

SUMMER 2008 HTF FUNDING ROUND – QUESTIONS AND ANSWERS

Housing Trust Fund/ Summer Funding Round Basics - Questions and Answers

Q: Will the material on the website give more detail on the 10 points for collaboration?

A: Yes, please refer to page 21 of the RFP document on the website for a description of how these points will be awarded. However, in general, points will be awarded based on the extent of documented financial commitments, as a percentage of project total development cost, from federal, state or local government partners. Applications for which documented firm commitments from these other sources equal at least 70% of the project's total development cost will receive the most points. Applications which document a lesser percentage of such commitments will be awarded fewer points.

Q: What is the definition for a preservation project?

A: A preservation project is a residential rental project which is rehabilitated to extend its useful life to serve as affordable housing and the project averts the loss of affordable housing currently serving the needs of a population whose housing need would justify its replacement if it ceased to be available to that population. Further information about the requirements applicable to preservation projects in the Summer 2008 funding round is provided in section IV. B. of the RFP.

Q: Can applicants who received awards in prior Unified Funding rounds submit applications in the Summer 2008 round to cover construction increases which their projects have experienced since the awards were made?

A: No, DHCR and HTFC have policies for considering increases in awards to projects which have previously received awards. Applicants who want to submit requests for additional DHCR/HTFC funds for projects which received prior awards should refer to the Increase Policy described in section 3.11 of the Capital Programs Manual which is available on the DHCR website.

Awardees whose projects are experiencing a funding gap as a result of the loss of tax credit equity due to market conditions beyond the control of the awardee should refer to the Increase Guidelines for Credit Equity Loss on the DHCR website at:

http://nysdhcr.gov/Programs/LIHC/LIHC_Add_Fund.htm.

Q: Can applicants whose applications did not receive awards in the 2008 Unified Funding round apply for funding in the Summer 2008 round?

A: Yes, these applicants may re-submit an application which was not previously funded, but we will expect to see maintenance of effort with regard to the funding sources which were part of the financing for the initial application. Specifically, the amounts and sources of funding from other sources needed to complete the project must be equal to or greater than the sources and amounts included in the initial application.

Q: Can applicants include a request for Urban Initiatives (UI) or Rural Area Revitalization Projects (RARP) Program funding in their Summer 2008 application?

A: Yes, Summer 2008 round applicants can include a request for UI or RARP funds in their Summer 2008 HTF application.

Q: Can applicants include Infrastructure Development Demonstration Program (IDDP) funds in a Summer 2008 funding round application?

A: Yes, applicants who are interested in including funds from the IDDP program in their project should refer to the NYS Housing Finance Agency website at www.nyhomes.org for further information regarding program eligibility and application requirements.

Q: If a public source of funds an applicant proposes to use triggers Davis-Bacon, would DHCR rather see a higher request for HTF funds in order to demonstrate collaboration and leveraged funding?

A: Points for collaboration will be awarded on the basis of the extent of documented financial commitments, as a percentage of project total development cost, from federal, state or local government partners. If a proposed source of federal funds for the project triggers Davis-Bacon, requesting additional HTF funds to pay for the increased construction cost would be allowed. However, applicants must be aware that HTF rating criteria for Subsidy Cost favors applications which request a lower amount of HTF funds relative to other applications. Also, the HTF rating criteria for Leveraging awards more points to applications which demonstrate a higher percentage of proposed non-governmental funding for both permanent and construction financing.

Applicants must balance feasibility and rating considerations in preparing an application for this funding round.

Q: Can you request more than the project maximum stated in Summer 2008 Request For Proposals?

A: Applicants are limited to a maximum per application Housing Trust Fund request of \$3.75 million.

Q: Is there a different per unit or per project cap on homeownership projects than on rental projects?

A: Applications proposing one-four unit projects which include a home owner unit are asked to utilize our HOME Local Program Administrator application. The HTF per unit limit for all other types of eligible projects, including condominium and cooperative units, is \$125,000 per unit. However, applicants should bear in mind that there are significant scoring incentives for applications that minimize reliance on HTF.

Q: What application should be used for a project requesting HTF under the Summer 2008 funding round in conjunction with financing from the NYS Housing Finance Agency (HFA)? (ADDED: 9/19/08)

A: Applicants proposing a project jointly financed with Housing Trust Fund and

NYS HFA funds must use the new joint HTFC /HFA Capital Project Application. This is a fillable paper application of Excel and Word files which can be downloaded from our website. The application can be found at the following link: <http://nysdhcr.gov/Apps/HTFC-HFA>. The current Homes for Working Families fillable paper application cannot be used for these projects, nor can the CDOL version of this application.

Q: What application should be used for a project requesting HTF under the Summer 2008 funding round in conjunction with tax-exempt bond financing from the NYC Housing Development Corporation? (ADDED 9/19/08)

A: Applicants proposing tax-exempt financing from the NYC Housing Development Corporation should use the Summer 2008 HTF Funding Round Capital Project Application. These applications may be submitted through the Community Development On-Line system (CDOL) or by completing the fillable paper version.

