

## **2026 Tax-Exempt Private Activity Bond Reserve Request Application**

### *For Housing and Economic Development Projects*

Empire State Development (ESD) administers New York State's tax-exempt private activity bond volume cap program. Each year, the Internal Revenue Service (IRS) publishes the per-capita multiplier for private activity tax-exempt bonds, which sets a statewide limit on the amount of tax-exempt bonds that can be issued each year. The resultant "volume cap" is allocated into three pools: (1) New York State's 104 different IDAs ("local issuer set-aside" allocation) using a population-based methodology, (2) New York State's Housing Finance Agency (Homes & Community Renewal or "HCR"), and (3) the Statewide Reserve. ESD awards volume cap from the Statewide Reserve to IDAs on an ad-hoc basis in cases in which the "as-of-right" volume cap from the IDA cannot close a project's funding sources.

In 2025, the per capita multiplier was \$130 per capita, the New York State volume cap was approximately \$2.7 billion, and the IDA as-of-right, Housing Finance Agency (HCR), and Statewide Reserve "pools" amounted to approximately \$900 million. In 2026, the per capita multiplier is \$135 per capita.

As tax-exempt bond financing is a scarce resource, ESD is required to allocate the State's resources judiciously. Therefore, ESD requires the items listed below to best analyze a project's true need for bond financing. If a project is financeable via a private lender, ESD prefers to allow the private market to facilitate. ESD sees its role as a lender of last resort for projects whose public benefits and/or below-market rents necessitate that below-market financing be put in place to enable development.

Tax-exempt bonds can be used to finance the development of both (1) affordable / below-market rate housing development projects and (2) economic development projects. For both types of projects, ESD prefers to see substantial private investment in the capital stack. ESD's key policy objectives are as follows:

- 1) Housing
  - a. Affordability at as low an area median income as financially feasible
  - b. High number of affordable units developed
  - c. Maximum tenure of affordability or permanent affordability
- 2) Economic Development
  - a. Investment in an under-resourced county/community
  - b. Investment in an industry that (1) has demonstrable public benefits in the form of job creation or public realm improvements and (2) has historically struggled to attract private investment in the project's local community
  - c. High number of permanent jobs created
  - d. High number of temporary jobs created

Please explain to the best of your ability the project's public benefits and need for low-interest bond financing in the following sections.

## **Required Documents for Submission**

### **Administrative**

- Cover Page, with:
  - Sponsor NY State Industrial Development Agency Name
  - Applicant Entity Name
  - Applicant Entity FEIN
  - Project Name
  - Project Address
- Entity Organizational Chart
- List of project team members (developer, general contractor, property manager, architect, engineer, consultant, etc.)
- List of previous similar/applicable projects developed, if applicable
- Project Schedule, including:
  - Bond and Land Closing Schedule
  - Construction Schedule
  - Lease-Up Schedule
  - Anticipated Refinancing or Property Sale Schedule
- Job Creation Plan, with number of construction jobs and permanent on-site jobs created, average gross annual salary of each job type, and percentage of project's employees that will be/are residents of New York State
- If an economic development project, percentage of company's product or service sold within New York State
- Previous Year Developer/Project Sponsor Federal Tax Returns
- Previous Year Developer/Project Sponsor State Tax Returns

### **Financial**

- Development Budget / Use of Funds table, with:
  - Land/Property Acquisition Cost
  - Hard Cost breakout by trade from General Contractor
  - Soft Cost breakout (architectural and engineering, legal, accounting, permit fees, operating insurance, etc.)
  - Contingencies (GC contingency, developer hard cost contingency, soft cost contingency, project contingency, etc.)
  - General Contractor Fees / Construction Management Fees, if applicable
  - Insurance
  - Developer Fee, if applicable
    - *Note: projects with discretionary developer fees that ESD deems higher than market will be modified or disqualified*
  - Financing / Lender Fees, if applicable
  - **For Economic Development Projects:**
    - Machinery & Equipment Cost
    - Furniture, Fixtures & Equipment
    - Training

- Source of Funds table with funding amount and percentage of development budget funded, with line items for:
  - As-of-right Sponsor IDA tax-exempt bond amount
  - Requested Statewide Reserve tax-exempt bond amount
  - Developer/Project Sponsor Equity
  - Subsidy or Grant funding, if applicable
  - Bank or Debt Fund loan, if applicable
- If a housing project, unit mix with:
  - Unit size (in rentable SF)
  - Unit type (studio, 1-bedroom, 2-bedroom, etc.)
  - Number of units of each type
  - Renter demographic addressed by unit (seniors, veterans, voucher-holders, etc.)
  - Underwritten rent in chunk rent and \$ per RSF format
  - Rent type (market or affordable at [X %] of applicable Area Median Income)
  - Percentage of units designated “affordable”
- 10-Year Stabilized Cash Flow Projection with:
  - Operating Cash Flows, with
    - Rental revenues
    - Other income revenues (parking fees, storage fees, late fees, pet fees, etc., if assumed)
    - Operating expenses (utilities, electric, repairs & maintenance, turnover costs, leasing staff, property management fee, operating insurance, real estate taxes, etc.)
  - Financing Cash Flows:
    - Bond funding cash flows
    - Subsidy or Grant funding cash flows, if applicable
    - Developer Equity funding cash flows
    - Bank or Debt Fund loan funding cash flows, if applicable
    - Cash Flows from Refinancing or Sale of Property

#### Design and Approvals

- Site Plan
- Preliminary Renderings and Elevations
- Sustainability Plan, if applicable
- Local City Planning and/or Building Department Approvals, if applicable

#### Letters

- Two (2) Letters of Reference, with contact information, from development partners, lenders, public agency partners, etc.
- Two (2) Letters of Support, with contact information, from local elected officials, civic organizations, public agencies, etc.
- At least one (1) Construction Loan Letter of Intent from Private Lender of Commercial Bank, with anticipated proceeds amount and interest rate
- New York Homes and Community Renewal (HCR) Soft Commitment Letter, if the project contemplates 100% affordable housing, is pursuing LIHTC, or is pursuing state subsidy

**Narratives (500 Word Maximum):**

*Please explain why the town, city, and/or county where this project would be built or developed would benefit from the project proposed in this application:*

*Please explain why the applicant entity is uniquely qualified to execute on this project. Please give number of years of experience, number of applicable projects developed, and names of third parties (general contractors, architects, engineers, etc.) with whom the applicant typically works, as applicable:*

*Please explain why this project cannot be financed using solely private sources (bank, private debt funds, friends and family sources, etc.). As an attachment to the application form, provide project underwriting reflecting private financing sources (not applicable for 100% affordable housing projects):*

*Please explain how the project's operating assumptions were determined:*

*Please explain how this project's design and site plan were determined:*