



May 4, 2020

Trey Price, Executive Director  
Marisa Button, Director of Multifamily Programs  
Florida Housing Finance Corporation  
227 N. Bronough Street Suite 5000  
Tallahassee, Florida 32301

Re: Comments to Proposed 2020/2021 RFA Cycle

Dear Mr. Price and Ms. Button,

Thank you for the opportunity to comment on the upcoming 2020/2021 application cycle and appreciate your consideration of the below matters.

- **Priority I/II Classification in the 2020/2021 Small/Medium Geographic RFA, with a maximum of three Applications for each Principal.**

We understand FHFC's desire to limit applications so there are not 150+ applications each year in the Small/Medium RFA. However, if you truly deem an application cap necessary, we respectfully request that the limit be increased to 6 Priority I/II applications. In RFA 2019-113 FHFC was able to preliminarily award 10 developments with available tax credits. This is 3x the amount of developments that are funding in the Miami-Dade RFA where the applications are restricted to only 3 applications. Additionally, the fact that there are 34 Medium Counties, this could give a better chance of more medium counties being represented (as odds are most folks will not be submitting Priority 2 applications). Also, we should suggest that Phase 1/Phase 2 submissions not be considered separate applications for the purposes of this cap.

**Other ways to limit applications without implementing an application cap.**

- **Proposed changes to A/B Leveraging in 2020/2021 Cycle.**

We are fully supportive of FHFC's proposed system for tie breaking applications that may have identical total corporation funding per set-aside unit amounts by sorting them further by lottery number. This will reduce the number of Applicants/Developers that leverage all their applications to the same funding amount to avoid being grouped into Group B. Additionally, Southport recommends that FHFC adopt a 60/40 split between Group A and Group B as we have recommended in the past. *"The total number of Applications on the List will be multiplied by 60 percent and the resulting figure will be rounded up to the next whole number (the resulting figure after rounding will be referred to as the "A/B Cut-Off")"*

This will require Applicants/Developers to "sharpen their pencils" and do more thorough due diligence before the application deadline when requesting this finite resource.

- **Funding Preference for New Construction Developments with 100 units or greater.**

For example, in last year's RFA 2019-113 (Small/Medium Geographic) only 25 of the 184 applications had unit totals of 100 or greater. However, not one development 100 units or greater

were preliminarily selected for funding. For FHFC to get the biggest bang for their finite resource developments with more units should be given priority.

- **Funding Preference or Additional points for Developments that have already Received Site Plan Approval.**

As you asked in one of the workshops: “*Should points be provided for certain ability to proceed items, i.e. site plan approval?*” We recommend yes. While there is nothing fast about these deals, deals that have made it through the site plan process will be able to close and get to construction faster in most cases. This process is often cumbersome and time consuming, but developers that are “shovel ready” should receive preference over those who have not. You could do this via additional points, or an actual funding preference is up to you all.

- **Funding Preference or Additional points for Developments that have already performed all environmental due diligence.**

As you asked in one of the workshops: *Should this (Environmental Form (Rev. 11-14)) be an eligibility requirement, or a point item?* We recommend yes. This could be critically important when allocating NHTF so there are no surprises during underwriting. Additionally, the more upfront due diligence that is completed by the Applicant/Developer the faster the closing process will take. You could do this via additional points, or an actual funding preference is up to you all.

#### **Additional Comments for RFA items.**

- **Local Government Contributions.**

We would like to encourage FHFC again strongly to not include the required minimum local government contribution as it relates to the SAIL RFA (or any other RFA). Because the SAIL RFA is not driven by the lottery, the local government contribution requirement does not make it easier or encourage large developers to submit numerous applications. The majority of local governments with a process in place to provide the minimum local contribution typically provide it for every applicant, so long as they meet threshold requirements; therefore, the minimum local government contribution requirement is not encouraging local governments to “get behind a project” or support the development. Instead, they provide it to all who apply.

It does, however, provide a mechanism to prevent the development of affordable housing by allowing local governments to decide NOT to provide the minimum local contribution to ANYONE who applies. This is not our opinion. This has been communicated to us expressly by numerous local governments around the state. Recently, we have run into several local governments that have an all-out moratorium on providing sign off on ANY of the required FHFC Application Forms, let alone establishing a process where they would actually provide a contribution of funds. We do not believe it is the intent of the Corporation to retain a process that allows jurisdictions to prevent new developments from proceeding simply because they are affordable housing, which is a regular occurrence under the current system. In last year’s Small Medium County geographic RFA, no minimum local government contribution required and there were a number of applications from municipalities that historically had not been able to compete for funding. This was made possible because the local contribution was not required.

