

Unified Funding 2014 Questions and Answers

(Last Updated: 12/2/2014)

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

General Questions:

Q. HCR offers competitive points based on the percentages of built-out, adapted units and units for which preference is given to persons with special needs. Also, additional funding and competitive preferences are available to projects that offer certain percentages of supportive units. In a Mixed Income project that includes units which are not assisted by HCR, are these percentages determined based on the number of HCR-assisted units or based on the total project unit count?

A: In mixed income projects, the percentages described above are based on the percentage of the HCR-assisted units.

Q: At the application workshops it was stated that HCR would require the last three sales to be disclosed regardless of when they have occurred. Will HCR consider a time limit on the look back for sales?

A: Yes. The Capital Programs Manual Update, which will be posted on the agency website shortly, will require that the appraisal provide a sales and ownership history for the last three sales or the last 10 years, whichever is the shorter time period.

Q: At the application workshops it was stated that HCR would require the appraisal to identify if there are any current liens on the property and/or if the seller is subject to a bankruptcy proceeding, or whether the property is subject to a foreclosure proceeding. This information is beyond the scope of work of standard appraisals. Will HCR consider allowing this disclosure in another part of the application rather than requiring it in the appraisal?

A: Yes. This disclosure may be provided in either the appraisal or in a disclosure statement provided by the applicant as an additional attachment in application Attachment A1 Evidence of Site Control.

Q: Will an option to enter into a long term ground lease suffice for purposes of documenting site control in the upcoming application round?

A; Yes, a signed option for a long term ground lease which meets the same application standards as an option to purchase the site will be considered an acceptable form of site control in the UF 2014 application. The option for the ground lease should be included in Attachment A1 of the application attachments. The long term lease will have to comply with all applicable HCR requirements.

Q: We noticed the form provided for that attachment B-2 does not include a line item for the contractor's bond premium. Should we make an adjustment to the form to add a line for the bond premium?

A; No, the form is locked and cannot be adjusted. You should instead include the cost of the bond premium in the line identified for insurance.

Q: If the local Regional Economic Development Council (REDC) plan for the region in which a project is located does not have a focus on affordable housing, how should an applicant document compliance with the REDC plan?

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 recently does an appraisal have to have been completed to be acceptable for a 2014 application?

A: Appraisals have to be completed no more than 6 months before the applicable application due date to be acceptable for an application submission. Appraisals prepared more than six months, but less than one year, prior to the date of the application will be accepted, if the appraiser provides a letter confirming that the appraisal remains valid given current market conditions. In no instance will HCR accept an appraisal prepared one year or more prior to the date of application.

Architecture & Engineering:

Q: Regarding pre-adapting units for the handicap accessibility points for persons with mobility impairments, if we adapt a 3-BR unit and it has 2 full baths (as opposed to 1 and ½ baths), is it acceptable to adapt only one of the two bathrooms? This would seem to be ideal as there is an adapted bathroom for the person(s) with mobility impairments, but also a regular bathroom with a tub and vanity for storage, etc. for the rest of the household.

A: Yes. The RFP states that to earn scoring points for including fully Accessible and Adapted, move-in ready units, such units either: “includes a fully-Accessible and move-in ready roll-in shower with an attached seat, or; includes a fully-Accessible and Adapted, move-in ready bathtub, and is designed to accommodate a roll-in shower with an attached seat which will be installed at the owners expense upon request.” We agree that this language implies that only one fully-Accessible bathroom is required. Please note that the fully-Accessible bathroom should be located in an area of the dwelling unit that provides the most direct level of accessibility to the residents.

Q: If you had an HCR architectural site visit and completed a Physical Needs Assessment Form (PNAF) for a preservation project which was submitted but not funded in last year’s round and there have been no changes to the project site or building since last year’s submission, is it necessary to request another site visit?

A: No, but the applicant shall submit a current Physical Needs Assessment Form with the new application and inform the HCR Architectural Unit prior to the application deadline. This determination should also be indicated in the PNAF and in Attachment F9- Proposal Summary.

Cost Effectiveness:

Q: For awarding the 5 points for cost effectiveness, page 53 of the RFP states that HCR will award points to projects with costs at or below the median for all projects submitted during the round within the same cost region. In determining this, do you average the 3 cost measures listed in the RFP, or do you have to be below the median for each of the 3 measures separately?

