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Section: 3.0 UNIFIED FUNDING PROCESS

Sub Section: 3.01 Introduction

The Unified Funding (UF) Process has been adopted by the HTFC and DHCR to efficiently administer capital programs supporting affordable housing. The UF process is the method by which applicants may request full or partial funding and/or seed money from the HTFC and/or DHCR to undertake housing projects, and by which staff evaluates, recommends and processes projects for funding.

Through the UF process applicants may apply for funding from a number of DHCR/HTFC administered programs. However, application content, submission timeframes, and specific review steps will vary, depending upon the program(s) from which funds are being requested.

Applications for funds from the following programs will be held until the deadline date specified in the most recent DHCR/HTFC-issued Notice of Funding Availability (NOFA) (or NOCA for LIHC) and Request for Proposals (RFP), at which point they will be competitively reviewed with awards made according to specific timeframes as discussed later in this section:

- (i) Low Income Housing Trust Fund Program (HTF);
- (ii) New York State HOME Program (HOME);
- (iii) Low Income Housing Credit Program (LIHC);
- (iv) Rural Rental Assistance Program (RRAP) (application submitted in conjunction with an application for HOME or HTF and LIHC); and,
- (v) Residential Emergency Services to Offer (Home) Repairs to the Elderly (RESTORE).

As described in Section 3.07 below, applications may be submitted for the following DHCR programs at any time of the year, with awards being made on an ongoing basis, subject to funding availability:

- (i) Housing Development Fund Program (HDF);
- (ii) Homes for Working Families (HWF);
- (iii) New York State Low Income Housing Tax Credit (SLIHC);
- (iv) Urban Initiatives Program (UI);

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- (v) Rural Area Revitalization Projects Program (RARP); and,
- (vi) [Small Projects Program \(SPP\)](#).

However, applications under these programs which propose joint financing with HOME, HTF, RRAP and/or LIHC are subject to DHCR/HTFC's Unified Funding application submission deadline.

Subject to the availability of funds, additional programs may be made available through the UF process.

In addition to project funding from the above programs, subject to the availability of funds, DHCR/HTFC will accept applications at any time of the year for seed money. Seed money is available to not-for-profit applicants to assess the feasibility of a potential project, and/or retain professional services to assist in applying for capital project funding. Seed money is available only from the HTF and HOME Programs, and the specific programmatic requirements pertaining to seed money awards is discussed in the Program Descriptions contained in Section 2.00. The application review and funding process for seed money is described in Section 3.10.

Technical assistance may be requested at any time by not-for-profit applicants who wish to discuss a project or program that may result in a UF application or a UF project/program that may require additional assistance. Section 3.09 provides specific details on the various types of technical assistance which may be provided by DHCR and the process for technical assistance.

Applications submitted to undertake projects under the HTF and HOME Programs require a more detailed series of reviews than do other applications. Additionally, the volume of requests for funds from these programs requires DHCR/HTFC to use a competitive ranking system for these applications so that feasible and cost effective projects meeting State priorities are chosen. The application review and funding process for HTF and HOME projects is described in Section 3.02 below.

The application review and funding processes for the HDF, LIHC and RRAP Programs are described in Sections 3.04, 3.05, and 3.06, respectively.

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The application review and funding processes for UI and RARP are set forth in the latest addition of HTFC/DHCR's Unified Funding Programs Request for Proposals, which is issued annually. The application review process for these programs, as well as SLIHC and SPP, is also briefly described in Section 3.07.

In some instances (i.e., demonstration projects, response to disaster) some projects may be funded outside of the UF process if sufficient funds are available from program income or reappropriated recaptured funds. This is discussed in Section 3.11.

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Sub Section: 3.02 Application Review and Funding Process for HTF and HOME Projects

The application review and funding process described below in Sections 3.02 and 3.03 is that which is followed for applications requesting project funding from the HTF, HOME and RESTORE Programs only. It consists of the following steps, depending on the outcome of the various reviews conducted by DHCR/HTFC staff:

- (i) completeness review;
- (ii) eligibility review;
- (iii) rating and ranking;
- (iv) feasibility review;
- (v) project recommendations;
- (vi) HTFC Board Approval
- (vii) Application Review (AR) Letters;
- (viii) funding commitment;
- (ix) project development meeting; and,
- (x) development track process.

All Review steps are subject to quality control and supervisory reviews which occur on an on going basis to arrive at a list of award recommendations.

3.02.01 Completeness Review

Each application undergoes a completeness review by DHCR/HTFC staff to ensure that all required documents have been completed and submitted. Complete applications will go on to an Eligibility Review. Incomplete applications are those which are missing required exhibits and/or attachments, contain incomplete or illegible documents, and/or contain unsigned certifications. DHCR/HTFC will refrain from requesting any missing item which would affect the rating of the application, e.g., funding commitment documentation. Applicants will be notified that their application is incomplete within ten business days of the application

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submission deadline. The Notice of Incomplete Application will itemize all missing, incomplete and illegible documents.

The applicant has ten business days from the date the incomplete notification is received to provide all of the itemized documents to DHCR/HTFC. Only those documents requested in the Notice will be accepted for review. Any material submitted by the applicant which was not requested in the Notice will not be reviewed. Submissions of missing documents which reflect a change in the scope, location, funding request, funding sources, or other aspect of the original application will not be accepted. If the applicant fails to supply DHCR/HTFC with any of the itemized documents within the ten-day period, DHCR/HTFC will not review the application any further. The applicant will receive an Application Review Letter from DHCR/HTFC as discussed in Section 3.02.06 below, stating that the application was incomplete, and not selected for funding.

