



NEW YORK STATE

Homes &  
Community  
Renewal

**UNIFIED FUNDING 2013**

# Agenda

- 1) Welcome
- 2) What's New?
- 3) General Overview:
  - Program Funds Available
  - Schedule
  - Application Materials

# Agenda

- 4) UF Review Process
- 5) Early Awards
- 6) UF 2013 Funding Initiatives
- 7) M/WBE
- 8) Program Information

# Agenda

- 9) Underwriting
- 10) Architecture & Engineering
- 11) Common Application Flaws
- 12) Technical Assistance
- 13) Questions & Answers



# What's New?

- Rural & Urban Community Investment Fund
- 2013 Proposed QAP and SLIHC Regulation –  
Applicable for all Standard Round Applications
- Energy Efficiency/Green Building Threshold
- LIHC Mixed Income Pilot (NYC Only)
- Cost Considerations – Threshold, Scoring,  
Underwriting

# What's New?

- LIHC standalones now subject to HTFC maximum area sq. foot requirements
- Up to \$2.2m in HTF/HOME for projects meeting one of four Energy Efficiency Standards
- Olmstead Implementation

# General Overview – Program Funds Available

HOME	\$5,500,000
Low-Income Housing Credit (LIHC)	\$25,000,000
NYS Low-Income Housing Tax Credit (SLIHC)	\$4,000,000
Housing Trust Fund (HTF)	\$32,000,000
Urban Initiative (UI)	\$50,000
Rural Area Revitalization Initiative (RARP)	\$500,000
Rural and Urban Community Investment Fund (CIF)	\$5,400,000
Section 8 Project Based Vouchers (PBV)	100 vouchers

\*Subject to available appropriations/legislative approval

# General Overview – Schedule

- **July 24, 2013:** Notice of Funding Availability (NOFA)  
Notice of Credit Availability (NOCA)
- **September 2013:** Application Workshops  
9/4–ROC 9/9–ALB 9/10–NYC
- **Prior to October 10, 2013 (Early Award) & December 5, 2013 (Standard Round):** Technical Assistance available
- **October 10, 2013:** Early Application Due
- **December 5, 2013:** Standard Application Due
- **December 2013:** Early Awards Anticipated
- **March 2014:** Standard Awards Anticipated

# General Overview – Application Materials

1. UF 2013 Request for Proposals (RFP)
2. UF 2013 Project Application CD Online
3. Capital Project Application On-Line Instructions
4. Design Handbook
5. Capital Programs Manual (CPM)
6. DHCR's Low-Income Housing Credit Qualified Allocation Plan (DHCR QAP) – current and proposed

# General Overview – Application Materials

7. NYS Low-Income Housing Tax Credit Article 2-A  
Public Housing Law (SLIHC)
8. NYS Low-Income Housing Tax Credit Program (SLIHC)  
Regulation – 9 NYCRR Part 2040 Section 2040.14 –  
current and proposed
9. Green Building Criteria Reference Manual
10. UF 2013 Reference Materials
11. UF 2013 Capital Application Powerpoint
12. Pre-Qualified Market Study Firms List

# UF Review Process – Application Review

- ✓ ~~Completeness~~
- ✓ Eligibility
- ✓ Rating
- ✓ Feasibility Reviews
- ✓ Selection Criteria
- ✓ Awards



# Early Awards – General Info

- Submit a complete application by 5 pm, October 10, 2013
- Pre-Application Meeting Required
- Demonstrate project will be able to proceed to construction within 120 days of award and ...past performance
- The application will clearly advance one of the following State housing goals:

# Early Awards – Revitalization & Economic Development Goals

Priority Projects Identified in Regional Economic Development Plans – Project specifically endorsed in Regional Economic Development Council Strategic Plan and for which significant financial assistance has been made available as part of the plan.

Fort Drum Impact Area Projects – Family projects that serve the Fort Drum Impact Area. Demonstrate readiness to complete construction and rent-up by the summer of 2015.



