

Florida Housing Finance Corporation
2011 Universal Cycle – 5th Rule Development Workshop Agenda
Doubletree Hotel, 101 South Adams Street, Tallahassee, FL 32301
September 15, 2010

1. Homeless Development

- a. Goal to fund 1 Homeless Development and once goal is met no other Homeless Application will be funded.
- b. Applicant must request Competitive HC and SAIL.
- c. Development Type limited to Garden Apartments, High Rise (a building comprised of 7 or more stories), Mid-Rise with Elevator (a building comprised of 4 stories), Mid-Rise with Elevator (a building comprised of 5 or 6 stories) or Single Room Occupancy.

2. Applications for Non-Competitive HC with Local Government-Issued Bonds

- a. Will receive automatic 5 points for Florida Developer (Domicile/Experience).
- b. Rental Assistance Level does not apply.
- c. Location A restrictions do not apply.
- d. ELI Set-Aside requirements do not apply.

3. Developer's Housing Credit Experience – 3 Points

- a. Completion of at least 3 Housing Credit Developments since January 1, 2007; or
- b. As applicable, closed and commenced construction on all 9 percent Competitive HC funding awarded by Florida Housing since January 1, 2007 and all proposed Developments funded with MMRB and/or SAIL (to be used with Local Government-issued Tax-Exempt Bonds) since January 1, 2007 for which Applicant is eligible for 4 percent non-competitive Housing Credits.
- c. Status of SB 360 regarding Developer experience preference.

4. Public Housing Authority

Sites with an existing Declaration of Trust between the PHA and HUD eligible for Tier I Services Score boost of 1.5 times the Tier 1 Services Score achieved by the Applicant, up to 12 points (the maximum available).

5. Public Housing Revitalization Development

Goal to fund 1 Public Housing Revitalization Development

- a. Preference given first to highest ranking HOPE VI Development (Applicant provided required documentation to qualify as HOPE VI Development) regardless of Development Category.
- b. If no eligible HOPE VI Development, preference given to highest ranking Public Housing Revitalization Development that meets the following requirements:
 - (1) Applicant selected and qualified for the Development Category of Redevelopment or Acquisition and Redevelopment; and
 - (2) Applicant provided the required documentation to show that the site has an existing Declaration of Trust between the PHA and HUD; and
 - (3) Applicant provided the required Local Government Certification form to certify that the proposed Development is located in an area for which a local government has approved and adopted a community redevelopment or revitalization plan.

6. TOD Development

- a. Goal to fund 3 TOD Developments.
- b. To qualify for the Goal, proposed Development must be located in one of the areas listed in the Application Instructions and on the Local Government Verification of Qualification as a TOD Development form as an area already designated by the Local Government planning agency in its comprehensive plan, land use plan or zoning code as a Transit-Oriented Development, Transit Oriented Development District, Rapid Transit Zone or Rapid Transit Development Zone.

7. Rental Assistance Level (RA Level)

- a. Applies only to Competitive Housing Credits and MMRB (with or without non-competitive HC).

- b. Minimum percentage of total units with rental assistance:
- Level 1 – all units (with exception of up to 2 units)
 - Level 2 – greater than 90.00% and not in Level 1
 - Level 3 – greater than 75.00%, equal to or less than 90.00%, and not in Level 1
 - Level 4 – greater than 50.00%, equal to or less than 75.00%, and not in Level 1
 - Level 5 – greater than 10.00%, equal to or less than 50.00%, and not in Level 1
 - Level 6 – 10.00% or less
- c. For Competitive HC Applications, the RA Levels:
- (1) are used as a factor in determining eligibility for automatic proximity tie-breaker points;
 - (2) are used as a factor in determining eligibility to be located within a Location A area; and
 - (3) are used as a tie-breaker during ranking.
- d. For MMRB Applications, the RA Levels are used as a factor in determining eligibility to be located within a Location A area.

