**Florida Housing Finance Corporation**

**RFA 2021-211 Development Viability Loan Funding**

**Registration for Workshop is required. Registration information is available on RFA Webpage[[1]](#footnote-2)**

**Overview**

A. Introductions

B. Purpose of RFA

Florida, along with the rest of the United States, is experiencing a strong real estate construction boom that escalated in 2020. The demand for building materials has increased accordingly. However, various material supply chains and their labor forces have experienced prolonged shortages creating stress in the supply and demand equilibrium nationwide, which has continued into 2021. Construction costs have been increasing over this period with such uncertainty about future prices that construction contracts have escalated at an unprecedented pace. Finalizing general contractor construction contracts has been difficult and once contract pricing has been determined, current pricing has proven to increase at a greater pace than expected at the time certain Request for Applications (RFAs) were issued.

There are many Applicants that applied to Florida Housing for funding since 2018 and have received an Active Award but have not yet started construction or rehabilitation of their proposed developments. Applicants have indicated that due to the volatile market circumstances and without any reasonable assurance of market stabilization, awards in the pipeline are experiencing issues that include funding gaps impacting the feasibility of developments.

Applicants will be held to the terms and conditions of the RFA under which the Active Award was made and the applicable rule chapter in effect at the time of the Original Application.

**Funding available**

An estimated $20,000,000 in loan funding is expected to be available in this RFA.

**Outline of RFA**

A. Section One – Introduction

B. Section Two – Definitions

Exhibit B of the RFA and Rules, which are posted on the RFA Webpage\*.

C. Section Three –RFA Procedures and Provisions, including Submission Requirements

1. Electronic submission

The Application Package will continue to be electronically uploaded. There is no longer a requirement for a hard copy. The Application Fee of $500 may be submitted via check or wire. The instructions for submitting this are outlined in Section Three.

To ensure that the Application Fee is processed for the correct online Application, the following is ***strongly recommended***: (i) provide the Application Fee at least 48 hours prior to the Application Deadline; (ii) whether paying by check, money order, ACH or wire transfer, include the Development Name, RFA number with the payment; and (iii) if paying by wire, include the Federal Reference Number, or if paying by ACH, include the Trace Number at question B.1 of Exhibit A.

2. If the Attachment document is bookmarked, the Application will be awarded 5 points.

Instructions for adding bookmarks to pdf documents prior to uploading the Application can be found on the RFA Webpage. Acrobat Standard DC or Acrobat Pro DC are the programs required to create bookmarks.

D. Section Four of the RFA outlines instructions for completing Exhibit A

1. Include the Applicant Certification and Acknowledgement form, executed by the Authorized Principal Representative, to indicate the Applicant’s certification and acknowledgement of the provisions and requirements of the RFA.

2. Applicant/Developer/Priority Designation

a. Applicants that are eligible for funding

(1) This RFA is open to Applicants that have an Active Award and meet the following conditions:

