

# Unified Funding 2013 Questions and Answers

(Last Updated: 11/27/2013)

(**Italicized material represents additions since last update**)

## General Questions:

**Q: I have a project that will be requesting HTFC funding, but not credit. Can I apply to the early application round?**

A: Yes, provided that the project meets one of the early award policy goals and the early award readiness goals.

**Q: If you start an early award Application and decide to submit in the regular round, do you have to start the application over?**

A: No, your application will roll into regular round.

**Q: Will the Request for Proposals (RFP) for the current funding round, dated August 2013, be revised at any time during the funding round, or is it not subject to change once it has been issued?**

A: As questions arise which are not addressed by the initial RFP, additional information may be added to the RFP. A Record of Revisions and the RFP as revised by these additions are now available on the HCR website at:

[www.nyshcr.org/Funding/UnifiedFundingMaterials/2013/UF2013RFP.htm](http://www.nyshcr.org/Funding/UnifiedFundingMaterials/2013/UF2013RFP.htm)

**Q: Would multiple application submissions from a single development team have any impact on HCR's award decisions?**

A: The RFP clearly states that HCR will give priority in its award decisions to projects that demonstrate a readiness to proceed to construction. Furthermore, as part of the recent amendments to the Low Income Housing Credit Program's Qualified Allocation Plan, the agency doubled the number of points related to readiness factors. Consistent with this emphasis on expediting the delivery of affordable units, HCR will consider carefully the capacity of development teams to take on more than one project within a single funding round. While HCR will consider making more than one award to the same developer or development team

within a single round, the developer or development team will have to have an exemplary record of on-time, on-budget delivery of affordable units in past awards. In reviewing multiple requests within a single funding round from the same developer or development team, HCR will also consider whether that developer or development team is currently engaged in projects relying on 4% Low Income Housing Tax Credits and tax-exempt bonds.

### **Architectural & Engineering:**

**Q: Can you clarify the Design Handbook edition that is applicable for this funding round?**

A: The Design Handbook dated “September 2013 (rev 1)” is the appropriate edition to use.

**Q: We have created our floor plans at 3/32” = 1’-0”. I know that normally this is a smaller scale than you would prefer – however, for this particular building if we increase to a larger scale it means that we’ll need three pages for one floor.**

A: The criteria to provide drawings at a particular scale have been eliminated because this is no longer necessary with the use of electronic drawings. However, please note our precaution in our instructions that drawings must be saved in a sufficient scale, resolution and clarity to be easily read on a standard computer screen. Failure to do so may result in illegible drawings that cannot be reviewed, in which case, the review will be terminated.

### **Cost Containment:**

**Q: Will baseline cost data from the previous funding round be made available to applicants?**

A: No, given the many changes in HCR policies, requirements and incentives from the prior round, baseline data from that round would be misleading to prospective applicants.

### **Early Award Housing Goal Projects:**

**Q: The CDOL online application system automatically populates the HTFC Board Approval and Closing /Construction Start date fields in Exhibit 6 – Development Timetable. How should an early award applicant complete the**

**Development Timetable exhibit to represent the actual anticipated time schedule for the development of their project?**

A: We recommend taking the following steps to rectify this situation:

- ignore the 2 auto generated dates for HTFC Board Approval and Closing/Construction Start date;
- enter all the remaining dates based on the assumption of a 12/2013 award date, 1/2014 HTFC FCL, and 4/2014 closing/construction start;
- print the exhibit, white out the auto dates for 3/2014 HTFC board approval and 4/2014 and write in 12/2013 and 4/2014 as the replacement dates; and
- Append the revised Exhibit 6 to attachment F9 Proposal Summary.

HCR reviewers will defer to the Exhibit 6 attached to the Proposal Summary.

**Q: Can a project that meets the Low Income Housing Credit Qualified Allocation Plan 2040.2 (q) Preservation project standards be considered as an early award project under the policy goals of Fort Drum Impact Area or Housing Opportunity Projects?**

A: No – Only preservation projects that meet Early Award Projects goals described in the Affordable Housing Preservation Goals will be considered during the Early Award Project timeline. Moreover projects that meet the policy goals of Fort Drum Impact Area and Housing Opportunity Projects are expected to expand the supply of affordable housing not just preserve it.

**Q: For Housing Opportunity Early Award Applications what will HCR use to determine whether the project is served by high-performing schools?**

A: School Districts are evaluated using the New York State District Report Card Accountability and Overview Report for 2010-11: <https://reportcards.nysed.gov/counties.php?year=2011>. Specifically, we will look at the percentage of students in grades 3 through 8 and at the secondary level who met proficiency standards in the district, as well as the percentage of students who graduated from high school. We will also take into account the percentage of students in the District who are eligible to receive a free lunch as part of the agency's overall initiative to implement policies to deconcentrate poverty. Potential project locales will be measured against all other school districts in the county and neighboring counties.

