July 17, 2017

Mr. Ken Reecy
Florida Housing Finance Corporation

RE: RFA 2017-109 Viability Loan Sizing

Dear Ken,

Thank you for the opportunity to provide comments regarding RFA 2017-109 for Development Viability Loan Funding. We appreciate FHFC's initiative to offer additional funding sources to previously awarded projects that have been affected by the decrease in tax credit equity pricing. We believe this is a necessary effort to keep the proposed developments financially viable.

Upon reviewing the draft RFA 2017-109, we have a concern regarding the proposed calculation for determining an applicant's maximum Viability Loan. The calculation essentially solves for the sources "gap" existing in these deals. The proposed calculation requires an applicant to use "the greater of the Permanent Non-Corporation funding exclusive of HC equity and deferred Developer fee from the Original Application or the Current Application" when subtracting available sources from TDC to determine the maximum Viability Loan or "gap". Most, if not all, of this figure will be comprised of the project's permanent debt.

It is our position that a rise in interest rates, among other substantial market changes, have occurred since applications were originally submitted in 2015. These changes have lowered the amount of permanent debt that can be supported by the project. Using a permanent debt commitment from nearly 2 years ago is not an accurate representation of current commitments and will only serve to hide the larger funding gap projects are actually facing.

Thus, we propose that the maximum Viability Loan calculation shall be modified to only include an applicant's current permanent debt commitment.

Sincerely,

Kevin Fitzpatrick
Gardner Capital, Inc.