* A financing gap must be demonstrated to exist even with a deferred Developer Fee of at least 51 percent subject to loan sizing parameters listed in 4.a. below;
* Did not close on the Limited Partnership Agreement, Tax-Exempt Bond financing, or any other Corporation funding (excluding Pre-Development Loan Program funding (PLP) and Elderly Housing Community Loan (EHCL) funding);
* Has not recorded a Notice of Commencement with the appropriate local jurisdiction;
* Has not returned the allocation for the Active Award to the Corporation; and
* Was awarded in one of the Eligible RFAs listed below:
* RFA 2017-111 Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties
* RFA 2017-114 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments
* RFA 2018-102 Housing Credit Financing to Provide Affordable Multifamily Rental Housing that is a Part of Local Revitalization Initiatives
* RFA 2018-103 Housing Credit and SAIL Financing for the Development of Housing for Homeless Persons
* RFA 2018-107 Housing Credit and SAIL Financing for Affordable Housing for Hurricane Recovery in Monroe County
* RFA 2018-108 Financing for the Development of Housing for Persons with Disabling Conditions or Developmental Disabilities
* RFA 2018-110 Housing Credit Financing for Affordable Housing Developments Located in Medium Counties
* RFA 2018-111 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County
* RFA 2018-112 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties
* RFA 2018-113 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments
* RFA 2018-114 SAIL Financing for the Construction of Workforce Housing
* RFA 2018-115 SAIL Financing for the Construction of Workforce Housing for Hurricane Recovery in Monroe County
* RFA 2018-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits
* RFA 2019-101 Community Development Block Grant-Disaster Recovery (CDBG-DR) in Monroe County RFA
* RFA 2019-102 Community Development Block Grant-Disaster Recovery (CDBG-DR) to be used in conjunction with Tax-Exempt MMRB and Non-Competitive Housing Credits in Counties Deemed Hurricane Recovery Priorities
* RFA 2019-103 Community Development Block Grant-Disaster Recovery (CDBG-DR) for Small Developments in Areas Deemed Hurricane Recovery Priorities
* RFA 2019-105 Housing Credit Financing to Provide Affordable Multifamily Rental Housing that is a Part of Local Revitalization Initiatives
* RFA 2019-106 Housing Credit and SAIL Financing to Develop Housing for Homeless Persons
* RFA 2019-107 Financing to Develop Housing for Persons with Disabling Conditions / Developmental Disabilities
* RFA 2019-108 SAIL Financing Farmworker And Commercial Fishing Worker Housing
* RFA 2019-110 SAIL Financing For The Construction Of Workforce Housing For Hurricane Recovery In Monroe County
* RFA 2019-111 Rental Recovery Loan Program
* RFA 2019-112 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County
* RFA 2019-113 Housing Credit Financing For Affordable Housing Developments Located In Medium And Small Counties
* RFA 2019-114 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach and Pinellas Counties
* RFA 2019-115 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments
* RFA 2019-116 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits
* RFA 2020-103 Housing Credit and SAIL Financing to Develop Housing for Homeless Persons
* RFA 2020-106 Financing to Develop Housing for Persons with Disabling Conditions / Developmental Disabilities
* RFA 2020-201 Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties
* RFA 2020-202 Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties
* RFA 2020-203 Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County
* RFA 2020-204 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments
* RFA 2020-205 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits
* RFA 2020-208 SAIL Financing for the Construction of Workforce Housing
* RFA 2020-302 Community Development Block Grant-Disaster Recovery (CDBG-DR) in Monroe County
* RFA 2021-103 Housing Credit and SAIL Financing to Develop Housing for Homeless Persons
* RFA 2021-106 Financing to Develop Housing for Persons with Disabling Conditions/ Developmental Disabilities
* RFA 2021-208 SAIL and Housing Credit Financing for the Construction of Workforce Housing

Note: Applications for proposed Developments that were awarded funding in RFA 2019-111 will receive a funding preference in the funding selection process.

(2) Successful Applicants will choose between the following:

* Unless the Viability Loan Funding is returned prior to the Application Deadline for the below RFAs, Applicants will be limited to submitting Priority II Applications in the 2022-2023 cycle 9% Housing Credit Competitive Geographic RFAs. Successful Applicants will also be precluded from submitting Self-Sourced Applications in the 2022-2023 cycle SAIL Family/ Elderly RFA. Successful Applicants principals are otherwise eligible to fully participate in all RFAs and the Noncompetitive Application. If this option is chosen, an interest rate of 1% will be charged annually and be cash flow dependent.; or
* The loan will be subject to an interest rate of 1%. If this option is chosen, the interest will be charged annually and will be a hard-pay structure.

b. State the name of each Developer, including all co-Developers

c. Principal Disclosure for Applicant and Developer(s)

The Principals of the Applicant and Developer(s) Disclosure Form (Form Rev. 05-2019) (“Principals Disclosure Form”) that was approved in the Application for the Original Award or, if applicable, as revised and approved by the Board or Corporation, must be uploaded.

The Advance Review process for the disclosure of Applicant and Developer(s) Principals is open.

d. Related Applications and Priority Application Designation

No Principal can be a Principal of more than two Priority I Related Applications. There is no limit to the number of Priority II Applications that can be submitted.

