

July 16, 2018

Ms. Marisa Button
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

Re: Proposed Changes to RFA for Six Large Counties

Dear Marisa:

I am writing to request Florida Housing Finance Corporation not retreat from the Local Government Area of Opportunity ("LGAO") Funding points that have been so effective in securing funding for areas identified by Local Governments for investment. I understand the policy behind the creation of Geographic Areas of Opportunity ("GAO") and respect the level of diligence, study, and data that informs the determination of what areas should be granted this designation. I believe, however, that there is an alternative method of accommodating both the LGAO and GAO goals in the Geographic RFA for Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas (the "Six Large Counties") than what is currently proposed that will better achieve the underlying policy purposes behind both goals. I offer three alternative suggestions:

- Retain the LGAO points but utilize the funds remaining after each of the Six Large Counties have received an award to fund a GAO development, which GAO development could be in any of the Six Large Counties
- Reduce the GAO goal to one and identify the county that will satisfy the goal
- If the two-GAO goal is retained, designate the counties to satisfy the GAO goals, which should be Palm Beach County and Broward County for this year's round

As the above suggestions no doubt reveal, I believe that it is important (even critical in the near term) for the Corporation to continue its cooperation with Local Governments in the State's largest counties to identify the developments most needed in their respective counties. After decades of disinvestment in urban areas, a renewed interest in living in the urban core by a population with higher educational attainment, higher incomes, and higher levels of employment (higher "EIE") is sparking revitalization in the broadest sense of the term. An influx of both public and private dollars are turning around previously-neglected areas. Local Governments in Florida's largest urban areas are working diligently to carve out a place for affordable housing in this rapidly-changing landscape. Based on US Census Bureau statistics for 2017, a full sixty percent (60%) of the State's population is centered in the seven counties with Florida's largest cities. The Six Large Counties account for nearly half the State's population (48.3%). These areas warrant special consideration, the kind of special consideration the LGAO policy affords.

The Corporation's still-nascent policy of working with Local Governments in the Six Large Counties has produced significant, strategic development in the urban core that will help to offset some of the displacement caused by gentrification. Gentrification is not all bad, but the term has gained a negative connotation because the introduction of a population with higher EIE will result in higher rents than current residents will be able to afford. Room must be made for both the newcomers and the existing population, but space is limited. This lack of space is what makes the LGAO Funding points so critical at this juncture. A quick tour of Jacksonville, Orlando, Tampa, and St. Petersburg will reveal the heightened development activity; just count the construction cranes. An on-the-ground view will disclose how many of the developments under construction are market-rate apartments – beyond market-rate, luxury really. I speak to these cities in part because I am more familiar with them than I am with Fort Lauderdale and West Palm Beach and in part because, outside of Miami, they are Florida's largest urban areas and are currently in the throes of the gentrification/displacement tension.

I understand the desire to implement policies encouraging development in GAOs, areas that already have populations with higher EIE levels. There is a substantial body of research on the benefits to poorer families of living in areas surrounded by people with higher EIE attainment. The data giving rise to the designation of GAOs can identify areas that have these characteristics as of a certain point in time; however, data of any kind is limited by its very nature to looking back at what has already occurred. While the past can be a useful predictor of the future, there are a lot of pollsters still stinging from their off-the-mark predictions in the 2016 presidential election. Data is not as useful in predicting sudden shifts, particularly shifts based on factors not in the current model. The shift among millennials from homeownership to rental and from suburban to urban core has been going on for a while now – long enough for market-rate developers who necessarily study where the renters are going as well as Local Governments who are on the ground seeing the shift first-hand to know how valuable this land now is and how quickly it will be gone – but not long enough to create the body of data that lies behind the GAO designations. The policy required to carve affordable living space out of gentrifying neighborhoods in the core of Florida's largest cities needs to be immediate; otherwise, these areas are at risk of becoming areas of lost opportunity.

After looking at the GAOs relative to QCTs in Tampa, St. Petersburg, and Orlando, the three cities I am most familiar with in the Six Large Counties, I can readily identify areas that currently are QCTs, but that I know first-hand are areas in which land is being eyed for market-rate and luxury apartments. These urban-core tracts are near or abutting GAO tracts but are areas where sites can still be acquired and at a more reasonable price. And they are so close to the identified-GAOs as to make the distinction meaningless. By way of example, see the attached map of Tampa's urban core in which the University of Tampa is shown as being in a QCT but the tracts around it are on the Corporation's list of GAOs. This is just the sort of tract that should be targeted for affordable or mixed-income housing in order to create room for low and moderate-income households in and around households with higher EIE levels of attainment. And the City would be very supportive of this. Similarly, the areas of the City of Orlando which are experiencing new levels of interest and investment, both by the City and by private businesses, are in QCTs (e.g. 189, 105, and 104) located next to census tracts identified by the Corporation as GAOs (see attached map). Similar areas exist in St. Petersburg and Jacksonville.

One last point before returning to the suggested alternatives: the 60 Medium and Small Counties provide more than ample opportunity to direct development to GAO tracts in order to address Fair Housing concerns. There is nothing in the Fair Housing laws, rules, or regulations, and nothing in the Supreme Court's opinion in the Texas case, *Texas Department of Community Affairs v. The Inclusive Communities Project, Inc.*, that requires deconcentration of poverty be accomplished through construction of affordable housing in already-established neighborhoods. Ensuring affordable housing is not left out, and current residents are not priced out, as urban areas finally receive attention following decades of disinvestment is just as important to accomplishing Fair Housing goals. And urban areas are sought out by many precisely because of their diversity – racially, culturally, and socially. And the Local Governments in urban areas are the least likely to confront or give in to the NIMBYism that makes developing in an established GAO tract more difficult and more expensive.

While I believe the Six Large Counties would all benefit from continuation of the current LGAO rather than the proposed changes for the 2018 funding round, if there is to be a GAO goal in the Six Large Counties RFA, it could be accommodated as the seventh funded development after each of the Six Large Counties receive one award each. This would add a GAO development in a Large County to GAO developments receiving funding through targeting in the Medium and Small Counties RFA. If the Corporation feels strongly that two GAO goals is the appropriate number, it would be helpful to Local Governments, applicants, and the Corporation staff for planning purposes if two specific counties are identified rather than throwing it open to all six thereby increasing the number of applications significantly. Local Governments devote a significant amount of time and expense vetting potential developments before selecting the development that will receive LGAO Funding, time and resources that could be put to another use if this year is not their year. For this round, I recommend the Corporation consider targeting Broward and Palm Beach Counties for the GAO goals because they are not experiencing the concentrated urban core gentrification in one specific location that the other four counties are and thus their need for the LGAO is not as time sensitive. Neither of these two counties has a single urban area with 200,000 or more residents.

Thank you for the opportunity to comment on the proposed changes to the Six Large Counties RFA. Please note that the foregoing comments represent my views on behalf of InVictus Development only and are not intended to express the views of any other member of the Coalition of Affordable Housing Providers.

Respectfully submitted,



Paula McDonald Rhodes

