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From: Dan W <Dan@fliha.org>

To: Vicki Robinson; Carolyn Hayse

Sent: Tue Aug 21 10:40:03 2007

Subject: 2008 Universal Cycle

Good Morning

The HOME Rental Program has lost considerable funding due to the extreme need for down payment assistance in Single Family Homeownership programs within FHFC. The loss of HOME funds has caused a considerable loss of new and rehabilitated units by non-profit sponsors in the 2007 cycle and if not adjusted, more in 2008. We would like to propose that the HOME program be allowed to layer funding with other FHFC programs such as SAIL, and Tax Credits. Since the policy change several years ago, HOME has been a stand alone funding source with adequate funding for non-profit owned developments.

The cost increases and need for additional down payment assistance in Homeownership Programs is most relevant and understood by non-profit housing providers in the State, however the loss of the major funding source for Rental developments for non-profits is most alarming and must be addressed in the upcoming cycle.

Our own experience has shown that HOME funds can account for as much as 80% of the total development costs for new developments with bank and local funding supplying the balance of the funding. We propose to have the subordinate financing provided through FHFC programs account for funding not to exceed 70% of the total development cost of the project with HOME not to exceed 50% of the FHFC funding. This would allow for the project sponsors to select either SAIL or Tax Credits for the balance of the required funding.

It is our understanding that with any Federal funding provided to a development such as HOME, other than a few exceptions, the Tax Credits would be limited to 4%. This may affect a sponsor's decision regarding Tax Credits although the flexibility and current pricing may still allow for the Tax Credit selection. The option should be available to maximize the funding available for non-profit developers especially in light of the anticipated loss of HOME funding for the 2008 Universal Cycle.

The stand alone policy for HOME Rental funding has not been a problem in recent years due to the amount of HOME funds available. Now that has changed and we must revert back to allowing HOME program funding to be layered with other FHFC programs in order to keep up with the increased demand for new rental units in the state.

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