



# Rural and Urban Community Investment Fund

**RURAL AND URBAN COMMUNITY INVESTMENT FUND PROGRAM (CIF):** CIF supports the creation, preservation, and improvement of affordable housing and the commercial, retail, and community facilities that serve the needs of affordable housing residents. Priority is given to projects in accordance with the information set forth herein.

Actual award amounts will be based on the demonstrated need for such funding by HCR underwriting standards and must be recommended by HCR staff and approved by the HFA 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.

<b>Eligible Uses</b>	<p>CIF is available for site-specific multi-family rental housing financed by HCR 9% LIHTC or bonds, or as a “stand-alone” resource for projects financed by HCR without 9% LIHTC or bonds.</p> <p><u>Residential</u> (only when CIF is used as a “stand-alone” source without 9% LIHTC or bonds)</p> <p>New construction, adaptive reuse, or rehabilitation of multifamily rental affordable housing and mixed-use projects (both currently unregulated housing of 5 to 20 units and existing regulated housing) that:</p> <ul style="list-style-type: none"> <li>• are located in rural areas of the State with demonstrated need and in close proximity to public transportation and essential goods and services; or</li> <li>• clearly advance a Regional Economic Development Council or Downtown Revitalization Initiative approved strategic investment plan.</li> </ul> <p><u>Non-Residential</u></p> <p>New construction, adaptive reuse, or rehabilitation of a retail, commercial, or community facility component of an HCR-regulated affordable housing development that:</p> <ul style="list-style-type: none"> <li>• clearly serves the critical unmet needs of the tenants in the affordable housing development; or</li> <li>• clearly advances a Regional Economic Development Council or Downtown Revitalization Initiative approved strategic investment plan.</li> </ul> <p>For a non-residential space to be deemed a component of an HCR-regulated affordable housing development, it must be a part of, or in close proximity to, the affordable housing development. Additionally, the non-residential space must</p>
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	<p>either share an ownership interest with the affordable housing development or have a signed written agreement with the affordable housing development which sets forth that the non-residential use will benefit and serve the needs of tenants residing in the affordable housing development by providing employment, education and training, opportunities, support services, or other similar activities. The agency will evaluate the proposed plans for the non-residential space along with the applicant’s past experience in managing/operating a non-residential space.</p> <p>Eligible costs are the hard and related soft costs of the activities above. In general, costs of furniture and furnishings are not eligible for CIF funding.</p> <p>Construction financing available when CIF funds are awarded in conjunction with HFA bonds prior to construction closing. Otherwise, permanent financing only.</p>
<b>Area Median Income Restrictions</b>	<p>For residential uses, at least 70% of the units must have a household income limit at or below 90% AMI.</p> <p>For non-residential uses, the project must be associated with an HCR-regulated affordable housing development in which at least 70% of the units have a household income limit at or below 90% AMI.</p>
<b>Per Project Maximum Award</b>	<p>\$2,000,000 total for both residential and non-residential CIF financing. For non-residential uses, the maximum amount will be limited to that needed to ensure that project income will be sufficient to support the cost of financing and operating the space of the non-residential portion of the project.</p>
<b>Per Residential Unit Maximum Award</b>	<p>Up to \$60,000 per housing unit for residential affordable housing preservation or rehabilitation; up to \$150,000 per affordable housing unit involving new construction or adaptive reuse.</p>
<b>Interest Rate and Loan Terms</b>	<p>0.5% interest-only paid during construction and permanent. Minimum 10 year term or co-terminus with any HCR subsidy, or 30 years for residential projects without HCR 9% LIHTC or bonds, maximum of 50 years.</p>
<b>Priorities</b>	<p><u>Residential projects that:</u></p> <ul style="list-style-type: none"> <li>• Preserve rural affordable housing that is regulated by HCR; or</li> <li>• Preserve rural affordable housing receiving Rural Rental Assistance Program (“RRAP”) funds that propose a scope of work that extends the useful life of the development by no less than 30 years, that demonstrate the rehabilitation and plan of finance will result in a reduction to RRAP funding, and for which at least 90% of the total project costs are directly related to hard costs; or</li> </ul>

