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Sent: Friday, September 06, 2013 06:42 PM
To: Steve Auger; Kevin Tatreau
Cc: Nancy Muller
Subject: 2014 LIHTC Allocation Process

Steve and Kevin,

I noticed that in the most recent draft of the geographic FHFC created a new preference within the Transit Oriented Development ("TOD") Funding Preference. FHFC raised the threshold points required to qualify the TOD funding preference by inserting a new preference to applications that score 6 points for proximity to a SunRail station over other applications that qualify for the TOD Funding Preference. Prior versions of the RFA treated all applications that qualified for the TOD Funding Preference equally.

Historically staff has always tried to finalize proximity scoring criteria first in the rule development process. This was staff's way of acknowledging that site selection is the first step in the developer's process and certainty of the proximity parameters is what allows us to select sites far enough in advance to get local government approvals and other items required to submit a viable, well-thought out application to FHFC. Preparation of responses to FHFC is a time-consuming and costly endeavor.

By inserting this new proximity-based preference within the TOD Funding Preference so close to the proposed RFA response due date, FHFC has inadvertently:

- Potentially placed certain developers at a disadvantage that is now too late to correct. If developers acted based on the July 23 RFA draft requirement of 5 points for proximity to a SunRail Station, their sites may now be disadvantaged within the Funding Preference for which they qualify. With less than two months before the proposed RFA response deadline, there is not enough time for these developers to locate a new site that meets the new proximity point preference within the TOD Funding Preference.
- Placed Limited Development Area ("LDA") developments on the same level as developments located outside an LDA as it relates to the TOD Funding Preference. Over the past few cycles, FHFC has made it clear that developments in LDAs are discouraged for valid reasons. This latest change removes the competitive advantage of sites outside of the LDA over sites inside an LDA, making it just as likely that FHFC will fund a development located inside an LDA

Given the new RFA system and the expedited rule development and implementation process that FHFC is trying to achieve, it becomes more imperative that all items related to site selection, specifically proximity to services and the location of LDAs, be finalized early in the process. Shortening the rule development and RFA response times does not shorten the amount of time required to obtain site plan approval, local government funds, and other long lead items required for an RFA response. By changing a proximity-based qualification criteria in the very last draft of an RFA, FHFC is creating an environment of uncertainty for the development community that is not in line with staff's previous actions.

I urge staff to return to the July 23 requirement that developments achieve 5 points for proximity to SunRail stations in order to qualify for the TOD Funding Preference with no further differentiation within the TOD Funding Preference. This will guarantee that FHFC keeps all potential applications on a level playing field as it relates to being eligible for funding in the TOD Funding Preference.

If FHFC is seeking to differentiate TOD developments then staff should consider a preference for family developments. Ultimately, the goal of the SunRail and TriRail systems is to remove vehicles from the road during rush hour traffic. The systems are clearly aimed at workers, not retired adults. Most residents in senior developments have a lower rate of vehicle ownership than residents of family developments, and many residents in senior developments are retired and thus do not commute on a daily basis. Residents of family developments more closely fit the profile of the intended rider of commuter rail. I do not advocate this type of change for the RFAs proposed for October, but staff may want to consider this for next year.

Again, thank you for the opportunity to provide input into the LIHTC allocation process.

Jorge