

Hi Jean,

Thanks for all the efforts you all have made to put together this new and different RFA.

Here our comments for your consideration:

1. Experience Requirements:

- a. The Mixed-Income experience requirement that would apply to all apps in which you are required to have a TC development with at least 25% of units being market rate is excessively stringent. Only 2 or 3 development groups will qualify for this. I believe this can be considered contrary to competition. Moreover, there's no requirement to develop (with the funds of this RFA) 25% of units being market rate. Importantly, there's not a big experience difference between a development that has a few market rate units versus a development that has 25% market rate units. If what FHFC is looking for is the applicant/developer to show the ability to develop (owning includes managing) market rate units, **then the requirements can be that the Principal has developed at least 1 development with market rate or missing middle units, with or without those market rate or workforce units being also on the same TC development.** If FHFC is looking for the combined experience in one development, then that's fine, but again we don't see the need for the percentage of market rate units to be stated, since a couple of units being market rate would equate to the experience needed to having some Live-Local Units out of basis (affordable fraction being less than 100%).
- b. In general, **the experience requirements should match what the developer is submitting for.** It's important for this RFA to be successful. Therefore, we propose that:
  - i. If submitting for elderly, one of the completed developments in the experience list should had been an elderly development.
  - ii. If submitting for mixed-use, one of the completed developments in the experience list should had been a mixed-use development.
  - iii. If submitting for public land, one of the completed developments in the experience list should had been a public-land development.
  - iv. If submitting for urban in fill, one of the completed developments in the experience list should had been an urban in-fill development.
- c. We also agree with Blue Sky's proposal that the experience requirement should be 5 completed developments, of which 1 should have been completed since January 1, 2022. Someone that had developed and completed prior to 2021 is not aware of all of today's challenges. That's why you see that many of the developers that have been inactive for some years submit the lowest leverage applications in the last couple of rounds.

2. Leverage:

- a. Again, **this RFA needs to be successful.** At this moment of the real estate cycle in which developers need to be conservative when running numbers (several extremely harsh assumptions need to be taken on insurance, interest rates, construction costs, payroll, utilities, etc.), FHFC should not be encouraging the aggressive developer nor the bold competitor. We need to show the legislator a good product to come out of this money that the State has made available for attainable housing. We think it is more important to deliver fast, good, and beautiful developments that the Live Local Act can be proud to call their exemplary product, than to deliver in paper many units that will struggle to get

to the finish line and will result in developments that are not marketable long enough to have good occupancies.

- b. Therefore, we invite FHFC to not heavily encourage developers to reduce their request amount per unit trying to get to the proposed Leverage Group A at 40%. This **should be an 80% / 20% cut-off for groups A and B**, respectively. The quality of product will result in a better mixed-income and mixed-use development, and the retail areas, live-local units and market rate units will be that more marketable because the product has enough to be competitive: amenities, balconies, equipment, right payroll, etc. etc.
3. Funding Priority:
- a. **The first development to be funded should be the Public Lands priority.** The one cost saving item to take advantage of is free or cheaper land that only municipalities can supply. The land market has become very expensive in the last couple of years (effect of the post-Covid bubble). Municipalities have been called to put land available by the Live Local Act. Prioritizing apps to be selection first will allow that the County with the greatest number of competitive apps (likely, Miami-Dade County) to be funded first under that priority (lottery number likelihood). That shouldn't be the Elderly priority but the Public Land one. Miami-Dade and Broward and its Cities are municipalities that have made available a lot of land for affordable and workforce, specially for family developments. In general, South-East Florida is the proper area to do missing middle units in a successful way. Elderly can be funded after, because Elderly can work practically anywhere in Florida in markets where private land is cheaper and you can always obtain a Homes for the Aged property tax exemption to make the development financially feasible, and there's usually no need to live close to work. Making public land a priority will also make municipalities be more of a partner, materializing Live Local Act policies 2.a. and 3 of Fl. St. 420.003(2)(a). Something to think about is that FHFC can even encourage more local government participation by requiring the Municipality to execute a form letter explaining and totalizing all the incentives that the municipality has committed in favor of the development proposal. That total amount of local support can be a per-unit differentiator.
  - b. As you know, Live Local Act's section 420.50871 requires that 70% of this "New SAIL" for **new construction or redevelopment that is Urban In-Fill, mixed-use, and military program services**. The statute does not have an "and" nor an "or", but it's not very hard to achieve these 4 requirements under the same development. 7 out of 10 developments that meet **all** those requirements should be funded. Language can be added to the Funding Selection section to achieve that.
4. Availability to proceed:
- a. Shovel readiness and due diligence is important and they should competitive matters to have in the application itself. Therefore, we think that **all this should be required in within the app** (not after):
    - i. **Utility availability forms** for water, sewer and electrical.
    - ii. A new version of Zoning form that has a special item in which the **municipality can disclose to FHFC that the development can actually do mixed-use without having to rezone**. Otherwise, a separate form to that effect for mixed-use applications.
    - iii. An **FHFC form for market study** providers where a qualified provider can certify that a field study for the proposed development's comps was performed after October 10, 2023, and that the conclusion reached is that the development can achieve occupancy greater than 92% with a filled-out unit mix of the proposed

development and the market rate rents are 110% or higher than the net rent of greatest set aside committed on that chart. The chart can have the net rents (max less UA). This form could be similar to the environmental form.

- b. Not requiring everyone to do the same due diligence is contrary to competition and leads to developments that can need more help to get done, in jeopardy of developments that are more prepared who have requested enough money to deal with challenges.

Sorry that this came out long. Thanks for reading this.

**Rodrigo Paredes**

*EVP of Development*

*Housing Trust Group*

[rodrigop@htgf.com](mailto:rodrigop@htgf.com)

O (305)537-4704 | D (786)238-1131

3225 Aviation Avenue | 6th Floor

Coconut Grove, FL 33133

**This message and its contents are confidential. If you received this message in error, do not use or rely upon it. Instead, please inform the sender and then delete it. Thank you.**