HOP projects within the City of New York must be located in an area which is zoned for attendance at a high-performing elementary school. School Districts are

evaluated using the New York State District Report Card Accountability and Overview Report for 2010-11:

<https://reportcards.nysed.gov/counties.php?year=2011>. Specifically, we will look at the percentage of students in grades 3, 4 & 5 who met proficiency standards in the school. Potential project locales will be measured against all other school districts in the District, as well as in neighboring Districts.

**Q: One of the conditions for an Early Award application is that applicants demonstrate that their project can commence construction within 120 days of award of funding. How does HCR define ‘start of construction’ for Early Award projects?**

A: “Start of Construction” means the beginning of initial site clearance and preparation, provided those activities are pursued diligently and are followed without appreciable delay by other construction activity.

**Q: Can an applicant which missed the October 10th deadline for submission of an application under the RFP’s Early Award Project goal for Disaster Relief Projects still be considered for funding under this goal in the standard UF application funding round – December 5th submission deadline? If so, would such a project qualify for HCR’s discretionary basis boost which was a component of the Early Award goal?**

A: In consideration of the need for affordable housing in the areas devastated by Superstorm Sandy, Hurricane Irene and Tropical Storm Lee that were not already in a HUD-designated Difficult Development Area (DDA), HCR is prepared to review such applications pursuant to the Disaster Relief Project standards during the standard UF application funding round. In order for such an UF 2013 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 2015.
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 2013 project application, and its respective budgets and tax credit exhibits, assuming the basis boost in calculating the HTF and/or LIHC allocation request amounts. In addition, applicants should utilize Attachment F9 – Proposal Summary – to clearly demonstrate that the project addresses these five criteria, appending any additional documentation necessary to this effect.

**Q: Can projects serving areas devastated by the severe summer 2013 storms be eligible for the discretionary basis boost available to areas impacted by Sandy, Irene and Lee?**

A: Yes, projects in areas impacted by the severe storms of the summer of 2013 can be eligible for the discretionary basis boost provided that such projects meet standards 1 – 5 listed in the answer to the previous question.

**Q: Can the CIF budget for a Rural Preservation Early Award Project include a construction contingency and a developer fee?**

A: At least 90% of proposed total development cost of a Rural Preservation Early Award Project must be directly related to physical improvements that will extend the useful life and improve the energy efficiency and habitability of the project. The applicant can include a 10% contingency within this 90% physical improvements “hard cost” budget. The remaining 10% of the project budget is available for necessary soft costs. If the applicant can pay all necessary soft costs to complete the rehabilitation and also budget a developer fee, that will be allowed.

### **Energy Efficiency:**

**Q: Our project is planning on participating in Enterprises Green Communities. All projects participating in this program must meet ENERGY STAR energy efficiency requirements. Since this requirement matches the criteria listed in your RFP as a mandatory requirement, can we utilize Enterprise Green Communities to fulfill our obligation to comply with your mandatory energy efficiency requirement?**

A: Yes. We will recognize Enterprise Green Communities Criteria as a means for compliance with our mandatory energy efficiency requirement. Our agreement to

utilize Enterprise Green Communities Criteria is due to the fact that meeting ENERGY STAR criteria is a base requirement for certification in the program. In accordance with the Optional Green Building Program Participation section of the RFP, applicants are advised that they must follow Enterprise Green Communities Criteria, 2011, or newer if applicable, based on the construction timeframe. For New York City projects applicants may utilize the HPD - Enterprise Green Communities overlay. Final closeout of the project shall be contingent upon certification from Enterprise Green Communities that the standard was met. If this option is chosen, the applicant shall submit a letter indicating that they are selecting Enterprise Green Communities Criteria as means of compliance with both the mandatory energy efficiency strategies and the optional green building program participation in addition to the other submission requirements indicated in RFP. This letter should be included in Attachments B7 and B9.

**Q: I will be applying to preserve an existing regulated affordable housing project that does not meet current energy code standards. One of the energy efficiency strategies listed in your RFP is to improve the energy performance of an existing building that does not meet the current energy code to the energy code provisions that will be in effect when I obtain my building permit. Can I meet this strategy by complying with the energy code provisions in the existing building code?**

A: No. To meet this energy efficiency strategy, the buildings in the project must be brought into compliance with the energy code as if the buildings were a new construction project. Under this option, the buildings in the project must comply with all new construction provisions of the energy code for the same construction and occupancy type in effect at the time building permits are issued.

