

**Florida Housing Finance Corporation
Workshop Agenda
RFA 2014-117 - SAIL Funding to Preserve Farmworker/Commercial Fishing Worker Housing
227 N. Bronough Street, 6th Floor Seltzer Conference Room,
Tallahassee, FL
November 18, 2014, 9:30 a.m., Eastern Time**

Outline of Proposed Application Criteria

1. Available SAIL Funding

- a. Expected total SAIL funding amount of \$9,366,000
- b. Eligibility
 - (1) Developments in Florida Housing's portfolio that meet the following criteria:
 - (a) The Development was awarded financing from Florida Housing in 1999 or earlier;
 - (b) The Development has an active SAIL or HOME land use restriction agreement in place to serve Farmworkers or Fishing Workers; and
 - (c) There are no current or pending waivers in place that allow the property to set aside less than 40% of its units for Farmworkers or Commercial Fishing Workers.
 - (2) Developments in United States Department of Agriculture Rural Development (RD) portfolio (that are not also in Florida Housing's portfolio) that meet the following criteria:
 - (a) The Development was awarded Section 514/516 financing through RD in 1999 or earlier;
 - (b) The Development has an active agreement through Section 514/516 to serve Farmworkers; and
 - (c) There are no current or pending waivers in place that allow the property to set aside less than 40% of its units for Farmworkers.
 - (3) Florida Housing will consider including Farmworker Limited Development Areas (LDAs) in the RFA that will possibly impact the eligibility of some RD properties that are not already in Florida Housing's portfolio.

2. Demographic, Income and Affordability Commitments

- a. Demographic Commitment

- (1) At least 40% of the total units in the property currently must be set aside to serve Farmworkers or Fishing Workers, and this minimum set-aside must be retained going forward
 - (a) More favorable interest rate terms for properties that commit to set aside 80% of their units for these populations
 - (b) Consideration of a split set-aside for Farmworker properties to address seasonal occupancy needs

The Applicant will be required to commit to either a 40% or 80% set-aside in the Application.

- (2) Applicants must describe the population to be served. For the Corporation to better understand the proposed Development, Applicants must include a description the subpopulation(s) of the individuals and/or families residing and/or intended to reside in the Development. This information will be considered by the Corporation when reviewing and scoring how the Applicant's responses to scored sections of the RFA will assist the intended residents. Applicants must provide a detailed description of the resident household characteristics, needs and preferences of the intended residents and how the proposed Development will meet these needs and preferences. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered.

- c. Income Set-aside Commitment: 100% of the units must be set aside for households with incomes at or below 60% of area median income (AMI), of which at least 20% must be set aside at or below 50% of the AMI.
- d. Affordability Period:
 - (1) For Developments in Florida Housing's portfolio - 30 years or the property's current affordability period, whichever is longer.
 - (2) For Developments in RD's portfolio (that are not also in Florida Housing's portfolio) – 30 years.

3. Applicant Information

- a. Name of Applicant entity formed for the proposed Development
- b. Documentation that Applicant is a legally formed entity qualified to do business in the state of Florida as of the Application Deadline
- c. Principals of the Applicant entity and for each Developer entity
- d. Contact Person

4. General Development Information

- a. Name of the Development

- b. County where Development is located
- c. Address(es) of Development
- d. Total number of units and buildings with dwelling units (single family units are not allowable per the SAIL rule)
- e. Whether the Development will consist of scattered sites
- f. Development Category:
 - (1) Substantial/Moderate Rehabilitation (less than 50% of the units are new construction). The Applicant is eligible to select this Development Category only if it is the current owner of the Development, plans to refinance the Development in order to accomplish the rehabilitation work, and will maintain ownership of the Development after the rehabilitation work is completed.
 - or
 - (2) Acquisition/Substantial/Moderate Rehabilitation (acquisition and less than 50% of the units are new construction). The Applicant is eligible to select this Development Category only if it expects to acquire the existing Development, finance the rehabilitation work, and maintain ownership of the Development after the rehabilitation work is completed.

