

2026 LOW INCOME HOUSING TAX CREDIT

QUALIFIED ALLOCATION PLAN

CITY OF NEW YORK

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

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I. INTRODUCTION

Since 1988 the New York City Department of Housing Preservation and Development (“HPD” or “Agency”) has been making direct allocations of Low Income Housing Tax Credits (“LIHTC”) to eligible projects in New York City by mutual agreement with New York State Homes and Community Renewal (HCR). Under procedures authorized by federal statute and state law, HPD is officially designated by HCR 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 “QAP”), which may be adopted only after providing opportunity for public comment and gaining approval of the Mayor. HPD's QAP was first issued and received mayoral approval in 1990. The QAP was found by NYC Corporation Counsel to be consistent with Section 42 of the Internal Revenue Code (the “Code”) and was approved by HCR as consistent with the 1990 State of New York Allocation Plan. HPD reserves the right to modify the QAP annually, with the consent of the Mayor of City of New York. HPD may make technical clarifications or revisions to comply with changes in federal law at its sole discretion. Modifications have been made to the QAP as needed in response to federal law and industry practice.

1. In 1991, HPD made several changes to facilitate the administration of its Tax Credit Program and to ensure that amendments required by the 1990 Federal Budget Reconciliation Act were incorporated into the QAP.
2. In 1993, a description of compliance monitoring procedures was incorporated into the QAP, as was required under new IRS regulations that became effective that year.
3. In 1998, in response to changes in federal law, HPD made additional changes in the Compliance Monitoring section of the QAP, as well as changes in sections dealing with Administrative Processes, Selection Criteria and Project Underwriting.
4. The 1999 revisions included changes in the Selection Criteria and Project Underwriting sections.
5. For 2000, minor changes and clarifications were made in sections on Administrative Processes, Selection Criteria, Project Underwriting, and Compliance Monitoring.
6. In 2001, several sections of the QAP (Administrative Processes, Assessment of Housing Needs, Selection Criteria, and Compliance Monitoring) were revised in response to federal rule changes.
7. No substantive changes were made for 2002 or 2003.
8. In 2004, changes were made to the Administrative Process, Selection Criteria, and Project Underwriting sections.
9. No substantive changes were made for 2005.
10. For 2006, changes were made to the Administrative Process, Selection Criteria and Project Underwriting sections.
11. In 2007, a number of sections of the QAP were updated including Administrative Process, Project Financing and Development Costs, Competitive Criteria, Project Underwriting, and Compliance Monitoring.
12. Changes in 2008 were made in Administrative Process, Threshold and Competitive Criteria, and Project Underwriting sections.
13. In 2009, substantive changes were made to Competitive Criteria section.
14. For 2010, changes were made to the Administrative Process, Selection Criteria, Project Underwriting and Compliance Monitoring sections.
15. In 2011 and 2012, changes were made to the Administrative Process, Selection Criteria, Project Underwriting and Competitive Criteria sections.
16. In 2013, changes were made to the Administrative Process and Selection Criteria sections.
17. In 2014, changes were made to the Assessment of Housing Needs, Threshold and Competitive Criteria sections.
18. In 2015, changes were made to the Threshold and Competitive Criteria and Underwriting sections.

19. In 2016 and 2017, changes were made to the Threshold and Competitive Criteria sections.
20. In 2018, changes were made to the Assessment of Housing Needs and Competitive Criteria sections.
21. In 2019, changes were made to the Selection Criteria, Project Underwriting and Compliance Monitoring sections.
22. In 2020, no changes were made.
23. In 2021, changes were made to the Competitive Criteria.
24. In 2022, 2023, 2024, and 2025, changes were made to the Threshold Criteria and Competitive criteria.
25. In 2026, changes were made to the QAP structure and order, to reflect LIHTC programmatic changes and to the Threshold and Competitive Criteria.

The QAP presented herein sets forth the goals and administrative procedures to be undertaken by HPD in allocating credits to projects, including application submission, evaluation and selection criteria, standards to be used in underwriting credit amounts and monitoring compliance pursuant to Section 42 of the Code (“Section 42”). This QAP fully conforms to Section 42 and State Executive Order 11.

II. ASSESSMENT OF HOUSING NEEDS

Providing decent and affordable housing is a constant challenge throughout the State of New York. New York City is faced with an extreme shortage of low-cost housing units. This shortage has led tens of thousands to become homeless and forced many more to "double-up" in overcrowded homes or to settle for substandard accommodations. In addition, many of those who have found decent living conditions are paying excessive portions of their income for rent and consequently may be in jeopardy of being displaced themselves. Predictably, low and very low-income families are the hardest hit.

Data from the 2023 New York City Housing and Vacancy Survey (NYCHVS) reveal numerous critical housing issues with which the City must contend. The NYCHVS, conducted about every three years provides data on the housing inventory in New York City, including the condition of the rental housing stock, vacancy rates, rent levels, and ownership trends. The 2023 NYCHVS reveals:

- Just under half of renter households, or nearly one million households, were rent burdened, paying more than 30% of their income on rent; one-quarter were severely burdened, paying more than 50% of their income on rent.
- The overall vacancy rate for rental housing in New York City in 2023 was 1.4% with vacancies concentrated among higher-cost rental units. For units renting under \$1,650, the vacancy rate was less than 1%; while for units renting above \$2,400 the vacancy rate was 3.4%.
- The proportion of renter households that were crowded in 2017 was 11.5%.

Consistent with the Fair Housing Act, the City implements a balanced approach to fair housing planning by taking meaningful actions to address disparities in housing needs, increase access to opportunity, foster inclusive communities, and facilitate integrated living patterns, in addition to combating discrimination, throughout New York City. The City has demonstrated its firm commitment to fair housing by moving forward with a robust fair housing planning process and publishing the update to Where We Live NYC 2020 plan in October 2025. The City continues to implement the plan’s goals, strategies, and actions.

The Low Income Housing Tax Credit, one of the federal incentives created to stimulate private sector participation in low-income housing production, has been and will be an essential tool for meeting housing needs in New York City. While those needs are extremely broad, the limited availability of tax credit resources dictates that they be targeted to specific housing needs, as set forth below:

- 1) Projects that include a high percentage of low-income units, particularly those that provide rents affordable to persons of very low and extremely low incomes.
- 2) Projects that convert City-owned land or buildings that are difficult to develop or are in the City's Third Party Transfer or Multifamily Preservation Loan programs to private ownership.
- 3) Projects that create permanent housing for special populations (homeless families with children, homeless individuals, the homeless mentally ill, other homeless groups, seniors, persons with AIDS, and mentally and/or physically disabled), and provide training and/or support services necessary to make the transition to independent living.
- 4) Projects that meet neighborhood-based priorities to advance fair housing, including projects that create or preserve affordable housing in areas with limited low-cost housing and in concerted community revitalization areas.
- 5) Projects that are developed by M/WBE developers and developers demonstrating diversity participation in their business practices.
- 6) Projects that attract or retain HPD subsidies.
- 7) Projects that meet or exceed the Enterprise Green Communities Criteria, if applicable, and Benchmarking requirements.
- 8) Projects that agree to provide the City with an option to extend the affordability period beyond the initial 30 years.
- 9) Projects that have plans to encourage stability and prevent evictions among their tenants.

A more detailed discussion of the City's priorities in awarding credit authority is included in the following section.

III. CREDIT ALLOCATION AUTHORITY

HPD has a long and successful history as a provider of housing assistance including direct subsidies for the construction, substantial rehabilitation, and moderate rehabilitation of affordable residential buildings. The Agency also administers the City's housing code and acts as a Public Housing Agency in order to provide Federal tenant-based rent subsidies through the Section 8 Voucher program. Together these activities constitute far and away the largest locally sponsored housing program in the nation.

HPD also has substantial experience in awarding and administering the LIHTC program. Since 1988, HPD has served as a Local Housing Credit Agency. By the end of calendar year 2022, HPD had cumulatively awarded nearly \$1.25B in tax credits to create or rehabilitate nearly 112,900 low income units. (The \$1.25B figure represents annual allocation amounts that are repeated for 10 years, or \$12.5B in total credits. These credits resulted in over \$1.25B of direct private equity investments in low-income housing.)

As in the past, HPD will work cooperatively with HCR by furnishing periodic reports and summary information on the administration of its LIHTC program. In addition, where HCR receives a proposal for projects located in HPD's five-county New York metropolitan jurisdiction, HCR will notify HPD of the proposal prior to making their decision to allocate credit to the project. Any unused New York City credit authority (i.e., credit authority for which no funding reservation has been issued) will be returned to HCR. Should HPD exhaust its allocation of credit authority, the Agency may request additional authority from the statewide pool of recaptured credit or from any national pool credits available.

IV. GEOGRAPHIC JURISDICTION

HPD's allocation authority covers the entire City of New York, comprised of the five counties of New York, Kings, Queens, the Bronx, and Richmond. However, selection criteria will target neighborhoods with the greatest need or ability to provide residents with significant opportunities for better education, access to jobs and quality of life.

