

# Local Government Area of Opportunity Funding — A Fancy Phrase for an Improved Housing Credit Selection Process

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PICTURED: The Lofts at LaVilla. Read more about this housing development at the end of this article.

FHFC has implemented a process for awarding 9% Housing Credits in most large counties that results in better developments being selected than through the lottery system. The deals meet local redevelopment needs, and have often had longer affordability periods and increased extremely-low income and at-risk population set-asides, as compared to what is required by FHFC. The developments selected through this process provide a higher level of public purpose than otherwise would have been achieved.

## It Began with a Pilot Program

The City of Jacksonville and its Housing Finance Authority (HFA) had become frustrated. The existing selection process for 9% Housing Credits most often resulted in ties—with a lottery determining which development was funded in Duval County. The scoring process did not consider whether the deal helped advance the housing strategy of the City.

Jacksonville worked with FHFC, which set up a pilot program with the City wherein the City could designate one development as a local priority—while also requiring the City back-up its designation with a significantly larger local government financial contribution. The City utilized its HFA to administer a selection process with well-defined selection criteria and an open and transparent process.

The result—the City was able to designate the Lofts at LaVilla developed by Vestcor as its priority. This development would provide much needed affordable housing near the

employment center of downtown Jacksonville, and provide a first step in the redevelopment of this once vibrant neighborhood which was now largely empty of housing and commerce. The development is also located directly at the Jefferson Street stop of the soon to be renovated and expanded light-rail system—only two stops from the center of downtown. The development was pre-leased in record time and is now occupied by persons who work full-time in lower wage employment. In only two years, the redevelopment of LaVilla is in full swing and a major up-scale retailer is planning to open a retail center in the area.

The pilot program was so successful that FHFC expanded it one year ago to other large counties—Hillsborough, Pinellas, Orange, Palm Beach and Broward. Any local government in those counties was able to designate a development for scoring preference—now called the Local Government Area of Opportunity Funding.

### Local Government Area of Opportunity Funding

Different local governments have different priorities. One example of the benefit of the preference system can be found in Hillsborough County. While Jacksonville's priority was for housing in a redevelopment area, Hillsborough focused on long-term affordability and provision of a portion of the housing to extremely low income and at-risk populations. Hillsborough County, using its HFA, selected the Preserve at Sabal Park development by Blue Sky Communities, which agreed to an affordability period of perpetuity, as opposed to only the 50 years required by FHFC. It also agreed to provide 20% of the units to extremely low-income residents (as opposed to the 10% required by FHFC).

Some developers attacked the new process—claiming that it was “political.” As the person who wrote the NOFA's and analyzed the applications for both Jacksonville and Hillsborough County, I can say from personal experience that the analysis and the decision-making was completely objective and policy driven.

### What's Happening this Year?

FHFC retained the priority system with great results. In Jacksonville, the focus on the LaVilla redevelopment continues, but with a twist. Jacksonville added long-term affordability to its selection criteria, and the development selected for the local priority in the upcoming FHFC award of tax credits agreed to affordability in perpetuity. As LaVilla redevelopment continues, this is especially important as the

land is limited and if not locked-up for affordability now, it never will be.

In Hillsborough, the development selected this year also agreed to perpetuity, and is also providing 15% of the units for extremely low-income residents and 10% of the units to disabled and homeless veterans—all within walking distance of public transportation and shopping. The City Edge development by the Richman Group of Florida is also a partnership between this major developer and the CDC of Tampa—which will share in the development fees and focus on providing services for the residents.

It is important to note that the local selection process is highly competitive—with the developments that were not selected still offering affordability periods well beyond those required by FHFC, building better partnerships, and locations on quality sites. The local process is producing better developments.

None of this would have happened without the Local Government Area of Opportunity Funding process. The developments being selected now meet local goals and are providing longer affordability periods and an increased number of units to extremely low-income residents. The developments are quantitatively superior to those that would have been selected via a lottery.

FHFC should be praised for taking this bold step forward in partnership with local governments. The results are an improved Housing Credit selection process and housing that meets local goals and better serves the public. **HNN**

**Pictured on Page 14:** Lofts at LaVilla—the first development selected for an Area of Opportunity Funding Preference—is providing much needed affordable housing near the employment center of downtown Jacksonville, and provided a first step in the redevelopment of this once vibrant neighborhood which was now largely empty of housing and commerce. The development is located directly at the Jefferson Street stop of the soon to be renovated and expanded light-rail system—only two stops from the center of downtown. The development was pre-leased in record time and is now occupied by persons who work full-time in lower wage employment. In only two years, the redevelopment of LaVilla is in full swing and a major up-scale retailer is planning to open a retail center in the area.



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**Mark Hendrickson**, president of The Hendrickson Company, is a past Chair and serves as an Executive Committee member for the Florida Housing Coalition. He served as Executive Director of the Florida Housing Finance Agency from its inception in 1981 to 1994. As its first Chief Executive Officer, he led the way in creation of the Sadowski Act. The Hendrickson Company specializes in assisting clients in all areas of affordable housing, including finance and related legislative issues. His clients include for-profit and non-profit developers, the Florida Association of Local Housing Finance Authorities, and four County HFA's.