8. Proximity

Public Rail Station Points

- a. Only SunRail Phase I stations will count for points.
- b. Latitude/Longitude coordinates for SunRail stations are included in Instructions.

9. Features and Amenities

- a. Energy Features -
 - (1) Home Energy Rating System (HERS) Index achieved must be 77 or lower. If the HERS Index of 77 or lower is not achieved, Developer fee will be reduced as outlined on page 58 of the Instructions.
 - (2) In early 2011, a newer version of Energy Star New Homes will be made available, but Applications will not be held to that standard. They must meet the requirements of Energy Star New Homes, Rev. 01/05/2010 (the current version).

- b. Green Building -

If Green Building Certification is selected but certification is not achieved, Developer fee will be reduced as outlined in the Instructions.

10. ELI Set-Aside Requirements – Competitive HC and MMRB

- a. 10% minimum to meet threshold:

- (1) Competitive HC Applications with Development Category of New Construction, Rehabilitation or Redevelopment (with or without Acquisition) and not in Location A area.
- (2) MMRB Applications not in Location A area automatically meet threshold without ELI commitment regardless of Development Category.

- b. 20% minimum to meet threshold:

- (1) Competitive HC Applications with Development Category of Preservation (with or without Acquisition), regardless of whether located in Location A area.
- (2) Competitive HC and MMRB Applications eligible to be located in Location A area; i.e., Preservation or Redevelopment (with or without Acquisition) and RA Level 1, or New Construction or Rehabilitation (with or without Acquisition) with Homeless Demographic and RA Level 1.
- (3) If during the Compliance Period, Congress fails to appropriate funding for the PBRA contract with HUD or RD, then the ELI set-aside requirement will be reduced from 20% to 10% and those units (10%) will convert to the highest set-aside committed to by the Applicant in the Application.

11. Rural Development

- a. Goal to fund 1 RD Preservation Development.

- b. To qualify for the Goal, Applicant must:

- (1) Select and qualify for the Development Category of Preservation or Acquisition and Preservation; and
- (2) Indicate in the Application that the proposed Development will be assisted with funding from RD.

- (3) Should FHFC require 538 funding to be mandatory to compete in the RD goal? If so, then should evidence of 538 funding be required during the Application process or during Credit Underwriting?

12. Funding Distribution

The Housing Credit Allocation Authority available at the time of ranking will be distributed as follows:

a. Set-Asides

Funding will be divided between the Preservation and Non-Preservation Set-Asides. Participation within one of these Set-Asides is based on the Application's Development Category.

- (1) 50 percent for the Preservation Set-Aside
- (2) 50 percent for the Non-Preservation Set-Aside

b. Small and Medium County Limits

Funding will be limited as follows:

- (1) No more than 4.0 percent awarded to proposed Developments in Small Counties.
- (2) No more than 33.7 percent awarded to proposed Developments in Medium Counties.

c. Applications will be funded only if there are enough Housing Credits available within the applicable Set-Aside (Preservation or Non-Preservation) to fund 100 percent of the Applicant's Housing Credit request amount and, if located in a Small or Medium County, the amount does not exceed the funding limits.

d. The only exception to the above provisions would be as necessary to meet the Non-Profit goal.

13. Tie-Breakers

a. Option 1 Tie-Breakers are:

- (1) A/B Leveraging Group
- (2) Ability to Proceed Tie-Breaker Score
- (3) Proximity Tie-Breaker Score*
- (4) RA Level
- (5) Florida General Contractor

(6) Lottery

* Must achieve at least 20 points to be considered for funding, unless necessary to meet the Non-Profit goal.

