

**Florida Housing Finance Corporation  
2013 Universal Application Cycle  
Fifth Rule Development Workshop Agenda  
Tampa Regency Hyatt,  
Two Tampa City Center, Tampa, FL 33602  
September 6, 2012**

**1. TOD Goal**

Since the 2011 UAC, the changes in this area include (i) the addition of the five newly created TODs (one in Miami-Dade County, two in Orange County, one in Palm Beach County, one in Volusia County), (ii) the removal of the five TODs that received allocations in the 2011 UAC (not allowing Developments within these areas to compete in the TOD goal), (iii) increasing the minimum number of set-aside units that need to be in the TOD from 50 to 75, (iv) allowing only Non-Preservation Developments to qualify for funding in the TOD goal, and (v) there will only be on TOD Goal awarded per county.

**2. Public Housing Revitalization Goal**

This goal is now limited to Developments in medium counties.

**3. Rental Assistance**

In addition to qualifying for Rental Assistance Levels via the now traditional method of percentage of units, FHFC has added another qualifying method that will be based on total number of units with rental assistance. Rental Assistance Levels are not pertinent to the ranking of Non-Preservation transactions since no scoring or tie-breaker related to Non-Preservation ranking incorporates this criteria. In addition, any Preservation Developments applying in the UAC must consist of 250 total units or less and Developments proposed in LDAs cannot have more than 24 non-rental assistance units.

**4. New Demographic: Persons with Special Needs**

There is a need to recognize a new demographic and to allow it to automatically receive certain UAC qualifications. The new UAC definition will incorporate the Florida Statute definition provided in 420.0004(13), F.S. To qualify under the demographic, the Development (i) must be a permanent supportive housing, (ii) will be limited to 100 units or less, (iii) must have each bedroom include a private bathroom, (iv) must set-aside at least 80% of total units for Persons with Special Needs, (v) must set-aside at least 20% of total units to ELI households, and (vi) must provide a market analysis in the application submission package to demonstrate need. UAC qualifications this demographic would receive include (i) an automatic four points for the Special Needs Household option within the Set-Aside Commitment section (Part III.E. 1.b.(2)(b)), (ii) an exemption from all LDA restrictions (i.e., will not be considered an LDA Development), and (iii) an automatic 10 proximity points for proximity to closest development section (Part III.A.10.b.). Does this scope take into consideration all of the necessary steps and qualifications?

## 5. Proximity

In order to qualify a service for a proximity score, most non-transit services must be in place for at least six months prior to the application deadline. Certain larger grocers and pharmacies have been specifically identified that must open to the public only as of application deadline, inclusive of all transit services. The only proximity score eligible for a boost is the DOT qualification within the Tier 1 services where a qualifying applicant can get an additional four points up to a maximum score of 12 within the Tier 1 classification. As mentioned above for a Development that qualifies for the new Demographic of Persons with Special Needs, this new Demographic will automatically receive 10 proximity points for the proximity to closest development section (Part III.A.10.b.). FHFC has reinstated the traditional method of receiving the auto 10 proximity points as structured in the 2011 UAC.

## 6. Ranking

Ranking has reverted to having a separate ranking process for Preservation Developments and Non-Preservation Developments. The process will start with determining the amount of funding available in the Preservation/Non-Preservation Set-Aside (P/Non-P). The ranking will start with selecting one application for the Homeless Goal which will be counted within the respective P/Non-P Set-Aside and not counted toward any SAUL. Then the Preservation applications will be sorted based on Option 2 Tie-Breakers (Ability to Proceed, Age of Development, RA Level 1, 2 or 3, Concrete Construction, A/B Leveraging, Proximity Score, RA Level, A-1/A-2 Leveraging, Florida Rate of Job Creation, Lottery). The Preservation applications will be ranked within one SAUL, beginning with the RD Preservation Goal. The SAUL process within the Preservation ranking is not the traditional county SAUL, but a new geographic SAUL based on how many set-aside units that should be able to be funded given a geographic distribution of the Preservation funding pool. There will only be one Preservation application awarded per county until the geographic SAULs have been met by all counties within the respective geographic classification. Any Preservation funding not awarded will be pooled into the Ranking Stage 3 funding process.

