Questions and Answers for Request for Proposals (RFP) 2009-006
Home -MMRB

Question 1:

The set-aside requirements under this RFP and under the Supplemental Bond application are different. Will the set-aside commitment on the HOME application take precedence pursuant to paragraph 13 of RFP 2009-06?

Answer:

Each program has its own set-aside requirements. The most restrictive set-aside will apply. Therefore, the set-aside commitment on the HOME/Bond Response would not necessarily take precedence.

Question 2:

Is a non-Federal match contribution required? Will it be used as a tie-breaker?

Answer:

A non-Federal match contribution is not required and, therefore, will not be used as a tie-breaker.

Question 3:

In the HOME Funds Application (Section Four – A.11) it is noted that 50% or more of the development costs are to be financed with tax-exempt bonds.

It is our understanding that the 50% threshold is a federal requirement for tax credits. If a project is not utilizing tax credits, is there still a need to meet the 50% threshold. We are not aware of any similar federal threshold requirements for HOME funds or for the New Issue Bond Program. If needed, we can structure additional tax-exempt bonds to meet the 50% threshold. However, there are additional costs to the property as a result.

For a project not utilizing tax credits, does the requirement that 50% or more of the development costs be financed with tax-exempt bonds still apply?

Answer:

Section Four – A.11, states that 50% or more of the Total Development Cost of any building and the land on which the building is located must be financed by tax-exempt bonds. This would include projects **not** utilizing tax credits.

Question 4:

It appears that an Applicant that selects a funding category of Preservation, Rehabilitation or Acquisition and Rehabilitation is eligible to request MMRB, HOME AND Housing Credits pursuant to Section 4, A.10. of the RFP.

The RFP is unclear as to whether an Applicant that selects the New Construction funding category is eligible to request Housing Credits (4% Non-competitive).

Are all Applicants, regardless of funding category, eligible to request Housing Credits in conjunction with MMRB and HOME?

Answer:

Section Four – A.10 referenced above refers to Proposed Developments subject to any existing LURA or Extended Use Agreement. As a result, New Construction would not be applicable. Applicants, regardless of funding category, are eligible to request Housing Credits provided all necessary requirements are met.

Question 5:

In Section 4, # 10 are properties with EHCL loan and or PLP's prohibited from applying, as many Elderly facilities have used the small EHCL loan program to make mandatory code compliance requirement on properties that are over 30 years old?

Answer:

Proposed Developments subject to any LURA or Extended Use Agreement (EUA) are eligible for funding provided the associated financing has not been closed within the last 15 years. By rule PLP loans are exempted from the LURA or EUA limitation. However, no such exemption applies to EHCL loans.

Question 6:

Is it correct that the only rent limits that will apply are the HOME rents as published by FHFC?

Answer:

No. The applicable rent limits for each program would apply.

Question 7:

Is this correct even with the use of 4% LIHTC and bonds in addition to the HOME Funds?

Answer:

Each program will have its own restrictive covenants, including rents. In the case where a unit is subjected to multiple limitations, the most restrictive limitation would apply.

Question 8:

According to the RFP, in order to qualify as a rehabilitation project, applicants must meet a minimum Rehabilitation expenditure of $20,000 per unit. Is the $20,000 per unit requirement based on “hard cost” only or does it include the general contractor fees. Also, does it include any other soft costs like engineering, architectural, permitting, developer fees etc. in meeting the $20,000 requirement?

Answer:

The $20,000 per unit requirement is based on the qualified basis and may include both hard and soft costs.

Question 9:

If it is “hard costs” only without any general contractor fees or other soft costs, does it include “hard costs” related to the common areas as well or just the “hard costs” for the residential units?

Answer:

See Answer to Question 8. Costs related to the common areas would apply toward the qualified basis.

Question 10:

In the section regarding tie-breakers, the RFP states:

In addition, if the Applicant selected New Construction and the Proposed Development meets all of the following requirements, the total HOME funding amount will be multiplied by .63:

- ***located in a Large County, and***
- ***Applicant identified the High-Rise Development Type***

or, if the Proposed Development meets all of the following requirements, the total HOME funding amount will be multiplied by .785:

• located in a Large County, and
• Applicant selected the Mid-Rise with Elevator (a building comprised of 5 or 6 stories) Development Type and at least 90 % of the total units are in these Mid-Rise building(s)

or, if the Proposed Development meets all of the following requirements, the total HOME funding amount will be multiplied by .85:

• located in a Large County, and
• Applicant identified the Garden with block construction Development type

It is unclear, based upon the construction of this section, whether "New Construction" refers to each set of requirements in order to determine the multiplier. The way this is written, with the word "or" at the beginning of each section, each set of conditions is clearly segregated from the first condition which requires new construction. For example, one would be entitled to the .85 multiplier if the development is in large county and has identified the block construction type.

Answer:

The multiplier would apply if the Applicant selected New Construction and the Proposed Development is located in a Large County. The specific multiplier would apply based on the Development Type as selected on Exhibit A, A.4.c

Question 11:

My client was interested in knowing if they would be advised of any deficiencies (or not) in their MMRB application so they know what to correct prior to Feb. 23?