Note: During the credit underwriting process the Applicant will be required to develop and implement a plan for relocation of existing tenants

5. General Developer Information

- a. Name of each Developer
- b. Documentation that each Developer (that is not a natural person) is a legally formed entity qualified to do business in the state of Florida as of the Application Deadline
- c. Demonstrate that the Developer has experience in developing at least two (2) affordable housing developments since 1991

6. Site Control

- a. Eligible purchase contract – Buyer must be Applicant for this proposed Development; term at least through July 31, 2015
- b. Recorded Deed – Applicant must be sole grantee
- c. Lease – Applicant must be Lessee; term at least 30 years after Application Deadline

7. Scored Items

There will be a minimum total point threshold that must be met in order to be eligible for funding.

- a. Current and future need for Farmworker or Fishing Worker housing in the area

The Corporation recognizes that many farm operations in the state are currently impacted by disease (e.g., citrus canker/greening) and the economy, or now use H-2A workers who are required to be housed by their employers. Taking into consideration the current and changing state of farm labor statewide, the Applicant should describe the current and expected future need for Farmworkers or Fishing Workers in the area, with attention to the type of farm labor or fishing labor that is and will be carried out by the Residents described by the Applicant earlier in the Application. For Farmworker properties, the description should include information on the location and proximity of farms, packing houses, nurseries and/or other farm labor operations, specific information about the farms, crops and crop seasons; and whether the farm work is seasonal and how the property expects to maintain a healthy occupancy throughout the year. For Commercial Fishing Worker properties, the description should include information on the location and proximity of Fishing Worker jobs and whether the fishing work is seasonal and how the property expects to maintain a healthy occupancy throughout the year. The Applicant should describe expectations for the local need for farm or fishing labor into the next 5-10 years. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered.

b. Experience operating and managing Farmworker or Fishing Worker housing

Identify the management company and describe its experience in managing Farmworker or Fishing Worker housing, including length of time spent operating and managing such housing and performing operations and management functions specific to the needs of the intended residents described above. Providing only a list of developments and/or units that the Applicant or management company has managed or manages will not be a sufficient description of experience. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered.

c. Outreach, Marketing and Tenant Selection

- (1) The Applicant shall develop and implement a plan for tenant outreach, marketing, referral and selection as approved by the Corporation during the credit underwriting process.
- (2) The Applicant may receive points by describing outreach and other activities, beyond those required by this RFA, that are currently conducted, and/or will be conducted initially and on a continuing basis to market the Development to the focus populations and general public and used to develop and retain an applicant pool of prospective Farmworker or Commercial Fishing Worker residents. Specify any community organizations or agencies that the Development currently works with or will work with to establish and manage a system of referring persons served by these entities to the Development for tenancy. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered. The Applicant may provide up to 3 additional pages of appropriate exhibits, not created by the Applicant, to supplement the descriptions.

d. Approach toward Farmworker or Commercial Fishing Worker Household Application for Residency

Farmworker or Commercial Fishing Worker households may have issues that affect their ability to meet the income and credit requirements for rental developments. Some prospective residents may also have criminal histories that are often barriers to leasing a rental unit. Describe any policies or approaches that are or will be implemented to address a prospective resident's eligibility due to their income, credit and other issues that would normally affect their ability to access a rental unit. In addition, describe the application process, including the cost to apply for a unit and the information that must be provided as part of the application for determination of the prospective household's acceptance as a resident. Describe how the Applicant manages or will manage an approval for residency process that is broad and welcoming to new residents while it appropriately manages the safety of current residents and the operational success of the property. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered. The Applicant may provide up to 3 additional pages of appropriate exhibits, not created by the Applicant, to supplement the descriptions.

e. Resident Access to Onsite and Offsite Programs, Services and Resources

Describe the availability of, and proximity to, services, programs, and resources for Farmworker or Fishing Worker households, both on the property and offsite, as well as other residents of the property. Describe any partners currently working with the property to provide services or access to services, and describe any transportation options to access offsite services. Programs, services and resources might include, but are not limited to shopping for necessities, education and recreation opportunities, and health care services. Include information on assistance provided to help the intended residents access these opportunities. The Applicant's description may be up to 3 typed pages and any portion of the description that is beyond 3 pages will not be considered. The Applicant may provide up to 3 additional pages of appropriate exhibits, not created by the Applicant, to supplement the descriptions.

