

## Table of Contents

<b>Exhibit A: Executive Summary .....</b>	<b>3</b>
<b>Exhibit B: Threshold Requirements and Other Submission Requirements .....</b>	<b>5</b>
<b>Exhibit C: Need.....</b>	<b>7</b>
<b>Exhibit D: Soundness of Approach .....</b>	<b>12</b>
<b>Exhibit E Capacity.....</b>	<b>25</b>
<b>Exhibit F: Leverage .....</b>	<b>30</b>
<b>Exhibit G: Long Term Effect.....</b>	<b>32</b>

**Exhibit A: Executive Summary  
New York State**

DRAFT

## Exhibit A: Executive Summary

New York State is submitting an application for HUD's PRO Housing funding opportunity to support planning projects that will remove local barriers to affordable and accessible housing in communities across New York State.

New York State, which is in the second year of a five-year housing plan, is well resourced to support housing construction and is requesting PRO Housing funding for planning activities to support a coalition of willing not-for-profit organizations, towns, villages, cities and counties in creating transformational policies toward inclusionary zoning.

This grant funding will offer units of local government the opportunity to advance efforts for addressing barriers to creating more affordable housing, particularly housing typologies that are lacking at the local level including but not limited to higher density affordable rental housing, accessory dwelling units, first time homeownership opportunities for previously underserved populations and transit-oriented development projects. The funding opportunity will be limited to proposals that can clearly justify the project's ability to remove obstacles to the creation of accessible and affordable housing and support for low- and moderate-income households.

Upon award, New York State will launch a funding opportunity to accept proposals from units of local government and not-for-profit subrecipients statewide. The funding will be made available under three general planning categories:

- Capacity Building & Development Planning  
*Examples:* Market demand studies, environmental investigation, infrastructure capacity studies, development planning, homeowner & developer guidebooks, etc.
- Zoning & Permitting Efficiency Projects  
*Examples:* Building code studies, ordinance review and development, racial equity impact assessments, guidelines for accessibility, design guidelines for Accessory Dwelling Units (ADUs), etc.
- Technology & System Improvements  
*Examples:* Evaluations to streamline administrative zoning & permitting procedures, systems to monitor housing progress & production, digitization of permitting processes, and zoning maps.

The Project Selection and award process will prioritize proposals considering, but not limited to, the following criteria:

- Areas that have applied for and received New York State Homes & Community Renewal's (NYSHCR) Pro-Housing Community Designation.
- Units of local government that have documented commitment to implementing changes to support affordable housing development.
- Proposals that serve HUD identified priority areas.
- Proposals that will create development opportunities in high-opportunity communities.
- Proposals that increase affordable housing opportunities for populations previously underserved due to exclusionary housing policy.

**Exhibit B: Threshold Requirements and Other Submission Requirements  
New York State**

DRAFT

## **Exhibit B: Threshold Requirements and Other Submission Requirements**

### *Threshold Eligibility Requirements*

1. New York State does not have any outstanding charges, cause determinations, lawsuits, or letters of findings for civil rights matters listed in subparagraphs (1)-(5).
2. New York State's application will be submitted before the stated deadline of October 30, 2023.
3. New York State is an eligible applicant – 00 (State governments)
4. New York State is submitting one grant application.

### *Statutory and Regulatory Requirements Affecting Eligibility*

New York State is compliant with all requirements outlined in the Eligibility Requirements for Applicants of HUD's Financial Assistance Programs section of the PRO Housing NOFO.

### *Other Submission Requirements*

All items will be addressed in the application exhibits, required forms and certifications will be attached and uploaded to grants.gov with the final application package.

**Exhibit C: Need  
New York State**

DRAFT

## Exhibit C: Need

### **i. Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation.**

New York State faces an unprecedented housing crisis. Exclusionary zoning policies at the local level, NIMBY barriers, historic racially driven discriminatory policies, significant increases in buildings costs, and other pandemic related changes have created a perfect storm of factors contributing to insufficient production of affordable housing. In combination, these factors have created a severe shortage of safe, affordable homes that is affecting New Yorkers of all ages and incomes. This crisis is disproportionately felt by New York's most marginalized communities, including households of color and individuals with disabilities. Overlying all of these issues are the added challenges facing the housing stock in New York State due to climate change.

New York State has made massive investments in capital financing for housing construction and preservation. Last year, Governor Kathy Hochul committed to a second five-year housing plan which includes \$25 billion dollars to build or preserve more than 100,000 units.

As part of this commitment, new sources have been made available to tackle the housing crisis in new ways. As an example, \$85 million was made available through a program called Plus One ADU to incent the construction and conversion of accessory dwelling units across New York State. Awards totaling over \$23 million are already out in communities throughout the state and local administrators expect to produce more than 250 new ADUs with this funding. NYS expects the availability of this new funding stream to encourage examination of local zoning and permitting processes and encourage more participants in the next round of Plus One ADU grant funding beginning in 2024.

This year, Governor Hochul's team undertook an extensive process to develop the Housing Compact a broad policy initiative to address the housing crisis. The Compact attempted to balance the strong desire by local communities to maintain control over their local zoning and the need for additional housing growth on regional levels. The Compact included target housing growth rates in the New York City metropolitan region as well as upstate.

The Compact's aim was to ensure that every community plays a part in addressing the affordable housing crisis. Municipalities would be given three years to take actions that increased housing supply, including allowing for accessory dwelling units, upzoning a minimum percentage of land for higher housing density, or taking other pro-housing actions like removing parking minimums.

While the Compact was not successful in gaining passage through the last legislative session, the Governor recommitted to her vision for a more inclusionary, supply side housing agenda in July of 2023 when she issued Executive Order 30. EO 30 provides tax relief to a subset of key high-density housing projects and creates the NYS Pro-Housing Communities program, which provides preference in certain types of discretionary funding to localities that apply and meet the identified criteria.<sup>1</sup>

---

<sup>1</sup> <https://hcr.ny.gov/pro-housing-community-program> 2023

EO 30 encourages localities to address zoning changes to facilitate housing construction and prioritizes funding for certain discretionary funding sources. These sources are generally capital sources for construction. A need exists for resources to support the zoning changes and other planning activities critical to addressing limitations to housing construction in NYS. Localities across the State of New York are committed to removing these barriers and given the opportunity and support are prepared to adopt pro-housing policies at the local level.

**ii. Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know?**

New York’s housing shortage creates a broad range of compounding effects on current and future residents.

