



Multifamily FHFC Tax Credit Application Review Process

Presented to the Board

April 13, 2017



BACKGROUND:

- Florida Housing Finance Corporation (FHFC) generally offers developers two housing tax credit (HTC) application cycles in the fall—a 4% (combined with SAIL and/or bond funds) and a 9% HTC
- As part of the application process, developers applying for funding must provide a “Local Government Verification of Contribution form” specifying a minimum amount of funding to be provided per the Request for Applications (RFA)—this amount for Escambia has been \$37,500—in order to score maximum points
- Developers applying for funding are competing against other developments in medium/small counties statewide
- Funding is highly competitive—last year there were 138 applications in medium/small counties and only 10 awards for the 9% HTC



HOUSING TAX CREDIT REQUIREMENTS:

- **Income Set Asides:** Each development is required by the IRS to have minimum percentages of units set aside for low or very low income residents—at least 20 percent of the units must be set aside for households earning 50% or less of the area median income [*Household of 1=\$20,900*] OR at least 40% of the units must be set aside for households earning 60% or less of the area median income [*Household of 1=\$25,080*]. All tenants must have some income to lease units. Generally FHFC requires higher set asides.
- **Amenities:** Each family development is required to provide at least 3 of the following 5 program offerings at no cost to residents: After School Programs, Literacy Training, Employment Assistance, Financial Management training, or Family Support Coordinator. Each elderly development is required to provide at least 3 of the following 5 programs: Literacy Training, Computer Training, Assistance with daily activities, Resident Assurance Check-in, or Assistance with light housekeeping, laundry or grocery



HOUSING TAX CREDIT REQUIREMENTS:

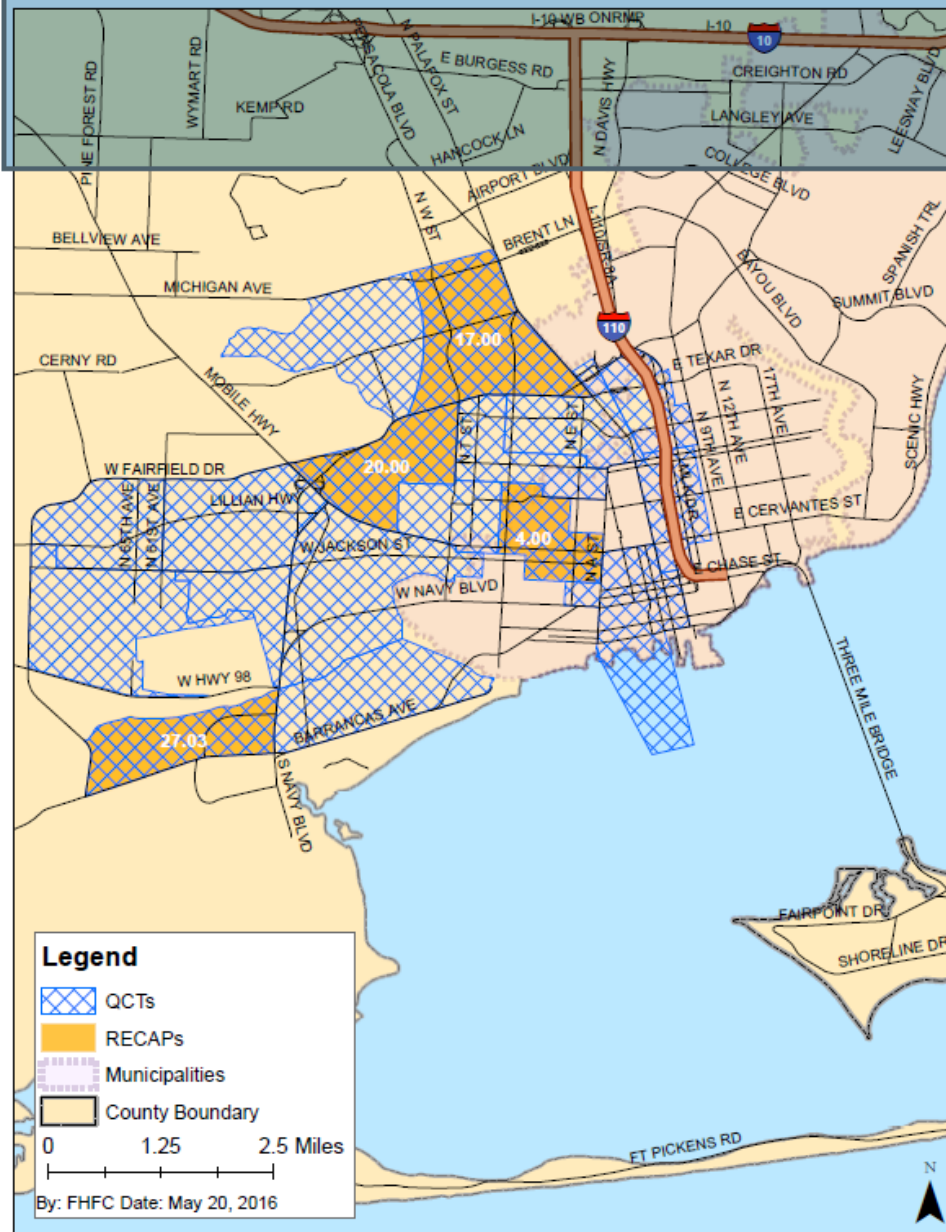
- **Monitoring:** These properties (if funded after undergoing rigorous underwriting) are monitored by Florida Housing Finance Corporation annually for occupancy and rent as well as for physical condition. Furthermore, the investors in these properties monitor annually (sometimes quarterly depending on the development). Developers not providing income set asides or amenities as promised can be penalized financially by IRS/FHFC.
- **Green Building Components** are required by FHFC
- **Other Scoring Items** on FHFC application in addition to Local Government Contribution: Proximity to Public Transportation, Grocery Store, and Public Schools for family development or Pharmacy for elderly development



