Unified Funding Questions and Answers
February 15, 2008

2008 Qualified Allocation Plan

Q. Summarize what has changed from the initial proposed Low-Income Housing Credit Qualified Allocation Plan (QAP) previously distributed at the Unified Funding application workshops and the finalized QAP on DHCR's website.

A. The following is a brief summary of what has changed since the last version of the proposed QAP was distributed in response to comment received from representatives of the affordable housing industry:

*Section 2040.2 (s) - The definition of a qualified low-income housing project now includes a reference to the 25% at 60% test for projects in NYC.

*Section 2040.2(u) - The definition of supportive housing has been revised. The percentage of units for which there must a preference in tenant selection for persons with special needs is now 30% (up from 25%).

Please be advised this change in the percentage affects project applications which are submitted under the LIHC Supportive Housing Set-aside. That is, such applications must propose a preference in tenant selection for persons with special needs for a minimum of 30% of the LIHC-assisted units in the project.

*Section 2040.3(c) - Processing fees. This provision has been corrected to reference that the credit allocation fee is due at the time of the request for carryover, not the final credit allocation.

*Section 2040.3(e)(14)- The threshold eligibility reference to Visitability now includes new language that projects shall meet Visitability standards, "except when such standards are demonstrated to be irreconcilable with federal, state or local statutes, regulations, ordinances or codes."

Project sponsors who believe that the application of QAP Visitability standards to their project are irreconcilable with federal, state or local statutes, regulations, ordinances or codes, including historic preservation requirements, may submit supporting documentation which demonstrates this to their DHCR Regional Office prior to application submission to request DHCR's concurrence.

*Section 2040.3(e)(15)- The original threshold language from the previous QAP referring to projects with acquisition cost above 25% of Total Development Cost has been restored to clarify that this threshold requirement refers to project involving the rehabilitation of existing housing, not new construction.

*Section 2040.3(e)(18) - The threshold eligibility standard for Green Buildings has been revised to provide more clarification in regard to Energy Star requirements (see sub-sections (i), (ii), and (iii)).

*Section 2040.3(f)(1) - A scoring provision in the Community Impact/ Revitalization category, item (iv) from the previous QAP, has been reinstated. This item provides up to five scoring points for projects supported by the implementation of significant measures on behalf of the project by the locality, such as a tax abatement, infrastructure improvements or zoning variance.

Although the entire Community Impact/Revitalization scoring criteria now provides four 5 point scoring items, projects can still only obtain a maximum of up to 15 points. This change was made in consideration that not all projects will qualify for points under (i), (ii) or (iii).

[This change is also reflected in Section 2040.14(d)(1) of the NYS Low-Income Housing Tax Credit Program (SLIHC) Regulations.]

*Section 2040.3(f)(9) - The scoring criteria for Energy Efficiency has been broadened through the insertion of new wording to facilitate obtaining points for proposed participation in the applicable NYSERDA program. Specifically, the new language enables projects to obtain points if the project "demonstrates it will be eligible for, will participate in, and will meet the energy efficiency standards" of the NYSERDA Multifamily Building Performance Program or New York Energy Star labeled Homes Program.

[This change is also reflected in Section 2040.14(d)(9) of the SLIHC Regulations.]

*Section 2040.3(f) (13) - The scoring criteria for the participation of non-profit organizations in a project has been revised to include a new one point scoring item for projects which include non-profit organization participation (i.e., a defined and substantive role in the development or management of the project through the extended use period) in cases where the non-profit does not meet the new QAP definition (see Section 2040.2(m)). Specifically, the non-profit organization participating in the project does not have experience providing housing related services in the primary market area or county in which the project is located.

[This change is also reflected in Section 2040.14(d)(13) of the SLIHC Regulations.]

*2040.3 (f)(15) - The scoring for Project Amenities has been revised to include a reference to outdoor recreational area, rather than a patio, in item (iv), which provides more project-specific flexibility in terms of the outdoor space to be provided for tenants.

[This change is also reflected in Section 2040.14(d)(14) of the SLIHC Regulations.] (Added February 15, 2008)

Q. The new definition of High Acquisition Cost project (Section 2040.2(j)) provides that the developer's fee amount will be based on DHCR's assessment of the risk assumed by the project owner, considering factors including rent subsidies or other project operating support, location, financing sources, occupancy level, project type and identity of interest. How will these factors be assessed by DHCR?

A. DHCR will take a very broad approach in its assessment of these factors, recognizing that this is the first unified funding application round in which these factors will be applied.

