



**Homes and  
Community Renewal**

# **HCR Multifamily Finance 9% RFP 2025**

August 7, 2025

# General Overview

- The HCR Multifamily Finance 9% RFP is a competitive process used to award 9% Low-Income Housing Tax Credits (LIHTC) and subsidy loan financing to sponsors proposing affordable multifamily housing projects.
- Applications are scored in accordance with the 2025 Qualified Allocation Plan(QAP) **revised as of 6/11/2025**. The point structure is summarized in the RFP and the full QAP is available on the RFP webpage <https://hcr.ny.gov/2025-multifamily-finance-9-lihtc>.
- Pre-Application Technical Assistance is Mandatory within 12 months of applying. See <https://hcr.ny.gov/technical-assistance-multifamily-finance-9-lihtc-rfp-applicants>. See additional Technical Assistance requirements on slide 6.
- All projects must meet at least one State Housing Goal (listed in the RFP). Similarly, available funding, set-asides and other important guidance is contained in the RFP.
- All applications are reviewed for completeness, threshold and program eligibility prior to scoring. Refer to program Term Sheets on RFP webpage.

# Key Dates in the RFP

<b>Deadline to request TA session (including the Sustainability Review Meeting materials), Moderate Rehabilitation Review package due, and/or LIHTC/SLIHC fee deferral</b>	<b>August 7, 2025 at 3:00 PM ET</b>
<b>Design Waivers Due</b>	<b>August 14, 2025 at 3:00 PM ET</b>
<b>Deadline to request access to application dropbox</b>	<b>August 28, 2025 at 3:00 PM ET</b>
<b>Deadline to submit applications</b>	<b>September 11, 2025 at 11:59 PM ET</b>
<b>2025 Award Announcement Anticipated</b>	<b>February 2026</b>

# Submission Requirements

- Complete Submissions Will Consist Of:
  - Multifamily Finance 9% Project Detail Application (Excel workbook)
    - Complete all relevant “Exhibits” as either fillable Excel worksheets or as .pdf as directed, and
    - Upload all relevant “Attachments” individually in .pdf as directed
  - Multifamily Finance 9% Underwriting Application (Excel workbook)
- Note file naming conventions in the instructions.
- Refer to the 2025 Aspera DropBox Instructions at <https://hcr.ny.gov/system/files/documents/2025/07/2025-aspera-dropbox-instructions.pdf> request dropbox access.
- Be sure to request access to the Aspera Dropbox by August 28<sup>th</sup> at 3:00 p.m. ET

# What's New – 2025 RFP

- New criteria for State Housing Goals:
  - Projects Advancing State Revitalization and Economic Development Initiatives
  - Projects in Well-Resourced Areas (Note that projects qualifying for the Projects in Well-Resourced Areas State Housing Goal are eligible for the 9% LIHTC boost.)
  - Workforce Opportunity Projects
- Any project serving seniors (55+/62+) must meet the Senior Housing Project requirements and submit an Aging-In-Place Plan (see CPM Section 5.15)
- New Supportive Housing/Special Needs mailbox [9%SupportiveHsg@hcr.ny.gov](mailto:9%SupportiveHsg@hcr.ny.gov). Please use this email for any correspondence for the Special Housing Coordinator.
- HCR federal Housing Trust Fund and Project Based Vouchers are not available through HCR in 2025. Please plan accordingly.

# What's New – 2025 Technical Assistance

- **ALL** 2025 9% LIHTC RFP applicants are **REQUIRED** to participate in a Sustainability Review Meeting, even those 9% LIHTC RFP applicants which have received Technical Assistance within the past 12 months.
  - For applicants which have received Technical Assistance within the past 12 months, submit the 3 documents noted at [https://hcr.ny.gov/system/files/documents/2025/08/technicalassistanceformultifamily9lihtcrfpapplicants.rev\\_august2025.pdf](https://hcr.ny.gov/system/files/documents/2025/08/technicalassistanceformultifamily9lihtcrfpapplicants.rev_august2025.pdf) as required for the Sustainability Review Meeting to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov).
  - For all other applicants, submit all required documents, including the Sustainability Review Meeting documents, to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov).
  - OF&D and Sustainability will coordinate internally, and Sustainability will contact the development team directly to schedule the Sustainability Review meeting.
- The Sustainability Review Meeting is separate and in addition to the 9% LIHTC RFP Technical Assistance session.
- All documents, both the documents for the 9% LIHTC RFP Technical Assistance session and the documents for the Sustainability Review Meeting, must be submitted to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov).
- Please see Technical Assistance instructions and documents at <https://hcr.ny.gov/technical-assistance-multifamily-finance-9-lihtc-rfp-applicants>.

# What's New – State Historic Tax Credits

- Projects qualifying for federal and State Historic Tax Credits may propose the bifurcation and transfer of the State Historic Tax Credits in a manner similar to SLIHC Transfer.
- Prospective applicants considering the transfer of State Historic Tax Credits may contact Beth Cumming at NYS State Historic Preservation Office (SHPO) at [beth.cumming@parks.ny.gov](mailto:beth.cumming@parks.ny.gov) or (518) 268-2181.
- Applicants proposing bifurcation and transfer must identify such a financing structure as part of Attachment B-2 Project Narrative and in Attachment F-1 Funding Commitments, syndicator Letter of Interest (LOI) in a manner similar to SLIHC.