Next is the Non-Preservation ranking (Ranking Stage 2) where the TOD Goal and the Public Housing Revitalization Goal will be awarded before ranking the remainder of the Non-Preservation funding, all based on one SAUL (county SAUL). The Homeless Goal (above), the Non-Preservation pool, and Ranking Stage 3 (below) will have their respective qualified applications sorted based on Option 1 Tie-Breakers (A/B Leveraging, Ability to Proceed, Proximity Level, A-1/A-2 Leveraging, Florida Rate of Job Creation, Lottery). The Non-Preservation funding will be split into S/M/L county geographic splits at the start of Ranking Stage 2 and each ranked application (including the goals) will be taken from its respective geographic funding allocations as well as its respective county SAUL. The Small County geographic split has a 60% funding test whereas the other two geographic splits have a 100% funding test. Any Non-Preservation funding not awarded will be pooled into the Ranking Stage 3 funding process.

The last ranking stage (Ranking Stage 3) will first look at meeting the Elderly Goal and the Non-Profit Goal prior to funding the highest ranked unfunded Development, without resetting the county

SAULs. It should be noted the Proximity ranking in Non-Preservation is done via Proximity Levels and the ranking in Preservation is done via Proximity scores.

## 7. Limited Development Area

FHFC made changes to Duval, Miami-Dade, and Palm Beach counties and exempted applicants that selected and qualified for the Persons with Special Needs demographic from being an LDA Development.

## 8. Rule 67-48: Definitions

FHFC has provided updated definitions for Preservation, Redevelopment, and Persons with Special Needs.

## 9. Rule 67-48: Filing NOPSEs, Cures, and NOADs

Any applicant interested in filing any NOPSE, Cure, and/or NOAD must use FHFC forms to be considered. Any applicant interested in filing a NOAD cannot address any information that was available for a NOPSE filing.

## 10. Cost Containment

There is a strong on-going national discussion on cost containment related to LIHTC developments and it is necessary for FHFC to take stronger steps to implement procedures to eliminate what can be perceived to be high-cost LIHTC developments. FHFC has reviewed the 218 applications received in the 2011 UAC as well as 90 LIHTC developments awarded in 2009 and the 2009 UAC. Keeping a focus on actual costs, FHFC has decided to implement a cost containment policy based on the 90 LIHTC developments recently completed construction. In doing so, we have analyzed either the costs in the Credit Underwriting Reports or the Final Cost Certifications (whichever is the most recently available data) and have summarized the information in the table below.

### Total Development Costs Per Unit Analysis

Measure	New Construction Garden	New Construction Mid-Rise	New Construction High-Rise	Preservation
# of Properties	50	6	17	17
Minimum	\$117,587	\$129,653	\$202,236	\$79,603
Maximum	\$272,558	\$264,260	\$292,275	\$180,642
Average	\$173,089	\$188,742	\$264,617	\$136,474
Median	\$168,357	\$180,648	\$275,506	\$146,031

The policy which FHFC intends to adopt is one based on capping the total development costs (TDC) per unit of any Development based on the average cost to deliver one of four development types as well as capping the developer's fee to the lower of a percentage of defined development costs or a flat dollar amount. The proposed maximums are provided in the table below. Any Development that applies for housing credits that exceed these limits will be deemed ineligible and not pass threshold. Any applicant that has an amount that exceeds these limitations in any Credit

Underwriting Report will not have the Credit Underwriting Report approved. Any applicant that presents a Final Cost Certification that has amounts that exceed these limitations will have its housing credit allocation reduced. FHFC understands that Developments with the Homeless Demographic or Developments that qualify as being in the Keys may need to have a higher limit consideration. We are open to determining an appropriate multiplier for these two exceptions.

#### Total Development Costs Per Unit Limitations

Measure	New Construction Garden	New Construction Mid-Rise	New Construction High-Rise	Preservation
Maximum TDC Per Unit	\$173,000	\$189,000	\$265,000	\$136,000
<b>Maximum Developer Fee:</b>				
% Maximum for Non-Homeless Competitive HC	16%*			
% Maximum for Homeless Competitive HC	21%*			
% Maximum for Non-Competitive HC	18%*			
\$ Maximum for all HC	\$25,000 per unit			

\*The Developer fee shall be limited to the above prescribed percentage of Development Cost as provided in Rule 67-48 where Development Cost means the total of all costs incurred in the completion of a Development excluding total land costs, developer fee, and any reserves.

#### 11. Other Discussion Items