



October 10, 2023

Jean Salmonsens
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5,000
Tallahassee, FL 32301
VIA E-Mail

RE: Public Comment for RFA 2023-204

Dear Jean,

Thank you for the opportunity to provide our comments regarding the anticipated draft of RFA 2023-204, SAIL Financing for the Preservation of Elderly Developments. Our comments center around a much-needed funding Goal in this RFA.

National Church Residences is the largest not-for-profit provider of elderly affordable housing in the nation with more than 360 communities touching the lives of 44,000 residents. Our organization is also one of the largest Project Rental Assistance Contract (PRAC) property owners in the country, owning and managing a combined 103 PRACs (and growing) containing over 5,000 units. This includes 6 PRAC communities in Florida that serve nearly 400 senior residents, and these communities are in critical need of rehabilitation because of the original HUD 202 PRAC funding mechanism.

As you are aware, between 1990 and 2012, Congress funded the creation of approximately 2,800 properties serving over 120,000 households headed by low-income seniors. These apartments were created by HUD's Section 202 Supportive program for low-income seniors and funded by Project Rental Assistance Contracts (PRACs). This program was enacted to allow the elderly to live with dignity by providing assistance with housing and supportive services.

At the time, the Section 202 PRAC program provided a capital advance in the form of a government-held grant instead of a loan. This benefited properties by eliminating debt service, however the structure did not allow PRACs or their nonprofit sponsors to take on secondary financing, capital debt, or otherwise recapitalize in order to fund renovations, repairs, and improvements to address capital needs.

In 2015 National Church Residences identified this increasingly critical issue, as our oldest PRACs were approaching twenty years old with mounting capital needs. Comprehensive capital needs assessments of all properties in our PRAC portfolio alone revealed a capital needs gap in excess of \$74 million over ten years. Armed with the data of our daunting capital needs gap, National Church Residences helped to build a national coalition of peer housing owners, industry advocates, and trade associations to push for the legislative change on Capitol Hill that would, once and for all, allow PRACs the same preservation opportunities as other HUD properties. Until this effort, HUD's 202 PRAC portfolio was the only remaining segment of HUD's housing portfolio without a long-term preservation solution. This advocacy work culminated in the creation of the "RAD for PRAC" program, which finally passed through Congress



in the FY 2018 federal budget. On September 5, 2019, HUD published the final Notice implementing the program. National Church Residences submitted three applications by October 2019 and blazed the trail for program enactment. Two of these were in Florida – Cedar Oaks and Palm Harbor Apartments – executed through the former 9% Preservation RFA.

As of 2019, the “RAD for PRAC” program allows owners to convert rental assistance contracts to the Section 8 platform and leverage additional financing to fund capital repairs. This pivotal change to the program was so critical as thousands of PRAC communities across the nation ***had never had access to debt or Low-Income Housing Tax Credits***. Now, these properties have mechanisms for bringing in new capital to make needed repairs and improvements. Most importantly, PRACs house some of our nation’s most vulnerable older adults, and the combination of onsite service coordination and decent, affordable housing is the recipe for keeping seniors healthy and home for life.

After years of building capital needs, these properties desperately need the full rehabilitation that only Low-Income Housing Tax Credits make possible. Some of these communities face challenges in this RFA meeting the ESS construction preference, as they were originally constructed when circumstances and realities were different in Florida up to 33 years ago. Other PRACs struggle to meet the Age of Development preference but have equal or greater needs than older buildings, with more extensive capital needs as no debt or capital infusion has been available for the life of the property.

We ask that Florida Housing Finance Corporation consider a goal to fund one PRAC in the anticipated RFA 2023-204. We also ask that it be taken under consideration that the Age of Development and ESS Construction preferences be waived for PRAC properties.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Branch". The signature is written in a cursive, flowing style.

Sarah Branch
Senior Director, Housing Development