

NYS HOME-ARP | Funding Opportunity Presentation | Q&A

Q: Could you discuss how the financial asst is intended to work for affordable rental housing development if it is structured as a 0% loan with a max. of \$400K/assisted unit. Given projected low rent revenues, will loan repayments be required during the affordability period? What are the criteria for loan forgiveness?

A: There would be no payments required during the compliance/loan period. Loan terms will be determined by financial structure of the project. For example, a loan could be structured as a declining balance lien or it may be extended for an additional period of affordability, depending on the project needs.

Q: If we are not able to submit an application in the current round, approximately how long would it be before the next round of funding becomes available?

A: We anticipate another HOME-ARP release by summer 2024, based on funding availability.

Q: Is acquisition of land an allowable expense? Or are funds only allowed for development?

A: Yes, acquisition is an allowable expense. The proposal must be able to demonstrate how the regulatory requirements and construction timeframes outlined will be met.

Q: For development of affordable housing, could we apply for only the project components with the qualifying populations if the entire development does not have 70% of QP units? Please note, NYS HOME ARP would be a gap filler. Can we apply for projects that are currently under construction?

A: In this scenario of a gap filler, 100% of the HOME-ARP assisted units would be required to be occupied by QP households (not 70% of the entire development). If a project that has already been awarded funds is seeking HOME ARP funds, the proposal should include a clear, well documented reason for why additional funds are being requested and whether other HOME funds were part of the original award.

Projects currently under construction are not eligible for HOME-ARP for Environmental Review reasons because NEPA applies and construction is a choice limiting action.

Q: What is the total allocation over the 5-year period?

A: \$79.46 million is the total allocation made available through NYS HOME-ARP. Funding expires 9/30/2030

Q: Typically SHOP cannot be combined with HOME. Is that true for this funding?

A: SHOP financing is only available for site-specific multifamily rental housing that will have first mortgages financed by tax-exempt or taxable bonds issued by HFA or will receive an award of 9% LIHTC. A LIHTC or bond project may seek SHOP and HOME ARP, but these projects would be closely scrutinized for scope and in the subsidy layering review to avoid inflated development costs or over-subsidizing any project or unit. It is not generally expected that a project would need both.

Q: Can you elaborate on the initial application threshold requirement regarding project readiness? What level of site control, design progress, and status of local approvals is required vs. disqualifying?

A: For the threshold review, we are looking to make sure the project is eligible. We aren't requiring site control, local approvals etc. for threshold review, but we're asking to know the current status of these items. Site control documentation would be needed to make an award. If you have a project that is conceptual without the site determined etc. it would probably not be ready for the full submission in this round of funding.

Q: Can we apply for projects that are currently under construction that are HCR/HFA funded?

A: Projects currently under construction are not eligible for HOME-ARP for Environmental Review reasons. NEPA review is required and construction is a choice limiting action.

Q: Is there a schedule established for release of additional RFPs?

A: There is not a set schedule. We anticipate another HOME-ARP release by summer 2024, future rounds will be based on funding availability remaining.

Q: Is there a developer fee for the NCS as well?

A: Yes.

Q: The rent could not exceed 30% of the income of the 30% AMI of our area for rental units being created?

A: The rent cannot exceed 30% of the annual income of the household regardless of AMI.

Q: Are there any flexibilities or benefits for projects looking to have units affordable in perpetuity?

A: No, in general, projects will likely have an opportunity to continue resubordinating and extending the loan terms.

Q: If used as construction financing, will HCR allow monthly construction draws? If not, at what intervals will HCR allow draw requests?

A: Yes, monthly draw requests will be possible. HCR's Architecture & Engineering division must sign off on the completed work and approve disbursement.

Q: What is the process to request a waiver from design guidelines?

A: There is a [design waiver request form](#) that would be submitted, this information will be linked to the website.

Q: Can capital funding be used with ESSHI projects? Empire State Supportive Housing Initiative

A: Yes

Q: Would an affordable housing project that has received a LIHTC allocation, but has developed a funding gap be a good fit for HOME-ARP assistance if it includes set-aside units for persons experiencing homelessness? The project has yet to break ground.

A: We have not excluded LIHTC projects from consideration, but the priority for HOME-ARP is for housing units that do not have other clear pathways for funding. If a LIHTC project that has already been awarded funds is seeking HOME-ARP funds, the proposal must include a clear, well documented reason for why additional funds are being requested and whether other HOME funds were part of the LIHTC

award. In this case, 100% of HOME-ARP assisted units would be restricted for Qualifying Population households as identified. Subsidy layer review would be performed to ensure individual units are not over-subsidized.

Q: Would prevailing wage be required for this funding?

A: Yes, Davis Bacon applies. Programs that undertake construction or rehabilitation activities on 12 or more HOME/HOME-ARP assisted units within the same construction contract must comply with the Federal Labor Standards requirements (Davis Bacon Related Acts). Please review guidance.

Q: Are projects in NYC eligible? Should NYC projects submit an initial application on Dec. 22nd, so they can submit a full application in Feb. if NYC has operationalized its HOME-ARP funds and there is still a gap?

