

Unified Funding 2016

Questions and Answers

Architecture & Engineering:

Q1: Does the HTFC Design Handbook apply to a project that is a CIF stand-alone (i.e., CIF funds are the only capital funds awarded by HCR and there is no new residential component but project is located in close proximity to, and serves, existing HCR-financed developments)?

A: If the project is a CIF project with only commercial space, the HTFC Design Handbook does not apply.

Q2: Do the Green Building points apply across all funding programs, i.e., are HTF standalone projects eligible for the optional Green Building points?

A: Yes, the Green Building points are available for all UF programs listed in the RFP.

Q3: Are there any incentives from HCR or other entities if projects propose meeting the Passive House Requirements, since meeting the Passive Housing requirements increase costs?

A: There are no additional incentives from HCR to cover additional costs associated with Passive House development. However, there may be opportunities to achieve increased incentives from NYSERDA for incorporating Passive House standards. It is recommended that the project energy consultant investigate the incentive options available under NYSERDA's Low-Rise and Multifamily New Construction Programs for Passive House compliance.

Q4: What capital programs are subject to the HCR Design Handbook requirements?

A: Please refer to the "Design Guidelines" section of each programs term sheet in the UF 2016 RFP and the HTFC Design Handbook for further guidance.

Early Award Housing Goal Projects:

Q1: Under the Workforce Opportunity Goal, Housing Opportunity Project, the RFP references that applicants will be eligible for a basis boost. Is there a process applicants should take in order to run with this assumption in the proforma?

A: The RFP states “Applications that clearly advance this [Housing Opportunity] goal will be eligible for a 130% basis boost authorized by the Housing and Economic Recovery Act of 2008.” HCR requires submission of a complete application before making a determination whether a project clearly advances the Housing Opportunity Goal, requires the boost as part of its financing plan and is therefore eligible for the 130% LIHC basis boost. Prospective early award applicants should carefully review all the criteria under the Housing Opportunity Goal before submitting an early award application, particularly if a proposed financing plan relies on the 130% boost. Pertinent application exhibits (such as the development budget) submitted as part of the comprehensive UF application may reflect the proposed boost.

Q2: Can a single development team submit more than one Early Award application?

A: HCR is generally cautious about the ability of a single development team to successfully take on more than one project in a single funding round. The RFP states that for all applications, both Early Round and Standard Round, “HCR will... carefully consider the capacity of development teams to undertake more than one project within a single funding round. HCR will consider making more than one award to the same developer or development team within a single round based on the past performance of the developer or development team. The agency will also take into account the extent to which the project advances State housing goals articulated in this RFP.” The Early Award section of the RFP further states, “In evaluating a project’s readiness to proceed to construction, HCR will consider the development team’s past performance in the delivery of units on time and on-budget in addition to project-specific indicators such as status of local approvals, relative complexity of the proposed transaction, including whether a project must comply with National Environmental Policy Act (NEPA) requirements, and status of financing commitments.”

Based on the foregoing statement, prospective applicants should realistically consider their past performance on HCR awarded projects and the specific challenges of prospective projects before submitting multiple Early Award applications. Based on the specific circumstances, prospective applicants may be better served by taking additional time to develop and submit a high quality standard round application rather than multiple Early Award round applications.

Q3: In NYC, the Early Award construction financing closing deadline is now 180 days from award. Isn't that the same amount of time within which HCR wants projects to close in the regular round. Is HCR extending the amount of time for projects to close in the regular round too?

A: HCR's expectation that a project located in NYC close on construction financing within 180 days of authorization of a funding award is applicable only to Early Award round projects. The construction closing timeframe for Standard Award round projects is subject to HCR's consideration of the timeframe set forth in the project application's Development Timetable as substantiated by other documents in the application.

Q4: What are a "significant" percentage of two and three bedroom units under the HOP Early Award goal?

A: For Early Award Housing Opportunity Projects, the project must have at least 60% of units with two or more bedrooms; or at least 50% of the units must have two or more bedrooms provided at least 15% of total units provide 3 or more bedrooms.

Q5: Can funding sources be pending on an Early Award application?

