FLORIDA HOUSING FINANCE CORPORATION

Modification of Request for Applications (RFA) 2018-113 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Four, A.3.b.(3) of the RFA to read as follows:

(3)   An Applicant that indicates that it is applying as a Non-Profit will only be considered a Non-Profit, for purposes of this RFA, if the Applicant (i) answers the question demonstrating that it meets the definition of Non-Profit as set out in Rule Chapter 67-48, F.A.C.; and (ii) provides the required information stated below. Any Applicant that applies as a Non-Profit but is not considered a Non-Profit will still be eligible for funding as a for profit entity.

The Applicant's Non-Profit status will be verified during credit underwriting. If this cannot be verified, the Applicant will no longer be considered a Non-Profit Applicant and, if the proposed Development was funded to meet the Non-Profit Goal, funding awarded under this RFA may be rescinded.

Provide the following information for the Non-Profit entity that meets the definition stated in Rule Chapter 67-48, F.A.C. as **Attachment 3**:

(a)   The IRS determination letter;

(b)   A description/explanation of how the Non-Profit entity is substantially and materially participating in the management and operation of the Development (i.e., the role of the Non-Profit);

(c)   The names and addresses of the members of the governing board of the Non-Profit entity; and

(d)   The articles of incorporation demonstrating that one of the purposes of the Non-Profit entity is to foster low-income housing.

If the Applicant applies as a Non-Profit entity and meets the requirements outlined above to be considered a Non-Profit for purposes of this RFA, it must remain a Non-Profit entity and the Non-Profit entity must (i) receive at least 25 percent of the Developer's fee; and (ii) contractually ensure that it substantially and materially participates in the management and operation of the Development throughout the Compliance Period.

(4)   Principal of the Applicant is a Public Housing Authority

The Applicant should state whether any Principals of the Applicant entity are a Public Housing Authority. To qualify for the "Add-On Bonus" described Section Five, A.1 of the RFA and in Item 1 of Exhibit C, the Public Housing Authority must be reflected on the Principals of the Applicant and Developer(s) Disclosure Form (Form Rev. 08-16). For purposes of the "Add-On Bonus", the Public Housing Authority must not be disclosed as only the Investor Limited Partner of the Applicant or Investor Member of the Applicant.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Four, A.6.d.(3)(b) of the RFA to read as follows:

(b)   Completing the Total Set-Aside Breakdown Chart if committing to the Average Income Test

If committing to the Average Income Test, Applicants must indicate on the chart at 6.d.(2)(b) of Exhibit A the number of Set-Aside Units, stated in whole numbers, to be set aside at each selected AMI level.

The Corporation will verify that the number of units set aside at the ELI level meets the ELI minimum requirements by dividing the number of units that are set-aside at 30 percent AMI or less, by the total number of units. The Corporation will also verify that the overall Set-Aside Commitment ~~is at least 80 percent~~ of all units by adding all Set-Aside Units and then dividing this sum by the total number of units. The Corporation will calculate the average AMI of all of the Set-Aside Units using the methodology below.

If the Total Set-Aside Breakdown Chart reflects that the Average AMI of all Set-Aside Units exceeds 60 percent, and/or if the number of Set-Aside Units set aside at 30 percent AMI or less is not equal to or greater than the required ELI commitment, and/or the overall Set-Aside Commitment requirement is not ~~at least 80 percent~~met, the Application will not be eligible for funding.

The Development Cost Pro Forma includes an Average Income Test worksheet to assist Applicants in this calculation, which may display the percentage of total units with numbers represented with decimals places instead of whole numbers. This is acceptable for the Average Income Test calculation.

Calculation of the average AMI of all of the Set-Aside Units for the Average Income Test

(i)   First, state the total number of Set-Aside Units at each AMI commitment.

(ii)   Then, at each AMI commitment, multiply the number of Set-Aside Units by the AMI percentage (e.g., a commitment of 13 Set-Aside Units at 30 percent AMI would be calculated as follows: 13 x 0.30 = 3.9).

(iii)   Repeat this calculations at each AMI level. Then add the results together.

