



**Homes and  
Community Renewal**

# **HCR Multifamily Finance 9% RFP Fall 2022**

October 13, 2022

# General Overview

- The HCR Multifamily Finance 9% RFP is a competitive process used to award 9% Low-Income Housing Tax Credits (LIHTC) and subsidy loan financing to sponsors proposing affordable multifamily housing projects.
- Applications are scored in accordance with the Qualified Allocation Plan (QAP). The point structure is summarized in the RFP and the full QAP is available on the RFP webpage (<https://hcr.ny.gov/fall-2022-multifamily-finance-9-lihtc-rfp>).
- Pre-Application Technical Assistance is Mandatory within 12 months of applying. See: <https://hcr.ny.gov/technical-assistance-multifamily-finance-9-lihtc-rfp-applicants>
- All projects must meet at least one State Housing Goal (listed in the RFP). Similarly, available funding, set-asides and other important guidance is contained in the RFP.
- All applications are reviewed for completeness, threshold and program eligibility prior to scoring. Refer to program Term Sheets on RFP webpage.

# Key Dates in the RFP

<b>Design Waivers Due</b>	<b>November 8, 2022 at 3:00 PM ET</b>
<b>Register users/emails for drop box</b>	<b>November 3, 2022 at 3:00 PM ET</b>
<b>Deadline to request TA session, Design Unit occupied rehabilitation package due, and/or LIHTC/SLIHC fee deferral</b>	<b>November 8, 2022 at 3:00 PM ET</b>
<b>Deadline to submit applications</b>	<b>December 6, 2022 at 11:59 PM ET</b>
<b>Fall 2022 Award Announcement Anticipated</b>	<b>Late March 2023</b>

# Submission Requirements

- Complete Submissions Will Consist Of:

- Application (Excel workbook). Now known as the “Multifamily Finance 9% Project Detail Application”.

Complete all relevant “Exhibits” as either fillable Excel worksheets or as .pdf as directed, and

Upload all relevant “Attachments” individually in .pdf as directed

- Underwriting Application (Excel workbook)

- Note file naming conventions in the instructions.

- Refer to the 2022 Aspera DropBox Instructions at <https://hcr.ny.gov/system/files/documents/2022/09/fall-2022-aspera-dropbox-instructions.pdf> **PRIOR** to requesting dropbox access.

- Be sure to request access to the Aspera DropBox by November 3<sup>rd</sup> at 3:00 p.m. ET

# What's New – Fall 2022 RFP

- HCR's Clean Energy Incentive Program (CEI) is now part of the Fall 2022 9% LIHTC RFP Programs. See CEI Term Sheets at: <https://hcr.ny.gov/fall-2022-multifamily-finance-9-lihtc-rfp>.
- The Underwriting Application now requires Applicants to breakout the allocation of construction and permanent financing sources between the residential, CSF and non-residential portions of the project.
- Fall 2022 9% LIHTC Applicants are required to meet the Baseline Requirements outlined in Section 1 of the HCR Sustainability Guidelines at: <https://hcr.ny.gov/sustainability-guidelines>.
- HCR shall now require LIHTC-assisted projects request and obtain consent from HCR prior to the transfer of any investor member interests in project ownership or borrower entities.

# What's New – Fall 2022 RFP (2)

- Change to Cost Effectiveness scoring to recognize additional cost of, and incentivize optional Green Building/Stretch Sustainability Goals:

*HCR will award Cost Effectiveness points to projects with a final average of 100% or less when the project is not pursuing Green Building/Stretch Sustainability Goals, and will award Cost Effectiveness points to projects with a final average of 105% or less when the project is pursuing Green Building/Stretch Sustainability Goals.*

- A project Applicant/sponsor/developer and/or any related entity may submit up to two applications, with no more than one application within a Regional Economic Development Council (REDC).

# What's New – Fall 2022 RFP Term Sheets

## ➤ Supportive Housing Opportunity Program

- No more than 10% of units may be designated for ESSHI-eligible seniors. Additional ESSHI populations must be combined with seniors to reach the minimum 30% supportive units in the project.
- Within NYC, only Not-For-Profit (NFP) corporations or MWBE applicants are eligible for SHOP.

## ➤ Senior Housing Program

- Projects proposing a set-aside of units for ESSHI-eligible seniors (aged 62 and above) within an affordable senior housing project must request Senior Housing Program funds (in lieu of SHOP).

