

National Housing Trust Fund Allocation Plan for Florida

Overview

The National Housing Trust Fund (NHTF) is a new federal affordable housing production program that will complement existing state efforts to increase the supply of affordable housing for extremely low- and very low-income households, including Homeless families and individuals, and Persons with Special Needs. Congress established the NHTF through the Housing and Economic Recovery Act of 2008. On January 30, 2015, HUD published an [Interim Rule](#) which guides implementation of the NHTF by the states. HUD plans to issue a final rule for the NHTF after states have had experience administering the program and are able to offer comments regarding the initial implementation. NOTE: HUD will release the exact funding amounts in the spring of 2016. This plan will be updated to reflect Florida's allocation amount.

In years that total NHTF funding exceeds \$1 billion nationally, at least 75% of each state's allocation must benefit households at or below the federal extremely low income (ELI) level, which is 30% of area median income, or households with income below federal poverty level (whichever is greater).¹ In Florida, the ELI level is greater than the federal poverty level. Up to 25% may be used to benefit very low income (VLI) households (those at or below 50% of area median income). However, in years when total national funding is less than \$1 billion, 100% of each state's allocation must benefit ELI households. In 2016, HUD estimates the total amount of the trust fund to be approximately \$174 million. Thus, it is likely that the program will serve 100% ELI households for the foreseeable future.

The Governor has designated Florida Housing Finance Corporation as the entity to administer the NHTF in Florida.

Given the requirements of the program and the need for rental housing affordable to ELI households in the state, Florida will use NHTF program funds to serve ELI households, with a preference for developments that commit to serve Special Needs and/or Homeless households with incomes near the Supplemental Security Income (also known as SSI) level – currently \$8,796 per year for a single occupancy household. These households have extraordinarily limited access to decent, affordable housing, and very few new units of housing or rental assistance affordable to these residents are being made available. Households that receive SSI as their only income are at median income levels of approximately 22%. Using census data, there are approximately 162,000 cost burdened renter households (i.e., those paying more than 30% of one's income for rent and utilities) with incomes up to 20% of area median income in Florida.

Targeting households at this level would allow Florida to add a new lower income level to the Florida ELI units already being financed through state housing programs.² Units financed through this program will be integrated into general occupancy affordable housing properties serving family and elderly households with a range of incomes up to 60% of area median income in most cases. NHTF-financed units will comprise only a small portion of total units in any property, but may be in addition to other Florida ELI units provided at the property. NHTF funding will be blended with other program financing, such as Low Income Housing Tax Credits, to finance properties that include these units. The terms of competitive solicitations may specify deeper targeting and lower maximum rents for NHTF units than those in the federal Interim Rule.

¹ In some of its programs, Florida Housing utilizes a different ELI level based on the Florida minimum wage. All references of ELI in this plan refer to the federal ELI level.

² The "Florida ELI" level is described in the above footnote.

Distribution of Funds

NHTF funds will be distributed statewide over a five-year period and will be awarded on a competitive basis through Florida Housing Finance Corporation's Request for Applications (RFA) process. These RFAs will make financing available directly to recipients submitting applications to develop rental developments that meet the criteria outlined in this allocation plan, more specific criteria described in each RFA and criteria as required by federal and state statute and rules governing other programs included in the RFA. NHTF funding will be offered in tandem with other financing, such as Low Income Housing Tax Credits. These RFAs are and will be part of a comprehensive annual funding plan that is adopted by Florida Housing Finance Corporation's Board of Directors to distribute financing across geographic areas of the state based on the need for rental housing in each area. Florida Housing Finance Corporation will distribute funding from the NHTF in a manner that affirmatively furthers fair housing.

Use of Funds

Florida will use NHTF project funds to pay for all or some of the following eligible costs: development hard costs, demolition, acquisition of real property, related soft costs and operating cost reserves (not to exceed one-third of the state's annual allocation). Awards of NHTF funds will be made in the form of 0%, 30-year forgivable loans in order to minimize project debt and maximize affordability to ELI households. Funding will be allocated only for new construction, including redevelopment in which a new property is built to replace a demolished property. Funding will not be made available for refinancing or rehabilitation.

Up to 10% of the State's NHTF allocation will be used for administration, as allowed by NHTF regulations.

Eligibility Requirements

Applicants for NHTF funding must meet minimum qualifications and demonstrate their proficiency as developers and asset managers. In their applications or before preliminary loan awards receive final approval, eligible recipients must:

- Certify to Florida Housing Finance Corporation that they will comply with the requirements of the program and that housing units assisted with the NHTF will comply with NHTF requirements;
- Provide a description of the eligible activities to be conducted with the NHTF funds;
- Demonstrate their financial capacity to undertake, comply with and manage the eligible activity; and
- Show familiarity with the requirements of other federal, state or local housing programs that will be used in conjunction with NHTF funds to ensure compliance with all applicable requirements and regulations of such programs through demonstrated experience with experience with developing, owning and managing affordable multifamily rental housing developments.
- Explain their understanding and management practices related to leasing to homeless households or persons with special needs;

Application Requirements and Selection Criteria Subsidy Limits

Florida Housing Finance Corporation will solicit applications for funding through its annual RFA process. The Florida Housing Board of Directors will make funding selections based on recommendations from a staff review committee which will score all applications. The following threshold criteria must be met by all applicants:

- 1) The development must be permanent rental housing – that is, it must provide a permanent home to residents who meet all lease requirements;
- 2) The housing must remain affordable to ELI households through a Land Use Restriction Agreement for no less than 30 years; and
- 3) There must be a reasonable expectation that the development will be placed in service within 24 months.

