Unified Funding 2016
Questions and Answers

<u>Architecture and Engineering:</u>

Q1: In the Mandatory Energy Efficiency Strategies section, it says that applicants must meet "all energy code requirements in effect at the time the building permit is issued." However, in NYC, DOB requires and reviews against the energy code requirements in effect at the time of filing with DOB. It is not feasible to have our building department filed/approved plans meeting one standard and at the same time meet an HCR standard for a different requirement.

A: The intent of this requirement is to coincide with the requirements imposed by EPA ENERGY STAR and NYSERDA programs, both of which follow protocols established by EPA. These protocols are based on the building permit issued for the project, therefore the proper wording in our RFP should be *"the energy code that the building permit issued for the project is based on."* Therefore, we do not object with the utilizing the energy code that the building permit is based on if doing so does not run afoul of the EPA criteria.

Q2: Can a scattered site project qualify for the optional Green Building points for Passive House if only some of the houses will receive Passive Housing designation?

A: The wording of the RFP is "projects" may qualify for Passive House. Therefore, the entire project must meet Passive House in order to qualify for 5 points. Applicants proposing multiple buildings using different standards will be scored for compliance with the standards with the least amount of points. Therefore, the only scenario where the full 5 points may be awarded for utilizing multiple standards is a project that is proposing a portion of the buildings meeting Passive House and the remaining portion meeting the NYSERDA Comprehensive Option for Multifamily Affordable Buildings at the 31% energy savings target. Please note that this NYSERDA program is only applicable to occupied rehabilitation projects.

Q3: Can service and common space exceed your 25% common area maximum in an ESSHI project?

A: All projects, including supportive housing projects, must comply with the residential shared common space limits established in the HTFC Design

Handbook. If there are compelling reasons to exceed these limits, the project may request a waiver in accordance with our waiver policy.

Q4: Will a project be required to meet the HTFC Design Handbook if the project's financing package includes LIHC, SLIHC, SHOP and MIHP and does not have any HTF or HOME funds?
A: A project which financing includes LIHC, SLIHC, SHOP and MIHP is not required to meet the HTFC Design Handbook requirements. However, the project would be required to meet the HTFC Design Handbook square footage area requirements and the other design requirements listed in the RFP and CPM.

General LIHC/SLIHC:
Q1: Is the 9% LIHC set aside requirement for ESSHI projects for at least 30% of the units to be reserved for persons with special needs applicable to the Early Award ESSHI project?
A: Yes. In order to reach the goal of producing 6,000 new supportive units in the next 5 years, applicants must propose at least 30% of the units to be reserved for persons with special needs. All supportive units must have already received a Conditional Award Notification for service and operating subsidy consistent with the UF 2016 RFP.

Q2: Is there a place to see where the points are itemized so applicants can see how much each section is worth?
A: Please refer to the UF 2016 RFP Term Sheets "Scoring Criteria" for the point allocation for each funding program. For LIHC and SLIHC projects, the scoring provisions are also itemized by the points available under each section in the 9% LIHC QAP and SLIHC Regulation, respectively, located on our website at: http://www.nyshcr.org/Programs/LIHC/ and http://www.nyshcr.org/Programs/SLIHC/.

Q3: What qualifies as "local implementation measures" for the purposes of project readiness scoring?
A: HCR will consider the following as evidence of local implementation including but not limited to a documented rental or operating subsidy; infrastructure improvements; real property tax relief; financing assistance; land donations; fee waivers and rezoning (including as-of-right zoning).

Q4: Developers are finding that local government support for affordable housing in some localities is being reduced in instances of local opposition to a project, and that tangible local government support (i.e., PILOT agreements) is less available than it once was. Will HCR recognize the increased difficulty in demonstrating local support in reviewing applications?
A: HCR does not consider the lack of local support as an issue by itself but the inability to demonstrate tangible local support and implementation measures taken on behalf of the project by the locality will impact scoring and competitiveness.

Q5: M/WBE goals result in added project costs due to the limited supply of qualified contractors in some parts of NYS. Can we address this directly with ESD?
A: HCR is aware of this issue. For more information, please contact Wanda Graham, Director of the Office of Fair and Equitable Housing at feho@nyshcr.org.

Q6: How high a percentage of two bedroom units will HCR consider funding in a senior project?
A: In general, HCR expects to see no more than 15% two bedroom units in senior projects. Any application proposing the inclusion of two bedroom units in a senior project will need to present HCR with a compelling programmatic rationale for why a higher percentage of two bedroom units are warranted, as well as a market study demonstrating very strong market demand for the two bedroom units.