	<ul style="list-style-type: none"> <li>• Preserve USDA Rural Development projects and rural housing authority projects where at least 90% of the total project costs for preservation are hard costs or related to hard costs; or</li> <li>• Clearly advance a Downtown Revitalization Initiative approved strategic investment plan; or</li> <li>• Are located in close proximity to public transportation and essential goods and services.</li> </ul> <p><u>Non-residential projects that:</u></p> <ul style="list-style-type: none"> <li>• Address a critical unmet community need in the development’s primary market area; or</li> <li>• Advance local community revitalization efforts, including the Downtown Revitalization Initiative.</li> </ul>
<p><b>Scoring Criteria (for CIF stand-alone projects only)</b></p>	<p>For affordable housing preservation: Affordable Housing Need (20), Organization Capacity/Experience/Past Performance (20), Rehabilitation Investment as Percentage of Total Project Costs (15), Leveraging (10), Readiness and Implementation (15), Rehabilitation Needs (20).</p> <p>For new construction, adaptive reuse, and/or rehabilitation of currently unregulated housing: Affordable Housing Need (20), Community Impact/Revitalization (20), Organization Capacity/Experience/Past Performance (10), Consistency with Activity Priorities (15), Leveraging (10), Readiness and Implementation (15), Green Building (10).</p> <p>For non-residential uses: Community Impact/Revitalization (20), Leveraging (15), Organization Capacity/Experience/Past Performance (20), Consistency with Activity Priorities (20), Readiness and Implementation (25)</p>
<p><b>Eligible Applicants</b></p>	<p>Not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporation or organization, or private for-profit developers.</p>
<p><b>Regulatory Agreement Requirements</b></p>	<p>CIF-funded residential units will be subject to a 30 year regulatory term or be coterminous with existing HCR or other government agency regulatory agreement.</p> <p>A commercial, retail or community facility space financed with CIF funds will be subject to a regulatory term that is coterminous with any HCR regulatory agreement on the project’s affordable residential component or a minimum of 10 years.</p> <p>HCR reserves the right to include restrictive language in the CIF regulatory agreement and/or the CIF funding commitment to ensure the acceptability of non-residential tenants. HCR may also require as a condition of award that</p>

	<p>successful applicants lease all or part of the non-residential space prior to permanent financing closing.</p>
<p><b>Reserve Requirements (applicable only to CIF stand-alone projects)</b></p>	<p><u>Residential Projects:</u>  Annual Operating Reserve – 3% of gross rents  Annual Replacement Reserve – annual replacement reserve contribution of .5% of total construction cost capped at \$800 per unit for family /non-senior; \$400 per unit for senior projects.</p> <p><u>Non-Residential Projects:</u>  Capitalized Replacement Reserve –1% of Total Non-Residential Development Cost  Annual Operating Reserve – See Operating Cost Payment Guarantee requirement in the Underwriting Criteria section.  Annual Replacement Reserve – 3% of gross non-residential rents</p>
<p><b>Additional Eligibility and Underwriting Criteria</b></p>	<p>Applicants are required to provide a 1/3 match of the requested CIF funding amount, which includes but is not limited to cash, developer equity, deferred developer fee, donated property, and other resources as qualified in the applications’ development budget and supported by the funding commitment documentation. This match requirement may be reduced or waived if the project is located in a FEMA or SEMO declared disaster area.</p> <p>Applicants should demonstrate in the operating budget and market documentation that CIF funds will reduce debt service costs such that the commercial leases will be sufficient to cover all debt service and operating costs associated with the non-residential space. In developing the operating budget, applicants must assume an industry standard vacancy rate of 10 percent for the non-residential space.</p> <p>Applicants must provide a market study for new housing and a market analysis or other evidence acceptable to HCR clearly demonstrating that there is sufficient demand for the proposed non-residential use at rents assumed in the income and operating budget. The market analysis must include information about the existing market and detail the commercial rents (including per square foot cost) of comparable commercial space in the immediate market area. At the sole discretion of the Agency, HCR may consider other information in assessing market demand for non-residential space.</p> <p>Applicants must provide at least one letter of interest or commitment from a prospective tenant for each non-residential space. Additional letters and/or firm commitments from prospective tenants are strongly encouraged. Such letters and/or commitments must identify the amount per square foot such prospective tenant would be willing to pay for the finished space.</p> <p>CIF funds may be used only to cover development costs. CIF funds may not be used to support ongoing operating costs. Cross subsidization between residential and non-residential operations is not permitted; income from the residential</p>

