

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
October 22, 2021  
Action Items



## HOME-RENTAL

### *Action*

#### I. HOME-RENTAL

##### A. Request Approval to Use HOME Funds for Viability Loans to Eligible HOME and CDBG-DR Developments

###### 1. Background/Present Situation

- a) Florida, along with the rest of the United States, is experiencing a strong real estate construction boom that escalated in 2020, continuing through 2021. 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.
- b) There are many Applicants that applied to Florida Housing for funding since 2019 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.
- c) As proposed development costs are being finalized, developers are required to address the need to obtain additional funding sources as well as the need to comply with RFA and administrative rule requirements. Florida Housing distributed a voluntary survey in June 2021, seeking pro forma information for developments in the pipeline to gauge the scope of issues in order.
- d) Staff reviewed unique survey data from 7 HOME developments and 14 CDBG-DR developments, reviewing the proposed gap funding to be requested, funding shortfalls indicated by the developer, and the level of percent deferred developer fee proposed. The responses ranged broadly, as some submitted responses were for developments that have just recently been invited to enter credit underwriting and do not have completed plans or a schedule of values, while some developments are through underwriting with plans completed. Some indicated affirmatively that they are experiencing funding gaps, and some indicated it is unknown at this point. Staff reviewed the responses to identify potential solutions for the development community that maintain the viability of developments in the pipeline and facilitate the delivery of units in a timely and cost-effective manner. Since distributing the survey, some developments have successfully completed underwriting approvals or closed transactions, and no longer need gap loan funding.

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- e) To maintain the scope of the developments as committed in the original Applications and to address potential gaps for these awards that cannot be handled through deferred developer fee, value engineering or other sources alone, staff proposes the use of up to \$20 million of Corporation HOME funds. This funding would provide loans, due at maturity, to cover identified funding gaps for those HOME and CDBG-DR developments in the pipeline allowing the developments to remain viable. Based upon survey results, this amount should be enough to fund all developments seeking gap financing that meet the suggested program requirements and, accordingly, a separate Request for Applications (RFA) will not need to be developed for this program.
- f) At the September Board meeting, the Board approved the following requirements and criteria for the Development Viability Loan Funding RFA for 9% LIHTC and SAIL/RRLP developments. Staff has kept most of these requirements in place for the HOME/CDBG-DR developments, except where noted below:
- (1) 25% minimum deferred developer fee would be a condition of eligibility for the funding (This is 40% for the 9% LIHTC/SAIL/RRLP developments).
  - (2) Applicants must have a current letter of intent from an equity provider, and any additional mortgage lender, if applicable.
  - (3) If any applicable 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 FHFC HOME viability loan principal. Any additional mortgage loan proceeds realized by the Applicant would similarly go to pay down FHFC HOME viability loan principal.
  - (4) Awards will have a per development and a per unit limit on funding in conjunction with HOME program requirements.
  - (5) Staff will employ a conservative approach to the allocation of these funds, the need would be determined and sized in credit underwriting; our expectation would be that Applicants exhaust all possible opportunities for other funding sources first, e.g., Surtax/local government funds and any unused or CDBG-DR funds that may become available.
  - (6) Funding will be available to all developments in the pipeline that have not yet commenced construction nor closed on original funding.
  - (7) 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. Successful Applicants will be required to close on financing by their original due dates, or no later than 6 months from the date of the underwriting approval/update.

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- (8) The viability loans will be made at the same interest rate as the original HOME/CDBG-DR awards. (For the 9% LIHTC/SAIL/RRLP developments, developers are given the choice of paying interest or not participating in a future RFA).

## 2. **Recommendation**

- a) Approve the use of up to \$20 million in Corporation HOME funds for use in a HOME/CDBG-DR viability loan program and authorize staff to work with the credit underwriters to appropriately determine need.