*Rental Struggles*

Statewide, 83% of the population lives in low rental vacancy counties. Downstate<sup>2</sup>, the numbers are staggering with 95% of renters living in counties with low vacancy rates. As a result:

- People pay too much of their income for rent: 52% of all NYS renters are rent-burdened (paying over 30% of their income in housing costs). This rent burden affects all NYS regions, ranging from 44% in the Capital region, to 52% in New York City, and 57% in Long Island.<sup>3</sup>
- Low-income residents face an even larger gap. For residents with incomes below 50% of AMI, the situation is even more challenging, with a gap of over 710,000 units.<sup>4</sup>
- People are living in overcrowded housing: In New York City, 9% of residents (nearly 300,000 households) live in overcrowded or severely overcrowded conditions, followed by Long Island and Westchester at 3% and 5% respectively.<sup>5</sup>
- Options for people to buy a home are limited: Low inventory and rising interest rates are creating challenges for residents to enter the homeownership market, particularly for lower income, first time homebuyers.

*Jobs/Housing Mismatch*

Even accounting for the pandemic, New York’s economy boomed after the Great Recession. Unfortunately, housing production did not keep pace with the job growth.

- Job growth has outpaced housing production. Between 2009 and 2018, the NYC metro area added half as many housing units as it added jobs.<sup>6</sup> Over the past 20 years, NYC added 362,900 more net new jobs than housing units.
- While NYC produced similar numbers of housing units before and after the Great Recession, job growth outpaced this housing production in the last decade by a rate of 3.6 net new jobs created for every unit permitted.

---

<sup>2</sup> Downstate counties include the five counties in New York City, Nassau and Suffolk counties in Long Island, and Westchester and Rockland counties in the lower Hudson Valley.

<sup>3</sup> American Community Survey, 2022 1-year estimate, DP04 – “Select Housing Characteristics.”

<sup>4</sup> National Low-Income Housing Coalition: <https://nlihc.org/housing-needs-by-state/new-york>

<sup>5</sup> ACC DP04 “Select Housing Characteristics, 5-year estimate 2016-2020.”

<sup>6</sup> NYCDP. (2019). [Geography of Jobs Report](#).



- Even the existing growth in housing units has not been evenly distributed. Between 2009 and 2018, NYC permitted ~20,000 units and Northern New Jersey permitted ~18,000 units. In contrast, the lower Hudson Valley permitted only 3,000 units, and Long Island permitted ~2,000 units (despite a significantly larger current population than northern New Jersey).<sup>7</sup>
- As a result, NYC added 362,900 more net new jobs than new housing units produced over twenty years.<sup>8</sup>
- This mismatch effectively puts the brakes on New York’s economic growth, as companies seek locations where housing costs are more achievable. Restrictions locking people out of lucrative job markets such as New York, San Francisco and San Jose have reduced national productivity and increased income inequality. One study identified that increasing housing supply in these three cities to match the level of the median US city had the potential to increase the entire US GDP by 3.7%, an additional \$3,685 in annual earnings.<sup>9</sup>

### *Historic Discrimination*

The housing shortage perpetuates historic demographic patterns that resulted from explicitly discriminatory intent. NYSHCR’s 2023 Assessment of Fair Housing (AFH) found that there are persistent disparities in all regions between communities’ access to high-performing schools, public health assets and healthful environments, and high paying jobs that correlate strongly with those communities’ racial demographics, with these patterns largely corresponding to the historical legacy of redlining. In the wake of the COVID 19 pandemic, historic disparities became even more evident and the need to provide all residents with access to opportunities is larger than ever.

### *Priority Geographies*

Using HUD’s high priority criteria, roughly a third of the municipalities in New York State and a quarter of the counties are areas of high need, which is consistent with the research conducted to develop the Housing Compact. In determining the prioritization of planning and development activities funded by the HUD funding, we anticipate prioritizing these communities as a way to jump start the rebalancing of the housing stock throughout the various regions.

- **What key barriers still exist and need to be addressed to produce and preserve more affordable housing?**

Nearly all of the barriers to producing and preserving affordable housing described in HUD’s NOFO still exist in many localities in New York State. New York modeled many of the proposals in the Housing Compact on work that has been done in California, Massachusetts, Oregon and New Jersey; our efforts may be behind those in similar states, but we are continuing to make progress. By nearly every measure or study done on the need for housing in all parts of the country, New York is considered one of the most challenged.

---

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Hsieh, C. and Moretti, E. Housing Constraints and Spatial Misallocation. *American Economic Journal: Macroeconomics* 2019. 11(2); 1-39.

As the agency that oversees most of the state’s affordable housing programs, including Small Cities CDBG, we know first-hand that a key barrier and the one most often cited by our community partners is the overly complex and often antiquated local rules that permit affordable housing to be constructed.

In much of the State, effectively no housing is allowed as of right, even if the zoning nominally says that it is. In addition, the NYS State Environmental Quality Review Act (SEQRA), a “baby NEPA” law passed in 1975, often adds additional layers of burden on projects seeking to move forward.

To illustrate the barriers created by permitting and zoning issues, the National Association of Home Builders and National Multifamily Housing Council partnered in publishing a 2022 report that quantifies the cost of government regulations on multifamily housing construction. Their research indicates that an average of 40.6 percent of total development costs can be attributed to complying with regulations imposed by all levels of government.<sup>10</sup> While these costs include critical elements like compliance with building codes and labor regulations, the report effectively highlights the impact that fees and extensive time lost in zoning approval processes and general delays associated with conflicting or inefficient government processes have on builders and housing development. The costly time lost ultimately impacts a builder's ability to construct housing units and directly impacts construction costs and subsequent rent levels.

While local codes and requirements often add time and expense to creating affordable housing projects, there are limited resources available, even to willing, pro-active units of local government, to invest in pre-development studies, infrastructure analysis and new zoning proposals that would successfully remove many of these barriers.

Barriers to creating affordable housing exist in antiquated zoning and permitting laws and systems. These barriers are resulting in reduced housing construction, slower construction and more costly construction. We are hopeful that the investment of the proposed PRO Housing planning funds will support improvements and adjustments to facilitate housing production in the following areas:

- Eliminating prohibitive fees and taxes (excluding impact and nexus fees for affordable housing)
- Reforming zoning allowances and land use controls
- Overcoming Infrastructure constraints
- Minimizing prohibitive building codes
- Increase capacity to conduct meaningful community engagement, elimination of procedural delays associated with soliciting engagement or community review, and/or opposition to new and or affordable housing
- Increase capacity of local affordable housing developers and managers
- Other relevant barriers unique to local communities

---

<sup>10</sup> <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2022/special-study-regulation-40-percent-of-the-cost-of-multifamily-development-june-2022.pdf>

**Exhibit D: Soundness of Approach  
New York State**

DRAFT

## **Exhibit D: Soundness of Approach**

### **i. What is your vision?**

NYS is requesting \$5 million in PRO Housing grant funding to support planning activities that will remove barriers and obstacles to housing production broadly, with a focus on affordable housing in NYS. New York State is proposing planning-only activities for HUD PRO Housing funding support given the limited state and federal resources available to support these needs.