A: NYC has a separate HOME-ARP allocation of \$269,831,517. When that funding is made available, we could consider projects through NYS HOME-ARP with a documented gap. This is unlikely to be in this first round as the NYC allocation has not been released yet.

Q: What is the expected timing for announcement, and completion of award agreements of this first round? Ex. for the February submission date, when can awardees expect that funding is in place?

A: We anticipate bringing the proposed awards to the Housing Trust Fund Corp. Board in mid-March for approval, funding commitment would follow.

Q: Is there a max amount allowed for acquisition?

A: HOME-ARP funds may be used to pay for up to 100% of the acquisition costs. This must be based on the documented cost of the property, not-to-exceed appraised value. All projects are subject to subsidy layering review. All other funding sources must be in place to ensure the successful completion and operation of HOME-ARP assisted projects before acquisition with HOME-ARP funds can take place.

Q: 11 or fewer HOME-ARP units does not trigger Davis Bacon. Do the supportive service funds and the non-profit capacity building funds contribute to trigger Davis Bacon?

A: No Davis Bacon is related to construction and rehabilitation activities and applicability is based on unit count—support services are also per unit and must be associated with a unit receiving ARP assistance for its preservation or development.

Q: Is there for a formal Q&A period and closing date for questions?

A: No formal closing date for Q&A.

Q: Due to the short turnaround time for initial submission review, can there be a change in the cost estimate between the initial and the final submission?

A: Yes, we realize estimates may be updated between now and February within reason.

Q: Are there any restrictions/conditions regarding the use of local ARP funds in conjunction with these NYS HOME ARP funds?

A: Projects located within another HOME-ARP Participating Jurisdiction (PJ) should provide evidence of funding commitments or efforts to secure funding from the local HOME-ARP PJ to leverage additional

funds for the project as applicable. We recognize other PJ's allocations for HOME-ARP may vary from the State's and wouldn't be applicable in all cases but need to see evidence of the status of the local funds and how it relates to the proposed project.

Q: Do all other sources of funds need to be in place (awarded or committed) BEFORE the final NYS HOME ARP submission?

A: The most competitive projects will have all sources of development financing committed. At the discretion of HCR, if there are sources applied for and pending, HCR may require that funds be secured prior to a HOME ARP recommendation to the HTFC board and/or that other sources are awarded within 4-6 months of application submission. There may be some flexibility with securing rental assistance/operating funding but this would need to be resolved by the time the written agreement is executed to ensure project feasibility. Projects identifying sources that have not been applied for will not be deemed eligible.

Q: Are there any regional prioritizations for funding if the program is oversubscribed (i.e., more fundable funding requests than can be met?)

A: Not at this time.

Q: Is there a cap on number of awards/dollar amount per year? Or are funds awarded until funds have been exhausted? Meaning that there potentially may not be any more funds available by year 3?

A: There is no cap, funding rounds will be released and awards made until the funding is exhausted.

Q: Final applications are due February, is the award date known? From award date, is it 12 months till commencement and 36 months till completion? Or is the 12 month/36 month from a later date?

A: Intent is to bring the proposed projects to the HTFC Board for approval in mid-March. The contract term would be 36 months from the date of the written agreement which is the funding commitment date. Construction must begin within 12 months of funding commitment date.

Q: If a project wants to utilize ESSHI funding particularly for the rent subsidies, does it need to have a conditional award in hand in order to apply?

A: Not necessarily but it would make the project more competitive in that category with a conditional award.

Q: Would this funding be able to be used in conjunction with HHAP funds - if total project costs exceeded what was available in HOME-ARP funds?

A: We don't see an issue with that.

Q: If the funds are intended to be used for new supply of affordable / supportive housing, then why is preservation eligible, with insurance specifically being an eligible cost? Do you anticipate many owner / sponsors that have previous HOME awards applying for funding to help preserve existing affordable housing with rising operating expense issues?

A: Preservation is eligible because we recognize it as a need across the state for housing stability. Some preservation projects may be eligible through HOME-ARP if they are able to meet the criteria.

Q: Will projects in non-PJ areas have priority over a joint State/local PJ project

A: No prioritization at this time.

Q: Is there a pre-established list of areas without a shelter system, or is that up to the applicant to prove?

A: This should be indicated by the applicant.

Q: Would existing LIHTC affordable projects out of initial compliance period with a need for capital and that are looking to add/set aside units for a qualifying pop be eligible?

A: Potentially, yes.

Q: The underwriting worksheet has contingency set at 10% and developer fee at 12%, can we submit amounts below this?

A: If an alternate budget is submitted, the reasons for changes should be justified. Contingencies should not be less than 10%, but lower developer fees may be considered.

Q: Can ownership of an acquired property be transferred to a municipality as long as the facility is utilized for the intended purpose and run by the approved non-profit?

A: We would have to understand the particular situation proposed here.

Q: Community development agencies are ineligible?

A: They could be eligible as either a for-profit or non-profit developer. The developer or a subsidiary is anticipated to be the awardee.