



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 the creation of homeownership projects that will create opportunities for first-time buyers. The funding will take advantage of 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><u>Applicant Capacity and Experience:</u></p> <p>Applicants must demonstrate:</p> <ol style="list-style-type: none"> 1. A strong record of developing single- or multi-family homeownership 2. Success in providing homeownership counseling and technical assistance to low- and moderate-income homeowners or evidence of appropriate partnership for this service. 3. Experience using the proposed construction methods or a construction or development partner with that experience. <p><u>Project Characteristics:</u></p> <p>Building Types:</p> <ol style="list-style-type: none"> 1. Infill standalone homes in existing neighborhoods 2. Attached or detached-style developments 3. Multi-family structures, including new construction, adaptive reuse, or conversions of multifamily rentals to limited equity cooperatives 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 5. Projects must be at least 4 homeownership units 6. Projects should be less than 100 units, with any exceptions made at HCR’s sole discretion. <p>Ownership types:</p> <ol style="list-style-type: none"> 1. Condo 2. Cooperative 3. Fee Simple 4. Other model as approved by HCR <p>Location and community impact:</p> <ol style="list-style-type: none"> 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.



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	<p>2. Proposed project should strive to address historic discriminatory trends in homeownership or increase the opportunity for affordable homeownership in historically underserved areas.</p> <p>Energy Efficiency:</p> <ol style="list-style-type: none"> 1. Projects must employ innovative construction methods that will lead to substantial energy cost savings over traditional construction and/or will achieve high efficiency performance standards. At a minimum, the project should feature full electrification, solar readiness, a well-sealed, well insulated building shell, and high-efficiency multi-pane windows in addition to other Net Zero Ready features. 2. Where feasible, projects should pursue Net Zero or Passive House standards, which may receive additional subsidy. 3. The plans and anticipated results should be compared to traditional construction. In the case of occupied conversions or capital improvements, efforts to improve energy efficiency and resident comfort should be clearly documented.
Eligible Applicants	Non-profit or For-profit Developers may receive a funding award. MWBE firms are strongly encouraged to apply.
Financing Requirements	Prior to commitment of the subsidy, the developer must provide a construction loan commitment from a 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 will be reviewed on a case-by-case basis. Applications must be accompanied by a preliminary development budget and affordability analysis in the format provided.
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 Trust Fund Corporation 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 and to support project viability, HCR may offer additional down payment assistance to qualifying households.</p> <p>Applications should not propose the use of AHC in conjunction with AHOP.</p>



	<p>* https://hcr.ny.gov/ahc-income-limits</p> <p>**Affordable sale prices should be calculated based on a household size equivalent to the number of bedrooms plus 1.</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 may be considered on a case-by-case basis.
Developer Equity Requirements	<ul style="list-style-type: none"> • 10% equity contribution for for-profits, up to half of which may consist of deferred developer fee • 5% for non-profits, which may be satisfied by a deferred developer fee or other non-public sources • Exceptions must be approved by HCR.
Developer Fee	A developer fee is allowable but may be no more than 12% of the development costs, excluding hard and soft cost contingencies. HCR reserves the right to further negotiate the developer fee. Developer fee will be paid incrementally as homes are sold.
Design Standards	Plans must be submitted for review to HCR or the approved construction co-lender, depending on the financing plan. Each property must also have a cost estimate verified by an engineer, architect, or other appropriate professional. New construction projects in New York City should conform to NYC HPD’s design standards for the Open Door program. Projects outside New York City should confirm any applicable design standards with HCR based on the type of project proposed.
Affordability Requirements	
Term of Affordability	<p>Initial home sales must be to home buyers with income limits as outlined in the Subsidy Amount section above, with a preference for first homebuyers and homebuyers who have historically been underserved. Each homebuyer will execute a soft second mortgage and regulatory agreement with the Agency to ensure affordability requirements are enforceable. In the case of a cooperative, the corporation will assume the long term soft second mortgage and regulatory agreement and comply with Option 2 below. Where NYC HPD is also providing Open Door financing, it is expected that HCR will work within HPD’s regulatory structure or as mutually agreed upon by the agencies.</p> <p>Where market conditions demand a lower sale price than would be allowed by the target sales price affordability, incomes up to 20% higher than the AMI equivalent of the actual sales price will be considered. Subsequent sales will revert to the income and sales price limits included in the regulatory agreement.</p> <p>Option 1. LMI Equity Building with Shared Appreciation</p> <p>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</p>



	<p>the initial term of affordability, the owner may resell or refinance the home without resale restriction. HCR will recapture 20% of the appreciated value over the original purchase price for an additional 20 years.</p> <p><i>Example:</i> In Kingston, a home is sold to an eligible first-time homebuyer for \$212,000, a price 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 the market value was \$500,000, HCR would recapture 20% of \$288,000 (the appreciation), or \$57,600. 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>Option 2. LMI Long-Term Affordability</p> <p>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><i>Example:</i> 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 household who earns a target income of \$119,652 for a family of four for a maximum price of up to \$330,289, depending on market values.</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"> • Section 14.09 of the Parks, Recreation, and Historic Preservation Law (Historic & Cultural Resources) • Floodplain Management Criteria for State Projects at 6 NYCRR 502 • NYS Agricultural and Markets Law Section 305(4) (Agricultural Districts) • Coastal Zones at 19 NYCRR Part 600 • Local Zoning Code/Special Use Permits • Lead Based Paint – EPA Renovation, Repair and Paint Rule or HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing • Asbestos Containing Materials at 12 NYCRR Part 56



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	Additional funding sources may dictate additional compliance procedures and coordination with HCR's environmental unit will be required.
Appraisal Report	An independent appraisal is required and subject to HCR review and approval.
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.
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 local households with emphasis on outreach and education and highlighting any focus on serving traditionally underserved neighborhoods and populations.
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.
M/WBE	All contractors and awardees must submit and abide by a Minority/Women-Owned Business Enterprise. (M/WBE) Utilization Plan that is acceptable to HCR
Application	
Application Process	Following evaluation by the proposed construction co-lender as applicable, an Affordable Homeownership Opportunity Program Preliminary Application must be submitted electronically to the HCR contact below. Information and applications can be found here: https://hcr.ny.gov/Affordable-Homeownership-Opportunity-Program
HCR Contact	Thomas Abbot, Director of Homeownership Development Initiatives AHOP@hcr.ny.gov