# What's New – 2025 RFP Term Sheets

- Supportive Housing Opportunity Program (SHOP)
  - New per unit limits for ESSHI or NYC 15/15 projects and projects leveraging supportive housing capital funds or other income restricted units.
- Clean Energy Incentive Program (CEI)
  - Funding is now available for Goal 3: Additional Decarbonization Support. Please see term sheets for more details.
  - Per project maximum CEI award has been increased. Please see term sheets for more details.
- Solar For All (SFA)
  - New capital source for on-site solar PV installations for both existing and new construction. See term sheet for additional details.
- NYS Housing Trust Fund (HTF)
  - New per unit and per project limits for downstate and rest of state.
- HOME ARP (HOME)
  - Per unit limits in the term sheet.
  - Must meet Qualifying Population requirements. See revised 9% Project Detail Application, Exhibit I-4, August 1, 2025.
- 9% Low Income Housing Tax Credit (9% LIHTC)
  - New per unit and per project limits for downstate and rest of state.
  - Revised large family calculation and per project maximums.
- New related party acquisition language
- Certain programs are eligible for HCR Construction Completion Payment. See CPM 5.10.01.

# What's New – July 2025 Capital Programs Manual

- All updates in **blue** text
- Inclusion of additional HTFC programs in the CPM
- Updated HCR Accessibility and Adaptation of Units. See Section 2.12
- Updated Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA) appraisal requirements. See Section 5.03.02, 5.03.03 and 5.17.01.X.
- Updated Underwriting Requirements. See Underwriting slides.
- Updated Persons with Special Housing Needs and Persons in need of Supportive Housing. See Section 5.15.
- New Aging-In-Place Plan requirements for projects proposing senior units (55+/62+). See Section 5.15.05.
- Updated URA Relocation Plan requirements for federal funds. See Section 5.17.
- New relocation requirements for non-federal funds. See Section 5.18.
- New Tenant Affordability Requirements. See Section 7.06.02 and Underwriting slides.
- Updated Rent Increase policy. See Section 7.06.05, 5.07 and Underwriting slides.
- July 29, 2025 version (update in **purple** text) Section 5.07, pg 37: For senior projects, the allowance of 10% of households in the PMA to be homeowners for market considerations has been increased to **25%**.

# What's New – 2025 9% Project Detail Application

- Exhibit B-2:
  - For projects serving seniors (55+/62+), Aging-In-Place plan must be submitted as an attachment.
  - Describe assumptions regarding total estimated construction interest if option for HCR Construction Completion Payment
- Exhibit B-3: new 20% AMI income tier
- Exhibit D-7: updated certification for Applicant and Architect
- Exhibit G-4: clarified Exhibit is required for existing regulated affordable housing only
- New Attachment G-9: for submission of required tenant relocation notices.
- Revised 9% Project Detail Application as of August 1, 2025 at <https://hcr.ny.gov/2025-multifamily-finance-9-lihtc>.
  - List of revisions along with revised application.
  - Applicants may send in their existing 9% Project Detail Application to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov) and HCR will swap in the revised Exhibits.

# Right of First Refusal QAP Provisions

- The revised QAP clarifies and preserves the Qualified Non-Profit Organization (QNFPO)'s Right of First Refusal (ROFR).
- Projects must agree to QAP ROFR provisions in both investor Letters of Intent/ Commitment Letters and in a ROFR Agreement.
- Reminder that Letters of Interest (LOIs) must include language which requires LIHTC-assisted projects request and obtain consent from HCR prior to the transfer of certain investor member interests in project ownership or borrower entities.

# Reminder - ESA Phase 1 Standard

**After February 13, 2024, only ASTM E1527-21 is acceptable.**

At application, all project sponsors must submit a Phase I Environmental Site Assessment (ESA) report which shall meet, at a minimum, the American Society for Testing and Materials standard for site assessment. The ESA must be dated within one year prior to the application for funding. Any project receiving HUD Federal Funding must have an updated Phase I ESA dated within six months of the environmental review. After HCR Award Letter issuance, the HCR Environmental Unit will request an updated ESA as required.

Please note: Phase I ESAs must provide recommendations for all identified environmental concerns and must include a vapor statement.

# New Design Guidelines for Radon

- All projects located in counties with radon risks, as indicated in the 2025 NYS HCR Design Guidelines, shall include a passive radon mitigation system and conduct post-construction radon testing. See Design Guidelines chart:

## Radon Mitigation Requirements by County

<https://hcr.ny.gov/system/files/documents/2025/05/nys-hcr-radon-mitigation-requirements-by-county.pdf>

- HCR will utilize the chart *applicable at the time of the most current application* to determine whether radon mitigation is required.
- Federally funded projects must comply with HUD's Departmental Policy for Addressing Radon in the Environmental Review Process (CPD-23-103) dated January 11, 2024 (HUD's Radon Policy), except where HCR policy, as outlined above, is more stringent.

# Wetlands- New York State

- New York State's wetlands regulations have undergone significant updates effective January 1, 2025, expanding the jurisdiction of the NYSDEC over freshwater wetlands.
- **Key Changes Effective January 1, 2025**
  - Expanded Jurisdiction
  - New Size Thresholds
  - Unusual Importance Criteria
  - Removal of Mapping Limitations
- Please initiate wetlands review by obtaining a Parcel Jurisdictional Determination (JD) from NYSDEC.
- For more information on NYSDEC's new wetland regulations, see [Freshwater Wetlands Program - NYSDEC](#)

# Environmental Reminders

## **Follow all directions.**

- For Attachment E-6 this means (including but not limited to):
  - Copy and paste questions into a document and address each question and subpart. If a question is inapplicable indicate N/A, with a brief explanation of why.
  - Include a map of search radius marking the project site. If a project consists of scattered sites, provide a map with a central location identified, or multiple radius maps as needed.
  - A written identification and accompanying map(s) of uses (i-v).
  - If site is in a zone that allows industrial uses, an area that historically allowed industrial uses and remains predominantly industrial uses, or was granted a variance but is otherwise within an area allowing industrial uses there is a presumption the site is not suitable. A thorough analysis with local support will be necessary to overcome that presumption along with a showing that industrial uses will not be located near the project site in the future.
  - If site is in an area with high noise or air emissions (including from traffic) ensure mitigation is proposed.
  - Include a statement as to why/how the project site does not create a disproportionate environmental impact on occupants.

