Florida Supportive Housing Coalition
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September 7, 2018

Ms. Marisa Button
Director of Multifamily Allocations
Florida Housing Finance Corporation
227 North Bronough Street; Suite 5000
Tallahassee, FL 32301

Re: Florida Housing Rule and RFA Development

Dear Marisa,

Thank you, as always, for Florida Housing's continued engagement with multiple stakeholder groups as it develops its Rules and Requests for Applications (RFAs) to allocate multi-family rental resources. It is greatly appreciated that Florida Housing recognizes the diverse needs throughout the state and amongst varying demographics.

The Board of Directors of the Florida Supportive Housing Coalition (FSHC) provides these comments for your consideration.

1. Concentration of homeless and special needs households – It is a proven best practice to encourage integration of persons with special needs (including formerly homeless households) within the community. As such, FSHC provides the following recommendations regarding the minimum set-asides Florida Housing requires in its various special needs RFAs:

    a. 2019-106 – Housing for Homeless Persons – as projects funded with Low Income Housing Tax Credits tend to be larger, FSHC recommends that FHFC change the minimum number of set aside units to 50% of the units to serve formerly homeless households.

    b. 2019-107 – Housing for Persons with Disabling Conditions/Developmental Disabilities – as projects funded with Low Income Housing Tax Credits tend to be larger, FSHC recommends that FHFC change the minimum number of set aside units to 50% of the units to serve persons with a disabling condition and/or a developmental disability.

    There are several facts that led us to these recommendations:

    - The US Supreme Court case *Olmstead* states that governments should not institute policies which result in an over-concentration of persons with a disability.

    - Based on the multiple community convenings FSHC has facilitated across the State, other than markets with higher incomes, operating feasibility becomes challenging

with over 50% of the units restricted to homeless and/or special needs households. The income from the non-homeless/special needs units are required to provide adequate operating income to the property as a whole.

- Balancing the number of special needs households with non-special needs households creates a more diverse and stable community as a whole.

2. Lower Barriers to Rental Housing Entry – We greatly appreciate the leadership Florida Housing has taken in fulfilling the recommendation of the Affordable Housing Task Force. Reducing the barriers Extremely Low-Income and Special Needs/Homeless households face in obtaining housing was a major focus of the Task Force. We appreciate Florida Housing engaging FSHC and a broad spectrum of stakeholders to develop policies that optimally meet the needs of the target households while meeting the sustainability needs of the landlords. Here are a few comments concerning specific recommendations:

    a. Credit checks – FSHC believes that medical collections should also not be taken into consideration when conducting credit checks

    b. Criminal background checks – As discussed by the workgroup, FSHC supports convening a second workgroup to develop a more comprehensive approach to the criminal background review issue

3. Affordability Period – FSHC supports retaining the 50-year affordability period. However, should a project be granted a reduction in its affordability period, there should be a corresponding increase in the number of ELI units (with 50% required to participate in the Link initiative) to be provided by the project.

4. Income Averaging – FSHC is not an expert on the newly provided income averaging option to meet affordability requirements. However, we do provide the following comments:
    a. The income averaging option was not created to increase the amount of overall capital available to a project and/or to increase the debt coverage capacity of a project; it was created to address the need to create financially sustainable ELI units in rural markets

    b. To make communications clearer, please change the term for “ELI units” as defined by Florida Housing (those proposed to be limited to a 40% AMI maximum); perhaps refer to them as Lower Income Targeted Units

    c. For any projects with income set asides already committed, but that have not yet received an 8609, the income averaging should be calculated to equal the currently committed average income. For example, a 100 units project with 70% @ 60% AMI, 20% @ 50% AMI and 10% @ 30% AMI, the current average income is 55% AMI – so the new income averaging calculation should be based upon averaging to 55% AMI as that is the average income to which the project was initially underwritten as financially sustainable.

d. We support requiring that 15% of the units be ELI (30% AMI). However, we recommend using the current income average floor for determining how many ELI units are exempted from the income averaging calculation. For example, a "vanilla" project with 90% @ 60% AMI and 10% @ 30% AMI would have a current income averaging of 57% AMI.

   Or, the percent of ELI units that should be exempted from the income averaging calculation (currently proposed to be 5%) should be amended to reflect the percentage that is greater than the percent that would have been financially viable given the current 10% Lower Income Targeted Units (LIT – formerly Florida Housing defined ELI units).

   If the project is located in a county in which Florida Housing defines LIT as 30% AMI, then all 10% of the currently required LIT units should be exempted from the income averaging calculation. If the project is located in a county in which Florida Housing defines LIT at a higher AMI, then the percentage of units that are exempted on from the income averaging calculation should be based upon the "difference" between the newly defined ELI rent limit and the formerly defined LIT rent limit.

e. Ensure that 50% of all ELI and LIT units are required to participate in the Link initiative, regardless of whether income averaging is selected, or not.

f. Permit income averaging to be applied to Special Needs and Homeless projects

5. Preservation – We appreciate the analysis provided to the Florida Housing board. As Florida Housing decides how to approach preservation of projects within its portfolio, we encourage you to emphasize preservation of - and an increase in the quantity of - Link, special needs and homeless units.

6. General RFA comments – FSHC provides the following comments concerning RFAs in general
   a. FSHC supports setting a maximum AMI level of 40% AMI for Florida Housing defined ELI units

   b. FSHC supports instituting a HC application or allocation limit in the future

   c. FSHC encourages Florida Housing to include the Link initiative in all RFAs, including the hurricane recovery RFAs

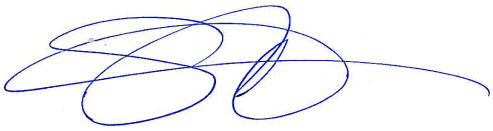
   d. FSHC supports an increased emphasis on prioritizing projects developed by nonprofit entities with a proven mission and history of providing high quality affordable and supportive housing. It is an essential public policy to support increased nonprofit capacity. For nonprofits wishing to "enter" the field, they can partner with existing nonprofit organizations. This will better ensure the emerging nonprofit has a partner with an aligned mission-focus.

For projects serving special needs households, scoring priority should be provided to projects in which 100% of the developer fee is earned by one or more nonprofits with a mission focus and history of serving the target population(s).

For non-special needs projects, at minimum, the first tie-breaker should be projects in which 100% of the developer fee is earned by one or more nonprofit entities.

Please let me know if you would like any clarifications or additional information concerning any of these recommendations.

Thank you,



Shannon Nazworth
Chair, Policy Committee