

HCR Multifamily Finance 9% RFP – Fall 2020

Questions and Answers #4

Underwriting:

Q1: Our project contains both new construction and historic rehabilitation. The required annual replacement reserve differ by type. We are planning to calculate the total based on the number of each type. Is this approach appropriate and how should it be displayed or noted?

A: This approach to the calculation of reserves is appropriate and should be explained in the project narrative.

Q2: Per the ESSHI RFP, unit rents should be underwritten to at least 50% of the applicable AMI. For HCR underwriting, are we allowed to charge 60% AMI rent levels? And if the supportive services partner approves, can we limit the income threshold to 30% AMI while still charging 60% rents?

A: The rent must be a minimum of 50% AMI on the HCR application. If the rent is set higher in the HCR Underwriting Application, HCR will allow it, but the sponsor will need to provide confirmation from the ESSHI contracting agency that the ESSHI agency will allow the rent. The income limit can be set at 30% while charging 60% rents.

RFP:

Q1: Will HCR disqualify our application if the 2020 ESSHI award letters are not issued before the HCR application due date of January 13th, 2021?

A: Applications relying on a services and operating award from the 2020 ESSHI RFP will not be disqualified for failing to include documentation of an ESSHI award, if the ESSHI award letters are not available prior to the RFP due date. Applicants which have applied for a 2020 ESSHI award should provide their ESSHI Application number in Exhibit A-1. Applicants that are relying on a 2019 ESSHI award extension should include documentation of the extension in the HCR application (extension documentation is currently available). HCR will then internally verify any application proposing ESSHI funds based up on the ESSHI application number.

A revised Financing Application with the ability to enter the ESSHI Application number in Exhibit A-1 has been posted on the website (v.29). If ESSHI applicants have already completed the majority of the Financing Application, the existing application can be email to the 9%RFP@nyshcr.org mailbox and the ESSHI Application number box can be inserted.

Q2: HCR has not released the Section 8 Project-Based Vouchers RFP. How will applications be evaluated for projects that plan to apply for HCR PBVs?

A: HCR intends to release the PBV RFP as soon as possible. Regardless of the timing of the PBV RFP, applications under the Fall 2020 9% Multifamily Finance RFP will not be penalized for not having a PBV commitment from HCR. HCR will coordinate application reviews under the PBV RFP and the Fall 2020 9% Multifamily Finance RFP.

Q3: Given the current uncertainty of the application of sales tax exemption during construction, should applicants assume project construction costs will be taxable or non-taxable for the purposes of the RFP response?

A: Projects that are establishing a Housing Development Fund Corporation (HDFC) and intend to pursue a sales tax exemption through the Department of Taxation and Finance (DTF) should not include sales tax in the construction budget. The following link provides suggested revised language to the HDFC boilerplate that may assist an HDFC in requesting approval of a sales tax exemption from DTF:

<https://hcr.ny.gov/housing-development-fund-corporation-hdfc>

Design:

Q1: Our project is under consideration for NYSERDA's Buildings of Excellence awards program, but those awards are expected "within the next few weeks" with no guarantee of award prior to the HCR application deadline. How would this work given HCR's RFP provision that "Any changes to the energy efficiency strategy or green buildings practices after application submission will not be allowed, except as noted below"?

A: The project will still be required to select a Mandatory Energy Efficiency Strategy required by the RFP. Regardless of the pending Buildings of Excellence award, the project must still achieve certification through the selected Mandatory Energy Efficiency Strategy. If the project is awarded funds under NYSERDA's Buildings of Excellence program, the project would still be eligible to receive incentives from NYSERDA if one of their programs was chosen as the Mandatory Energy Efficiency Strategy.