# Environmental Reminders (2)

- For Attachment E-5: Smartgrowth, this means (including but not limited to):
  - Consider all aspects of the total project that are open or used by non-tenants.
  - Ensure criterion 11 includes an analysis of impacts per the indicated DEC guidance.
- For Attachment E-4: SHPO, this means a project review must be initiated. If SHPO has indicated a Letter of Resolution or Memorandum of Agreement is needed, HCR will not proceed with that process unless or until an award is made. Note that the need for an agreement will impact the project score.

# Design & Sustainability Requirements

- **2025 HCR Design Guidelines** are applicable to all projects.
  - Requests to waive any specific design criteria of the 2025 HCR Design Guidelines should be submitted via the Design Waiver Request Form and can be submitted to:
    - Upstate requests - Taegyun Woo ([taegyun.woo@hcr.ny.gov](mailto:taegyun.woo@hcr.ny.gov))
    - Downstate requests – Ariel Krasnow ([ariel.krasnow@hcr.ny.gov](mailto:ariel.krasnow@hcr.ny.gov))
- **2025 HCR Sustainability Guidelines** are applicable to all projects.
  - Requests to waive any specific design criteria of the 2025 HCR Sustainability Guidelines should be submitted via the Design Waiver Request Form and can be submitted to:
    - HCR Sustainability Team at [hcr.Sustainability@hcr.ny.gov](mailto:hcr.Sustainability@hcr.ny.gov).
- Waivers are applicable for 18 months from date of issuance. If a project does not submit a formal financing application to HCR within 18 months, a new waiver must be submitted to HCR for review and approval against HCR’s latest guidelines and standards. If the waiver was granted for criteria that has changed in the Design Guidelines or Sustainability Guidelines, applicants should submit a new waiver request.
- All waivers granted for all-electric requirements will need to be resubmitted for review to the HCR Sustainability Unit, regardless of when they were approved. Previously granted waivers for gas appliances or HVAC equipment may not be granted again if the project is able to feasibly convert to an all-electric project within the last year.
- Webinars and FAQ are available on the HCR website at <https://hcr.ny.gov/sustainability-guidelines>

# Design & Sustainability

## General Guidance & Reminders

### MODERATE REHABILITATION PROJECTS

- All Moderate Rehabilitation Projects must submit a *Moderate Rehabilitation Review Package* (formally known as *Occupied Rehabilitation Package*) with their TA request. See Technical Assistance guidance for additional information.
- IPNAs are required for all Moderate Rehab projects (Levels 1 and 2)
- IPNAs shall utilize the template format available at <https://hcr.ny.gov/sustainability-guidelines> and must be completed *within the last two years by an approved provider*.
- IPNA submissions should include a written report in PDF format and the completed IPNA excel file.
- Pre-application site visits will be required to verify the site conditions against the IPNA and proposed scope of work.
- The 2025 HCR Design Guidelines no longer include an Appendix A. Design requirements for Moderate Rehabilitation projects are now located in Section 4.0 of the HCR Design Guidelines.

# Design & Sustainability

## General Guidance & Reminders (2)

- HCR Accessible Units (formally known as Fully Accessible and Adapted, Move-in Ready Units) are now required on all projects. Minimum requirements are outlined in the HCR Design Guidelines. Points are available for projects exceeding the minimum number of required HCR Accessible Units. See the *2025 Multifamily Finance 9% LIHTC RFP* and *LIHTC Scoring Detail Slide (6)* for more information.
- New Construction and Adaptive Reuse projects must be all-electric.
  - Note that all waivers granted for all-electric requirements will need to be resubmitted for review to the HCR Sustainability Unit, regardless of when they were approved. Previously granted waivers for gas appliances or equipment may not be granted again if the project is able to feasibly convert to an all-electric project within the last year.

# Construction Cost Estimates

## General Guidance & Reminders

- REMINDER: Per the requirements of the Capital Programs Manual (CPM), applicants with a pre-selected builder at application must provide a guaranteed price for the total development costs of the project based on the anticipated start date. Any construction cost overruns incurred during the development and construction phases of the project shall be borne by the owner/applicant and shall be paid for from the developer's fee amount, unless a request is made pursuant to Section 6.03. With construction inflation rates stabilizing in the past year, it is expected that accurate construction cost estimates are submitted at application and the requirements of the CPM are adhered to.
- General Conditions and General Requirements shall be adequately detailed and broken down by line item in Exhibit D-4 Construction Cost Estimate. All shall align with the definitions of General Conditions and General Requirements found in the Section 8.0 of the Capital Programs Manual.