**Q: I will be converting the heating system in a moderate rehabilitation project from electric heat to natural gas. In doing so, the cost of utilities will be substantially reduced. Will you consider the cost of utilities when analyzing if the overall energy usage was reduced by 20%?**

A: Yes. One of the fundamental intents of obtaining a 20% reduction in energy usage is to yield a similar reduction in utility expenditures. Changing from a more expensive to a less expensive energy source meets this intent and can be factored in the analysis provided to the agency.

**Q: Our project is applying for LEED for Homes. Does my architect need to provide a full representation of all of the LEED provisions on the preliminary design documents submitted with my application?**

A: Although we request that all provisions of your application be accounted for, we do not need volumes of documentation explaining the LEED for Homes provisions. We do expect that the preliminary drawings indicate that the design is in compliance with the LEED for Homes provisions and that the major items that influence the design will be indicated on the applicable drawing(s). For example, if selected as a LEED provision, indicating porous pavement on the site plan would be appropriate.

**Q: Will HCR recognize other LEED programs in addition to LEED for Homes?**

A: In accordance with the RFP: if the housing type is not recognized under LEED 2009, or LEED version 4, an equivalent LEED rating system may be substituted upon agreement by HCR. If you have this situation, please contact our Architectural and Engineering Bureau prior to the application due date to request acceptance of your proposed substitution. The A&E Bureau, in consultation with HCR Program Staff, will determine if your proposed substitution will be acceptable.

**Green Building:**

**Q: I am applying for an early award project and wish to seek green building points. May I utilize one of the three optional green building programs listed in your RFP, or am I restricted to the green building provisions in your Green Building Criteria Reference Manual? If it is allowable to utilize one of the optional green programs, will the project qualify for 5pts or 8pts?**

A: HCR will allow early round projects to utilize one of the three optional green building programs listed in the RFP. To earn points, the project will need to comply with the submission requirements for one of these programs. Early round applications may earn 8 points for compliance; standard round applications may earn 5 points.

However, applicants applying for credit in an early award submission should take note that they must comply with the green building and energy efficiency threshold requirements in the existing QAP. In addition to the QAP, these requirements are explained in HCR Green Building Criteria Reference Manual and listed in section A of the Green Building Checklist that is contained in the manual. If an applicant chooses to comply with one of the optional green building programs they must clearly indicate how they will be in compliance with the current QAP green building and energy efficiency threshold requirements. Applicants choosing to

utilize the HCR Green Building Criteria Reference Manual are to indicate compliance with QAP threshold requirements in the Green Building Checklist.

**Q: Can you please explain what attachment needs to be submitted for an early award application seeking green building points?**

A: For early award applications choosing to comply with the provisions of the HCR Green Building Criteria Reference Manual, submit attachment B9; Green Building Criteria Checklist. For early award applications choosing to follow one of the optional green building programs listed in the RFP, submit the documentation described in the RFP for the selected program. Please note that standard round applications only have the option of complying with one of the green building programs listed in the RFP and therefore must submit the documentation described in the RFP for the selected program.

### **Historic Tax Credits**

**Q: If an applicant contemplates including federal and/or state historic tax credits as part of their project's financing, what documentation is required as part of application submission?**

A: Use the following exhibits and attachments to show the project plans to include the use of federal and state historic tax credits:

- Exhibit 3: List federal historic tax credit and state historic tax credit separately using source code 4003 and clearly indicate Equity - Federal Historic Tax Credit or Equity - State Historic Tax Credit, as applicable.
- Attachment A4: Make certain your presentation is complete and provide the response from SHPO if it is available.
- D3 Funding Commitments: Ensure that the syndicator Letter of Intent clearly shows the break out for 9% LIHC, federal historic credit and state historic credit.
- F9 Proposal Summary: Clearly indicate in your proposal summary that the project is eligible for federal and state historic credit and that the financing plan includes equity raised through federal and state historic tax credits.

Also ensure that the total amount of federal historic tax credit equity is deducted in the basis calculation using line 16 in Exhibit 9C.