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#### **B. Home Investment Partnerships Program (HOME) Funding from the American Rescue Plan Act (HOME-ARP)**

##### **1. Background**

- a) The American Rescue Plan (ARP) Act is a federal economic stimulus bill passed by the U.S. Congress and signed into law effective March 11, 2021. The legislation provides \$5 billion from the U.S. Department of Housing and Urban Development (HUD) to the Home Investment Partnerships Program (HOME). This funding is to provide housing and supportive services resources for households that are homeless or not stably housed. The HOME-ARP funding can be used for the following activities:
  - (1) Development and support of affordable housing, as currently permitted under the HOME program;
  - (2) Tenant-based rental assistance;
  - (3) Supportive services, including activities such as transitional housing, housing counseling, and homeless prevention services; and/or
  - (4) Acquisition and development of non-congregate shelter units, which may be converted to permanent affordable housing, used as emergency shelter, or remain as non-congregate shelter units.
- b) HOME-ARP program funds are available for participating jurisdictions to obligate for eligible activities through September 30, 2025. Funds may be drawn for expenditures through September 30, 2030.

##### **2. Present Situation**

- a) On April 8, 2021, HUD announced the HOME-ARP allocations for participating jurisdictions and that guidance for use of the funds would be released in Fall 2021. Florida Housing Finance Corporation was awarded \$71,903,340 as the recipient of the state's non-entitlement allocation.
- b) On September 13, 2021 HUD released CPD-21-10 Notice which provided guidance outlining the requirements for the use of funds in the HOME-ARP program. This guidance identified qualifying populations, instructions for completing the HOME-ARP Allocation Plan, eligible uses and activities under the HOME-ARP program, and other federal requirements. The CPD-21-10 Notice identifies the following as required components of a participating jurisdiction's HOME-ARP Allocation Plan:
  - (1) A summary of the consultation process and results of upfront consultation;
  - (2) A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why;
  - (3) A description of HOME-ARP qualifying populations within the jurisdiction;

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- (4) An assessment of unmet needs of each qualifying population;
  - (5) An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system;
  - (6) A summary of the planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations;
  - (7) An estimate of the number of housing units for qualifying populations the participating jurisdiction will produce or preserve with its HOME-ARP allocation; and
  - (8) A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.
- c) Florida Housing staff has reviewed the HOME-ARP program requirements described within the legislation and subsequent key guidance provided by HUD. The staff has determined the specific action items that are required by HUD to develop, request approval of, and implement a plan for the allocation of Florida Housing's HOME-ARP funds.. The next steps are to formally seek consultation and public participation in the development of the state's HOME-ARP Allocation Plan for submission to HUD for review and approval.

### 3. **Recommendation**

- a) Approve the staff's request to engage in the required consultation and public participation processes to develop a HOME-ARP Allocation Plan for submission to HUD.

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#### C. **Request Approval of the Development of an RFA for Home Investment Partnerships Program (HOME) Funding**

##### 1. **Background**

- a) At its June 18, 2021 Board meeting, the Board of Directors approved the 2021/2022 Funding Amounts and Timeline and authorized staff to proceed with the development of various RFAS utilizing State Apartment Incentive Loan funding, Low-Income Housing Tax Credits funding, and National Housing Trust Fund (NHTF). Staff would now like to request authorization to develop an RFA utilizing HOME funds in the amount of an estimated \$20 million.

##### 2. **Present Situation**

- a) Staff expects to hold a workshop regarding this RFA November 16, 2021, with a tentative issue date of December 15, 2021, and Application Deadline and Review Committee Meeting in early 2022.

##### 3. **Recommendation**

- a) Authorize staff to proceed with the development of an RFA utilizing HOME funding and authorize the Executive Director to establish a review committee for the RFA to make recommendations for award to the Board.

## MULTIFAMILY PROGRAMS

### *Action*

#### I. MULTIFAMILY PROGRAMS

##### A. RFA 2021-203 Housing Credit Financing For Affordable Housing Developments Located In Miami-Dade County

###### 1. Background

- a) On July 20, 2021, Florida Housing Finance Corporation (Florida Housing) issued RFA 2021-203 offering \$7,263,670 in 9% Housing Credits for proposed Developments located in Miami-Dade County.
- b) The deadline for receipt of Applications was 3:00 p.m., Eastern Time, August 27, 2021.

