

**Florida Housing Finance Corporation**

**2011 Qualified Allocation Plan**

**Housing Credit Program**

Pursuant to Section 420.5099, Florida Statutes, the Florida Housing Finance Corporation (FHFC) is designated as the “housing credit agency” responsible for the allocation and distribution of Housing Credits in Florida. As the allocating agency for the state, FHFC must distribute Low-Income Rental Housing Tax Credits to Applicants pursuant to a Qualified Allocation Plan (QAP).

Specific criteria of the Qualified Allocation Plan as mandated by Congress and addressed at Section 42(m)(1)(B) of the Internal Revenue Code (IRC), as amended, are as follows:

- (B) QUALIFIED ALLOCATION PLAN.--For purposes of this paragraph, the term 'qualified allocation plan' means any plan--
  - (i) which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions,
  - (ii) which also gives preference in allocating housing credit dollar amounts among selected projects to--
    - (I) projects serving the lowest income tenants,
    - (II) projects obligated to serve qualified tenants for the longest periods, and
    - (III) projects which are located in qualified census tracts [as defined in

subsection (d)(5)(C)], and the development of which contributes to a concerted community revitalization plan, and

(iii) which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of this section and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of.

(C) CERTAIN SELECTION CRITERIA MUST BE USED.--The selection criteria set forth in a qualified allocation plan must include--

- (i) project location,
- (ii) housing needs characteristics,
- (iii) project characteristics including whether the project involves the use of existing housing as part of a community revitalization plan,
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,
- (vii) tenant populations of individuals with children,
- (viii) projects intended for eventual tenant ownership,
- (ix) the energy efficiency of the project, and
- (x) the historic nature of the project.

The Qualified Allocation Plan was developed based on IRC requirements and rental housing needs assessment studies conducted by independent vendors for FHFC.

The FHFC Board of Directors and the Governor of the State must approve the plan before its implementation.

All Developments will be reviewed if eligible pursuant to Rule Chapter 67-48, Florida Administrative Code, and evaluated pursuant to FHFC threshold, scoring and ranking criteria.

Prior to the issuance of a Housing Credit Allocation, a Development must be underwritten in accordance with Rule 67-48.0072, F.A.C., in order to determine the Development's feasibility, ability to proceed and the appropriate Housing Credit amount, if any. FHFC shall issue Housing Credits in an amount no greater than the amount needed for the financial feasibility and viability of a Development throughout the credit period. The issuance of Housing Credits or the determination of any allocation amount in no way represents or purports to warrant the feasibility or viability of the Development by FHFC.

All capitalized terms not otherwise defined herein have the meanings set forth in Rule Chapter 67-48, Florida Administrative Code.

The Total Housing Credit Allocation Authority available at the time of final ranking (annual per capita allocation amount plus any National Pool Housing Credits received) will be awarded in accordance with the Universal Application Package and as follows:

1. 50 percent of the Total Housing Credit Allocation Authority available at the time of ranking will be set aside for those Applicants that select and qualify for the following

Development Categories at Part III.A.3.a. of the Application: Preservation or Acquisition and Preservation.

2. 50 percent of the Total Housing Credit Allocation Authority available at the time of ranking will be set aside for those Applicants that select and qualify for the following Development Categories at Part III.A.3.a. of the Application: New Construction, Rehabilitation, Acquisition and Rehabilitation, Redevelopment, or Acquisition and Redevelopment.

3. Distribution of the Total Housing Credit Allocation Authority available at the time of ranking will be limited to no more than 4 percent being awarded to Small County Applications, except as further outlined in the Ranking and Selection Criteria section of the Universal Application Instructions.

4. Distribution of the Total Housing Credit Allocation Authority available at the time of ranking will be limited to no more than 33.7 percent being awarded to Medium County Applications, except as further outlined in the Ranking and Selection Criteria section of the Universal Application Instructions.

5. FHFC will endeavor to allocate not less than 15 percent of the Total Housing Credit Allocation Authority available at the time of final ranking for Developments with Applicants qualified as Non-Profit pursuant to Rule Chapter 67-48, F.A.C., whose Applications have met threshold requirements. FHFC is required by Section 42, IRC, to allocate not less than 10 percent of its 2011 Allocation Authority to qualified Non-Profits.

a. FHFC has determined that an initial allocation of 15 percent to qualified Non-Profits will help ensure that the 10 percent requirement will be met in the event that all Developments included in the initial 15 percent do not receive an allocation. FHFC will endeavor to accomplish this goal by following the procedures stated in the Ranking and Selection Criteria section of the Universal Application Instructions.

