

Florida Housing Finance Corporation
Rule Development Workshop
Rule Chapters 67-21 and 67-48, F.A.C.
March 4, 2025, beginning at 2:00 p.m.

1. Definitions

- a. “Rehabilitation” means, with respect to the HOME and Housing Credit Program(s), the alteration, improvement or modification of an existing permanent residential structure where less than 50 percent of the proposed construction work consists of new construction, as further described in Rule 67-48.0075, F.A.C.

“Rehabilitation” means, with respect to the Housing Credit Program, the alteration, improvement or modification of an existing permanent residential structure where less than 50 percent of the proposed construction work consists of new construction, as further described in Rule 67-21.0025, F.A.C.

- b. “Preservation” unless otherwise stated in a competitive solicitation, means Rehabilitation of an existing development that is at least 20 years old as of an Application Deadline in a competitive solicitation and has an active contract through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or either has PBRA, as defined in this rule, or is public housing assisted through ACC. If funded through the Corporation, the Development must maintain at least the same number of PBRA or ACC units. Such developments must not have closed on funding from HUD or RD within the 20 years prior to an Application Deadline in a competitive solicitation where the budget was at least \$10,000 per unit for rehabilitation in any year.

- c. “Redevelopment” unless otherwise stated in a competitive solicitation means at least one of the following:

(a) ~~A With regard to a proposed Development that~~

1. involves demolition of multifamily rental residential structures currently or previously existing;
2. is ~~that are~~ at least 30 years old as of an Application Deadline in a competitive solicitation; ~~and~~
3. either originally received financing or ~~is are~~ currently financed through one or more of the following HUD or RD programs: Sections 202 of the Housing Act of 1959 (12 U.S.C. §1701q), 236 of the National Housing Act (12 U.S.C. §1701), 514, 515, or 516 of the U.S. Housing Act of 1949 (42 U.S.C. §1484), 811 of the U.S. Housing Act of 1937 (42 U.S.C. §1437), or have PBRA, as defined in this rule; and

4. new construction of replacement structures on the same site ~~maintain maintaining~~ at least the same number of PBRA units, or

(b) ~~A With regard to proposed Development Developments that~~

1. involves ~~involve~~ demolition of public housing structures currently or previously existing on a site with a Declaration of Trust;
2. is ~~are~~ at least 30 years old as of an Application Deadline in competitive solicitation;
3. is ~~and that are~~ assisted through ACC; ~~and~~
4. new construction of replacement structures will be on the same site; ~~;~~ and
5. ~~providing~~ at least 25 percent of the total new units will be financed with PBRA, ACC, or both, after Redevelopment.

2. 67-21.0025 Principal Disclosure for Non-Competitive Applications

(7)(f)1. The Applicant has no entities at any principal disclosure level that own more than a 10 percent direct or indirect interest in the General Partner or Non-Investor Member of the Applicant where any natural person Principal owns more than a 10 percent interest in the entity;

3. 67-21.014(2)(r)6.b.; 67-21.026(e)2.; and 67-48.0072(17)(f)2. General Contractor self-performance

The General Contractor may self-perform work of a de minimis amount, defined for purposes of this subparagraph as the lesser of \$350,000 or 5 percent of the construction costs, not to include the General Contractor fee or pass-through fees paid by the General Contractor ~~construction contract~~;

4. 67-48.010 SAIL Loan Term

(14) The SAIL loan term shall be for a period of not more than 15 years. However, if both a SAIL loan and federal Housing Credits are to be used to assist a Development, the Corporation may set the SAIL loan term for a period commensurate with the investment requirements associated with the Housing Credit syndication. The term of the loan may also exceed 15 years if the lien of the Corporation's encumbrance is subordinate to the lien of another mortgagee, in which case the term may be made coterminous with the longest term of the superior loan, or if the Development is financed with a government sponsored enterprise, in which the term may be extended up to six months.

5. 67-48.0072 Minimum First Mortgage

(28)(g) When utilizing the gap calculation in determining a recommendation for the amount of the Housing Credit Allocation as part of the process the Corporation uses to determine financial feasibility as set forth in Section 42(m)(2) of the IRC, the Credit Underwriter shall assume a first mortgage loan amount from a non-governmental agency (i.e., a traditional first mortgage lender) to be the greater of:

1. The actual amount committed to the Development, or
2. The amount of the proposed Development's minimum qualifying first mortgage as determined herein. The Development's minimum qualifying first mortgage shall be the lesser of a. or b. as follows:
 - a. An amount that yields a debt service coverage ratio of 1.25x based on the first-year net operating income as presented in the proposed Development's final credit underwriting report's pro forma for the proposed Development's and calculating a 15th year net operating income given an annual rate of increase for revenues of the lesser of 2 percent or the annual rate of increase utilized in credit underwriting, along with an annual rate of increase for operating expenses of the greater of 3 percent or the annual rate of increase utilized in credit underwriting less any cash-flow dependent, interest-only financing provided by a Local Government entity where the interest rate does not exceed the three-month average of the long-term applicable federal rate prescribed by section 1264(d) of the IRC published for January, February and March of a given calendar year for any Application submitted after July 1st of the same year, but prior to July 1st of the following calendar year, or
 - b. The greater of either:
 - (I) An amount that yields a debt service coverage ratio of 1.50x, and accounting for the aforementioned debt service of a Local Government entity sponsored financing source, or
 - (II) An amount that yields a net cash flow after debt service of \$1,500 ~~\$1,000~~ per unit.

