



AFFORDABLE HOMEOWNERSHIP OPPORTUNITY PROGRAM

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 Homeownership Opportunity Program will provide funding to encourage homeownership projects that will create opportunities for first-time buyers. The funding will support projects that use advances in technology to control construction costs, reduce the cost of ownership, and meet New York’s climate goals through new construction of single-family homes and town homes, or the new construction or adaptive reuse of multi-family coops or condo projects. HCR will also consider proposals for the following additional scenarios: 1) The conversion of regulated rental projects reaching the end of their affordability period into limited equity cooperatives, or 2) Non-subsidized rental property conversions to limited equity cooperatives with existing households who can meet the program’s affordability standards.

Program Description	
Eligible Projects	<p><b><u>Applicant Capacity and Experience</u></b></p> <p>Applicants must demonstrate:</p> <ol style="list-style-type: none"> <li>1. A strong record of developing single- or multi-family homeownership projects</li> <li>2. Success in providing homeownership counseling and technical assistance to low- and moderate-income homeowners or evidence of appropriate partnership for this service.</li> <li>3. Experience using the proposed construction methods or a construction or development partner with that experience.</li> </ol> <p><b><u>Project Characteristics:</u></b></p> <p>Building Types:</p> <ol style="list-style-type: none"> <li>1. Infill standalone homes in existing neighborhoods</li> <li>2. Attached or detached-style developments</li> <li>3. Multi-family structures, including new construction, adaptive reuse, or conversions of existing multifamily rentals to limited equity cooperatives</li> <li>4. Any single-family homes may include an accessory dwelling unit, however, the ADU unit will not qualify for additional subsidy under this term sheet</li> <li>5. Projects must be at least 5 homeownership units</li> <li>6. Projects should be less than 100 units, with any exceptions made at HCR’s sole discretion</li> </ol> <p>Ownership Types:</p> <ol style="list-style-type: none"> <li>1. Condo</li> <li>2. Cooperative</li> <li>3. Fee Simple</li> <li>4. Other model as approved by HCR</li> </ol> <p>Location and Community Impact:</p>



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	<ol style="list-style-type: none"> <li>1. For multi-site projects, sites must be clustered in reasonable proximity such that the homeownership opportunities created will have a meaningful impact in a specific identifiable neighborhood</li> <li>2. Proposed projects should strive to address historic discriminatory trends in homeownership or increase the opportunity for affordable homeownership in historically underserved areas.</li> </ol> <p><u>Energy Efficiency:</u></p> <ol style="list-style-type: none"> <li>1. Projects must employ innovative home construction methods that will demonstrate achievable high efficiency performance standards.</li> <li>2. Where feasible, projects should pursue Net Zero standards, which may receive additional subsidy.</li> </ol>
Eligible Applicants	Non-profit or For-profit Developers may receive a funding award. MWBE firms are strongly encouraged to apply.
Financing Requirements	<p>Prior to commitment of the subsidy, the developer must provide a construction loan commitment from an HCR-approved lender.*</p> <p>Applications must be accompanied by a preliminary development budget and affordability analysis in the format provided.</p> <p><b>*Contact HCR for information about approved lenders or to inquire about applying</b></p>
Subsidy Amount	<p>Award amounts will be based on scope and need for each project. Per home subsidies will increase with deeper affordability:</p> <p>Target affordability up to 100% AMI*: \$150,000 maximum subsidy**          Target affordability up to 80% AMI*: \$200,000 maximum 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 not consider requests that exceed these subsidy amounts. Final awards will be as determined by HCR underwriting standards, and must be recommended by HCR Staff, and approved by the Housing Finance Agency Board. HCR encourages other local, state, and federal sources, which may have additional conditions or per unit maximum awards.</p> <p>Total subsidy allocated to projects in New York City will not exceed \$150 million over the first 5 years of program operation. HCR will publicly advertise when this limit has been met.</p> <p>To support sales to homebuyers at or below 80% AMI, HCR will offer additional down payment assistance to qualifying households.</p>



Loan Terms	HCR will provide subsidy in the form of a construction loan with a servicing fee 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, such as the length of the construction loan, shall be considered on a case-by-case basis.
Developer Equity Requirements	During construction, 5% cash equity contribution for for-profits borrowers or as approved by HCR.
Developer Fee	A developer fee is allowable but may be no more than 12% of the development costs, excluding the developer fee, acquisition costs, and the 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.
Design and Sustainability Standards	Plans must be submitted for review to HCR and conform to the requirements found here: <a href="https://hcr.ny.gov/system/files/documents/2023/08/hcr-homeownership-design-standards-2023.pdf">https://hcr.ny.gov/system/files/documents/2023/08/hcr-homeownership-design-standards-2023.pdf</a> . Each property must also have a cost estimate verified by an engineer, architect, or other appropriate professional.
<b>Affordability Requirements</b>	
Term of Affordability	<p>Initial home sales shall be to home buyers with income limits as outlined in the Subsidy Amount section above, with a preference for first time homebuyers and homebuyers who have been historically underserved. Each homebuyer will execute a soft second mortgage and regulatory agreement with the Agency to ensure affordability requirements are enforceable. The soft second mortgage shall be forgiven at the end of the regulatory period. In the case of a cooperative, the corporation will assume the forgivable long term soft second mortgage and regulatory agreement and comply with Option 2, below.</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><b>Option 1. LMI Equity Building with Shared Appreciation</b> 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. 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</p>



