



NYS Division of Housing and Community Renewal

NYS Housing Trust Fund Corporation

UNIFIED FUNDING 2010

Agenda

1) Welcome – Regional Office Director

2) General Overview:

- 2010 Funding Round
- DHCR/HTFC Programs
- Changes from 2009

Agenda (cont'd)

- 3) Low-Income Credit Program/
NYS Low-Income Credit Program
- 4) Housing Trust Fund Program
- 5) Open Window Programs –
HWF, UI, RARP, Small Projects

Agenda (cont'd)

- 6) Design Standards
- 7) Green Building Initiative
- 8) Energy Efficiency
- 9) Underwriting Standards
- 10) Housing Management CPM Updates
- 11) Questions & Answers

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Unified Funding

- **One** application for several Programs
- **One** award date
- **One** process for application review

Funds Available

HOME	\$34,000,000
Low-Income Housing Credit (LIHC)	\$25,000,000
NYS Low-Income Housing Tax Credit (SLICH)	\$4,000,000*
Housing Trust Fund (HTF)	\$29,000,000*
Rural Area Revitalization (RARP)	\$1,400,000
Urban Initiatives (UI)	\$1,000,000

*Subject to available appropriations/legislative approval

Schedule - Project Applications

- ❑ **October 28, 2009:** Notice of Funding Availability (NOFA)
- ❑ **November 2009:** Application Workshops
11/10-CD * 11/12-NY * 11/18-B * 11/19-S
- ❑ **Prior to February 10, 2009** : Regional Office Application Technical Assistance (T.A.)
- ❑ **February 10, 2010:** Applications Due
- ❑ **June 2010:** Awards Anticipated

Application Materials

1. UF-2010 Request for Proposals (RFP)
2. UF-2010 Project Application CD Online
3. Capital Project Application On-Line Instructions

Application Materials (cont'd)

4. Common Application Issues

5. Reference Materials

6. Capital Programs Manual (CPM)

Application Materials (cont'd)

7. Proposed 2010 Low-Income Housing Credit Qualified Allocation Plan (QAP)
8. Proposed 2010 NYS Low-Income Housing Tax Credit Program (SLIHC) Regulation
9. Article 2-A Public Housing Law (SLIHC)

Application Materials (cont'd)

10. Design Handbook

11. Green Building Criteria
Reference Manual

12. Pre-Qualified Market Study Firms
List

All documents **will soon be** available on DHCR
website: www.nysdhcr.gov

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Review Process

- ✓ Completeness
- ✓ Eligibility
- ✓ Rating
- ✓ Feasibility Reviews
- ✓ Selection Criteria
- ✓ Awards

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UF 2010 Initiatives

(Detailed in UF 2010 RFP)

- Green Building Initiative (GB)
- Energy Efficiency Initiative (EE)
- Project Based Voucher Program Initiative (PBV)
- Housing Trust Fund Preservation Initiative (HTF)

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M/WBE Participation

- ❑ Preference in awards given to applications which include NYS-certified M/WBE as part of development team
- ❑ Award decisions include consideration of applicant's past and current performance, including M/WBE performance

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Technical Assistance (TA)

- For potential applicants and awardees
- From:
 - DHCR Regional and Technical Unit staff and/or
 - TA Consultants
 - Development Seminars & Materials

Technical Assistance (TA) (cont'd)

□ **Capital District Regional Office**

Lynn Kopka (518) 486-5012

Hampton Plaza, 2nd Floor, 38-40 State Street
Albany, NY 12207

□ **Buffalo Regional Office**

Thomas VanNortwick (716) 847-7955

Suite 105, 535 Washington Street
Buffalo, NY 14203

Technical Assistance (TA) (cont'd)

□ Syracuse Regional Office

Daniel Buyer (315) 478-7179, ext. 200

620 Erie Boulevard West, Suite 312

Syracuse, NY 13204

□ New York City Regional Office

Gregory Watson (212) 480-4543

25 Beaver Street, 7th Floor

New York, NY 10004

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NYS HOME - Basics

Eligible Activities:

