



Hotel and Commercial Conversions Program

The Hotel and Commercial Conversions Program will provide low-cost second mortgage financing for the acquisition and creation of permanent affordable and supportive rental housing in New York State. This program funding is intended to be combined with conventional financing for acquisition, construction and permanent financing.

Priority is given to projects in accordance with the information set forth herein. Actual award amounts must be recommended by HCR staff, approved by HFA and/or HTFC Credit Committee, and HFA and/or HTFC Board, as applicable. 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 a broad range of housing needs are met.

Eligible Uses	<p>Adaptive reuse of non-residential property to create integrated affordable and supportive housing. All subsidized units must be permanently affordable and should provide supportive services to the tenants.</p> <p>Eligible costs are for building acquisition, hard costs, and related soft costs. Financing is available for construction and permanent financing.</p>
Eligible Applicants	<p>Not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations.</p> <p>The borrower must be a single-asset, sole-purpose entity HDFC eligible for a 420-a tax exemption. The sponsor and principal participants in the project must not be in default under any existing mortgage financing.</p>
Property Restrictions	<p>For hotel properties where workers are represented by a collective bargaining representative, and prior to acquisition, the collective bargaining representative must be notified in writing, and the property owner must provide a certification to the State in agreement with the written notification.</p> <p>In NYC, prevailing wage is to be paid to building service employees except:</p> <ul style="list-style-type: none"> • In buildings with less than 120 units; or • Projects that provide at least 50% supportive units serving the homeless, and provide on-site supportive services for all supportive units with the remaining units serving households earning up to 80% of AMI.
Rent and Area Median Income Restrictions	<p>All units must be income-restricted, and serve households earning up to 80% of AMI, income averaging at or below 60% of AMI.*</p> <p>A project must contain a minimum of 50% of units that serve supportive populations, up to a maximum of 60% supportive housing units. The unit balance may be non-supportive, affordable housing. Priority will be given to projects that provide on-site supportive services.</p>

	<p>All rents should be calculated with a 3% marketing band for the target AMI. All rent levels are calculated as gross rents less a utility allowance.</p> <p>Units are subject to rent stabilization in applicable jurisdictions.</p>
Per Unit Maximum Award	<p>All projects will be evaluated on a case by case basis.</p> <p>Up to \$150,000 per affordable or supportive housing unit.</p>
FY 2021-22 Amount Available	<p>Up to \$100 million.</p>
Loan Term	<p>Minimum 30 years</p>
Regulatory Agreement Requirements	<p>99-year regulatory agreement.</p> <p>Projects with leasehold agreements are eligible to apply.</p>
Interest Rate and Loan Terms	<p>0.5% interest-only paid during construction and permanent.</p>
Supportive Services and Operating Funding	<p>All projects that propose on-site supportive services must have a service and operating award or plan.</p> <p>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 50% AMI rents.</p>
Environmental Review	<p>SEQRA, which includes a “No Impact” determination from the State Historic Preservation Office, will be required for HFA/HTFC approval. Additional NEPA review and approval may be required.</p>
Design Guidelines	<p>Units must contain a full kitchen or kitchenette, and must include a refrigerator with a minimum capacity of 7 cubic feet.</p>
Marketing Plan requirements	<p>Fair Housing Affirmative Marketing Plan acceptable to HCR.</p>
Age-Restricted Housing Requirements	<p>Developers seeking funding for a housing development that intends to restrict tenancy based on age (<i>e.g.</i>, “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.</p>

Supportive Housing Opportunity Program

	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.
Application Fee	\$5,000 per project.
Contact Info	For more information, please contact Ayanna Wayner, Downstate Development Director: Ayanna.Wayner@nyshcr.org

* As set forth in the approval memo, there is an agreement upon chapter amendment that will allow income averaging to 60%.

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.