

ADVANCED HOUSING CORP.

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Mr. Harold L. "Trey" Price
Executive Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Public comment RFA 2018-111 Housing Credit Financing for Miami-Dade County

Dear Mr. Price and staff:

The Federal Housing Credit program mandates that 10% of its funds go to non-profit developers which is why the FHFC has created a non-profit set-aside. The question is why does FHFC allow that goal to be subverted by permitting "front" non-profits recruited by for-profits to be eligible for those funds and thereby divert the pool to the very for-profit developers which that should be excluded.

There are past instances as egregious as the "front" non-profit transacting its non-profit status for as little as \$10,000 while virtually all the economic benefits valued at millions of dollars intended for bona fide non-profits instead flows to for-profit partners which maintains complete control of the project. Too often, the non-profit is merely a spectator with very limited rights. Though FHFC has attempted to increase the nonprofit share of Developer Fees, it has not corrected the subordinate role to which the nonprofit has been subjugated.

FHFC through its underwriting process should be reviewing the Co-Development, Operating or Partnership Agreements of each applicant to determine who gets what and how decisions are made. If the ownership percentage actually determines how the Developer Fee, cash flow and sale plus refi benefits are allocated then the for-profit developer would receive less than half the benefits of ownership rather than the lion's share allocated to them by virtually all of the current agreements.

FHFC policy requires approval for transfer of control of a project and disclosure of financial beneficiaries, so why does it not seek to enforce the funding goals of the Federal government's Housing Credit Program to monitor both where funding from a non-profit pool goes and the roles of each party throughout the entirety of the compliance period? If non-profits are to obtain 10% of the funding, doesn't that mean proportional profits should flow the non-profits as well?

There are numerous strong, competent, successful and well qualified non-profit developers who are independent of for-profits and are quite capable of developing and operating a Housing Credit project on their own. FHFC and other State agencies have had decades of positive experience with, underwritten and monitored actual “bona fide” independent non-profit developers.

If there is a non-profit in need of current capacity building, the solution is not placing it in the position of becoming a passive non-profit in which funding goals are subverted by monetizing their non-profit status. I believe that this tactic should no longer be tolerated.

I urge the FHFC to prohibit the use of illegitimate partnership structures to funnel non-profit set-aside funds to for-profits. The FHFC should closely examine who gets how much of the developer’s fee and other benefits of ownership along with what are the non-profit’s rights to determine a projects future along with how roles and responsibilities of both parties are shared to determine if that specific project meets to non-profit goals set out in the legislation authorizing the funding source that is being utilized.

Yours truly,

Barry Goldmeier