(iv)   Divide the number calculated in (iii) by the total number of Set-Aside Units stated in the Total Set-Aside Breakdown Chart in question 6.d.(2)(b) of Exhibit A.

(v)   This number must be equal to or less than 60 percent to meet the eligibility requirement.

Where reasonably possible, Applicants will be required to keep the unit mix consistent across each committed AMI level.

The Applicant must take the above ELI and all other set-aside commitments into account during any pre-leasing and leasing activities.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Four, A.8.a. of the RFA to read as follows:

a. Federal Requirements and State Building Code Requirements for all Developments

All proposed Developments must meet all federal requirements and state building code requirements, incorporating the most recent amendments, regulations and rules:

- Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
- The Fair Housing Act as implemented by 24 CFR 100, regardless of the age of the Development**;
- Section 504 of the Rehabilitation Act of 1973*; and
- Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35.

*All Developments must comply with Section 504 of the Rehabilitation Act of 1973, as implemented by 24 CFR Part 8 ("Section 504 and its related regulations"). All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

To the extent that a Development is not otherwise subject to Section 504 and its related regulations, the Development shall nevertheless comply with Section 504 and its related regulations as requirements of the Corporation funding program to the same extent as if the Development were subject to Section 504 and its related regulations in all respects. To that end, all Corporation funding shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 and its related regulations for all Developments.

**To the extent that a Development is not otherwise subject to The Fair Housing Act as implemented by 24 CFR 100, the Development shall nevertheless comply with The Fair Housing Act as implemented by 24 CFR 100 as requirements of the Corporation funding program to the same extent as if the Development were subject to The Fair Housing Act as implemented by 24 CFR 100 in all respects. To that end, when certain construction features standards and requirements are otherwise not applicable due to the age of the building, all Developments receiving Corporation funding will be treated as if they are applicable.

The above documents are available on the Corporation's Website http://www.floridahousing.org/programs/developers-multifamily-programs/competitive/2018/2018-113/other-information-related-to-rfa-2018-113 (also accessible by clicking here).

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies the first paragraph of Section Four, A.8.c.(1) of the RFA to read as follows:

c. Required Accessibility Features, regardless of the age of the Development

(1) Required Accessibility Features in all Units

- Primary entrance door on an accessible route shall have a threshold with no more than a ½-inch rise;

- All door handles on primary entrance door and interior doors must have lever handles;
- Lever handles on all bathroom faucets and kitchen sink faucets;
- Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
- Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Four A.10.e. of the RFA to read as follows:

e.   Principal of the Applicant is a Public Housing Authority and/or an instrumentality of a Public Housing Authority

The Applicant should state whether any Principals of the Applicant entity are a Public Housing Authority and/or an instrumentality of a Public Housing Authority. To qualify for the "Add-On Bonus" described Section Five, A.1 of the RFA and in Item 1 of Exhibit C, the Public Housing Authority and/or an instrumentality of a Public Housing Authority must be reflected on the Principals of the Applicant and Developer(s) Disclosure Form (Form Rev. 08-16). For purposes of the "Add-On Bonus", the Public Housing Authority and/or an instrumentality of a Public Housing Authority must not be disclosed as only the Investor Limited Partner of the Applicant or Investor Member of the Applicant.

If the Principal of the Applicant is an instrumentality of a Public Housing Authority, provide the name of the Public Housing Authority in Exhibit A.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Section Five, A.1. of the RFA to read as follows:

A.   Scoring the RFA

1.   Determining Eligibility

Only Applications that meet all of the following Eligibility Items will be eligible for funding and considered for funding selection.

