Department of Public Housing and Community Development
FY 2017 Surtax/SHIP RFA
Comments and Responses

Topic	Agency	Comment	PHCD Response
Funding Availability			
	Landmark Companies	**Page 5; Available Funding Amounts** – the chart reflected at the bottom of page 5 reflects both Surtax and SHIP are funding sources available for "Multi-Family Rental Countywide" activities. There could be a scenario under which all applications filed for this activity are for Surtax, and no applications are filed for SHIP. The same could apply vice-versa, or some other variation thereof. Please consider adding language that clarifies that the County will allocate funds under this activity in a manner that facilitates utilizing all available resources, in order to ensure none of the funds available for this activity are left unused.	PHCD has been, and will continue to manage the program in a manner that utilizes all available funding resources.
Submission Requirements			
	Pinnacle	For the Surtax RFA - the plans and specs are quite large. If we have a deal with plans and specs and we submitted them on standard 8 1/2 x 11 paper, they'd be quite difficult to read. May we simply provide a CD or flash drive in a folder behind this exhibit with the plans and specs, soils report and ESA(s)?	For supporting documentation such as those items listed above along with pictures of previous developments, you may submit these on a CD or a flash drive. However, please make sure it is a brand new, never been used before flash drive.
Total Development Costs			
	Cornerstone Group	Total Development Cost ("TDC"): The Page 12 maximum total development cost per unit type ("TDC") is different than the TDCs in the resolution passed a few years ago. Are the page 12 TDC's the maximum TDCs, as they were in RFA 2016? Also, the FHFC maximum TDC is posted in each FHFC application, along with an inflation factor of 3.9% for HOME applications and 2.9% for all other applications. This is because the applicant will not start construction on a project for 12 to 18 months after RFA submission, as it takes time for the County to both score the application and then to complete credit underwriting and obtain permits. It is therefore proposed that the application also include an inflation factor in the RFA.	The TDCs listed on Page 12 of the FY 2017 RFA are exactly the same as the TDCs listed on Page 9 of the FY 2016 RFA. Also, as in the 2016 RFA, there is a statement that reads "this policy shall not apply to Affordable Housing projects that have received 9% LIHTCs and other FHFC programs resulting from tax credit applications that were awarded in 2016 and 2017 with maximum total development cost per unit limits approved by FHFC." This does include any applicable inflation factors allowed by the FHFC allocation. Additionally, the TDCs were raised by 15% in FY 2016. Notwithstanding, all projects recommended by this RFA must meet the 6 months timeline for closing on financing.
Firm Commitments			
	Cornerstone Group	Page 9. *Financing Firm Commitment:* It is proposed that the last sentence of the Financing Firm Commitment definition be eliminated, that "final decisions on the issue of "firm commitment" shall be made by PHCD. For 25 years of RFAs, there were no issues with any LIHTC project that was awarded funds not closing because the financing commitments provided in the RFA applications were false. In fact, there was never a definition of Firm Commitment prior to RFA 2015, as there had never been a LIHTC deal with local subsidy that failed to close because their commitments were withdrawn.	It is within PHCD's purview and right to determine final decisions on a variety of issues cited in the RFA. Also remember, that Technical Assistance will be provided to PHCD by a professional credit underwriter during the review process, making this decision as objective as possible.

