



NeighborWorks®
HomeOwnership Center

To: Chairman Tom Lewis and the Members of the Housing Finance Authority of Leon County

From: Libby Lane, Executive Director, Tallahassee Lenders' Consortium (TLC)

Re: Loan Request to the Housing Finance Authority of Leon County

Date: Updated December 3, 2019 (Originally Submitted: November 5, 2019)

Purpose of this Request:

Leon County and the City of Tallahassee, after analyzing alternatives to ensure the availability of affordable housing in perpetuity, made the decision to pursue a joint Community Land Trust (CLT). The CLT is responsible for developing single- and multi-family homes to be held by the Trust in perpetuity. TLC was selected through a joint City/County competitive process to become Tallahassee and Leon County's CLT. TLC is requesting administrative funding for the CLT's start up expenses, until it is self-supporting, and requesting a construction line of credit to facilitate building single family homes.

Continued Organizational Efforts:

As part of TLC's application, TLC documented that we have the capacity to successfully operate a CLT and have received training through the Florida Housing Coalition on CLT's. Since receiving our CLT designation, TLC has:

- Entered into a contract with the Florida Housing Coalition to ensure the development of the CLT meets all legal requirements as well as to receive assistance in marketing, lender training, and developing specific client training modules.
- Been accepted as a participant in the Florida Community Land Trust Institute/Freddie Mac's CLT Training and Certification Program. A copy of our application for this program is attached which provides additional information on TLC and shows our recent history of developing affordable homes.

TLC's Request:

As stated in our CLT application, TLC does not have the resources to cover the costs to develop a new line of business of this magnitude. TLC will be making a funding request of the City of Tallahassee as well. We are

requesting the Housing Finance Authority of Leon County make the following loans to the Tallahassee Lenders' Consortium for CLT use only:

- Start-up administrative funding in a total amount of \$100,000 (\$25,000 for fiscal year 2019-2020; \$50,000 for fiscal year 2020-2021 and \$25,000 for fiscal year 2021-2022) with a zero percent loan, 20 year term, with payments to begin in 10 years, resulting in annual payments of \$10,000.
- A one percent construction line of credit of \$200,000, available immediately, to facilitate the construction of single family homes on land to be donated to the CLT by the County and sold to CLT-eligible low income families. This line of credit, in lieu of obtaining financing from one of TLC's member lenders will reduce the cost of the homes by about \$3,000*, which will be passed on to the new home owners. The land on which the homes are built will remain in the CLT for perpetuity. A 99-year ground lease will be executed between the CLT and the home owner. (*Assumption: bank loan of \$100,000; interest at Prime +1% plus bank fee of \$500 for 6 month construction term and 3 months of listing to sell versus 1 percent loan from Housing Finance Authority of Leon County.)

Note: TLC receives administrative funding from our 12 member lenders, including Wells Fargo, which is already factored into our regular TLC budget. We will continue to explore and request additional funding, but historically lenders in the panhandle have been unable to provide the level of funding needed to support the CLT as detailed in the attached budget. We received \$50k in administrative funding from NeighborWorks' America last year and this year. We will continue to explore funding options with NeighborWorks' America for future years.

Future Plans:

- Over the next two years, the CLT plans to build and rent a 20-unit multi-family town home complex consisting of two phases, 10 units per phase. Phase 1 will consist of five two-story clustered townhomes and five clustered single-story units. The townhouse project will be located within the Greater Frenchtown/Southside Community Redevelopment Area, which is made up of low-income communities targeted for concentrated redevelopment efforts, including neighborhood and housing improvements, with a focus on affordable housing.
- The CLT will receive developer fees and net operating income per the attached budget.
- This project will create a continuum of homeownership by functioning as an incubator to develop credit-worthy buyers via TLC's comprehensive array of services and provide a path to homeownership opportunities through the CLT.
- Our ultimate goal for the CLT to become self-supporting is the development of a larger multi-family complex, consisting of 90-120 units within three years, with the help of our for-profit developer partner, Nick Inamdar, Magellan Housing. We hope to partner with the Housing Finance Authority of Leon County in the sale of bonds for this development.