3.02.02        Eligibility Review

Applications which pass the completeness review are then reviewed for eligibility to ensure that the proposed project meets all statutory requirements of the program(s) from which funds are being requested. DHCR/HTFC staff must ensure that the application has demonstrated the eligibility of the:

- (i) applicant/owner;
- (ii) area in which the proposed project is to be located;
- (iii) proposed use;
- (iv) property; and
- (v) proposed occupants.

Applications which fail to meet all programmatic eligibility requirements will not be reviewed further. The applicant will receive an Application Review Letter from DHCR/HTFC, as discussed in Section 3.02.06, stating that the application was not selected for funding and citing the specific eligibility criterion/criteria which was/were not met.

Applications which are determined to be eligible will go on to the next review stage - rating and ranking.

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3.02.03      Rating and Ranking

All applications which pass the eligibility review are rated according to the statutory, regulatory, and policy considerations of the applicable program(s).

HTF and HOME projects are rated according to the general criteria listed in (i) through (v) below:

- (i) income served;
- (ii) subsidy cost;
- (iii) community impact/revitalization
- (iv) leveraging;
- (v) green building initiative;
- (vi) energy efficiency initiative;
- (vii) persons with special needs;
- (viii) fully accessible and adaptable move-in-ready units;
- (ix) project readiness; and
- (x) successful development performance

After all the applications for each Program are rated, they will be ranked in order of score; those which rate competitively will go on to a feasibility review. Applications that do not rate competitively will not be reviewed further. The applicant will receive an application review letter from DHCR/HTFC, as discussed in Section 3.02.06 stating that the application did not have sufficient scoring priority to be selected for funding.

3.02.04      Feasibility Review

Applications which are in the competitive scoring range will undergo a feasibility review, in which staff members from the Design Services [and](#) Environmental Analysis [Units](#) and [Regional Office](#) Underwriting [staff](#)) conduct technical assessments on the feasibility of the project as proposed. Staff from Program Management and the Office of Legal Affairs may also participate as necessary. Applications must also demonstrate the suitability of the proposed project site. Project sites must meet the minimum site requirements outlined in Section 5.03 of this Manual. The Project Manager will assess whether or not the housing that is being developed

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is based upon a demonstrated need consistent with the State's or locality's Consolidated Plan. Additionally, the Project Manager and Design Services Unit Architect may conduct a site visit, if one was not conducted previously, to assess:

- (i) the condition of the neighborhood, project site, and existing structures (if applicable);
- (ii) the accuracy of the design documents in reflecting existing site conditions;
- (iii) the suitability of the site with regard to the proposed occupants, accessibility to shopping, community facilities, transportation, etc.; and
- (iv) site eligibility.

In general, applicants are encouraged to contact a Project Manager or Design Services Architect prior to starting the application process to schedule a site visit so that each potential site can be assessed for eligibility and suitability.

In addition to assisting with the site assessment, a Design Services Unit Architect will conduct a review of project drawings; outline specifications; owner/architect agreement; zoning compliance and environmental compliance. The total development cost and construction cost estimates will also be reviewed. (Please refer to the Design Handbook for further discussion on site requirements).

Environmental Analysis Unit staff members will assist the Design Services staff with the review of projects with potential environmental impacts.

An Underwriting staff member will review the application for feasibility, with a primary focus on: the Market Study; Project Income and Operating Budget; Unit Rents, Maintenance Fees and Affordability; Development Budget/ Funding Sources; and any exhibits specific to the use of LIHC.

In some cases, involving complex projects, such as those involving historical rehabilitation, independent cost estimates will be required. The feasibility review is the final review conducted prior to making funding recommendations to HTFC's Board, or the DHCR Commissioner, as applicable.

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3.02.05      Project Recommendations

After all reviews have been completed by DHCR/HTFC staff, the DHCR Commissioner/HTFC Board will make a final selection of applications which will be funded for each program, based upon the following considerations:

- i) the scoring/ranking of all competitive and feasible applications to each program;
- ii) the program's statutory requirements, as discussed below;
- iii) the state's housing goals including but not limited to the preservation of affordable housing; community renewal; green building [technologies and practices](#); and collaboration with other government agencies and the development community; and,
- iv) the availability of program funds.

The HOME and HTF Programs both have statutory requirements governing the distribution of program funds. These are outlined below.

HOME Program applications must be selected according to the following statutory [and policy](#) criteria:

- (i) first, all applications involving CHDOs will be selected based upon their score, until the 15 percent CHDO set-aside requirement discussed in Section 2.05.03.B is met;
- (ii) next all applications involving non-participating jurisdictions (PJs) will be placed in rank order (including the CHDO projects not previously chosen) and selected based on their score, until the minimum 80 percent non-PJ requirement is met (see Sub-Section 2.05.03.D for a discussion of this requirement); and
- (iii) finally, all remaining projects will be placed in rank order and selected based upon their scores until program funds have been exhausted.