Eligibility Items
Submission Requirements met*
Demographic Commitment selected
Authorized Principal Representative provided
Name of Applicant provided
Evidence Applicant is a legally formed entity provided
Name of Each Developer provided
Evidence that each Developer entity is a legally formed entity provided
General Development Experience Requirement met
Principals for Applicant and Developer(s) Disclosure Form provided
Name of Management Company provided
Prior General Management Company Experience requirement met

Name of Proposed Development provided
Development Category selected
Development Category Qualifying Conditions met
Development Type provided
County identified
Address of Development Site provided
Question whether a Scattered Sites Development answered
Development Location Point provided
Latitude and Longitude Coordinates for any Scattered Sites provided, if applicable
Minimum Transit Score met (if applicable)
Minimum Total Proximity Score met
Total Number of Units provided and within limits
Number of new construction units and rehabilitation units provided
Minimum Set-Aside election provided
Total Set-Aside Breakdown Chart properly completed
Unit Mix provided
Number of Residential Buildings provided
Evidence of Site Control provided
Appropriate Zoning demonstrated
Availability of Electricity demonstrated
Availability of Water demonstrated
Availability of Sewer demonstrated
Availability of Roads demonstrated
Minimum Additional Green Building Features selected
Minimum Resident Programs selected
Applicant's Housing Credit Request Amount provided
Development Cost Pro Forma provided (listing expenses or uses) and Construction/Rehab analysis and Permanent analysis (listing sources) – Sources must equal or exceed uses
Financial Arrearage Requirements met**
No prior acceptance to an invitation to enter credit underwriting for the same Development in a previous RFA. ***
Total Development Cost Per Unit Limitation met****

*   Submission Requirement

To be eligible for funding, the following submission requirements must be met: (i) the Application must be submitted online by the Application Deadline, (ii) the required hard copy must be submitted by the Application Deadline, (iii) the Applicant's hard copy submission must be contained in a sealed package, and (iv) the required Application fee must be submitted as of the Application Deadline.

**   Financial Arrearage Requirement

An Application will be deemed ineligible for funding if, as of close of business the day before the Committee meets to make a recommendation to the Board, there remains any financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer is in arrears to the Corporation or any agent or assignee of the Corporation as reflected on the most recently published Past Due Report posted to the Corporation's Website under the link Property Owners & Managers/Past Due Reports (also accessible by clicking here), but not more recently than five business days prior to the date the Committee meets to make a recommendation to the Board.

***   An Application will be deemed ineligible for funding if the Applicant has accepted an invitation to enter credit underwriting for the same Development in a previous RFA (with the exception of funding awarded under the Predevelopment Loan Program (PLP) and/or the Elderly Housing Community Loan (EHCL) program) and, as of Application Deadline for this RFA, the funding has not been returned to the Corporation. If the acceptance to an invitation to enter credit underwriting in a previous RFA occurs after the Application Deadline and before the Review Committee Meeting for this RFA, the proposed Development will be considered ineligible for funding in this RFA. If the acceptance to an invitation to enter credit underwriting in a previous RFA occurs after the Review Committee Meeting for this RFA, the proposed Development will be considered ineligible for funding in this RFA and any funding awarded in this RFA will be rescinded and considered Returned Funding.

****   Total Development Cost Per Unit Limitation

By submitting its Application, the Applicant agrees and acknowledges that the Application will be subject to the Total Development Cost Per Unit Limitation during the scoring, credit underwriting, and final Housing Credit allocation process.

The Corporation shall limit the Total Development Cost (TDC) per unit for all Developments categorized by the construction type of the units as indicated below and this limit is referred to as the TDC Per Unit Limitation. It is a limit based on TDC, but exclusive of land costs and exclusive of any operating deficit reserves that are part of the permanent phase (i.e., non-construction) financing for the Development which have not been included within the Developer fee, applying any applicable TDC multiplier and/or TDC add-on. The proposed Development's TDC will be tested against the TDC Per Unit Limitation during the scoring of the RFA, utilizing the Development Type, Development Category and ESS Construction determination made by the Applicant in the RFA and it will apply to all units in the proposed Development. During the credit underwriting process, and during the final allocation process, the maximum TDC per unit will be recalculated for each unit type as described in Item 1 of Exhibit C, with consideration given to whether the Development consists one or more Development Types, a mix of both new construction and rehabilitation units, or a mix of wood and ESS Construction units.

