

Florida Housing Finance Corporation
Request for Applications (RFA) 2019-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits Workshop Agenda
October 8, 2019, 10:00 a.m., Eastern Time
227 North Bronough Street, 6th Floor Seltzer Conference Room, Tallahassee, Florida
Call-In: 1-888-339-2688; Passcode: 347 103 13

The RFA Webpage can be found at <https://www.floridahousing.org/programs/developers-multifamily-programs/competitive/2019/2019-116> (also available by clicking [here](#)).

Introduction

On Monday, September 16, 2019, Florida Housing issued a listserv announcement stating that the issuance of RFA 2019-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits was postponed. This workshop will discuss an additional option for SAIL financing that will be made available in the RFA.

How does this additional option affect the funding available for RFA 2019-116?

A. SAIL

1. Demographic Categories

a. Elderly Funding will not be affected

\$22,720,289 of Elderly funding for proposed Developments with the Elderly Demographic Commitment (ALF and Non-ALF).

b. Family Funding

\$48,642,354 of Family funding for proposed Developments with the Family Demographic Commitment.

****NEW!** Up to a maximum of \$24,321,177 of the Family funding (50% of the total) shall be awarded to Applicants that demonstrate self-financed sources in an amount that is at least equal to the SAIL Loan Request Amount, have a total SAIL request per unit equal to or less than \$30,000 per unit, and meet additional Application criteria set forth below. ("Self-Sourced Applicants")

2. County Geographic Categories will not be affected

B. Tax-Exempt Bonds and Non-Competitive Housing Credits (Housing Credits) will not be affected.

C. Extremely Low Income (ELI) Loan Request Amount will not be affected. ELI and LINK set aside requirements will not change.

D. ****National Housing Trust Fund (NHTF) – For discussion**

It was previously proposed that \$6,950,850.50 in NHTF funding would be allocated to all New Construction Applicants. Recent public comment has requested the NHTF not be a required source of funding in this RFA. Should Florida Housing continue to make all of the NHTF Funding available in this RFA, or use some or all of the available NHTF funding in the 9% Housing Credit for Homeless or 9% Housing Credit for Disabling Conditions RFAs issued in the spring?

E. How would the Self-Sourced approach affect the Demographic Commitment and Development Category?

Self-Sourced Applicants must commit to the Family Demographic and New Construction Development Category.

F. How would this affect Exhibit A of the RFA?

A new question will be added to the Application in Exhibit A asking whether the Application is from a Self-Sourced Applicant. Self-Sourced Applicants must meet the additional eligibility items described in this agenda and the RFA to be eligible for funding. Additionally, Self-Sourced Applicants may retain the right to a Qualified Contract.

G. How would this affect the SAIL Funding Request Amounts?

In addition to the SAIL Request Amounts limits outlined in Section Four, A.10.a(1)(a) of the RFA, Self-Sourced Applicants are limited to a maximum SAIL request limit of \$30,000 per unit. All other Applicants are limited to a maximum SAIL request limit of \$70,000 per unit.

The minimum SAIL Loan Request Amount is not affected. Applicants with a proposed Development located in Miami-Dade County must have an Eligible SAIL Request Amount of at least \$3,000,000.

Additionally, Self-Sourced Applicants must directly fund a permanent source(s) of financing for the proposed development in an amount that is at least equal to the SAIL Loan Request Amount. The self-sourced financing must be cash funding and must remain as a permanent financing source for at least 15 years and be subordinate to the SAIL loan. Seller notes will not be accepted, nor will any funding from a government entity or a non-related third-party entity. For example: The Applicant demonstrates the ability to fund a subordinate bond purchase in the amount equal to the SAIL request amount (e.g., a Tranche B loan, subordinate to all other financing).

H. How would this affect the Funding Selection Process?

1. Leveraging Levels

The total Corporation SAIL funding per Set-Aside Unit calculation will not be affected; however, because Self-Sourced Applicants would likely score better on leveraging because of the lower maximum per unit request amount, Leveraging Levels will be assigned to all eligible Applications in the following manner:

All Applications will be divided into three lists: (i) the Applications with the Development Category of Rehabilitation and Acquisition and Rehabilitation; (ii) the Applications submitted by Self-Sourced Applicants; and (iii) all remaining Applications proposing New Construction and all Applications proposing Redevelopment. Each list of Applications will be assigned as Leveraging Level 1 – 5 using the methodology described in Item 3 of Exhibit C.

2. Funding Tests

a. SAIL Funding Available: \$71,362,643

(1) Demographic Funding

(a) Family Funding \$48,642,354

Up to \$24,321,177 will be awarded to Self-Sourced Applicants.

(b) Elderly Funding Available: \$22,720,289

(2) Geographic Funding

(a) Small County Funding Available: \$7,136,264

(b) Medium County Funding Available: \$25,833,277

(c) Large County Funding Available: \$38,393,102

Applications will only be selected for funding if there is enough SAIL funding available in both the applicable SAIL Geographic Category (SAIL Geographic Funding Test) and the SAIL Demographic Category (SAIL Demographic Funding Test) to fund the Applicant's Total SAIL Request Amount (i.e., the Applicant's Eligible SAIL Request Amount plus the Applicant's Eligible ELI Loan Request Amount).

3. Preferences within the Goals

- One Elderly, New Construction Application located in a Large County
- Three Family, New Construction Applications located in a Large County, with a preference that at least one Application is from a Self-Sourced Applicant.
- One Elderly, New Construction, Application located in a Medium County.
- Two Family, New Construction, Applications located in a Medium County, with a preference that at least one Application is from a Self-Sourced Applicant.

