



October 18, 2021

Ms. Jean Salmonsens
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

Re: Proposed changes to Non-Profit Applicant definition

Dear Jean,

Thank you for the opportunity to provide comments on the upcoming funding applications. These comments are a follow up to the verbal comments provided by Birdsong at the October 5th workshop for RFA 2022-103 and pertain specifically to the new proposal to require that the Non-Profit “maintains at least 51 percent of the voting and management control of the Development”. As you know, Birdsong has placed in service a permanent supportive housing development in Osceola County in a joint-venture (JV) partnership with Ability Housing that has allowed for meaningful participation by both parties, utilizing each firm’s individual strengths and experience (funded in a previous RFA for housing for households exiting homelessness).

At Birdsong, we agree with Florida Housing’s stated position that putting its resources into the hands of mission driven organizations with successful track records of serving persons with special needs ought to optimize the creation of permanent supportive housing best serving those households, so long as those service organizations have meaningful participation in the development and operation of those developments. We also agree with Florida Housing’s stated position that JVs between Non-Profit and For-Profit organizations add value to Florida’s affordable housing delivery system. It’s our belief that the specific aspect of the proposed changes previously mentioned – which appears designed to further regulate the operational relationship between the JV parties – will work against such a value.

Within Florida Housing’s current scoring/credit underwriting/compliance monitoring paradigm, the most likely approach to ensuring that the applicant had met the requirement of ensuring the Non-Profit “maintains at least 51 percent of the voting and management control of the Development” would be to require submission of a legally binding document that ensures that in the instance of any disagreement between the JV partners, the Non-Profit wins. If it isn’t going to be as simple and clear as that, how would Florida Housing scorers determine if it meets that test? And if it were contemplated as something to be certified to and checked later, wouldn’t it be redundant in light of the “material participation” certification and information also being required?

The value of the For-Profit partners in these JVs is often to bear the burden for most or all of the financial obligations for the partnership (pre-development capital and guarantees – which are substantial). The proposed provision and the documents required to prove it exists would have the effect of making the For-Profit partners responsible financially for issues over which they would

ultimately have no control (presumably this would apply, too, for compliance issues). Such an arrangement would be untenable for our organization and, I'd expect, for most other potential For-Profit partners.

With the new requirements that all applicant entities must be Non-Profits; the requirement for prior ownership of supportive housing developments; that, in the instance of JVs, the Non-Profit must sign a certification regarding material participation; and with the RFA scoring matrix designed to delineate scores based on the Non-Profit's experience with service provision, Florida Housing has already positioned the Non-Profit to have a substantial voice in the negotiations of any agreement it may be working through with its For-Profit JV partner.

Against such a backdrop, the additional requirement that the Non-Profit "maintains at least 51 percent of the voting and management control of the Development" seems an unnecessary provision for Florida Housing to include in order to put its resources in the hands of mission driven organizations with the capacity to do this work. Moreover, including that provision would work against Florida Housing's stated value of continuing to include Non-Profit and For-Profit JVs in the provision of supportive housing. Therefore, we respectfully request that you exclude that provision from any changes made to the Non-Profit definition or in future RFAs.

Thank you for your consideration of this request. Please feel free to contact me if you'd like to discuss further.

Sincerely,



Stephen P. Auger, CEO
Birdsong Housing Partners