

# Questions and Answers for RFA 2014-103

## FINANCING OF AFFORDABLE MULTIFAMILY HOUSING DEVELOPMENTS WITH SAIL FUNDING TO BE USED IN CONJUNCTION WITH TAX-EXEMPT BOND FINANCING AND NON-COMPETITIVE HOUSING CREDITS

### **Question 1:**

In order for the syndication proceeds to count as a source of financing for the SAIL RFA, must the Applicant provide proof of ability to fund as a part of the SAIL RFA submission?

### **Answer:**

In the SAIL RFA submission, the Applicant is not required to provide any documentation regarding the Non-Competitive Housing Credits. Such information will be required as a part of the Applicant's Non-Competitive Application submission. See Sections Four A.9.c.(4) and 9.d. (pages 30 and 31) of the SAIL RFA.

### **Question 2:**

Is proof of ability to fund required for a Local Government Contribution?

### **Answer:**

With regard to a Local Government grant or loan used as a source of financing, evidence of ability to fund is required only for a financing proposal that is not from a regulated Financial Institution in the business of making loans or a governmental entity, as outlined in Section Four A.9.d.(1)(c) of the RFA. For a Local Government Contribution to count for points, the only evidence required is submission of the properly completed and executed Local Government Contribution form, as outlined in Section Four A.8. of the RFA.

### **Question 3:**

Is the pro forma for the SAIL RFA available as an Excel file?

### **Answer:**

The pro forma for the SAIL RFA is available only as a part of the online Application.

### **Question 4:**

Page 11 of the RFA (under "ELI Set-Aside Units for Special Needs Households") requires that 50 percent of the ELI Set-Aside units must be set aside for Special Needs Households. Section 67-48.002(104), F.A.C., defines "Special Needs Household" (in part) as a household consisting of a Family that is considered to be Homeless, a survivor of Domestic Violence, a Person with a Disability, or Youth Aging Out of Foster Care. If awarded SAIL funding, is the Applicant able to choose which of these four special needs categories we will incorporate into our community - or would we be required to accept households among any of these four populations? For instance, could we say our special needs units would just be targeted towards disabled?

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**Answer:**

The Applicant has the option of targeting the ELI units to one or more of the specified Special Needs Households.

**Question 5:**

Page 11 of the RFA (under “ELI Set-Aside Units for Special Needs Households”) requires that 50 percent of the ELI Set-Aside units must be set aside for Special Needs Households, with the exception of developments financed with HUD Section 202 or HUD Section 811. Would a development previously funded with HUD Section 202 that was refinanced, but still has the original HAP contract in effect that restricts the property to the elderly and disabled, qualify for this exception?

**Answer:**

Yes.

**Question 6:**

The layout for the Development Cost Pro Forma included in the RFA differs from the layout of the Development Cost Pro Forma included in the Non-Competitive Application. Is it a problem if the Pro Formas submitted by the Applicant in the two Applications vary slightly?

**Answer:**

Florida Housing is aware that the Pro Formas are not identical, which will result in a slight variation in the information provided by the Applicant.

**Question 7:**

On the Construction/Rehab Analysis and the Permanent Analysis, there is a requirement for an Attachment at Line B.4, HC Syndication/HC Equity Proceeds, Line B.5., First Mortgage Financing, and Line B.8., Deferred Developer Fee. Is any sort of attachment required for these line items?

**Answer:**

The Applicant is not required to document the Housing Credit equity proceeds in the RFA (at Line B.4.), as that information will be included in the Applicant’s Non-Competitive Application. Likewise, the Applicant is not required to document the deferred Developer fee in the RFA (at Line B.8.). For purposes of clarification and to eliminate any confusion, the Construction/Rehab Analysis and the Permanent Analysis have been corrected by the removal of “Attachment \_\_\_\_” from these line items. However, “Attachment \_\_\_\_” at Line B.5, First Mortgage Financing, will remain and the Applicant should fill in the attachment number if documentation is required for the amount listed.