# Early Awards – Revitalization & Economic Development Goals

Disaster Relief Projects – Projects in communities directly impacted by Superstorm Sandy, Hurricane Irene, or Tropical Storm Lee

Demonstrate significant housing loss within a 1 mi radius of the proposed project **AND** contribute to revitalization of impacted community

Demonstrate readiness to complete construction and rent-up by the summer of 2015

**Must** provide a letter of support.

Discretionary basis boost as allowed under HERA may be considered by HCR

# Early Awards –

## Revitalization & Economic Development Goals

Mixed-Income/Mixed-Use Revitalization Projects – that contribute to the revitalization of a downtown area or mixed use neighborhood, are part of a local community development plan and have clear local support and resources.

Preference will be given to applications that:

- demonstrate site control of land acquired through Land Banks established pursuant to Article 16 of the New York State Not-for-Profit Corp. Law;
- propose a retail component that will address an unmet community need identified in neighborhood-specific revitalization plan; and,
- propose the rehabilitation and lead abatement of existing rental housing in zip codes identified by the State Department of Health as having significant concentrations of children identified with elevated blood lead levels.

# Early Awards – Supportive Housing Goals

Supportive Housing Projects Serving Veterans with Special Needs – Must have a preference for Veterans with Special Needs, as defined in Section 2040.2(u) of the 2013 Proposed DHCR QAP, and demonstrate a coordinated State investment by clearly documenting firm commitments of service, operating, and development financing from State partners.

NYS Office for People with Development Disabilities (OPWDD)  
Supportive Housing Projects – Must have a preference in tenant selection for persons with development disabilities for up to 20 percent of units. Applicants must have a clear, documented financial commitment from New York State OPWDD in order to be considered under this goal. HCR will take into account the level of OPWDD commitment in awarding projects under this goal.

# Early Awards – Workforce Opportunity Goals

Housing Opportunity Projects – Family projects in areas experiencing economic growth and served by high performing school districts. Projects must be located in areas that have stable or growing tax bases, good public transit, child care, and employment opportunities, have low rental vacancy rates and a high percentage of renters paying 30% or more of their household income on housing. Discretionary basis boost as allowed under HERA may be considered by HCR.

Transit Oriented Development (TOD) – Workforce housing in close proximity to Metropolitan Transit Authority (MTA) rail stations outside NYC, or which are in communities that have completed and are implementing TOD plans that will clearly link the proposed project to expanded transportation choices for tenants.

# Early Awards – Affordable Housing Preservation Goals

Mitchell-Lama Portfolio Projects - Redevelopment or preservation of Mitchell Lama Housing units that have been transferred from the NYS Empire State Development Corporation to NYS Homes and Community Renewal (HCR) as part of Governor Cuomo's \$1 billion House NY Program.

Applications must demonstrate to the satisfaction of HCR that the refinancing and preservation of the units would be infeasible as part of a plan of finance that relies on 4% LIHC and tax-exempt bonds without additional HCR subsidies in excess of amounts typically made available in connection with such financings.

Applicants must demonstrate successful prior experience in the management of similar properties (preference for Mitchell-Lama properties) and must maximize all non-HCR resources available for the redevelopment and preservation of this housing portfolio.

# Early Awards – Affordable Housing Preservation Goals

Rural Preservation Projects – Rehabilitation of projects currently receiving Rural Rental Assistance Program (RRAP) funds and will extend the useful life of the project by no less than 20 years and satisfies heightened energy efficiency standards specified by HCR in this RFP.

Proposals must demonstrate the rehabilitation will be undertaken as part of a plan of finance that will result in ongoing reductions of RRAP funding, and that at least 90 percent of the proposed total development costs will be directly related to physical improvements that will extend the useful life and improve the habitability and energy efficiency of the project.

The only source of funding that may be requested under this goal is the Community Investment Fund (CIF). Requests are limited to \$1 million in CIF funds, and \$30,000 per unit, and must satisfy all CIF program requirements described in this RFP.

# Early Awards – Affordable Housing Preservation Goals

State Public Housing Restructuring Projects - Restructuring and preservation of State-supervised public housing projects.

Only those developments that have been recommended by NYS HCR's Office of Housing Preservation for restructuring, and which have been awarded Public Housing Modernization Funds will be considered under this goal.

Applications must demonstrate to the satisfaction of HCR that the refinancing and preservation of the units would be infeasible as part of a plan of finance that relies on 4% LIHC and tax-exempt bonds without additional HCR subsidies in excess of amounts typically made available in connection with such financings.

