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HOUSING PRESERVATION PROGRAMS

As part of Mayor de Blasio's effort to preserve over 20,000 affordable homes in New York City, the New York City Department of Housing Preservation and Development ("HPD") sponsors several programs aimed at preserving privately-owned, multifamily affordable housing that may be of interest to nonprofits. Please note that this is not an exhaustive list of HPD's and other New York City or New York State sponsored programs available to developers of affordable housing, and that some of the programs noted also offer other subsidies (e.g., tax incentives or acquisition financing) that may be used in conjunction with the preservation loans or grants listed below. A link to HPD's preservation programs can be found at: www1.nyc.gov/assets/hpd/downloads/pdf/developers/Preservation-One-Pager.pdf

Participation Loan Program ("PLP")

The PLP provides low-interest loans to owners of multifamily buildings (defined as residential buildings containing three or more units) to facilitate moderate or substantial rehabilitation. Substantial rehabilitation is defined as rehabilitation that involves each of the following: (a) replacement of the heating system; (b) work in 75% of units, including in the kitchen or the bathroom; and (c) work on the building envelope (e.g., replacement of insulation, windows, or the roof). PLP provides loans at a rate of 1% interest. Projects with 9% Low Income Housing Tax Credits ("LIHTC") or projects with rents between 80% and 130% of Area Median Income ("AMI") can receive subsidies up to \$40,000 per unit. Projects with 4% LIHTC can receive subsidies up to \$60,000 per unit. Projects with rents between 60% and 80% of AMI can receive subsidies up to \$70,000 per unit. Projects with rents at or below 60% of AMI can receive up to \$90,000 per unit. All projects are subject to a minimum of a 30-year regulatory agreement where any current or future vacant apartments are restricted to rentals for households earning up to 130% of AMI. During the regulatory term, rents may not exceed a level affordable to households earning 120% of AMI. Projects with no prior homeless housing requirement shall set aside at least 10% of the units for people experiencing homelessness.

Multifamily Housing Rehabilitation Program ("HRP")

HRP provides low-interest loans to multifamily rental housing owners and to housing development fund corporation ("HDFC") cooperatives to replace major building systems in buildings reserved for low-income and moderate-income residents. Eligible rehabilitation tasks include upgrading or replacing major building systems (roofing, heating, electrical, and plumbing), removing housing violations and hazardous conditions, and Local Law 11 work (i.e. facade repair). This program, unlike the PLP, is designed for smaller rehabilitation projects. The maximum per-unit subsidy is \$35,000 at a maximum interest rate of 3%. After rehabilitation,

rents may be adjusted to allow the project to pay for its debt. However, any units that are not currently rent-stabilized must become rent-stabilized, and all rent-controlled or rent-stabilized units must remain so throughout the loan term. Any current or future vacant apartments must be rented to households earning no more than 120% of AMI. HRP gives preference to rental projects that would either maintain existing homeless requirements or add a homeless requirement of 10%. HDFC cooperative units may only be sold to households with an income not exceeding 120% of AMI, and vacant units in a cooperative may not be rented but must be marketed for sale to eligible buyers.

Green Housing Preservation Program ("GHPP")

GHPP provides (a) forgivable and no-interest loans for energy efficiency and water conservation improvements, as well as (b) low-interest loans for moderate rehabilitation. A typical GHPP project has the potential to lower building utility costs by 10%. Eligible buildings are multifamily dwellings that (1) have at least five units and (2) are less than 50,000 square feet. The maximum per-unit subsidy is \$50,000. Interest-free loans are available for per-unit costs of up to \$8,500 (or \$6,500 for buildings of more than 20 units). Low-interest loans at 1% are available for costs in excess of that threshold. Projects that have previously received LIHTCs or privately owned rental projects that have previously received HUD assistance are ineligible. Developers of such projects should instead contact, the HPD HUD Multifamily Program (described below). The funds may be used to conduct property surveys, lead and asbestos testing and engineering, and energy efficiency and water conservation ("EEWC") items.

HUD (U.S. Department of Housing and Urban Development) Multifamily Program

HUD administers the HUD Multifamily Program which provides low-interest subordinate loans to preserve privately owned HUD-assisted rental housing. The HUD Multifamily Program prioritizes buildings (a) that are distressed, (b) whose HUD restrictions will expire soon or (c) may convert to market-rate housing. The funds can be used for moderate or substantial rehabilitation projects. The maximum per-unit subsidy is \$35,000. Eligible units must receive Section 8 funding or other rental subsidies or be rent- and income-restricted. The homeless requirement is 20%, although it can be reduced or waived. The interest rate is 1%, which may be reduced to attract additional sources of private financing. All substantial rehabilitation projects must obtain the Green Communities Certification. All rehabilitated units must be rent-stabilized. The units are not eligible for Individual Apartment Increases or Major Capital Improvement Increases as a result of the rehabilitation.

Primary Prevention Program ("PPP") (Lead-based Paint Treatment)

PPP gives grants to lead treat single-unit and multi-unit homes and apartment buildings that (a) were constructed prior to 1960 and (b) have lead-based paint that is not intact. The buildings must be occupied by households with low and very low income levels, and preference is given to buildings that have units with children less than six years of age, pregnant mothers, or

where children visit regularly. The per-unit subsidy is generally between \$5,000 and \$8,000, but subsidies of up to \$10,000 may be available. Funding is given as a forgivable loan, secured by a mortgage on the property. The forgivable loan is extinguished after five years if the owner fully complies with the terms of the loan, including renting to low-income families for five years. Funding is only available for specified areas in Bronx, Brooklyn, and Queens.

Lawyers Alliance staff and volunteers are available to help your organization navigate HPD's preservation programs.

This alert is meant to provide general information only, not legal advice. The foregoing highlights preservation programs sponsored by HPD. For more detailed information about these and other HPD programs, visit HPD's website. If you have any questions about this alert please contact Hedwig O'Hara at (212) 219-1800 ext. 226 or visit our website at www.lawyersalliance.org for further information.

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