Florida Housing Finance Corporation
Agenda for Conceptual Workshop RFA 2024-214 Live Local Act Funding for Redevelopment of Properties
December 5, 2023, 2:00 p.m., Eastern Time
Workshop is held via webinar and in-person at Florida Housing at 227 N. Bronough Street, Tallahassee, FL 32301
To attend the workshop via webinar, registration is required.
Registration information is available on RFA Webpage[1]

Overview

1. Introductions

2. Purpose of RFA

   This Request for Applications (RFA) is open to Applicants that can both redevelop an existing affordable housing development and provide for the construction of a new development within close proximity to the existing development to be rehabilitated. Each project must provide for building the new affordable housing development first, relocating the tenants of the existing development to the new development, and then demolishing the existing development for reconstruction of an affordable housing development with more overall and affordable units.

   The work will be done utilizing State Apartment Incentive Loan (SAIL) funding as gap financing in conjunction with (a) Tax-Exempt Bond financing (i.e., Corporation-issued Multifamily Mortgage Revenue Bonds (MMRB) or Non-Corporation-issued Tax-Exempt Bonds obtained through a Public Housing Authority (established under Chapter 421, F.S.), a County Housing Finance Authority (established pursuant to Section 159.604, F.S.), or a Local Government); and (b) Non-Competitive Housing Credits (Housing Credits).

Funding available

A. State Apartment Incentive Loan (SAIL)

   An estimated $20 million in SAIL funding appropriated by the Live Local Act set forth in Section 420.50871, F.S., created by the Florida Legislature under Section 32 of the Live Local Act of 2023, will be made available in this RFA.

   *The remaining funding appropriated through Section 420.50871 F.S. will be issued through one or more separate RFAs later in 2023 and will address criteria in Section 420.50871(1) AND (2), F.S., that are not addressed in this RFA such as military installations and rural areas of opportunity.

B. Tax-Exempt Bonds and Non-Competitive Housing Credits (Housing Credit)

   The SAIL funding offered in this RFA must be used in conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits. For purposes of this requirement, the Applicant will NOT utilize the Non-Competitive Application Package to apply for (i) Corporation-issued MMRB and the Non-Competitive Housing Credits or (ii) Non-Competitive Housing Credits to be used with Non-Corporation-issued Tax-Exempt Bonds (i.e. issued by a Public Housing Authority (established under Chapter 421, F.S.), a County Housing Finance Authority (established pursuant to Section 159.604, F.S.), or a Local Government). Instead, the Applicant is required to apply for the MMRB and/or Housing Credits as a part of its Application for the SAIL funding.

[1] References to the RFA Webpage refer to https://www.floridahousing.org/programs/developers-multifamily-programs/competitive/2024/2024-214 which can be accessed here.

Overview of the RFA

Per Section 420.50871, F.S., there must currently be an Occupied Development. Funding in this RFA must be used to construct a New Development with at least as many units as the Occupied Development. The New Development is the subject of this RFA, but you will see frequent discussion of the New Development, Occupied Development and Reconstructed Development in this agenda and the future RFA because the legislative language is specific to a creation of two Developments.

A plan for relocation of existing tenants in the Occupied Development will be required to be provided to the Credit Underwriter, as outlined in Exhibit D. This plan must include an option for each tenant of the Occupied Development that is not in violation of any rental terms to move into the New Development, if desired.

Demolition, then reconstruction of the Occupied Development will then occur (Reconstructed Development). The difference between the number of units in the Occupied Development and the Reconstructed Development must represent an increase of at least 50 percent.

1. Definitions - Exhibit B of the RFA and Rules, which are posted on RFA website

   Definitions in Exhibit B includes words that are used in RFA that are not defined in Rule such as the following:

   New Development – a newly constructed affordable multifamily Development within the same county and within 1 mile of the Occupied Development and with at least as many units as the Occupied Development.

   Occupied Development – affordable multifamily development that is at least 75% occupied.

   Reconstructed Development – a newly constructed affordable multifamily Development with at least 50 percent more units than the Occupied Development. The site for the Reconstructed Development may be larger or smaller than the site for the Occupied Development, but a portion of the Reconstructed Development's site must be on the Occupied Development's site.

2. Demographic Commitment

   Applicants will be required to state the demographic commitment of the Occupied Development and commit to serve the same demographic commitment in the New Development. The Reconstructed Development may serve either Family or Elderly.

   a. Family - The proposed Development will serve the general population

   b. Elderly, non-ALF (non-Assisted Living Facility)

      The Applicant understands, acknowledges, and agrees that it will comply with the Federal Fair Housing Act requirements for housing for older persons and rent at least 80 percent of the total units to residents that qualify as older persons pursuant to that Act or as provided under any state or federal program that the Secretary of HUD determines is specifically designed and operated to assist elderly persons (as defined in the state or federal program).