Answer:

Deficiencies in the MMRB application will not be identified prior to February 23. However, initial scores will be distributed, including the MMRB application, and there will be a ten day Cure period in order to correct allowable deficiencies in both the MMRB Application and the Response.

Question 12:

Do we have to meet the ELI requirements of the universal cycle? or is the 20 @ 50 for HOME enough?

Answer:

There are no ELI requirements under HOME. However, other programs may have ELI requirements as outlined in the 2009 Universal Application Instructions.

Question 13:

Exhibit C paragraph (h) indicates that "The loan amount may be conditioned upon an appraisal or debt service coverage ratio" and still be considered a Firm Commitment. Will this standard be applied to commitments contained in Applicant's Original Supplemental Application that had previously not met threshold for containing a loan to value (LTV) or loan to cost (LTC) requirement that could only be established by appraisal?

Answer:

Yes.

Question 14:

For the MMRB application, should we use the 2009 Universal Cycle forms and instructions?

Answer:

Unless previously submitted, a 2009 Supplemental Bond Application will be required which would include the required forms as outlined in the 2009 Universal Application Instructions.

Question 15:

The RFP requires an application submission of 1 original, 8 copies, and 1 electronic copy via CD. Is this only for the RFP response itself, or does the MMRB application also need to be submitted with 1 original, 8 copies, and 1 CD, rather than the 1 original and 3 copies listed in the MMRB instructions?

Answer:

An original and eight hard copies plus 1 electronic copy on a CD of the RFP Response must be submitted. The required number and type of copies of the 2009 Supplemental Bond Application is stated in the 2009 Universal Application Instructions.

Question 16:

Are tax credits for this project eligible for the exchange program?

Answer:

No.

Question 17:

As it relates to the definition of Rehabilitation, the RFP states that Applicants must meet a minimum Rehabilitation expenditure requirement of $20,000 per unit. Is this expenditure limited to hard costs or total development costs?

Answer:

Please refer to the response to Questions 8 and 9.

Question 18:

On developments with Section 8 Project Based Rental Assistance whose rents exceed the Low/High HOME Rent limits, which should be utilized? HUD Section 8 approved rents or Low and High HOME Rent unit limits?

Answer:

The actual rents paid by tenants' may not exceed the High and Low HOME Rent Limits. However, when projecting Gross Potential Rental Revenue for Developments, the Net Section 8 rents (Gross Rent less Utility Allowance) may be used for units receiving Section 8 Project Based Rental Assistance.

Question 19:

Section 3.G. indicates that "Any deficiency addressed in the Applicant's Original Supplemental Application must also be cured by this deadline", meaning the deadline for cures in the RFP Response. This is consistent with the guidance provided during the explanatory phone calls for the RFP. However, Section 4.A.2. now states that the Applicant has, by the due date for this RFP, submitted an original Supplemental Application, for this Proposed Development and has met all point and threshold requirements of the Original Supplemental Application. This would mean that all cures necessary to satisfy point and threshold requirements – i.e. a maximum score – would have to be submitted by the RFP due date, not the RFP cure date. This is inconsistent with the prior guidance. How does FHFC propose to resolve or interpret this apparently conflicting language?

Answer:

The deadline referenced Section 3.G. is intended to be the Cure period which is "no fewer than ten Days from the date the scoring notice is sent."

Question 20:

Will the HOME loan terms in Section 4.A.8. of the RFP also include no amortization and principal repayment deferred until maturity? This language in the prior draft was not included in the final version of the RFP.

Answer:

The HOME loan will be amortizing and may be co-terminus with the first mortgage term. Payment on the HOME loan shall be based upon the Development Cash Flow.

Question 21:

In Section 4.A.9., the RFP indicates that "Applicants awarded HOME funds for a Proposed Development with PBRA through a contract with the U.S. Department of Housing and Urban Development ("HUD") must, to the extent feasible, obtain a new twenty (20) year PBRA contract from HUD." What if HUD determines that such a new contract is not feasible for the Proposed Development? Is such a Development less likely to receive HOME funding than one that does obtain a commitment for a new contract? Is this a tiebreaker among Preservation RFP Responses? What is the deadline to obtain such a commitment?

Answer:

The RFP statement regarding the Applicant obtaining a twenty (20) year contract is not a requirement of the scoring process and, therefore, is not a tiebreaker. Such commitment from HUD would be obtained, as appropriate, after a Proposed Development is awarded funding, during the credit underwriting process.

Question 22:

What is the meaning of the second paragraph of Section 4.A.15? Is the intent to make it a threshold non-curable item a case in which Principals have resigned, or have been removed for cause, from an entity that has previously been awarded funding from any of Florida Housing's programs, within 12 months from the date of the filing of a claim or a foreclosure in which Florida Housing has incurred a loss of principal, or a claim filed under the Guarantee Program? Are there any other programs besides the Guarantee Program under which a claim would be made? If a GP over which a Principal has control has been removed from a limited partnership, is this the same as removal of a Principal for cause?