Any Application that has an amount that exceeds these limitations during scoring will not be eligible for funding. These TDC Per Unit Base Limitation amounts, inclusive of any applicable TDC multiplier and/or TDC add-on, are effective during the scoring

process. Item 1 of Exhibit C provides the TDC Per Unit Base Limitation amounts that account for an escalation factor to be incorporated for the credit underwriting process and final allocation process, as explained in the exhibit.

Total Development Cost Per Unit Base Limitations to be used during the scoring process

Measure	New Construction Units					Rehabilitation Units	
	Garden Wood*	Garden ESS*	Mid-Rise-Wood*	Mid-Rise-ESS*	High-Rise*	Garden*	Non-Garden*
Maximum TDC Per Unit Limitation ** for all counties except Broward and Miami-Dade	$206,000	$248,000	$248,000	$274,000	$317,000	$173,000	$243,000
Maximum TDC Per Unit Limitation ** for Broward and Miami-Dade counties	$217,000	$260,000	$260,000	$287,000	$332,000	$181,000	$255,000
Applicable TDC Multipliers (to be applied against the Development's TDC) and TDC Add-Ons (to be added to the Maximum TDC Per Unit Limitation)							
TDC Multiplier for Elderly-ALF Developments					95%		
Florida Keys Area for all areas north of Plantation Key (i.e., north of Tavernier Creek)					65%		
TDC Multiplier for Florida Keys Area for all areas located on or south of Plantation Key (i.e., south of Tavernier Creek)					50%***		
TDC Add-On for Applicants that have a PHA/instrumentality of a PHA as a Principal					$5,000 of additional per unit costs will be added to the above Maximum TDC Per Unit Limitation		

* Garden includes all Development Types other than Mid-Rise and High-Rise; Non-Garden includes Development Types of Mid-Rise with elevator (4 stories, 5 stories, or 6 stories) and High-Rise (7 or more stories); Mid-Rise includes Development Types of Mid-Rise with elevator (4 stories, 5 stories, or 6 stories); and High-Rise includes Development Type of High Rise (7 or more stories). ESS means Enhanced Structural Systems Construction.

** Exclusive of land costs and exclusive of any approved operating deficit reserves that are part of the permanent phase (i.e., non-construction) financing for the Development which have not been included within the Developer fee. When the term of operating deficit reserves (ODR) is mentioned in this TDC Per Unit Limitation section, the term shall refer to these particular operating deficit reserves. Examples of reserves which can be considered part of the operating deficit reserve for this calculation are provided in the Operating Deficit Reserve portion of the Funding section in the RFA. For purposes of land valuation, the Corporation uses the lesser of the appraised value, or the actual land cost. When land costs are referenced in this TDC Per Unit Limitation section, the reference shall be limited to the amount of the land cost approved by the Corporation to be provided in the final cost certification under the land owned cost line item. For Applicants that have a public housing authority/instrumentality of a public housing authority listed as a Principal on the Applicant's Principal Disclosure Form may also exclude demolition costs and tenant relocation costs from TDC PU Limitation calculations. The total amount of costs that are to be excluded from the TDC Per Unit Limitation process are the applicable land costs, operating deficit reserves and certain PHA costs described herein are referred to belowin Exhibit C in the congregate as applicable qualifying costs.

*** If the proposed Development consists of Scattered Sites, the 50% TDC Multiplier applies only if all of the sites are located south of Tavernier Creek.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies question 6.d.(2)(b) of Exhibit A of the RFA to read as follows:

(b)   Applicants committing to the Average Income Test must complete this section:

Total Set-Aside Breakdown Chart

Number of Residential Units	AMI Level
Enter Number	At or Below 20%
Enter Number	At or Below 30% (*must commit to at least 25% at this level*)
Enter Number	At or Below 40%
Enter Number	At or Below 50%
Enter Number	At or Below 60%
Enter Number	At or Below 70%
Enter Number	At or Below 80%
Enter Number	Market Rate Units
Enter Number % **(Total Set-Aside Percentage)**	

Note: The Development Cost Pro Forma includes an Average Income Test worksheet to assist Applicants in this calculation If the Total Set-Aside Breakdown Chart reflects that the Average AMI of all Set-Aside Units exceeds 60 percent, and/or if the number of Set-Aside Units set aside at 30 percent AMI or less, is not equal to or greater than the required ELI commitment, and/or the overall Set-Aside Commitment requirement is not at least 80 percentmet, the Application will not be eligible for funding.

