

Final Cost Certification Application Package

FAQs

Frequently Asked Questions Regarding the Final Cost Certification Process

What is the status of my final cost certification review?

All cost certifications are reviewed by a Cost Certification Program Manager and if necessary senior staff. If there are substantial comments on the first draft or if there are possible rule violations, the subsequent drafts of the cost certification may need to be reviewed by senior staff, which may slow down processing times.

All cost certification drafts are reviewed in the order that they are received. To ensure a timely review of your cost certification, after you have received comments from Florida Housing staff, it is important to (1) review comments, (2) make necessary revisions to the General Contractor or Development Final Cost Certifications, and (3) provide written responses to all cost certification comments in a timely manner. If a secondary draft is not provided for several months after review, staff will be required to reacquaint themselves with the development and cost certification, which will add to review times.

What are you looking at when you review my cost certification?

The purpose of the cost certification process is to establish the total actual costs incurred by the general contractor and owner in the development of a project. This in turn will enable Florida Housing to determine the amount of subsidy to be allocated to the development. During their review, staff will:

1. Notate any material changes in the sources and uses. Here are a few things to note:
 - a. If the development does not have Florida Housing loan funding, costs will be compared to figures presented in the final/updated credit underwriting report.
 - b. If the development does have Florida Housing loan funding, costs will be compared to figures presented in the final draw schedule.
 - c. Generally, a cost difference of \$100,000 or more would constitute a material change but is at the discretion of the reviewer and may vary depending on the total cost amount, percentage increase, or particular cost item.
 - d. Any material changes should be proactively explained by the Developer in the space provided on the Development Final Cost Certification (DFCC) template or by the General Contractor on Exhibit A of the General Contractor Cost Certification (GCCC).
2. Ensure compliance with Florida Housing rule/RFA requirements to the best of their knowledge.
3. Ensure compliance with Section 42 of the IRC to the best of their knowledge.

Here are a few examples of items that would trigger a comment by the reviewer:

1. Staff noticed that the Impact Fees on the DFCC were \$500,000 but in the Credit Underwriting Report (CUR), they were budgeted at \$250,000. Upon further review of the CUR, it was noted that the Applicant would be reimbursed for half of the Impact Fees. Per the Final Cost Certification Application Package (FCCAP), all expenditures must be reduced by the amounts of any reimbursements. Therefore, staff requested that the cost of the Impact Fees reflected as a development cost be reduced by the amount of the reimbursement to the Applicant.
2. Upon review of the GCCC, staff noted that ABC Subcontractor, LLC who performed roofing work as a subcontractor appears to be an Affiliate of the General Contractor, ABC General Contractor, LLC. However, it was not disclosed on the GCCC that the entities were affiliated. Staff will ask the Applicant about the affiliation of the two parties due to the rule requirement that the General Contractor will not subcontract any construction cost to an entity that has common ownership or is an Affiliate of the General Contractor, Developer or Applicant. If the subcontractor and General Contractor have common ownership or are Affiliates, this would constitute a rule violation.
3. Upon review of the DFCC, it was noted that the demolition costs were included as an eligible expense. However, according to accounting requirements as stated in the IRC 42, Low Income Housing Credit Audit Technique Guide, the cost of the demolition of any structure should be added to the capital account for the land on which the demolished structure was located and these costs would be excluded from eligible basis.

What can I do to speed up the review time of my cost certification?

Cost certifications are reviewed in the order that they were received. However, there are many things that Applicants and General Contractors can do to make for a more efficient and timely review process. Here are a few suggestions:

- Provide the cost certification to staff for review as soon after construction is completed as possible. There are many times that staff receive a first draft cost certification 9 months or more after the development placed in service with a request to expedite the review to meet a deadline. Staff cannot accelerate the review of a cost certification over others that have already been submitted because of a delayed submission and the Applicant's need to make a deadline.
- Provide a draft of the Independent Auditor's Report and ensure the correct version of the FCCAP is being utilized as the form versions may differ from year to year based on rule.
 - For 9% Housing Credits, the FCCAP is incorporated by the RFA. Therefore, Applicants and General Contractors should access the FCCAP directly from the RFA webpage, under "Forms Related to RFA" to ensure they are utilizing the correct version.
 - For 4% Housing Credits, the FCCAP is incorporated by 67-21, F.A.C. The Applicant and General Contractor should ensure that they are referencing the version of 67-21, F.A.C. that is in effect at the time of Application. For example, if an Applicant applied on December 1, 2023, the rule version in effect on this date would be 67-21, F.A.C. – effective 6/28/23. Reference 67-21.027 to determine which version of the FCCAP to utilize. .
 - **The Applicant should provide the correct version of the GCCC to the General Contractor.**
- It is important to stay up to date on the rules and requirements of Florida Housing as outlined in the RFA, 67-48, F.A.C., 67-21, F.A.C. and Non-Competitive Application Package. If a rule causes undue hardship to an Applicant and the Applicant desires to seek a waiver of the rule, it is important to bring those requests to staff as soon as the Applicant becomes aware of them, and before the action occurs that would cause a rule violation. If rule violations are observed during the review of the cost certification, this may significantly increase the amount of time that it will take to reach finalization. This is because (1) staff will have to vet the request, which often times includes multiple calls with the Applicant, their attorneys, and accountants and a review/analysis of supporting documentation and draft petitions; (2) staff may have to obtain a recommendation from the underwriter and (3) staff will have to ultimately determine if they will approve or make a positive recommendation for the request, which may require Board action. The most common violations notated during the cost certification review are:
 - Exceedance of subcontractor limitations
 - Use of Subcontractors who are affiliated/related to the General Contractor, Developer, or Applicant
 - Construction costs incurred outside of the Guaranteed Maximum Price Contract (GMP)
 - General Contractor self-performance of work over the di minimis amount