3. Applicant/Developer/Management Company/Contact Person

   a. Applicant Information

      (1) Name of Applicant

      (2) The Applicant must be a legally formed entity [i.e., limited partnership, limited liability company, etc.] qualified to do business in the state of Florida as of the Application Deadline.

At least one Principal of the Applicant Entity in this Application for the New Development must be the same as Principal of the Applicant Entity of the Application in a future RFA for the Occupied Development.

(3) Non-Profit Applicant Qualifications, if applicable

b. Developer Information

(1) Name of Developer (including all co-Developers);

(2) Evidence each Developer is a legally formed entity qualified to do business in Florida as of Application Deadline

(3) Required Developer Experience

A natural person Principal of at least one experienced Developer entity, which must be disclosed as a Principal of the Developer on the Principals of the Applicant and Developer(s) Disclosure Form, Rev. 05-2019, ("Principal Disclosure Form"), must have, since January 1, 2004 completed at least three affordable rental housing developments, at least one of which was financed utilizing low-income housing tax credits pursuant to Section 42, IRC, and completed since January 1, 2014. At least one of the three completed developments must consist of a total number of units no less than 50 percent of the total number of units in the proposed Development.

The individual meeting the Developer Experience requirements must be disclosed as a Principal of the Developer on the Principal Disclosure Form and must remain with the Development until the release of the operating deficit guarantee set forth in subsection 67-48.0072(18), F.A.C.

c. Principals of the Applicant and Developer(s) Disclosure Form

(1) Eligibility

The Principals of the Applicant and Developer(s) Disclosure Form (Form Rev. 05-2019) ("Principals Disclosure Form") must identify the Principals of the Applicant and each Developer, pursuant to the RFA, as of the Application Deadline. Per subsection 67-48.002(94), F.A.C., any Principal other than a natural person must be a legally formed entity as of the Application Deadline.

(2) Approval during Advance Review Process (5 Points)

Applicants will receive 5 points if the uploaded Principal Disclosure Form was either (a) stamped "Approved" at least 14 Calendar Days prior to the Application Deadline; or (b) stamped "Received" by the Corporation at least 14 Calendar Days prior to the Application Deadline AND stamped "Approved" prior to the Application Deadline.

The Advance Review Process for Disclosure of Applicant and Developer Principals is available on the RFA Webpage.

d. Management Company

The Management Company or a principal of the Management Company must have completed at least two affordable rental housing properties, at least one of which consists of a total number of units no less than 50% of the total number of units in the proposed Development, for at least two years each.

4. General Proposed Development Information

a. Provide the name of the New Development and the Occupied Development

b. Development Category

The Occupied Development must have been built at least 50 years prior to the Application Deadline.

The New Development must be 100% new construction and consist of at least as many total units as the Occupied Development.

A Relocation Plan will be required to be submitted during credit underwriting.

An appraisal and a Capital Needs Assessment (CNA) must have been performed prior to the Application Deadline showing that the highest and best use is to demolish the Occupied Development. The appraisal and CNA must be provided within 21 Calendar Days of the invitation to enter into credit underwriting.

c. Characteristics of Development

(1) Development Type of the New Development (i.e., Garden, Duplexes, Triplexes, Quadraplexes, Mid-Rise (4, 5 or 6 stories), or High Rise (7 or more stories).

(2) Enhanced Structural Systems Construction Qualifications

To qualify as "Enhanced Structural Systems Construction" ("ESS Construction") in the New Development for purposes of the Total Development Cost Limitation calculation and leveraging, the proposed Development must meet the ESS Construction qualifications outlined in the RFA.

5. Location

a. Provide the county of the proposed New Development and Occupied Development

b. Provide the address of the New Development and the Occupied Development

The New Development and Occupied Development must be within 1 mile of each other

6. Number of units and buildings

a. Minimum number of Units

The Occupied Development must consist of a minimum of 50 total units.

The New Development must consist of at least as many units as the Occupied Development. To qualify for the Number of Units preference, there must be an increase of at least 20% in the number of set-aside or naturally occurring affordable units.

The Reconstructed Development must consist of at least 50% more set-aside or naturally occurring affordable units than the Occupied Development.

b. Maximum number of units

The New and Reconstructed Development are limited to a maximum of up to twice as many units in the Occupied Development, subject to the market study needs.

c. Set-Aside Commitments

(1) Minimum Set-Aside Commitments per Section 42 of the IRC

Per Section 42 of the IRC, elect one of the following minimum set-aside commitments:

- 20% of the units at 50% or less of the Area Median Income (AMI)
- 40% of the units at 60% or less of the AMI
- Average Income Test

(2) Extremely Low Income (ELI) Set-Aside Requirements

The New Development must set aside a percentage of the total units for ELI Households ("ELI Set-Aside Units"). These set-aside unit requirements are expected to be the same for the Reconstructed Development as well.