In addition to the use of the local contribution requirement as a weapon against the creation of affordable housing, the use of the local contribution for SAIL transactions is contrary to the very nature of the program. Generally, SAIL funds are awarded to developments that can best utilize the SAIL funds, as leveraging is a much more prevalent component of the SAIL competition. The developments that FHFC should fund with SAIL are deals with cheap land and the most efficient construction costs. These developments should not be passed over for less efficient transactions simply because they could not come up with the minimum contribution from the local governments. We want to have the most units funded in the most counties, as we can all agree that there is an overwhelming need for quality, safe, affordable housing throughout Florida.

This all is in addition to the fact that there is often insufficient time ahead of the SAIL RFA

for some jurisdictions to facilitate the process of getting local funding approved that is necessary to provide the local contribution. Some local governments that already have a plan in place may be able to do so, but these are the same jurisdictions that routinely provide the minimum local contribution.

- **SAIL Funding - Minimum 5 Units Per Building Requirement.**

There is no logical reason for this policy, especially for acquisition/rehabilitation and/or acquisition/preservation developments. There are still properties that need rehabilitation that have 4 units or less per building. For many older deals this was the preferred development type and style, and these developments were approved and permitted when they were built in the 60s, 70s, and 80s. This could easily be enforced for any new construction, but at the very least existing units should not be kept from being rehabilitated with this restriction. We recommend that rehabilitation/preservation properties should be exempt from this policy.

- **Transit Stops**

While we appreciate FHFC’s continued attempt to open up scoring and allow for more opportunity areas for affordable housing to be built and or rehabilitated. The new definition for Public Bus Stop/Public Bus Transfer Stop/Public Rapid Transit Stop that requires 12 scheduled stops in small and medium counties and 18 scheduled stops in Large Counties. These limit scoring opportunities in more rural sectors of all counties and limits many towns/cities from getting affordable housing built. Many times, these are the places that affordable housing is needed the most. We recommend FHFC consider including the previous hourly between 7am and 9am and 4pm and 6pm definition as an AND/OR 8 scheduled stops in small and medium counties and 12 scheduled stops in Large Counties.

- **One and Two Bus Stop Scoring**

All RFAs should have the same scoring mechanism for one and two bus stops. In 2019 it varied by RFA and made developments viable in some RFAs, but not others. It restricted SAIL development scoring as well. We respectfully request that FHFC adopt the below scoring chart for one and two bus stops in all RFAs going forward.

| Distances if using one or two Public Bus Stops  |   |  |  |
|---|---|--|--|
| Small County<br>Distance between the<br>Development Location Point<br>and the closest Public Bus<br>Stop coordinates stated in<br>Exhibit A | Medium and Large<br>County<br>Distance between the<br>Development Location<br>Point and the closest Public<br>Bus Stop coordinates<br>stated in Exhibit A | Number of<br>Proximity Points<br>Awarded if one<br>Public Bus Stop<br>is within the<br>stated distance | Number of<br>Proximity Points<br>Awarded if two<br>Public Bus Stops<br>are within the<br>stated distance |
| if less than or equal to 0.30 miles   | if less than or equal to 0.30 miles   | 2.0  | 4.0  |
| if greater than 0.30 and less than or equal to 0.75 miles   | if greater than 0.30 and less than or equal to 0.40 miles   | 1.5  | 3.0  |
| if greater than 0.75 and less than or equal to 1.00 miles   | if greater than 0.40 and less than or equal to 0.50 miles   | 1.0  | 2.0  |
| if greater than 1.00 and less than or equal to 1.25 miles   | if greater than 0.50 and less than or equal to 0.75 miles   | 0.0  | 1.0  |
| if greater than 1.25. miles   | if greater than 0.75 miles  | 0.0  | 0.0  |

- **Advance Review Process**

Workshop Agenda item – “5 points will not be provided for Principal Disclosure Form submissions that are received by the Corporation within two weeks of the Application Deadline.” We appreciate how quick Staff turns around our requests, especially since we have multiple each round we need. I know I am not the only developer who has at the last minute (2 weeks before RFA due date) realized there is an error in a previously approved form and needs to correct it, so it is 100% correct. While we try and avoid this, it does happen. We respectfully request that FHFC reconsider this and continue to provide points for any approved principal disclosure.

- **Additional Developer Experience Points Discussion**

*“Applicants may receive 15 points if any Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer has not been granted more than one exchange of housing credits for any Development in Credit Underwriting.”*

Southport understands the credit swap penalty here but would also mention that in these uncertain times this may be more prevalent going forward.

*“Applicants may receive 15 points if any Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer has not been granted more than one second extension of a corporation designated deadline for any Development in Credit Underwriting.”* We believe this will mostly affect smaller developers and non-profit developers who may not have as much experience, much more intensive and complicated developments. Additionally, this day in age a development that involves HUD in any capacity has no control over HUD timing. You are at the mercy of HUD and must govern ourselves accordingly. We respectfully request that FHFC reconsider this.

Thank you for allowing us to comment on the upcoming RFA process. We appreciate your time and consideration in these manners. If you have any additional questions, please feel free to reach out at any time.

Sincerely,



Brianne Heffner  
Vice President of Development