Questions and Answers for

RFA 2020-201 Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties

RFA 2020-202 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties

RFA 2020-203 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County

RFA 2020-204 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments

Question 1:

We are working with an experienced developer that has been involved in many FHFC financed projects. How can we determine if this developer will qualify for the 67ER20-1 disincentive points since as a developer he is not involved in the ownership or management of the properties?

Answer:

We do not maintain a list of developments with regard to the Emergency Rule. An Applicant's status regarding the Rule will be examined during the Application process, per the language of the Request for Applications, and in Credit Underwriting as applicable.

Question 2:

Would you please clarify if Attachments 12 and 15 are both asking for a copy of the equity proposal for the purchase of the housing tax credits? It appears to be asking for it in both places under the RFA on pages 56 "Housing Credit Equity Proposal" and 60 "equity proposals from the syndicator" in the RFA.

Answer:

The sentence you are referencing states "Unless stated otherwise within this RFA, for funding, other than Corporation funding and deferred Developer Fee, to be counted as a source on the Development Cost Pro Forma, provide documentation of all financing proposals from both the construction and the permanent lender(s), equity proposals from the syndicator, and other sources of funding."

The next sentence states that "financing proposals must state whether they are for construction financing, permanent financing, or both, and all attachments and/or exhibits referenced in the proposal must be provided as Attachment 15 to Exhibit A."

The housing credit equity proposal should be submitted as Attachment 12 and other types of non-corporation funding proposals should be submitted as Attachment 15.

Question 3:

The proposed development consists of both rehabilitation of existing units and the construction of new units as allowed in the RFA. The majority of the units are rehabilitation and the Development Category in Exhibit A will reflect that.

The associated costs related to both the renovation of existing units and construction of new units has been entered into the Development Cost Proforma.

Can the TDC PU Limitation Analysis take into account a blended TDC PU Limitation for both rehabilitation and new construction units?

Answer:

No. The Total Development Cost Per Unit Base Limitations to be used during the scoring process utilizes the Development Type, Development Category and ESS Construction determination made by the Applicant in the RFA and it will apply to all units in the proposed Development.

Question 4:

The RFA states "at least 80 percent of the Development's total units at 80 percent AMI or less, but with the average AMI of all the Set-Aside units cannot exceed 60 percent".

Is there a limit on how many 80% AMI units are committed to on the Set-Aside chart?

Answer:

There is no limit on the number of 80% AMI units if the other requirements outlined in the RFA are met.

Question 5:

We are working in a small county wherein the closest grocery store was previously known as one of the named brand grocery stores and meeting all of the other requirements listed in the definition of Grocery Store, but now known under another non-chain name. This store owner has changed the name to a local name and no longer part of the chain. Could it still meet the definition of a Grocery Store?

Answer:

The first sentence in the grocery store definition says “A retail food store consisting of 4,500 square feet or more of contiguous air-conditioned space available to the public, that has been issued a food permit, ***current and in force as of the dates outlined below***, issued by the Florida Department of Agriculture and Consumer Service (FDACS) which designates the store as a Grocery Store or Supermarket within the meaning of those terms for purposes of FDACS-issued food permits.

The second part states “Additionally, it must have (i) been ***in existence and available for use by the general public since a date that is 6 months prior to the Application Deadline***; (ii) been in existence and

available for use by the general public as of the Application Deadline ***AND*** be one of the following: Albertson's, Aldi, Bravo Supermarkets, BJ's Wholesale Club, Costco Wholesale, Food Lion, Fresh Market, Harvey's, Milam's Markets, Piggly Wiggly, Presidente, Publix, Sam's Club, Sav – A – Lot, Sedano's, SuperTarget, Trader Joe's, Walmart Neighborhood Market, Walmart Supercenter, Whole Foods, Winn-Dixie; or (iii) ***been in existence and available for use by the general public as of March 1, 2020 but not available as of the Application Deadline because of temporary closures or service suspensions due to COVID-19 or other emergency suspension based on an official emergency declaration***.

(emphasis added)

The name of the store is not a condition of existence or operation. If the location these requirements, the definition will be considered met.

Question 6:

Question 5.b.(2) of the application form asks to provide the City of Development site. If the site is located on an unincorporated county area, shall we not respond to 5.b.(2)?

Answer:

If the proposed Development is in an unincorporated area of the county, the Applicant may enter the unincorporated county information as the "city" of the proposed Development.