V. ADMINISTRATIVE PROCESS FOR CREDIT ALLOCATIONS

The allocation of LIHTC is administered by HPD's Tax Credits and Discretionary Exemptions ("TCDE") Unit within the Division of Housing Incentives. Tax Credit and federal HOME Program ("HOME") compliance monitoring is administered by the Tax Credit and HOME Compliance Unit within the Division of Asset Management. Specifically, TCDE is responsible for evaluating, underwriting, and scoring applications for tax credits, issuing determinations, reservations and allocations, and maintaining the waiting list. The Tax Credit and HOME Compliance Unit is charged with monitoring compliance of tax credit recipients with Federal tax credit regulations.

Annually, HPD will publish a Notice of Credit Availability ("NOCA") in a local publication that informs applicants of submission dates and deadlines for future funding rounds. One or more funding rounds may be held each year in which credit allocations will be 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, will be published in the annual NOCA. Projects will be evaluated under the general pool unless the application specifies the project is applying under an established set-aside. Pursuant to Section 42, at least 10% of the credits will be allocated to projects that involve a qualified nonprofit organization (a "Qualified Nonprofit Organization"). As set forth in Section 42, a Qualified Nonprofit Organization: a) is tax exempt under Section 501(a) and described in either paragraph (3) or (4) of Section 501(c); b) has the fostering of low income housing as one of its purposes; and c) is not affiliated with or controlled by a for-profit organization. The Qualified Nonprofit Organization must materially participate in the development and ownership of the project throughout the compliance period. Material participation shall mean being the managing general partner of the owner.

To receive consideration for a credit allocation, project owners must submit an application on or before the published submission deadline. The electronic application and supporting documents may be obtained from the HPD website: <https://www.nyc.gov/site/hpd/services-and-information/lihtc.page>. Applications must be completed in their entirety, and the required supporting documentation must be attached. The Agency may reject any application that is incomplete.

The following fees apply:

1. A non-refundable application fee will be charged for filing an electronic application for an allocation of credits from HPD's credit authority (9% applications). The fee shall be \$1,000 for projects that involve a qualified nonprofit organization and \$2,000 for projects that do not involve a qualified nonprofit organization. A nonprofit organization must have at minimum 50% ownership in the General Partner/Managing Member and receive at minimum 50% of the distributions in order to qualify to pay the nonprofit application fee. Fees must be paid at the time the application is submitted to HPD.
2. A non-refundable application fee will be charged for filing an electronic application for projects

seeking 4% credits (for projects with tax-exempt bond financing). The fee shall be \$2,000 for projects that involve a qualified nonprofit organization and \$3,000 for projects that do not involve a qualified nonprofit organization. A non-profit organization must have at minimum 50% ownership in the General Partner/Managing Member and receive at minimum 50% of the distributions in order to qualify to pay the non-profit application fee. Fees must be paid at the time the application is submitted to HPD.

3. A non-refundable Allocation Fee of 8% of the requested credit amount will be collected at two stages. For allocations of credits from HPD's credit authority, one half of the fee (4%) must be received before HPD will issue the Carryover Allocation. The second half of the fee (4%) must be received before HPD will issue the final Certification ("8609"). For projects seeking 4% credits, one half of the fee (4%) must be received before HPD will issue a "determination of credit eligibility" ("DOCE") letter. The second half of the fee (4%) must be received before HPD will issue the 8609.
4. A non-refundable Carryover Allocation extension fee of \$5,000 will be charged for any project that requests and is granted an extension beyond the administrative deadline to submit a completed application for a Carryover Allocation. Carryover extension requests will be valid for a maximum of three months and will be approved solely at the discretion of HPD. HPD will not issue a Carryover Allocation extension beyond November 15th of any year.
5. A non-refundable Compliance Monitoring Fee will be charged. The current Compliance Monitoring Fee is \$25 per tax credit unit per year. However, the fee schedule is subject to change and owners are required to confirm the appropriate fee. The Compliance Fee is indicated on the Compliance Fee Form located at: <http://www.nyc.gov/assets/hpd/downloads/pdfs/services/Compliance-Monitoring-Fee-Form.pdf>
6. A checklist will be sent to the applicant within three weeks of receipt of the 8609 request. It is the responsibility of the applicant to ensure all outstanding cure items are submitted to HPD expeditiously. TCDE will issue the 8609 within four weeks of the date on which it determines the Financial Update is complete.

Extension fees and late fees may not be included in a project's development or conversion budget. All fees are non-refundable.

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 any evaluation of the proposed project, processing will be suspended. HPD will notify applicants of how the submission is incomplete and provide at least ten business days for the applicant to submit the requested documentation. The application will be disqualified and the package will be returned if the applicant fails to submit the requested documentation within the required period.

Tax Credit and HOME compliance inquiries should be submitted to:

Tax Credit and HOME Compliance Unit
NYC Dept. of Housing Preservation and Development
100 Gold Street, Section 7-U2
New York, N.Y. 10038
(212) 863-7615

Tax credits will be awarded based upon the selection criteria outlined in Section VIII of this document. Unless otherwise indicated in the QAP, applications will be evaluated and underwritten according to the

guidelines in effect during the year a complete tax credit application is submitted to HPD.

Sponsors and developers whose action or inaction materially contributed to the return or recapture of credits previously allocated by HPD will be prohibited for up to 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 will be reviewed for completeness and basic eligibility. Those that meet the threshold eligibility criteria will be scored to determine competitive ranking and underwritten to determine the maximum amount of credits for which they are eligible. Credit reservations will then be 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 will rank 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. HPD reserves the right to set a minimum score each year.

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, in its sole discretion, that a reservation for such project does not further the goals set forth in the City's housing plan and shall have the power to allocate credits to a project irrespective of its point ranking, if such intended allocation is: in compliance with the Code; in furtherance of the City's housing goals; and determined by the Commissioner of HPD to be in the interests of the citizens of the City of New York. A written explanation shall be available to the general public for any allocation of a housing credit dollar amount which is not made in accordance with established priorities and the selection criteria set forth herein.

Any complete 9% application which meets the eligibility review criteria but is not selected for a credit reservation will 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 will be terminated at the commencement of a new funding round.

VI. PROCESS: APPLICATIONS FOR 9% CREDITS UNDER HPD'S CREDIT AUTHORITY

The allocation of tax credits under HPD's credit authority will proceed as outlined below. Applicants will be notified in writing of the status of their application, and of any conditions to be met in order to proceed to subsequent stages of the allocation process.

1. Initial Review & Evaluation – Applications are accepted, reviewed for completeness, and evaluated against threshold and competitive selection criteria and underwritten. Projects deemed to have met threshold criteria will proceed subject to the availability of credits and competitive score after determination of an award to the Credit Reservation Agreement stage.
2. Credit Reservation Agreement – Credit Reservation Agreements will be executed for projects selected during competitive funding rounds. The reservation document serves as a binding commitment.

3. Carryover Allocation Verification – Projects provided Credit Reservation Agreements must provide documentation satisfactory to meet Carryover Allocation in the year of the credit award (i.e. a project awarded 2026 credits must meet carryover in 2026). Projects requiring credit allocations prior to completion of construction will be issued a Carryover Allocation if they meet all of the following requirements:
 - a) Evidence is provided that 10% of the project's reasonably expected basis will be incurred by the close of the calendar year for which the allocation is made (or by such earlier date as HPD may, for administrative purposes, establish),
 - b) Evidence is provided that all financing commitments have been executed (for loans included in basis, no forgiveness or grant language can be included),
 - c) Attestation the project will be placed in service no later than the close of the second calendar year following the year of the allocation.
4. Prior to Certification of Allocation (8609) – If project ownership changes, entities will be required to submit at minimum:
 - a) Information regarding the old ownership structure; and
 - b) Legal documents for the new ownership structure; and
 - c) Proof that all restrictive covenants and regulatory agreements are in full force and effect with the new ownership entity.
5. Certification of Allocation (8609) – Projects must have converted to permanent financing before they are eligible to submit for 8609. Certification of the final credit amount will be issued after projects are placed in service and converted to permanent financing. The certification will be in the form of an IRS Form 8609 to be issued by the Agency on a per building basis. To request the 8609, project owners must submit a “Financial Update” and such other documentation as HPD may require. The submission must be received no later than November 30th of the second calendar year following the placed in service date (i.e. placed in service date 12/31/2025, 8609 submission must be received within the April 1st through November 30th submission window in 2027). Prior to issuance of 8609, applicants must submit the final Enterprise Green Communities Certification, if applicable. All final executed and recorded legal and loan documents, including final permanent loan documents, supporting the information represented in the Financial Update must be submitted prior to issuance of 8609. For multi-building projects, the Regulatory Agreement must include a schedule that includes the total number of units and total number of tax credit units per building. All Regulatory Agreements must include a waiver of the right to seek a qualified contract to purchase the project at the end of the 15-year compliance period (see Threshold Criteria for requirements). Applications for 8609 will be accepted between April 1st and November 30th.

VII. ALLOCATION STEPS: APPLICATIONS FOR 4% CREDITS WITH TAX EXEMPT BOND FINANCING

Rental projects which meet the rent, income and occupancy requirements of Section 42, and for which more than 25% of aggregate basis is financed by tax exempt bond financing may qualify for 4% credits, or allocations of tax credits which are not charged against the credit ceiling of either HPD or the State of New

York.

These projects must apply for and receive a Determination of Credit Eligibility (“DOCE”) from the Agency prior to commencement of construction. The Commissioner of HPD may waive this requirement where there is valid cause.