Q7: Does HCR still have a preservation set-aside in the current round?
A: There is no set-aside in the current round for preservation projects. Projects can still meet the QAP definition of a preservation project and will compete against the general pool of applicants.

Q8: Is a senior project with PBV's required to be occupied by tenants 62 years of age or older or is 55+ acceptable?
A: The maximum request for PBV's is 25% of a project's total units. Exceptions to the 25% limit are permitted for units that will house: 1) the elderly (62 years or older); 2) the disabled; 3) those where one or more members will participate in a program of supportive services generally equivalent to HUD "Family Self-Sufficiency" programming throughout the term of the PBV Housing Assistance Payments (HAP) contract. Please contact the PBV administrator and the Fair and Equitable Housing Office for more information.

Q9: Will HCR provide development financing for the development of units for the developmentally disabled without a commitment of development financing from New York State Office for People with Developmental Disabilities (OPWDD)?
A: HCR relies on OPWDD to prioritize housing investments that will best serve New Yorkers with developmental disabilities. If OPWDD has not provided a capital commitment to a project, it indicates that the project sponsor either has not discussed the project with OPWDD or that OPWDD considers the project to be a lower priority investment. Accordingly, projects serving persons with development disabilities that do not have a commitment of capital subsidy from OPWDD will be a lower priority investment for HCR.

Q10: What is the difference between "construction financing" and "permanent financing"? The RFP, for example, mentions that CIF funding is generally available only for permanent financing, but HCR may consider the use of CIF funding for construction financing if alternative sources of funding are unavailable (p. 40 of RFP).
A: Construction financing is used during the construction phase of the project and then is replaced or "taken out" with permanent financing. HCR typically only provides permanent financing but we will consider the use of CIF funding for both construction and permanent financing if alternative sources of funding are unavailable.

Q11: When using Homeless Housing Assistance Corporation (HHAC) as a source of permanent financing, should we show HHAC as a source of construction financing?
A: Yes. HHAC has requested that all projects that have received an HHAC Award are shown as a Permanent Financing Source on Exhibit 3. The HHAC Award should show the same amount as a Construction Financing Source with a 1% interest rate during construction.

Q12: Is the Commissioners Determination on High Cost projects still available for UF 2016?
A: All prospective UF 2016 applications are subject to the cost considerations as described in the UF 2016 RFP Section VI. Evaluation and Selection Process, E. Cost Considerations. High Cost Projects are defined as projects that average above 130 percent of the cost region median for the three cost measures listed in this section. A High Cost Project can only be funded if a determination is made by the

Commissioner finding the project to be in furtherance of the State's housing goals. Without such a finding, the project application is ineligible for funding. The amount of 9% LIHC and SLIHC that will be available for High Cost Projects will be limited to no more than 10 percent of the credit allocated during the funding round. For non-LIHC project applications, the total amount of subsidy that will be made available to High Cost Projects will be limited to no more than 10 percent of that subsidy source awarded during the funding round. Please note, the agency is in no way obligated to fund any High Cost Project and is very concerned about the cost of projects in general.

ESSHI:

Q1: How should an ESSHI application evidence the Conditional Award Notification if the Award was to an entity other than the HCR applicant?

A: A letter from the Conditional Award Notification Awardee to the HCR applicant should be included in the application which details the relationship between the entities and how the Service and Operating funds will flow into the project.

Q2: Which special population codes should be used for the ESSHI populations?

A: Please use SHARS code 06 – persons who are homeless for **ALL** ESSHI populations.

Q3: What are the underwritten rents that ESSHI units should target? Is it similar to the requirement in the SHOP term sheet that states "Applicants should underwrite rents for supportive housing units at an amount affordable to households earning 50% AMI."

A: Similar to SHOP, a 50% AMI rent is the **minimum** requirement. Nothing prohibits an applicant from using higher AMI rents, but a sufficient rental subsidy to make rents affordable to the supportive unit households must be available.

Supportive Housing Opportunity Program (SHOP):

Q1: In the SHOP term sheet it says "Applicants should underwrite rents for supportive housing units at an amount affordable to households earning 50% AMI." Is underwritten rents of 50% AMI the minimum requirement, the maximum requirement or does it have to be exactly 50% AMI?

A: A 50% AMI rent is the **minimum** requirement. Nothing prohibits an applicant from using higher AMI rents, but a sufficient rental subsidy to make the rents affordable to the supportive unit households must be available.

