



## Extremely Low-Income (ELI) Housing Subordinate Debt

### FAQs

Updated April 17, 2024

1. Some of the scoring and eligibility is based on geography. For a PHA application that has sites scattered in multiple communities, I will assume that the current 2/3 rd's rule applies in order to take any points?
  - We will apply the rule that the project can qualify for points if 2/3 of the units meet the criteria for the scoring category.
2. The application materials mention \$11 million and three rounds. Is the \$11 million the total for all three rounds, or just for the first round?
  - There is \$11 million available in total across up to three rounds. If the funding is awarded in the first and/or second round, then there will not be additional rounds.
3. Is the "Environmental Review" referenced in "Additional HTF Guidelines - Term Sheet" a HUD Part 50 or 58 review, or the traditional Phase 1 format used by lenders and investors?
  - This is not the HUD Part 50 or 58. This is a specific environmental review for properties receiving housing trust funds. You can learn more of about the environmental review and how it is similar to and different from Part 50/58 here: <https://www.hudexchange.info/programs/environmental-review/htf/>
4. Can these funds be layered with the Bipartisan Legislation Package financing (Vacancy to Vitality, Restore Main Street, and/or Infrastructure Access)?
  - Yes – these funds can be layered.
5. Can these funds be layered with existing CMF Funding?
  - If applicant is receiving CMF funding from a non-WHEDA source, the existing CMF provider could split the CMF units with WHEDA. Please specify in your application how many of the 30% and 50% units would be available for WHEDA to report under CMF vs. the alternative provider. If no units are available, the project may still be eligible to receive an award of Housing Trust Funds. If the project has already received a financing commitment from WHEDA that will utilize CMF as a source of funding, please contact WHEDA to determine eligibility. If you are unsure of your WHEDA funding sources, please contact WHEDA to confirm.

6. Scoring Category C includes a reference to Permissive Zoning, but no points are assigned. Are points available for Permissive Zoning?
    - No. Permissive zoning was moved to be a threshold application requirement, so no points are available.
  7. Can this money replace current sub debt?
    - As outlined in the Request for Applications, one of the threshold requirements for this funding is Evidence of Financial Need. If a transaction has firm financing commitments, or otherwise demonstrated an ability to close with WHEDA's standard loan terms, a case would have to be made for the need for the financing. WHEDA will review the application and make a determination regarding whether the project is eligible. If the project is a tax credit recipient that has closed and/or started construction, it is not eligible.
    - Refinancing existing, closed financing is not an eligible use.
  8. Does the development have the opportunity to replace first mortgage debt with this money?
    - As outlined in the Request for Applications, one of the threshold requirements for this funding is Evidence of Financial Need. If a transaction has firm financing commitments, or otherwise demonstrated an ability to close with WHEDA's standard loan terms, a case would have to be made for the need for a new financing structure. WHEDA would review the application to determine eligibility.
  9. I'm certain that I know the answer to this question but I'm wondering if we could request this money on a project that is already started?
    - No. These funds are not available for tax credit developments that have already closed and/or started construction.
  10. The email mentions that this source could be applied for on projects that were submitted for in the 2024 tax credit round. If we applied for subordinate debt with the tax credits, can this replace subordinate debt as this project has not received an allocation or has been underwritten?
    - Applicants can apply for this financing only if they have a valid Reservation of tax credits. WHEDA will review the applications and will determine the final loan structure for these funds based on the projects' financial need.
  11. Clarification regarding loan sizing maximum per-unit subsidy request, the scoring provides for 183,132 per unit for each one-bedroom apartment, for example in our Hudson project we have six units. Does that mean we would qualify for over 1,098,000 and loan same thing would hold true for the two-bedroom 30% units.
    - Correct. Please keep in mind that WHEDA will review applications for financial need and there are scoring categories for per-unit subsidy request and non-federal funding sources.
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12. Are ARPA funds that are being provided via a City or County considered Federal or Local Funds?
  - Federal Funds.
13. Do we need to submit a ProCorem Access Request Form if we already have a ProCorem folder for a project?

