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FLORIDA HOUSING
FINANCE CORPORATION



Neighborhood Lending
Partners, Inc.

September 7, 2016

Steve Auger
Executive Director
Florida Housing Finance Corporation
227 N. Bronough St., Suite 5000
Tallahassee, FL 32301

Dear Steve,

As Florida Housing Finance Corporation considers the prerequisites for the upcoming RFA for LIHTC allocation in large counties, I have some concerns about unintended consequences that may result from the current language regarding the proposed support from local governmental jurisdictions. While in the past a similar funding requirement has been required of the local government in order to obtain a LIHTC award, there were other factors of significance. My concern is whether this level of subsidy is required to make the transaction financially viable, or are we over-subsidizing units? Based on the recent transactions NLP has reviewed, they work well without additional subsidy. More importantly, are we detracting funding from housing initiatives and conditions that truly need a higher level of funding and support from the local governments (homelessness, special needs housing, housing preservation and revitalization).

In my experience, I have seen the need for additional subsidy in the 4% bond deals as the equity is much thinner in such transactions. Also, sometimes in rural transactions (because the wages are so low that even the 60% set-aside units are too expensive); properties with set-asides for special needs, and/or homelessness need more subsidies to make them a financially viable transaction. The wages and the residents of large counties more readily support the rental rates and occupancy of the properties being developed with limited local governmental contribution.

NLP is concerned that requiring a higher level of funding from the local government places undue political pressure on local government and could create conflict within the City/County Commission, while placing more emphasis on government support versus the merits of the transaction. This strategy may also place large cities and counties at odds with one another to compete for the same allocation.

Further, the subsidy required for this preference by the counties and cities is significant and will likely lead to a formal application process to select a project that may or may not get funded. This is an added expense to the governmental entity and a costly use of their resources. While I am a proponent of the local governments screening and reviewing basic underwriting for any support to a transaction, this process may lead to unintended lobbying by the development community. As the RFA is issued by Florida Housing Finance Corporation, should the Corporation not house this selection process?



We advocate for a statewide process that creates a broader choice of housing options and addresses a wider class of housing needs likely to create more opportunity for residents most in need and limit the burden on the local governments. Also, such a process would allow local governments to focus their contributions and subsidy on a needs basis versus a competitive process. Political pressures from the developers could lead to subsidies that do not necessarily best address the housing needs of a particular community.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Debra S. Reyes', with a stylized flourish at the end.

Debra S. Reyes

President and CEO
Neighborhood Lending Partners of Florida, Inc.