

## HCR Multifamily Finance 9% RFP – Fall 2022

### Questions and Answers #2

#### Application:

**Q1: For Exhibit E-5 Smart Growth, would this include improvements to sidewalks in front of the new residential building and a community facility that is open to the public?**

A: Improvements to existing sidewalks would not qualify as new infrastructure. A community facility that is open to the public would qualify as new infrastructure.

**Q2: For Attachment H-2, Chief Executive Officer Notification Letter, will HCR accept proof of the CEO's receipt up to 30 days after the application is submitted to HCR, if the project detail including pricing is still in flux? Or should the applicant wait until the Fall 2022 9% LIHTC application is submitted to send the CEO letter and attachments to ensure that the information transmitted to the CEO match the application detail, or should it just be sent as soon as possible?**

A: The CEO notification letter and supporting documentation should be sent to the Chief Executive Officer/Local Official of the locality in which the proposed project is located prior to application submission to HCR. It is understood that there may be some minor modifications of project information between the time of transmission of the CEO notification and application submission.

**Q3: Applicants for projects in New York City must submit evidence that their proposals are eligible for consideration under an applicable New York City tax abatement program. Does a prior opinion letter from counsel fulfill this evidence requirement?**

A: Yes, provided the previous opinion letter from counsel is signed, on corporate letterhead and is not dated no more than six months prior to the application submission deadline.

**Q4: Is a letter from the architect acceptable documentation that the project is pursuing a zoning variance, or must this letter be from the municipality?**

A: Per Exhibit B-5, all applicants must submit documentation from officials of the municipality in which the project is located confirming that the project site is zoned to permit construction of the project as proposed in this application, or that action to obtain the required zoning change/variance/approval is in progress.

**Q5: If a project will have a pending ESSHI application at the time of submission of the 9% LIHTC application, and the back-up plan is to use HCR PBV's if the ESSHI award isn't successful, how should this be represented in the 9% LIHTC application?**

A: Applicants are required to submit a single financing plan, including any pending funding applications, per the Fall 2022 9% LIHTC RFP, Section IV.L., Single Financing Plan. There is no mechanism to submit, consider or score a back-up plan.

**Q6: The site control requirements state the following is acceptable evidence of site control “A signed option between the applicant or affiliate and the property owner to purchase, which is renewable or with a term that continues at least six months beyond the date of funding round application deadline, or the proposed construction financing closing date, whichever is later”. If an option agreement is renewable through the proposed construction closing date, which is later than 6 months after the application submission date, does that meet the site control requirement?**

A: Yes.

Term Sheets:

**Q1: Is the SLIHC monitoring fee an additional fee beyond the 9% LIHTC monitoring fee, or is the SLIHC monitoring fee encompassed in the 9% LIHTC fee?**

A: For units regulated by both 9% LIHTC and SLIHC, only the 9% LIHTC monitoring fee will be charged. Please refer to the 9% LIHTC term sheet for monitoring fee details.

**Q2: Is there a project cap for federal Housing Trust Fund?**

A: Please refer to the FHTF term sheet and Exhibit I-4 for programmatic eligibility.

**Q3: The 9% LIHTC per-project limits has been increased in past years for projects with an average of 3 bedrooms, but the per-unit limit has not changed. How does that help?**

A: The 9% LIHTC term sheet allows a per project limit (annual allocation) of \$1.43 million, and up to \$1.65 million for projects in which 50% or more of the units have three or more bedrooms. In the case of a project located outside of NYC (“Rest of State”), the \$22,000 per unit limit would allow for LIHTC to be provided for an additional 10 units for a project qualifying for the maximum \$1.65 million in LIHTC. This would generate additional equity and average rents, while distributing development and operating costs over a greater number of units.

Design:

**Q1: The average size of our projects unit sizes as designed meets the HCR requirement for unit sizing but three units are oversized. Will this require a waiver?**

A: Yes, waiver will be required for the three oversized units. The allowable dwelling unit area ranges prescribed by the Design Guidelines are requirements for each dwelling unit.

**Q2: The Design Guidelines state “Bedroom closet should be located between bedrooms as sound barrier.” Not all units have this configuration. Does this require a waiver?**

A: No, a waiver is not required as this is a design recommendation of the Design Guidelines.

**Q3: The Capital Programs Manual includes language which seems to indicate no waiver is required for upstate projects that are unable to afford to include individual broadband/Wi-Fi service in the rent for each apartment. Is that correct?**

A: Correct. HCR is not requiring waivers for the cost element of providing wifi services. Applicants are still expected to comply with both the hard costs of preparing the site for the provision of free broadband for all units and common areas; and the provision of broadband services in common areas and community rooms. Operating budgets may omit the cost of provision of broadband expenses for each unit, although the application should indicate and justify why the applicant believes that the provision of broadband is not sustainable from a budgetary perspective. Should the project be awarded, a condition of award will be made indicating that documentation of quotes and efforts to provide broadband must be submitted. In lieu of a waiver request, UW will conduct a review of the budget and justifying documentation and make a determination as to whether broadband services are in fact unsustainable.

**Q4: We have 11 IPNA reports completed in May 2020 using the 2018 IPNA format that we want to update and submit this year. Must we resubmit the IPNA utilizing the 2021 format or can we update conditions and pricing using the older forms?**

A: We would allow an older NYSERDA version of the IPNA tool, where the project can show cost savings to update the original report compared to updating the full report to the 2021 format. The project team will also need to provide any additional information that is omitted from the 2018 version if requested by HCR to better understand the scope of work, should there be follow up questions that the 2018 version does not provide.

**Q5: We are resubmitting an unsuccessful Winter 2022 application in response to the Fall 2022 9% LIHTC RFP. A design waiver was approved for the Winter 2022 application. Is this design waiver still valid for the Fall 2022 application?**

A: If there have been no changes to the project or the applicable requirements based on the new Spring 2022 Design Guidelines and Spring 2022 Sustainability Guidelines that would alter the validity of the existing approved waiver, the existing approved waiver can be submitted as part of the Fall 2022 application.

Underwriting:

**Q1: For 9% LIHTC projects including ESSHI units, what should rents be set at for ESSHI units?**

A: ESSHI rents need to set at 50% of AMI for ESSHI units. ESSHI rents set above or below 50% of AMI will be adjusted to 50% AMI rents in the HCR underwriting evaluation.

**Q2: Does F-3 Operating Expenses Documentation have to be dated within a specific time prior to application submission? The project has proposals/quotes dated March 2022 for a previous submission. Would the sponsor be able to submit those proposals dated in March 2022?**

A: HCR requires current, updated estimates for operating expenses which correspond to the operating expenses in the operating budget.

RFP:

**Q1: Can HTF and FHTF be allocated in the same unit?**

A: The Fall 2022 9% LIHTC RFP, Section IV.M., states the following in referenced to utilizing HTF and FHTF in the same unit:

*In addition to 9% LIHTC and SLIHC, projects may only apply for one subsidy gap financing source per residential unit, except for FHTF and HDF which may be included in addition to another source of subsidy. Projects may also apply for CIF for non-residential purposes in addition to other subsidy sources. Furthermore:*

- *HTF, SHOP, SENR and PHP cannot be combined; a project may use only one of these funding sources;*
- *HOME may be combined with other HCR financing in a project, however HOME must be the only source of HCR subsidy financing in a unit. A unit may not include HOME and HTF, SHOP, PHP, SENR or FHTF; and,*
- *MIHP must be the only source of HCR financing in a unit and cannot be combined with projects requesting PHP or SENR.*