# Construction Cost Estimates

## General Guidance & Reminders (2)

- All required remediation work shall be properly identified in Exhibit D-3 Outline Specifications and included as line items in Exhibit D-4 Construction Cost Estimate.
- As part of Exhibit D-3 in the application, the Development Team is asked to verify that all existing conditions have been investigated to the greatest extent feasible and have been verified as accurate within the last 12 months. The proposed scope of work shall reflect all current conditions of the existing building(s). NOTE: D-3 has been revised as of August 1, 2025.
- Significant updates have been made to Exhibit D-3 to help simplify the application process for development teams and remove information that is not necessary to review at application. It also reflects the updated requirements per the 2025 HCR Design Guidelines and Sustainability Guidelines. Please note that all specifications required by the HCR Design Guidelines and Sustainability Guideline shall be considered in the Construction Cost Estimate (Exhibit D-4) even when not outlined in Exhibit D-3 of this application.
- Exhibit D-2 now includes a separate section to input areas for parking garages so that the area calculations accurately represent them in the Total Gross Area Including Exterior Walls and exclude them when not required as part of the Interior Gross Area. Note: D-2 has been revised as of August 1, 2025.
- Exhibit D-5 now includes a drop-down for applicants to confirm that the construction cost estimate based on local wage rates and the construction cost estimate based on DBA wage rates are accurate and have been prepared by a cost estimator consultant or builder.

# Clean Energy Incentive (CEI) Program

- CEI is open to Existing Buildings **only**
  - New 2025 term sheets are available for Substantial Rehab and Moderate Rehab projects.
  - Adaptive Reuse projects that are designated historic by SHPO may apply under the Substantial Rehab Term Sheet.
  - Term sheets reference the Sustainability Guidelines via the Stretch Sustainability Goals.
  - Funding is now available for Additional Decarbonization Support.
- CEI applicants should indicate scope and intent within the baseline application
  - CEI application material elements are incorporated into the 9% Project Detail Application Exhibit D3 and Attachment D6.
  - Make sure any CEI scope of work is clearly defined in the appropriate sections on Exhibit D-3 (HVAC, DHW, Envelope, Equipment etc.).
  - Historic Adaptive Reuse projects should submit proof of historic designation in their application to follow the Substantial Rehab term sheet.
- CEI funds are disbursed in the same manner as other HCR 9% LIHTC RFP subsidies.
- Projects will still be reviewed for eligibility and compliance with CEI term sheets.
- Reminder: CEI funds will be offered at 0% interest
- Review the [CEI Term Sheet Updates webinar recording](#) and the [FAQ](#) for more information.

# Solar for All (SFA) Program

- SFA is available for New Construction and Existing Building projects pursuing on-site solar photovoltaics (PV) installation.
- Funding will be sized by HCR's Solar Evaluation Tool.
- Projects will receive a Notice of Eligibility for SFA funds at the time of the Sustainability Review Meeting (SRM).
- Refer to the Solar for All term sheet for full program requirements.
- Review the SFA webinar recording and Solar resources on the [HCR Solar Webpage](#) for more details.

# Middle Income Housing Program (MIHP)

- MIHP must be the ONLY HCR financing in a unit.
- MIHP units must be self-supporting, i.e., income from MIHP units must cover the debt service and operating costs for MIHP units.
- At least 10% but no more than 30% of MIHP units within the project.
- **PAY ATTENTION** to the required MIHP AMI's based on the other HCR financing in the project as MIHP AMI's are dependent upon other proposed HCR financing. For example, a project outside of NYC requesting 9% LIHTC/SLIHC/HTF/MIHP **MUST** show MIHP units **OVER** 90% AMI. MIHP units targeted at 90% are not eligible.
- MIHP tenants must pay a minimum of 30% of their income toward gross rent.
- Addition of Brownfield Opportunity Area as eligible plan under the downtown revitalization effort component

# Community Investment Fund (CIF)

- CIF only available for non-residential uses as either a standalone resource, i.e., no other 9% LIHTC RFP sources are requested, OR as part of a mixed-use project.
- See CIF Term Sheet for additional priorities
- See Underwriting Issue slides 5 and 6 for Common Mixed-Use Project Issues

# HOME ARP

- Only Qualifying Populations may be served (See HUD's Final HOME ARP Implementation Notice CPD Notice 21-10). Populations eligible for ESSHI, 15/15, OPWDD ISH, HHAP all meet one of the categories under Qualifying Populations. NOTE: revised HOME ARP Exhibit I-4 Program Eligibility in 9% Project Detail Application dated August 1, 2025.
- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA): **REQUIRED** for any occupied property, residential or non-residential. Note that HCR URA requirements may be different than other agencies requirements due to the competitive nature of the 9% LIHTC RFP.
  - Review CPM Section 5.0.
  - Applicants must ensure tenants have been identified as Displaced or Non-Displaced in Exhibit G-3 AND appropriate Notices have been provided PRIOR to application submission. Evidence of tenant receipt of the appropriate Notices must be provided in new Exhibit G-9.
  - URA also applies to acquisition of real property where there is federal financing assistance in any part of project costs. See CPM Section 5.03.02, 5.03.03 and 5.17.01.X.
- Environmental Requirements: Part 58 NEPA
  - Radon: see slide 13
- Davis Bacon: Applicable for 12 or more HOME assisted units
- Section 3: see slide 43
- If requesting federal funds, **BE AWARE** of **ALL** federal requirements.

# 2025 Underwriting Updates

## Related Party Acquisition Costs

- CPM updated to clarify that if acquisition costs involve the purchase of property owned by a related party of the development team, no cash payment to a related party seller is allowed. This is consistent with how such acquisition costs have been handled in the past for 9% projects.
- Acquisition in such situations can be returned to the project in the form of a Seller's Note.
- See CPM Section 5.05 Project Costs

# 2025 Underwriting Updates (2)

## Hard Cost Contingency

- Up to a maximum of **10%** of total hard costs is allowed for projects involving:
  - the rehabilitation of existing buildings
  - projects with less than 20 dwelling units
  - scattered site projects
- 5% of hard costs required for all new construction projects
- Projects involving a combination of new construction and rehabilitation may proposed a blended contingency rate.
- See CPM Section 5.05

