

Questions and Answers for Request for Proposals (RFP) 2010-16
ELI SAIL Guarantee Funding

Question 1:

Can you confirm the name of the development for Spring Harbor shown as priority #1, per Threshold item Exhibit "B" requested is Spring Harbor, Ltd? This is the legal name of the owner.

Answer:

Correct.

Question 2:

Can you confirm the Application number for Spring Harbor, Ltd, requested per Threshold Exhibit "B" is MMRB # MR1999C1 and C2; HC #2000-502 ?

Answer:

Correct.

Question 3:

Can you verify that the definition of ELI, Extremely Low Income is per the FHFC website and attached schedule is based on each County and for Lake County where Spring Harbor is located, the ELI is 33% of AMI and is the proper ELI to use for this RFP?

Answer:

Correct.

Question 4:

Can you confirm that the ELI units are to be spread proportionately by unit type at the community?

Answer:

Yes, additionally, Section 8 voucher holders may not be used to satisfy the ELI Set-Aside requirement of subparagraph 2.2(a) above, unless those households' vouchers are paying rents only up to the ELI rent level.

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Question 5:

We want to apply in the existing owner entity, but have a new general partner, are there any issues we need to address with not applying in the existing complete ownership entity?

Answer:

The Applicant must be authorized to sign the Proposal for the Applicant. Additionally, if awarded funds under RFP 2010-16, the Applicant must be able to furnish due diligence items for the closing, including but not limited to: 1) Limited Partnership Agreement of Borrower, with all amendments, 2) Incumbency Certificate for General Partner of Borrower, 3) Opinion of Borrower's Counsel, and 4) Certified resolutions of the Borrower authorizing the execution and delivery of the loan documents.

Question 6:

Does the new refinancing need to fully repay all of the guarantee loan and all of the SMI?

Answer:

The refinancing contemplated in Section Six A. 3. must fully repay the mortgage note guaranteed by the Florida Affordable Housing Guarantee Program, effectively removing the Development from the Guarantee Program.

Applicants responding to RFP 2010-16 that also received Subordinate Mortgage Initiative funding expressly agreed to "use its good faith, best efforts to refinance, sell and/or otherwise effectively remove the Development (its first mortgage financing) from the Florida Housing Guarantee Program" when they executed the loan documents for the Subordinate Mortgage Initiative funding.

Question 7:

If the SMI does not need to be fully repaid does this affect scoring if it is not fully repaid?

Answer:

Yes, the refinancing contemplated in Section Six A. 3. will be evaluated according to Section Seven.

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Question 8:

New ELI Units: Do we round up or down. For example, if the New ELI units are 10% of the total units, and the total units are 288, are the NEW ELI units equal to 29 units, or are the New ELI units equal to 28 units?

Answer:

Results that are not a whole number will be rounded up to the next whole number. In the example provided in Question 8, the correct answer would be 29 units.

Question 9:

ELI: Do we select the ELI AMI set forth in the 2011 Universal Cycle application, for each County respectively?

Answer:

No, the rule governing the 2011 Universal Cycle Application has not been adopted. The ELI County Chart included in the 2009 Universal Application Instructions, adopted and incorporated by reference pursuant to 67-48.004 (1) (a), F.A.C. is the applicable chart for purposes of RFP 2010-16 and is attached.

Question 10:

For Exhibit B, #4 of the RFP: “Requested number of New ELI units at: ___ 60% AMI or at ___ ___ AMI”,

Why is 60% AMI a choice for #4, as 60% AMI is not ELI.

Answer:

RFP 2010-16 requires Applicants to convert units equal to or greater than 60 percent AMI to New ELI units. In the first part of Exhibit B 4., Applicants are expected to insert the number of units that will be converted to New ELI units in the blank before 60% AMI. In the second portion, following “or” Applicants are expected to insert the number of units that will be converted to New ELI units and then a number greater than 60% AMI representing the current AMI of the units that will be converted to New ELI units.

Example:

Requested number of New ELI units at: [insert #] 60% AMI or at [insert #] [insert current AMI of units greater than 60% that will be converted to New ELI units or note that units currently have no AMI restrictions]AMI

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Question 11:

For Exhibit B, #4 of the RFP:

For the 2nd two blanks, does the RFP mean to state that the Applicant should write in how many New ELI units at X% AMI we are committing to?

