

PHFA 2023 Multifamily Housing Options Program Meeting

Frequently Asked Questions and Answers

Updated on April 24, 2023

Online Application Questions

Q: How do applicants access the application?

A: *The online application can be accessed at <https://hopmfphfa.org/>. The link to a copy of the slideshow presentation is https://www.phfa.org/forms/multifamily_news/news/2023/hop-mf-slideshow.pdf.*

Q: Is there a hard copy of the application available?

A: *There is not a hard copy of the application but there is a HOP-MF Application Guidance document on the website that will help applicants assemble material needed to complete the application.*

Q: Are there word or character limits for the Narrative section?

A: *Yes, the narrative can hold up to 5000 characters.*

Eligibility Questions

Q: How long after grant approval can a property not undergo a LIHTC syndication?

A: *The project cannot have received a reservation of LIHTC credits during the 2018-2023 allocation rounds. If awarded, the HOP project cannot apply for a LIHTC reservation, both 9% and 4% credits, prior to 2027.*

Q: Are scattered site properties permitted to apply within the same "project"?

A: *Yes, if the properties are all owned by the same entity and are not part of Low Income Housing Tax Credit portfolios, they can apply within the same "project."*

Q: Can multiple expired/expiring LIHTC developments be combined into a single application?

A: *The answer to this is dependent upon the details of the project, including ownership entities and length of IRCs. Additionally, if awarded, compliance will need to be consistent across the entire project. Please contact PHFA for further guidance.*

Q: If a property applied for LIHTC in 2022 and did *not* receive an award, is the same project eligible to apply to HOP this year instead of LIHTC?

A: *Yes, an applicant can apply for HOP-MF funding for a property if they were not awarded LIHTC credits during the 2022 round.*

Q: If a developer applied for PHARE for a project but has not yet heard from the agency, can it apply for HOP?

A: *Yes, a project that has applied for PHARE funding is eligible to apply for HOP.*

Q: Can an existing non-affordable (i.e., market rate) housing development apply for HOP-MF funds, if it agrees to rent the units to households at or below 60% AMI upon turnover?

A: *The Agency HOP and federal recovery monies require utilization for low income housing.*

Q: Are shelters and/or other communal living situations with multiple beds in a room eligible for HOP-MF funding.

A: *No, projects must have single-room occupancy, efficiency, one-, two-, three-, or four-bedroom units to be eligible for HOP-MF Funding.*

Site Questions

Q: Can an applicant apply for a HOP grant before identifying the property?

A: *No, site control of the property must be established prior to the HOP-MF funding is awarded.*

Q: Is an appraisal needed to demonstrate building value?

A: *Yes, an appraisal of the property is necessary to demonstrate value.*

Construction / Technical Services Questions

Q: Can a developer start construction prior to receiving the award?

A: *No, construction cannot start before receiving an award.*

Q: Do additions and upgrades for accessibility qualify as eligible construction costs in the preservation category?

A: *Yes.*

Q: Under the Preservation Initiative, may the scope of work address only the highest priority items that are noted in the CNA, or do all items noted in the CNA have to be addressed?

A: *The scope of work must address all items identified in the PCNA (Critical Needs & 12 Month Physical Needs), not only Critical Capital Repairs.*

Q: For Preservation deals, is a General Contractor required?

A: *Yes. There must be a prime general contractor and that contractor must be bonded, licensed, and insured.*

Q: Can the Management Company oversee the subcontractors for each type of repair work?

A: *See above answer. For preservation and new construction developments, there must be a prime general contractor and that contractor must be bonded, licensed, and insured.*

Q: Since two bids are required to apply, does the applicant have to select the contractor at the time of application?

A: *No, a contractor does not need to be selected at application.*

Q: Are drawings a requirement for Preservation deals?

A: *Yes.*

Q: Are cost estimates eligible in lieu of formal bids?

A: *No, two formal contractor's bids are required.*

Q: Is the two-bid requirement for general contractors or does it mean there must be two-bids per trade.

A: *The two-bid requirement is for general contractors. If the project is competing in the emergency repair category and does not have a general contractor, then there must be two bids per trade.*

Q: At which point are Phase I's and all applicable testing required? Application or closing?

A: *For new construction developments, a Phase I ESA will be required prior to closing. For preservation and emergency repair developments, environmental hazard testing will be required prior to closing if applicable.*

General Programmatic Questions

Q: Can the HOP-MF program be used for homeownership?

A: *No, the Multifamily Housing Options Program cannot be used for homeownership. The HOP-MF program is for the continuation of affordable rental housing production in the Commonwealth of Pennsylvania.*

Q: Can a project apply for emergency grant and preservation initiative?

A: *No, you are only eligible to apply for one category per project.*

Q: If a property is not currently occupied, but was previously housing, is it new construction or repair/preservation?

A: *This would be considered a preservation project.*

Q: If the applicant has owned the property for less than 2 years, can the applicant supply 1 full year and a partial for audited financials?

A: *Yes. If the applicant has owned the property for less than two years, the applicant can submit the available audited financials for the property.*

Administrative Questions

Q: When will PHFA disburse funds, at award or upon construction completion?

A: *Once the grant documents are executed the funds will be disbursed to pay for approved costs through the PHFA- approved draw-down process in accordance with PHARE/Housing Trust Fund procedures.*

Q: Does the 20–30-year affordability period add onto any existing affordability period left or does it start anew?

A: *The 20–30-year affordability period will be added onto the end of any existing affordability periods.*

Q: Which entity must have a UEI number? The developer or the project?

A: *The applicant (owner entity) must apply for the UEI number from www.SAM.gov.*

Q: Are the affordability income limits for LIHTCs the same as HUD's area median income (AMI) levels?

A: *Yes, the Low-Income Housing Tax Credits are the same as the income limits published annually by HUD. The current income limits can be found at [Rent and Income Limits \(phfa.org\)](http://Rent and Income Limits (phfa.org)).*

Financing Questions

Q: Can the matching funds be used prior to the approval of the HOP-MF grant funds?

A: *No, the matching source must be available at the time the recipient closes with the agency.*

Q: Can federal funding awarded to an entitlement community/Participating Jurisdiction (PJ) be utilized to meet the match requirement?

A: *Yes, if the PJ has committed the funds in writing to the development.*

Q: Can the total development cost be the same as the grant amount?

A: *No, the applicant must have at least a 25% matching source to the grant funds.*

Q: Can owner's forgiveness of documented prior Operating Deficit Loans be part of a 25% match?

A: *No*

Q: When using equity in a building for a match, do existing loans (PennHOMES, FHLB, etc.) factor into the equity calculation?

A: *Yes, these sources will factor into the calculation. For non LIHTC developments, the appraised value minus the existing debt will demonstrate equity. If applying for a building that is in the extended use period of a LIHTC Indenture, please contact PHFA for further guidance.*

Q: For Emergency Repair and Preservation Developments, can the Reserve for Replacement Account be used as a match?

A: *Please contact PHFA to discuss the specifics related to the proposed development and the amount in the reserve.*

Q: Can DCED HOME qualify as a financing source or matching source?

A: *Yes, DCED HOME can be used as a financing source and/or a matching source.*

Q: Can Capital Magnet Funds be used as a match?

A: Yes.