Applicants may seek DHCR's technical assistance prior to application submission by contacting the regional office in which the project is located. (Added February 6, 2008)

Q. The definition of Adjusted Project Cost (Section 2040.2(a)) has been clarified to include reference to the proportional amount of approved project costs attributable to the LIHC-regulated portion of the project, one of which remains the developer's fee. Can the developer's fee be earned on the portion of the project which involves the construction or rehabilitation of a Community Service Facility?

A. A project applicant/owner retains the ability to earn a developer's fee on the costs associated with the construction or rehabilitation of a Community Service Facility (as defined and referenced in Section 42(d) (4) (C) of the Internal Revenue Code). This has not changed pursuant to the new QAP.

As set forth in Section 2040.3(g)(2)(ii) of the QAP, developer's fee is limited to up to 10% of the acquisition and improvement cost associated with the low-income portion of the project, increased up to a ceiling of 15% of improvement costs of the low-income portion of the project where the developer or its affiliate provide the cited documentation to DHCR's satisfaction.

Based on this formula and the stipulations of the Internal Revenue Code, the developer's fee calculation attributable to the Community Service Facility would be subject to the adjusted basis of the building, which cannot exceed 10 percent of the eligible basis of the qualified low-income housing project of which it is part. (Added February 6, 2008)

Q. The definition for preservation project (Section 2040.2(q)), which corresponds to this Unified Funding application round's $3 million LIHC funding set-aside for such projects, notes that a preservation project must avert the loss of affordable housing. Can you clarify what is meant by this wording? Would an existing USDA Rural Development Section 515 Leveraged Loan Program project still subject to regulatory requirement, but in need of rehabilitation to maintain viability qualify for funding under the preservation project set-aside based on this wording?

A. The definition in the proposed QAP significantly increases preservation opportunities for applicants. While the definition retains the reference to "averts the loss of affordable housing," it removes the previous QAP requirements that projects could only qualify as preservation projects if they were also carried out pursuant to a workout plan or a community revitalization plan. Under this new definition, projects will not have to wait until they are rendered uninhabitable or are no longer economically viable in order to access LIHC.

Subject to the review of project-specific applications, RD 515 projects and other existing affordable housing developments could meet the "averts the loss" provision and qualify as a preservation project under the set-aside. The applicant should demonstrate that the infusion of new LIHC assistance for rehabilitation costs is warranted in order to prevent further project deterioration or functional obsolescence which could result in the loss of tenants and further undermine the project's viability and continued operation as affordable housing. (Added February 6, 2008)

Q. The threshold eligibility provision for a comprehensive market study (Section 2040.3(e)(10)) requires that the market study submitted with the Unified Funding application be conducted by a market analyst pre-approved by DHCR. How will this requirement impact projects which propose joint financing under the USDA Rural Development (RD) Section 515 Leveraged Loan Program and LIHC since RD has substantially different market study parameters than DHCR?

A. DHCR's handling of market studies for projects seeking both RD Section 515 and DHCR LIHC financing has not changed. DHCR will continue to accept the market study/assessment required by the RD office for the Section 515 Program, including RD's market study parameters. However, as required by this QAP provision, applicants for these jointly funded projects must utilize one of the pre-qualified market analysts from the list which has been posted on the DHCR website. (Added February 6, 2008)

Q. The threshold requirement for project visitability (Section 2040.3(e)(14)) states that in the case of adaptive reuse or rehabilitation projects, as many LIHC-assisted units "as feasible" will meet visitability standards. Can you provide more guidance as to what is meant by "as feasible?"

A. The term "as feasible" means that DHCR expects a rehabilitation project to meet the visitability standard as set forth in the QAP definition (Section 2040.2(v)) as long as it is not cost-prohibitive due to structural barriers or demonstrated by the applicant to be irreconcilable with federal, state, local and/or historic preservation statute, regulations or local ordinances.

To meet the visitability requirement for existing buildings with minimal additional cost, projects can provide ramps or grade changes to provide access to a building entrance. In addition, such a ramp or grade change need not be located in the front of the building.

If the visitability requirement cannot be met for a rehabilitation project due to any of these factors, it must be thoroughly explained and documented in the project application, specifically in the preliminary plans and the project description.

As noted above, it is not intended that the visitability requirement override federal, state or local laws, regulations and/or ordinances which are irreconcilable with these standards. In those instances, applicants can seek DHCR's acknowledgement that the visitability standard is irreconcilable with their project by submitting documentation to this effect prior to application submission. Applicants seeking assurance from DHCR that a project will not be deemed ineligible for failure to meet the visitability standard should contact the applicable DHCR regional office in which the project is located to initiate this review.