8. Funding:

a. Maximum SAIL Request Amount is limited to:

- (1) \$30,000 per unit or a total maximum amount of \$2.5 million, whichever is lower
- (2) SAIL funding may be used for costs to rehabilitate the property; general development costs (i.e., soft costs); Corporation fees, including the Developer Fee; but may not be used to refinance the property

b. Developer Fee / General Contractor (GC) Fee

- (1) Developer fee limited to 10% of Development Cost
- (2) GC fee limited to 14% of actual construction cost

c. Other Non-Corporation Funding Proposals

If the property has RD financing, it must be retained on the property, but may be refinanced through USDA RD.

d. Per Unit Rehabilitation Funding Preference

Applications must reflect a rehabilitation amount of at least \$20,000 per unit to qualify for the preference

9. Required Construction Features:

a. Accessibility, Universal Design and Visitability Features

(1) All units of the proposed Development must meet all federal requirements and state building code requirements, including the following:

- 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
- The Fair Housing Act as implemented by 24 CFR 100;
- Section 504 of the Rehabilitation Act of 1973; and
- Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules.

(2) All Applicants will be required to provide the following Accessibility, Universal Design and Visitability Features:

All rehabilitation units that are located on an accessible route must incorporate the features listed below to the maximum extent feasible within the scope of the rehabilitation work planned by the Applicant. The maximum extent feasible shall be determined by the scope of work and the construction features that are affected by the rehabilitation work. Any major change affecting the features such as remodeling, renovation, rearrangement of structural parts or walls or full-height partitions requires compliance with accessibility requirements below. For the purposes of this RFA, normal maintenance, re-roofing, painting or wallpapering, or changes to mechanical and electrical systems are not considered alterations.

Where an alteration affects a construction feature, accessibility is required to the maximum extent feasible.

- Primary entrance door shall have a threshold with no more than a ½-inch rise;
- All door handles on primary entrance door and interior doors must have lever handles;
- Lever handles on all bathroom faucets and kitchen sink faucets;
- Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level;

- Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist;
- Provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design around each tub/shower unit in each dwelling unit. At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

b. Green Building Features (when replaced as part of rehabilitation or in the future when replaced):

- Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
 - Toilets: 1.6 gallons/flush or less,
 - Faucets: 1.5 gallons/minute or less,
 - Showerheads: 2.2 gallons/minute or less;
- Energy Star qualified refrigerator;
- Energy Star qualified ventilation fan in all bathrooms;
- In unit air conditioners must be Energy Star qualified or have a minimum SEER of 14;
- Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope; and
- Seal and insulate heating and cooling system ducts with mastic or metal backed tape.

10. Loan Terms

The principal balance of any existing Florida Housing loan(s) will be structured into the debt financing during credit underwriting, either as a refinance or allowed to remain in place, as determined by the Corporation and the Credit Underwriter. Accrued interest on any such existing loan(s) will be forgiven as of the date of closing on the financing awarded under this RFA, as follows:

- If the Applicant commits to set aside 80% of the total units for Farmworkers or Commercial Fishing Workers, the accrued interest on the existing Florida Housing loan(s) will be forgiven; or

- If the Applicant commits to set aside 40% of the total units for Farmworkers or Commercial Fishing Workers, one-half of the accrued interest on the existing Florida Housing loan(s) will be forgiven.

The rate of interest on the principal balance of such existing loan(s) shall be modified effective the date of closing to 1 percent per annum consistent with the rate of interest on the new funding awarded under this RFA.

