PUBLIC COMMENT REGARDING 2017-18 RFA'S

To: Ken Reecy and FHFC Staff

From: Shawn Wilson, President, Blue Sky Communities

Date: 6/28/17

Dear Ken and staff,

Thank you very much for your work to improve the system and for listening to our ideas.

General comment:

FHFC should strive for a more comprehensive scoring system, one that gives points for lots of different things; thus eliminating ties. This will reduce the importance of Lottery. Right now, the concept is "get a perfect score" then "slot based on tiebreakers". It was not always that way. I can remember more than 10 years ago when we first realized at a workshop that Threshold=perfect score. That was a huge change from prior years when raw points were the delineator. One of the reasons you went to the current system was to prevent the "death penalty for a typo", in which an Applicant might lose 1 point out of 200 (or 1,000), due to a silly mistake, and lose out on funding. Fast forward to 2017, and tiny mistakes are still preventing otherwise fine Apps from getting funded. That will always happen.

You could give points for the Ability to Proceed forms, instead of making them Threshold. You could give points for practically all Threshold items. You could score Proximity based on actual points, not just achieving a baseline as it is now. You could introduce lots of other characteristics that gain or lose points, some would be mutually exclusive so that a perfect score is impossible.

I would be happy to work on this in a group setting with you guys and other stakeholders.

Here are several specific comments:

Local Government Contribution – We agree with 2 other commenters that the standard LGC should be eliminated for the same reasons they stated.

Garden-style – We agree with other commenters that Garden-style developments should not be disadvantaged, because that type of construction ultimately creates the most units per FHFC dollar. Mid-rise and high-rise buildings have a place, but should not get a leveraging and scoring advantage, as they do under the present leveraging calculation.

Local Government Area of Opportunity preference –

- We somewhat agree with other commenters. If this merely becomes a vehicle for PHA's (who have unrivaled access to local officials), then just have a PHA goal and PHA's only compete in the Goal.
- However, many of the other commenters' concerns would also be addressed by adopting the policy that I suggested in the last Workshop. Namely, that any Principal or Financial Beneficiary or Local Government who received funding under the LGAO preference in either of the past 2 cycles, should receive an "Award tally" score of 1. Everyone else's will be Zero. Applications with a Zero would be ranked higher than those with a 1.
- LGAO could be continued in some counties and not in others, based on local government response.
- If feasible, FHFC should encourage Local Governments to select LGAO's based on policy criteria that is scored objectively in a competitive environment.

Surveyor Cert – We agree with another commenter who recommends keeping the Certification form.

Site control – We disagree with the concept of not requiring the Site Control document in the App. Perhaps a middle ground would be to require the Site Control document as you always have, but only review certain elements of it (Price, County, Buyer name); thus, saving FHFC Staff time during scoring. Other Applicants will find issues during the appeal process and bring them to light.

Limitation on number of Applications – I heard that this is not even on the table. Other than 4 or 5 big developers, who is opposed to this concept, and why?

The below chart summarizes the last Medium-County 9% RFA. It's kind of amazing to realize that just to be competitive (except one extraordinary case of beginner's luck), we have to submit 10 Applications in that one RFA.

Developer	# of apps	Funded
Gardner Capital Development	17	2
Southport Development	16	1
JPM Development	14	
HTG	10	2
Vestor	10	2
American Residential Development	8	
Wendover	8	
Piceme	7	
WOB Beneficial Development	7	
Banyan Development Group	5	2
Blue Sky	5	
Norstar Development USA	4	
Roundstone	4	
Arbour Valley Development	3	
DDJR DEVELOPMENT	3	
Green Mills	3	
Royal American	3	
DRL TP II DEVELOPMENT	2	
ITEX Development	2	
Rea Ventures	2	
Atlantic Housing Partners	1	
Integral Development	1	
InVictus Development	1	
Old Kings Development	1	
	137	**9**

Apps from any Developer should be limited as follows:

- 10 Apps in the new combined 9% Cycle
- 3 Apps in SAIL
- 1 App in any Homeless or other high priority round.

CNA Changes –

Two months ago we finished the tax credit Rehab on a building. At the exact same time, we finished the CNA process on its sister building, one block away. This most recent one was described as a guinea pig for the new CNA process. Under the new process, our hard costs were 59% higher than on the first building. This put us well in excess of the minimum rehab $ per unit allowed under the RFA (and in excess of our own even higher budget).

Using this one example, potential negative unintended consequences of the change could be:

- Forcing every Preservation project over budget.

• Forcing Preservation projects to eliminate Common Area improvements, which Residents (and elected officials) love.

On the flow chart, it seems that you want to cut off communication between the Developer and the CNA Firm. We have always had open communication with them. You should encourage even more open communication than before, since the CNA is now going to define the scope of rehab.

Combining the four 9% RFA's into one – We just settled into the current system and thought it was working relatively well. One reason you may be combining is to save on Staff time. At first I and others were skeptical that this could be achievable, but I trust you have properly analyzed it. Assuming it's a strong net positive vis a vis staff time, that's great, but instead of combining the 4 most complicated, contentious, and valuable RFA's, why not instead combine the 8 small RFA's?

Thanks again, Shawn

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