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Thank you for the opportunity to comment on the 2015 RFA-112. Comments are provided below.

### **Comments to 2015 RFA-112 SAIL**

#### **1. Projects Eligible for SAIL and Tax Exempt Bonds**

- a. One of the statements within the outline of the proposed RFA is:

“A proposed Development is not eligible to apply for any funding offered in this RFA if the Applicant has already closed on the Tax Exempt Bond financing prior to the date of the preliminary commitment for the SAIL funding”

Consideration should be given to account for the possibility that the legal process after an application is submitted may take longer than the contract on the parcel/property may allow (even if it is the date that is required for site control). The issue is not related to transactions that have closed prior to application, but those that may need to close prior to preliminary commitment or final approval by the board.

If an applicant believes they are within funding and have the ability or need to close the bonds prior to the preliminary commitment, there should be allowance for consideration of that situation and should not automatically disqualify them for SAIL. Even if the FHFC has the ability to review that situation and determine that it will not be a disqualifying factor in all circumstances.

Situations that could occur to require the bonds closing prior to the time frame defined that may be out of the control of the developer:

- 1) Bond allocation expiration
- 2) Potential rate changes in the market
- 3) Uncooperative seller

- 4) Expiration of entitlements for land regulations or permits
- 5) Expiration of other commitments (HUD Guarantees)
- 6) Extended legal process at Florida Housing beyond the anticipated schedule
- 7) The RFA process for approvals misses a meeting requiring the approvals to be moved to future meetings

From a public policy perspective, there might be an argument that if you can close without the SAIL funds that you must not need the funds to make the project work. If the developer is financially strong enough to close the transaction with temporary funding it does not automatically follow that the funds are not needed. In addition, normally what SAIL does permit is a stronger project serving lower income families. It allows more rehabilitation to take place if it is acquisition rehabilitation; it allows more reserves, amenities and green features to be included in new construction.

**Recommendation:**

***Allow applicants to apply for SAIL as long as a closing has not occurred prior to application for SAIL.***

## **2. Increasing Small County Applications**

Concern has been expressed about not utilizing enough SAIL for Small and Medium Counties. There are several reasons the major one being that new construction is very expensive in these areas due to smaller developments. The cost per unit becomes non-competitive not economically feasible especially when compliance fees are a minimum of \$200,000 no matter the size of project.

**Recommendation:**

***Consider giving additional ELI in boost to rural counties (small counties) to help them be more financially feasible. Look at other ways to reduce cost of financing, development or compliance in these counties***

## **3. Consider Local Government Contributions of Land.**

This option was removed years ago due to the difficulty in insuring that property was properly valued; as well as problems that occurred due to a few developers playing games by donating land to the city and the city donating the land to the developer to “beat the system”. Unfortunately, this is one of the easiest and most effective ways for a local government to support a project. More importantly since land use plans require or allow for land to be acquired and held by local governments to be used specifically for affordable housing it is consistent with

state planning efforts. In addition, it is a very strong indicator of local government support of a project.

**Recommendation:**

***Allow land to be counted as a local government contribution and put appropriate controls in place to address concerns.***

**a. Ensure that the land was a legitimate contribution**

- i. Require that the local government either show how the land was acquired or how it came under local government control; or sign a statement that it was not given to them or donated by the applicant or any of its financial beneficiaries and any other professionals involved in the application)

**b. Address the value concern**

- i. The value issue came when the amounts needed for local government contribution far exceeded the amount now required.
  - 1. Predetermine the how the value will be set
  - 2. Cap on valuation based on region
  - 3. In small and medium counties deem the contribution to have met the required contribution