New York
Low Income Housing Preservation in 2010

Low Income Housing Tax Credits (9% Tax Credits)

DHCR

The New York State Division of Housing and Community Renewal (DHCR) is the lead Housing Credit Agency for the State of New York. DHCR's 2009 QAP defines preservation as property being rehabilitated to extend its useful life, which averts the loss of affordable housing and currently serves a population whose housing need would justify the replacement of the housing if it ceased to be available to that population. This definition does not distinguish between affordable unsubsidized or subsidized rental housing. The scope of the rehabilitation must be sufficient for the property to function in good repair as affordable housing for a period equal to at least 30 years from the date of issuance of the final credit allocation. Projects are required to maintain a 30-year period of occupancy restrictions (includes 15 year federal requirement). 10 points are given for further extensions and 15 points for waiver of the right to terminate the extended use period.

Preservation projects only need to meet visitability standards as feasible. The acquisition cost cap (of 25% of total costs) is waived for preservation projects.

Some competitive criteria act as preservation disincentives: Projects get 1 point for being located on a brownfield or grayfield, or for being an adaptive reuse project. Projects get 6 points for having a certain percentage of fully accessible units.

HPD

New York City's Department of Housing Preservation and Development (HPD) receives an annual suballocation of tax credits from the state. DCP's 2010 QAP states, as one of its goals, preservging "73,000 units of affordable housing for 220,000 New Yorkers, with a special emphasis on preserving units where subsidies are set to expire in the near future."

Up to 16 points are available for "project characteristics." Preservation projects -- projects that preserve existing affordable housing that either: a) have, and continue to use if possible, project-based rental assistance and/or operating subsidy; b) have a loan made prior to 1984 from any of the following loan programs; HUD 202/811, 221(3)3 or (d)4 or 236; c) an HPD LIHTC Preservation Program where HPD has approved a resyndication plan -- and rehabilitation of existing housing are eligible for these points.

Allocations (2004-2007) *(includes allocates for DHCR and NYC HPD)*

Properties Preserved: 192

Apartments Preserved: 4,182

State Low Income Housing Tax Credits

In 2011, New York allocated $4,000,000 to its state tax credit program. Applicants who qualifiy for federal tax credits automatically qualify for state credits, which bear a 10 year credit period.

Private Activity Bonds with 4% Tax Credits

NYSHFA allocates "As of Right" credits to projects financed by Private Activity Bonds issued by other State agencies such as Industrial Development Agencies and Public Housing Authorities and maintains a separate application process for projects which only require the allocation of 4%.

Allocations (2008-2009) *(includes allocations for NY HFA and NYC HPD)*

Properties Preserved: 40

Apartments Preserved: 6,633

Housing Trust Funds

New York City

The New York City Housing Trust Fund (NYC HTF) provides a flexible subsidy of between $20,000 and $50,000 per unit to nonprofit and for-profit developers to build or substantially rehabilitate multi-family apartments. Apartments can be rentals, condominiums, or cooperatives. Subsidies are provided in the form of 30-year term, one percent interest loans. Qualified projects must contain at least 20% of the units targeting “hard to reach” populations (either those below 30% HUD Income Limit (HUDIL) or between 61-80% HUDIL).

PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).

Other Preservation Incentives

In January 2011, HPD, along with Mayor Bloomberg and City Council Speaker Quinn, announced sweeping new changes to the way hPD identifies and addresses deteriorating physical conditions in multifamily buildings. The new Proactive Preservation Initiative is a comprehensive strategy for protecting the City's housing stock. The Proactive Preservation Initiative represents a new way of doing business. Until now, HPD’s primary means of identifying problem buildings has been through calls to 311—a reactive approach that yields good results but often misses emerging problems that, if exacerbated, can affect entire blocks and even neighborhoods. The new proactive approach builds on the 311-driven model to one that preemptively identifies and addresses troubled buildings in a systematic, coordinated manner. Working across HPD divisions and with partner agencies and nonprofit organizations—and offering both carrots and sticks—HPD is harnessing collective expertise and resources to protect New York City’s neighborhoods, ensure responsible building ownership and management, and bring relief to the tenants in troubled buildings.