As planning-only activities, the funded activities will not be directly required to document national objective compliance. It is anticipated, however, that nearly all activities funded will have a direct or indirect connection to supporting low- and moderate-income households (LMH).

NYS is proposing to support planning activities to address the significant barriers to housing construction that remain at the local level. NYS Homes & Community Renewal's (NYSHCR) 2023 Assessment of Fair Housing (AFH) found that there are persistent disparities in all regions between communities' access to high-performing schools, public health assets and healthful environments, and high paying jobs that correlate strongly with those communities' racial demographics, with these patterns largely corresponding to the historical legacy of redlining. Investment of capital resources for construction cannot address these issues. Planning funding is needed to both encourage units of local government to take action, and to fund the work products needed to implement change. A unit of local government will be required to demonstrate a commitment to implementation as part of its application to NYSHCR for funding.

In 2022, NYS announced a second five-year housing plan, after the successful completion of the first five-year plan. During the first five years, NYS built or preserved over 100,000 homes throughout the State. Within the second housing plan, we have targeted over \$25 billion, including roughly \$5 billion in direct state subsidies through NYSHCR to support the production and preservation of an additional 100,000 housing units including 10,000 supportive units. These funds are used for construction loans, purchasing mortgages to bring down interest rates for homebuyers, loans or grants for acquiring and/or rehabilitating existing homes that need assistance, as well as updating homes for accessibility or safety.

In addition to NYS's dedicated housing resources through NYSHCR, state funding supports many programs that facilitate housing preservation or development. For example, NYS's economic development agency, Empire State Development's Restore New York Communities initiative and NYS Department of State's (DOS) annual \$100 million Downtown Revitalization Initiative (DRI) fund housing activities. In addition to the state sources that contribute to housing, significant federal funding (CDBG, HOME, HTF) is invested in housing throughout the state annually. Despite the state's unprecedented investments in housing, barriers remain that cannot be solved with capital funding alone.

The majority of these funding sources require that funds be used for capital uses – construction, rehabilitation, acquisition, etc. However, through our deep networks of partners throughout the State, we commonly receive feedback that while a municipality or not-for-profit wants to provide additional housing, the basic pre-development planning activities carry expenses that they cannot

cover. The projects are not ready to apply for capital funding, but the risk involved in predevelopment planning, which may include environmental reviews, rezoning requirements, or physical analyses of specific conditions is often too high a barrier for our partners with limited resources – which delays or halts the future developments.

Similarly, a municipality may see the benefit in a more holistic effort to rezone a larger area at once to facilitate additional housing growth, but the effort required to undertake a larger scale process often requires staffing and other planning resources that may not be easily accessible without outside funding.

Units of local government and not-for-profit organizations cannot realistically implement change and reduce known or presumed barriers to accessible and affordable housing when they cannot fund the planning studies or specific tasks required to address them. Additionally, these entities cannot reasonably contribute to the pipeline of housing development when they are unable to take on the cost and risk associated with pre-development planning work.

The experience within NYS and from other states has shown that there is not one single solution to solve the housing shortage, but that multiple strategies, addressing all aspects of the challenges, must be deployed. NYS will continue to work with our partners to seek state-level legislative solutions and will continue to fund the many capital projects we currently manage.

As described above, NYS has created our own Pro-Housing Communities program through an executive order. This initiative will dovetail with the HUD PRO Housing program by providing localities who have already taken steps to encourage housing growth with financial tools to execute the planning activities that may be needed.

### **Method of Distribution**

NYS proposes the following method of distribution for the requested HUD PRO Housing planning grant funding.

#### *1. Direct Administration*

NYS will retain a portion of the requested funding to directly administer planning projects with regional or statewide significance.

*Example:* Project to analyze manufactured/modular approvals and production capacity in NYS.

#### *2. Sub-grants*

The balance of funding will be made available in one or more funding rounds where proposals will be accepted from units of local government and subrecipients throughout NYS. The funding will be marketed under three general planning categories:

- Capacity Building & Development Planning

*Examples:* Market demand studies, environmental investigation, infrastructure capacity studies, development planning, homeowner & developer guidebooks, etc.

- Zoning & Permitting Efficiency Projects

*Examples:* Building code studies, ordinance review and development, racial equity impact assessments, guidelines for accessibility, design guidelines for ADUs, etc.

- Technology & System Improvements  
*Examples:* Evaluations to streamline administrative zoning & permitting procedures, systems to monitor housing progress & production, digitization of permitting processes, and zoning maps.

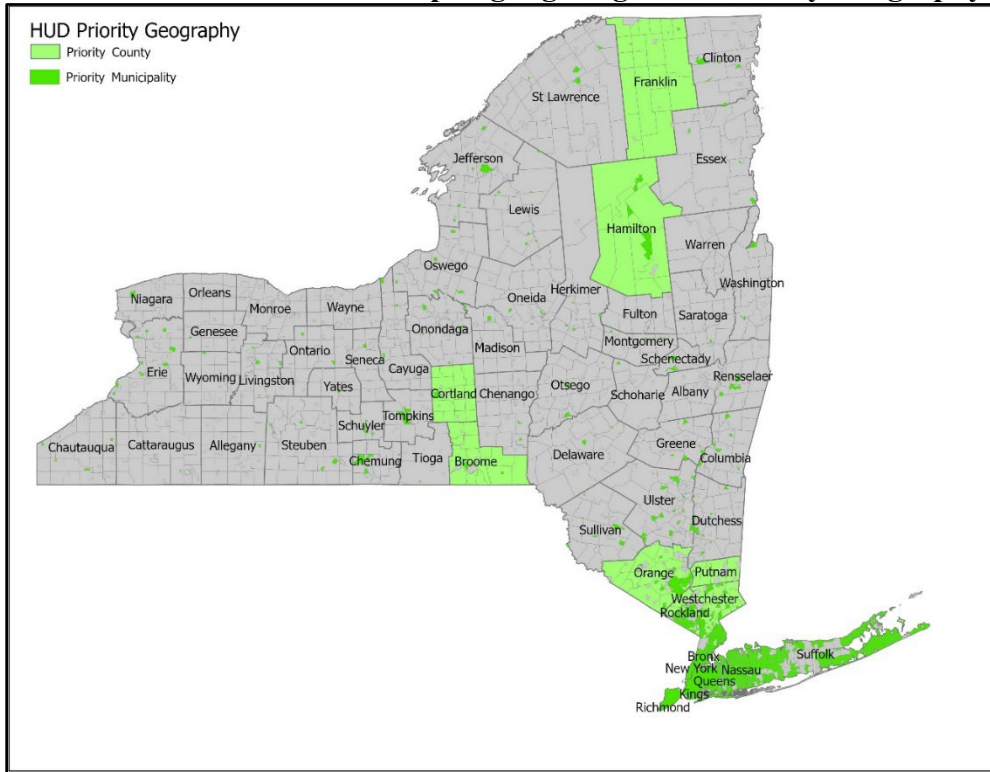
It is anticipated that demand for these resources will be strong given the limited sources currently available to meet these planning needs.

