

DATE: March 26, 2015

TO: Florida Housing Finance Corporation Staff

FROM: Angela Hatcher and Tom Flynn
Flynn Development Corporation

RE: **Preservation RFA – Background and Recommendations for USDA/RD Properties**

(A) Background:

The 2014 LIHTC allocation was approximately \$39 million with .92% allocated to USDA/RD Developments.

April 2014 - FHFC Board approved \$5,348,131 for the following LIHTC Preservation Applications:

County	# of Units	Amount of LIHTC	% of Total	Preservation Type	Demo
Hillsborough	111	\$1,000,000	19%	HUD	<i>Family</i>
Miami-Dade	96	\$1,043,294	20%	HUD	Elderly
Pinellas	95	\$1,186,000	22%	HUD	Elderly
Alachua	101	\$ 750,000	14%	HUD	Elderly
Brevard	192	\$1,003,828	19%	HUD	Elderly
<i>St. Johns</i>	<i>60</i>	<i>\$ 365,009</i>	<i>7%</i>	<i>USDA/RD</i>	<i>Elderly</i>

The above USDA/RD property is not affiliated with Flynn Development.

May/June 2014 – Miscellaneous suggestions submitted to FHFC staff.

July 2014 – Florida Council for Affordable Rural Housing (Florida CARH) presented a booklet to FHFC Staff and Board Members containing statistics on the USDA/RD Florida Portfolio, data, prior year Preservation comparisons, and recommendations for Preserving USDA/RD Rural Multifamily Developments.

September 2014 – Meeting with FHFC Staff (Nancy Muller, Kevin Tatreau and Ken Reecy) to discuss USDA/RD goals for the next Preservation RFA. Our request included a goal for a minimum of (2) Elderly developments and (2) Family developments or a minimum of \$1.8m in tax credits. Staff requested more data.

October 2014 – Summary of Data submitted to FHFC Staff.

Preservation Developments at Risk (15 to 30 yrs old) per Shimberg Center:

HUD	FHFC	USDA/RD	Local HFAs	TOTAL
533	374	397*	82	1,386
38%	27%	29%	6%	100%

58% = Family Demographic

27% = Elderly Demographic (remaining % is Other/Mixed)

USDA/RD 515 Florida Portfolio:

# of Developments	Total Units	Average Income	Average Income on Rental Assistance	Rents
394*	20,293	\$12,898	\$11,085	30% of Income with Average of \$250.00/mthly

*# differs from Shimberg data, represents RD pre-payment of loan (no longer in portfolio or affordable).

December 2014 – Geographic “GEO” RFAs

- (1) GEO RFAs released which incorporated a 3 point proximity boost for existing USDA/RD developments. This change allowed existing USDA/RD applications to score within the minimum point requirement for the GEO RFA.
- (2) We submitted 2 applications in the S/M RFA and 1 application in the Large County RFA.
 - a. Due to the funding preference for New Construction, our applications in the Small/Medium RFA were ranked at the bottom of the list and not selected for funding.
 - b. The Large County RFA recommendations have not been released but will likely be the same.

(B) Present Situation

The 2015 LIHTC allocation is approximately \$46 million with \$6.2 million (or 13.5%) for the Preservation RFA.

- (1) The draft Application Criteria released Friday, March 20, 2015 proposes the following:
 - a. One USDA/RD Development
 - b. One Family Development
 - c. One Elderly Transformative Development (up to \$2.1m in LIHTC and \$2m in SAIL funding)
- (2) In RFA 2014-111, \$7,431,800 in SAIL funding was allocated to an Elderly Transformative Development.
- (3) There are approximately \$8.1million in remaining SAIL funds from the following RFAs:
 - a. RFA 2014-117 remaining balance of \$5.4 million.
 - b. RFA 2015-101 remaining balance of \$1.2 million
 - c. RFA 2015-102 will have a balance of \$1.5 million based on apps submitted.

(C) Recommendations for Preservation RFA:

- (1) Due to the limited amount of Preservation funds, the Elderly Transformative Development goal should be removed from this RFA and funded with SAIL funds.
- (2) Remove the demographic targeting for only one Family Development to be funded (*data from Shimberg supports 58% for Family and 27% for Elderly demographics*).

(C) Recommendations for Preservation RFA (cont'):

- (3) Incorporate a goal to preserve USDA/RD developments by allocating a minimum of \$1.5 million in the Preservation RFA, *or* incorporate a goal to fund a minimum of (2) Elderly and (2) Family USDA/RD developments. \$1.5 million represents 3% of LIHTC allocation.
See attached spreadsheet for QAP State Comparisons.
- (4) Allow USDA/RD developments to be exempt from the funding Preference for Concrete Construction. The GEO RFAs do not have this funding preference.
See attached email from USDA/RD State Architect.
- (5) Allow USDA/RD developments to be exempt from the **mandatory** Large county transit requirement.