HTF Program applications must be selected according to the following statutory criteria:

- (i) no more than 50 percent of the total original appropriation may be awarded to projects located within any single municipality;
- (ii) no more than 33 1/3 percent of the funds awarded to projects within a city with a population of one million or more shall be allocated to private developers; and

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- (iii) no more than 33 1/3 percent of the funds awarded to projects outside of cities with a population of one million or more shall be allocated to private developers. Preference in making awards to eligible applicants is given to projects which involve not-for-profit corporations or their wholly-owned subsidiaries. For limited partnership or limited liability company applicants, the ownership interest of the not -for-profit or its wholly-owned subsidiaries must be "at least 50% of the controlling interest" of the partnership as directed by Article XVIII of the Private Housing Finance Law.

The development and property management experience of the applicant or their proposed property manager will be a threshold issue for DHCR/HTFC in making project funding recommendations and awards. If an applicant is not in compliance with existing state contracts and has not taken satisfactory steps to remedy such non-compliance, DHCR/HTFC reserve the right to not award funding to such applicants.

3.02.06      Application Review Letters

Once the application review process has been completed, and funding decisions have been made, Application Review Letters will be prepared and sent to all applicants within 150 calendar days of the application submission deadline informing them of one of the three possible review statuses their application has achieved: 1) selected for funding; 2) not selected for funding; or 3) placed on a waiting list (see note below).

Applications which are incomplete, ineligible, infeasible or non-competitive will not be selected for funding. The Application Review Letter will cite the specific reason(s) that the application was not funded, and invite the applicant to meet with the appropriate Regional Office to review their application.

Applicants with applications which are complete, eligible, competitive and feasible, but for which there are insufficient funds, may receive an Application Review Letter informing them that the application has been placed on a waiting list. The waiting list is established so that funded applications which do not go forward for any reason can be replaced by another competitive, feasible project. The waiting list will remain in effect until the next request for proposals is issued, or until the waiting list is discontinued, at which time a new waiting list will

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be established. It should be noted, however, that a waiting list is not utilized every funding round and its use is subject to DHCR's determination of the need to use this mechanism.

Applicants whose applications are selected for funding, will receive an Application Review Letter congratulating them on their successful proposals, and notifying them that they will receive a Funding Commitment within approximately 45-60 business days, as discussed in Section 3.02.07.

3.02.07      Funding Commitment

Within approximately 45-60 business days of the Application Review Letter date, a Funding Commitment will be issued to successful applicants. The Funding Commitment describes the project, as well as defines the relationship between the State and the applicant. It will set forth the following specifics on project scope:

- (i) the number and configuration of units in the project and information about the project owner;
- (ii) project rents, housing expenses and household income ranges;
- (iii) populations to be served;
- (iv) operating cost and project financing assumptions;
- (v) critical timeframes for project development, including deadline for construction start and marketing, management, fair housing and environmental submissions.
- (vi) cost overrun guarantee from applicants expecting to receive LIHC;
- (vii) marketing and management plan requirements;
- (viii) documentation required to complete the environmental review;
- (ix) Office of Fair Housing and Equal Opportunity **Minority** and Women-Owned Business Participation goals for the project;
- (x) persons of special needs requirements, if applicable;
- (xi) closing requirements;
- (xii) HOME project Federal requirements; and
- (xiii) Community Housing Development Organization (CHDO) Requirement, if applicable.

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The terms of the Funding Commitment will provide for the delivery of the proposed housing product. Where an applicant is unwilling or unable to comply with terms of the Funding Commitment, funds for the project will be terminated, unless it is in the State's best interest to continue.

Applicants will be given 30 days from receipt of letter to review the Funding Commitment, and return it signed by one of the applicant's principals. The signature and return of the Funding Commitment by the applicant will indicate the acceptance of all terms and conditions set forth therein. Upon DHCR/HTFC's receipt of the executed Funding Commitment, a project development meeting may be scheduled for members of the applicant's project development team and DHCR/HTFC staff to discuss the project.

Applicants are expected to comply with the terms of the executed Funding Commitment; failure to comply with such terms is likely to result in its termination. In general, DHCR/HTFC is reluctant to consider changes to the terms of the Funding Commitment once it has been issued. Requests for nominal or de minimis changes in rents, or operating and development costs specified in the Funding Commitment can be considered. Any change in tenancy, ownership, use, amount of DHCR/HTFC financing or changes in project timetables are considered significant revisions. Any significant revisions to conditions set forth in the Funding Commitment must be evaluated by staff, who will make recommendations for either project termination or approval of project revisions with supporting rationale. This reevaluation will ensure that no other alternatives to the requested changes(s) exist, and that the project would have scored highly enough to merit funding given the change in project scope. DHCR/HTFC will not approve changes in a Funding Commitment which affect the project's competitiveness or in other ways would affect the outcome of the funding competition. HTFC Board approval will be required for any significant change in project scope, or a ten percent or more change in HOME/HTFC funding.

3.02.08      Project Development Meeting

The Project Development Meeting is held to review the terms of the Funding Commitment agreed to by the applicant. All issues, requirements and submissions related to the

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project's economics, design, and ownership will be discussed, as will the roles and responsibilities of the various project participants.

The Project Development Meeting will also include a review with the applicant's team of the various technical reviews, processes and timetables for the particular Development Track that the project will follow. There are three Development Tracks, each of which involves different levels of review and DHCR/HTFC involvement, based upon the project's characteristics. The processes for Development Tracks One, Two and Three are discussed below in Sections 3.02.9 through 3.02.11. Applicants must designate one person to be the primary contact and coordinator for the project.