NOTE: Florida Housing will accept either the Exhibit A posted to the Website at 10:30 a.m. on September 13, 2018 or the Modified version.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies question 6.d.(2)(b) of Exhibit A of the RFA to read as follows:

e.   Public Housing Authority as a Principal of the Applicant Entity

Is a Principal of the Applicant Entity a Public Housing Authority and/or an instrumentality of a Public Housing Authority?

Choose an item.

If the Principal of the Applicant Entity is an instrumentality of a Public Housing Authority, state the name of the Public Housing Authority:

Click here to enter text.

NOTE: Florida Housing will accept either the Exhibit A posted to the Website at 10:30 a.m. on September 13, 2018 or the Modified version.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Item 1.a. of Exhibit C of the RFA to read as follows:

a.   The Total Development Cost Per Unit Limitation was reviewed during the scoring process as outlined in Section Five, A. During credit underwriting and final cost certification, the Total Development Cost Per Unit Limitation will be reviewed again using the values in the chart below.

Total Development Cost Per Unit Base Limitations with Escalation Factors, to be used for Total Development Cost Per Unit Limitation Tests in Credit Underwriting and Final Cost Certification

Measure	New Construction Units					Rehabilitation Units	
	Garden Wood*	Garden ESS*	Mid-Rise-Wood*	Mid-Rise-ESS*	High-Rise*	Garden*	Non-Garden*
Maximum TDC Per Unit Limitation ** for all counties except Broward and Miami-Dade	$206,000	$248,000	$248,000	$274,000	$317,000	$173,000	$243,000
Maximum TDC Per Unit Limitation ** for Broward and Miami-Dade counties	$217,000	$260,000	$260,000	$287,000	$332,000	$181,000	$255,000
Applicable TDC Multipliers (to be applied against the Development's TDC) and TDC Add-Ons (to be added to the Maximum TDC Per Unit Limitation)							
TDC Multiplier for Elderly-ALF Developments	95%						
Florida Keys Area for all areas north of Plantation Key (i.e., north of Tavernier Creek)	65%						
TDC Multiplier for Florida Keys Area for all areas located on or south of Plantation Key (i.e., south of Tavernier Creek)	50%***						
TDC Add-On for Applicants that have a PHA/instrumentality of a PHA as a Principal	$5,000 of additional per unit costs will be added to the above Maximum TDC Per Unit Limitation						

* Garden includes all Development Types other than Mid-Rise and High-Rise; Non-Garden includes Development Types of Mid-Rise with elevator (4 stories, 5 stories, or 6 stories) and High-Rise (7 or more stories); Mid-Rise includes Development Types of Mid-Rise with elevator (4 stories, 5 stories, or 6 stories); and High-Rise includes Development Type of High Rise (7 or more stories). ESS means Enhanced Structural Systems Construction.

** Exclusive of land costs and exclusive of any approved operating deficit reserves that are part of the permanent phase (i.e., non-construction) financing for the Development which have not been included within the Developer fee. When the term of operating deficit reserves (ODR) is mentioned in this TDC Per Unit Limitation section, the term shall refer to these particular operating deficit reserves. Examples of reserves which can be considered part of the operating deficit reserve for this calculation are provided in the Operating Deficit Reserve portion of the Funding section in the RFA. For purposes of land valuation, the Corporation uses the lesser of the appraised value, or the actual land cost. When land costs are referenced in this TDC Per Unit Limitation section, the reference shall be limited to the amount of the land cost approved by the Corporation to be provided in the final cost certification under the land owned cost line item. For Applicants that have a public housing authority/instrumentality of a public housing authority listed as a Principal on the Applicant's Principal Disclosure Form may also exclude demolition costs and tenant relocation costs from TDC PU Limitation calculations. The total amount of costs that are to be excluded from the TDC Per Unit Limitation process are the applicable land costs, operating deficit reserves and certain PHA costs described herein are referred to below in the congregate as applicable qualifying costs.

