

HCR Multifamily Finance 9% RFP – Fall 2023

Questions and Answers #2

RFP:

Q1: Are there any application fees associated with applications that are not applying for Low Income Housing Tax Credits?

A: Please refer to the Fall 2023 HCR Multifamily 9% LIHTC RFP, Section II, C, Application Fees for applications which include 9% LIHTC and/or SLIHC. There are no application fees for applications which do not include 9% LIHTC and/or SLIHC.

Q2: For a project to qualify for the M/WBE SDVOB Developer 9% LIHTC Set-Aside, what percentage of the ownership entity must the M/WBE Developer control if there is a co-developer relationship?

A: Please refer to the Fall 2023 Multifamily Finance 9% LIHTC RFP, Section IV, A. 9% LIHTC Set-Asides, 5. M/WBE SDVOB Developer for this information. Note that any references to M/WBE SDVOB Developers are NYS Certified M/WBE SDVOB Developers.

Underwriting:

Q1: Is there a maximum term for a permanent bank loan for a 9% LIHTC project? We were offered a 40-year amortization term on a permanent loan.

A: The permanent bank loan must have a minimum term of 30 years, with up to a 40-year maximum term allowable. All permanent bank loans must be fully amortized at the end of the term. Balloon loan structures are not acceptable.

Q2: If a project includes units with Project Based Vouchers, can the 2024 FMRs be used for the units with Project Based Vouchers?

A: Please refer to the note on the cover page of Section 7 HOME Program Rents 2023 & Fair Market Rents 2024 of the Fall 2023 Reference Materials. The 2024 FMR's are in effect and apply to PBV units for any non-HOME project. HOME projects are still required to comply with the 2023 HOME program rent limits which may be less than the 2024 FMRs. The FMR's are included in the last tab of the Underwriting Application for reference.

Q3: Attachment F-3 states a quote from an insurance agent/company is required for all insurance items. Is it acceptable to provide comparable insurance costs for a similar project in the 9% LIHTC Applicant's portfolio?

A: The requirement is as stated in Attachment F-3. HCR requires a quote from an insurance agent/company for all required insurance items.

Q4: For new construction projects in NYC that are applying for 9% LIHTC, a market analysis rather than a market study is the required documentation to demonstrate need for housing for the target population(s) served. In the HCR Fall 2023 Section 8 Project Based Vouchers and Rural Rental Assistance Program NOFA, it requests a market study for any project in Track 1. Would a market analysis per the 9% guidelines suffice to meet the requirements of the HCR Section 8 Project Based Vouchers NOFA?

A: Yes, a market analysis will be accepted.

Q5: Is there a shelf life for market studies for the Fall 2023 Multifamily Finance 9% LIHTC RFP applications due November 7, 2023?

A: Per the Fall 2023 9% Project Detail Application and CPM, a current market study must be submitted based on the most recent Census data, including income target data for the PMA and which determines capture rates based upon the specifics of the current, proposed project including project rents, unit configuration, AMIs and funding sources requested.

Q6: Our project is an all-electric new construction building in the Bronx that we're hoping to finance using HCR 9% Credits, SHOP subsidy, as well as HPD SHLP subsidy. We've been assuming HPD's 2023 Utility Allowances for all-electric buildings. Since HPD is providing subsidy, are these the correct utility allowances to use, or should we be referring to HCR's utility allowances?

A: Please see Section 5.0 of the Capital Programs Manual. HCR requires HUD Utility Allowances by county for PBV projects or an otherwise qualified energy consultant estimate.

Q7: Do Housing Authority's, who take tenants from their waiting list, need to submit a market study?

A: Yes, a market study is required.

Sustainability:

Q1: How should a Historic Adaptive re-use project request funding through the Existing Building CEI term sheet? The option is not included on Application Exhibit D-6. Where should this be indicated, and does a Design Waiver need to be submitted?

A: Under the **CEI Application** section, please select the goals the project is pursuing under Existing Building Projects only and provide a detailed explanation in the CEI Applicants open field, including the project's historic designation and any other reasons the project cannot pursue CEI under the Adaptive Reuse term sheet.

Q2: Can CEI be requested for non-residential CIF-funded space?

A: CEI cannot be used for non-residential spaces.

Design:

Q1: HCR issued new 2023 design guidelines since the previous 9% LIHTC funding round. Our project will follow HPD guidelines and received a waiver in the previous 9% LIHTC funding round. According to the “What’s New Section” of the current RFP, waivers are applicable for 18 months from the date of approval issuance. Must a new design waiver be submitted given the 2023 Design Guidelines?

A: If the criteria in the approved waiver requests did not change in the updated version of the Design Guidelines, then there is not a need to resubmit for approval of any waivers that were approved in the last 18 months. If you have any questions on specific waiver requests that were previously approved, please feel free to reach out to the Design Unit.

Q2: Our application includes both adaptive reuse and new construction units in the same project; as such, we have two separate outline specifications for each part of the project. Can we submit two (2) Exhibit D-3’s, one for the adaptive reuse and one for the new construction?

A: Yes. HCR Design Unit can accept two (2) Exhibit D-3’s one for the adaptive reuse and one for the new construction. Please clearly indicate the project type on each Exhibit D-3.

Environmental:

Q1: In February 2022 SHPO sent the project a letter that found “no historic properties, including archaeological and/or historic resources, will be affected by this undertaking.” Does the project need an updated letter or is the February 2022 SHPO letter still valid?

A: The SHPO letter is still valid.

Q2: Our project proposes the controlled demolition of an existing building and subsequent new construction. We intend on having a Phase 1 ESA completed per HCR requirements. In the event concerns are identified as a part of the Phase 1 ESA, can a narrative be provided on how these concerns will be addressed (i.e. through controlled demolition) in absence of a performing a full Phase 2 assessment?

A: Please refer to Application Attachment E-3 instructions which state:

E-3: PHASE I ENVIRONMENTAL SITE ASSESSMENT REPORT (ESA)

A complete copy of all narrative portions of the Phase I Environmental Site Assessment Report (ESA), including potential migration of vapor contamination, which must meet the current ASTM Standard and have been completed within one year of the application deadline; and

a. If the ESA reveals issues of concern, submit either a Phase II or other follow-up investigation or attach a narrative including a timeline and budgeted costs for corrective action/remediation, describing how the issues of concern will be further characterized; and

b. If issues of concern have already been characterized, attach a narrative description of how those issues of concern will be resolved including a timeline and budgeted costs for corrective action/remediation and/or attached Brownfield application materials or Remedial Action plans, or other relevant remediation documents.

Application:

Q1: What is the definition of a senior project?

A: Please refer to the Capital Programs Manual for the definition of a senior project.

Q2: Is the super's unit taken into account when calculating the preference in tenant selection to persons with special needs for at least 50% of the project units for the 9% LIHTC ESSHI/Supportive Set-Asides?

A: No, the super's unit is not taken into consideration in the calculation for the preference in tenant selection for persons with special needs for the 9% LIHTC ESSHI/Supportive Set-Asides.