Answer:

Please see [Answer to Question No. 10](#).

Question 12:

Please confirm that Priority I applications are ranked before Priority 2 applications, which are ranked before Priority 3 applications, which are ranked before Priority 4 applications.

Answer:

[Correct.](#)

Question 13:

Please also confirm that with regard to paragraph (a) on the top of page 10, that the paragraph should be modified to include the following: If and only if two Proposals are tied within the same Priority level for debt service coverage and both Proposals request the same number of SAIL ELI units, then the ranking goes to the Proposal with the lowest lottery number.

Currently, this paragraph (a) appears to be in conflict with the ranking paragraph on the bottom of page 9, and the amended paragraph above would make it consistent with the ranking process noted on the bottom of page 9. That ranking paragraph on page 9 appears to state that all else being equal, the rankings are Priority 1 Proposals over Priority 2 Proposals, etc. and within each Priority, the project with the highest debt service coverage gets ranked higher (again, assuming all the scores are the same). If that is the case, the amended paragraph (a) above is needed in order to be consistent with page 9 ranking instructions.

Answer:

[Correct.](#)

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Question 14:

Section 4 looks to provide limits to each Development based upon occupancy and DSCR that ranges from 5% to 20% ELI units , if a Priority 1 Development has a Gap funding that is not met by the 5% , can we request additional ELI units up to the 20% or above the amount shown in section 4B2a or 4B2b ?

Answer:

No.

Question 15:

When calculating the ELI unit percentage, do we round up, for example if the 5% equals 4.5 units , do we use 5 units for ELI

Answer:

Please see Answer to Question No. 8.

Question 16:

Can you provide the rationale and formula for the different ELI set asides in section 4B2a, 4B2b, 4B2c and 4B2d?

Answer:

Florida Housing has experienced eight claims/foreclosures in the Guarantee Fund portfolio since November 2008 with the most recent claim occurring in April of this year. In 2009, Fitch downgraded the insurer strength rating of the Guarantee Fund to an A-. Further claims against the Guarantee Fund pose a risk of further downgrade to the rating. In addition to the loss of those Guarantee Fund development units that would occur in the event of a claim and subsequent foreclosure, such claims and further potential downgrade of the Fund's rating put at risk future state housing trust fund resources.

To mitigate against further claims/foreclosures in the Guarantee Fund portfolio, Florida Housing has attempted to (1) halt cannibalization of current Guarantee Fund developments by keeping new units serving similar households from being built in close proximity to existing Guarantee Fund transactions with low occupancy; and (2) provide resources through the Subordinate Mortgage Initiative to aid struggling transactions in the Fund's portfolio for a short term period.

Florida Housing has many units in its portfolio, including the Guarantee Fund portfolio, that are targeted to households earning up to 60% of Area Median Income (AMI) that, in

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many of the softer rental markets throughout the state, are currently empty. Each year, Florida Housing carries out an evaluation of six months of physical occupancy data for Florida Housing's entire portfolio. This analysis, along with more detailed information about the Guarantee Fund properties and data on new affordable rental units under construction, allows Florida Housing to target financing to areas of the state where housing is most needed. Based on data for the first 6 months of 2010, the staff has proposed to increase the number of entire counties or areas of counties considered to be saturated from 24 in 2009 to 35 in the next Universal Application Cycle – over half of the state. The statewide rental needs study, however, indicates a great need for units targeted to households earning extremely low incomes (generally meaning 30% AMI and below).

On July 7, 2010, the Board authorized staff to allocate the ELI funding (almost \$28.5 million) and remaining SAIL funding (just over \$23.3 million) through a Request for Proposals process to existing Florida Housing developments, giving preference to developments in the Guarantee Fund portfolio, to “buy down” the AMI set-aside for units targeted to 60% AMI so that they will be set-aside for ELI households. RFP 2010-16 and Section Four B are intended to allocate the ELI funding to maximize a development's ability to refinance the development, effectively removing it from the Guarantee Program and thereby ceding risk. The amount of New ELI units available to developments with higher average occupancy is limited to have the least negative impact to cash flow available for debt service in order to reduce the potential of a development not meeting its debt service requirement. In addition, Florida Housing does not have an adequate supply of SAIL ELI funds to fund all potential applicants.