- Funds (loan) can be used for new construction or rehabilitation of **rental housing only**
- Soft and hard costs
- Relocation expenses
- Acquisition

NYS HOME – Basics (cont'd)

- ❑ Small or large projects
- ❑ Project cap- \$2 million; more if project meets criteria listed in UF 2010 RFP
- ❑ Typically regulated 30 to 50 years
- ❑ Projects can be anywhere in NYS

NYS HOME – Basics (cont'd)

- Almost any entity can apply (e.g., CHDOs and local governments that are not participating jurisdictions)
- Permanent financing or Seed \$ available

NYS HOME – Basics (cont'd)

- ❑ HOME seed money for CHDOs only:
\$5,000 per unit, up to \$45,000 entire seed project
- ❑ 15% of all HOME funds must go to CHDOs

NYS HOME – Basics (cont'd)

- ❑ Must be used to assist households ≤80% of Area Median Income (AMI)
- ❑ Majority of rental units must be for households ≤60% of AMI
- ❑ Per unit subsidy limitations for HOME - See UF-2010 reference materials

NYS HOME – Basics (cont'd)

□ Low HOME Rent

Projects with 5 units or more:

- 20% of units for very-low income tenants ($\leq 50\%$ of AMI) paying 30% of income; ***or***
- Rents must be $\leq 30\%$ of gross incomes w/incomes equal to 50% of AMI

NYS HOME – Basics (cont'd)

- **High HOME Rent** cannot exceed HUD rent adjusted for utilities



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Housing Trust Fund (HTF)

- Applicants may include: for-profits, non-profits, municipalities, HDFCs, charitable organizations or MHAs
- Use with other governmental financing and/or private investment

Housing Trust Fund (HTF) (cont'd)

- ❑ Finances rental, cooperative and condominium housing (1-4 unit Owner-Occupied: Use HOME LPA applications)
- ❑ \$125,000/unit maximum
- ❑ Project cap - \$2,000,000; more if project meets one of UF 2010 RFP-listed criteria

Housing Trust Fund (HTF) (cont'd)

- ❑ Must benefit households $\leq 90\%$ of AMI (In NYC $\leq 80\%$ of AMI)
- ❑ New construction or rehabilitation of residential structures, conversion of vacant or underutilized non-residential structures to residential
- ❑ Distressed residential property (can include occupied residential property)

Housing Trust Fund (HTF) (cont'd)

- ❑ Soft and hard construction costs, relocation expenses and acquisition
- ❑ Up to 10% of HTF award may be used for rehabilitation, construction or conversion of a community service facility
- ❑ Up to 10% of HTF award may be requested for a developer fee
- ❑ *No more than 50%* of HTF award used for acquisition

Housing Trust Fund (HTF) (cont'd)

- Preference - a substantial number of units to benefit households $\leq 50\%$ of AMI
- Funds split: No more than 1/3 of annual appropriation can be awarded to for-profits each year. Balance to non-profits

Housing Trust Fund (HTF) (cont'd)

- ❑ No more than 50% of annual appropriation to any one municipality
- ❑ Projects typically regulated for 30 years
- ❑ Full development or Seed \$ available

Housing Trust Fund (HTF) (cont'd)

□ *Ineligible* HTF Expenses:

- Administrative Fees
- Capitalization of operating reserves
- Creating Commercial Space

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Low-Income Housing Credit Program (LIHC) – Basics

- ❑ Under Section 42 of the Internal Revenue Code (IRC):
 - Reduces project owner federal tax liability on a dollar for dollar basis
 - Credit taken annually for 10 years

- ❑ Provided to those who build, rehab or acquire rental dwelling units for households at 60% or less of area median income

Low-Income Housing Credit Program – Basics

- Rent including utilities paid cannot exceed 30% of maximum qualifying income

(i.e., 60% or less of AMI adjusted for family size)

