

JACKSONVILLE HOUSING FINANCE AUTHORITY



July 7, 2018

Mr. Trey Price
Executive Director
Florida Housing Finance Corporation
227 N. Bronough Street, Ste. 5000
Tallahassee FL 32301

Re: Local Government Areas of Opportunity Funding

Dear Trey:

Again, I want to thank Florida Housing for initiating the Qualified Local Government Funding Preference, expanded and refined as the Local Government Area of Opportunity Funding. The City of Jacksonville, the JHFA, and the Downtown Investment Authority successfully implemented this program in conjunction with RFA 2015-107, RFA 2016-113, and RFA 2017-113. As Chairman of the Jacksonville Housing Finance Authority, I strongly urge you to continue the current system for future Housing Credit RFA's.

What is the impact of the local preference system? Instead of a random lottery number determining funding, developments were funded that further the City's goal of providing affordable housing for persons working in the downtown area. Additionally, of those that proposed to provide such housing, the applicant that most efficiently utilized public resources was chosen over those with higher costs. In the last RFA, the development will have affordability in perpetuity.

The sites of the priority developments, two located at light rail stops, must be tied up now for affordable housing or the opportunity will be lost forever. Just last meeting, FHFC approved a modification which allowed a developer acquiring a property near downtown Jacksonville to virtually eliminate the affordability requirement—showing that property in the downtown area will continue to escalate in value and will price lower wage downtown workers out of the market.

In the 2015 Housing Credit cycle, the “winning” development, using the lottery system, is still under construction three years later and has costs that exceed \$294,000 per unit. The three deals selected through the local preference system have similar construction (concrete, mid-rise) yet have total development costs \$180,000, \$194,000, and \$213,711. What the lottery rewarded was a deal that costs \$100,000 per unit more than those selected by the City of Jacksonville and its HFA. At least two of the preference deals will be completed before the lottery selected deal from a years earlier.

The beauty of the local preference system is that each local government that chooses to participate in the process can bring different priorities to the award of tax credits. There is no way that FHFC could adopt a scoring system that would result in funding of deals that all met strong local priorities—that were very different within each community. Jacksonville focused on cost efficient housing for downtown workers, with the ability of those workers to use the light rail system to get to work, rather than having to drive. Hillsborough County focused on long term affordability and higher percentages of residents serving extremely low income residents. The cities of Tampa and Orlando focused on redevelopment. Only the Local Government Areas of Opportunity Funding could have resulted in deals this different all moving to the top of table for the award of Housing Credits by FHFC.

Now, FHFC is proposing to override the Local Government Area of Opportunity, by placing a higher priority on funding two Geographic Area of Opportunity deals. Why? The three deals funded through the local preference process are located a few blocks from a Geographic Area of Opportunity—and the LaVilla area will become a Geographic Area of Opportunity in the future. The concept is to fund affordable deals before the area becomes cost prohibitive, not to wait until the opportunity is lost.

The new system, as proposed, will be chaotic, and lead to confusion, more applications, and more litigation. FHFC would be well served by preserving the existing system, by dropping the two deal goal for Geographic Areas of Opportunity.

I refer you to Mark Hendrickson's comments submitted earlier for details on why the proposed system is fatally flawed.

I urge you to retain the current system. It has been a success and we look forward to being able to implement City goals in partnership with the development community and FHFC.

Thank you, and please contact me if you have further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Gulliford". The signature is stylized and written in a cursive-like font.

Tripp Gulliford, Chair
Jacksonville Housing Finance Authority