Public Housing and Community Development
701 N.W. 1st Court, 14th Floor
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miamidade.gov

MIAMI-DADE COUNTY

Carlos A. Gimenez, Mayor

March 17, 2015

Re: Public Comments
2015 RFA Draft: CDBG, HOME, SURTAX/SHIP

Public Housing and Community Development herby publishes all comments to the 2015 RFA draft versions of the CDBG, HOME and SURTAX/SHIP applications in the attached document. Comments and/or inquiries of a technical nature will be addressed at the Technical Assistance Workshops scheduled for March 24th and March 26, and has been excluded from this document.

Community Planning and Outreach Division

Attachments

Comments on 2015 RFA
Received
2/24/2015

County Position Paper for Tax Credit Developers

When for-profit developers seek any kind of County funding for any affordable housing or economic development activity including the required forms for the Florida Housing Finance Corporation applications (typically a form that certifies a minimum level of County funding or Impact Fee Waiver, etc.) the County should require the for-profit developer to commit in writing to the following:

1) For-profit developers must partner with an established local nonprofit community development organization (has its principal offices in Miami-Dade County and been in existence for at least five years). The nonprofit must be a co-developer of the project, have meaningful input on the selection of the architect, general contractor, management company and be involved in all other significant decisions regarding the project. And as per Florida Housing Finance Corporation guidelines regarding nonprofit deals , the non-profit entity must receive at least 25% of the developer fee.

2) When tax credits are used as one of the funding sources for affordable housing initial ownership must reside with the tax credit purchaser (i.e. limited partner). However, after 15 years the limited partner can be retired and 100% of ownership of these projects must be conveyed to the nonprofit.

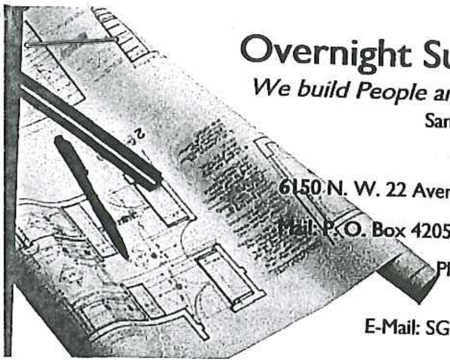
3) After award of County funding the for-profit developer has 15 days to hire, as a paid position, a development intern selected by the nonprofit partner and instructed in the basics of affordable housing development. This position will be for a minimum of two years

4) Within 15 days of hiring a General Contractor (GC) said GC will be required to hire, as a paid position, a construction manager intern selected by the nonprofit partner and instructed in the basics of construction management. This position must be filled until a certificate of occupancy is received.

5) Further, the GC hired by the lead developer will be required to provide a minimum of 25% of its total construction contract to a minority owned GC. The minority owned GC will agree to use some of the primary general contractors sub-contractors but will also be responsible to seek minority owned sub-contractors and construction workers from the local community, with a minimum of 50% of the laborers hired from the local community. The GC will also be required to advertise and hold at least one job fair near the project site to give local residents the opportunity to seek employment.

6) When the for-profit developer selects a property management company, that company must be required to hire as paid position a property management intern selected by the nonprofit entity and instructed in the basics of affordable housing property management. This will be a paid position for a minimum of 2 years. Also, at least 50% of the on-site employees of the property management company must be hired from the local community.

By Doug Mayer, President of Stone Soup Development, Inc. doug.mayer@stonesoupdevelopment.net - 305-761-8030



Overnight Success Inc.
We build People and Communities
Samuel Lee Gilmore Jr.
President
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...aper for Tax Credit Developers

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By Doug Mayer, President of Stone Soup Development, Inc. doug.mayer@stonesoupdevelopment.net - 305-761-8030

Colon, Sonia (PHCD)

From: Kelce.Donna [Donna.Kelce@SunTrust.com]
Sent: Tuesday, February 24, 2015 5:27 PM
To: Liu, Michael (PHCD); PHCD Resident Services (PHCD)
Cc: Benford, Russell (Office of the Mayor); Mayor
Subject: Draft 2015 Surtax/SHIP RFA application comments
Attachments: DOC022415-02242015171829.pdf

Mr. Liu
Please see our comments in writing attached to this email for the Draft 2015 Surtax/SHIP RFA application.
Thank you for the chance to respond,

Donna

Donna R Kelce
First Vice President
Commercial Real Estate - Equity Investments

SunTrust Community Capital
Mail Code: GA-ATL-0243
1155 Peachtree Street NE, Suite 300
Atlanta, GA 30309
Tel: 404.588.8701
Cell: 216-973-9444

How Can We Help You Shine Today?

SUNTRUST

Donna Kelce
FIRST VICE PRESIDENT

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Fax 404.827.6025
donna.kelce@suntrust.com

February 24, 2015

Mr. Michael Liu
Director, PHCD
701 NW 1st Court, 14th Floor
Miami, Florida 33136

Via email: mliu88@miamidade.gov; phcdresidentservices@miamidade.gov

Re: Draft 2015 Surtax/SHIP RFA application

Dear Mr. Liu:

SunTrust Bank is an active participant in the low-income housing tax credit program as both an investor an lender and has financed many projects in Miami-Dade County. We thank you for being given the opportunity to comment on this RFA 2015 draft application. Miami-Dade County is extremely fortunate to have the availability of soft debt for affordable housing projects; no other county in the state has this advantage to combat the challenges of land and development cost constraints.

SunTrust would like to share some comments regarding the draft RFA, specifically related to the ability to fully underwrite the feas8ibility of new projects as both a potential investor and lender. We hope these issues can be addressed in the final RFA.

1. We suggest using a fixed interest rate for all soft debt. The potential for a floating interest rate scenario for this soft debt is challenging during our underwriting process, because we would not be able to accurately project cash flow. The investor or lender would have no idea if the project could be feasible over the long run. Even if the payment of soft debt was subject to cash flow restrictions, the potential that the interest rate and therefore losses would increase is particularly troublesome for 4% deals, which typically have higher losses. Increasing losses could result in a minimum gain effect and the investor could lose a portion of its tax credits. The IRS could also recharacterize this soft debt as equity whereby the County is deemed to participate in the profits of the borrower -and further jeopardizing the investor's tax credits.
2. We suggest clarifying and defining how debt service coverage would be calculated to allow all deal partners, including financial institutions, the ability to more accurately project cash flows to determine project viability
3. We suggest eliminating the required deferral of 20% of the developer fee. Tax law requires that the developer fee be paid off within 12 years to be able to be included in eligible basis and must be paid to the extent capital sources are available to pay it. Deferred developer fee is commonly used in 4% bond deals to solve the gap between sources and uses but artificially restricting the payment of developer fees could be problematic in getting a tax opinion that these fees should be included in eligible basis.

We applaud what SHIP/Surtax funds have done for the County's low income constituents over the years; in providing safe and affordable housing to the community. We believe these suggested changes would benefit the final RFA by allowing all parties to better evaluate the feasibility of each future project thus continuing the success of these programs.

Should you have any questions or concerns, please don't hesitate to contact me at 404-588-8701.

Very Truly Yours,

RKelce

Donna R Kelce

cc: Russell Benford (benford@miamidade.gov)
Mayor Carlos Gimenez (mayor@miamidade.gov); (305) 375-2099

Colon, Sonia (PHCD)

From:	Banks, Ely [bankse@richmancapital.com]
Sent:	Wednesday, February 25, 2015 12:00 PM
To:	PHCD Resident Services (PHCD)
Subject:	Comments - Miami-Dade County FY 2015 Proposed Request for Applications Draft
Attachments:	Comments for RFA FY 2015.pdf

Please see attached RFA draft comments and thank you for the opportunity.

Ely Banks
The Richman Group of Florida, Inc.

2/25/15

Comments for: REQUEST FOR APPLICATIONS (RFA) FOR FY 2015 FUNDING

Sent via Email to: PHCDresidentservices@miamidade.gov

Thank you for the opportunity to participate in making comments regarding the draft RFA. Our comments can be found below.

- Page 11 of the RFA states that twenty percent of the developer fee must be deferred provided that it can be paid back in 12 years.

  Comment: please confirm the amount of time the developer fee should be deferred for.

- Page 14 of the RFA states that subsidy caps for LIHTC are as follows: LIHTC – 15% maximum subsidy may be applied for.

  Comment: please clarify how an applicant calculates the maximum subsidy that can be requested.

- Page 14 of the RFA states the Total Development Costs (TDC) for multifamily developments and shows the New Construction high rise limit to be $250,000 without land.

  Comment: while we encourage the use of TDC limits we request that PHCD attempt to remain consistent with the Florida Housing Finance Corporation (FHFC). In FHFC's most recent Miami-Dade RFA (2014-116) the TDC limit was $280,100 without land.

- Page 45 of the RFA states that water heaters must be Energy Star Qualified

  Comment: we recommend removing this requirement because in order for a water heater to receive an Energy Star they have to have an efficiency rating of 2.0 or greater. The only type of heater that is currently meeting that rating is a hybrid heat pump.

  Info about hybrids:
  1. They are large – only available as a tall.
  2. They are expensive – One hybrid is approximately 3x more expensive than standard lowboy
  3. They are loud
  4. They require a 10x10x8' room
  5. They need a separate condensate discharge system

- Page 46 of the RFA requires that Double Bowl kitchen sinks be at least 9 inches deep.

  Comment: Based on code requirements (UFAS 4.32.3 & 4.32.4), fully accessible units shall be provided with knee clearance under the sink of not less than 27" from finish floor. The kitchen counters in fully accessible units are to be installed at 34" maximum above finished floor. If a 9" deep sink is provided, the clearance height would be less than the 27" inches required. Any proposed sink to be installed in fully accessible units shall permit the minimum height requirement.

- Page 67 of the RFA scoring item 2 shows $35,000 or less per unit as the maximum leveraging score.

  Comment: due to the scarcity of funding and resources, perhaps a lower per unit request amount to achieve a maximum score may be a good idea. Perhaps a request of $15,000 per unit or less should receive the maximum points for this section.

Colon, Sonia (PHCD)

From:	Luis De Rosa [ldr@puertoricanchamber.com]
Sent:	Wednesday, February 25, 2015 5:05 PM
To:	PHCD Resident Services (PHCD)
Subject:	Comments on 2015 RFP

Thank you for the opportunity to comment on the draft of the 2015 RFP. I wish to make several comments on the Micro Enterprise Lending Program stipulations.

1. Page 33 states: "limited to the origination of microenterprise or small business loans to for-profit businesses serving the NRSAs and Eligible Block Groups **only.**"

   My problem is the word "only". Although assistance to these areas has always been a priority, there are many struggling small businesses throughout Miami-Dade County who would greatly benefit from this program – especially with the mandated low interest rates of 1-9%. This year we awarded a microloan to a small business – not in an NRSA – which not only made the difference between surviving or "going under" – but enabled them to create a new job. *May I suggest that this requirement be reconsidered.*

2. Page 34 states: "the distribution of requested funds shall be not less than 80% for microloans and not more than 20% for operating expenses."

