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LOW-INCOME HOUSING CREDIT PROGRAM COMMISSIONER DETERMINATION

Re: Project Name: Sherwood Landing
Project Applicant/Awardee: Lakewood Development, LLC
Project Owner: Sidney Housing Recovery, L.P.
SHARS ID: 20126001
Date: December 11, 2013

The federal Housing and Economic Recovery Act of 2008 (“HERA”) provided significant amendments to the Low-Income Housing Credit Program (“LIHC”). The LIHC Program is administered by the DHCR component of NYS Homes and Community Renewal (HCR) as the State’s lead housing credit agency pursuant to Section 42 of the Internal Revenue Code (“Code”), the Governor’s Executive Order 11 of 2011 and DHCR’s LIHC Qualified Allocation Plan (“QAP”).

One HERA provision provides DHCR with the authority to assist specific projects and/or buildings which it has determined require an increased credit allocation in order to be financially feasible. HERA enables DHCR to designate such projects and/or buildings as a third-type of high-cost area (in addition to projects/buildings located in HUD-designated Difficult Development Areas or Qualified Census Tracts) eligible for an enhanced credit through an increase in its eligible basis by up to 30%.

In its 2012 Unified Funding Application Request for Proposals, DHCR made available this high-cost designation and enhanced credit for Early Award Round Disaster Relief Projects pursuant to certain parameters, including a demonstration that the project was shovel ready and the associated boost in basis was necessary to address a financing gap which would exist without the basis boost.

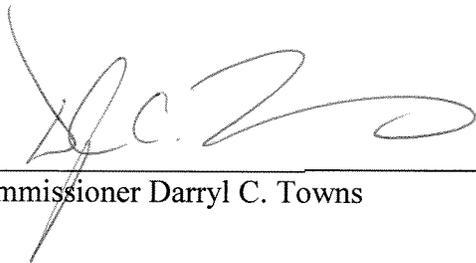
The above-referenced Sherwood Landing project was submitted in October 2012 as an Early Award Round Disaster Relief Project. Pursuant to application review, DHCR determined the project met the stated parameters for approval as a Disaster Relief Project.

Located in the Village of Sidney in Schoharie County, this project will provide 32 units of affordable housing for a community devastated by Hurricane Irene and Tropical Storm Lee. Units in the project will be reserved for low income individuals and families with incomes at 60 % or less of area median income.

Based on DHCR's second underwriting review of the project, the application documentation demonstrates that the project cannot generate sufficient financing without obtaining a high cost project designation and the associated boost in basis. At present, without the boost and underwritten at the 7.43% credit rate, the project would qualify for a maximum LIHC reservation/allocation of \$487,347, rather than the current awarded allocation amount of \$519,103. This would result in a financing gap based on the loss of credit equity in the amount of \$273,894. This amount represents 45% of the project's earned developer fee, which is substantially higher than current feasibility criteria which limits deferred fee to 33% of the total developer fee. In addition, the project's limited cash flow would not allow for the repayment of this fee if deferred.

In consideration of the information provided herein and in order to provide the project with sufficient financing to proceed, DHCR is making the determination that the above referenced project be designated a high cost Difficult to Develop Area and that the project's LIHC award/allocation be sustained at \$519,103.

In addition, this Determination will be posted to the Division's website at <http://www.nyshcr.org/Funding/UnifiedFundingMaterials/2012/> in order to meet the intent of HERA that State Housing Credit Agencies provide public notice of such determinations.



Commissioner Darryl C. Towns