# UF 2013 Funding Initiatives

- Project Based Voucher Program Initiative (PBV)
- LIHC Mixed Income Pilot



# UF 2013 Funding Initiatives –

## Project Based Voucher Program Initiative (PBV)

- HCR plans to offer up to 100 units of Project Based Voucher (PBV) assistance for proposed projects financed through the HTF, LIHC, SLIHC and/or HOME programs.
  - Applicants should fully review program regulations in order to ensure the project is consistent with HUD's regulations including SLR guidelines.
  - Applicants may only request PBVs in connection with units in those local program areas serviced by HCR's Section 8 Voucher Program and its network of Local Administrators.

# UF 2013 Funding Initiatives – LIHC Mixed-Income Pilot

- Limited to new construction of family projects in NYC
- Project's LIHC-eligible units must generate qualified basis in excess of \$22,000 per unit
- Maximum annual allocation of \$22k per LIHC-eligible unit can be exceeded if extra allocation is used to subsidize HCR-regulated units affordable to middle-income households above 90% of AMI up to max of 120% AMI



# UF 2013 Funding Initiatives – LIHC Mixed-Income Pilot continued

- LIHC request cannot exceed \$22,000 per unit on a **TOTAL** project basis including units over 60% AMI– still subject to per–project cap
- Development team must have experience in successfully developing, marketing, and managing mixed–income LIHC projects
- **All Units** subject to a LIHC regulatory agreement & have the same regulatory term

# UF 2013 Funding Initiatives – LIHC Mixed-Income Pilot continued

- **Affordability Averaging** – proposed rents for all project units must average to no more than 60% of AMI
- For each middle-income unit, project must provide a matching unit/units of comparable size with affordability below 60% so average overall affordability is  $\leq$  60% AMI

# UF 2013 Funding Initiatives – LIHC Mixed-Income Pilot continued

- **Rent Levels of Middle-Income Units:** Maximum of 30% of the targeted AMI for the unit size
  
- **Rent burden of Middle-Income Units:**
  - **Outside QCT:** minimum of 30% of annual income to rent
  - **QCT:** will allow a rent burden below 30% to encourage middle-income hh to reside in economically challenged neighborhoods:
    - Rents at 100% AMI – unit can be rented to hh up to 115% AMI
    - Rents at 110% AMI – unit can be rented to hh up to 125% AMI
    - Rents at 120% AMI – unit can be rented to hh up to 125% AMI

# UF 2013 Funding Initiatives – LIHC Mixed-Income Pilot continued

- Refer to RFP (pages 27–29) for more detail on requirements under this initiative
- Pre-application meeting for projects requesting funding under this new initiative **strongly recommended**

# M/WBE Participation

- ▶ Article 15A of the Executive Law promotes economic opportunities and equality of employment for minority group members and women in State contracting activities.
- ▶ HCR fully supports these efforts and the Office of Fair Housing & Equal Opportunity's mission is to coordinate and monitor compliance with Article 15A.
- ▶ Preference in awards given to applications which include NYS-certified M/WBE as part of development team – including new LHC scoring feature
- ▶ Award decisions include consideration of applicant's past and current performance, including M/WBE performance
- ▶ Questions on the M/WBE program requirements can be sent to [OFHEO@nyshcr.org](mailto:OFHEO@nyshcr.org).

# Program Information – NYS HOME

- UF 2013 HOME available \$5.5 million
- Project Cap – \$2 million: more if project meets criteria listed in UF 2013 RFP
- Per Unit Subsidy is limited–per HUD HOME Requirement
- Permanent financing available – residential rental projects only
- 15% of HOME funds must go to CHDOs
- Applicants applying as a CHDO must comply with the amended CHDO requirements of the new HOME final rule

# Program Information – NYS HOME

- Must be used to assist households  $\leq$  80% of AMI
- Davis–Bacon compliance required for projects with 12 or more HOME assisted units
- PLEASE NOTE that as of 8/23/13 a revised HOME final rule became effective – it can be downloaded at:

<http://www.gpo.gov/fdsys/pkg/FR-2013-07-24/pdf/2013-17348.pdf>

# Program Information – NYS HOME – New Requirements

- All projects must be underwritten, developer capacity and fiscal soundness assessed
- PJ must certify that these actions have been completed for each project