###### 2. Present Situation

- a) Florida Housing received 37 Applications in response to this RFA. The Review Committee members, designated by the Executive Director, were Matt Jugenheimer, Development Finance Administrator (Chair), Mitch Englert, Multifamily Programs Manager, and Cori MacDougall, Multifamily Programs Manager. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- b) At its October 13, 2021 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Five, B. of the RFA. The individual scores are set forth on the RFA webpage and can be accessed [here](#).
- c) The RFA 2021-203 All Applications chart (provided as [Exhibit A](#)) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- d) The Review Committee considered the following motions:
  - (1) A motion for the Review Committee to approve the scoring results as set out on Exhibit A and recommendations for funding as set out on [Exhibit B](#);
  - (2) A motion to recommend that the Board approve the scoring results as set out on Exhibit A and recommendations for funding as set out on Exhibit B.
- e) The motions passed unanimously.

###### 3. Recommendation

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 37 Applications (set out on Exhibit A) and authorize the tentative selection of the 3 Applications (set out on Exhibit B) for funding.



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- b) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Application set out on the Exhibit B.
- c) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.
- d) There is no unallocated 9% Housing Credits remaining. As provided in Section Five, B. of the RFA, any remaining funding will be distributed as approved by the Board.

## PROFESSIONAL SERVICES SELECTION (PSS)

### *Action*

#### I. PROFESSIONAL SERVICES SELECTION (PSS)

##### A. Invitation to Negotiate (ITN) 2021-10 for Conference Room Audio-Visual Upgrades

###### 1. Background

- a) At the July 30, 2021 meeting, the Board authorized Florida Housing staff to issue a competitive solicitation for Conference Room Audio-Visual Upgrades and authorized the Executive Director to establish a Review Committee to make a recommendation to the Board.

###### 2. Present Situation

- a) ITN 2021-10 was issued on August 23, 2021. The deadline for receipt of responses was 2:00 p.m., September 22, 2021. A copy of the ITN is provided as [Exhibit A](#).
- b) One response was received by the deadline from Main Street Music, Incorporated d/b/a Music Masters.
- c) Members of the review committee were Michael Norman (Chairperson), Facility Manager; Rita Guzman, Senior Multifamily Programs Analyst; and Sheila Freaney, Board Liaison/Policy Manager.
- d) Each member of the Review Committee individually reviewed the proposal submitted prior to convening for the Review Committee meeting which was held at 10:00 a.m., Wednesday, October 6, 2021.
- e) At the October 6<sup>th</sup> meeting, the Review Committee provided final scores for the response. The score sheet is provided as [Exhibit B](#).

###### 3. Recommendation

- a) The Review Committee recommends that the Board reject all bids and authorize staff to issue a new competitive solicitation for these services.

**PROFESSIONAL SERVICES SELECTION (PSS)**

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**B. Contract Renewals for Trustee Services**

**1. Background**

- a) At the October 26, 2018 meeting, the Board authorized Florida Housing staff to enter into contract negotiations with Bank of New York Mellon Trust Company, N.A.; U.S. Bank National Association; Wells Fargo Bank, N.A.; and Wilmington Trust, N.A.
- b) Current contract information is as follows:

<b>Contract Number</b>	<b>Vendor</b>	<b>Initial Term Start Date</b>	<b>Current Expiration Date</b>
036-2018	Bank of New York Mellon Trust Company, N.A.	3/15/2019	3/14/2022
037-2018	U.S. Bank National Association	3/15/2019	3/14/2022
038-2018	Wells Fargo Bank, N.A.	3/15/2019	3/14/2022
039-2018	Wilmington Trust, N.A.	5/20/2019	3/14/2022

- c) Contingent upon satisfactorily performing its obligations under the contract as determined by Florida Housing, these contracts may be renewed for an additional three-year period.

**2. Present Situation**

- a) Florida Housing staff supports using the three-year renewal option for all four contracts.

**3. Recommendation**

- a) Staff recommends the Board direct staff to proceed with the three-year renewal option for all four contracts.