3. General Development Information

a. Name of the Development that has the qualifying Active Award.

b. County where the proposed Development will be located.

c. The demographic committed to in the Original Application may not change. In the case of a discrepancy between the Original Application and this Application, the Corporation will use the demographic commitment stated in the Original Application for scoring purposes.

d. Units

(1) The total number of new construction and/or Rehabilitation units may not be less than the total number of units committed to in the Original Application.

If the Corporation staff or the Corporation Board of Directors has approved a change to the number of units, state the original number of units and the approved number of units, as applicable. If there has been no approved change to the name of the proposed Development from the Original Application, state no change.

(2) Combination of Development Categories, Development Types, or ESS/non-ESS Construction, based on any approved change to the total number of units stated in (1) above

Applicants will complete a chart reflecting the appropriate breakdown and number of units within each of the Development Categories, Development Types, or ESS/non-ESS Construction, for purposes of the Total Development Cost Per Unit Limitation calculation.

4. Funding

a. Request Amounts

(1) The minimum amount per Development is based on type of funding originally awarded.

* If the Original Award included Housing Credits, the minimum award amount per Development is $500,000.
* If the Original Award did not include Housing Credits, the minimum award amount per Development is $200,000.

(2) The maximum amount per Development is limited to the lesser of the following:

* $40,000 per unit;
* $2,250,000 per Development; and
* The amount of Viability Loan Funding needed to make the Development viable, sized by determining an amount to balance the Total Development Costs against the Total Permanent Funding Sources.

The need would be determined and sized during scoring, in credit underwriting, and at final cost certification (if the Active Award includes Housing Credits) by the methods and limits provided in the RFA.

b. Calculating the Total Permanent Funding Sources

(1) Permanent Funding Sources

The Total Permanent Funding Sources that will be used in this Application for this calculation will be the greater of:

(a) any permanent funding (Corporation and non-Corporation) disclosed in the Original Application\* (exclusive of HC equity and deferred Developer fee);

(b) any permanent funding (Corporation and non-Corporation) disclosed in the most recently staff or Board approved credit underwriting report or update letter (exclusive of HC equity and deferred Developer fee); and

(c) that which is disclosed on the Development Cost Pro Forma provided with this RFA (exclusive of HC equity, deferred Developer fee, and the Viability Loan).

(2) Housing Credit Equity (only applicable if the Original Award involved HC)

(a) Applicants must have a current letter of intent from an equity provider, dated no earlier than 90 Calendar Days prior to the Application Deadline.

(b) If the credit pricing is offered with “upward adjusters”, and those adjusters result in a better credit pricing situation in the end, the “gain” would have to be used to pay down the deferred Developer Fee to 40 percent to the extent possible and then any remaining funds, if any, will be used to pay down the FHFC Viability Loan principal.

(c) The HC pricing used to determine the minimum housing credit equity available to size the Viability Loan be the greater of (i) the amount provided in the letter of intent; or (ii) $0.90.

(3) Deferred Developer Fee

(a) Minimum of 40 percent of the total Developer fee, exclusive of any operating deficit reserve portion that is a part of a 21 percent Developer fee (which will be equal to 5 percent of Development Cost), up to 100 percent.

(b) Viability Loan sizing will begin with a 40 percent deferred Developer Fee and only increase it if permanent financing sources are less than total development costs without an increase. Nonetheless, there will be a verification process that will confirm a Viability Loan is still required when the deferred Developer Fee is increased up to 51%.

c. Viability Loan Sizing Process

(1) Sizing the minimum deferred Developer Fee.

Take the lesser of (a) the total Developer Fee stated in the Development Cost Pro Forma submitted for this RFA or (b) the maximum allowed in accordance with the RFA of the Original Award (exclusive of any operating deficit reserve portion that is a part of a 21 percent Developer fee – which is equal to 5 percent of Development Cost) and multiply it by 40 percent.

(2) Sizing the Permanent Financing sources, exclusive of deferred Developer Fee, Housing Credit Equity and Viability Loan.

