

Questions and Answers for RFP 2011-05
Extremely Low Income (ELI) Households

Question 1:

Since the Program Reports submitted to Florida Housing pursuant to the requirements of Rule Chapter 67-53, F.A.C. are a snapshot in time and do not provide any information regarding collection losses, please confirm that the average economic occupancy from May 2011 through August 2011 based upon Program reports discussed under Priority I b. on page 8 of the RFP will be a consistent formula calculated by Florida Housing to impute economic occupancy averages.

Answer:

Correct.

Question 2:

Are owners who received ELI money from the first RFP and have not refinanced eligible to apply for funds in the new ELI RFP?

Answer:

The owners who received ELI money from RFP 2010-16 and have not yet refinanced are eligible to apply for funding under RFP 2011-05. The amount of funds an eligible development can receive was increased in RFP 2011-05 in comparison to RFP 2010-16.

Question 3:

For the 50% of New ELI set aside for Special Needs Households, will there be a requirement that the New ELI units be set aside for referred Special Needs Households for certain period of time before they can made available to any eligible ELI household?

Answer:

Yes, an ELI unit made available for a Special Needs Household shall be held open and available for referred Special Needs Households for a minimum of 14 calendar days, starting on the date the unit is vacant and available to lease. 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. The Applicant shall continue to make ELI units available for Special Needs Households until they reach and maintain the committed number of ELI units set aside for Special Needs Households. ELI/Special Needs units may float and are to be disbursed throughout the Development as much as is feasibly possible.

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Question 4:

If I elect to commit to the ELI/Special Needs Set-Aside for 5 scoring points, what I am committing to and for how long?

Answer:

For the 5 scoring points, Applicants that commit to set-aside for the length of the loan 50% of the new ELI units for Special Needs Households that are referred by a Special Needs Household Referral Agency(s) designated by Florida Housing. As part of the commitment, the Applicant must also agree to maintain an executed Memorandum of Understanding (MOU) with at least one Special Needs Household Referral Agency listed in the county of the Applicant's Development throughout the length of the loan. The purpose of the MOU is for the Applicant and Special Needs Household Referral Agency to put into writing and agree upon the minimum roles and responsibilities, established by Florida Housing, as well as other language and terms that describe the policies and procedures to carry out the commitment. Florida Housing shall review and approve the MOU language and terms before the MOU may be executed. Sample MOU formats and language are available to review on Florida Housing's Website at www.floridahousing.org under Special Needs Housing, Link Initiative.

Question 5:

Where can I find a list of the Special Needs Household Referral Agencies that I may select to enter into a Memorandum of Understanding with to meet the ELI/Special Needs Commitment to set-aside 50% of new ELI units for Special Needs Households referred by a Special Needs Household Referral Agency?

Answer:

A current list of Special Needs Household Referral Agencies for each county is published on the Florida Housing Website at www.floridahousing.org under Special Needs Housing, Link Initiative. The Applicant shall select at least one Agency, but may opt to select more than one of the Agencies listed in the county of the Development to execute an MOU with to meet the ELI/Special Needs commitment.

Question 6:

Section 6, B. Ranking Preferences, Priority 1, b. - Given the Applicant supplies semi-annual program reports and therefore FHFC has no data in their records, please confirm the Applicant is to supply internal documentation reflecting the "average economic occupancy from May 2011 to August 2011" to support that the economic occupancy is below 90%?

Answer:

If the Applicant does not currently submit monthly Program Reports, the Applicant should furnish sufficient documentation, by submitting rent rolls, etc., for Florida Housing to be able to confirm the Applicant's calculation of "average economic occupancy from May 2011 to August 2011."

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Question 7:

Section 6, B. Ranking Preferences, Priority 1, c. – in FHFC’s calculation of the debt service coverage ratio as of December 31, 2010 will FHFC appropriately exclude non-operational (non-cash) income recognized in the 2010 audited financial statements?

Answer:

Where applicable, Net Operating Income from the 2010 audited financial statements would typically be adjusted for interest expense, depreciation and amortization and replacement reserve funding.

Question 8:

Section 6, B. Ranking Preferences, Priority 1, c. – The Applicant assumes that FHFC will be consistent with past FHFC standard underwriting requirements for Capital Appreciation Bonds in calculating debt service coverage by using the highest annual debt service for the term of the bonds.

Answer:

Correct.

Question 9:

Section Seven: Maximum Points –How points are determined?

- a. Projected source of new financing: Approved loan earns maximum points?
- b. Projected occupancy levels: Higher is better?
- c. Projected loan to value: New loan versus whose value? Lower LTV is better? Quantify?
- d. Projected debt service coverage for refi: Please quantify.
- e. Sources for gap financing: Cash is assumed to be best. Please quantify

Answer:

The individual Committee members shall evaluate the Responses by reviewing the answers to each of the items and assigning points up to the maximum points allowed for each item.

- a. The level of interest, completed due diligence, and/or commitment presented by the new first mortgage lender will impact the score. However, pursuant to 420.5087 Fla. Stat. and subject to 420.507 Fla. Sta., SAIL Loans shall not exceed the minimum amount required to make the project economically feasible. Therefore, if an Applicant furnishes evidence of an approved loan for refinancing the development that relies on an award of SAIL ELI funding from this RFP that exceeds the minimum amount required to make the project economically feasible, evidence of an approved loan may earn 0 points.
- b. A realistic projected occupancy level (based on current averages and the incorporation of the newly proposed SAIL-ELI units) that meets or exceeds current

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- industry term sheets for the refinancing of multifamily projects would score higher than a similarly projected occupancy level that does not meet or exceed current industry term sheets for the refinancing of multifamily projects.
- c. A projected loan to value under the maximum loan to values for current industry term sheets for the refinancing of multifamily projects, calculated as a prospective underwriter reviewing the refinancing of multifamily projects, would score higher than a projected loan to value exceeding the maximum loan to values for current industry term sheets for the refinancing of multifamily projects.
 - d. A projected debt service coverage meeting or exceeding current industry term sheets for the refinancing of multifamily projects would score higher than a projected debt service coverage that does not meet or exceed current industry term sheets for the refinancing of multifamily projects.
 - e. Evidence of available cash committed to funding any gaps required for the refinancing of the development would be preferred over other contingent sources.

Question 10:

To minimize the need for additional ELI-SAIL funding, will FHFC subordinate existing SMI loans to Fannie Mae requirements that prohibit “must pay” debt?

Answer:

Applicants responding to RFP 2011-05 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. Subject to all other applicable requirements of this RFP, SAIL ELI loans awarded shall be non-amortizing at 0 percent simple interest per annum over the life of the loan, with the principal forgivable provided the units for which the SAIL ELI loan amount is awarded are targeted to ELI Households for at least the length of the selected ELI Set-Aside Term. If proposed refinancing requirements prohibit the existence of the SMI loan, good faith and best efforts should be made to satisfy the debt.

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