

Small Building Homeownership Development Program

Program Overview	
Program Description	<p>The Small Building Homeownership Development Program will provide subsidies to developers who create affordable homeownership opportunities for low- and moderate-income households who have not traditionally had access to these prospects. The subsidy is focused on the opportunity for low- and moderate-income households to build equity over time, while preserving affordability for future generations. The subsidy will be used to reduce the sale price for affordable homeownership in condominium or coops. Future sales or refinances can realize appreciation up to 2.5% per year on the original purchase price. Future purchasers earn no more than the unit's income cap.</p> <p>Actual award amounts will be based on the demonstrated need for such funding by underwriting standards of HCR staff and a construction lender, and must be recommended by HCR Staff, and approved by the Board. This subsidy may be combined with other local, state and federal sources.</p>
Financing Requirements	<p>Prior to approval for the subsidy, developers must demonstrate a construction loan commitment from a reputable lender or other construction financing plan that may be acceptable to HFA.</p> <p>Depending on the project sponsor, a developer fee may be allowable but in any project the developer's fee should account for no more than 5% of the total development cost.</p>
Anticipated Amount Available	\$10 Million.
Per Residential Unit Maximum Award	Depending on demonstrated need, up to \$100,000 in order to serve the target affordability range, with most awards expected around \$75,000 per unit. The size of the subsidy request should reflect the depth affordability. Units serving 70-90% AMI will receive preference for requests over \$75,000 per unit.
Minimum Affordable Units	Each project awarded must have a minimum of 30% affordable units with total project units between 10 and 40 units (including market).
Maximum Project Award	Individual awards are not expected to exceed \$2 million, though higher awards may be considered on a case by case basis with a justification acceptable to HFA.
Priorities	Housing Opportunity Projects, Workforce Opportunity Projects, Downtown Revitalization Projects, Community Renewal and Revitalization Projects.
Affordability Targets	The subsidy shall be used to facilitate affordable homeownership for households between 70% and 110% of AMI. The projected sale price for affordable units should consider any maintenance or common charges, taxes, insurance or other housing-related costs that will be incurred on a monthly basis. The projected mortgage payment plus these additional housing-related costs should be 35% of

	the target income for that unit, with no unit having a projected housing payment over 40% of the target income. Proposed sale prices should assume purchasers will make a 3% down payment.
Geographic Targeting	Awards will promote a statewide geographic distribution.
Long Term Affordability Requirements	
Term of Affordability	30 years
Affordability Restrictions	Purchasers must meet the income restrictions for the purchase of affordable units. Additionally, the household asset limit for all homeownership units is equal to the HUD maximum income limit for a household of the same size at 175% of the Area Median Income (AMI).
Future Resale Restrictions	Subsequent sales of affordable homes may to households with a maximum of the same target AMI as the original sale. Homes will be subject to resale restrictions allowing for a maximum 2.5% increase in potential sale price per year. HCR may approve changes to the target AMI on a case by case basis, depending on market conditions at the time of sale.
Regulatory Obligations	For co-ops, the HDFO or other ownership entity will sign a regulatory agreement with HCR. For condos, individual homeowners will do so.
Development Team Requirements	
Eligible Subsidy Recipients	Not-for-Profit or For-Profit Developers and their subsidiaries.
Reviews and Approvals	
Environmental Review	Projects in this program will undergo the standard environmental review procedures dictated by the sources of funding used in the project.
Appraisal Report	An independent appraisal is required and subject to HCR review and approval. The appraisal must agree with analysis of any common or maintenance charges proposed for the operation of a condominium or homeowner association.
Scope of Work	Plans for new construction or adaptive reuse prepared by professional architect or engineer with verified cost analysis.
Conditions for Credit Committee and Board Review	All projects must receive board approval prior to entering any contract.
Equal Opportunity Goals	
Affirmative Fair Housing Marketing Plan Requirements	All projects must comply with NYS HCRs Affirmative Fair Housing Marketing Plan requirements.