NORSTAR

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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.

1. Proximity Scoring for Elderly Developments. Elderly Developments should be treated differently from other Developments for purposes of proximity scoring for a number of reasons.

a. Transit. Seniors that are 62 and older do not have the same need for transportation that families do as the vast majority are retired and have no commuting need. Also, their children are grown and do not need to get to activities that children typically engage in, and generally their social lives are home-centric. Their families visit them and a variety of activities are provided on site which allow seniors to socialize, and classes and programs are conducted on site that allow them to obtain education and information. Consequently, Transit should be removed as a proximity requirement for Elderly Developments willing to commit to lease only to tenants age 62 and older (or 55+ if the property is age restricted pursuant to a HUD approved designated housing plan which would not allow tenants under the age of 55), particularly if on-site transportation to enable seniors to get to "medical appointments, public service facilities, and/or educational or social activities" remains an RFA requirement. Alternatively, all 62 and over elderly developments (or HUD approved 55+ designated developments) should receive automatic proximity points at least equal to the maximum for a bus stop (2 points).

b. Pharmacy. Many pharmacies provide free delivery of pharmaceuticals to seniors. By way of example, attached to this letter are materials from pharmacies in St. Lucie County and Charlotte County that offer this service. If evidence of the availability of pharmaceutical delivery service as of the application deadline is provided either as part of the application or in credit underwriting, the development should receive the full 2 points for proximity to a pharmacy regardless of the physical location of the pharmacy.

2. Leveraging of non-FHFC Resources. One of the challenges FHFC faces each year is how to make the annual tax credit allocation received by the State enable as many developments as possible to go forward. The desire to maximize the impact of this valuable limited resource is an understandable and laudable one. Bearing this in mind, the ability of a development to bring other sources to the table so as to reduce the credit allocation required to make the deal work should rank high among criteria for funding. As was done in the recent High Priority RFP for PHA Revitalizations, contribution of non-FHFC sources should be a significant point scoring item with applications scored on a relative scale so that the application with the most (appropriately qualified) non-FHFC funding would receive the maximum points with scores incrementally reduced as the leveraging number drops. Implementation of the proposed scoring policy would ensure that these non-FHFC sources, which typically are insufficient alone, will not go unused or be lost. In addition, if a development benefits from operating subsidy, that subsidy should be taken into account for leveraging purposes. While it does not reduce the tax credits required to construct or rehab a development, it does preserve a valuable monetary resource.

3. Amenities for Multi-Phase Developments. For phases subsequent to phase I of a multi-phase Development, Applicants should be permitted to count amenities included in a prior phase as amenities for the phase that is the subject of the Application so long as the amenities in question are appropriately sized to accommodate more than one phase.

4. Basis Boost. If needed in order to make a development financially feasible, FHFC has the authority to utilize the 30% basis boost for developments not located in a QCT or DDA. Based on this authority, we request that FHFC permit this boost for developments that are replacing units lost to natural disaster but that, without the basis boost, would not be financially feasible. This could be accomplished by adding another box to check under "DDA and QCT." If this were being added to Part III.A.2.k of the 2011 Universal Application, the addition would be as follows:

> (c) Is the proposed Development intended to replace affordable units damaged or destroyed in a natural disaster such as flood, tornado, or hurricane?
>
> o Yes
>
> o No
>
> If Yes, provide a copy of the FEMA Disaster Declaration and a letter from the applicable local official confirming damage or destruction of the units as part of the declared disaster behind a tab labeled Exhibit 21.

Applicants would then be allowed to request an allocation up to the limit permitted for a QCT or DDA in their size county and would be permitted to include the resulting additional equity in the pro forma.

5. Credit Underwriting. A proposed amendment to Rule 67-48.0072(10) limits the requirement for the Credit Underwriter to make favorable recommendation of the appraisal and other market documentation that the Development must have "an average market rental rate, based on unit mix and annualized rent concessions, of 110 percent or greater of the applicable maximum Housing Credit rental rate" to Developments with new construction units. In other words, this does not apply to rehabbed units. It would seem the same rationale that would exclude rehabbed units should likewise exclude Redevelopment units which are replacement units and thus do not result in a net increase in the number of affordable units in the submarket. Please amend the language in the rule to read as follows:

> (ii) for Developments with new construction units <u>other than those that qualify as Redevelopments</u>, an average market rental rate, based on unit mix and annualized rent concessions, of 110 percent or greater of the applicable maximum Housing Credit rental rate.

Respectfully submitted,

Paula McDonald Rhodes

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Director of Development, Southeast Region