

Florida Association of Local Housing Finance Authorities Conference

Multi-Family: What's New?
Workforce Housing &
Local Preference

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What's New In Workforce Housing?

Moderator: LaTasha Green-Cobb, Vice Chair, Jacksonville HFA

Panelists:

- Steve Moore, President, Vestcor
- Helen Feinberg, Managing Director, RBC Capital Markets

Pinellas County Workforce Housing: Palms of Pinellas



Workforce Housing – New SAIL Funding

- **State Housing Trust Funding: \$20 Million** was allocated to Florida Housing Finance Corporation (“FHFC”) for Workforce Housing in 2016. In 2017, the amount allocated was increased to **\$40 Million**

- **2016 FHFC SAIL RFA:** In 2016, Florida Housing targeted Workforce Housing funds to Miami Dade County and Monroe County where market rates are highest in the State. 2017 targeting has not been established yet by FHFC.

- **FHFC Definition of “Workforce Housing” for 2016 RFA:** Housing for households with incomes that do not exceed 80% of the AMI and in the Florida Keys Area of Critical State Concern, to serve households with incomes that do not exceed 140 % of AMI if strategy is included in LHAP.

- **FHFC SAIL 2016 Targeting Requirements:**
 - **Florida Keys:** SAIL is combined with 9% LIHTC: Required set aside is 25% at 50% AMI or 45% at 60% AMI with the remaining units set aside as follows: 1) 120% -140% AMI in accordance with LHAP or 2) 80% AMI in which case additional SAIL funds may be received.

 - **Miami Dade:** SAIL is combined with tax exempt bonds and 4% LIHTC (issuer may be either FHFC or HFA of Miami-Dade). Required set aside is 25% at 50% AMI or 45% at 60% AMI with all remaining units set aside at 80% AMI.

Workforce Housing

- Different entities define Workforce Housing differently

- **SHIP:** The local SHIP programs have a portion of funds set aside for “Moderate Income” households from 80 – 120% AMI (Income may not exceed 140% AMI)
 - Up to 35% of SHIP Funds may be made available for Moderate Income (30% is targeted to 50% AMI, 30% is targeted to 80% AMI and 5% is administrative)

 - Up to 30% of SHIP funds can be used for rental housing (65% must be used for home ownership and 5% is administrative)

- **Public Housing Authorities:** PHAs can also serve moderate income households. While they have been created to primarily serve low income persons, they have the flexibility to serve households with AMI of up to 150%. Rental Housing they own is also exempt from ad-valorem taxes.

Sources of Subsidy for Workforce Housing

- FHFC SAIL Funds
- Local SHIP Funds
- HOME Funds
- Available Public Land
- Community Land Trusts
- Property tax exemption for Non-Profits (limited to units serving 80% AMI) or Public Housing Authorities
- CRA Funds
- Local Governments Funds

First Mortgage Financing Sources for Workforce Housing

Workforce Housing Financing may or may not include LIHTC. Since there are few units that qualify for tax credits, it may not be cost effective to include them as a financing source. Since tax exempt bonds sometimes do not provide a cost savings over conventional financing, they may or may not be the optimal financing source. Each transaction should be evaluated for optimal financing execution.

Debt Financing Sources May Include:

- FHA 221(d)(4) Loans

- Tax Exempt Bonds/Notes – Private Placements/Bank Loans

- Conventional/Taxable Financing Including:
 - Bank Loans
 - Insurance Company Loans
 - Affordable Consortium Loans

- Variable Rate Tax Exempt Bonds – Letter of Credit or SIFMA Index Bonds (Fannie Mae Enhanced)

Case Study: Ambar Key - Florida City, FL

- **One of three deals awarded funding in the 2016 FHFC Workforce RFA.**
- **Development**
 - Broken condo community built right before the Great Recession (2007-2008)
 - 77 existing units in 13 townhome buildings
 - Purchasing existing 77 units and terminating the condominium
 - Building 78 new townhome units and improving existing buildings and site
 - Adding the following amenities:
 - Clubhouse
 - Fitness Center
 - Activity Room
 - Pool
 - Dog Park
 - Playground
- **Income and Rent Set Asides:**
 - 5% of Units at 30% AMI
 - 40% of Units at 60% AMI
 - 55% of Units at 80% AMI

Ambar Key Funding Sources

The total development cost is approximately \$28,000,000. The funding sources are as follows:

- \$8,500,000 State Apartment Incentive Loan
- \$2,500,000 4% Tax Credit Equity
- \$17,000,000 FHFC Tax Exempt Bonds secured by the proceeds of a FHA 221(d)(4) loan
- \$28,000,000 TOTAL

Case Study: Palms of Pinellas -Pinellas Housing Authority

- **Public Private Partnership:** The Palms of Pinellas was a partnership among the following entities:
 - Pinellas Housing Authority as owner
 - Norstar Development as Developer
 - Pinellas County as subsidy lender
 - Housing Finance Authority of Pinellas as Land Trust administrator
 - US AmeriBank as lender

- **Palms of Pinellas Development:** A 92 unit mixed income community to be located at 13101 Belcher Road South in Largo. Amenities will include: clubhouse, yoga room, fitness center, swimming pool, grill pavilion, dog wash, multiple garages, and playground.