A: Cost Effectiveness is based on the mean of where the project falls on all 3 cost measures. In other words, it will be calculated in the exact same manner as the High Cost threshold which is described in more detail on page 53 of the RFP. The same resulting average (mean) will be used for evaluations. The average must be below or equal to 100% for the project to qualify for the 5 Cost Effectiveness points, and must be below or equal to 130% to remain under the High Cost Threshold.

Q: For calculating the number of bedrooms for the cost effectiveness criteria, do you use 0.75 bedrooms for studios and the actual # of bedrooms for everything else?

A: Studios are counted as a full 1 bedroom each in the calculation of Total Residential Project Cost per Bedroom.

Early Award Housing Goal Projects:

Q: How will Project Readiness points be awarded to Early Award applications if applicants are required to close on construction financing within 120 days of the receiving an award?

A: Early Award project applications which demonstrate and document the strong likelihood that a construction financing closing will occur within four months of the date of award (i.e. April 15, 2015, in anticipation of the issuance of awards by December 15, 2014) and have obtained commitments for 100% of the non-HCR construction and permanent financing will qualify for 4 points. Similarly, projects meeting the above criterion which have obtained at least 50%, but less than 100%, of such financing commitments will qualify for one point.

Q: Is there a deadline for requesting a Technical Assistance meeting prior to submitting an application?

A: Yes, technical Assistance (TA) meetings must be scheduled at least one week prior to the applicable application submission deadline. Application Exhibits 3, 4, 5, 9 and 10, as well as preliminary plans and specifications, should be submitted with a request for a TA meeting.

Q: How does an Early Award Round LIHC applicant seeking funding under the UF 2014 RFP's Early Award goals for either Disaster Relief Projects or Housing Opportunity Projects demonstrate that they qualify and require HCR's discretionary basis boost?

A: In order for an UF 2014 application addressing the Disaster Relief Projects or Housing Opportunities Projects Early Award Round goal to qualify for HCR's discretionary basis boost, the project application would need to demonstrate that it meets the specific parameters set forth in the RFP for that specific Early Award goal. In addition, the application must document the financing need for the discretionary basis boost to ensure project financial feasibility. This should include identification of specific cost containment measures to reduce overall project costs.

Such applicants should submit the UF 2014 CDOL 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 the RFP criteria and utilizes cost containment measures, appending any additional documentation necessary to this effect.

Applicants considering use of the discretionary tax credit basis boost are strongly encouraged to seek technical assistance prior to application submission.

Q: What is a CORE neighborhood?

A: Current CORE neighborhoods include the South End, West Hill and Arbor Hill neighborhoods in the City of Albany and census tract 4 and 5 in the City of Newburgh.

Q: Please confirm that in determining the proximity of a site to MTA rail stations or subway stations, it is measured by walking distance as opposed to as the crow flies.

Also, how should this distance be documented in the application?

A: Proximity of the project site to MTA rail stations or subway stations is measured by the safe walkable distance (i.e., sidewalks, with traffic controls at

crossings of any major intersections) as evidenced by the use of Google Maps – Pedestrian Directions.

This should be documented in narrative form in Attachment F9 – the Proposal Summary.

Q: For Housing Opportunity Project points, how are you going to evaluate the “in a community with a low incidence of crime” criteria item? Is it still based on the Neighborhood Scout score?

And if so, will it be based on a straight numerical score – i.e. a score of 65 and above, or a score of 75 and above? Or will it be compared to the NYC borough it is located in or New York State as a whole? In addition to the numerical score, the report only compares to the borough and the state.

A: Yes, the scoring point associated with a project’s location within a community with a low incidence of crime, like last year, will be based on the Crime rating index (Total Crime Index) provided in the Location Inc. – Neighborhood Scout Report.

In order to qualify for the scoring, the project site’s neighborhood must have a Total Crime Index indicating it is safer than 75% of the neighborhoods in the USA. The index utilized by HCR from the Neighborhood Scout report compares the project site’s neighborhood to all neighborhoods in the USA.

Q: In the Q&A last year, HCR provided guidance on scoring details for housing opportunity project points. Will the methodology for awarding these points be the same for this year?

A: The scoring will be subject to whether the project meets the following locational criteria:

1. The project is located in close proximity to public transportation (defined as ½ mile or less safe walking distance) – see Google Maps pedestrian directions;
2. The project is located outside of a HUD-designated Qualified Census Tract (confirm at www.hudsuser.org);
3. The project is located in a community with a low incidence of crime (neighborhood is safer than 75% of neighborhoods in the USA, per Location Inc. Neighborhood Scout Report (see <http://www.neighborhoodscout.com/>).