# 2025 Underwriting Updates (3)

## Deferred Developer Fee

- The deferred developer fee contribution required for LIHTC/SLIHC financed projects with cumulative 15-year cash flow over \$45 pu/pm is **capped at a maximum of 50%** of the developer fee.
- Reminder: Projects with cash flow below \$45 pu/pm should not be deferring more than 1/3 of the developer fee as a financing source at the time of application.
- See CPM Section 5.07 (III) Operating Budget

# 2025 Underwriting Updates (4)

## HCR Construction Completion Payments

- Beginning with this RFP, applicants may request at application that HCR administered subsidy loan sources be made available once a Certificate of Substantial Completion is issued (for all buildings, if applicable).
  - HOME ARP/SFA/CEI not eligible for a construction completion payment.
  - Non-tax credit projects using subsidy only are not eligible.
- A single \$25,000 hold back applies.
- Construction interest assumptions should be adjusted accordingly.
- See CPM Section 5.10

# 2025 Underwriting Updates (5)

## Tenant Affordability Requirement Changes

The requirement that households pay no more than a maximum of 48% of income to gross rent and no less than a minimum of 30% of income to rent was revised as follows:

- The **minimum 30% rent burden requirement was eliminated** for all units except for MIHP funded units (see next slide).
  - Units may be rented to eligible households up to the elected income target limit regardless of the rent affordability level, **e.g.** a unit targeted up to 60% AMI with rent set at 54% AMI affordability may be rented to a 60% AMI household.
- The **maximum rent burden limit has been reduced to 35%**. Units may not be leased to households which would be paying more than 35% of household income toward gross rent. This change is effective for projects funded under the 2025 9% LIHTC RFP. Previously funded projects may continue to use the 48% maximum rent burden standard that was in effect at the time the project was funded.
- See CPM Sections 5.07, 7.06.02, 7.10.03

# 2025 Underwriting Updates (6)

## Tenant Affordability Requirement Changes: MIHP Units

- MIHP eligible households will pay no more than 35% of their income for rent regardless of project location.
- If the project is located **outside** of a HUD-designated QCT or a component of a downtown revitalization effort\*, MIHP tenants must pay a minimum of 30% of their income to gross rent.
- If the project is located in a HUD-designated QCT or a component of a downtown revitalization effort\*, MIHP units may be rented to tenants with income levels that are up to 20% higher than the proposed rent affordability level.
  - e.g. a unit set at 90% AMI rent affordability may be rented to a household up to 110% of AMI.
- See CPM Sections 5.07 and 7.06.02

\*see MIHP term sheet for requirements to be considered a component of a downtown revitalization effort.

# 2025 Underwriting Updates (7)

## Market Studies

- Market analysts must set the income bands of eligible households that are reflective of the revised affordability requirements outlined in the prior slides.
- The required market study map of the PMA identifying all existing regulated affordable housing properties must now also clearly identify which properties have been built in the last 10 years. **Projects not providing this map will not be eligible for the 5 scoring points available for “Investment in Underserved Areas.”**
- The market study must include information on public housing wait lists based on interviews with local Public Housing Authority (PHA) officials on need for housing and possible impact of the proposed development on their housing inventory and waiting lists for assisted housing. Include a statement on the number and availability of Housing Choice Vouchers and the number and types of households on the waiting lists for Housing Choice Vouchers. Compare subject development’s proposed rents to local payments standards or median rents.
- For senior projects, the allowance of 10% of households in the PMA to be homeowners for market considerations has been increased to 25%. Noted in purple text in the July 29, 2025 version of the CPM <https://hcr.ny.gov/system/files/documents/2025/07/capital-programs-manual-july-29-2025.pdf>.
- See CPM Section 5.07

# 2025 Underwriting Updates (8)

## Post-Award Rent Increase Requests

- Rents approved prior to construction closing may be increased by the annual percentage increase in AMI prior to initial rent up with HCR approval, subject to the receipt and review of operating cost documentation supporting the need for the rent increase.
- Requests must be submitted prior to the submission of the project's marketing plan.
- Requests on units subsidized with Empire State Supportive Housing Initiative (ESSHI) funds must also be approved by the NYS Contracting Agency and the ESSHI supportive services provider.
- Projects that have not received a final underwrite from OF&D **and** have been rented up for more than one year, may request a rent increase for review and approval by Underwriting. After the final underwriting is complete, and the project has been rented up for more than one year, rents may be increased in accordance with Section 7.06.05
- See CPM Section 5.07, 7.06.05

# Underwriting Issues

## Ignoring Term Sheet Funding Limits

DO NOT EXCEED Term sheet per unit or per project limits.

# READ THE TERM SHEETS!

- Very common error in recent rounds causing many projects to score a 0 on UW due to gap created when term sheet funding limits are applied in our underwriting.

# Underwriting Issues (2)

## Common LIHTC/SLIHC Equity Issues

### Due Diligence Fees

- Investor/Syndicator due diligence costs being paid from equity installments cannot be included in the development budget as a project expense. The LIHTC/SLIHC equity shown in the budget must show the equity NET of the fees payable. The fees need to be listed on line 9 in the Tax Credit Work Sheet in the Underwriting Application. Make sure the fees are consistent with what is stated in the Letter of Interest (LOI).

### Example

\$9,500,000 is the gross LIHTC equity reflected in the syndicator's LOI. \$50,000 in due diligence fees will be paid out of the first equity installment. Budget should not include those \$50k in expenses, and the LIHTC equity shown as a source should be \$9,450,000.

### Equity Available During Construction

- Do not show tax credit equity that is to be advanced at 100% construction completion as being available during construction, when indicating the equity available as construction financing in the development budget. Make sure the equity shown prior to 100% completion is consistent with the syndicator LOI.

