

### **Q & A: NYC Down Payment Assistance Fund**

The NYC Down Payment Assistance Fund was in attendance at HPD's December 12, 2018 HPD New Construction Down Payment Assistance RFQ Pre-submission Conference. Below are responses to the questions raised that were directed to representatives of the NYC Down Payment Assistance Fund, and additional FAQs which may offer helpful information. As a courtesy, we are also providing a link to HPD's Q&A for the questions related to the New Construction Down Payment Assistance RFQ.

<https://www1.nyc.gov/site/hpd/developers/request-for-qualifications/down-payment-assistance-fund-rfq.page>

**1. Q: Does a loan from the NYC Down Payment Assistance Fund have a maturity date?**

**A:** The maturity date will be the earlier of: i) the date of the acquisition loan closing, or ii) the date of a returned deposit from the seller, or iii) 12 months from the closing date of the Down Payment Assistance Fund loan.

**2. Q: What is the total amount of funds available?**

**A:** Based on current commitments, \$4.75 million. The Fund is hopeful of raising this amount to over \$5 million by the time of the Fund's launch in 2019. Capital available for down payment loans is expected to recycle frequently, assuming down payment loan repayments are made on a timely basis upon closings of acquisition loans.

**3. Q: If an applicant has a higher percentage of supportive units in their proposed project, would that make their application to the NYC Down Payment Assistance Fund more competitive?**

**A:** No. However, applicants will need to specify the construction/permanent loan program they plan to use, among the programs specified in the Down Payment Assistance Fund's NOFA issued December 5, 2018.

**4. Q: Once a nonprofit is qualified, does the NYC Down Payment Assistance Fund give any particular preference based on the proposed project?**

**A:** The NYC Down Payment Assistance Fund's current 1<sup>st</sup> Round NOFA requires that Qualified Applicants propose projects that meet the term sheet requirements of one of three HPD loan programs (SHLP, SARA, and ELLA) and have a minimum 30% of units designated as supportive for SARA and ELLA Projects. The NYC Down Payment Assistance Fund will also closely examine a restricted appraisal's valuation of the proposed site.

**5. Q: Will the NYC Down Payment Assistance Fund develop a model contract of sale that applicants can use?**

**A:** No. Applicants should consult their attorneys to develop contracts of sale or review the terms of a seller's contract of sale.

**6. Q: If a nonprofit takes a loan from the Down Payment Assistance Fund and the deal falls through, does the nonprofit have to pay the loan back to the Fund?**

**A:** Yes. Under this circumstance, Down Payment Assistance Fund loan recipients will be obligated to pay back the full amount of the loan plus accrued interest. If the borrower is a single asset entity created by a qualified nonprofit to purchase the property, the nonprofit organization will be required to sign a Guarantee of Payment for the full amount of the loan amount plus any accrued interest and fees.

**7. Q: If our organization does not respond to the current HPD New Construction Down Payment Assistance RFQ, or does but is not selected by HPD as a qualified applicant, are we still able to apply for acquisition funding from an acquisition lender?**

**A:** Yes

**8. Q: Can you give more details on the out-of-pocket, third party reports a qualified nonprofit will need to order and pay for?**

**A:** Qualified applicants will need to cover the cost of a restricted value appraisal (which is ordered by the Fund); a pre-Phase I environmental records scan (ordered by the nonprofit off a pre-approved list of consultants); and a zoning analysis of the property's development potential (hired by the nonprofit). The Down Payment Assistance Fund's Originating Lender will also conduct a preliminary financial review, and review the purchase contract.

**9. Q: Once we select one of the four listed originating lenders to underwrite a down payment loan, are we required to work with that organization when applying for an acquisition loan?**

**A:** The originating lender which you've selected to assist you during the down payment underwriting process will have a right of first refusal to originate your subsequent acquisition loan request, whether it's through the New York City Acquisition Fund or through the originating lender's acquisition loan product.

**10. Q: For required due diligence for funding, does the historical data scan of the property's environmental conditions refer to a Phase 1 or Phase 1a?**

**A:** The required scan for environmental conditions is not a Phase I, but a preliminary data review of (i) Federal, State, and Tribal record sources; (ii) historical Sanborn Maps; and (iii) the New York City E-designation site list.

**11. Q: For required due diligence for funding, what is required for the zoning review to show the current zoning and development potential?**

**A:** Current and proposed zoning with floor area calculations by a certified architect.

**12. Q: Can Applicants rely on the State to provide a LOI for a project applying to the Down Payment Assistance Fund?**

**A:** No, Applicants are required to have a Letter of Interest from HPD to be awarded down payment assistance from the NYC Down Payment Assistance Fund. Applicants may apply to other financing agencies including, but not limited to New York State Homes and Community Renewal and the New York State Housing Finance Agency, for construction financing.

**13. Q: How long will it take from initial application to closing on a down payment loan?**

**A:** From the time the nonprofit selects one of the Down Payment Assistance Fund's Originating Lenders, DPAF will endeavor to conduct its due diligence, obtain a down payment loan commitment, and close within 30 days or less.

**14. Q: Once our organization has been qualified, can we bring more than one property to the DPAF for funding assistance?**

**A:** Applicants will be limited to funding for one property at a time.

**15. Q: For the required 100% payment guarantee, will the nonprofit be required to set aside in a separate account the amount of the DPAF loan proceeds?**

**A:** No

**16. Q: Why is the Fund focusing on Supportive Housing?**

**A:** The idea for the Down Payment Assistance Fund came out of the Supportive Housing Task Force, a group convened by Mayor de Blasio to dig into a number of key themes related to the City's commitment to expand supportive housing production.