

HCR Multifamily Finance 9% RFP – Fall 2020

Questions and Answers #3

Underwriting:

Q1: The RFP states that HCR is requiring project applicants to set rents for Fall 2020 projects at the lesser of the 2019 or 2020 HUD-designated Area Median Incomes. 2020 AMIs have increased in NYC so we should use 2019 AMIs. The Fall 2020 underwriting application excel document that is on HCR's website only has 2020 AMIs. Will there also be a Fall 2020 underwriting application for projects that need to use 2019 AMIs?

A: No. Applicants must set rents based on 2019 AMIs. The UW model uses 2020 AMIs, so it will show a deeper affordability.

Q2: In Exhibit B-5, if the municipality has approved a PILOT as evidenced by a certified ordinance and a draft Tax Abatement Agreement is available, is a letter from the municipality's tax assessment office required? Or is the certified ordinance and draft Tax Abatement Agreement sufficient evidence of the proposed PILOT for underwriting purposes?

A: The ordinance and draft Tax Abatement Agreement are sufficient evidence.

Q3: The Capital Programs Manual states that a project's loan terms "must be provided at a fixed rate of interest for a minimum of a 30-year term". Is this accurate or is a shorter permanent loan term acceptable?

A: The Capital Programs Manual requirements are accurate.

Q4: For Housing Opportunity Projects requesting a 130% basis boost, is the project eligible for an increase in the 9% LIHTC per unit or per project limits listed in the 9% LIHTC term sheet?

A: A project qualifying for a basis boost, whether as part of the Housing Opportunity Project Set-Aside or being located in a 2021 HUD-Designated DDA or QCT, remains subject to the 9% LIHTC per unit and per project maximum limits which would otherwise apply to that project type.

Q5: We are applying for a project utilizing ESSHI funds for a rental subsidy on a portion of the units and Section 8 rental subsidies on other units. Should we use the 2020 AMI's to set the initial rent? For units with Section 8 subsidies, given that the 2021 FMR's have been released, can we assume 110% of 2021 FMR's for initial rent setting?

A: ESSHI rents are generally set at 50% AMI affordability level. Follow the RFP guidance and use the lesser of the 2019 or 2020 AMI in rent setting. We have no guidance prohibiting setting Section 8 rents at the maximum allowable by Section 8. It would be advisable to not go to the maximum given the uncertainty about FMR's in the next few years. Using a percentage below

the max, i.e., 105% or 108% would allow a cushion against future FMR drops and would be advisable.

Term Sheets:

Q1: For projects requesting CIF funds for a non-residential space, is a market study required?

A: A market analysis for the non-residential space is required, not a market study. Market studies are only required for projects using CIF for residential purposes.

Q2: Our project includes a small amount of non-residential space that will serve the needs of tenants residing in the project, and we believe this space will qualify for the CIF program. Our funding request includes 9% LIHTC. Can we request CIF funds for the non-residential and residential portions of the project provided our total CIF request does not exceed the \$2MM CIF per project maximum award?

A: Please refer to the CIF term sheet as well as Exhibit I-4 for CIF Program Eligibility.

Q3: For projects utilizing 9% LIHTC, is the maximum 9% LIHTC award calculated using the total project residential unit count or the total 9% LIHTC unit count?

A: The project's 9% LIHTC request may not exceed the per unit limit listed in the 9% LIHTC term sheet for 9% LIHTC eligible units. This may extend to include the resident manager/superintendent's unit if non-rent bearing, but it does not include units above 60% of AMI or 80% of AMI if utilizing 9% LIHTC Income Averaging which are non LIHTC-assisted or regulated.

Q4: FHTF does not trigger prevailing or Davis Bacon wages. Does FHTF trigger Subsidy Layering?

A: Federal Housing Trust Fund does not trigger a Subsidy Layering Review.

Q5: The maximum FHTF subsidy amount per the 2019 NYS Annual Action Plan is between \$154k-\$186k. Is there a benefit to allocating the requested amount of FHTF to fewer or more project units?

A: Per the FHTF term sheet, units serving households up to 30% AMI are eligible for Federal Housing Trust Fund within the maximum subsidy amounts listed in the 2019 NYS Annual Action Plan.

Design Unit:

Q1: Our project received a design waiver as part of our Summer 2020 RFP submission. Do we need to re-request the waiver for the Fall 2020 RFP submission?

A: As long as there have been no changes to the project that would affect the approved waiver, then the waiver that was granted in the Summer 2020 round may be submitted as part of the Fall 2020 application submission.

Q2: There have been several changes to HCR Design Guidelines and Enterprise Green, however several developers have designed plans based on previous guidelines. Do you have any suggestions on how small developers can apply for credits without redesigning their buildings?

A: In general, HCR will provide flexibility to the greatest extent possible. Any reasonable need to waive a specific design requirement of the HCR Design Guidelines can be requested via the Design Waiver Request Form, located at <https://hcr.ny.gov/fall-2020-multifamily-finance-9-rfp-information>. Developers with specific questions should email the 9RFP@nyshcr.org mailbox.

Q3: Is there any guidance available for projects that will include septic systems and wells where public water/sewer are not available? Is there anything over and above county requirements that applicants should be aware of?

A: There are not any HCR requirements above what the county Department of Health or municipality requires. For application submission, the location and size of the septic system(s) should be indicated in the site plan drawings. The anticipated location of the well(s) should also be indicated. A description of the type of septic system should be provided in Exhibit D-3.

Please also note that septic systems and wells may trigger additional review requirements per SEQRA, SHPO rules, wetlands, endangered species, etc., depending upon the site location. Applicants should refer to their environmental consultant for further information/analysis.

Q4: If a project commits to the NYSERDA LRNCP and misses the mandatory permit date for Energy Star V 3.1, 7/1/2020, will HCR allow the project to transfer to the NYSERDA NC-H program after the project is awarded?

A: Projects that have applied under the Low-rise New Construction Program or the Multifamily New Construction Program will have the opportunity to utilize the new NYSERDA program under an equivalent Tier, based on the guidance set forth by NYSERDA for switching to the new program. For any specific questions on the program requirements, please contact NYSERDA.

RFP:

Q1: For the Integrated Supportive Housing Projects State Housing Goal, is there a minimum percentage of units required in order to meet the Goal?

A: There is not a minimum percentage of supportive units required in order to meet the Goal.