Q2: Please clarify the minimum percentage of supportive housing units needed in order to be eligible for the SHOP program, the ESSHI Early Award and the 9% LIHC Supportive Housing Set-Aside.
A: The RFP establishes a $4 million 9% LIHC Set-Aside for Supportive Housing. In general, Supportive Housing Projects must provide a preference for 25% of the project units for persons with special needs. However, the ESSHI Supportive Housing Projects must provide a preference for 30% of the project units for persons with special needs. There is no set-aside for the SHOP program. The SHOP program requires that total supportive housing units must be at least 30% of the total units in the project and should not exceed 60% of the total units in the project.

Q3: Is SHOP funding available for only 5 years? How long is SHOP funding available?
A: This question confuses SHOP with ESSHI Service and Operating funding available through the Empire State Supportive Housing Initiative, Inter-Agency Service and Operating Funding Opportunity RFP. ESSHI funding is available for a 5 year contract term. SHOP is a capital financing source used to cover the development cost of supportive housing projects. Please see the SHOP term sheet in the UF 2016 RFP for further information on the SHOP program.

Q4: Does the $150 million SHOP allocation also finance 4% LIHC/tax-exempt bond financed projects administered by HCR through the New York State Housing Finance Agency (HFA)?
A: Yes. There is no pre-set amount of SHOP program funding designated for 9% LIHC/capital projects made available through the UF 2016 RFP and for 4% bond projects. The $150 million will be divided between capital and 4 % bond projects based on demand and application quality.

Q5: Is SHOP limited to the homeless target population?
A: Please refer to the target population definitions found in the SHOP term sheet in the UF 2016 RFP which provides further details about the eligible target populations.

Q6: What is the operating reserve capitalization requirement for SHOP projects?
A: The same requirement as applicable to LIHC projects – the reserve must be capitalized at the lesser of 1% TDC or 50% of gross rents.

Q7: Can SHOP be used to capitalize the replacement and/or the operating reserve?
A: Yes.

Q8: What is replacement reserve capitalization requirement for SHOP projects?
A: $1,000 per unit.

Q9: What is the annual operating reserve contribution requirement for SHOP projects?
A: There is no annual operating reserve contribution required.

Q10: What is the annual replacement reserve contribution for SHOP projects?
A: $250 per unit.

Q11: If a SHOP project does not include LIHC financing are the reserve requirements different?
A: No. The requirements outlined above apply to any SHOP project.

Q12: Are there any restrictions on what development costs SHOP can pay for?
A: SHOP may be used for typical development costs – soft costs, hard costs, acquisition, etc. It may not be used to cover the cost of services or to provide a rent subsidy.

Q13: Can MIHP be used with SHOP funds?
A: Yes.

Q14: The RFP has two different terms for SHOP funds – on page 29 the SHOP loan term is 30 years and on page 32 the Regulatory Agreement requirements are for a minimum of 40 years. What is the term of SHOP funds?
A: SHOP mortgages would typically match the first mortgage or be at least 30 years. The regulatory agreement though is longer, 40 years, because HCR has to protect the continuation of use for the supportive units for the same term as OMH previously did.

Q15: The "Additional Eligibility Criteria" for the SHOP Program indicates that "Total supportive housing units….should not exceed sixty (60%) percent of the total units in the project" (p. 32 of the RFP). Does this mean that we would be ineligible to apply under this program for our ESSHI project, which involves the operation of new permanent supportive housing units which proposes 100% supportive housing units?
A: The SHOP program requires that total supportive housing units must be at least 30% of the total units in the project and should not exceed 60% of the total units in the project. There are other HCR funding sources which do allow up to 100% of the units to be supportive housing units. Please refer to the RFP for how to contact HCR for Technical Assistance.

Middle Income Housing Program (MIHP):
Q1: Can MIHP be used for housing for 55+ or elderly?
A: Yes.

Rural and Urban Community Investment Fund (CIF):

Q1: One possible supportive housing project we are considering may have a commercial use component. The CIF program funds mixed-use affordable housing projects. However, under "Eligible Applicants" it states that: "Applicants requesting CIF funding for retail, commercial or community facility components of eligible mixed-use affordable rental projects must demonstrate successful past experiences in developing and managing mixed-use affordable housing projects in comparable markets." If we do not have prior experience developing mixed-use affordable housing (our experience has been with developing single-use supportive housing units) are we ineligible for CIF funds?
A: Mixed-use projects present different risks and challenges than traditional all affordable residential projects. As such, the agency recommends that applicants without experience developing non-residential mixed-use projects partner with development entities with such experience.

Clarification:
In the September 21, 2016 Question and Answer, Underwriting Question 2 has been clarified to read:

Q2: How should we treat a project that checks the box in Exhibit 1 to request either HTF or HOME if 9% LIHC is proposed?

A: The HTF/HOME funds must be shown as construction financing in the application's development budget in the event that HOME is awarded to the project.