Q: What application should be used to submit a request for funding under the Homes for Working Families (HWF) Program? Are these applications being considered under the Summer Funding Round? (ADDED 9/19/08)

A: HWF applications may be submitted by using the Community Development On-line applications are not part of the summer funding round and they may be submitted at any time under the Open Window Process.

Q. Our company has made a commitment to be "green" and we are trying to reduce paper usage as much as possible. Is it acceptable to print the application exhibits and attachments as double-sided copies? (ADDED 9/30/08)

A. It is permissible to print individual exhibits and attachments double-sided. The requirement stated in the application instructions that exhibits and attachments must be separated by tabs still applies.

Design Considerations

Q: For an application which is a re-submission of an earlier application which was not funded, will any design waivers previously approved for the proposed project remain valid?

A: As long as the project submitted in the Summer 2008 round is the same project that was previously submitted but not funded, any previously approved design waivers would remain in effect for submissions in the Summer 2008 round.

Q: When should an applicant apply for a design waiver?

A: Applicants whose project will require a waiver from the requirements of the Design Handbook should submit a request for a waiver to Michael DeBonis at the DHCR Hampton Plaza office in Albany as soon as possible to allow sufficient time for review of the request prior to the October 2, 2008 application due date.

Q: Regarding 4% bond deals, which agency takes the lead in design reviews?

A: With projects receiving tax exempt bonds from the NYS Housing Finance Agency (HFA), HFA design requirements must be followed. If bonds will be issued by any other bond agency, DHCR/HTFC design requirements must be followed.

Q: It is necessary to have a contract with NYSERDA to get rating points for my application on the Energy Efficiency rating question, or would a contract with a NYSERDA modeling partner suffice? (ADDED 9/17/08)

A: A signed contract between the applicant and a NYSERDA approved Performance Partner would suffice to earn an application points on the Energy Efficiency question.

Underwriting Considerations

Q: Has there been any discussion with Rural Development regarding reserve requirements?

A: Yes. Generally, Rural Development has no requirement for the capitalization of reserves. Annual reserve contributions are required and are maintained as a single project reserve account.

Q: What is the replacement reserve for rehab/preservation projects?

A: If the project is currently under a DHCR/HTF regulatory agreement, the reserve requirements stated in the agreement apply. For new non-preservation projects, the annual contribution is .50 percent of total construction cost up to a cap of \$800 per unit. (\$400 per unit annually for elderly project) New preservation projects must follow current HTF reserve requirements.

Q: Question on timing for 4% deals, can these be ready by the end of the year?

A: Some projects are already beyond the “drawing board” stage. Developers who have not already done so should start working now with bond issuers and 4% housing credit agencies to secure commitments. We anticipate that there will be expedited reviews of the 4% applications and we expect to have our funds available for those successful projects. As such it is essential that applicants seeking HTF funds in combination 4% credit submit complete applications on or before October 2nd. We will also be working closely with bond issuing agencies and credit issuers to identify the projects which are most likely to close in 2008.

Q: Is the per unit cap on projects proposing the use of 4% tax credits at \$125,000 per unit, or \$35,000/\$45,000 per unit as in the Homes for Working Families program?

A: The per unit cap for requests during the Summer 2008 funding round is \$125,000 per unit. However, the applicants should bear in mind that there are significant scoring incentives for applications that minimize reliance on HTF.

Q: Will the underwriting standards be the same for projects using taxable bonds as for projects using tax exempt bonds?

A: Yes, if the taxable bonds are used in conjunction with 9% credits, and the tax exempt bonds are used with 4% as-of-right credits.

Q: When is a professional market study required?

A: Please refer to pages 7 and 8 of the Summer 2008 Request for Proposals. Applicants proposing projects within the City of New York may prepare a market analysis utilizing data from then most current "Housing NYC: Rents, Markets and Trends" report issued by the City of New York Rent Guidelines Board for inclusion on their application.

Q: Will HTFC/DHCR accept a market study that was prepared before the Summer 2008 funding round was announced?

A: Under the conditions listed on page 7 of the Summer 2008 RFP, applicants may re-use a previously submitted professional market study provided that it was completed on or after November 1, 2007. Market studies completed before November 1, 2007 will not be accepted.

Q: Do market analysts for all applications submitted in the Summer 2008 round have to be drawn from the agency's list of Pre-Qualified Market Analysts?

A: Applications which include 4% LIHC as a funding source and for which the LIHC allocating agency has already accepted a market study do not have to use a Pre-Qualified Market Analyst from DHCR/HTFC's list. Otherwise, market analysts for projects submitted in the Summer 2008 funding round must be drawn from the list of Pre-Qualified Market Analysts.

Q: Are market studies required for any application proposing a condominium or cooperative project?

A: Market studies prepared by a Pre-Qualified Market Analyst are required for any new construction condominium or cooperative project. Applications which propose the rehabilitation of an existing condominium or cooperative project should comply with the market study requirements on pages 7 and 8 of the RFP for the Summer 2008 funding round.

Q: What is the standard for Developer Fees which will be permitted in applications submitted in this round?

A: Up to 10% of the HTF request may be used to pay for a developer fee.