b. No more than 90 percent of the 2011 Allocation Authority, including any Housing Credits received from the 2011 National Pool, will be allocated to Applicants which do not qualify as Non-Profit Applicants. Unless otherwise determined by the Corporation, credits returned after the Board approves the final ranking will be added to the Allocation Authority for 2012.

c. In the event it is determined that the 10 percent minimum for Non-Profit Applicants will not be met because a Non-Profit Applicant selected for tentative funding will not be funded (determined after the Board approves the final ranking), the 2011 credits that were to be allocated to that Non-Profit Applicant will be tentatively allocated, subject to eligible Non-Profit Applicant availability, (1) to Non-Profit Applicants receiving a partial allocation; then(2)to fund the next highest scoring, eligible Non-Profit Application(s) , based on total score and the Option 1 Tie-Breaker Order outlined in Section 6.a. of the Ranking and Selection Criteria section of the Universal Application Instructions, regardless of Development Category selected, until the 10 percent minimum is met . If the remaining 2011 Allocation Authority after application of the foregoing is not sufficient to fully fund that Application, such Applicant shall be entitled to a

Binding Commitment for the unfunded balance. If there is an insufficient number of eligible Non-Profit Applicants, either partially funded or unfunded, to tentatively allocate all of the Housing Credits made available by a decision not to fund a Non-Profit Applicant that was previously selected for tentative funding, those credits that could not be tentatively allocated to Non-Profit Applicants will be tentatively allocated, subject to Section 5.b.. hereof, in accordance with Section 8 hereof.

If additional Allocation Authority becomes available after the Board approves final ranking, either through the National Pool or by prior years' credits returned before October 1, 2011 or by both, or by National Pool credits received on or after October 1, 2011, and this causes the percentage of credits to be allocated to Non-Profits to drop below 10 percent of the new total 2011 Allocation Authority, then the amount needed to bring the percentage back up to the 10 percent minimum will be computed. The additional credit amount minus the amount needed to meet the 10 percent minimum will be allocated in accordance with Section 7 or Section 8, as applicable. The amount needed to meet the 10 percent minimum will be tentatively allocated, subject to eligible Non-Profit Applicant availability, (1) to Non-Profit Applicants receiving a partial allocation (and then (2) to fund the next highest scoring, eligible Non-Profit Application(s) based on total score and the Option 1 Tie-Breaker Order outlined in Section 6.a. of the Ranking and Selection Criteria section of the Universal Application Instructions, regardless of Development Category selected, until the 10 percent minimum is met. If the last remaining 2011 Allocation Authority after application of the foregoing is not sufficient to fully fund the next highest scoring, eligible Non-Profit Application not previously funded, such Applicant shall be entitled to a Binding Commitment for the unfunded balance. If there is an

insufficient number of eligible Non-Profit Applicants, either partially funded or unfunded, to tentatively allocate all the credits to, the unallocated credits will be carried forward to the following year.

d. After the 15 percent Non-Profit goal has been realized, remaining Applications from Non-Profit Applicants shall compete with all other Applications in the HC Program for remaining Allocation Authority, if eligible under the Universal Application Package.

6. FHFC's goal is to have a diversified rental housing portfolio. Therefore, its targeting goal is to allocate credits and to the extent such targeting goals can be met in accordance with these procedures, to a minimum of: one (1) Elderly Development, which may consist of an Assisted Living Facility licensed pursuant to Section 429.01 through 429.54 F.S., two (2) Florida Keys Area Developments, three (3) TOD Developments one (1) RD Preservation Development, one (1) Homeless Development, and one (1) Public Housing Revitalization Development. The targeting goals will be achieved in accordance with the procedures outlined in the Universal Application Instructions.

7. In the event the Board approves final ranking on or before September 30, 2011 , any additional Allocation Authority received by FHFC from the National Pool or returned Housing Credits between the date the Board approved final ranking and October 1, 2011 , will be used subject to Section 5.c. hereof, (a) to fund any Development that has been partially funded , and then, if necessary to allocate the total 2011 Allocation Authority, (b) to fund the next highest scoring, eligible Application based on total score and the Option 1 Tie-Breaker Order outlined in

Section 6.a. of the Ranking and Selection Criteria section of the Universal Application Instructions, regardless of the Development Category selected at Part III.A.3.a. of the Application, until all available 2011 Allocation Authority Housing Credits are allocated. If the last remaining 2011 Allocation Authority after application of the foregoing is not sufficient to fully fund the next highest scoring, eligible Application, such Applicant shall be entitled to a Binding Commitment for the unfunded balance.