In all instances, DHCR's technical assistance is also available prior to application submission to assist prospective applicants in determining how many units in a rehabilitation project can meet the proposed visitability requirements. DHCR architectural staff will review photos, preliminary plans and the project description in making this determination. (Added February 6, 2008)

Q. Item (i) under the Community Impact/Revitalization (Section 2040.3(f)(1)) scoring criteria provides points for projects located in a primary market area which has experienced limited or no subsidized affordable housing production in the last 10 years and unmet demand for affordable housing. What specific factors will DHCR use to score projects under this category?

A. There are two components to this scoring question: 1) limited/no subsidized affordable housing production; and, 2) unmet demand for affordable housing. To analyze both components, DHCR will review a number of application exhibits and attachments, including the comprehensive market study.

In reference to 1), limited/no affordable housing production, DHCR will take a broad approach to this issue. Projects should qualify for points under this category if the market study (or Rent Guidelines Board report in New York City only and other application submissions clearly demonstrate that the availability of existing subsidized affordable housing is insufficient to meet current demand. In terms of 2), unmet demand for affordable housing, DHCR will utilize the market study to analyze the project's capture rate (i.e., the percentage of the pool of income eligible renters in the primary market area from which the project would need to draw to achieve full occupancy). A lower capture rate is indicative of stronger demand for the project. Projects with a lower demonstrable capture rate will receive more points under this scoring component.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(1).] (Added February 6, 2008)

Q. The scoring item (iii) in the Community Impact/Revitalization category provides points for projects which are part of a comprehensive revitalization plan which includes the use or reuse of existing buildings. Can new construction projects qualify for points under this scoring item?

A. This scoring item is based on a mandated Internal Revenue Code project selection criterion for projects which are part of a community revitalization plan that includes existing housing.

It is DHCR's perspective that new construction projects can qualify under this provision if the project is in the form of infill housing or is part of a comprehensive approach to redevelopment as set forth in a local government-authorized community revitalization plan which also addresses employment, educational, cultural and recreational opportunities within the community. The project proposed for LIHC financing itself need not include a rehabilitation component as long as the project is clearly identified as furthering the objectives of the community revitalization plan that includes the use or reuse of existing buildings.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(1).] (Added February 6, 2008)

Q. The criteria for Financial Leveraging (Section 2040.3(f)(2)) provides applicants with a significant scoring incentive for leveraging other financing sources, including permanent funding from non-DHCR/HTFC sources, the donation of land and/or buildings, the provision of a long-term lease for the project at a nominal amount, as well as the net syndication proceeds as a portion of the total LIHC requested and the amount of credit requested per unit adjusted by the number of bedrooms in the unit. How DHCR will assess a donation or long term lease in this scoring provision. Also, how will DHCR apportion points for these different elements of the criteria?

A. DHCR will score a number of these elements based on their cumulative contribution to the financing of the project, while continuing to separately assess those elements which have not changed from the previous QAP.

Specifically, elements such as the leveraging of permanent funding from non-DHCR/HTFC sources, the donation of land and/or buildings and the provision of a long term lease will be assessed under one component of scoring specific to leveraging other sources. The monetary benefit or value assigned to the "leveraged" donated land/buildings or leases provided at nominal amounts will be based on the difference between the documented market value of specific asset provided and the nominal amount paid by the project.

Please note that rental or operating subsidies will not be considered as a form of leveraging or a part of a project's total development cost, though it is anticipated that projects with such subsidies would score well under this category because of the additional capital financing they generally leverage.

The project's net syndication proceeds as a proportion of the total credit requested and the amount of credit requested per unit adjusted for unit size, two elements retained from the previous QAP, will continued to be scored separately under this overall scoring criteria.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(2).] (Added February 6, 2008)

Q. The Green Building scoring criteria (Section 2040.3(f)(4) references a surface water management plan which is not frequently completed by the time of submission of an application to DHCR. Can you clarify DHCR's expectation of what should be submitted in regard to the surface water management plan with the initial Unified Funding application requesting LIHC?

A. A surface water management plan need not be submitted with the initial application in order to potentially qualify for scoring points under this criteria. Rather, to meet this QAP provision, the application must indicate that a Surface Water Management Plan will be provided for the project. This should be noted in the Green Building Criteria Checklist, as well as in the preliminary site plan.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(4).] (Added February 6, 2008)

Q. The scoring category for the Participation of Non-Profit Organizations (Section 2040.3(f)(13)) required an additional modification. Can you identify what has changed from the previously distributed version of the proposed QAP and what has not changed?

