

# THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: August 22, 2019 Board Meeting  
Date: August 14, 2019

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

1. The July 2019 Financial Statement is attached. Net assets as of July 30, 2019 are \$1,228,322.22, with \$762,272.16 in cash (\$158,022 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: \$237,265
  - ✓ Emergency Repair expenditures since August 2016: \$67,080
  - ✓ CDBG rehab: \$12,163
  - ✓ Remaining Restricted Funds: \$158,022
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations: None**
  - Accept Financial Statements
  - Approve expenditures detailed on Expenditure Approval list.

## **II. Administrator Contract Extension—Action**

1. The Administrator's contract has an initial term of three years, ending September 30, 2019. The contract permits up to two one-year extensions.
2. The fee for the first extension period (October 1, 2019 to September 30, 2020) is \$45,500, up from current \$43,000.
3. **Recommendation:** Consider approval of one-year contract extension.

## **III. Audit Engagement Letter—Action**

1. The Audit RFP permitted an extension for two additional years after the FY 17-18 Audit.
2. The Auditor (The Nichols Group) has agreed to perform the FY 18-19 audit for the same (\$10,000) price as the previous audit.
3. **Recommendation:** Authorize the Chair to Execute the Engagement Letter with The Nichols Group to perform the FY 18-19 audit.

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

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received and approved to move through the HFA process. The development was induced and will proceed through credit underwriting. TEFRA approval was obtained on May 28, and the allocation has been received (\$13,000,000).
2. The financing team has begun work on the transaction.
3. **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                             |
| TEFRA Approval               | 5-28-19  |
| 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      |

**V. 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 \$45,000 has been 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. Of the FY 18-19 allocation, \$11,250 was funded in September and the remaining \$18,750 of the initial allocation in April. The additional \$15,000 was funded in July. As of July 31, only \$3,135.50 remained uncommitted.
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.
2. Sales of seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. Since May 2018, sales of 19 properties by Ketcham Realty has generated \$130,163 to the HFA. The new total is now \$237,265

| Property                 | Sales Price      | Ketcham Fee     | HFA              | Deposit   |
|--------------------------|------------------|-----------------|------------------|-----------|
| 1506 Crown Ridge Road    | \$8,100          | \$1,500         | \$6,600          | 5/10/2019 |
| 2997 Lilly Road          | \$8,100          | \$1,500         | \$6,600          | 5/10/2019 |
| 4060 Morgan Road         | \$7,000          | \$1,500         | \$5,500          | 5/10/2019 |
| 4037 Bishop Road         | \$8,000          | \$1,500         | \$6,500          | 5/10/2019 |
| 4033 Bishop Road         | \$8,000          | \$1,500         | \$6,500          | 5/10/2019 |
| 4043 Buster Road         | \$8,000          | \$1,500         | \$6,500          | 5/10/2019 |
| 2575 Tiny Leaf Road      | \$4,000          | \$1,000         | \$3,000          | 5/17/2019 |
| 1209 Southern Street     | \$3,000          | \$ -            | \$3,000          | 5/17/2019 |
| 4065 Morgan Road         | \$7,000          | \$123           | \$6,877          | 6/5/2019  |
| Monday Road              | \$15,000         | \$179           | \$14,821         | 6/5/2019  |
| 12513 Forest Acres Trail | \$9,500          | \$ -            | \$9,500          | 6/5/2019  |
| 2993 Lilly Road          | \$8,100          | \$1,500         | \$6,600          | 6/13/2019 |
| 714 Stafford Street      | \$15,000         | \$55            | \$14,945         | 6/28/2019 |
| 2123 Flipper Street      | \$4,000          | \$1,500         | \$2,500          | 7/26/2019 |
| Lilly Road               | \$7,000          | \$123           | \$6,877          | 7/26/2019 |
| Craft Street             | \$6,000          | \$116           | \$5,884          | 7/26/2019 |
| 3529 Sunburst Loop       | \$4,000          | \$102           | \$3,898          | 7/26/2019 |
| Moore Woods Rd           | \$7,000          | \$122           | \$6,878          | 7/26/2019 |
| 7322 Poplar Drive        | \$9,000          | \$1,817         | \$7,183          | 8/13/2019 |
| <b>TOTAL</b>             | <b>\$145,800</b> | <b>\$15,637</b> | <b>\$130,163</b> |           |

