THE HENDRICKSON COMPANY

1404 Alban Avenue ♦ Tallahassee, Florida 32301
Telephone: 850-671-5601
Fax: 850-671-5603

August 4, 2013

Mr. Steve Auger,
Executive Director
Florida Housing Finance Corporation
227 North Bronough, Suite 5000
Tallahassee, Florida 32301

Re: Comments on Proposed Housing Credit Allocation System and QAP

Dear Mr. Auger:

The following are recommendations related to three distinct topics:

- Limitation of the number of permitted applications per Financial Beneficiary
- Removal of Required Elderly Housing features: Private Transportation and 24/7 On-Site Staff
- Leveraging
- Preservation Set-Aside

1. **<u>Limitation on Number of Applications</u>:**

   As you know, the proposed system will result in a large number of applications being tied, with funding determined by lottery. Past experience has shown that a few large developers will flood the system with applications to create an unfair playing field. This will again take place, and ironically, the ability to turn in multiple applications may be aided by FHFC's otherwise positive step of removing many informational items from the application (to the credit underwriting stage).

   FHFC has experience with the limitation, and has legal cases to utilize in tightening up the language from the last attempt. It should be noted, that even if the first attempt at application limitation was not 100% successful, it did limit application (those attempting to circumvent the system turned in approximately nine applications as opposed to 30+).

   Recommendation: Limit applications to no more than two per Financial Beneficiary per RFP (which equates to six total).

2. **<u>Remove Private Transportation and 24/7 On-Site Staff as Require Features on Elderly Developments:</u>**

   As detailed at the Workshop last week, the requirement for developer operated transportation is extremely costly, has significant liability issues, and ignores the fact that public services such as Dial-a-Ride provide the residents with the service at no cost to the development.

   The requirement for 24/7 staff to be on-site and available (by whatever means) to answer resident questions and "help determine the approach to address the issue", is impractical and unnecessary. These residents are independent elderly. A Housing Credit development is not an ALF, nor should it attempt to be one. When residents can no longer live independently, they will need to move to a facility that can deal with those issues. Attempting to make every HC elderly development some type of mini-ALF is not efficient. Burdening property managers with 24/7 phone calls from residents is impractical. Providing advice on “how to address the issue” is beyond the scope of apartment management and creates massive liability.

Recommendation: Remove private transportation and on-site 24/7 staff as requirements for Elderly developments.

3. **Leveraging**

Leveraging should measure leveraging. The deal that provides the most set-aside units per subsidy dollar should be ranked higher. There should not be adjustments for rehabilitation or types of construction.

If there is a concern that rehabilitation is inadequate, an appropriate response would be to increase the minimum rehabilitation per unit.

However, the concept advanced by those that build very expensive units—that because what they are doing leverages public resources poorly, they should therefore be given an adjustment that makes it appear that they are somehow leveraging more effectively than they really are—is truly puzzling. The entire “it costs more to build in South Florida” argument also holds no weight, as those deals will only be competing with each other in the new RFP.

Recommendation: Remove all adjusters from leveraging calculation and have all deals compete versus all other deals within an RFP.

4. **Preservation**

The current Preservation set-aside of 25% should be increased to 50%. Preservation creates more units per dollar of public subsidy and concentrates the assistance to those who need it most—extremely low income elderly.

Recommendation: Increase Preservation Set-Aside to 50%.

Thank you for the opportunity to comment. Please feel free to contact me with any questions.

Sincerely,

Mark Hendrickson