

## HCR Multifamily Finance 9% RFP – Summer 2020

### Questions and Answers

#### Architecture and Engineering:

***Q1: If a project includes the moderate rehabilitation of 46 units and the new construction of 12 units, would 3 points be awarded for LEED if LEED standards were only being applied to the 12 units of new construction and NYSERDA MPP Comprehensive option of the moderate rehabilitation units?***

A: The RFP states “Points will be awarded as indicated below under the HTF, 9% LIHTC or SLIHC program(s) to an applicant who documents that their **project** will meet one of the standards below.” The project in question would not qualify for points if only a portion of the building were to meet one of the Optional Green Building Programs. If the applicant were able to achieve LEED certification for the new addition and also meet the 30% or 35% threshold under NYSERDA MPP for the existing building, then the Applicant would qualify to receive 3pts. Applicant should work with their green building consultant to find one or multiple programs that could cover all residential portions of this project. Please also note that Applicants proposing multiple Optional Green Building Programs for one project will be scored for compliance with the program with the least amount of points.

***Q2: Does the NYSERDA New Construction – Housing (NC-H) alternatives for projects received January 1, 2020 or later refer to NYSERDA PONs, including:***

- ***PON 3717 (Low Rise Residential New Construction program for projects 3 stories or under) and***
- ***PON 3716 (Multifamily New Construction Program for projects 4 stories and above)?***

A: The NYSERDA New Construction - Housing (NC-H) program is a new program that is expected to be released later in 2020. It is expected to replace the Low Rise Residential New Construction program (PON 3717) and the Multifamily New Construction Program (PON 3717). Until such program is made available, applicants should choose one of the two available programs. Projects may be offered the option to move to the new program in accordance with guidance put forward by NYSERDA.

#### RFP:

***Q1: Is HCR requiring LOI's from NYC HPD to be included in the application for projects which have HPD financing?***

A: No. For projects relying on financing from HPD, an LOI is not required to be included in the application. Per the RFP:

Letter or letters of interest from a private lender/lenders are included, dated no earlier than 45 days from the date of submission. LOI's from government agencies are not required, but preferred, if those sources are included in budget proposals (this will be taken into consideration when scoring).

Application:

***Q1: Does the Housing/Services Agreement being submitted as part of a 9% LIHTC application need to be signed within a certain time frame?***

A: Applicants must submit a Housing/Services Agreement that is executed by the Project Owner and Service Agency prior to submission of the application. The commencement of the Agreement can be for a future date. HCR recommends the commencement date to be no later than 180 days prior to the expected date of substantial completion.

***Q2: Is a pdf upload of each applicable Exhibit required if there are no additional documents required to complete the Exhibit beyond what is entered into the Excel Application Workbook?***

A: Per the Application Workbook instructions:

- *Worksheets within the Financing Application Excel workbook are labeled "Exhibits", which are to be filled out and submitted as a completed workbook; and "Attachments", which contain instructions for specific documents to be uploaded in .PDF format. Be sure to follow the instructions on each worksheet, as certain Exhibits also include upload instructions.*

Exhibits should be submitted in Excel format as part of the Application Workbook. Any uploads associated with Exhibits, or uploads for Attachments, must be submitted in pdf format following the instructions for naming.

***Q3: In Exhibit G-4 of the Application Workbook it notes that "Arrearage should include occupied unit figures which are delinquent in payment". Where should the arrearage information be entered?***

A: Add the asterisk (\*) next to any units in arrears listed in the occupancy history with an explanation in the comments box.

Underwriting:

***Q1: How should a project with a permanent 30 year first mortgage from OMH with fixed annual debt service be reflected in the Underwriting Application?***

A: The Underwriting Application was modified to allow for inclusion of a fixed annual debt service subsidy on July 31, 2020.

**Q2: Due to Covid-19, the City Store has suspended its operations and can not fulfill orders thus it is not possible to obtain "Housing NYC: Rents, Markets and Trends" or any report for sale for the matter. Can I use other RGB reports that are available on their website and/or what other reports would the HCR guide me towards?**

A: Applicants should base the market analysis on the latest available Rent Guidelines Board information.

Term Sheets:

**Q1: Please clarify the minimum and maximum MIHP units allowed in an HTF, LIHTC or SHOP project. The term sheet language is confusing.**

A: The 10% minimum and 30% maximum number of MIHP units required applies against the total project – not against the MIHP-funded units. The MIHP language in the term sheets for HTF, LIHTC, and SHOP has been revised to clarify this, and the HTF term sheet has been further revised to correct the AMI required for MIHP in HTF projects.

**Q2: Can MIHP be requested on units affordable between 60%- 80% AMI in a project that includes HTF?**

A: No. In HTF projects, MIHP has to be used for units above **90% (80% NYC)**. See corrected HTF term sheet.

**Q3: In a SHOP/MIHP financed project, or a LIHTC/MIHP financed project, can MIHP be requested for units between 60%-80% which are LIHTC funded through the use of Income Averaging?**

A: No. As noted in the term sheets, MIHP units must be targeted over 80% in projects using Income Averaging. MIHP cannot be used on units funded with LIHTC.

**Q4: Do MIHP Funds count towards the overall \$2,400,000 HTF per project cap or is it considered in addition to that cap?**

A: The MIHP funds are in addition to the HTF funding requested. See term sheets for the MIHP per unit limits. MIHP funding is limited to the number of MIHP eligible units, and in no case can more than 30% of a project's units be MIHP.

**Q5: When MIHP is used in a project with HTF, is the MIHP term 30 years?**

A: Yes.

***Q6: Does the following statement also apply to projects which are not a component of a downtown revitalization effort – “Outside of a QCT, a project must be able to achieve rents that are affordable to households with incomes of at least 80% AMI in order to access MIHP funding”?***

A: Yes. The 9% LIHTC, HTF and SHOP term sheets have been modified to state “Projects outside of a QCT or which are not a component of a downtown revitalization effort must be able to achieve rents that are affordable to households with incomes of at least 80% AMI in order to access MIHP funding.”

***Q7: Previously, projects utilizing HTF funds were required to have an Annual Operating Reserve requirement equal to 3% of gross rents. Has that requirement been removed, as there is no mention of this in the latest term sheet?***

A: Annual operating reserve contributions are not required in any project that includes LIHTC financing. See directions on the bottom of the operating expense tab in the UW Workbook.

***Q8: For a project that is not in a QCT, can rents be set on middle income units at 70% with an 80% income target, or do we have to set rents at 80% AMI?***

A: Projects outside of a QCT or which are not a component of a downtown revitalization effort must be able to achieve rents that are affordable to households with incomes of at least 80% AMI in order to access MIHP funding.