PROPOSED MINIMUM APPLICATION THRESHOLDS for **ESCAMBIA COUNTY APPLICANTS:**

1. Preliminary Site Plan and Elevation
2. FHFC Ability to Proceed Forms (6)
 - Verification of Availability of Infrastructure-Roads
 - Verification of Availability of Infrastructure-Water
 - Verification of Availability of Infrastructure-Sewer Capacity, Package Treatment or Septic Tank
 - Verification of Availability of Infrastructure-Electricity
 - Local Government Verification that Development is Consistent with Zoning and Land Use Regulations
 - Local Government Verification of Status of Site Plan Approval for Multi-Family Developments OR Verification of Status of Plat Approval for Residential Rental Developments
3. Not located in a FEMA mapped Special Flood Hazard Area
4. Not located in a “Racially and Ethnically Concentrated Area of Poverty” (RECAP area)—Census Tracts 4, 17, 20, and 27.03

Escambia County QCTs and RECAPs



This map shows those census tracts which have been designated by the US Department of Housing and Urban Development as Qualified Census Tracts under Section 42 of the Internal Revenue Code. In addition, this map shows areas that are characterized by both disproportionate minority concentration and high poverty (Racially/Ethnically Concentrated Areas of Poverty) according to data derived from the three most recent 5yr averages of the American Community Survey (2012, 2013, and 2014).



