



Helen H. Feinberg
Managing Director - Housing Sector
Fixed Income Banking, Municipal Finance
100 2nd Avenue South, Suite 800
St. Petersburg, FL 33701-4337
Tel: (727) 895-8892 / Fax: (727) 895-8895
Helen.feinberg@rbccm.com

June 7, 2007

Steve Auger, Executive Director
Florida Housing Finance Corporation
steve.auger@floridahousing.org

RE: Prioritizing Public Housing Authority Redevelopment Initiatives

Dear Steve,

As you are, Public Housing Authorities face a difficult task in maintaining and providing affordable housing for extremely low income ("ELI") households for many reasons including the following:

- 90% of all public housing units were built before 1970
- The very few PHAs who are fortunate enough to receive HOPE VI funds must participate in a highly competitive process to apply for funding ... through this process many PHAs have found their applications disadvantaged by proximity scoring or measures of leverage that may not reflect the value of the subsidy as compared to the overall redevelopment as opposed to the individual development.
- Recent increases in costs have made it more expensive to rehabilitate or rebuild their housing and HUD funding to maintain public housing is inadequate
- HUD regulations make it challenging for PHAs to operate in the development process with every service being bid out via RFP which lengthens the timeframe to completion.

It appears that Florida Housing Finance Corporation has an opportunity to rethink its current set asides for 9% LIHTC in that the set aside for Front Porch Communities may no longer provide the value that it once did. This may be an opportune time to provide a dedicated funding source for Public Housing Authority initiatives that include a significant set aside for extremely low income households and that offer rental assistance in the form of public housing units or project based section 8. In thinking about this opportunity, I believe the Corporation will want to focus on a means to assist PHAs in capturing or maintaining federal subsidy sources such as HOPE VI. When a community receives an allocation of millions of federal dollars to redevelop obsolete or inadequate housing for extremely low income residents, it would be a shame to lose that funding as a result of the inability to secure sufficient state/local resources. In addition, Florida Housing may want to consider the process used to support extremely low income elderly communities when the RFP was issued to provide funding for HUD 202 developments. It was recognized that it would be challenging for these non-profit owners to participate in the combined cycle and a dedicated funding source was identified for this very specific type of development.

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Designing a process that rewards developments that offer certain desired attributes such as access to significant federal resources, significant set asides for ELI households including project based rental assistance and redevelopment of distressed areas is challenging. With the level of competition enjoyed with FHFC programs such as 9% LIHTC, one small scoring detail such as proximity to services, can easily disadvantage deserving communities. I am hopeful that Florida Housing can incorporate a means of funding these projects in the upcoming 2008 cycle. If there is anything I can do to assist in evaluating possible changes, please do not hesitate to call me at (727) 895-8892.

Sincerely,

RBC Capital Markets

A handwritten signature in black ink that reads "Helen Hough Feinberg". The signature is written in a cursive style and is enclosed within a thin vertical line on the right side.

Helen Hough Feinberg
Managing Director