

Unified Funding 2012 Questions and Answers

Q. Will HCR be issuing a new Low-Income Housing Credit Qualified Allocation Plan (QAP) in conjunction with the Unified Funding 2012 application round and its administration of the 9% LIHC Program?

A. No. The current 9% LIHC QAP which was used during the 2011 application funding rounds (which may be found at <http://www.nyshcr.org/Publications/QAP/>) will remain in effect for the 2012 Unified Funding application round.

Q. Can not-for-profit applicants request a deferral from the Low-Income Housing Credit Program (LIHC) and/or New York State Low-Income Housing Tax Credit Program (SLIHC) application fee?

A. Yes. As stated in the UF application instructions for Attachment F2-Credit Fee Transmittal/Deferral, not-for-profit applicants (or their wholly-owned subsidiaries) which will be the sole general partner (or co-general partner with another not-for-profit) of the partnership/project owner or the sole managing member (or co-managing member with another not-for-profit) of the limited liability company/project owner may request a deferral of the fee until the time of initial allocation (i.e., carryover allocation).

Waiver requests must include a justification and a list of all multi-family projects funded by HCR in the last three years in which the proposed project's developer(s) and/or applicant participated. Waiver requests must be submitted no later than one month prior to the appropriate application due date. Waiver requests should be sent to: Arnon Adler, Tax Credit Program Manager, 6th Floor S, 38-40 State St, Albany, NY 12207, or can be e-mailed to: aadler@nyshcr.org.

Applicants who have had the credit fee(s) waived by HCR must submit proof of such waiver as Attachment F2.

Q. If an applicant submits a Unified Funding application under the Early Award Round, will the applicant have an opportunity to make changes or revisions to bolster competitiveness or qualify under one of the LIHC set-asides (such as Supportive Housing) and resubmit the application for the regular round, i.e., the November 29th application submission deadline?

A. No, the applicant may not resubmit the application once it has been submitted under the Early Award Round. However, if an application is not funded under the Early Award Round, HCR will still consider the project application for funding under the regular funding round based on the project-specifics set forth in the initial application.

Q. Can applicants submit multiple applications for the same project?

A. No, applicants will be limited to one application per project.

Q. Are Early Award applications submitted under the Mixed Income/Mixed Use Upstate Revitalization funding goal limited to Upstate communities?

A. Not necessarily. While Upstate communities are slated for assistance under this goal and may be more likely to qualify under the parameters of this funding priority, if an applicant can demonstrate that an economically struggling community downstate would qualify, it would be considered. Prospective applicants should seek a pre-application meeting with HCR to discuss such a project, as well as any other prospective Early Award applications.

Q. Will the State-designated boost in basis, authorized by the 2008 federal Housing and Economic Recovery Act (HERA), be made available for Early Award applications submitted under the Mixed Income/Mixed Use Upstate Revitalization funding goal?

A. HCR does not anticipate that it will utilize its authority under the HERA State-designated basis boost for project applications submitted pursuant to this funding goal since such projects expected to demonstrate clear local support as evidenced by commitment of local resources. As stated in the Request for Proposals, HCR will consider requests for basis boost under this provision for project applications addressing the Early Award Flood Relief Projects funding goal. Otherwise, HCR only considers use of this authority on an extremely limited case by case basis for previously approved projects facing unanticipated financing gaps.

Q. What is considered “close proximity” under the Early Award Transit Oriented Development (TOD) funding goal?

A. Close proximity for the TOD goal means that the project is located within a ½ mile walking distance of the transit station. Walking distance should be measured by following the sidewalk from the front door of the proposed project’s affordable unit closest to the nearest public entrance to the transit station.

Q. Can a project application submitted under the NYS OPWDD Leveraged Supportive Housing Projects Early Award funding goal qualify for funding under the Low-Income Housing Credit Program Supportive Housing funding set-aside?

A. No. Early Award project applications submitted under this housing policy goal should propose a preference in tenant selection for persons with developmental disabilities for no more than 20% of the project units. The Supportive Housing set-aside requires a minimum of 30% of project units targeted to persons with special needs.

Q. Is there a date by which HCR expects Early Award applicants to begin construction?

A. Yes, HCR expects that approved and funded Early Award applicants will begin construction by April 1, 2012, which is the start of the next construction season through much of New York State.

Q. Can applicants propose senior projects in connection with the Early Round Lead Abatement Project policy goal?

A. No, this policy goal is intended for family housing since children face the greatest risk of lead poisoning.

Q. How will HCR assess whether projects are located in a “high performing school districts” under the Early Award Housing Opportunity Project policy goal?

A. HCR will rely primarily on New York State Education Department data, including data from the 2010-2011 Accountability & Overview Reports located at: <https://reportcards.nysed.gov/>. Applicants should review this data and be prepared to discuss at their scheduled pre-application technical assistance meeting. Applicants considering projects under this goal should provide the address of the proposed project PRIOR to the meeting.