## ➤ State Housing Plan Subsidy Sources (PHP, SENR, SHOP, etc.)

- The .5% interest is now expressed as .25% interest and .25% servicing fee in the term sheets. No change has occurred in the way in which the interest is charged and collected. Therefore, it should be presented as .5% interest in the Underwriting Model.

## ➤ HOME

- Community Housing Development Organizations (CHDOs) added to priorities of supportive projects developed by NFPs.

# Project Based Voucher (PBV) RFP

- HCR is planning to release a separate RFP for Section 8 Project-Based Vouchers (PBVs) later this year.
- 9% LIHTC Applicants interested in applying for HCR PBV's must reflect the HCR PBV's in the Fall 2022 Underwriting Application and apply through the HCR PBV RFP when released.
- Dependent on the timing of the PBV RFP, a 9% award could be conditioned on the applicant make a successful application under the PBV RFP.
- HCR anticipates the same income targeting requirements in the upcoming PBV RFP: Very Low (50% AMI) and Extremely Low (30% AMI).



# Technical Assistance

- Do **NOT** wait until November 8, 2022 to submit the request for Technical Assistance.
- All required documents must be included in the Technical Assistance request in order for the session to be scheduled.
- For resubmissions of applications from the two previous RFP's, application summaries were issued for unsuccessful applications. Applicants should rely on those summaries in preparing the Fall 2022 submission.
- TA sessions are not necessary unless a session has not occurred in the previous 12 months or the project has changed significantly, i.e., new site, different unit/income mix.

# New ESA Phase 1 Standard

On November 1, 2021, ASTM released a new Phase I Environmental Site Assessment Standard (E1527-21). ASTM has submitted that standard to the EPA for the agency's review for compliance with the federal regulations. It is anticipated that the review by the EPA could require up to one year. The HCR Design Guidelines will not be updated to require E1527-21 until that process is complete.

In order to allow the greatest flexibility for projects to meet standards required by other institutions, HCR will accept any of the following:

1. Continue using and citing the ASTM E1527-13 Standard until the EPA approves the new ASTM E1527-21 Standard for compliance with the AAI regulations;
2. Use and cite the new ASTM E1527-21 Standard now; or,
3. Cite the ASTM E1527-13 Standard, and indicate that the Phase I ESA also incorporates procedures as prescribed in the new ASTM E1527-21 Standard.

See <https://www.natlawreview.com/article/new-astm-e1527-21-standard-practice-phase-i-environmental-site-assessments-esa> for detailed information.

Please note: Phase I ESAs must provide recommendations for all identified environmental concerns and must include a vapor statement.

# What (Was) New – Winter 2022 RFP

- Benchmarking required. Costs limited to \$495 per building per year. See <https://hcr.ny.gov/steps-hcr-benchmarking-program>.
- Broadband requirements. See Design Guidelines, updated Spring 2022 and CPM Section 5.
- FEHO Artist Policy. See <https://hcr.ny.gov/fair-and-equitable-housing-office>.
- Applicants may only submit a single consistent plan of financing, inclusive of all other funding requests and/or pending funding applications, for the proposed project to other funding agencies. Applications that propose multiple financing scenarios will be deemed ineligible and will not be subject to further review.

# Design & Sustainability Requirements

- 2022 HCR Design Guidelines are applicable to all projects
  - Requests to waive any specific design criteria of the 2022 HCR Design Guidelines should be submitted via the Design Waiver Request Form and can be submitted to:
    - Upstate requests - Taegyun Woo ([taegyun.woo@hcr.ny.gov](mailto:taegyun.woo@hcr.ny.gov))
    - Downstate requests - Mark Warren ([mark.warren@hcr.ny.gov](mailto:mark.warren@hcr.ny.gov))
  
- 2022 HCR Sustainability Guidelines are applicable to all projects
  - Requests to waive any specific design criteria of the 2022 HCR Sustainability Guidelines should be submitted via the Design Waiver Request Form and can be submitted to:
    - HCR Sustainability Team ([nyshcr.365.Sustainability@hcr.ny.gov](mailto:nyshcr.365.Sustainability@hcr.ny.gov))

Please see the RFP Q&A for clarification on commonly asked questions on Sustainability Guidelines requirements.