   Understanding the concept of leveraging and that the County "only uses its federal and local funds to address funding gaps" (RFP, pg. 9), I believe that this requirement will eliminate all but very large micro lending organizations from participation in the program, and actually create many difficulties for any funded agency.

   ☛An average CBO operates several programs and receives funding from several sources. It is generally stipulated by funders that their monies be used only for their specific program, and that their contribution to an agency's overhead and operating expenses reflect their percentage of an agency's program.

   Therefore, for example, if I must hire a full time employee who will reach out to businesses seeking microloans provided through this CDBG program and pay him at least $40,000 for the year – I must request and receive at least $200,000 in CDBG funding under this rule.

   ☛In addition, the traditional requirement for leveraging has been subtly changed. In the past, an agency received points for leveraging amounts contributing to the entire budget. This year, per questions 2 in the Micro-Enterprise Organizational Capacity section (page 65), leveraging has been restricted to the purpose of "providing loans to qualifying applicants ". In addition – per the new RFP and using the above example of $200,000 in funding – I must receive no less than $41,600 in outside funding to receive even one point towards leveraging. Any fundraising to cover operating expenses will not be considered by the County per this restriction.

   ☛Although we are aware of other government programs with similar restrictions, none of them are "reimbursement only" programs which require the contracting agency to carry large reserves of cash to meet all their operating and programmatic needs.

☛ Sometime in 2014, there was a telephone conference call between the several agencies doing microlending during that year, at which the subject of direct and indirect costs was discussed. I subsequently submitted a follow-up email to spt@miamidade.gov with the following comment and suggestion regarding direct and indirect costs:

indirect costs were added up – indirect costs were limited to a set percentage. If the 80% - 20% rule suggested in the RFP is interpreted this way, there is less of a problem presented.

Thank you in advance for consideration of these points I have raised. I can be contacted at this email address or at (305) 571-8006.

Steven J. Zorn

Colon, Sonia (PHCD)

From: emetoyer@nudllc.org
Sent: Wednesday, February 25, 2015 6:28 PM
To: PHCD Resident Services (PHCD)
Subject: Comments to RFA 2015
Attachments: 20150225182349.pdf

Please find attached our comments to the 2015 Surtax RFA

February 24, 2015

Mr. Michael Liu
Director
Miami Dade County
Department of Public Housing and
Community Development
701 NW 1st Court, 16th Floor
Miami, Florida 33136

Re: Comments to RFA for FY 2015 Funding

Dear Mr. Liu:

Thank you for the opportunity to comment on the RFA for FY 2015 Funding Cycle. The following are our comments:

1. **Copy of building permit**

   This requirement will require a developer of a new development to spend hundreds of thousands of dollars prior to closing the project's financing. As a consequence, only the large developers with substantial resources will be able to meet this requirement causing an undue financial burden to small for profit and non-profit developers.

   Our recommendation is that the County follows FHFC's process to demonstrate readiness to proceed.

2. **Experience of Development Team (based on RFA Submittal) (20 points)**

   By increasing the number of points from 15 to 20 points and adjusting the scoring range, PHCD is insuring that smaller development companies with excellent track records in affordable will not be able to compete in the current RFA process. In the past, PHCD gave a maximum of 15 points for completing more than a 1000 units and 10 points for 150-999 units. This scoring range has worked well in the past and insured a more competitive process. The current process unfairly benefits larger developers who have been in business for a long time and not the most creative or effective developers

3. **Not-for-Profit Partners and/or Public Housing projects as member of development team? Not-for-Profit member must be a minimum of 51% owner**

   We recommend that in order to receive the **5 points** that the County's RFA follow the FHFC's RFA, which requires that the Not-for-Profit Partners receive at least 25 percent of the Developer fee. Specifically, Rule Chapter 67-48, FAC, Competitive Affordable Multifamily Rental Housing Programs (SAIL, HOME, HC, EHCL) states:
   (83) "Non-Profit" means a qualified non-profit entity as defined in Section 42(h)(5)(C), subsection 501(c)(3) or 501(c)(4) of the IRC and organized under Chapter 617, F.S., if a Florida Corporation, or organized under similar

Oliver L. Gross
President

Elon "Lon" Metoyer
Vice President of Development
New Urban Development LLC
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NEW URBAN DEVELOPMENT LLC
AN AFFILIATE OF THE URBAN LEAGUE OF GREATER MIAMI

February 24, 2015

Mr. Michael Liu
Director
Miami Dade County
Department of Public Housing and
Community Development
701 NW 1st Court, 16th Floor
Miami, Florida 33136

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NEW URBAN DEVELOPMENT LLC

AN AFFILIATE OF THE URBAN LEAGUE OF GREATER MIAMI

We recommend that in order to receive the **5 points** that the County's RFA follow the FHFC's RFA, which requires that the Not-for-Profit Partners receive at least 25 percent of the Developer fee.

Specifically, Rule Chapter 67-48, FAC, Competitive Affordable Multifamily Rental Housing Programs (SAIL, HOME, HC, EHCL) states:

(83) "Non-Profit" means a qualified non-profit entity as defined in Section 42(h)(5)(C), subsection 501(c)(3) or 501(c)(4) of the IRC and organized under Chapter 617, F.S., if a Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida, to provide housing and other services on a not-for-profit basis, which owns at least 51 percent of the ownership interest in the Development held by the general partner or managing member entity, which shall receive at least 25 percent of the Developer fee, and which entity is acceptable to federal and state agencies and financial institutions as a Sponsor for affordable housing, as further described in Rule 67-48.0075, F.A.C.

Again, we thank you for the opportunity to comment on the RFA FY 2015 Funding Cycle.

Sincerely,

Oliver L. Gross
President

Colon, Sonia (PHCD)

From:	Mara Mades [Mara@brookstonellc.com]
Sent:	Thursday, February 26, 2015 1:09 PM
To:	PHCD Resident Services (PHCD)
Subject:	Draft RFA 2015 public comments
Attachments:	2015 RFA letter.pdf

BROOKSTONE
partners

February 26, 2015

Mr. Michael Liu
Director, PHCD
701 NW 1st Court, 14th Floor
Miami, FL 33136

Re: RFA 2015 Draft Application, Public Comments

Dear Mr. Liu:

Thank you for providing the opportunity for the public to provide feedback on items in the draft RFA, so that the RFA can fully reflect the input by community stakeholders.

I apologize in advance for the lengthy list of comments. As you may be aware, there were many changes made to the RFA versus prior year's RFAs. We wanted to make sure we were responsive to all of the proposed changes.

Following are comments, organized by each page of the application.

1. Page 6: We recommend that this page delete the debt service coverage ("DSC") language, as the debt service and other loan terms are set forth on page 11 in their entirety.

2. Page 14: Please explain more fully what the following sentence means: "The number and amount of awards cannot exceed the estimated amount regardless of score".

3. Page 14: Please explain more fully what the following sentence means: "Funds for projects that do not meet the funding conditions in FY 2015 shall be made available for next year's Surtax RFA". I would think that if someone obtains subsidy in this cycle and cannot move forward in the allotted timeframe, the next application in line would and should get the funding that drops down.

4. Page 14: A new item was introduced into the RFA, called Total Development Cost, which the FHFC adopted a few years ago. The maximum TDC for high rise is set forth on this page, and then the words after it say "not including land". But all of the other unit types set forth on that page are missing those same words. Please include, as it seemed to be an oversight (TDC at the FHFC likewise is exclusive of land cost).

5. Page 45: ***Features and amenities.*** We have found that some of the features conflict with Fair Housing and ADA guidelines. Specifically: (a) replace two peepholes, one at standing and one at seated level with whatever is required by ADA and Fair Housing guidelines for peepholes, (b) microwave over the range – this violates UFAS/accessibility guidelines, as a disabled person cannot reach. Therefore, either eliminate the microwave, or modify to state that for UFAS the microwave will be within reach of the resident.

   Also, it is recommended that PHCD eliminate a threshold item that is really a marketing issue. Specifically, last year's RFA had tile throughout the unit as threshold. This adds thousands of dollars per unit in cost to the unit, and many tenants simply don't want tile throughout their unit. This had been discussed with PHCD staff last year, and they said they would note it for future RFAs.

   Additionally, page 14 already also includes as a separate item that we do tile in the bathroom. That remains as a requirement for threshold.

   No subsidy provider in Florida nor the FHFC requires tile throughout the unit, as they know it is both a marketing decision based on what the market demands and that it increases project costs unnecessarily. With PHCD in particular now putting set limits on the Surtax, it seems counterproductive to require additional costs that at the same time the tenants may not want as the choice of flooring throughout their unit.

6. Page 46: It is recommended that a pantry should not be mandatory. Many homes don't even have pantries, and use their kitchen cabinets to store food. If included, it should be an optional item.

7. Pages 62 and 65: ***Building Permit***: The application scoring provides 5 points for a "building permit". The RFA 2014 required a building permit process number, as PHCD staff recognizes that for new construction projects, a building permit requires the payment of all impact fees, as well as water and sewer fees, which requires ***hundreds of thousands of dollars.*** Rehab properties or land that had a prior use don't have to pay those fees, as they have no impact nor water and sewer fees.

   Therefore, it is recommended that pages 62 and 65 be modified to the same language as RFA 2014, which is a building permit process number is the required item for readiness to proceed. To note – obtaining a building permit process number also requires several thousand dollars of county application fees and the preparation of architectural plans, additionally costing thousands of dollars. I.e., this is already evidence of a significant investment of time and money. To expect an applicant who doesn't have their financing to pay for impact and water & sewer fees to score for subsidy is simply unrealistic, and prejudices rehabs over new construction.

8. Page 63: ***Certificate of occupancy:*** As in prior RFAs and addendums, please note on page 63 that a list of the certificate of occupancy ID numbers that were provided to each prior project is sufficient to show experience. Otherwise, it takes 50 pages of certificates of occupancy to show 1,000 garden style units have been built. 50 pages times 7 copies of an application, times at least 20 applications and there are 7,000 copies of certificate of occupancy that could have been provided on 140 pages of paper. Because of the waste of paper, prior RFAs have included the list of CO ID #s as sufficient for the proof of having built 1,000 prior units.

9. Page 66, Item 7: I believe the last sentence should be "Greater than $120,000," rather than "Greater than $120,001."

Other Items

ELI Units: It is recommended that affordable housing tax-exempt bond transactions not include ELI units. Tax-exempt bond transactions carry more hard debt, and the rents from those extremely low income units therefore cause cash flow after debt service to decline over time. Therefore, an application would receive an automatic 5 points under the ELI section if it is building affordable housing with tax-exempt bond financing, as defined in the prior paragraph. This has been an ongoing issue discussed in workshops.

One other alternative would be that the County provide $75,000 per ELI unit for bond-financed affordable housing transactions, as the FHFC does. And those ELI units have a 15 year set aside term, as the FHFC does. One of the reasons the tax-exempt bond transactions have a very hard time supporting any interest rate is because of those ELI units, which again, the FHFC provides an additional $75,000 per unit of subsidy for, to help pay their subordinate debt service.