ii. **What is your geographic scope?**

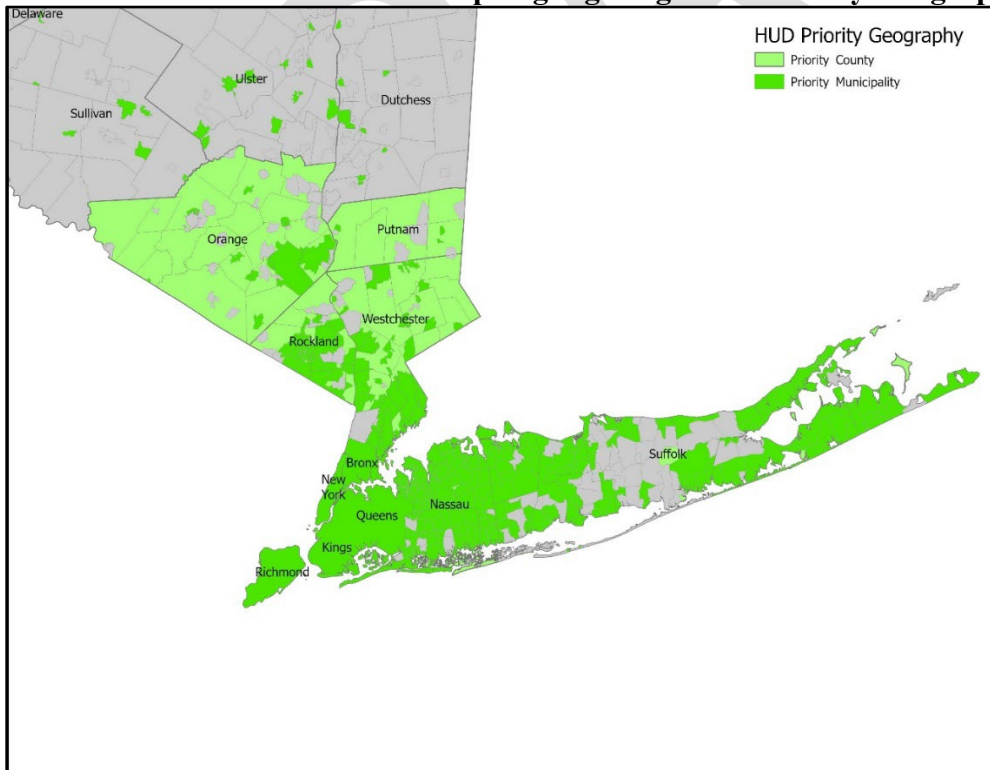
New York State's proposed PRO Housing planning activities will be offered to communities statewide. When a funding opportunity for these subgrants is released, however, HUD's identified priority geographies and well-resourced areas will be offered priority consideration in scoring and funding decisions. This prioritization will elevate geographic scope and area served as a higher point value than other considerations in the application review and scoring process.

New York State's experience administering the NYS Non-entitlement CDBG program informs this approach. Specifically, the demand for funds to support these activities may be greater outside of the identified priority areas and we would like to support planning activities to remove barriers to accessible and affordable housing in any municipality or region that is ready to take action. Providing proposals from the identified priority geographies highest consideration will be the best approach for meeting HUD's goals and the needs of a large state as diverse as New York State.

## New York State - Statewide Map Highlighting HUD Priority Geography



## New York State - "Downstate" Map Highlighting HUD Priority Geography



### **iii. Who are your key stakeholders? How are you engaging them?**

NYSHCR's core mission is to fund the preservation and construction of affordable housing. Through this mission, we work closely with developers, both for-profit and not-for-profit, throughout the state. In our experience working with on the ground developers as well as municipalities who would like to encourage affordable housing, we have heard repeatedly that pre-development and planning are often a real barrier to moving new projects forward. A not-for-profit may own a piece of property or have the option on it, but the existing zoning does not allow for enough density for the project to be financed. To change the zoning, multiple studies and planning efforts must be funded. Depending on the capacity of the organization, those funds may not be available, leaving the site empty. Capacity both within municipalities and among small developers could be alleviated with planning funds.

Similarly, during the legislative process in early 2023, the NYSHCR team conducted extensive outreach to local municipalities about the barriers that exist to building much need new housing. These engagements included in-person meetings throughout the State, multiple meetings with local elected officials, organizations who represent cities, towns and villages (NY Conference of Mayors, NY Association of Towns, NY Association of Counties, etc.). Our team was on panels, held roundtables, and conducted many more one on one meetings. Throughout this outreach of over 100 meetings within just two months, we heard general agreement on the severity of the housing crisis not just in New York City and its suburbs, but throughout the State. While we heard from supporters and detractors of proposed legislation, we also heard that the planning phase is where projects often run into the most difficulties. The State is examining as many of the processes that we control to streamline them and are continuing to develop additional resources such as the PRO Housing grants to support that phase.

The policy approach that the Compact put forward would have provided benefits to municipalities that rezoned areas, whether near transit, adapting former commercial sites, or supporting infill. While some communities have taken similar actions, in New York, an effort such as this generally requires an extensive environmental review and public planning process. The staffing and expertise to implement these requirements generally requires funding and time – which are not always available for smaller municipalities.

As part of our granting process, the funds will be targeted towards planning activities, some of which may be directly focused on public processes, and some of which may create the foundation for information and reassurance in obtaining future public approvals.

NYS will host a public hearing prior to submitting the application to HUD to formally seek comments and feedback on this application for PRO Housing grant funding. Later, upon award, NYS will host an information session to provide stakeholders with information on the awarded grant funding. This will offer stakeholders an opportunity to provide feedback and allow NYS the opportunity to refine its funding round materials to best meet the needs of the program's stakeholders.



**iv. How does your proposal align with requirements to affirmatively further fair housing?**

A main goal of the program is to remove barriers and spur development of housing in well-resourced areas (WRAs). Well-resourced areas are defined using a standardized list of census tracts produced by NYS HCR currently using school performance and poverty data. A map of these tracts is available online, here:

<https://nyshcr.maps.arcgis.com/apps/webappviewer/index.html?id=b0ca4a8432104bb4ac71fb576ee51175>.

