



**Homes and  
Community Renewal**

# **NYS Small Rental Development Initiative (SRDI)**

## ***Funding Opportunity Information Session***

**<https://hcr.ny.gov/SRDI>**

**[OCRinfo@hcr.ny.gov](mailto:OCRinfo@hcr.ny.gov)**

February 7, 2024

# Overview

- The 2023-2024 New York State budget made funding available for services and expenses of a Small Rental Housing Development Initiative (NYS SRDI).
- \$7,000,000 funding to preserve and create high-quality affordable multi-family rental units.



# Eligible Applicants

Not-for-profit corporations or wholly owned subsidiary of such corporations are eligible to apply to serve as developer owners.

Joint partnerships with experienced developers are encouraged to bolster capacity, however, lead applicant must be identified and must be a not-for-profit corporation.



# Eligible Uses

Applicants may request between \$500,000 and \$2,000,000 in NYS SRDI funds to support:

- New construction
- Substantial or moderate rehabilitation of multi-family rental projects of 4-20 units at identified project sites.

Project must result in complete units ready for occupancy.

Funding is available as construction and permanent funding.



# Eligible Expenses

- New construction or rehabilitation of residential buildings.
- Mixed-use buildings are eligible for assistance if the NYS SRDI funding is limited to the residential portion of the project.
- Ancillary demolition, site preparation and site infrastructure necessary for the proposed capital project.
- Soft costs including legal fees, filing fees, permitting, inspections, construction management, architecture and engineering are eligible uses of funds in conjunction with a capital project.
- NYS SRDI funds will not reimburse pre-award costs but these costs may be counted toward the required equity contribution.



# Eligible Expenses

- Acquisition is an eligible use of funds if the acquisition and rehabilitation can realistically be completed within a two-year term.

Prior acquisition cost can be included in the development budget only if purchase occurred within 24 months prior to application.

- A developer fee of up to 12% of the allowable NYS SRDI subsidy costs may be requested. This excludes reserves, contingencies and the developer fee.



# Regulatory Requirements & Applicant Obligations



# Regulatory Requirements

## Rent Limits & Income Qualification

Rents for all units in a project must be affordable to households at or below 80% of the Area Median Income (AMI).

Rent levels must be supported by market study/market data.

Higher levels must include strong justification and lower per/unit request.





# Regulatory Requirements

## Regulatory Agreement

The Regulatory Agreement will delineate requirements for compliance with rent limits, income restrictions, sale and transfer restrictions and general asset management obligations for a 15-year period of affordability including, but not limited to:

- NYS SRDI funding will be provided as a grant. Repayment in full is required upon sale, transfer or event of non-compliance during regulatory term.
- Income verification for each household prior to occupancy;
- Compliance with an accepted, affirmative fair housing marketing plan;
- Annual financial reporting to generally include a balance sheet, a statement of operations, income, and expenses, a statement of cash flows, and all related notes, and be certified by the Owner;
- Monthly or annual funding of required reserves, as required in the project underwriting

# Regulatory Requirements & Applicant Obligations

## **Fair Housing**

Awardees must comply with all HCR marketing guidelines and submit an Affirmative Fair Housing Marketing Plan acceptable to HCR's Office of Fair Housing and Equal Opportunity (FEHO) prior to executing a formal commitment or award agreement. FEHO Affirmative Fair Housing Marketing Plan requirements are available at: <https://hcr.ny.gov/marketing-plans-policies>

## **Equal Employment Opportunity/Minority and Women Owned Business; Service-Disabled Veteran-Owned Businesses**

All awardees will be required to submit a Minority/Women-Owned Business Enterprise (M/WBE) Utilization Plan that is acceptable to HCR prior to formal commitment of funds. Additional information can be found at: <https://hcr.ny.gov/oeopd>

# Regulatory Requirements & Applicant Obligations

## Environmental Review

Prior to the formal commitment or expenditure funds, the environmental effects of each program activity must be assessed in accordance with the State Environmental Quality Review Act (“SEQRA”) at 6 NYCRR Part 617.