Q. HCR has indicated that awards for project applications submitted under the regular November 29th funding round are expected to be announced in March 2013. For regular round New York City projects for which site control and local approval must be finalized through the Uniform Land Use Review Procedure (ULURP) is there a specific time frame for which such projects must commence construction?

A. For all project awards made under the regular application funding round, including NYC projects subject to ULURP land disposition, HCR encourages projects to proceed to construction as expeditiously as possible to assist local communities with their housing and economic development needs. However, for projects which anticipate using City-owned land that has not been awarded to the applicant pursuant to a competitive process, HCR will consider the need for a longer development timetable. Both applicants and subsequent awardees should make a realistic assessment of the likely construction commencement date based on project specifics, including securing local approvals (like ULURP) and funding commitments.

Q. Can a project sponsor designate/target units for the frail elderly persons and households as a special needs population in a project that is ostensibly designed for families?

A. No, either the project can be open to tenants and households of all ages or solely designated as senior housing, in which case units can be targeted to frail elderly persons.

Q. Can the new Medicaid Redesign Team (MRT) funding made available under a recent Request for Proposals be used as a capital funding source for 9% competitive LIHC supportive housing projects in the UF 2012 application funding round?

A. Not at this time. MRT funds are being used to leverage 4% LIHC/tax-exempt bond financing. HCR issued an RFP in July 2012 explaining the process through which applicants can access MRT dollars (see <http://www.nyshcr.org/Funding/MRTRFP.pdf> for further guidance). However, HCR reserves the right in its sole discretion to award MRT funding to approved UF 2012 projects subject to the availability of such funds.

Q. What are the market analysis or market study requirements for a supportive housing project located in New York City?

A. The market analysis/study requirements for such projects are the same as they are for all proposed project in NYC. Project applicants in NYC, whether for supportive housing or not, should submit a market analysis based on the latest annual edition of the New York City Rent Guidelines Board - Housing NYC: Rents, Markets and Trends.

Q. Does HCR permit newly established non-profit organizations to partner with established, experienced non-profit or private developers on proposed capital projects?

A. Yes. This is proven means for an inexperienced non-profit to develop experience in housing development while serving their local community. HCR strongly supports new participants in the State's affordable housing industry.

Q: Attachment F14 (Authorization to Release Information) requires a consent to perform credit and LexisNexis Reports. Are these reports to be performed on the entity only, or on individuals as well?

A. Not-for-Profit Corporations must provide the authorization for all senior officers, including the President, Treasurer, Secretary and Counsel. All other applicants that are not publically-traded companies, must provide consent for all principals in the ownership of the company.

Q. Is it necessary to submit a completed Attachment F14, which includes personal information regarding project principals, to the Chief Executive Officer of the locality in which the proposed project is located in order to meet the LIHC/SLIHC CEO Notification Requirement (see the UF 2012 application instructions for Attachment F1)?

A. No. It is not required that the LIHC applicant submit Attachment F14 to the CEO of the project locality to meet the LIHC CEO notification requirement.

Q. In regard to the LexisNexis Reports, will these reports be made available to the public?

A. Because of the sensitive nature of the information contained in the LexisNexis Reports, HCR will not make these reports generally available to the public.

Q. The previously issued Unified Funding Request for Proposals – Multi-Family Programs appears to indicate that an UF 2012 project applicant could request up to \$2.4 million in HTF or HOME, rather than the \$2 million HTF/HOME per project maximum, by qualifying under either the Green Building Initiative or Energy Efficiency Initiative, instead of both initiatives. This wording contradicts the guidance provided by HCR at the application workshops held in September 2012. Which is correct?

A. The guidance provided at the application workshops is correct. In order to qualify for the increased HTF or HOME funding per project maximum of \$2.4 million, the project must qualify under both the Green Building Initiative and the Energy Efficiency Initiative. The wording in the RFP located at the following website address - <http://www.nyshcr.org/Funding/UnifiedFundingMaterials/2012/uf2012rfp.htm> - has been revised accordingly to clarify this requirement.

Q. At the application workshops in September, prospective standard round LIHC applicants were instructed to use the November 2012 monthly credit rates to calculate the amount of credit they should request. Now that the application deadline has been extended to January 8, 2013, as a consequence of Hurricane Sandy, which month's credit rates should applicants use for this calculation, December 2012 or January 2013?

A. Prospective applicants should utilize the December 2012 monthly credit rates for the purposes of this calculation. The early January application deadline will not afford most applicants sufficient time to structure their application using the January 2013 credit rates.

