Notice of Funding Availability

Reserve Replenishment Program Term Sheet

Overview and Purpose

NYS Homes and Community Renewal's (HCR) Reserve Replenishment Program, through the Housing Trust Fund Corporation (HTFC) and Housing Finance Agency (HFA), provides funding to projects that have regulatory agreements with HTFC, HFA, and the Division of Housing and Community Renewal (DHCR). Funding is intended to replenish reserve amounts for projects that have a demonstrated need.

Priority is given to projects in accordance with the information set forth herein. Applicants are strongly encouraged to apply for only the funding necessary for the financial feasibility of the project. HCR reserves the right to allocate funding to ensure that the broad range of statewide housing needs are met. This term sheet shall serve as the notice of availability of funding.

Eligible Uses

The replenishment of project replacement reserves or operating reserves (Eligible Reserve Accounts) of multi-family rental housing developments which are subject to and required by an HFA, DHCR or HTFC Regulatory Agreement.

Eligible Applicants and Priorities

Applicants must be subject to a current HFA, DHCR and/or HTFC mortgage and/or regulatory agreement. The funding award is intended to replenish or increase reserve amounts for projects that have a demonstrated need. Funding shall be available to applicants statewide.

Priority shall be given to projects which meet the following criteria:

- Projects owned and operated by non-profit sponsors
- Projects experiencing financial distress
- Projects in the middle of their regulatory terms

Financing Structure and Term

Awards made pursuant to this program shall be made as grants or 0% interest loans, subject to the needs of the property and the requirements of existing loan and partnership documents. Grants will be subject to a grant agreement and a subordinate compliance and enforcement mortgage, and loans will be secured in the form of a subordinate note and mortgage. If existing HFA/DHCR/HTFC debt exists, it is anticipated that the Reserve Replenishment subsidy shall be coterminous with these loans. However, a minimum term of 10 years will be required for grants/loans made under this program.

Award Amounts

Grant/loan amounts shall be the difference between the current Eligible Reserve Accounts account balance and the following thresholds:

For Replacement Reserves: Up to $1,000 per unit plus $250 per unit per year the project has been occupied.

For Operating Reserves: Up to three months of debt service plus three months of HFA/HTFC/DHCR-approved operating expenses.

Actual award amount will depend on available resources.

The maximum award to any project shall be $250,000.

Additional Criteria

- Projects will be expected to resolve any outstanding compliance issues with any regulating government entity prior to award disbursement
- Projects will be expected to have requested use of investor-held, non-HCR required reserves, if applicable, prior to submitting application
- Anticipated closing timeline is 3-6 months. Applicants will be required to submit all requisite materials as may be requested by program or as may be required by the HFA or HTFC/DHCR legal unit
- Project should provide documentation outlining the financial limitations which necessitate the replenishment of reserves

Application Materials

- Cover letter with the following information:
    - The replenishment amount requested and for which accounts
    - How the award should be distributed (grant or loan). If requesting a loan, please confirm the appropriate structure with the project investor and/or lender (if applicable).
    - Any external approvals required (e.g. other lenders, investor, etc.)
    - The broader context of the request, including a summary of the property's financial and physical health (vacancy, collections, arrears, capital needs) and the cause of the low reserve balance(s).
    - Description of how a replenishment of the project's Eligible Reserve Accounts will put the property on a path toward long-term stabilization.
    - Whether there are any additional project reserves or escrows and an explanation of the applicant's ability/past efforts to access these funds
- Reserve account bank statements dated within 30 days
- Latest audited project financial statements
- Rent roll
- Latest organizational chart

Affordability Requirements

Each project shall continue to be subject to their respective existing regulatory agreement(s) restrictions including area median income restrictions.

Regulatory Agreement Requirements

For projects with fewer than 10 years remaining in their affordability periods, an extension will be required for up to 10 years from the date of grant/subsidy closing for each existing HFA/DHCR/HTFC regulatory and loan document (making them coterminous with the reserve replenishment grant/loan documents).

Other regulatory agreement modifications may be required to bring it into compliance with current Agency policies (e.g. waiver of qualified contract).

Fees

$5,000 due diligence fee paid prior to loan/grant funding.

Contact

Please reach out to reservereplenishment@hcr.ny.gov with any questions.

Application Link

Please use this link to complete your application. All supplemental materials should be sent to reservereplenishment@hcr.ny.gov with the project name and the Project ID in the subject line. *Note: the format of this ID is 8 digits, followed by a dash and 5 more digits; if unsure please use HCR's Multifamily Asset Map to look up your project and view the "SAMIS Project ID" in the attribute list*.

COMPLIANCE WITH ALL FEDERAL AND NYS REQUIREMENTS

By submitting a NOFA Submission, the applicant acknowledges that, if awarded a contract, they will be solely responsible for ongoing compliance with any and all applicable Federal and State requirements related to the program outlined or included in this NOFA. The requirements included in this NOFA are not necessarily comprehensive, and it is the successful applicant's responsibility to remain knowledgeable of, and compliant with, any new or revised rules that are adopted during the life of the contract.

HCR/HFA/HTFC retains the right to revise this NOFA/term sheet from time to time and to waive any requirement contained therein, subject to the applicable statutes and program regulations. HCR/HFA/HTFC also retains the right to not award any or all of its funds under this program. All proposals must comply with all applicable federal, state and local laws.