- Yes. Please submit a Procurement Access Request Form for this funding program. We'll set up a folder in the current project folder, but this allows us to track which applications to look out for.
14. For "Applicant's Eligibility" should we assume the parent company developer is the applicant vs. the single purpose entity established to own the individual project? If so, are we just required to submit the Articles of Incorporation?
- Yes – the parent company developer should be the applicant. As noted in Evidence of Financial Need, you are to complete Tabs 14-19 of the MFA. That will list the Developer/Applicant and any co-developers on Tab 6, and the Ownership Entity on Tab 10 along with details of the entity(ies) upstream. If the Applicant is a for profit entity, the Articles of Incorporation are sufficient. If the Applicant is a non-profit organization, PHA or tribal entity, please submit the organizational documents and evidence of the entity's non-profit status.
15. Can we submit evidence of financing in one section and refer to it or would it be preferred to provide it for each section it's requested for?
- To ensure that reviewers are able to assess each section quickly and efficiently and don't miss information in other sections of the application, please include the information you would like to be considered for each section within that specific section.
16. The application requests we use the 2024 workbook. We have been using the 2022 workbook for this development. Will we be able to utilize the same workbook we have been sharing with WHEDA?
- You can continue to use the MFA form you've been using for the tax credit transaction.
17. We are working on a Preservation Project where one of the threshold requirements is either a CNA OR Contractor's estimate of costs or bids from third parties for the proposed scope of work. We have a Construction arm that is a related party but is distinct and separate - will WHEDA allow the Scope of Work to be provided by our Construction arm or do we need to seek a 3rd party vendor?
- A scope of work and cost estimate prepared by your affiliate contractor is acceptable.
18. For the Section Titled "Priority Needs Housing" I am curious how points will be allocated for each percent of units committed to meeting the requirements for this category? I see that the other sections have specific point correlations to the percentage of total units that meet each criterion.
- WHEDA will award 1 point per percentage point of units for the homeless and/or veterans requiring supportive services up to 10 points.
19. The FAQ states, "These funds are not available for tax credit developments that have already closed and/or started construction." Our project is a non-tax credit project with FHLB and non-federal municipal funding, that has already started construction and closed on other sources. It sounds based on the wording that our project would be eligible?

- Your project is eligible to apply under the “Creation of New Affordable Housing Projects without Housing Tax Credits” category. However, given that you have already closed on financing and started construction, you will need to make a strong case for financial need, which is a threshold item.
20. For the non-tax credit deal that has closed and started construction, can we use these funds to reduce the construction-to-perm loan the project is taking?
- If you have a construction-to-perm loan that is already closed, reducing the amount you draw on the construction to perm loan to carry a smaller perm is not an eligible use. You can apply for additional ELI Funding Round financing to cover cost overruns that the project has experienced.
21. For purposes of ELI soft debt, does WHEDA have PUPM ranges for non-tax credit projects? If so, could you let me know what they are?
- You do not need to be in the prescribed ranges for tax credit deals. If there are reasons that you operate more cost effectively than typical LIHTC deals such as those outlined below, please reflect the costs as you expect them and include an explanation as to why there are cost reductions. I would recommend submitting a management company verification of expenses or comps from similar developments to support your expenses.
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22. For Timely Ability to Proceed - do you want the entire Architectural Plans or just certain pages of the plans?
- Please upload the full set of plans.
23. Under Scoring Category C - Timely ability to Proceed there is scoring for Committed Financing. We are submitting a Project under Preservation of Affordable Housing with Deferred Maintenance and we intend this funding to be used for that purpose. Are we able to score in this category in that all of our financing is not only committed but closed upon? If so, what documentation is needed?
- If the source for your project is only the ELI Funding Round funds and that fully covers the proposed uses, you may take all points for committed financing. You can just include a statement that an award of ELI Special Funding Round funds will fully finance the proposed scope as demonstrated in the MFA.
24. Do you want individual files for each Threshold and Scoring item or one large pdf along with the excel MFA workbook?
- Please submit all attachments as individual exhibits. WHEDA has not established specific file name requirements, but it would be appreciated if submission materials were numbered in accordance with the checklists.
25. For the Geographic Diversity - Economically Distressed and/or High Needs Category, WHEDA indicates using the CDFI Fund's CMF Map for FY 2021. We would just like to verify you indeed want to use 2021 and not a typo for using 2024. Also, the CMF Map shows "High Opportunity" areas not "High Needs", are these considered the same thing for qualifying using the CMF Map tool?

- That is not a typo. You should be using the FY 2021 mapping data. Yes - "High Opportunity" areas on the CMF map will qualify as "High Needs" per the WHEDA application and scoring materials.

26. What time are apps due on Friday?

- 11:59 PM

27. Do we need to submit the HTF application certifications with the initial app on Friday?

- No – these do not need to be submitted with the initial app on Friday.

28. Do we need to submit the environmental checklist with the initial app on Friday?

- No – this does not need to be submitted with the initial app on Friday.