All successful applicants must complete credit underwriting and adhere to the requirements of other applicable Florida Housing Finance Corporation administered programs. In addition to applicable rules, statutes and RFA criteria, applications for funding submitted by eligible applicants will be reviewed according to the following criteria:

- The applicant's ability to obligate NHTF funds and undertake eligible activities in a timely manner; and
- The extent to which the application makes use of non-federal funding source.

The maximum per-unit subsidy limit for NHTF will be \$197,400 for 0 and 1 bedroom units, and \$231,200 for 2 bedroom units. However, Florida Housing may establish lower maximums through the terms of each specific RFA, and specific amounts will be delineated by county in each RFA.

Performance Goals

Florida Housing Finance Corporation will use the NHTF to increase the supply of units which are affordable to ELI households. Based on the maximum subsidy limits above, if the state receives the minimum allocation of \$3 million each year, Florida Housing Finance Corporation expects that it will be able to assist rental developments with NHTF funding resulting in 80 units affordable to ELI households over five years. If the state receives \$5 million each year, Florida Housing Finance Corporation expects that it will be able to assist rental developments resulting in 130 units affordable to ELI households over five years.

Priority Funding Factors and Preference for Tenant Credit and Income Plans

Florida Housing Finance Corporation shall give funding preference to applicants that propose to integrate NHTF units for Homeless individuals or families, or Persons with Special Needs, into general occupancy affordable housing developments serving families and elders.³ Homeless is defined in [Florida Statute](#) at 420.621(5), and Persons with Special Needs is defined in in [Florida Statute](#) at 420.0004(13). Florida Housing will pilot using NHTF to serve households with incomes at or just above the level of income received through SSI. Applicants that will provide NHTF units integrated into a general occupancy property must commit to execute a Link Strategy Memorandum of Understanding with at least one Special Needs Household Referral Agency working in that county that will refer eligible Homeless or Special Needs households for residency in the NHTF financed units.

In RFAs that offer NHTF funding, preferences will be specified for applicants that commit to develop Tenant Selection Plans that include, at a minimum, income and credit strategies specified by Florida Housing Finance Corporation that recognize that the ELI households to be served are likely to have credit, income and rental histories that may be a barrier to tenancy at the property.

³ "Family" properties are general occupancy properties that serve households of any size and age. "Elder" properties are general occupancy properties that serve households of any size, but set aside all or most units for elders. Some properties sign up to serve those in which the head of household is 55 or older, and some decide to serve only households in which all members are 62+.

Applicants for NHTF funding will be incentivized to include accessible and green features in their developments, and proximity to public transit and other amenities such as grocery stores will be scoring factors. Depending on the source of financing being offered, local government contributions and other leveraging strategies will be incorporated into RFAs. Typically, RFAs for general occupancy properties prioritize new developments that are further away from existing affordable rental properties serving the same demographic population.

Finally, funding will include a priority to receive NHTF funding based on the extent to which a proposed development has federal, state or local project based rental assistance.

Citizen Participation in Development of the NHTF Allocation Plan

This plan was developed through a process of citizen engagement and participation. On February 24, 2016, Florida Housing held a National Housing Trust Fund workshop at the Holiday Inn Westshore-Airport in Tampa to outline program requirements and initial implementation ideas. The workshop was well attended and Florida Housing staff received comments from developers, academics, advocates for extremely low-income households, homeless persons and persons with disabilities, local government officials, providers of supportive housing and services, and concerned citizens. Staff from the Florida Department of Economic Opportunity (DEO) were also in attendance. Notice of the workshop was published in the Florida Administrative Register, posted to the Florida Housing Finance Corporation website, and emailed to the following stakeholder groups: developers, local housing officials, and special needs and homeless housing and service providers, as well as low-income and disability advocates.

On April 28, 2016, Florida Housing held another workshop to answer questions and receive comments on the draft NHTF allocation plan which was made available for public review before the meeting. The workshop was held at Florida Housing's offices in Tallahassee and also was available by teleconference. Notice of the workshop was posted on April 8, 2016, to the Florida Housing website, emailed to the individuals listed above and published in the Florida Administrative Register.

Summary of Comments Received and Response:

On [FUTURE DATE], 2016, a notice was published in the Florida Administrative Register to announce:

- 1) The release of the DRAFT Allocation Plan as a Substantial Amendment to the 2016 Annual Action Plan;
- 2) Commencement of the formal 30-day comment period; and
- 3) A formal public hearing to receive public comments to which all interested parties were invited.

Florida Housing Finance Corporation received comments on the Substantial Amendment from _____, 2016, through _____, 2016. On the final day of the 30-day comment period, the public hearing was held at _____ in Tallahassee and via teleconference.

Summary of Comments Received and Response:

To be included later.

This plan is adopted as a Substantial Amendment to the Florida 2016 Annual Action Plan.