Projects that apply to HPD for 4% credit allocations shall be processed as follows:

1. Initial Review & Evaluation – Applications are accepted, reviewed for completeness then evaluated against threshold criteria. Applications must be submitted a minimum of eight weeks prior to the anticipated closing date. Late submissions are required to pay a \$2,000 late fee.
2. Determination of Credit Eligibility (DOCE) – Projects found to be eligible shall receive a DOCE, which is a non-binding statement of the amount of credit for which the project is eligible. The DOCE will also list conditions and requirements for obtaining an allocation. Applicants must submit a Letter of Satisfaction from Enterprise Green Communities prior to issuance of the DOCE letter, if applicable.
3. Certification of Allocation (8609) – **Projects must have converted to permanent financing before they are eligible to submit for 8609.** Certification of the final credit amount will be issued after projects are placed in service and have converted to permanent financing. The certification will be in the form of an IRS Form 8609 to be issued by the Agency on a per building basis after the final building has placed in service. To request the 8609, project owners must submit a “Financial Update” and such other documentation as HPD may require Prior to issuance of 8609, applicants must submit the final Enterprise Green Communities Certification, if applicable. In accordance with Section 42, all final executed and recorded legal and loan documents, including final permanent loan documents, supporting the information represented in the Financial Update must be submitted prior to issuance of 8609. In addition to the loan documents, projects must submit a letter from HDC confirming the permanent loan amounts from HDC. For multi-building projects, the Regulatory Agreement must include a schedule that includes the total number of units and total number of tax credit units per building. All Regulatory Agreements must include a waiver of the right to seek a qualified contract to purchase the project at the end of the 15-year compliance period (see Threshold Criteria for requirements). Applications for 8609s will be accepted April 1st through November 30th.

Official written notice of Determination of Credit Eligibility, Credit Reservation Agreement, Carryover Allocation Verification, and 8609 must be signed by the Assistant Commissioner of HPD’s Division of Housing Incentives or his/her designee.

Electronic versions of the tax credit applications, Carryover Allocation application, and Financial Update for 8609 can be found on the HPD website: <https://www1.nyc.gov/site/hpd/services-and-information/lihtc.page>

VIII. SELECTION CRITERIA

As a Local Housing Credit Agency, HPD will evaluate all applications received to determine which projects should receive tax credits. Note: Tax exempt bond financed projects which qualify for 4% credit allocations must still be in conformance with the threshold requirements of the qualified allocation plan applicable to the area in which the project is located.

A. THRESHOLD CRITERIA

Projects that do not meet the threshold criteria will not be reviewed further. Applicants will be informed that the project is not eligible for a reservation of credits. Applicants may reapply for subsequent funding cycles, but must pay an additional application fee.

Summary of Threshold Criteria			
#	Criteria Name	Applicable to 9%	Applicable to 4%
1	Rent and Income Restrictions	X	X
2	Site Control	X	X
3	Financing Commitments	X	X
4	Ownership Structure	X	X
5	Regulatory Agreement	X	X
6	Housing Needs	X	X
7	Design Standards	X	X
8	Marketing Requirements	X	X
9	Applicant Qualifications	X	X
10	Enterprise Green communities and LEED	X	X
11	HPD Benchmarking Protocol	X	X
12	Income Qualification Selection	X	X
13	HPD BLDS Design Submission	X	X
1	Hazmat Environmental – Phase I Submission	X	X

To be considered for funding, a project must demonstrate that it meets each of the following threshold criteria:

1. **Rent and Income Restrictions** – Project conforms to the income, occupancy and rent restrictions of Section 42.
2. **Site Control** – Project is ready to proceed as documented by the following:
 - a) If the property is currently owned by the applicant or a related entity, applicant must submit a copy of an executed deed to the applicant or related entity;

- b) If the property is currently owned by a private party and is not in foreclosure or the subject of a foreclosure sale, applicant must submit an unexpired contract of sale between the current owner and the applicant or related entity, or unexpired purchase option in favor of the applicant or related entity;
- c) If the property is currently owned by the City of New York, then ULURP certification must have been obtained as of the time of application for the disposition of the property for the land use contemplated by the project and full ULURP approval must be obtained within 40 days of submission of application;
- d) If the proposed development is not as-of-right, ULURP certification for the required zoning amendment must have been obtained and full ULURP approval for the zoning amendment must be obtained within 40 days of submission of application;
- e) If the property is currently owned by a governmental entity other than the City, applicant must submit evidence satisfactory to HPD that the governmental entity has the authority to convey the property to applicant or a related entity;
- f) The property is or is contemplated to be in the City's Third Party Transfer Program and the proposed use of the property is consistent with the City Council's approval for the Third Party Transfer conveyance.
- g) If the property is currently owned by a private party and is the subject of a mortgage foreclosure, then the following is required:
 - i. If the foreclosure sale has taken place, applicant must provide an executed Memorandum of Sale including the Terms of Sale and showing either the applicant as the successful bidder at the foreclosure sale or an assignment of bid to the applicant as assignee of the successful bidder, as the entity that will ultimately close title with the foreclosure referee.
 - ii. If a judgment of foreclosure has been granted and entered but the foreclosure sale has not yet taken place, the applicant must be either the foreclosure judgment-creditor or the assignee of the foreclosure judgment-creditor and must submit the judgment of foreclosure and sale and a letter of intent stating that the applicant intends to serve and publish a Notice of Sale within thirty days of entry of the judgment and to credit bid up to the full amount of the foreclosure judgment and will close title with the foreclosure referee.
 - iii. If a judgment of foreclosure and sale has not yet been granted and entered, applicant must be the owner of the Note and Mortgage and submit evidence consisting of a) the applicant being owner of the Note and Mortgage and b) the decision and order that summary or default judgment of foreclosure and order of reference has been granted to the mortgagee and c) a statement of intent that the applicant as the Note and Mortgage owner intends to pursue the foreclosure through Judgment of Foreclosure and Sale, serve and publish a Notice of Sale within thirty days of the entry of the foreclosure judgment and credit bid up to the full amount of the judgment.

In all instances, the project must meet the HPD program requirements. TCDE will confirm that all requirements have been met. HPD has the right to approve the members of the assignee. If title does not close with the foreclosure referee within a reasonable period of time, as determined by HPD, the application may be declared void at HPD's discretion.

3. **Financing Commitments** – At minimum, project must be able to demonstrate:
- a. “Soft” or conditional commitment letters indicating intent to provide funding for all funding sources. The commitment letter must be dated no more one year prior to the application deadline and must not be expired. All commitments must be on company letterhead, executed and contain a dollar amount. All developments must demonstrate that sufficient sources are available to the project to assure feasibility.
 - b. Applicants receiving funding from HPD must submit a letter on HPD letterhead from the Program Director or Assistant Commissioner for the HPD funding program stating the following:
 - i. The application has been reviewed by HPD and HPD agrees with the items represented and pledged in the application.
 - ii. The letter must be dated within one year of the application submission and must not be expired.
 - c. For 4% Credit applications, evidence of executed construction financing commitment is required for financing issued by New York City Housing Development Corporation. There must be a provision of evidence, satisfactory to HPD, that the mortgage securing the tax-exempt bond financing will remain on the project in an amount not less than 25% of the aggregate basis at least until the date required by the Internal Revenue Service in order for the project to meet the “25% Test.”
4. **Ownership Structure** – All entities in the ownership structure are identified, including, for partnerships, all proposed general partners and managing general partners and, for limited liability companies, all members and managing members.
5. **Regulatory Agreement / Extended Low-Income Use / Waiver of Right to Qualified Contract** –
- a. Owners of 9% projects are willing to enter into a 30-year regulatory agreement with HPD for extended low-income use of the project that is in conformance with the requirements of Section 42. Owner also agrees to give HPD the option to extend the affordability period for an additional number of years, up to 30 years, if HPD extends the Project’s tax exemption for an equal number of years. Owner agrees to maintain the Extended Use period by including in the regulatory agreement a waiver of the right to seek a qualified contract to purchase the project at the end of the 15-year compliance period.
 - b. Owners of 4% projects are willing to enter into a regulatory agreement with HPD for extended low-income use of the project (i.e. a 30-year compliance period) that is in conformance with the requirements of Section 42. Owner agrees to maintain the Extended Use period by including in the regulatory agreement a waiver of the right to seek a qualified contract to purchase the project at the end of the 15-year compliance period.

6. **Housing Needs** – Project is of the appropriate type needed to address the housing needs in the area where the project is located as evidenced by a market study produced by HPD or a market study consultant approved by HPD. The market study must demonstrate a need for the proposed housing.
7. **Design Standards and Minimum Construction Requirements** – “Standalone” projects (projects with no other Public subsidy or assistance) must adhere to HPD design standards and will be subject to post-construction audit. HPD’s Building and Land Development Services (BLDS) will make a determination of compliance with HPD’s Design Standards.
8. **Marketing Requirements** – All projects, including “standalone” projects, are subject to HPD’s marketing requirements including the selection of initial tenants through an HPD supervised lottery. TCDE will notify the HPD Marketing Unit when an allocation of credits is made to a “standalone” project.
9. **Applicant Qualifications** – Applications may be rejected at any time during or after the evaluation process if there are any adverse findings regarding the Applicant, any entity or individual associated with the Applicant, or any property owned and/or managed by them. Applicant and sponsor must certify that there are no such adverse findings, which may include, but are not limited to:
 - a. conviction, administrative violation, judicial or administrative finding, pending judicial or administrative case, or pending litigation for harassment, arson, fraud, bribery, grand larceny, any felony or crime of dishonesty, or noncompliance with fair housing or anti-discrimination laws, any applicable codes or ordinances, labor laws, or construction laws.
 - b. defaults or poor performance under any government-assisted program;
 - c. tax arrears, tax foreclosure or enforcement proceedings, or sale of tax liens;
 - d. voluntary or involuntary bankruptcy proceedings;
 - e. suspension or debarment by any government entity;
 - f. mortgage arrears, default or foreclosure proceedings; or
 - g. negative findings by the Department of Investigations.

