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

Re: Comments on Permanent Affordability for 9% Housing Credit Developments

Dear Mr. Price:

Thank you for the opportunity to comment on your upcoming RFA's involving 9% Housing Credits.

As the housing crisis in Florida grows, our collective ability to build enough units to meet the need of our citizens is being sorely tested. This is compounded by the fact that every year a significant number of units are timing out of their affordability period and are converted to market rate housing.

Simply put, how can we dig ourselves out of the hole we are in if our policies allow dirt to be shoveled back into the hole?

All of us on the public side of the table have heard the arguments against permanent affordability, most vocally expressed when some developers attempted to push FHFC into lowering the affordability period from 50 to 30 years. The arguments were spurious, and FHFC wisely did not bow to the pressure.

However, the reality is that when units leave the affordable portfolio, they cannot be replaced with the same level of public subsidy that enabled them to be built originally. It is much more cost effective to assist developers with recapitalization and rehabilitation than to try to replace the units.

Beyond cost effectiveness is the issue of availability of land. FHFC's system wisely encourages the development of affordable properties in desirable locations. If these units are lost, it is highly unlikely that land of the same quality will be available for the replacement.

Affordability in perpetuity is more efficient, more realistic and means that every year we add to the affordable inventory. It is practical and realistic.

I am the financial advisor to five local Housing Finance Authorities (Jacksonville, Hillsborough, Leon, Manatee and Pasco), and also serve as the Executive Director of the HFA of Hillsborough County and the Administrator for the HFA of Leon County. With the implementation of the local

preference system for 9% Housing Credits (LGAOF), I have direct experience with the 9% allocation system.

In Jacksonville, Hillsborough and Pasco, the local HFA administers the process for the selection of the LGAOF development. Each of those HFA's issues a NOFA, with a clear list of selection criteria.

In each case, we started with a factor of a longer affordability period than 50 years. The result was that every deal selected had permanent affordability (perpetuity). This has become so routine that affordability in perpetuity is now a threshold criteria, rather than an optional evaluation item. The process is very straightforward—agree to affordability in perpetuity or the applicant does not even get to the stage where it is compared to other developments.

I cannot emphasize how routine this has become. While developers are not throwing the local HFA a parade for having this requirement, they are also not even arguing about its inclusion in the system.

As a result, Florida has at least eight 9% Housing Credit developments that are (or will be when built) affordable in perpetuity, including three in Hillsborough and five in Jacksonville.

It is imperative that we adopt public policies that stop units from leaving the affordable inventory. Affordability in perpetuity guarantees that the land will always have affordable housing. This is good policy and again, is a practical and realistic way to end the cycle of building units each year that only replace units that are lost.

Thank you for the opportunity to comment on the upcoming 9% Housing Credit RFA's. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'MH', written in a cursive style.

Mark Hendrickson
President, The Hendrickson Company