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Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301
Attention: Ken Reecy, Director of Multifamily Programs

Dear Ken:

Thank you for the opportunity to comment on the initial draft of RFA 2016-109 for SAIL financing. Below are a few comments and suggestions based upon our review of the RFA draft and the Template for SAIL Leveraging excel file.

We took an in-depth look at this new proposed tiebreaker scoring process and conceptually we are not supportive. We understand the idea is to level the playing field for more expensive, higher density developments, particularly in South Florida, and while we understand the geographic concerns of high land and construction costs, we believe the overall result will be less affordable units created throughout the state with SAIL. [As an aside, Palm Beach County, where costs are also higher than the rest of the state - gets left out - **we suggest scoring Palm Beach County on par with Dade and Broward**.] From a policy standpoint, if it is desirable for FHFC to build in South Florida using SAIL funds then that can be accomplished with funding goals without reducing the number of new affordable units throughout the state.

Again, we believe the overall policy result of this Leveraging scoring calculation (if it is indeed adopted as proposed so that it is the ultimate scorer of applications like 'to the penny' *per set-aside unit* SAIL request amounts were in the previous SAIL RFAs) will be less units per project and less units developed overall. The numerator and denominator of the calculation are addressed separately below:

Numerator:
The Leveraging Factors strongly favor concrete construction over wood frame and mid-rise and high-rise developments over garden, resulting in applications with those favored development types having the ability to request more SAIL per set aside unit and to score more completely, resulting in maximum SAIL funds going to such developments, less SAIL available to fund additional projects and less units developed throughout the state. Lowering all of the Development Type Impact Ratios to percentages closer to zero (such as 25%) would help lessen the 'impact' of limiting the number affordable units that SAIL will help create, though we would still prefer FHFC utilize funding goals to assuage geographic concerns. **We suggest eliminating or lessening the impact/effect of the Development Type Multipliers.**

Denominator:
While making TDC the divisor in the Leveraging score calculation (instead of set-aside units) will indeed result in similar scores for Acquisition/Rehab and New Construction deals, it rewards applicants with higher costs of acquisition, construction, etc - which will push costs and SAIL requests to their per unit limits and encourage developers to show higher costs *on the application* (balanced by showing higher deferred developer fees) in order to manufacture a better (lower) Leveraging score. Additionally, when coupled with the Development Type Multipliers, dividing by TDC effectively doubles the favoring of higher cost development types. At the very least, we would suggest that this redundancy be addressed. **We suggest sticking with dividing by the number of set-aside units instead of TDC and allow A/R deals to absorb the funding that remains after all the NC funding goals have been achieved.**

I am available to discuss or provide further clarification as needed.

Regards,

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