	<p>component of the project may not be used to support the operations of commercial, retail, and/or community facility space. Each residential and non-residential component will be underwritten separately and must be financially independent from a development and operating perspective.</p> <p>For all CIF funded non-residential space, owners shall be required to enter into a master lease, provide an operating cost payment guarantee, establish a condominium for the non-residential component of the project, or otherwise ensure to the satisfaction of the agency that sufficient income will be available to cover the base operating costs and debt service of the non-residential space in the event the space is not leased.</p> <p>CIF funds may not be used for payment of a developer fee on the non-residential portion of the project.</p>
<p><b>Geographic Targeting</b></p>	<p>The CIF Statute requires HCR to target 60% of the CIF funding to urban areas and 40% to rural areas of the State. The Statute defines rural areas as cities, towns and villages having a population of less than 25,000 as determined by the last decennial census and urban areas are defined as any unit of local government within the State with a population of more than or equal to 25,000 as determined by the last decennial census. Awards will promote a statewide geographic distribution of this financing.</p>
<p><b>Design Guidelines &amp; Environmental Review</b></p>	<p>For projects using CIF as a stand-alone resource, new construction and rehabilitation of residential units shall be subject to the HCR Design Guidelines. When USDA Rural Development is involved, HCR will seek to appropriately address the design guidelines of both agencies.</p> <p>Non-residential projects funded with CIF will be required to comply with the local building code and provide a separation of utilities between the residential and nonresidential components of the project. Where appropriate, HCR may require the use of lead-safe work practices during renovation, remodeling, painting, and demolition.</p> <p>HCR expects that the rehabilitation or adaptive re-use of non-residential spaces to meet the energy efficiency standards required by the building code. When a CIF funded non-residential use is part of a residential project, HCR expects the non-residential space to utilize the same systems and methods utilized in the residential construction to achieve an equivalent energy efficiency for the construction of the non-residential space.</p> <p>All projects must undergo a State Environmental Quality Review Act (SEQRA) or City Environmental Quality Review Act (CEQRA) review either by HCR or by another entity that coordinates the SEQRA review. All projects must comply with any other applicable environmental regulations.</p>

<b>Additional Submission &amp; Application Requirements</b>	<p>Please contact the Development Director for the region in which the proposed project is located to explain the proposal and request a technical assistance session before applying. The Development Director will review the project proposal and assist in scheduling the technical assistance meeting with HCR’s project manager, underwriting, architecture and environmental review staff.</p> <p>Regional Development Directors: Darren Scott: Eastern New York, Rockland and Westchester counties <a href="mailto:darren.scott@hcr.ny.gov">darren.scott@hcr.ny.gov</a> Leonard Skrill: Western &amp; Central New York, New York City and Long Island <a href="mailto:leonard.skrill@hcr.ny.gov">leonard.skrill@hcr.ny.gov</a></p>
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*HCR retains the right to revise this term sheet and to waive any requirements contained herein, subject to the applicable statutes and program regulations. HCR also retains the right not to award any funds under the program. All proposals must comply with all applicable federal, state and local laws.*