## LIHC - General Questions

***Q. The Request for Proposals states that an enhanced credit award of up to \$1.65 million (above the standard maximum of \$1.43 million) is available for projects in which 50% or more of the residential units will serve persons with special needs and for which appropriate on- or off-site services will be provided by an experienced service provider. In order to qualify for this enhanced LIHC award, does such a project need to meet HCR's standards for supportive housing?***

*A. Yes, projects serving such a large component of persons with special needs which are seeking the enhanced LIHC award/allocation of more than the \$1.43 million maximum must meet the supportive housing definition set forth in Section 2040.2(u) of the LIHC Qualified Allocation Plan (see : [www.nyshcr.org/Publications/QAP/](http://www.nyshcr.org/Publications/QAP/)).*

*In addition to the provision of on- or off-site services, such projects must document the need and market for the housing proposed, provide a comprehensive service plan and a written agreement with an experienced service provider, include a transportation plan, identify a viable plan or a commitment for funding such services, include provision for an ongoing rental or project operating subsidy, demonstrate a firm commitment for capital financing (which may include long term debt financing) from the governmental agency servicing the special needs target population, identify and include a written agreement with a public agency or service provider for referrals of eligible prospective tenants and meet the standards for integrated housing for individuals with disabilities (pursuant to the QAP, and RFP and elsewhere in this FAQ).*

**Q: The US Department of Housing and Urban Development (HUD) recently issued its 2014 list of designated Difficult Development Areas (DDAs. What is the impact of the new DDA designations for prospective UF applicants?**

**A:** Inclusion on the HUD DDA list makes projects located in designated counties eligible for a 30% boost in basis, allowing such projects an enhanced credit allocation if necessary to ensure financial feasibility.

The HUD 2014 list added Ulster County as a DDA for 2014.

The HUD 2014 list dropped the following counties which were previously included as HUD-designated DDA's in 2013:

Nassau-Suffolk, NY HMFA, (Nassau and Suffolk Counties), along with 13 “non-metropolitan” counties (Cattaraugus County, Fulton County, Chautauqua County, Genesee County, Chenango County, Montgomery County, Clinton County, St. Lawrence County, Cortland County, Seneca County, Essex County, Steuben County, Franklin County).

Prospective applicants contemplating submission of UF 2013 applications in any of the above-referenced counties should keep the following in mind:

- HUD rules permit a project located in a county which had the DDA designation in 2013, but lost it in 2014, an opportunity to retain the boost in qualified basis. If such a project can close on construction financing and obtain a carryover allocation within 365 days of submission of a complete UF 2013 application to HCR, the project would continue to qualify for the basis boost. For example, a project application submitted on December 5, 2013, in one of the above-counties could retain the basis boost by qualifying for and receiving a carryover allocation by December 4, 2014. Applicants seeking the boost under these guidelines would be required to submit comprehensive, well-defined documentation demonstrating a high degree of project readiness to meet such a timeframe. Projects which fail to provide compelling evidence to this effect would be underwritten for feasibility and credit award amount without utilizing the boost.
- Project sponsors submitting applications for projects located in counties that lost the DDA designation and the associated boost for 2014, and whose projects will likely need more than a year from application submission to close on construction financing and proceed to carryover allocation, are strongly advised to submit their application budgets and funding requests amounts without assuming the boost.

The list of HUD-designated 2014 DDA’s are available at the websites below:

<http://qct.huduser.org/tables/ddatables.odb>

**Q: For the LIHC Mixed Income Pilot, has a minimum number of units designated to serve households with incomes between 90% and up to 120% of area median income been set?**

A: No. In order to provide maximum flexibility under this new Pilot program, there is no minimum number of units required. It is up to the development team to determine the appropriate mix of incomes for the project being proposed. The only

requirement is that the affordability of the proposed rents for all project units must average to 60% or less of AMI.

**Q: For LIHC projects located in the City of New York, which version of the Rent Guidelines Board report should be used in preparing the market analysis for the application?**

A: The most recent available edition of the Rent Guidelines Report should be used in preparing the market analysis for a LIHC project in New York City.

**Q: In preparing our application for LIHC or SLIHC funding for a project located in the City of New York, to whom at the NYC Department of Housing Preservation and Development (HPD) should we send our Chief Executive Officer (CEO) Notification Letter (Attachment F1 of the UF application) this year?**

A: Project applicants for projects located in the City of New York should send their LIHC and/or SLIHC CEO Notification Letter(s) and documentation to the attention of:

Mr. Eric Enderlin  
Deputy Commissioner for Development  
New York City Department of Housing Preservation and Development  
100 Gold Street  
New York, NY 10038

Prospective applicants for projects located outside the five boroughs of New York City should continue to send LIHC and/or SLIHC CEO letters to the CEO (such as the Mayor or Town Supervisor) of the locality in which the project is located.

### **LIHC Qualified Allocation Plan – 2013:**

**Q: Under the Community impact/revitalization scoring criteria (Section 2040.3(f)(1)(iii)) of the proposed QAP provides five points for a project which clearly advances specific housing objectives of a regional economic development council strategic plan. What does a project application need to demonstrate in order to qualify for these scoring points?**

A: In order to qualify for maximum points available under this criteria (i.e., 5 points), the application must demonstrate that the project's proposed target population, scope, scale and location clearly advance specific housing objectives

identified in the regional strategic plan or in an update to the plan and the project has either been approved for an award of REDC funding (i.e., preliminary or firm funding commitment) or is recommended for an award in the most recent update to the regional economic development strategic plan.

