NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal

Supportive Housing Opportunity Program

SUPPORTIVE HOUSING OPPORTUNITY PROGRAM (SHOP): SHOP provides gap financing for the creation of affordable supportive housing with on-site supportive services. The use of SHOP funding is limited to projects utilizing federal 9% Low Income Housing Tax Credits (9% LIHTC) and projects financed with HFA bonds. Additionally, the use of SHOP funding is limited to projects with a service and operating award.

Supportive housing projects seeking to include units above 60% AMI (or above 80% AMI if income averaging is utilized) and up to 130% AMI (Middle Income Units) are eligible to apply for Middle Income Housing Program funds subject to the limits specified below, as applicable, and based on demonstrated need for gap financing by HCR underwriting standards.

Applicants can access Section 8 Housing Choice Project Based Vouchers (from HCR through a separate RFP and local administrators) to fund non-Empire State Supportive Housing Initiative (ESSHI) units in an ESSHI project. In New York City, applicants can access Section 8 Housing Choice Project Based Vouchers for rental subsidies for both ESSHI and non-ESSHI units. The ESSHI service and operating award will be reduced to account for services only on ESSHI units.

Priority is given to projects in accordance with the information set forth herein. Actual award amounts must be recommended by HCR staff, and approved by HFA Credit Committee, HTFC and/or HFA Boards, as applicable. HCR reserves the right to substitute SHOP funds with Homes for Working Families funds for projects financed with HFA bonds. Applicants are strongly encouraged to apply for only the funding necessary for the financial feasibility of the project and to leverage funding from non-HCR sources. HCR reserves the right to allocate funding to ensure that the broad range of statewide housing needs are met.

Eligible Uses	New construction of, the adaptive reuse of non-residential property to, or the rehabilitation of unregulated residential property to create integrated affordable supportive housing with supportive services offered to the tenants. Applicants are encouraged to maximize the number of supportive housing units in their developments taking the neighborhood context into consideration. The total number of new supportive housing units must constitute at least 30% (25% for projects with OPWDD units) of the total units in the project. For projects involving the relocation of existing supportive units funded by state rental and operating subsidies, the existing supportive housing units will be considered as “new” supportive housing units for the purposes of calculating the total number of supportive units in the proposed project. Eligible costs are for site acquisition, hard costs, and related soft costs. For projects applying through the HCR Multifamily Finance 9% RFP, permanent financing only. For projects applying for financing with HFA bonds, both construction and permanent financing available.

Area Median Income Restrictions	Up to 60% AMI or 80% AMI if utilizing 9% LIHTC Income Averaging. For projects seeking funding under the Middle Income Housing Program (MIHP), at least 10% but no more than 30% of the units in the project must be for households with incomes over 60% AMI (above 80% AMI if LIHTC income averaging is utilized) and up to 130% AMI. HCR will allow a reduced rent burden to encourage middle- and moderate- income households to reside in economically distressed neighborhoods, such as a Qualified Census Tract (QCT) or a project which is a component of a downtown revitalization effort. In such cases, HCR will allow up to a 20% rent advantage for middle-income tenants. For example, if the rent of a MIHP unit is set at an 80% AMI affordability level, it may be rented to households up to 100% AMI. Projects outside of a QCT or which are not a component of a downtown revitalization effort must be able to achieve rents that are affordable to households with incomes of at least 80% AMI in order to access MIHP funding.
Per Unit Maximum Award	Projects with less than 50% supportive housing or leveraging funds from HPD, HHAP, or other City or State agencies for supportive housing units will not be eligible for maximum SHOP subsidy amounts. The maximum SHOP subsidy amounts are expected only for projects unable to secure leveraged resources and/or for projects where prevailing wages are required. All projects will be evaluated on a case by case basis. <u>For projects financed with HCR 9% LIHTCs</u> New York City, Westchester, Nassau, and Suffolk Counties: Up to $150,000 per supportive housing unit and up to $110,000 per other housing unit. Projects leveraging funds from the City of New York are eligible for up to $100,000 per unit. Rest of State: Up to $85,000 per supportive housing unit and up to $60,000 per other housing unit. <u>For projects financed with HFA bonds</u> New York City: Up to $200,000 per unit for all residential units in projects where at least 50% of the units are designated as permanent supportive housing. Projects leveraging funds from the City of New York are eligible for up to $100,000 per unit. Westchester, Nassau and Suffolk Counties: Up to $200,000 per supportive housing unit and up to $160,000 per additional income restricted unit. Rest of State: Up to $150,000 per supportive housing unit and up to $95,000 per additional income restricted unit. For MIHP financed units, up to $140,000 in MIHP per unit in New York City, Westchester, Nassau & Suffolk counties, and up to $95,000 in MIHP per unit in all other counties.
Interest Rate and Loan Terms	0.5% interest-only paid during construction (only available for HFA-financed projects) and permanent. Minimum of 30 year term, maximum of 50 years.