If the Project Development Meeting turns up issues that cannot be resolved, or if the applicant can no longer adhere to the terms agreed to in the Funding Commitment, the State expects to terminate its commitment to the project. Applicants whose projects are terminated would be able to apply in future funding rounds without prejudice.

**3.02.09      Development Track One Process (HTF/HOME Permanent Loan Takeout)**

Development Track One is for projects involving HTF or HOME which require permanent take-out financing only. This track is generally followed by applicants who have their own development team in place, and have pre-selected a general contractor. Projects will require regular contact with the Design Services Unit and occasional oversight by OCD project staff.

For projects following this Development Track, a complete and thorough review of construction drawings and final cost estimates and environmental review will be conducted prior to the loan closing with the construction lender, to ensure that they meet the design requirements of DHCR and the HTFC. Applicant will be required to submit changes to approved documents for review and approval prior to implementation. In addition the HTFC SEQRA review as described in Section 5.02 must be completed prior to the closing on the HTF or HOME financing.

At the time of construction loan closing the project manager will be responsible for collecting any documentation required for the second LIHC underwriting, or if necessary, documentation for the project to secure a binding agreement of LIHC if required for the closing.

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The OCD Technical Services Unit is responsible for reviewing this material and providing information to Program Management for the preparation of the binding agreement.

The next contact with DHCR/HTFC will be approximately 90 days prior to project rent-up, when the applicant and/or owner meet with staff from the Asset Management Unit of the office of Housing Management at a Rent-Up Conference. The purpose of this meeting is to review any statutory and/or regulatory requirements regarding rent-up, tenant selection, and occupancy requirements of the project.

The permanent loan closing will occur upon satisfactory completion of the project in accordance with the terms and conditions set forth in the Funding Commitment. It is the responsibility of the owner to satisfy DHCR/HTFC's determination of satisfactory completion of the project. Cost certification requirements, as well as other close-out requirements are discussed in Section 6.00 of this Manual. If construction or permanent lenders are providing project financing, the submission of an intercreditor agreement will be incorporated as a requirement in the DHCR/HTFC Funding Commitment.

3.02.10      Development Track Two Process (HTF/HOME Construction Loan)

This process is followed by projects involving LIHC, which require HOME/HTF construction financing. Sponsors of these projects will be required to cover any increases in total project costs above the amount recognized in the funding commitment letter. The contractor will have to guarantee a fixed price for construction. In addition to the requirements identified in the Funding Commitment, Development Track Two project sponsors must submit final plans and specifications, as well as all contract documents listed in Section 3.03 of the Design Handbook prior to a construction loan closing. The project manager is responsible for receiving the construction documents and forwarding to the following units for their review and approval:

- Design Services
- Underwriting
- Environmental Analysis
- OLA
- Office of Fair Housing
- Persons with special needs

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Upon receiving approval of the documents from all units the project manager and the OLA attorney assigned to the project can schedule the construction loan closing.

As discussed in Section 3.02.09 above, the applicant/owner will be required to attend a Rent-Up Conference. Upon completion of construction, a cost certification will be required. HTFC does not provide construction financing through the HOME Program. HOME funds are utilized for permanent financing only. Applicants requiring HOME funds for construction should simultaneously submit a request for a Housing Development Fund loan in amount equal to the HOME construction financing need, as part of their application for HOME permanent financing.

3.02.11        Development Track Three Process (HTF Predevelopment Loan)

Not-for-profit applicants which state in their application that they are seeking predevelopment funds for their project, and which do not involve a LIHC-funded developer's fee, may follow this process.

Predevelopment funds may be requested by the applicant after they have received a Funding Commitment, provided that all programmatic eligibility requirements are met and only those expenses required to ready a project for a construction closing are requested (See Section 2.00 Program Descriptions for information on predevelopment requirements for the applicable program). DHCR/HTFC may conduct elective reviews on projects seeking predevelopment funds.

A bid document submission is required for Development Track Three projects, unless they have received DHCR/HTFC approval of the project builder, and do not intend to bid the project. The bid document review consists of an examination of all construction-related materials included in the list of submission requirements outlined in the Design Handbook, as well as any bid documents listed in the Funding Commitment.

Upon its approval of final plans and specifications and cost estimates, and completion of environmental review, DHCR/HTFC will execute a construction loan agreement and other closing documents with the applicant. The Rent-Up Conference described in Section 3.02.09 above is required no later than 90 days prior to project rent-up. A cost certification and other close-out documentation as outlined in Section 6.00 are also required for Development Track Three projects.

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Sub Section: 3.03 Application Review and Funding Process for HOME and RESTORE Programs

HOME and RESTORE Local Program applications undergo the following reviews as discussed in Section 3.02:

- (i) completeness review (Section 3.02.01);
- (ii) eligibility review (Section 3.02.02); and,
- (iii) rating and ranking (Section 3.02.03).

Feasibility reviews are not conducted on Local Program applications.

Local Program applications are selected in the manner described in Section 3.02.06, and receive Application Review Letters as described in Section 3.02.07. The Application Review Letter issued to successful program applicants may request revisions to the applicant's submission as a precondition to the issuance of a Program Agreement.

Project Implementation Meetings may be held with funded Local Program applicants to discuss contract requirements and other matters.

DHCR/HTFC will execute LPA Contracts upon satisfaction of all requirements set forth in the Application Review Letter.