For this reason, recipient municipalities and not-for-profits proposing multi-family development planning in well-resourced and transit-rich areas will receive priority consideration in NYSHCR’s application review and scoring process. NYS already has in place a methodology for identifying WRAs and uses them to incent Low-Income Housing Tax Credit development and as target census tracts for Section 8 vouchers. The PRO-Housing planning grants would complement these incentives by helping these localities understand and address what it would take to build affordable housing in these areas.

The proposal will increase access for underserved groups in these well-resourced areas because it will assist local organizations in *unlocking* the ability to build affordable housing by examining the different barriers and opportunities to build such housing. By participating in the program, recipients will be required to ensure that any housing built because of the planning work be marketed according to affirmative fair housing marketing policies developed by NYS. These efforts include outreach to community organizations not only in the area of the development but often in nearby bigger cities to notify them and their constituents of housing opportunities. It also involves outreach to independent living centers and nursing/rehabilitation facilities so that residents there have an opportunity to integrate into the community.

Because the downstream goal of the program is to build more affordable housing, the racial composition of persons who are expected to benefit can be tied to the demographics of housing subsidized by HUD in the State. Data shows that Black and Latino households and those households with at least one member with a disability are disproportionately represented in subsidized/affordable housing.

<b>HUD Housing Program</b>	<b>% White</b>	<b>% Black</b>	<b>% Asian/Pacific Islander</b>	<b>% Hispanic</b>	<b>% w Disability</b>
Statewide Demographics	64%	14%	7%	15%	24%
Housing Choice Vouchers	28%	34%	2%	33%	31%
Public Housing	27%	38%	4%	31%	37%
Project Based Section 8	33%	26%	6%	35%	19%
Other Multi-family	38%	18%	14%	27%	14%

New York is highly segregated and disparate zoning policies are main contributing factors. The proposal here would be part of a multi-pronged approach already underway that includes a zoning map so that affordable housing developers can determine which areas already allow

multi-family housing and a “Pro Housing Community” certification that is prioritized for state discretionary funding to municipalities.

These planning grants specifically would cover zoning analysis, determination of resources that exist to support residents, and linkages and education about local and state programs to subsidize the development of affordable housing. Funding priorities for these grants will include, among others, factors that affirmatively further fair housing (AFFH), such as:

- Whether the site is in a well-resourced area and affordable housing is contemplated,
- Whether the site is transit-rich,
- Whether the site is in an area that lacks multifamily housing or is a Section 8-voucher desert
- Whether and to what extent there are minority or women-led enterprises in the proposed scope,
- Whether the proposed plan can bring resources to a community that is historically underfunded and/or segregated.

These AFFH priority factors seek to address segregation and create equity in access to resources that are the foundation for families to thrive.

The core of the proposal is to help communities plan for and address barriers to building housing for vulnerable and underrepresented New Yorkers. For this reason, the funding priorities described above are critical.

In addition, any planning scope for housing development will be encouraged to include what it will take to bring the contemplated housing project in line with best practices for equitable access and accessibility, in line with policy developed by New York State Homes and Community Renewal’s (NYSHCR), which include:

- NYSHCR’s design guidelines for housing, which go beyond state and federal law for accessibility and visitability (for New Yorkers with disability),
- NYSHCR’s tenant selection policies which require housing providers to conduct individualized assessments instead of automatic bars based on potentially discriminatory factors such as credit and criminal system involvement,
- Affirmative outreach and marketing to underrepresented and disabled New Yorkers,
- Review by the New York State Division of Human Rights for all housing that is age-restricted,
- Examination of any displacement risks created by contemplated housing and mitigation efforts,
- Fair housing scrutiny of any local or other preferences in tenant selection,
- NYSHCR’s Sustainability Guidelines (<https://hcr.ny.gov/sustainability-guidelines>).

In addition, it is important to note that all activities are already subject to state and federal AFFH requirements. As such, municipalities and not-for-profits would have to engage NYSHCR in how they plan to meet these requirements to proceed later for capital funding opportunities. NYSHCR develops AFFH training, guidelines and planning checklists for recipients of capital financing sources.

The 2023-published “Fair Housing Matters” report is New York State’s assessment of fair housing. It examines 7 key fair housing issues, incorporates robust community engagement, lists contributing factors to the 7 key issues and results in 8 goals with related action items, many of which bear directly on the proposal advanced here.

In short, the proposal will advance fair and affordable housing by helping municipalities, non-profits and affordable housing developers address several of the contributing factors that lead to segregation by laying the groundwork to increase access to affordable housing for New Yorkers with disabilities, those who have been excluded from neighborhoods, and those who have unequal access to resources that will help them, and their families, thrive.

In the New York Matters report, the various contributing factors examined for current segregation patterns include:

- Location and Type of Affordable Housing
- Land Use and Zoning Laws and Community Opposition
- Deteriorated and Abandoned Properties
- Lack of Public Investment in Specific Neighborhoods, Including Services and Amenities
- Acquisition Costs and Other Financial Factors
- Lack of Affordable, Integrated Housing for Individuals with Disabilities

Of the 8 goals listed in the Report, the following will be supported by this proposal:

- GOAL 2: Increase access to suitable affordable housing for those with disabilities.
- GOAL 3: Create more affordable housing with avenues for community supports.
- GOAL 5: Increase access to affordable housing by addressing barriers to housing choice.
- GOAL 7: Promote development of affordable housing in areas where land use and development regulations provide barriers.

By supporting the planning activities for affordable housing, with the funding priorities listed above, municipalities and not-for-profits will be able to analyze the contribution factors/barriers listed above and create housing that align with the various goals set out in the Report.

A component of any planning that goes into affordable housing development will include the risk of displacement and what it would take the contemplated project to mitigate any proposed risk. Although the proposed program does not contemplate the planning for the removal of any units, any rehabilitation planning should include robust non-displacement including rights of first refusal, relocation and community engagement.

Any planning scope for housing will include what it will take to bring the contemplated housing project in line with New York State Homes and Community Renewal’s design guidelines (<https://hcr.ny.gov/system/files/documents/2022/05/design-guidelines--spring-2022.pdf>), which go beyond state and federal law (including the ADA and the Fair Housing Act) for accessibility and visitability for New Yorkers with disabilities.

A goal of the planning exercise will be to contemplate and be able to plan for any potential resistance. By carving out the time and engaging in these planning activities contemplated by the

proposal, municipalities and not-for-profits can begin the process of coalition-building and public engagement on the front-end, instead of, unfortunately, once the project is already underway.

