

THE HENDRICKSON COMPANY

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To: Leon County Housing Finance Authority Board of Directors
From: Mark Hendrickson, Financial Advisor
Subject: April 13, 2017 Board Meeting
Date: April 5, 2017

I. Financial Reports and Budget—Action

1. The Financial Statement for March 31, 2017 is attached. Net assets as of January 31, 2017 are \$1,724,005.95, with \$674,335.36 in cash (\$75,202 restricted).
2. The HFA Budget and Income/Expenditure detail is attached. For March, expenses exceeded income by \$9,312.45. Year-to-date, income has exceeded expenses by \$17,119.63.
3. The funds derived from the sale of lands are shown as restricted assets on the HFA's Balance Sheet.
4. **Recommendation:** Accept Financial Statement.

II. 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 has been authorized for this program. Individual repairs were limited to \$1,650 per home.
2. The total amount of repairs funded through March 2017 is \$11,549.97.
3. County staff conducted a "purge" of the waiting list, to determine if the persons still had need of repairs, or still lived at the residence. As a result, the waiting list was eliminated and persons who apply can immediately be processed for full repair funding.
4. The Board directed that this line item remain in the HFA's budget should the emergency repair program be needed.
5. **Recommendation:** None.

III. Real Estate—Informational

1. The Real Estate Division is working on disposing of properties as clear title is obtained. They are also obtaining appraised values.

2. At the request of the Real Estate Division, the HFA prioritized the properties (to avoid spending more money obtaining clear title than the property's value). Ms. McGhin has been asked to evaluate potential price reductions to induce sales.
3. Mitzi McGhin reports:
 - 114 Osceola Street: Sold 8-29-16 for \$34,100, with net revenue to the HFA of \$32,577.
 - 723 Frankie Lane Drive: Sold 12-1-16 for \$12,000, with net revenue to the HFA of \$11,300.
 - 278 Oakview Drive: Sold 1-5-17 for \$27,300, with net revenue to the HFA of \$26,525.
 - 2109 Holton Street: Sold 2-15-17 for \$6,500, with net revenue to the HFA of \$4,800.
 - Calloway Street Lot: Sold 3-30-17 for \$5,900, with net revenue to the HFA of \$5,200 (payment not received in time for this month's financials).
 - For sale signs placed on properties in Crown Ridge, with appraisals due December 2. Several inquiries have been received, but no interest shown after being given sales price.
4. Therefore, the total revenues to the HFA are \$80,402 (including the Calloway Street sale, which is not reflected on the HFA's financial statement).
5. The master spreadsheet has been emailed to Board Members.
6. **Recommendation:** None.

IV. Future Role of HFA—Action

1. On February 7, the BOCC passed amendments to the HFA's Ordinance, and an accompanying Resolution, that grant significant independence to the HFA.
2. The Finance Committee chaired by Mr. Gay met to begin planning for the transition. A detailed list of action items was discussed, with Mr. Gay providing recommendations on several items. The Action Plan is attached in the Board Packet.
3. The Committee asked Mr. Hendrickson to bring proposed amendments to the FA contract to the April HFA meeting for Board consideration. Knowles Randolph advised that the contract may be amended, upon consent of both parties. A copy of the contract with proposed amendments is attached. In summary, the amendments list the additional responsibilities under the contract, with a proposed fee adjustment of \$5,000 for the remainder of this fiscal year, and \$4,000 per year thereafter.
4. A general summary of the Action Plan:
 - HFA to adopt its own budget in September
 - HFA to establish checking account and investment account with SBA Prime Fund, for transfer of funds and responsibilities on October 1
 - Accounting system using QuickBooks online to be established
 - Proper financial controls to be established, using combination of Mr. Gay, the FA, and the Board
 - General administrative duties and developer/citizen inquiries to be handled by FA
 - General Counsel and FA to develop proposed procurement and travel policies

