From: Marc Plonskier [mailto:PlonskierM@gatehousemgt.com]
Sent: Wednesday, February 28, 2018 4:31 PM
To: Marisa Button <Marisa.Button@floridahousing.org>
Cc: Trey Price <Trey.Price@floridahousing.org>; Nancy Muller <Nancy.Muller@floridahousing.org>
Subject: Rule Chapter 67-48 SAIL Rule on Refinancings

Dear Ms. Button,

Thank you for this opportunity to comment on your proposed rulemaking. This comment relates to older SAIL projects which require some capital investment, but don't require significant new acq/rehab funding to remain viable and sustainable.

Many properties in our portfolio are at/about 15 years old, and are well-maintained. We, and our investors, would strongly prefer to continue to own them for the long term. Obviously, we know the properties extremely well, and are best suited to continue to operate them as before.

Florida Housing has created a strong preservation program that is well-suited for projects requiring substantial rehab ($20,000+ per unit). However, many projects, like ours, only require a small amount of work, perhaps closer to $5,000 – $10,000 per unit. In these cases, simply new roofs, exterior painting and new cabinets/countertops may be all that is needed. These projects could continue in the same ownership if they are able to be refinanced and those proceeds used for the minor rehab. Over 40,000 units in Florida Housing's portfolio are age 15-29 years old, and many are likely to be well-maintained.

<u>Current Rule</u> - Currently, the SAIL rule penalizes and discourages this structure. Specifically, it states: "The Board shall deny requests to increase the amount of any superior mortgage, unless… a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding SAIL loan balance."

<u>The Problem</u> - We have previously been forced to weigh the cost of this paydown against the benefits of an outright sale – in those cases, we decided to sell to buyers who have then applied for new Florida Housing funding to do a substantial rehab, which was arguably not really necessary.

<u>The Proposed Rule Change</u> - Allowing a first mortgage refinance to include funds (up to a maximum of $10,000/unit) **<u>to be used solely for capital improvements/reserves</u>** per an approved Credit Underwriting Report (i.e., no "cash out") would extend the useful life of these well-maintained projects. It would reduce the drain on precious FHFC resources for projects that don't need a lot. And the same DSCR and other limits which are presently in the Rule could remain, to insure that the property is not highly leveraged.

Keeping consistent proven ownership and requiring no additional Florida Housing subsidy makes this an attractive way to secure the long-term stability of the property.

Sincerely,

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