- Do not begin work until an award is made and HCR’s Environmental Analysis Unit has completed an environmental review and issued an environmental clearance letter to the Applicant.
- Project sites will require review and approval by SHPO, review of location related to floodplains, coastal zone and agricultural districts and compliance with related requirements, confirmation of local zoning approvals, lead based paint and asbestos testing and clearance, and a Phase I Environmental Site assessment completed within 90 days of funding commitment and not more than one-year prior to application.

# Regulatory Requirements & Applicant Obligations

## Design Guidelines

New construction proposals are required to incorporate HCR's Spring 2023 Design Guidelines in the design and development of the NYS SRDI project. Rehabilitation projects are encourage to comply to the extent possible:

<https://hcr.ny.gov/system/files/documents/2023/09/2023-nyshcr-design-guidelines.pdf>



# Regulatory Requirements & Applicant Obligations

HCR recently issued Sustainability Guidelines for both New Construction and Existing Buildings.

The criteria for the Guidelines were developed to put current and future affordable housing projects on the path to meeting New York State's Climate Leadership and Community Protection Act, which mandates a reduction in greenhouse gas emissions.

Information on both New Construction and Existing Buildings can be found at <https://hcr.ny.gov/sustainability-guidelines>



# Regulatory Requirements & Applicant Obligations

## Financial Background Review

As a condition of application submission and/or award, HCR will require the project Applicant, project developer, project owner, general contractor/builder, architect, management agent and development consultant, and their principals, to provide written authorization for HCR to conduct background reviews as needed.



# Financing Terms

Project budgets are expected to fall below the following maximum per-unit subsidy figures:

# Bedrooms	Maximum Per-unit Subsidy
0	\$173,011
1	\$198,331
2	\$241,176
3	\$312,004
4	\$342,482

# Underwriting Standards

## Reserves & Contingencies

Application budget must follow the terms outlined below.

Replacement Reserves	\$250/unit per year in the Operating Budget
Capitalized Reserves	Capitalized Replacement Reserve - Up to \$1,000 per unit, depending on project scope, at the discretion of HCR and other lenders  Capitalized Operating Reserve - 3 months required. Adjustments at the discretion of HCR and other lenders.
Contingencies	Hard Cost Contingency: 10% of hard costs.  Soft Cost Contingency: Maximum 5% of soft costs less developer fee and reserves.  The balance of all unutilized contingencies shall be used to reduce HCR subsidy.