8. Unless the Board approves otherwise, any Allocation Authority received on or after October 1, 2011, or such later date as the Board approves final ranking, including any received due to a tentatively funded Applicant withdrawing or otherwise failing to proceed, will be used, subject to the provisions of Section 5.c. hereof, (i) to fully fund any Application that has been partially funded by the method described in Section 7 above and then (ii) applied to the 2012 Housing Credits Funding Cycle; provided that any such Allocation Authority received which, if after application of (iii) above would cause FHFC to be above the de minimis requirements for use of allocation necessary to participate in the National Pool, shall instead be applied as provided in Section 7 above. Subject to Section 5.c. above no further effort will be made to achieve the 2011 targeting goals with any such additional Allocation Authority. If the 10 percent Non-Profit requirement has been met at the time such additional Allocation Authority is received, no further effort will be made to achieve the Non-Profit goal or revise any previous adjustment of Applicant rankings necessary to achieve such goal. If any post-September Allocation Authority remains, it shall be treated in accordance with IRS Regulation 1.42-14.

9. Notwithstanding any other provision of this QAP, where a Development has not been

placed in service by the date required or it is apparent that a Development will not be placed in service by the date required, such failure is due to circumstances beyond the Applicant's control, and the Applicant has returned its Housing Credit Allocation in the last calendar quarter of the year in which it was otherwise required to be placed in service, the Corporation may reserve allocation in an amount not to exceed the amount of Housing Credits returned, and may allocate such Housing Credits to the Applicant for the year after the year in which the Development was otherwise required to be placed in service, provided the following conditions have been met: (i) the sponsor must have provided written notice to the Corporation, describing the circumstances, all remedial measures attempted by the Applicant to mitigate the delay, and any other pertinent information, prior to returning the allocation; and (ii) the Executive Director must find and determine that the delay was caused by circumstances beyond the Applicant's control, that the sponsor exercised due diligence in seeking to resolve the circumstances causing delay, that the Development in all respects, except time placed in service, still meets the conditions upon which the Housing Credits were originally allocated, and that the Development is still desirable in terms of meeting affordable housing needs.

10. In the event of a disaster declared by the federal or state government, any Allocation Authority not preliminarily allocated, as well as any authority remaining after November 1, 2011, may be diverted to one or more federally or state declared disaster areas.

11. In order for the Corporation to implement the provisions of The Recovery and Reinvestment Act of 2009 (the "2009 Stimulus Act") or any extension of this act, any funds received pursuant to the 2009 Stimulus Act may be allocated by a competitive request for

proposal or competitive application process as approved by the Board. Any such process will be governed by Section 42, IRC , and Chapter 67-48, F.A.C., as applicable, or, an emergency rule authorized by the Florida Legislature specifically for the 2009 Stimulus Act, if any.

12. FHFC will designate Developments as a high-cost area through the authority given to FHFC by the Housing and Economic Recovery Act of 2008, enacted July 30, 2008. The criteria for such designation will be (1) any Homeless Development awarded in the 2011 Universal Application Cycle will be eligible for the 30% boost if that Development is not located in a HUD-designated DDA or a QCT, or (2) any Developments funded inclusive of any Corporation Financed Developments that have been invited into Credit Underwriting prior to January 1, 2011, that were located in a designated GO Zone DDA that do not place in service by December 31, 2010 will be eligible to keep their 30% boost. This boost is necessary in (1) and (2) above to ensure the long term financial feasibility of the Development.

13. With the exception of the provisions stated in Section 5.c., no adjustments will be made to achieve the Competitive HC Goals stated in the Universal Application Package, if the Executive Director or the Board of Directors determines, based on a negative recommendation from the Credit Underwriter, that an Application chosen for tentative funding should not receive a Housing Credit Allocation.

14. Housing Credits will be allocated in accordance with the 2009 Qualified Allocation Plan until the 2011 Qualified Allocation Plan becomes effective.

15. In the event the Florida Legislature allocates natural disaster recovery funding to Florida Housing Finance Corporation, a portion of the 2011 or 2012 Housing Credit Allocation Authority may be allocated to be used in conjunction with said natural disaster recovery funds. Once determined that natural disaster recovery funds have been allocated, the process for allocating the 2011 Housing Credits and/or awarding credits from the 2012 Housing Credit Allocation Authority will be approved by the Board of Directors and adopted by rule.