A third and final alternative is that for bond-financed transactions, the set aside be for very low income (50%) AMGI) units, in lieu of the 33% AMGI units.

Liberty City: With regard to Liberty City, which has such huge needs for affordable housing, it is recommended that the score sheet for those applications be the score sheet used in prior years, i.e., from the 2014 RFA.

Additionally, there is no need for a different score sheet for small developments, as they already have their own $1.578 million set aside fund. What will those funds be used for if you don't get applications for 30 unit projects in Liberty City. The application needs to address that issue.

I greatly appreciate your time and consideration of these comments and we look forward to submitting a quality application to RFA 2015. Should you have any comments or concerns, please don't hesitate to contact me at (305) 439-2148.

Very Truly Yours,

Mara S. Mades
Partner

Colon, Sonia (PHCD)

From: Doris Black [doris@olcdc.org]
Sent: Thursday, February 26, 2015 1:39 PM
To: PHCD Resident Services (PHCD)
Cc: Stephanie Williams-Baldwin; 'Steve Graziani'; Marcia Grant
Subject: RFA Comments / Questions

Good Afternoon,

Hope all is well. Below you will find the Comments and Questions pertaining to the proposed 2015 HOME, SURTAX, and CDBG RFAs.

Thanks in advance.

Surtax RFA Comments/Questions:

- Clarify whether the Liberty City funds in this RFA are separate from those available for Liberty Square and intended for other property in Liberty City. Or whether a potential Liberty Square developer should submit to the RFA for Liberty Square funding. If so, Site Control for Liberty Square projects should allow for applying to the County public housing RFP.

- Page 14: Subsidy Caps: Clarify if these are percentages of Total Development Cost.

- Page 14: Total Development Cost Maximums: clarify none of the categories include acquisition; Also, shouldn't include infrastructure.

- Community center or clubhouse, Library, Computer Lab and Exercise room with appropriate equipment shouldn't all be required for each small development, particularly rehab; making them scoring factors and allowing facilities shared among small developments (or shared with large developments) could balance the desire to provide them with budget realities

- In Single-Family Optional Features, garage should get more points than carport.

- Laundry hook-ups and space for full-size washer and dryer inside each unit: for rehab, this should be if space allows; otherwise, it could limit the ability of buildings needing to be rehabbed.

HOME RFA Comments/Questions:

- Page 6: Total Development Cost Maximums: In addition to not including land, also, shouldn't include infrastructure.

- Laundry hook-ups and space for full-size washer and dryer inside each unit: for rehab, this should be if space allows; otherwise, it could limit the ability of buildings needing to be rehabbed.

- Community center or clubhouse, Library, Computer Lab and Exercise room with appropriate equipment shouldn't all be required for each small development, particularly rehab; making them scoring factors and allowing facilities shared among small developments (or shared with large developments) could balance the desire to provide them with budget realities

Doris Black
Administrative Assistant
OLCDC
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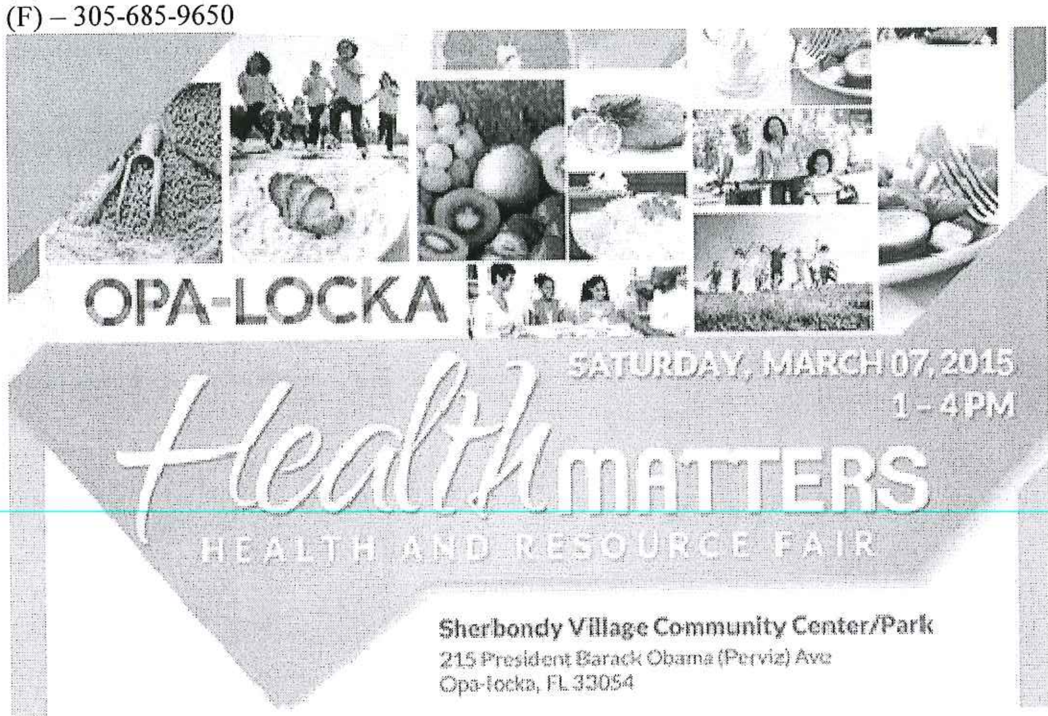
Opa-locka FL 33054
(P) – 305-687-3545 ext 241
(F) – 305-685-9650



Colon, Sonia (PHCD)

From: Doug Mayer [Doug.Mayer@stonesoupdevelopment.net]
Sent: Thursday, February 26, 2015 3:25 PM
To: Alvarez, Mario (PHCD)
Cc: Liu, Michael (PHCD); Shekeria Brown AICP (shekeriab@southfloridacdc.org); Melissa Dynan; bibarra@miamihomeless.org; Jorge de la Paz; Benford, Russell (Office of the Mayor); Samuel Lee Gilmore Jr. (sgil202433@aol.com)
Subject: RE: Developers Round Table for the FY2015 Housing and Surtax RFA's
Attachments: Recommendations for changes to RFA FY 2015.docx

Good Afternoon Mario -

Nice to meet you this morning and thanks to PHCD for providing for the public comment period on the FY2015 RFA for Surtax, SHIP and HOME funding. I have attached my recommendations for consideration by you and Mr. Liu.

Looking forward to the Developer's Roundtable on March 4th.

Thank you! - Doug

Doug Mayer
President
Stone Soup Development
305-761-8030 Cell
doug.mayer@stonesoupdevelopment.net
2130 NW 13th Street
Miami, FL 33125

From: Alvarez, Mario (PHCD) [mailto:marioal@miamidade.gov]
Sent: Thursday, February 26, 2015 12:34 PM
To: Doug Mayer
Subject: Developers Round Table for the FY2015 Housing and Surtax RFA's

Good afternoon all,

Please be advise that the Miami-Dade Public Housing & Community Development, Developers Round Table for the FY2015 Housing and Surtax RFA's will be conducted on March 4, 2015 from 10AM to 12PM at PHCD Boardroom 1407 NW 7TH ST. Miami, FL 33125

Looking forward to your participation.

No need to RSVP.

Best regards,

Mario Alvarez
HCD Manager
Public Housing & Community Development
Miami-Dade County

Mario Alvarez
HCD & Resident Service Manager
Miami-Dade County
Public Housing & Community Development

Recommendations for changes to Miami-Dade County FY 2015 -Surtax and Ship RFA

On Page 14 of 73 - Subsidy Caps
We recommend the following additions to the cap on 4% LIHTC Rehabilitation:
Rehabilitation garden style -15%
Rehabilitation mid-rise & high rise -20%

To be consistent throughout the Subsidy Cap section you should make a distinction between garden style, mid-rise and high-rise for rehabilitation as you do for new construction.

The next set of recommendations apply to your Scoring Criteria on Pages 62 - 64

On Page 62 of 73 - 2. County subsidy per unit . . .
We recommend the following additions to the current list:

[ ] less than $20,000 per unit	(25 points)
[ ] $20,000 - $25,000 per unit	(20 points)
[ ] $25,000 - $30,000 per unit	(15 points)
[ ] $35,000 - $45,000 per unit	(10 points)
[ ] $45,000 - $50,000 per unit	(5 points)
[ ] greater than 50,001	(0 points)

We feel that leveraging of public funding should be one of the most important factors in awarding funding.

On Page 63 of 73 - 2a. Mixed Income Projects
We recommend the deletion of this entire section. Market rate deals don't need any public subsidy because market rate deals work fine without any government help. In fact, your logic is backwards, you are actually giving <u>more</u> points to do <u>less</u> moderate and low-income units. A better strategy to achieve more mixed income developments is to promote adoption of inclusive zoning that <u>requires</u> the market rate developer to do a minimum number of moderate and low-income units. <u>Besides you are already giving 5 bonus points for mixed income projects at the bottom of Page 64 of 73</u>.

On Page 63 of 73 - 4. Set-asides for extremely low income (ELI) units.
Presently, Florida Housing Finance Corporation (FHFC) requires that all developers who use its funding must provide 10% ELI units. Plus FHFC gives developers additional subsidy of approximately $70,000 to $85,000 per unit for each ELI unit up to the maximum of 10% of the total units in a development. The need for ELI units in Miami-Dade County is huge and therefore we recommend that the County require a minimum of 10% but encourage developers to do more ELI units by increasing the number of points <u>and</u> by giving additional subsidy of at least $60,000 per unit (at zero percent interest) for any ELI units above the required 10%.

We recommend the following changes to the Set-asides for extremely low income (ELI) units.

[ ] 10% ELI is required by all developers	(0 points)
[ ] 15% ELI (plus $60,000 extra per unit)	(5 points)
[ ] 20% ELI (plus $60,000 extra per unit)	(10 points)
[ ] 25% ELI (plus $60,000 extra per unit)	(15 points)
[ ] 30% ELI (plus $60,000 extra per unit)	(20 points)

On Page 63 of 73 - 5. Not-for-Profit and/or Public Housing projects.
We recommend that this category be split into two categories for scoring, one for Not-for-Profit partnerships and another for Public Housing projects and increasing to 10 points Not-for-Profit deals or partnerships.

A Not-for-Profit developer <u>or</u> a Not-for-Profit Partnership with a minimum of 51% ownership by the Not-for-Profit and minimum of 25% of developer fee to the Not-for-Profit (as per current FHFC guidelines). To qualify not-for-profits must be an established for a minimum of 3 years by State of Florida Incorporation, and have 501(c)(3) tax exempt status, with their principal offices in Miami-Dade County and who's By Laws have stated for at least 3 years that their mission is to foster the development of affordable housing).

[ ] Yes (10 points)
[ ] No (0 points)

Public Housing projects - where Miami-Dade Public Housing is the developer or a partner with a developer.