In May 2010, New York State combined the management of the Department of Housing and Community Renewal (DHCR) and its housing finance agencies in an effort to speed up the allocation of low-income housing tax credits, tax-exempt bond, and other housing assistance and produce more aforable housing. Brian E. Lawlow was appointed commissioner of the DHCR and president of nyhomes, which includes New York State Housing Finance agency and the State of New York Mortgage Agency (SONYMA). The agencies will remain separate entities. Consolidation is expected to save the state $3.5 million per year. It will also eliminate redundant underwriting and jurisdictional overlap that have delayed developments, especially for projects seeking tax-exempt bond financing and 4 percent tax credits.

In the past two years, NY has seen a significant increase in the number of subsidized, affordable housing developments seeking financing for preservation. There are a number of factors which have impacted that shift: 1) a substantial number of subsidized housing developments built in the 1960's through the 1980's are beginning to show the signs of age, requiring refinancing to fund the replacement of outdated and inefficient major building systems including heating systems, to make them less costly and more energy efficient; 2) a number of these projects are contemplating their initial regulatory (extended use) terms under the federal Low Income Housing Tax Credit Program and other capital financing programs (e.g., HUD Section 236 or 202 programs, Mitchell Lama, NYS Housing Trust Fund Program); 3) in NYC, there is a significant dearth of vacant land available for new construction, resulting on an additional focus on the retention and preservation of existing affordable housing units.

NYDHCR is actively engaged with the new treasury backed HFA program. New York State Housing Finance Agency mailed the first bond issue with the Federal New Issue Bond Program (NIBP) in June 2010 and 2 of the 3 projects involved are preservation deals.

In 2008 the state assembly passed legislation that extends the affordability obligation of Mitchell-Lama developments from 20 to 50 years. The bill also requires properties that opt out of the program to adhere to rent stabilization guidelines.

In October 2007, DHCR made available low-cost financing to owners of state-financed Mitchell Lama developments. The new program, entitled 'Mitchell Lama Rehabilitation and Preservation (RAP) program' will allow owners to refinance existing mortgages in return for keeping rents affordable for an additional 40 years and rehabilitating the property. DHCR will also give $15 million of repair loans with zero interest to state-financed Mitchell Lama projects that are the most in need of immediate repairs.

Other Preservation Incentives (continued)

Homes for Working Families utilizes tax-exempt private activity bonds to finance units supported by New York's Housing Trust Fund Corporation (HTFC). Up to $35,000 ($45,000 in NYC) is available per assisted unit. Assisted units must be affordable to families at or below 60% of median income and must be part of developments in which at least 80% of units are affordable for this group. HTFC loans generally entail 30-year durations at 1% interest.

Other new funding comes from partial real estate tax exemptions for some multifamily new construction and federal funds. The Department of Housing Preservation and Development (HPD) plans to invest $1.4 billion exclusive of bond issuances to preserve about 47,000 additional affordable housing units in the plan's remaining four years. The housing plan provides $500 million in HDC bonds to assist in refinancing over-leveraged buildings and $100 million in city subsidies to assist with rehabilitation. In addition, $150 million will be provided from a city acquisition fund to enable purchasers to acquire properties.

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In February 2006, Mayor Bloomberg announced the expansion of his 5-year New Housing Marketplace Plan to include a 10-year commitment to build and preserve 165,000 affordable apartments. The plan includes new tools to spur private investment in affordable housing including initiatives to preserve existing affordable apartments. A major element of the city’s preservation strategy is the creation of a $200 million revolving loan fund, called the New York Acquisition Fund, with city and foundation guarantees that will give developers the cash to acquire privately-owned buildings without having permanent financing commitments in hand. This allows mission-oriented developers to compete in NY’s string housing market and will spur the preservation of assisted rental apartments. Loans from the Acquisition Fund will be evaluated by community development groups, Enterprise Community Development, LISC, and others. Loans will have rates below prime and terms of up to 3 years.

NYC HDC's Low-Income Affordable Marketplace Program (LAMP) combines a first-mortgage funded with tax-exempt bond proceeds with a second mortgage provided through HDC corporate reserves, as of right 4% federal tax credits and other subsidies for affordable housing production and preservation. The overall financing package can be combined with a number of other New York city and state programs as long as the housing is affordable for tenants earning 60% or less of the City's adjusted median income.