# Underwriting Issues (3)

## Common Operating Budget Issues

- ESSHI rents set over the 50% AMI maximum allowed leading to an operating shortfall when rents are adjusted down to 50% AMI.
- Be sure to provide appropriate operating cost documentation. At a minimum applicants must provide documentation for Property taxes, Insurance, Utilities (heat, electricity, gas, water & sewer) and Broadband Internet costs.
- Utility estimate must clearly indicate owner paid versus tenant-paid utilities.
- Application is internally inconsistent on what utilities are included in rent and what utilities are in the tenant utility allowance.
- Budgeted operating costs are not consistent with the documentation provided.

# Underwriting Issues (4)

## Common Mixed-Use Project Development Cost Issues

- Avoid showing insufficient eligible financing sources to cover non-residential development costs. HCR will only allow 9% LIHTC equity to be used for non-residential development costs in the case of a Section 42 9% LIHTC eligible Community Service Facility (CSF). Up to 10% of an HTF award can be used for eligible HTF-funded non-residential CSF costs. CIF is the only other HCR funding available for non-residential space. See CIF Term Sheet.
- Development costs of the non-residential space are understated because a proportional share of development costs are not attributed to the non-residential space, e.g., attributing no acquisition costs to a non-residential space.

# Underwriting Issues (5)

## Common Mixed-use Project Operating Issues

- The residential and non-residential projects must each stand on their own operationally.
- Residential rental income cannot be used to subsidize the non-residential project.
- Ability of the residential project to cover operating expenses and debt service must not rely upon income from non-residential rents.
- Application should clearly explain in the project narrative the assumptions made on the operations of the non-residential space, including rents and lease terms. Property tax documentation must clearly explain taxes attributable to the non-residential project.
- Applicant must enter into a master lease to ensure that in the event of a non-residential vacancy the non-residential operating costs will be covered.

# Underwriting Issues (6)

## Common Mixed-Income Project Issues

- Ensure that units targeted over 60% AMI have sufficient sources of eligible financing to cover the development costs of the units.
- Ensure that units over 60% AMI generate sufficient income to cover their operating expenses and any debt service attributable to them.

# Fair Housing

- All preferences in tenant selection must be reviewed and approved by the Fair and Equitable Housing Office – legal scrutiny for disparate impact liability
- Fair housing legal due diligence – please provide as much information as possible with the application about any fair housing/discrimination complaints made about any entity in the development/management team in the last 10 years as part of Application Attachment I-2 Omnibus Certification.
- Equitable distribution of AMIs, bedrooms sizes, access to amenities, accessibility, etc. is key

# Reminder on Updated Occupancy Policy

Bedroom Size	Default Occupancy
0	2
1	3
2	5
3	7
4	9

➤ Generally, 2 per bedroom plus 1

➤ Any waivers to increase or decrease should be done in consultation with HCR

➤ Occupancy Policy Management Memo here:

<https://hcr.ny.gov/OccupancyPolicy>

# Section 3 (Federal Housing and Community Development Act of 1968)

- Recipients of HUD funding (HOME ARP) in excess of \$200K must comply with Section 3, which requires “to the greatest extent feasible” that employment, training and contracting opportunities be given to low-income people in the area of the project and those companies that are hired or owned by them.
- Updated requirements based on labor hours worked
- See HUD CPD Notice 21-07:  
<https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-07cpdn.pdf>  
and HCR Section 3 Compliance Webpage:  
<https://hcr.ny.gov/section-3-compliance>
- Bi-annual reporting cycle: report on whether Section 3 goals have been met or provide justification and documentation as to why goal not met
- Question? Need technical assistance? [Dinorah.Santiago@hcr.ny.org](mailto:Dinorah.Santiago@hcr.ny.org)

# Updated Housing Search Portal

- NYS HCR launched an updated Housing Search portal in Spring 2025: <https://hcr.ny.gov/new-york-housing-search>: Posting, Searching, Applying and Managing Lotteries/Waitlists
- All upcoming rental projects will be inputted into the system. Managing agents will fill out building and project details as well as create a lottery listing.
- 1 on 1 technical assistance is available
- REMINDER: Start marketing process early – 8 months before intended Certificate of Occupancy.

# LIHTC Scoring Detail

The LIHTC scoring is detailed in the Qualified Allocation Plan (QAP), which was revised effective June 11, 2025. The following provides additional detail in reference to the LIHTC scoring process and specific scoring criteria.

- Community impact/ revitalization – up to 10 points
  - To be considered for points under the first component in this scoring area, the project must pass two thresholds:
    - involve either the use or reuse of existing buildings; in-fill new construction; and/or the demolition and replacement of buildings having a blighting impact on the neighborhood, and
    - the proposed project must advance a neighborhood specific revitalization plan or be complementary to an ongoing neighborhood-specific planning and/or revitalization effort. Up to 5 points are assigned based on the aspects and quality of the plan (see 2040.3(f)(1)(i) of the QAP).
  - The second component of this scoring criteria provides points for projects providing non-residential space that clearly serves a critical unmet need in the community or otherwise provides for commercial ownership/management opportunities for local residents.
  - The third scoring component of this scoring item provides points based on whether the project advances the specific housing objectives of a Regional Economic Development Council (REDC) strategic plan and other REDC initiatives, as evidenced by an award or REDC financing.

# LIHTC Scoring Detail (2)

- Financial leveraging – up to 10 points
  - Points are awarded based on the percentage of project financing derived from committed non-HCR sources. Projects leveraging 20% or greater of project costs from non-HCR sources will receive maximum points.
  
