

# THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301  
Telephone: 850-671-5601  
Fax: 850-671-5603

To: Housing Finance Authority of Leon County Board of Directors  
From: Mark Hendrickson, Administrator  
Subject: December 14, 2017 Board Meeting  
Date: December 7, 2017

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

1. The Financial Statement for November 30, 2017 is attached. Net assets as of November 30, 2017 are \$1,723,614.20, with \$716,111.57 in cash (\$73,899.04 restricted).
2. In October, a payment of \$7,937.62 was received from the Escambia County HFA for the semi-annual single-family participation fee.
3. In October, a payment of \$30,097.96 was received from the Escambia County HFA for the HFA of Leon County's 50% share of any DPA loan repayment (when DPA loan was financed with FHFC funds). This is not income (transfer from non-liquid mortgage asset to cash)—but does represent the addition of actual funds available for HFA activities.
4. All Emergency Repair expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
5. An Expenditure Approval list and bank/SBA statements are attached.
6. **Recommendations:**
  - Accept Financial Statement
  - Approve expenditures detailed on Expenditure Approval list.

## **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 are limited to \$1,650 per home.
2. The total amount of repairs funded through November 2017 is \$18,281.39, with another four homeowners in process (\$3,275). A total of \$8,443.61 remains uncommitted.
3. The County administration of this program, including eligibility and reporting requirements, are included in the proposed MOU.
4. **Recommendation:** None.

### **III. Request from County for Funding of Repairs—Action**

1. Attached is a request from the County for HFA funding of \$12,163 to match the County's investment of \$38,698 of CDBG funds for the rehabilitation of two residences.
2. The County provides the rehabilitation assistance in the form of a forgivable loan. If the repairs are over \$10,000, but less than \$20,000, the loan is forgiven 10% each year that the homeowner continues to live in the property. If the loan exceeds \$20,000, the loan is forgiven 5% each year that the homeowner continues to live in the property. In either case, the County places a lien on the property to be able to enforce any collection action.
3. Both of these homeowners had repair needs in excess of \$20,000, but canceled part of the rehabilitation to keep the amount under \$20,000—so that the lien would only be for 10 years. When DEO staff made a monitoring visit, DEO found that the County had to complete the repairs without increasing the term of the lien.
4. The County has completed the initial portion of the rehabilitation of both properties, and requests the \$12,163 necessary to complete the rehabilitation as required by DEO (flooring on one property and a deck on the other).
5. The County is beginning the process to amend its LHAP to prevent homebuyers from opting for lesser levels of repair to avoid the 20-year lien. Therefore, this request will provide HFA funding for required repairs and will assist the County with their DEO monitoring issue.
6. This use of funds is limited, and clearly is a permitted use for the proceeds from the land sales. The HFA would place a five-year lien on the properties (20% forgiven each year).
7. **Recommendation:** Approve request for County for \$12,163 for Housing Rehabilitation. This will also require a budget amendment, which would be noticed for the January 2018 HFA meeting, if the HFA approves the County's request.

### **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. 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. Chairman Rogers volunteered to work with Ms. McGhin to develop an advertisement for the properties for publication in the Tallahassee Democrat. He will present an update on the advertisement at the meeting.
3. Mitzi McGhin reports (no change for nine months):
  - 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.

- 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.
5. This month, Ms. McGhin reports that there are no new sales or interest in the properties.
6. **Recommendation:** None.

#### **V. Future Role of HFA—Action**

1. The County drafted a proposed MOU for HFA consideration in December, which addresses various items, including the Emergency Repair Program, record retention, mailing address, and website issues. General Counsel and the Administrator have worked to propose revisions to the MOU—primarily to add more detail to the agreement.
2. The proposed MOU is attached. This document has been reviewed and modified based upon comments from HFA General Counsel and Administrator. The document
  - Commits County to administer HFA programs at no cost
  - Establishes reporting and record retention system for Emergency Repair and other programs
  - Establishes process related to land parcels designated for affordable housing
  - Commits HFA to work with County on Annual Home Expo and 9/11 Day of Service (dollar amount of HFA commitment to be determined annually by the HFA)
  - County Housing Division to serve as mailing address for the HFA
  - MOU automatically renews each year for rolling three-year term, but can be terminated with notice by either party
3. The outstanding items for the transition
  - 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.
  - Travel and Procurement Policies to be adopted—see Legal Update
4. **Recommendation:** Consider approval of MOU with County.

#### **VI. Legal Update—Informational**

1. General Counsel (Nabors Giblin) has been working on the proposed MOU with the County, and researching the County's procurement and travel policies to analyze if they are appropriate for the HFA to adopt.
2. A copy of the County's Travel Policy will be distributed to the Board for review, before action is requested in January. In general, the Legal and Administrator analysis is that with a minor technical addition, the County Travel Policy should be adopted by the HFA.
3. General Counsel will have a proposed HFA Procurement Policy for the January meeting. It will be much more streamlined than the current County policy.
4. **Recommendation:** None.

**VII. Lakes at San Marcos Occupancy Report—Informational**

1. The HFA now receives the monthly occupancy reports for the Lakes at San Marcos. The Board requested that the reports be shared quarterly. The latest report is attached.
2. Lakes has a set-aside of 75% below 60% of area median income, and 25% market rate.
3. As is the case with most mixed-income developments, the market rate unit occupancy level trails the occupancy rate of the set-aside units (which have lower rents). The overall occupancy of Lakes at San Marcos is 93%, with 110% set-aside occupancy and 41% occupancy of the market rate units (meaning many “market rate” units are actually rented to lower income households).
4. **Recommendation:** None.