A: Early Award projects must demonstrate that the project will be able to proceed to construction within 120 days of award, or within 180 days of award if the proposed project is located in the City of New York. HCR will consider the development team's past performance in the delivery of units on time and on-budget in addition to project-specific indicators such as status of local approvals, relative complexity of the proposed transaction, including whether a project must comply with National Environmental Policy Act (NEPA), and the status of financing commitments. As part of its review process HCR will consult with other funding

sources cited in the development budget as necessary to determine whether the project will be able to proceed to closing within the timeframes specified in the RFP.

Empire State Supportive Housing Initiative Projects (ESSHI):

Q1: An ESSHI application can be either early round or regular round?

A: Yes.

Q2: Can SHOP be applied for through the Open Window RFP and the Unified Funding RFP?

A: Yes.

Q3: For ESSHI applications, is it important to document ongoing funding for operations and supportive services?

A: Yes.

Q4: What is the deadline for projects with conditional ESSHI awards?

A: The Early Award deadline for applications proposing Supportive Housing Projects that have received Conditional Award Notifications through the Empire State Supportive Housing Initiative, Inter-Agency Service and Operating Funding Opportunity RFP is Tuesday, November 8th, 2016.

Q5: We have applied for Service and Operating Funds through the Empire State Supportive Housing Initiative, Inter-Agency Service and Operating Funding Opportunity RFP. However, the development also seems to fall under the following category for the October 6 funding round: 1. Revitalization and Economic Development Goals, a. Mixed-Income. If we wait until announcements are made for the Service and Operating Funds, we will be time crunched to submit for the October 6th deadline. Should we submit the application on October 6th and let the agency decide which round it would like to process it under?

A: If an applicant wants to be considered under any of the Early Award goals other than ESSHI, the RFP states that the applicant must submit their application by the October 6th deadline. Applicants seeking to be considered solely under the Early Award ESSHI goal must submit their application by the November 8th deadline. However, applicants asking to be considered under the ESSHI housing goal and

another policy goal, must submit an application requesting consideration under both goals by the October 6th deadline.

LIHC/SLIHC – General Questions/Scoring:

Q1: We are proposing a development that is near an active rail line. What is HCR's policy on proximity to active rail lines?

A: The RFP states that HCR will consider the proximity of a proposed project to locally undesirable land uses. In general, a rail line is considered by the agency to be a potentially undesirable land use. As such, if an applicant is proposing a project within one-quarter mile of a rail line, the applicant must provide documentation demonstrating that the rail line poses little potential risk for prospective residents after considering the volume and speed of traffic on the line; types of cargo carried; physical features in the surrounding area that would mitigate any potential risk; and any project design features that would mitigate any potential risk.

Q2: There is a new provision in Section 1.A. of the RFP that says "applicants are obligated to inform HCR if there are any material changes to applications subsequent to submission." Are applicants supposed to inform HCR during the HCR application review process? And who are the applicants supposed to inform? And how does this reconcile with the instructions to not have communications with HCR staff during the review process?

A: HCR will only consider information that would negatively impact the project as part of its review considerations. For example, applicants must disclose any loss of funding source(s), or failure to obtain the necessary local approvals. Subsequent to application submission, applicants should send the disclosure materials to UnifiedFundingModification@nyshcr.org.

Q3: What is HCR's policy on the 130% basis boost?

A: HCR's policy for the provision of a 130% boost in eligible basis to 9% LIHC funded projects is set forth in the QAP and UF 2016 RFP. The QAP defines a State Designated Building as a building receiving LIHC that is determined to advance the State's affordable housing goals and policies and that is designated by the Agency as requiring an increase in credits up to an amount necessary to ensure financial feasibility as if the project were located in a DDA. HCR, in the annual RFP, has identified Early Award Housing Opportunity Projects as the State housing goal

under which a project may qualify for the boost. Applicants should seek HCR technical assistance and carefully review the RFP criteria for Housing Opportunity Projects to ensure that the project advances this goal and requires the basis boost to ensure financial feasibility.

Q4: For Application Exhibit 8, Part B1, Building Characteristics, for occupied units it asks “indicate whether relocation of residential tenants will be required.” Does this mean temporary or permanent relocation of tenants?