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	Landmark Companies	Pages 55-56; Projects with FHFC or other Non-County firm commitments – a. As presently drafted, the RFA gives a 2 point preference to "9% LIHTC projects with letter of firm financial commitment from FHFC." This creates an uneven playing field between 9% LIHTC projects and developments with other types of FHFC funding (i.e., developments with 4% HC, SAIL and/or other sources) because (i) a 9% LIHTC applicant and a (ii) 4% HC applicant requesting Surtax may have the same score for all RFA items, including county subsidy per unit, and the 2 point preference for 9% LIHTC applicants would result in 9% LIHTC applicants being funded over 4% HC applicants. This has the effect of limiting competition, whereby the County picks winners and losers. The argument is often made that the level of sub-debt assistance required by 4% HC developments is such that local government should focus on assisting 9% HC developments. This argument does not hold with regards to applicants with 4% HC developments that have secured significant SAIL or other funding from sources outside of the local government, especially when these developments score equally with 9% LIHTC projects on the basis of county funding per unit. Further, 4% HC developments have contributed a significant part of the affordable housing in Miami-Dade County. In many years, 4% HC developments provide more units in Miami-Dade County than 9% HC developments. The present 2 point preference in the RFA for 9% LIHTC applicants sends the wrong message to those who seeking to deliver 4% HC developments. We respectfully request the removal of the 2 point preference for "9% LIHTC projects with letter of firm financial commitment from FHFC." Although not preferred, an alternative manner in which to address the above point imbalance would be to set aside a minimum amount of Surtax funds in this RFA for 4% HC developments. A suggested minimum would be 40% of total SAIL/SHIP funding available for 4% HC developments applying for the following Rental Activities: "Multi-Family Rental Countywide," "Multi-Family Rental – Liberty City 2015 Surtax Carryover" and "Multi-Family Workforce Housing Developments." In the event you wish to consider an alternative percentage, it seems said percentage should be consistent with the number of 4% HC financed units delivered in Miami-Dade County, as a percentage of total affordable rental units, over the applicable period. Setting aside a minimum amount of Surtax funds in this RFA for 4% HC developments would avoid a scenario where 9% LIHTC developments potentially utilize all the available Surtax/SHIP funding. b. Further, our understanding is that the purpose of this section is to reward applicants which have secured	The County continues to be committed to funding true gaps on all projects with FHFC funding. On Page 56, the point scoring was changed from 12 points to 11 points, for 9% LIHTC projects with letter of firm financial commitment from FHFC. PHCD's process for awarding bonus points does not discriminate between competitive versus non-competitive funding sources.
	Centennial	FHFC or Other Non-County Firm Commitments - 9% LIHTC deals do not require gap funding and should be given the least points. County funds are better spent on bond deals where gap funding is a necessity.	The County continues to be committed to funding true gaps on all projects with FHFC funding. PHCD's process for awarding bonus points does provide points for firm commitments beyond 9% LIHTC deals.
Development Cash Flow			
	Cornerstone Group	Page 8 - Development Cash Flow (DCF) Definition: DCF is a new definition in the RFA. There is another definition of DCF on page 18. It is proposed that there be one definition of DCF in the RFA.	Page 8 is part of the generic Definitions Section where specific examples are usually not elaborated. On page 18 it is a specific example of a DCF.

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	Cornerstone Group	Development Cash Flow ("DCF"): The DCF on page 18 appears to be defined as cash flow after superior debt service. But then there are a few items that appear to be inconsistent with the definition of the DCF waterfall that has been used by PHCD for several years: a. DCF has historically been reduced by up to 20% of developer fee, rather than up to "20% of total Developer fees per year". Therefore, "per year" should be deleted from this clause. b. "Interest payment on loan balance equal to the percentage specified in the applicable competitive solicitation over the life of the loan". It is recommended that "interest payment on the loan balance" be revised to state the "pay rate", to clarify that it is the accrued, unpaid pay rate interest that is paid off if there are sufficient funds after paying the regular SHIP/Surtax pay rate in each particular year. The accrual rate is paid off at maturity.. c. "Interest payments on the loan deferred from prior years". It is recommended that "interest payments on the loan" be replaced with "pay rate interest" . This reflects the loan structure agreed to last year, which appears to be the same Option 1 and Option 2 as Pink and Purple options were in RFA 2016. d. "Mandatory payment of subordinate mortgages made from available cash flow". Does this sentence reference mortgages subordinate to the County mortgage, as the County mortgage is not a hard pay loan (i.e., it is not a mandatory payment loan).	Page 18 identifies the priority order in which items will be paid. The 2017 Surtax/SHIP RFA requires that applicants provide a Pro Forma that demonstrates collection of a deferred developer's fee, whereby the developer can collect up to 10% of the developer's fee each year, prorated over a 10 year period for cashflow.
