



April 9, 2019

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

RE: Proposed Priority I Implementation in the 2019 Housing Credit Financing RFA For Affordable Housing Developments Located In Miami-Dade County – 2019/2020 RFA General Process

Dear Mr. Price and Ms. Button,

The Agenda provided for the April 2, 2019 Funding Process Workshop included “the implementation of priority designation of Applications submitted within the anticipated RFA for Housing Credit Financing for Affordable Housing Developments located in Miami-Dade County” as an item for discussion and potential change to the Miami-Dade County Request for Applications (the “RFA”).

We believe that implementation described would be detrimental to the Corporation’s RFA process. Below are some of the considerations and solutions that would lead to a better balance between the use of the Corporation’s resources and the quality of applications that are submitted:

1. ***Proposed Objective/Intent:*** *Allowing the development company to determine the priority of their applications means that the development company is submitting their best three (as currently contemplated) applications as Priority I.*
2. ***Proposed Objective/Intent:*** *Reducing the overall number of applications in order to lessen the burden on Corporation staff having to score a high number of applications.*

CONSIDERATIONS:

1. Priority Designation does not focus the allocation system on the "where and what", only the "who" without regard to the knowledge, experience or financial strength of the development company and applicant.
2. The implementation of this Priority Designation only serves to highly incentivize development companies and applicants to submit their “most profitable” applications, not the “best” applications from a public policy standpoint.
3. Limiting the number of Priority I applications will disincentivize public/private partnerships and non-profit joint ventures. Joint Ventures with Housing Authorities (“JV”) and public/private partnerships with the CRA, County, or City (“PPP”) who each benefit from an experienced development company on their team are less likely to occur with implementation of a Priority Designation. Development companies would be forced to choose between submitting those JV or PPP applications, where developer fee sharing arrangements are common, encouraged, and in some cases mandated, versus submitting a stand-alone application. This will also hurt the needs of the ELI community as Housing Authorities are the ones who serve the greatest number of ELI households.
4. If implemented in other 9% RFAs, Developments in lower income counties become less likely to occur as development companies will focus on the urban areas, where profitability is greater and risk far lower. The implementation of this Priority Designation will be contrary to the public purpose objectives of our affordable rental housing production system, including contradicting the legitimate public purpose of geographic diversity provided by the Corporation’s current tally system.



SOLUTION:

Setting more restrictive goals. This has been done by the Corporation in the past, and it has been successful at both incentivizing development companies to fulfill public needs and decreasing the number of applications submitted. The 2018 Miami-Dade RFA had 67 applications, while the 2017 and 2016 RFAs had 30 and 25 applications, respectively. Those RFAs with lower submission counts had additional restrictive goals that naturally reduced the number of applications that were submitted and scored. Therefore, we suggest the Corporation adds a third funding goal and have provided a few suggestions below:

I. Goal Suggestion #1: Transit Oriented Development Goal

Qualification as a Transit Oriented Development ("TOD"), defined as a Site whose DLP is within ½ mile from a Rail Station or a Rapid Transit Stop. This goal was part of the Universal Application Cycle in 2011 where applicants were asked to verify if the proposed development qualified as a TOD Development.

II. Goal Suggestion #2: Additional Geographic Areas of Opportunity Goal

Add one (1) more Family Geo AOO goal for a total of two (2). This occurred in RFA 2016-114, where there was a goal to fund the two (2) highest ranking eligible Family Applications that qualify as Geographic Areas of Opportunity and the result was 25 total applications submitted.

III. Goal Idea #3: Geographic Areas of Opportunity Income Averaging Goal

Add a third Goal to fund the highest ranking Geo AOO application that utilizes Income Averaging for their income set-asides. The Development must be located within a Geo AOO, select Income Averaging and agree to rent a percent of their total units to households whose income range is established at 60%-80% of the most recent Area Median Income for Miami-Dade County. This goal promotes development in areas that can support higher rent limits, which are the areas in Miami-Dade that need the most affordable housing. These areas also north of 224th Street and we appreciate that the Corporation desires more new housing north of 224th Street and in the urban core.

IV. Goal Idea #4: Elderly Non-Profit Goal

In order to make the currently proposed Elderly Goal less general, the goal can be qualified to require the Applicant to also be a Non-Profit and commit to a minimum of 100 units in order to maximize the benefits of a Statutory Property Tax Exemption.

In conclusion, if the Corporation sets positive goals that promote public needs, development companies will find ways to meet those goals as efficiently as possible. Goals that are narrow and targeted will naturally limit the total number of applications while giving every type of development company and every geographic area the same opportunity to compete and be successful.

Respectfully submitted,

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