Supportive Services and Operating Funding	All projects must have a service and operating award or plan. Projects applying through the Multifamily Finance 9% RFP must meet the specific requirements and definition of supportive housing as set forth in the 9% LIHTC Qualified Allocation Plan. HCR anticipates that the operating funding from the services and operating source will at least cover real estate maintenance and operating expenses for the supportive housing units. Applicants should underwrite rents for supportive housing units at an amount affordable to households earning at least 50% AMI.
Priorities	Projects with ESSHI awards and projects which are comprised of at least 50% supportive housing units will have priority.
Target Populations	The eligible target populations to be served under this program are families, individuals and/or young adults who are both homeless and who are identified as having an unmet housing need as determined by the CoC or local planning entity or through other supplemental local, state and federal data, and have one or more disabling conditions or other life challenges, including: • Serious mental illness (SMI); • Substance use disorder; • Individuals diagnosed with HIV; • Victims/Survivors of domestic violence; • Military service with disabilities (including veterans with other than honorable discharge); • Chronic homelessness (including families, and individuals experiencing street homelessness or long-term shelter stays); • Youth / young adults who left foster care within the prior five years and who were in foster care at or over age 16; • Homeless young adults between 18 and 25 years old; • Adults, youth or young adults reentering the community from incarceration or juvenile justice placement, particularly those with disabling conditions; • Frail elderly/disabled seniors, as defined in the ESSHI RFP; • Individuals with Intellectual/Development Disabilities (I/DD). In accordance with the most recent ESSHI RFP, projects of 15 or more ESSHI qualifying individuals, with 30 or more units in total serving applicable populations, will be required to set aside 25 percent of designated ESSHI units for high utilizer Medicaid member. The applicable populations are SMI, substance use disorder, individuals disagnosed with HIV/AIDS, chronic homelessnes, homeless frail elderly/seniors, individuals with developmental disabilities. The ESSHI RFP located at https://omh.ny.gov/omhweb/rfp contains a glossary for population definitions. Definition of Homeless: In order to be considered homeless for the purposes of this program, an individual must meet one of the following criteria:

	(1) an un-domiciled person (whether alone or as a member of a family) who is unable to secure permanent and stable housing without special assistance. This includes those who are inappropriately housed in an institutional facility and can safely live in the community and those young adults, survivors of domestic violence, and individuals with I/DD who are at risk of homelessness, (2) a youth or young adult who left foster care within the prior five years and who was in foster care at or over age 16, and who is without permanent and stable housing, (3) an adult or young adult reentering the community from incarceration or juvenile justice placement, who was released or discharged, and who is without permanent and stable housing, or (4) a young adult between the ages of 18 and 25 years of age without a permanent residence.
Eligible Applicants	Not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations, or private for-profit developers. 80% of SHOP funding will be prioritized for developments controlled by not-for-profit organizations. The following arrangements are acceptable demonstrations of not-for-profit control: • 100% Not-for-profit Development: Projects where the sponsor(s)/developer(s) are not-for-profits. The project will be developed and owned by a not-for-profit or a partnership of not-for-profits during construction and after conversion to permanent financing. • Turnkey Development: Projects where a not-for-profit partner is in a fee development structure with a for-profit partner where the ownership of the project is turned over to the not-for-profit provider after construction completion. • Joint Ventures with Majority Not-for-profit Control: Partnerships between not-for-profit and for-profit entities where the majority ownership is by the not-for-profit (at least 51% ownership by the not-for-profit of the controlling entity of the property owner). Such partnerships ensure that not-for-profit has day-to-day and long-term management control over the properties.
Regulatory Agreement Requirements	Minimum 40 year regulatory agreement, maximum of 50 years.

Age-Restricted Housing Requirements	Developers seeking funding for a housing development that intends to restrict tenancy based on age (*e.g.*, "senior housing" projects or supportive units serving "frail elderly"), shall provide HCR with proof it has obtained an exemption from the New York State Division of Human Rights ("DHR") in accordance with N.Y. Exec. Law § 296-2a(e). Verification that DHR has granted this waiver may be a condition precedent to the construction loan closing. To apply for an exemption pursuant to N.Y. Exec. Law § 296-2a(e), submit a written request to the Commissioner of DHR, located at One Fordham Plaza, 4th floor, Bronx, New York, 10458, describing, among other things, general information about the project (including the address and number of units, income and age restrictions, and any time sensitivities that may warrant expedited review), the anticipated sources of government funding, the market need for housing that is restricted by age, and the applicant's intent to market the development in accordance with its HCR-approved Affirmative Fair Housing Marketing Plan.

HCR retains the right to revise this term sheet from time to time and to waive any requirement contained therein, subject to the applicable statutes and program regulations. HCR 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.