# Program Information –

## NYS HOME – New Requirements cont'd

- Projects must be completed in 4 years or \$\$ will be recaptured by HUD
- Rental units must be occupied within 18 months of project completion or project will lose funds for those units
- HOME funds used for CHDO projects must be expended within 5 years

# Program Information –

## NYS HOME – New CHDO Requirements

- CHDO staff must have experience developing projects similar to the one for which funds are being requested
- HTFC may only provide FY 2013 HOME funds to CHDOs with experienced development staff
- CHDO staff must be paid employees: staff does NOT include volunteers, board members, consultants
- CHDO certifications must now be done on a project specific basis

# Program Information –

## NYS HOME – New CHDO Requirements cont'd

- Non-profit must qualify as a CHDO for the specific CHDO application submitted for funding
- Roles of CHDO as owner, developer, or sponsor are more specifically defined
- See Sec. 92.300 of the new HOME final rule for more information regarding CHDO requirements
- Further assistance contact Tom Koenig, HOME Program Director at [tkoenig@nyshcr.org](mailto:tkoenig@nyshcr.org) or (518) 486-7682.

# Program Information –

## Housing Development Fund Program (HDF)

- Subject to appropriation, HDF Program loan funds may be requested to provide low-interest construction financing to eligible not-for-profit applicants seeking HOME or HTF funds as permanent financing.
- Applicants interested in using HDF to bridge a HTF or HOME permanent loan should discuss with regional project manager prior to application submission.

# Program Information – Housing Trust Fund (HTF)

- UF 2013 HTF available \$32 million
- Project cap – \$2 million; more if project meets one of UF 2013 RFP– listed criteria
- HTF per unit cap – \$125,000
- Permanent and/or construction financing available, residential only
- Must benefit households  $\leq$  90% of AMI (in NYC  $\leq$  80% of AMI)

# Program Information –

## Housing Trust Fund (HTF)

- Preference for projects with a substantial number of units  $\leq$  50% AMI
- Up to 10% of HTF award for a community service facility
- Non-profit developer fee greater of 10% of TDC less acquisition or \$2,400/\$3,000 per unit depending on location
- Up to 50% of HTF award for cost of acquisition
- For more info – see HCR website

# Program Information – Low-Income Housing Credit Program (LIHC)

- UF 2013 LIHC available: \$25 million
- LIHC max. per project
  - Standard project: \$1.43 million
  - Project w/ 50% or more units for large families or persons with special needs (w/supportive services): \$1.65 million
- LIHC max. per unit: \$22,000
- LIHC-assisted units must benefit households  $\leq$  60% AMI
- For acquisition, rehabilitation and new construction of residential units

# Program Information – Low-Income Housing Credit Program (LIHC)

- Preservation Projects:
  - Up to \$3.3 million (QAP Sect. 2040.2(q))
    - Must be currently government-regulated (new QAP item)
  - High Acquisition Cost Projects (Preservation Projects with 25% minimum acquisition): No more than \$1 million (QAP Sect. 2040.2(i)) of the preservation set-aside
- Supportive Housing Projects:
  - Up to \$4 million (QAP Sect. 2040.2(u))
  - Must have gov't service agency capital financing (new QAP item)

# Program Information – LIHC Application & Allocation Fees

- Credit Application Fee
  - \$3,000 per application
  - \$6,000 if both LIHC & SLIHC are requested
  
- Non-Profit Deferral of Application Fee
  - Non-profit(s)–sole GP (LP) or managing member (LLC)
  - Need to submit pre-application deferral request/obtain written approval
  
- Binding Agreement Fee – \$1,000 (new QAP item)
  
- Allocation Fee
  - 8% of 1<sup>st</sup> year's allocation amount

# Program Information –

## LIHC 2013 Proposed Qualified Allocation Plan (QAP)

- Early Award Applications should address parameters and scoring criteria of current LIHC QAP/SLIHC Regulation (scoring)
- Any application to be considered under Standard Application Round must address the new 2013 Proposed LIHC QAP/SLIHC Regulation
- HCR currently accepting public (written) comment on proposed QAP/Regulation
  - Rule making process started in mid-August
  - Public hearing (accept oral/written comment) on October 3<sup>rd</sup>
  - Comment period ends October 8th
  - Expect adoption in early December

