

FLORIDA HOUSING FINANCE CORPORATION

Modification of Request for Applications (RFA) 2021-202 Housing Credit Financing For Affordable Housing Developments Located In Broward, Duval, Hillsborough, Orange, Palm Beach, And Pinellas Counties

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Four, A.11. of the RFA as follows:

11. Local Government Contributions - Qualifications for Point Item and Local Government Areas of Opportunity Designation and Goal

All Applications are eligible for up to five points for Local Government contributions as described in a. or b. below.

Additionally, all Applications will qualify for the Local Government Areas of Opportunity Designation if the Application demonstrates a high level of Local Government interest in the project via an increased amount of Local Government contributions in the form of cash loans and/or cash grants as **Attachment 16**, as outlined in d. below.

Applications that qualify for the Local Government Areas of Opportunity Designation as outlined in d. below will also qualify for the Local Government Areas of Opportunity Funding Goal.

a. Applicants Eligible for Automatic Five Points

Applicants that selected and qualified for the Development Category of Rehabilitation, with or without Acquisition, will automatically receive the maximum of five points without any requirement to demonstrate a Local Government contribution.

b. Applicants Not Eligible for Automatic Five Points

In order for Applicants that selected the Development Category of New Construction or Redevelopment, with or without Acquisition to receive the maximum of five points, provide evidence of a Local Government grant, loan, fee waiver and/or fee deferral that is effective as of the Application Deadline, is in effect at least through June 30, 2022, and has a value-face amount whose dollar amount is equal to or greater than the amount listed on the County Contribution List for All Counties (set out below) for the county in which the proposed Development will be located. Applicants that do not have the necessary contribution values-amounts to achieve maximum points will be scored on a pro-rata basis.

The only Local Government contributions that will be considered for the purpose of scoring are:

- Monetary grants
- Loans with the exception of USDA RD funds
- A one-year or more deferral of a fee beyond the date that it is routinely due
- Waiver of fees

c. Evidence of the Local Government Contribution

As evidence of the Local Government contribution, provide the properly completed and executed Local Government Verification of Contribution Form(s) (Form Rev. 07-2019) as **Attachment 16** to Exhibit A. The following Local Government Contribution forms (Form Rev. 07-2019) are available at the RFA Webpage:

- Local Government Verification of Contribution - Loan Form
- Local Government Verification of Contribution - Grant Form
- Local Government Verification of Contribution - Fee Waiver Form
- Local Government Verification of Contribution - Fee Deferral Form

To qualify for points, the face amount ~~and/or the contribution value of amount~~ of the Local Government contribution stated on the applicable form(s) must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

A loan with a forgiveness provision (and no accrued interest charges) requiring approval of the Local Government can be treated as a loan or a grant, for scoring purposes. Either the "Loan" or the "Grant" verification forms can be used. If the loan form is used for a loan with forgiveness provision (and no accrued interest charges), the space for entering the net present value of the loan is not applicable ~~to this RFA and will not be considered~~.

Funds administered by the Local Government, including federal funds and SHIP funds, may be included in the contribution as long as the appropriate verification form is provided. For purposes of this RFA, USDA-RD funds will NOT count as a Local Government contribution.

The contribution may not be included as an expense on the Development Cost Pro Forma nor may it be considered part of Development Cost for purposes of calculating Housing Credit basis or Developer's fee. The exception to the previous sentence is deferred Local Government fees, which may be shown on the Development Cost Pro Forma.

For a contribution consisting of a loan or deferred fee to be considered complete and eligible for points, the Local Government Verification form must reflect ~~both~~ the total amount of the loan or deferred fee ~~and the value (difference between the face amount and the net present value of the payment streams) of the loan or deferred fee~~. Calculate the net present value of the payments using the discount rate of 5.50 percent.

NOTE: Neither the payment stream for the present value calculations (if contribution consists of a loan or deferred fee) nor the calculations by which the total amount of each waiver is determined (if contribution consists of a fee waiver) are required to be attached to the certification form or otherwise included in the Application in order for the certification form to be considered for points.

