



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 for first-time homeownership for underserved families, particularly 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 3-5 one- to three-family homes for developers who have not previously utilized HCR funding, or up to 10 clustered one- to three-family homes for developers who can demonstrate previous success using HCR funding, which homes are either located in a CLCPA disadvantaged community (https://www.nyserda.ny.gov/ny/disadvantaged-communities) or the application uses data to document other homeownership disparities in the project’s area. - 2 points (Properties proposed as three-family homes should be able to demonstrate historic permitted use as such.)5. The project is proposed by, or in partnership with, a NYS Land Bank – 1 point6. The project proposal identifies an established partnership with a
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	<p>homeownership counseling agency to build a pipeline of first-time homebuyers — 1 point</p> <p>7. The project proposal establishes that the homes can be appropriately rehabilitated and sold for affordable and supportable prices with the available subsidy per unit in this term sheet and other secured sources.</p> <p>-1 point</p>
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. Any lending institution must agree to act as a Co-Lender to administer a Participation Loan with HCR. Other financing proposals may be considered on a case-by-case basis.
Amount Available	Up to \$25 Million.
Subsidy Amount	<p>Up to \$200,000 for each proposed one-family home, and up to \$150,000 per unit for each proposed two-family or three-family home. The subsidy maximum can be averaged across all units in a single project to account for variation in existing conditions.</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>
Construction 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. The loan will 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.
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 first-time homebuyer households earning no more than 80% AMI, and each homebuyer will execute a forgivable 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 is permitted only 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>(Note: the above example is for illustration purposes only and based upon HUD's FY 2022 income limits. Current income limits may be higher.)</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 initially be sold to an eligible first-time homebuyer household in Kingston earning 80% AMI, or \$76,800, for a maximum</p>



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	<p>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>(Note: the above example is for illustration purposes only and based upon HUD's FY 2022 income limits. Current income limits may be higher.)</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, first-time homebuyer 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	<p>Following evaluation by CPC or other financial institution proposed to serve as the construction co-lender, a Legacy City Access Property Program Application must be submitted electronically to the HCR contact below.</p> <p>Applications can be found here: https://hcr.ny.gov/legacy-city-access-program</p>
HCR Contact	Burke Blackman, Director, Distressed Asset Preservation, burke.blackman@hcr.ny.gov

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 federal, state and local laws.