

# Unified Funding 2016

## Questions and Answers

### **Architecture and Engineering:**

*Q1: Prior to submitting an UF 2016 application, if the applicant knows that the project triggers Davis Bacon regardless of the HCR funding sources requested, is the applicant still required to complete the Davis Bacon worksheets in Attachment B2 – Construction Cost Estimates?*

A: Yes. Should certain wage rates rise (or fall), causing a change in the construction cost post award, HCR will have baseline information on the rates in effect at the time of application.

### **Middle Income Housing Program (MIHP):**

*Q1: Is there a per unit limit on MIHP funds?*

A: There is no per unit limit on MIHP funds which may be requested but MIHP should not exceed the per unit Total Project Cost. It is expected that the MIHP units can and should support conventional debt.

### **General LIHC/SLIHC:**

*Q1: Are proposed projects located in 2016 HUD-designated Small Area Difficult Development Area's (SADDA) eligible for the 30% boost in eligible basis under the Low-Income Housing Credit Program?*

A: Yes, a project located in a 2016 SADDA (see the UF 2016 Reference materials located at <http://www.nyshcr.org/Funding/UnifiedFundingMaterials/2016/UF-2016-Reference-Materials.pdf> or <https://www.huduser.gov/portal/datasets/qct.html>) is eligible for a boost in eligible basis if necessary to ensure financial viability. Per federal rules, should HUD not designate the area in which the project site is located as a 2017 SADDA, the project would continue to be eligible for the boost in eligible basis if it obtain a carryover allocation no later than two years after the date a complete application was submitted to HCR.

*Q2: Is a Housing Authority an eligible applicant for the LIHC program?*

A: Yes, a Housing Authority, or a corporation affiliated with the Housing Authority, is an eligible applicant for the LIHC program.

**Underwriting:**

*Q1: The RFP term sheets for Housing Trust Fund, HOME, MIHP, and SHOP state the 1% interest is payable from cash flow. Do applicants have to show the 1% interest being paid above-the-line in the operating budget?*

A: Applicants requesting any of these sources in conjunction with LIHC or SLIHC, must budget 1% interest as above-the-line debt on HTF, HOME, MIHP and SHOP loans. While this is soft, cash-flow contingent debt which is only payable to the extent there is income available after the payment of all operating expenses, required reserve contributions, and conventional bank debt service, HCR underwrites the debt as payable, above-the-line. It is payable ahead of all subordinate debt, including deferred developer fee loans.

1% debt service is not required in subsidy only projects that do not include LIHC or SLIHC. Subsidy funds in non-tax credit project will be structured as 0% interest loans.