

## HCR Multifamily Finance 9% RFP – Fall 2022

### Questions and Answers #4

#### Underwriting:

**Q1: For the initial application F-3 Operating Expenses Documentation, if owner-paid broadband in each unit is determined to be infeasible for the project, are we required to submit the broadband estimate with the application?**

A: An estimate documenting broadband costs for the units is required. Please refer to Section 5.07 of the CPM for Broadband requirements.

**Q2: If a project gap exceeds the amount recoverable through the deferral of one third of the gross developer fee, is it acceptable for the developer to defer additional amount of fee in the form of sponsor equity or a note?**

A: Yes.

**Q3: Is the developer able to reduce the additional amount of fee in the form of sponsor equity or note dollar for dollar through leveraging additional non-HCR sources and/or a reduction in total development costs through saving that do not materially alter or lessen the quality of the housing presented in the applicant's initial application?**

A: Yes.

**Q4: For energy efficient buildings, we are finding that the utility allowances provided by local Housing Authorities are significantly higher than projected and actual utility usage. Does HCR allow any exceptions to the utility allowance rates provided by local Housing Authorities?**

A: HCR requires the budgeted project utilities, both tenant-paid, and owner paid to be documented by an estimate of the project's anticipated utility costs, prepared by an appropriate professional (Energy consultant, project architect, engineer etc.). HCR has no requirement that the UA established by the local PHA must be used in the application. That is only true in the case of a project using PBVs. HUD requires that the PHA UA schedule be used for units subsidized with Section 8. HCR has no ability to waive that requirement.

#### Design:

**Q1: Is there an acceptable example of Preliminary Plans that can be shared?**

A: Please see Appendix B of the 2022 HCR Design Guidelines which outlines expectations for preliminary design documentation for the project application.

Application:

**Q1: To meet the state goal of providing integrated supportive housing, is a project required to have >30% of the building be supportive housing (which is the requirement in the SHOP term sheet) or a higher threshold?**

A: Projects are not required to meet the SHOP term sheet minimum percentage of supportive units in order to qualify under the integrated supportive housing goal. While a 50% affordable to supportive split in units is typical in an integrated supportive housing project (60% in NYC), the number and percentage of supportive units should be appropriate to the population(s) to be served and reflective of the relative need in the community. HCR will exercise its discretion in determining whether proposals meet the intent of the integrated supportive housing goal. Applicants should be aware, that in accordance with the LIHTC Qualified Allocation Plan, points will be awarded for projects proposing at least 15% of units targeting a special needs population (inclusive of supportive housing). Applications proposing a de minimis number of units as supportive housing, or an unusually low percentage given the market area, will not be considered to meet the integrated supportive housing goal. Applicants are encouraged to include a rationale in the project narrative explaining the ratio of supportive units proposed.

**Q2: For projects that are not applying through the Multifamily Finance 9% LIHTC RFP until the Spring 2023 round, is it better to wait to apply for Project Based Section 8 until the Winter 2023 round, or is it better to submit the PBV application on January 10, 2023 for the current PBV round?**

A: In order to apply for the PBV as a project requiring construction (Track 1), the project must have an application in process for the Multifamily Finance 9% LIHTC RFP.

**Q3: Can the model Housing Services Agreement be amended? Our NFP partner is concerned about the ability to terminate the agreement and about liability.**

A: The Housing/Services Agreement is an HCR document, and the language cannot be modified. When a project owner and their NFP partner need to further define their relationship, they should consider entering into a Service and Subsidy Agreement.

**Q4: If a project is serving more than one special population, can the 15% be distributed over all selected populations? For instance, if the breakout shows 5 units for a specific population and 2 units for a different population, can the project serve 4 units and 3 units respectively?**

A: The Population to be served and the number of units specifically targeted to that specific population cannot change. If the application indicates the targeting of 5 units for persons with SMI and 2 units for homeless persons, the project will need to always maintain 5 units for persons with SMI and 2 units for homeless persons.