

2nd Questions and Answers for RFA 2019-114

HOUSING CREDIT FINANCING FOR AFFORDABLE HOUSING DEVELOPMENTS LOCATED IN BROWARD, DUVAL, HILLSBOROUGH, ORANGE, PALM BEACH AND PINELLAS COUNTIES COUNTY

Question 1:

Are the required most current audited financial statements no more than 17 months old for a Non-Regulated Mortgage Lender, a governmental entity, or a capital contribution (documented in accordance with the requirements for a Non-Regulated Mortgage Lender) made public record or are they retracted from the Application prior to being made public record?

Answer:

All documents submitted to Florida Housing in the normal course of business are public records. Some specific public records (e.g., social security numbers and bank account numbers) must be held confidential or exempt. Personal Identifiable Information (PII), even if not confidential or exempt, will be redacted from the Application prior to posting the Applications online (e.g., home address and date of birth).

Question 2:

In regard to Part 6-Units/Buildings, if a For-Profit Applicant is selecting the Average Income set-aside and is proposing less than 75 total units, how many Set-Aside Units would be required? Part 6.a states the minimum required is 30 total units, but the last paragraph in this section states "... if the Applicant commits to set-aside less than 80 percent of the total units at or below an average of 60 percent AMI, the Development must have a minimum of 75 Set-Aside Units." This sentence is repeated in 6.d.(2)(a)(i).

Answer:

If a proposed Development has less than 75 total units, the Applicant must commit to set-aside at least 80 percent of the total units. If the Applicant selects the Average Income Test, these Set-Aside Units may be set aside at or below 80 percent AMI, but the average AMI of all of the Set-Aside Units cannot exceed 60 percent AMI.

Question 3:

The Local Government Verification – Loan – form has a line item for "The net present value of the above-referenced loan, based on its payment stream, inclusive of a reduced interest rate and the designated discount rate (as stated in the applicable RFA)". Section Four A.10.c.(2)(b) states that local government verification forms must meet the requirements outlined in 10.c.(3)(a) of the RFA, which allows this line on the form to be blank if the loan is forgivable with no accrued interest. Section Four A.10.c.(2)(b) further states that "Applications are not required to reflect the value (difference between the face amount and the net present value of the payment streams) on any Local Government Verification forms". The only discount rate identified in the RFA is in Section Four A.10.c.(2)(a). Does this mean that if a Local Government contribution (for purposes of the Local Government Areas of Opportunity) has an interest rate, then the line item mentioned above on the form may be blank? For purposes of the Local Government Areas of Opportunity, will Florida Housing only require the total face amount of the loan be equal to or greater than amounts shown in the "Minimum Local Government Area of Opportunity Funding Amounts" chart?

Answer:

For purposes of Local Government Areas of Opportunity funding, Applicants are not required to enter the net present value of the loan on the “Florida Housing Local Government Verification of Contribution – Loan” form. The face amount of the loan, in an amount equal to or greater than the amount shown in the “Minimum Local Government Area of Opportunity Funding Amounts” chart must be reflected on the form.

Question 3:

Can an Applicant or Developer pay back a local government contribution in an accelerated time frame? For example, can the loan be paid back to the local government jurisdiction in as little as 6 months after the funds are dispersed by the local government or immediately after permanent loan conversion?

Answer:

No. The contribution must be paid in full by the local jurisdiction no later than 90 days following the date the proposed Development is placed in-service and must be reflected as a source on the Development Cost Pro Forma. If the Applicant qualifies as a Local Government Areas of Opportunity and is awarded funding, regardless of whether the Applicant is awarded under the Local Government Areas of Opportunity Funding Goal, the Applicant must provide and maintain an amount equal to or greater than the minimum qualifying local government contributions amounts listed in the RFA within the permanent sources of financing. Contributions from an Applicant, Developer, Principal, Affiliate or Financial Beneficiary of an Applicant or a Developer are not considered local government contributions, which includes payments from an Applicant, Developer, Principal, Affiliate or Financial Beneficiary of an Applicant or Developer any time after the Development is placed in service. The contribution from the local government is to be solely for assisting the proposed Development and no consideration or promise of consideration may be given with respect to the loan.

If the contribution is paid off by an Applicant, Developer, Principal, Affiliate or Financial Beneficiary of an Applicant or Developer a short period of time after it is funded by the local jurisdiction or even a short period of time after conversion to permanent phase (and having all identified sources of permanent financing being disbursed) the Applicant would need to have the replacement funding source recognized as part of the sources of financing (during construction and/or permanent phases). Having both the local contribution listed as a source and the replacement funding provided would demonstrate more funding sources being made available than development costs to be incurred; therefore, if the operations of the proposed Development, or any other information ascertained, can demonstrate in credit underwriting that the local contribution can be paid off in an accelerated manner by the Applicant, Developer, Principal, Affiliate or Financial Beneficiary of an Applicant or Developer (i.e., prior to the end of the 15-year IRS Compliance Term), then the minimum qualifying first mortgage criteria in Rule Chapter 67-48, F.A.C., would be expected to reduce the amount of housing credits awarded the development. An accelerated repayment of the local contribution via operations is a result of under leveraging affordable housing resources.

The Q&A process for RFA 2019-114 is concluded and Florida Housing does not expect to issue any further Q&As regarding RFA 2019-114.

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