For purposes of the funding selection, Applications with the Development Category of New Construction or Redevelopment, with or without Acquisition, will qualify as New Construction Applications and Applications with the Demographic Commitment of Elderly (ALF or Non-ALF) will qualify as Elderly Applications.

4. Funding Selection for the Goals to fund seven Medium and Large County, New Construction Applications

a. Goal to fund one New Construction Application located in Miami-Dade County and one New Construction Application located in Broward County.

The first Application selected for funding will be the highest ranking eligible New Construction Application that is located in Miami-Dade County or Broward County, regardless of the Demographic Commitment selected.

If the first Application selected for funding was an Elderly Application located in Miami-Dade County, the second Application will be the highest-ranking Family Application located in Broward County. If the first Application selected for funding was an Elderly Application located in Broward County, the second Application will be the highest-ranking Family Application located in Miami-Dade County. If the first Application selected for funding was a Family Application located in Miami-Dade County, the second Application will be the highest-ranking Application located in Broward County, regardless of the Demographic Commitment. If the first Application selected for funding was a Family Application located in Broward County, the second Application will be the highest-ranking Application located in Miami-Dade County, regardless of the Demographic Commitment.

b. Goal to fund one Elderly, Large County, New Construction Application

This goal will be met under the following circumstances:

- (1) If neither of the Applications selected to meet the goal described in a. above are Elderly Applications, the highest-ranking eligible Elderly, Large County, New Construction Applications will be selected for funding, subject to the County Award Tally and both Funding Tests.
- (2) If at least one of the Applications selected to meet the goal described in a. above are Elderly Applications, this goal will be considered to be met without selecting any additional Applications.

c. Goal to Fund Three Family, Large County, New Construction Applications

This goal will be met under the following circumstances:

- (1) If one of the two Applications selected to meet the goal described in a. above is a Family Application, that Application will count towards this goal. To meet this goal, two additional Family, Large County, New Construction Applications will be selected using the following process:

If the Application selected to meet the goal described in a. above is not from a Self-Sourced Applicant, the first of the two additional Applications will be the highest-ranking Family, Large County, New Construction Application from a Self-Sourced Applicant, if any, subject to the County Award Tally and both Funding Tests. Then the highest-ranking Family, Large County, New Construction Application will be selected, regardless of whether the Application from a Self-Sourced Applicant, subject to the County Award Tally and both Funding Tests.

If at least one of the Applications selected to meet the goal described in a. above is from a Self-Sourced Applicant or if there are no Applications from a Self-Sourced Applicant that can meet this goal, the two additional Applications will be the highest-ranking Family, Large County, New Construction Applications, regardless of whether the Application is from a Self-Sourced Applicant, subject to the County Award Tally and both Funding Tests.

- (2) If both Applications selected to meet the goal described in a. above are Family Applications, both Applications will count towards this goal. To meet this goal,

one additional Family, Large County, New Construction Application will be selected using the following process:

If neither Application selected to meet the goal described in a. above is from a Self-Sourced Applicant, the additional Application will be the highest-ranking Family, Large County, New Construction Application from a Self-Sourced Applicant, if any, subject to the County Award Tally and both Funding Tests.

If at least one of the Applications selected to meet the goal described in a. above is from a Self-Sourced Applicant or if there are no Applications from a Self-Sourced Applicant that can meet this goal, the additional Application will be the highest-ranking Family, Large County, New Construction Application, regardless of whether the Application is from a Self-Sourced Applicant, subject to the County Award Tally and both Funding Tests.

- d. Goal to Fund one Elderly, Medium County, New Construction Application

The Application selected for funding will be the highest-ranking eligible Elderly, Medium County, New Construction Application subject to the Funding Tests.

- e. Goal to Fund two Family, Medium County, New Construction Applications

The first Application selected for funding will be the highest-ranking eligible Family, Medium County, New Construction Application from a Self-Sourced Applicant, subject to the County Award Tally and Funding Tests.

After the selection of the Application from a Self-Sourced Applicant or if there are no Applications from a Self-Sourced Applicant that can meet this goal, the additional Application(s) selected to meet this goal will be the highest-ranking Family, Medium County, New Construction Application(s), regardless of whether the Application(s) is from a Self-Sourced Applicant, subject to the County Award Tally and both Funding Tests.

- G. How would this affect the Term of the SAIL Loan, Affordability Period, and Land Use Restriction Agreement (LURA)?

- 1. Rule Chapter 67-48 applies to all SAIL loans.

- a. For Self-Sourced Applicants, no principal or interest may be paid on a qualifying subordinate self-sourced debt prior to the payoff of the SAIL loan in full.

- 2. Affordability Commitment and Compliance Period will be 50 years for all Applicants as set forth in the LURA.

- 3. Only Self-Sourced Applicants will retain the right to seek a qualified contract in accordance with Section 42 of the I.R.C., as amended and Rule 67-48.031, F.A.C. in effect at the time of the request. Other Applicants will waive the right to seek a qualified contract.

- a. If the Corporation does not provide a qualified contract within the one-year period, the SAIL LURA will terminate in conjunction with the Housing Credit Extended Use Agreement (EUA), upon full repayment of SAIL loan. Additionally, the corresponding three-year tail for termination of tenancy and any increase in gross rent will apply to the proposed development.

- b. The Corporation will not terminate MMRB LURAs associated with Self-Sourced Applications if the Corporation does not provide a qualified contract within the one-year period. Potential Self-Sourced Applicants should be aware of applicable bond set-aside commitments for Corporation issued or non-Corporation issued bonds when developing their financing structure.