[ ] Yes (5 points)
[ ] No (0 points)

Colon, Sonia (PHCD)

From: Paola Roman [proman@carrfour.org]
Sent: Thursday, February 26, 2015 4:18 PM
To: PHCD Resident Services (PHCD)
Cc: Stephanie Berman
Subject: PHCD 2015 Surtax & HOME RFA comments

Thank you for the opportunity to share our comments on the current funding Request for Applications.
Regarding the Surtax & SHIP funding:

1. We recommend extending the definition of "Small development" to include developments that are under 40 units (not just 30 units). Doing so will enable property owners to provide much needed ELI units because the additional units can help make the development more economically feasible. This is especially important to PHCD's priority to provide affordable housing in Liberty City.
2. We commend you on your consideration of Disabled Households by awarding additional points to developments serving these households.
3. We recommend awarding more points (at least 10 points) to developments serving ELI units in areas where said ELI units are most needed. The mix income idea can work in some neighborhoods, however, it is currently not feasible to expect rents above 50% AMI in neighborhoods, such as your priority area of Liberty City. If a development providing ELI units is scored against the current mix income scale provided, it will be at a disadvantage. This scoring should be adjusted so that developers are awarded more points for providing ELI units.
4. Additionally, we recommend removing the bonus points for projects providing mix income integration because you have already awarded some points for mix income in a previous section.

Regarding the HOME funding:

1. We recommend reevaluation of the loans terms for developments housing the formerly homeless. These developments do not cash flow enough to pay typical interest rates or repay loans. Even when they have operating subsidies (which are extremely difficult to obtain), they do not have sufficient cash flow to pay hard debt. The HOME loan terms for homeless developments should, at a minimum, resemble the Surtax terms for homeless developments where " the principal shall be forgiven..."

Thank you for your consideration.

Paola P. Roman, Realtor
Vice President of Housing Development
Carrfour Supportive Housing, Inc.
1398 SW 1st Street, 12th Floor
Miami, FL 33135
Phone: (305) 371-8300 ext. 1309
Fax: (305) 371-1376
www.carrfour.org

Colon, Sonia (PHCD)

From: Eduardo Gloria [eddieg@camillus.org]
Sent: Thursday, February 26, 2015 3:36 PM
To: PHCD Resident Services (PHCD)
Cc: Mallette, Victoria (HT); Sarria, Manuel (HT); Shed Boren; Alejandro Ramirez; Shelley-Anne Glasgow-Wilson
Subject: Camillus House - FY 2015 RFA Comments

Director Liu –

Camillus House respectfully submits the following comments in response to the draft FY 2015 RFA.

1. Homeless Interest Rate for Non-Profits: We suggest 0% vs. .5% - 6% in the current RFA
As you know, homeless developments are designed to operate below breakeven and with an operating reserve to fund shortfalls over the 15 year compliance period. Historically, the Surtax program has charged a 0% interest rate and also designed them as forgivable loans for this type of development so as not to further burden these critical developments. In the current RFA, the loan is structured as forgivable, but the interest rate is 0.5% t0 6%. We ask you reconsider the interest rate on these much needed developments which are already very difficult to finance and therefore not further burden them with interest they cannot pay.

2. Homeless Debt Service Coverage Ratio (DSCR) for Non-Profits: We suggest removing the DSCR concept in the current RFA. Homeless developments are designed to operate below breakeven and are designed with an operating reserve to fund shortfalls over the 15 year compliance period. As a result, it is not possible to underwrite with a 1.0x DSCR as indicated in the most recent RFA. We respectfully request this requirement be removed for Homeless developments. Otherwise, no Homeless development will be able to underwrite Surtax funding if awarded and without this precious resource, these developments may not be feasible.

We appreciate your attention to this matter.

Eddie Gloria | Vice President, Strategy and Housing Development | Camillus House | www.camillus.org
Office: 305.374.1065 ext. 220 | Cell: 786.300.6380 | eddieg@camillus.org

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Colon, Sonia (PHCD)

From:	Paul Bilton [PBilton@centennialmgt.com]
Sent:	Thursday, February 26, 2015 4:43 PM
To:	PHCD Resident Services (PHCD)
Cc:	Lewis Swezy; Richard Grammig; Jonathan Sherman
Subject:	Comments to FY 2015 RFA
Attachments:	PHCD Comments Re FY 2015 RFA.pdf

Good Afternoon:

Comments to the FY 2015 RFA are attached. Please confirm receipt.

Thank you,
Paul Bilton
786-399-4210

Centennial Management Corp.
7735 NW 146 Street, Suite 306, Miami Lakes, Fl 33016
305-821-0330

February 26, 2015

Via email to PHCDresidentservices@miamidade.gov

Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 14th Floor
Miami, Fl 33316

Re: Comments to 2015 RFA Gap Funding

To Whom It May Concern:

Scoring Item 2a. Mixed Income Projects
This scoring section should be revised or eliminated as it seems to favor market rate units over affordable housing units.

Using 100 garden style units with 4% Housing Credit as an example, the RFA allows applicants to request up to 20% of total development cost at a cap of $200,000 per unit in gap funding. This would translate into $40,000 in County funds per unit or $4,000,000 in total gap funds. To score 10 points under this category, applicant would provide only 20% affordable housing units, in this example 20 units. $4,000,000 awarded is a staggering $200,000 for each of the 20 set aside units:

Max Development Cost per Unit	$200,000
Units	100
Development Cost	$20,000,000
Max 20% Gap Funding	$4,000,000
20% Affordable Units	20 units
Gap Funding per Affordable Unit	$200,000

Such a high allocation of subsidy funds per unit does not leverage County funds in an optimal fashion. The proposed scoring matrix in Item 2a. awards the most points to the developments providing the fewest below market rate units.

A stated objective of this RFA is to provide final gap funding for developments that have been awarded 4% or 9% tax credits. References are made to these funding sources throughout the RFA including in the list of threshold items on page 13. Housing Credit developments typically do not provide market rate units. So, Housing Credit applicants would lose 10 points under this item. Applicants for gap funding for Housing Credit developments would be at a disadvantage which appears to contradict the intent of the RFA.

This scoring criterion should be removed altogether. If not removed, a funding limit in dollar per unit of set-aside (non-market rate) units should be incorporated. In the example above, a development with 20 affordable units should be funded a maximum of 20 x $40,000 = $800,000.

Scoring Item 1d. Building Permits

Issuance of building permits prior to finalizing project funding should not be required. To obtain permits is difficult and expensive to accomplish. Permit issuance is subject to payment of impact fees as well as significant professional fees. Zoning compliance and conceptual site plan approval should suffice as it does for competitive funding applications to the State such as for 9% Housing Credits and SAIL funds.

Scoring Item 5. Not-for-Profit Partners and/or Public Housing Projects as Member of Development Team

The Participation of non-profit partners should not be a point item. The experience of the development team is captured in the application (pages 22-25 and Scoring Item 3) for all partners, including for non-profit entities. Any value a non-profit entity may add is subjective and not quantifiable.

Estimated FY 2015 SURTAX/SHIP Funding Amounts (p. 10)

A total of $6,113,750 is anticipated for the Multifamily Rental – Countywide category. In the interest of optimizing the leverage of County funds and promoting diversity, we suggest that no applicant be awarded more than $2,000,000. This would result in a minimum of three developments being funded and potentially promote the development of more units spread over a larger area.

Criteria for Surtax Eligibility – Subsidy Caps (p.14)

Points should be awarded on a sliding scale for requesting less than maximum subsidy allowed. Optimal leveraging of County funds would be encouraged. Using 100 garden style units with 4% Housing Credits as an example, a 20% subsidy represents $40,000 per unit in County funds while a 12.5% subsidy only represents $25,000 per unit:

Max Dev'ment Cost per Unit	$200,000		
		Increment	Points
20.0% subsidy per Unit	$40,000		0
17.5% subsidy per Unit	$35,000	$5,000	2
15.0% subsidy per Unit	$30,000	$5,000	5
12.5% subsidy per Unit or less	$25,000	$5,000	8

Bonus Points - Proximity to Transportation (p.64)

The Proximity to public transportation category can be fine-tuned to emphasize proximity by awarding more points relative to how close a development is to public transportation. This method is used both by Miami-Dade County and the Florida Housing Finance Corp as follows:

- Miami-Dade County Standard Urban Center District Ordinance gives parking preference on a sliding scale, with more spaces being awarded the shorter the distance to public transportation. They break it down into ¼ mile increments.
- FHFC also awards points based upon distance from the transit service, both in the 9% Housing Credit and the SAIL applications. The most points are awarded where the distance is ¼ mile or less.

The public purpose may be better served by using a sliding scale of scoring that includes ¼ mile intervals such as ¼, ½ and ¾ miles.

FHFC goes further by distinguishing between the transit types available, awarding a maximum of 2 points to a regular bus stop and a maximum of 6 points to "premium" stops such as Rapid Transit Stops that have exclusive lanes and extra stops during rush hours.

Bonus Points - Proximity to Recreation and Health Facilities (p. 64)
The single category of Recreation and Health Facilities should be split into two categories:

- Recreational facilities are of a type that tenants and their children would walk to - or children would walk to on their own - on a regular basis. The public purpose for recreation may be better served by using a sliding scale that includes ¼ mile intervals such as ¼, ½ and ¾ miles.
- For Health services, parents will accompany their children to appointments so walking is not as important, and the one mile distance for maximum points appears reasonable.

We appreciate your consideration.

Sincerely,

Paul Bilton

Paul Bilton
Centennial Management Corp.

Colon, Sonia (PHCD)

From: Justin Tuttle [justint@htgf.com]
Sent: Thursday, February 26, 2015 4:52 PM
To: PHCD Resident Services (PHCD); PHA Public Comment (PHCD)
Cc: Matthew Rieger
Subject: HTG Surtax Comments
Attachments: HTG Surtax Letter.pdf

Good afternoon,

Please see the attached letter addressed to Director Liu for your review.

Thanks and regards,
Justin Tuttle
Development Coordinator
Housing Trust Group LLC
3225 Aviation Ave., Suite 602
Coconut Grove, FL 33133
justint@htgf.com
Direct: (786)347-4540
Cell: (704)953-8011

HTG

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February 26, 2015

Director Michael Liu
PHCD
701 NW 1st Court, 14th Floor
Miami, FL 33136

Re: Housing Trust Group comments to Miami-Dade County, FY 2015, Request For Application (RFA), Documentary Stamp Surtax Funding

Director Liu,

Housing Trust Group would like to thank you for the opportunity to review and comment on the RFA. We believe an exchange of feedback helps generate better developments which better serve the critical housing needs in Miami-Dade County.

