



September 12, 2016

Ken Reecy
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: FHFC SAIL Leverage Calculator

Dear Ken,

We have some concern pertaining to the structure of the Applications Leveraging Level calculation referenced in Item 9.b f Exhibit C RFA 2016-109 SAIL. As currently presented, the SAIL leveraging calculation does not take into consideration the number of set-aside units being proposed and rewards developers for building developments at higher costs. For example, if there are two projects located in the same county, have the same development type, and same Total Development Costs of \$25,000,000 and one project proposes to develop 100 set-aside units and the other project proposes to develop 125 set-aside units they will receive the same score.

The calculation as presented encourages the development community to build more expensively up to the maximum permitted Total Development Costs. There is no motivation for developers to negotiate the best terms for the land, construction or any of the other development costs. It is important to award the funding to the project that is providing the most number of units per dollar of SAIL funding. In theory, the developer producing at a lower cost would ask for less SAIL funding, but that is highly unlikely.

To fix this and encourage more efficient development, FHFC can incorporate a calculation in the current leveraging calculator that factors in the total number of set-aside units in the development. By simply dividing the final leveraging score by the total number of set-aside units, a higher score will be given to the development that provides the most number of units per dollar of SAIL request.

The FHFC leveraging calculator does a very good job of factoring the different total development costs and utilizing that to determine a leveraging score. However, it is missing the number of units and does not take into account a development that is being completed efficiently, which should be very important to providing funding for the best leveraged projects.

We have a great opportunity this year to really make a substantial impact with the SAIL funds available, and we want to make sure that the impact is as significant as possible.

Regards,

A handwritten signature in blue ink, appearing to read "Alberto Milo, Jr.", written in a cursive style.

Alberto Milo, Jr.
Principal / Senior Vice President
Related Urban