(a) Take the Total Permanent Financing Sources stated in the Development Cost Pro Forma submitted for this RFA, and subtract the stated deferred Developer Fee, the stated Housing Credit Equity, and the stated Viability Loan amount to provide the sized Permanent Financing sources submitted as part of this RFA.

(b) For the Development Cost Pro Forma submitted in the RFA of the Active Award, take the Total Permanent Financing Sources stated said pro forma and subtract the stated deferred Developer Fee and the stated Housing Credit Equity to determine the sized Permanent Financing sources submitted as part of the Active Award.

(c) If the Applicant has a finalized credit underwriting report or an approved update letter, the same process as provided in (b) above will be followed for the information in the report/letter to determine the sized Permanent Financing sources prepared as part of credit underwriting.

(d) The amount of Permanent Financing sources used to size the Viability Loan will be the greater amount presented from the three methods in (a) through (c) above. This amount of Permanent Financing sources will be used in credit underwriting and final cost certification as a minimum amount of said sources when sizing the Viability Loan at those times. If a higher amount of actual Permanent Financing sources exists at credit underwriting or final cost certification (with the exception of “upward adjusters” mentioned above), then the actual Permanent Financing sources will be used at that time.

(3) Sizing the amount of Housing Credit equity.

The total amount of Housing Credits equity stated the updated letter of intent divided by the amount of housing credit allocation being purchased by the syndicator (10-year total) as stated (or implied) in letter of intent represents the actual Housing Credit price. If this price is equal to or greater than $0.90, then the stated Housing Credit equity will be used. If the actual Housing Credit price is less than $0.90, then the amount of Housing Credit equity will be determined using a price of $0.90.

(4) Sizing the maximum amount of Viability Loan via the gap method.

The Total Development Costs stated in the Development Cost Pro Forma submitted for this RFA will have deducted from it (a) the minimum deferred Developer Fee determined in (1) above, (b) the amount of Permanent Financing sources determined in (2)(d) above, and (c) the amount of Housing Credit equity determined in (3) above. The result is the Viability Loan as determined via the gap method.

This same process is repeated except the amount of the deferred Developer Fee will be increased from 40 percent to 51 percent. If the resulting gap amount is greater than zero, then the process of determining a maximum request amount as provided below can continue. If the resulting gap is zero or less than zero, the maximum Viability Loan becomes $0 and the sizing process ends.

(5) Assuming the gap amount determined in (4) when the deferred Developer Fee is set at 51 percent is greater than zero, then the gap amount determined in (4) when the deferred Developer Fee is set at 40 percent will be compared against the maximums indicated in a.(2)(a) and a.(2)(b) above and the lesser of these three maximum limits will be compared against the Applicant’s request amount. The lesser of all of these amounts will be the qualifying amount to test against the next minimum amount test. This qualifying amount will be compared to the minimum request amount allowed as indicated in a.(1) above to determine if the qualifying amount is at least equal to the minimum request amount. The qualifying amount that is greater than or equal to the minimum request amount will be the Applicant’s Eligible Viability Loan Funding Request Amount.

5. Development Cost Pro Forma

The Development Cost Pro Forma submitted with this Application will be used in conjunction with the other documents mentioned herein to determine a maximum Eligible Viability Loan Funding Request Amount. Hard cost and soft cost contingencies as well as the General Contractor Fee and Developer Fee must maintain the same limits as provided in the Original Application. Funding sources must equal Total Development Costs.

a. Shortfall on the Development Cost Pro Forma

If there is a shortfall on the Development Cost Pro Forma after utilizing the sized Eligible Viability Loan Funding Request Amount, the deferred Developer fee will be adjusted to the extent needed or available to balance the sources and uses of funds, up to 100 percent deferral.

If the Developer fee is 100 percent deferred and a shortfall still exists, the Applicant will be deemed ineligible. Construction funding sources must equal Total Development Costs and Permanent Funding sources must equal Total Development Costs.

b. Surplus on the Development Cost Pro Forma

If there is a surplus on the Development Cost Pro Forma after utilizing the sized Eligible Viability Loan Funding Request Amount, the surplus will be used to adjust the deferred Developer Fee downward, but no less than the minimum of 40 percent (exclusive of any operating deficit reserve portion that is a part of a 21 percent Developer fee).