- Sponsor characteristics – up to 11 points
  - Points are apportioned based on the development team's history of successfully developing previous HCR-funded projects on-time and on-budget; meeting and exceeding MBE, WBE and SDVOB participation goals on previous HCR-financed projects; and the successful management of previously financed HCR-regulated projects. HCR uses a rolling look-back period. Applicants without HCR experience may submit for consideration a letter from another tax credit allocating agency documenting successful experience in similar projects.
  
- Transit-oriented Development – up to 2 points
  - Projects will be scored on the basis of location in close proximity to public transportation (i.e., a safe ½ mile walk) and/or frequently occurring public transportation (available 7 days a week on a repetitive, fixed-route schedule that is regular and continuing). Projects meeting both of these criteria will be scored most favorably.

# LIHTC Scoring Detail (3)

## ➤ Affordability – up to 7 points

- Scored on the percentage of 9% LIHTC units in the project which will be affordable and targeted to persons with the lowest incomes (e.g., 30 percent, 40 percent, or 50 percent of area median income). Projects that offer at least 20% of units to households earning up to 30% AMI, and/or at least 50% of units to households earning up to 50% AMI will be scored the most favorably.

## ➤ Individuals with children – up to 5 points

- Points are awarded based on the ratio of bedrooms to units in a project as a measure of the degree to which the project will serve families with children. Projects with an average of 2.0 bedrooms per unit will be scored most favorably. Note: to qualify for points under this scoring criterion, the project must meet either the Projects in Well-Resourced Areas (WRA) State Housing Goal or advance a neighborhood specific revitalization plan and/or effort.

# LIHTC Scoring Detail (4)

## ➤ Special Housing Needs and Supportive Housing – 5 points

- Tiered scoring based on the percentage of the 9% LIHTC-assisted units which are reserved for persons in need of supportive housing (see QAP definition at Section 2040.2(s)), as evidenced by a narrative (pursuant to Attachment B-6), comprehensive service plan and a written agreement/commitment from a provider experienced in meeting the specific service needs of persons for which the preference is provided. Projects providing preference in tenant selection for at least 50% of the 9% LIHTC-assisted units for persons in need of supportive housing will be scored most favorably.

OR

- Scored on the preference in tenant selection will be given to projects serving 55+/62+ senior populations with an Aging-In-Place plan included as part of the project narrative.

## ➤ Projects in Well-Resources Areas – up to 5 points

- Scored on the basis of the project's location in a Well-Resourced Area as determined by several criteria that reflect neighborhoods' economic, educational, demographic and amenities characteristics (Neighborhood Resource Index (NRI)). Projects located in Tiers 1 and 2 will receive points, with those located in Tier 1 scored most favorably. Note this scoring criteria is applied for every project, whether or not the proposal is deemed to qualify under the Projects in Well-Resourced Areas (WRA) State Housing Goal.

# LIHTC Scoring Detail (5)

- Investment in Underserved Areas – 5 points
  - Scored on whether there is an unmet demand for affordable housing (defined as a market study capture rate of <10%); and limited or no subsidized affordable housing production in the past 10 years within the primary market area. A perennial need for affordable housing is assumed for projects located in NYC. Applicants must provide a map of the Primary Market Area (PMA) clearly identifying the existing regulated affordable housing properties in the PMA developed in the last 10 years as part of the market study (see CPM Section 5.0). No points will be awarded if this map is not included in the market study.
  
- MWBE and SDVOB – up to 5 points
  - Scored to the extent the project development team includes NYS certified minority and/or women-owned businesses and service-disabled veteran-owned businesses. Points are awarded if an M/WBE or SDVOB will serve as the project owner/sponsor/developer with a controlling or material interest (i.e., 50.1% or more) in the general partnership (LP) or managing member (LLC) throughout the development, construction and regulatory term of the project; and/or to the extent M/WBEs or SDVOBs will serve major roles in the development team (e.g., Co-developer/Owner with a >50% interest, attorney, management agent, CPA, consultant, architect, GC).
  
- Historic Nature – up to 2 points
  - Points are awarded if either the project site is listed on the NYS or National Register of Historic Places (or other technically equivalent designation status); and whether it is demonstrated that the project is eligible to receive the federal historic tax credit, will apply, and reflects anticipated funding in the project budget.

# LIHTC Scoring Detail (6)

## ➤ Mixed income – up to 4 points

- Scored to the extent the project would serve households earning above 60% of AMI. Projects proposing 20% or more of the HCR-assisted units for households earning above 60% AMI and/or above 80% AMI are the most favorably scored.

## ➤ Additional HCR Accessible Units – up to 5 points

- Scored on whether:
  - the applicant has certified there is sufficient market demand for the number and type of units proposed, has entered into a written agreement with experienced service organizations to provide appropriate referrals for fully accessible and adapted, move-in ready units and has reviewed the HCR Guidelines for NYS HCR-Funded Housing Accessible Units for those with Mobility and/or Hearing/Vision Impairments at <https://hcr.ny.gov/marketing-plans-policies>; and
  - the architect has certified the information in Exhibit D-7 is correct.
- Projects proposing additional HCR Accessible Units above the baseline requirement cited in the HCR Design Guidelines will receive points based on a tiered scoring basis outlined in the 2025 Multifamily Finance 9% LIHTC RFP.

# LIHTC Scoring Detail (7)

## ➤ Sustainability – up to 5 points

- Scored on the extent the project identifies and will comply with a Stretch Sustainability Goal above Sustainability threshold requirements. Specifically, applications must identify and demonstrate design compliance with one of the Stretch Sustainability Goals in Attachment D-6.
- Applications must also include a smoke-free housing statement to receive Sustainability points.
- Note that cost effectiveness and Sustainability points are linked to encourage cost containment. It is recognized, however, there is a cost differential for higher energy efficiency. Therefore, a cushion is built into the cost effectiveness analysis for those projects choosing a Stretch Sustainability Goal to incentivize opting for the higher standards.