NYSHCR has relied heavily on the public engagement process undertaken as part of its Assessment of Fair Housing Report, which involved:

- A Housing Stakeholder Survey and Community Resident Survey (translated into six languages);
- Key informant interviews with those working in the housing sector; and
- Focus groups with housing stakeholders and residents of New York State

The repeated input was that building affordable housing is difficult because of zoning and regulatory barriers that are difficult to discern given the disparate zoning authority across the state. While the State is working to incent localities to make their zoning policies more publicly accessible, a planning grant would allow municipalities and not-for-profits to look at zoning, plan for what is necessary to navigate a housing project through local approval processes, and build a housing project with equity and access in the development stage.

NYS Executive Law Article 15A governs the requirements for participation of minority and women-owned business enterprises (MWBEs) in New York State contracting. NYS state funded contracts include participation goals and NYS maintains a rigorous process for confirming good faith efforts to ensure participation by minority & women-owned and service-disabled veteran-owned businesses.

New York is a complex regulatory landscape and different components related to housing development can be regulated at the village, municipal, county and state level. Creating funding for affordable housing planning increases access to enterprises, such as small business and MWBE's who might not have the access to capital and savings, to sustain a protracted development schedule exposed to local resistance. The planning up front would help create a roadmap to navigate these processes and streamline ultimate construction of the housing. Because of the funding priorities listed above, NYSHCR will be able to track the number of planning activities that fell into each of the funding priorities, each aimed to increase equity and access, undo segregation and otherwise affirmatively further fair housing. Ultimately, NYSHCR will also track how many units were created and according to which funding priority(ies) (e.g., well-resourced area, MWBE development team, etc.).

NYS is requesting funding for planning projects only. While the planning projects are intended to facilitate development of future available units, the PRO Housing funds will not fund housing units directly.

v. **What are your budget and timeline proposals?**

**Budget**

The total cost for the proposed program is \$8,050,000 and the proposed sources of funding include the \$5,000,000 PRO Housing funding request and \$3,050,000 in committed NYS Preservation Program funding.

NYS has committed \$3,050,000 in NYS Preservation Program funding to formally match & leverage the HUD PRO Housing funds. The Preservation Program funding is a perfect source of funding to leverage the HUD PRO Housing funds as it alone cannot deliver the same type of planning work products as those initiated and supported by units of local government. The Preservation Program network of not-for-profit organizations is dedicated to the preservation and construction of affordable housing and removal of barriers, and we anticipate that the planning projects completed by this not-for-profit network will be meaningful in supporting these efforts. These funds will directly leverage expanded and complementary work products and serve more parts of New York State. This funding source may be particularly impactful in rural areas where units of local government may have lower capacity to support planning projects.

New York State is requesting \$5 million in PRO Housing funding to support planning activities. This amount was determined upon evaluation of both NYSHCR's capacity to administer a new Federal grant and the amount of funding required to advance impactful projects throughout NYS.

NYS will retain up to \$500,000 to be directly administered. NYS will retain consultants and professional services to support projects that will provide statewide or regional benefit in the removal of barriers to accessible and affordable housing.

NYS has budgeted the maximum of 10% of the requested PRO Housing funding, or \$500,000, in administrative funding to support staff time and costs associated with the marketing, planning and general administration of the grant funds.

The remainder of the requested funding, \$4,000,000 will be offered as planning grants through not-for-profit subrecipients and units of local government. For this reason, specific award amounts will be unknown until later when the application pool is received. We anticipate, however, that planning grant awards will range from \$50,000 - \$300,000. This range is based on market rates for various planning activities for both small rural and larger urban communities. Based on this range and an estimated average cost of \$175,000, we expect this funding will result in approximately 40 planning project awards: 23 funded by HUD PRO Housing Funds and 17 funded by NYS Preservation Program funds. It is possible that costs and awards may be on a lower range than this average and result in more awards, but exact numbers are unknown prior to launch of a funding opportunity by NYS.

Applicants for NYS's funding round will be required to present supporting documentation to justify the reasonableness of cost for the proposed projects. Upon award, applicant organizations will be required to complete a procurement process to ensure cost effectiveness and alignment with industry standards. Although we are anticipating a wide variety of project types on different scales, NYS will have the opportunity to compare costs among the proposals received and

consider impact and cost effectiveness as part of the application review and award selection process. To further ensure controls on cost effective spending, awarded funding will be released only on a cost incurred or reimbursement basis, supported by contracts and invoices to ensure appropriate use of funds.

**Sources & Uses of Funds**

<b>Use of Funds</b>	<b>CDBG PRO Housing Funding Requested</b>	<b>NYS Preservation Programs Funding Committed</b>	<b>Total</b>
<b>Planning</b>			
Directly Administered Planning Projects	\$500,000		\$500,000
Planning Grants - Not-for-profit Sub-recipients	\$2,000,000	\$3,050,000	\$5,050,000
Planning Grants - Units of Local Government	\$2,000,000		\$2,000,000
<b>Administration</b>	\$500,000		\$500,000
<b>Total</b>	<b>\$5,000,000</b>	<b>\$3,050,000</b>	<b>\$8,050,000</b>

The \$5,000,000 request amount is critical to ensure coverage of our large and diverse state. Without an award of this size, it is challenging to contribute meaningful progress toward reducing barriers to the construction and preservation of accessible and affordable housing. We do recognize, however, the competitive nature of the funding.

Our proposal of primarily re-granting funds for local planning grants can flex and deliver the same types of proposed activities on a smaller scale but will result in fewer areas served by the planning efforts and demonstrate greatly reduced impact. Our commitment of NYS Preservation Program resources will remain intact, but without the combination of sources to also support planning projects by units of local government, the impact of the funds is greatly diminished. An award of 50% of our request would mean very few parts of the state and HUD identified priority geographies would have access to participate. A reduced award could serve as a pilot program for this activity and would therefore remain a worthwhile effort to support the units of local governments in NYS committed to this work.

**Schedule**

NYS is eager to support planning projects that will facilitate approvals and a pipeline for housing construction and preservation projects. NYS will pursue an aggressive schedule for committing and expending the PRO Housing funds far in advance of the 2029 expenditure deadline. This timeline is intended to move quickly toward completion of plans and other work products that will remove barriers to accessible and affordable housing.

Upon award, NYS will act quickly and issue a Request for Proposals for vendors to support directly administered activities. Once that procurement has been published, a grant funding opportunity will be launched to make both the HUD PRO Housing funding and NYS Preservation Program funding available to eligible applicants.