Low-Income Housing Credit Program – Basics

- Eligible Activities (per IRC):
 - New construction
 - Rehabilitation
 - Acquisition; must include some rehab of existing buildings
(at least 20% of basis and \$6,000 per unit, per 2008 HERA)

Low-Income Housing Credit Program – Basics

- Minimum project qualified income requirements:
 - At least 40% of units occupied by households at 60% or less of AMI
 - At least 20% of units occupied by households at 50% or less of AMI
 - NYC only: 25% at 60% or less of AMI

Low-Income Housing Credit Program – Basics

- Tax Credit Compliance Period:
15 years

- Extended Use Period:
30 years minimum

Low-Income Housing Credit Program – Basics

- DHCR Regulatory Agreement binds owner/successors to maintain:
 - Low-income occupancy and
 - Approved project features/amenities for full extended use period (50 years for most projects)

Low-Income Housing Credit Program – Basics

- Qualified Basis - Costs associated with development of the low-income units:
 - Purchase of vacant land not includable in basis
 - Purchase of building for rehab includable in basis

Low-Income Housing Credit Program – Basics

- Ownership Entities: Limited Partnership (LP) and Limited Liability Corporation (LLC)
 - For-profit or non-profit developer serves as general partner/managing member of LP/LLC
 - Limited Partner (syndicator/investor) purchases credit to reduce federal tax liability thereby supplying equity to the project

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Low-Income Housing Credit Program

– Qualified Allocation Plan (QAP)

- Qualified Allocation Plan (QAP) – Regulations under which DHCR administers LIHC program
- Proposed QAP for UF 2010 projects contains some moderate changes

Low-Income Housing Credit Program

– Qualified Allocation Plan (QAP)

- QAP sets forth:
 - Program definitions
 - Threshold eligibility
 - Selection and scoring criteria
 - Project application/ allocation/ monitoring fees
 - Certain project underwriting requirements
 - Compliance monitoring requirements

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Low-Income Housing Credit Program

– Fund Availability

- UF 2010 LIHC available: **\$25 million**

- LIHC max. **per project**
 - Standard project: **\$1.43 million**

 - Project w/50% or more units for large families or persons with special needs (w/supportive services): **\$1.65 million**

- LIHC max. **per unit: \$22,000**

Low-Income Housing Credit Program – Set-Asides

- ❑ Preservation Projects:
Up to \$3.3 million (QAP Sect. 2040.2(r))
- ❑ Supportive Housing Projects:
Up to \$2.2 million (QAP Sect. 2040.2(v))
- ❑ High Acquisition Cost Projects (Preservation Projects with 25% minimum acquisition):
Up to \$1 million (QAP Sect. 2040.2(j))

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LIHC Program: Proposed 2010 QAP – Threshold Eligibility

- Green Building (2040.3(e)(18))
 - Revise threshold eligibility wording to better reflect current DHCR requirements:
 - Selection of project trees and plants
 - Appropriate radon reduction measures
 - Moved some threshold items to more applicable, new Energy Efficiency threshold category

LIHC Program: Proposed 2010 QAP – Threshold Eligibility

- Energy Efficiency (2040.3(e)(19))
 - New threshold requirement to meet energy efficiency standard stated in UF 2010 Request for Proposals
 - Also includes items previously contained in Green Building threshold (no change in these eligibility requirements)

QAP – Energy Efficiency Standard

- 2010 RFP
 - HUD Energy Improvements Checklist
 - Applies to all buildings
 - All recommended practices applicable to the project
 - www.hud.gov/offices/pih/programs/ph/phecc
 - “Additional Resources” Link
 - Energy Improvements Checklist

LIHC PROGRAM: Proposed 2010 QAP New Scoring Category

□ **Historic Nature of Project** (2040.3(f)(15))