Florida Housing's proposed approach is that the SAIL loan shall be non-amortizing and shall have the following interest rate structure: (i) 0 percent for the Applicant committing to set aside 80% of the total units for Farmworkers or Commercial Fishing Workers and (ii) 1 percent for the Applicant committing to set aside 40% of the total units for Farmworkers or Commercial Fishing Workers, and any existing Florida Housing loan(s) that the Development may have. The terms and conditions of the SAIL loan are further outlined in Rule Chapter 67-48, FA.C.

However, Florida Housing is also considering how to address loan terms for possible situations in which properties that commit to 80% set-asides and later request and receive waivers that allow them to serve a smaller proportion of Farmworkers or Commercial Fishing Workers.

11. Applicant Certification and Acknowledgement

All Applicants must execute the Applicant Certification which outlines a number of the Applicant's commitments and responsibilities if selected for funding (this list is not necessarily inclusive of all that will be required):

- a. The Applicant certifies that the proposed Development can be completed and operating within the development schedule and budget submitted to the Corporation.
- b. The Applicant acknowledges and certifies that, by the time outlined in the invitation to enter credit underwriting, the Applicant must confirm that all features and amenities committed to and proposed by the Applicant shall be located on the Development site.
- c. By submitting the Application, the Applicant acknowledges and certifies that:
 - (1) The proposed Development will meet all state building codes, including the 2012 Florida Accessibility Code for Building Construction, adopted pursuant to Section 553.503, F.S., the Fair Housing Act as implemented by 24 CFR Part 100, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35, incorporating the most recent amendments, regulations and rules;
 - (2) The name of the Applicant entity stated in the Application may be changed only by written request of an Applicant to Corporation staff and approval of the Board after the loan closing;
 - (3) The success of an Applicant in being selected for funding is not an indication that the Applicant will receive a positive recommendation from the Credit Underwriter or that the Development Team's experience, past performance or

financial capacity is satisfactory. The past performance record, financial capacity, and any and all other matters relating to the Development Team, which consists of Developer, Management Company, General Contractor, Architect, Attorney, and Accountant, will be reviewed during credit underwriting. A Capital Needs Assessment prepared by an independent third party retained by the Credit Underwriter will be a required part of the credit underwriting process. The Credit Underwriter may require additional information from any member of the Development Team including, without limitation, documentation on other past projects and financials. Development Teams with an unsatisfactory past performance record, inadequate financial capacity or any other unsatisfactory matters relating to their suitability may result in a negative recommendation from the Credit Underwriter;

- (4) The Principals of each Developer identified in the Application, including all co-Developers, may be changed only by written request of an Applicant to Corporation staff and approval of the Board after the Applicant has been invited to enter credit underwriting. In addition, any allowable replacement of an experienced Principal of a Developer entity must meet the experience requirements that were met by the original Principal;
 - (5) The proposed Development will include all required construction features, and any optional features or programs committed to in the Application. The quality of the features and programs committed to by the Applicant is subject to approval of the Board of Directors;
 - (6) The proposed Development will include the required set-aside units. Commitments to set aside residential units made by Applicants that receive funding will become the minimum set-aside requirements for any other Corporation funds that the Applicant may receive in the future for the same Development;
 - (7) For Developments in Florida Housing's portfolio, the units committed to in this Application must be set aside for a minimum of 30 years, or the current remaining affordability period on the property, whichever is longer. For Developments in RD's portfolio (that are not also in Florida Housing's portfolio), the units committed to in this Application must be set aside for a minimum of 30 years;
 - (8) The Applicant's commitments will be included in the Land Use Restriction Agreement for the SAIL funding and must be maintained in order for the Development to remain in compliance, unless the Board approves a change;
 - (9) The applicable fees will be due as outlined in this RFA and/or as otherwise prescribed by the Corporation and/or the Credit Underwriter; and
- d. The Applicant acknowledges that any funding preliminarily secured by the Applicant is expressly conditioned upon any independent review, analysis and verification of all information contained in the Application that may be conducted by the Corporation, the

successful completion of credit underwriting, and all necessary approvals by the Board of Directors, Corporation or other legal counsel, the Credit Underwriter, and Corporation Staff.