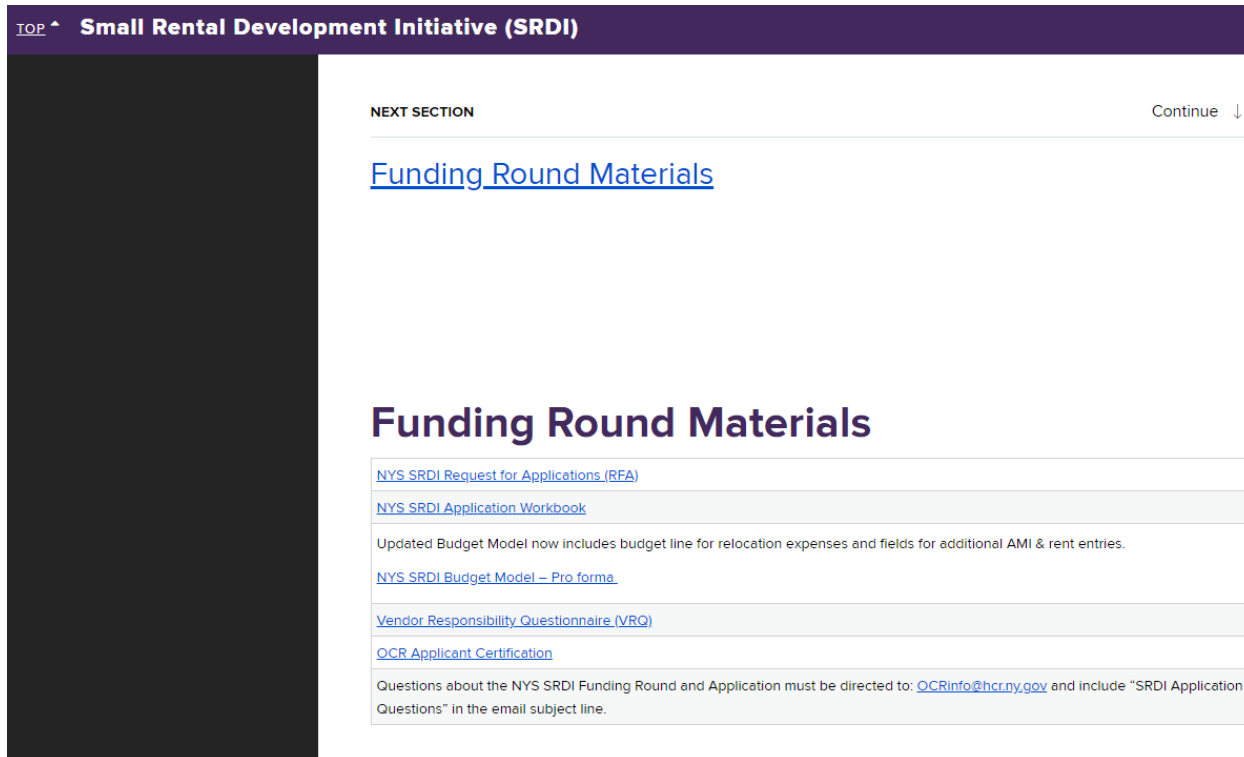


# Application & Award Process

# Application & Award Process

## How to Apply

Application materials are available online, here: <https://hcr.ny.gov/SRDI>

A screenshot of a web page titled "Small Rental Development Initiative (SRDI)". The page has a dark purple header with "TOP ^" and "Small Rental Development Initiative (SRDI)". Below the header, there is a large black rectangular area on the left side. To the right of this area, the text "NEXT SECTION" is displayed, followed by a "Continue ↓" link. Below this, the text "Funding Round Materials" is shown as a blue hyperlink. Further down, the heading "Funding Round Materials" is repeated in a larger, bold font. Underneath this heading, there is a list of links: "NYS SRDI Request for Applications (RFA)", "NYS SRDI Application Workbook", "Updated Budget Model now includes budget line for relocation expenses and fields for additional AMI & rent entries.", "NYS SRDI Budget Model – Pro forma", "Vendor Responsibility Questionnaire (VRQ)", and "OCR Applicant Certification". At the bottom of this list, there is a note: "Questions about the NYS SRDI Funding Round and Application must be directed to: [OCRInfo@hcr.ny.gov](mailto:OCRInfo@hcr.ny.gov) and include 'SRDI Application Questions' in the email subject line."

# Application & Award Process

## Contents of Application

Multi-tab application workbook in Excel and as a PDF - *includes checklist Tab 1A*

## Required Attachments:

- Project Narrative (*prompts in Excel application*)
- SRDI Budget Model
- Market Study
- Physical Needs Assessment & Project Scope
- Independent Development Cost Estimate
- Appraisal
- Funding Commitments
- Vendor Responsibility Questionnaire
- OCR Applicant Certification



# Application & Award Process

## **Submitting the Application**

The complete application package may be emailed to [OCRinfo@hcr.ny.gov](mailto:OCRinfo@hcr.ny.gov). Include “*SRDI Application – Project Address*” in the email subject line.

Applicants may also email [OCRinfo@hcr.ny.gov](mailto:OCRinfo@hcr.ny.gov) to request access to a secure, web-based file transfer tool. Please plan ahead as this access cannot be granted on the day of final deadline.

*Clearly label and organize all documents to submit a single application package. Application materials will not be accepted in piecemeal.*

## **Application Deadline**

Complete application package must be submitted by email or accepted by file transfer no later than 4:00 on Monday April 11, 2024.



# Application & Award Process

## Threshold Eligibility Review

Incomplete applications and those that do not meet basic eligibility requirements may be rejected as ineligible.

## Application Review

- Project Need & Impact
- Development Team Experience & Capacity
- Project Readiness
- Financing Plan & Leveraging



# Application & Award Process

## Funding Commitment Letter

- An awardee may be asked to revise parts of the application prior to entering into a funding agreement with HTFC.
- After required revisions are submitted and approved, a final financing agreement will be executed.
- The agreement will require that Awardees complete the proposed construction and expend awarded funds within a two-year (2) term.





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