The December 2012 Housing Credit percentages are:

- 7.38% for the 70% Present Value Credit
- 3.16% for the 30% Present Value Credit

Q: For UF 2012 applications, is HCR requiring use of the HUD 2012 Area Median Income (AMI) levels or should the 2013 AMI's released by HUD on December 11, 2012 be used ?

A: For purposes of the AMI to be listed in Exhibit 4 - Affordability Plan, Table 4A1, "Monthly Housing Cost for Rental Units," the 2012 AMI's provided in the UF 2012 Reference Materials should be used, as per application directions.

However, applicants should check to see if the 2013 AMI's went down in the proposed project's MSA or county. The project rents should not be set above the targeted affordability levels based on the lower 2013 AMI's. For HCR underwriting feasibility review purposes, the 2013 AMI's will be used.

NOTE: HUD initially issued 2013 AMI's on December 4, 2012, but the limits were revised and re-issued on December 11, 2012, due to errors. Please be sure to use the 2013 AMI's issued on December 11, 2012, when setting project rents.

The revised 2013 AMIS can be found at:

http://www.huduser.org/portal/datasets/mtsp/mtsp13/HERA_Income_Limits_Report.PDF

Q. Can an applicant which missed the October 25th deadline for submission of an application under the RFP's Early Award Project goal for Flood Relief Projects still be considered for funding under this goal in the standard UF application funding round – January 8th submission deadline? If so, would such a project qualify for HCR's discretionary basis boost which was a component of the Early Award goal?

In consideration of the overriding need for affordable housing in the areas devastated by Hurricanes Lee and Irene, as well as other regions in New York State more recently impacted by Hurricane Sandy that were not already in a HUD-designated Difficult Development Area (DDA), HCR is prepared to review such applications pursuant to the Flood Relief Project standards during the standard UF application funding round.

In order for such an UF 2012 application to qualify for HCR's discretionary basis boost, the project application would need to demonstrate and document the following:

1. There was a significant loss of housing within a one mile radius of the proposed project.
2. The project will contribute to the revitalization of the impacted community.
3. Submission of a letter of support from the Chief Executive Officer of the municipality in which the project is located.
4. The project will be ready to close on construction financing and complete construction in a timeframe which will enable rent-up by the summer of 2014.
5. The identification of specific cost containment measures to reduce overall project costs.

If the proposed project successfully addresses these items, demonstrates the financing need for the discretionary basis boost to ensure feasibility and is otherwise approved for Housing Trust Fund Program and/or Low-Income Housing Credit Program funding, HCR will utilize its authority to provide the project with the discretionary basis boost.

Such applications should submit the UF 2012 project application, and its respective budgets and tax credit exhibits, assuming the basis boost in calculating the HTF and/or LIHC allocation request amounts.

Q. Section 42 of the Internal Revenue Code (IRC) will be amended to extend the 9% fixed rate for the applicable percentage for Low-Income Housing Credit projects which receive carryover allocations prior to January 1, 2014. This would change and extend the current IRC provision which allowed the 9% fixed rate for all projects placed in service prior to December 31, 2013. In light of this change, should UF 2012 applicants submitting 9% LIHC applications by January 8, 2013 assume the 9% fixed rate in calculating their LIHC request amount, preparing budgets and tax credit exhibits?

A. No. Despite this anticipated change in the IRC, UF 2012 applicants should not assume the availability of the 9% fixed applicable percentage rate for their projects and should not use a 9% fixed rate in calculating their request amount or preparing application exhibits.

Due to HCR's forward commitment of credit for LIHC projects awarded in previous funding rounds, all of HCR's 2013 LIHC and a portion of the 2014 LIHC has already been committed. We anticipate that most, if not all, of our 2013 carryover allocations will be based on the fixed 9% rate because most of the projects have already closed on construction financing, started construction and will be placed in service prior to December 31, 2013.

The only exception, for which HCR previously provided guidance in the application workshops and technical assistance meetings, would be for projects which involve the acquisition/rehabilitation of existing occupied housing. Such projects, by virtue of closing on acquisition financing by the end of 2013, would have already assumed the 9% fixed rate because of the 2013 placed in service date.

Questions Pertaining to Infrastructure Development Demonstration Program (IDDP) Q & A

Q: Where did IDDP come from?

A: Chapter 261 of the Laws of 1988 established the IDDP to assist the production of affordable housing by providing funds for infrastructure improvements in conjunction with federal, state, and local affordable housing programs. In the fall of 2008 the Housing Trust Fund Corporation and HCR's Housing Finance Agency entered into a Memorandum of Understanding that provided the HTFC \$2,000,000 in IDDP funds to administer. Of that amount, \$250,000 remains to be awarded per the RFP.

Q: When it's said that the IDDP is to be used in conjunction with federal, state and local housing programs, what does that mean?