- New 3 point scoring item
(w/new definition) per HERA

LIHC PROGRAM: Proposed 2010 QAP New Scoring Category

- **Historic Nature of Project** (cont'd)
 - Project which includes rehab of historic building (2 pts) **defined as:**
 - Listed on NYS or National Register of Historic Places or
 - Issued a Determination of Eligibility by the Keeper of National Register or

LIHC PROGRAM: Proposed 2010 QAP New Scoring Category

□ **Historic Nature of Project definition** (cont'd)

- Identified as contributing building to a designated Local Historic District
- Issued NYS SHPO opinion of eligibility to be listed on National Register of Historic Places

LIHC PROGRAM: Proposed 2010 QAP New Scoring Category

□ **Historic Nature of Project** (cont'd)

- 1 point for application which further demonstrates eligibility for and intention to seek federal historic tax credits
- Caveat – IRS has indicated that projects intending to include historic tax credits in LIHC eligible basis should obtain private letter ruling

LIHC PROGRAM: Proposed 2010 QAP Change to Other Scoring Categories

□ **Green Building (2040.3(f)(4))**

- Reworded to correspond with DHCR's Green Building Criteria Reference Manual
- Point values for specific scoring items clearly delineated

LIHC PROGRAM: Proposed 2010 QAP Change to Other Scoring Categories

Green Building (2040.3(f)(4))

- Mandatory Green items must be satisfied **before** project can qualify for scoring points:

- Green development plan

- Surface water management plan

- Green building operation plan which addresses:

- ✓ Handbook and orientation for tenants
- ✓ Proper building maintenance

LIHC PROGRAM: Proposed 2010 QAP Change to Other Scoring Categories

❑ **Green Building (2040.3(f)(4))** cont'd

- Scoring points available -
 - Standard Green Building Criteria (up to 7 pts):
 - ✓ Smart growth principles (up to 3 pts)
 - ✓ Phase I ESA (1 point)

LIHC PROGRAM: Proposed 2010 QAP Change to Other Scoring Categories

□ **Green Building (2040.3(f)(4))**

- Scoring points available (cont'd)

- ✓ Healthy living environment
measures (up to 3 pts)

LIHC PROGRAM: Proposed 2010 QAP Change to Other Scoring Categories

❑ Green Building (2040.3(f)(4))

- Scoring points available (cont'd)

If project meets sufficient number of Standard Green Building Criteria, may qualify for 3 additional points:

- ✓ Brownfield, grayfield or adaptive reuse or
- ✓ Renewable energy systems or
- ✓ Bldg products/techniques beneficial to environment * * *

LIHC Program: Proposed 2010 QAP

– Changes to Other Scoring Categories

□ **Energy Efficiency** (2040.3(f)(19))

- New option to obtain points without NYSERDA funding by meeting comparable standards
- Demonstrate in application intent to participate in and meet energy efficiency standards if approved for a credit reservation

Energy Efficiency

□ LIHC/SLIHC

- Scoring points

□ HTF/HOME

- Scoring points

- Energy Efficiency Initiative:

- Allows for increased award of up to \$2.4 million

Energy Efficiency

- ❑ Commit to the Initiative for initial points
- ❑ Provide documentation per instructions and RFP for additional points
- ❑ DHCR/HTFC requirements supersede other standards noted below

Energy Efficiency

- 4 Options for Multifamily Buildings:
 - NYSERDA Multifamily Performance Program
 - LEED for Homes
 - LEED Midrise Pilot

Energy Efficiency

- 4 Options for Multifamily Buildings (cont'd):
 - Qualifying units in Multifamily Buildings in the Energy Star for New Homes Program
 - Building types not recognized by this program may design to the equivalent by using performance or prescriptive standards of the Program

Energy Efficiency

- Options for buildings with less than 5 units per entry/heating system:
 - NYSERDA Energy Star Labeled Homes Program (New-Sub Rehab)
 - NYSERDA Assisted Homes Performance Program (Existing-Mod Rehab)

Energy Efficiency

- Moderate Rehab Alternative:
 - For all building types
 - Reduce overall energy consumption by 20% as compared to the last two years of operation