Q: Is the Developer Fee calculated on the basis of 10% of eligible costs, or 10% of the HTF requested amount?

A: Up to 10% of the HTF requested amount may be used to pay a developer fee for the project and this HTF expense may be included in the project development budget.

Q: Please review the Operating Reserve requirements. (ADDED 9/17/08)

A: For preservation projects regulated by HTFC, the operating reserve contribution must be at the level required by the current HTFC regulatory agreement. For all other projects, the applicant must annually budget and deposit in an operating reserve account an amount not less than 3% of the annually budgeted gross rent. Annual contributions to the Operating Reserve are required when the balance in the reserve is less than 50% of gross rent. In the case of tax exempt bond financed projects, HTFC may waive or adopt these requirements based upon the applicant's satisfactory demonstration of its necessity, or adopt the standards required by the bond issuer.

Q: Preservation projects of more than 15 units may waive the market study requirement by demonstrating a twelve month average project occupancy rate of 90% or greater. Is it necessary to provide 12 months worth of certified rent rolls as indicated in the RFP, in order to demonstrate the average occupancy of 90% or greater? (ADDED 9/23/08)

A: No. All preservation project applicants are required to complete Attachment D-5 Preservation Project Information, an Excel file consisting of 5 different worksheets. By completing the second worksheet "Monthly Project Occupancy History," and certifying the application, the applicant will be certifying the occupancy levels for the prior 12 months.

Q: Is it necessary for preservation projects to provide certified monthly project rent rolls for the prior two years as part of a market analysis? (ADDED 9/23/08)

A: No. Only the rent roll for the month of August 2008 must be provided by completing the first worksheet of Attachment D5, "Current Project Rent Roll/Rent Schedule." Monthly occupancy levels for the prior two years of operation are provided by completing the second Attachment D-5 worksheet, "Monthly Project Occupancy History." By certifying the application, the applicant is certifying the rent roll/occupancy information provided.

Q: Do preservation projects in NYC need to provide a market study if the twelve month average project occupancy is below 90%? (ADDED 9/23/08)

A: No. Preservation projects located in the City of New York may submit a market analysis rather than a professional market study. The analysis should address the probable causes of the vacancy problem, and how the proposed rehabilitation will improve occupancy levels.

SHPO and Environmental Questions and Answers

Q: Is SHPO review required if a proposed project involves an existing structure? If you are putting an addition onto the building to house an elevator, is SHPO review required?

A: Yes, SHPO must be consulted as early in the process as possible by submitting their "Project Review Cover Form" which asks for a project description, maps locating the project and photographs. See: <http://nysparks.state.ny.us/shpo/enviro/forms.htm>. SHPO's website provides more information.

Q: Is SEQR review required for a proposed project if review is not required by the local municipality to gain a building permit?

A: Yes, DHCR/HTFC as a state agency offering public funds must complete the SEQR and HTFC environmental review process. There are three SEQR scenarios:

- HTFC/EAU conducts the environmental/SEQR process after the HTF Board has awarded funding to a project/program. The project/program must go to a subsequent board meeting for SEQR resolution; the time frame depends on the Sponsor and how soon they get the required submissions to us.
- By concurring with a local entity (i.e., town board, local planning board, etc.) that wants to **or** has already completed a "**coordinated review**" for an **unlisted or Type I** SEQR action with a negative declaration. In this case, the project does not have to go to the Board meeting for SEQR resolution.
- Even when a previous, **uncoordinated**, SEQR review was conducted, HTFC/EAU must conduct its own SEQR review and recommendation to the HTFC Board for a resolution classifying the project as an unlisted or Type II action. (This requires approval of the HTFC Board at one of their meetings).

Relocation Questions and Answers

Q: What are an applicant's responsibilities regarding relocation of tenants in existing occupied properties to be assisted through the Summer 2008 funding round?

A: Relocation expenses are an eligible expense under the HTF program. The HTF statute prohibits the permanent involuntary displacement of existing tenants in a building proposed for rehabilitation. HTFC suggests that applicants proposing to rehabilitate occupied buildings refer to the HUD relocation requirements included in the HUD handbook available at the following link:

<http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/1378.0/index.cfm>

General Questions and Answers

Q: When will Small Projects Program applications be available?

A: The Small Projects Program application is available on the DHCR website at: <http://nysdhcr.gov/Apps/SmallProjects/>.

Q: Will DHCR be using any federal tax credits made available by the LIHC increase recently approved by Congress in the Housing and Economic Recovery Act of 2008?

A: There are no plans to award 9% LIHC to any projects for which applications are submitted during the Summer 2008 funding round. Applications submitted under the Summer 2008 HTF Funding round should not request 9% LIHC. No New York State Low Income Housing Credit will be available in the Summer 2008 round either.

Q: How common is it for seed money grants to be awarded?

A: Seed money awards are made to enable a not-for-profit applicant to assess the feasibility of a potential project. To receive an award, a project must meet program eligibility and rating criteria. A seed money application which is eligible to receive funds under the program requested, is well thought out and which demonstrates relative competitiveness on the requested program's rating system should have a good chance of receiving an award.