Defaults under any City-sponsored program:

- a. Applicants or principals with defaults that have current Agency-approved remediation plans in place at the time the project applies for tax credits will pass threshold. However, competitive points may be deducted from the project’s score. The applicant must submit a statement from the appropriate agency showing the agreement is in good standing.
- b. Applicants or principals with defaults that do not have Agency-approved remediation plans in place at the time the project applies for tax credits will not pass threshold.

Applicants for “standalone” projects must complete HPD Sponsor Review Disclosure Statements. The Applicant is responsible for completing all required Sponsor Review Disclosure Statements in accordance with HPD’s Sponsor Review policy. Sponsor Review Disclosure Statements are also required to be completed by General Contractors. Sponsor Review will be performed at the time the applicant submits an original tax credit application. If a General Contractor has not been selected at the time the project submits its original tax credit application, Sponsor Review of the General Contractor will be performed prior to issuance of the carryover allocation. Sponsor Review documents for the General Contractor should be submitted as soon as the Contractor is selected to

avoid delays in the issuance of the carryover allocation.

10. **Enterprise Green Communities and LEED Criteria** – All substantial rehabs and new construction projects will be required to certify under the Enterprise Green Communities Criteria Certification Overlay for NYC HPD projects or may choose to certify with LEED v4 Gold or Platinum via a waiver process. Details, instructions and criteria on submission protocol can be found on the HPD website at: <https://www1.nyc.gov/site/hpd/services-and-information/enterprise-green-communities-criteria-egcc.page>. As part of the tax credit application submission, applicants will be required to submit documentation sufficient to the Agency such as a Pre-Build Approval from Enterprise or LEED Waiver. Additionally, applicants must submit proof of complete submission for Step 2: Post Build Certification issued by Enterprise or LEED Certification prior to issuance of 8609s. Rehabilitation projects containing all three of the following items in the project scope are required to certify under the Enterprise Green Communities Criteria Certification Overlay for NYC HPD projects (or may choose to certify with LEED v4 Gold or Platinum via a waiver process):

- a. Heating system replacement (includes heating equipment & distribution system);
- b. Work on at least 75 percent of dwelling units including but not limited to fixture replacements; and
- c. Substantial work on the building envelope, including replacement or alteration of greater than or equal to at least 50 percent of the total glazing area or greater than or equal to at least 50 percent total opaque envelope

Projects unable to meet the Enterprise Green Communities Criteria Certification Overlay for NYC HPD projects, and qualify under an excluded category, may request a waiver. A waiver is also required for projects seeking to comply through LEED. All LIHTC preservation projects receiving a waiver of the Green Communities Criteria Certification Overlay for NYC HPD must provide the required items and meet the mandatory criteria outlined on the waiver form and must comply with [HPD's Standard Specifications](#). A copy of the waiver request form can be obtained at: <https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/Green-Communities-LEED-waiver.pdf>. Note that all projects are required to complete a Solar Feasibility Analysis, as part of the Enterprise Green Communities Criteria certification process or as a required item for the waiver process. Details for the Solar Feasibility Analysis can be found at <https://www1.nyc.gov/site/hpd/services-and-information/solar-where-feasible.page>.

11. **HPD Benchmarking Protocol** – Applicants receiving allocations from HPD must comply with HPD's Benchmarking Protocol. At application, applicants will be required to acknowledge and agree to follow HPD's Benchmarking Protocol. At 8609, project owners will be required to submit a notification that the benchmarking account has been set up with one of the pre-qualified benchmarking service providers. More information about HPD's Benchmarking requirements and the list of prequalified providers can be found at: <https://www1.nyc.gov/site/hpd/services-and-information/benchmarking-protocol.page>.

12. **Income Qualification Selection** – Projects must identify whether they intend to meet the 20% at 50% AMI, 25% at 60% AMI test or elect to meet the Income Averaging requirements and submit the documentation along with their application (applicable to all 4% and 9% projects unless otherwise noted). For income averaging projects, the required documentation can be found at:

13. **HPD BLDS Design Submission** – All projects must have submitted a complete application to BLDS. New Construction projects must submit for Design Consultation and preservation project must submit all documents necessary for pre-scoping. The required information for what is required for submission can be found here: <https://www.nyc.gov/site/hpd/services-and-information/new-construction-design.page>. Submissions will be verified with the HPD BLDS team.
14. **Hazmat Environmental Phase 1 Submission** – All projects must provide evidence that the Phase 1 environmental report has been completed and submitted to HPD if applicable to the project or a letter describing why the Phase I will not be necessary.

B. COMPETITIVE CRITERIA (9% PROJECTS ONLY)

A scoring system will be used to evaluate and rank those 9% projects that meet the basic threshold criteria. This system has been established to conform to the selection criteria contained in the Federal law as well as fulfill the objectives outlined in the Assessment of Housing Needs (Section II). Each scoring system has a maximum attainable score of 100 points, including special priority points that may be given to a project that the Commissioner of HPD determines to be an important initiative or unique opportunity to meet basic local housing objectives.

For projects seeking 9% credits, HPD will establish a minimum score for each funding round based on the scores calculated from the applications received. The minimum score will be established by taking the average score and reducing it by 20%. Any project scoring under 20% of the average score will not be determined to have passed threshold.

All elections made by the applicant on the original tax credit application will be included in the project's Regulatory Agreement and will remain in full force for the first thirty years of the regulatory term. Affordability restrictions will remain in full force for the duration of the Regulatory Agreement.

The elements for which competitive points will be awarded are:

PROJECT READINESS (18)

1. **City Environmental Quality Review (“CEQR”) Review (3)**
Projects that can provide evidence that the project has completed CEQR in either the form of a Negative Declaration, Statement of Findings or Type II determination, will receive 3 points. Submitted Project documentation must match the project address or BBL description.
2. **HPD Building Land Development Services (“BLDS”) Design Review (5)**
Projects that can submit documentation of HPD BLDS Design Acceptance (either of Expedited or Full Review) will receive 5 points.

3. **Building Plan Submissions** (*Note: Points are awarded on a sliding scale not to exceed 10 points*)
 - a. Projects that have submitted building plan to the New York City Department of Buildings (“DOB”) will receive 2 points.
 - b. Projects that received a first round of comments on the building plan will receive 3 points.
 - c. Projects that have received building plan approval from DOB will receive 3 points.
 - d. Projects that have submitted Stormwater Pollution Prevention Plan (“SWPPP”) and Site Connection Proposal (“SCP”) documentation or can provide an affidavit from the architect of record that SWPPP and/or SCP is not necessary for the project will receive 2 points.

The above will be evidenced by printed documents from the DOB Buildings Information System (BIS) or DOB NOW system including the permit number, other municipal records OR, adequate evidence of approval of construction documents by the construction lender, including HPD.

COST-EFFICIENCY (25)

4. **HPD Subsidy Commitment (5)**

Projects with a HPD soft commitment from a HPD program term sheet will receive 5 points.

5. **Under Term Sheet (4)** *Note: Points are awarded on a sliding scale*

- a. Projects requesting at least 5% *below* the maximum subsidy allowed by the funding program will receive 2 points.
- b. Projects requesting at least 10% *below* the maximum subsidy allowed by the funding program will receive 4 points.
- c. Projects requesting at least 10% *above* the maximum subsidy allowed by the funding program will receive a deduction of -2 points.

6. **Efficiency of Financing (2)**

Projects with permanent financing where, net of tax credit equity, sources other than HPD/HDC/HCR financing or other funds at the discretion of the Agency make up at least 40% of the budget will receive 2 points.

7. **Pricing (5)**

Projects with committed Tax Credit pricing above the average across submitted deals by at least \$0.02 will receive 5 points.

8. **Lower Total Costs (4)**

Projects with an overall lower Total Development Cost (TDC) than projects of the same housing type (Supportive Housing, New Construction, and Preservation) will receive 4 points. Projects will be ranked according to TDC within those housing types and the lower 50% of each category will receive points.

9. **Efficiency of Credits (5)** *Note: Points are awarded on a sliding scale*

- a. Projects with credit ask of \$23,000 or less per tax credit unit will receive 2 points.
- b. Projects with credit ask of \$21,000 or less per tax credit unit will receive 3 points.
- c. Projects with credit ask of \$19,000 or less per tax credit unit will receive 5 points.

POLICY (17)

10. Concerted Community Revitalization (“CCR”) Areas (9) Note: Points are awarded on a sliding scale

HPD allocates a preference to projects located in CCR areas. HPD defines CCR areas as areas that a) have limited existing availability of affordable housing or b) where a tax credit project is expected to contribute to that broader revitalization effort. A project may qualify as being part of a CCR area and receive cumulative points if it is:

- a. Located in a Qualified Census Tracts (“QCTs”), which will receive 1 point; and/or
- b. Located in a Limited Affordability area, which will receive 5 points; and/or
- c. Located in a Geographic Investment Areas City-led neighborhood study areas that include commitments for non-housing public investments in infrastructure and services as initiated by New York City Department of City Planning or HPD, beginning in 2016, will receive 3 points.