With respect to the current draft, we would like to outline the following comments for the PHCD's consideration:

9% Tax Credit Preference/Set-Aside:
9% Tax Credits are a prized federal resource which is awarded in an extremely competitive process at the state level. By a wide margin, they provide the best opportunity to leverage Miami-Dade County funds to build and rehabilitate critical affordable housing needed in Miami-Dade County. Historically, Miami-Dade County has prioritized funding of Surtax funds to 9% Tax Credit developments to ensure their financial viability, particularly given that the 9% Tax Credit is currently at a floating rate of 7.47%, which generates significantly less tax credit equity. Over the past four (4) years, Florida Housing Finance Corporation (FHFC) has only award four (4) new 9% Tax Credit developments in Miami-Dade County. Additionally, providing gap financing on developments with 9% Tax Credits will produce the greatest number of new units of affordable housing inventory per Surtax dollar allocated. Accordingly, it is our opinion that there should be a clear preference or set-aside to fund any gap financing needed by developers with an allocation of 9% Tax Credits in order to ensure the viability of developments with this precious resource.

Tie-breakers:
We recommend that you modify the paragraph regarding tie-breakers (the first bullet point on page 14) in order to include additional tie-breakers and to clarify one of the current tie-breakers, as follows:

1. **9% Tax Credits:** In the event there is no 9% Tax Credit Preference/Set-Aside as recommended above, we suggest that 9% Tax Credit developments receive a tie-breaker priority.
2. **New Construction over Rehabilitation:** Given the importance of creating new jobs and increasing tax income for Miami-Dade County, it is our recommendation that PHCD prioritize new construction developments over rehabilitation developments.
3. **Ability to Proceed:** Applications should be selected based on their level of "readiness", so that applications that have a Building Permit or Building Permit Ready Letter (subject only to payment of fees) are ranked ahead of applications with only a Permit Process Number.
4. **Smallest Total Funding Request:** It would seem prudent to diversify resources across several developments to benefit the largest constituent base possible. For example, if four (4) applicants all have the same score, there is only $6MM available to be allocated and the 4 applicants are requesting, in this example, $1MM, $2MM, $3MM and $6MM, then the only way to fund the most developments is to fund them in order of smallest to largest request until all funds have been exhausted. In this example, the County will better diversify and likely fund more units by funding the three (3) smallest total request amounts ($1MM, $2MM and $3MM).
5. **Leveraging per unit** (existing).

Total Development Cost:

We respectfully request PHCD reassess the established Total Development Cost (TDC) caps for New Construction developments. Given current construction pricing in Miami-Dade County, the prescribed TDC caps do not adequately reflect a reasonable per unit TDC. Construction pricing continues to dramatically increase every month across South Florida, and particularly in Miami-Dade County. Please see the attached documentation in support of the foregoing which is attached hereto as Exhibit "A":

- Letter from C-3 Consulting Group, Inc., a Florida Housing Finance Corporation vendor responsible for conducting Plan and Cost Analysis on all new FHFC funded developments;
- Article in Miami Today published on October 1, 2014 with an early prediction of the current status quo; at that time construction costs in South Florida had already increased by an average of 8% from the same period measured a year previously, with labor costs primarily responsible for such upward trend; and
- Article in South Florida Sun-Sentinel dated January 21, 2015 citing laborers' base pay, overtime and benefits as the underlying reason for a 10% increase in annual costs.

Beginning in 2013, FHFC applied a TDC cap for their competitive tax credit RFAs. Recognizing the sharp increase in construction pricing, FHFC substantially increased their prescribed limits the following year in their 2014 RFAs. Furthermore, because prices are expected to continue increasing, FHFC implemented an adjustment factor totaling 6.8% for underwriting purposes. Finally, we expect FHFC to increase their TDC caps again this year in 2015.

Given FHFC's consistent and diligent assessment of construction pricing and market conditions, their TDC caps, while still modest and potentially too low, are more in-line with the actual Total Development Costs we are experiencing today in the market. Therefore, we strongly recommend PHCD revise their TDC caps to be equivalent or greater than FHFC's 2014 TDC caps.

A comparison of FHFC and PHCD Total Development Cost caps are provided below. Please note the following:

- Assumes all developments are concrete;
- FHFC caps are from 2014 RFA. It is expected they will be substantially increased again for 2015;
- FHFC's calculation of TDC nets out both land cost and reserves whereas PHCD has only indicated removing land cost; and
- The 2015 Surtax RFA now requires substantial features and amenities that were previously optional items and the effect is that TDCs will continue to be pushed higher.

TDC Caps	Garden	Mid-Rise	High-Rise
PHCD (2015)	$200,000	$225,000	$250,000
FHFC (2014)	$208,700	$230,000	$280,100
Difference	*$8,700*	*$5,000*	***$30,100***

Maximum Score:
Is the maximum score capped at 100 points or is it possible to score higher, and if so, is a score above 100 advantageous? Please provide clarification of the maximum score available to applicants.

Mixed-Income:
In the Gap Financing Application under "General Information, Part III, Development," Section D. (Demographic Commitment), B. (Income Targeting) on Page 50, we suggest that the second sentence in the first item should read as follows: "At least 75% of the residential units must serve households with incomes of 80% AMI or less <u>and at least 5% of the residential units must serve households with incomes of greater than 80% AMI.</u>" The rationale for this suggested change is to allow those developments with truly mixed-income residents to receive the five (5) bonus points for mixed-income integration on Page 64.

Once again, we thank you for your time and consideration. Our aim is to help maximize the impact of Surtax funding by generating the most units of affordable housing in Miami-Dade County. Integration of these comments will also send FHFC a strong signal with Miami-Dade County's support for 9% Tax Credits to Miami-Dade.

Sincerely,

Housing Trust Group, LLC

Matthew Rieger, Manager

C-3 CONCULTING GROUP, INC.

4009 FIELDER STREET

TAMPA, FLORIDA 33611

February 16, 2015

Christopher Shear, LEED AP

Housing Trust Group, LLC

3225 Aviation Avenue, Suite 602

Coconut Grove. Florida 33133

RE: Construction Costs – South Florida

The tracking of construction costs trends (Labor and Materials) is a major part of the Plan and Cost Review process provide by our firm. Over the past 25 plus years of providing this service we have gathered date from almost all parts of the United States and in particular, the State of Florida since that has been the location of the bulk of the reviews provided with a majority located in the South Florida region.

In addition to the actual costs of construction projects (Agreements between the Owner and Contractor and Schedule of Values) reviewed by our firm, we also track construction cost trends in major metropolitan regions of the State via newspaper articles, various trade news articles or magazines and RS MEANS Construction Data Service, just to name a few.

As construction picks up across South Florida (construction contracts up 19% over the previous year versus 8% statewide), local builders are dealing with rising construction, land and labor costs with labor being the main issue. With the exception of concrete (cost up approximately 40% over the previous 18 months), there have been increases in construction materials but not at the same pace as labor. According to many of the articles we have reviewed, labor cost have risen $2 to $3 per hour for a General Laborer with increases between 30 – 40% for the skilled trades (plumbers, electricians, carpenters, HVAC, etc.). Most attribute this to the shrinking labor pool since the recession. Although construction cost have not returned to the previous highs of the "Boom" years, they are steadily increasing and will continue to do so according to many reports form experts in the construction industry.

Turner Building Cost Index reported a 4.1% increase for 2013 and 4.35% increase for 2014 with 2015 projected to be even higher. RS MEANS Construction Data percentages were almost identical.

EXHIBIT A

As a point of interest, one article indicated that "Multifamily has been the darling for the past couple of years while we had lower construction and land costs, but as those costs have gone up, sites that might once have been multifamily are no longer because the rents cannot support the increased costs structure. So they might flip into condo, because there is more upside in condo prices"

I trust this provides some insight to the current trends of the South Florida and overall construction industry.

Robert McGoldrick, C.C.I

C-3 Consulting Group, Inc.

Construction industry ready to hire; where are the workers?

By **Marcia Heroux Pounds**
Sun Sentinel

JANUARY 21, 2015, 5:53 PM

Most of Florida's contractors plan to add workers this year, according to a construction forecast released Wednesday.

In 2014, Florida contractors saw their employee count swell by 47 percent, contractors reported in The Associated General Contractors' 2015 industry outlook.

This year, 95 percent say they plan to hire. Of those, 24 percent said they'll hire more than 25 workers, with 18 percent adding six to 15 workers and 47 percent adding one to five. Six percent don't expect their head count to change, but none expect to decrease their workforce.

"The outlook for 2015 is generally quite positive," Ken Simonson, chief economist for the Associated General Contractors, said on a conference call Wednesday. He said retail, warehouse and hotel construction is expected to be particularly strong.

But finding new professional and skilled trades workers is a growing challenge, the survey indicates.

Florida contractors are paying more in base pay, overtime and benefits to retain and attract both professional and skilled trade workers.

The industry lost workers during the housing crisis and economic downturn, when many turned to the oil industry for jobs.

"I think the industry will start recapturing some of those workers," Simonson said.

South Florida contractors report a struggle between rising business, worker shortages and increased costs.

"Labor is getting more expensive, both operators and professional staff," said Bob Schafer, executive vice president of Ranger Construction in West Palm Beach, whose firm does commercial projects and Department of Transportation roadwork, and expects residential construction work in 2015.

Costs for both labor and material are increasing about 10 percent annually, Schafer said.

In the survey, 41 percent of Florida contractors said they have trouble filling both professional and skilled trades workers while 35 percent said they have no trouble finding professionals but do have difficulty finding skilled trade workers.

As a result, 71 percent said they were increasing base pay for professionals and 59 percent for skilled trades workers. For skilled workers, 35 percent also are increasing overtime.

Florida contractors reported their dollar volumes ramping up in projects for new offices, manufacturing operations, water and sewer construction, highways, and retail, warehouse and hotel construction.

Work also remains steady in marine construction, K-12 schools, energy and public buildings, the report indicates.

"The market is very busy, and we see that trend continuing," said Andy Allen, project director of Skanska USA. Skanska's hottest markets have been in health care, higher education and infrastructure.

"Those markets are all growing," said Allen, whose firm had $645 million in revenue in Florida last year and employed about 300 construction professionals.

Allen sees potential work on large bridge projects in Broward County this year, as well as continued work at Broward Health North in Pompano Beach, where it is completing an operating suite and emergency department expansion.

Nationally, 80 percent of construction firms plan to expand their payrolls in 2015 while only 7 percent expect to reduce head counts according to the AGC survey. More than 900 construction firms nationwide completed the survey.

mpounds@sunsentinel.com or 561-243-6650

The Newspaper for the Future of Miami

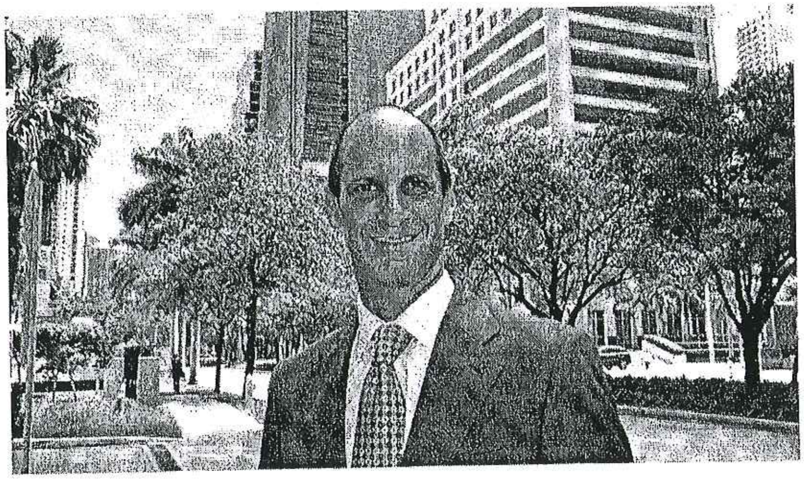
Construction costs head skyward

Written by Marilyn Bowden on October 1, 2014

As construction picks up across South Florida, builders must deal with rising construction, land and labor costs – but most say chief among these concerns is labor.

