

January 13, 2016

Florida Housing Finance Corporation
c/o Mr. Steve Auger and Mr. Ken Reecy
227 North Bronough St., Suite 5000
Tallahassee, FL 32301

RE: RFA2016-101 HOME Financing
Draft Application Comments

Dear Steve/Ken,

After careful review of the draft application and participation in the workshop, GHD has these comments to add in the formulation of the final version:

1. Maximum Allowed Units

- a. The current proposed limit is 40 units per project. We would like to see this increased to 50 units, similar to previous recent funding cycles.
- b. Being that these developments are targeted to rural areas, these areas have statistically lower income demographics to deal with. The fixed costs on any given project in this category remain about the same, but the addition of 10 more units significantly helps the bottom line and ability for a project to remain viable over the long term since the fixed costs do not increase in proportion to the increase of this amount of units.
- c. HOME funding has the lowest allowable max rental limits, especially so in rural Counties where this funding is being targeted. These limits significantly impede the opportunity of producing enough income and struggle to break even, compared with other restricted rent communities. 10 additional units with really only variable costs added help to make the numbers work much better long term.
- d. There is less available local assistance when compared to more populated areas in the form of rental vouchers to help with ongoing operating costs or even monies to help with hard cost construction. 10 additional units simply help add cash on the bottom line.

2. Higher Subsidy Per Unit

- a. We concur with comments first made by Rural Neighborhoods that the limits should be raised above 60%. A minimum of 80% would be recommended.
- b. We do not see a need to raise the overall project cap, as 50 units can fit within these limits. There are many scenarios where 0BR, 1BR & 2BR mixes would be proposed (also where the weighted majority of unit types are), ask for maximum allowed funding for all 50 units and still not come close to hitting the \$5M cap. An increase in per unit limits would give greater flexibilities to these projects in how they structure their financing, while still remaining competitive and under the current cap.
- c. With an increase to 50 units and keeping the project cap the same, we see this as a very

resourceful way to leverage the number of units being produced for any given community (and the State) while also maximizing the number of viable projects that can get funded.

3. Development Team Requirements

- a. An Architect is being required to be a part of these projects. We would like to request that it be an either/or situation between using an Architect and/or Engineer.
- b. Engineers have the same capacities, education levels and licensing protocols. We would only request that the type of Engineer to be allowed would be a Professional Engineer, which is the highest designation in the State.
- c. Architects and Engineers can both provide the required services needed for these projects, including design, drafting, sealing, permitting, project inspection/coordination/documentation, etc.
- d. In the overall industry, Architects will use Engineers for certain parts of their prints since they lack the scientific and engineering knowledge. Engineers can not use Architects in this same fashion (since they already have this knowledge).
- e. In our experience, Engineers have been significantly cheaper and have provided the same level of service in all areas. As with the comments above and what others have made, the cost to build is always a concern and we think that there should always be avenues and flexibilities open to bring a project in at the lowest cost possible, keeping all other variables the same (quality of construction, amenities provided, etc.). This simple philosophical way to approach each project helps on all levels:
 - i. More money left over to fund other projects that otherwise would not have made it.
 - ii. Less debt service required which helps the project's cash flow (both short and long term), extra money and incentive to keep a project looking good with less deferred maintenance and remaining viable for the longer term.
 - iii. Just overall more leveraging obtained to produce as many affordable housing units in this State with the continuous limited funding that we have available.

We thank you in advance for your consideration of these items.

Sincerely,



Brian M. Smith
Vice President