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LIHC Program: Proposed 2010 QAP

– Changes to Other Scoring Categories

□ Community Impact/Revitalization (2040.3(f)(1))

- Projects which are part of community revitalization plan can obtain points if plan addresses employment, educational, cultural or recreational opportunities
- No need for plan to address all these factors

LIHC Program: Proposed 2010 QAP – Changes to Other Scoring Categories

- Fully Accessible, Adapted Units (2040.3(f)(6))
 - Clarifies that, to secure points, units must provide roll-in showers
 - An existing standard (now stated)

- Project Amenities (2040.3(f)(16))
 - Clarifies existing standards

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Federal Housing and Economic Recovery Act of 2008

- Significant LIHC Program Changes

- Applicable percentage of qualified basis for non-federally subsidized projects fixed at 9% credit rate (70% present value):
 - For projects thru 12/31/13
 - Continue to use 9% rate for credit calculation for rehab or new construction costs
 - 4% credit rate for acquisition component of project or tax-exempt bond financed projects still fluctuates on monthly basis

Federal Housing and Economic Recovery Act of 2008

- Significant LIHC Program Changes

- Below-market federal loans eliminated from definition of a federally subsidized property

Examples:

- HOME
- CDBG
- HOPE VI
- RD 515

Federal Housing and Economic Recovery Act of 2008

- Significant LIHC Program Changes

- Projects financed under these programs may now obtain the 9% credit rate
- These financing sources now included in basis

Federal Housing and Economic Recovery Act of 2008

- Significant LIHC Program Changes

- HOME-assisted properties eligible for 30% basis boost if located in a DDA/QCT

- Allowable % of development costs of CSF (i.e., non-res. portion of a qualified low-income building in a QCT serving persons @ 60% or less of AMI) includable in basis increased to 25%

Federal Housing and Economic Recovery Act of 2008

- Significant LIHC Program Changes

Benefits to Preservation Projects:

- 10% related party rule for acquisition credit (prohibiting an identity of interest between buyer and seller of more than 10% interest in new ownership entity) liberalized to 50% interest
- LIHC may finance properties assisted under Section 8 Moderate Rehabilitation Program

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NYS Low-Income Housing Credit (SLIHC)- Basics

- Modeled after the LIHC Program with exceptions:
 - Serves households with incomes up to 90% of AMI
 - Provides relief from certain NYS tax liability
 - Substitute 40/90 test for LIHC 40/60 test
 - Scoring is summarized in the SLIHC Regulation

NYS Low-Income Housing Credit (SLIHC)- Basics

- ❑ SLIHC available: \$4 million (subject to 2010/2011 state budget)
- ❑ SLIHC max. **per project: \$750,000**
- ❑ SLIHC max. **per unit: \$ 20,000**
- ❑ For **SLIHC only projects** – no more than 40% of SLIHC-assisted units may serve households with incomes at 60% or less of AMI

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Urban Initiatives and Rural Area Revitalization Program - Basics

- ❑ UI and RARP can be requested through the Unified Funding application **or**
- ❑ If requesting UI or RARP only
 - use Open Window application
- ❑ Goals
 - Financial/Technical resources to NYS communities for restoration and improvement of Housing, Commercial Areas, Public Facilities

Urban Initiatives and Rural Area Revitalization Program - Basics

□ Funding Availability

- Urban Initiatives **\$1,000,000**
- Rural Area Revitalization **\$1,400,000**
- Maximum UI award amount \$200,000
- Maximum RARP award amount \$200,000

Urban Initiatives and Rural Area Revitalization Program - Basics

- Eligible Applicants – UI and RARP
 - Not-for-profit corporations
 - Charitable organizations

- Must be organized for one year minimum

Urban Initiatives and Rural Area Revitalization Program - Basics

- Eligible Activities - UI
 - Creation, preservation or improvement of residential housing in a neighborhood

 - Preservation or improvement of local commercial facilities, public or civic facilities, when carried out in connection with or incidental to a program of housing activities in a neighborhood

