

United States Senate

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December 1, 2008

The Honorable Steve Preston
Secretary of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410-0001

Re: Holiday Venice, FHA Project Nos. 122-58501-08 and 122-58514-19

Dear Mr. Secretary:

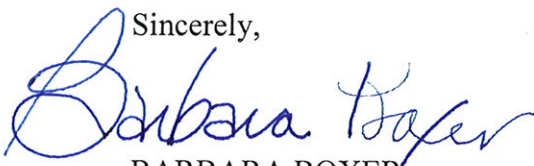
We recently learned that the owner of the Holiday Venice Apartments, a 246-unit federally assisted affordable housing development in the Oakwood neighborhood of Venice, California has applied to HUD for permission to prepay the HUD-held mortgages on those properties. Because these mortgages fall under the HUD 236 Program, we are concerned about the proposal's impact on the availability of affordable housing in the community.

This development is a critical source of affordable housing for seniors and minority families. Prepayment could put into jeopardy the status of the units' affordability and housing for more than 1,000 Holiday Venice tenants.

We understand that in order for HUD to approve prepayment the development must demonstrate that there is no longer a need for affordable housing in the area. This is directly disputed by the fact that Holiday Venice has an active waitlist, which underlines the necessity of affordable housing in this coastal neighborhood. Also, when the current owners acquired Holiday Venice in 1999, they formally agreed that they would not seek prepayment of any of the mortgages before their maturity.

The owners previously sought prepayment of the mortgages in 2001 and earlier this year. Both proposals were denied and, in the 2001 decision, HUD acknowledged that prepayment would violate the owner's contractual agreements and rightfully rejected the owner's request. We see nothing new right now which should change that decision. As a matter of fact, given the terrible recession, such a move could be extremely hurtful.

Sincerely,



BARBARA BOXER
United States Senator



JANE HARMAN
Member of Congress