

New York State Homes and Community Renewal

USDA 515 Rental Housing Preservation Program Overview



How we got here

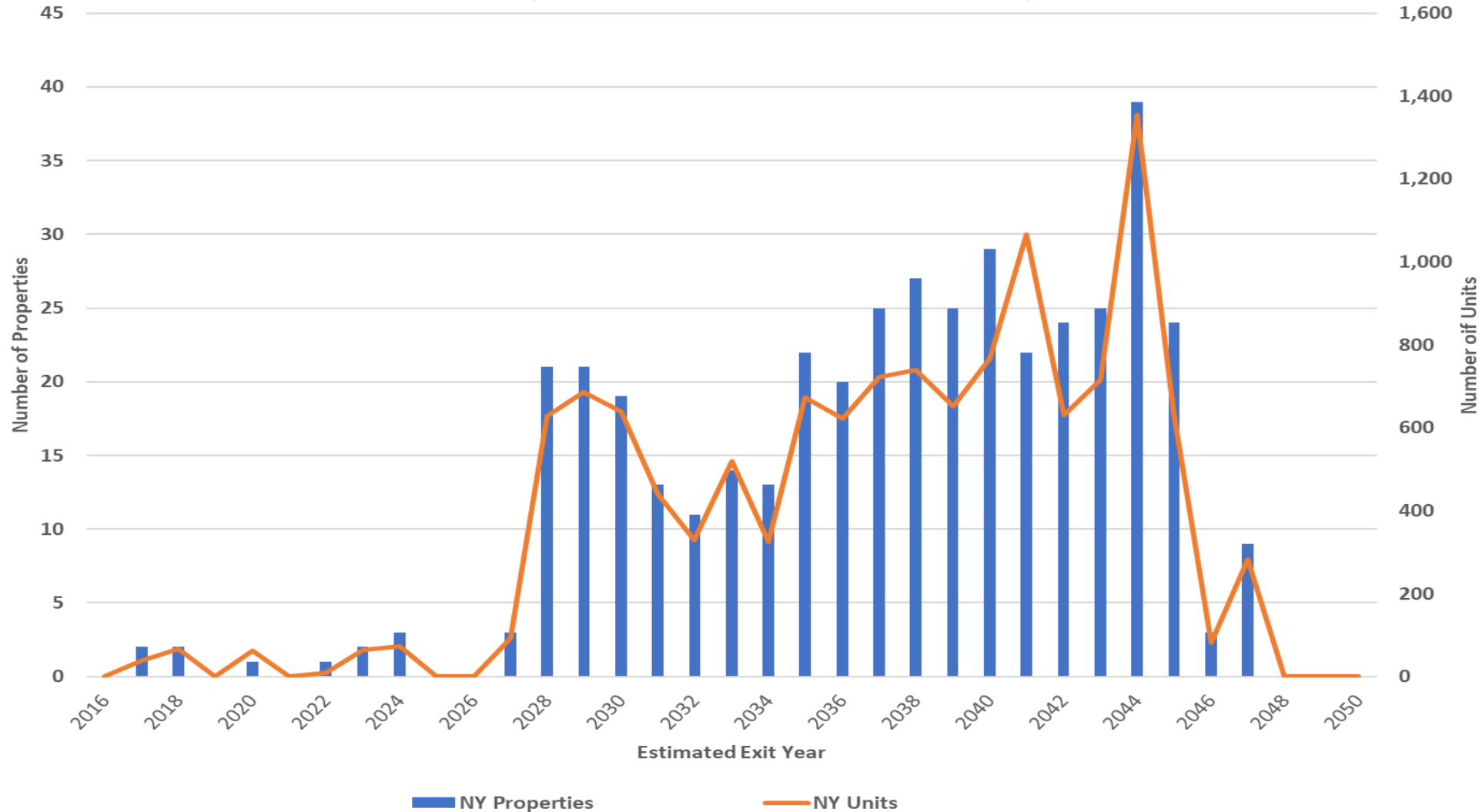
State allocated one time appropriation of \$10 million for the sole use of preserving USDA 515 properties.



