

From: Scott Culp [<mailto:S.Culp@atlantichousing.com>]
Sent: Monday, July 10, 2017 11:25 AM
To: Ken Reecy <Ken.Reecy@floridahousing.org>
Subject: FHFC Workshop - 2017/2018 General Request for Applications

Gentlemen,

We are writing to comment on FHFC Workshop Agenda of June 29, 2017, Item # 1.

1. Limit to add-on charges (such as washer and dryer usage, parking, pet rent, etc.)

While we recognize the need to review the impact on Low Income Households of the practices and policies of Affordable Housing Owners, we also recognize the need to balance that review with the benefits of those practices and policies for those same Households.

Historically, a significant number of affordable housing units have been developed specifically because there was adequate "Other Income" that could be underwritten to justify the minimum debt service coverage necessary to underwrite a sustainable and economically viable affordable housing development. These affordable housing units would not have been developed without the benefit of this "Other Income", as the affordable rents would not provide acceptable minimum debt service coverage for underwriting.

These developments have provided a significant number of Low Income Households with quality affordable housing that would not have been otherwise available.

For example, in Orange County in 2017, affordable communities were developed wherein rents including all options available, compared with average market rate rents were as follows;

Unit Type	Affordable Rent *	Market Rent **	% Differential
1 Bedroom	\$ 809	\$ 1,266	156%
2 Bedroom	\$ 930	\$ 1,494	161%
3 Bedroom	\$ 1,111	\$ 1,713	154%

* Affordable Rent shown include Options for Washer & Dryer, Cable/Internet & Parking

** Market Rate identified does not include Washer & Dryer or Cable/Internet

While the public purpose of reducing total housing costs for Low Income Households by limiting “Other Income” is important to review, it must be weighed against the loss of affordable housing development that can reasonably be anticipated based upon those limitations and/or the cost of developing affordable housing based upon those limitations.

Going forward, FHFC may choose to provide the necessary subsidies to offset the loss of “Other Income” resulting from proposed limitations, but is that in the best interest of the significant number of Low Income Households that will not receive affordable housing due to the limitations on those subsidies.

With the theoretically unlimited supply of tax-exempt MMRB and 4% HC, would there be any public purpose to limiting “Other Income” for stand-alone MMRB developments with no additional subsidies. As evidenced by the credit underwriting, these stand-alone MMRB developments would not meet minimum underwriting criteria for debt service coverage without the “Other Income”.

Specifically with regard to optional charges for parking, there are numerous issues that would need to be addressed if requiring limitations on this “Other Income”;

- In the event that local zoning codes do not require a minimum of 1:1 parking ratio, is FHFC going to now require a minimum of 1:1 parking in order to make a parking space available to every unit developed and is FHFC willing to provide the necessary additional subsidy for this additional costs? If not, who gets to choose which Household does not receive a parking space as part of their rent?
- In development of Seniors housing wherein local zoning codes do not require 1:1 parking ratios and historical data recognizes that many Seniors do not own and operate cars, is FHFC going to require a minimum 1:1 parking ratio in order to make a parking space available for every unit and is FHFC willing to provide the necessary additional subsidy for this additional costs? If not, who gets to choose which Senior Citizen does not receive a parking space as part of their rent?
- In development of affordable housing in TOD’s, is FHFC going to encourage the utilization of private vehicles through provision of free parking, when the utilization of the available public transportation is a primary objective of the TOD? If not, who gets to choose which Household does not receive a free parking space as part of their rent, as many TOD’s have a parking requirement of less than 1:1?

There are many other circumstances that will need to be addressed for every consideration of limitation of “Other Income” and this effort will only serve to reduce the available affordable housing for Low Income Households. With construction costs, operating costs and expenses rising, and maximum gross rents remaining relatively static, would the referenced limitations on “Other Income” provide the best public purpose result?

W. Scott Culp



200 East Canton Avenue, Suite 102

Winter Park, FL 32789

407-741-8521

s.culp@atlantichousing.com