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To: Board of Directors, Housing Finance Authority of Hillsborough County
From: Mark Hendrickson, Executive Director
Subject: July 15, 2020 Board Meeting
Date: July 14, 2020

Local Government Area of Opportunity Funding (LGAOF) & Geographic Areas of Opportunity (GAO)—Action

1. In the allocation of 9% Housing Credits, FHFC generally permits local governments to designate a development for preference (known as the Local Government Area of Opportunity or LGAOF).
2. Because each large county is guaranteed one deal, this means that the deal will be one selected by the local government. For Hillsborough County-Tampa, for the past four years each has designated a priority deal, and the FHFC lottery has determined which deal is funded.
3. FHFC permits each local government to submit only one priority/LGAOF deal—so for Hillsborough and Tampa, that meant that each could pick only one deal.
4. However, each year, FHFC removes the priority for a LGAOF deal to be funded in two large counties—replacing that goal with a goal that the funded deal be in a Geographic Area of Opportunity – GAO--(area with higher income, educational levels, employment, etc.). Hillsborough County is on the FHFC list for GAO in 2020, not local preference.
5. The GAO deal requires only the minimum local government contribution, as opposed to the significantly higher local contribution required for LGAOF.
6. There is no limit to how many developments a local government can provide the minimum local contribution. This can result in essentially a lottery system for multiple developments to determine which is funded—so long as they are in a GAO.
7. However, another approach is that the City of Tampa and Hillsborough County agree to submit only one deal located in a GAO, so that the deal would be the one funded by FHFC. This would effectively retain the local preference, although the preference deal would have to be in a GAO.

8. As a note, there are many more multi-family sites located in GAO's in the unincorporated County as opposed to the City. This leads to the logical conclusion that the 2020 deal would be selected by the County.
9. To this end, the HFA proposed a system where the City and County would cooperate over four years, with the County selecting the development in 2020 and 2022, the City in 2021 and 2023. **City staff called and said they had accepted this agreement**, and the HFA agreed to work with Mary Helen Farris to draft an agreement.
10. The agreement was drafted, and it clearly outlined a four-year plan, with the County selecting the deal in 2020 and 2022, and the City in 2021 and 2023. The language of the agreement is concise and clear, and demonstrates an understanding of exactly how the FHFC system works and the required local government financial support needed to select the primary deal for funding and a backup deal in case the primary deal failed threshold.
11. After some delay, the **City responded stating that they wanted to fundamentally change the agreement, with the City selecting the deal in 2020**. They also provided "technical" edits to the draft agreement which were in fact, technically incorrect and demonstrated a lack of understanding of the FHFC allocation system, its terminology, the different type of local financial contributions, and the difference between LGAOF and GAO. The City comments also changed the agreement to state that the City would pick the deal in any year the GAO was in effect (thus giving the City the deal two of every three years—this is likely unintentional outcome, but demonstrates the lack of understanding within their comments).
12. The rational reason why the County should select the 2020 deal remains unchanged—there are extensive areas of the County, Temple Terrace and Plant City which are GAO's, and there are very limited parts of the City which have that designation. The City proposal would force them to pick a deal in 2020 within a very limited area, and would give the 2021 deal to the County—thus eliminating redevelopment targeting by the City until at least 2022 (such as West River, which is not in a GAO).
13. **Recommendation:** Authorize the issuance of a NOFA and Application for 2020, offering the minimum local contribution to as many deals as possible that are located in a Geographic Area of Opportunity within Plant City, Temple Terrace and unincorporated Hillsborough County, and which address the selection criteria in the NOFA in a manner acceptable to the HFA Board.