New York DHCR's Housing Development Fund is a revolving loan fund for non-profit developers. The HDF offers 3 year, interest-free funds for non-profits to be used for predevelopment expenses, acquisitions, or construction costs. In addition, bridge loans are available at 1% with terms of up to seven years. In general, the loans come with no additional affordability restrictions on top of any thresholds the project's permanent financing source sets.

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

As part of the threshold criteria in its 2010 QAP, HPD requires that all projects meet Enterprise Green Communities Criteria.

Other Green Incentives Relevant to Preservation

The New York Division of Housing and Community Renewal weatherizes more rental housing than any other state. NYDHCR has set aside $60 million for the weatherization of multifamily housing, focusing on LIHTC, Section 515 rural housing, and HUD assisted housing. More than 9,400 multifamily affordable homes throughout New York State will be made more energy efficient and safer.

Since not all local weatherization agencies have experience making improvements in multifamily housing, the NYDHCR formed partnerships with new subgrantees to weatherize portfolios of multifamily properties. For example, the Local Initiatives Support Corporation and Enterprise have partnered to deliver weatherization services to more than 2,100 HUD and LIHTC units in NYC. For more information on NY's weatherization program see: http://www.waptac.org/grantee-contacts.aspx.

Other incentives include green building income tax credits, tax exemptions for renewable energy systems, low-interest loans for energy efficient improvements, and energy subsidies for photovoltaic systems.

Other Green Incentives (continued)

On December 8, 2009, Governor Patterson announced $60.3 million in federal American Recovery and Reinvestment Act funding for weatherization projects that will work to reduce the energy burden on low-income residents in 9,431 multi-family housing units around the State. Awards have been made to 12 new and existing weatherization assistance providers under DHCR's Weatherization Assistance Program (WAP). Weatherization activities to be performed include: adding insulation and making buildings more weather-tight, updating heading and air conditioning systems, replacing inefficient appliances, and repairing and replacing windows. Awardees demonstrated the apacity to move quickly to weatherize entire portfolios of affordable multi-family buildings that include: LIHTC developments, public housing, supportive and special needs housing, Mithcell-Lama developments, and HUD-assisted projects throughout the State.

DHCR helped form partnerships with new sub grantees who have worked to identify and address entire multi-family housing portfolios. Funding highlights include:
* $15 million to weatherize 2,143 units of LIHC and HUD portfolios in NYC;
* $9 million to weatherize 1,253 units of supportive housnig and project-based section 8 properties;
* $4 million to People's Equal Action and Community Effort (PEACE) to weathize 800 units of Project-Based Section 8 housing in Onondaga and surrounding Central NY counties;
* $3.1 million to weatherize 477 units of the RD Section 515 multi-family portfolio;
* $2.7 million to weatherize 424 units of a combination of Public housing, LIHC, and Section 515:
* $3 million for the Community Preservation Corporation to weatherize 418 units of multi-family affordable housing.

In February 2011, NYC HPD and the Community Preservation Corporation launched NYC Green House, a broad based knowledge source and online resource guide for multifamily property owners who want to go green. The program includes training workshops led by HPD staff and representatives from community organizations. For more information, visit www.nycgreenhouse.org.

For additional information on green initiatives, visit www.aceee.org for more on policies related to energy efficiency or www.dsireusa.org for programs that may be available to developers to incentivize renewable energy or energy efficiency.

Sustainable Communities & Transit-Oriented Development Incentives

DHCR

Using existing housing as part of a Community Revitalization Plan helps accrue “project characteristics” - max of 10 points. 5 points are available for projects that are part of a comprehensive community revitalization plan which includes the use or reuse of existing buildings, which may include the historic rehabilitation of existing buildings, and addresses employment, educational, cultural and recreational opportunities within the community.

Among the projects selected for a credit allocation, preference in the dollar amount of the credit allocation will be given to projects which, among other things, are located in a qualified census tract and contribute to a concerted community revitalization plan.

5 points can be awarded for "Location of Project," which includes having access to mass-transit near development, in DHCR's plan.

HPD

Up to 16 points are available under "project characteristics," which includes scoring projects on whether they are located in a geographic are defined by HPD as an area of special need or where HPD determined the project will have a catalytic effect in that it will encourage further development or redevelopment in the community, such as inclusionary housing zoning areas."