

Questions and Answers for RFA 2017-109

Development Viability Loan Funding

Question 1:

When the equity letter of intent is for a price of less than 92 cents (say 91 cents), which equity proceeds amount should be entered on the Development Cost Pro Forma page 2 of 2, Section B. Line 7 “HC Syndication/HC Equity Proceeds”—the amount of equity proceeds based on a LOI price of 91 cents included with the RFA Application, or 92 cents (the amount which will be utilized in determining the maximum amount of Viability Loan Funding Request as set forth in Section 4 of the RFA)?

Answer:

The Applicant should provide the proposed Development’s actual funding sources along with a request amount for the Viability Loan Funding. The Applicant should use the sizing parameters outlined in the RFA to determine its Viability Loan Funding request amount.

Question 2:

The maximum (14%) GC fee indicated by the Suggestive Assistance formula in the Development Cost Pro Forma is a little off (indicates an amount less than 14%, like 13.99%).

Answer:

The maximum GC fee of 14 percent is calculated by taking the Actual Construction Costs (line A1.1, column 3), multiplying it by 14 percent and then rounding down to the nearest whole dollar. By rounding down by up to \$0.99, the final “maximum” fee could be represented by 13.99% of the amount in line A1.1, column 3.

As a note, the formulas on the side are offered to assist an Applicant and any amounts provided by the Applicant that exceed the limit will be adjusted down by the scorer. If the original RFA under which you were awarded does not require the GC fee to be rounded down to the nearest dollar, then that feature of the assisting formulas would not be applicable. The FHFC scorer will verify the rounding requirement for each Applicant.

Question 3:

The 5% Hard Cost Contingency Suggestive Assistance formula in the Development Cost Pro Forma is a little off (indicates an amount less than 5%, like 4.99%) – also when showing an error, it notes the amount is too high by \$0.00.

Answer:

The maximum 5 percent Hard Cost Contingency is calculated by taking the Total Actual Construction Costs (line A1.3, column 3) and multiplying it by 5 percent, without any rounding. FHFC could not recreate the indicative amount of 4.99% since the Suggestive Assistance formula does not perform any rounding. If an assisting notation indicates the amount entered by the Applicant is “too high by \$0.00”, then it usually means the Applicant entered a number (or a formula creating a number) that is too high by an amount of \$0.005 or less. Such a variance is minimal and would be adjusted during scoring.

Question 4:

In RFA 2016-102, there was a line item in the Development Cost Pro Forma for “*Other (explain in detail)” under “ACQUISITION COST OF EXISTING DEVELOPMENTS (EXCLUDING LAND) Existing Buildings”. This line item does not exist in RFA 2017-109. I’ve seen this Other line item before with regard to acquisition costs, but I cannot confirm it is present in all RFAs eligible under this RFA. Ideally, I would like this pro forma to include it. However, if not revised to include this line item, I will reallocate these funds to another line item so that they remain part of our TDC.

Answer:

The Other line referenced in a prior Development Cost Pro Forma can be redistributed to another line item, as appropriate, for this RFA. The Other line item referenced in the above question has been meant to be a cost line item made available for costs not otherwise identifiable. For this Application, all costs not otherwise identifiable should be included in whole or in part in any of the other applicable cost line items.

Question 5:

After selecting 21% from the drop-down menu in the Development Cost Pro Forma, I noted the following error:

The Max Dev Fee (%) on Acq. Costs as indicated by the Suggestive Assistance formula is a little off (indicates an amount less than 16%). In addition, there is no error message indicated on that line when the amount I entered is \$0.04 over the suggested maximum. However, the TOTAL DEVELOPER FEE line item does recognize the error with a descriptive error message along with a font change.

Answer:

The calculation for the maximum Developer fee on Acquisition Costs is determined by taking the Total Acquisition Costs of Existing Development (excluding land) (line B, column 3) and multiplying it by the Developer fee percentage selected by the Applicant and then rounded down to the nearest whole dollar. If 21% is selected as the Developer fee, this Suggestive Assistance formula will use a 16 percent rate with the other 5 percent being placed on the third Developer fee line of ‘Additional 5% Developer Fee for Homeless/Persons with a Disabling Condition Demographic.’ If the amount calculated is less than a full 16 percent of Total Acquisition Costs of Existing Development (excluding land), then the amount is less than an exact 16 percent due to the RFA requirement of rounding down to the next whole dollar.

