

**QUESTIONS AND ANSWERS FOR RFP 2010-14
ELI EXCHANGE FUNDING**

Question 1:

Are there any points available or is there a requirement to set aside 50% of the additional ELI units for Special Needs Households?

Answer:

There are no points available and there is no requirement to set aside 50% of the additional ELI units for Special Needs Households.

Question 2:

Are 50% of the additional ELI units that an applicant would commit to in the RFP required to be set-aside for Special Needs Households? For example, in the original application if there was a total of 100 units and the applicant committed to 10% ELI and also committed to set-aside 50% of the ELI units for special needs households then of the 10 ELI units the applicant committed to 5 of those ELI units would be set-aside for special needs households. Now, if the applicant submits in this RFP for an additional 10% ELI units up to a total of 20 ELI units would the special needs households set-aside increase to 10 units?

Answer:

No, there is no requirement to set aside 50% of the additional ELI units for Special Needs Households.

Question 3:

Is the intent of Section 4.C.3 to prevent any development with a cash-flow only first mortgage financing from applying under this RFP? If so, what is the reason for this?

Answer:

Yes. With the additional ELI units, the development will have lower cash flow available for debt service. In order to reduce the potential of a loan not meeting its debt service requirement and being more likely to be subject to a foreclosure event, all hard pay debt is being targeted for reduction. As such, Florida Housing prioritized hard-pay debt over soft-pay debt. Florida Housing also does not have an adequate supply of Exchange funds to provide an equal opportunity for all potential applicants to request funding so Florida Housing prioritized its distribution to the hard-pay debt service loans.

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Question 4:

The ranking preference identified in the RFP is skewed in favor of applicants that were awarded exchange funds from RFP 2010-04 and have 9% tax credit equity as a source in the project. Those developments automatically have less exchange funds per unit than those developments awarded exchange funds from the April 30, 2010 Action Plan that utilize tax exempt bonds and 4% tax credits.

Can the selection criteria be amended to give equal weight to both types of applicants?
Thank you for the opportunity to make this inquiry.

Answer:

Not at this time. Since Florida Housing may not have adequate funding for all potential applicants, a priority system had to be put into place and having less Exchange funds per set-aside unit is a process that mimics the leveraging process in the Universal Application Cycle as it relates to debt from Florida Housing such as SAIL, that prioritizes the awards based on this leveraging test.

Question 5:

Will the leveraging test take into account the same factors as the A/B groupings in the Universal Cycle (e.g. high-rise, etc)? All of these projects already have been underwritten, so their relative need is already confirmed by FHFC.

Answer:

The current RFP does not take into consideration the same factors as the A/B groupings. The original award of Exchange funds also did not take into consideration the A/B groupings. This funding is not based on project costs or development type since this funding is related to the economics of the cash flow generated by the units. The cash flow generated by the units is tied to the AMI set-aside, distributed among the unit mix.

Question 6:

Applicants are only required to submit Exhibit A to the RFP (page number 13 at the bottom), and nothing else.

Answer:

That is correct; the applicant need only submit Exhibit A to the RFP, completed and fully executed.

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Question 7:

Are applicants to indicate an amount of Exchange funds being requested per the RFP?

Answer:

No, the applicant need not indicate a requested amount of Exchange funds. The amount of Exchange funding awarded will be determined based on total available funds, total number of qualified additional ELI units, and the minimum and maximum amounts of the award per new ELI unit.

Question 8:

Is an application fee to be submitted with this RFP?

Answer:

There is no application fee associated with this RFP.

Question 9:

Will additional servicing, credit underwriting or other fees related to the Exchange funds awarded pursuant to this RFP be charged? If there are any such fees, please describe.

Answer:

Each applicant that is invited into credit underwriting will need to pay the re-underwriting fee as provided in the 2009 UAC which is stated as follows: \$155 per hour, not to exceed \$6,907.

Question 10:

Assuming an Applicant is meeting its minimum Exchange spending requirement through full spending of its Exchange funding (as opposed to incurring 30% of basis in land & depreciable property), please confirm the following:

Provided Applicants have met the 12/31/10 Exchange spending requirements pursuant to RFP 2010-04, please clarify that the inability to spend a portion or all of the Exchange funds related to RFP 2010-14 will not cause a recapture of the Exchange Funds awarded pursuant to RFP 2010-04.

Answer:

Please see the answer to Question 11 below keeping in mind that your Extended Use Agreement and/or Land Use Restriction Agreement will have been amended at closing to accommodate the additional new ELI units.

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Question 11:

Assuming an Applicant is meeting its minimum Exchange spending requirement through full spending of its Exchange funding (as opposed to incurring 30% of basis in land & depreciable property), please confirm the following:

Provided Applicants are able to spend a portion, but not all of the Exchange funds related to RFP 2010-14, please clarify that the only Exchange funds subject to recapture would be the unspent portion of the Exchange funds awarded pursuant to RFP 2010-14.

Answer:

If a development cannot meet either (1) the full expenditure of all Exchange funds by 12/31/10 (by having Florida Housing approve a draw request and draw the funds from Treasury by 12/31/10) or (2) the 30% test (incurring 30% of the basis in land and depreciable property) by 12/31/10, then Treasury will not allow any further funding of any Exchange funds in 2011 for that development. If the development becomes financially non-viable and cannot be corrected in a timely manner as a result of not having access to Exchange funds after 2010, the recapture of Exchange funds already expended would be pursued as provided in the loan documents.

Question 12:

Will the terms and forgiveness features of the Exchange funds awarded through RFP 2010-14 be the same as those for the Exchange funds awarded pursuant RFP 2010-04?

Answer:

The terms and conditions for the new Exchange funds will be identical to all prior Exchange funds. All Exchange funds awarded by Florida Housing will have the same terms and forgiveness features.

Question 13:

Will the (i) Replacement Reserve and (ii) Debt Service & Operating Expense Reserve requirements change from those set forth in RFP 2010-04?

Answer:

During the re-underwriting process, the credit underwriters will make that determination. It is doubtful the replacement reserve or the operating expense figures would be impacted, but having a lower hard-pay first mortgage, the debt service reserve may be correspondingly impacted.

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Question 14

Will FHFC require additional guarantees beyond those already required for recipients of funding through RFP 2010-04.

Answer:

Non-Borrower guarantees are not based on the dollar amount of the total Exchange funds awarded, but rather on debt service and operating expenses. Additional guarantees are not anticipated.

Question 15:

Are you eligible to participate in the program if you have already closed on your loan, but otherwise meet all the criteria established within the RFP? It would seem that since the goal is to use the funds by the end of the year, that a project that has already shown the ability to move quickly and can absorb these funds quickly would be an ideal candidate for use of the exchange funds.

Answer:

Yes.

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