*** If the proposed Development consists of Scattered Sites, the 50% TDC Multiplier applies only if all of the sites are located south of Tavernier Creek.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies Item 1.b. of Exhibit C of the RFA to read as follows:

    b.   Any Applicant that has the Credit Underwriter present a credit underwriting report with an amount that exceeds these limitations by more than 5 percent, after taking into consideration an escalation factor for development costs rising after the Application Deadline of either (i) 3.0 percent for any Development with the Development Category of New Construction, Redevelopment, or Acquisition and Redevelopment, or (ii) 2.3 percent for any Development with the Development Category of Rehabilitation or

~~Acquisition and Rehabilitation,~~ and incorporating any applicable TDC reduction and adjustments processes provided below will receive a negative recommendation by the Credit Underwriter.

Any Applicant that has the Credit Underwriter present a credit underwriting report with an amount that exceeds these limitations will require staff to review the credit underwriting report for compliance to the TDC reduction and adjustment procedure provided below:

(1)   A TDC Per Unit Limitation is the maximum allowable and is determined by adding the applicable TDC Per Unit Base Limitation from the table above with respect to the Development as provided in this RFA to any applicable TDC add-on and multiplying that sum by the appropriate escalation rate, and then dividing by any applicable TDC multiplier and finally taking the resulting amount and multiplying it by the number of total units in the Development. If there are multiple unit types, this process is done for each unique unit type and then they are all added together.

    The Developer fee will be limited to the maximum allowable within the TDC Per Unit Limitation, in all instances. A Developer fee can be earned on Development Cost as defined by Rule Chapter 67-48, F.A.C., up to the maximum allowed within the TDC Per Unit Limitation, but it cannot be earned on costs in excess of said limitation. If the Development costs exceed the amount allowed by the TDC Per Unit Limitation, then the maximum allowable Developer fee will be adjusted as outlined below. The maximum allowable Developer fee limit can be determined by taking the TDC Per Unit Limitation amount and dividing by 1.16* and then multiply the result by 16 percent*. This will yield the maximum allowable Developer fee within the TDC Per Unit Limitation.

Prior to determining any necessary adjustment, if the Developer fee initially stated by the Applicant or Credit Underwriter is in excess of the maximum allowable Developer fee as provided in 1.b.(1) above, the stated Developer fee will be reduced to said maximum allowable Developer fee, and the TDC will be equally reduced to incorporate the cost reduction.

(2)   Subsequent to reducing the stated Developer fee to the maximum allowable amount provided above, additional adjustments may be necessary if the TDC Per Unit Limitation remains exceeded. An adjustment to the maximum allowable Developer fee limit shall be determined by reducing the maximum allowable Developer fee, as determined in 1.b.(1) above, dollar-for-dollar, for any costs in excess of the amount allowed by the TDC Per Unit Limitation, up to the lesser of (a) the actual amount of costs in excess of the amount allowed by the TDC Per Unit Limitation, (b) $500,000, or (c) 25 percent of the initial maximum allowable Developer fee limit. If the stated Developer fee, inclusive of any necessary adjustments incorporated above, exceeds the maximum allowable Developer fee limit as adjusted herein, the stated Developer fee, inclusive of any necessary adjustments incorporated above shall be further adjusted to not exceed the new maximum allowable Developer fee limit, and the Applicant's TDC will be equally reduced to incorporate the cost reduction. If after following this Developer fee limitation process, the Applicant's TDC

exclusive of the applicable qualifying costs is reduced to be within the amount allowed by the TDC Per Unit Limitation, then the Developer fee adjustment calculation is complete. If the Applicant's TDC exclusive of the applicable qualifying costs remains above the amount allowed by the TDC Per Unit Limitation, then there is an additional Developer fee adjustment process, as outlined in (3) below.