Workforce Housing Definition and AMI			
	Cornerstone Group	*Workforce Housing Definition* : Page 10 defines workforce housing as serving households earning 65% to 140% AMI. Page 13 defines Workforce Housing as serving households earning 60% AMGI to 140% AMI. It is proposed that the two definitions be made the same.	The BCC's amended Ordinance for workforce housing will be effective by the June 30, 2017 RFA submission date. Page 9-10 has been revised to state that workforce housing income levels are 60% to 140% of AMI.
	Centennial	Area Median Income Restrictions The proposed scoring of Ratio of Low-Moderate to Market Rate severely penalizes applicants seeking GAP funding for FHFC Workforce SAIL funding. The AMI restrictions should mirror FHFC's Workforce RFA which is structured as follows: 55% Workforce at least 75% of AMI 40% HC at 60% of AMI 5% ELI at 30% of AMI.	There are no AMI restrictions. However, points are awarded based on the County's desire to encourage mixed income developments.
	Centennial	Area Median Income Restrictions The proposed scoring of Ratio of Low-Moderate to Market Rate severely penalizes applicants seeking GAP funding for FHFC deals. The AMI restrictions should mirror a typical FHFC RFA: 90% HC at 60% of AMI 10% ELI at 30% of AMI	There are no AMI restrictions. However, points are awarded based on the County's desire to encourage mixed income developments.
	Centennial	On Page 13 of the 5/18/17 Draft, Workforce Housing is defined as 60% up to 140% of AMI. It appears then that an applicant with all units at 60% of AMI could apply under the Workforce portion of this RFA. Is that the intent?	The BCC's amended Ordinance for workforce housing will be effective by the June 30, 2017 RFA submission date. However, please note that projects proposing development of all units at 60% of AMI may apply, but would not receive any points under the mixed income category.
	Centennial	Successful participation in FHFC's Workforce RFA (for SAIL funds with bonds) should be awarded the most points in the Workforce portion of the subject County RFA.	Depending on the amount of the SAIL award, significant Bonus Points may be awarded for this funding commitment.

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Set Asides			
	Centennial	At our communities, current supply of units for the Disabled exceeds the demand, and we do not see a reason to provide additional 6%. Keep in mind that some of the features required in these units are unpopular amongst tenants who do not need them, making the units harder to rent.	PHCD has removed the word additional from the points awarded.
	Landmark Companies	On item 5 of page 55 of the RFA, applicants are eligible for additional points for selecting higher ELI commitments. However, the set-side commitment section on page 46 of the RFA does not provide applicants the opportunity to describe the set-aside commitments scored under item 5 of page 55. Please revise as necessary.	PHCD has revised accordingly.
Green Certification			
	Centennial	In the case of Rehabilitation projects, the Green feature requirement should be limited to new components to the extent feasible rather than an overall Green Certification.	PHCD must comply with Ordinance No. 07-65 implementing sustainable development practices and measures into a building(s) owned, financed, and/or operated by the County. Incorporating <u>wherever practical</u>, green building practices into the planning, design, construction, management, <u>renovation,</u> maintenance and decommissioning of buildings owned, financed, and/or operated by the County. **Acquiring the Green Certification upon completion of the rehabilitation project is a contractual requirement for receiving Surtax and SHIP funding. This is a minimum threshold requirement.**
	Landmark Companies	Please refer to language in bullet point below from page 27 of the RFA. It appears that developments that have washer and dryer hook-ups in each unit are not required to have an on-site laundry facility. This makes sense and is appropriate. As such, it would also appear that the requirement for 1 washer and 1 dryer per 15 units, as set forth in this section, should not be applicable to developments that have washer and dryer hook-ups in each unit. We suggest the language should be clarified. Following are suggestions: 1) Add the following sentence the after the 1st sentence in this bullet point: Developments that have washer and dryer hook-ups in each unit are not required to have an on-site laundry facility. 2) Revise the 2nd sentence in the bullet point as follows: "Developments consisting of required to have an on-site laundry facility must have……." The language in red reflects the proposed edits.	Page 27 has been amended for clarity. Developers are encouraged to provide washer and dryer hook-ups in all units; or must meet the minimum requirements stated on page 27.