- Auditor to be hired in time to audit FY 17-18 HFA financials. RFQ to be designed after consultation with County on proper format for coordination with County audit.
 - “Evergreen” calendar to be established for action to make sure all functions performed when required
 - Need to establish HFA mailing address and system for retention of public records (and establish custodian of those records)
 - Finance Committee to meet again to evaluate all implementation recommendations
5. Some initial information on implementation:
- County Attorney advises that they cannot serve as mailing address/public records custodian for the HFA because they are not HFA counsel
 - Request has been made to Lamarr Kemp as to willingness of County to serve as mailing address for the HFA and to be custodian of public records—and any proposed cost. Other options are the FA and the General Counsel.
 - Inquiry made to Lamarr Kemp on whether County wishes to continue Emergency Repair Program. If yes, a contract will need to be drafted so that the HFA has audit protection for any payments made for the program (client eligibility, income or other certifications, selection of contractors, inspection of work, and payment process)'
6. **Recommendation:** Consider recommendations of Finance Committee and proposed amendments to FA contract.

V. Legal Update

1. The Board asked that a legal update be place on each agenda and FA memo.
2. **Recommendation:** None.

VI. Escambia Single Family—MCC's

1. The Escambia HFA is moving forward to add MCC's to the program. This is a major improvement, as borrowers will now receive an annual federal tax credit in addition to the mortgage and DPA.
2. **MCC Program: What Does it Mean to Home Buyer:** With an average loan of \$130,000 and a 4.375%/30 year mortgage, interest payments in Year 1 = \$5,645. With the 50% MCC rate that the HFA may choose, **the homebuyer would be able to claim a tax credit of the federal maximum of \$2,000 each year** (slightly declining after Year 9 as more of monthly payment is principal) until the home buyers sells or moves from the property. The MCC lowers net payments (monthly payments - \$2,000) to a level equivalent to a 2.1% mortgage rate.
3. **Recommendation:** Give conceptual approval to addition of MCC's.

VII. To-Do List—Informational

To-Do Item	HFA	FA	CAO	LK	LS	KR	Status	Completed
Prior to October 2015 Meeting								
Set date for Stakeholders Meeting	X						On hold	
October 2015								
Research if old payoffs of DPA loans came to HFA.		X			X		In process.	
December 2016								
HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts.	X						In progress	
February 2017								
The Board directed the Financial Advisor to list all items that would need to be addressed for the transition to HFA independence, using a bullet format, and putting items in priority order (no later than April meeting).		X					Initial list in Board Packet. Priorities to be recommended by April meeting.	Done
March 2017								
The Board directed Mr. Hendrickson to include the sales proceeds from donated (in addition to County surplus) land as restricted income		X					In Financial Statement	Done
The Board requested that an analysis of the remaining properties and the potential for price reductions be put on an HFA agenda							Request for update sent to Mitzi McGhin	
Board authorized the Chairman to send a letter to the County giving formal notification that the HFA intended to adopt its own budget for FY 17-18	X						Letter sent	Done
The Board requested that Mr. Hendrickson develop a proposed action plan for HFA activities and to submit proposed amendments to the FA contract		X					Proposed contract amendments in agenda packet	Done
The Board requested that the HFA's attorneys review the Financial Advisor contract to determine if it could be amended to include additional staff work						X	Review complete. General Counsel advises that contract can be amended with consent of both parties.	Done

VIII. State Legislative Update

1. Meetings have been held in with, the Governor's Chief of Staff, the House Speaker, the Appropriations Chair in the Senate, and key Appropriations Committee staff.
2. The Doc Stamp Revenue Estimate was updated in December, and shows that \$292.37 million of new money will be available for appropriation in FY 17-18. The division is \$204.88 million in the Local Government Housing Trust Fund (SHIP) and \$87.49 million in the State Housing Trust Fund (SAIL and other FHFC programs).
3. If full funding was approved, Leon County and Tallahassee would receive \$2,912,901 of SHIP funding (County \$987,765 and City \$1,925,136).

4. The House and Senate released their proposed budgets. The final housing appropriations will be decided in Conference Committee.

