October 16, 2019
Marisa Button
Director of Multifamily Allocations
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

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RE: RFA 2019-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits

Dear Ms. Button:

On behalf of Stewards of Affordable Housing for the Future (SAHF), we write to provide comments on Florida Housing Finance Corporation (FHFC)'s proposed changes to the next SAIL RFA (2019-116), presented and discussed at a workshop on October 8th, 2019.

SAHF is a collaborative of thirteen exemplary multi-state nonprofits who collectively own, operate, and manage more than 140,000 affordable rental homes in 2,000 properties across the country. In Florida, nine of our members, Community Housing Partners, Good Samaritan Societies, Mercy Housing, National Church Residences, the NHP Foundation, National Housing Trust, Preservation of Affordable Housing, Retirement Housing Foundation, and Volunteers of America collectively own, operate and manage over 6,800 low-income rental home across 77 properties. Nearly half of these properties in Florida are financed using the Low Income Housing Tax Credit (Housing Credit) Program. SAHF has met with FHFC in the past to discuss affordable housing preservation and Qualified Contracts, the QAP process, and funding the most impactful housing with Housing Credit dollars among other important issues. SAHF and its members greatly value FHFC's partnership in administering the Low Income Housing Tax Credit (Housing Credit) Program.

SAHF appreciates FHFC's desire to maximize the impact of its limited resources to address the overwhelming need for affordable housing. As we have previously expressed, SAHF and its members believe that it is critical that FHFC ensure that properties financed with the Housing Credit and limited state resources retain their affordability for as long as possible. For this reason, SAHF strongly opposes the proposal to set aside up to half of SAIL funds for family properties, totaling over $24 million, for applicants providing a permanent source(s) of financing for the proposed development in an amount that is at least equal to the SAIL Loan Request Amount. These "Self-Sourced" developments, as described in the workshop agenda, will have the ability to exit the Housing Credit Program and terminate affordability restrictions after just 15 years by requesting a Qualified Contract. The proposal to invest such a significant proportion of the state's resources to subsidize projects which are likely to lose affordability protections in just 15 years is not consistent with the state's desperate need to permanently expand its inventory of affordable housing, or with the need to deploy scarce public resources effectively and efficiently. This approach may reduce the upfront need for SAIL funds,

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but could become costlier in the long run if the property is removed for affordability or if FHFC is forced to incentivize preservation by an owner that pursues the retained qualified contract option.

Elsewhere in the Housing Credit Program, FHFC takes an aggressive stance against Qualified Contracts by: 1) requiring applicants in the competitive 9% program to waive their right to a Qualified Contract; and 2) conditioning approval of a transfer of a development with 4% Credits to waive their right to a Qualified Contract. SAHF applauds this commitment to maintaining Housing Credit properties as affordable throughout the extended use period.

Allowing Self-Sourced developments to exit the Housing Credit Program through the Qualified Contract jeopardizes the ability of these properties to serve low-income renters and is in direct opposition to FHFC's own policies promoting long-term affordability. This policy would also be inconsistent with other FHFC goals. In past Qualified Allocation Plans, FHFC has also prioritized housing in higher opportunity neighborhoods, recognizing the importance of connecting residents to opportunity and the challenges of doing so. Properties in higher income and higher opportunity areas may be those most vulnerable to loss through a retained Qualified Contract since they are likely to have significant market value that would incentivize their removal from affordability through a Qualified Contract process.

We are further concerned that providing a set-aside of SAIL money for Self-Sourced applicants disadvantages nonprofit developers. Nonprofit developers play an important role in providing long term affordable homes and in using those homes as a platform for leveraging services that help connect families to opportunities, such as educational and employment supports, mental and physical health supports and income and wealth building programs. Nonprofits, including SAHF members, blend a broad range of funding from government entities or nonrelated third parties to provide valuable gap financing that facilitates deep affordability and services. Nonprofits may not have the resources available to match SAIL funds and successfully compete for the over $24 million set-aside for "Self-Sourced" applicants in the family demographic.

For these reasons, we strongly urge FHFC to abandon its proposal to set aside up to half of the SAIL funding for Family properties for Self-Sourced applicants.

Please feel free to contact me at (202)737-5973 or aponsor@sahfnet.org with any questions about our comments above.

Sincerely,

Andrea R. Ponsor

Interim President and CEO