A. Based on public comment received during the QAP amendment process, DHCR has determined that this scoring provision should be modified to recognize the beneficial role offered by a non-profit organization which does not have experience providing housing-related services in the primary market area or county in which a project is located.

Therefore, one point will now be provided for the participation of a non-profit, which does not qualify as a local non-profit organization under the QAP definition (Section 2040.2(m)), but does have a defined and substantive role in the development or management of the project through the extended use period.

The four point and two point scoring options presented in the last version of the proposed QAP have not changed in any manner.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(13).] (Added February 6, 2008)

Q. The Project Amenities scoring provision (Section 2040.3(f)(15)) cites six scoring items under which an applicant can qualify for up to two points. How many of the listed amenities does a project need to address in order to obtain one or two points?

A. Projects which provide for two of the listed amenities will qualify for two points while projects which address one of the amenities will qualify for one point.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(14).] (Added February 6, 2008)

Q. Under the same Project Amenities scoring category, how many computers should be provided for tenants in the computer lab in order to qualify for a scoring point?

A. A computer lab must consist of at least one computer for every 20 LIHC-assisted units, rounded up to the next whole number of computers. For instance, a project with 40 LIHC-assisted units must provide two computers for tenants to qualify for a scoring point while a project with 45 LIHC-assisted units must provide three computers.

[This answer also applies to the SLIHC Regulations, Section 2040.14(d)(14).) (Added February 6, 2008)

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*Section 2040.3(f) (13) - The scoring criteria for the participation of non-profit organizations in a project has been revised to include a new one point scoring item for projects which include non-profit organization participation (i.e., a defined and substantive role in the development or management of the project through the extended use period) in cases where the non-profit does not meet the new QAP definition (see Section 2040.2(m)). Specifically, the non-profit organization participating in the project does not have experience providing housing related services in the primary market area or county in which the project is located.

[This change is also reflected in Section 2040.14(d)(13) of the SLIHC Regulations.]

*2040.3 (f)(15) - The scoring for Project Amenities has been revised to include a reference to outdoor recreational area, rather than a patio, in item (iv), which provides more project-specific flexibility in terms of the outdoor space to be provided for a tenants.

[This change is also reflected in Section 2040.14(d)(14) of the SLIHC Regulations.] (Added February 11, 2008)

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Online Application

Q. Can all members of the development team access the online application to fill out relevant experience forms?

A. As many persons as an applicant chooses to register can have access to an application. However, there will be increased risk that the content of an application may be altered when multiple persons, some not directly affiliated with the applicant organization, have access to the system. Applicants are advised to use discretion in permitting access to their applications.

We also changed the relevant experience forms. In the application instructions we told applicants how to maximize the HTF/HOME points for the Successful Development Performance rating question. Applicants do not have to submit every completed project to get points. If an applicant has completed 30 projects, the applicant does not have to submit information on 30 projects. For the for-profit developers, including projects with total development cost (TDC) of 10 times the TDC of the project you are submitting (including data on $30 million of completed projects for a $3 million dollar TDC proposed project), will achieve maximum points. We also decreased the number of development team members that we are asking to include information about prior experience. The thresholds for awarding previous performance points for project sponsored by not-for-profit developers are outlined in the RFP.

Q. What happens if the application does not upload correctly and the application submission deadline is approaching?

A. If there is a problem with uploading at any point in the process, technical assistance may be obtained at MSR@dhcr.state.ny.us or by calling (518) 486-5000. Do not wait until the last minute to complete your application!

Q. Can the online application be accessed from multiple locations?

A. Yes, provided an authorized user is accessing the online application has an internet connection and that person has the information necessary (User ID and Password) to access the application.

Q. How does a LIHC/SLIHC applicant utilizing the online application document that they have met the requirement that a copy of the credit application has been given to the Chief Executive Order of the project municipality?

A. If the signed postal return receipt (i.e. "green card" or other evidence of municipal receipt) is not available for upload when the initial online application is submitted, which often occurs, a paper copy may be submitted by mail when available. DHCR will request a copy of the transmittal letter and evidence of municipal receipt as part of the completeness review, if it is not included when the application is initially submitted. However, if the signed return receipt is not submitted, this will not result in an application being deemed incomplete. When the signed return receipt card is received by the applicant, it should be submitted to DHCR.