PROPOSED MINIMUM APPLICATION THRESHOLDS for **ESCAMBIA COUNTY APPLICANTS:**

5. Completion of Application Form to include the following info:
 - Name of Development
 - Address
 - Number of Units
 - Development Type (Elderly, Family, Special Needs, etc)
 - Construction Type
 - Unit Mix (BR sizes)
 - Services to be Offered
 - Development Team info
 - Property Management Team info
 - Income Set Asides
 - Evidence of Site Control (Deed, Lease, or Sales Contract)
 - Project Proforma



PROPOSED MINIMUM APPLICATION THRESHOLDS for **ESCAMBIA COUNTY APPLICANTS:**

6. Developer or its principals may not be debarred from federal projects or from FHFC projects. Developer may not be on FHFC's non-compliance listing.
7. Submission of Pre-Application Review from Development Services with written comments (**must have comparable from City of Pensacola if located in City limits*)
8. Evidence of Community Outreach
 - Evidence of notification in the forms of letters/postcards to residents within 2500 feet of the proposed project
 - Agendas, minutes, sign-in sheets (sign-in sheet should indicate proposed project) from community meeting(s) with area residents

Developers must submit all of the above by deadline for consideration



PROPOSED SCORING CRITERIA for ESCAMBIA COUNTY APPLICANTS:

1. Developer Experience: Developer to provide listings of any properties developed/owned in Escambia/Santa Rosa Counties and proof of at least 5 years' experience
2. Property Management Team Experience: Developer to provide listings of properties managed by proposed property manager in Escambia/Santa Rosa County and proof of experience
3. Design Aesthetics: Developer to provide narrative regarding how the proposed project will fit in the neighborhood, why the design is appropriate for neighborhood, and/or how community involvement will help guide the design process



PROPOSED SCORING CRITERIA for ESCAMBIA COUNTY APPLICANTS:

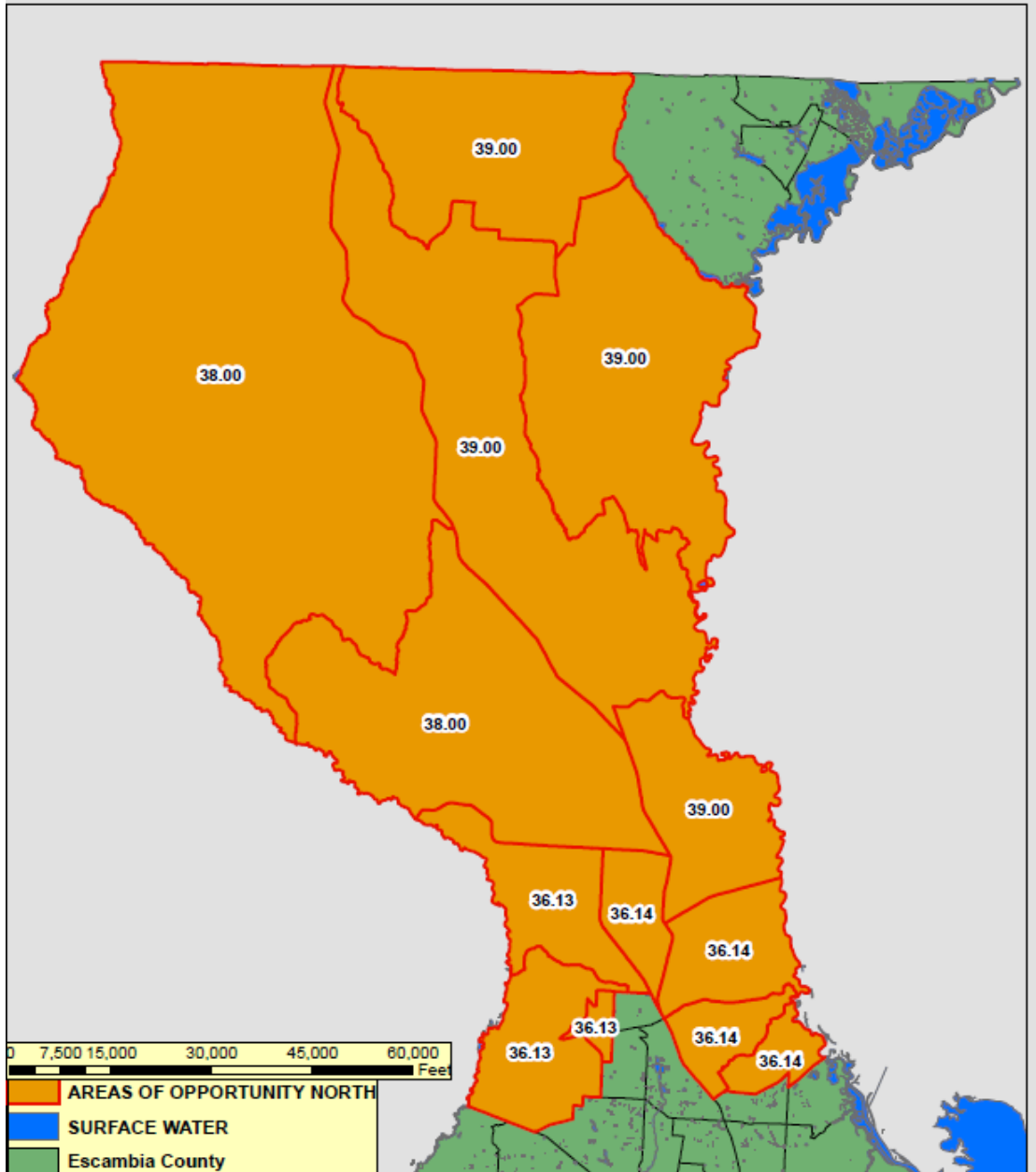
4. Resident Programs Offered: Consideration for programs offered in excess of required minimums from FHFC
5. Local Contractors: Developer proposes using local contractors, architects, designers, engineers, professional services,
6. Local Partnerships: Developer demonstrates a Partnership with local agencies to provide specific service delivery related to the Project
7. Evidence of Community Support: Developer provides minutes of meetings and/or letters of support from local neighborhood groups regarding the development