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#### **Question 8:**

There are local government contribution forms on pages 54-57 of the RFA that have the “RFA 2014-103” at the bottom left hand corner on the form. However, the interactive forms that are linked from the RFA #2014-103 website page have the RFA number left blank, “RFA \_\_\_\_\_”.

Can you please confirm that we are supposed to use the Interactive forms that have the RFA number left blank, to be filled out by the Applicant, and not the forms on pages 54-57 of the RFA itself that already identifies RFA 2014-103?

#### **Answer:**

The Applicant may utilize either the interactive PDF forms that are available on the FHFC website (which are fillable by computer) or the PDF forms that are included in the RFA (which would have to be manually completed).

#### **Question 9:**

Please confirm that there is no requirement in this RFA for the Applicant to provide a private placement/credit enhancement letter for a development using Florida Housing-issued Bonds.

#### **Answer:**

That is correct.

#### **Question 10:**

If a project is comprised of 80 percent of the total units as Mid-Rise and 20 percent of the total units as Garden, can you confirm that the Applicant should select Mid-Rise Development Type in the application since it best describes the project? Also, when determining the TDC Per Unit Base Limitation amounts, would the underwriters calculate solely on Mid-Rise limitations or will they calculate on a combination of Mid-Rise and Garden?

#### **Answer:**

The answer to the first question is yes, for mixed-type Developments the Applicant should select the type that will comprise 50 percent or more of the units in the Development. With regard to the second question, the Credit Underwriter will use a pro rata share of the units within each Development Category and Development Type combined configuration when determining the TDC limits. In your example, if it is also assumed that the Mid-Rise units are rehabilitation and the Garden units are new construction based on a wood structure, then when the Credit Underwriter determines the TDC Per Unit Base Limitation amounts for the overall Development, 80 percent of the units will have a TDC Per Unit Base Limitation amount related to the rehabilitation of Non-Garden units (which include the Mid-Rise Development

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Type) and 20 percent of the units will have a TDC Per Unit Base Limitation amount related to the new construction of Garden Wood units.

#### **Question 11:**

Can you please confirm that Developments that will use Corporation-issued MMRB funding will not be required to pay the up-front Compliance Fee for the Housing Credits?

#### **Answer:**

That is correct.

#### **Question 12:**

With regard to the requirement for the submission of the Non-Competitive Application, outlined at Section Four A.9.c.(4)(b)(ii) of the RFA, what should the Applicant show in the SAIL Application if (i) the Development is currently being underwritten for the Bonds and the Non-Competitive Application has already been submitted to the Corporation or (ii) the Development is currently being underwritten for the Bonds, but the Non-Competitive Application has not yet been submitted to the Corporation?

#### **Answer:**

Under both scenarios, the Applicant should select question 9.c.(1)(b)(ii) of Exhibit A (page 44 of the RFA).

#### **Question 13:**

Section Four A.9.a.(1) of the RFA provides limits for the Applicant's SAIL request amount, one of which is not to exceed 25 percent of the Total Development Cost unless specific criteria is met. Please clarify the provisions of Paragraph 67-48.009(2)(a), F.A.C., allowing a SAIL loan amount that exceeds 25 percent of the Total Development Cost, and Paragraph 67-48.009(3)(b) allowing a SAIL loan amount that does not exceed 35 percent of the Total Development Cost.

#### **Answer:**

Although not explicitly stated in the RFA, the ELI Gap Loan offered in the RFA is also SAIL funding. The Applicant's base SAIL loan amount is restricted to the limits stated at Section Four A.9.a.(1), which is (i) the lesser of \$70,000 per unit or \$5 million, and (ii) an amount that does not exceed 25 percent of the Total Development Cost, unless the Applicant meets the criteria outlined in paragraph 67-48.009(2)(a) to be eligible to exceed the 25 percent limit. The ELI Gap Loan amount each Applicant is eligible for will be based on \$75,000 for each required ELI Set-Aside unit (for up to 10 percent of the total units in the proposed Development), not to exceed a total of \$1.8 million. In accordance with paragraph 67-48.009(3)(b), the total of the base SAIL loan (the Applicant's SAIL request amount) plus the ELI Gap

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Loan amount (the total amount of ELI Gap Funding the Applicant is eligible for) cannot exceed 35 percent of the Total Development Cost.

