

October 16, 2019

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

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 the National Housing Trust, the National Association of Affordable Housing Lenders, and the National Low Income Housing Coalition, we are writing to encourage the Florida Housing Finance Corporation (FHFC) to protect important Low Income Housing Tax Credit (Housing Credit) properties in the state by abandoning its proposal to set aside up to half of the SAIL funding for Family properties for Self-Sourced applicants. We represent developers, lenders, and investors who are committed to the ongoing success of the Housing Credit program and the long-term preservation of the affordable housing we have created together.

We appreciate the opportunity to comment on FHFC's proposed changes to the next SAIL RFA (2019-116), presented and discussed at a workshop on October 8th, 2019, and value FHFC's partnership in administering the Housing Credit Program.

We strongly oppose the proposal to set aside up to half of SAIL funds, 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.

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. These approaches follow Recommended Best Practices from the National Council of State Housing Agencies and ensure that properties remain affordable to low-income renters at least through the extended use period. It also illustrates that FHFC agrees with us regarding the importance of 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.**

We want to emphasize that our concern about the qualified contract issue not only relates to the loss of affordable units, but also to the very future of the Housing Credit program. Congress expects an efficient and effective administration of this program, which was designed to provide federal subsidy in return for 30 years of affordability. Congress did not intend the qualified contract provision to be a means of early exit

after only 15 years of affordability, and widespread use of the qualified contract for that purpose undermines the future of this valuable program.

Aside from the Qualified Contract issue discussed above, we're concerned that providing a set-aside of SAIL money for Self-Sourced Applicants unfairly disadvantages nonprofit developers. Nonprofit developers, such as NHT Communities, traditionally rely on government entities or nonrelated third parties to provide valuable gap financing and may not have the resources available to match SAIL funds. These developers, who play an important role in providing affordable housing in Florida and across the country, may be unable to compete for the over \$24 million set-aside for "self-sourced" applicants, making it more difficult for them to provide affordable housing across the state.

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.

If you have any questions about these comments or the many ways in which other state Agencies limit access to the Qualified Contract, please feel free to follow up with Laura Abernathy at labernathy@nhtinc.org or 202-333-8931 x137.

Thank you for your continued work to address housing affordability in Florida.

Priya Jayachandran
President
NHT
pjayachandran@nhtinc.org
202-333-8931 x111

Buzz Roberts
President and CEO
NAAHL
broberts@naahl.org
202-293-9853

Diane Yentel
President and CEO
NLIHC
dyentel@nlihc.org
202-662-1530 x225

About Us:

The National Housing Trust (NHT) is a national nonprofit organization formed to preserve and revitalize affordable homes to better the quality of life for the families and elderly who live there. We engage in housing preservation through real estate development, lending and public policy. Over the past decade, NHT and our affiliate, NHT Communities, have preserved more than 36,000 affordable apartments in all types of communities, leveraging more than \$1.2 billion in financing. In Florida, we own 4 affordable housing communities, totaling nearly 400 apartment homes affordable to low-income Floridians.

The National Association of Affordable Housing Lenders (NAAHL) is the national alliance of banks, CDFIs and other capital providers for affordable housing and inclusive neighborhood revitalization. NAAHL members are the primary LIHTC investors and lenders.

The National Low Income Housing Coalition (NLIHC) is solely dedicated to ensuring that the lowest income seniors, people with disabilities, families with young children and others in our country have safe, accessible and affordable homes. Our members include non-profit housing providers, homeless services providers, fair housing organizations, state and local housing coalitions, public housing agencies, faith-based organizations, residents of public and assisted housing and their organizations, low-income people in need of affordable homes, and other concerned citizens. NLIHC does not represent any sector of the housing field; rather, it works only on behalf of and with low-income people who need safe, accessible and affordable homes. NLIHC is entirely funded by private donations.