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Sub Section: 3.04 Application Review and Funding Process for HDF Program

The HDF Program utilizes the Unified Funding capital project application to accept and evaluate requests for program assistance. Applications are reviewed for completeness, and any missing or incomplete documents must be submitted prior to undergoing an eligibility review. HDF applications are subject to the same eligibility review as is set forth in Section 3.02.02, except that they have the additional criterion that commitments from other funding sources must exist that will enable the project to be completed as proposed, and will assure repayment of the HDF loan.

Eligible HDF applications are rated based upon the following criteria:

- (i) project readiness;
- (ii) development team capacity;
- (iii) cost effectiveness; and,
- (iv) need and affordability.

HDF applications are reviewed for feasibility, with more detailed reviews occurring if DHCR is acting as the project's lead agency.

A contract will be issued to funded HDF applicants. Upon satisfaction of all requirements set forth in the contract transmittal letter, DHCR will execute a HDF Regulatory and Loan Agreement and any necessary security instruments with the applicant.

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Sub Section: 3.05 Application Review and Funding Process for LIHC and SLIHC Programs

Applications for the federal Low-Income Housing Credit Program (LIHC) and the New York State Low Income Housing Credit **Tax** Program (SLIHC) will be evaluated for completeness, program eligibility, feasibility and the extent to which the applicant meets the threshold and selection criteria contained in DHCR's Low-Income Qualified Allocation Plan (QAP) and, for SLIHC projects, the scoring criteria set forth in the SLIHC Regulation.

In addition, applicants should refer to Sec. 42 of the Internal Revenue Code and Section 2.04 for LIHC and Article 2-A of the New York State Public Housing Law and Section 2.08 for SLIHC. (Additionally, the application review process for SLIHC is further elaborated upon in Section 3.05.)

These documents are available on DHCR's website: <http://www.nysdhcr.gov>

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Section: 3.0 UNIFIED FUNDING PROCESS

Sub Section: 3.06 Application Review and Funding Process for Rural Rental Assistance Program (RRAP)

Generally, projects which have received Rural Rental Assistance Program (RRAP) awards in recent years have been funded under a Leveraged Loan Rural Housing Initiative through which an applicant receives an award of HOME or HTF funds from HTFC and LIHC from DHCR through the UF Process, and a loan from the USDA Rural Development Office. USDA also provides rental assistance for some units. Therefore, applications seeking RRAP are currently reviewed pursuant to the parameters for HOME or HTF and LIHC.

When the project has begun construction, the applicant submits the following documents to DHCR, together with a request for a RRAP contract package:

- (i) the project's first year operating budget;
- (ii) the name and address of the project's managing agent, as well as the name and address of the entity to whom the subsidy checks should be mailed;
- (iii) or elderly projects, evidence of municipal real estate tax abatement;
- (iv) a Partnership Agreement or a Board resolution authorizing the corporation to enter into a rental assistance contract with the State, whichever is applicable; and,
- (v) the New York State Department of State charitable organization registration number, if the applicant is a non-profit organization.

DHCR will forward the contract package to the owner when all of the applicable items listed above have been received and approved. The contract will be executed upon verification that construction has been completed in accordance with the plans and specifications approved by the USDA Rural Development Office, and when all other requirements established by the RRAP contract transmittal letter are met.

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Sub Section: 3.07 Application Review and Funding Process for Applications Accepted Under Open Window ([Currently Under Review/Pending Revision](#))

As noted in Section 3.01, DHCR/HTFC provides an open window for the receipt of applications under UI, RARP, SLIHC, [SPP](#) and HWF. Applications requesting financing under these programs are accepted continuously throughout the calendar year, subject to funding availability.

In addition, DHCR provides an open window for receipt of applications for projects financed by tax-exempt bonds subject to the State's Private Activity Bond Volume Cap which are seeking 4% LIHC pursuant to Section 2040.4 of the QAP. Since the LIHC allocated for these projects is not subject to the State's Credit Allocation Ceiling, there is no issue regarding the availability of tax credits. Prospective 4% Credit applicants are advised to review Section 2.04.05 above for additional information and the current timeframe for DHCR's continued acceptance of new 4% Credit project applications pursuant to the QAP.

The application review process for applications submitted for these programs generally follows the guidelines for Unified Funding Applications. That is, DHCR/HTFC's review consists of the following:

- (i) completeness review;
- (ii) eligibility review;
- (iii) competitive scoring\*; and,
- (iv) design and underwriting feasibility reviews.

\*Note: HWF applications are subject to a Technical Assessment rather than a competitive scoring review; 4% LIHC applications are not competitive and, therefore, not subject to scoring.

DHCR/HTFC will notify applicants under these programs of the outcome of these reviews and a determination of whether the project will receive a funding award/reservation no later than 60 days after receipt of a complete application.

If an application is initially deemed incomplete, DHCR/HTFC will suspend processing of the application and the applicant will have initially 10 days from receipt of a Notice of

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Incomplete Application and no more than 60 days from DHCR/HTFC's receipt of the initial application to satisfactorily respond to the notice and submit the incomplete application items. DHCR/HTFC will not conduct further reviews of any application which remains incomplete after this time period; the applicant will be required to submit a new application. (It should be noted, however, that applicants under SLIHC, 4% LIHC and/or HWF with incomplete applications will not be required to submit a new tax credit application fee with the new application submission).