Miscellaneous			
	Community Development Consulting	Appraise Single-family houses, condominiums or townhouses on a cost basis and <u>**not**</u> recent comparables. This will make it more likely to be able to develop new construction homeownership in neighborhoods with low appraised values, which could also help to increase overall property values in those neighborhoods.	Under the Homeownership category, there is no mention of whether to use cost basis versus recent comparables.
	Landmark Companies	<u>Page 44; Part IV Ability to Proceed</u> – for item 1 at top of page, please clarify that the "Approved Construction Plans and Specifications" are only applicable for applicants seeking points for "permit ready Letter w/approved construction plans" as reflected in the Scoring Sheet on page 54.	This requirement is also applicable to the other housing development categories included in this RFA.
	Cornerstone Group	It is proposed to insert the word "Preliminary" in front of "Credit Underwriting" in the first sentence of page 16. The "final Credit Underwriting Report" is set forth in the next paragraph, where it is noted that "PHCD shall make recommendations to the BCC for approval, such awards to be contingent on a favorable final Credit Underwriting Report". Therefore, it is necessary to distinguish between the preliminary report noted in paragraph one on page 16 and the final credit underwriting in paragraph two, as they are two separate items.	The language will remain the same.
	Centennial	A FHFC Invitation to Credit Underwriting should be substituted for building permit issuance. The permits will follow once the funding is in place.	Site control and Invitation to CUR by FHFC are two different issues and are treated as such in the scoring sheets (Question #1 and Bonus Points).

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	The Housing League	We are a not-for-profit 501-c3 single family developer. We have been building or rehabbing properties for 19 years. We are under contract with Neighborhood Community Stabilizing Trust to purchase distressed and foreclosed properties from lenders under the "First Look Program". "First Look" gives us the first chance to purchase foreclosed properties from lenders before they are offered to the public or listed on the MLS. We are offered from Neighborhood Community Stabilization Trust, "First Look Program", between 20 to 40 foreclosed homes per month to purchase. This program also gives us exclusive "First Look" properties" owned by FNMA and Freddie Mac. The homes must be repaired to FHA Minimum Property Standards and sold to qualified low and moderate-income families under this agreement. When we agree to contract to purchase a property through NCST, we must close within 30 days for all cash, no exceptions. Therefore, we cannot have absolute control of the property required by the RFP unless our agreement under the "First Look" with NCST is considered having control under the RFP Program rules. NCST monitors our acquisitions, rehabilitation cost and quality, and resale price to low and moderate-income families. We have a $4,000,000 revolving line of credit for acquisition under this program. The homes are scattered throughout Miami-Dade County including but not restricted to Target Areas. Due to the lack of affordable housing, the homes offered by NCST are priced near the Market Value. This does not allow us to cover the cost of rehabilitation. We would like to apply for a Grant to cover the cost of rehabilitation only. We would provide all of the required cash as our financial participation in the RFP Program that would acquire the homes and cover all soft costs through our line of credit and our assets. The Grant would be limited only to the cost of the rehabilitation of the property. The contract to purchase these homes require that we must close in 30-days, therefore we will not have site control when making a RFP application for a Grant for rehabilitation. The contract for acquisition can be signed only when there is a firm commitment under the RFP Program that allows us to close within the 30-day required period. 1. We would like to take the position that based on our agreement with NCST that this would satisfy the requirement of site control. Then we would be eligible to participate in the program. 2. We will provide proof that we are currently under contract with NCST and in good standing to receive these offerings. 3. The cost of the rehabilitation averages about $35,000 per house which would be a non-repayable Grant. All additional funds will be provided by us. 4. We intend to acquire, repair, and sell under the affordable housing programs between 60 to 90 homes annually. Is there a restriction on the dollar amount allowed under one RFP?	We are limited under state law which guides much of our Surtax program, to utilize Surtax funds as loans. The State Legislature's Office of Program Policy Analysis and Government Accountability has made this very clear in its last review of the program in 2012. That Office is currently looking at the program again. If you are willing to work with construction financing through our Surtax program, where upon closing of the sale of units that are rehabbed, funds used for rehabilitation would be repaid, there may be an ability for your organization to apply for funds through our prospective RFA. Also, site control must be demonstrated by recorded title, executed lease agreement, firm purchase contract, option-to-purchase, or local government resolution. Your agreement with NCST may meet the site control requirement, if evidence of an actual purchase contract is provided. If you are only able to deal with grants, contact the Affordable Housing Trust Fund Board which manages the Affordable Housing Trust Fund which does have the ability to provide grants, albeit, its resources at this time are not great.