# Program Information –

LIHC 2013 Proposed Qualified Allocation Plan (QAP)

## ➤ Changes in Proposed QAP:

- Definitions
- Fees and Application Processing
- Threshold Eligibility
- Scoring Criteria
- Underwriting and Cost Standards
- Compliance Monitoring

# Program Information –

## LIHC 2013 Proposed Qualified Allocation Plan (QAP)

### Key QAP Changes for Applicants to Consider:

- Definition of Visitability (accessibility) clarified – impacts threshold
- Site suitability, REDC strategic plan consistency/inclusion added as application review factors
- Threshold eligibility:
  - Non-compliance, project identity of interest notifications
  - Appraisal and Phase 1 Environmental Site Assessment (ESA) for all projects
  - Minimum LIHC regulatory term to be determined each funding round – 50 year minimum term for UF 2013
    - Scoring points eliminated
  - Required green and energy efficient building practices specified annually in RFP

# Program Information –

## LIHC 2013 Proposed Qualified Allocation Plan (QAP)

### ➤ Threshold eligibility (continued):

- Credit/Background review of development/management team
- No Federal or State-debarred contractors or sub-contractors
- Project significantly does not exceed costs of other projects

### ➤ New/Revised Scoring Criteria:

- Rehab/in-fill project connection to neighborhood revitalization plan/ongoing local efforts
- Clearly advances housing objectives of REDC's
- Green building scoring parameters now identified in RFP
- Fully accessible, adapted move-in ready units:
  - Provide evidence of demand for accessible units proposed
  - Written agreement with service provider for referrals and supportive services for persons with mobility, hearing/vision impairments
  - Accessible units distributed equitably among unit types
  - Shower Seats

# Program Information –

## LIHC 2013 Proposed Qualified Allocation Plan (QAP)

### New/Revised Scoring Criteria (continued):

- Project Readiness:
  - Likelihood of construction closing within shortest possible timeframe
  - Applicable environmental approvals/clearances
  
- Non-profit Role in joint ventures:
  - Demonstrable housing experience
  - NFP will participate in ownership entity
  
- Cost Effectiveness (new – 5 points):
  - Points for projects with costs at or below UF Round median within same cost region

# Program Information –

## LIHC 2013 Proposed Qualified Allocation Plan (QAP)

### New/Revised Scoring Criteria (continued):

- Housing Opportunity projects (new – 5 points):
  - Close proximity to public transportation
  - Communities with low incidence of crime
  - High performing school districts
  
- M/WBE Participation in development team (new – 2 points)

### Compliance Monitoring:

- Maintain and update records on unit vacancies for disaster relief preparedness
- Required management staff training – compliance certification programs
- Monitoring fees remain unchanged at 0.5% of maximum restricted rents, despite wording revision

# Program Information –

## NYS Low-Income Housing Tax Credit (SLIHC)

- SLIHC available: \$4 million
- SLIHC max. per project: \$750,000
- SLIHC max. per unit: \$ 20,000
- Program modeled after LIHC except units affordable to households  $\leq 90\%$  AMI

# Program Information – SLIHC Program Advisory

- **Proposed 2013 SLIHC Regulation –**
  - Scoring changes correspond to LIHC QAP
  - SLIHC threshold, programmatic standards actually in QAP
- **Joint LIHC/SLIHC deals should not request the maximum under each program**
- **HCR preferences:**
  - Leveraging!!!
  - Mixed Income projects (units >60% of AMI)

# Program Information – Rural and Urban Community Investment Fund

- As part of the 2013–2014 enacted budget, Governor Cuomo and the Legislature have appropriated \$5.4 million for the Rural and Urban Community Investment Fund (CIF).
- Under UF 2013, CIF funds may be used to:
  - support retail, commercial or community facility components of mixed-use affordable housing developments in urban and rural areas, or;
  - in rural areas, the preservation and rehabilitation of existing affordable housing.

