HCR Multifamily Finance 9% RFP – 2025

Questions and Answers #1

Underwriting:

Q1: Are there cash flow limitations on the non-residential CIF space?

A: For CIF funded spaces, there is no cash flow limitations on the non-residential space. However, the CIF term sheet requires non-residential uses to meet one of the criteria listed below:

1. Clearly serves the critical unmet needs of the tenants in the affordable housing development; or
2. Clearly advances a Regional Economic Development Council or Downtown Revitalization Initiative approved strategic investment plan.

Q2: Can the term and amortization for a permanent loan be different?

A: HCR's preference is for fully amortizing loans; however, on an exceptional basis we will allow a ballon loan structure. The sponsor needs to provide a re-fi risk analysis that shows there will be no issue with re-financing the balance due at the end of the loan term, based on projected value of project, and stress testing for higher interest rates.

Q3: Can a Round 9 ESSHI Conditional awardee increase or decrease the number of conditionally awarded ESSHI units as part of the 2025 9% LIHTC Underwriting Application?

A: Member agencies of the ESSHI Interagency Workgroup that administer ESSHI contracts (State Contracting Agencies) have consistently allowed fluctuations in the number of ESSHI units between conditional and permanent ESSHI awards, provided that the change is supported by the community need demonstrated in the application, that no population intended to be served is substantively reduced or eliminated, and that no new populations are introduced. It is within the purview of the assigned State Contracting Agency to provide a definitive decision. HCR, in its review of applications under the 2025 HCR Multifamily Finance 9% LIHTC RFP, will assume that the policy of the ESSHI Interagency Workgroup allowing this flexibility will remain. HCR routinely conditions its 9% LIHTC awards on securing a permanent award from the Workgroup and will coordinate with the ESSHI Interagency Workgroup in the event the Round 9 ESSHI awards are not made prior to the 2025 9% LIHTC submission date.

Q4: If we are assuming HCR subsidy coming in as a construction completion payment, should we show that amount as a construction source?

A: No. These funds will not be available until a certificate of substantial completion is provided by the project architect; therefore, they will not be available to pay for construction costs. They

will be used to pay down the construction loan after construction completion to reduce the interim interest accruing until conversion to permanent financing.

Q5: What is the hold back required on a HCR Construction Completion Payment?

A: There is a $25,000 single hold back as indicated in the underwriting model's Project Debt and NOI tab.

Q6: What funding sources or project types are NOT eligible for a HCR Construction Completion Payment?

A: HOME ARP, Solar For All (SFA) and Clean Energy Initiative (CEI) are not eligible for a HCR Construction Completion Payment. Subsidy "stand -alone" projects that do not involve federal or state tax credits are also not eligible for a HCR Construction Completion Payment.

Q7: Can we use a 7% residential vacancy factor in the underwriting model?

A: No. HCR vacancy standard remains unchanged at 5%.

Application:

Q1: Are the CIF Exhibit A-1a: Application Submission Checklist requires Attachment C-1: Market Study/Market Analysis, Attachment C-1: Neighborhood Specific Revitalization Plan and Exhibit D-7: Visitable, Accessible and Fully Adapted Units required for non-residential units?

A: For non-residential projects, a market analysis or other evidence acceptable to HCR clearly demonstrating that there is sufficient demand for the proposed non-residential use at rents assumed in the income and operating budget is required per the CIF term sheets (pages 4 and 5). This could be a letter from a market analyst, real estate broker, etc. to show that the proposed use is needed in the neighborhood and should include market comps (as requested in Attachment B-7). The non-residential building will need to meet local accessibility codes. A letter from architect's stating that codes have been met should be submitted. Additionally, if there are any green and energy efficient initiatives used in the non-residential building, the letter should include that.

RFP:

Q1: If the municipality where our project is located does not have a neighborhood-specific revitalization plan that meets HCR's criteria, are partial points available is the project advances objectives of some other local planning document (i.e. a housing needs assessment or county-wide strategic plan)?

A: Please refer to Section IV. of the 2025 9% LIHTC RFP for updated scoring criteria based on the updated QAP effective 6/11/2025.

Q2: Our project has a pending HHAP application and we are concerned about whether it will be successful and the impacts on the HCR application. May we present a budget to HCR without HHAP and adjust sources later if HHAP is awarded? Alternatively, may we submit two budget scenarios, with and without HHAP, for consideration?

A: The RFP indicates that a single financing plan must be submitted. Applications that propose multiple financing scenarios will be deemed ineligible. Exhibit F-1 further describes that government sources applied for or awarded must be included in the HCR Underwriting Application. Failure to include pending government sources as part of the HCR application will result in termination. HCR requires letters of commitment from each construction and permanent funding source at application but makes allowance for pending applications from government sources. HCR will coordinate with other State agencies to confirm applications/awards after submission of the HCR application. Government sources that are not awarded at the time HCR makes funding determinations will be considered by HCR as having a financing gap. Applicants must evaluate the risk of submitting (or withdrawing) applications for other government sources that will be pending at the time of submission of the HCR application.

