



AFFORDABLE HOMEOWNERSHIP OPPORTUNITY PROGRAM

HCR’s Affordable Homeownership Opportunity Program provides gap financing for the new construction of small homeownership projects that are affordable to low- and moderate-income households and that may advance one or more of the specific housing priorities of New York State. These priorities include the redevelopment of State-owned and municipally-owned sites and developments that meet critical needs in their communities, family housing in high performing school districts, community redevelopment and revitalization, and developments specifically supported by the Regional Economic Development Councils and the Downtown Revitalization Initiative, and projects developed by MBE organizations.

Through Governor Hochul’s 5-year housing plan, New York State has set ambitious goals for increasing the availability and affordability of homeownership opportunities for New Yorkers.

The funding can be used for new construction of a variety of homeownership housing primarily expected to include single family and town homes, but also small multi-family coops or condo projects which do not meet the parameters of the forthcoming multi-family homeownership term sheet.

Actual award amounts must be recommended by HCR staff and approved by the HCR Credit Committee, the HTFC and/or HFA Boards as applicable. Applicants are strongly encouraged to apply for only funding necessary for the financial feasibility of the project and to leverage funding from non-HCR sources.

| Program Description | |
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| Eligible Applicants | Not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations or private for-profit developers. MWBE development firms are strongly encouraged to apply. |
| Eligible Projects | <p>Applications must include a narrative description of the project which reflects the following information:</p> <p><u>Capacity and Experience</u> Applicants should describe their record of developing single- or multi-family homeownership, success in providing homeownership counseling and technical assistance to low- and moderate-income homeowners or evidence of appropriate partnership for this service, and experience using the proposed construction methods or a construction or development partner with that experience.</p> <p><u>Project Description</u> Identify the project site/s and the proposal for the number and type of units projected to be built (priority will go to projects between 5 and 40 units). Infill standalone homes in existing neighborhoods, attached or detached-style developments, and smaller multi-family structures are all acceptable. Homes may include an accessory dwelling unit, however, the ADU unit will not qualify for additional subsidy under this term sheet.</p> <p>For multi-site projects, demonstrate that the sites are clustered in a reasonably close proximity such that the homeownership opportunities created will have a meaningful impact in a specific identifiable neighborhood.</p> |



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| | <p>If applicable, describe how the proposed project will address historic discriminatory trends in homeownership, or increase the opportunity for affordable homeownership in historically underserved areas.</p> <p>The type of ownership model should be clearly described. Projects may include condo, coop, fee simple or other type of homeownership model.</p> <p>Identify which other private, state, federal or local subsidy sources the project has secured or proposes to secure to finance the project, including construction financing.</p> <p>Outline a development timeline from permitting to sales.</p> <p>Propose a community-specific marketing strategy and process for identifying eligible homebuyers prior to construction completion.</p> |
| <p>Energy Efficiency</p> | <p>Applicants should clearly detail the plan for innovative home construction methods that will lead to substantial energy cost savings over traditional construction and/or that will demonstrate achievable high efficiency performance standards. At a minimum, the project should feature full electrification, solar readiness, a well-sealed, well insulated building shell, and high-efficiency multi-pane windows in addition to other Net Zero Ready features. Where feasible, projects should pursue Net Zero standards, which may receive additional subsidy.</p> |
| <p>Financing Requirements</p> | <p>In general, prior to commitment of the subsidy, the selected developer must provide a construction loan commitment from a financial institution acceptable to HCR. Any lending institution must agree to act as a Co-Lender to administer a Participation Loan with HCR. Other financing proposals will be reviewed on a case-by-case basis.</p> <p>Applications must be accompanied by a preliminary development budget and affordability analysis in the format provided.</p> |
| <p>Subsidy Amount</p> | <p>Award amounts will be based on scope and need for each project.</p> <p>Outside NYC, per home subsidies will increase with deeper affordability: Up to \$150,000 per home with a sales price restricted to 100% AMI Up to \$200,000 per home with a sales price restricted to 80% AMI</p> <p>In NYC, up to \$100,000 per home if combined with HPD Open Door subsidy</p> <p>Where a project will meet Net Zero or Passive House standards, an additional subsidy of \$20,000 per home will be available.</p> <p>HCR will allow up to a 20% marketing band beyond target sales price affordability to expand marketability. For example, units offered at a sales price of 70% of AMI can be sold to households with incomes up to 90% of AMI.</p> |



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| Loan Terms | <p>0.5% interest-only for the construction term.</p> <p>The loan will generally be part of a participation loan with a Co-Lender who has agreed to participate with HCR. Other funding terms may be considered on a case-by-case basis.</p> |
| Developer Equity Requirements | <p>10% equity contribution for for-profits, 5% for not-for-profits, or as approved by HCR.</p> |
| Developer Fee | <p>A developer fee is allowable but may be no more than 12% of the development costs, excluding hard and soft cost contingencies. HCR reserves the right to further negotiate the developer fee. Developer fee shall be paid incrementally as homes are sold.</p> |
| Design Standards | <p>Plans must be submitted for review to HCR or the approved construction co-lender for review. Each property must also have a cost estimate verified by an engineer, architect, or other appropriate professional.</p> |
| Affordability Requirements | |
| Term of Affordability | <p>Initial home sales shall be to home buyers (with a preference for first homebuyers and homebuyers who have historically been underserved) with income limits as outlined in the Subsidy Amount section above. Each homebuyer will execute a soft second mortgage and regulatory agreement with the Agency to ensure affordability requirements are enforceable.</p> <p>HCR will allow up to a 20% marketing band beyond target sales price affordability to expand marketability. For example, units offered for sale at 70% of AMI can be sold to households with incomes up to 90% of AMI.</p> <p>Option 1. LMI Equity Building with Shared Appreciation Resale within the initial ten-year term of affordability is permitted only to an eligible homebuyer earning no more than the original target AMI (adjusted to time of sale), who must assume the affordability obligation subject to a recapture of funds if the enforcement note and mortgage are not properly assigned. After the initial term of affordability, the owner may resell or refinance the home without resale restriction, but HCR shall recapture 20% of the appreciated value over the original purchase price for an additional 20 years.</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</p> |



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| | <p>80% AMI target 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 30 years. Where applicable, longer affordability may be enforced by local entities such as Community Land Trusts. During the affordability period, future sales prices must reflect the original affordability target (adjusted to the time of sale).</p> <p>Example: A newly renovated home receiving a subsidy of \$200,000 could be initially sold to an eligible first-time homebuyer household in Kingston for a price affordable at 80% AMI (\$76,800) at \$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 target income 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> |
| Reviews and Approvals | |
| Environmental Review | Prior to the formal commitment or expenditure of the Award, the environmental effects of each Program activity must be assessed in accordance with the State Environmental Quality Review Act (“SEQRA”) at 6 NYCRR Part 617. Additional funding sources may dictate additional compliance procedures. |
| Appraisal Report | An independent appraisal is required and subject to HCR review and approval. |
| Scope of Work | Plans should be prepared by a professional architect or engineer with verified cost analysis. Any participating lender will oversee review, approval, and implementation of the project. |
| 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 local households with emphasis on outreach and education and highlighting any focus on serving traditionally underserved neighborhoods and populations. |
| 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 the proposed construction Co-lender as applicable, Affordable Homeownership Opportunity Program Application must be submitted electronically to the HCR contact below. |



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| | Information and applications can be found here: https://hcr.ny.gov/Affordable-Homeownership-Opportunity-Program |
| HCR Contact | Madeline Fletcher, Director, Distressed Asset Preservation, madeline.fletcher@hcr.ny.gov |