**VIII. Old DPA Loans—Informational**

1. Ms. Leigh has been working on this item. The work is voluminous, and a report will be made upon completion.
2. **Recommendation:** None.

**IX. 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	X					On hold	
<b>October 2015</b>							
Research if old payoffs of DPA loans came to HFA.		X		X		More research required.	
<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>March 2017</b>							
The Board requested that an analysis of the remaining properties and the potential for price reductions be put on an HFA agenda						Chairman Rogers working with Ms. McGhin on advertisement	
<b>June 2017</b>							
The Board directed the Administrator to inquire of the County what process was being used to decide who would be funded under the Emergency Repair Program, and to work to establish a system where homeowners that were assisted would receive a letter from the HFA related to their assistance	X			X		Process to be in MOU which will be drafted for HFA consideration in December	MOU on agenda

<b>October 2017</b>							
The Board requested checking account and SBA Prime statements be available at each Board meeting		X				Done	Available at meeting and emailed to Board
Board requested that Lakes at San Marcos occupancy reports be presented quarterly		X				Done	In Board Packet

**X. State Legislative Update**

1. In 2018, the legislature meets in January, rather than the regular March date.
2. The appropriation of the estimated \$314.08 million in the State and Local Housing Trust Funds in FY 2018-19 for Florida’s housing programs will create over 30,000 jobs and more than \$4 billion of positive economic impact in Florida.
3. The Governor released his budget recommendations, which include \$230.3 million for housing and a sweep of \$91.8 million from the housing trust funds to general revenue (note: total is \$322.1 because of inclusion of some unused funds from the current fiscal year). While an improvement from past recommendations, it is still disappointing that in the middle of an affordable housing crisis which has been acerbated by the hurricane and the influx of American refugees from Puerto Rico, the Governor still has not recommended full funding:

	<b>GOVERNOR</b>	<b>SENATE</b>	<b>HOUSE</b>	<b>FINAL BUDGET</b>
<b>Hurricane Recovery: SAIL Line 2224</b>	\$ 25,000,000			
<b>Hurricane Recovery: SHIP with limits Line 2224</b>	\$ 65,000,000			
<b>Hurricane Recovery: Farmworker Housing Line 2224</b>	\$ 10,000,000			
<b>FHFC: General Use Line 2225</b>	\$ 76,300,000			
<b>FHFC: SAIL Workforce Line 2225</b>	\$ 20,000,000			
<b>SHIP Line 2226</b>	\$ 34,000,000			
<b>TOTAL HOUSING</b>	<b>\$230,300,000</b>			
<b>SHTF SWEEP</b>	\$0			
<b>LGHTF SWEEP</b>	\$ 91,800,000			
<b>TOTAL SWEEP</b>	<b>\$ 91,800,000</b>			
<b>Unallocated SHTF</b>	<b>\$0</b>			
<b>Unallocated LGHTF</b>	<b>\$0</b>			

4. Senator Passidomo (R-Naples) and Representative Shaw (D-Tampa) have filed bills (SB 874 and HB 191) which would prohibit use of monies in the Housing Trust Funds for non-housing activities. While researching the issue, an alternative method of prohibiting the sweeps was found, and Senator Passidomo's bill (attached) contains this improved approach (includes State and Local Housing Trust Funds in list of trust funds where sweeps are not permitted). While we hope this legislation can move forward, its major purpose is to draw attention to the issue of housing funding and increase pressure in the appropriations process.
5. A press conference was held with Senator Passidomo, Representative Shaw, other legislators, and the Sadowski Coalition—which generated press coverage of the issue of the need for full housing funding.
6. Legislation has also been filed which would grant tax exemption to all local HFA notes and mortgages, not just those associated with bond issues. The legislation is sponsored by Senator Perry (R-Gainesville)—SB 730, and by Representative Hahnfeldt (R-The Villages)—HB 607. This will be an uphill battle, as we will need to get the legislation included in the large tax package (individual tax exemption bills will not pass—but you must be heard in at least one committee to be eligible to be amended onto the larger tax bill later in the session).
7. **Recommendation:** Report on legislative meetings.

#### **XI. Federal Legislative Update—Informational**

1. The US House has passed its version of a tax bill, which includes elimination of all private activity bonds. Housing bonds would be eliminated if this bill becomes law in its current form—meaning that no tax-exempt housing bonds or mortgage credit certificates would be permitted after December 31, 2017.
2. The US Senate's version of the tax bill does NOT include elimination of private activity bonds.
3. We are working with NALHFA and in a coalition with New York, California and Texas housing advocates to push for the preservation of housing bonds. This effort has generated coverage in the Wall Street Journal, USA Today, CNBC, Bloomberg News and other national media outlets. Attached is an Op-Ed piece published November 16 in the Orlando Sentinel, and editorials have been written in the Sarasota and Jacksonville newspapers.
8. **Recommendation:** Contact Senators Rubio and Nelson to urge them to advocate for the Senate's position on private activity bonds when the tax bill goes to conference.

#### **Annual Election of Officers—Action**

1. The HFA's bylaws call for the annual election of officers at any regularly scheduled meeting. The bylaws call for this to be the last item on the agenda. The Chair is limited to two consecutive terms—therefore, Mr. Rogers is not eligible for re-election to the Chair.
2. The term of the officers will be calendar year 2018. In addition to the Chair, the other officers are Vice-Chair, Secretary and Treasurer.
3. **Recommendation:** Elect officers.