From: Andrew Spofford <aspofford@poah.org>
Sent: Tuesday, February 27, 2018 11:08:34 AM
To: Trey Price
Cc: Aaron Gornstein; Rodger Brown; Marisa Button
Subject: POAH Comments on Proposed Revisions to RC 67-21 / 67-48

Mr. Price:

Attached, please find POAH's comments on FHFC's 2/16/18 draft revisions to Rule Chapters 67-21 and 67-48.

Thank you for the opportunity to comment – please let me know if we can provide further information or clarification.

POAH appreciates FHFC's support for our work, and we look forward to continuing our partnership.

Best,

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February 27, 2018

Florida Housing Finance Corporation
c/o Trey Price
c/o Marisa Button
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Proposed Revisions to Developer's Fee Limits (Rule Chapters 67-21 and 67-48, F.A.C.)

Dear Mr. Price:

Thank you for the opportunity to comment on the proposed revisions to Rule Chapters 67-21 and
67-48 (as proposed in the 2/16/18 drafts of these Chapters, reviewed at the 2/21/18 Rule
Development Workshop). Our comments are focused on the proposed changes to the developer
fee limit, which we are concerned will hurt the viability of preservation transactions using 4%
LIHTC and increase their need for scarce gap funding resources.

As you know, Preservation of Affordable Housing, Inc. (POAH) is a national nonprofit with a
general interest in advancing the preservation of at-risk affordable housing as well as a specific
interest in Florida as the preservation purchaser of much of the Greater Miami Neighborhoods
(GMN) portfolio in 2009, and of the Trinity Towers portfolio in Melbourne in 2013. POAH values
FHFC's longstanding commitment to preserving Florida's affordable housing stock, and we offer
these comments in the context of that shared commitment.

We are concerned that by reducing preservation projects' eligible basis, and thus the amount of 4%
LIHTC equity they can generate, the proposed reduction in the developer fee limit – particularly fee
for acquisition – will shrink the resource pool for affordable housing at the very time Florida faces
an increasingly intense affordability crisis.

POAH's preservation and renovation of Trinity Towers East (TTE), a 156-unit, deeply affordable
senior community in Melbourne, illustrates the negative impact of reducing the fee limit. TTEE was
funded with 4% LIHTC, tax-exempt bonds, SAIL funds, and other resources. Developer fee was
calculated at the 18% limit, but only 36% of the resulting fee was paid to POAH (about
$6,000/unit); 56% was deferred (to be paid from cash flow which the owner would collect in any
event) and 7% was paid for other development costs.

The proposed reduction in the fee limit on acquisition would have reduced this transaction's eligible
basis by $475,000 and reduced net LIHTC equity by $140,000, or about 2.8%. The overall fee
reduction from 18% to 16% would have reduced basis by another $220,000 and equity by about
$65,000 – an additional 1.3%. In the aggregate, **these changes would reduce the project's**

LIHTC equity by 4.1%, increasing the gap need by about $205,000. Translating this impact from one project to FHFC's statewide book of 4% LIHTC activity, we would expect to see lost equity totaling in the millions or even tens of millions of dollars, with more severe impacts in the high-cost areas of Florida where the affordability crisis is most intense.

Thank you again for the opportunity to share POAH's perspective with FHFC. We hope that our comments contribute to a fruitful discussion, and we look forward to working with FHFC in the future. Please don't hesitate to contact Andrew Spofford, POAH's Chief of Staff, at aspofford@poah.org or (617) 449-1016 if we can provide further information or clarification.

Sincerely,

Aaron Gornstein
President and CEO
Preservation of Affordable Housing (POAH)