Q. Has the online application been Beta tested?

A. Yes, the online application has been extensively tested for the past six months by DHCR staff and a group of developers and consultants who have previously applied for DHCR funding.

Q. Can applicants register to submit an online application now or do they have to wait until December 1?

A. Applicants can register at any time after December 1, 2007 by printing the Applicant Registration Form (if not, a previously registered DHCR/HTFC applicant), or the Security Manager Registration Form from the DHCR website at www.dhcr.state.ny.us/OCD/CDWAS.HTM, completing the form(s) and submitting them with original signatures to the address indicated on the forms.

Q. If submitting multiple applications, does an applicant have to register online for each application?

A. Each applicant has to be a registered user but can designate multiple users and security managers. Applicants are not required to register their organization each time they start to prepare an application. Once your organization is registered, you may start as many applications as you wish. See the CD On-line system instructions for further assistance.

Q. Many attachments are more than 10 MB (i.e. PDF documents), which is the maximum size an attachment can be to submit. How doe we get around that?

A. Documents over 10 MB will need to be split and each part must be submitted separately.

Q. Can supporting documentation and/or attachments (e.g. Market Study) be submitted by mail when applying electronically?

A. No, the entire application and all supporting documentation must be submitted online.

Low-Income Housing Credit Program/Qualified Allocation Plan

Q. Explain the significant changes in the maximum allowable LIHC or SLIHC annual allocation request amount of $20,000 per unit.

A. The $20,000 per unit cap in the amount of LIHC or SLIHC which may be requested by an applicant has changed in two ways:

- The per unit cap has been removed as a threshold requirement in the 2008 proposed QAP, although this year's Notice of Credit Availability retains the $20,000 per unit cap.

- While an application is still subject to the maximum annual allocation request amount of $20,000 per unit under either the LIHC or SLIHC Program, pursuant to the current Request for Proposals, an applicant may now request the maximum under both programs to finance units eligible under both programs (affordable to households at 60% or less of area median income).

Please take note, however, than an application requesting more than a $20,000 annual allocation amount from the LIHC and SLIHC Programs in aggregate will likely receive little or no scoring points under the criteria for Financial Leveraging (Section 2040.3(f)(2) of the proposed LIHC QAP).

Further, as is the case with all projects, the requested LIHC/SLIHC allocation amount as a whole and per unit will be subject to a technical feasibility review which will analyze the necessity **and the level** of the proposed financing. In addition, such requests will be subject to the **very limited** availability of limited LIHC and SLIHC resources this funding round.

Q. How will the primary market area be determined?

A. The primary market area referenced in the definition section of the proposed QAP and is further elaborated upon in Section 5.06 of the Capital Programs Manual. The market analyst is required to clearly define and explain the rationale for the primary market area established for the project.

Q. If a project applicant is applying under the LIHC Supportive Housing set-aside, must the applicant be a non-profit organization (501(c)(3) or 501(c)(4) to meet the parameters of the set-aside.

A. No, a project applicant does not have to be a non-profit organization to apply under this LIHC set-aside. Further, prospective applicants considering applying under the set-aside should review the parameters for qualifying under this set-aside, which are set forth in Section 3040.2(u) of the proposed QAP and the current Request for Proposals.

Q. The proposed QAP contains a new definition for Visitability (Section 2040.2(v)), and includes a Visitability threshold requirement (Section 2040.3(e)(14)) that most LIHC projects will need to meet in order to be considered eligible for funding. How long do Visitability units have to be marketed?

A. Units which meet Visitability standards are marketed like all other LIHC-assisted units. To clarify, these units are not set-aside or targeted for persons with mobility impairments, physical disabilities and/or other special needs. However, these units will meet an accessibility standard (pursuant to the QAP definition) which enables persons with physical disabilities to visit the tenants of the unit.

Units meeting Visitability standards should not be confused with LIHC-assisted units qualifying for scoring points under the new scoring criteria for "Fully accessible and adapted, move-in ready units" (see Section 2040.3(f)(6) of the proposed QAP). Such units are designed to be fully accessible for persons who have mobility impairments and/or hearing impairments and DHCR expects that these units will be marketed to households with at least one member who has such an impairment. Funded projects experiencing difficulties renting such units are urged to contact DHCR for guidance and assistance should this situation potentially impact the project's viability or owner's ability to meet investor or other requirements.