	Centennial	District 13 has as large of a need for elderly housing as any other district and should score 10 points. The district is full of Qualified Census Tracts and has been awarded minimal funding through the RFA process in the past. It is time to fund District 13 as well.	PHCD staff completed a comprehensive analysis of Census Tract information regarding low and moderate-income persons/households before the RFA's release. PHCD feels that the scoring is appropriate based on our analysis.
	Centennial	We believe that the County's funds are best utilized when awarded based on the merits of the project itself rather than based on the ownership structure. We are not aware of any evidence suggesting that a non-profit delivers a better product than a for-profit. The State's RFA does not have this scoring item.	The County continues to support the inclusion of non-profit developers in all its RFAs.
Scoring			
	Cornerstone Group	*Disability Points, Scoring Item #7/#8:* A County resolution was approved a few years ago regarding providing extra points on Surtax applications if the project included more than the disabled units required by Federal, State or housing laws, which are typically a requirement for 5% of the units for disabled households. It is extremely rare for a property not to have sufficient units for disabled households, and in fact they almost always are not utilized. And modifications for those units typically means eliminating walk-in closets, and other items tenants desire. Therefore it is proposed that the 5 points for disabled units be granted for providing 6% or more total units for disabled households, rather than the 5 points for 6% additional units for disabled units beyond the required Federal, State or local housing laws. Also, this disabled unit scoring points requirements seems to be missing from the Small Developments Scoring Sheet, page 61, and it is proposed to be added to that sheet, in order to comply with the County Resolution.	PHCD has removed the word additional from the points awarded. PHCD has also added this scoring criteria to the Small Developments Score Sheet
	Landmark Companies	<u>Pages 55-56; Bonus Points (Total Points)</u> – Page 55 states there are a total of 28 available Bonus Points. However, it appears that there are a total of 33 available Bonus Points, including the 5 points available for "Diversity in Development Teams" (page 56). Please address this inconsistency.	PHCD has corrected this discrepancy.

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	Centennial	The 2 points for having recently completed 51% of an applicant's development portfolio would allow an applicant with very limited experience to be awarded just because half of it is recent. Instead, or as second way to score the 2 points, the number of years of successful Workforce and Affordable Housing development and property management should be considered.	The County believes the 2 points are adequate.
	Centennial	Points should be awarded for timely completion and compliance for projects that are NOT contiguous to the subject site as well as those that are contiguous. Why would timeliness and compliance a mile away not count?	The scoring is for those projects that are completed in phases.
	Centennial	10 points should be awarded to applicants who propose to preserve and upgrade communities with existing HUD contracts for Project Based Rental Assistance where all units except two receive Rental Assistance. To move to new facilities can be a daunting task for some elderly, while upgrading an existing home would be a welcome change. The rental assistance serves those with the greatest need.	Thank you for the suggestion. The County believes preservation projects should be able to stand on their own without additional points.