



August 1, 2007

Via E-mail

Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301

Attn: Vicki Robinson, Deputy Development Officer

RE: FHFC 2008 Universal Cycle Application Comments

- 1) Due to the inequitable distribution of Large County Housing Credits in the 2006 and 2007 Universal Cycle, we are recommending that each Large County be limited to awards of no more than the maximum Competitive HC request identified on page 61 of the 2007 Application Instructions prior to moving to the next Large County. This would avoid any Large County receiving an inequitable distribution of Housing Credits in the first SAUL due to multiple small projects receiving close to the maximum Competitive HC request. The current SAUL rules could inadvertently allow the LL and LM Counties to receive awards of all of the Large County Geographic Housing Credits prior to any allocations of Large County HC to LS or LVS Counties. At a minimum, the 50% limitation provided for in the Ranking and Selection Criteria of the Application Instructions, Program Provisions and Application Selection Order, B.7.(b.)(3), should be revised to apply to the Large County Geographic Housing Credits instead of the total Housing Credit Allocation. *(Reference page 61, 81 and 89 of the 2007 Application Instructions)*
- 2) We recommend that the Maximum SAIL Request Amount be reduced to \$4,000,000 and the maximum SAIL per unit amount be reduced to \$50,000/unit. The increases in land costs, impact fees, construction costs, property taxes, insurance and utility allowances in the last 24 months appears to be leveling off and the availability of SAIL funding may be significantly less in the coming year. The elderly SAIL amounts should be reduced to be equivalent. Large elderly communities are very slow to lease up and difficult to maintain at financially feasible economic occupancy. Reduction in the Maximum elderly SAIL request amount should result in smaller elderly developments with a higher probability of economic sustainability. *(Reference Page 61 of the 2007 Application Instructions)*

August 1, 2007

Via E-mail

Florida Housing Finance Corporation

Attn: Vicki Robinson, Deputy Development Officer

RE: FHFC 2008 Universal Cycle Application Comments

Page 2 of 4

- 3) In order for Applications in Counties with an AMI of \$44,100 or less to be competitive when applying for HC and SAIL, all Applications for HC and SAIL in Counties with AMI of \$44,100 or less should be automatically in Group A; otherwise, Applications for HC and SAIL in Counties with AMI of \$44,100 or less will most likely end up in Group B. *(Reference page 3 and 77 of the Application Instructions)*
- 4) In anticipation of a decreased availability of SAIL funds for the 2008 Universal Cycle, it is imperative that FHFC not allocate SAIL funding to developments that can be developed without SAIL funding. As such, no Applications should be allowed to apply for HC and SAIL in a County with a DDA designation. Competitive HC applications in a County with a DDA designation are economically viable with **no SAIL funds**. SAIL funds need to be reserved to leverage other financing resources that are not adequate to finance development without additional subsidy. *(Reference page 3 of the 2007 Application Instructions)*
- 5) What is the justification for the difference in the HC Request Limits for LS & LVS vs. LM & LL Counties? The differential in a DDA or QCT is understandable and is appropriate consideration for the cost differential between a Large DDA County and a Large Non-DDA County. The same comment applies to HC Requests Limits for ML and MS Counties. *(Reference page 61 of the 2007 Application Instructions)*
- 6) Further clarification of language added to 67-48.010 (17) is necessary to avoid ambiguity in interpretation of the rule. Units restricted as set aside for ELI persons should only be rent restricted at the level applicable for qualification for federal Housing Credits, i.e. rents calculated for households at 60% AMI. Without this clarification, ELI rents could potentially be reduced by utility allowance increases to a level that would make the provision of ELI set aside units economically unfeasible. At a minimum, ELI units should have a Net Rent Floor with a CPI escalator.

August 1, 2007

Via E-mail

Florida Housing Finance Corporation

Attn: Vicki Robinson, Deputy Development Officer

RE: FHFC 2008 Universal Cycle Application Comments

Page 3 of 4

- 7) The Proximity List for affordable housing communities in close proximity to the Development site for a new application should exclude existing occupied affordable housing developments that recently were refinanced. The intent of the Proximity List was to provide a disincentive for new affordable communities to be developed in close proximity to an affordable community that had not had a reasonable opportunity to reach stabilization after construction and initial lease up. Including recently refinanced occupied communities on the Proximity List would be analogous to including ALL affordable housing financed communities on the List.
- 8) The provisions of Rule 67.48.009(5)(e) should be modified to allow SAIL applications for communities that closed with MMRB or local issuer tax-exempt bond financing to continue to be eligible for SAIL for a specified period of time. The current rule prohibits an applicant from proceeding diligently with planning, design, permitting and construction of a tax-exempt bond financed community without the necessity of delaying the closing and construction of the community while applying for SAIL funds. This time limitation should be consistent with Rule 67.48.009(5)(a).
- 9) Any changes to the SAIL leveraging calculations that discourage mixed-income developments should be avoided. Mixed income developments are encouraged and supported by most local governments and recognized as a positive contribution to most geographic areas. Revising the SAIL per unit request limit to be based upon set-aside units is only going to discourage mixed income development. The unrestricted units within a mixed income affordable community typically do not have enough of a rent variance from the affordable units to be economically viable without additional subsidy, particularly considering the fact that these units will not generate any Housing Credit equity. The concept of a reduced SAIL amount for the unrestricted units in a mixed income development ignores the significant economic impact of the loss of tax credit equity to those unrestricted units.
- 10) Any attempts to provide incentives for preservation of existing affordable housing units including PHA units, ELI units, etc. needs to be balanced with the need for additional new units in all of the major geographic markets in Florida. While preservation of existing affordable units is important, the amount of subsidy allocated to this preservation needs to be weighed against the economic and public policy benefits of developing quality new construction affordable rental communities.

August 1, 2007
Via E-mail
Florida Housing Finance Corporation
Attn: Vicki Robinson, Deputy Development Officer
RE: FHFC 2008 Universal Cycle Application Comments
Page 4 of 4

- 11) We have previously provided comments and drafts with regard to the need to improve the language in the Verification of Site Plan Approval and Verification of Zoning Forms within the Application. We respectfully request that these forms be revised to more accurately reflect the readiness to proceed of the proposed development in the Application.

- 12) As costs have increased and HUD Median Incomes have remained stagnant, it has become increasingly difficult to develop affordable housing communities large enough to address the pent up demand utilizing the available subsidies without developing multi-phase communities with financing resources from multiple years application cycles. This multi-phase development can be inefficient with regard to both construction costs and operational costs if the amenities that are provided cannot be shared among the phases. The application needs to be revised to allow the amenities to be in an adjoining phase if the Credit Underwriters can verify that the amenities are readily available to, and have been designed adequate to serve, the total projected number of residents based upon the unit mix, set-asides and demographics committed in the application. (*Reference Page 25 of the 2007 Application Instructions*)

Thank you for the opportunity to be involved in the Rule Development Process and for considering our comments and suggestions for improvements to the current system. We are available to answer any questions in this regard at your convenience.

Sincerely,

W. Scott Culp

W. Scott Culp
Executive Vice President

cc: Stephen P. Auger, Executive Director