Q. The 2008 proposed QAP's definition of a Local Non-Profit Organization (Section 2040.2(m)) indicates that such an organization provides "housing-related services" in the primary market area or county in which a proposed project is located. This definition impacts the scoring of projects under the criteria for Participation of Local Non-profit Organizations (Section 2040.3(f)(13) and Long Term Affordability (Section 2040.3(f)(5). What does DHCR consider to be "housing-related services"?

A. Housing related services are those services which assist owner occupants or tenants in finding and/or remaining in safe, affordable housing. Examples of these types of services include, but are not limited to, participation in the construction and/or rehabilitation of affordable housing (including community outreach, marketing, tenant eligibility certifications), tenant/homeowner counseling eviction prevention, asset management, tenant association assistance, relocation assistance and community renewal activities.

Applicants with specific questions on whether a prospective non-profit organization which would participate in a project meets the definition of a Local Non-Profit Organization should contact the appropriate DHCR Regional Office prior to application submission to discuss if the specific non-profit organization would meet the scope of the definition.

Q. Do the requirements set forth in DHCR's Design Handbook apply to LIHC or SLIHC standalones (i.e. projects which receive no additional Housing Trust Fund Corporation financing)?

A. No, DHCR's Design Handbook standards do not apply to LIHC and/or SLIHC standalone projects.

However, applicants addressing LIHC or SLIHC threshold eligibility criteria for Energy Efficiency, Visitability, and applicants seeking LIHC or SLIHC scoring points for additional design-related project features including Energy Efficiency and Accessibility should refer to the proposed QAP. Further, applicants seeking points for Green Building measures should refer to both the QAP and the Green Building Reference Manual.

Applicants with questions about these new standards are urged to contact the appropriate regional office to review these criteria and how the standards would apply to their project.

NYS Low-Income Housing Tax Credit Program (SLIHC)

Q. When do the new LIHC QAP and SLIHC regulations become effective? If an applicant is submitting a SLIHC application under the open window application review process in the next few weeks, would the parameters of the current QAP or the new proposed QAP/SLIHC Regulation apply to the project?

A. The proposed LIHC QAP and SLIHC regulations become fully effective upon final approval and adoption by the Governor. DHCR anticipates that this will occur prior to the February 27, 2008 deadline for submission of Unified Funding applications to DHCR. Applicants should prepare their application utilizing the parameters set forth in those documents with the expectation that the new QAP and SLIHC Regulations will be in effect. Applicants submitting an open window application, such as a SLIHC application with no proposed LIHC or HTF funding, should continue to utilize the current LIHC QAP and SLIHC regulation until the proposed regulations are in effect.

Q. In previous years, under the SLIHC Program, DHCR did not allow more than 40% of SLIHC-assisted units in a project to be set-aside for households with incomes at 60% or less of area median income. Has this standard changed this year, if so, how?

A. Pursuant to the current Unified Funding Request for Proposals, the previous standard has been retained for SLIHC project which are not jointly financed with LIHC. That is, for SLIHC projects which do not include LIHC financing, no more than 40% of the units assisted by SLIHC can serve housing with incomes at or below 60% of area median income.

However, this year, there has been a change in the above standard for SLIHC projects which include LIHC financing. For jointly financed LIHC/SLIHC projects, there is no restriction on the percentage or number of SLIHC financed units which may be set-aside for households with incomes at or below 60% of area median income.

Q. If an applicant is submitting an application for funding for SLIHC financing only under the open window for receipt of such applications, should the applicant use the previous format or the new UF 2008 application?

A. The applicant must use the new UF 2008 application. The application may be submitted on-line or via hard copy.

Homes for Working Families Program

Q. How does HTFC coordinate its review roles and responsibilities with the bond issuer for HWF projects selected for funding?

A. Review roles and responsibilities for application review (including underwriting and design reviews), construction and post-construction monitoring roles may vary based on project-specific application processing needs and the timing of reviews; however, the following is a general description of the designation of roles based on which agency is providing the tax exempt bond financing.

New York State Housing Finance Agency

HFA assumes lead agency status in most facets of project review and monitoring during construction and the HWF regulatory term. HTFC accepts HFA's project underwriting and design review provided that there is general adherence to HWF statutory and regulatory requirements. HTFC accepts HFA's SEQRA determinations when there is a coordinated review at initial application and utilizes HFA's Minority and Women Owned Business participation goals and standards. HFA issues the "as-of-right" LIHC allocation for jointly-financed HWF projects and is responsible for compliance monitoring during the LIHC regulatory period. HWF programmatic requirements are incorporated into the HFA's regulatory agreements which are executed with the project owner.

