

February 16, 2021

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Subject: RFA 2021-2022 Workshop Comments and RULE 67-48

Thank you for the opportunity to comment on the upcoming 2021-2022 RFA cycle. The following comments will pertain to the Preservation RFA and the definition of Preservation.

Fort Walton Beach Housing Authority (FWBHA) has a large site which currently has 124 units of public housing. This property, Charlie Hill Terrace, houses 320 people in 124 units. The property itself, which is 20+/- acres, has a density (20 units per acre) which allows for up to 400 units of housing. The current units are susceptible to flooding and the FWBHA has a proposed overall redevelopment plan in which the units are demolished, the flooding on the site is mitigated and new housing is redeveloped on the site at a higher flood level so that the units are no longer subject to flooding. Although the density allows for 400 units it is the overall plan to include appropriate greenspace and recreational areas and not maximize the density. The FWBHA has multiple tools to enable that a rental subsidy remains in place for the 124 units and possibly more depending on the tools that are used. The overall plan is to have a mixed income campus that allows for multigenerational housing.

The residents in Charlie Hill Terrace are subjected to flooding due to the changes in the land over the last 20+ years. The FWBHA provided some mitigation to the flooding but it did not solve all of the problems. Due to a serious lack of affordable housing in the area which results in the residents' having no other housing options, the residents put up with the possible flooding in the units rather than go without housing. This is not the perfect scenario, but it is providing housing where housing is needed and the units are public housing which provides much needed rental subsidy to the residents.

FWBHA considered rehabilitating the development, but that would result in the flooding not being fully mitigated because we cannot raise the structures and even if it was mitigated for a few years there are no guarantees that the flooding would not return during the LIHTC compliance period. FWBHA was not willing to give up its once every 15 years LIHTC opportunity on the property for a development that would likely flood again. Since the units cannot be moved, the costs to mitigate the flooding would likely make the rehabilitation site costs so high

that the rehabilitation to the buildings and units would suffer and to include the full costs of the needed rehabilitation that would be necessary to bring the units into the 21<sup>st</sup> century would likely be the same or possibly higher than the costs of new construction. It's just not a good business decision for the FWBHA to rehabilitate these units. Furthermore, FWBHA feels that to chase available funding, such as the current Preservation RFA for rehabilitation of this property, just because there is a better chance of obtaining funding is not a sound decision and would result in putting a band-aid on a real problem. With this logic in mind the FWBHA graciously requests that Florida Housing considers offering other alternatives to the funding available for the purpose of preserving subsidy on current housing sites.

We believe that Preservation is all about preserving the subsidy on a property. There are some PHAs that have decided to rehabilitate their units, as the funding is easier to obtain, even though Redevelopment was a more preferred option. We ask FHFC to consider alternatives to the current definition of Preservation. We proffer changing the definition of Preservation to include a redevelopment component for properties that are wanting to continue to provide subsidy but are not feasible for rehabilitation due to site or building issues that render the property infeasible for rehabilitation. This can be accomplished by either redefining Preservation in Rule 67-48 or by redefining the definition in the Preservation RFA itself which the Rule allows for.

Here's the current definition of preservation in the 2020 rule:

(93) "Preservation" unless otherwise stated in a competitive solicitation, means Rehabilitation of an existing development that is at least 20 years old as of an Application Deadline in a competitive solicitation and has an active contract through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or either has PBRA or is public housing assisted through ACC. If funded through the Corporation, the Development must maintain at least the same number of PBRA or ACC units. Such developments must not have closed on funding from HUD or RD within the 20 years prior to an Application Deadline in a competitive solicitation where the budget was at least \$10,000 per unit for rehabilitation in any year.

The definition in the Rule could either remain the same and the change could be made in the RFA (which is allowable by Rule) or if the preferred change be in the Rule, I would propose a change to the definition something to this effect (see highlighted changes):

(93) "Preservation" unless otherwise stated in a competitive solicitation, means 1. Rehabilitation of an existing development that is at least 20 years old as of an Application Deadline in a competitive solicitation and has an active contract through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or either has PBRA or is public housing assisted through ACC OR 2. Redevelopment of an existing development that is at least 30 years old as of Application Deadline and has an active contract through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or either has PBRA or is public housing assisted through ACC and which commits to preserving the current subsidy or providing alternative subsidy that keeps the development within the definition of Redevelopment.. If funded through the Corporation, the Development must maintain at least the same number of PBRA or ACC units if Rehabilitation. Such developments must not have closed on funding from HUD or RD within the 20 years prior to an Application Deadline in a competitive solicitation where the budget was at least \$10,000 per unit for rehabilitation in any year.

(99) "Redevelopment" unless otherwise stated in a competitive solicitation means:

(a) With regard to a proposed Development that involves demolition of multifamily rental residential structures currently or previously existing that are at least 30 years old as of an Application Deadline in a competitive solicitation and either originally received financing or are currently financed through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or have PBRA; and new construction of replacement structures on the same site maintaining at least the same number of PBRA units, or

(b) With regard to proposed Developments that involve demolition of public housing structures currently or previously existing on a site with a Declaration of Trust are at least 30 years old as of an Application Deadline in competitive solicitation and that are assisted through ACC; and new construction of replacement structures on the same site, providing at least 25 percent of the total new units with PBRA, ACC, or both, after Redevelopment.

In closing FWBHA's mission is to serve the residents of Fort Walton Beach to the best of our ability by providing rental subsidies where needed and affordable housing to all levels including low, very-low and moderate (below 80% ami) income households. With our current plan for the multiphase Redevelopment of Charlie Hill Terrace we feel that we are meeting and exceeding our mission.

Other thoughts for consideration:

Allowing for the total Preservation funding to be split between Rehab and Redevelopment with both preserving PRBA and possibly providing gap financing of SAIL or other such low-interest rate loan funds for the Redevelopment projects.

Projects that have previously submitted in this RFA or another RFA in the last cycle but were unfunded would have priority.

Projects that have concerns for health and safety of current residents should receive priority such as documented foundation / structural / recurring flood damage, etc.

Redevelopment properties allow for a mixed income product which is typically more favored by HUD and local governments.

Sincerely,



Gail Sansbury  
Executive Director