Angela Hatcher

From: Tom Flynn [tflynn@flynnmanagement.com]
Sent: Wednesday, March 25, 2015 10:18 AM
To: Angela Hatcher FMC
Subject: FW: RD concrete/masonry construction

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From: Erxleben, Ernie - RD, Gainesville, FL [mailto:ernie.erxleben@fl.usda.gov]
Sent: Wednesday, March 25, 2015 10:11 AM
To: Parish, Nigel - RD, Gainesville, FL
Cc: Tom Flynn
Subject: RD concrete/masonry construction

Nigel,

I understand that you will be meeting with the FLHFC tomorrow and one of the subjects to be discussed is their priority/preference for concrete and/or masonry construction. Rural development has never had a policy dictating the type of construction that must be utilized in our multi-family housing program. The type of construction has always been at the discretion of the developer, however all properties have been built to be decent, SAFE and sanitary. In addition, properties have been constructed to be affordable. One factor in obtaining the affordability of construction is by building in a manner that is customary to the location of the project. The majority of projects in north and central Florida have been constructed of wood frame construction, many with brick veneer, while projects in south central and south Florida tend to be of masonry construction as that is the type of prevailing construction in the areas. I would estimate though, that of the overall Rural Development multi-family housing portfolio, only 15% - 20% of the hundreds of complexes are constructed of masonry. However, regardless of the type of construction, complexes have always been built to comply with the required building code including any wind load, hurricane or high velocity wind standards in effect at the time of construction and the location of the complex. As State Architect for the past 32+ years, I am aware of very few facilities that have suffered from any major damage that may have been inflicted by wind, weather or fire, regardless of the type of construction.

Ernest Erxleben
 State Architect
 USDA/ Rural Development/Rural Housing Service
 Gainesville, FL
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3/27/2015

Preservation Developments at Risk

AGE of Property	HUD	FHFC	RD	LHFA	Total
15 - 29 years old:	232	348	271	63	914
	25%	38%	30%	7%	

Target Population (# of Developments)

Elderly	147	18%
Family	478	60%
Elderly/Family	52	7%
Other	<u>121</u>	15%
	798	

AGE of Property	HUD	FHFC	RD	LHFA	Total
30 years or older:	301	26	126	19	472
	64%	6%	27%	4%	

Target Population (# of Developments)

Elderly	181	42%
Family	232	54%
Elderly/Family	2	12%
Other	<u>17</u>	4%
	432	

TOTAL Combined:	HUD	FHFC	RD	LHFA	Total
	533	374	397	82	1,386
	38%	27%	29%	6%	100%

Target Population (# of Developments)

Elderly	328	27% *
Family	710	58% *
Elderly/Family	54	4%
Other	<u>138</u>	<u>11%</u>
	1,230	100%

Difference between target population 1,230 and 1,386 are expiring mortgages/LURAs.

Data taken from 2013 Rental Market Study: Public & Assisted Housing (pg 24 -31)

Prepared by Shimberg Center for FHFC, July 19, 2013 (available on FHFC web site)

Qualified Allocation Plan ("QAP) Comparison Analysis

STATE	Credits Per 2014 QAP	Allocation Splits			USDA/RD Specific	Allocation and/or Application Limits	Resident Programs	Affordability Period
		GEO RFAS (New Construction Preference)	Preservation	High Priority & Special Needs (New Construction Preference)	USDA/RD Specific			
1								
FLORIDA								
FLORIDA Updated to 2015 Per Capita Calculation	\$45,754,583	76.50%	13.50%	10%	1 development	None	must select 3 from list of 4 in addition to mandatory	50 years
		New Construction	Preservation	Permanent Supportive Housing	USDA/RD Specific			
2								
OHIO								
OHIO Updated to 2015 Per Capita Calculation	\$21,500,000	42%	40%	19%	No specific for USDA but see below.	\$1m max per development	Required referrals for multiple svcs. Must submit supportive plan in	30 years
		New Construction or Rehab	"At Risk Set-Aside"	USDA/RD Specific				
3								
TEXAS								
TEXAS Updated to 2015 Per Capita Calculation	\$60,609,883	Divided by Sub Regions as identified in QAP	15%	5% of Credit Ceiling	\$3m cap to Applicant	\$3m cap to Applicant	Points awarded from selection of list (see attached from QAP).	2 points for 35 years
		Preservation	Permanent Supportive Housing	Open Category	USDA/RD Set-Aside			
4								
MICHIGAN								
MICHIGAN Updated to 2015 Per Capita Calculation	\$22,000,000	25%	25%	25%	10% Statutory Set-Aside	\$1.5m per Project \$3m per Principal	Consideration given for job growth, coordination of site amenities to enhance neighborhood, unique financing.	Points for 45 years.
		Investment Category	15% Undesignated					

All states have 10% non profit set-aside.

Qualified Allocation Plan ("QAP) Comparison Analysis

STATE	Credits Per 2014 QAP	Allocation Splits			USDA/RD Specific	Allocation and/or Application Limits	Resident Programs	Affordability Period
<i>All states have 10% non profit set-aside.</i>								
		Flexible Pool	Rural Pool (as defined by USDA)	USDA/RD Specific				
5	Georgia <small>Updated to 2015 Per Capita Calculation \$23,223,889</small>	65%	35% of \$7m	(Rural Counties are identified in QAP)	No specifically for USDA but 35% for Rural Areas.	Applicants can submit up to 4 applications but selected for a max of 2 up to \$1.8m total.	Required: Semi-Month classes i.e., computer training, arts & crafts, exercise. Movie night, potluck dinners. Can request waiver for smaller properties.	1 point for add'l 5 yrs.
		Divided by Regions (County List Included in QAP)			USDA/RD Set-Aside			
6	North Carolina <small>Updated to 2015 Per Capita Calculation \$22,871,117</small>	West 16%, Central 24%, Metro 37%, East 23%			\$750,000	\$1m Max Project Request. \$1.8m Max Principal Request.	Must select 3. i.e., gazebo, covered picnic area, sitting areas, exercise room, computer center, screened porch or sun rooms.	35 years