These include the following neighborhood planning/study areas (as of January 1, 2026) but this list may be expanded at discretion of HPD:

- i. East New York Neighborhood Plan
- ii. Brownsville Neighborhood Plan
- iii. East Harlem Neighborhood Plan
- iv. Downtown Far Rockaway Redevelopment Project
- v. Jerome Avenue Neighborhood Plan
- vi. Inwood Action Plan
- vii. Bedford-Stuyvesant Housing Plan
- viii. Resilient Edgemere Community Plan
- ix. Bay Street Corridor Neighborhood Plan
- x. Gowanus Neighborhood Plan
- xi. Soho/Noho Neighborhood Plan
- xii. Bronx Metro North Station Area Plan
- xiii. Atlantic Ave Mixed Use Plan
- xiv. Midtown South Mixed-Use Plan
- xv. Jamaica Neighborhood Plan
- xvi. OneLIC Neighborhood Plan

To determine if a site falls in a plan area, please confirm using the map available on the HPD website.

11. 15/15 Award (4) Note: Points are awarded on a sliding scale

Projects with committed NYC 15/15 social service awards or submitted application for apartments occupied by eligible households. Projects will receive points based on the share of the total units that will include 15/15 units.

- a. 10-15%: 1 point
- b. 16-29%: 2 points
- c. 30%+: 3 points

- d. If a project is already awarded it will receive an additional 1 point.

12. Inclusion and Diversity (4) Note: Points are awarded on a sliding scale

The Applicant must include an MWBE or a Qualified Nonprofit Organization that in either case will hold a significant percentage of the managing ownership interest in the Project (see sliding scale below). The MWBE or Qualified Nonprofit Organization must receive a commensurate interest in the totality of the economic benefits of the Project (net of LIHTC limited partner interests, if any), including, but not limited to, all available cash flows, paid and deferred developer fees, and sale and refinancing proceeds. A fee-only arrangement for the MWBE or Qualified Nonprofit Organization will not satisfy this requirement.

- a. If the MWBE or Qualified Nonprofit Organization has at least 25% but less than 50% managing ownership interest – 2 points
- b. If the MWBE or Qualified Nonprofit Organization has at least 50% managing ownership interest – 4 points

To receive points, the Applicant must submit verification of MWBE certification or the 501(c)(3) or 501(c)(4) determination letter issued by the Internal Revenue Service as well as documentation to show the ownership interest percentage of each owner of the Applicant.

PROJECT AND APPLICANT CHARACTERISTICS (30)

13. New York City-Owned Site (2)

Projects on land owned/controlled by the City, including but not limited to HPD, all other agencies, New York City Economic Development Corporation, New York City Health and Hospitals, New York City Housing Authority, and Third Party Transfer projects owned by Neighborhood Restore will receive 2 points.

14. Portfolio Performance: Note: Points are deducted on a sliding scale

- a. Projects must submit a list of Real Estate Owned or Controlled by any managing member.
- b. Points will be deducted for any managing member during construction and permanent conversion who are principals in any of the following. Negative points in the following categories are cumulative not to exceed -20.
 - i. Projects with 5 or more outstanding instances of uncorrected Tax Credit noncompliance will receive –3 points.
 - ii. Projects with any outstanding instances of uncorrected HOME noncompliance will receive –3 points.
 - iii. Projects whose credit allocations have been returned to or recaptured by HPD will receive –5 points.
 - iv. Projects where HPD is aware of default or workout status with substantial progress to address will receive –3 points.
 - v. Projects that based on the following HPD violations and municipal arrears, with the following:
 - a. 25%+ of HPD units in portfolio is high risk, will receive –6 points.
 - b. 25%+ of HPD units in portfolio medium risk = med-risk, will receive –3

points.

Applicants are strongly encouraged to contact HPD's Asset Management Division to confirm status of non-compliance and other issues.

15. Households with Children (2)

Projects where at least 30% of the Tax Credit units are two bedrooms or larger will receive 2 points.

16. Deeper Affordability (6)

- a. Projects that designate 10%, 15% or more of the units for households up to 40% AMI will receive 4 points on a sliding scale. The underwriting must support the project's ability to support these rents without rental subsidy (only exception is where project-based Section 8 is provided on less than 50% of units).
- b. Achieving lower than term sheet affordability or providing no less than 5 units at 20% AMI will receive 2 points.

17. Right of First Refusal (5)

- a. Not-for-profit credit applicants must submit a letter of intent from a tax credit investor that clearly grants to a qualified not-for-profit organization a right of first refusal to purchase the project for a below-market purchase price (the "ROFR Purchase Price"), following the expiration of the tax credit compliance period, in accordance with Section 42(i)(7) of the Code (the "ROFR").
- b. The letter of intent must specify the ROFR Purchase Price and identify any amounts due in excess of the minimum purchase price permissible under Section 42(i)(7)(B) of the Code.
- c. In addition, the letter of intent must provide that the operating or partnership agreement (the "Agreement") of the owner of the project (the "Owner") will:
 - i. Grant the not-for-profit organization the ROFR at the ROFR Purchase Price and provide that all amounts to be included in the ROFR Purchase Price will be calculated in accordance with the Agreement;
 - ii. Provide that the general partner of the Owner (the "General Partner") may elect to do any of the following:
 - a. Subject to the consent of one or more limited partners of the owner (each, a "Limited Partner"), which consent may not be unreasonably withheld, conditioned or delayed, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR;
 - b. At its discretion, without the consent of any Limited Partner, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR following the General Partner's receipt of a bona fide third party offer to purchase the project; or
 - c. Offer the project for sale publicly at any time following the expiration of the tax credit compliance period and thereafter accept an offer from the highest bidder to purchase the project, as long as the sale price is not less than the minimum purchase price permissible under Section 42(i)(7)(B) of the Code, and provided that such acceptance is subject to the ROFR grantee's rights to exercise the ROFR and purchase the project at the ROFR Purchase Price;
 - iii. Authorize and direct the General Partner to execute all documents necessary to effect the sale of the project pursuant to the ROFR;
 - iv. Provide that, unless prohibited by binding legal precedent, the Limited Partners waive all legal rights to challenge (i) the sale of the project by the General Partner to the ROFR grantee even if the ROFR grantee is affiliated with the General Partner and (ii) the General Partner's

- acceptance of an offer from the highest bidder in response to the General Partner's public offer of the project for sale and/or the exercise of the ROFR by the ROFR grantee after any such acceptance; e) provide that the term of the ROFR shall expire not less than 36 months after the General Partner's public offer of the project for sale;
- v. Provide that in the event that Section 42(i)(7) of the Code is amended to permit a qualified not-for-profit organization to hold a purchase option after the expiration of the tax credit compliance period, and only to the extent permitted under such revised Section 42(i)(7), the ROFR grantee shall be entitled to purchase the project, or at its option, all of the interests in the Owner, in either case at the ROFR Purchase Price, in lieu of exercising the ROFR;
 - vi. Provide that the ROFR will not be adversely affected or limited by any other rights of the Limited Partners, or any owner of any interest in any Limited Partner, such as forced sale rights, and there are no conditions to the exercise of the ROFR except as explicitly identified in the Agreement or required by binding legal precedent applicable to Section 42(i)(7) of the Code; and
 - vii. Prohibit, without the prior written consent of HPD, any amendment that would modify any term or condition related to the ROFR.

A true and complete copy of the operating or partnership agreement of the owner of the project shall be provided to HPD as of both the closing of the financing for the construction of the project and the submission of an application for a Form 8609, in each case for HPD's review to confirm that such agreement includes the terms set forth in the letter of intent or terms that HPD determines are equivalent.

18. Public Housing Waiting Lists (1)

Scored on whether the sponsor has committed in writing to the Agency to designate at least 20% of the low-income units in which special preference will be given to households on the waiting list for public housing.

19. Difficult to Develop Projects Acquired from the City (3)

Projects that are acquired from the City, or from an entity which had acquired the property from the Commissioner of Finance pursuant to an In-Rem foreclosure especially difficult to develop because of size, possibility that remediation will be needed, unusual physical shape or characteristics or other special circumstances.

20. Tenant Ownership (1)

Scored on whether the sponsor has committed in writing to the Agency that the project is intended for eventual tenant ownership at the end of the extended use compliance period. To receive points, the applicant must include a plan deemed acceptable by HPD for ensuring the feasibility for the affordability period.

21. Historic (1)

Projects where an existing building is landmarked, designated as historic, as defined by local, state, or federal law.

22. Preservation Projects (5)

Projects that preserve existing affordable housing that either are:

- a. acquired through the City of New York's Third-Party Transfer Program (TPT) or Multifamily

- Preservation Loan Program (MPLP);
- b. physically and/or financially distressed; or
- c. properties with government-assisted regulated housing with use restrictions expiring in less than 10 years.

23. Project Size (4)

Single building projects with 40 units or less and multiple building projects with an average building size of 20 units or less.