In order to be eligible to be considered for points as a Local Government contribution, the contribution must:

- Be in effect as of Application Deadline;
- Be effective at least through June 30, 2022;
- Be dedicated solely for the proposed Development;
- Provide a tangible economic benefit that results in a quantifiable cost reduction and must be given specifically to the proposed Development because the Development will provide affordable housing; and
- State, federal, or Local Government funds initially obtained by or derived from a Local Government qualify as a Local Governmental contribution even though the funds are directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization, provided that they otherwise meet the requirements set forth in this RFA, including those relating to the executed verification form.

Local Government contributions that are ineligible to be considered for points include:

- Contributions that are not specifically made for the benefit of affordable housing but are instead of general benefit to the area in which the Development is located;
- The fact that no impact fees or other such fees are levied by a local jurisdiction for ANY type of development does not constitute a Local Government contribution. If such fees are levied by the local jurisdiction but the nature of the proposed Development exempts it (e.g., typically, a Rehabilitation Development is not subject to impact fees), for purposes of this RFA, no Local Government contribution exists and no points will be awarded;
- The absence of interest on a loan or the absence of interest payments until a specific date does not constitute a deferral or waiver of fees;
- Local Government contributions that have not received final approval;
- A contribution from an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of an Applicant or a Developer;
- A contribution from a PHA;
- HOPE VI funds; and
- A contribution of any portion of the Applicant's site below market value.

~~To be awarded points, Applications are required to reflect both the total amount of the loan or deferred fee and the value (difference between the face amount and the net present value of the payment streams) of the loan or deferred fee on the Local Government Verification form.~~ To calculate the [net present](#) value of a Local Government contribution below market interest rate loan or fee deferral:

- Calculate the net present value of the payments due to the Local Government. For a loan, this includes any balloon payment of principal due on a non-amortizing or non-fully amortizing loan. For a fee deferral, this includes the amount of the fee due at the end of the deferral period.
- Calculate the net present value of the loan payments using the discount rate.

~~• Subtract the net present value of the loan payments from the original loan principal amount. The remaining amount is the value of the Local Government contribution.~~

Example: If the discount rate is assumed to be 5.50 percent and the Local Government will provide a fully-amortizing \$285,000 loan with payments due monthly based on a 1.0 percent interest rate for the entire 15-year term, the net present value contribution is calculated as follows:

Calculate the monthly principal and interest payments of the \$285,000 loan at 1.0 percent (\$1,705.71).

Calculate the net present value of the stream of the monthly payments over 15 years (180 months) using a 5.50 percent discount rate (\$208,755.86).

~~Subtract the net present value amount from the original principal loan amount to arrive at the value of the contribution (\$285,000 - \$208,755.86 = \$76,244.14 value).~~

Example: If the discount rate is assumed to be 5.50 percent and the Local Government will provide a (\$285,000) loan with interest-only payments due monthly based on a 1.0 percent interest rate for entire 15-year term and principal due at maturity, the net present value contribution is calculated as follows:

Calculate the monthly interest-only payment of the (\$285,000) loan at 1.0 percent (\$237.50).

Calculate the net present value of the stream of the monthly payments over 15 years (180 months) and principal due at maturity, using a 5.50 percent discount rate (\$154,199.41).

~~Subtract the net present value amount from the original principal loan amount to arrive at the value of the contribution (\$285,000.00 - \$154,199.41 = \$130,800.59 value).~~

County Contribution List

County in Which the Development Is to be Located	Value-Face Amount of Contribution Required to Achieve Maximum Points
Broward	\$100,000
Duval Hillsborough Orange Palm Beach Pinellas	\$75,000

d. Local Government Areas of Opportunity Designation and Goal Qualifications

Applications that qualify for the Local Government Areas of Opportunity Designation will automatically be awarded five points for the Local Government Contribution and be eligible to be considered for the Local Government Areas of Opportunity Funding Goal.