According to McGraw Hill Construction, which tracks construction trends, contracts for future construction in the first seven months of this year were up 8% from the same period of 2013 in Miami-Dade, Broward and Palm Beach counties. While statewide contracts were also up 8%, nonbuilding construction such as infrastructure and utilities accounted for much of the increase statewide. In South Florida, residential building showed the highest increases.

"Through the first seven months of 2014," McGraw Hill's most recent report stated, "the top five metropolitan areas ranked by the dollar amount of new multifamily starts were the following – New York, Washington DC, Los Angeles, Miami and Boston."



Developers must weigh material and labor in with all the factors that contribute to the cost of a project, said Tom Roth, principal of Roth Advisory, a real estate investment and advisory firm.

"Certainly playing the largest role now are construction costs and land costs," Mr. Roth said. "Both are going up, so developers are looking at them very carefully to determine what projects they can afford to do.

"Multifamily has been the darling for the past couple of years while we had lower construction and land costs, but as those costs have gone up, sites that might once have been multifamily are no longer because the rents cannot support the increased cost structure. So they might flip into a condo, because there is more upside in condo prices."

Scott Moss, president of Moss & Associates, said building materials don't seem to be going up sharply, as they did a decade ago.

"China is not building as much as in 2004-'06," he said, "and in the US only Houston seems to be building at the same rate as Miami. So labor will be the driver."

Miami lost a lot of laborers over the past few years, Mr. Moss said – illegal laborers most likely returning to their home countries and others moving out of the area to find work.

But labor costs are also rising, he said, because subcontractors are starting to increase their profit margin.

“For the past five years,” Mr. Moss said, “their profit margins have been very depressed. We actually have more sub [contractor] defaults on rising demand than on lowering, because the trade contractors use their cash to keep their people, and then they don’t have the cash to get through the first 60 days of construction.”

While more laborers will likely be moving to Miami as demand increases, he said, the shortage could mean that projects will take longer than expected to build – “and we will start to hear of labor jumping projects for $2-$3 an hour more.”

Tom C. Murphy, executive vice president for Coastal Construction, said the industry has seen “a great reduction in the workforce. It’s a combination of leaving the area or finding other things to do because the downtime was so extended.”

In technical areas such as structure, plumbing and electric, he said, “laborers are in higher demand, and we have to pay more to entice them than six months and a year ago. Plumbers, for example, are charging 30%-40% more.

“But this is still a relationship business. If you provide them with work day in, day out, you can get labor.”

After years of just getting by, times are good for subcontractors, said Luis Garcia, president of Adonel Concrete.

“We hired 40 people in the past six weeks,” he said. “We are expanding just like we did in the boom years of 2004-’05. I added new locations in Broward and West Palm Beach.”

While concrete prices have increase about 40% in the past 18 months, Mr. Garcia said, “in the recession those same prices went down 50%, so they are still 10% lower than in the boom years – and we have more business now than we had then.

"But we have also had to increase salaries 30% across the company to be able to get employees."

Related Posts:

- Development Gain Raises Construction Cost
- Orders Jump 50 As Miami Construction Nears Booms Level
- FYI Miami: August 7, 2014
- Construction costs rise 15% in six months
- Contractors boost wages in boom

One Response to *Construction costs head skyward*

Joan

October 1, 2014 at 3:11 pm

1. This is the epitome of loyalty begets loyalty. Builders so easily kick the subs to the curb and they subs learn to fend for themselves. But disloyalty seems to rein in corporate America.

Colon, Sonia (PHCD)

From:	Jonathan Sherman [JSherman@centennialmgt.com]
Sent:	Thursday, February 26, 2015 4:58 PM
To:	PHCD Resident Services (PHCD)
Cc:	Paul Bilton; Richard Grammig
Subject:	Comments to FY 2015 RFA
Attachments:	PHCD Comments Re FY 2015 RFA.pdf

Regards,

Jonathan Sherman
Centennial Management Corp.
7735 NW 146 Street #306
Miami Lakes, FL 33016
Office: 305.821.0330 Ext. 5009
Cell: 248.762.5338
Fax: 305.821.0402

JSherman@CentennialMGT.com

From: Paul Bilton
Sent: Thursday, February 26, 2015 4:43 PM
To: phcdresidentservices@miamidade.gov
Cc: Lewis Swezy; Richard Grammig; Jonathan Sherman
Subject: Comments to FY 2015 RFA

Good Afternoon:

Comments to the FY 2015 RFA are attached. Please confirm receipt.

Thank you,
Paul Bilton
786-399-4210

Centennial Management Corp.
7735 NW 146 Street, Suite 306, Miami Lakes, Fl 33016
305-821-0330

February 26, 2015

Via email to PHCDresidentservices@miamidade.gov

Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 14th Floor
Miami, Fl 33316

Re: Comments to 2015 RFA Gap Funding

To Whom It May Concern:

Scoring Item 2a. Mixed Income Projects

This scoring section should be revised or eliminated as it seems to favor market rate units over affordable housing units.

Using 100 garden style units with 4% Housing Credit as an example, the RFA allows applicants to request up to 20% of total development cost at a cap of $200,000 per unit in gap funding. This would translate into $40,000 in County funds per unit or $4,000,000 in total gap funds. To score 10 points under this category, applicant would provide only 20% affordable housing units, in this example 20 units. $4,000,000 awarded is a staggering $200,000 for each of the 20 set aside units:

Max Development Cost per Unit	$200,000
Units	100
Development Cost	$20,000,000
Max 20% Gap Funding	$4,000,000
20% Affordable Units	20 units
Gap Funding per Affordable Unit	$200,000

Such a high allocation of subsidy funds per unit does not leverage County funds in an optimal fashion. The proposed scoring matrix in Item 2a. awards the most points to the developments providing the fewest below market rate units.

A stated objective of this RFA is to provide final gap funding for developments that have been awarded 4% or 9% tax credits. References are made to these funding sources throughout the RFA including in the list of threshold items on page 13. Housing Credit developments typically do not provide market rate units. So, Housing Credit applicants would lose 10 points under this item. Applicants for gap funding for Housing Credit developments would be at a disadvantage which appears to contradict the intent of the RFA.

This scoring criterion should be removed altogether. If not removed, a funding limit in dollar per unit of set-aside (non-market rate) units should be incorporated. In the example above, a development with 20 affordable units should be funded a maximum of 20 x $40,000 = $800,000.

Scoring Item 1d. Building Permits

Issuance of building permits prior to finalizing project funding should not be required. To obtain permits is difficult and expensive to accomplish. Permit issuance is subject to payment of impact fees as well as significant professional fees. Zoning compliance and conceptual site plan approval should suffice as it does for competitive funding applications to the State such as for 9% Housing Credits and SAIL funds.

Scoring Item 5. Not-for-Profit Partners and/or Public Housing Projects as Member of Development Team

The Participation of non-profit partners should not be a point item. The experience of the development team is captured in the application (pages 22-25 and Scoring Item 3) for all partners, including for non-profit entities. Any value a non-profit entity may add is subjective and not quantifiable.

Estimated FY 2015 SURTAX/SHIP Funding Amounts (p. 10)

A total of $6,113,750 is anticipated for the Multifamily Rental – Countywide category. In the interest of optimizing the leverage of County funds and promoting diversity, we suggest that no applicant be awarded more than $2,000,000. This would result in a minimum of three developments being funded and potentially promote the development of more units spread over a larger area.

Criteria for Surtax Eligibility – Subsidy Caps (p.14)

Points should be awarded on a sliding scale for requesting less than maximum subsidy allowed. Optimal leveraging of County funds would be encouraged. Using 100 garden style units with 4% Housing Credits as an example, a 20% subsidy represents $40,000 per unit in County funds while a 12.5% subsidy only represents $25,000 per unit:

Max Dev'ment Cost per Unit		$200,000		
			Increment	Points
20.0%	subsidy per Unit	$40,000		0
17.5%	subsidy per Unit	$35,000	$5,000	2
15.0%	subsidy per Unit	$30,000	$5,000	5
12.5%	subsidy per Unit or less	$25,000	$5,000	8

Bonus Points - Proximity to Transportation (p.64)

The Proximity to public transportation category can be fine-tuned to emphasize proximity by awarding more points relative to how close a development is to public transportation. This method is used both by Miami-Dade County and the Florida Housing Finance Corp as follows:

- Miami-Dade County Standard Urban Center District Ordinance gives parking preference on a sliding scale, with more spaces being awarded the shorter the distance to public transportation. They break it down into ¼ mile increments.
- FHFC also awards points based upon distance from the transit service, both in the 9% Housing Credit and the SAIL applications. The most points are awarded where the distance is ¼ mile or less.

The public purpose may be better served by using a sliding scale of scoring that includes ¼ mile intervals such as ¼, ½ and ¾ miles.

FHFC goes further by distinguishing between the transit types available, awarding a maximum of 2 points to a regular bus stop and a maximum of 6 points to "premium" stops such as Rapid Transit Stops that have exclusive lanes and extra stops during rush hours.

Bonus Points - Proximity to Recreation and Health Facilities (p. 64)
The single category of Recreation and Health Facilities should be split into two categories:

- Recreational facilities are of a type that tenants and their children would walk to - or children would walk to on their own - on a regular basis. The public purpose for recreation may be better served by using a sliding scale that includes ¼ mile intervals such as ¼, ½ and ¾ miles.
- For Health services, parents will accompany their children to appointments so walking is not as important, and the one mile distance for maximum points appears reasonable.

We appreciate your consideration.

Sincerely,

Paul Br

Paul Bilton
Centennial Management Corp.

Colon, Sonia (PHCD)

From:	Jorge de la Paz [jorge@miamihomeless.org]
Sent:	Thursday, February 26, 2015 5:05 PM
To:	PHCD Resident Services (PHCD); Alvarez, Mario (PHCD)
Cc:	Bobbie Ibarra; Melissa Gallo; Cava, Daniella Levine (DIST8); Doug Mayer (doug.mayer@stonesoupdevelopment.net); Liu, Michael (PHCD); Shekeria Brown; Benford, Russell (Office of the Mayor); Hawkins, Ryan (DIST1)
Subject:	FY2015 RFA for Surtax/ SHIP _ Miami Coalition for the Homeless comments
Attachments:	FY2015 Surtax-SHIP RFA_MCH Comments.pdf
Importance:	High

Hello Mario,

Attached are the Miami Coalition for the Homeless' public comments on the draft FY2015 RFA for Surtax/SHIP funding.