- **Low Income Set Asides:**
 - 20% of Units at 50% AMI
 - 10% of Units at 80% AMI
 - 10% of Units at 120% AMI
 - 60% of Units at 150% AMI

Palms of Pinellas



Palms of Pinellas Funding Sources

The total development cost is approximately \$14,179,252. The funding sources are as follows:

- \$900,000 Pinellas County Land Trust (administered by the HFA) - Ground Lease to PCHA
 - \$1,500,000 Pinellas County Loan (50% HOME Funds / 50% Pinellas Housing Trust funds)
 - \$200,000 PCHA Equity
 - \$9,971,000 USAmeribank Primary Loan secured by Palms of Pinellas Project
 - \$1,240,000 USAmeribank Secondary Loan secured by another PCHA multifamily property
 - \$368,252 Deferred Developer Fee
 - \$14,179,252 TOTAL
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- Pinellas Housing Authority will enjoy an exemption from property taxes which will assist the Authority in realizing more net income than would otherwise be possible. The enhanced income will be used to repay their equity invested, repay the Secondary Loan and maintain the development.

Workforce Housing - Policy Considerations

- What Subsidy resources are needed to provide part Workforce/ part Market Rate Housing vs. 100% Workforce Housing?
- Should Workforce SAIL funds be available in counties other than Miami Dade and Monroe?
- What role might Housing Authorities play in Workforce Housing? Opportunities for Public/Private partnerships with Developers?
- Can local governmental entities assist by providing land?
- Is there an opportunity for FHFC to reward local participation in the 2017 Workforce SAIL RFA?

What's New? Local Preference for 9% LIHTC Developments

Moderator: LaTasha Green-Cobb, Vice Chair, Jacksonville HFA

Panelists:

- Ed Busansky, Board Member, HFA Of Hillsborough
- Steve Moore, President Vestcor

Jacksonville Development: Lofts at LaVilla



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Local Preference: Project Threshold Criteria For Hillsborough County Project

- Project must be located within unincorporated Hillsborough County, the City of Temple Terrace, or Plant City;
- Applicant must provide evidence of site control;
- Applicant must provide a set-aside of rental units equal to or greater than the standards for low income Housing Tax Credits or applicable FHFC Program, as the case may be;
- Project must have evidence authorizing the use of the property for the proposed use; and,
- Applicant must commit to minimum affordability period of 50 years and provide resident services at a level consistent with the requirements within the Authority's bond application.

Local Preference – Hillsborough Project Selection Criteria

- Applicant's development and construction experience/Experience and Quality of development team:
- Applicant's management experience, or experience and quality of management company;
- Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service coverage ratios, the percentage of public monies requested compared to project cost; leveraging of public resources, including the requested HFA loan)
- Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the HFA of Hillsborough County;
- The reasonableness of the cost of the development;
- Resident Programs (minimum must meet standards of Authority's bond application, additional programs to be considered as positive factor in evaluating the application);
- Unit and Development Amenities/Energy Efficiency;

Local Preference – Hillsborough Project Selection Criteria

- Long Term Affordability (minimum set-aside period of 50 years—additional years to be considered as a positive factor in evaluating the application);
- Commitment to set-aside at least 5% of the units in the development to an at-risk population (homeless or youth aging out of foster care);
- Maximum Economic Impact;/Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement;
- Proximity to public transportation, services, and employment;
- Leveraging of HFA funds with other resources that could be used to meet the FHFC required contribution level, and leveraging of HFA funds with other funds to achieve greater impact on the community/neighborhood; and,
- Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term.

Local Preference – Hillsborough Applications

	Boulevard at West River	Carrington Park	Mango Terrace	Preserve at Sabal Park	Springfield Plaza
Address	NW Corner of Main Street & North Willow Avenue	Southeast Corner of Robert Tolle Drive & Valhalla Pond Drive	785 feet south of Corner of MLK Boulevard & Lemon Avenue	Williams Road, 200 feet north of E. Broadway Avenue & 10920 E. Broadway Avenue	1010 E. Brandon Boulevard
City/County	West River City of Tampa	Riverview Unincorporated Hillsborough County	Seffner Unincorporated Hillsborough County	Mango Park Unincorporated Hillsborough County	Brandon Unincorporated Hillsborough County
Demographic	Family	Elderly	Family	Family	Elderly
New or Rehab	NC	NC	NC	NC	NC
Design	Concrete Mid-Rise	Concrete Mid-Rise	Concrete Townhome	Concrete Townhome	Woodframe 2-Story with elevator
Units	250	96	93	144	96
Total Development Cost	\$50,036,652	\$21,200,496	\$18,417,783	\$27,766,777	\$18,506,780
TDC/Unit	\$200,146	\$220,838	\$198,041	\$192,825	\$192,779
Set-Aside	50 years	75 years	50 years	Perpetuity	75 years
Loan Request	\$607,500	\$607,500	\$551,000	\$551,000	\$458,250

Local Preference – Selected Hillsborough Project

- **Preserve at Sabal Park**

- 20% of units extremely low income (10% required)
- Set-aside period of perpetuity (50 year minimum)
- Resident programs, development amenities, and energy efficiency all exceed required levels
- Good neighborhood revitalization
- Extremely thorough responses on how application meets evaluation criteria
- 144 units/HFA loan request of \$3,836 per unit/HFA loan request 1.98% of total development cost— all achieve best leveraging of public resources
- Application consistently equals or exceeds responses from other applicants on evaluation criteria