From: Mara Mades [mailto:Mara.Mades@CornerstoneGrp.com]
Sent: Wednesday, March 14, 2018 10:31 AM
To: Marisa Button <Marisa.Button@floridahousing.org>; Kevin Tatreau <Kevin.Tatreau@floridahousing.org>
Subject: Viability Round Comments

TDC

Just a note after the current question on the Viability Round workshop call at 10:15. In particular, a 2014 applicant wants to know if they can use the 2017 TDC. The response from staff was that you all are going to delete from the application that they have to use the TDC from their original round.

The question is why? We in January had an application for a TDC approval on a 4% tax credit project that is losing $950,000 of non-volume cap 4% tax credit equity because of a TDC issue. Why does suddenly a deal from 2014 get treated differently from all other deals in the past several years since TDCs commenced? We had to withdraw our petition in January on TDC waiver on that deal, because staff said they would not support it. Despite the fact, additionally, that there was no TDC for townhomes, so we were having to live with garden style TDC. The applicant on the call at 10:15 a.m. is building garden style, but simply doesn't want to live with the garden style TDC from his application.

Additionally, since 2014, construction costs are up by about $5 per square foot. And the 2014 RFA allows for a 2.9% annual inflator from the 2014 TDC, so that almost covers the difference. They want to increase their TDC from $204,000 to $232,000, the 2017 TDC.

In sum, please keep the note in the application that maximum TDC is the original application TDC plus the applicable inflator from each applicant's application. Otherwise, folks will now show a larger gap than is permitted by their applicable RFA, and if so, they should not be eligible for this application, as they will also fail TDC in credit underwriting as they have to comply with the TDC from their original round – just like all applicants have had to do since the FHFC commenced the TDC process.

2014 Applications

I didn't understand why we are seemingly rewarding 2014 applications that are well past their allowed 2 years' of extensions, when the equity pricing has barely budged from when they submitted their 2014 applications.

And I agree with the comment just made on the call by a person in the room at Tallahassee that deals from 2014 have other issues that caused them to not move forward.

The Viability Round last year did not reward deals that have failed to move forward from the farthest back. Why does this Viability Round this time reward the oldest deals, going all the way back to 2014. It is looking odd to many people, as if it was set up for a certain applicant, even if that may not be the case.

I think if the ranking stays, then the 2014 deals should rank last, as they are well out of compliance, violating the FHFC rules to close in 2 years.

Let me know your thoughts. I know these applications are complicated to put together (and you have to do this 15 times each year, just to make it even more fun, right?).

Thank you in advance for your time and consideration.

Mara S. Mades
The Cornerstone Group
2601 South Bayshore Drive, Suite 725
Miami, FL 33133
(786) 709-2231 phone
(305) 443-9339 fascimile
(305) 439-2148 cell