

**Questions and Answers for RFA 2020-205 SAIL Financing of Affordable Multifamily Housing
Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing
Credits**

Question 1:

Is a Self-Sourced Applicant that provides a completed and signed Self-Sourced Financing Commitment Verification form in Attachment 15 also required to submit a financing proposal in Attachment 15? Section 3.a(1)(b) on Page 10 of the RFA says Self-Sourced Applicants must demonstrate self-sourced permanent financing during the credit underwriting process.

Answer:

The Self-Sourced Financing Commitment Verification form (Rev. 11-19) that is to be submitted behind Attachment 15 for Self-Sourced Applicants will suffice as the financing proposal for application purposes and will not be required to demonstrate self-sourced permanent financing until the credit underwriting process. For other sources, the documentation must be provided as attachments to the Application submitted. See related question 4 below.

Question 2:

Would you please confirm that debt financing letters for FHFC or locally-issued bonds are not required for non-Self Sourced and Self-Sourced transactions?

Answer:

In accordance with 10.a.(3)(a), when a Corporation-issued MMRB is being requested, there is no requirement to include any documentation in the Application. In accordance with 10.a.(3)(b) when a County HFA-issued Tax-Exempt Bond is part of the Applicant's funding, the documentation requirement is listed in 10.a.(3)(b)(i). These requirements are the same for Self-Sourced Applicants and Non-Self-Sourced Applicants.

Question 3:

Would you please confirm that the Self-Sourced Applicants do not have to provide evidence of ability to fund, including financial statements, with the application? In contrast with several other sections of the RFA state: "Financial statements must be included in the Application."

Answer:

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, with one exception. Self-Sourced Applicants that provide the Self-Sourced Financing Commitment Verification form (Rev. 11-19) behind Attachment 15 will be required to provide the evidence of ability to fund that source of financing during credit underwriting. If a Self-Sourced Applicant includes any other financing proposal that is not from a Regulated Mortgage Lender in the business of making loans or a governmental entity, it will follow the

same requirements as Non-Self-Sourced Applicants, and the evidence of ability to fund must be provided.

Question 4:

Exhibit A, Questions 6.e.(2)a. through (2)e. asks how many bedroom type units there are in the unit mix chart. If the project is proposing 5-bedroom units, where should these units be addressed? If a development is proposing 5-bedroom units, how should they be included in the ELI Maximum and NHTF Determination Worksheet which only goes up to 4-bedroom type units?

Answer:

Units may have no more than four bedrooms as reflected in question 6.e. of Exhibit A and the ELI Maximum and NHTF Determination Worksheet. A modification will be issued to add language to Section Four to further clarify this.

Question 5:

In the funding selection process, there is a goal to fund three Family, New Construction Applications located in a Large County, with a preference that at least two Applications are from Self-Sourced Applicants AND a goal to fund two Family, New Construction, Application located in a Medium County, with a preference that at least one Application is from a Self-Sourced Applicant. This is very specific in the goals section that starts in Section Five, B.5.a. of the RFA. There are additional sections about funding Self-Sourced Applications beyond the goals, started in Section Five, B.5.c. and d. of the RFA. This will likely result in many more Self-Sourced Applications being selected. Is this correct?

Answer:

As stated in Section Five, 1.b. of the RFA, up to a maximum of \$24,321,177 of the Family Funding will be reserved for Applicants that qualify as Self-Sourced Applicants (“Self-Sourced Applicant Family Funding”). \$36,315,273 of the Family Funding will be reserved for Applicants that select the Family Demographic Commitment but do not qualify as Self-Sourced Applicants (“Non-Self-Sourced Applicant Family Funding”).

There are several times in the funding selection process where the Corporation will prioritize Self-Sourced Applications to ensure the Self-Sourced funding is awarded, but there must always be enough SAIL funding available in the Self-Sourced Applicant Family Funding 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). It is unknown how many Self-Sourced Applications will be selected for funding, but it is possible that this number will exceed the preferences for the three Self-Sourced Applications stated in the Goals section of Section Five, B.5.a. of the RFA.

Question 6:

Which has priority, preferences for Self-Sourced Applications or County Award Tally? For instance, if the first two Applications selected in Broward and Miami-Dade are non-Self-Sourced Family Applications, and if there are only Self-Sourced Family Applications in Miami-Dade or Non-Self-Sourced Applications from other counties that qualify for the goal to fund 3 Family, Large County New Construction Applications, would you select the highest-ranking Self-Sourced Application in Miami-Dade (which would be the second Application in Miami-Dade) or a non-Self-Sourced Application in another county which has not yet been awarded?

Answer:

As stated in Section Five, B.5.a.(3) of the RFA, the next Application selected would be the highest-ranking Family, Large County, New Construction Self-Sourced Application(s), subject to the County Award Tally and both Funding Tests, until this goal is met. In the scenario described above, the highest-ranking Self-Sourced Application in Miami-Dade would be selected for funding (which would be the second Application in Miami-Dade). The County Award Tally would be applicable if there were Self-Sourced Applications from multiple counties.

Section Five, B.5.a.(3) of the RFA continues on stating that if the goal could not be met because there were not enough eligible unfunded Self-Sourced Applications that could meet this goal, then the highest-ranking Family, Large County, New Construction Non-Self-Sourced Application(s) will be selected, subject to the County Award Tally and both Funding Tests, until this goal is met.