	<p>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 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><b>Option 2. LMI Long-Term Affordability</b> Homebuyers will assume an affordability obligation of 30 years, in the form of an enforcement mortgage. Where applicable, longer affordability may be enforced by local entities such as Community Land Trusts or a limited equity cooperative corporation or as required by other funding. 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 could be initially sold to an eligible first-time homebuyer household in Kingston earning 80% AMI, or \$76,800, for a maximum 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 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>
<p>Asset Limits</p>	<p>Combined household assets, excluding qualified retirement and education savings plans, must be limited to no more than \$100,000. Buyers must provide a certification disclosing the household’s total assets. AHOP shall defer to other funding sources having less restrictive asset requirements.</p>
<p>Reviews and Approvals</p>	
<p>Environmental Review</p>	<p>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 as well as the following regulations where applicable.</p> <ul style="list-style-type: none"> <li>• Section 14.09 of the Parks, Recreation, and Historic Preservation Law (Historic &amp; Cultural Resources);</li> <li>• Floodplain Management Criteria for State Projects at 6 NYCRR 502;</li> <li>• NYS Agricultural and Markets Law Section 305(4) (Agricultural Districts);</li> <li>• Coastal Zones at 19 NYCRR Part 600;</li> <li>• Local Zoning Code/Special Use Permits;</li> <li>• Lead Based Paint – EPA Renovation, Repair and Paint Rule or HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing;</li> <li>• Asbestos Containing Materials at 12 NYCRR Part 56.</li> <li>• Coordinate with HFA’s Environmental Unit, as needed.</li> </ul>



## Homes and Community Renewal

Appraisal Report	An independent appraisal is required and subject to HCR review and approval. The project's acquisition cost must be the lesser of the actual acquisition cost or the value supported by an as-is value from an independent appraiser licensed to practice in the State of New York and acceptable to HCR.
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.
Market Study	Projects larger than 20 units must present a market study demonstrating demand for the type of units and market pricing.
Equal Opportunity Goals	
Marketing Plan Requirements	Projects must submit a marketing plan identifying a HUD-certified homeownership counseling partner (if developer is a non-profit who provides this service, they may act in both capacities) 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. Final affirmative fair housing marketing plans shall be subject to review and approval of the Office of Fair and Equitable Housing (FEHO).
MWBE Utilization	A Utilization Plan must be submitted containing a detailed description of the supplies and/or services to be provided by each certified Minority and Women-owned Business Enterprise (M/WBE) as required by the set project-specific goals.
Credit and Board Review	



**Conditions for Credit  
Committee and Board  
Review**

All financing is subject to review and approval by the HCR Credit Committee and Board.

*Credit Committee consideration requires all information requested in the application, in addition to:*

- Evidence of Funding Commitments: Satisfactory evidence of commitment from all funding sources.
- Appraisal: An independent appraisal acceptable to HCR.
- Physical Needs Assessment: Completed and satisfactory to HCR, where required.
- Disclosure: Completed and satisfactory disclosure documents for principals and known investors in the project, as required by HCR. All members of a non-profit board must complete the disclosure process.
- Financial Statements: Financial statements and credit reports.
- Acceptable project budget including agreed upon income, expenses, and sources and uses.

*Board consideration requires the above documents plus:*

- SEQRA: Completed and satisfactory State Environmental Quality Review Act (SEQRA) review.
- SHPO: No Impact determination letter from the State Historic Preservation Office (SHPO).
- MWBE Goal Projection: Complete estimate for MWBE utilization goal for the project.
- Third Party Reports: Completed and satisfactory third-party reports with reliance letters to HCR.
- Background Check: Satisfactory as completed by HCR or delegated party.

**CONSTRUCTION CLOSING (next page)**



<p><b>Conditions Precedent</b></p>	<p>In addition to the items listed above in final form for credit committee and Board, conditions precedent to construction loan closing include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• NEPA, if necessary, when Federal funds are included in the project.</li> <li>• Commitment Letters: Executed commitment letters from the participating lender and all subordinate lenders, if any.</li> <li>• Other Funding: Evidence of all other project funding.</li> <li>• Project Budget: Must be agreed to and in final form for all parties.</li> <li>• Plans: Building permits from the local jurisdiction issued as necessary.</li> <li>• Note, mortgage, and UCC's. All documents in final form acceptable to all parties.</li> <li>• Certifications: Applicable certifications and attorney opinion letters.</li> <li>• Insurance: Property and liability insurance in form and substance acceptable to HCR.</li> <li>• Title: Good and marketable title, free and clear of encumbrances except as permitted by HCR.</li> <li>• Title Insurance: Title insurance and survey in form and substance acceptable to HCR.</li> <li>• HCR Named Beneficiary: Documentation will require that HCR be named a beneficiary on several documents, including but not limited to insurance certificates and completion guarantees.</li> <li>• An MWBE Utilization Plan acceptable to the agency.</li> <li>• A Fair Marketing Plan acceptable to HCR's Office of Fair Housing and Equal Opportunity.</li> <li>• Agreement on any real estate tax exemption/abatement must be in place.</li> <li>• Approval from the NYS Attorney General Office for property sale from non-profit entity.</li> </ul>
<p><b>Applications</b></p>	
<p>Application</p>	<p>Following evaluation by the proposed construction co-lender acceptable to HCR, an Affordable Homeownership Opportunity Program Preliminary Application must be submitted electronically to the HCR contact below. Information and applications can be found here: <a href="https://hcr.ny.gov/Affordable-Homeownership-Opportunity-Program">https://hcr.ny.gov/Affordable-Homeownership-Opportunity-Program</a></p>
<p>HCR Contact</p>	<p>Thomas Abbot, Director, Homeownership Development Initiatives AHOP@hcr.ny.gov</p>



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*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.*