NYS will host informational sessions and market the NOFA widely to various stakeholder groups including existing users of NYS Homes & Community Renewal funding and through networks including the Neighborhood Preservation Coalition of NYS, the Rural Housing Coalition of NYS, the NYS Land Bank Association, the NY Conference of Mayors, NYS Association of Counties, NYS Association of Towns and the Regional Commissions.

Once applications are received, NYSHCR staff will conduct an application and review process to make project selection and award decisions. Formal award decisions will be announced upon completion of the application scoring process.

Awardees will be offered 12–24-month contracts to complete the proposed work, depending on the nature of the proposed planning activity. NYSHCR staff will actively manage the awarded grant contracts to ensure that projects receive essential technical assistance and remain on track to complete the proposed activities within the awarded contract timeframe.

NYSHCR will monitor and close out grant projects as they are completed to ensure a timely wrap up of all payments and required reporting within the estimated two-year term.

<b>Milestone</b>	<b>Estimated Date</b>
Estimated Project Start Date	January 31, 2024
Information Session on Funding	February 2024
RFP Issued - Procurement of Vendors for Directly Administered Activities	February 2024
NOFA - Funding Round Open for UGLG & NFP Subrecipients	March 2024
Informational webinar on NOFA for interested applicants, marketing to stakeholders	March-May 2024
Vendor(s) selected for Directly Administered Activities	May 2024
Funding Round Closes for UGLG & NFP Subrecipients	June 2024
Planning Grant Awards Announced	August 2024
Contracting & NEPA for Planning Grants Completed	October 2024
24 Month Term for Planning Grants Completed	October 2026
Reporting & Final Payments	December 2026

**Exhibit E: Capacity  
New York State**

DRAFT



## Exhibit E Capacity

### **i. What capacity do you and your Partner(s) have? What is your staffing plan?**

NYS Homes & Community Renewal (NYSHCR) is New York State's affordable housing agency with a mission to build, preserve and protect affordable housing and increase homeownership throughout New York State. NYSHCR develops, preserves and protects affordable housing and invests in economically vibrant communities. We work with many private, public and nonprofit partners to create safe, healthy and affordable housing opportunities for all New Yorkers.

NYSHCR is a consolidated agency that includes multiple entities: the Division of Housing and Community Renewal, Housing Finance Agency, Affordable Housing Corporation, Municipal Bond Bank Agency, State of New York Mortgage Agency (SONYMA) and the Housing Trust Fund Corporation (HTFC). These agencies and public authorities work together toward common housing goals to address:

- **Multifamily Housing**  
Financing the new construction and preservation of affordable multifamily rental housing using tax-exempt and taxable bonds, State and Federal Low Income Housing Tax Credits, and loan programs that support our housing priorities.
- **Homeownership**  
The State of New York Mortgage Agency (SONYMA) provides financing and programs designed for first-time and low-income homebuyers. SONYMA also manages programs to help homeowners with critical repairs, accessibility, weatherization and energy efficiency upgrades.
- **Community Revitalization**  
HCR invests in strong communities through State and Federal grants to municipalities and nonprofits that increase affordable housing opportunities, develop small businesses, build community facilities, and repair or improve infrastructure.
- **Rent Regulation and Tenant Protection**  
In New York City and adjacent counties, HCR enforces the State's Rent Regulation Laws through our Office of Rent Administration and protects the rights of tenants facing landlord harassment or rent overcharges through the Tenant Protection Unit.
- **Fair Housing**  
HCR ensures that all of the investments we make in every community adhere to the law and provide fair housing opportunity for all New Yorkers.

NYSHCR is charged with carrying out Governor Hochul's new \$25 billion, five-year, comprehensive housing plan to increase housing supply by creating or preserving 100,000 affordable homes across New York including 10,000 with support services for vulnerable populations, plus the electrification of an additional 50,000 homes.

New York State's proposal for the PRO Housing funding opportunity has been developed with consideration of jurisdictional limitations. NYS recognizes that units of local government must act locally to review and consider local laws and ordinances and changes necessary to remove barriers to accessible and affordable housing. New York's Pro-Housing certification process is intended to encourage units of local government to take on that review and update process by allowing the Pro-Housing communities priority consideration in certain discretionary funding. The funding available is, however, primarily capital funding. The units of local government need planning resources to make adequate progress in evaluating and removing barriers to accessible and affordable housing.

Within NYSHCR, NYS Housing Trust Fund Corporation administers the New York State Community Development Block Grant (CDBG) non-entitlement program. The Office of Community Renewal (OCR), one of the agency's development offices, leads the program along with a portfolio of other state and federal grant programs. The OCR team will also lead the administration of the proposed PRO Housing funding.

New York State's proposal for the PRO Housing funding opportunity has been developed with consideration of administrative capacity. The request is for planning resources given the tremendous need for this type of resource but also balancing the administrative challenges that come with launching a new federally funded program. Given the focused and narrow scope of planning-only activities, we believe the PRO Housing funding can be seamlessly incorporated into the work of OCR.

The OCR team includes staff with decades of experience with CDBG and other federal funding sources. This experience includes extensive work with units of local government and consultant support. This experience has been recently expanded with experience administering directly and working with not-for-profit subrecipients during the administration of the CDBG CARES funding beginning in 2020.

As a first step, OCR will host an information session on the grant funding received by the state. This will be used as an opportunity to seek feedback before launching a funding opportunity. The President of the Office of Community Renewal will provide administrative oversight for the new PRO Housing grant program. The two existing Community Development Block Grant (CDBG) Program Directors & the NYS Preservation Program Director will coordinate to finalize the program design and prepare the initial Request for Proposals (RFP) for vendor procurement as well as the Request for Applications (RFA) for release to units of local government and not-for-profit subrecipient applicants. Project managers from their teams will assist with program implementation as needed.

Once initial steps have been completed and OCR has firm information on the number of anticipated planning project awards, grant project caseloads will be evaluated to determine if existing staff have bandwidth to stand-up this new program and handle grant management responsibilities. We anticipate capacity among existing staff as other recovery grant funding sources are sunseting. If existing staff remain at full capacity with open grants from existing

programs, OCR will recruit a new staff person to support grant management and technical assistance among the new portfolio of planning grant awards.