SPECIAL PRIORITY POINTS (10)

Projects the Commissioner of HPD determines to be an important initiative or unique opportunity to meet the basic local housing objectives will receive up to 10 points. HPD will evaluate projects according to their strength in meeting the selection criteria, and award points accordingly. The results of the evaluation will be determined by HPD in its sole discretion. Any complete application which meets the eligibility review criteria but is not selected for a credit reservation will 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 will be terminated at the commencement of a new funding round.

IX. PROJECT UNDERWRITING

The following guidelines apply equally to projects competing for an allocation of credits under HPD's Credit Authority and to 4% credits for tax-exempt bond financed projects. The determination of the amount of credit to be allocated to projects and the underwriting of projects will be made at each of the following times:

- 1) At Initial Review and Evaluation of the application for tax credits.
- 2) Prior to issuance of a Carryover Allocation Verification of tax credits (not applicable to 4% credits).
- 3) Prior to Certification of Allocation (8609), i.e., when the project is placed in service.

A prerequisite for underwriting will be the submission of the rent structure, development and operating budgets, and financing and syndication plans. (Applications, Carryover Allocation forms and Financial Update forms specifying the information required may be obtained from HPD.)

HPD will establish underwriting guidelines to ensure project feasibility and determine that credit allocated does not exceed the amount needed. Section 42 requires that two forms of financial analysis be employed in determining the amount of the credit allocation:

- 1) Qualified Basis Analysis - Based on:
 - a) Total qualified costs as adjusted, where allowable, for high cost areas.
 - b) The "applicable fraction," the lower of low-income units or floor space.
 - c) The monthly credit rate in effect; HPD will calculate the maximum credit amount for which the project could qualify.

- 2) Sources and Uses Analysis – HPD will compare total project costs (as adjusted to exclude the cost of Syndication Fees, Limited Partnership (or Upper Tier) Reserves, and Bridge Loan Fees and Interest) and total financing available to determine what, if any, gap in project financing exists. The amount of credit needed to generate equity to fill the gap is then calculated.

The amount of credit allowable will be the lower of the two amounts calculated above. (Actual allocation amounts may be lower than the amount allowable, depending on the availability of credit authority.)

The following guidelines will be employed in performing the financial analyses described above.

- 1) Development Costs – All development costs will be reviewed for reasonableness as required under Section 42. As general reference points, HPD may refer to development cost guidelines used by the Agency's own financing programs or to general industry standards. Costs may be reviewed both on a line-by-line basis, as well as on a total cost per unit basis. HPD will consider reasonable variations in cost based on project location, scope of work involved, whether prevailing wage rules apply, and other factors. The following specific guidelines will apply to all projects applying for tax credits:

- a) Eligible Basis – In performing the Qualified Basis Analysis for Rehab/Construction credits, HPD will recognize Eligible Basis in amounts not exceeding \$300,000 per residential unit for 9% projects. For competitive 9% projects this maximum will apply the year the project first applies.

For 4% projects, the Eligible Basis cannot exceed \$675,000 per residential unit for projects with a prevailing wage requirement and \$525,000 per unit for all other projects. For projects seeking 4% credits, this maximum will apply the year the project submits a “Financial Update” in anticipation of an IRS Form 8609.

However, the Commissioner of HPD has the right to waive the eligible basis maximum if the applicant can demonstrate there is good cause to do so. Waiver requests must be in writing and include documentation in support of the request.

- b) Cost Increases – At the 8609 stage of underwriting, HPD reserves the right to disallow costs that are not either: (a) identified in the initial application, or (b) based on unforeseen conditions. For all projects, documentation and justification of any significant cost increases may be required.
- c) Acquisition Costs – Acquisition costs exceeding \$500 per unit will not be recognized unless supported by a current independent appraisal of "as-is" value as it exists in the market today. (HPD appraisals are also acceptable.) For projects with acquisition costs in excess of \$20 million, applicants must submit two independent appraisals. For projects seeking acquisition credits, the appraisal date must be within one year prior to the date of acquisition and the credit rate in effect at the time the property was acquired will be used to calculate the acquisition credit. If a project receives financing from an HPD loan program and the acquisition amount approved by the loan program is less than the appraised value, only the cost approved by the loan program will be recognized. This cap applies for purposes of the Qualified Basis Analysis, the Sources/Uses Analysis, and for calculating the allowable Developer Fee. All appraisals must be on letterhead, executed, dated and marked final.

HPD may reduce any allowable costs where it finds there is an identity of interest among the parties to the sale, such as common financial interests; common officers, directors or stockholders; or family relationships between officers, directors, or stockholders.

- d) Loan Interest – HPD may recognize in eligible basis interest on loans made by a limited partner to a project. In such cases, documentation must be submitted that demonstrates the transaction is a bona fide loan that is repayable by a definite maturity date. HPD may require an attorney's opinion that supports a finding that the transaction is a bona fide loan, and may also require documentation identifying the use of the loan proceeds and that the loan is financially necessary for the success of the project, as determined by HPD in its sole discretion.
- e) Developer Fees – The term “Developer Fee” shall refer to and encompass all compensation for development services, including all staff and overhead costs, developer profit, and the cost of consultants (financial, construction monitoring, relocation, and other consultants) engaged by the developer to perform development services. If the construction contract price includes any consulting fees, this must be disclosed at the time of application and at the time the 8609 is submitted. In performing the Qualified Basis Analysis and Sources/Uses Analysis, HPD will recognize Developer Fees in amounts not exceeding 15% of improvement costs and 10% of acquisition costs. For this purpose “improvement costs” excludes Developer Fee, reserves and syndication and partnership expenses.
- f) Deferred Developer Fees - HPD will recognize deferred Developer Fees in the Qualified Basis and Sources and Uses analyses only when all the following conditions are met:
 - i) Total Developer Fee, including any deferred portions, does not exceed the 15% standard described above,
 - ii) the owner's liability for such fees is incurred under a valid development agreement and reflected in the partnership documents, and
 - iii) the applicant can demonstrate in a manner acceptable to HPD that a clear source of revenue exists, usually cash flow, to enable the deferred fees to be paid within 15 years of the expected placed in service date of the project.
- g) “Waived” Developer Fees – In calculating the credit amount, HPD will recognize Developer Fees only if they are:
 - i) Included in the application’s development budget, and
 - ii) reflected as a non-contingent liability in the partnership documents. These requirements will apply whether or not such Developer Fees are included in Eligible Basis, and whether or not the developer may subsequently waive the fee.
- h) Disclosure of Upper Tier Partnership and/or Any Other Fees – Applicants must disclose any fees paid at the upper tier partnership level and/or any other fees paid to any parties to the transactions involving the syndication, development and/or operation of the project. Projects will be evaluated to determine if the fees are reasonable and necessary. HPD may adjust credit allocations by an amount equal to any fees that HPD finds to be excessive or unnecessary.
- i) Reserves - Projects will be evaluated to determine that operating reserves are adequate (but not excessive) to insure project affordability and viability over the project term. “Standalone” projects must have replacement reserves equal to at least \$300 per unit per year. Operating reserves for

“standalone” projects must equal at least 6 months operating expenses, debt service and replacement reserve payments. Additional amounts necessary to provide operating assistance to support very low income, homeless and special needs populations may be permitted. All reserves, whether funded from the Developer Fee or separately, must be irrevocably committed to the project. For purposes of analyzing reserves, HPD may review a project’s income and expense data and cash flow analyses, as it deems necessary, and may require justification for reserves required by lenders or investors. Reserve amounts considered by HPD to be excessive may be reduced for purposes of performing the Sources/Uses analysis.

- j) Identity of Interest – Identity of Interest shall mean any financial, familial or business ownership relationship between any general partner and any participant in the project's development. This includes, but is not limited to, existence of a reimbursement arrangement or exchange of funds; common financial interests; common officers, directors or stockholders; or family relationships between officers, directors, or stockholders.

HPD may reduce any allowable costs where an Identity of Interest has been found among the parties to the transactions involving the syndication, development, and/or operation of the project. All applicants will be required to submit an affidavit disclosing the nature of any identity of interest. Where an identity of interest exists among parties to the sale, development, and/or operation of the project, the applicant will be required to demonstrate expenditures to be customary given the financial structure of the project. HPD may also request that the applicant provide information regarding all officers, directors and principal shareholders of the development and contracting organizations and their relationship to the project and each other.

- k) Community Service Facility - The allowable basis for community service facilities located in a HUD-defined Qualified Census Tract (“QCT”) is 25% of the first \$15 million of eligible basis and 10% of additional basis. If a project is not located in a HUD-defined QCT, the community service facility costs are not allowable in eligible basis.
- l) 30% Basis Boost - The Code provides that all projects located in a HUD-defined QCT or in a Difficult Development Area (DDA) are eligible for up to a 30% increase in basis. HUD has designated only certain zip codes in New York City as a DDA. However, the Code also allows allocating agencies to designate areas within their jurisdiction as DDA’s. HPD has designated all five boroughs in New York City as a DDA. Therefore, all 9% projects in New York City will be eligible for the basis boost. (4% projects are only eligible for the basis boost if they are located in a HUD-defined QCT or DDA.)

- 2) Financing – All sources of financing will be examined. All developments must demonstrate that sufficient sources are available to the project to assure feasibility. Evidence of commitment must be provided for all debt financing, including specific amounts and terms of repayment. HPD reserves the right to review debt service coverage ratios, to calculate the amount of debt the project could support, and to use such imputed debt amounts in its Sources and Uses Analysis, if it deems appropriate. “Standalone” projects must demonstrate a debt service coverage ratio of at least 1.15, and positive cash flow over 15-year period.

