From: Shawn Wilson
Sent: Thursday, February 18, 2016 4:03 PM
To: 'ken.reecy@floridahousing.org' <ken.reecy@floridahousing.org>
Subject: Public Comment

Dear Ken,

Please see below my comments on the matters discussed at the recent Workshop, as well as a few others.

1. Opportunity Areas – With the change to Small Area DDA's effective July 1, 2016, many areas of Florida's largest counties will no longer be eligible for basis boost in the LIHTC framework. Florida Housing staff will make a presentation on, among other things, how we are working to identify areas of opportunity where additional incentives could possibly be applied, with discussion to follow.

   All Community Redevelopment Areas should be Opportunity Areas. CRA's are created by local governments under authority given by State statute. Almost by definition, these are areas where Opportunities exist, because there is a confluence of incentives not only in the monetary sense, but also land use, environmental, and social. And lest anyone think that CRA's are all in low-income areas (i.e. QCT's), that simply is not the case.

   Feeder areas for "A" rated school should also be Opportunity Areas. What better Opportunity to provide to our residents than the Opportunity to attend a great public school?

2. Link Strategy – Overview of new requirements being considered and implemented for Link Unit set-asides.

   FHFC's developers, in exchange for public funding, are now required to limit occupancy of certain units by households referred by certain service agencies. Likewise, FHFC should urge its sister State agencies to <u>require</u> service agencies receiving public funding to refer a certain number of its clients every year to FHFC-assisted communities. This might increase the success of FHFC's initiative.

   FHFC should allow Developments to fulfill SN or DD requirements by accepting tenants who arrive at the property through other channels than just the limited number of agencies on the list. The local agencies are generally very slow to respond, creating unnecessary vacancies and lost revenue. This even occurs when there are special needs applicants already on the property waiting list. Finally, in one recent RFA there was an exclusion for developments financed under HUD Section 202 or 811. This exclusion should be reinstated.

3. High Quality Management and Development – Conceptual discussion about a framework to link Asset Management and Development outcomes to the "natural person owners" or "beneficial owners" of Applicants and Developers for purposes of delineation in the RFA allocation process.

   The concept of "Demerits" that impact on scoring of RFA's is new to FHFC. I cannot recall this being employed in the 23 years I have been submitting applications. I will be happy to comment when there is something specific. If I were to provide any conceptual guidance on this, it would be that this should not be based on amenity/feature swap requests, extension requests, or

similar circumstances that happen regularly. As actors in the real world, having to deal with dozens of outside parties (not to mention having to make water and dirt and wood and steel go where we want it to go and then stay there!), I view those sorts of things as fairly mundane.

Since you will be requiring disclosure of "natural persons", however, this opens the possibility of having a limit on the number of Applications that any "natural person" can be on. No such limit will prevent circumventers from circumventing, but the number of Developers who opposed such limits in the past (I think it was 3 or 4) may be less now because some of the prior opponents are no longer active (or as active). Please note I do not make this comment in order to "level the playing field." To me, it's a question of getting only the best Developments applying for scarce funds. Every year, FHFC receives applications for Developments that are inferior or less desirable than others. Since the scoring system doesn't really provide a way to select the best, inevitably some bad Developments wind up getting funded. By the same token, forcing Developers to pick their favorites means that the Developer is more likely to bring Developments that are more "Ready" than any old site that meets proximity.

I suggest a limit of 3 Applications for each of the 9% Geo and Preservation RFAs. I suggest a limit of 1 Application for each of the "High Priority" 9% RFAs.

4. National Housing Trust Fund (NHTF) – For the first time, Congress has appropriated NHTF funding, and Florida expects to receive at least $3 million, and as much as $5.5 million, to provide housing to extremely low income (ELI) tenants. Florida Housing is the entity designated to administer the program. The purpose of the NHTF is to increase and preserve the supply of housing, principally rental housing for ELI households. For purposes of NHTF, ELI is considered at or below 30% of the area median income. There will be a brief program introduction and conceptual overview of possible implementation strategies.

   No comment at this time.

5. Local Government Contribution Funding Preference – A discussion of the Local Government Contribution Funding Preference that was piloted in Duval County in RFA 2015-107.

   Any Natural Person who is part of a Development funded with the Local Government Contribution Funding Preference should not be eligible for the Preference in that County for 2 years. This prevents a politically powerful Developer from monopolizing their home County.

6. State Apartment Incentive Loan (SAIL) Program – General discussion of the SAIL program.

   I do not agree that the RFA or the Program is a "race to the bottom" and is therefore not attractive to certain developers who view themselves as above such a "race". The straight leveraging concept has now matured such that the latest SAIL round non Rehab applications averaged $49,824 per unit, and bumped right up against the RFA limits in most cases. By comparison, the average of non-rehab SAIL Apps in the prior round was $42,557. Also, this is the one RFA where an applicant can have some level of assurance that they will be competitive, since lottery is not the decider.

I do agree that some of the New Construction deals are still marginal (based upon the approved credit underwriting reports). FHFC could fix that by removing the New Construction goals. I suggest you do so and put in a goal to fund several Preservation Developments.

Please reverse the selection order in the upcoming SAIL RFA so that Large counties go first; thus, making it possible for Large County Elderly projects to compete.

7. Targeted Allocations – Conceptual discussion about using Low-Income Housing Tax Credits (LIHTC) in higher cost areas and SAIL/MMRB in lesser cost areas.

   Need more information then will comment.

<u>Additional Suggestion:</u>

A. When an Applicant or Developer submits the same Development several times, it is a strong indication that it's a good project. It's also a strong indication that the project is relatively more "ready" than one that someone just put together right before the RFA is due. There should be a special round (or a goal) every year of either SAIL or 9% only for Developments that have applied at least 2 times with the same Developer and Applicant, where the Applicant is able to demonstrate an advanced state of Readiness To Proceed.

B. Presently, the 9% Geo RFA's do not provide an ability for a Preservation Development to be competitive. However, there are dozens of Preservation Developments that are RA Level 2 through 6 that are ALSO NOT competitive in the 9% Preservation Round. Many of these are owned by faith-based non-profits who deserve a chance to compete. Please change the 9% Geo RFA's so that these Development can compete on an equal basis as non-Preservation Developments.

Thank you very much,

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