Q3: Is a project qualifying as a Project in a Well-Resourced Area eligible for an HCR-authorized 9% LIHTC basis boost?

A: A project which qualifies under the parameters of the Projects in Well Resourced Area State Housing Goal may be eligible for an HCR-authorized basis boost if the boost is needed to ensure the project's financial feasibility.

Q4: Is an Aging-in-Place Plan (pursuant to CPM 5.15.05) required for projects where only a small portion of units are age-restricted (i.e., a project with 60 units where 5 are ESSHI units for frail elderly seniors and the remaining 55 are not age restricted)?

A: Both the 2025 ESSHI RFP and the 2025 HCR Multifamily Finance 9% LIHTC RFP indicate that projects proposing to serve seniors must comply with HCR's Capital Programs Manual (CPM) Section 5.15.04 "Identification of a Senior Housing Project". The CPM language reiterates the exemption to the federal Fair Housing Act provided in the Housing for Older Persons Act (HOPA) that allows age-restricted housing. Specifically, that at least 80% of households in the project must be occupied by one resident that is aged 55 or older, or for projects targeting seniors 62+, 100% of the units must be occupied by a resident 62 or older. Therefore, applicants proposing to include a portion of units for seniors (55+) or ESSHI-eligible seniors that comprise less than 80% of the units would not comply with these requirements.

For senior projects, a plan to provide access to aging-in-place programming is required to benefit the senior tenants occupying units not designated as supportive housing. For supportive

housing units serving seniors, it is assumed that a more robust supportive services plan would be in place, obviating the need for aging-in-place programming.

Q5: Can we propose the bifurcation and transfer of the State Historic Tax Credits our project is likely to receive, if funded?

A: Yes. Project applications submitted under the 2025 9% RFP, which otherwise qualify for receipt of the federal and NYS Historic Tax Credit (HTC), may propose the transfer of the State HTC's to a third-party investor which is not part of the project's ownership entity. Applicants are advised to contact Beth Cumming at the State Historic Preservation Office, Beth.Cumming@parks.ny.gov.

Technical Assistance:

Q1: Is the Solar Evaluation Tool (SET) to be submitted along with the other required Technical Assistance submissions? Or is the SET to be submitted as a separate submission for the Sustainability Review Meeting?

A: In order to request a 9% LIHTC RFP Technical Assistance session, applicants must submit the required documents listed at https://hcr.ny.gov/system/files/documents/2025/07/technicalassistanceformultifamily9lihtcrfpapplicants.july2025.pdf. The submissions for the Sustainability Review Meeting are included in the list of required documents. Once all required Technical Assistance documents are submitted, OF&D will coordinate internally with Sustainability and Sustainability will then contact the development team directly to schedule the Sustainability Review Meeting. For applicants who have received a Technical Assistance Session within the past 12 months, the required Sustainability Review Meeting documents (B-2 Project Narrative, D-1 Preliminary Plans include roof plans and SET) ONLY must be submitted to 9%RFP@hcr.ny.gov. OF&D will coordinate internally with Sustainability and Sustainability will then contact the development team directly to schedule the Sustainability Review Meeting.

Environmental:

Q1: Does the Nationwide Permit #3 (NWP-3) have to be submitted at application in order to pass Environmental Threshold?

A: The NWP-3 is not required to pass Environmental Threshold review.

Q2: If Attachment E-6 Site Suitability Narrative (SSN) has previously been accepted, does a new SSN have to be prepared if a project was not funded in the past round?

A: No, the E-6 Site Suitability Memorandum does not need to be dated/updated within a specific period of time from the application deadline. If a Site Suitability Memorandum has been previously accepted, a new Memorandum need not be prepared unless substantial changes have occurred in the site area (e.g., rezoning, new construction of industrial facilities, etc.). The application should indicate that the attached Memorandum has been previously reviewed and accepted.

Q3: Is Attachment E-6: Site Suitability Narrative required for a non-residential CIF stand-alone building?

A: A Site Suitability Narrative is not required for standalone CIF awards for commercial-only activities.

- If the building includes residential units without HCR funding, site suitability review is still not required.
- If the building includes residential units being developed with HCR funding that follows the Design Guidelines, then site suitability review is required.
- If the building includes residential units being developed with HCR funding that does not follow the Design Guidelines, further consultation should be made with the Director of the Environmental Unit, the AVP of Design, Construction and Environment, and the Program Manager of the source funding the residential development to determine how to proceed with regard to the residential portion of the development.

<u>Term Sheets:</u>

Q1: The 2025 SHOP term sheet does not mention SHOP subsidy being available for the non-supportive units in a supportive housing project outside of the NYC area. In the past, there was an amount available per supportive unit and a lower amount available for the non-supportive units in the same project. Is there an amount of SHOP subsidy available for the non-supportive SHOP units?

A: A non-supportive SHOP unit is referred to as “other income restricted unit” in the SHOP term sheet. This is the same term sheet terminology as in past years.