16. As of the date the FHFC Board approves final ranking, FHFC may award Housing Credits from the 2012 Housing Credit Allocation Authority. Unless the FHFC Board approves a greater amount, the amount of Housing Credits to be awarded in the 2011 Universal Cycle will be based on the State of Florida's annual per capita amount plus National Pool if received prior to the date the Board approves the final ranking. For any Application awarded Housing Credits from the 2012 Housing Credit Allocation Authority, the Carryover Allocation will reflect the same placed-in-service deadline requirements as the Applications awarded Housing Credits from the 2011 Housing Credit Allocation Authority. If a Development has received a tentative award of 2012 Housing Credits and chooses not to move forward, the amount tentatively awarded will be returned to the 2012 Housing Credit Allocation Authority and no further 2012 Housing Credits will be awarded prior to the 2012 Universal Cycle.

## **I. Selection Criteria**

Upon receipt of a completed Universal Application Package for Housing Credits pursuant to FHFC rule requirements and notification of an open credit allocation cycle, FHFC shall score

and rank the Universal Application according to the following required selection criteria and the priorities set forth in Part II below.

A. Location

- \* Developments which are located in the Florida Keys Area or a Transit-Oriented Development (TOD) will be targeted.
- \* Counties within the state are divided into 3 groups according to population and housing needs. The geographic distribution plan will be in accordance with Section 3 and 4 herein.
- \* Specific criteria for the Florida Keys Area and TOD qualifications are addressed in the Universal Application Package which is incorporated by reference in the FHFC rules.

B. Housing Needs Characteristics:

- \* Developments which meet state, regional and local housing needs will be targeted.
- \* Developments which are designed to attract and serve the Elderly will be targeted.

\* Developments which are designed to attract and serve the Homeless will be targeted.

\* Developments which are 49 units or less will be targeted.

These categories are specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

C. Development Characteristics:

\* Developments which offer the most efficiency in development and thereby the best and most efficient use of the Housing Credits will be targeted in the following categories:

- Experience of Development Team
- Development Funding, Feasibility and Economic Viability
- Ability to Proceed
- Construction Features and Amenities
- Leveraging
- Equity Realized from Sale of Credits
- Energy Conservation and Green Features

\* Developments which offer resident services and programs will be targeted.

- \* Developments which address family housing will be targeted.
  
- \* Developments which address Elderly housing will be targeted.
  
- \* Developments which address housing for the Homeless will be targeted.
  
- \* Developments which address the Preservation of existing affordable housing will be targeted.
  
- \* Developments which address Public Housing revitalization will be targeted.

These criteria are specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

D. Sponsor Characteristics:

- \* Both Non-Profit and for-profit Sponsors/Developers may participate in the program, other than the IRC requirement for a 10 percent Non-Profit goal.
  
- \* Applications will be rejected if the Applicant or Developer or any Principal, Affiliate or Financial Beneficiary of an Applicant or Developer, have existing Developments that fail to comply with Rule Chapter 67-48, F.A.C., Section 42 of the Internal Revenue Code, the recorded Extended Use Agreement, or other

FHFC programs.

- \* If any Applicant or any Affiliate of an Applicant, is determined by FHFC to have engaged in fraudulent actions or to have materially misrepresented information within the current Application or in any previous Applications for financing or Housing Credits administered by FHFC, the Applicant and any of the Applicant's Affiliates will be ineligible to apply for any program administered by the FHFC for a period of two (2) years, which will begin from the date the Board approves the disqualification of the Applicant's Application.
  
- \* Developments that will revitalize Public Housing will be targeted.

These criteria are addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

E. Tenant Populations With Special Housing Needs:

- \* Developments which will serve the Elderly will be targeted.
  
- \* Developments which will serve the Homeless will be targeted.
  
- \* Developments which will serve Special Needs Households will be targeted.

These criteria are specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

F. Tenant Populations of Individuals with Children:

- \* Developments that have amenities and resident programs that service families with children are specifically targeted.

This criterion is specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

G. Public Housing Waiting Lists:

- \* Developments are required to actively seek persons on public housing waiting lists.

This criterion is specifically addressed in the Universal Application Package as a threshold requirement and is incorporated in FHFC rules by reference.

H. Developments Intended for Eventual Resident Ownership:

- \* Developments which provide specific programs for enabling residents to purchase a unit in the Development will be targeted.

This criterion is specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

## **II. Priorities**

- A. Developments which will serve the Elderly, the Homeless, Families, Developments financed with funding from RD 538, Developments financed with HOPE VI funds, Developments located in the Florida Keys or a TOD, and Developments classified as Preservation and Public Housing Revitalization, will be targeted.