At the Carryover Allocation stage all financing commitments must be firm. Evidence of commitment must confirm the amounts and terms of financing stated in the application.

In accordance with Section 42, all final executed and recorded legal and loan documents, including final permanent loan documents, supporting the information represented in the Financial Update must

be submitted prior to issuance of the 8609. For 4% projects with permanent financing issued through New York City Housing Development Corporation (HDC), a letter from HDC must be submitted confirming the permanent loan amount if the mortgage is not being modified at the permanent loan conversion. All projects must convert to permanent financing prior to submitting for 8609 to ensure all costs and financing are final.

For related party and unconventional loans, the following must be submitted:

The Lender must represent in writing that (i) the note is negotiable, repayable, and, if not secured by a mortgage, recourse, (ii) it intends to take the necessary actions as a reasonably prudent lender would take to enforce its rights under the note to collect payment of the debt, (iii) it will treat the loan as an asset in accordance with the generally accepted accounting principles.

The Borrower must represent in writing that (i) the note is negotiable, repayable, and, if not secured by a mortgage, recourse, (ii) it intends to repay the loan in accordance with the terms of the note, (iii) there are no formal or informal understandings or arrangements with the lender that the will be forgiven, and (iv) it will not request the lender to forgive the loan in the future.

Additionally, HPD may require an attorney's opinion that supports a finding that the transaction is a bona fide loan, and may also require documentation identifying the use of the loan proceeds and that the loan is financially necessary for the success of the project, as determined by HPD in its sole discretion.

- 3) Syndication Proceeds – In calculating the amount of credit required to fill any financing gap identified in the Sources and Uses Analysis, HPD will use an assumed minimum net equity raise factor, which shall be determined by the agency yearly, based on the agency's evaluation of current market trends. This raise factor will be applied as follows:
 - a) Timing of Analysis – The assumed minimum raise factor will be used for analyses conducted at the initial application and Carryover Allocation stages, unless the applicant has provided documentation of the actual raise factor pledged by the investor. If the actual raise factor is known, HPD will utilize the higher of the actual or the assumed minimum. At the "8609" stage, applicants must provide documentation of actual gross and net equity. At this stage, HPD will utilize the higher of the actual raise factor or the assumed minimum factor in effect when the credits were first reserved or allocated.
 - b) Source of Equity – If tax credit equity is being raised through syndication, the assumed minimum raise factor (as expressed in cents on the dollar) will apply. If equity is raised through a private placement with a single investor, or if the general partner or the owner is utilizing tax credits, the assumed minimum will be increased. Where an identity of interest exists between the developer and/or investor, the equity source will be treated as a private placement.
- 4) Operating Costs – The rents and operating budget will be reviewed for reasonableness. As general reference points, HPD may refer to operating cost guidelines used by the agency's own financing programs, or to general industry standards. HPD may establish reasonable assumptions with respect to the rates at which income and expenses can be expected to increase.
- 5) HOME Subsidy Layering – When Federal HOME funds are to be used with tax credits, HPD will perform a subsidy layering review to determine that the level of assistance is appropriate and that the project owner will not receive excessive compensation or excessive Federal subsidy through HPD.

Under current regulations, where Federal funds other than HOME are used in conjunction with tax credits, HUD performs the subsidy layering review.

- 6) Tenant-Based Section 8 Vouchers – “standalone” projects anticipating availability of new tenant-based Section 8 vouchers must be underwritten at rents not greater than the maximum tax credit rents.
- 7) Outstanding Charges or Liens – “standalone” projects must not have any outstanding real estate tax, water or sewer charges or liens.
- 8) Rent Rolls – rehabilitation projects must submit current rent roll with original tax credit application.
- 9) Capital Needs Assessment – “standalone” rehabilitation projects must submit a Capital Needs Assessment to show adequate capital needs.
- 10) Minimum Set Aside Election – Each project must elect one of the following Minimum Set Aside Elections:
 - (a) 25/60 Election: At least 25% of all residential rental units must be set aside for households at or below 60% of Area Median Income.
 - (b) 20/50 Election: At least 20% of all residential rental units must be set aside for households at or below 50% of Area Median Income. Please note that if the 20/50 election is selected, only units at or below 50% can be designated as tax credit units. Any unit above 50% will be treated as non-tax credit and treated as such in the applicable fraction calculation.
 - (c) Income Averaging Election: At least 25 % of all residential rental units must be set aside for households whose incomes do not exceed the imputed income limitation designated by the taxpayer. The average of the imputed income limitations designated cannot exceed 60 percent of AMI. The designated imputed income limitations must be in 10 percent increments as follows: 20%, 30%, 40%, 50%, 60%, 70% and 80%. More on HPD/HDC’s policy regarding Income Averaging can be found here:
<https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/hpd-hdc-income-averaging-policy.pdf>

HPD's underwriting and subsequent allocation of credit shall not be construed as a representation or warranty of feasibility or viability of a project.

X. ADMINISTRATIVE PROCESS FOR EXTENDED USE PERIOD

One of the mechanisms by which HPD will discharge its post allocation responsibilities is through enforcement of a regulatory agreement executed with the project owner. (See also Section XI - Compliance Monitoring.) It is required that the regulatory agreement be recorded as a restrictive covenant prior to the issuance of a Certification of Allocation (IRS form 8609) or Carryover Allocation document. In addition, the essential terms of the regulatory agreement as it affects low-income tenants shall be contained in a rider attached to the lease of each low-income unit. The regulatory agreement will specify the following for the low income portion of the building(s):

- 1) The agreement shall be binding on all successors of the owner;
- 2) The project is subject to the requirements of Section 42;

- 3) The owner shall agree to attach a lease rider to the lease of each low-income unit on forms provided by HPD that will disclose the restricted rent for such unit;
- 4) The lease rider which the owner must attach to the lease of each low-income unit will require the tenant to annually provide income verifications to the owner;
- 5) The owner shall agree under the regulatory agreement that the applicable fraction (as defined in subsection (c) (1) of Section 42) for the building for each taxable year in the extended use period will not be less than the applicable fraction for the building when placed in service;
- 6) The owner shall consent to enforcement in any State court of the extended use requirement by any prospective, present or former income eligible persons;
- 7) The owner shall annually submit to HPD a certification that the building is owned and operated in compliance with the provisions of Section 42 and any regulations promulgated thereunder;
- 8) The owner shall not retaliate against any tenant who notifies HPD of alleged violations of the regulatory agreement.

HPD is responsible for enforcing all regulatory agreements and reporting noncompliance. All correspondence and/or legal notices relating to the regulatory agreement should be addressed to HPD.

XI. COMPLIANCE MONITORING

As a Housing Credit Agency, HPD is required to monitor compliance with Low Income Housing Tax Credit (“LIHTC”) requirements of Section 42 for all projects awarded credits by HPD. HPD may delegate its monitoring responsibility in the case of tax-exempt bond financed projects. The agency's monitoring obligations include: a) monitoring record keeping and record retention by project owners; b) receiving and reviewing annual owner certifications; c) making periodic onsite inspections of projects and records; and d) notifying the IRS of noncompliance. The specific IRS requirements provide that HPD monitor the following:

RECORD KEEPING AND RETENTION

- 1) Record keeping – The owner of a LIHTC project shall keep records for each qualified low income building in the project and make these records available to HPD upon request. These records shall show for each year in the compliance period the following:
 - a) Total number of residential rental units in each building, including the number of bedrooms and size in square feet of each residential rental unit.
 - b) The percentage and location of LIHTC qualified low income residential units in each building.
 - c) The rent charges for each residential rental unit, including any utility allowances.
 - d) The number of occupants in each LIHTC qualified unit, but only if rent is determined by the number of occupants in each unit under Internal Revenue Code Section 42(g)(2) (as in effect before the amendments made by the Revenue Reconciliation Act of 1989).

- e) For each building with LIHTC qualified low-income units, all vacancies that occurred in LIHTC units and information that shows when, and to whom, the next available units were rented.
 - f) All annual income certifications submitted by each past and present tenant of LIHTC qualified low income units.
 - g) The documentation to support certifications (for example, a copy of the tenant's federal income tax return or W2 Forms or verification of income from third parties such as employers or state agencies) that tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8").
 - h) The eligible basis and qualified basis of the building at the end of the first year of the credit period (i.e., the first IRS Form 8609 filed with the IRS for each building).
 - i) A description of the character and use of the nonresidential portion of each building if included in the building's eligible basis under Internal Revenue Code Section 42(d) (for example, tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities reasonably related to the project).
 - j) Management agreements, all tenant waiting lists, leases, riders, HCR rent registration, complaints, tenant correspondence and related records.
 - k) Original local health, safety, or building code violation reports or notices that were issued by the State or local government unit responsible for making such inspections.
- 2) Record Retention – The owner of a LIHTC project shall retain the above records for each building in the project for at least six years beyond the end of the 30-year extended use period for the building.

ANNUAL CERTIFICATION

Process – Annual certifications shall be submitted for all projects for which an IRS form 8609 has been issued, and shall be submitted annually for the 30-year period during which the project is subject to regulation under Section 42. The owner of a LIHTC housing project shall certify annually under the penalty of perjury that the project or building is in compliance with all state and federal applicable laws, regulations, procedures, policies and contractual obligations in a form approved by HPD ("Owner Certification").

