From: Todd Wind <twind@timsheldevelopment.com>
Sent: Tuesday, August 14, 2018 10:52 AM
To: Kevin Tatreau <Kevin.Tatreau@floridahousing.org>; Marisa Button <Marisa.Button@floridahousing.org>
Cc: Brian Waterfield <bwaterfield@timsheldevelopment.com>
Subject: Funding Limits & Leveraging Comment

Good Morning Marisa and Kevin,

Thank you again for holding the 2018 Housing Credit Geographic RFAs Workshop last week and allowing developers to provide feedback and comments.

As it relates to allowing the Funding Limits to be the same whether or not the development qualifies for the basis boost, Timshel is in support of that change. However, we feel that in connection with this change, a change will also be required in how the leveraging is calculated for a development in a boost area vs. non-boost area. Currently, the leveraging calculation reads as follows:

If the Development does not qualify for the basis boost, the Eligible Housing Credit Request Amount will be multiplied by 9.5. If the Development qualifies for the basis boost, the Eligible Housing Credit Request Amount will be multiplied by 9.5 and that product will be divided by 1.25.

Assuming Funding Limits are the same for boost vs. non-boost areas, it would not make sense to divide the product of 9.5 times the Eligible Housing Credit Request Amount by 1.25 for only developments in a boost area. The calculation should be the same for both (either divide both by 1.25 or neither of them). Otherwise, developments in non-boost areas would be at an extreme disadvantage as it relates to leveraging. I have attached an example, in Excel, which assumes two 100 unit developments, one in a boost area and one in a non-boost area (although the economics of each deal would be different as a result of a basis boost vs. non-basis boost, the idea is still the same). As you will see, if the leveraging calculation goes unchanged, the non-boost area developments will most certainly all be considered Leveraging B. As a result, we would respectfully request that the leveraging calculation not differ depending upon the area in which the development is located.

Thanks,

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Leveraging Scenario

	Boost Scenario (Medium County)		Non-Boost Scenario (Medium County)	
	Credit Request Amount:	$ 1,700,000	Credit Request Amount:	$ 1,700,000
	Total # of Set-Aside Units:	100	Total # of Set-Aside Units:	100
1. If the Development does not qualify for the basis boost, the Eligible Housing Credit Request Amount will be multiplied by 9.5. If the Development qualifies for the basis boost, the Eligible Housing Credit Request Amount will be multiplied by 9.5 and that product will be divided by 1.25.		$ 12,920,000		$ 16,150,000
	Corporation Funding Per Set-Aside Unit	$ 129,200	Corporation Funding Per Set-Aside Unit	$ 161,500