to determine which properties warranted the payment of an upfront fee.
4. Ketcham presented a list of proposed prices for several properties. The County is moving forward with Ketcham to complete the listing agreements to market these properties on MLS.
5. We have been unable to get an update from the County Real Estate staff on the status of the process.
6. **Recommendation:** None.

**V. Legal Update—Informational**

1. There is no update required.
2. **Recommendation:** None.

**VI. Lakes at San Marcos Quarterly Occupancy Report—Informational**

1. The Board requested that the reports be shared quarterly. The latest report is attached.
2. The development is 94% occupied, up 2% this year.
3. **Recommendation:** None.

**VII. To-Do List—Informational**

| To-Do Item   | HFA | Admin | CAO | SL | NBN | Status                   | Completed |
|--|-----|-------|-----|----|-----|--------------------------|-----------|
| <b>Prior to October 2015 Meeting</b>   |     |       |     |    |     |                          |           |
| Set date for Stakeholders Meeting. At June 2018 meeting, staff directed to move forward with the concept                                 | X   |       |     |    |     | Administrator evaluating |           |
| <b>December 2016</b>   |     |       |     |    |     |                          |           |
| HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts. | X   |       |     |    |     | In progress              |           |
| <b>February 2018</b>   |     |       |     |    |     |                          |           |

|   |  |   |  |  |  |   |  |
|---|--|---|--|--|--|---|--|
| HFA DPA Loans: The Board requested that contact with borrowers that appeared to be in violation of agreement be contacted with report back to HFA Board in June |  | X |  |  |  | On hold   |  |
| <b>June 2018</b>  |  |   |  |  |  |   |  |
| Chairman Lewis directed the Administrator to invite lenders to the September HFA meeting  |  | X |  |  |  | Lenders indicated they would attend meeting when focused on increased loan volume |  |
| <b>January 2019</b>   |  |   |  |  |  |   |  |
| The Board requested that a full report on the contract and the operational plan for marketing the properties be presented to the HFA at the March meeting.      |  | X |  |  |  | Delayed   |  |
| <b>March 2019</b>   |  |   |  |  |  |   |  |
| Board directed Administrator to invite a representative of the Orange Avenue Redevelopment effort to an HFA meeting to discuss financing opportunities          |  | X |  |  |  | In process  |  |
| Board directed Administrator to research Opportunity Zones and their potential benefit to MF bond developments/financings                                       |  | X |  |  |  | In process  |  |
| Board directed Administrator to include a proposed final annual report in the April Board Packet, for Board review and approval                                 |  | X |  |  |  | In packet for approval  |  |

**VIII. HFA of Leon County Annual Report—Action**

1. The HFA is required to submit a report each year to the Board of County Commissioners. A draft report was distributed at the March HFA meeting, and Board members were to review and provide comments/edits so that the report could be approved at this meeting.
2. **Recommendation:** Approve HFA Annual Report for submission to BOCC.

**IX. State Legislative Update—Informational**

1. The 2019 legislative session began March 5 and is scheduled to end May 3.
2. The latest (March 2019) revenue estimate for doc stamp distributions into the Housing Trust Funds for FY 19-20 is \$331.96 million. Also available are monies in the trust fund that were neither swept nor appropriated, and some interest earning, bringing the total available for appropriation in FY 19-20 to approximately \$353 million.

3. Governor DeSantis released his proposed budget February 1 and including full funding for housing—using every penny in the trust funds for housing programs and sweeping no monies. The Senate also proposed full funding; however, the House proposed sweeping over 60% of the funds to General Revenue—and appropriating money only for Panhandle counties impacted by Hurricane Michael.

|   | GOVERNOR             | SENATE               | HOUSE                | FINAL BUDGET |
|---|----------------------|----------------------|----------------------|--------------|
| FHFC:<br>SAIL<br>Line 2315  | \$ 85,448,000        | \$ 61,775,600        | \$0                  |              |
| FHFC:<br>SAIL Workforce<br>Keys<br>Line 2315  | \$ 20,000,000        | \$0                  | \$0                  |              |
| SHIP<br>Line 2316   | \$246,930,000        | \$170,102,400        | \$0                  |              |
| Hurricane Housing<br>Recovery Program<br>(SHIP-like program<br>for Hurricane<br>Michael disaster<br>counties only)<br>Line 2316 House<br>Line 2316 A Senate | \$0                  | \$ 90,000,000        | \$ 49,450,000        |              |
| Rental Recovery<br>Loan Program (SAIL-<br>like program (for<br>Hurricane Michael<br>disaster counties<br>only)<br>Line 2315 House<br>Line 2316 A Senate     | \$0                  | \$ 10,000,000        | \$ 74,180,000        |              |
| <b>TOTAL HOUSING</b>  | <b>\$352,378,000</b> | <b>\$331,878,000</b> | <b>\$123,630,000</b> |              |
| SHTF SWEEP  | \$0                  | \$0                  | \$ 60,000,000        |              |
| LGHTF SWEEP   | \$0                  | \$0                  | \$140,000,000        |              |
| <b>TOTAL SWEEP</b>  | <b>\$0</b>           | <b>\$0</b>           | <b>\$200,000,000</b> |              |
| Unallocated SHTF  | \$0                  | \$ 600,000           | \$ 7,358,000         |              |
| Unallocated<br>LGHTF  | \$0                  | \$15,610,000         | \$17,100,000         |              |

**Proviso/Back of the Bill for FHFC:**

**Governor**

20% of SAIL for persons with special needs or the elderly

SHIP to prioritize funding to assist with hurricane housing recovery before routine and customary use of funds

\$500,000 from SHIP for Catalyst Training

**Senate**

10% of SAIL for competitive grant for housing for persons with developmental disabilities

\$90 million HHRP to Hurricane Michael counties based on FEMA damage assessments

\$10 million RRLP for Hurricane Michael counties

\$500,000 from SHIP for Catalyst

\$200,000 from SHIP to FHFC for Homeless Training

\$8 million from SHIP for Jacksonville Urban Core Workforce Housing Program

**House**

HHRP for Hurricane Michael counties based on needs assessment

RRLP for Hurricane Michael counties with funds distributed by SAIL-like process

4. The SHIP distributions—at full funding—have been calculated for FY 19-20. With all monies in the housing trust funds appropriated for housing, Leon County and the City of Tallahassee would receive a combined \$3,510,107 (County \$1,200,106, City of Tallahassee \$2,310,001). **Under the House proposal, Leon County and Tallahassee would likely receive \$0 for both SHIP and SAIL.**
5. Other housing bills have been filed or are in the works. Some may have good aspects, and some are simply bad concepts. We will be monitoring and working with legislators to move forward any good policy changes.
6. **Recommendations:** Meet with your legislators and ask Senators to hold strong to the Senate budget position of full funding and ask House members to accept the Senate budget on housing.