

**From:** p howard [<mailto:plhowardcsg@gmail.com>]

**Sent:** Monday, February 26, 2018 2:57 PM

**To:** Trey Price <[Trey.Price@floridahousing.org](mailto:Trey.Price@floridahousing.org)>; Marisa Button <[Marisa.Button@floridahousing.org](mailto:Marisa.Button@floridahousing.org)>

**Subject:** Comments to Proposed Rule Amendments 67-21;67-48; and 67-60

Good Afternoon Mr. Price and Ms. Button

Please find attached my comments for the proposed rule amendments.

***Thank You***

***Priscilla Howard***

***The Community Solutions Group***

***P.O. Box 7178***

***Brandon, Florida 33508***

***850-591-7795***

# Community Solutions Group



....building housing and community development partnerships

Via Email

February 26, 2018

Mr. Trey Price, Executive Director  
Marisa Button, Director of Multifamily Allocations  
Florida Housing Finance Corporation  
227 North Bronough, Suite 5000  
Tallahassee, Florida 32301

Re: Comments to Proposed Amendments to Rules 67-21, 67-48, and 67-60 F.A.C.

Dear Mr. Price and Ms. Button:

Thank you and your staff for this opportunity to provide comments based on the proposed rule changes listed on the Agenda and discussed at the Rule Development Workshop for Rule Chapters 67-21, 67-48, and 67-60 F.A.C. on February 21, 2018.

My comments/questions/concerns (“comments”) are generated more from a lack of understanding of the rationale or public purpose for some of the proposed changes. Before listing my comments, I have two general and urgent requests:

## **General Requests:**

- 1) The Corporation should allow staff adequate time to consider the items stated in my letter and any other comments you may receive from the Affordable Housing Industry. Now that the Corporation is aware of the concerns on some of the drastic changes to the rules, I request that the Corporation does not allow the process and public input to be constrained by the tentative Rule Development Time Line that was published with the February 21, 2018 Rule Development Workshop Agenda and published before the Corporation received comments/questions/concerns.
- 2) The Corporation should provide an opportunity for another workshop after releasing to the public proposed changes to the Rules as a result of any comments received and prior to drafting the Rules that will be published for the Rule Hearing that is Tentatively Scheduled to take place on April 11, 2018

**Comments:** My comments are in order of the published Rule Development Workshop Agenda

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- 1) **Reduction of Developer's fee from 18 percent to 16 percent (and) Reduction of Developer Fee for acquisition cost to 4 percent:** The 4% Housing Credits is a Federal Resource that is needed to make it economically feasible for developers to use Mortgage Revenue Bonds on both the State and Local levels to purchase and rehab multifamily housing and to keep those units available for many more years

I am confused as to why the Corporation wants to limit the amount of these Federal Resources that come to the State of Florida to provide safe and decent affordable housing for its residents. I am not clear on the rationale or public purpose the Corporation is trying achieve. If you look at the simple math of how these deals work, limiting the Developer's fee limits the amount Housing Credits that are allocated and needed to make Acquisition Rehab deals work; therefore limiting the desire of developers to use Bonds(which the State and Locals have an abundance of) for these types of transactions.

- *Are you concerned about the amount of rehabilitation that goes into the units?* This can be handled by placing a minimum on the dollar amount of rehab that must be done per unit. The Corporation could raise the current minimums.
- *Are you concerned about the amount of money you think developers are placing in their pockets as profit?* I know the Corporation is aware of how difficult Rehab deals can be and the unknown that is there until you open the walls and the floors. This also has the potential to only penalize the developers that are most active in Rehabilitating Units and who have built their businesses around partnering with FHFC to help alleviate units that are dilapidated or could become dilapidated and provide better units for the tenants. The Corporation has not made it clear what the public purpose is for this Rule change. The Corporation has typically been focused on the unit and who it serves. Your Rules and Application currently serve to make sure that the units are safe, decent and affordable and that there are adequate tenant programs and community services within close proximity for the residents. This Rule change does neither of these things. Nor does it provide more units because unlike SAIL and 9% Housing Credit, the Corporation does not receive these 4% Housing Credit as an Allocation to award to another developer.

If the Rule changes are to just simply limit the (misconceived) profit made by developers, there are other ways to accomplish this. One solution would be to set a maximum percentage (80 percent) of the Developer's Fee that can be taken at the closing.

- 2) **Guarantee for Completion required for each general partner/manager/managing member:** The credit underwriter should be the one to make this recommendation after their analysis of the strength of the Guarantee from the one general partner. This change will essentially hurt non-profits where the only way for them to gain experience and have a greater share of developer's fee and responsibility is to negotiate such a structure. This

should be required only if the one general partner does not meet the criteria listed in the existing Rules: liquidity, development history, past performance etc.

**3) Notices of a competitive solicitation and each notice of decision or intended decision concerning a competitive solicitation will be posted on the Website instead of the Florida Administrative Register:** The Corporation has always had a practice of being as transparent as possible to ensure their partners a fair and equitable competitive process.

- Is this Rule change recommended by the Corporation to save the costs of publishing in the F.A.R. or do you see it as unnecessary and duplicative? If the Corporation ultimately decides that these notices will only be provided to the public on the Website, I recommend that an announcement of these notices be placed on the front page of the Website in a prominent location with a link to the detailed information. It has become very difficult to locate things on the Website without hours of searching and opening all areas that you think the information might be only to realize that there was more information on what you were seeking in a different location of the Website.

If you or your staff would like further clarification on my comments, do not hesitate to contact me. I hope the public is given another opportunity to discuss these changes prior to this Rule moving forward as proposed.

Sincerely,

Priscilla Howard, President

The Community Solutions Group