

From: Barry Goldmeier [<mailto:bgoldmeier@gmail.com>]
Sent: Sunday, October 1, 2017 4:41 PM
To: Brantley Henderson <Brantley.Henderson@floridahousing.org>
Subject: Non-Profit Set Aside

Dear FHFC:

My comment concerns the current practice of allowing for-profit developers to simply "buy" the qualification as a non-profit for the purpose of being able to submit an application under the less crowded Non-Profit Set-Aside which would then give them a competitive advantage.

The rule now allows a for-profit to basically do all the work and own 49% of the property plus obtain 75% of the developer's fee (and future refi and sales benefits) plus truly control every aspect of the project including selecting the general contract and property manager which also could be affiliates of the for-profit. It should be noted that 51% ownership doesn't automatically translate into control if the operating agreement don't say it does. In other words any number of "front" non-profits can continue their business of selling their status since their involvement has basically been signing some documents and called to see if their check is ready.

This does not assist in the stated goal of building development capacity for non-profits since they don't need to do much and don't control the project. However, there are many financially sound and experienced "true" non-profit developers that have built and operate numerous successful projects. Those "true" non-profits are completely capable of being self sufficient and

building projects independent of for-profit developers plus they are more altruistic, less profit driven organizations which do more than make money to enable them to pay the salaries of their staff.

Please change #83 in the Definitions section which is what NON-PROFITS MEANS to call for 100% of the ownership plus 100% of the developer's fee to go to the non-profit. If they need some help then allow them to engage for-profits as consultants paid out of the developer's fee they collect but limit those outside fees to 10% to 25% of the developer's fee they collect with no ownership interest or cap it at a dollar amount. That should be sufficient to get whatever specialized expertise they may need. That arrangement should be fully disclosed and approved as part of the developer's qualification process.

Barry Goldmeier
305-984-3595