(a) If the Average Income Test is <u>not</u> selected, 10 percent of the total units must be set aside as ELI Set-Aside Units. The requirement to set aside units for ELI Households refers to the ELI AMI level for the county where the proposed Development is located. Applicants are eligible for ELI funding for each ELI Set-Aside unit, not to exceed the lesser of (i) $1,000,000; or (ii) the maximum amount based on the ELI Set-Aside per unit limits.

(b) If the Average Income Test is selected, 15 percent of the total units must be set aside as ELI Set-Aside units and the ELI AMI level will be 30% or lower. Applicants will not be eligible for ELI Funding.

(c) Link Units

50% of the ELI Set-Aside Units, rounded up, must meet the Link Unit requirements. Additional requirements for the Link Units for Persons with Special Needs are described in Exhibit E of the RFA.

(3) Corporation Set-Aside Requirements

(a) New Development

If the Average Income Test is not selected, set aside a total of at least 80 percent of the Development's total units at 60 percent AMI or less.

If the Average Income Test is selected, set aside a total of at least 80 percent of the Development's total units at 80 percent AMI or less, but the Average AMI of the Qualifying Housing Credit Units cannot exceed 60 percent.

(b) Reconstructed Development

Average Income Test will be required and will be the same as above, with one additional requirement that at least 5% of the units must be set aside above 60% AMI.

d. Unit Mix requirements outlined in RFA are based on Demographic Commitment

Applicants will be required to state the Unit Mix of the Occupied Development. The New Development must consist of at least an equal number of units with the same number of bedrooms to allow the residents of the Occupied Development the ability to relocate. Additionally, the New Development must meet all RFA requirements for units and the Unit Mix requirements below such as the requirement that all units with 3 or more bedrooms consist of at least 2 full-sized bathrooms, (e.g. If a resident has a unit in the Occupied Development with 4 bedrooms and 1 bath, the resident must be offered a unit with 4 bedrooms, and at least 2 bathrooms in the New Development).

The Reconstructed Development may include a different Unit Mix than what is available in the Occupied Development, but the Reconstructed Development must meet all RFA requirements for units and the Unit Mix requirements below:

(1) Unit Mix requirements for Elderly Developments

(a) If the Elderly Demographic Commitment is selected, at least 50% of the total units must be comprised of one bedroom or Zero Bedroom Units, and no more than 15% of the total units can be larger than two-bedroom units.

(2) If the Family Demographic Commitment is selected, not more than 25% of the total units in the Development may consist of Zero Bedroom units.

e. Number of Buildings

f. Compliance Period - All Applicants are required to set aside the units for 50 years.

7. Readiness to Proceed

   a. New Development

      Applicants must demonstrate site control as of Application Deadline by providing an eligible contract (effective at least 3 months after the Application Deadline), a deed, and/or a lease. If there is an existing Declaration of Trust recorded on the subject property, the Applicant may provide an Option to Enter into a Ground Lease Agreement ("eligible agreement") between the Applicant and the owner of the property.

   b. Reconstructed Development

      Within this Application submission, Applicants must provide all of the following documents regarding the Reconstructed Development

      (1) A deed or a lease with at least a 50 year leasing term demonstrating site control as of Application Deadline;

      (2) A properly completed and executed verification form demonstrating zoning for the new number of units;

      (3) A properly completed and executed verification Environmental Safety Phase I Environmental Site Assessment form and, if applicable, Phase II for the Reconstructed Development; and

      (4) A properly completed and executed verification Status of Site Plan Approval for Multifamily Developments form for the Reconstructed Development.

8. Construction Features

   For both the New Development and the Reconstructed Development, in addition to the required Green Building Features for all Developments, one of the Green Building Certification programs must be selected: Leadership in Energy and Environmental Design (LEED); Florida Green Building Coalition (FGBC); Enterprise Green Communities; or ICC 700 National Green Building Standard (NGBS).

9. Resident Programs

   a. If the Family Demographic is selected for the New Development, provide at least three of the resident programs: After School Program, Health and Wellness Program, Employment Assistance Program, Financial Management Program, and Homeownership Opportunity Program.