3. As of August 13, sales of five additional properties have closed, but the funds have not yet been received by the HFA:

|                   |                 |                |                 |  |
|-------------------|-----------------|----------------|-----------------|--|
| 1017 Dover Street | \$6,750         | \$905          | \$5,845         |  |
| Abraham Street    | \$6,750         | \$905          | \$5,845         |  |
| 1118 Clay Street  | \$6,750         | \$905          | \$5,845         |  |
| Calloway Street   | \$6,750         | \$905          | \$5,845         |  |
| Delaware Street   | \$6,000         | \$1,500        | \$4,500         |  |
| <b>TOTAL</b>      | <b>\$33,000</b> | <b>\$5,120</b> | <b>\$27,880</b> |  |

4. **Recommendation:** None.

## **VII. FHFC Proposed Limited Development Status for Leon County—Informational**

1. Limited Development Areas (LDA's) are counties or portions of counties where applications for SAIL and 9% Housing Credits are prohibited by FHFC--- due to their concern for a weak market.
2. FHFC has proposed that all of Leon County be designated as an LDA. The staff at FHFC have indicated that a local government preference deal would be exempt from the LDA designation, as would applications for 4% Housing Credits to be allocated in conjunction with a local bond deal.
3. In any case, staff analysis is that the occupancy data used by FHFC is faulty, and includes lease-up period figures as well as including developments where occupancy issues are related to management, physical condition, and/or location—not the market for affordable housing.
4. HFA staff met with City and County staff to initiate a comment or comments to FHFC on this issued.
5. **After comments by the HFA, City and County, FHFC withdrew its proposal to designate Leon County as an LDA.**
6. **Recommendation:** None.

## **VIII. Legal Update—Informational**

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

## **IX. Orange Avenue Redevelopment Project—Informational**

1. The Board directed the Administrator to invite a representative of the Orange Avenue Redevelopment Project to an HFA meeting to discuss financing opportunities.
2. Mr. Hendrickson met with Michael Parker (City of Tallahassee) to discuss the development and provided a pro forma of a bond deal for a similar public housing redevelopment. The City will be discussing the need for the utilization of bond financing with the developer.
3. Chairman Lewis and Mr. Hendrickson are meeting with representatives of the Tallahassee Housing Authority on August 16, and will report on that meeting.
4. **Recommendation:** None.

**X. 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 95% occupied, up 3% this year.
3. **Recommendation:** None.

**XI. To-Do List—Informational**

| To-Do Item  | HFA | Admin | CAO | SL | NBN | Status  | Completed  |
|---|-----|-------|-----|----|-----|---|------------|
| <b>March 2019</b>   |     |       |     |    |     |   |            |
| <b>May 2019</b>   |     |       |     |    |     |   |            |
| The Board directed the Administrator to identify existing 9% Housing Credit deals that might be ready to recapitalize, and to let the owners know that the HFA is available for bond financing. |     | X     |     |    |     | Developments identified; finding contact information for outreach | In Process |
| Chairman Lewis to contact Tallahassee Housing Authority about use of HFA bonds on Orange Avenue Redevelopment Project   | X   |       |     |    |     | Contact made through City and County staff                        | Complete   |
| <b>June 2019</b>  |     |       |     |    |     |   |            |
| The Board asked staff to determine why the Ketcham fee was lower on seven of the properties where payment had been received in June   |     | X     |     |    |     | Not completed   |            |

**XII. State Legislative Update—Informational**

1. The 2020 legislative session begins in January, with committee meetings beginning in September.
2. The focus will be on maintaining support for full funding from the Governor and Senate, and attempting to move the House to the same position.
3. The 2020 SEE contribution letter has been received from Florida ALHFA. The amount of the HFA's payment will be determined in September when the budget is considered.
4. The P5 Group and Bascom Communications will be retained. Two lobbying firms were dropped and will be replaced on an as-needed basis.
5. **Recommendations:** None.