



Legislation Text

File #: 20-0764, **Version:** 2

Agenda Item Name:

Alachua County Housing Finance Authority (HFA) State Apartment Incentive Loan (SAIL) Local Government Areas of Opportunity Funding Request

Presenter:

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Description:

The HFA will be funding \$230,000.00 in support of SAIL towards a Low Income Housing Tax Credit (LIHTC) application and is requesting \$230,000.00 in matching funding from the BoCC in order to reach \$460,000.00 in Local Government Funding required to make the application more competitive.

Recommended Action:

Match the HFA's loan funding commitment in the amount of \$230,000.00 for an applicant that receives approval under the State Apartment Incentive Loan Program (SAIL); with the release of loan funding contingent on the applicant executing the appropriate loan and other documents required by the County that are consistent with applicable statutes and administrative rules governing the programs.

Prior Board Motions:

None

Fiscal Consideration:

General Fund Loan of \$230,000.00 that will only need to be appropriated if an award is received.

Background:

The Housing Credit (HC) program provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for providing equity financing for the rehabilitation (with or without acquisition), or new construction of low and very low-income rental housing units. A Housing Credit allocation to a development can be used for 10 consecutive years once the development is placed in service and is designed to subsidize either 30 percent (the 4 percent tax credit) or 70 percent (the 9 percent tax credit) of the low-income unit costs in a development. Qualifying buildings include garden, high-rise, townhouses, duplexes/quads, or mid-rise with an elevator. Ineligible development types include hospitals, sanitariums, nursing homes, retirement homes, trailer parks, and life care facilities. This program operates in conjunction with the HOME Investment Partnerships program, the State Apartment Incentive Loan program, the Predevelopment Loan program, and/or the Multifamily Mortgage Revenue Bonds program.

Each development must set aside a minimum percentage of the total units for eligible low or very low income residents for the duration of the compliance period, which is a minimum of 30 years with the

option to apply for a Qualified Contract after the 14th year, unless this option is waived by the Applicant in the Application, or pursuant to requirements in a competitive solicitation. Applicants must commit to one of the following set aside commitments: (i) at least 20 percent of the housing units set aside for households earning 50 percent or less of the area median income (AMI), (ii) 40 percent of the units set aside for households earning 60 percent or less of the AMI, or (iii) 40% of the units set aside for households whose earnings may range from 20% to 80% of the AMI provided the average on the income designations within that range do not exceed 60% of the AMI.

Because of the competition among developers seeking an allocation of tax credits from Florida Housing, most Developers commit to provide deeper set asides and for a longer period of time than the minimums described above as required by the IRS Code.

Housing need is assessed based on the current statewide market study, and funds are distributed annually to meet the need and demand for targeted housing in large, medium, and small-sized counties throughout Florida. Additionally, competitive 9 (nine) percent housing credits are sometimes reserved for affordable housing that addresses specific geographic or demographic needs, including the homeless, elderly, persons with special needs, the Florida Keys Area of Critical State Concern, or for disaster recovery efforts.

The Housing Credit program is governed by the U.S. Department of Treasury under Section 252 of the Tax Reform Act of 1986 and Section 42 of the Internal Revenue Code, as amended. Each year, the U.S. Department of Treasury awards each state an allocation authority consisting of a specific per capita dollar amount multiplied by the state population plus the state's share of the national pool (unused credits from other states). Starting in 2003, the per capita amount is adjusted annually for inflation. For 2019, the per capita amount used is \$2.75.

All potentially eligible applicants should apply for funding through Florida Housing's Request for Applications (RFA) process (for competitive 9% tax credits), the Non-Competitive Application Package (for non-competitive 4% tax credits). Those who request additional information should contact Community Support Services, Alachua County Housing Programs office at (352) 264-6759 for further information. This program is governed by Rules 67-48 and/or 67-21 of the Florida Administrative Code.

<https://www.floridahousing.org/programs/developers-multifamily-programs/low-income-housing-tax-credits>