Urban Initiatives and Rural Area Revitalization Program - Basics

□ Eligible Activities – RARP

- Creation, preservation or improvement of residential housing in a rural area
- Preservation or improvement of local retail, commercial, cultural, civic and community facilities in a rural area when carried out in connection with or incidental to a program of housing activities

Urban Initiatives and Rural Area Revitalization Program - Basics

□ Eligible Areas – UI

- Neighborhood: An area within a municipality with a population of 25,000 or more (CPM Section 2.09.04)

□ Eligible Areas - RARP

- Rural areas of the state shall mean cities, towns, villages having a population of less than 25,000

Urban Initiatives and Rural Area Revitalization Program - Basics

Eligible Occupants/Beneficiaries

- Persons or households with incomes up to:
 - 80% of AMI for UI
 - 90% of AMI for RARP
- Non-residential projects should benefit municipalities or rural areas in which 50% of the population has income of:
 - 90% of county median (RARP) or
 - 80% median income of municipality (UI)

Open Window Programs

- ❑ NYS Low-Income Housing Credit Program
- ❑ Urban Initiative Program
- ❑ Rural Area Revitalization Program
- ❑ Small Projects Program (SPP)*
- ❑ Homes for Working Families Program(HWF)*

* Anticipate Reopening early 2010
through a separate RFP

Open Window Programs (Continued)

- HTFC is no longer accepting IDDP applications

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CPM Underwriting Change

- ❑ **Appraisals** - Section 5.03.03 and 5.08.03
- Adds *Item* - "7. Must provide a sales & ownership history for the last 5 years and /or the last two sales, whichever represents a shorter time frame."
- Removed mention of "*sales history*" in last paragraph of both sections listed above.

Underwriting Reminders

Annual Replacement Reserve Requirements

□ HTF/HOME Funded Projects

- **Family and non-senior projects**
.5% of total construction cost
(includes builder's fees)
up to \$800/unit max. annually
- **Senior Projects**
\$400 per unit

Underwriting Reminders

Annual Replacement Reserve Requirements

- ❑ LIHC/SLIHC Stand-Alone Funded Projects
 - Family/non-senior projects and all rehabilitation projects
\$300 per unit
 - Senior New Construction Projects
\$250 per unit

Underwriting Reminders

Annual *Operating* Reserve Requirements

□ HTF/HOME Funded Projects

- 3% of project's gross rents per year – required when operating reserve balance is less than 50% of gross rents

□ LIHC/SLIHC Stand-Alone Funded Projects

- No annual contribution required

Underwriting Reminders

Operating Reserve Capitalizations Requirements

□ HTF/HOME Funded Projects

- Max. initial capitalization equal to the ***lesser of*** 1% of TDC or 50% of project gross rents

□ LIHC/SLIHC Stand- Alone Funded Projects

- Max. initial capitalization equal to 1% of TDC

Underwriting Reminders

Vacancy Factor

- 7% vacancy **must be** used in estimating residential rental income for ALL project

Cash Flow Limit

- Max. allowed is the greater of **\$35 per unit per month** or the cash flow necessary to meet debt service coverage imposed for purposes of conventional loan or bond financing

Underwriting Reminders

☐ Market Requirements for LIHC/SLIHC

- ALL LIHC/SLIHC applications must include **professional market study** or
- **LIHC/SLIHC projects located in NYC**, applications must include **market analysis** utilizing data from *NYC Rent Guidelines Board Report*

Underwriting Reminders

- ❑ **Market Requirements for LIHC/SLIHC** (cont'd)
 - Market studies must be prepared by a **DHCR pre-qualified market analyst**
See website for current list
 - Market analysts should review Section 5.06 of the DHCR Capital Programs Manual for agency market study content guidelines

Underwriting Reminders

Market Requirements for Non-LIHC/SLIHC: Preservation Projects

Preservation projects >15 units:
may submit a **market analysis** in lieu of professional market study, if project's average occupancy level for the twelve months prior to application submission is **90% or greater**

