



HUMAN SERVICES AND COMMUNITY PARTNERSHIP

DATE: March 3, 2021

TO: Chair Marnie George and the Housing Finance Authority of Leon County

FROM: Shington Lamy, Director of Human Services and Community Partnerships
Matthew G. Wyman, Housing Services Manager

SUBJECT: County Staff Report for March 11, 2021

This County staff report is provided by the Leon County Division of Housing Services to the Housing Finance Authority of Leon County (HFA) for the March 11, 2021 HFA meeting. The report discusses the timeline for Board consideration to amend Resolution 17-02, the upcoming expiration of the Interlocal Agreement between Leon County Government and HFA, and payment structures for conveying parcels owned by Leon County Government to developers of affordable housing.

Timeline for Board Consideration to Amend Resolution 17-02

On February 7, 2017 the Board approved a request from the HFA to independently manage their administrative functions and policies, such as budget development, and procurement activities. The Board adopted Ordinance No. 17-02 and Resolution No. 17-02 amending the original Ordinance No. 80-39 to provide the HFA autonomy to approve its own budget, contracts, and policies. These duties had previously been managed by County staff since the Board created the HFA in 1980.

As amended in 2017, Resolution No. 17-02 requires the HFA to obtain Board of County Commissioner approval of the documents and the method of sale regarding any bonds to be issued and sold by the HFA. For example, the bond documents for the funding of the Magnolia Terrace project had to be presented to the Board for their approval after multiple credit underwritings and review by bond counsel prior to closing.

At the request of the HFA Administrator and Attorney, County staff expects an amending and superseding resolution to eliminate the requirement be presented to the Board of County Commissioners for approval at their May meeting.

Expiration of the Interlocal Agreement Between Leon County Government and HFA

On May 22, 2018, the Board approved a three-year Interlocal Agreement with the HFA that memorialized the continued partnership between the HFA and Leon County on the mutual commitment to affordable housing issues. County staff intends to work with the HFA Administrator to draft recommended revisions and updates to the existing agreement for review by the HFA at their April meeting. Staff expects the agreement to be presented to the Board of County Commissioners for approval at their May meeting.

Payment Structures for Conveying Parcels Owned by Leon County Government to Developers of Affordable Housing

Since the last HFA meeting HFA members requested the HFA Administrator to discuss with County staff the possibility of County owned parcels identified by the Board as suitable for affordable housing could be sold to builders with payment due when the house is sold.

The County Attorney's Office (CAO) indicates that although this type of transaction may be legally permissible, there are a number of factors to consider before proceeding. Under the current real estate program, county-owned parcels are sold on a cash basis. Under the proposal, if payment in full is not made by the developer at closing, the county would be at risk for nonpayment and would require a note and mortgage on the parcel as security. Given the value of the land, as a practical matter, the legal costs of preparing and enforcing such secured interests in the event of a default would typically far exceed the value of the note/mortgage. Also, the County cannot subordinate its mortgage, so the developer may have difficulties financing the project if the County maintains a first priority lien.

The Community Land Trust (CLT) as well as existing County and City programs may help to reduce or eliminate costs for developers. Interested developers may work with the Community Land Trust to build homes on land that was donated by the County and because of the significant benefit of ensuring homes are affordable in perpetuity, the CLT is the County's preferred method to convey County owned parcels but will continue to sell and donate parcels as well.

The County has a State Housing Initiative Partnership funded program to reduce the sale price to an income-eligible first-time homebuyer. The City of Tallahassee also has a program to provide developers financial assistance to build affordable housing. Developers can contact staff of the respective Housing Division to seek additional information to participate.