- It is very important to follow the FCCAP Instructions. There are detailed instructions on how to fill out the cost certification forms. As you fill out the forms, you will most certainly avoid additional staff comments by going through the instructions and ensuring all the steps and instructions are followed. For example, in the GCCC, there are instructions to include a 1, 2, or 3 in the second column of the worksheet to delineate costs for Accessory Buildings, Recreational Amenities or Existing Common Areas, respectively. If there is a pool on the property but there is no “2” reflected in the second column to delineate costs for Recreational Amenities, this will trigger a comment from staff.

As the Applicant, it is important to do a quality review check on the GCCC and DFCC prior to submission to Florida Housing. Here are a few of the things you’ll want to ensure that you review prior to submission:

- Identifying Development information is correct (Name of Development, Application Number, Location of Development, etc.)
- The correct version of the FCCAP has been utilized
- The instructions have been followed
 - Examples for GCCC
 - Costs have been appropriately allocated amongst trade items;
 - Costs are identified for Accessory Buildings, Recreational Amenities or Existing Common Areas;
 - Subcontractors have been appropriately audited and reported for staff review.
 - Examples for DFCC
 - Ineligible costs are reflected as such (demolition, market study, certain costs associated with the land, etc.);
 - The TDC is within limits or has been cut back per the RFA requirements;
 - The land/building acquisition is reflected appropriately as outlined in the CUR;
 - Syndication Rate is inclusive of adjusters.
- There are no rule violations.
- Applicants can also speed up review time by providing all documentation required per the FCCAP checklist and instructions. If the documentation submitted to staff does not correlate to the information presented in the FCCAP, this will trigger a question from staff so providing additional documentation/explanation with the submission of those documents will eliminate additional comments.
 - For example, if staff is provided with a Certificate of Occupancy (CO) but the Placed In Service date reflected on the DFCC does not match that on the CO because a Temporary Certificate of Occupancy (TCO) was utilized to substantiate the Placed In Service date, staff will be required to request the TCO with the next draft.
 - If staff is provided with a Final Pay Application that does not match the costs outlined in the GCCC, this will trigger a staff comment.

Other Helpful hints for quick processing of subsequent draft:

- Fully respond to Florida Housing comments.
- Ensure all information has been fully vetted at the onset of the review, so there are no major changes as we try to finalize the cost certifications. If there are major changes in between drafts, please provide an explanation and supporting documentation. Major changes will require a higher level of review and may delay processing.
- If documentation is requested after the initial review of the FCCAP, ensure all requested supporting documentation is submitted with the subsequent draft (COs, change orders, final pay applications, etc.).
- Inform your syndicator, per rule requirements that Florida Housing will confirm details of the source of Housing Credit equity prior to approving the DFCC. This confirmation must come directly from the Housing Credit Syndicator.
- Ensure the Excel format matches the PDF. Florida Housing uses the Excel format for data extraction purposes, and therefore it is important for the two documents to match.
- Please do not alter the Excel format or formulas.

What is the status of my 8609s?

After the FCCAP has been finalized, staff will move the file/development forward to the next stage, the issuance of 8609s. Florida Housing conducts a thorough file review in tandem with the cost certification review to ensure all Florida Housing requirements are met, and all documentation is received. Once Florida Housing is in receipt of a Florida Housing approved and fully executed cost certification and all other required documentation has been completed/submitted (photos, recorded EUA, compliance monitoring fee, etc.), 8609s will be drafted and processed for Director approval. Because there are numerous variables associated with Multifamily processes, such as board deadlines, RFA scoring assignments, requests for extensions and changes, EUAs, and 8609s already in the pipeline, we are not able to give a definitive timeframe, however, staff diligently works to prioritize workload to ensure they can deliver 8609s as quickly as they can, especially preceding tax filing deadlines.