PROPOSED SCORING CRITERIA for ESCAMBIA COUNTY APPLICANTS:

8. Target Areas: Project located within a County or City CRA OR census tract identified as an “Area of Opportunity”. Areas of Opportunity have the following traits: C/T median income greater than 40th percentile of all C/Ts within the County; educational attainment above the median of all tracts in the County, measured as the proportion of adults over 25 who have completed some college; and tract employment rate greater than the statewide employment rate
9. Financial Capacity: Developer’s proforma to indicate sources and uses for permanent financing (**consider use of an outside consultant to perform review of financial viability—approximate \$2500 fee per development*)

ESCAMBIA COUNTY - AREAS OF OPPORTUNITY (NORTH)

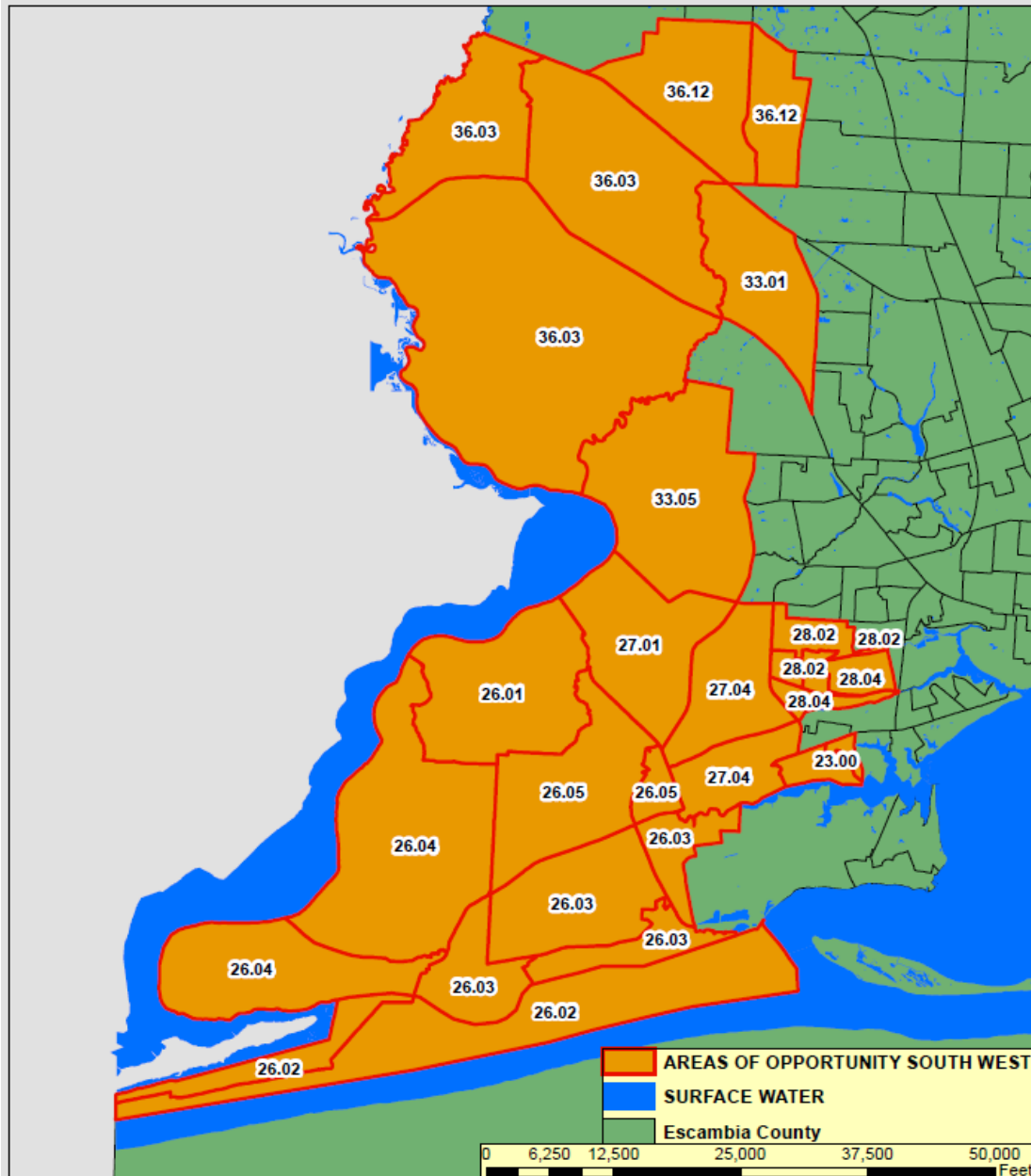


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ESCAMBIA COUNTY - AREAS OF OPPORTUNITY (SOUTH WEST)