A: It means either temporary or permanent relocation. A tenant relocation plan (Attachment D5 – Occupied Project Information) must be provided for any project that involves the rehabilitation of an occupied building which will involve either the temporary or permanent relocation of tenants.

Rural and Urban Community Investment Fund (CIF):

Q1: Can a non-residential project be funded with CIF that is not typically connected to an affordable housing development?

A: Yes. However, applicants must discuss and receive approval for the proposal from HCR prior to application submission and demonstrate that the following three conditions have been met:

- 1) The proposed non-residential use is within close proximity to the affordable housing development;
- 2) The proposed use will clearly serve the needs of the residents in the proximate affordable housing development; and,
- 3) There is a shared ownership interest between the non-residential property and the nearby affordable housing development.

Housing Development Fund (HDF):

Q1: What’s the amount of funding available for the HDF program? Is there a per-project or per-unit cap?

A: No specific amount of HDF funding available for the UF 2016 funding round has been established. However, applicants considering applying for HDF as a construction financing or bridge loan should schedule a TA session to review the proposal and proposed HDF financing amount.

Middle Income Housing Program (MIHP):

Q1: Describe the 15% income targeting allowed in the MIHP program.

A: For those MIHP project located in a QCT or transitional neighborhood, HCR will allow a 15% rent advantage for middle income tenants similar to the 9% LIHC Mixed Income Initiative, rounded up to the next decile. For example, a unit with a rent set at 100% AMI can be rented up to 115% AMI. The maximum income allowed will be rounded up to the nearest decile. For example, a unit with a rent affordable at 81% AMI can be rented to households up to 100% AMI (81% + 15% = 96%, rounded to 100% AMI).

Q2: Can MIHP and SLIHC be used for the same units?

A: Yes, MIHP and SLIHC can be used for the same units up to 90% AMI.

Underwriting:

Q1: How should projects requesting HOME only structure the HOME funds? Do they need to be shown as a construction source?

A: No. Projects requesting just HOME funds do not need to use HOME funds as construction financing. Only projects requesting both HOME and 9% LIHC must use HOME as construction financing.

Q2: How should we treat a project requesting 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.

Q3: How should the construction financing fees be structured for HOME/LIHC projects? What funds can be used to cover the fees associated with a HOME construction loan?

A: Per Section 5.13.02 of the CPM, when HCR provides construction financing in a project also financed with LIHC or SLIHC, a construction loan closing fee of \$2,500 to reimburse HCR legal expenses, and a construction monitoring fee of \$15,000 will be charged to cover HCR's inspection costs. These fees may not be paid out of

HCR's construction loan; credit equity proceeds or non-HCR financing sources must be utilized for this purpose at the time of must be paid construction loan closing.

Q4: How will the HOME construction financing be structured?

A: HOME funds will be loaned at a 0% interest rate with the fees specified in Section 5.13.02 of the CPM.

Q5: How does HCR underwrite multi-phased projects?

A: See Section 5.03.02 for information on multi-phased site acquisition and Section 5.05 (iii) for information on multi-phased project costs.

General:

Q1: Is there an increased effort at coordination for applications that have sources with different funding cycles, specifically FHLB?

A: Yes.

Q2: When will the Federal Housing Trust Fund be rolled out?

A: The Federal HTF funds are expected in early 2017. It is anticipated about \$7 million will be available.

Q3: Does HCR offer any financing programs for site acquisition alone?

A: No.

Fair Housing:

Q1: In NYC, HPD conducts a lottery for 50% Community Preferences. How will this be handled elsewhere? Will a policy be implemented?

A: ALL requests for community preferences, i.e. local, municipal worker, etc. will be required to respond to three questions:

- 1) What is the geographic area for the Community Preference?
- 2) What is the reason for having a Community Preference?

- 3) How do you plan to periodically evaluate your Community Preference to ensure that it does not perpetuate a discriminatory impact on protected classes?

In addition to providing responses to these questions, the requestor should be prepared to describe the extent of the preference (i.e. will the preference be effective only at initial lease-up; what percentage of units will be set-aside for the preference), as well as provide demographic information (i.e. census data) supporting that the proposed preference would not have a discriminatory effect on protected classes in violation of federal, state and local civil rights and fair housing laws.