Underwriting Reminders

Market Requirements for Non-LIHC/SLIHC: Preservation Projects (cont'd)

- ❑ **Preservation projects >15 units** : If average occupancy level for the prior twelve months is <90%, **professional market study** is required. Market study should discuss occupancy problems & address how proposed renovations will improve project occupancy levels. (Occupancy information must be provided in Attachment, D-5, Preservation Project Information)

Underwriting Reminders

Market Requirements for Non-LIHC/SLIHC Projects: Preservation Projects (cont'd)

Preservation projects **≤ 15 units** may submit a **market analysis**. If project occupancy levels have been below 90% for the twelve months prior to application submission, market analysis should address reasons for vacancies, & discuss how proposed renovations will improve project occupancy levels

Underwriting Reminders

Market Requirements for Non-LIHC/SLIHC Projects:

☐ New Construction or Rehab

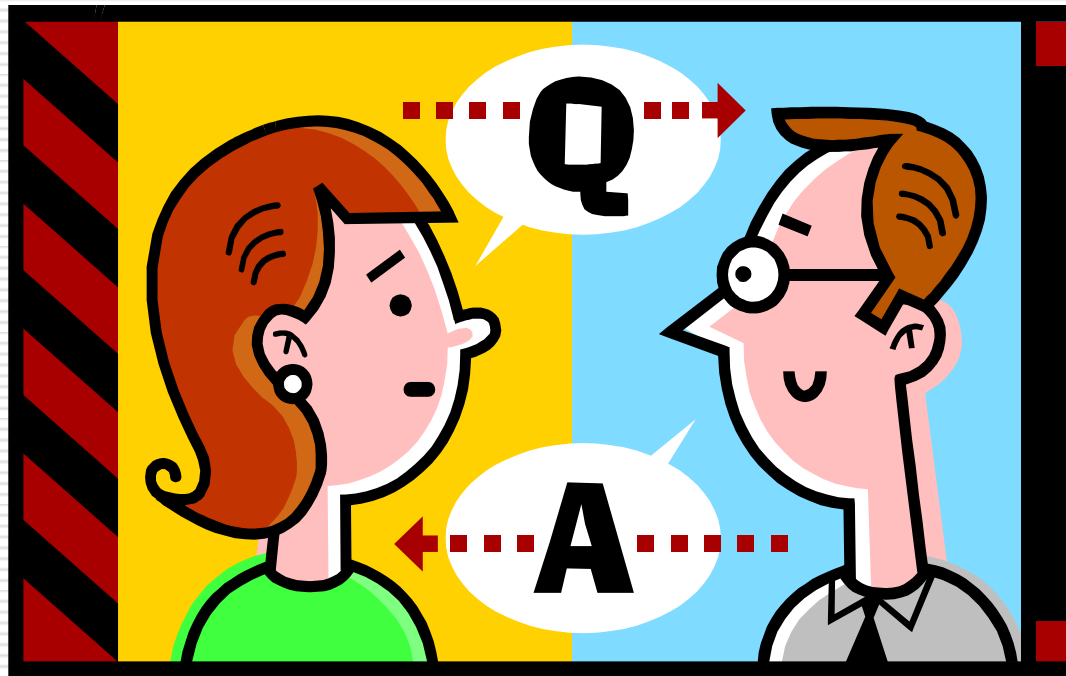
- Projects \leq 15 units: may submit a market analysis
- Projects $>$ 15 units: Must submit a professional market study or for projects in NYC, a market analysis utilizing data from NYC Rent Guidelines Board Report

Underwriting Reminders

- Applicants are strongly encouraged to receive **technical assistance** prior to application submission. Regional Office staff can arrange underwriting review of project pro-formas to identify potential feasibility issues
- Refer to the “**Common Application Issues**” document for a discussion of typical application errors which create underwriting issues

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Questions and Answers



www.nysdhcr.gov