# Sustainability

## General Highlights & Guidance

- New Construction and Adaptive Reuse projects must be all-electric
- IPNAs are required for all Moderate Rehab projects (Levels 1 and 2)
  - Mod Rehabs (I & II) require an IPNA following the provided template format
- Attachment D-6 in the application has been revised to align with requirements of the Sustainability Guidelines
- Requirement previously referred to as “Mandatory Energy Efficiency Strategy” now aligns with Baseline Requirements in Section 1 of the Sustainability Guidelines
  - \*Compliance with a Section 1 Baseline Requirement is a 9% LIHTC Eligibility requirement and can be selected in Attachment D-6
- “Optional Green Building Program Participation” scoring now referred to as Green Building/Stretch Sustainability Goals. All scoring criteria is outlined in Section IV of the RFP and will be verified through information submitted in Attachment D-6 of the application.
- All requirements previously referred to as “Mandatory Green Building Practices and Mandatory Energy Efficiency Practices” have been absorbed in the Design Guidelines and Sustainability Guidelines.

# Design & Sustainability

## General Guidance & Reminders

- In order to qualify for the increased residential common area now permitted in the Design Guidelines, projects are asked to identify the area of the spaces that qualify for the percent area increases in Exhibit D-2. These include:
  - Supportive Service spaces
  - Co-working spaces or Computer/Business Centers
  - Fitness Rooms
- Various Stretch Sustainability Goals of the Sustainability Guidelines have been added for selection in Exhibit D-3. Projects choosing a Stretch Sustainability Goal will be incentivized in the application assessments and will be required to provide the promised criteria.
- All required remediation work shall be properly identified in Exhibit D-3 Outline Specifications and included as line items in Exhibit D-4 Construction Cost Estimate.
- General Conditions and General Requirements shall be adequately detailed and broken down by line item in Exhibit D-4 Construction Cost Estimate. All shall align with the definitions of General Conditions and General Requirements found in the Glossary of the Capital Programs Manual.

# Clean Energy Incentive (CEI) Program

- CEI no longer requires a separate application or a “base building” and “up-designed” building.
- Design the building to meet the CEI term sheet and submit application as normal.
- CEI application material elements are incorporated into the 9% Project Detail Application – Exhibit D3 and Attachment D6.
- Term sheets reference the Sustainability Guidelines via the Stretch Sustainability Goals.
- CEI funds are disbursed as other HCR 9% LIHTC RFP subsidies.
- Projects still reviewed for eligibility and compliance with CEI term sheet.

# Clean Energy Incentive (CEI) General Guidance & Reminders

Project applying for CEI financing - Basic Eligibility:

- Provide proof the project site falls within a utility that pays into the System Benefit Charge
- Select CEI application type in Attachment D-6. Project not applying for CEI financing can leave this section of Attachment D-6 blank.
  - Attachment D-6 New Construction and Adaptive Reuse Projects
    - Verify that the building is all electric
    - Indicate the project will be pursuing a Stretch Sustainability Goal in lieu of the Baseline Requirements
    - Under Stretch Sustainability Goals: Select which Stretch Sustainability Goal is being pursued for CEI Compliance
    - If applying for CEI Boost Award: Include any required supporting documentation in Attachment D-6
  - Attachment D-6 Existing Building Projects
    - Verify the project is meeting all Baseline Requirements
    - Select any applicable stretch goals being pursued
    - Make sure to select all applicable CEI goals being pursued in the CEI section of Attachment D-6
- Make sure any CEI scope of work is clearly defined in the appropriate sections on Exhibit D-3 (HVAC, DHW, Envelope, Equipment etc.)



# Middle Income Housing Program (MIHP)

- MIHP must be the ONLY HCR financing in a unit.
- MIHP units must be self-supporting, i.e., income from MIHP units must cover the debt service and operating costs for MIHP units.
- Pay attention to the required AMI's based on the other HCR financing in the project. For example, a project outside of NYC requesting 9% LIHTC/SLIHC/HTF/MIHP **MUST** show MIHP units **OVER** 90% AMI. MIHP units targeted at 90% are not eligible.
- Review Exhibit I-4 MIHP eligibility for ALL requested HCR programs to ensure MIHP requirements are met.
- No term sheet for MIHP. MIHP is included within other HCR term sheets.