These criteria are addressed in the Universal Application Package which is incorporated in FHFC rules by reference and in Sections 1, and 6 above.

- B. Developments which will serve the lowest income families will be targeted.

This criterion is addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

- C. Developments which will waive the option to convert the set aside units to market after year 14 and extend the set-aside period beyond the required 30-year period will be targeted.

- \* A commitment to waive the option to convert after year 14 and to set-aside units beyond the required 30-year period is awarded points on a pro-rata basis. The minimum additional set-aside period is 1 year and the maximum additional set-aside period is 20 years, for a maximum total length of 50 years.

This criterion is addressed in the Universal Application Package and is incorporated in FHFC rules by reference.

- D. Developments located in qualified census tracts, the development of which contributes to a concerted community revitalization plan will be targeted.

This criterion is addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

- E. Developments which require the least amount of Housing Credits to produce an affordable unit will be targeted.

This criterion is specifically addressed in the Universal Application Package which is incorporated in FHFC rules by reference.

- F. The FHFC will initially allocate not less than 15 percent (as described in Section 5 of this QAP) of the state's Allocation Authority to Developments involving qualified, Non-Profit Applicants, provided they are Non-Profits organized under Chapter 617, Florida Statutes,

or similar state statute if incorporated outside Florida, and as set forth in Section 42(h)(5) of the Internal Revenue Code, as amended, and Rule Chapter 67-48, Florida Administrative Code.

G. The order of funding is: Two (2) Florida Keys Area Developments, one (1) Public Housing Revitalization Development, three (3) TOD Developments, one (1) RD Preservation Development, Developments participating in the Preservation Set-Aside, one (1) Elderly Development which may consist of an Assisted Living Facility, one (1) Homeless Development, Developments participating in the Non-Preservation Set-Aside and Developments meeting the 15 percent Non-Profit goal.

H. Provided they are consistent with the QAP, the decisions of the Board of Directors of FHFC regarding Binding Commitments or the allocation of Housing Credits are solely within the discretion of the Board and shall be considered final.

### **III. Application of the Plan to Tax-Exempt Bond-Financed and Non-cycle Developments**

A. Bond Financed Developments:

\* Developments financed with tax-exempt bonds subject to volume cap are required to meet FHFC minimum Housing Credit guidelines to qualify and be eligible for a Housing Credit analysis. If 50 percent or more of the aggregate basis of a Development's building(s) and the land on which such building(s) are located is

financed with volume cap tax-exempt bonds, the Housing Credits are issued at the federal level rather than as part of the State's allocation authority and these Developments are not subject to the FHFC ranking and scoring process as set forth in Sections I and II above; however, they must meet the minimum threshold criteria, as follows:

Developments that receive tax-exempt bonds issued by the Florida Housing Finance Corporation will be deemed to have met the minimum threshold criteria by successfully completing a request for Housing Credits in their bond Application.

County Housing Finance Authority-Issued bond-financed Developments must meet threshold requirements, must submit a complete 4 Percent HC County HFA Bonds Application Form by the date specified in Rule Chapter 67-48, Florida Administrative Code.

These County Housing Finance Authority-Issued bond-financed Developments are subject to applicable provisions of Rule Chapter 67-48, Florida Administrative Code, as outlined in the subsection 67-48.027(2), F.A.C., including, but not limited to, the compliance monitoring requirements set forth in Part IV of this plan below.

B. Non-cycle Developments:

- \* If time constraints preclude the conduct of an open credit allocation cycle and Housing Credit Allocation Authority remains available to FHFC after the allocation of credits to all Developments which (i) apply in an open credit allocation cycle, (ii) meet the minimum threshold requirements, and (iii) are evaluated in accordance with the criteria set forth in Parts I and II above, FHFC may allocate credit to any Development which meets the minimum threshold requirements stated in the QAP.

#### **IV. Compliance**

- A. All Housing Credit Developments will be monitored by FHFC or its appointee. Detailed compliance requirements are set forth in Rule Chapter 67-53, Florida Administrative Code, and in 26 CFR Part 1 Section 1.42-5.
  - B. FHFC shall promptly notify the Internal Revenue Service of any Development non-compliance in relation to Section 42 of the Code and all other related applicable federal regulations.
- New: 4-30-90; Amended: 3-25-91; 3-12-92; 3-4-93; 12-16-93, 2-9-95; 1-5-96; 10-21-96, 12-8-97, 9-25-98, 12-16-99, 1-4-01, 2-22-02, 2-28-03, 3-1-04, 1-11-05, 12-22-05, 3-6-07, 3-4-08, 4-29-09, 11-18-10.