If an amount is entered on the ‘Developer Fee on Acquisition Costs’ line item that is greater than the indicative maximum, an error notice will be provided on that line in the form of changing the descriptive line to become accentuated in a bold-red font with a light-red background. There are also two asterisks that appear in column P with the same font formatting. There will not be an indicative dollar amount listed for this line alone, but will be included under the Suggestive Assistance area next to the Total Developer Fee line.

Question 6:

After selecting 21% from the drop-down menu in the Development Cost Pro Forma, I noted the following error:

The Max. Dev. Fee (%) on Non-Acq. Costs as indicated by the Suggestive Assistance formula is a little off (indicates an amount less than 16%). In addition, there is no error message indicated on that line when the amount I entered is \$0.58 over the suggested maximum. However, the TOTAL DEVELOPER FEE line item does recognize the error with a descriptive error message along with a font change.

Answer:

The calculation for the maximum Developer fee on non-Acquisition Costs is determined by taking the Development Costs (line C, column 3), less the Total Acquisition Costs of Existing Development (excluding land) (line B, column 3) and multiplying the result by the Developer fee percentage selected by the Applicant and then rounded down to the nearest whole dollar. If 21% is selected, this line item will use a 16 percent rate with the other 5 percent being placed on the third Developer fee line ‘Additional 5% Developer Fee for Homeless/Persons with a Disabling Condition Demographic.’ If the amount calculated is less than a full 16 percent of Development Costs minus Acquisition Costs, then the amount is less than an exact 16 percent due to the RFA requirement of rounding down to the next whole dollar.

If an amount is entered on the ‘Developer Fee on Non-Acquisition Costs’ line item that is greater than the indicative maximum, an error notice will be provided on that line in the form of changing the descriptive line to become accentuated in a bold-red font with a light-red background. There are also two asterisks that appear in column P with the same font formatting. There will not be an indicative dollar amount listed for this line alone, but will be included under the Suggestive Assistance area next to the Total Developer Fee line.

Question 7:

After selecting 21% from the drop-down menu in the Development Cost Pro Forma, I noted the following error:

The Additional 5% Developer Fee is only being calculated on the TDC from column 1 (column 2 is blacked-out) of the Development Cost Pro Forma, which makes the total 5% fee and the total 21% fee short the 5% of TDC from column 2.

Answer:

The automated calculation for ‘Additional 5% Developer Fee for Homeless/Persons with a Disabling Condition Demographic’ is determined by taking the Development Costs (line C, column 3) and multiplying it by 5 percent, then rounding down to the nearest whole dollar. It is placed entirely in the eligible basis column for this Application, but the Applicant can alter the eligible/non-eligible basis split in credit underwriting and/or final cost certification as needed.

Question 8:

After selecting 21% from the drop-down menu in the Development Cost Pro Forma, I noted the following error:

The Total Developer Fee as indicated by the Suggestive Assistance formula in the Development Cost Pro Forma is a little off (indicates an amount less than 21%) – also, as noted above in a. and b., the error message here does account for the unrecognized errors above (shows \$0.62 over max).

Answer:

The calculation for the maximum Total Developer Fee is determined by adding together the maximums calculated for each of the three separate subcomponents, each having a formula that incorporates rounding down to the nearest whole dollar. For this line, the error message includes the change of fonts as well as providing an indicative dollar amount in which the Applicant’s amount exceeds the maximum permitted.

Question 9:

The note for Deferred Developer Fee in the PERMANENT ANALYSIS section provides incorrect instructions for applicants receiving 21% fee – we shouldn't defer at least 50% of Item D, column 3 because this number includes the 5% going toward the ODR.

Answer:

The RFA states the minimum deferred Developer fee must equal at least 50 percent of the total Developer fee (exclusive of any operating deficit reserve portion that is a part of a 21 percent Developer fee) as well as 50 percent of either the Developer fee or the Total Developer fee. The note in the Development Cost Pro Forma is accurately referenced so long as the Developer fee is not 21 percent. If the Developer fee is 21 percent, then the 50 percent limit is applied to the sum of the Developer fee on acquisition costs and the Developer fee on non-acquisition costs (and will exclude the additional 5 percent Developer fee for Homeless/Persons with a Disabling Condition demographic). The Applicant must enter a minimum deferred Developer fee of at least 50 percent of either (i) a 16 percent Developer fee, (ii) an 18 percent Developer fee, or (iii) the 16 percent portion of a 21 percent Developer fee (which is the Developer fee exclusive of any operating deficit reserve portion), as applicable.

Please Note: The Q&A process for RFA 2017-109 is concluded and Florida Housing does not expect to issue any further Q&As regarding RFA 2017-109.

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