# Community Investment Fund (CIF)

- CIF only available for non-residential uses
- See Underwriting slides 4 and 5 for Common Mixed-Use Project Issues

# Federal Funds (HOME vs FHTF)

- Uniform Relocation Act: **REQUIRED** for any occupied property, residential or non-residential. Know the rules and what documents must be included in the application to ensure compliance with the Uniform Relocation Act.
  - No 104(d) for FHTF
- Different Environmental Requirements:
  - HOME: Part 58 NEPA
  - FHTF: no Part 58 NEPA, Environmental laws included in property standards. See FHTF Term Sheet for specific environmental requirements and prohibitions note on Environmental slide 29.
- Davis Bacon:
  - Applicable for 12 or more HOME assisted units
  - Not applicable for FHTF
- If requesting federal funds, **BE AWARE** of **ALL** federal requirements.

# Underwriting Issues

## Common LIHTC/SLIHC Equity Issues

### Due Diligence Fees

- Investor/Syndicator due diligence costs being paid from equity installments cannot be included in the development budget as a project expense. The LIHTC/SLIHC equity shown in the budget must show the equity NET of the fees payable. The fees need to be listed on line 9 in the Tax Credit Work Sheet in the Underwriting Application. Make sure the fees are consistent with what is stated in the Letter of Interest (LOI).

### Example

\$9,500,000 is the gross LIHTC equity reflected in the syndicator's LOI. \$50,000 in due diligence fees will be paid out of the first equity installment. Budget should not include those \$50k in expenses, and the LIHTC equity shown as a source should be \$9,450,000.

### Equity Available During Construction

- Do not show tax credit equity that is to be advanced at 100% construction completion as being available during construction, when indicating the equity available as construction financing in the development budget.

# Underwriting Issues (2)

## Common HTF Rent Affordability Requirement Issues

- Units funded by NYS Low-Income Housing Trust Fund (HTF) must comply with HTF affordability requirements.
- Units are to be leased to households paying a minimum of 30% of annual income to gross rent up to a maximum of 48%. Setting rents at an affordability level much lower than the intended maximum AMI target is not allowed.

**Example:** Rents set at 48% AMI affordability and units to be targeted up to 60% AMI. This would not be allowed. HCR will require the units to be regulated at or below 50%AMI.

Refer to Section 7.06.02 of the Capital Programs Manual

# Underwriting Issues (3)

## Common Operating Budget Issues

- Be sure to provide appropriate operating cost documentation. At a minimum applicants must provide documentation for Property taxes, Insurance, Utilities (heat, electricity, gas, water & sewer) and Broadband Internet costs.
- Utility estimate must clearly indicate owner paid versus tenant-paid utilities.
- Application is internally inconsistent on what utilities are included in rent and what utilities are in the tenant utility allowance.
- Budgeted operating costs are not consistent with the documentation provided.

# Underwriting Issues (4)

## Common Mixed-Use Projects Development Cost Issues

- Avoid showing insufficient eligible financing sources to cover non-residential development costs. HCR will only allow LIHTC equity to be used for non-residential development costs in the case of an IRS-eligible Community service Facility (CSF). Up to 10% of an HTF award can be used for CSF costs. CIF is the only other HCR funding available for non-residential space. See CIF Term Sheet.
- Development costs of the non-residential space are understated because a proportional share of development costs are not attributed to the non-residential space, e.g., attributing no acquisition costs to a non-residential space.

# Underwriting Issues (5)

## Common Mixed-use Projects Operating Issues

- The residential and non-residential projects must each stand on their own operationally.
- Residential rental income cannot be used to subsidize the non-residential project.
- Ability of the residential project to cover operating expenses and debt service must not rely upon income from non-residential rents.
- Application should clearly explain in the project narrative the assumptions made on the operations of the non-residential space, including rents and lease terms.
- Applicant must enter into a master lease in the event of a non-residential vacancy to ensure non-residential operating costs will be covered.



# Underwriting Issues (6)

## Common Mixed-Income Project Issues

- Ensure that units targeted over 60% AMI have sufficient sources of eligible financing to cover the development costs of the units.
- Ensure that units over 60% AMI generate sufficient income to cover their operating expenses and any debt service attributable to them.

# Underwriting Issues (7)

## Cash Flow Limits Reminder

- In projects with a conventional permanent loan, HCR will allow initial cash flow at the greater of up to \$35 per unit per month (pu/pm) OR the amount necessary to meet the lender's and/or mortgage insurer's debt service coverage requirements.
- In projects without a conventional bank loan, to maintain positive cash flow through the first fifteen years of operations, HCR will allow initial per unit cash flow to exceed \$35 pu/pm.
- For LIHTC/SLIHC financed projects, HCR will require projects with cash flow over \$35 pu/pm to defer as a permanent financing source developer fee equal to the aggregate amount of cash flow above \$35 pu/pm over the project's initial 15 years of occupancy.