# Program Information – Rural and Urban Community Investment Fund

- Project caps:
  - \$1 million project/\$30,000 per unit for Early Award Rural Preservation Projects
  - Up to \$500,000 project for retail, commercial or community facility space
  - \$500,000 project/ \$30,000per unit for Standard Round Preservation Projects in Rural Areas

# Program Information –

## Rural and Urban Community Investment Fund

- 60% of the funds will be allocated to “Urban Areas” with a population of 25,000 or more and 40% of the funds will be allocated to “Rural Areas” with a population of less than 25,000
- Applicants are required to provide a 1 / 3 match of the requested funding amount
- The project must be part of an affordable housing development where at least 80% of the units benefit households at or below 90% of AMI

# Program Information –

## Rural and Urban Community Investment Fund

### CIF Funding Priorities

- rehabilitation of projects that meet the conditions for Rural Preservation Early Award Projects, or for rural projects currently regulated by HCR and that clearly satisfy the requirements for LIHC Preservation Projects.
- development or rehabilitation of retail, commercial or community facility space which will be used to address a critical unmet community need in the development's primary market area (e.g. access to health care, affordable fresh foods, services for low income seniors, educational centers, daycare).

# Program Information –

## Rural and Urban Community Investment Fund

### CIF Funding Priorities

- development or rehabilitation of retail, commercial or community facility space to ensure the continuation of traditional commercial corridors that would otherwise be disrupted by the development of ground floor residential space.
- development or rehabilitation of retail, commercial or community space as part of a concerted neighborhood revitalization plan which clearly supports the proposed use and identifies local actions that have been or will be undertaken to attract or promote the proposed use, including but not limited to tax relief measures, changes in zoning, and infrastructure investments directly benefiting the space.

# Program Information – Rural and Urban Community Investment Fund

## CIF Non-Residential Underwriting Considerations

- CIF funds may only cover development costs of the proposed retail, commercial or community facility space. Income from the residential space may not be used to support the operations of the non-residential space.
- For non-residential space, applicants must demonstrate in the operating budget and market documentation that CIF funds will reduce debt service costs such that market-rate commercial leases will be sufficient to cover all debt service and operating costs associated with the space.
- All applicants proposing retail, commercial and community facility space must provide a completed Attachment F15 – CIF Project & Market Information.

# Program Information – Rural and Urban Community Investment Fund

## CIF Non-Residential Underwriting Considerations

- Applicants must provide a market analysis demonstrating sufficient demand for the proposed non-residential use at rents assumed in the income and operating budget and detail the commercial rents (including per square foot cost) of comparable commercial space in the immediate market area.
- Applicants must provide at least one letter of interest from a prospective tenant for the non-residential space and identify the amount per square foot such prospective tenant would be willing to pay for the finished space (more letters, firmer commitments better)
- Successful applicants will still be required to enter into a master lease for the non-residential component of the project.

# Program Information – Rural and Urban Community Investment Fund

- Applicants considering applying for CIF are strongly encouraged to schedule pre-application technical assistance conferences with HCR staff.
- Open Window CIF RFP expected to be issued September 2013  
Non-Residential projects only.

# UF 2013 Underwriting Changes

## Application development budget directions modified to:

- Provide clearer directions on what is being asked for on each line item
- Reflect changes with regard to certain costs – new limits / restrictions consistent with HCR’s concern for cost effectiveness
- Review directions carefully to understand & comply with changes

# UF 2013 Underwriting Changes

## QAP Underwriting Change

Builder's fee limits reduced to 14% maximum under the 2013 proposed QAP:

General Requirements: 6%

Builder's Over head: 2%

Builder's Profit: 6%

**total: 14%**

Standard Round Applications: must comply with the reduced builder's fee limits in the 2013 proposed QAP

# UF 2013 Underwriting Changes

## Builder's fee limits – QAP Change

### Early Round Applications:

may use the 20% maximum builder's fees limit allowed under current QAP

- 6% general requirements + 4% overhead + 10% profit = 20% max

**Unfunded Early Award applications** evaluated in the Standard round will be underwritten at the 14% maximum of the 2013 proposed QAP.

# UF 2013 Underwriting Changes

## Project Contingency Maximums:

- 5% for all new construction & occupied rehab preservation projects
- 10% for rehab of vacant buildings and for any small non-tax credit projects funded only with HTF and/or HOME

# UF 2013 Underwriting Changes

## Developer Fee Calculation now excludes Project Contingency

- Maximum eligible developer fee will be calculated on:
  - 10 % of acquisition (line 3)\*
  - 15% of total soft cost (line 24)
  - 15% total construction cost (line 40)

Developer fee may not be earned on project contingency

Applies to all applications whether Early Award or Standard Round

\* Preservation projects– if acquisition includes assumption of existing loan(s) funded by NYS, no developer fee may be earned on those loans.