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Sub Section: 3.08 Application Review and Funding Process for HWF Program

Applications for the Homes for Working Families Program (HWF) that meet completeness and eligibility review criteria, as described in Section 3.02, are then subject to a technical evaluation (rather than a competitive scoring review). The technical evaluation is based on the same parameters as the LIHC/HTFC scoring criteria, which includes an assessment of the following factors:

- i. Community Impact/Revitalization;
- ii. Financial Leveraging;
- iii. Sponsor Characteristics;
- iv. Green Building;
- v. Long Term Affordability;
- vi. Fully Accessible and Adapted, Move-In Ready Units;
- vii. Affordability;
- viii. Individuals with Children;
- ix. Energy Efficiency;
- x. Marketing Plan/Public Assistance;
- xi. Project Readiness;
- xii. Persons with Special Needs;
- xiii. Participation of Local Non-Profit Organizations;
- xiv. Mixed Income; and,
- xi. Project Amenities.

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Sub Section: 3.09 Application Review and Funding Process for Technical Assistance

Technical Assistance may be requested at any time from the DHCR regional office serving the area in which the applicant is considering a project, or a UF application may be used by applicants who have a project or site in mind that they wish to develop with funding assistance from DHCR/HTFC but who require assistance to pull the project together. Requests for technical assistance may be submitted at any time of the year.

Technical Assistance may include, but is not limited to, the following:

- (i) guidance on DHCR/HTFC program requirements and policies, as they pertain to a specific project;
- (ii) assistance in determining the most appropriate funding sources for the proposed project;
- (iii) assistance in establishing a Housing Development Fund Company for a specific project;
- (iv) assistance in formulating development and/or operating budgets for a specific project;
- (v) assistance with reviewing and selecting a site or sites for a specific project;
- (vi) assistance in assessing the cost effectiveness of a specific site or building;
- (vii) referrals to other governmental agencies for funding and/or support services for a specific project;
- (viii) referrals to other applicants who have successfully undertaken projects similar to the one proposed; and,
- (ix) assistance through DHCR/HTFC Development Technical Assistance contracts.

DHCR/HTFC will schedule a project assessment meeting with the applicant after review of the technical assistance application. Representatives of agency technical units may attend the meeting, depending on the nature of the request.

In some instances, DHCR's/HTFC's ability to provide technical assistance may be limited by lack of staff and/or resources. Priority will be given to not-for-profit applicants.

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Sub Section: 3.10 Application Review and Funding Process for Seed Money Projects

Seed Money is available from the HTF and HOME Programs to not-for-profit applicants with a full-time staff which have been operating for at least one year prior to application. Applicants for HOME seed money must be an established New York State certified Community Housing Development Organization (CHDO). Eligibility requirements for CHDO's are outlined in Section 2.05.03B. HTF and HOME eligibility requirements are discussed in detail under the Program Descriptions contained in Sections 2.01 and 2.05, respectively. Seed Money applications may be submitted at any time of the year, and will be funded on an ongoing basis, subject to funding availability. HOME seed money awards are made as loans and repayment may be waived if it is determined that the project is infeasible or if there are impediments to project development which are determined to be beyond the CHDO's control. Seed money awards from HTF are made as grants and therefore no repayment is required.

Seed Money applications must undergo an eligibility review to demonstrate that:

- (i) the applicant meets all eligibility requirements of the applicable program;
- (ii) a site has been identified for which site control has been, or may be obtained;
- (iii) the population to be served by the proposed project has been identified;
- (iv) the approximate number of units to be assisted has been determined;
- (v) the project is eligible for permanent funds from an identified funding source, and the funds are likely to be available from such source; and
- (vi) the proposed project demonstrates a likelihood to meet rating criteria.

Seed Money applications are reviewed in a manner which is similar to the process outlined in Section 3.02. An abbreviated project rating system is employed to assist in the selection of seed money projects meeting HTFC's priorities. Regional offices may recommend an award of seed money for complete, eligible and competitive applications which appear to be feasible. The HTFC Board makes the final determination on seed money awards. If the application is selected for funding, HTFC will send the applicant an Application Review Letter specifying any required documents which must be submitted in order to complete execution of a

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Seed Money Agreement. Within 45 business days of HTFC's receipt and approval of all such required documents HTFC will notify the applicant of approval along with any conditions. The Seed Money Agreement will establish the amount and uses of the Seed Money Award, as well as the timeframes for the applicant to perform specific functions and/or deliver specific products. Should the applicant later submit a successful application for full project funding from the HOME program, or receive funding from another government agency, the [HOME](#) Seed Money Award will be incorporated into the project's permanent financing (e.g., HOME Award Amount: \$1,045,000 includes a previously provided \$45,000 seed money award and a full project funding award of \$1,000,000). Since HTF seed awards are made as grants, the HTF seed money will not be incorporated into the permanent financing. Receipt of a seed money award should not be construed as a commitment from HTFC to provide further funding for the project. In addition, no priority for full project funding is given to projects that have received seed money awards.

In some instances, seed money may be awarded in lieu of full project funding if a determination is made that the seed money would assist the applicant in developing a more feasible project. HTFC will determine which program will provide the seed money based on eligibility requirements and funding availability.

