Florida Housing Finance Corporation

Rule Development Workshop
Rule Chapters 67-21 and 67-48, F.A.C.
February 24, 2026, beginning at 2:00 p.m.

1. Definitions

   a. 67-48.002: The statute reference in definitions of *Catchment Area*, *Lead Agency*, and *Local Homeless Assistance Continuum of Care* is updated to s.420.6225. The currently referenced statute s.420.624 was repealed.

   b. 67-21.002 *Lower Income Residents*: The statute reference is updated to section 152(f)(2) of the Internal Revenue Code.

   c. 67-21.002 *IRC or Internal Revenue Code*: revised section reference per Lower Income Residents definition

2. Proposed changes to Rule Chapter 67-48 only

   a. Firm loan commitment and loan closing deadlines

Paragraph 67-48.0072(21)(b): For SAIL and HOME, unless stated otherwise in a competitive solicitation, the firm loan commitment must be issued by the date of the Board of Directors meeting immediately following twelve (12) months after the Applicant is invited to enter credit underwriting. Unless an extension is approved by the Board, failure to achieve issuance of a firm loan commitment by the specified deadline shall result in withdrawal of the preliminary commitment. Applicants may request one (1) extension of up to six (6) months to secure a firm loan commitment. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting the extension and shall detail the time frame to achieve a firm loan commitment. In determining whether to grant an extension, the Board shall consider the facts and circumstances of the Applicant’s request, inclusive of the responsiveness of the Development team and its ability to deliver the Development timely. Unless otherwise stated in a competitive solicitation, t~~T~~he Corporation shall charge a non-refundable extension fee of one (1) percent of each loan amount if the request to extend the credit underwriting and firm loan commitment process beyond the initial deadline is approved. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the extension of the original deadline. If, by the end of the extension period, the Applicant has not received a firm loan commitment, then the preliminary commitment shall be withdrawn.

Section 67-48.0072(26): For SAIL and HOME, unless stated otherwise in a competitive solicitation, these Corporation loans and other mortgage loans related to the Development must close by the date of the Board of Directors meeting immediately following 180 Calendar Days of the firm loan commitment(s). Unless an extension is approved by the Board, failure to close the loan(s) by the specified deadline outlined above shall result in the firm loan commitment(s) being deemed void and the funds shall be de-obligated. Applicants may request one (1) extension of the loan closing deadline outlined above for a term of up to 90 Calendar Days. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The Board shall consider the facts and circumstances of each Applicant’s request, inclusive of the Applicant’s ability to close within the extension term and any credit underwriting report, prior to determining whether to grant the requested extension. Unless otherwise stated in a competitive solicitation, t~~T~~he Corporation shall charge an extension fee of one (1) percent of each Corporation loan amount if the Board approves the request to extend the loan closing deadline beyond the applicable period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7)

Calendar Days after the Board approves the request to extend the original loan closing deadline. In the event the Corporation loan(s) does not close by the end of the extension period, the firm loan commitment(s) shall be deemed void and the funds shall be de-obligated.

b. Average Income Test – for SAIL Developments

Subsection 67-48.009(6): Unless stated otherwise in a competitive solicitation, the SAIL Minimum Set-Aside Requirement is:
(a) 20 percent of the SAIL Development's units set-aside for residents with annual household incomes at or below 50 percent of the area, metropolitan statistical area ("MSA") or state or county median income, whichever is higher, adjusted for family size, or
(b) ~~40 percent of the SAIL Development's units set-aside for residents with annual household incomes at or below 60 percent of the area, MSA or state or county median income, whichever is higher, adjusted for family size. Sponsors of SAIL-funded Developments shall have the option of selecting this minimum set-aside only~~ I~~i~~f the SAIL Development is scheduled to be assisted with Housing Credits, in addition to the SAIL loan, the Sponsor may select the minimum Set-Aside as specified in Section 42(g)(1) of the IRC.

c. HOME

Subsection 67-48.020(2) is amended, striking paragraphs (a) through (e) so it now reads:

(2) The annual interest rate shall be specified in an applicable competitive solicitation.

d. Non-Profit documentation

67-48.0075(2): For purposes of this rule chapter, in accordance with Section 42 of the IRC, a for-profit entity wholly owned by one or more qualified non-profit organizations will constitute a Non-Profit entity. The purpose of the Non-Profit must be, in part, to foster low-income housing and such purpose must be reflected in the Articles of Incorporation, or other documentation as outlined in a competitive solicitation, of the Non-Profit entity. A Non-Profit entity shall own an interest in the Development, either directly or indirectly; shall not be affiliated with or controlled by a for-profit Corporation; and shall materially participate in the development and operation of the Development throughout the total affordability period as stated in the Land Use Restriction Agreement and the Extended Use Agreement.

