



July 29, 2019

RE: Land contribution LGAO for upcoming Medium 9% RFA

Dear Marisa,

Thanks for considering the previous public comment on this matter. As we understand it, Staff believes that the contribution of free land *should* count as an LGAO, but can't find a mechanism to incorporate it into the RFA format. Staff wants the market value of the land to be at least equal to the LGAO value, based on Development Type. Staff was considering requiring an appraisal with the Application, but that might become a "battle of the appraisers" at the DOAH Level. We agree that requiring an Appraisal might have this result.

We respectfully request that Staff think about it differently.

The value of the Land contribution is the savings the Development will realize due to NOT having to purchase land (not the appraised value). The average land cost for all Medium 9% apps in the past 3 cycles is: 2016 = \$15,935, 2017 = \$14,423, 2018 = \$14,736. This consistency is a clear demonstration that EVERY site suitable for a 9% Development is worth about \$15,000 per unit. A typical application of 80 to 90 units will realize a financial benefit of between \$1,200,000 and \$1,350,000. So, that is the value of free land. This is basically DOUBLE the value of the LGAO. Moreover, an LGAO Loan might have to be repaid. Contributed land would not be "repaid." Simply put, the Site would have to be an exceptionally inferior Site to not achieve the LGAO value. It would have to be about the worst site in the entire RFA Cycle! **There should be no requirement to show evidence of property value at time of application or during credit underwriting.**

We assume that Staff's desire that the appraised value of the land must exceed the LGAO amount is rooted in a concern that a local government might contribute a nearly worthless property. I can all but assure you that this would never happen. Local governments that contribute land for affordable housing have decided to do so in an attempt to bring affordable housing to a particular area where it is needed, not to dispose of a cast-off.

In the unlikely event that a local government might consider contributing such a (worthless) property for affordable housing, the very factors that make it worthless would certainly be revealed during the local government deliberations. These might include contamination, noise pollution, severe blight. They might even face opposition for reasons of environmental justice/fair housing.

Local governments contribute land for affordable housing only after a considerable amount of planning and effort and in most cases a public offering. This is an important tool for them and should be for FHFC

too. This type of contribution (as well as others) achieves exactly what the LGAO is supposed to do: demonstrate a serious commitment by the local government to a particular Development.

We ask you again in light of all this, to allow for a contribution of land to count as an LGAO in the Medium 9% RFA. And we ask that you assume the value of the land to be greater than the LGAO amount; thus, eliminating the need for any Petition-able Appraisal.

Thank you very much for your continuing consideration.

Shawn Wilson

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President of Blue Sky Communities

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