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Date: September 3, 2016 at 1:32:13 PM EDT
To: "Ken.Reecy@floridahousing.org" <Ken.Reecy@floridahousing.org>
Cc: Scott Macdonald <smacdonald@blueskycommunities.com>
Subject: SAIL (and 9%) Public Comment

Hi Ken,

Please see Blue Sky's comments below.

1. SAIL Leveraging

As I have stated before, I still favor the straight Leveraging methodology used in prior years. I don't know that the new method eliminates the "race to the bottom" that some believe has recently occurred.

The new method seems to make more expensive product more competitive. I have been inputting various real models and the Rehabs have the highest Leveraging Amount while the Mid-Rises have the lowest Leveraging Amounts. The Gardens are in the middle. This is of course despite the fact that the Rehabs have by far the lower SAIL \$/unit. If this holds true, then even after the NC goals, no Rehabs will be funded.

Even more troubling than the above is the variable "Total Development Cost" in the Leveraging Amount calculation. An Applicant who maxes TDC in the App has the best Leveraging Number. So, doesn't this tend to make most Applicants come in at or near the max TDC? Don't we want to encourage Developers to be as efficient as possible? What happens if I apply at the max TDC, get funded, and then my TDC goes down during CU or at Cost Cert? FHFC can't then recalculate the Leveraging Amount, and cancel the SAIL loan right?

Would you please consider changing the formulas to more accurately favor Developments that are truly well-leveraged and to eliminate TDC as a variable?

Assuming this can all be fixed, then I still have one recommendation: Just use 'Leveraging Amount' as the Leveraging delimiter. Don't group Apps into Quintiles. You have put a lot of effort into getting to a "Leveraging Amount", and then taking it to 3 decimal places. Why then flatten it out again by dividing the apps into quintiles? All this is doing is adding lottery to a system where it has not previously existed.

2. TDC/unit

I find it difficult to meet the Garden-Wood TDC/unit limits. All the other TDCs seem fine. **Would you consider increasing the Garden-Wood by about \$5,000?**

3. SAIL Sorting Order - Large County Elderly

I believe in the last 2 cycles the Elderly SAIL has run out before you get to the Large County non-goal Apps. I raised this during the course of the year and I thought it would be fixed for this round. **Would you consider reserving \$5,000,000 of the Elderly SAIL to be available for the Large Non-Goal Apps.**

4. Pinellas County MDR

Pinellas County is the most densely populated County in Florida. Even correcting for certain variables, it's either in the top 2 or 3. I got this info from here: <https://www.bebr.ufl.edu/population/website-article/measuring-population-density-counties-florida>. It's also the second smallest County in land area (Union County is smaller). It also has an astounding 588 miles of coastline (<http://www.pinellascounty.org/facts.htm>), along which Affordable Housing is practically impossible. This means it's harder to find sites that are 2 miles from Developments on the Proximity list.

The average number of units applied for (in each App) in the past three 9% cycles is also much lower than in other counties. Smaller developments in highly urbanized areas means they need less protection. Here is what we found:

	Broward	Duval	Hillsborough	Orange	Palm Beach	Pinellas
2013	102	92	83	110	100	71
2014	111	83	93	93	96	74
2015	116	92	134	109	128	86
Avg of 3 yrs	109	89	101	102	101	76

The average occupancy for all Developments in Pinellas (as shown on FHFC's report), correcting for a small number of Developments that are anomalies, has been between 96-97% for all of 2014, 2015, and 2016. Comparing this to Broward (where the MDR is only .50 miles), over the same period the average is 97-98%. Almost the same. As a few have reminded me, the main stat that underpinned the MDRs was the Occupancy rates in each County. Counties with the same Occupancy rate should have the same (or nearly the same) MDR.

Would you consider reducing the MDR in Pinellas to .50 miles?

5. Pinellas County Proximity List

Several Pinellas Developments appear to not need the protection offered by the Proximity List.

- Urban Landings (40 units) - achieved full occupancy in June 2014 and has remained at least 95% every month since.
- Whispering Palms (63 units) - achieved full occupancy in Dec. 2015 and has remained at least 98% every month since.

- Parkside Commons (60 units) – achieved full occupancy in Jan. 2016 and has remained at least 98% every month since.

(Please note the low number of units)

Any new Apps will not deliver units until, at the earliest, Summer 2018. This means the newest of the 3 Developments above will have at least 30 months of protection after full occupancy.

Would you also please consider removing these from the Proximity list?

Thank you very much, Shawn



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