To qualify for the Local Government Areas of Opportunity Designation and Goal, demonstrate a high level of Local Government interest in the project via an increased amount of Local Government contributions in the form of cash loans and/or cash grants as **Attachment 16**, as outlined below. The Minimum Local Government Areas of Opportunity Designation Funding Amounts describe the amount of funding required.

Limit on the number of Applications within the same Local Government

A proposed Development may only qualify where a Local Government has contributed cash loans and/or cash grants for any proposed Development applying in this RFA in an amount sufficient to qualify for the Local Government Areas of Opportunity Designation. A Local Government can only contribute to one Application that qualifies for the Local Government Area of Opportunity Designation, regardless of how the contribution is characterized. Any single Local Government may not contribute cash loans and/or cash grants to more than one proposed Development applying for the Local Government Areas of Opportunity Designation. If multiple Applications demonstrate Local Government Areas of Opportunity Funding from the same Local Government and those Applications qualify for the Local Government Areas of Opportunity Designation, then all such Applications will be deemed ineligible for the Local Government Areas of Opportunity Designation, regardless of the amount of Local Government Areas of Opportunity Funding or how the contribution is characterized. However, Local Governments may pool contributions to support one Application (i.e., the county and city may provide contribution to the same Development and each Local Government will submit its own form as an Attachment to the Application).

Local Government Areas of Opportunity Funding

The total amount of permanent funding resources, in the form of cash loans and/or cash grants from Local Government sources will, for purposes of this provision, be considered to be “Local Government Areas of Opportunity Funding.” This funding shall be used for

the construction and/or rehabilitation of the proposed Development and shall be paid in full by the Local Government no later than 90 days following the date the proposed Development is placed in-service.

The following will not be considered Local Government Areas of Opportunity Sources of Funding:

- In-kind donations or any other donation of property or assets;
- Waiver or deferral of any fees;
- Contributions from an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of an Applicant or a Developer;
- A contribution from a PHA; or
- Donation of land.

Documentation required to demonstrate Local Government Areas of Opportunity Funding

In order to be eligible to be considered Local Government Areas of Opportunity Funding, the cash loans and/or cash grants must be demonstrated via one or both of the Florida Housing Local Government Verification of Contribution forms (Form Rev. 07-2019), called “Local Government Verification of Contribution – Loan” form and/or the “Local Government Verification of Contribution – Grant” form. The forms must meet the Non-Corporation Funding Proposal requirements outlined in 10.b.(2)(a) above, the qualifying funding must be reflected as a source on the Development Cost Pro Forma, and the applicable form(s) must be provided as **Attachment 16** to the Application. Applications are not required to reflect the net present value (difference between the face amount and the net present value of the payment streams) on any Local Government Verification forms.

If the Applicant qualifies for the Local Government Areas of Opportunity Designation and is awarded funding under this RFA, regardless of whether the Applicant is awarded under the Local Government Areas of Opportunity Funding Goal or at a different point of the funding selection process, the Applicant must provide and maintain an amount equal to or greater than the minimum qualifying amounts listed in the table below within the permanent sources of financing.

To qualify for the Local Government Areas of Opportunity Designation, the face amounts of any cash loans and/or cash grants shown on the aforementioned Local Government Verification of Contribution forms shall be totaled and the total of these amounts must equal or be greater than the amounts listed in the table below. Applications ~~of proposed Developments~~ are not required to reflect the net present value (difference between the face amount and the net present value of the payment streams) on any Local Government Verification forms.

If the total face amounts of any cash loans and/or cash grants shown on the Local Government Verification of Contribution form(s) total less than the amounts listed in the table below, the Application will not qualify for the Local Government Areas of Opportunity Designation.

Minimum Local Government Areas of Opportunity Designation Funding Amounts	
County Size	Total Amount of Loan(s)/Grant(s)
Broward and Palm Beach Counties	\$640,000
Duval, Hillsborough, Orange, and Pinellas Counties	\$610,000

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