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Sent: Friday, April 24, 2020 3:01 PM
To: Marisa Button <Marisa.Button@floridahousing.org>; Jean Salmonsens <Jean.Salmonsens@floridahousing.org>
Subject: 2020/2021 RFA Cycle Comment

Thank you for considering our feedback relating to the March 5th RFA workshop and future workshops.

Proximity:

We are concerned the proposed proximity changes have unintentionally placed far too much leverage in the hands of a few lucky property owners who happen to own sites with very good proximity scores and tie-breakers. This is causing bidding wars for high scoring sites and will lead to inflated development costs. Developers have quickly identified properties with the highest potential scores and, as we all saw with the 2011 funding cycle, this is driving land prices to unreasonable, and avoidable, levels and is pushing funding to more urban areas with higher development costs.

We are witnessing – in real time – evidence that the proposed tiered proximity and tiebreaker scoring system will result in too few sites being competitive for 9% LIHTC allocations. Properties which still have excellent proximity – but with far more reasonable land prices and thus an ability to potentially build more units – will not be competitive under such granular tiered scoring systems.

To illustrate the problem, last year we submitted a Miami-Dade 9% tax credit application with a negotiated land cost of approximately \$25,000 per unit. As a result of the newly proposed proximity levels and tiebreakers, that same property, in this COVID-19 world with its new economic reality, is now bid up to \$35,000 per unit. To put it another way, the same property with exactly the same attributes - in a weakened economy with decreasing tax credit prices, rent uncertainties, rising insurance costs, etc. - will now cost about \$1,000,000 more because of FHFC proposed proximity tiers and tie breakers.

If the Corporation's goal is to find ways to "weed out" applications and encourage developers to be more selective, a quintile proximity system with tie breakers is not the best way to accomplish it. There are simpler ways, which still address public benefit while encouraging appropriate use of subsidies. FHFC has already established proximity thresholds which target funding into well located sites. Despite a lottery's perceived drawbacks, some randomness undoubtedly forces developers to negotiate realistic, and justifiable, land costs and provides developers with a wide range of potential sites which can be competitive. **The more sites that can compete for FHFC's funding resources, the more leverage developers have to negotiate reasonable land prices.** When coupled with a meaningful, accountable self-selection "Priority" system FHFC would have more than enough to achieve stated goals while avoiding inflated development costs, thus preserving subsidies to build more homes. We recommend FHFC focus first on achieving an enforceable developer application prioritizing system and evaluating the outcome before dramatically changing the proximity scoring. Several options have been offered by different developers to strengthen the priority I/II process and we would encourage FHFC to move in that direction.

Ability to Proceed Points:

Adding points for site plan approval has some drawbacks. The requirements to achieve site plan approval among different jurisdictions vary drastically. Some jurisdictions offer site plan approval based on a single sheet schematic site plan. However, other jurisdictions require complete architectural plans, drainage plans and landscape plans. The costs associated with achieving this level of site plan approval could exceed \$100,000. Where more detailed and costly site plan reviews are required, adding points for site plan approval will unintentionally and unfairly disadvantage those jurisdictions and potential development applications trying to serve them. For these reasons, we would suggest not offering points for site plan approval.

We appreciate the opportunity to provide feedback, thank you for your consideration.

Best Regards,

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