See Section 5.07 of CPM Underwriting Standards

# Section 3

(Federal Housing and Community Development Act of 1968)

- Recipients of HUD funding (CDBG, HOME, and Federal HTF) in excess of \$200K must comply with Section 3, which requires “to the greatest extent feasible” that employment, training and contracting opportunities be given to low-income people in the area of the project and those companies that are hired or owned by them.
- Updated requirements based on labor hours worked
- See HUD CPD Notice 21-07:  
<https://www.hudexchange.info/resource/6416/notice-cpd2107-section-3-of-the-housing-and-urban-development-act-of-1968/>  
and HCR Section 3 Compliance Webpage:  
<https://hcr.ny.gov/section-3-compliance>
- Bi-annual reporting cycle: report on whether Section 3 goals have been met or provide justification and documentation as to why goal not met
- Question? Need technical assistance? [Dinorah.Santiago@hcr.ny.org](mailto:Dinorah.Santiago@hcr.ny.org)

# Environmental Reminders

Follow all directions.

A. For Attachment E-6 this means (including but not limited to):

1. Copy and paste questions into a document and address each question and subpart. If a question is inapplicable indicate N/A, with a brief explanation of why.

2. Include a map of search radius marking the project site. If a project consists of scattered site, provide a map with a central location identified, or multiple radius maps as needed.

3. A written identification and accompanying map(s) of uses (i-v).

4. If site is in a zone that allows industrial uses, an area that historically allowed industrial uses and remains predominantly industrial uses, or was granted a variance but is otherwise within an area allowing industrial uses there is a presumption the site is not suitable. A thorough analysis with local support will be necessary to overcome that presumption along with a showing that industrial uses will not be located near the project site in the future.

5. If site is in an area with high noise or air emissions (including from traffic) ensure mitigation is proposed.

6. Include a statement as to why/how the project site does not create a disproportionate environmental impact on occupants.

# Environmental Reminders (2)

- B. For Attachment E-4, Smartgrowth this means (including but not limited to):
1. Consider all aspects of the total project that are open or used by non-tenants.
  2. Ensure criterion 11 includes an analysis of impacts per the indicated DEC guidance.
- C. For Attachment E-2, SHPO, this means a project review must be initiated. If SHPO has indicated a Letter of Resolution or Memorandum of Agreement is needed, HCR will not proceed with that process unless or until an award is made. Note that the need for an agreement will impact the project score.
- D. For FHTF applications this means (including but not limited to): ensure project meets all site standards as described in the regulation and summarized on the term sheet. A project that does not demonstrate it meets all site standards (including wetland and floodway prohibitions) will not undergo scoring review.

# LIHTC Scoring Detail

The LIHTC scoring is detailed in the Qualified Allocation Plan (QAP), which was revised effective May 2021. To provide greater transparency into the scoring process, below are breakdowns and explanation of various scoring aspects of the 9% LIHTC scoring system.

➤ **Community impact/ revitalization – up to 10 points**

- To be considered for points under the first component in this scoring area, the project must involve either the use or reuse of existing buildings; in-fill new construction; and/or the demolition and replacement of buildings having a blighting impact on the neighborhood.
- The second threshold criteria is that the proposed project must advance a neighborhood specific revitalization plan or be complimentary to an ongoing neighborhood-specific planning and/or revitalization effort. Up to 5 points are assigned based on the aspects and quality of the plan (see 2040.3 (f)(1)(i) of the QAP).
- The second scoring component in this scoring area is whether the project advances specific housing objectives of a Regional Economic Development Council (REDC) strategic plan and other REDC initiatives, as evidenced by an award.

# LIHTC Scoring Detail (2)

- **Financial leveraging – up to 11 points**
  - Points are awarded based on the percentage of project financing derived from committed non-HCR sources. Projects leveraging 20% or greater of project costs will receive maximum points.
  
- **Sponsor characteristics – up to 9 points**
  - Points are assigned based on the development team's history of successfully developing previous HCR-funded projects on-time and on-budget; and the successful management of HCR-regulated projects. HCR uses a rolling look-back period. Applicants without HCR experience may submit for consideration a letter from another tax credit allocating agency documenting successful experience in similar projects.