(3)   An additional Developer fee limitation adjustment will be initiated to further reduce the allowable maximum Developer fee limit in the event the Applicant's TDC exclusive of the applicable qualifying costs (as adjusted above) exceeds the TDC Per Unit Limitation. The reduction will be determined by deriving a percentage amount that the Applicant's TDC exclusive of the applicable qualifying costs (as adjusted above) exceeds the TDC Per Unit Limitation, and multiplying this excess percentage by the amount of the adjusted Developer fee, resulting in a product that is the additional adjustment to the Developer fee. For instance, if the Applicant's adjusted TDC excusive of the applicable qualifying costs exceeds the limitation by 4 percent, then the maximum allowable Developer fee limit is further reduced by 4 percent. If the stated Developer fee is greater than this limit, it must be reduced to be equal to the new limit. Once this step is complete, there is no further Developer fee adjustment or corresponding cost savings mandated to be incorporated into the Applicant's TDC for this process.

It is at this point that the Applicant's adjusted TDC exclusive of the applicable qualifying costs are compared to the TDC Per Unit Limitation, and if the TDC Per Unit Limitation is exceeded by more than 5 percent (as presented in the opening paragraph of 1.b above), the credit underwriting report shall be presented with a negative recommendation by the Credit Underwriter.

As a note, if the Developer fee in the credit underwriting report is already at or below the maximum allowable Developer fee limit, then there is no additional adjustment mandated to be incorporated into the Developer fee. This also means there are no corresponding cost savings to reduce the Applicant's TDC since all TDC cost reductions stemming from this process are coming from reducing the Developer fee. If the Developer fee in the credit underwriting report needs to be reduced to incorporate any adjustment as provided above, then as the Developer fee is reduced, so is the Applicant's TDC in order to incorporate the reduced Developer fee cost.

For example:

A 110-unit Family demographic Development located in Leon County had a Development Category of Acquisition and Rehabilitation and Development Types comprised of Garden (Rehab) with 70 units and Garden-ESSC (NC) with 40 units. The credit underwriter initially reports the Applicant's TDC of $24,440,000, inclusive of the Applicant's stated Developer fee of $3,370,000, but exclusive of applicable qualifying costs, demolition costs and tenant relocation costs at time of credit underwriting, and also prior to any adjustment. The Applicant does have a PHA/instrumentality of a PHA as a Principal and qualifies for the TDC Add-On.

Calculate TDC Limitation for the Development and Maximum Allowable Developer fee

1.(a)   TDC Per Unit Base Limitation (blended for two unique Unit types), inclusive of any applicable TDC Multiplier (100%), any applicable TDC Add-On ($5,000) and the escalation rate (2.6%): [(($173,000.00 Per Unit + $5,000 TDC Add-On) x 70 Garden (Rehab) Units x (1 + 2.3%) + ($248,000.00 Per Unit + $5,000 TDC Add-On) x 40 Garden-ESSC (NC) Units] x (1 + 3.0%)) / 100% TDC Multiplier = $23,170,180. (To determine the blended final TDC PU Limitation, divide by total units: $23,170,180 / 110 Total Units = $210,638.00 Per Unit.)

1.(b)   Implied maximum Development Cost per the limitation: $23,170,180 ÷ 1.16 = $19,974,294.

1.(c)   Determine maximum allowable Developer fee limit within the TDC limitation (prior to any applicable Developer fee adjustment): $19,974,294 x 16% = $3,195,886.

(Note: The calculations in both 1.(b) and 1.(c) incorporates the requirement to round down the Developer fee to the next lower whole dollar.)

First Developer fee/TDC adjustment Calculation Methodology (If necessary)

2.(a)(i) Is the Applicant's initial Developer fee ($3,370,000) greater than the maximum allowable of $3,195,886? $3,370,000 > $3,195,886; Yes.

2.(a)(ii) If the response to 2.(a)(i) is "Yes", then determine the excess: $3,370,000 - $3,195,886 = $174,114 (initial excess Developer fee and initial excess TDC of Applicant).

