

# NYSFAH

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

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## MEMORANDUM

TO: NYSFAH members  
FROM: Bernie Carr  
SUBJECT: Unified funding application working group  
DATE: 1/7/08

Last year, at the suggestion of Commissioner VanAmerongen, NYSFAH and DHCR established a working group to review the unified funding application and discuss ways in which it could be modified to work better for both the applicants and the agency. After compiling suggestions from our membership, a committee of NYSFAH members submitted a report to DHCR; a follow-up meeting was held in late 2007. This initiative applied to ways to make the application work better and more efficiently; the purpose of the working group was not to address policy questions, which we did in our recent [response to the draft QAP](#). In a number of cases DHCR staff had identified the same issues and made appropriate modifications.

Some specific changes will be implemented for the current application, while others will be considered by DHCR for 2009. Here is a summary of the changes that will be in effect for 2008:

- For the next funding round, applicants will have the option of using the paper application (the “Word/Excel” application) or the “CD Online” application. (Kudos to DHCR’s Audrey Dean for her work in turning the application into several million lines of code).
- Only the executive summary of the Environmental Site Assessment report will be required.
- In general, building by building development budgets will not be required. Mixed use projects and projects that mix SLIHC and LIHC will still require multiple budgets.
- Numbering of pages will not be required if applicants use dividers as requested.
- For situations that do not fit the limitations of the Word/Excel or CD Online applications, explanatory materials can be sent separately.
- The differences between Exhibit 1 (Income Targeting) and Exhibits 4 and 5 have been clarified in the instructions.
- The three Community Needs narrative questions have been limited to two pages each.
- The three attachments previously required for elderly and special needs tenants have been consolidated into one attachment.

A detailed written response from DHCR follows. Please review it as it addresses a number of items that are not included in the summary above.

## **Responses to NYSAFAH Suggestions and Questions Regarding the Unified Funding Application and Application Process**

### **Recommendations: Specific**

1) DHCR should provide a link on its website to a list of the QCTs and the current year's income and rent limits.

**Response:** DHCR will investigate the feasibility of adding a link on its website to the QCTs and the current rent and income limits. A link to the QCT list is provided in the CD Online Project Application and the income and rent limits that are in effect for the 2008 funding round are included in the 2008 Unified Funding Reference Materials which is available from the DHCR website and in hard copy.

2) DHCR should provide a standard market feasibility study form for 100% affordable projects in major metropolitan areas where demand is extremely strong and few competing projects exist and also use this study to satisfy any questions about the community's need for a project. This would lessen the number of submissions required and simplify the requirements for establishing a market in areas where the demand is not in doubt.

**Response:** As a consequence of the implementation of a "qualified market analyst" model in the Proposed 2008 Qualified Allocation Plan DHCR has taken the first step in responding to this request. The qualified market analysts will be expected to follow a set menu of requirements in preparing a market study for a tax credit or other application for HTFC/DHCR funding. This should result in a standardization of the market study format and submissions received to fulfill the market study requirement. The availability of a limited number of analysts from which to choose should also standardize these submissions.

NYSAFAH also asked that DHCR consider accepting documentation which is produced by local governments or other local source which would be accepted in the same way that the New York City Housing and Vacancy Survey is accepted to document need for projects in New York City. DHCR said that it would consider this proposal if appropriate documentation can be identified in other parts of the state and areas in which have such documentation is available exhibit levels of need and demand which would eliminate the need for more detailed information.

3) Simplify the application for all capital programs by allowing summary budgets for multi building projects and summaries of third party reports.

**Response:** In general building by building development budgets are not required for capital applications. Multiple development budgets are required if a project involves uses other than residential, e.g. commercial, community service facilities, public or civic uses such as libraries or day care centers. A separate development and operating budget is needed for the development and operating costs of each use. At this point in time DHCR still believes that it requires multiple development and operating budgets in these cases in order to complete its review in a manner which complies with program statutes and regulations.

With regard to the recommendation that DHCR permit the submission of the summaries of third party reports, the agency has responded to this recommendation in the 2008 project application

be asking that applicants only submit the executive summary of the Environmental Site Assessment report. The agency will be looking for other opportunities to streamline the submission requirements when third party reports or documents are requested in the application.

4) DHCR's requirement that the income and/or use components of mixed income and mixed use projects be underwritten separately is not justified. Investors underwrite these types of projects as one project and DHCR should find another way of determining eligible basis.

**Response:** At this point in time DHCR still believes that it requires multiple development and operating budgets in these cases in order to complete its review in a manner which complies with program statutes and regulations. The agency is willing to look at these requirements and consider whether an approach similar to that used by the private sector can be instituted.

5) Some sections of the application still seem more appropriate for new construction versus rehabilitation projects. As one example, zoning approval question is a "yes/no" rather than "not applicable".

**Response:** In the 2008 Word/Excel version of the application DHCR has provided a "not applicable" option in the drop down menus for all appropriate approvals in Exhibit 6 – Development Timetable.

