

**New York City Department of
Housing Preservation and Development (HPD)
Tax Credit Assistance Program (TCAP)
Submission Packet**

A. Statement of intent to accept TCAP funds, which must include:

- 1) A statement indicating whether the grantee intends to accept the entire amount of its TCAP formula allocation.**

The New York City Department of Housing Preservation and Development (“HPD”) expects to receive a sub-allocation of a portion of the TCAP formula grant allocation set forth for New York State - \$252,659,616.

HPD expects the allocation will be sub-allocated in a manner similar to the State Division of Housing and Community Renewal’s (DHCR) sub-allocation of Low-Income Housing Tax Credit (LIHTC) in its capacity as the lead housing credit agency in New York State.

As a requirement for receiving a sub-allocation of LIHTC from DHCR, HPD has its own qualified allocation plan for administering and awarding the credits. Consistent with that approach, and as HPD expects to receive a sub-allocation of TCAP from DHCR, HPD is submitting its own comprehensive, free-standing TCAP application packet documenting our adherence to HUD’s TCAP guidelines (including but not limited to selection criteria, timeframes for commitment and disbursement of funds, reporting and transparency requirements) and pertinent statutory requirements.

- 2) A statement detailing which, if any, other federal grant funds the HCA currently administers (LIHTCs are not federal grant funds).**

HPD administers HOME and Neighborhood Stabilization Program grant funds in addition to Section 8 and Shelter Plus Care funds.

- 3) A statement regarding the status of the HCA’s 2009 LIHTC allocation process.**

HPD anticipates only one 2009 funding round for competitive tax credits. HPD intends to issue a notice of credit availability at the end of May or in early June and require applications by mid- to late-July and award credits by the end of September.

- 4) The name and contact information of the individual designated as the agency contact for TCAP (includes email address, phone, fax number).**

Holly Leicht, Deputy Commissioner

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B. Description of Competitive Selection Criteria:**1) A written description of all selection criteria and any weightings assigned that the HCA will use to competitively award its TCAP funds.****a) Description of HPD's Competitive Scoring Process Pursuant to Qualified Allocation Plan Criteria**

Since 1988 the New York City Department of Housing Preservation and Development ("HPD" or "Agency") has been making direct allocations of both 4% and 9% Low Income Housing Tax Credits to eligible projects in New York City by mutual agreement with the New York State Division of Housing and Community Renewal (DHCR). Under procedures authorized by federal statute and state law, HPD is officially designated by DHCR as a Local Housing Credit Agency, a designation that is renewed annually.

As a Housing Credit Agency, HPD is required to make allocations according to a "Qualified Allocation Plan" (the Plan), which may be adopted only after providing opportunity for public comment and gaining approval of the Mayor.

The allocation of Low Income Housing Tax Credits is administered by HPD's Tax Credit and Compliance Unit within the Division of Housing Incentives. The Tax Credit and Compliance Unit is responsible for evaluating, underwriting, and scoring applications for tax credits, issuing determinations, reservations and allocations, maintaining the waiting list and monitoring compliance of tax credit recipients with Federal tax credit regulations.

HPD annually publishes in the City Register a Notice of Credit Availability that informs applicants of submission dates and deadlines for future 9% credit funding rounds. One or more funding rounds may be held each year in which credit allocations are awarded on a competitive basis. HPD may establish set-asides of credit for projects that meet qualifications determined by the Agency to be current housing priorities. Specific details regarding set-asides, including amounts and eligibility requirements, are published in the annual Notice of Credit Availability.

For the 2007 and 2008 competitive funding rounds HPD set-aside 25% of its annual credit authority for special needs projects defined as: new construction or substantial rehabilitation of permanent supportive housing projects with HPD approved on-site services that are developed by not-for-profit sponsors where: 100% of units are affordable to persons with incomes at or below 60% area median income, and 60% of units are set-aside for homeless single adults referred by New York City agencies. A similar set-aside will be established for the 2009 competitive funding round.

To receive consideration for a credit allocation, project owners must submit an application on or before the published submission deadline. Applications must be completed in their entirety, and the required supporting documentation must be attached.

HPD may request any and all information it deems necessary for project evaluation. If any submission is incomplete or if documentation is insufficient to complete an evaluation of the proposed project, processing is suspended. In such cases, HPD notifies applicants how the submission is incomplete and provides at least ten business days for the applicant to submit the requested documentation. Applications are disqualified if the applicant fails to submit the requested documentation within the required period.