# LIHTC Scoring Detail (3)

## ➤ Affordability – up to 8 points

- Scored on the percentage of LIHTC units in the project which will be affordable and targeted to persons with the lowest incomes (e.g., 30 percent, 40 percent, or 50 percent of area median income). Projects that offer at least 20% of units to households earning up to 30% AMI, and/or at least 50% of units to households earning up to 50% AMI will be scored the most favorably.
- Applicants which provide an executed Public Housing Authority/Local Program Administrator Linkage Agreement to provide referrals to the proposed project are awarded 1 point.

## ➤ Individuals with children – up to 7 points

- Points are awarded based on the ratio of bedrooms to units in a project as a measure of the degree to which the project will serve families with children. Projects with an average of 2.0 bedrooms per unit will be scored most favorably. Note that standard is also a component of whether the project meets the Housing Opportunity Projects State Housing Goal (now known as HCR-Designated Well-Resourced Area) or advances a neighborhood specific revitalization plan and/or effort.



# LIHTC Scoring Detail (4)

- **Persons with special needs – 5 points**
  - Scored based on whether at least 15 percent of the LIHTC-assisted units are reserved for persons with special needs and will be offered supportive services as evidenced by a comprehensive service plan and agreement with a services provider experienced in serving the target population(s).
  
- **Housing opportunity projects – up to 5 points**
  - Scored to the extent the project is located in close proximity to public transportation, i.e., within ½ mile or less safe walking distance; is located in a community with a low incidence of crime; and/or is located in a Housing Opportunity census tract (now known as HCR-Designated Well-Resourced Area). Note this scoring criteria is applied for every project, whether or not the proposal intends to qualify under the Housing Opportunity Projects State Housing Goal.

# LIHTC Scoring Detail (5)

- Investment in Underserved Areas – 5 points
  - Scored on whether there is an unmet demand for affordable housing (defined as a market study capture rate of <10%); and limited or no subsidized affordable housing production in the past 10 years within the primary market area. A perennial need for affordable housing is assumed for projects located in NYC.
  
- MWBE and SDVOB – up to 5 points
  - Scored to the extent the project development team includes NYS certified minority and/or women-owned businesses and service-disabled veteran-owned businesses. Points are awarded if an M/WBE or SDVOB will serve as the project owner/sponsor/developer with a controlling interest in the GP/Managing Member; and/or to the extent M/WBEs or SDVOBs will serve major roles in the development team.
  
- Historic Nature – up to 2 points
  - Points are awarded if either the project site is listed on the NYS or National Register of Historic Places (or other technically equivalent designation status); and whether it is demonstrated that the project is eligible to receive the federal historic tax credit, will apply, and reflects anticipated funding in the project budget.

# LIHTC Scoring Detail (6)

- Mixed income – up to 4 points
  - Scored to the extent the project would serve households earning above 60% of AMI. Projects proposing 20% or more of the HCR-assisted units for households earning above 60% AMI and/or above 80% AMI are the most favorably scored.
  
- Fully accessible and adapted move-in ready units – up to 5 points
  - Scored on whether the applicant has provided evidence that there is sufficient market demand for the number and type of units proposed and has certified it will enter into a written agreement with an experienced service organization(s) to provide appropriate referrals for fully accessible and adapted, move-in ready units.
  - Projects proposing at least 10% of HCR-assisted units as fully accessible and adapted for person(s) who have a mobility impairment; and at least 2% for person(s) who have a hearing or vision impairment will be most favorably scored.

# LIHTC Scoring Detail (7)

## ➤ Green Building/Stretch Sustainability Goals – up to 5 points

- Scored on the extent the project identifies and will comply with a Stretch Sustainability Goal. Specifically, applications must identify and demonstrate design compliance with one of the Stretch Sustainability Goals in Attachment D-6.
- Applications must also include a smoke-free housing statement to receive Green Building/Stretch Sustainability Goal points.
- Note that cost effectiveness and Green Building/Stretch Sustainability Goal points are linked to encourage cost containment. It is recognized, however, that there is a cost differential for higher energy efficiency. Therefore, a cushion is built into the cost effectiveness analysis for those projects choosing the Green Building/Stretch Sustainability Goals to incentivize opting for the higher standards.

## ➤ Cost effectiveness – 5 points

- Points will be awarded to individual projects based upon a comparison of project costs to the costs proposed in other complete project applications under the same RFP and in the same cost region.
- For scoring purposes, HCR will award points to projects as described in the RFP. A buffer is incorporated for projects choosing a Green Building/Stretch Sustainability Goal.