6) The application format should recognize that preservation projects may come with other approved rent levels, subsidies and regulatory agreements, all of which may differ from the LIHC requirements. It would be helpful if the spreadsheets provide an option such as explanatory footnotes. The way that it is laid out now, the rent structure must be explained in another exhibit entirely.

**Response:** DHCR acknowledges that there are situations which do not fit the limitations which have been set in the Word/Excel exhibit forms and the CD Online application. To rectify this situation an applicant using the Word/Excel application can always insert material with particular exhibits or attachments which may require additional information or explanation. Users of CD Online may have to submit any additional explanatory materials by e-mail or surface mail to ensure that they are able to provide a full explanation of the circumstances of their project.

7) Numbering of pages makes final preparation very time consuming so that copies of the application cannot be made until very near deadline when the application is complete. Are page numbers necessary?

**Response:** Page numbers are not necessary if applicants use dividers as requested and all materials are inserted in the applications in the appropriate place as outlined in the application instructions.

### **Recommendations: Exhibits**

1) Link the spreadsheets between the different Exhibits so the same information won't have to be re-inputted. This can be time consuming and increases the chances of transposition errors, etc. – which requires more evaluation time from DHCR evaluators.

**Response:** It is not possible to link the spreadsheets in the Word/Excel version of the application due to the incompatibility of the two software packages to create this capability. Anyone who has tested the CD Online version of the application knows that there is extensive interactivity among the exhibits of the project application which greatly simplifies the completion of the online exhibits.

2) Space should be added to the online exhibits for the applicant to provide notes to explain something atypical.

**Response:** It is not possible to make this sort of adjustment to the on line exhibits and have them ready for the 2008 funding round. Perhaps applicants who need to provide explanatory notes should consider e-mailing this information when they submit their application.

### **Recommendations on Specific Exhibits:**

1) Exhibit 1- provide forms that allow deletion of unneeded cells for additional development team members in section K.

**Response:** The CD Online exhibit forms are fixed and cannot be edited or otherwise changed by anyone other than the developers, as is the case with the Word/Excel version of the application. In the 2008 Word/Excel version of the project application, several of the entry fields for development team members in section K of this exhibit have been deleted. Hopefully this will address the problem which was being cited.

2) Clarify income targeting (exhibit 1) versus scoring (exhibits 4 and 5).

**Response:** DHCR has attempted to clarify this difference in the instructions for both the Word/Excel and CD Online versions of the 2008 project application. Language has been added stating that the income target groups entered in section I of Exhibit 1 will be used as the basis for the project's Regulatory Agreement should it receive an award and that these income limits establish the maximum income limits for occupants of the completed project. In contrast, language has been added to instructions for exhibit 4 stating that the information provided in this exhibit is used to rate the affordability of the project and this information is not used to set the income limits of occupants in the completed project.

3) Provide a word limit on the narratives in Exhibit 2 – Community Needs

**Response:** Limits of two pages or less have been set for each of the three Community Needs narrative questions in section D of Exhibit 2.

4) Exhibit 3 Development Budget – Provide forms that permit overrides of formulas

**Response:** In general DHCR declines to do this. The formulas ensure consistent treatment and totaling of entries and provide assistance to most applicants in completing their application.

5) Exhibit 3 Development Budget – Form needs more columns to allow for more sources of funds.

### **Response:**

6) Exhibit 8 – Site and Building Information - Eliminate redundancy between this exhibit and the Map of Primary Service Area ( Attachment B5 ).

**Response:** The map graphically depicts some of the information which is provided in Exhibit 8. The map will also be helpful to DHCR in awarding points under the proposed 2008 QAP for “Smart Sites”.

7) Exhibit 9 – LIHC/SLIHC Qualified Building Information – Do not require this for each building until award unless the project consists of scattered sites.

**Response:** At this time the instructions for the 2008 Word/Excel and the CD Online applications state that this form is required for each building in a project when only two circumstances exist: a) the project involves the rehabilitation of occupied buildings with varying levels of occupancy, or b) the project involves multiple buildings of which some, but not all, are eligible for high cost treatment under section 42 of the Internal Revenue Code. DHCR believes that calculation of a reliable estimate of the tax credit to which the buildings in a project are entitled justifies the submission of this information on a building by building basis in these limited situations.

### **Recommendations – Attachments**

1) Project Readiness – Require only the executive summary of a Phase 1 environmental site assessment.

**Response:** DHCR has implemented this suggestion and is only requiring the Executive Summary of the ESA in the 2008 project application.

2) Support Services for the Elderly and Special Needs Tenants: In senior projects the requirements for E3 ( Tenant Services Plan ) should be eliminated since the information requested is the same as that requested in E1 ( Plan for Elderly Tenants )

**Response:** DHCR has taken this suggestion a step further and has consolidated all three attachments for projects serving persons with special needs in to one new attachment which also serves as the section in which applicants seeking to satisfy the requirements of new Supportive Housing Initiative under the proposed QAP would provide information supporting their request for this Initiative.