#### **Question 14:**

Item 12 of Exhibit C of the SAIL RFA states that the “Ability to Proceed” forms will be due by the time the Applicant’s Non-Competitive Application is deemed complete, or as otherwise outlined in the invitation to enter credit underwriting. What does the phrase “by the time the Applicant’s Non-Competitive Application is deemed complete” mean?

#### **Answer:**

Unlike the SAIL RFA, Applicants are permitted to “cure” deficiencies in their Non-Competitive Application since there is no competition involved for the funding offered in the Non-Competitive Application (i.e., MMRB and/or 4 percent Housing Credits). Once all of the deficiencies are satisfied, the Non-Competitive Application is “deemed complete”. Therefore, unless stated otherwise in the invitation to enter credit underwriting for the SAIL funding, once the Non-Competitive Application is deemed complete, the Applicant will be required to provide the “Ability to Proceed” documentation demonstrating, as of Application Deadline, the status of site plan approval, that the site is appropriately zoned, the availability of infrastructure, (electricity, water, sewer and roads), and environmental condition of the site. It is expected that the SAIL invitation to enter credit underwriting will require that the “Ability to Proceed” documentation be provided to Florida Housing within 7 Calendar Days of the date of the invitation.

#### **Question 15:**

If 10 percent of the total units that must be set aside as ELI Set-Aside units does not result in a whole number, should the Applicant round up or round down to determine the number of ELI Set-Aside units?

#### **Answer:**

The number of ELI Set-Aside Units is always rounded up to the next whole unit. Units set aside at higher AMI levels can then be adjusted, if needed, in order to maintain the total percentage desired by the Applicant. For example, a proposed Development will have 97 total units and a 100 percent total set-aside percentage. The 10 percent ELI requirement would result in 9.7 ELI units, which must be rounded up to 10 ELI units. If the remaining 90 percent of the units are set aside at 60 percent AMI, this would result in 87.3 units, which should be adjusted to 87 units in order to maintain the desired total number of units at 97.

#### **Question 16:**

If a proposed 100-unit Development will have 2 exempt/manager units and a total of 50 RA units, how should the Rental Assistance percentage and the SAIL funding per unit be calculated?

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**Answer:**

To determine the Rental Assistance percentage, the Corporation will divide the RA units by the total units, resulting in a Percentage of Total Units that are RA units, as provided at Section Four A.4.e.(2) on page 9 of the RFA. In your example, the two exempt/manager units are part of the total units so the calculation will be taking the 50 RA units and dividing it by the 100 total unit count, yielding a Percentage of Total Units with Rental Assistance of 50 percent. To determine the SAIL funding per Set-Aside unit, the answer would depend on whether or not the exempt/manager units are set-aside units. If a Development is not comprised of 100 percent set-aside units, then any exempt/manager unit is first taken from the non-set-aside units until all non-set-aside units have been utilized. If the proposed Development has 100 percent of the units set-aside, then the SAIL Request Amount would be determined by taking the lesser of (i) \$5,000,000, (ii) 100 units x 100 percent set-aside (rounded up, if necessary) x \$70,000 per unit, or (iii) 25 percent of the Total Development Cost, unless the Applicant meets the criteria outlined in the RFA to be eligible to exceed the 25 percent limit. If the proposed Development has 90 percent of the units set-aside, then the exempt/manager units will be part of the 10 non-set-aside units and you would follow the same process provided above, substituting “100 percent set-aside (rounded up, if necessary)” to “90 percent set-aside (rounded up, if necessary).”