# LIHTC Scoring Detail (8)

## ➤ Project readiness – up to 10 points

- Scored on the extent the application demonstrates the likelihood of a construction closing in the shortest possible timeframe based upon an assessment of the status of financing commitments and whether the project is supported by implementation measures. To maximize points under this criteria:
  - Firm commitments need to have been obtained for 100% of the non-HCR construction and permanent financing;
  - The application must project a reasonable construction financing closing date within 11 months of application date for projects located in NYC, Nassau, Suffolk and Westchester counties, or 9 months of application date for ROS;
  - Full site control must be demonstrated;
  - The project must have received all applicable environmental approvals and clearances necessary to proceed to construction financing; and,
  - The proposed project is supported by multiple implementation measures, including but not limited to, a documented rental or operating subsidy; infrastructure improvements; real property tax relief; municipal financing assistance; municipal or not for profit land donations; fee waivers; rezoning/area variances; a SEQR neg. dec.; and/or site plan approval.

# LIHTC Scoring Detail (9)

- Participation of not-profit organizations – up to 4 points
  - Full points are awarded if a local 501(c)(3) or(c)(4) non-profit organization(s) or its wholly-owned for-profit subsidiary(ies) will serve as sole general partner of limited partnership (or sole managing member of the LLC) which will serve as the project owner. The NFP entity meet the following standards: i) a fostering of low-income housing as one of its tax-exempt purposes and ii) is not affiliated, established, or controlled by a for-profit entity.
  - Two points will be awarded if a local NFP with demonstrable housing experience and capability, has a defined and substantive role in the ownership, development and management of the project through the extended use period.
  - One point will be awarded if a NFP that does not qualify as a local non-profit organization(s) under section 2040.2(n), or its for-profit wholly owned subsidiary(ies), has a defined and substantive role in the ownership, development or management of the project through the extended use period.

# Underwriting Evaluation

- HCR considers three aspects of UW when evaluating proposals:
  - **Market Support:** The extent to which the project conforms to and is supported by a market study that complies with HCR Market Study Guidelines in the Capital Programs Manual (CPM), including projecting an acceptable capture rate, etc.
  - **Operating Economics:** Extent to which project complies with agency underwriting requirements with respect to project operations, applicable minimum rent burden requirements, cash flow policies, reserve contribution requirements, etc.
  - **Plan of Finance:** Extent to which project complies with agency underwriting requirements with respect to financing, including but not limited to funding commitments, documentation of expenses, deferred developer fee requirements (independent of HCR's excess cash flow policy), etc.

# Underwriting Evaluation (2)

The latest QAP allows HCR to assign a scoring system to project underwriting (UW) in determining LIHTC allocations.

- Previously, UW reviews were assigned a letter grade. Applications that did not achieve a certain grade threshold were not considered for funding.
- HCR has retained the basic grading concept and the three elements of UW, but now assigns a point value to each grade.

## Scoring Rubric

Category	A Rating	B Rating	C Rating
Market	10	5	0
Operating Economics	20	10	0
Plan of Finance	20	10	0



# Underwriting Evaluation (3)

Possible UW Point Combinations:

Market	Operations	Finance	Total Score
A	A	A	50
B	A	A	45
B	B	A	35
B	A	B	35
B	B	B	25

**C in any category results in 0 points for UW, and the project will be effectively be deemed non-competitive. Grades of C include but are not limited to circumstances such as negative cash flow, capture rates exceeding 20%, deferred developer fee exceeding 1/3, missing funding commitments, and other UW issues that cannot be addressed post award without substantial impact to the plan of finance or operating economics.**

# Final Thoughts and Reminders

- Questions may be asked ONLY through email submission to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov). Questions and Answers will be posted and updated periodically. Please check the website daily.
- Reminder: Applicants must be an existing legal entity with a Federal ID Number
- Reminder: All application components must be submitted and submitted in the appropriate file format(s). For example, a single .pdf document of the entire application cannot be reviewed and will be deemed unresponsive to the RFP.
- Don't wait until the last minute to begin the application
- Continue to check [www.hcr.ny.gov/multifamily](http://www.hcr.ny.gov/multifamily) in case of updates. Any updates to documents will be posted in the Record of Revisions.
- Good luck!

# Questions & Answers

[9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov)

[www.hcr.ny.gov](http://www.hcr.ny.gov)