4. The project is located in a community served by high performing schools (better than 75% of all US school districts per Location Inc. Neighborhood Scout Report School District Rating.

Projects meeting three or more of the above referenced locational scoring criteria qualify for 3 points.

Projects meeting two the above-referenced locational scoring criteria qualify for 2 points.

Projects meeting one of the above-referenced location scoring criteria qualify for 1 point.

Energy Efficiency

Q: The RFP appears to omit participation in Enterprise Green Communities as one of the energy efficiency strategies available for historic buildings undergoing a substantial rehabilitation or adaptive reuse by this statement: “Projects with historic buildings undergoing a substantial rehabilitation or adaptive reuse, that cannot fully implement one of the first four standards described above without negatively affecting the historic building fabric, shall enroll in either the NYSERDA MPP or LRNCP to achieve the New York Energy Smart designation offered by those programs.” Enterprise Green Communities is the fifth standard listed in the RFP. In a historic building undergoing a substantial rehabilitation or adaptive reuse, will you allow enrollment in Enterprise Green Communities as one of the mandatory energy efficiency strategies?

A: Yes, as long as the project will be able to comply with the energy efficiency criteria of Enterprise Green Communities in a sufficient manner to obtain certification from Enterprise Green Communities that the standard was met at the completion of the project. If the project cannot obtain certification, the project will be required to enroll in NYSERDA’s MPP or LRNCP and achieve the New York Energy Smart designation.

LIHC/SLIHC - General Questions

Q: In regard to the Low-Income Housing Credit Program Supportive Housing set-aside, there appears to be a discrepancy between the percentage of supportive housing units in the project which must be provided in order for the project to qualify under the set-aside. Section 2040.2(u) of the Qualified Allocation Plan

(QAP), which provides a definition of Supportive Housing, indicates at least 30% of the units must serve persons with special needs and otherwise meet the parameters of the definition. The Request For Proposals (RFP) indicates that 25% of the units must meet the definition to be considered under the Supportive Housing set-aside. Which percentage applies to this funding round?

A: The percentage stated in the RFP – 25% - is applicable to the UF 2014 application funding round. The QAP definition, which provides important parameters for consideration about whether a project meets the Supportive Housing definition and would qualify under the set-aside, states that at least such projects must “give preference in tenant selection to persons with special needs for at least 30 percent or such percentage of the LIHC-assisted units as set forth in the annual request for proposals.” For this funding round, HCR has set forth in the RFP, 25% as the minimum percentage of units providing Supportive Housing to qualify under the set-aside. This was also the percentage provided to prospective applicants at three application workshop.

Q: Please confirm that for a mixed income project with 9% federal tax credits and with units above LIHC levels, DHCR allows projects to be separated into 2 condominium units, one for the LIHC eligible units and one for the remaining units with the low income housing project for federal LIHC purposes consisting of the one condominium unit containing the LIHC units. By doing so, the LIHC project would have a 100% applicable fraction and therefore would not be subject to the next available unit rule and as a 100% LIHC project would not be subject to annual income recertifications.

A: Yes, DHCR will allow this ownership structure. This structure would allow the condominium which includes the LIHC units to have a 100% applicable fraction and the project would not be subject to the next available unit rule and as a 100% LIHC project would not be subject to annual income recertifications.

Q: For a LIHC Mixed Income pilot project located outside of a QCT, HCR is requiring that the minimum rent burden for middle income units be 30% of annual income – i.e. for an 80% AMI unit, the monthly rent would be set at 30% of 80% of AMI for the applicable assumed household size. However, for HPD’s Inclusionary Housing Program, HPD wants the rents for an 80% AMI unit to be set at 30% of 77% of AMI, not 30% of 80% of AMI. In light of the conflicting requirements, please confirm that for a project under the Inclusionary Housing program HCR will allow the rents for an 80% AMI unit to be set at 30% of 77% of AMI.

A: Yes. Recognizing the critical role served by HPD's Inclusionary Housing Program in the development of affordable housing in NYC, HCR has revised the RFP to allow this. Please see the LIHC Mixed-Income Pilot Program section of the RFP on page 45.