Option 1 Tie-Breakers will be applied when funding the following Applications:

- Goal to fund 2 Florida Key Area Developments
- Goal to fund 3 TOD Developments
- Goal to fund 1 Elderly Development
- Goal to fund 1 Homeless Development
- Goal to fund 15% of funding amount to Non-Profit Applicants
- Eligible unfunded Applications competing within the Non-Preservation Set-Aside (with Development Category of New Construction or Rehabilitation or Redevelopment (with or without Acquisition))

b. Option 2 Tie-Breakers are:

- (1) A/B Leveraging Group
- (2) Ability to Proceed Tie-Breaker Score
- (3) Age of Development
- (4) RA Level 1, 2 or 3
- (5) Proximity Tie-Breaker Score*
- (6) RA Level
- (7) Florida General Contractor
- (8) Lottery

* If RA Level 4, 5 or 6 must achieve at least 20 points to be considered for funding.

Option 2 Tie-Breakers will be applied when funding the following:

- Goal to fund 1 Public Housing Revitalization Development
- Goal to fund 1 RD Preservation Development
- Eligible unfunded Applications competing within the Preservation Set-Aside (with Development Category of Preservation or Acquisition and Preservation)

14. Groups 1, 2 and 3 Total Score Classifications

Total number of eligible Applications will be multiplied by 50 percent and the resulting figure, rounded up to the next whole number, will be the Total Score Cut-Off if it is equal to or greater than 82. If the resulting figure after rounding is less than 82, then the Total Score Cut-Off will be deemed to be 82 points. Group 1 will consist of all Applications that achieved a total score equal to or greater than the Total Score Cut-Off. Group 2 will consist of Applications that achieved a total score equal to or greater than 79 points but

which are not included in Group 1. Group 3 will consist of Applications that are not included in Group 1 or Group 2.

15. Application Selection Order

Applications will be funded in the following order:

- 2 Florida Key Area Developments Goal
- 1 Public Housing Revitalization Development Goal
- 3 TOD Developments Goal
- 1 RD Preservation Development Goal
- Eligible Applications competing within the Preservation Set-Aside
- 1 Elderly Development Goal
- 1 Homeless Development Goal
- Eligible Applications competing within the Non-Preservation Set-Aside
- 15% Non-Profit Applicants Goal

16. SAUL Stages

At the completion of SAUL Stage 1, the number of set-aside units credited to a county and the number of times a county has met its SAUL will be adjusted to zero. Likewise, at the completion of SAUL Stage 2, the number of set-aside units credited to a county and the number of times a county has met its SAUL will be adjusted to zero.

a. SAUL Stage 1 includes the following:

- 2 Florida Key Area Developments Goal
- 1 Public Housing Revitalization Development Goal
- 3 TOD Developments Goal

b. SAUL Stage 2 includes the following:

- 1 RD Preservation Development Goal
- Eligible Applications competing within the Preservation Set-Aside

c. SAUL Stage 3 includes the following:

- 1 Elderly Development Goal
- 1 Homeless Development Goal*
- Eligible Applications competing within the Non-Preservation Set-Aside
- 15% Non-Profit Applicants Goal

* Set-Aside units attributed to the Application selected to meet the Homeless Goal will not be applied towards SAUL.

17. Fees

- a. Financial Monitoring
- b. Loan Servicing – Construction and Permanent

18. Preservation Definition – 67-48.002(89)

19. Redevelopment Definition – 67-48.002(97)

20. Capital Needs Assessment – 67-48.0072

The Credit Underwriter shall order a capital needs assessment for any Development that has rehabilitation.

21. Performance History – 67-48.0072(6)

The Credit Underwriter will consider the performance history of the Applicant, Developer, any Financial Beneficiary of the Applicant or Developer, and the General Contractor in connection with any other affordable housing development. The performance history shall consider instances involving a foreclosure, deed in lieu of foreclosure, financial arrearage, or other event of material default in connection with any affordable housing development or the documents governing financing or operation of any such development.

22. Replacement Reserves – 67-48.0072(13)

Establishment and use of replacement reserves.

23. Operating Deficit Guarantee – 67-48.0072(18)

24. SAIL and HOME Loan Closing – 67-48.0072(26)

Loan closing deadline and extension provisions