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Sub Section: 3.11 Reallocated Fund Process

DHCR/HTFC may provide funds to projects in a manner which differs from the UF Application Process described above. There are two instances when this may occur, including:

- (i) money may be recovered from the Program's current fiscal year appropriation, and reallocated to project(s) on the Program's waiting list (as described in Section 3.02.06 above); and
- (ii) funds other than those described in (i) above may become available to fund projects, chosen at the discretion of the DHCR Commissioner, or the HTFC Board.

In general, these funds will only be made available to:

- (i) projects which provide disaster relief; or
- (ii) demonstration projects which address publicly announced priorities.

Projects which are funded through the reallocated funds process will receive a Funding Commitment as described in Section 3.02.07, and will follow the review and funding process described in Section 3.02 above.

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Sub Section: 3.12 Funding Increase Under DHCR/HTFC Programs ([Currently Under Review/Pending Revision](#))

3.12.01 Introduction

DHCR/HTFC will, in general, not approve any requests for [funding](#) increases in an amount above the [project](#) reservation or award amount due to costs that were not in the original development budget. DHCR expects that such cost increases will be funded through completion guarantees, contingency funds, developer's fees and/or builder's profit. To the greatest extent possible, project architects and/or engineers should review proposed changes to ensure maximum cost efficiency have been obtained with all design changes. Additionally, improved terms by banks, syndicators and builders should also be considered.

DHCR/HTFC may consider requests for additional funding above the amount awarded due to unusual circumstances such as acts of God; changes in the laws applicable to low-income housing programs, changes in building codes, changes in local ordinances or regulations or other circumstances that could not have been foreseen by the Owner/Sponsor.

In the event there are circumstances that would justify additional funding, DHCR/HTFC will only increase its funding when the economic viability of the project is in jeopardy and when all the budgeted resources identified above have been exhausted.

Such a request for additional funding by the Owner/Sponsor shall be subject to a rescoring of the application by the DHCR/HTFC to ensure that it would not have affected the project's status in the relevant funding round. When appropriate, any additional funding will also be subject to HTFC approval. DHCR/HTFC may consider other factors including, but not limited to: availability of funds, the timing of requests, assessment of responsibility for cost increases, minimizing increases, cost sharing and identity of interest between the developer and builder. Any increases granted shall conform to the terms of the DHCR Qualified Allocation Plan ("QAP") and the Capital Programs Manual.

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3.12.02      Evaluation Milestones

Applicable laws require that DHCR underwrite each LIHC project three times: prior to issuing a credit reservation, at carryover/binding agreement and at the time of submission for IRS Form 8609. In order to enhance Agency efficiency and to eliminate redundant procedures, all requests for additional funding should, within the limitations provided below, be coordinated with one of the three milestone underwrites. DHCR/HTFC will not entertain more than one request for additional funding for any one project unless there is a demonstrable error by the Agency. Requests for additional funding can be made in coordination with each of the aforementioned three milestones pursuant to the following guidelines:

1.      Prior to accepting a LIHC reservation – all Owner/Sponsors that are offered a reservation by the Agency have a minimum of 45 days within which to accept the offer. Within 10 days of receipt of the reservation letter, if the Owner/Sponsor should have any issues with the DHCR recommended funding level, a revised underwriting will be considered by the Agency upon written request. The Owner/Sponsor must demonstrate to DHCR, in writing, that the Agency misinterpreted information in the application.
2.      Prior to requesting a carryover/binding agreement – request for additional funding should be made no more than 45 days and no less than 30 days prior to carryover/binding agreement.
3.      At the time of submission for IRS Form 8609 – DHCR will not accept requests for additional funding during the time period between carryover allocation and submission for IRS Form 8609 unless DHCR determines that emergency remedial action is required. At the time of the IRS 8609 submission, DHCR will only consider for additional funding those additional costs that resulted from events that were completely beyond the control of the Owner/Sponsor.

3.12.03      Underwriting Parameters

DHCR underwriters will employ a highly disciplined review of all requests for additional funding. The following methodology will be followed:

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1. The underwriter, in conjunction with the DHCR architect, if applicable, will make recommendations to the Assistant Commissioner for Technical Services as to whether the additional expenses that were incurred were deemed necessary to the project and whether total project costs and the additional project costs are reasonable based on Agency experience with similar projects. Costs not deemed essential to the project will be required to be paid for by the Owner/Sponsor and will not be considered eligible for additional funding.
2. DHCR staff, including the underwriter, architect, if applicable, and project manager will make recommendations to the Assistant Commissioner for Technical Services as to whether cost increases for items deemed necessary for the project resulted from events that were within or beyond the control of the Owner/Sponsor using the categories below as a guide.

Category A – Increases in costs originating with DHCR/HTFC such as:

- (a) issues which may arise from staff interpretation of applications;
- (b) changes in plans and specifications that were requested by DHCR, and/or;
- (c) changes in prevailing wage rates arising from a decision by DHCR/HTFC to award funding under a program not applied for by the Owner/Sponsor;
- (d) changes mandated by revisions in the applicable building codes, regulations, and laws governing the construction of housing.