To qualify for the lower point option under this criteria (i.e., 2 points), the application must demonstrate that the project's proposed target population, scope, scale and location clearly advance specific housing objectives identified in the REDC strategic plan or in an update to the plan.

In either instance, as part of the project narrative (Attachment F9 – Proposal Summary) and by providing supporting documentation (Exhibit 2 – Community Impact/Revitalization, Attachment C1 - Community Needs Support Documentation, and Attachment D3 – Funding Commitments, for the maximum points), applicants should provide clear citations from regional economic development council public documents in order to be considered for points under this category.

**Q: How will HCR assess crime and other local demographic data in its evaluation of whether projects qualify for LIHC scoring points under the proposed QAP's new Housing Opportunity Project scoring item?**

A: HCR will use a variety of federal and state benchmarks in its assessment and evaluation of the localities and census tracts in which proposed UF 2013 Housing Opportunity Projects are located. In addition, HCR will utilize a private database service, Location, Inc., to evaluate crime incidence and other census tract level demographic data as part of its overall evaluation of projects pursuant to the RFP and this new scoring criterion. Applicants can order such reports directly from this company at [locationinc.com](http://locationinc.com).

**Q: How will project applications qualify for the two (2) scoring points available for Minority and Women Owned Business Enterprise participation (Section 2040.3 (f) (16)), as referenced in the proposed 2013/2014 Low-Income Housing Credit (LIHC) Program Qualified Allocation Plan (QAP)?**

A: Project applications will qualify for up to two scoring points under the new Minority and Women Owned Business Enterprise participation scoring provision if a NYS-certified M/WBE will participate in the project's development/management team in one or more of the following capacities: owner, developer, general contractor, architect and management agent. Project applications will obtain one point if one member of the development team meets this standard and two points if two or more M/WBE's participate on the team.

**Q: In reference to the answer provided above, what specific level of M/WBE participation is necessary to secure the one or two point scoring options which will be available under this new scoring category?**

A: In establishing this new LIHC scoring provision, HCR's goal is to both promote the meaningful participation and improve the capacity of NYS-certified Minority and Women Owned Business Enterprises in the development/management of LIHC-financed affordable housing on a statewide basis. Applicants accessing these points will be required to execute an M/WBE Utilization Plan for which performance under the Plan will be monitored by HCR's Office of Fair Housing and Equal Opportunity to ensure compliance with the level of participation proposed.

The following represents the only one and two point scoring options available to applicants under this scoring category, without exception:

To obtain one point, a NYS-certified M/WBE in one of the following professions must be the sole participant in the project in that role and capacity:

- *General Contractor*
- *Project Sponsor Attorney*
- Architect;
- Management Agent; or,
- Housing Consultant (serving as primary applicant contact from initial application submission through construction completion and rent-up; role must be substantiated by Housing Consultant contract submitted subsequent to award, if funded)

To obtain two points, a NYS-certified M/WBE must participate in the project to the extent necessary to meet one of the following standards:

- Fill two or more of the above stated roles;
- Be a project owner/sponsor/developer with a controlling interest (i.e., 51% or more) in the general partnership (LP) or managing member (LLC) which will own the project through the construction and regulatory periods.
- If the project is a LIHC standalone (i.e., no HTF/HOME capital financing), the project must meet the M/WBE participation percentages and standards effective for a HTF/HOME-financed project receiving a maximum capital loan of \$2.4 million.
- If the HTF/HOME capital financing is proposed, the project must meet the M/WBE participation percentages and standards of 50% above the HTF/HOME capital loan amount.

It is incumbent on the applicant to satisfactorily set forth and explain the level of M/WBE participation in: Exhibit 1, Application Summary; Exhibit 7, Development Team's Relevant Experience; and, Attachment F9, Proposal Summary. *Applicants should use Attachment F9 to include a copy of the pertinent NYS M/WBE certification letter to demonstrate that the certification is valid and current (i.e., expired certifications are not acceptable).*

Failure to comply with these standards, if funded, could result in the reduction of overall scoring points assessed during the competitive evaluation of a future project application, a reduction in points under Sponsor Characteristics on the current and/or future application, and the imposition of these goals in a M/WBE Utilization Plan executed for a future funded project, regardless of what was proposed in the initial application for that project.

