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DEVELOPMENT USA, L.P.

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200 South Division Street  
Buffalo, New York 14204  
Tel: (716) 847-1098 Fax: (716) 847-1668

June 10, 2013

Mr. Kevin Tatreau  
Director of Multifamily Development Programs  
Florida Housing Finance Corporation  
227 North Bronough, Suite 5000  
Tallahassee, Florida 32301

RE: **2014 Housing Credit Annual Allocation – Request for Applications**

Dear Kevin,

On behalf of Norstar Development USA, LP, I submit for your consideration the following comments on the 2014 Request for Applications (RFA) Process.

Pursuant to discussions at the May 20, 2013 public meeting, it appears FHFC is concerned that the proximity boosts given to PHAs in the past, coupled with the recent RFP for PHA Revitalization High Priority Developments in Medium and Small Counties (PHA RFP), have afforded PHAs more than ample opportunity to compete for an allocation of Housing Credits. Indeed, Miami-Dade Housing Authority received multiple allocations in the 2011 Universal Cycle, but that was a Universal Cycle in which Miami-Dade developments benefited generally and thus so did its PHA. That benefit was not disproportionate to the PHA (rather to Miami-Dade generally), and it was not a benefit shared by PHAs throughout the State; it was not related to any preferential treatment of PHAs. In addition, two Medium/Small County PHAs will have an opportunity to receive an allocation pursuant to the PHA RFP. However, only a handful of other PHAs have received allocations over the past few years, even with the proximity boost that considerably enhanced their ability to compete. Under the current proposed structure for the RFAs, PHAs will receive no assistance with the challenges they face with respect to proximity. These challenges have been put before FHFC numerous times so I will not repeat them here.

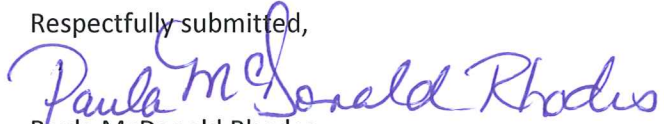
To address any concern that FHFC may have overcompensated for the proximity challenges PHAs face in allowing either a 1.5 multiplier or 4-point boost for Tier 1 proximity scores, I request that FHFC not eliminate the proximity assistance for PHAs altogether but rather scale it back. Instead of adding points, I propose that FHFC use an alternative distance scale for PHAs. For all proximity items other than a bus stop, a one-quarter mile boost should be given to PHAs across the board (for a bus stop, one-tenth mile). This would result in a potential .5 points for transportation, 1.5 points for Tier 1 services, and 1.0 point for Tier 2 services for a maximum of 3 points overall. If any of the proximity scores are already at the maximum, no additional points would be gained; the most a PHA could receive is 3 points.

After running these through 6 different PHA sites by way of sample, I discovered in each case the one-quarter mile boost produced fewer additional points for the PHAs than either the 1.5 multiplier or the 4-point Tier 1 boost. Under the proposed methodology, the sample developments gained on average between 2.0 and 2.25 whereas they would have gained between on average between 3.25 and 3.5 using the prior methodology for boosts. The proposed methodology would allow FHFC to give PHAs some assistance without giving them as much as they have received in the recent past. Indeed, not all 6 of the

Kevin Tatreau  
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June 10, 2013  
Page 2 of 2

sample sites tested would be able to achieve the threshold proximity score under the proposed methodology but it did assist some of them.

Respectfully submitted,



Paula McDonald Rhodes  
Director of Development, Southeast Region