Question 17:

If we request additional ELI units above the amount noted in 4B2a and 4B2b, will that affect our scoring or our ability to get awarded ELI units and funding?

Answer:

Not necessarily, however, Section Six B. provides a preference for Proposals requesting SAIL ELI set-aside units below the maximum number over Proposals requesting the maximum number of SAIL ELI set-aside units within each Priority.

Question 18:

Is there an additional funding planned for SAIL/ELI units for the guarantee program?

Answer:

Not at this time.

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Question 19:

Section 6 B. a., on page 10 of RFP 2010-16, gives preference to smaller developments since community size, and therefore the percentage of total development units newly set-aside for ELI residents, is not considered in the ranking. Why is community size not considered?

Answer:

Section Six B. a. on page 10 provides: “In the event that two (2) or more Proposals requesting the same amount of SAIL ELI set-aside units, preference will be given to the Proposal with the lowest lottery number.” Question 19 does not appear to be applicable to the referenced portion of RFP 2010-16.

Question 20:

Exhibit B to RFP 2010-16 Item 4. - The reference to 60% is confusing. What is the proper way to fill in this item?

Answer:

Please see Answer to Question No. 10.

Question 21:

Please clarify how Section 4A (Affirmation of information and commitments in Original Application) should be addressed in the Proposal for Projects that have had changes in General Partners and/or debt structure (i.e. GP removal, additional debt), etc.

Answer:

Section Two defines Original Application as The Application, including any changes approved by the Board, for which the Applicant received a mortgage note guarantee from the Florida Affordable Housing Guarantee Program.

Question 22:

Also, will the ELI set-aside be for income limits only, or will the ELI set-aside necessitate a similar reduction in rents?

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Answer:

Pursuant to Section Five C. and Rules 67-48.0075 (7), F.A.C., and 67-48.010 (17), F.A.C., “rent controls for ELI Households shall consist of the Gross Rent Floor, as defined in Section 42(g)(2)(A) of the IRC and in accordance with IRS Revenue Procedure 94-57, minus the lesser of (i) the utility allowance in effect by the applicable local Public Housing Authority (PHA) at the date the last building in the Development is placed-in-service or (ii) the current utility allowance applicable to the building (as outlined in 26 CFR 1.42-10, this may include either the local utility company estimate or the applicable PHA utility allowance). Notwithstanding the preceding sentence, the rent charged to any ELI Household may not exceed the maximum rent level permitted under Section 42(g)(2)(A) IRC for the applicable unit occupied by such household.”

Question 23:

Relative to the refinance portion of the proposal:
For projected loan-to-value - can the Lender provide LTV requirements or a cap rate?
Does FHFC have proscribed cap rates for each project area?

Answer:

Responses to Exhibit B 3. should contain a detailed description of the Applicant’s ability to refinance the development. Florida Housing does not have proscribed cap rates for each project area.

Question 24:

Relative to the refinance portion of the proposal:
What is FHFC's expectation for the projected realistic time frame for closing of a refinance proposal without reduction of awarded points?

Answer:

Proposals submitted in response to RFP 2010-16 will be evaluated pursuant to Section Seven and each Individual Committee members independent review of the answers from each Applicant. It is anticipated that responses to Exhibit B 3. discussing the projected realistic timeline for refinancing will vary based upon the unique circumstances for each Development.

Question 25:

For the 50% of New ELI set-aside for Special Needs Households, will this be a target population set aside, or a requirement that units be held for these SNH?

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Answer:

It is anticipated that the New ELI Units set-aside for Special Needs Households will be held open for no more than 14 days. In most cases, Special Needs Referral Agencies will have a waiting list of interested and pre-screened households ready to apply immediately for the units as they come available. If no Special Needs Households have been referred after the agreed upon period, the units may be rented to any eligible ELI household.

Question 26:

In the instance where application of the percentages in Section Four, paragraph B.2. results in a partial unit, is it correct to round up to the next whole unit. For example, 5% of 384 units equals 19.2 units. Are we correct in rounding up to 20 units, or must we restrict the request to 19 units?

Answer:

Please see Answer to Question No. 8.