## ➤ Cost effectiveness – 5 points

- Points will be awarded to individual projects based upon a comparison of project costs to the costs proposed in other complete project applications under the same RFP and in the same cost region.
- For scoring purposes, HCR will award points to projects as described in the RFP. A buffer is incorporated for projects choosing a Stretch Sustainability Goal.

# LIHTC Scoring Detail (8)

- **Project readiness – up to 10 points**
  - Scored on the extent the application demonstrates the likelihood of a construction closing in the shortest possible timeframe based upon an assessment of the status of financing commitments and whether the project is supported by implementation measures. To maximize points under this criteria:
    - Firm commitments have been obtained for 100% of the non-HCR construction and permanent financing;
    - Full site control must be demonstrated;
    - The project must have received all applicable environmental approvals and clearances necessary to proceed to construction financing; and,
    - The proposed project is supported by multiple implementation measures, including but not limited to, a documented rental or operating subsidy; infrastructure improvements; real property tax relief; municipal financing assistance; municipal or not for profit land donations; fee waivers; a coordinated SEQR etc..
    - The project is supported by as-of right zoning, local issuance of Site Plan approval, rezoning or area variance approval.

# LIHTC Scoring Detail (9)

- Participation of not-profit organizations – up to 4 points
  - Maximum scoring points are awarded if a local 501(c)(3) or(c)(4) non-profit organization(s) or its wholly-owned for-profit subsidiary(ies) will serve as sole general partner of limited partnership (or sole managing member of the LLC) which will own the project. The NFP entity meet the following standards: i) a fostering of low-income housing as one of its tax-exempt purposes and ii) is not affiliated, established, or controlled by a for-profit entity.
  - Two points will be awarded if a local NFP with demonstrable housing experience and capability, has a defined and substantive role in the ownership, development and management of the project through the extended use period.
  - One point will be awarded if a NFP that does not qualify as a local non-profit organization(s) under section 2040.2(o), or its for-profit wholly owned subsidiary(ies), has a defined and substantive role in the ownership, development or management of the project through the extended use period.

# Underwriting Evaluation

- HCR considers three aspects of UW when evaluating proposals:
  - **Market Support:** The extent to which the project conforms to and is supported by a market study that complies with HCR Market Study Guidelines in the CPM, including projecting an acceptable capture rate, etc.
  - **Operating Economics:** Extent to which project complies with agency underwriting requirements with respect to project operations, applicable minimum rent burden requirements, cash flow policies, reserve contribution requirements, etc.
  - **Plan of Finance:** Extent to which project complies with agency underwriting requirements with respect to financing, including but not limited to funding commitments, documentation of expenses, deferred developer fee requirements (independent of HCR's excess cash flow policy), etc.

# Underwriting Evaluation (2)

The latest QAP allows HCR to assign a scoring system to project underwriting (UW) in determining LIHTC allocations.

- Previously, UW reviews were assigned a letter grade. Applications that did not achieve a certain grade threshold were not considered for funding.
- HCR has retained the basic grading concept and the three elements of UW but now assigns a point value to each grade.

## Scoring Rubric

Category	A Rating	B Rating	C Rating
Market	10	5	0
Operating Economics	20	10	0
Plan of Finance	20	10	0

# Underwriting Evaluation (3)

Possible UW Point Combinations:

Market	Operations	Finance	Total Score
A	A	A	50
B	A	A	45
B	B	A	35
B	A	B	35
B	B	B	25

C in any category results in 0 points for UW, and the project will be effectively be deemed non-competitive. Grades of C include but are not limited to circumstances such as negative cash flow, capture rates exceeding 20%, deferred developer fee exceeding 1/3, missing funding commitments, and other UW issues that cannot be addressed post award without substantial impact to the plan of finance or operating economics.

# Technical Assistance

- Do **NOT** wait until August 7, 2025 to submit the request for Technical Assistance. The later a Technical Assistance session is requested, the lesser the likelihood the request can be accommodated.
- TA sessions will be scheduled up until 1 week prior to the application submission deadline.
- All required documents must be included in the Technical Assistance request in order for the session to be scheduled. Please review the submission requirements carefully.
- Application summaries were issued for unsuccessful applications from previous rounds. Applicants should rely on those summaries in preparing the 2025 submission.
- TA sessions are not necessary for resubmitted projects unless a session has not occurred in the previous 12 months or the project has changed significantly, i.e., new site, different unit/income mix.
- Sustainability Review Meetings (SRM) **ARE REQUIRED** for all projects regardless of when the TA session last occurred and are required for both new and resubmitted projects.

# Final Thoughts and Reminders

- Questions may be asked ONLY through email submission to [9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov). Questions and Answers will be posted and updated periodically. Please check the website daily.
- Reminder: Applicants must be an existing legal entity with a Federal ID Number
- Reminder: All application components must be submitted and submitted in the appropriate file format(s). For example, a single .pdf document of the entire application cannot be reviewed and will be deemed unresponsive to the RFP.
- Don't wait until the last minute to begin the application.
- Continue to check [www.hcr.ny.gov/multifamily](http://www.hcr.ny.gov/multifamily) in case of updates. Any updates to documents will be posted in the Record of Revisions.
- Good luck!

# Questions & Answers

[9%RFP@hcr.ny.gov](mailto:9%RFP@hcr.ny.gov)

[www.hcr.ny.gov](http://www.hcr.ny.gov)