**Q: In regard to the new three (3) point scoring question for Housing Opportunity projects (Section 2040.3 (f) (15)) in the proposed QAP, will applications qualify for some of the scoring points available if their proposed project meets some, but not all, of the scoring criteria?**

A: Yes, HCR will provide up to three points if the project meets one or more of the following locational criteria: located outside of a Qualified Census Tract; close proximity to public transportation; situated in a community with a low incidence of crime; and/or, a community served by high performing schools.

**Q: In reference to the five (5) scoring points available under the Mixed Income scoring item (Section 2040.3 (f) (12)) in the proposed QAP, how will the scoring points be apportioned?**

A: Under the Mixed Income scoring provision, as revised, it is anticipated that points will be apportioned in the following manner: a full five (5) points for projects in which 20% or more of the residential units will serve and target households with incomes above 60% of area median income; three (3) points for projects in which 15% of the residential units will serve and target households above this income level; and, one (1) point for projects in which 10% of units meet this parameter.

**Q: Under the revised Community Impact/Revitalization scoring item (Section 2040.3 (f) (1) (ii)) in the proposed QAP, how will HCR apportion scoring points for the five (5) point scoring criteria for projects proposing the use or reuse of existing buildings, in-fill new construction and/or demolition and replacement of buildings with a blighting impact as part of a neighborhood**

**specific revitalization plan or an ongoing neighborhood specific planning and revitalization effort?**

A: Within this scoring parameter, the proposed QAP provides for five parameters (items a) through e) which pertinent neighborhood plans and similar efforts may address. Each of these parameters will provide one (1) point. Therefore, a project application which clearly demonstrates that the plans and efforts address all five parameters will obtain five (5) points; a project addressing four parameters will obtain four (4) points, and so on. It is incumbent upon the applicant to demonstrate that such local neighborhood plans and efforts are well documented in the application. HCR will not utilize any anecdotal information in awarding points for this scoring criterion.

**Q: In regard to the new five (5) point scoring criteria for Cost Effectiveness (Section 2040.3(f) (14)) in the proposed QAP, how will HCR apportion scoring points?**

A: As detailed in the RFP, there are three cost measures that will be used to evaluate applications:

1. Total Residential Project Cost per gross square foot of residential space including common areas
2. Total Residential Project Cost per Bedroom; and
3. Total Residential Project Cost per Residential Unit.

Under the new Cost Effectiveness scoring provision, the full five points will be available for projects with costs at or below the median calculated for all projects submitted during the UF 2013 round within the same cost region (see the RFP for a description of the cost regions).

**Rental Assistance Demonstration Program (HUD)**

**Q: The number of project based vouchers (PBVs) in a preservation project participating in HUD's Rental Assistance Demonstration (RAD) program may not be known with certainty until sometime after the project has closed on construction financing. How will HCR underwriting address this uncertainty?**

A: Applicants should provide a detailed summary of where they are in the RAD conversion process in the Proposal Summary, Attachment F-9. They must identify how many PBVs have already been approved for the project as of the time of

application to HCR, and indicate whether going forward additional PBVs are a possibility due to pre-payment of a HUD mortgage or some other triggering event. All assumptions regarding the possibility of additional project based vouchers must be fully explained.

Applicants should be aware that if additional project based voucher assistance is received prior to permanent loan closing, underwriting adjustments will be made as appropriate including but not limited to: a reduction of the HTF loan; a requirement of some annual payment of principal on the HTF loan and/or a requirement to make additional contributions to replacement reserves. In addition, the HCR regulatory agreement(s) will include language requiring additional rental income derived from any Tenant Based Vouchers (TPVs) that pay a rent level above the HCR approved rent be used to pay down additional principal on the HTF loan and/or be placed into the project replacement reserve account, unless otherwise approved by HCR Asset Management staff.

**Q: Early Award projects are expected to be able to demonstrate that they can proceed to construction within 120 days of an award. Certain Early Award projects that meet the Affordable Housing Preservation Goals are participating in HUD’s Rental Assistance Demonstration program and have received a subsequent award of Section 8 Project Based Vouchers. We have been informed that participation in the Rental Assistance Demonstration program requires that the “Responsible Entity” complete a NEPA review prior to “choice limiting actions”. How should early award project applicants address the readiness issues that a prospective NEPA review will entail?**

A: Early Award candidates will need to provide documentation of the status of the Responsibility Entity’s NEPA review at the time of application and projected timetable to complete the review, including the end of any applicable comment period and the date an Authority to Use Grant Funds is estimated to be received from HUD, if applicable, to enable agency staff to complete a determination that an early award project meets the readiness standards. If it has been determined that the Responsible Entity is the Housing Trust Fund Corporation please provide the following documents to allow the HTFC to complete the NEPA: a completed draft HUD Statutory Checklist and, if applicable, Environmental Assessment Checklist. These documents are available in items 2 & 3 at HUD’s Website - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/environment/review](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/review).

