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**Subject:** RFA 2021-211 Viability Loan Funding - Public Comment

Marisa/Melissa/Jean/Kevin,

First of all, we would like to thank all of Florida Housing's staff for their hard work and ongoing commitment to help address the impact the development community has felt as a direct result of the COVID pandemic. Timshel would like to offer the following comments in connection with RFA 2021-211:

- As it relates to Section D.2.a.(2) of the agenda, if one of the goals of the original "penalty" (i.e. limiting Applicants to Priority II Applications in the 2022-2023 cycle) was to help limit the number of Applicants applying for Viability Loan funding, we feel that the addition of the interest rate option, at such a low interest rate, will counter those efforts. It is understood that the Board voted to have this option included, however, it is our understanding that Staff has the ability to set the interest rate for the hard pay option. Since only \$20MM in funding is available, we would recommend increasing that interest rate to somewhere in the range of 3%-5%. Although offering a Viability Loan at market rate interest rates essentially defeats the purpose of the Viability Loan, it can also be argued that if offered at 1% w/ no additional penalty, it defeats the purpose of trying to impose a penalty, thus making it far more attractive for developers that would not have otherwise pursued this RFA as an option.
- As it relates to the Sorting Order section, we would strongly recommend that Staff reconsider the order. LGAO awarded deals have been a priority for Florida Housing for quite some time. Applicants that have received LGAO funds from a local municipality should be given preference over those that have not. In smaller municipalities, the LGAO commitment is quite onerous, and in an instance where those municipalities found a way to contribute funds to meet that goal, Applicants are going to be hard pressed to go back and request any type of additional commitment. The Sorting Order, as currently proposed, would reward an applicant that did not receive any type of local funding previously, but have since gone back to their local municipality and requested a commitment of as little as \$1 vs. a development that received enough funding to meet the LGAO Goal at application time (this is even if the LGAO deal's Viability Loan Funding request per unit is far lower). Please consider giving high preference to those Applicants with an LGAO commitment.
- "Applications with the highest amount of new non-corporation permanent funding commitments that have been added to the transaction since the original application pro forma" are being given second order of preference in the Sorting Order. A developer working with a local government to obtain additional financing directly from them, should not be the only route that is "rewarded" and/or considered when determining the efforts that a developer has made to maintain the viability of their Application. There are multiple ways in which a developer can close a financing gap (and each one as important as the other) from value engineering, to pursuing different financing to obtain additional debt proceeds (i.e. RD or HUD), to renegotiating LGAO terms with a local government in an effort to obtain additional first mortgage proceeds. A developer's success in obtaining financing (additional or otherwise) from a local government, after their application has been submitted, should not be the sole

measurement as to the lengths that a developer has gone before turning to FHFC for assistance. This should be removed from the Sorting Order, and if the Applicant chose the penalty of limiting themselves to Priority II Applications in the 2022-2023 9% Rounds should be put in its place. A developer would only select that penalty if they have truly exhausted all other options, thus meeting the Board's goal that FHFC should be the lender of last resort.

Thank you for your consideration!

Sincerely,



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