Tax credit applications are evaluated and underwritten according to the guidelines in place in the qualified allocation plan (QAP) in effect at the time of submission.

Sponsors and developers whose action or inaction materially contributed to the return or recapture of credits previously allocated by HPD are prohibited for three years from the date the credits were returned or recaptured from participation in any project applying for credits. The Commissioner of HPD may waive the prohibition where there is valid cause.

Applications for competitive credits received by the submission deadline are reviewed for completeness and basic eligibility. Those that meet the threshold eligibility criteria are scored to determine competitive ranking and underwritten to determine the maximum amount of credits for which they are eligible. Credit reservations are issued, in rank order, to as many projects as can be covered by the credit authority available in a given funding round. In the event of scoring ties, HPD ranks tied projects according to which require the least number of tax credit dollars per tax credit unit. After that, HPD reserves the right to select the last project or projects to be

funded based on whose credit needs most closely approximate the remaining available credit.

Notwithstanding a project's competitive score, HPD may limit the number of awards to a developer in a given year, or make no awards to a developer if, in HPD's judgment, the developer does not have the current capacity to successfully complete any or all of the projects for which the applications have been submitted. In addition, HPD reserves the right not to commit tax credits to any project if it determines that a reservation for such project does not further the goals set forth in the City's housing plan.

Any complete application which meets the eligibility review criteria but is not selected for a credit reservation may be placed on a waiting list to ensure a continuous flow of quality projects should additional credit authority become available before the next funding round. The waiting list is terminated at the commencement of a new funding round.

HPD's competitive criteria consider: occupancy criteria, financing and development costs, project characteristics, applicant characteristics, length of affordability, project readiness and the extent to which projects meet unique or critical needs. The competitive scoring criteria in place in 2007 and 2008 were largely the same, while substantive changes were made for the criteria that will be used to award credits in the 2009 funding round. The following is a description of the criteria and weightings in place for each of those years.

2007 HPD QAP Selection Criteria:

Project Occupancy - 18 points

Degree to which projects serve: low-income single adults, the homeless and families with children. Preference for projects that are predominately affordable and projects that serve very-low income families. Preference for projects that serve special needs populations and that have support services and experience in that type of housing or service delivery. Preference for projects that have committed to serve households from the public housing waiting list.

Project Financing and Development Costs - 22 points

Projects that rely on local, state or federal subsidies. Projects with low developer fees, total development costs and efficient financing as defined by strong equity pricing and reliance on funding other than credit generated equity. Projects with firm financing commitments.

Project Characteristics - 15 points

Projects located in designated "special needs" areas, projects acquired through the one of the City's in rem disposition programs, and projects that are part of a community development plan.

Applicant Characteristics - 10 points

Demonstrated success in the development or management of affordable housing, or provision of evidence that projects will receive technical support from a non-profit organization with such experience. Preference for non-profit organizations or community-based organizations. Preference for projects that have no history of tax credit nor HOME non-compliance, nor problems successfully using previously allocated credits.

Extended Low-Income Usage - 10 points

Preference for projects that agree to longer affordability periods.

Project Readiness - 20 points

Preference for projects that have firm equity commitments, that have ownership of the land buildings as evidenced by a deed, that have approved contractor prices, and projects that have started construction.

Special Priority Points - 10 points

Projects the Commissioner of HPD determines to be an important initiative or unique opportunity to meet basic local housing objectives.

2008 HPD QAP Selection Criteria:*Project Occupancy - 20 points*

Degree to which projects serve: low-income single adults, the homeless and families with children. Preference for projects that are predominately affordable and projects that serve very-low income families. Preference for projects that serve special needs populations and that have support services and experience in that type of housing or service delivery. Preference for projects that have committed to serve households from the public housing waiting list.

Project Financing and Development Costs - 22 points

Projects that rely on local, state or federal subsidies. Projects with low developer fees, total development costs and efficient financing as defined by strong equity pricing and reliance on funding other than credit generated equity. Projects with firm financing commitments.

Project Characteristics - 15 points

Projects located in designated "special needs" areas, projects acquired through one of the City's in rem disposition programs, and projects that are part of a community development plan. Projects that commit to tenant ownership. Projects that participate in New York State Energy Research and Development Authority's or Enterprise Community Partner's green housing initiatives.