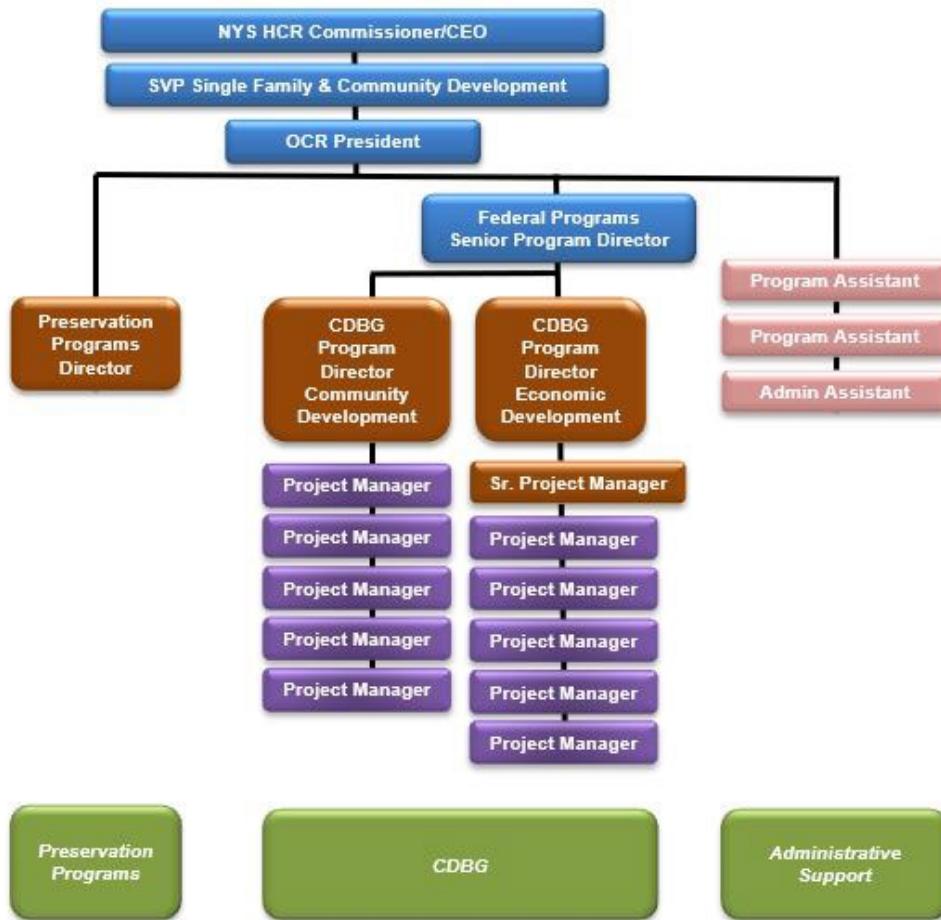
The estimated 23 PRO Housing grant awards are on the low end of the range of a typical caseload among the existing CDBG project managers. With the support of the Program Directors, Administrative/Program Assistants and agency shared services offices, it is expected that a single project manager would be adequate to staff the PRO Housing portion of this new program. Similarly, the estimated 17 Preservation Program grant awards would be led by the Preservation Program Director with support from Administrative/Program Assistants and agency shared services offices.

NYSHCR has a robust team from shared services offices throughout the agency that will provide the requisite support and supplemental capacity to OCR's Program Directors, Program Assistants and assigned Project Managers. Specifically:

- Office of Legal Affairs (OLA) - Preparing contracts, regulatory review
- Office of Finance Administration (OFA) - Procurement support, processing payment requests, supporting IDIS/DRGR
- Environmental Analysis Unit (EAU) - Processing NEPA and State Environmental Review Act (SEQR) approvals, providing environmental technical assistance to grantees
- Fair & Equitable Housing Office (FEHO) - Technical assistance & reporting support
- Office of Internal Audit – Audit & internal controls support

NYSHCR staff members have prepared this application requesting PRO Housing funding. The application was a collaborative effort among OCR, FEHO and executive leadership team members.

# Organizational Chart



**Exhibit F: Leverage  
New York State**

DRAFT

## **Exhibit F: Leverage**

### **i. Are you leveraging other funding or non-financial contributions?**

NYSHCR has committed \$3,050,000 in NYS Preservation Program funding to formally match & leverage the HUD PRO Housing funds. A commitment letter is attached as formal supporting documentation.

Established in 1977 and 1980, respectively, the Neighborhood Preservation Program (NPP) and the Rural Preservation Program (RPP), known collectively as the “Preservation Programs,” provide annual non-capital, operational funding to a vast network of housing and community development organizations throughout New York State. These organizations assist their communities through property rehabilitation/construction; client assistance (tenant counseling; financial counseling, eviction prevention, etc.); and community renewal (assistance to municipalities; writing / administering grants; and administering community programs) activities.

This network of 188 not-for-profit organizations serves 60 of New York State’s 62 counties. These organization fill a gap in capacity and services among units of local government in both rural and urban areas of the state and provide critical housing and community development support to communities in need.

The Preservation Program funding is an ideal source of funding to leverage the HUD PRO Housing funds. Alone it cannot deliver the same type of planning and predevelopment work products as those initiated and supported by units of local government. Coupling the sources together in a joint funding opportunity, however, will offer the program tremendous reach and impact.

**Exhibit G: Long Term Effect  
New York State**

DRAFT

## **Exhibit G: Long Term Effect**

### **i. What permanent, long-term effects will your proposal have? What outcomes do you expect?**

The PRO Housing funding is requested to support planning activities with work products that will remove barriers to the construction of accessible and affordable housing.

Given the limited pool of resources available, New York State determined that planning activities will have more impact statewide than capital activities made with a similar investment. A zoning update, as an example, will have a lasting and possibly permanent effect on the community as it could facilitate housing construction approvals and increased density for generations.

Opening a planning grant opportunity to units of local government and not-for-profit subrecipients is the best approach for a state as large and diverse as New York because the needs of localities vary widely. This grant funding will offer a local government the opportunity to present its own approach for addressing its own local barriers. The funding opportunity will be limited to proposals that can clearly justify the connection to the removal of obstacles to the creation of accessible and affordable housing.

There are no known roadblocks for NYSHCR implementing the proposed funding opportunity for planning grants. The roadblocks are more likely to exist at the local level and these could include reluctance to initiate a planning process or resistance to implementing proposed changes. As outlined earlier in the application narrative, NYSHCR will prioritize proposals that show impact in the HUD priority areas & well-resourced areas. NYSHCR will also require applicants to present a clear commitment to implementation of planning work products. NYSHCR will work to avoid planning work products that remain on a shelf.

Upon completion of the awarded planning projects, NYSHCR expects to see implementation of local planning projects. Given the anticipated variety of projects, the metrics that would be indicators for success would be increases in the number of housing permit requests, increased number of housing permit approvals and a steady pipeline and demand for housing funding requested from NYSHCR.



**To be attached to final application**

Attachment A  
Summary of Public Comments

Attachment B  
Required Forms

Attachment C  
Leverage Documentation

Attachment D  
Support Letters

DRAFT