

From: Doug Mayer [<mailto:Doug.Mayer@stonesoupdevelopment.net>]

Sent: Tuesday, March 11, 2014 6:41 PM

To: Ken Reecy

Cc: Bill Aldinger; Nancy Muller

Subject: Veteran Housing RFA 2014-107

Ken -

I thought I would put in writing the comments that I made at the Workshop earlier today for RFA 2014-107 Veteran Homeless Housing. I have several concerns and suggestions - here are some of my thoughts:

- 1) We feel that the requirement that 80% of the units must serve homeless veterans is too great a concentration. Homeless veterans can be a challenging population to serve, so we recommend that you consider adopting the same standard FHFC uses for regular homeless deals, mainly that at least 50% of the units must serve homeless veterans, and the remaining 50% can serve anyone who is at 60% of AMI. We believe that it is important that this type of project provide a more normal apartment environment and feel that requiring 80% of the units to serve homeless veterans will make it much more like an institutional setting. We have a number of years of operational experience which demonstrates that it is better for formerly homeless tenants to be interacting with regular affordable housing tenants, as this creates a more normal environment and role models for the formerly homeless tenants.
- 2) The requirement that 50% of the units must serve chronically homeless is too high and we recommend that FHFC consider reducing it 25%. Typically the chronically homeless population's only source of income is Social Security Supplemental support which means they can only afford to contribute approximately \$250 per month toward rent. With 50% of the tenants as chronically homeless, their income is so low that they really can't afford anything more than ELI rent. The real problem is on the operational side you simply don't collect enough rent to cover operating expenses, even with zero debt.
- 3) To do a 60-unit project as a mid-rise you need more sources than you currently are proposing. We strongly suggest that you look at ways to increase the amount of subsidy that FHFC provides, as these types of projects cannot afford debt. Start by considering increasing the amount of credits - \$1.31 million in tax credits for large and medium counties is insufficient. The maximum credits currently allowed for 9% projects is \$2,561,000 and these deals are probably averaging about 90 units - so a proportional amount of credits for 60 units would be approximately \$1.7 million.
- 4) Consider giving the \$75,000 ELI Gap Loan funding to all ELI units not just those above the mandatory 20%. Consider allowing the maximum percentage of ELI units to be the same percentage of required chronically homeless units (that is you require that 25% of the units must serve chronically homeless then allow up to 25% of those units to receive ELI Gap Loan funding).
- 5) Please consider Increasing the maximum SAIL Request Amount from \$40,000 to \$50,000 per unit, so that a 60 unit project would be eligible to receive up to \$3 million in SAIL.

Thank you for the opportunity to make these suggestions.

- Doug

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