Applicant Characteristics - 10 points

Demonstrated success in the development or management of affordable housing, or provision of evidence that projects will receive technical support from a non-profit organization with such experience. Preference for non-profit organizations or community-based organizations. Preference for projects that have no history of tax credit nor HOME non-compliance, nor problems successfully using previously allocated credits.

Extended Low-Income Usage - 10 points

Preference for projects that agree to longer affordability periods.

Project Readiness - 20 points

Preference for projects that have firm equity commitments, that have ownership of the land buildings as evidenced by a deed, that have approved contractor prices, and projects that have started construction.

Special Priority Points - 10 points

Projects the Commissioner of HPD determines to be an important initiative or unique opportunity to meet basic local housing objectives.

2009 HPD QAP Selection Criteria:*Project Occupancy - 21 points*

Degree to which projects serve: the homeless and families with children. Preference for projects that are predominately affordable and for projects that serve special needs populations that have support services and experience in that type of housing or service delivery. Preference for projects that have committed to serve households from the public housing waiting list.

Project Financing and Development Costs - 24 points

Projects that rely on local, state or federal subsidies. Projects that use HOME subsidy. Projects with low developer fees, total development costs, that rely on funding other than credit generated

equity. Projects with firm financing commitments. Projects that include acquisition costs of at least \$100,000 for land or buildings.

Project Characteristics - 23 points

Projects located in designated "special needs" areas or where the project will have a catalytic effect on other development, projects acquired from the City of New York, and projects that are part of an Urban Renewal Plan. Projects that commit to tenant ownership. Projects that hire a consultant to conduct an energy audit and energy reduction plan, or that participate in New York State Energy Research and Development Authority's or Enterprise Community Partner's green housing initiatives. Projects with at least 30 units per building, that are historic in nature, or that preserve specific types of existing affordable housing.

Applicant Characteristics - 7 points

Demonstrated success in the development or management of LIHTC housing. Preference for applicants that are Community Housing Development Organizations under the HOME program. Preference for projects that have no history of tax credit nor HOME non-compliance, nor problems successfully using previously allocated credits.

Extended Low-Income Usage - 10 points

Preference for projects that agree to longer affordability periods.

Project Readiness - 5 points

Preference for projects that have approved contractor prices and for projects that have started construction as evidenced by building permits.

Special Priority Points - 10 points

Projects the Commissioner of HPD determines to be an important initiative or unique opportunity to meet basic local housing objectives.

b) Description of HPD's Competitive Scoring Process for Tax Credit Assistance Program (TCAP) Funds

Consistent with requirements of the American Recovery and Reinvestment Act of 2009, to receive consideration for TCAP funds, projects will have to be rental projects that have received or will receive an award of either 4% or 9% Low Income Housing Tax Credits (LIHTC) under Section 42(h) of the Internal Revenue Code of 1986, as amended, (IRC) (26 U.S.C. 42), during the period from October 1, 2006 to September 30, 2009 (federal fiscal years 2007, 2008 or 2009), require additional funding to be completed and be

placed into service in accordance with the requirements of Section 42 of the IRC.

HPD anticipates it will begin considering projects for TCAP funds immediately upon availability of such funds. The allocation of TCAP funds will be administered by HPD's Tax Credit and Compliance Unit within the Division of Housing Incentives. The Tax Credit and Compliance Unit is responsible for evaluating, underwriting, and scoring applications for LIHTC, issuing determinations, reservations and allocations, maintaining the waiting list and monitoring compliance of tax credit recipients with Federal tax credit regulations.

Projects considered for TCAP funding will be reviewed for basic eligibility as described in HUD Notice CPD-09-03. Both 4% and 9% LIHTC projects are eligible. Those projects that meet basic eligibility criteria will be considered according to the TCAP funding criteria described below.

The main selection criterion used in considering applications for TCAP funds will be HPD's judgment that a project has the ability to and will be completed within 3 years from the date of Recovery Act enactment (i.e. by February 16, 2012). In making such a determination of readiness, the following factors will be considered:

- a) Funding Commitments
The extent to which all other funding commitments have been obtained.
- b) Local Approvals
The extent to which all approvals necessary to start construction have been obtained, including but not limited to rezoning, the granting of variances, the availability of water and sewer services to the project, subdivision approval, and project tax abatement approval.
- c) Environmental Approvals
The extent to which all necessary environmental approvals have been obtained.
- d) Site Control
The extent to which site control for the project has been secured for privately owned sites.