Requirements – The owner certification shall include, but shall not necessarily be limited to, the following:

- 1) Part A: Project and ownership data.
- 2) Part B: Certification that:
 - a) The project meets the requirements of:
 - i) the 20-50 test under Section 42(g)(1)(A), or the 25-60 test under Sections 42(g)(4) and 142(d)(6) for New York City, whichever minimum set aside test is applicable to the project; and
 - ii) if applicable to the project, the 15-40 test under Sections 42(g)(4) and 142(d)(4)(B) for "deep rent skewed" projects;

- b) The owner has received an annual income certification from each tenant residing in a LIHTC qualified low income unit and documentation to support that certification;
- c) Each LIHTC qualified low income unit in the project is rent restricted under Section 42(g)(2);
- d) All LIHTC qualified low income units in the project were for use by the general public, and there has been no finding of discrimination under the Fair Housing Act (including an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), an adverse final decision by a state or local fair housing agency, or an adverse judgment from a federal court.)
- e) All LIHTC qualified low income units in the project are used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single-room occupancy units rented on a month-by-month basis under Section 42(I)(3) (B)(iv);
- f) Each building in the project is suitable for occupancy, taking into account local health, safety, and building codes, and no State or local government unit responsible for making local health, safety, or building code inspections issued a violation report for any building or unit in the project. (If a violation report or notice was issued during the calendar year covered by the certification, a summary of such violations(s) must be included with the certification, and the owner must state whether the violation has been corrected;
- g) There has been no change in the eligible basis (as defined in Section 42(d)) of any building in the project; or if there has been such a change(s) the owner shall certify to the nature of the change(s) on a building by building basis;
- h) There has been no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the project; if there has been such change(s) the owner shall certify to the nature of the change(s) on a building by building basis;
- i) All tenant facilities included in the eligible basis under Section 42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas are provided on a comparable basis without charge to all tenants in the building;
- j) If a LIHTC qualified low income unit in the project became vacant, reasonable attempts were, are being, or will be made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;
- k) If the income of tenants of a LIHTC qualified low income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was rented to tenants having a qualifying income, unless the project qualified for "deep rent skewing";
- l) An extended low income housing commitment (regulatory agreement) as described in Internal Revenue Code Section 42(h)(6) was in effect (for buildings subject to Section 7108(c)(1) of the Revenue Reconciliation Act of 1989), including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the US Housing Act of 1937; and

m) The project has been operated in compliance with the HPD regulatory agreement (if applicable).

Additional Tenant Data Collection

HUD now requires based on Section 2835(d) of the Housing and Economic Reform Act of 2008, that each State agency administering tax credits under section 42 (low-income housing tax credits or LIHTC) to furnish HUD, not less than annually, information concerning the race, ethnicity, family composition, age, income, use of Section 8 rental assistance or other similar assistance, disability status, and monthly rental payments of households residing in each property receiving such credits through such agency.

Accordingly, owners must provide the additional information as part of the annual certification submission on a revised tenant income certification, or through other forms or processes as HPD may require.

COMPLIANCE REVIEW

- 1) Review of Owner Certifications – HPD shall review the owner certifications for compliance with the requirements of Section 42.
- 2) Inspections – HPD shall inspect all new LIHTC projects during the first year they are in compliance monitoring. Subsequently, projects will be inspected at three-year intervals (five-year intervals during the “extended use period”). At HPD’s discretion, inspections may be conducted at more frequent intervals. During inspections, at least 20% of apartments will be inspected. Inspections will be conducted according to HUD’s Housing Quality Standards (“HQS”). HPD shall provide reasonable advance notice to the owner that an inspection will occur. Such inspections may include, but are not limited to:
 - a) A physical inspection of the building, grounds, individual rental units, common facilities and central systems for general construction.
 - b) Interviews of tenants and project employees.
 - c) Review of all records described in “Record keeping” above.
- 3) Review of Records – As part of its onsite inspections, HPD will inspect records of selected LIHTC qualified low income units (in accordance with IRS regulations) in all new LIHTC projects during the first year the projects are in compliance monitoring. Subsequently, project records will be inspected at three-year intervals (five-year intervals during the “extended use period”). At HPD’s discretion, inspections may be conducted at more frequent intervals. HPD will choose which tenants' records to inspect in such a manner that the owner will not know in advance which units are to be inspected. Those records which must be inspected may include, but will not necessarily be limited to:
 - a) The tenant's initial income certification demonstrating his/her qualification as a low-income tenant at move-in, together with income documentation the owner received to support this certification;
 - b) Annual tenant income re-certifications, together with income documentation the owner has received to support these certifications (an exception applies for owners of projects in which 100% of the residential units are LIHTC qualified low income units, as discussed in the following

section);

c) Rent Records;

d) Review of all records described in “Record keeping” above.

WAIVER OF ANNUAL TENANT INCOME RECERTIFICATION REQUIREMENT

- 1) Under section 142(d)(3)(A) of the Internal Revenue Code, the annual income re-certification requirement is not applicable for projects in which 100% of the residential rental units are LIHTC qualified low-income units. Projects in which 100% of the residential units are LIHTC qualified low-income units may discontinue annual income re-certification after having completed the initial annual income certification for all units.
- 2) Irrespective of section 142(d)(3)(A), all projects are still subject to all other regulatory requirements including the obligation to submit annual owner certifications. In addition, HPD reserves the right, at its discretion, to continue requiring annual income re-certifications, or to reinstate annual re-certification requirements, in certain instances. These may include, but not be limited to, projects found by HPD to have less than 100% low-income occupancy, or to have noncompliance with any other IRS requirements.

RIGHT TO INSPECT

In addition to the inspections described above, HPD shall have the right to perform an onsite inspection of any LIHTC project at least through the end of the compliance period and the extended use period.

NOTIFICATION OF NONCOMPLIANCE

- 1) General – In accordance with Federal law HPD shall notify project owners and the Internal Revenue Service of noncompliance with any requirement or of any failure to submit the owner certification as required by Section 42(m)(1)(B)(iii).
- 2) Specific Requirements – HPD notification provisions are as follows:
 - a) Notice to Owner – HPD shall provide prompt written notice to the owner of discovery upon inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42;
 - b) Notice to Internal Revenue Service – Upon finding any failure to certify or other event of noncompliance as described above, HPD shall file Form 8823, "Low Income Housing Credit Agencies Report of Noncompliance", and/or provide such other notification as is required by Section 42, with the Internal Revenue Service. Such notification will be filed no later than 45 days after the end of the correction period (as described in Paragraph 3 of this section), whether or not the noncompliance or failure to certify has been certified. If HPD reports on Form 8823 that a building has gone entirely out of compliance and will not be in compliance at any time in the future, HPD need not file Form 8823 in subsequent years to report that building's noncompliance.
 - c) Correction Period – HPD may, at its discretion, allow the owner a period of time to correct a failure to certify or any other event(s) of noncompliance ("correction period"). The correction period shall not exceed 90 days from the date HPD sends the notice described in paragraph 1 of this Section. HPD may extend the correction period for up to 180 days, if HPD, in its sole discretion, determines there is good cause for granting the extension.

DELEGATION OF AUTHORITY

HPD, at its discretion, may retain an agent or other private contractor to perform compliance monitoring functions and activities, or may delegate all or some of its monitoring responsibilities for a project to another Housing Credit Agency within the State of New York, to the extent such delegation is allowed by law.

LIABILITY

Compliance with the requirements of Section 42 is the sole responsibility of the owner of the building for which the credit is allowable. HPD's obligation to monitor for compliance with the requirements of Section 42 shall not make HPD liable in any way whatsoever for an owner's noncompliance.

APPROVAL OF THE MAYOR OF THE CITY OF NEW YORK

I, Leila Bozorg, Deputy Mayor of the City of New York, in accordance with Section 42 of the Internal Revenue Code, as amended, and in reliance upon certain information submitted, do hereby approve the 2026 Low Income Housing Tax Credit Qualified Allocation Plan of the Department of Housing Preservation and Development, attached hereto.

Dated: 3/13/2026



Leila Bozorg
Deputy Mayor of
the City of New York



THE CITY OF NEW YORK
LAW DEPARTMENT
100 CHURCH STREET
NEW YORK, NY 10007

STEVEN BANKS
Corporation Counsel

Amrita Prabhakar Barth
Chief, Contracts and Real Estate
Phone: 212-356-2050
Fax: 212-356-2059
abarth@law.nyc.gov

February 19, 2026

New York State Homes and Community Renewal
38-40 State Street
Albany, NY 12207
Attn: Commissioner RuthAnne Visnauskas

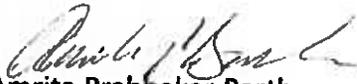
RE: 2026 Low Income Housing Tax Credit Qualified Allocation Plan

Dear Commissioner Visnauskas :

You have requested an opinion of counsel from the City of New York that the 2026 Low Income Housing Tax Credit Qualified Allocation Plan of the Department of Housing Preservation and Development (the "plan") attached hereto, is in conformance with Section 42 of the Internal Revenue Code.

As counsel for the City of New York, it is our opinion that the Plan is in conformance with the applicable requirements of Section 42 of the Internal Revenue Code as amended.

Sincerely,


Amrita Prabhakar Barth