2011 Multifamily programs application Q&A
Updated 2/4/2011

Q. If HOME and/or AHTF funds are obtained in the form of an amortizing loan, will it be counted as a KHC subsidy for scoring purposes?

A. Any HOME or AHTF that is amortizing with an interest rate of 3.5% or greater will be excluded from the total project cost when determining how many points to award. Any HOME or AHTF that is amortizing with an interest rate of less than 3.5% will be considered a form of KHC subsidy and will be considered when awarding points in this leverage category.

Q. In the scoring guidelines under "C. Financial Design/Ready to Proceed, number 6, Funding Commitments" – it mentions that to get points for funding commitments submitted, the commitments should list the rate, term and amount of the loan and be on company letterhead. In this same section it mentions that examples of other non-KHC funds include FHLB, HUD are the same requirements for any conventional lending sources? Can the letter for application purposes can have the typical language about further due diligence and loan committee approval?

A. Yes, the funding commitments may contain standard due diligence and verification requirements of the lender.

Q. In the QAP, on page 31, under Deadlines, the Firm Commitment letters are discussed. Similar info is needed as discussed above like rate, term, etc. however, the paragraph goes on to state typical contingencies allowed in the letter. The items listed state they are "including, but without limitation to". What I am trying to clarify is if the letter, at either stage of the process, can have the language that the loan still has to be approved by the bank's loan committee? Or, is that type language only acceptable in the application letter but must be removed by the conditional commitment letter.

A. If an applicant submits a firm commitment letter for a source of funds at application, there will be no need to resubmit another commitment letter at the firm commitment deadline. Commitment letter may contain standard due diligence and verification requirements of the lender.

Q. In the QAP under subsidy layering review, is a developer limited to a 10 percent developer fee if Project-Based section 8 programs are combined with HOME?

A. No. The 10 percent developer fee limitation is limited to the Risk-Sharing program.

Q. What are the terms of an amortizing HOME loan with monthly payments?

A. The minimum term for an amortizing 3.5% HOME loan with monthly payments is 20 years, however, the term can be extended to match the housing credit 30 year extended use agreement.

Q. Did the amount of gap financing of HOME and AHTF per project get reduced?

A. No, KHC has modified the 2011 Rental Guidelines to correct the amount of gap financing of HOME and AHTF available per unit. An updated version of the Rental Guidelines is now available on the website.

KHC will limit gap financing of HOME and AHTF, combined, to the lesser of $35,000 per unit or $850,000 per project. Furthermore, the maximum allocation of AHTF per project may not exceed $300,000.

For non-Housing Credit projects, due to the limited supply of gap financing, KHC will limit the amount of HOME and/or AHTF funds to no more than the applicable 221(d)(3) limit multiplied by four. Of that combined amount, no more than $300,000 may be requested from AHTF. Projects may have more than four units, however, the subsidy is limited to the 221(d)(3) limit multiplied by four.

KHC will allow additional HOME subsidy in projects that are requesting SMAL funds, if the need is documented.

For all AHTF-only projects, the maximum allocation of AHTF may also not exceed $300,000.

Q. What documents are required to qualify for points under utility readiness?

A: For new construction projects, letters from all applicable utility companies stating the general area is serviced and that adequate capacity exists to service the specific proposed project accompanied by an additional utility plan compiled by a licensed engineer or a survey which is signed, stamped and dated by a licensed surveyor showing the location of existing utilities with sufficient access from the project site will be required in order to qualify for these points in the application process. For rehabilitation projects, capacity letters from utility companies will still be required; however, existing utility location can be addressed in the Physical Needs Assessment or separately in a utility plan or survey. The additional documents may be attached to the application in one of the "other" document locations.