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July 2, 2018

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

Re: Comments on RFA 2018-112: Area of Opportunity Goal

Dear Mr. Price:

Thank you for the opportunity to comment on RFA 2018-112

Proposal to Overlay Goal of Funding Two Area of Opportunity Deals

FHFC is proposing to fund two Area of Opportunity deals “off the top”, with those deals using the County’s allocation if selected. Additionally, the proposal is to not count Local Government Area of Opportunity Funding (LGOAF) points in the calculation of which two Area of Opportunity deals are the “highest scoring”.

What will be the result of the FHFC proposal?

- No County, City or developer will know which two counties will be impacted by this new system.
- Therefore, developers will assume that every County could be impacted, and will flood the system with applications in all six counties to chase the best lottery number.
- Rational and public policy driven allocation of resources will be replaced by a lottery in two counties.
- By not counting the LGOAF points, if the local government selects its best deal in an Area of Opportunity, that deal will be competing for a lottery number against multiple developments with inferior public purpose.
- FHFC’s workload will be increased, as this will result in a lottery system which incentivizes submission of more applications. Litigation will also increase.
- A straightforward system, where all the players know the rules, will be replaced with a chaotic free-for-all.

The existing system, with Local Government Area of Opportunity Funding driving the selection process, is working well and has resulted in deals with a greater level of public purpose being selected. A lottery has been replaced with policy-based allocation of resources. Examples of the greater level of public purpose include set-asides in perpetuity, redevelopment of urban areas, additional ELI units, and additional unit and development features and resident programs. FHFC recognizes that this system is working—both by retaining it for the Large 6 County RFA and expanding the concept into the RFA for medium counties.

Areas of Opportunity are defined by arbitrary boundaries, with several developments receiving funding through the LGAOF process located just outside of Areas of Opportunity. All three of the Jacksonville deals are in LaVilla, a stone's throw from the Brooklyn Area of Opportunity. The deal selected by Hillsborough County which received funding is located 200 feet from an Area of Opportunity, and the one selected (but not funded) was in an Area of Opportunity (lost two-development lottery to excellent Tampa LGAOF deal).

Therefore, it is not a valid conclusion the LGAOF excludes Area of Opportunity deals. The existing process has resulted in funding of deals located so close to Areas of Opportunity so as to be a locational difference without a distinction.

In summary, the existing system is resulting in deals being funded in "good" locations, it has replaced a lottery with a policy driven allocation of resources, and has resulted in longer affordability periods, more ELI units, and greater benefits to the residents.

As to the redevelopment deals that have been funded—they are largely located in what will become Areas of Opportunity in the future. If FHFC waits until those neighborhoods receive the Area of Opportunity designation, the opportunity for affordable housing will largely have been lost.

Recommendation: Withdraw the proposal for the goal of two Area of Opportunity deals to be funded.

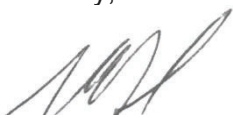
Therefore, in summary:

Do not implement the goal of funding two Area of Opportunity deals.

As has been stated by FHFC over time—all changes to the application should be viewed through a public policy lens. Does the change benefit the public? Does the change lead to policy-based allocation of precious public resources? To be direct, any change that leads back to allocation of resources by lottery should be viewed with a high level of skepticism.

Thank you for the opportunity to comment on the proposed scoring system. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in dark ink, appearing to be 'MH' or similar initials, written in a cursive style.

Mark Hendrickson
President, The Hendrickson Company