Answer:

Section 4.A.15 refers to all Florida Housing programs. Principal, as defined, would include, among other things, any general partner of an Applicant or Developer.

Question 23

Section 5.A. references firm commitments for Credit Enhancers or Bond Purchasers, and references the 2009 Universal Application Instructions for non-NIBP funding. The Instructions only require a Letter of Intent. Is the standard for a Firm Commitment per the RFP the same as for a Letter of Intent per the Application Instructions?

Answer:

The standard for a Firm Commitment for Credit Enhancers or Bond Purchasers is outlined in Exhibit C of the RFP. The requirements for other funding sources are outlined in the 2009 Universal Application Instructions.

Question 24:

In Section 5.C., there is a requirement that the Applicant check New Construction to receive the multiplier for a High-Rise Development in a Large County. There is no such requirement for a Mid-Rise with Elevator Development type in a Large County or Garden Development type with block construction in a Large County. Shall we conclude that rehabilitations of Mid-Rise Developments and Garden Developments constructed of block shall also receive the applicable multipliers in the Tiebreaker?

Answer:

The multiplier would apply if the Applicant selected New Construction and the Proposed Development is located in a Large County. The specific multiplier would apply based on the Development Type as selected on Exhibit A, A.4.c

Question 25:

Given the $5 million maximum HOME award, and a HOME funding per set-aside unit tiebreaker, the obvious incentive on non-preservation deals is to build or rehabilitate the maximum number of units per Development in order to lower the HOME funds per unit. How will Florida Housing determine economic feasibility during the RFP response phase? For instance, if an RFP respondent indicates that it will do a 300 unit block new construction Development in Broward County and completes a pro forma that indicates that its construction cost is $65,000 per unit, it most likely will have a winning tiebreaker score, but the deal is almost certainly not economically feasible. If the issue is deferred to credit underwriting, by the time that the transaction is determined to be nonfeasible, it may be too late for another RFP respondent to utilize NIBP and meet the closing schedule. Florida Housing might then be faced with a choice of putting additional resources into the 300 unit transaction, or forfeiting the NIBP allocation. How does Florida Housing propose to avoid this method of gaming the RFP tiebreaker process?

Answer:

The Applicant must certify that the Proposed Development can be completed and operating within the development schedule and budget submitted to Florida Housing and the Credit Underwriter. The Applicant further acknowledges that Florida Housing may conduct its own independent review, analysis and verification of all information contained in the Response.

Question 26

If a development is using NIBP bonds with regular bonds is a firm debt letter required for the non-NIBP portion?

Answer:

Yes. A Firm Commitment will be required for the non-NIBP bonds.

Question 27:

Regarding tiebreakers does the leveraging multiplier apply only to new construction developments?

Answer:

Yes. The multiplier will only be applied to new construction.

Question 28:

Can FHFC please provide a timeline for reviewing the RFP's and awarding funds?

Answer:

Florida Housing anticipates awarding the funds at the April 30, 2010 Board meeting. However, a Notice of Intent to Protest was filed and if a Formal Written Protest is received within the required time frame (10 days from the date of filing the Notice of Intent), then the solicitation process will be stopped at that time until the issue is resolved either by settlement or litigation. A notice regarding this protest will be placed on the website and on the WebBoard.

Question 29:

Given the many changes to the Final RFP and the relatively short deadline for responses, can FHFC extend the RFP deadline at this point? What is the anticipated cure deadline?

Answer:

Pursuant to the RFP, the deadlines may be extended. The cures are proposed to be due on March 26, 2010.

Question 30:

In the earlier draft of the RFP, Non-Profits were assumed to pay zero percent on the outstanding HOME loan. Why is the new interest rate 1% for all respondents including For-Profits?

Answer:

Unlike the earlier draft of the RFP, repayment of the HOME loan will be based upon the Development Cash Flow. As a result annual interest rate shall be 1.0% simple interest per annum for all respondents.

Question 31:

Will a commitment letter from a MAP Lender using the FHA 221(d)(4) insurance program be considered a firm commitment (worth 50 points) assuming that the letter confirms that the proposed development has been preliminarily underwritten by this HUD-approved Lender and the project meets the required terms for credit enhancement of the bonds?

Answer:

Yes.

Question 32:

Can all the HOME-related items referred to on page 12 (paragraph 14) of the RFP be submitted later than the cure period deadline?

Answer:

Yes.

Question 33:

Does the HOME match information need to be filled out for the RFP?

Answer:

FHFC does not require HOME applicants in this RFP to provide any “matching” funds.

Question 34:

Which housing credit syndicators are currently unacceptable to FHFC?

Answer:

A list of unacceptable credit syndicators has not been established. The viability of a specific credit syndicator will be established at Credit Underwriting.

Question 35:

Can a Participating Jurisdiction (PJ) under the HOME Program compete with a non-PJ?

Answer:

A Proposed Development’s location in a PJ or non-PJ is not part of this RFP’s scoring process.

Question 36:

What’s the applicant’s penalty for submitting a HOME application in a PJ?

Answer:

FHFC will not penalize Applicants that request FHFC HOME funds for Proposed Developments located in a PJ.