

**Subject:** Income Producing is a Good Change/Don't Back-Slide RE: Thank you for attending Workshop regarding RFA 2023-213 SAIL Funding For Live Local Mixed Income, Mixed-Use, And Urban Infill Developments

Thank you for the opportunity to learn more about the upcoming SAIL Live Local RFA during yesterday's webinar. My primary comment is on the **positive amendment** that you are planning to make to the initial draft RFA on ensuring there is an "income" producing component to the entities that will be part of mixed-use developments. I was concerned to hear comments about modifying the income producing element to allow for use by non-profit service providers that are delivering services to residents or the community although not paying rent for the space. My experience with this model is exactly what FHFC staff has foreseen--the cost of upkeep, significant maintenance, security, insurance, etc., are all items that need to be paid for, and if lessees are not paying rent to help cover these costs, this can be a real challenge to the long-term health of the project. Allowing the Bezos Academies of the world to qualify as appropriate tenants will make it difficult to exclude other non-profits regardless of how FHFC or the developer may deem the value of the service provided by the tenant. **Do not make exceptions to the proposed income producing requirement.**

Finally, your understanding of the nuances of ensuring success of mixed-use projects that incorporate retail and office space is well founded. Developers of affordable and workforce housing need to be sure that they understand how the world of retail and commercial space operates and have the experience necessary to ensure signing up the type of anchor and income producing tenants that will allow for the project to pencil out. Understanding of this market is also key to design issues that need to be addressed early in the development process...issues that your basic affordable and LIHTC developers do not deal with. A positive of this understanding of the real mixed-use market will be incentivizing developers to partner and collaborate in new ways, to create the strength needed by the development teams to successfully use this new tool.

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