A: In HCR's case, it means that there has to be an existing award made to a project from, for example, the HOME, LIHC, or Housing Trust Fund program. The IDDP funds will be used for infrastructure improvements and should be used to offset some of the costs that would be attributable to the HOME or HTF program. HOME or HTF funds would be considered the primary state funding source.

Q: What are considered infrastructure improvements under this program?

A: Installation or upgrading of water and sewer lines to a public connection, installation or upgrading of private wells and sanitary systems, storm sewers and road and sidewalk construction where required by local zoning ordinances, and the installation of gas and electric lines and other site improvement or site preparation which is necessary for the creation of affordable housing. Directly related expenses may include legal, architectural, inspection, and engineering services.

Q: What costs are not eligible costs under IDDP?

A: Administrative costs incurred by an IDDP awardee are not an expense which can be paid by IDDP funds.

Q: What types of organizations are eligible for IDDP funds?

A: A public benefit corporation, a not-for-profit corporation or charitable organization whose purpose includes the construction or rehabilitation of affordable housing, or a municipality. Municipality can be a county, city, town or village.

Q: Are there per unit cost limitations for IDDP?

A: Yes. Costs are limited to \$5,000 per IDDP unit. If a project has 20 units to be built with HTF and IDDP funds, the total amount of IDDP available for the project would be \$100,000.

Q: How are the IDDP costs contracted?

A: Once a project is selected for HOME or HTF funding (or LIHC), the eligible IDDP recipient will need to submit a brief four page IDDP application to HCR's Housing Finance Agency (HFA) which will log the application into its system. HTFC will be notified and the application submitted to HFA will be sent to HTFC. HTFC staff will work with the IDDP awardee to bring the application to contract.

Q: How are IDDP funds divided?

A: By law, at least 75% of the \$2,000,000 that HTFC administers must go to projects located in cities, towns, and villages having a population of thirty thousand or fewer persons. The remaining amount is available to cities, towns, and villages having a population of more than thirty thousand persons.

Q: There is \$250,000 remaining in IDDP to be allocated. How can this be divided?

A: A minimum of \$140,000 in IDDP funds must be awarded to an eligible recipient or recipients whose project is located in a city, town, or village having a population of thirty thousand or less to meet the 75% requirement noted in the answer above. The remaining IDDP funds (\$110,000) can be awarded to a project or projects located in a city, town, or village with a population of thirty thousand or more. Or, if a project has 50 or more units and is located in an area with a population of thirty thousand or less, the entire \$250,000 could be made to that project.

Questions pertaining to HOME Community Housing Development Organization (CHDO) 2012

Q: Has HUD revised CHDO requirements for 2012?

A: Yes. The Consolidated and Further Continuing Appropriation Act of 2012 (P.L 112-55), effective May 2012, imposed new CHDO requirements. The requirements can be found at this link: <https://www.hometa.info/index.cfm?do=viewWebinarTrainings>. Once in the site, you should scroll down to July 10, 2012, for PJ's: Assessing CHDO Development Capacity, and July 12, 2012, for CHDOs: Understanding the CHDO Development Capacity Requirement.

Q: Under the new requirements, which CHDOs will be eligible for Unified Funding 2012 HOME capital awards?

A: HCR may only provide FY 2012 HOME funds for development activities to CHDOs that have demonstrated that they have staff with appropriate development experience developing projects of the same size, scope and level of complexity as the activities for which the CHDO is requesting HOME funds in UF 2012.

Q: What is the definition of CHDO staff?

A: HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does **NOT** include volunteers, board members, or consultants.

Q: Will the new requirements affect HOME capital application documentation for UF 2012?

A: Yes. Any applicant that has an HCR issued CHDO Determination Letter which is older than one year, should provide HCR regional staff with the standard and updated (per the web link above) CHDO documentation at least one month prior to the submission deadline for the Early or Regular UF 2012 funding round. If the applicant has a CHDO Determination Letter which was issued by HCR within one year or less of the application deadlines, then the applicant need only provide the information on Experience and Capacity per the HUD revised CHDO criteria (found in the web link above). The ‘standard’ CHDO information can be found under the 2012 Reference Materials on HCR’s website <http://www.nyshcr.org/>.

Q: To whom in HCR should the CHDO documentation be provided?

A: Please submit the CHDO information to the HCR regional staff that is responsible for projects in the county in which your project will be located. HCR staff will review the documents and provide you with a CHDO Determination Letter if the information submitted meets the requirements.

Q: Has HUD defined how long a CHDO or any HOME funding applicant will have to complete its HOME capital project?

A: Yes. FY 2012 HOME funds used for projects not completed within four years of the Funding Commitment Letter must be repaid to the HOME Investment Trust Fund. HUD may grant a one-year extension if it determines that the circumstances that led to the failure to complete the project by the deadline were beyond the PJ’s (in this case, HTFC’s) control. Applicants should expect that the HTFC will be very motivated in having this four year completion deadline met.

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