Appropriation of Housing Trust Fund Monies

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET
SAIL	\$ 10,000,000	In Proviso		
Housing for Developmentally Disabled		\$10,000,000 in recurring budget	\$10,000,000 in recurring budget	
FHFC Line 2225		\$27,500,000		
SHIP Line 2226	\$ 34,000,000	\$120,900,000	\$30,000,000	
Homeless		\$4,000,000 in recurring budget	\$4,000,000 in recurring budget	
Training		In proviso		
TOTAL HOUSING	\$ 44,000,000	\$162,400,000	\$44,000,000	
SHTF SWEEP	\$ 64,000,000	\$50,000,000	\$ 67,000,000	
LGHTF SWEEP	\$160,000,000	\$80,000,000	\$157,000,000	
TOTAL SWEEP Section 61 House & 71 Senate	\$224,000,000	\$130,000,000	\$224,000,000	
Unallocated SHTF	\$14,540,000	\$1,040,000	\$11,540,000	
Unallocated LGHTF	\$13,360,000	\$2,460,000	\$16,360,000	

Senate Proviso/Back of the Bill for FHFC

\$10 million for person with developmental disabilities

Acknowledges that \$111.0 million of Guarantee Fund monies to be spent on SAIL. This section 67 of budget is not required, as FHFC can expend this money without appropriation.

Requires at least 50% of funds to be spent on SAIL

\$40 million of SAIL/Guarantee Fund monies for Workforce Housing

\$100,000 for Affordable Housing Workgroup

Senate Proviso for SHIP

20% for Special Needs

Including the \$4 million in recurring, a total of \$5 million for the homeless through DCF

\$200,000 for DEO homeless training

\$500,000 for Catalyst

\$75,000 to Florida Supportive Housing Coalition for Special Needs and Homeless Training

House Back of the Bill for SAIL

\$75.25 million of SAIL funding from Guarantee Fund (Section 55)

House Proviso for SHIP

Additional \$35.75 million of SHIP funding from Guarantee Fund (Section 55)
 \$200,000 for DEO homeless training

Additional Homeless Funding				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$5,000,000 Senate \$3,800,000 House	342	Grants & Donations TF— comes from SHIP	DCF
Federal Emergency Shelter Grant Program	\$6,203,876 in both House & Senate	343	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$4,075,000 Senate \$2,840,800 House	344	GR	DCF
Homeless Housing Assistance Grants: Senate Proviso	\$100,000 from line 344 for Love in Action & Hope Homeless Shelter			DCF
Homeless Housing Assistance Grants: Senate Proviso	\$500,000 from line 344 for Comprehensive Emergency Services Center serving Leon, Franklin and Gadsden Counties			DCF
Homeless Housing Assistance Grants: House Proviso	\$140,800 from line item 344 for Citrus Health Network Safe Haven\ for Homeless Youth			
Pasco County Homeless Navigation Center: Senate Proviso	\$1,000,000	358A	GR	DCF
Rapid Rehousing Program: Senate Proviso	\$500,000	2224M	SEED	DEO
Tarpon Springs Hope Center: Senate Proviso	\$200,000	2224M	SEED	DEO
Tampa-Hillsborough Community Housing Solutions Center: Senate Proviso	\$1,000,000	2224M	SEED	DEO

Other Member Projects				
Item	Amount	Line Item	Source	Agency
Neighborworks Florida Collaborative: Senate Proviso	\$500,000	2224M	SEED	DEO
Building Homes for Heroes: Senate Proviso	\$1,000,000	2226L	SEED	DEO
Building Homes for Heroes: House Proviso	\$1,000,000	2224M	General Revenue	DEO

5. One-pager documents for each legislator have been created, showing statewide impact of full funding, SHIP funding for their county or counties, and with talking points. These are excellent pieces to use in meetings with legislators. They can be found at www.sadowskicoalition.com

6. Editorials have been written by the newspapers in Orlando, Ft. Lauderdale, Jacksonville, Bradenton, and Naples. A press conference calling for full funding was held on March 2, with excellent press coverage.
7. **Recommendation:** None.