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October 6, 2017

Ms. Melissa Levy
Assistant Director of Multifamily Programs
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: RFA 2017-114 Funding Preference for Senior RAD Developments Located in South Florida

Dear Ms. Levy:

On behalf of the Deerfield Beach Housing Authority (“DBHA”), I respectfully request that Florida Housing Finance Corporation (“FHFC”) consider a funding preference for senior affordable housing developments located in south Florida that are participating in the U.S. Department of Housing and Urban Development’s (“HUD”) Rental Assistance Demonstration (“RAD”) program as part of RFA 2017-114 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments. I submit this request to you in consideration of the following issues facing senior RAD developments in south Florida:

Florida’s Public Housing is Some of the Oldest Housing Stock in Florida

The public housing stock throughout Florida consists of some of the oldest housing structures in the state. DBHA’s properties were built in the early 1980s, over thirty years ago. Public Housing Authorities (“PHAs”) maintain properties but, over such an extended period of time, comprehensive, substantial rehabilitation is necessary to ensure the properties are safe and comfortable for the residents. HUD created RAD in order to give PHAs a powerful tool to preserve and improve public housing properties and address the \$26 billion-dollar nationwide backlog of deferred maintenance.

Rehabilitating Florida's Affordable Senior Housing Should be a Priority

Providing affordable, safe and comfortable housing for seniors must be a priority for Florida. After the recent tragic destruction that Hurricane Irma caused, preserving and strengthening senior housing, particularly in south Florida, is a critical need. Comprehensive, substantial rehabilitation scopes of work are only feasible with access to various affordable housing financing tools as the construction costs of such scopes of work exceed what these developments have available via reserve accounts or within the annual allocations afforded to public housing authorities by their Capital fund subsidy.

Developments Participating in RAD Conversions are not Financially Feasible as 4% LIHTC Projects

As you know, it is FHFC's policy to use a restricted value in determining eligible acquisition basis. An affordable development participating in a RAD conversion is restricted to rents that are established by HUD and are budget neutral as they are calculated according to the existing subsidy that the development is receiving as a public housing project. The HUD-restricted rents are not related to Fair Market Rents ("FMR") and are historically lower than achievable tax credit rents. As a result of FHFC's policy and the low HUD-restricted rents, developments participating in RAD conversions financed with tax-exempt bonds and non-competitive 4% Low Income Housing Tax Credits ("LIHTC") are unable to generate sufficient eligible basis to yield the necessary tax credit equity as a financing source.

For the reasons noted above, I respectfully request that FHFC consider offering a funding preference in upcoming RFA 2017-114 for Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments. Without a funding preference, these extremely vulnerable senior public housing developments pursuing a RAD conversion will be marginalized. I hope that DBHA's own project, The Palms of Deerfield Apartments, as well as other similar senior public housing developments pursuing a RAD conversion and facing numerous challenges, may benefit from FHFC granting a funding preference for this upcoming RFA round and for future competitive LIHTC funding rounds.

Thank you for your time and consideration. Please do not hesitate to contact me should you have any questions (njarmon@dbhaonline.org; (954) 425-8449, ext. 110).

Sincerely,



Nadine M. Jarmon, PhD
Executive Director