

Good afternoon!

As requested, here in writing the comments I made on yesterday's Workshop, except for the last one below which is something I did not mention yesterday:

1. Regarding the highest and best use of the Occupied Development, please incorporate a mechanism for the highest and best use of the Occupied Development's **land** is considered, and not just the highest and best use of its buildings. Usually these 30-year + developments were done when the zoning had substantially lower density requirements and single-story developments were getting built instead of multifamily. Therefore, please consider adding that the Highest and Best Use Requirement can also be met when the Reconstructed Development is proposing to increase by 20% (or 40%) the number of units on the occupied site. Here attached a suggested change to that language in the RFA. If not, please see option B on the attachment, because I'm not sure the current language is clear.
2. Regarding the requirement for the New Development site to not contain any residential units by the time of application deadline, please consider changing that to not allow **occupied** residential units. Many Housing Authority sites have vacant residential units on their sites but haven't been demolished because of lack of funds or additional processes to get them demolished (procurement, etc.). For a partner private developer that demolition is fast and won't affect the overall timeframe of what the State is trying to achieve with this RFA.
3. Regarding leverage, please consider making the leverage calculation by adding or combining the resulting request amount per unit (after factors) of the two Linked Applications. At the end of the day, what matters is the overall units both developments are achieving. Maybe one Linked Development is more expensive than the other one, but what should matter is the overall units per amount of funding.
4. I agree with the verbal comment made by Albert Milo from Related on the workshop regarding allowing for one development to happen instead of two, because that has many benefits depending on the situation (cost savings, platting, timing...). The RFA can have a simple provision to allow for the winning Applicant to assign its allocations to its Linked Application by submitting a letter to FHFC before CUR.
5. Please reconsider allowing just for 1 pair (Linked Developments) of Priority 1 apps per Principal or development group. It should at least be 3 Linked Development Priority 1s per Principal. If not, you're forcing a development group to have to decide between the Housing Authorities or Municipalities it's already working with. Example: having to decide between submitting a development with a PHA in Miami-Dade County or a PHA Broward County is a big ask. If FHFC is concerned on giving two allocations to the same development group, maybe there can be Developer Tally to avoid that from happening.

Thanks for your consideration!

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Option A

The highest and best use of the Occupied Development must be to demolish the Occupied Development.

To substantiate that this requirement (“Highest and Best Use Requirement”) is met, the Applicant must: (1) propose for the Reconstructed Development to consist of the greater of 20% more units than the number of units of the Occupied Development; or (2) to meet the CNA Requirement described below.

If condition (1) above is not met, a Capital Needs Assessment (“CNA”) will be performed as part of credit underwriting. If the CNA reflects that the cost to bring the Occupied Development up to a remaining useful life of 50 years equals or exceeds 65% of the replacement cost new of the Occupied Building, then the “CNA Requirement” will be demonstrated.

If the Highest and Best Use Requirement has not been met, the Reconstructed Development will be deemed ineligible for funding and the awards of the Linked Applications (Application for the New Development and the Application for the Reconstructed Development) will be rescinded.

Option B

The highest and best use of the Occupied Development must be to demolish the Occupied Development.

To substantiate that this requirement is met, a Capital Needs Assessment (CNA) will be performed as part of credit underwriting. The CNA must reflect that the cost to bring the Occupied Development up to a useful life of 50 years and to add units to equal the proposed Reconstructed Development, equals or exceeds 65% of the replacement cost the building in the Occupied Development.

If the CNA does not demonstrate this requirement has been met, the Reconstructed Development will be deemed ineligible for funding and the awards of the Linked Applications (Application for the New Development and the Application for the Reconstructed Development) will be rescinded.