e. Debt Service Coverage

67-48.0072(11) The proposed Development must demonstrate, based on current rates, that it can meet minimum 1.10x debt service coverage (DSC) requirements with all first and second mortgages for Housing Credits. If during the credit underwriting it is determined that there is no need for a first mortgage or any debt service payments then the proposed Development shall demonstrate the ability to achieve breakeven. In the case where an operating deficit reserve (ODR) is approved during credit underwriting, then the ODR can be used as income for purposes of this test. For SAIL and HOME, the minimum debt service coverage shall be 1.10x for the loan, including all superior mortgages. However, if the Applicant defers at least 35 percent of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum debt service coverage shall be 1.00, for the SAIL or HOME loan, including all superior mortgages. For SAIL and HOME, the maximum debt service coverage shall be 1.50x for the SAIL or HOME loan, including all superior mortgages. In extenuating circumstances, such as when the Development has deep or short term subsidy, or as stated in a competitive solicitation, the debt service coverage may exceed 1.50x if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Developments receiving first mortgage funding from the United States Department of Agriculture Rural Development (RD) are not required to meet the debt service coverage standards if RD is providing rental assistance and has acknowledged that rents will be set at an amount sufficient to pay all operating expenses, replacement reserve requirements and debt service on the first and second mortgages.

f. **Last paragraph of 67-48.0072(16)**: To the extent there are any Housing Credits that are not sold to an investor(s) ~~(and at the minimum price referenced in paragraph 67-48.0072(28)(h), F.A.C.),~~ in excess of 0.01 percent of the Applicant's Housing Credit Allocation, then it will be assumed those unsold Housing Credits are valued at the same price as those Housing Credits sold to an investor(s) and that total value will be considered to be part of the Developer Fee.

3. Proposed Changes to Rule Chapter 67-21 only

a. **Paragraph 67-21.003(1)(c)**: All Applications must be complete, legible and timely when submitted, except as described below. Corporation staff may not assist any Applicant by ~~copying, collating, or~~ adding documents to an Application nor shall any Applicant be permitted to use the Corporation's facilities or equipment for purposes of compiling or completing an Application.

b. **Paragraph 67-21.028(3)(h)**: Be subject to the administrative fee specified in the Non-Competitive Application Package. Unless an extension is requested in writing by the Applicant and is granted by the Corporation, t~~T~~he administrative fee must be paid within seven (7) Calendar Days of the date of the Preliminary Determination or, if the Housing Credit Allocation is in conjunction with Corporation-issued MMRB, the administrative fee may be paid at the time of MMRB Loan closing;

c. MMRB Amortization:

i. **Subsection 67-21.008(1)(b)**: Provide for a fully amortized payment of the Mortgage Loan in full beginning no later than the 49th ~~37th~~ month after closing and ending no later than the expiration of the useful life of the property, and in any event, no later than 45 years from the date of the Mortgage Loan;

d. 50 percent test

The 50 percent test is reduced to 25 percent in paragraphs **67-21.028(1)(a), (2)(a), (3)(f), and (3)(g)** pursuant to the 2025 federal budget reconciliation bill.

e. Good Faith Deposit

Paragraph 67-21.007(1)(a): Good faith deposit means a total deposit equal to one percent of the loan amount reflected in the loan commitment paid by the Applicant to the Corporation. The Applicant shall pay a total deposit equal to one percent of the aggregate principal amount of proposed Taxable and Tax-exempt Bonds, or $125,000, whichever is greater, to the Corporation, which deposit may be applied toward the Cost of Issuance Fee. The maximum good faith deposit required is $300,000. The good faith deposit is payable in one (1) installment and is due within 14 Calendar Days of the date the Corporation provides the Applicant the good faith deposit notification as outlined in paragraph 67-21.003(13)(c), F.A.C ~~Board of Directors approves the Credit Underwriting Report~~. If the good faith deposit is exhausted, the Applicant shall be required to pay, within three (3) business days of notice, an additional deposit to ensure payment of the expenses associated with the processing of the Application, the sale of the Bonds, including document production and the securitization of the loan. The good faith deposit shall be remitted by certified check or wire transfer. In the event the MMRB Loan does not close, the unused portion of the good faith deposit shall be refunded to the Applicant. Notwithstanding the foregoing, the Applicant is responsible for all expenses incurred in preparation for loan closing. Any and all costs of the Corporation will be deducted from the good faith deposit prior to refunding any unused funds to the Applicant. In the event that additional invoices are received by the Corporation subsequent to a determination that the MMRB Loan will not close and refunding any unused funds to the Applicant, which invoices related to costs incurred prior to such determination and refunding, Applicant shall be responsible for payment of the balance due as invoiced.