- e) **Development Team Capacity**
The extent to which the project development team's track record in completing prior LIHTC projects demonstrates the capacity necessary to complete the project within the eligible time period

- f) **Status of Construction Documents**
The extent to which the project has finalized plans and specifications, general contractor's contract and other construction-related documents.

Other selection criteria will include: 1) that the project has demonstrated, by the date HPD considers applications for TCAP funding, that the project has the ability to pay Davis-Bacon wages going forward; 2) that the project serves a predominately low-income tenant population; and, 3) that the project meets and will further the City's housing goals.

2) A definition of "an award of LIHTCs" (can be as early as date of public notice of funding decision for a project).

For purposes of this application, HPD defines "an award of LIHTCs" as the written correspondence mailed to or delivered in person to the tax credit project owner or contact in which HPD notifies the project of either an award of competitive credits (9% credits) or the determination of credit eligibility for projects funded with tax-exempt bond financing (4% credits).

C. Commitment and Expenditure Deadlines:

1) A description of the procedures the HCA will use to ensure it will commit and expend TCAP funds to meet Recovery Act deadlines.

To meet the requirement that all projects be completed by February 16, 2012, HPD anticipates it will begin considering projects for TCAP funds immediately upon availability of such funds with all funds committed by the end of December, 2009. In addition, the financing of all projects receiving TCAP funds shall be structured so that the TCAP award is the first subsidy expended.

Prior to closing, HPD will execute a legally binding TCAP Written Agreement with the entity receiving TCAP funds. The TCAP Written Agreement will set forth all TCAP and other applicable federal requirements and will be binding on all owners and successors and will be structured as declaration of land use restrictive covenants. The requirements will be enforceable and will remain in effect for the length of the required low-income occupancy period.

As a condition of eligibility, projects receiving an award of TCAP funds will be required to commit to a mutually agreed upon construction schedule. Such mutually agreed upon construction schedule will be included in the TCAP Written Agreement and will establish a basis for determining if the project has or is likely to satisfy the Statutory Expenditure Requirements. Moreover, the following language will be included in the TCAP Written Agreement.

Projects receiving TCAP funds “shall expend (i) not less than seventy-five percent (75%) of the TCAP Funds for eligible costs on or before February 16, 2011 and (ii) one hundred percent (100%) of the TCAP Funds for eligible costs on or before February 16, 2012 (unless such dates shall be extended by HUD) (the "Statutory Expenditure Requirements"). If the Statutory Expenditure Requirements shall not be satisfied or if, at any time, HPD shall have substantial reason to believe that the Statutory Expenditure Requirements will not be satisfied, HPD may terminate any obligation or commitment to provide additional TCAP Funds for the Project. In addition, HPD may demand immediate repayment of all TCAP Funds theretofore provided to Sponsor if the Statutory Expenditure Requirements shall not have been satisfied and demand shall have been made upon HPD by DHCR for redistribution or recapture of TCAP Funds.”

In addition, not less than quarterly projects receiving TCAP awards will be required to report to HPD on the percentage of total construction completed. Not less than quarterly the servicer or lender of TCAP funds will be required to report on project expenditures by funding source. Such project expenditure reporting requirement will be included in servicer or lender agreements.

As required by HUD Notice CPD-09-03, all projects receiving TCAP funds from HPD will be subject to the following federal requirements: Fair Housing Act; Title VI of the Civil Rights Act of 1964; Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; National Environmental Policy Act and Related Laws; Lead-Based Paint Poisoning Prevention Act and Residential Lead-Based Paint Hazard Reduction Act of 1992; federal Anti-Lobbying restrictions; Drug-Free Workplace Act of 1988; and, Davis-Bacon Prevailing Wages. In addition, all projects that receive subsidy from HPD, including projects that will receive TCAP funds, must comply with HPD’s process for affirmatively furthering fair housing, as administered by HPD’s Marketing Unit.