- e. If preliminary funding is approved, the Applicant will promptly furnish such other supporting information, documents, and fees as may be requested or required. The Applicant understands and agrees that the Corporation is not responsible for actions taken by the Applicant in reliance on a preliminary commitment by the Corporation. The Applicant commits that no qualified residents will be refused occupancy because they have Section 8 vouchers or certificates.
- f. By Certificate of Occupancy, the Applicant commits to participate in the statewide housing locator system, as required by the Corporation.
- g. In eliciting information from third parties required by and/or included in the Application, the Applicant certifies that it has provided such parties information that accurately describes the Development as proposed in the Application. The Applicant certifies that it has reviewed the third party information included in the Application and/or provided during the credit underwriting process and the information provided by any such party is based upon, and accurate with respect to, the Development as proposed in the Application.
- h. The Applicant understands and agrees that in the event that the proposed Development is invited into credit underwriting, the Applicant must submit IRS Forms 8821 for all Financial Beneficiaries in order to obtain a recommendation for the SAIL funding.
- i. Confirmation that, if the proposed Development meets the definition of Scattered Sites, all Scattered Sites requirements that were not required to be met in the Application will be met, including that all features committed to and proposed by the Applicant that are not unit-specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both
- j. The Applicant commits to market the property to the intended residents described in the Application. The Applicant shall develop and implement a plan for tenant outreach, marketing, and selection to be provided during the credit underwriting process and approved by the Corporation. The plan shall describe the Applicant's initial and ongoing approach, policies and procedures to:
 - Make aware and inform the intended residents, relevant community service providers and stakeholders, and the general public about the Development;
 - Implement and sustain application and referral approaches and processes for prospective residents;
 - Select applicants for residency, as well as establish and maintain a waitlist.
- k. The Applicant shall develop and implement a plan and timeline for resident relocation during the Development's rehabilitation. The plan and timeline must be approved by the Corporation in credit underwriting. The plan shall describe the approach to appropriately, adequately and safely relocate residents when they are directly affected by rehabilitation of their dwelling unit and common areas. The plan shall provide information regarding the relocation site; accommodations relevant to the needs of the residents and length of time residents will be displaced; moving and storage of the

contents of a resident's dwelling units; as well as the approach to inform and prepare the residents for the rehabilitation activities.

- I. As part of an ongoing effort to evaluate the need for Farmworker housing in Florida, the Corporation may pursue the option to direct an independent evaluation, and in the course of the evaluation, may require awardees to submit administrative, tenant and other data from the Development.

12. Fees

Ongoing fees –Properties currently in the Corporation's portfolio that are awarded financing under this RFA will have higher ongoing fees assessed per Florida Housing's current servicer contract requirements than their current assessed fees.

- a. Permanent Loan Servicing Fee:
Annual fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$200 and a maximum monthly fee of \$798, and an hourly fee of \$167 for extraordinary services.
- b. Compliance Monitoring Fee:
 - (1) Initial fee: A total annual fee comprised of a base fee of \$156 per month + an additional fee per set-aside unit of \$9.56 per year, subject to a minimum of \$244 per month, and subject to an automatic annual increase of 3 percent of the prior year's fee
 - (2) Follow-up Reviews/Extraordinary Services fee: \$167 per hour

13. Funding Selection

- a. Goal to fund 2 properties currently in Florida Housing's portfolio
- b. Funding preference for 1 proposed Development per county
- c. Tie-Breakers:
 - Per Unit Rehabilitation Funding Preference (\$20,000 rehab. expense per unit)
 - Leveraging of SAIL funding per unit
 - Florida Job Creation
 - Lottery
- d. 80% funding test –The last Application selected for funding will only be selected if there is enough SAIL funding available to fund at least 80% of the Applicant's SAIL request amount.

14. RFA Timeline and Next Steps

- a. Expected Issue Date – December 19, 2014
- b. Expected Due Date – January 30, 2015