



April 7, 2023

Ms. Marisa Button
Director of Multifamily Programs
Florida Housing Finance Corporation ("FHFC")
227 N. Bronough Street
Suite 5000
Tallahassee, FL 32301

Subject: Viability Loan under Senate Bill 102 ("SB 102") - \$100MM Allocation

Dear Ms. Button:

Under the recent CHIRP program, each development was eligible to receive the same amount of funds no matter the number of units, which gave small developments more funding per unit in comparison to large developments. We believe that because of last year's urgencies, such an issue was not raised to the attention of FHFC. Nevertheless, we believe there's some time for a more equitable approach under SB 102 to allow the few developments over 150 units to surpass the max request amount of \$4.3MM.

Below is our recommendation, but any approach to provide large-scale developments (over 150 units) with the necessary funds to achieve financial feasibility will have double the effect in solving the affordable housing crisis. Based on our recent experience, the per unit funding gap in today's environment is substantial no matter the size of the development. In the past, large-scale developments provided greater economies of scale (costs reduced on a per unit basis) ¹; however, due to continued labor and material shortages and higher interest rates, this efficiency benefit is currently diminished.

We know that \$100 million is probably not enough overall funds, but with the help of additional sources, we believe there's a way to make the large-scale developments feasible.

We have estimated that there are approximately 4 large-scale developments (150 units or more) that haven't closed and don't have CHIRP funding already allocated. Considering that, we recommend the following method to define the max request amount:

1. If a Development has 150 units or less, the max request amount should be the lowest of \$4.3MM or the amount that will allow the Development to achieve a 70% paid fee with the proposed loan which cannot exceed 1.3 DSCR.

¹ Unless the \$4.3 million max request amount is increased, a 100-unit development could receive \$43,000 per unit in funding whereas a 200-unit development would only receive only \$21,500 per unit.



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2. If a Development has more than 150 units, the max request amount should be the lowest of \$38,000/unit or the amount that will allow the Development to achieve a 60% paid fee with the proposed loan which cannot exceed 1.25 DSCR.

We believe this change will expedite the delivery of a larger amount of affordable housing units, thus providing a greater public benefit.

Thank you for your consideration.

Housing Trust Group, LLC

By: **Rodrigo Paredes**
Rodrigo Paredes
Executive VP of Development

Digitally signed by Rodrigo Paredes
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