Question 7:

If an Applicant does not need to take advantage of choosing Redevelopment as the Development Category (i.e. automatic qualification of the Mandatory Distance Requirement), can the Applicant apply as New Construction, even if its Development meets the definition of Redevelopment, as per Section 67-48?

Answer:

Yes. Applications that qualify for the Development Category of Redevelopment also qualify for the Development Category of New Construction. The Development Category qualifications are provided in Section Four, A.4.b. of the RFA.

Question 8:

For purposes of leverage: If a Development consists of a building that is, for example, a 10-story Highrise, but the same building scales down so that different sections of the same building are under 7 stories (i.e. 5-stories or 3-stories, but part of the same building) to meet setbacks or zoning standards, will all the units qualify as Highrise for purpose of leverage?

Answer:

If all units are within 1 building as described in the scenario above, then yes, it would be a High-Rise because the building is 10-stories.

Question 9:

Will funded Self-Sourcing Developments have a 30-year Affordability Period LURA, so that it can take advantage of the 15-year reduction of the qualified contract after paying the SAIL loan?

Answer:

As stated in Section Four, A.6.g. of the RFA, all Applicants are required to maintain the affordability set-aside commitments for 50 years.

Non-Self-Sourced Applicants knowingly, voluntarily and irrevocably commit to waive, and do waive, for the duration of the 50-year set aside period, the option to convert the Development to market rate, including any option or right to submit a request for a qualified contract, after year fourteen (14), and any other option, right or process available to the Applicant to terminate (or that would result in the termination of) the 50-year set aside period at any time prior to the expiration of its full term.

As stated in Item 6.g. of Exhibit C, Self-Sourced Applicants that apply for funding in this RFA will not be required to waive the right to seek a qualified contract in accordance with Section 42 of the I.R.C., as amended and Rule Chapter 67-21, F.A.C. All other Applicants will waive the right to seek a qualified contract.

Question 10:

Section 1(f)1 (page 171) of the RFA has a contradiction regarding the minimum number of NHTF units needed for Large Counties. This section says 4 units to be NHTF while a previous section (page 40 and others) mentions 5 units. Which is the correct number?

Answer:

Five units is correct. A modification will be issued to address this inconsistency.

Question 11:

The first paragraph in the Average Income Test Worksheet portion of the Development Cost Pro Forma states that the Average Income Test option is only available for Bay or Leon County. I believe this is incorrect.

Answer:

A revised Development Cost Pro Forma and a modification will be issued to remove this reference to Bay or Leon County. Florida Housing will accept the Development Cost Pro Forma that was originally posted or the revised Development Cost Pro Forma.

Question 12:

Since the amount of NHTF funding awarded is per 0 and 1-bedroom units, does this mean that, during credit underwriting, the Applicant will only be required to provide 0 and 1-bedroom NHTF units (at a minimum)? Or will the applicant be required to distribute the NHTF units proportional to its units mix?

Answer:

There are no unit mix restrictions and NHTF funding is awarded to successful Applicants requesting the funding, regardless of whether there are Zero or one bedroom units. Whereas the NHTF units can float throughout the development and are not tied to any specific bedroom count, the intended households to be served would most likely align with the smaller bedroom count units, like Zero or one-bedroom units. A modification will be issued to clarify this and remove the reference to 0 & 1 Bedroom Units in Exhibit I of the RFA.

Question 13:

If an application was submitted as Self-Sourcing and Applicant is invited to underwrite, will the Applicant's denial of the invitation to underwrite be considered a withdrawal, for purposes of withdrawal disincentive?

If the answer to that is yes, and Applicant accepts invitation to underwrite, pays the administrative fee after issuance of Preliminary Determination Certificate, and subsequently is not able to close on financing of tax credits for any of the following reasons (i.e. loss of site control, increased construction costs, etc.), and no Withdrawal Disincentive should apply on future RFAs. Correct?

Answer:

If an Applicant rejects or declines an invitation to enter credit underwriting within the deadline set forth in the RFA, this will be considered a withdrawal for the purposes of the withdrawal disincentive. As stated in Exhibit D of the RFA, failure to provide the required information by the stated deadlines may result in the withdrawal of the invitation to enter credit underwriting, unless an extension is approved by the Corporation. Responding to the invitation and submitting the credit underwriting fee is one of these deadlines.

Any Self-Sourced Application submitted in this RFA that is withdrawn at any time subsequent to the Application Deadline but on or before the issuance of the Preliminary Determination Certificate and payment of the Administrative fee will (if the future RFA so provides) result in a point reduction in the scoring of Developer experience in future Applications in which the Developer, Co-Developer or any Principal of the Developer(s) named in the Developer section of the Principals of the Applicant and

Developer(s) Disclosure Form of the withdrawn Application is named for purposes of satisfying the Developer experience requirement in the future Application.

Question 14:

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 15:

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 16:

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 67 "Housing Credit Equity Proposal" and 71 "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 17:

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 18:

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 19:

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 meets these requirements, the definition will be considered met.

Question 20:

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 21:

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 22:

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.

Please Note: The Q&A process for RFA 2020-205 is concluded and Florida Housing does not expect to issue any further Q&As regarding RFA 2020-205.

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