SOUTH FLORIDA
COMMUNITY LAND TRUST

June 27, 2019

Ms. Marisa Button
Director of Multifamily Allocations
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

Re: RFA 2019-102

BHP Community Land Trust, Inc., dba the South Florida Community Land Trust (SFCLT), wishes to offer comments on the proposed rules related to the above-referenced RFA 2019-102 for the allocation of Community Development Block Grant – Disaster Recovery (CDBG-DR) funding.

We are, among other things, particularly grateful for the recognition that the Florida Housing Finance Corporation (FHFC) has given to the value that Community Land Trusts (CLTs) bring to not only the development of long-term, permanently affordable housing and preservation of scarce public resources, but to our commitment to serving communities, markets, and populations often overlooked by traditional developers. The ability to leverage CDBG-DR funding now enables CLTs throughout Florida to take our work to significant scale and consummate new and dynamic partnerships with for-profit developers and local governments that will enable increased, sustained development and organizational capacity. We are grateful for FHFC's insightfulness and leadership in recognizing the critical and increasingly necessary role that CLTs must now play in helping to address Florida's housing crisis.

However, we must bring your attention to several aspects of the RFA which might have the unintended consequence of limiting the roles that CLTs may actually play in deploying these valuable CDBG-DR resources in order to obtain optimal impact. SFCLT wishes to further elaborate as follows:

CLT EXPERIENCE: FHFC's definition of CLT experience would deliberately limit, or cap the size of the CDBG-DR/LIHTC project that a CLT could undertake to not more than 200% of its total completed units. This appears to be a somewhat arbitrary figure and fails to take into account that most viable CLT applicants will be joint venturing with experienced, seasoned for-profit developers with significant experience in the development of LIHTC projects, through which CLTs will be able to gain development experience, capacity, and achieve the level of financial return that enables each CLT participant to begin to internalize this capacity to undertake projects of increasing impact. To limit the CLT's opportunity to participate in, grow from, and economically benefit from such a venture would seem to inadvertently undermine the growth and capacity-building of CLTs.

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Unfortunately, most CLTs throughout the state have found themselves limited by the scale of projects they have been able to undertake, due in large part to the lack of resources uniquely tailored to meet the needs of CLTs projects – both at the state and local levels. This point is proven by the fact that the subject RFA represents among the first issued by the State that recognizes and prioritizes CLT participation.

And while in many cases CLT projects have traditionally been relatively small in scale due to a lack of dedicated funding resources, this should not be, however, misinterpreted as relevant in measuring the CLT's true development capacity, as numerous CLTs have attracted experienced staff with years of applicable housing development experience, for which the CLT should be credited.

As a result of these factors, we ask FHFC to waive this requirement. Rather, we ask FHFC to evaluate the capacity of the overall development team, including the relevant experience of the joint venture partner, property management firm, general contractor, tax credit syndicator, counsel, consultants, and other relevant parties, as applicable.

GROUND LEASE FEE: CLTs traditionally sustain their operations through leveraging a variety of resources, among them Ground Lease Fees. While the traditional LIHTC deal offers the CLT an opportunity to now earn Developer's Fees on projects of much greater scale, and while CLTs clearly understand that traditional LIHTC deals are sensitive to external fees as they seek to achieve a delicate balance between achieving requisite affordable rent levels, sustaining an acceptable Debt Service Coverage Ratio, and not over-enriching the developer at the expense of achieving maximum public purpose, the inability to earn a reasonable ground lease fee, as it would be limited to $10 annually under RFA 2019-102, represents a departure from the traditional CLT income model, which we feel necessary to bring to FHFC's attention.

SFCLT requests FHFC's consideration of some compromise position that, in cases where the land costs are being offered at zero dollars ($0) by the CLT, the CLT be permitted to either capitalize the annualized ground lease payment in the development budget, or receive the ground lease payment from residual cash flow.

SFCLT appreciates the opportunity to share our comments, insights, concerns and feedback. If you have any questions or require additional information, please do not hesitate to contact me at the number referenced below.

Sincerely,

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