



August 2, 2017

Ken Reecy
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: FHFC SAIL Leverage Calculator

Dear Ken,

Thank you for taking the time to go through the specifics of the SAIL RFA at today's workshop. As I mentioned in my letter on 9/12/16, the Leveraging Calculator from 2016 provided a leveraging percentage without considering the number of units being built. A field was available to input the number of units but changing the units did not affect the leveraging score. If the Leveraging Calculator does not take the number of units into consideration, developers are incentivized to increase costs up to the maximum TDC because they will receive a higher score. To ensure the most number of units are being built, utilizing the least amount of SAIL funds, the Leveraging Calculator should include the number of units as part of the calculation.

As I mentioned last year, if there are two projects located in the same county, which have the same development type, and same Total Development Costs of \$25,000,000 and one project proposes to develop 100 set-aside units and the other project proposes to develop 125 set-aside units they will receive the same exact score.

The calculation utilized last year encourages the development community to build more expensively up to the maximum permitted Total Development Costs. There is no motivation for developers to negotiate the best terms for the land, construction or any of the other development costs.

It is important to award the funding to the project that is providing the most number of units per dollar of SAIL funding. In theory, the developer producing at a lower cost would ask for less SAIL funding, but that is highly unlikely, as was the case during the 2016 SAIL RFA.

To fix this and encourage more efficient development, FHFC can incorporate a calculation in the current leveraging calculator that factors in the total number of set-aside units in the development. By simply dividing the final leveraging score by the total number of set -aside units, a better score will be given to the development that provides the most number of units per dollar of SAIL request.

FHFC has another great opportunity this year to make a substantial impact with the SAIL funds available. By utilizing the number of units in the leveraging calculation FHFC can make a more significant impact than was made through the 2016 SAIL RFA.

Thank you,

A handwritten signature in black ink, appearing to read "Alberto Milo, Jr.", is written over the typed name.

Alberto Milo, Jr.
Principal / Senior Vice President