However, HWF projects jointly financed with HFA which are also financed under DHCR's SLIHC Program will still be subject to the SLIHC regulations, the pertinent sections of the LIHC QAP and other standard DHCR programmatic requirements, in addition to the requirements of other programs and agencies providing financing to HWF projects.

New York City Housing Development Corporation

HTFC and HDC generally share the responsibilities for the review and monitoring of HWF projects. HTFC and HDC coordinate their underwriting review for all projects to accommodate HDC's bond financing requirements, as well as the stipulations of any second mortgage financing provided by HDC.

HTFC accepts HDC's SEQRA determination when there is a coordinated review at initial application, but utilizes standard HTFC Minority and Women owned

Business participation goals and standards, since HDC is not subject to this statutory requirement.

Furthermore, HTFC and HDC jointly coordinate design reviews and construction monitoring and the DHCR Design Handbook is applicable to these projects. HTFC monitors these projects for compliance during the HWF regulatory term.

Note: As of March 1, 2008, pursuant to the proposed QAP, DHCR will no longer issue 4% LIHC allocations; applicants will apply to one of the other LIHC housing credit agencies above (HFA or HPD) for LIHC financing.

Local Industrial Development Agency (IDA)/Public Housing Authority (PHA)

For projects in which an IDA or PHA is providing the tax-exempt bond financing, HTFC assumes the lead role for all facets of application, project underwriting and design review, as well as construction and post-construction monitoring for adherence to HWF requirements.

However, as noted above, DHCR will no longer issue the 4% LIHC allocation for such projects; rather HFA will be the allocating agency.

Q. Would DHCR or HFA consider a private placement of bonds?

A. This is a question which should be addressed with NYS Housing Finance Agency or other prospective bond issuers since DHCR does not issue tax-exempt bonds. Prospective applicants seeking HFA bond financing should contact Maria Ayala of HFA at maria@nyhomes.org

Q. If an HWF project includes units assisted by the NYS Low-Income Housing Tax Credit Program (SLIHC), would the SLIHC financing be subject to the 9% or 4% credit rate (i.e. 70% or 30% of present value)?

A. The SLIHC financing would be subject to the 4% credit rate. HWF projects are financed with private activity tax-exempt bonds and the Federal 4% Low-Income Housing Credit available to the project pursuant to Section 42 of the Internal Revenue Code. Since tax-exempt bonds are considered a source of federal financing, all federal and state credit utilized for the project would come into the project at the 4% rate.

Q. Is HWF subject to DHCR Design Handbook standards under all scenarios? What if the HWF project is jointly financed with NYS HFA?

A. The standards set forth in the DHCR Design Handbook apply to HWF projects unless the project is jointly financed by NYS HFA. If HFA is providing the tax-exempt bonds, 4% LIHC and, in some cases, a Subsidy fund loan, HFA takes the lead agency role on design requirements and construction monitoring and applies its construction standards; the DHCR Design Handbook does not apply to these specific projects.

Q. Have the HWF per unit maximums changed this year?

A. No, the maximum HWF award per unit remains the same as previous years at $35,000 per unit ($45,000 per unit in New York City).

Q. Section 2040.4(f) of the proposed QAP indicates that DHCR will no longer review 4% Low-Income Housing Credit projects financed by private activity tax-exempt bonds after March 1, 2008. Does that mean that NYS Housing Finance Agency will handle all 4% LIHC application reviews and allocations, including HWF projects, after that date?

A. While it is anticipated that most project sponsors statewide seeking 4% LIHC allocations will apply to HFA after March 1, 2008, the proposed QAP does not prohibit applicants from applying to other housing credit agencies (i.e., public agencies which have been designated by DHCR as having the authority to issue credit allocations) for a 4% LIHC allocation. Current housing credit agencies include HFA, New York City Department of Housing Preservation and Development, and the Development Authority of the North Country.

Rural Housing Initiative/Leveraged Loan Projects

Q. Will the market study requirements for Rural Housing Initiative/Leveraged Loan projects change given the DHCR/HTFC changes made in the QAP and the decision to require the use of pre-qualified market analysts?

A. DHCR/HTFC will continue to accept the market study required by the USDA Rural Development office for the Section 515 Program. Applicants for these jointly funded projects with USDA RD must utilize one of the pre-qualified market analysts from the list which has been posted on the DHCR website to complete their market study/assessment.

Housing Trust Fund/HOME Programs

Q. If an applicant requests both Housing Trust Fund and HOME Program funds in their application, is the funding request for each program limited to the per application maximum funding requests of $1.8, $2.2, or $2.3 million outlined on Page 12 of the UF 2008 RFP, or does some other limit apply to these applications?