f. Developer Fee – this language applies to both **67-21.014(2)(q) and 67-21.026(12)**

(12) The Developer Fee and General Contractor fee shall be limited as set forth below ~~to~~:
(a) Developer Fee shall be limited as follows:
1. For Developments with a Development category of new construction, Developer Fee shall be limited to 18 percent of Development Cost excluding land and operating deficit reserves.
2. For Developments with a Development category of Rehabilitation or Preservation, Developer Fee shall be limited to:
a. 36 percent of total actual construction costs (hard costs);
b. 18 percent of total general development costs, including financial costs (soft costs);
c. 9 percent of acquisition costs (excluding land and any cash reserves/deposits associated with the acquisition of a Development) for arm's length transactions where no Principal of the Applicant or Developer is an Affiliate of the seller; or 5 percent of acquisition costs (excluding land and any cash reserves/deposits associated with the acquisition of a Development) for transactions where one or more Principals of the Applicant or Developer is an Affiliate of the seller; and
d. In no event shall the total Developer fee equal more than 18 percent of total Development Costs excluding land and operating deficit reserves.
3. For all Developments, c~~C~~onsulting fees, if any, and any financial or other guarantees required for the financing must be paid out of the Developer Fee. Consulting fees include payments for Application consultants, construction management or supervision, Local Government consultants and property acquisition brokerage fees when in excess of the appropriate limit. The maximum brokerage fees shall be limited to the lesser of $300,000 or a percent of the acquisition price, which shall be set at 4 percent when the acquisition price is $5 million or less, 3 percent when the acquisition price is $10 million or less, and 2 percent when the acquisition price is in excess of $10 million. Brokerage fees paid to an Affiliate of the Applicant or Developer or to employees on the Developer's payroll will be considered part of the Developer Fee. Fees of the Applicant's or Developer's attorney(s) awarded in conjunction with litigation against the Corporation with respect to a Development shall also not be included in Total Development Costs. Fees for services provided by architects, accountants, appraisers, engineers or financial advisors engaged by the Applicant as outlined in subsection 67-21.0045(5), F.A.C., may be included as part of the Total Development Costs, except that those fees for a financial advisor engaged by the Applicant that are in excess of $18,000 must be paid out of the Developer Fee. In the event of extraordinary circumstances, Applicant may petition the Board for relief from the cap on financial advisor fees engaged by the Applicant. The Corporation shall not authorize fees to be paid for duplicative services or duplicative overhead.

4. Proposed changes to both Rule Chapters 67-21 and 67-48

a. Minimum Rehabilitation Expenditures

Paragraph 67-48.0075(1)(b) For Competitive Housing Credit Developments, Rehabilitation or Preservation costs during any 24-month period must equal or exceed an average of $50,000 ~~$40,000~~ in hard rehabilitation costs per unit and are in addition to the 20% of the property's adjusted basis requirements and minimum qualified basis per low income unit set forth in Section 42(e)(3)(A)(ii) of the IRC. For purposes of this subsection, "hard rehabilitation costs" include site improvements, off-site improvements, rehabilitation costs for physical improvements to the property, and construction contingency and do not include general contractor fees or overhead, general requirements, architect and engineering fees, permit fees, financing or soft costs, or developer fees.

Subsection 67-21.0025(1) A minimum rehabilitation investment is required to assure meaningful, rather than simply cosmetic, rehabilitation of properties. In addition to the alteration, improvement or modification of an existing structure, Rehabilitation or Preservation costs during any 24-month period with respect to the Housing Credit Program must equal or exceed an average of $50,000 ~~$40,000~~ in hard rehabilitation costs per unit and are in addition to the 20% of the property's adjusted basis requirements and minimum qualified basis per low income unit set forth in Section 42(e)(3)(A)(ii) of the IRC. For purposes of this subsection, "hard rehabilitation costs" include site improvements, off-site improvements, rehabilitation costs for physical improvements to the property, and construction contingency and do not include general contractor fees or overhead, general requirements, architect and engineering fees, permit fees, financing or soft costs, or developer fees.

b. General Contractor/Subcontractor overages

The below proposed language applies to **67-48.0072(17)(g) and (h), 67-21.014(2)(r)7. and 8., 67-21.026((13)(f) and (g)**

