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July 24, 2018

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

Re: Comments on RFA 2018-112: Geographic Area of Opportunity & Local Government Area of Opportunity Funding

Dear Mr. Price:

Thank you for the opportunity to comment on RFA 2018-112. I have submitted comments earlier urging FHFC to not adopt the goal of funding two Geographic Area of Opportunity deals. At this point, it appears that the goal will be part of RFA 2018-112.

As stated in the earlier comment, 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.

Current FHFC Proposal

1. Remove Local Government Area of Opportunity Funding (LGOAF) points from scoring.
2. Create a goal of funding LGOAF deals, rather than having those deals “win” by having higher scores.
3. In two counties, fund the “highest scoring” Geographic Area of Opportunity deal, totally outside of the process/scoring for LGOAF. Effectively, this will result in a Geographic Area of Opportunity deal lottery in those two counties.

Discussions with staff indicate that it is likely the proposal will be modified so that the two counties subject to the Geographic Area of Opportunity requirement will be named in advance, sparing the other four counties from the process. Designating the two counties is a significant improvement to the initial proposal, in that developers will not be flooding the system with applications to obtain more lottery numbers in the four counties not impacted.

However, the proposal would still have the LGOAF points or funding goals eliminated from the two counties designated for Geographic Area of Opportunity.

Why Local Government Area of Opportunity System Should Remain in the Two Counties Required to Fund Geographic Area of Opportunity Deals.

1. 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.
2. Local Governments are best suited to select the best deal—whatever geographic limits are placed on that selection by FHFC. **If a county can select the best deal, why is it not the logical conclusion that the same county could select the best deal within a Geographic Area of Opportunity?**
3. All deals located within Geographic Areas of Opportunity are not equal—even if they score the same number of points within the FHFC system. However, the proposed system replaces public policy-based decision making with a lottery.

Recommendations

1. **Retain the additional points for deals which receive the necessary local support to qualify for Local Government Area of Opportunity Funding.**
2. **Do not change the existing system to remove the points and replace them with “goals”.**
3. **Fund the highest scoring deals in all six large counties.**
4. **Limit the LGAOF process to deals located in Geographic Areas of Opportunity in the two counties designated.**

How would these recommendations eliminate most of the problems with the Area of Opportunity proposal?

1. For four counties and their cities, these three proposals would let local governments and developers know that the mandatory Area of Opportunity funding would not be in play.
2. Developers would not be forced to waste time and money submitting applications to chase lottery numbers in these counties.
3. For the two counties impacted, the local governments would retain the ability to select the best development located in an Area of Opportunity. One might argue that this is unfair to a local government that does not have a priority for a deal in an Area of Opportunity—but it is the basic FHFC proposal to mandate two deals in these areas that creates that problem. So long as the goal is implemented, a policy-based decision process is radically superior to a lottery.
4. The number of applications and resulting FHFC workload and litigation would be avoided.

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 black ink, appearing to be 'MH' or similar initials, written in a cursive style.

Mark Hendrickson
President, The Hendrickson Company