A. For applicants who request Housing Trust Fund and HOME Program funds, the maximum per application request amounts outlined on Page 12 of the UF 2008 RFP apply to the <u>combined</u> HTF and HOME requests. In other words, the combined Housing Trust Fund/HOME Program requests are limited to the $1.8, $2.2, and $2.3 million limits, depending on the specific characteristics of the proposed project.

Design Issues

Questions & Answers From UF 2008 Architect's Training (held 12/13/07) (www.dhcr.state.ny.us/ocd/units/dsu/architects_training.htm#questions)

Q. The proposed QAP requires that applicants use Energy Star appliances, light fixtures and heating systems or the equivalent. What does DHCR require if an Energy Star rating hasn't been issued for a category of appliance, fixture or heating system?

A. For appliances not currently labeled or rated by Energy Star, the requirement is not applicable. There is no expectation that the Energy Star requirements will be met.

Q. For new construction SRO (single room occupancy) projects without bathrooms in each room, can the visitability bathroom be located in the hallway?

A. Yes, Where SROs are designed with private bathrooms, then those bathrooms within the SRO must be visitable; and where the SROs are designed with a common bathroom to serve more than one SRO unit, then that common bathroom must be visitable. (Added February 6, 2008)

Q. Are fireplaces (wood burning or other fuel type) permitted in DHCR/HTFC funded projects?

A. No, Fireplaces are not permitted in DHCR/HTFC funded projects due to excess construction cost, safety, and heat loss concerns. (Added February 6, 2008)

Q. Are unfinished basements in townhomes or single family homes included in the gross square footage of a unit?

A. No. Unfinished basements are not included in the gross square footage of a unit. (Added February 6, 2008)

Q. Are unheated garages in townhomes or single family homes included in the gross square footage of a unit?

A. Yes and No. Garages, either attached or detached, are included in the gross square footage of a unit because the additional square footage requires additional construction costs to build and additional maintenance costs to operate.

But garages located in the basement of a home, such as in a raised ranch type home or a home built on a slope are considered unfinished basements, and are, therefore, not included in the gross square footage of a unit. (Added February 6, 2008)

Market Studies

Q. If a proposed project includes units with multiple bedroom sizes, should a separate capture rate be calculated for each bedroom size?

A. Yes. Section 5.06 of the DHCR Capital Programs Manual, HTF/DHCR Market Study Content Guidelines states: "Calculate the capture rate for each income limit in the subject property incorporating DHCR/HTFC restrictions such as age, income, renters versus homeowners, household sizes, etc."

The above requirements, by including both income limit and household size, require that a separate analysis be done for each bedroom size to accurately reflect the number of households eligible to reside in each unit size proposed. (Added January 28, 2008)

Q. When calculating the capture rate by bedroom size, what household size should be used?

A. Household size should be used that reflects program requirements and the target population that is likely to live in the unit.

Section 5.06 of the DHCR Capital Programs Manual (CPM) HTF/DHCR Market Study Content Guidelines, refers to Section 7.06.04, Tenant Occupancy Requirements which then directs the reader to Section 7.06.01, General Tenant Selection Process. This section of the CPM provides an occupant density range chart. This chart provides the minimum and maximum occupancy by bedroom size.

The market analyst can use this chart as a guide. If the proposed unit sizes and rents will result in a "double-counting" of households (e.g. a three bedroom unit could be occupied by 3 to 6 persons and a four bedroom unit could be occupied by 5 to 8 persons), the overall capture rate must adjust for this overlap.

For further information on market analysis content and review, you may refer to the document "Getting the Most Out of Your Market Study" (www.dhcr.state.ny.us/general/training/pdf/03Seminar5b.pdf) from a 2003 DHCR training seminar. (Added January 28, 2008)

Q. Will the Division take into account the physical condition of comparable units when determining whether the project is located in a strong housing

market and eligible for points under the Community Impact/Revitalization scoring criteria?

A. Yes, See the Market Study Content Guidelines found in the DHCR/HTFC Capital Programs Manual at Section 5.06 (Page 31 of Chapter 5).

Section F. Existing Rental Housing, of the Guidelines requests a description of the vacancy rate for the PMA. Where the vacancy rate for comparable units (population served, income, and unit size) is 5% of greater, the market analyst should provide an explanation. In particular, the analyst should identify the impact of substandard housing on the vacancy rates for comparable units. (Added February 6, 2008)