6. 67-21.009 Interest Rate on Mortgage Loans

The Corporation shall establish the interest rate on Mortgage Loans at the time of sale of the Bonds in accordance with section 215.84, F.S. The interest rate shall in no event exceed the arbitrage limit which is legally allowed without jeopardizing the tax exempt status of the Bonds, if Bonds are issued as Tax-exempt Bonds.

7. 67-21.014 MMRB Credit Underwriting Procedures

(3) The Applicant shall review and provide written comments on the draft Credit Underwriting Report to the Corporation and the Credit Underwriter within 48 hours of receipt ~~the time frame established by the Corporation.~~ After the 48 hour period, ~~t~~The Corporation shall provide comments on the draft report and, as applicable, on the Applicant's comments to the Credit Underwriter. The Credit Underwriter shall then review and incorporate the Corporation's and, if deemed appropriate, the Applicant's comments and release the revised report to the Corporation and the Applicant. Any additional comments from the Applicant shall be received by the Corporation and the Credit Underwriter within 72 hours of receipt of the revised report ~~the established time frame.~~ Then, the Credit Underwriter shall provide a final report, which shall address comments made by the Applicant to the Corporation.

(6) The Credit Underwriting Report must be complete and final by the date of the Board of Directors meeting immediately following eighteen (18) months after the Applicant is invited to enter credit underwriting. Unless an extension is approved by the Board, failure to achieve a complete and final Credit Underwriting Report by the specified deadline shall result in withdrawal of the Application. Applicants may request one (1) extension of up to six (6) months to secure a complete and final Credit Underwriting Report. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting the extension and shall detail the time frame to achieve a complete and final Credit Underwriting Report. In determining whether to grant an extension, the Board shall consider the facts and circumstances of the Applicant's request, inclusive of the responsiveness of the Development team and its ability to deliver the Development timely. The Corporation shall charge a non-refundable extension fee as set forth in the NCA if the request to extend the credit underwriting process beyond the initial deadline is approved. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the extension of the original deadline. If, by the end of the extension period, the Applicant has not received a complete and final Credit Underwriting Report, the Application shall be withdrawn.

8. 67-21.007 MMRB Fees

(1)(a) Good faith deposit means a total deposit equal to one percent of the loan amount reflected in the loan commitment paid by the Applicant to the Corporation. The Applicant shall pay a total deposit equal to one percent of the aggregate principal amount of proposed Taxable and Tax-exempt Bonds, or \$125,000 ~~\$75,000~~, whichever is greater, to the Corporation, which deposit may be applied toward the Cost of Issuance Fee. The maximum good faith deposit required is \$300,000 ~~\$175,000~~. The good faith deposit is payable in one (1) installment and is due within 14 Calendar Days of the date the Board of Directors approves the Credit Underwriting Report. If the good faith deposit is exhausted, the Applicant shall be required to pay, within three (3) business days of notice, an additional deposit to ensure payment of the expenses associated with the processing of the Application, the sale of the Bonds, including document production and the securitization of the loan. The good faith deposit shall be remitted by certified check or wire transfer. In the event the MMRB Loan does not close, the unused portion of the good faith deposit shall be refunded to the Applicant. Notwithstanding the foregoing, the Applicant is responsible for all expenses incurred in preparation for loan closing. Any and all costs of the Corporation will be deducted from the good faith deposit prior to refunding any unused funds to the Applicant. In the

event that additional invoices are received by the Corporation subsequent to a determination that the MMRB Loan will not close and refunding any unused funds to the Applicant, which invoices related to costs incurred prior to such determination and refunding, Applicant shall be responsible for payment of the balance due as invoiced.

9. Final Cost Certification
 - a. Syndication Form
 - b. Development costs outside of GC Contract.
10. Qualified Allocation Plan
Updated geographic splits will be posted once the draft report is received from Shimberg.
11. Non-Competitive Application
 - a. Disaster Preparedness as a required resident program
 - b. Emergency Operations for all Elderly Developments
 - c. Removal of some optional construction features

12. Compliance and s. 196.1978(4), F.S.

13. Other discussion
 - a. Fees for changes to Application (i.e., Principals)
 - b. Medical Facility –proposed definition:

~~A medically licensed facility that employs or has under contractual obligation at least one physician licensed under Chapter 458 or 459, F.S. available to provide general medical treatment to patients by walk-in or by appointment. This may be a hospital that provides emergency services (such as treating a life-threatening illness), clinic or a doctor’s office that provides general wellness services (such as diagnostic services or treating ongoing medical issues) to patients over the age of five years old. Facilities that only treat specific classes of medical conditions, (e.g. a including, but not limited to clinics/emergency rooms affiliated with specialty or Class II or III hospitals such as psychiatric hospitals or rehabilitation centers), or facilities that only treat specific classes of patients such as children’s hospitals or women’s health centers, (e.g., age, gender)~~ will not be accepted.

- c. Adaptive Reuse – proposed definition examples:

- The change-in-use of an existing building not, at the time of Application Deadline, being used for residential purposes, into a building which will be used for residential purposes.
- The conversion of an existing non-residential building(s) to a residential building(s) that creates new affordable housing units.
- The conversion of an existing non-residential building(s), that was not initially constructed for permanent residential use, to permanent residential building(s) that create new affordable housing units.

14. Public Comment

15. Timeline

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| a. Notice of Proposed Rule presented to Board | 5/9/2025 |
| b. Rule Hearings | 6/3/2025 |
| c. File proposed rules for adoption | 6/18/2025 |
| d. Rules effective | 7/8/2025 |