Thank you so much for your consideration and interest. We hope that you will take our comments and suggestions into consideration while working on updating the FY2015 RFA.

Best,

Jorge Damian de la Paz
Senior Policy Analyst
Miami Coalition for the Homeless
786.469.2060
jorge@miamihomeless.org

Miami Coalition for the Homeless, Inc.

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Miami-Dade County Public Housing & Community Development
701 NW 1st Court, 16th Floor
Miami, FL 33136

Re: Comments on FY2015 RFA for Surtax/SHIP Funding

To whom it may concern:

After thoroughly reviewing the draft FY2015 RFA for Surtax/SHIP funding, the Miami Coalition for the Homeless (MCH) would like to submit the following comments as a follow up to the recommendations we raised during the Developers Roundtable in August 2014. At that time, we expressed support for a set-aside of Surtax funds for extremely low-income (ELI) renter households to meet the severe shortage of affordable housing available to this population. The Urban Institute estimates there are only 24 units available for every 100 ELI renter households in Miami-Dade County. Due to this substantial shortage, most of Miami's 75,000 ELI renter households spend more than half of their limited income on housing costs, making them increasingly vulnerable to homelessness. In Miami-Dade County, households making $23,850 or less for a family of four are considered ELI. MCH makes the following recommendation as related to the scoring and incentive provisions in the FY2015 RFA.

I. Set-asides for ELI units

Currently, the FY2015 Surtax/SHIP application gives developers up to 5 points if they agree to commit 10% of their units as ELI. We strongly encourage the County to restructure the scoring criteria to incentivize much-needed ELI housing by requiring affordable housing developers to have a minimum set-aside of at least 15% ELI for 10 points and five points for every additional 5% of units. If the developer agrees to 20% ELI units, the project will be will be awarded 15 points and if the developer consents to include 30% ELI, the award will be 20 points. In addition, MCH recommends the County provide an additional $30,000 per unit incentive for projects (at zero percent interest) that set-aside a maximum of 30% of the development for ELI households. The Florida Housing Finance Corporation has previously provided additional up-front monetary incentives of around $70,000 for ELI deals and we recommend the County adopt this practice to meet current needs, specifically within mixed-income projects.

The South Florida Community Development Coalition's Housing Policy Committee has also made these same ELI scoring and incentive recommendations in the lead up to the FY2015 RFA public comment period.

Additionally, MCH is aware that in the FY2015 HOME RFA there is a projected $346,516 homeless set aside for tenant based rental assistance. This is a 65% reduction from the $1 million set-aside in the FY2014 HOME RFA. Because of this reduction in services, MCH recommends that Surtax funds be dedicated to at-risk ELI households and the homeless.

MCH believes that a set-aside for ELI households in mixed-income projects is particularly important to the FY2015 Surtax/SHIP RFA because an estimated $6.3 million—just about 50%—of the total $12.4 million Surtax/SHIP funds earmarked for affordable housing development is projected to be distributed within Liberty City, where a significantly high percentage of households qualify as ELI. According to 2008-2012 American Community Survey data, more than a third of households in the census tracts within Liberty City are earning $25,000 a year or less.

II. Create a nonprofit set-aside for small rental developments

We strongly support the FY2015 Surtax/SHIP RFA's provision of bonus points for projects that include mixed-income integration, transit-oriented development, and access to recreation and health facilities. MCH believes these bonuses as well as the projected $1.5 million be dedicated to small developments (30 units or less) are fundamental aspects of promoting more healthy, compact, and economically resilient communities in Miami. However, MCH recommends that the County limit a percentage of these small multifamily rental development deals to nonprofit developers or provide nonprofit developers a larger share of points to better augment the local capacity of smaller mission driven developers.

These modifications will greatly assist local efforts like MCH's affordable housing loan fund, Miami Homes for All®, to produce additional mixed-used, mixed-income housing with a portion of the units set-aside for ELI households.

MCH also would like to express its support of the County's recent strengthening of the due diligence threshold, which requires developers to provide more detailed reporting information, including a project budget, sources and uses statement, as well as certifications as to previous defaults, prior to a funding commitment and requiring that a description of the due diligence finding be reported to the Board of County Commissioners. Due to the high level of need and limited public resources, these compliance requirements ensure the most efficient and transparent use of PHCD funds.

We hope that you will take our comments and suggestions into consideration while working on updating the FY2015 Surtax/SHIP RFA.

We are happy to provide any additional information if necessary.

Sincerely,

Bobbie Ibarra

Barbara (Bobbie) Ibarra, SPHR
Executive Director

CC:
Commissioner Daniella Levine-Cava
Doug Mayer
Director Michael Liu
Ryan Hawkins
Deputy Mayor Russell Benford
Shekeria Brown
Commissioner Xavier Suarez

Colon, Sonia (PHCD)

From: Miles Hapgood [MMH@stratfordcapitalgroup.com]
Sent: Thursday, February 26, 2015 8:54 PM
To: Liu, Michael (PHCD); cdresidentservices@miamidade.gov
Cc: Benford, Russell (Office of the Mayor); Mayor; Miles Hapgood
Subject: Comments on Draft 2015 Surtax/SHIP RFA Application
Attachments: Stratford Capital Group Comments to Draft 2015 Surtax SHIP RFA Application.pdf

Stratford Capital Group appreciates the opportunity to provide the attached comments on the Draft 2015 Surtax/SHIP RFA Application.

Please do not hesitate to contact me if you have any questions regarding our comments.

Regards,

Miles

Miles M. Hapgood, III
Senior Vice President

100 Corporate Place, Suite 404
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☎ (978) 535 - 5600 ext. 124
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mmh@stratfordcapitalgroup.com

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February 25, 2015

Mr. Michael Liu
Director, PHCD
701 NW 1st Court, 14th Floor
Miami, Florida 33136

via email: mliu88@miamidade.gov; phcdresidentservices@miamidade.gov

Re: Draft 2015 Surtax/SHIP RFA application

Dear Mr. Liu:

Thank you for this opportunity to provide comments on the draft 2015 SHIP/Surtax RFA application. I am a Senior Vice President of Stratford Capital Group responsible for acquiring and structuring investments in affordable multifamily properties that benefit from the Low Income Housing Tax Credit ("LIHTC") for our investor clients. We have invested in a significant number of properties in Miami-Dade County and hope to do many more. However, we have a few concerns about the draft RFA that we hope can be addressed in the final RFA. Given the small size of the proposed cycle, it is important to make these changes so that the tax credit community can continue to build affordable housing that is viable in the long term.

Underwriting Criteria

PHCD has two items that no other subsidy provider has:

1. ***No set interest rate on its subsidy.*** It is imperative that a rate is set in the RFA. The rate must be fixed, not a range. Without a set rate, tax credit equity investors, such as Stratford Capital, lenders and developers, are unable to accurately project cash flows and investment returns. This is critical to our decision to invest in a project.

2. ***No set guidelines with regard to debt service coverage ("DSC").*** Just as with the interest rate, the RFA just provides a (wide range) of debt service coverage. Again, just as with the interest rate issue above, lack of clarity on the DSC does not exist with any other subsidy provider or any other lender.

Recommendation:

1. ***For tax-exempt bond financed- transactions, the interest rate on the subsidy shall be no more than 0.5%.***

2. ***For 9% LIHTC transactions, the rate shall be 1%.***

The 0.5% rate for 4% LIHTC deals and 1% for 9% LIHTC transactions recognizes the fact that 9% LIHTC deals receive tax credit equity from 90% to 105% of tax credit basis, while 4% LIHTC transactions financed by tax-exempt bonds only receive 40% of basis in the form of tax credit equity. This differential means that tax-exempt bond financed transactions carry considerably more hard debt than do 9% LIHTC transactions, and therefore cannot carry more than 0.5% interest rate on its subordinate debt. In addition, because of this gap, it means that 4% LIHTC deals must carry more local subsidy. We believe that the interest rate on the subsidy for bond transactions cannot be more than 0.5% to ensure the economic viability of the project.

Economic viability means several things:

a. Can these projects be maintained for the long term? If all of the cash flow is going to pay the subordinate debt lender, it cannot. It is for precisely this reason that FNMA and HUD have strict provisions for affordable housing projects that limit the amount of surplus cash to be used to pay subordinate debt service to 75%.

b. A lender and a tax credit partner are willing to invest funds in a project. We cannot invest funds where the cash flow is so minimal that if water and sewer goes up, if real estate taxes go up, if electric goes up – there is no margin for error. We don't want to make a "loan to own" where we know we could be looking at a foreclosure in the future. We don't believe that the county wants to be in the business of either foreclosing on affordable housing or providing communities that cannot be properly maintained as there is not sufficient cash flow after debt service.

c. Tax credit projects are limited on their rent increases. The credit underwritings historically have not recognized that. For example, Miami-Dade County has had no rent increase since 2009 and will not have a rent increase for a least another 2 years (if that), as the current AMGI is 3.27% below the peak AMGI. Your credit underwriters are not reflecting that fact in their credit underwriting reports and in fact just continue to use a 2% rent inflator when that simply is not the case.

d. Deferred Developer Fee: The County requires that the developer defer 20% of developer fee (less, if 20% cannot be paid off in 12 years). The fee is simply the gap between sources and uses, and bond deals typically have a significant gap, as discussed above. If the DSC is minimal, that fee cannot be paid back, and neither a lender nor a tax credit investor will be willing invest in the project.

The name of the SHIP/Surtax funding is "gap funding". Gap funding must be defined as the funds that make a tax credit deal work. Tax credit deals simply do not work with a minimal DSC, for all the reasons noted above. Therefore, the DSC has to reflect what is necessary so that the SHIP/Surtax funds actually are viable as gap funding.

3. ***Debt Service Coverage:*** Historically, Miami-Dade County underwrote deals to up to 1.30X DSC. And, even though the RFA also said the DSC could be as low as 1.10X, the credit underwriters (and staff) typically underwrote to the upper limit. This was done in

large part because it is critical that these deals be economically viable. As an investor, Stratford Capital looks to a minimum DSC of 1.15X in order to make an investment.

Therefore, it is recommended that the DSC threshold requirements be as follows:

a. ***Year 1 DSC:*** Up to 1.50X DSC, with a minimum DSC of 1.15X. This is in accordance with the FHFC SAIL loan underwriting requirements.

   Please note the preceding requirements mean that if a DSC goes beyond 1.50X, subsidy is taken from the project. They do not mean that an interest rate is assessed to force the DSC down. With a set interest rate on the PHCD subsidy, the reduction in subsidy (as opposed to varying interest rates) is the appropriate mechanism to make sure DSC is no more than 1.50X. It also means the county is not overfunding subsidy to a project.

