THE HENDRICKSON COMPANY

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Mr. Trey Price
Executive Director
Florida Housing Finance Corporation
227 North Bronough, Suite 5000
Tallahassee, Florida 32301

Re: Proximity Scoring—Penalty for Being Near Deal on “Proximity List”

Dear Mr. Price:

Thank you for the opportunity to comment on the Local Government Area of Opportunity Funding system within the FHFC scoring system for 9% Housing Credits.

Many years ago, FHFC instituted as part of Proximity Scoring, a penalty for being within a certain distance of a deal that was selected in a past cycle to receive FHFC funding, but was not yet built and stabilized. This concept had its origins in an era when 200-300 unit developments were the norm and the market was relatively soft. In that era, lease-up was a year-long event—it is now largely complete before units are even built.

FHFC recognizes that the market is extremely tight throughout the State. This is evidenced by the elimination of LDA status for the entire State except Hamilton County.

FHFC has also limited resources to individual deals so that a more typical transaction is no larger than 120 units (and most are smaller).

The reasons that the penalty was instituted no longer exist.

To exacerbate the problem this causes, the 2.0 mile radius is massive when dropped into an urban area. It establishes a “no fly” zone for new deals in market areas that have nothing to do with the development that triggers the penalty.

A few examples:

1. A deal funded in Frenchtown in Tallahassee eliminates non-elderly housing deals in the Gaines Street and Orange Avenue areas of Tallahassee
2. The West River redevelopment in Tampa eliminates all housing deals in downtown Tampa
3. The Houston Street Manor elderly deal in Jacksonville, which was funded three RFA’s in the past and is still not built, continues to eliminate elderly deals in downtown Jacksonville.

These are just a few examples of the problem. Please use the new mapping software that FHFC has posted online, and it will draw the 2.0 mile exclusion zones for the user. You will see that one small deal can destroy the ability to provide housing where it is most needed.

In summary:

First, the concept is outdated and should be eliminated from scoring. It is a “solution” in search of a problem.

Second, it encourages developers to go to inferior sites simply because they are remote and out of the dead zone. It also encourages deals to use a demographic that is not best suited for the site—a site that is excellent for families may be C- level for elderly—but the developer will turn in in as elderly if another family deal is within 2 miles.

Last, if FHFC does not accept that premise, the radius should be reduced to 0.5 miles.

I look forward to discussing this with you.

Sincerely,

Mark Hendrickson
President, The Hendrickson Company

cc: Ken Reecy
Kevin Tatreau