If the sources of funding remain in excess of uses after adjusting the deferred Developer fee, then the Applicant’s Eligible Viability Loan Funding Request Amount will be adjusted down accordingly. Construction Funding sources must equal Total Development Costs and Permanent Funding sources must equal Total Development Costs

c. Preference for Applications that demonstrate new sources of non-Corporation funding

To receive preference in the funding selection process, state the amount of funding in new non-Corporation permanent funding sources secured since the Original Application was submitted. Applications with the highest amount will receive preference. The Applicant must maintain this higher level of permanent funding sources through final credit underwriting, loan closing, LPA closing and final cost certification if awarded funding in this RFA. If the Applicant has less than this amount, then the Viability Loan sizing process will assume the larger amount exists.

6. Total Development Cost Limitation

The Applicant must meet the Total Development Cost Per Unit Limitation as provided in the RFA. The amounts in the RFA will be reflective of those approved by the Board of Directors at the 07/30/21 meeting as a modification to all RFA limits from the 2017-2018 RFA cycle through the 2020-2021 RFA cycle. All of the RFAs listed in the agenda fall within this modification period. These limits will be tested at time of Application, Credit Underwriting and Final Cost Certification (as applicable). The Development Cost Pro Forma includes a section to assist the Applicant with this process.

D. Funding Selection Process

1. Sorting Order

a. Applications for proposed Developments that were awarded funding in RFA 2019-111 Rental Recovery Loan Program;

b. Applications with the highest amount of new non-corporation permanent funding commitments that have been added to the transaction since the original application pro forma.

c. Amount of Viability Loan Funding request per unit;

d. Percentage resulting from the Applicant’s Eligible Viability Loan Funding Request Amount divided by the maximum award amount the Applicant is eligible to request, rounded to two decimal places of the percentage. Applications will be listed in ascending order beginning with the Application with the lowest percentage and ending with the Application that has the highest percentage;

e. Florida Job Creation Funding Preference; and

f. Lottery number.

2. Selection Process

a. The first Application(s) selected for funding will be the highest ranking eligible Priority I Application(s) that can be fully funded.

b. If funding remains and there are no eligible unfunded Priority I Applications remaining, the highest ranking eligible Priority II Application(s) that can be fully funded will be selected for funding.

c. If funding remains and there are no eligible unfunded Applications remaining, no further Applications will be considered for funding and any remaining funding will be distributed as approved by the Board.

E. Credit Underwriting Process

Successful Applicants will be required to complete underwriting by their original due dates, or no later than 6 months from the date of the viability loan award.

Closing of the Viability Loan Funding will be simultaneous with the closing of other Corporation funding. Applicants with an Active Award of only 9 percent Housing Credits must show evidence of closing the Limited Partnership Agreement before the closing of the Viability Loan Funding.

F. Exhibits to RFA

1. Exhibit A – Application

2. Exhibit B – Definitions used in RFA that are not defined in Rule

3. Exhibit C – Additional Information

a. Fees

b. Florida Job Creation Funding Preference

c. Terms and Conditions

d. Sale, Transfer or Refinancing of a Development

e. Loan Disbursement

G. Other Important Information

1. Public comment link on each RFA Webpage for viewing and submitting public comments

2. Question and Answers process outlined in Section Three, D. of the RFA

3. Expected Timeline

Issue RFA: October 12, 2021

RFA Due Date: November 2, 2021

Review Committee Meeting (make recommendations to Board) November 18, 2021

Request Board Approval of Recommendations December 10, 2021

H. Other Discussion Topics

1. References to the RFA Webpage refer to https://www.floridahousing.org/programs/developers-multifamily-programs/competitive/2021/2021-211 which can be accessed [here](https://www.floridahousing.org/programs/developers-multifamily-programs/competitive/2021/2021-211). [↑](#footnote-ref-2)