## **Rural and Urban Community Investment Fund (CIF):**

**Q: How long does HCR expect applicants with Rural Preservation Projects financed by CIF funds to extend the expected useful life of the project?**

A: Applications must propose a scope of work that extends the expected useful life of the project by no less than 20 years.

**Q: What is the regulatory term for an award of CIF funds if the funds will be used for the rehabilitation of a Rural Rental Housing Section 515 project whose only state regulatory agreement is a NYS Rural Rental Assistance Program (RRAP) contract? What is the regulatory term for an award of CIF funds for a commercial or retail project or a community facility?**

A: For rural preservation projects involving 515 projects with a NYS RRAP contract, the minimum regulatory term for stand-alone CIF awards is 20 years. Commercial, retail or community facilities financed with CIF funds will be subject to a regulatory term that is coterminous with any HCR regulatory agreement on the project's affordable residential component, or ten years, whichever is greater. In any instance, HCR may alter the length of the term so that it is co-terminus with any existing HCR or other governmental agency's regulatory agreement attached to the property.

**Q: Is completion of Attachment F15 - CIF Project & Market Information required for Early Award Rural Preservation Projects?**

A: The applicant should simply upload a document stating that they do not believe this attachment is at all applicable to their submission.

**Q: If USDA Rural Development (RD) has awarded Multi-Family Housing Preservation and Revitalization (MPR) funds to a 515 project and RD is requiring that a portion of the award be placed in the replacement reserve account for future identified needs, how will HCR look at this? Should the MPR award be shown as a capitalization of the reserve account?**

A: The entire award should be shown in the application development and the portion of the award required to be used for capitalization of the replacement reserve should be shown in that line item. If RD is requiring and funding the reserve, we will accept it.

**Q: Will a CIF award be treated as a grant?**

A: There will be no annual debt service required for the CIF award, but it will be a 0% interest fully deferred loan, not a grant. The Proposal Summary application attachment should discuss that the CIF money will result in savings for the Rural Rental Assistance Program.

**Q: Will there be a CIF regulatory agreement or just an extension of RD's term of RD's regulations?**

A: There will be a CIF regulatory agreement and it will be co-terminus with any current HCR regulatory agreement; or the regulatory agreement will have a term of ten years, whichever is greater.

**Q: Will CIF loans to Rural Preservation projects carry a 1% interest rate?**

A: CIF loans for rural housing preservation projects that result in a reduction in Rural Rental Assistance Program (RRAP) costs may be structured as a zero percent loan.

**Q: Can the tenant of the commercial space funded by CIF be an affiliate of the developer?**

A: There is no prohibition against this in either the program statute or the Request for Proposals.

**Q: Can CIF funds be used with New Markets Tax Credits (NMTCs)?**

A: Yes, it is possible to use NMTCs with the CIF program. NMTCs can be used to finance mixed-use projects where the income derived from commercial uses exceeds 20% of the project gross income. Most NMTC allocatees require a portion (approximately 20%) of project housing units be affordable to households with incomes below 80% of area median income. However, since the principal emphasis of the NMTC program is generating jobs and economic development, projects in which a majority of the project use is residential are less likely to attract the NMTC allocation needed for feasibility.

With consideration of the cautions mentioned above and within the above limitations, it is possible to use NMTCs with CIF, as well as Housing Trust Fund and HOME funds, provided that all other requirements of these programs are met.

**Q: Can CIF funds be a source of construction financing?**

A: Yes, CIF funds can be used as a source of construction financing, but only for Rural Preservation Projects under the Affordable Housing Preservation Early Award Goal.

**Special Populations:**

**Q: The RFP states: "Working in collaboration with State, federal, and/or local partners, HCR will review all proposals to assess whether persons with disabilities will be served in the most integrated setting appropriate to their needs." What criteria will HCR apply in completing that assessment?**

A: HCR will utilize the recent guidance from the U.S. Department of Housing and Urban Development:

"Within the context of housing, integrated settings enable individuals with disabilities to live like individuals without disabilities. Integrated settings also enable individuals with disabilities to live independently with individuals without disabilities and without restrictive rules that limit their activities or impede their ability to interact with individuals without disabilities. Examples of integrated settings include scattered-site apartments providing permanent supportive housing, tenant-based rental assistance that enables individuals with disabilities to lease housing in integrated developments, and apartments for individuals with various disabilities scattered throughout public and multifamily housing developments.