# UF 2013 Underwriting Changes

## Consultant Fees

- will only be allowed for projects that do not include LIHC /SLIHC equity as a funding source
- Consultant fees in total for a non-credit project will be limited to the lesser of 5% of HCR requested funding or \$100,000 (counts against the NPDA fee maximum)

# Underwriting – LIHC Monthly Credit Rate

Fixed 9% Monthly Credit Rate allowed by HERA for determination of qualified is not available for UF 2013 projects

**Floating monthly rates should be used in calculating the total qualified basis & will be used in HCR's underwriting:**

- Early Award apps: September 2013 rates
  - 30% present value LIHC: 3.24%
  - 70% present value LIHC: 7.57%
- Standard Round apps: November rates (released late October)

# Underwriting –

## Disclosure of all Sources & Uses

### Full Disclosure Requirement

- As detailed in the RFP, all costs and funding sources related to the development or redevelopment of the project site must be included in the project budget e.g. Environmental remediation costs & BTCs, site preparation
- Failure to include all such costs, and/or to disclose such sources will result in termination of HCR's review, and the rejection of the application

# Underwriting – Reminders

All appraisals must comply with HCR requirements as detailed in CPM Section 5.03.03

## Key Points of Appraisal Requirements

- “as is fair market value” of the site must be documented – for vacant land both a per acre value & a per unit value should be provided
- Significant deviations in value from comparables provided must be fully explained
- “separate evaluation for the land and structure” needed for rehabilitation project
- “Fair market value is the price which a property will most probably bring in a competitive and open market under all conditions requisite to a fair sale, assuming the price is not affected by undue stimulus including special public financing amounts or terms”

# Underwriting – Reminders

## Key Points of Appraisal Requirements

- **Availability of special public financing should not be factoring into the appraisal value**
  - Appraisals should not use as comparables the prior sale of properties sold to be developed as affordable housing
  - HCR will carefully review appraisals & reduce acquisition cost where it is felt that price is above market price due to influence of public financing

# Underwriting – Reminders

## Key Points of Appraisal Requirements

- Where appraisal justifies high land value based upon all local approvals being in place, i.e. a shovel-ready site, HCR expects a significantly lower ratio of soft costs to hard costs in the project development budget

# Underwriting – Assistance

- Refer to Section 5 of the **Capital Programs Manual** for specific project underwriting criteria
- **Technical assistance** prior to application submission strongly encouraged
- Contact Regional Office staff to request underwriting review of project pro-formas

# Architecture & Engineering – Energy Efficiency Strategies

**Energy Efficiency Applies  
to ALL projects**

## **Energy Code**

**Applicable energy code determines  
the energy efficiency strategy**

# Architecture & Engineering – Energy Efficiency Strategies

## Energy Code

Applicable energy code determines  
the energy efficiency strategy

**State Energy Codes are changing**



# Architecture & Engineering – Energy Efficiency Strategies

- All projects must comply with one of the Energy Efficiency strategies described in the RFP.
- Four strategies qualify for an HTFC award up to \$2.2 million.
  - NYSERDA MPP (mid to high rise)
  - NYSERDA LRNCP (low rise)
  - EPA ENERGY STAR Multifamily High Rise Program
  - EPA ENERGY STAR Certified Homes

# Architecture & Engineering – Energy Efficiency Strategies

- All projects must comply with one of the energy efficiency strategies described in the RFP.
  
- Other strategies:
  - Historic rehab & adaptive re-use
    - Fully implement one of first four standards, or
    - NYSERDA Energy \$mart
      - Consult with HCR & NYSERDA
  
  - Moderate rehab:
    - Option one: Meet current energy code for new buildings
    - Option two: Reduce overall energy usage by 20%

# Architecture & Engineering – Energy Efficiency and Green Building Practices

- Mandatory requirements (as applicable)
  - Lead-safe work practices (pre 1978)
  - Radon mitigation (EPA radon zones 1 & 2)
  - ENERGY STAR appliances (all projects)
  - ENERGY STAR equipment (all projects)
  - ENERGY STAR lighting (all projects)
  - Low VOC paint, adhesives & sealants (all projects)
  - Integrated pest management (all projects)