   Moreover, the credit underwriters do not (ever) use the FHFC minimum DSC of 1.15X to recommend a reduction in SAIL subsidy, as the 1.15X actually is the barometer for the minimum acceptable DSC.

   In sum, the underwriting of DSC becomes simple and straightforward: (a) if the DSC goes above 1.50X with the set interest rate on the subsidy, then subsidy is reduced to increase the first mortgage to achieve a total DSC of no more than 1.50X DSC, (b) if the DSC goes below 1.15X, then the developer is forced to reduce its first mortgage and other debt service so that the DSC is greater than 1.15X DSC if they want to move forward with the deal.

   The above also means that the third party credit underwriters, who were hired years ago by the County to separate that process from PHCD staff review, can move forward and complete their reports as third party credit underwriters. This saves months of underwriting time. It also provides certainty up front to the developer, investor and lender that this is what the deal will be underwritten as.

b. ***Year 15 DSC (for all transactions, bond or 9% LIHTC):*** Minimum DSC of 1.15X DSC.

The preceding fixed interest rates and DSC process now also means that the item on page 6 of the RFA that gives the Director the discretion to waive the underwriting criteria is a sentence that can now be eliminated, as we now have a normal underwriting structure of:

1. Interest rate is fixed by the RFA
2. DSC is fixed by the RFA and treated as noted above.

Subsidy Uses

Finally, we are concerned, and a bit confused, by the scoring criteria giving priority in this RFA to market rate projects, rather than affordable housing projects. It is our understanding that SHIP can only serve up to 120% AMGI households, which will mean that any units serving above this threshold cannot legally be County Assisted Units. Similarly, the Surtax legislation does not allow Surtax funds to be used for households earning more than 140% AMGI. If nothing else, the RFA needs to note what County Assisted Units are defined as for SHIP and Surtax respectively (up to 120% AMGI and up to 140% AMGI) .

More importantly, on the scoring page, the definitions of set asides are not in conformance with those two varying sources of funds.

Specifically, the scoring sheet calls units "low, moderate and market". They need instead to be called "low, SHIP/Surtax eligible and non SHIP/Surtax eligible". Furthermore, "low SHIP/Surtax eligible" needs to be defined as the applicable AMGI level.

Neither SHIP nor Surtax legislation were passed and approved by the Florida Legislature and Miami-Dade County voters, respectively, to fund market rate units. Doing so would violate the SHIP statute and the Surtax legislative authority. As the RFA currently proposes, units serving households above 120% and 140% AMGI are mistakenly considered as county-assisted units, which violates both sets of legislation.

Secondly, and on a broader scale, we are highly concerned that Miami-Dade County, which has a significant amount of market rate rental housing under construction (and rental housing being rented out by condo owners), is now envisioning using its funds to fund moderate and high income housing, as opposed to affordable housing. We do not believe that taxpayers approved the SHIP/Surtax legislation to fund nominal amounts of affordable housing.

More importantly, there is a surfeit of funding available to market rate developers; subsidy for affordable housing is a limited source. To now not recognize that and take away the limited amount of affordable housing funds that exists for your county, which has the highest ratio of housing costs to income in the nation, would be a disservice to your county and its residents.

To me, the real issue is whether the county has decided that it will no longer fund tax-exempt bond financed transactions that build affordable housing . If the 2015 RFA terms are meant to be carried forward to future RFAs, that will be the result. There will be nominall affordable housing built (as the highest score goes to developers who build housing with only 10% of the units set aside for low income). And low income is not defined; we believe that is actually 80% of the County median income -- which means that the County is now providing an RFA that truly provides no affordable housing for the tax credit community.

If RFAs from Miami-Dade County over the past 20+ years had the same priority of market rate housing, this county would currently have 20,000 less affordable housing units than it currently enjoys.

Therefore, our key question is if PHCD's goal going forward to prioritize market rate housing, or is this just a special "stub" cycle (only $6 million of countywide rental funds). This is a core issue, since it affects the lives of thousands of needy families in your community. Gap funding for affordable housing properties is scarce to begin with. This RFP on a going forward basis, would reduce these scarce funds even further.

We greatly appreciate all that PHCD has done over the past 20+ years with its SHIP/Surtax funds and that our developer clients have been fortunate to partner with PHCD to provide thousands of units of affordable housing to the community. We believe that by finally fixing what has been a broken underwriting process, all stakeholders will be able to move forward expeditiously on closings. We further believe that if the new mixed income scoring is the new scoring, then the entire stakeholder community must meet and the cycle be delayed to ascertain the implications of the RFP on the ability to provide quality affordable housing.

Should you have any questions or concerns, please don't hesitate to contact me at (978) 535-5600, extension 124.

Very Truly Yours,

Miles M. Hapgood @

Miles M. Hapgood, III
Senior Vice President

cc: Russell Benford (benford@miamidade.gov)
Mayor Carlos Gimenez (mayor@miamidade.gov)

Colon, Sonia (PHCD)

From: Kenneth Naylor [knaylor@apcommunities.com]
Sent: Thursday, February 26, 2015 11:32 PM
To: PHCD Resident Services (PHCD)
Cc: Liz Wong; Lindsay Lecour; Dan Wilson
Subject: FW: DRAFT of the Fiscal Year 2015 Proposed Request for Applications and Action Plan
Attachments: 2848_001.pdf

Mr. Alvarez,

Attached please find comments regarding the Draft RFA for FY 2015 Funding.

Thank you,

Ken Naylor

From: PHCD Resident Services (PHCD) [mailto:phcdresidentservices@miamidade.gov]
Sent: Thursday, February 19, 2015 10:02 AM
To:
Subject: DRAFT of the Fiscal Year 2015 Proposed Request for Applications and Action Plan

Good morning,

The public is being notified that the DRAFT of the Miami-Dade County FY 2015 Proposed Request for Applications (RFAs) will be available for review and comments from February 19, 2015 through February 26, 2015. Please visit PHCD website at http://www.miamidade.gov/Housing/ to view applications online. Applications will also be available from 9:00 a.m. to 5:00 p.m., Monday through Friday at Miami-Dade Public Housing and Community Development, located at 701 N.W. 1st Court, 14th Floor, Miami, Florida 33136.

Comments may be emailed to PHCDresidentservices@miamidade.gov

Best Regards,

Mario Alvarez
HCD Manager
Miami-Dade County
Public Housing & Community Development
701 NW 1st Ct. Miami FL, 33136

ATLANTIC
PACIFIC
COMMUNITIES

February 26, 2015

Via Email

Mr. Michael Liu, Director
Miami-Dade County Public Housing & Community Development
701 NW 1st Court, 14th Floor
Miami, FL 33136

Re: RFA 2015 Draft SURTAX Application - Comments

Dear Mr. Liu:

We appreciate the opportunity to provide feedback on the draft SURTAX RFA.

The SURTAX application has been revised substantially and we would like to set up a meeting with you, your staff and other focused affordable housing developers to discuss the County's goals and further refine the application.

Our primary recommendations are as follows:

- Please give the development community more insight into the County's goals and methodology which led to specific targeting of geographies and development types in this draft. With more insight into the County's vision and the underlying data that led to the proposed surtax allocations, we can serve as better partners in achieving the County's vision.
- Ensure that the County can finish what it started. PHCD added 15 points for market rate housing that were added to this year's application. While we are strongly supportive of mixed income developments under the right circumstances, we fear the unintended consequences of this sudden policy shift, particularly in light of the County's longstanding policy goal to "finish what we started." The County has embarked on many high profile multi-phase development projects which require predominantly low-income housing, which should not be at cross-purposes with Surtax scoring.
- Return to a level playing field for different development types. The RFA drafted seems to strongly preference rehabilitation above new construction, and lower density development over high rise development. This policy does not comport with many other County agency initiatives.
- Ensure that the County prioritize applicants that have received or are expected to receive a 9% housing credit &/or SAIL allocation in 2014 & 2015. These developments are in the best position to quickly leverage County funds.
- Eliminate the new requirement for a building permit in order to score points. As noted above, having a viable financing package in place is a more significant determinant of a development's ability to proceed expeditiously, than having paid the fees to pull a building permit.

Below are additional comments by page.

2950 SW 27TH AVENUE, SUITE 200, MIAMI, FLORIDA 33133

ATLANTIC PACIFIC

COMMUNITIES

1. Page 8: Gap Funding definition: We recommend amending the language in last sentence to state that the gap funding "cannot be more than 25% of development costs for County-Assisted Units," versus the currently stated "25% of Total Development Costs".

2. Page 10: Please define precise boundaries for Liberty City to avoid confusion.

3. Page 11: We recommend revisiting several of the proposed loan terms:

    a. In order to improve predictability as well as surtax repayment, consider mirroring Florida Housing's SAIL program's rate and range of debt service ratios in lieu of making adjustments to the surtax rates during underwriting.

    b. Most permanent lenders require a pro forma debt service ratio of 1.15 in year 15 assuming 2% annual growth of income and 3% annual growth of expenses. The maximum debt service ratio in Year 1 should be subject to adjustment upward during underwriting to ensure that this minimum can be attained.

4. Page 14: Please explain more fully what the following sentence means: "Funds for projects that do not meet the funding conditions in FY 2015 shall be made available for next year's Surtax RFA."

5. Page 14: This page addresses a new item into the RFA, limiting Subsidy Caps for 4% LIHTC transactions.

   Based on reviewing the aggregate County gap Subsidy on recent 4% LIHTC transactions that the County funded in recent years, we feel that the following caps as a percentage of development costs would be appropriate:

   - Rehabilitation – 15%
   - New Construction Garden Style – 40%
   - New Construction Midrise – 45%
   - New Construction High Rise – 50%

   The Draft RFA proposes much lower caps on all of the new construction categories. These caps would prevent new construction 4% tax credit developments funded with bonds from Miami-Dade HFA from proceeding without significant additional outside funding sources. This restriction is likely to hamper other County agencies in their development initiatives, and should be revisited.

6. Page 14: Total Development Cost (TDC) caps should exclude land cost for all development types.

7. Page 14: The Total Development Cost caps outlined are higher than those published in 2014 by Florida Housing for Miami-Dade County in 4 categories out of 5. The category that is damaged,

ATLANTIC
PACIFIC
COMMUNITIES

High Rise, has significantly lower cost caps than Florida Housing's TDC caps. If the PHCD wishes to discourage or prevent high rise development, while encouraging rehabilitation and lower density development, that policy should be reviewed in consultation with certain other County agencies which are seeking High Rise affordable housing development on County-owned land.

8. This draft includes required items that will add additional costs to the developments compared with last year's RFA requirements. We recommend eliminating the following expensive additional requirements, which we are listing along with approximate costs per unit:

   - Granite Countertops - $900 per unit.
   - Energy Star Water Heaters - $500 per unit plus additional square footage.
   - Common area air conditioning at 16 SEER - $150 to $200 per unit.
   - Pantries - $800 per unit.

Please do not hesitate to contact us with any questions or comments.

Sincerely,

Kenneth Naylor
Chief Operating Officer

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