Q: For project readiness, an application can qualify for 4 points if it includes commitments for 100% of non-HCR financing and it can qualify for the maximum of 4 points if the application includes 4 measures of locally implemented support for the project. What are the remaining 2 project readiness points for?

A: The remaining two points are awarded based on the status of environmental clearances for the project, with the maximum of 2 points available if the project has received all applicable environmental approvals and clearances necessary to proceed to construction financing closing or demonstrated the project site is free and clear of such adverse environmental conditions which could impede a closing pursuant to the development timetable.

Q: For the 4 readiness points related to implementation of local measures, does the existence of "as-of-right" zoning count as a measure in the scoring? The previously published answer does not answer this question.

A: Yes, the existence of "as-of-right" zoning for the proposed project site would qualify as the implementation of a local measure in our scoring of this project readiness criteria. The "as-of-right" zoning may be documented by a letter from the locality, an attorney's opinion letter or a zoning map.

Q: What is the total application which would be due for an application requesting LIHC, CDBG-DR and CIP?

A: An applicant applying for those three funding sources would only need to submit a check of \$3000 to cover the LIHC application fee. Please be sure to note the address where payments now go. This address is provided on page 66 of the 2014 Unified Funding Application Instructions which are located on the HCR website.

Q: The QAP says the 10 points available for Project Readiness are awarded based on the likelihood of a construction closing in the shortest possible timeframe given the status of financing commitments and whether the project is supported by the implementation of significant measures (it mentions infrastructure improvements, real property tax relief and rezoning).

How many of the readiness points are related to the implementation of significant measures?

A: A maximum of four out of the ten scoring points associated with Project Readiness are available for projects supported by the locality as evidenced by the implementation of significant measures. A project supported by four or more such measures will qualify for the maximum of four points; three such measures will qualify for 2 points; and, two measures, one point.

Q: Does a project is located on a site where the project will comply with the local zoning ordinance (i.e. “as of right” zoning for which no additional action by the local zoning board is required prior to the issuance of a building permit) qualify for these points?

A: Yes, projects which are located on such sites would qualify for the points associated with this question.

Q: In the Q&A last year, HCR provided guidance on scoring details for the mixed income points under LIHC. Will the methodologies be the same for this year?

A: For the UF 2014 application round, HCR will be utilizing the following methodology will be used for this LIHC scoring criteria:

If 20% or more of the residential units in the project will be affordable and targeted to households with incomes above 60% of area median income, the project will qualify for the maximum of five points.

If at least 15% but less than 20% of the residential units will affordable and targets to households above 60% of AMI, the project will qualify for 3 points.

At least 10% but less than 15%, the project will qualify for 1 point.

Q: Under the LIHC scoring for Financial Leveraging, we understand that two components of that overall 13-point scoring criteria have been modified since last year’s Unified Funding application round. Can you identify the changes?

A: While this scoring provision will retain its current 13 points (pursuant to Section 2040.3(f)(2) of the Qualified Allocation Plan, HCR has modified its scoring of Financial Leveraging as follows:

- i. For assessing the applicant's leveraging of non-HCR financing sources, HCR will now evaluate the overall amount of requested HCR funding per unit, as adjusted for unit size, rather than scoring only the basis of requested Low-Income Housing Credits per unit.
- ii. The point value of the overall HCR per unit request within the Financial Leveraging criterion has been increased to 4 points (last year, it was 3 points).
- iii. In raising this criterion by one scoring point, HCR eliminated the point available for projects demonstrating that 50% or more of credit equity proceeds would be made available during construction.

Q: Is SLIHC available for 4% LIHTC transactions?

A: New York State Low-Income Housing Tax Credits (SLIHC) for projects financed by private activity, tax-exempt bond and federal 4% Low-Income Housing Credit are available under a separate Request for Proposals issued by the New York State Housing Finance Agency component of Homes and Community Renewal. Please see HCR's website at: www.nyshcr.org/Funding/HWFSLIHC/.

The SLIHC available under that RFP is subject to competitive (i.e., scoring) review and the timeframes in the referenced Request for Proposals, though the SLIHC would be available at the approximate 4% rate, mirroring the 4% federal tax credit.

Medicaid Redesign Team (MRT) Projects:

Q: Do HTFC design standards apply to MRT projects?

A: No, HTFC design standards do not apply to applications requesting MRT funds, unless the application also requests HTF or HOME funds. However, all UF applications must meet heightened energy efficiency standards.