HPD is accustomed to enforcing requirements associated with federal funding and does so through agency units such as: the Marketing Unit, which monitors the advertising of available units and supervises lotteries conducted to select tenants for projects receiving agency subsidy; the Labor Standards Unit, which monitors projects for compliance with labor and equal opportunity provisions of HPD contracts, including federal (Davis-Bacon Act) and city and state (Labor Law Section of 220, Section 230) prevailing wage requirements; and, the Fair Housing Unit, which develops and implements agency-wide policies and programs to enforce city, state and federal Fair Housing Laws, provides educational, mediation and counseling services, and investigates complaints of and facilitates the resolution of housing discrimination.

All committed and disbursed funds will be entered into HUD's Integrated Disbursement and Information System (IDIS). HPD will monitor all HUD compliance components related to multifamily projects for the duration of HUD financed mortgages.

2) A specific description of how the HCA will redistribute funds to more deserving projects from projects which are not in compliance with deadlines established in the written agreement between the HCA and project owners.

As described in Section C. 1), if the Statutory Expenditure Requirements shall not be satisfied or if, at any time, HPD shall have substantial reason to believe that the Statutory Expenditure Requirements will not be satisfied, HPD may terminate any obligation or commitment to provide additional TCAP Funds for the Project. In addition, HPD may demand immediate repayment of all TCAP Funds theretofore provided to Sponsor if the Statutory Expenditure Requirements shall not have been satisfied and demand shall have been made upon HPD by DHCR for redistribution or recapture of TCAP Funds

Any recaptured funds administered by HPD will be redistributed according to established TCAP selection criteria. The main selection criterion used in considering applications for TCAP funds will be HPD's judgment that a project has the ability to and will be completed within 3 years from the date of Recovery Act enactment (i.e. by February 16, 2012), as described in Section B. 1) b).

D. Recovery Act Accountability and Transparency Requirements:**1) The HCA must submit information about how it is meeting the Recovery Act accountability and transparency requirements, including:****a. Each HCA must make its project selection process and criteria available to the public and accept comments from the public for a period of not less than five days. The HCA must submit a description as to how it met the five-day comment period requirement.**

HPD made its project selection process and criteria available to the public and accepted comments for a period of five days, from May 21st through May 28th.

HPD will report to HUD and DHCR, no later than 10 days after the end of each calendar quarter, information similar to the following:

- The total amount of TCAP funds received;
- The amount of TCAP funds expended or obligated to projects or activities, including unobligated balances;
- A detailed list of all projects or activities for which TCAP funds were expended or obligated, including:
 - The name of the project,
 - A description of the project,
 - An evaluation of the completion status of the project, and
 - An estimate of the number of jobs created and the number of jobs retained by the project.

Additionally, HPD will provide to DHCR, on a project by project basis, all necessary, project specific documentation, and written certification executed by a designated official of HPD that it has fully complied with the terms of the sub-grant agreement, which remains in full force and effect, between HPD and DHCR .

b. Submitting the website address the HCA used to accept public comment during the five-day period.

A link to HPD's selection process and criteria was available on HPD's "Low Income Housing Tax Credits" web page at http://www.nyc.gov/html/hpd/html/developers/low_income.shtml.

c. Describing how the HCA plans to ensure it will remain in compliance with these accountability and transparency requirements for the duration of the TCAP grant.

HPD is committed to the accountability, transparency and reporting requirements of the American Recovery and Reinvestment Act (ARRA).

Consistent with the requirements of HUD Notice CPD-09-03, HPD will identify all projects selected for funding and the amounts awarded and will post that information on its “Low Income Housing Tax Credits” web page, as listed above.

E. Additional Elements for Submission:

- 1) HCA must submit Standard Form 424 (Application for Federal Assistance SF-424) signed by a legally authorized representative of the HCA.**

See attachment 1.

- 2) HCA must provide its DUNS (Data Universal Numbering System) number from Dun and Bradstreet.**

HPD’s Data Universal Number System number is: 137538489.

- 3) The HCA must be registered in the Central Contractor Registration (CCR) system.**

HPD is registered in the Central Contractor Registration system and has a current, valid user I.D. and password as of the date of submission of this document.

- 4) The HCA must provide a transmittal letter for the submission packet on HCA letterhead signed by CEO or COO of the HCA.**

See cover letter.

- 5) The HCA must submit Standard Form-LLL (Disclosure of Lobbying Activities)**

See attachment 2.

The City of New York does not use registered lobbyists. The New York City Washington Office represents the City’s interests in Washington, DC.