Category B – Increases in costs that were beyond the exclusive control of the Owner/Sponsor such as:

- (a) changes in plans and specifications required in connection with local approval;
- (b) municipal impact fees;
- (c) change in prevailing wage rates;
- (d) compliance with SHPO that could not have been foreseen by the Owner/Sponsor;
- (e) acts of God (flood, earthquake) and/or;
- (f) change in financing caused by changes or other factors beyond the Owner/Sponsor's control (i.e. change in prime rate or bank failure); and/or,

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Category C – Cost increase issues that were within the control of the Owner/Sponsor such as:

- (a) refinement or amendment of plans and specifications;
- (b) updated development cost line items;
- (c) addressing environmental issues that were known or should have been known by the developer;
- (d) addressing site conditions that were known or should have been known by the developer;
- (e) increases in costs due to work stoppage resulting from actions or inaction by the Owner/Sponsor;
- (f) replacement of financing previously committed;
- (g) required increases in operating reserves to compensate for loss of operating subsidies (could be Category B depending on circumstances) and/or,
- (h) required increases in replacement reserves to cover inadequate warranties.

3.12.04 Methodologies for Determining Cost Sharing

1. Funding increases will be treated based on the appropriate categories as described in Section III in the following manner:

Category A – DHCR/HTFC will generally allow for additional funding, if appropriate, without requiring the Owner/Sponsor to increase deferred developer fees.

Category B – DHCR/HTFC will utilize cost sharing techniques to allocate responsibility for any additional costs as follows:

- (a) any developer fees in excess of 10% of total development cost, as defined in the commitment letter, will first be contributed back to the project by the Owner/Sponsor to pay for cost increases. Any additional cost increases will be paid for by equal cost sharing (50/50) between DHCR/HTFC through additional funding by DHCR/HTFC and by the Owner/Sponsor through deferred developer fees or other contributions. However, DHCR/HTFC may elect to require the Owner/Sponsor to pay a larger share

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of any cost increase that the Agency determined could have been mitigated by the Owner/Sponsor.

Category C – DHCR will utilize cost sharing techniques to allocate responsibility for any additional costs as follows:

- (a) any developer fees in excess of 10% of total development costs, as defined in the original award, will first be contributed back to the project by the Owner/Sponsor to pay for cost increases.
  - (b) any additional cost increases will be paid for by cost sharing between DHCR/HTFC and the Owner/Sponsor. DHCR/HTFC may contribute up to 20% of such costs as determined by the Agency through additional allocations and the balance of all cost increases shall be paid for by the Owner/Sponsor.
2. For purposes of additional allocations, DHCR/HTFC may, in its discretion, make such allocations through LIHC, HOME, and/or HTF awards, or by permitting rent increases as it deems appropriate.
  3. DHCR/HTFC may, in its discretion, consider additional underwriting solutions in order to efficiently facilitate project completion.

3.12.05      Process for Requesting Additional Allocations

1. The Owner/Sponsor will make a formal written request to the project manager.  
The request shall include:
  - Original Exhibits (Development Budget, Rent Plan, Affordability Plan, Operating Budget, proposed amended Exhibits).
  - Chart indicating items that changed, original cost, actual cost, change in cost and a concise narrative explaining the reason for each change.
  - For any cost increases resulting from events driven by forces outside the Owner/Sponsor's control, clear documentation demonstrating the need for the change (i.e. letter from local zoning official, request from financing entity).

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- For standalone tax credit projects that have not undergone design review by DHCR/HTFC, additional documents may be required.
  - Based on the Owner/Sponsor's request for additional funding, the project manager will determine the impact that such additional funding would have had on project scoring. In the event that the project would not have been funded as a result of modified scoring, no further action will be required by DHCR/HTFC and the Owner/Sponsor will be notified accordingly. However, if the project remains eligible for funding, scoring will be reviewed a second time based on the outcome of the modified underwriting.
2. The project manager shall forward the request and supporting documents to the Assistant Director of Community Development, Underwriter and Architect, if applicable, for review. The underwriter and architect, if applicable, will review and each will make recommendations to the Assistant Commissioner. DHCR will only make additional allocations after a determination has been made by the project architect and/or engineer that the increase in project costs reflects actual value added to the project.
  3. The Assistant Commissioner for Technical Services shall advise the Deputy Commissioner for Community Development, Assistant Commissioner for Program Management, project manager and relevant program directors and managers of any determinations.
  4. If the request for an increase is denied, the Regional Office will notify the Owner/Sponsor and all other involved parties of the action. If the request is approved, Program Management will prepare the revised exhibits with input, as necessary, from Design and Underwriting.

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Sub Section: 3.13 Assignment and Transfer of Awards and Commitments

Funding awards or commitments may be transferred or assigned from one eligible applicant to another eligible applicant if the following conditions pertain:

- 1) the applicant to which the funding award or commitment is to be transferred can satisfy the criteria for eligible applicants established by HTFC;
- 2) the applicant to which the funding award or commitment is to be transferred can satisfy the operational standards established by HTFC; and
- 3) the applicant to which the funding award or commitment is to be transferred will be:
  - (A) operated by substantially the same staff or staff with expertise equivalent to the staff of the original applicant; or
  - (B) governed by substantially the same board as the original applicant;  
or
  - (C) a new entity that was formed to satisfy the requirements of other federal, state or local regulations and can demonstrate that it has, or will hire, the needed expertise to successfully complete and operate the project.

All transfers or assignments must be pre-approved by HTFC. No transfer or assignment can occur unless it is demonstrated that the new applicant has sufficient development and management experience. If a project is transferred to homesteaders or a self-managed cooperative or condominium association, HTFC will require that regulatory monitoring responsibilities remain with the original applicant.