By contrast, segregated settings are occupied exclusively or primarily by individuals with disabilities. Segregated settings sometimes have qualities of an institutional nature, including, but not limited to: regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, limits on individuals' ability to engage freely in community activities and manage their own activities of daily living, or daytime activities primarily with other individuals with disabilities."

See:

<http://portal.hud.gov/hudportal/documents/huddoc?id=OlmsteadGuidnc060413.pdf>

**Q: The Request for Proposals states that HCR will review all proposals to assess whether persons with disabilities will be served in the most integrated setting appropriate to their needs. The Report and Recommendations of the Olmstead Cabinet did not provide specific guidance on whether certain project types advance the goals of the Olmstead decision. If HCR determines that an application submitted for funding fails to serve persons with**

**disabilities in the most integrated setting appropriate to their needs, will an application be automatically determined ineligible for an award?**

A: If HCR is concerned that an application may not provide an appropriate setting for persons with disabilities consistent with the Olmstead decision, HCR may condition an award on modifications to the proposal that would result in increasing the integration of units.

**State Environmental Quality Review:**

**Q: I am submitting an early round application, which is due on October 10th, but I see that new SEQR forms become effective on 10/7/2013. I already completed the old SEQR Short EAF and uploaded it to CDOL and I may not have enough time to re-submit the form. Will you accept the current version of this form?**

A: NYSDEC advises on its Website that, for projects that have submitted Part 1 of the Environmental Assessment Form (EAF) prior to 10/7/13, those project reviews can be completed using the pre-10/7/13 Forms. However, for projects with an EAF Part 1 submitted after 10/7/13, the new forms must be used.

Due to the timing of this change, HCR will accept the current version of the Short Environmental Assessment Form in the application with the understanding that any project selected for funding will be required to provide the revised forms in order for the agency to comply with the State Environmental Quality Review process. The new Short Environmental Assessment Form is available at this link:  
[www.dec.ny.gov/docs/permits\\_ej\\_operations\\_pdf/seaf.pdf](http://www.dec.ny.gov/docs/permits_ej_operations_pdf/seaf.pdf)

DEC's Q&As for the new forms are available at this link:  
[www.dec.ny.gov/permits/93240.html](http://www.dec.ny.gov/permits/93240.html)

**Underwriting:**

**Q: Are appraisals still required for any project parcel which has an acquisition cost of \$100,000 or more?**

A: Yes, the acquisition cost for any individual site which exceeds \$100,000 must be supported by an acceptable appraisal.

**Q: What expectations does HCR have for LIHC/SLIHC equity pricing?**

A: The agency sets no expectations for credit equity pricing prior to the funding round. The pricing floor to be used for scoring purposes and for underwriting is based upon the median credit price in submitted applications. Different pricing floors are used dependent upon project region.

**Q: How recent do appraisals need to be?**

A: Appraisals must be prepared within 6 months of the date of the application submission. Appraisals prepared more than 6 months, but less than one year, prior to the application submission will be accepted, if the appraiser provides a current letter verifying that the appraisal remains valid given current market conditions. Appraisals prepared one year or more prior to application submission will not be accepted. Please note that all appraisals must be consistent with the new appraisal requirements outlined in Section 5.02.02 of the Capital Programs Manual. Where a previously prepared appraisal does not comply with the new requirements, an updated appraisal will be needed.

**Q: For NYC projects, is it acceptable to use a valuation based upon buildable square foot rather than per acre value?**

A: Yes. The Capital Programs Manual (CPM) modifications on appraisal requirements clarify this.

**Q: Does HCR plan to publish a list of approved appraisers as it does with market analysts?**

A: No, not at this time.

**Q: Is the Capital Programs Manual (CPM) being revised to reflect the recent underwriting changes?**

A: Yes, needed revisions to Section 2 and section 5 of the CPM are being made to reflect the underwriting changes. The CDOL application instructions for UF 2013 were modified to reflect these changes as well. The CPM is available on the 2013 Funding Materials webpage:

[www.nyshcr.org/Funding/UnifiedFundingMaterials/2013/](http://www.nyshcr.org/Funding/UnifiedFundingMaterials/2013/)

**Q: Housing consultants may no longer be included as a project cost for projects financed with LIHC and/or SLIHC equity. What does HCR mean by a housing consultant?**

A: 'Housing consultants' are hired to perform development activities on behalf of the developer, e.g. packaging of applications for funding; advising developers of the use of historic tax credits or brownfield tax credits; assisting with obtaining real property tax abatement etc. This term does not refer to professionals providing services essential for project completion, e.g. energy efficient modeling and testing, environmental monitoring, appraisers, etc... Questions about whether a service provider is included under the definition of 'housing consultant' should be directed to the Regional project staff as part of the pre-application technical assistance process.