# Architecture & Engineering – Green Building Programs

- Optional program participation (5pts)
  - Enterprise Green Communities Criteria
    - 2011 or newer criteria based on most up to date standard
    - HPD overlay for projects in NYC
    - **On-line training: Sept. 26, 11:00 am**

# Architecture & Engineering – Green Building Programs

- Optional program participation (5pts)
  - LEED for Homes
    - LEED 2009 or LEED v4
    - As per LEED implementation of the v4 standard

# Architecture & Engineering – Green Building Programs

- Optional program participation (5pts)
  - National Green Building Standard
    - 2012 ICC 700 National Green Building Standard
    - Accredited by Home Innovation Research Labs

# Architecture & Engineering – Preservation Projects

- Must request an AE site visit no later than 30 days prior to the application deadline
  - Set up the site visit through the regional office
  - Provide a draft of the Physical Needs Assessment Form
- HTFC
  - Refer to the Design Handbook Appendix F–HTFC Preservation Standards when determining the Physical Needs Assessment scope of work
- Use the correct application attachment
  - B6 for LIHC and/or SLIHC stand alone projects
  - B13 for HTFC projects

# Architecture & Engineering – Design Related Publications

- Revised Design Handbook
  - Clarifications and updates
  - Architect's contracts now references current AIA edition
- Green Building Criteria Reference Manual
  - **Only applicable to early submissions for green scoring**
  - Standard round applications to use national green standards listed in the RFP

# Architecture & Engineering – Energy Efficiency Strategies

**Energy Efficiency Applies  
to ALL projects**

## **Energy Code**

**Applicable energy code determines  
the energy efficiency strategy**

# Architecture & Engineering – Energy Efficiency Strategies

## Energy Code

Applicable energy code determines  
the energy efficiency strategy

**State Energy Codes are changing**

# Common Application Flaws – Site Control as Eligibility Issue

- **Applicants** must have site control at application in one of the formats noted in application instructions
- Site control also deemed eligible if an entity controlled by the applicant has site control; proper documentation will be required in application which demonstrates a legal/organizational relationship linkage between applicant and affiliate
- Don't assume HCR has anecdotal information about linkage
- Site control for each site or building proposed must be evidenced for the project to be eligible

# Common Application Flaws – Site Control

## ➤ Examples of Ineligible Site Control

- Applicant is not listed as owner in site control documents
- Affiliate of applicant has site control but no information provided showing control relationship between applicant and affiliate
- Option agreements wherein it is not clear if the option extension payments have been made up to application or up to 6 months beyond application date
- Per HTF statute Housing Authorities must own the proposed project/building after July 1, 1986
- Scattered site project wherein site control is not established for all proposed sites
- Failure to execute all documents where applicable

# Technical Assistance (TA)

- For potential applicants and awardees through:
  - HCR Regional and Technical Unit staff
- For assistance with the application system **Community Development Online (CD Online)**
  - Contact the MSR Unit at (518) 473-2525

# Technical Assistance (TA)

## Buffalo Regional Office

Electric Building, Suite 105

535 Washington Avenue

Buffalo, New York 14203

Leonard Skrill, Upstate Director of Development (716) 847-3926  
(518) 461-6591 cell

Daniel Peters, Project Manager (716) 847-7132

## Syracuse Regional Office

620 Erie Boulevard West, Suite 312

Syracuse, New York 13204

Lois Holden, Senior Project Manager (315) 478-7179 x 219

Kathleen Karpinski, Senior Project Manager (315) 478-7179 x 217



# Technical Assistance (TA)

## Capital District Regional Office

Hampton Plaza, 2nd Floor

38–40 State Street

Albany, New York, 12207

Robert Shields, Senior Project Manager

(518) 486–5013

James Armstrong, Senior Project Manager

(518) 486–5011

John Serio, Senior Project Manager

(518) 473–6959

## New York City Regional Office

25 Beaver Street, 7<sup>th</sup> Floor

New York, NY 10004

Earnest Langhorne, Downstate Director of Development (212) 480–7473

Michael Ferguson, Assistant Director of Development (212) 480–7494

# Questions & Answers



[www.nyshcr.org](http://www.nyshcr.org)

