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**Sent:** Tuesday, December 19, 2017 3:56 PM  
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**Subject:** Comments to RFA 2018-107  
**Importance:** High

Mr. Henderson:

Please note our comments to RFA 2018-107:

1. In reviewing a variety of financial models to test the financial feasibility of the guidelines proposed in the RFA, it is apparent that the following items need to be considered:
  - i. With the upcoming passing of the Tax Reform Act in Congress, the reduction of the corporate tax rate has already reduced pricing of the LIHTC to the low 90 cents. This significantly reduces needed equity to get a transaction completed in the Keys.
  - ii. The maximum limits of the LIHTC award and SAIL for a 100% only affordable housing development does not provide a development with enough equity to overcome the lower equity pricing. The SAIL award, limited to 25% of the total development costs, does not leverage the affordable housing resources enough to offset the LIHTC limits.
  - iii. Construction costs due to the hurricane disaster, both in labor and material costs, have risen significantly. Since both labor and materials are not produced in the Keys, they need to be shipped in. This is creating difficulty in achieving a budget where a development can be completed in the constraints of items i and ii.
  - iv. The absence of work force housing at 80% of median further reduces the rental revenue needed to offset the caps in the LIHTC and SAIL funding.

Because of the above, we recommend that FHFC consider:

- i. Increasing the ceiling of the LIHTC award to \$1,500,000 per development;
- ii. Increase the SAIL award to 35% of total development costs
- iii. Allow work force housing units to be part of this RFA, in addition to affordable units, which will increase revenue and help leverage the resources of FHFC
- iv. Increase the maximum construction costs by 15% to compensate for the increased costs due to the current construction industry conditions.

We thank you for your consideration of these suggestions. If you have any questions, please do not hesitate to contact us.

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