**Question 17:**

Will the \$10 million available for the Family Demographic be distributed on a pro rata basis across the Small, Medium and Large County Geographic Categories?

**Answer:**

No.

**Question 18:**

Does the SAIL request limit of \$5 million include the ELI Gap Loan?

**Answer:**

No. The SAIL request limits outlined in Section Four A.9.a.(1) do not include the ELI Gap Funding. The ELI Gap Funding limit of \$75,000 for each required ELI Set-Aside unit, not to exceed a total of \$1.8 million, is in addition to the Applicant’s SAIL Request Amount.

**Question 19:**

Who should a lender contact to provide evidence of ability to fund prior to the Application Deadline?

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**Answer:**

Under the RFA process, there is no provision for pre-submission and pre-approval of the documentation required to demonstrate ability to fund. All such information, if necessary, must be included in the Applicant's submission, as outlined in Section Four A.9.d.(1)(c) of the RFA.

**Question 20:**

The current owner of the property submitted an MMRB Application in 2010 which is presumably still under review. My firm wishes to acquire and rehabilitate the property using Non-Competitive Tax-Exempt Bonds, 4 percent Tax Credits and SAIL funding. How should we proceed?

**Answer:**

The current owner should submit a letter to Florida Housing, to the attention of Jade Grubbs, withdrawing its previously submitted MMRB Application. In conjunction with the their SAIL funding request, a new Non-Competitive Application should be submitted by the entity acquiring the property, requesting the MMRB and/or 4 Percent Housing Credits,

**Question 21:**

If the units that are to be designated as ELI units to serve Special Needs Households are currently occupied with tenants that do not qualify as Special Needs Households, must the tenants be immediately replaced or could they be gradually replaced with tenants that do qualify?

**Answer:**

The Applicant is not required to set aside specific units as ELI Set-Aside units or ELI Set-Aside units for Special Needs Households. The requirement is that the applicable percentage of the total units must be set aside for ELI Households (i.e., 10 percent of the total units if not an LDA Development or 30 percent of the total units if an LDA Development) and for Special Needs Households if Elderly non-ALF Development Category (i.e. 50 percent of the required ELI Set-Aside units). The location of the ELI Set-Aside units within the Development can change over time, provided that the required percentage of the total units set aside as ELI Set-Aside units is maintained.

If the units are occupied at the time of the SAIL award by tenants that make it impossible for the Applicant to meet the ELI Set-Aside requirement and/or the Special Needs Household requirement, as applicable, the Applicant would be required to meet the ELI requirement(s) by renting the next available unit(s) to tenants at the ELI AMI level and/or to Special Needs Households, as applicable.

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#### **Question 22:**

Are the SAIL Application and the Non-Competitive Application the same, or is a different Application used to meet the 10-day Non-Competitive Application requirement outlined at Section Four A.9.c.(4) of the SAIL RFA?

#### **Answer:**

The online Non-Competitive Application is not the same Application as the one used to apply for the SAIL funding. The Non-Competitive Application, accessed on the Florida Housing Website at <http://www.floridahousing.org/Developers/MultiFamilyPrograms/NonCompetitive/>, should be completed online and the required number of copies printed and submitted, including all required exhibits and the required fee(s), as outlined on page 1 of the Non-Competitive Application Instructions.

#### **Question 23:**

An ELI Gap Funding amount has been entered in both the Construction or Rehab Analysis and the Permanent Analysis of the online Application Pro Forma. In the “Modify” mode, this amount is correctly included in the Total Source calculation; however, when the Application is “Saved” and then viewed, the Sources appear to double the ELI Gap Funding in the calculation. How can this calculation be corrected?

#### **Answer:**

This problem was corrected on January 28, 2014 at 12:00 p.m. The sources are now calculating correctly. Please ensure that all Applications submitted to Florida Housing reflect a “Last Updated” date and time that is after “1/28/2014 12:00:00 PM”.

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