Note: This comment refers to comments submitted by Jamie Ross on March 28, 2016.

From: Jaimie Ross <ross@flhousing.org>
Date: April 18, 2016 at 4:40:37 PM EDT
To: Nancy Muller <Nancy.Muller@floridahousing.org>
Cc: Jaimie Ross <ross@flhousing.org>
Subject: RE: NHTF comments for your consideration

Thanks Nancy-
I got the FNHAN together by telephone last week to collectively respond to your questions. Please see below. And thanks again for your consideration. I'll be out of state when you have the next workshop, but will stay in touch. Doug Mayer is willing to give you some examples of nonprofit definitions and scoring examples to support these comments from the group.
Best regards,
Jaimie

From: Nancy Muller [mailto:Nancy.Muller@floridahousing.org]
Sent: Wednesday, March 30, 2016 4:59 PM
To: Jaimie Ross <ross@flhousing.org>
Subject: RE: NHTF comments for your consideration

Jaimie,

We really appreciate the network/FHC's time thinking about and providing comments on Florida's approach to the NHTF. In looking over the NHTF comments from the network, I have a couple of questions:

We were expecting to offer the NHTF funding through our Housing Credit geographic RFAs – that is, we want to fund housing in integrated settings, so a small portion of NHTF units would be funded in all or most general occupancy developments funded through those RFAs. We'd "add on" NHTF units – in addition to the FL ELI units we currently require (i.e., we would not be buying down existing ELI units).

1. Under this scenario, I'm unsure of how we'd prioritize nonprofits for the funding – for instance, in the large county RFA (the "6 Large," which doesn't include Miami-Dade), we only fund a few deals, 6-7. Seems to me that we could end up funding mostly or only NP deals – quite a change from how we do it now. I wanted to make sure that the network's comments are built based on an understanding of this scenario. If the network is still adamant about the nonprofit approach in light of this, what is recommended in terms of changing the way the 3 geographic RFAs do the selection of developments (i.e., thinking about the current approach, how should we change this so we don't simply go over to mainly nonprofits getting the LIHTC funding)?

The FNHAN does not favor using the NHTF monies with tax credits- would prefer to see it used on the smaller RFAs that target special needs populations. However, if it is going to be used to supplement the tax credit developments, the FNHAN does indeed believe that the funding should only be available to 501 (c) (3)nonprofits. Florida has a disproportionate percentage of tax credits in the for-profit sector; not merely mainly for-profits, but overwhelmingly for-profits. While we have excellent for-profit developers in Florida, there is a meaningful difference in the populations served by an organization that is mission based to serve the needs of the most vulnerable populations and those that are not.

2. The network commented that units should be made affordable for 50 years. We are having a hard enough time coming up with the subsidy for a 30 year period without lowering the number of units funded. Where do the funds come from for 50 years? Also, discuss the CLT approach and how that would work for the traditional developers coming in for funding under our LIHTC geographic RFAs.

The FHFC has historically required all multifamily housing to commit to 50 years of affordability and the development community has had absolutely no problem making and keeping that commitment. The push by the for-profit sector to reduce 50 years of affordability comes from the desire to reap the financial benefits of tax credit development topped off by the windfall of turning an affordable project into a market rate project. We have an extreme rental housing crisis- in part due to the loss of affordable housing stock; it should be unthinkable that we would put precious government subsidy into the development of affordable housing that does not remain affordable for at least 50 years. If you simply give more points to applications that commit to 50 years of affordability in a system that requires a perfect score you will find that the private sector will find a way.

Typically, CLTs have been used to create more affordable home ownership. But using a CLT to own the land beneath an affordable multifamily rental development is a great way to ensure perpetual affordability. The land needs to be donated to the CLT by the public or private sector that owns the land. Additional benefits can come from this arrangement as CLTs can also provide assistance to the traditional for-profit developer in a variety of ways such as financial counseling for tenants to be successful and to help those who are ready to move up and out - making another rental unit available for those in desperate need of rental.

3. What leveraging funding is the network thinking about? Again, thinking about this in terms of the geographic RFA, and spreading out the units across these developments, what additional requirement for leveraging should we consider?

We were focused on non-governmental match- something nonprofits are able to bring to the table through philanthropic fund raising. Again, commitment at application, funding at closing. The FNHAN believes that the FHFC should reward leveraging whenever possible.