NEWSTAR

Newstar Development, LLC

March 2, 2021

Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301
Attn: Trey Price and Marisa Button

Re: 2021 Qualified Allocation Plan

Dear Mr. Price and Ms. Button,

Thank you for hosting the Rule Development and RFA workshops, and for the opportunity to comment. The following comments relate to the discussion during the March 2, 2021 Rule Development Workshop regarding the 15% set aside for Preservation of existing housing.

Newstar Development does not support removing the set aside for Preservation as recommended by Steve Auger in his public comments on February 11, 2021 and discussed during the above referenced workshop.

The Preservation set aside gives public housing authorities (PHAs) an opportunity to utilize 9% credits to revitalize existing public housing communities that may have a competitive disadvantage in the geo RFAs due to leveraging, proximity, or boost issues. These issues frequently arise because these communities are sometimes low in unit count, and because PHAs generally do not have the luxury of selecting their sites that enjoy optimal proximity or that are eligible for basis boost; rather, they are often stuck with redeveloping the sites they already have. This is behind FHFC's provision of a PHA proximity boost and a PHA multiplier for leveraging and TDC, both of which are helpful, but not always enough to level the playing field.

These PHA communities may be appropriate for redevelopment utilizing 4% credits as Mr. Auger suggest, but in many cases, there may still be a funding shortfall if the proposed redevelopment These PHA communities may be appropriate for redevelopment utilizing 4% credits as Mr. Auger suggests, but in many cases, there may still be a funding shortfall if the proposed development includes substantial rehab of existing occupied units. This is because often such substantial rehab is required to address multiple years of deferred maintenance resulting from public housing

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and/or PBRA subsidies having been insufficient to address such maintenance or capital expenditure needs on an ongoing basis. Further, in many cases these communities do not offer significant acquisition credits due to their locations (as referenced above) or their deteriorated conditions. Additionally, PHAs also pay higher legal fees and relocation costs for their developments due to the layers of HUD review and rules. SAIL funds could help cover the funding gap, but often these PHA sites encounter the same competitive disadvantages in the SAIL RFA that they do in the geo RFAs.

One way to address the concerns about the 9% set aside but also incentivize the use of 4% credits for the developments would be to create a similar Preservation set aside of SAIL funds. This would retain a valuable tool for non-profits and PHAs to revitalize their aging communities.

If the Preservation set aside is reduced to just being another development type or goal in the geo RFAs, then PHA applications for Preservation will then have the same competitive disadvantages described above. The result will likely be that PHAs are left with the prospect of pursuing non-competitive 4% credits to preserve their aging PHA communities, and insufficient funding to finance the required level of rehab.

We respectfully request that you retain the Preservation set aside.

Thank you for your consideration of this request.

Sincerely,

Brian Evjen
President