(g) For Developments with a Development category of new construction, unless otherwise approved by the Corporation for a specific Development, ensure that not more than 20 percent of the construction cost, not to include the General Contractor fee or pass-through fees paid by the General Contractor, is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor):
1. Contracted to deliver the building shell of a building less than five (5) stories which may not have more than 25 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development; or
2. Contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development; or
3. Contracted to deliver the building shell of a Development located in the Florida Keys Area, which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development.
With regard to said approval, <u>for requests of 3 percent or more over the applicable limit,</u> the Corporation shall require an analysis from the Credit Underwriter and consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. <u>For requests up to 3 percent over the applicable limit, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees.</u> For purposes of paragraph (g), "Affiliate" has the meaning given in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "subcontractor";

(h) For Developments with a Development category of Rehabilitation or Substantial Rehabilitation, unless otherwise approved by the Corporation for a specific Development, ensure that not more than 20 percent of the construction cost, not to include the General Contractor fee or pass-through fees paid by the General Contractor, is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to perform work on both the HVAC and electrical components of a building of at least seven (7) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, <u>for requests of 3 percent or more over the applicable limit,</u> the Corporation shall require an analysis from the Credit Underwriter and consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. <u>For requests up to 3 percent over the applicable limit, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees.</u> For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "subcontractor"; and,

5. Incorporated Documents

a. Non-Competitive Application (page 56 of the draft Non-Competitive Application Package)

The set-aside chart in the Application is amended to include 5% increments in the AMI column.

b. Final Cost Certification

(1) Application Package Instructions

- Page 1 revision: The DFCC and the GCCC documentation is required of all HC Applicants. The HC Applicant is obligated to submit or cause to be submitted the cost certifications applicable to the HC Development and the General Contractor (see separate instructions for the GCCC). The DFCC must be completed by the HC Applicant and returned to Florida Housing along with an unmodified opinion in an audit report from an independent Certified Public Accountant, each component of which must be reviewed and accepted by Florida Housing prior to the issuance of Final Housing Credit Allocation Certificate and IRS Forms (Form 8609). The Certified Public Accountant's report must provide the findings of its audit of the HC Applicant's Development costs and must be state the HC Development's Final Cost Certification was completed according to proper regulatory procedures and professional standards, inclusive of the requirements provided herein. The Corporation may request additional clarifying documentation, including the independent certified public accountant's audit documentation from the review of the development and construction costs, in order to timely review the final cost certification documentation.

(2) General Contractor Cost Certification (beginning on page 73 of the FCCAP package)

- Page 1 revision: The cost certification process is required of all HC Applicants and all General Contractors. The HC Applicant is obligated to submit or cause to be submitted the GCCC in a timely manner with respect to its FCCAP submission deadline. The GCCC certification must be completed by the General Contractor and returned to Florida Housing along with an unmodified audit report from an independent Certified Public Accountant, each component of which must be reviewed and accepted by Florida Housing. The Certified Public Accountant's report must provide the findings of its audit of the General Contractor's construction contract costs and <u>must be</u> ~~state the General Contractor's cost certification was~~ completed according to proper regulatory procedures and professional standards, inclusive of the requirements provided herein. Within the submission package, the certified Public Accountant must inform Florida Housing of the names of the sub-contractors that have been verified and the amounts of the sub-contracts verified. At a minimum, the CPA shall <u>confirm</u> ~~verify~~ the amounts paid to the top three sub-contractors in terms of dollar amount as well as <u>verify</u> an additional five sub-contractors, selected randomly per the instructions below. The Corporation may request additional clarifying documentation, including the independent certified public accountant's audit documentation from the review of the development and construction costs, in order to timely review the final cost certification documentation.

- Page 3 addition: For any affiliated or related subcontractors whose combined costs place them among the three highest-paid subconstractors, the CPA must perform confirmation procedures for each affiliated subcontractor as described in the instructions.

(3) The Corporation may ask the Board to apply this version of the FCCAP to prior awarded Developments.

c. Qualified Allocation Plan

The QAP is being amended only to change the date from 2025 to 2026.

d. Financial Reporting form SR-1

The "Intro" tab has been revised to match the instructions provided on the Website. The form will be re-incorporated in **subsections 67-21.008(17), 67-21.027(8), paragraph 67-48.010(8)(a), subsection 67-48.020(14), and subsection 67-48.023(9)**

6. Other discussion

   a. Bond recycling

7. Public Comment

8. Timeline

a.	Notice of Proposed Rule presented to Board	5/1/2026
b.	Rule Hearings	5/28/2026
c.	File proposed rules for adoption	6/23/2026
d.	Rules effective	7/13/2026