2.(b)   Reduce the Applicant's initial Developer fee to the lesser of either the maximum allowable ($3,195,886) or the Applicant's initial fee ($3,370,000) and reduce the Applicant's initial TDC by an equal amount: $3,370,000 - $174,114 = $3,195,886 (Applicant's initial adjusted fee); $24,440,000 - $174,114 = $24,265,886 (Applicant's initial adjusted TDC).

2.(c)   If the response to 2.(a)(i) is "No" or once the adjustment of 2.(b) has been completed, then determine if the Applicant's (adjusted) TDC remains in excess of the limitation and if so, the amount of the excess: $24,265,886 (initial adjusted TDC) > $23,170,180 (TDC limitation); $24,265,886 - $23,170,180 = $1,095,706 (excess).

2.(d)   Determine the components used to calculate an adjusted maximum allowable Developer fee. Any adjustment will be the lesser of either (i) 100% of the excess TDC ($1,095,706), (ii) $500,000, or (iii) 25 percent of the maximum allowable Developer fee limit (25% x $3,195,886 = $798,972) : $500,000 < $798,972 < $1,095,706.

2.(e)   Apply the least amount of the three components in 2(d) above ($500,000) to determine the maximum allowable Developer fee limit, subject to this adjustment: $3,195,886 - $500,000 = $2,695,886 (maximum fee limit at this stage).

2.(f)   Determine if the Applicant's initial adjusted Developer fee (as provided in 2.(b) above) is greater than the new maximum allowable Developer fee limit (from

2.(e) above) and, if so, reduce the Applicant's initial adjusted fee appropriately: $3,195,886 (Applicant's initial adjusted fee) > $2,695,886 (maximum fee limit at this stage); Adjust the fee appropriately: Applicant's interim adjusted fee = $2,695,886.

2.(g)   Determine the Applicant's TDC reduction due to the Developer fee adjustment in 2.(f) above and apply the adjustment accordingly: $3,195,886 (Applicant's initial adjusted fee) - $2,695,886 = $500,000 (Applicant's TDC reduction); $24,265,886 - $500,000 = $23,765,886 (Applicant's interim adjusted TDC).

(As a note, this TDC is still greater than the TDC Per Unit Limitation so an additional adjustment to the maximum allowable Developer fee will need to be calculated.)

Second Developer fee/TDC adjustment Calculation Methodology (If necessary)

3.(a)   Determine the percentage the Applicant's (adjusted) TDC without the applicable qualifying costs (as adjusted above in 2.(g)) that exceeds the amount allowed by the TDC Per Unit Limitation: Amount of excess TDC: $23,765,886 (Applicant's interim adjusted TDC) - $23,170,180 (TDC limitation) = $595,706 (excess TDC); Excess TDC as a percentage of TDC Limitation: $595,706 ÷ $23,170,180 = 2.57%. (Note: This number is only rounded here for illustrative purposes. The actual calculation will not be rounded.)

3.(b)   Determine the final maximum Developer fee limit: 2.57% x $2,695,886 (maximum fee limit from 2.(e) above) = $69,311; $2,695,886 - $69,311 = $2,626,575 (final maximum allowable Developer fee limit).

3.(c)   Determine if the Applicant's interim adjusted Developer fee (from 2.(f) above) is greater than the final maximum allowable Developer fee limit (from 3.(b) above) and, if so, reduce the Applicant's interim adjusted Developer fee appropriately: $2,695,886 (Applicant's interim adjusted fee) > $2,626,575 (final fee limitation); $2,695,886 - $69,311 = $2,626,575 (Applicant's final adjusted Developer fee).

3.(d)   Determine the Applicant's final adjusted TDC at time of credit underwriting by taking the Applicant's interim adjusted TDC (as provided in 2.(g) above) and subtracting any adjustment to the Applicant's final adjusted Developer fee (from 3.(c) above): $23,765,886 - $69,311 = $23,696,575 (Applicant's final adjusted TDC).

3.(e)   Verify the status of the 5% variance test: ($23,696,575 - $23,170,180) / $23,170,180 = 2.27%, which falls within the criteria of being less than or equal to 5% above of the amount allowed by the TDC Per Unit Limitation.

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