Budget:

Please see attached three year budget reflecting developer fees, net operating income for Phases 1 and 2 of the CLT's initial projects, and positive net revenue. The net revenue will be reinvested into future CLT projects and administrative expenses.

History of TLC:

TLC was established as a 501c(3) tax-exempt organization in 1993 when ten forward-thinking local financial institutions came together in partnership with Leon County and the City of Tallahassee to support a significant population of citizens who might be able to attain the American dream of home ownership with just a little added help and direction. To date, TLC has helped more than 5,600 low income and at-risk families purchase and maintain decent affordable homes. Through touching lives with care, we help families realize their dreams while helping them build an affordable future, and in the process, we help build stronger communities one family at a time. A deeply purpose-driven organization, TLC has a priority focus toward supporting families in low-wealth and underserved communities. Our work is designed to elevate the hope and dignity of many of our clients who not only experience limited financial resources but often are limited as well in their exposure to basic knowledge and understanding of debt, equity, credit and budgeting. Our process equips families to become long-term successful home owners.

TLC is a NeighborWorks' America Organization; a HUD-approved Housing Counseling Agency; a Community Development Organization; an Instrumentality of Local Government; and a State Licensed Mortgage Broker (NMLS#372580). We provide an array of services, including Home Buyer Education, Financial Literacy Education, Pre-purchase Counseling, Budgeting, Post-purchase Education; Down-Payment Assistance, Acquisition/Rehab/Re-sale of affordable homes; Owner Occupied Rehab; Neighborhood Revitalization; and Neighborhood Leadership Development. Recently, we have expanded our services to include Disaster Recovery Assistance and we are working on our first multi-family development consisting of 10 units. Additionally, TLC was selected this year as our community's Community Land Trust.

Capacity:

- Libby Lane, Executive Director, 30+ years experience in lending, affordable housing program development, management and evaluation.
- Gwen Lightfoot, 35+ years experience in affordable housing and 24 CRF Part 5. History of responsibility for all phases of rental housing development, financing, loan closing, construction, monitoring, site-management and compliance. Managed LIHTC, SHIP, HOME, SAIL, CDBG, DPA, Emergency Repair programs.
- Dona Rogers, Homeownership Specialist, 22 years experience in Section 8 Housing Choice Voucher Program, Housing Quality Standards, Inspections, Eligibility determinations.
- Len Hardy, Single Family Acquisition/Rehab Specialist, 3 years experience at TLC. Expert in CHDO rules, regulations and policy.
- Bill Goff, Single Family Consultant, 30+ years experience in construction, renovation, maintenance, facilities and project management for residential, multi-family, commercial and institutional projects.
- Bobby Tedder, Multi-Family Specialist, Licensed Realtor, Recent training in CLT from the Florida Housing Coalition and Multi-Family Development from NeighborWorks' America.
- Board's Development Committee: Greg Lane (Appraiser), Jack Kane (Lender), Brian Baggett (Lender).
- TLC's Advisory Committee: Karlus Henry (Developer)
- TLC's For-Profit Development Partner – Nick Inamdar, Principal, Magellan Housing. Magellan Housing has developed over 1,500 multi-family housing units with a cost basis in excess of \$350,000,000. Magellan has vast experience in partnering with not-for-profits, community groups, and faith-based groups to meet and exceed community objectives and benefits. Magellan incorporates advanced green building features, restoring and preserving historic sites, creating art in public places and maintaining the highest standards in architectural design, density, scope and scale.

Leon County Need:

Most of the new apartment complexes are targeted to either young professionals or to students. There are several recently built upscale apartment complexes in Tallahassee catering to young professionals and a multitude of recently built student housing on Tennessee Street and the Gaines Street area, all near campus. There is a need for more multi-family affordable housing in areas that are not geared toward students and not geared toward higher income earners. In other words, there is a need for basic housing in good condition that a person or family could occupy until they are ready to become homeowners. With enough support and the right property, TLC has the ability to purchase and renovate or build new multi-family housing in our area to meet the demand.

There is also an untapped market consisting of families currently renting who can not yet afford to purchase homes. Our focus will be to determine the demand of this market in order to plan our single family development within the CLT.

Thank you for your consideration,

Libby Lane
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