

**From:** Darren Smith  
**Sent:** Wednesday, September 7, 2016 8:53 AM  
**To:** Ken Reecy ([Ken.Reecy@floridahousing.org](mailto:Ken.Reecy@floridahousing.org))  
**Cc:** Timothy Henzy  
**Subject:** SAIL RFA

Hi Ken,

In reviewing the draft SAIL RFA, I noticed that there is a new rule prohibiting ELI funding for any unit with section 8 subsidy (see language below).

“A Development utilizing Housing Choice Voucher subsidies or any other tenant based rental assistance for a unit cannot apply the unit towards the requirement to set aside units as ELI units, even if the unit serves ELI Households. Additionally, the Applicant will not receive ELI funding for the unit utilizing Housing Choice Project Based Voucher subsidies or any other project based rental assistance as further outlined in Section Four, 11.a.(1)(b) of the RFA.”

I understand the rationale for the rule regarding project based or housing choice vouchers that have rents at FMRs. However, this rule should have a carve out for component 1 RAD deals where the project based voucher or project based rental assistance rents are not sized at FMRs and are considerably lower than max 60% AMI tax credit rents. The RAD program is cost neutral and does not increase HUD's budget. This program simply shifts units from the Public Housing program to the Section 8 program. In these deals, the low RAD rents generate declining cash flows and usually do not support permanent debt. In order to de-federalize the public housing units, all of the units must receive these vouchers, which according to the new rule would not allow the project to receive any ELI loan funding despite 100% of the project based voucher rents being significantly lower than max tax credit rents. The RAD rents typically range from 35% - 45% AMI tax credit rent levels depending on the amount of HUD subsidy the property receives. Given the low rents for 100% of the units, these deals are very similar to supportive deals and need all of the subsidy they could receive. As a result, prohibiting RAD deals from receiving ELI funding would negatively impact the feasibility of the RAD conversions. I respectfully request that you consider adding this exception to the current rule in the SAIL RFA.

Thank you,



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