Question 7:

The project anticipates receiving a combination of project-based rental vouchers and tenant-based vouchers. What documentation is needed for the tenant-based voucher rental income to show its funding commitment in the application?

Answer:

Sources of funding must be for the Development in order to be counted as a source of construction or permanent funding on the Development Cost Pro Forma. If the financing proposal is not from a Regulated Mortgage Lender in the business of making loans or a governmental entity, evidence of ability to fund must be provided. Evidence of ability to fund includes: (i) a copy of the lender's most current audited financial statements no more than 17 months old; or (ii) if the loan has already been funded, a copy of the note and recorded mortgage.

When determining the RA Level, tenant-based vouchers cannot be utilized for such purpose.

Question 8:

A nonprofit entity affiliated with the LLC responding to the RFA as the developer received a grant and Florida State appropriations to be used toward the project in the nonprofit entity's name. What documentation can be shown so that those grants/appropriations can be properly acknowledged as a

source to the project? The RFA states that a financial proposal not made by a regulated mortgage lender must demonstrate the ability to fund by audited financial statements. The grant and State appropriations are already disbursed to the nonprofit entity; would audited financials for the nonprofit entity satisfy the ability to fund requirement?

Answer:

Yes, if the most current audited financial statements are no more than 17 months old, as outlined in Section Four, A.10.b(2)(c) of the RFA.

Question 9:

Are electronic signatures acceptable for the ability to proceed and local government contribution forms?

Answer:

Yes. Electronic signatures are acceptable throughout the submitted Application Package.

Question 10:

We are a 40 year old real estate development company with vast experience in developing market rate multifamily rental apartment and condos in garden, midrise, and high rise apt. projects throughout Florida. We are also a 100% minority owned business. We have also been the general contractor and built several affordable housing projects for developers who are using housing credit programs. We have NOT directly developed affordable housing projects and have not used the housing credit program. As per the RFA guidelines EX: RFA 2020-203 ; a developer or its principal “must have since January 1, 2000 completed at least three affordable rental housing developments, at least one of which was a housing credit development completed since January 1, 2010.At least one of the three completed developments must consist of a total number of units no less than 50% of the total number of units in the proposed development”. This requirement is exclusionary and is in our opinion and impediment to entry for any “NEW” developer like ourselves attempting to develop affordable housing with the FHFC. This requirement leads to favoritism so only the current existing pool of developers share the pot of available housing credits. All newcomers are essentially banned. We do not believe this is fair nor does it comply with the inherent intent of all federal programs funded by taxpayers to be allocated on a first come basis to all qualified applicants based on the merits of the actual development. This requirement is in our opinion discriminatory and limits competition.

We also note the requirements for the developer experience not only remained but were further expanded on as follows: "if the experience of a natural person principal for a developer entity listed in this app was acquired from a previous affordable housing developer entity, the natural person Principal must have also been a Principal of that previous developer entity ".

Answer:

The resources being administered in this RFA are competitive 9% Low Income Housing Tax Credits (Housing Credits). As background, under Section 42(m) of the Internal Revenue Code, Florida Housing,

as the state designated allocating agency for Housing Credits, is required to adopt a Qualified Allocation Plan (QAP) that includes certain priorities and selection criteria for allocating Housing Credits, which includes reviewing applicant (also known as sponsor) characteristics. We do that through the RFA competitive solicitation process. Developer experience, in the way the requirement is set forth in the current RFAs you are inquiring about, has consistently been an eligibility criterion for our competitive 9% Housing Credits over a number of years. Most states also have a similar requirement for their Housing Credit allocation process. It is also worth noting that equity partners who are investing in the development by purchasing the housing credits, as well as most traditional debt providers, also have their own similar experience requirements as well.

The purpose for the experience requirement in these 9% Housing Credit RFAs is that we award our highly competitive resources to applicants that can successfully complete the development in accordance with all legal requirements. The Housing Credit program has significant federal statutory and regulatory requirements and strict corresponding timeframes. Because the requirements are not limited to the manner or method of construction, but holistically include financing, tax, compliance, operational, and legal considerations. Experience in the program demonstrates that an Applicant is cognizant of the scope and scale of such affordable housing program requirements and personally involved in all implementation aspects, thereby mitigating risk to Florida Housing.