Q2a: For the Solar For All (SFA) calculation of mutual benefits and the operating budget, is the correct way to show the calculation as the common area utility number from the energy consultant budget, have the consultant state the estimated savings in their letter and then add 50% of the savings to the reserve?

A: The meaningful benefits calculation will be performed by HCR Sustainability and included in the Meaningful Benefits Agreement as an attachment to their SFA Letter post-award, which must be signed by the developer. The calculation is based on the estimated electricity cost

savings from the final solar PV design, minus any service contracts and an allowance for solar maintenance reserves.

Q2b: Should the application include the letter from the energy consultant stating estimated utilities, enter those estimated utilities in the operating budget and wait until award to get the meaningful benefits calculation?

A: Any utility estimates from an energy consultant would be helpful for our initial SET assessments and Sustainability Review Meetings with project teams. Teams will not need to include any meaningful benefits estimates for the 9% RFP application or for budgeting purposes. All of the calculations and Meaningful Benefits Agreement will be provided post-award once the solar designs are finalized.

Please refer to the Solar Programs webpage where additional solar FAQs are posted.

Design:

Q1: The 2025 NYS Building Code (that will go into effect on 12/31/25) now will require 20% Type A Units minimum in R-2 apartment projects (for projects with more than 20 dwelling units). The HCR Design Guidelines requires that at least 5% of the units meet the HCR Accessible Unit requirements which is equivalent to a Type A unit, and projects are awarded points in the RFP for providing up to 15% of the units as HCR Accessible Units. Can you clarify if HCR will be looking for these 20% Type A units during review of the applications (and not just 15% for maximum points)?

A: Not all 2025 NYS Building Code required Type A units (20%) are required to be designated as HCR Accessible units. Please also note that HCR Accessible Units are required to be fully adapted with additional requirements specified in the Design Guidelines, while Type A units per building code allow for a certain level of adaptability.

HCR Accessible units, which should be listed in Exhibit D-7, are regulated during the HCR regulatory period, and have certain restrictions including but not limited to the tenant qualifications; the units must be rented to person with mobility impairments. HCR tenant qualifications for HCR Accessible Units wouldn't apply to the remaining Type A units that are required per 2025 NYS Building Code.

Please note that Exhibit D-7 requires the development team to certify following statement:

By including HCR Accessible Dwelling Units in the project which exceed the number required by the HCR Design Guidelines, the architect is certifying that the information contained in this form is correct and the applicant is certifying to HCR that there is sufficient demand for the number and type of units proposed by eligible households with at least one person who is mobility, hearing or vision impaired; and, the applicant has entered into a written agreement with a service organization(s) experienced in serving the needs of persons with mobility,

hearing, and/or vision impairments to refer to the project a sufficient number of prospective tenants requiring fully accessible, adapted, move-in ready units. Please note, an HCR Housing/Services Agreement should not be used as a written agreement for fully accessible and adapted units. Please also reference HCR's Guidelines for NYS HCR-Funded Housing Accessible Units for those with Mobility and/or Hearing/Vision Impairments at https://hcr.ny.gov/system/files/documents/2025/03/doc-z3-accessible-units-management-memo-20250318-1.pdf.

The development team should complete Exhibit D-7 and designate HCR accessible units based on the market demand with necessary back-up documents.

Q2: Borrowed light - is there an exception to ventilation? How and why is this a compliant bedroom option?

A: Exceptions that allow for artificial light and mechanical ventilation are permitted by NYS code, however, the HCR Design Guidelines required that both natural light and ventilation be provided in dwelling units. Where there are unique circumstances in existing buildings that may restrict projects from meeting the natural light and ventilation requirements of the Design Guidelines, additional guidance is provided on what is considered an acceptable proposal for borrowed light in bedrooms. This is to ensure designers understand the threshold for borrowed natural light that may be permitted in certain projects is still greater than what the code permits for artificial light.

Q3: Copper water mains were previously required, is CPVC now allowable?

A: The 2025 HCR Design Guidelines do not have specific requirements for water mains. CPVC piping may be used for the main building distribution lines in a building when it meets the requirements listed in Section 3.3.2 of the 2025 Design Guidelines.

Q4: For play areas, would a waiver request be required if a project has multiple phases and ultimately satisfies the requirements but only at the completion of all phases?

A: Yes, a waiver would be required. Please note that HCR will likely require the play area to be installed in the first phase unless there are unique circumstances presented to HCR that are acceptable.

Q5: Would the change to intercoms now allow a smart-phone based system?

A: Yes, smart-phone and other personal device based intercom systems are permitted. Please note that all equipment and services must be provided to ensure all tenants are able to use the intercom system. In some situations where tenants do not own a personal device capable of operating the intercom system, the project must provide a device for operating the intercom system to the tenant at no additional charge.

Q6: If your project is already submitted but closing date not yet established - we've designed the project to the current standard and everything has been submitted. Should we plan to

request waivers for all changes if the closing gets kicked to the beginning of next year?

A: Yes, project should submit waivers for any criteria that they cannot meet and include justification for infeasibility in meeting the new requirements.