Findings: Industry Observation and Data

- Increasing number of properties reaching maturity since 2016
- Properties nearing maturity also have significant repair needs
- USDA 515 properties are most likely the only affordable housing option for rural areas where multifamily housing stock is limited
- Vulnerable populations (seniors, those with physical disabilities, and other households with extremely low incomes) are at a heightened risk of losing access to safeguarded affordability
- Properties are often not HUD Section 504 compliant
- For-profit owners are willing properties to non-for-profit owners but there are barriers to acquisition

Maturing USDA Section 515 Rural Multifamily Loans (New York)
Estimated Loss of Properties and Units to Loan Maturity, 2016 - 2050



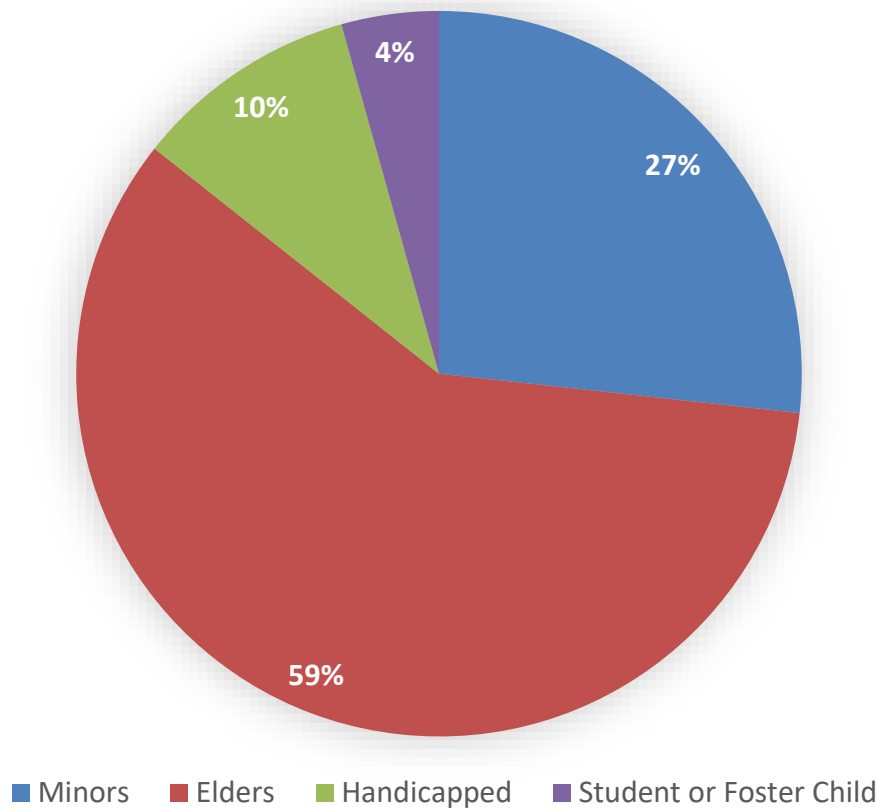
Source: Housing Assistance Council



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Vulnerable Populations in USDA 515 Housing, October 2023



Source: USDA FY 2023 Multifamily Housing Annual Occupancy Report

Program Goals

- Extend affordability for rural rental properties
- Preserve properties with rental assistance that will expire without USDA 515
- Provide funding support for properties in need of capital improvements, especially those not operating at full capacity
- Assist owners and prospective operators, especially nonprofits, with new capital that can offset acquisition and construction costs

Program Priorities

The \$10M will be made available and prioritized for the following types of properties:

- Properties that have USDA 515 mortgage and accompanying USDA 521 rental assistance (or other like assistance) and is at risk of maturing within the next 5 years
- Properties operating at less than full occupancy due to a lack of capital improvements
- Properties not currently meeting standards set forth by HUD Section 504
- Properties owned or acquired by not-for-profit organizations with experience in housing preservation and rehabilitation, especially those designated by HCR as a Rural Preservation Company

Key Funding Terms

- Eligible Uses
 - Substantial or moderate rehab of properties with USDA 515 loan in place
 - Funds can be used for acquisition, hard costs, and related soft costs
 - Comply with HCR Design and Sustainability Guidelines
- Projects must serve a range of household incomes at or below 60% AMI
- Program allow for up to \$75,000 per income restricted unit, however, this does not include monies that can be applied through other funding sources (ie., State Low Income Housing Tax Credits or Clean Energy Initiative)
- Loan Terms
 - Interest Rate: 0.25%
 - Servicing Fee: 0.25%
 - Minimum 40-year term
- Regulatory Agreement: Minimum 40 years

Application Initiation

1. Request a Technical Assistance meeting with one of HCR's Development Directors
2. Submit Concept Paper with following details:
 - Project Narrative
 - Preliminary IPNA, drawings, and/or zoning calculations
 - Phase 1 Environmental Survey
 - Proposed organizational chart
 - Appraisal (if acquisition is being considered)
 - Preliminary Development Budget

Additional Information

- [Full Term Sheet](#)
- [Clean Energy Initiative](#)
- [HCR's Requirements & Standards](#)