



Legacy City Access Program

In many areas across NY State, lingering effects of the foreclosure crisis, combined with population loss and limited access to capital have resulted in cities struggling to address blight, particularly vacant and distressed 1–3-unit properties. These abandoned structures continue to drive down market conditions and strain limited municipal resources. As these properties have languished, the cost of renovation is often greater than the after-improved value, putting scalable and targeted revitalization efforts financially out of reach.

In many of these same cities, historic trends in lending discrimination and redlining practices have contributed to a massive homeownership gap in communities of color. This is compounded by rising costs and limited availability of “move-in” ready homes for sale in these markets.

The Legacy City Access Program will address these market dislocations by providing resources to MWBE and non-profit developers, who have the capacity to take title to and renovate vacant properties, to create new opportunities to promote affordable homeownership for underserved families, particularly first-time homebuyers of color.

Eligible Projects	<p>Eligible projects must be submitted by a municipality, a NYS Land Bank, or an MWBE or non-profit developer. Eligible projects must score a minimum of 10 out of 14 on the following criteria:</p> <ol style="list-style-type: none"> 1. The application identifies a minority developer partner who will acquire and develop the properties -- 4 points (Partial points may be awarded where the minority developer will be in a partnership with another organization or for other compelling proposals that include non-profit developers offering significant MWBE business opportunities.) 2. Properties are located within a well-defined neighborhood (or within a specific walkable radius)-- 3 points (Partial points may be awarded for a clear narrative that describes the impact properties will have when they are not proximate.) 3. The applicant shows that the project will complement documented revitalization efforts underway (a neighborhood revitalization plan, DRI, Land Bank strategic plan, etc.)-- 2 points. (Partial points may be awarded, depending on the scale and progress of the efforts identified.) 4. The project consists of 5-10 one- to three-family homes in a CLCPA disadvantaged community (https://www.nyserda.ny.gov/ny/disadvantaged-communities) or the application uses data to document other homeownership disparities - 2 points (Partial points may be available for smaller assemblages with a compelling narrative) 5. The project is proposed by a NYS Land Bank – 1 point 6. The project proposal identifies an established partnership with a homeownership counseling agency to build a homebuyer pipeline— 1 point 7. The project proposal establishes that the homes can be appropriately rehabilitated and sold for affordable and supportable prices with the
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Homes and Community Renewal

	available subsidy per unit in this term sheet and other secured sources. -1 point
Financing Requirements	Prior to commitment of the subsidy, the selected developer must provide a construction loan commitment from CPC or another financial institution acceptable to HCR.
Amount Available	Up to \$25 Million.
Subsidy Amount	<p>Up to \$95,000 per unit across all units in a single project. The subsidy maximum can be an average to account for variation in existing conditions.</p> <p>A maximum subsidy of \$150,000 will be considered for projects with a specific, well-documented need. The program will generally not consider requests of more than \$150,000 per unit.</p> <p>Actual award amounts will be based on need as determined by HCR underwriting standards, and must be recommended by HCR Staff, and approved by the Housing Trust Fund Corporation Credit Committee and Board. This subsidy may be combined with other local, state, and federal sources, which may have additional conditions or per unit maximum awards.</p>
Loan Terms	HCR will provide subsidy in the form of a construction loan at a rate of 0.5% interest only for the construction term.
Developer Equity Requirements	5% equity contribution or as approved by HCR.
Priorities	The program is available for municipalities, land banks with assembled vacant properties and their developer partners as well as for non-profit developers with appropriate assemblages. Priority will be given to applications that aggregate multiple properties in closest geographic proximity that can be addressed as a single construction transaction.
Developer Fee	A developer fee is allowable but may be no more than 15% of the development costs, excluding hard and soft cost contingencies. HCR reserves the right to further negotiate the developer fee.
Design Standards	Each property must have an identified scope which complies with the Rehabilitation Standards for the program (see hcr.ny.gov/legacy-city-access-program) to create a quality homeownership product. Each property must also have a cost verified by an engineer, architect, or other appropriate professional. Renovations should include energy efficiencies, including but not limited to electric heat source systems, building envelope efficiency improvements, and energy efficient appliances.



Affordability Requirements	
Term of Affordability	<p>Initial home sales shall be limited to households earning no more than 80% AMI, and each homebuyer will execute a soft second mortgage and regulatory agreement with the Housing Trust Fund Corporation to ensure affordability.</p> <p>Projects may propose one of the following affordability models in their narrative and describe why it furthers community goals.</p> <p>Option 1. LMI Equity Building with Shared Appreciation Resale within the first ten years will be restricted to an eligible homebuyer earning no more than 80% AMI, who must assume the affordability obligation. After the initial ten-year period, the owner may resell or refinance the home without restriction on homeowner affordability, but HCR shall recapture 20% of the appreciated value over the original purchase price. Any rental units must remain affordable at 80% AMI or less for rent and household income verification purposes for a 30-year term without regard to transfer of ownership.*</p> <p>Example: In Kingston, a home is sold to an eligible first-time homebuyer for \$212,000, which is affordable to an 80% AMI Household earning about \$76,800 per year. In year 15, that home could be sold without an affordability restriction to a homebuyer for the market value. If market value was \$500,000, HCR would recapture 20% of \$288,000 (the difference between the first and second sale prices), or \$57,600. The seller would keep \$230,400 of that \$288,000 increased value. In contrast, if the home was sold in year 6, the home sale would be restricted to an 80% AMI affordability level. If AMI increased 3% per year, the maximum household income for a purchaser would be \$91,703 and the maximum sale price would be \$253,139, regardless of a higher market value.</p> <p>Option 2. LMI Long-Term Affordability Homebuyers will assume an affordability obligation of a minimum of 30 years, in the form of an enforcement mortgage. To meet community goals, longer terms may be negotiated. During the affordability period, both sale price and homebuyer income are limited to a maximum of 80% AMI. Any rental units must remain affordable at 80% AMI or less for rent and household income verification purposes.*</p> <p>Example: A newly renovated home could be initially sold to an eligible first-time homebuyer household in Kingston earning 80% AMI, or \$76,800, for a maximum sale price of approximately \$212,000, though the market may dictate a lower price. In Year 15, if AMI has increased 3% per year, that home could be sold to a new eligible homebuyer household who earns a maximum of \$119,652 for a family of four for a maximum price of up to approximately \$330,289 or less, depending on market values.</p> <p><i>* HCR shall reserve the right to request proof of affordability and household income for any rental unit throughout the affordability period.</i></p>



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 and which apply to the renovation of one-, two- and three-family homes.
Appraisal Report	An independent appraisal is required and subject to HCR review and approval.
Scope of Work	Construction plans for renovation and permitting should be prepared by a professional architect or engineer with verified cost analysis. The construction lender will oversee review, approval, and implementation of work plans.
Equal Opportunity Goals	
Marketing Plan Requirements	Projects must submit a marketing plan identifying a HUD-certified homeownership counseling partner and describing how the homes will be marketed to income-eligible households with emphasis on outreach and education, and connection to lending opportunities for traditionally under-represented home buyers and those least likely to apply.
Fair Housing	The Borrower is required to comply with all applicable Federal, State, and local laws and regulations prohibiting discrimination and must comply with laws regarding accessibility for people with disabilities.
Application	
Application Process	Following evaluation by CPC or other financial institution proposed to serve as the construction lender, a Legacy City Access Property Program Application must be submitted electronically to the HCR contact below. Applications can be found here: https://hcr.ny.gov/legacy-city-access-program
HCR Contact	Madeline Fletcher, Director, Distressed Asset Preservation, madeline.fletcher@hcr.ny.gov