Q: What are the requirements to be eligible for funding under the Medicaid Redesign Team (MRT) Housing Capital Program and the Medicaid Redesign New York/New York III Projects Supportive Housing Goal?

A: To qualify for funding under these funding opportunities applicants must:
1) demonstrate that they have met the definition of a Supportive Housing Project as described in Section 2040.2(u) of the Qualified Allocation Plan, and

2) provide a letter from the city, State or federal agency that will be providing the service subsidy to the project substantiating that the targeted population has historically high Medicaid cost and that the proposed project will reduce those costs.

*NOTE: Medicaid Redesign New York/New York III Projects are not required to provide a capital financing commitment from the agency serving the special population IF the proposed project relies on a NY/NY III services only commitment from a New York State Agency participating under the NY/NY III agreement

Q: Is there an MRT project funding cap?

A: MRT funding awards are capped at \$125,000 per unit.

Q: Are MRT funds considered HCR funds?

A: Yes, MRT funds are considered HCR funds.

Q: What is the loan term and interest rate of Medicaid Redesign Team (MRT) loans?

A: MRT loans will be coterminous with the LIHC or SLIHC Regulatory Agreement, or 30 years if the project is not subject to a LIHC or SLIHC regulatory agreement. MRT permanent loans will have a 1% interest rate payable out of cash flow with principal and any unpaid interest due at the end of the term..

Mitchell-Lama Program

Q: Do HTFC design standards apply to Mitchell-Lama projects?

A: No, HTFC design standards do not apply to applications requesting Mitchell-Lama funds, unless an application also requests HTF and/or HOME funds. However, all UF applications must meet heightened energy efficiency standards.

Q: Are Mitchell-Lama funds considered HCR funds?

A: Yes, Mitchell-Lama funds are considered HCR funds

Q: What is the loan term and interest rate of Mitchell-Lama loans?

A: Mitchell-Lama loans will be coterminous with the LIHC or SLIHC Regulatory Agreement, or 30 years if the project is not subject to a LIHC or SLIHC regulatory agreement. Mitchell-Lama permanent loans will have a 1% interest rate payable out of cash flow with principal and any unpaid interest due at the end of the term.

Rural and Urban Community Investment Fund (CIF) Program

Q: Are there restrictions on the sources for the required matching funds for Community Investment Fund projects?

A: CIF matching funds may not be in-kind contributions, and matching funds should come from a source other than HCR (HTFC, DHCR, HFA, SONYMA).

Special Populations/Supportive Housing Projects:

Q: The Qualified Allocation Plan states that scoring on the fully accessible and adapted, move-in ready units will be based on "whether the applicant has provided evidence that there is sufficient market demand for the number and type of units proposed..." Is the applicant required to demonstrate sufficient market demand for these units in the Market Study?

A: No. Market demand for these fully accessible and adapted, move-in ready units should be demonstrated by documentation from a supportive services agency that serves persons who will benefit from these units. This documentation should indicate that the supportive services organization is prepared to refer to the project a sufficient number of potential tenants needing the fully accessible and adapted units. Include this documentation in Attachment B10 of the application.

Q: For determining the points for having 15% special needs units, do you round at all when calculating? For example, for a 67 unit project with 10 special needs units, the percentage of units serving special needs populations equals 14.93%. Does that meet the requirement, or would it need to be 11 units (which would equal 16.42%)? The special needs population is singles and currently the design only has 10 studio apartments which is why we would not automatically go to 11 units.

A: In order to obtain the scoring points for units serving Persons with Special Needs, the project must provide such a preference for at least 15% of the units; no rounding up will be accepted for scoring purposes. In the example provided above, the project would need to provide 11 units for persons with special needs in order to qualify for the scoring points. This standard of not rounding up applies to any

other threshold eligibility or scoring provisions (such as fully accessible, adapted, move-in ready units) requiring specific percentages of units.

Q: The RFP states that for a project to be considered a Supportive Housing Project it must meet the definition as described in Section 2040.2(u) of the Qualified Allocation Plan. One of the requirements in that section states that the application must demonstrate a firm commitment for capital financing from a governmental agency serving the proposed target population. Is there a minimum amount of capital financing required?

A: Yes. To qualify as a Supportive Housing Project, applications are expected to demonstrate a development financing commitment equal to at least 50% of the total project cost for each unit serving the targeted population.