

May 7, 2013

Steve Auger, Executive Director
Nancy Muller, Policy Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: FHFC Preservation Set-Aside for 2014 Universal Cycle

Dear Steve and Nancy:

Ahead of FHFC's first rule development workshop for the 2014 Universal Cycle, I'm writing to urge you to increase the Preservation Set-Aside for the coming round, in light of the intense need for preservation and the efficiency of preservation investments in terms of units and jobs created.

As you know, Preservation of Affordable Housing, Inc. (POAH) is a national nonprofit with a general interest in advancing the preservation of at-risk affordable housing as well as a specific interest in Florida as the preservation purchaser of much of the Greater Miami Neighborhoods (GMN) portfolio. POAH has long promoted increased public investment in the preservation of at-risk affordable housing on the premise that such spending is significantly more efficient than new construction in terms of subsidy dollars per affordable unit.

The need for investment in preservation in Florida is extreme. According to the Shimberg Center's Florida Housing Data Clearinghouse (<http://flhousingdata.shimberg.ufl.edu>), there are more than 440 affordable properties with HUD rental assistance in the state which have subsidy or use restrictions expiring before the end of 2018 – including a total of more than 30,000 RA units potentially at risk.

Preserving these units will cost far less than replacing them once they are lost – indeed, no jurisdiction can afford to rebuild the existing affordable stock if it is allowed to convert or deteriorate. A recent study by the Center for Housing Policy found that renovation of an existing property saves, on average, between \$40,000 and \$71,000 per unit (or between 25% and 45%) relative to new construction, over a 50-year life-cycle, all else equal (http://www.nhc.org/media/files/CostComparison_NC_AR.pdf).

Moreover – as noted in FHFC's 2011 white paper "Financing Affordable Rental Development: Jobs Created by New Construction and Rehabilitation", the ancillary benefits of spending on affordable housing are also significant and worth considering in resource allocation decisions. The FHFC white paper concluded that preservation's efficiency translates to more jobs per dollar spent relative to spending on new construction, primarily (but not solely) because preservation work is more labor-intensive.

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Especially in the current economic environment, preservation's disproportionately large jobs impact is a key benefit that should not be ignored as housing resources are deployed.

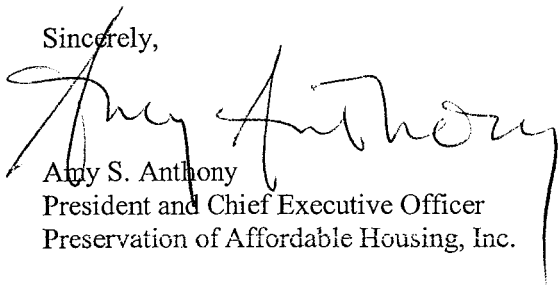
Preservation is efficient not only in terms of subsidy demand and job creation. The renovation of existing structures is inherently resource-efficient, reduces construction waste, and uses less energy than new construction. At the community and regional level, preservation uses existing sites – often in dense, transit-connected locations – and avoids the need to develop green space and extend new infrastructure. Preservation is efficient in terms of speed of development as well, requiring less time from project initiation to completion, as permitting, financing and construction processes tend to be faster – meaning resources are deployed and impacts are felt sooner.

As we've discussed in the past, preservation is especially efficient where a federal Section 8 project based subsidy contract is involved. In such cases, a dual additional benefit is achieved. The primary benefit is to the tenant, who gets deeper affordability -- but the second key benefit is that the amount of mortgage debt that can be leveraged in connection with an affordable property is also greater - which in turn decreases the amount of precious state resources that are needed to fund a given project.

For all of these reasons – we urge you to increase the Preservation Set-Aside from 35% to 50% for the 2014 round.

Thank you again for the opportunity to share POAH's perspective with FHFC. We hope that our comments contribute to a fruitful discussion, and we look forward to working with FHFC in the future. Please don't hesitate to contact me if I can provide further information or clarification.

Sincerely,



Amy S. Anthony
President and Chief Executive Officer
Preservation of Affordable Housing, Inc.