      New! – Family Resident Program

      <u>Health and Wellness Program</u>

      Applicant or its Management Company must provide, at no cost to the resident, on-site health and wellness services quarterly. Services should include, but not be limited to, clinical health care needs such as blood pressure monitoring, pulse, temperature, cholesterol, glucose and other wellness screenings, as well as health education and nutrition. Applicant or its Management Company must partner with community health care providers and provide the space for services to be delivered, including offices for a service coordinator, nurse and other health or social services providers. Space must also be provided for group health education.

   b. If the Elderly Demographic is selected for the New Development, provide at least three of the resident programs, in addition to the required resident programs outlined in the RFA: Financial Management for Elders, Computer Training, Daily Activities, Assistance with Light Housekeeping/Grocery Shopping/Laundry, Resident Assurance Check-In Program.

      New! - Elderly Resident Program

      <u>Financial Management for Elders</u>

      Applicant or its Management Company must provide, at no cost to the resident, a series of classes to provide residents training in various aspects of personal financial management on issues appropriate to elderly households. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. The topics should include, but not be limited to:

- Tax issues for elders and retirees
- Budgeting tips for fixed income households
- Avoiding scams that target elders
- Strategies to maximize Social Security benefits
- Preparing a will and estate planning

Note: The Reconstructed Development is expected to have the same requirements for Resident Programs.

10. Funding

a. SAIL

Applicants in this RFA must request funding for the construction of the New Development only. The Reconstructed Development is expected to have a similar funding structure; however, the future maximum SAIL request amounts available will reflect the market conditions at that time.

The Total SAIL Request equals the SAIL Base Request in (1) plus the ELI Request in (2) below. The Total SAIL Request cannot exceed 35% of the Total Development Cost.

(1) Eligible SAIL Base Loan Request Amount is limited to the lesser of

- $17 million
- $95,000 per unit.

(2) ELI Funding Amounts

Applicants that commit to the Average Income Test will not be eligible for ELI funding.

All other Applicants are eligible for ELI funding for each ELI Set-Aside unit, not to exceed the lesser of (i) $1,000,000; or (ii) the maximum amount based on the ELI Set-Aside per unit limits.

(3) The amount of the loan is dependent upon the county where the proposed Development is located and the Development's unit mix.

(4) The ELI Loan shall be forgivable and is subject to the credit underwriting and loan terms and conditions outlined in the RFA.

b. Tax-Exempt Bonds:

(1) Corporation-issued MMRB; or

(2) Non-Corporation-issued Tax-Exempt Bonds (i.e., bonds obtained through a Public Housing Authority (established under Chapter 421, F.S.), a County Housing Finance Authority (established pursuant to Section 159.604, F.S.), or a Local Government

c. Non-Competitive 4% HC

d. Submission of two Development Cost Pro Formas – one for the New Development and one for the proposed work on the Reconstructed Development. The Development Cost Pro Forma for the Reconstructed Development will include all estimated costs and an estimated request amount for the Reconstructed Development. ***When the Application is submitted for the Reconstructed Development in the future RFA***, the SAIL request will be limited to 20% above the estimated request amount for the Reconstructed Development.

e. Developer Fee for this RFA is based on 18% of Development Cost

Funding Selection Process

The highest scoring Applications will be determined by first sorting together all eligible Applications from highest score to lowest score, with any scores that are tied separated in the following order:

a. Leveraging Classification

   Leveraging will be a calculated based on combining the request amount, applicable multipliers and number of Set-Aside Units for the New Development AND the expected request amount, applicable multipliers and number of Set-Aside Units for the Reconstructed Development.

   FHFC will deem the lowest (best) 60% of the Applications to have an “A” Leveraging. The next 20% of the Applications will be deemed a “B”, and the final 20% of the Applications will be deemed a “C”.

b. Number of Units preference

c. Florida Job Creation Preference

   Florida Job Creation will be a calculated based on combining the request amount and the number of units for the New Development AND the expected request amount and the number of units for the Reconstructed Development.

d. Lottery

Selection Process

a. The eligible unfunded Applications will be selected for funding, subject to the County Award Tally and Funding Tests.

b. Any remaining funding will be used in a subsequent RFA pursuant to s 420.50871. Florida Housing anticipates reviewing the Applications that were selected for funding and determining how that aligns with s. 420.50871 (1) and (2). Additional RFAs are anticipated to use remaining funding and address outstanding aspects of the statutory language.

c. This funding is recurring. It is anticipated that Developments funded in this RFA will be required to apply in RFA 2025-214 for the Reconstruction Development. RFA 2025-214 will have minimal eligibility requirements for Reconstruction Developments and such Applications will be selected for funding first within the selection process. Consequences may be applied towards successful Applicants awarded in this RFA that do not apply for the Reconstruction of the Occupied Development in RFA 2025-214, such as a prohibition on Priority 1 Application submissions in future RFAs or rescinding of awards.