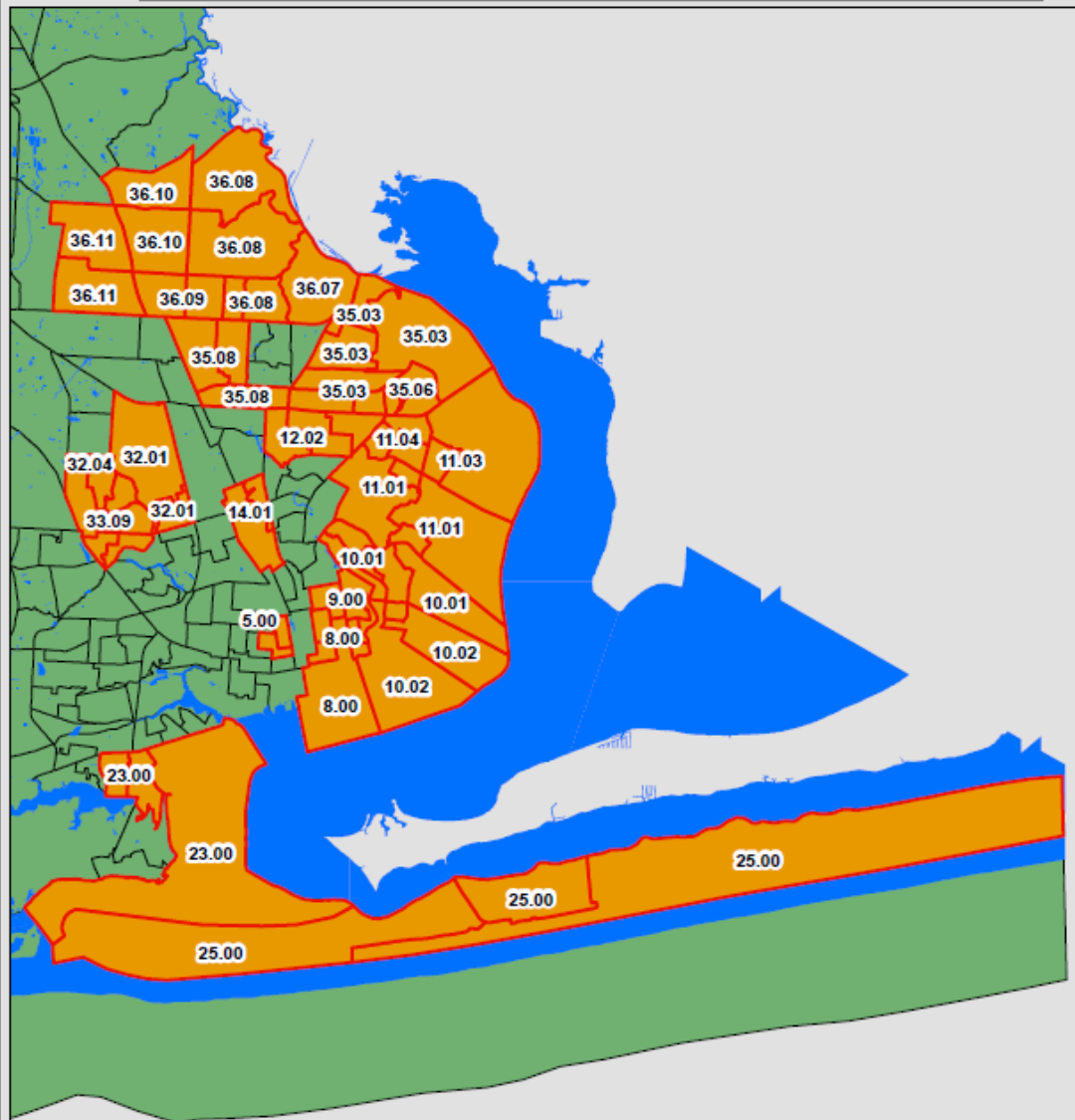





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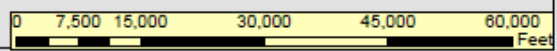
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ESCAMBIA COUNTY - AREAS OF OPPORTUNITY (SOUTH EAST)



	AREAS OF OPPORTUNITY SOUTH EAST
	SURFACE WATER
	Escambia County



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PROPOSED SCORING CRITERIA for ESCAMBIA COUNTY APPLICANTS:

10. Local Community Benefits: Availability of programs or amenities for surrounding area; creation of retail space within a development; provision of shared parking facilities or drainage; provision of space for operation of social services
11. Ability to Proceed: Based on review from Dev. Svs, ability of development to proceed—site has NO hindrances, i.e., parking, drainage, etc.



PROPOSED SCORING:

CRITERIA	POINTS
Developer Experience	20
Property Management Experience	10
Design Compatibility	15
Resident Program Offerings	5
Local Contractors	5
Local Partnerships	5
Community Support	10
Target Areas	5
Financial Capacity	15
Local Community Benefits	10
Ability to Proceed	5
MAX TOTAL	105



PROPOSED SCORING:

- Proposed development must have minimum of 80 points to receive Local Government Contribution form
- Suggest provision of additional funding support for developments exceeding minimum





BOARD DIRECTION

1. Approval or Modification of Minimum Threshold Requirements
2. Approval or Modification of Scoring Requirements
3. Direction as to whether to have an outside agency review each development's financial feasibility
4. Direction regarding proposed developments within the City of Pensacola limits
5. Direction regarding who is to review applications