The language you state, “if the experience of a natural person principal for a developer entity listed in this app was acquired from a previous affordable housing developer entity, the natural person Principal must have also been a Principal of that previous developer entity " has been in our RFAs for a number of years. This is to provide guidance to those who may have gained experience through their work with one entity, but now are with a new entity. That experience may still qualify. The experience is not limited to Florida, but can be experience with Housing Credits from any state. Newcomers are not banned. Applicants that are interested in competing for 9% Housing Credits for this first time often apply with an experienced co-developer in order to gain the experience requirement going forward. We also have opportunities for affordable multifamily rental funding through alternative resources that have different experience requirements than RFA 2020-202 & 203, such as our SAIL RFA 2020-205, and our Non-Competitive 4% Housing Credit Program.

Question 11 for RFA 2020-201 and 2020-203:

I am submitting this question regarding the clause below. Does this mean that an application, which is a joint venture between a Developer and a PHA count towards the limit of three Priority I applications?

> In the context of a joint venture between a Public Housing Authority (“PHA”) (or an instrumentality of a PHA) and a Developer(s), separate Applicants do not affect one another’s total Related Applications if the only connection is a joint venture between the Developer and a PHA or instrumentality of a PHA. In this situation, the Applicants’ total number of Applications remain independent/autonomous of one another’s Related Applications tally. However, in all circumstances, PHAs, Applicants, and Developers are still limited to only three Related Applications per entity.

Answer:

If Developer A enters a joint venture with PHA 1 and jointly they submit one Priority I Application, and Developer B also enters a joint venture with PHA 1 and jointly they submit one Priority I Application, then Developer A and Developer B are not linked to each other, nor are they seen as being Principals of two Priority I Applications solely because they are each linked to PHA 1. In this example, PHA 1 is a Principal on two Priority I Applications.

If Developer A enters a joint venture with PHA 1 and together they jointly submit three Priority I Applications, and Developer B also enters a joint venture with PHA 1 and together they jointly submit three Priority I Applications, this will cause the limit of three Priority I Applications to have been exceeded. Developer A and B are only a Principal of three Priority I Applications (the maximum), but PHA 1 is a Principal of six Priority I Applications, which exceeds the maximum. Because the maximum is exceeded, all six of the Applications will be ineligible for funding and all Principals of the affected Applications may be subject to material misrepresentation, even if the Related Applications were not selected for funding, were deemed ineligible, or were withdrawn.

Question 12 for RFAs 2020-201 and 2020-202:

If a county has provided SHIP funding to more than one city for those cities to develop affordable housing, and each of those cities want to develop criteria and select one Development to support for the Local Government Area of Opportunity Goal, will this be considered to meet the limit on the number of Applications within the same jurisdiction?

Answer:

Each city must separately and independently develop their own criteria to select one Development to support for the Local Government Area of Opportunity Goal, and the county may not be a part of the selection process in any way. The contribution must be a loan or grant to the development directly from the city supporting the application.

Question 13 for RFA 2020-201:

Within the Local Government Areas of Opportunity Designation and Goal, there is a preference for Developments that were submitted but not awarded in RFA 2019-113. Would an application be eligible for the Preference if the application that was submitted on RFA 2019-113 was deemed ineligible on the RFA 2019-113 review or litigation process?

Answer:

The criteria for the preference is outlined in Section Four, A.11.b. of the RFA. Eligibility status is not one of the considerations listed.

Question 14 for RFA 2020-201:

Within the Local Government Areas of Opportunity Designation and Goal, there is a preference for Developments that were submitted but not awarded in RFA 2019-113. The 5th Bullet Point in 11.b.(1)

states: "All entities that are Principals for the Applicant and Developer(s) disclosed on the Principal Disclosure Form submitted for the proposed Development and the Application submitted in RFA 2019-113 must be identical;"

This implies entities must be identical, but the actual principals of the applicant or even the applicant entity itself can be different. Is that correct?

Answer:

Yes

Question 15 for RFA 2020-201:

Within the Local Government Areas of Opportunity Designation and Goal, there is a preference for Developments that were submitted but not awarded in RFA 2019-113. In order for an application to be considered, can specifics from the original application such as the quantity of units, building type, set-asides, legal description, etc. change in the new application?

Answer:

The language in 11.b.(1) of RFA 2020-201 outlines the criteria to meet the preference, including the items that must be identical in each Application.

Please Note: The Q&A process for RFAs 2020-201, 2020-202, 2020-203, 2020-204 is concluded and Florida Housing does not expect to issue any further Q&As regarding RFA 2020-201, 2020-202, 2020-203, 2020-204.

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