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Comment: SAIL RFA—expanding potential candidates

Over the past 30 years the SAIL program has served as a reliable vehicle to deliver funding to a variety to development types that have targeted different demographic groups. SAIL gap financing is flexible and it is the driver that can be used with other sources to better serve new and existing rental demands. This allows Florida Housing to redirect priorities from year to year within the SAIL program rather than trying to create new programs for specific purposes that may only be relevant for a short period.

Within the FHFC portfolio of properties, there are a number of older (*pre-1990*), larger (*100 units or more*), non-federally subsidized bond projects serving families that are in need of substantial rehabilitation (*over $32,500/unit*) that have never received SAIL funding. Many of these older FHFC properties have no realistic opportunities for substantial rehabilitation without some new, affordable funding sources. That concern, coupled with the expiration of their affordability periods in the coming years, could encourage the conversion of more units to market rate as the overall demand for apartments increases.

The Shimberg Center has recently raised this vulnerability with many aging, federally-assisted housing developments--particularly in Orlando, Tampa and Jacksonville-- that will see their affordability periods expire in the next 15 years. Once lost, these affordable units will be gone without replacement. An allocation of SAIL funding could be the difference in loosing this inventory, especially when considering that a new construction development will use much more SAIL per unit than it would take to rehab and extend the affordability period of an existing property.

While federally-assisted rent-restricted properties are still able to apply in Preservation RFAs, even if they have existing HUD restrictions, there are other similar aging bond developments that would not qualify as Preservation projects and, unless permitted as a rule exception in the competitive SAIL solicitation, cannot apply for that funding. These developments should be eligible for SAIL so they can utilize new bonds and 4% HC programs, where SAIL gap funding is needed for substantial rehabilitation.

In 2014, Florida Housing issued two SAIL/ Bonds/4% HC RFAs that allowed larger aging-in-place, elderly preservation-like applications to compete for SAIL funding regardless of any existing EUA or LURA. These successful transactions will keep the affordability periods in place for another 30 to 50 years and provide needed substantial rehabilitation to many senior units. Why not do the same for larger family bond developments, where demand for these units is higher especially in urban areas?

In summary, we suggest that FHFC allow developments with an existing EUA and/or LURA to apply for SAIL funding for substantial rehabilitation. Given the larger SAIL allocation appropriated by the Legislature this year, it would be prudent to set a goal of funding several acquisition/rehabilitation developments that fit certain parameters further determined by FHFC. This expanded pool of potential new applicants would serve multiple public purposes by extending affordability periods and leveraging underutilized programs such as bonds with 4% HC as well as improving the existing inventory of properties for current and future tenants.