

Capital Financing, Housing Subsidy, and Service Programs
Available for Affordable Senior Housing

FINANCING PROGRAM	Financing Agency	Summary	Eligible Grantees	Eligible Customers	Additional Information
Section 232 – Mortgage Insurance for Nursing Homes and Assisted-Living Facilities	U.S. Department of Housing and Urban Development <u>Contact:</u> Jack Payne (jack_1_payne@hud.gov)	Provides mortgage loans (1) to build or rehabilitate nursing homes, intermediate care facilities, board-and-care homes, and assisted living facilities; (2) to enable a borrower to buy or refinance (with or without repairs) projects that do not need substantial rehabilitation; and (3) to install fire safety equipment.	Investors, builders, and private nonprofit corporations or associations. In lieu of a certificate-of-need (CON) from the appropriate state agency, a potential board-and-care home or assisted living facility applicant need only submit a statement from such agency.	Any patient who needs skilled nursing care, intermediate care, or board-and-care is eligible to live in the facilities insured under this program.	Board-and-care facilities must have at least five one-bedroom or efficiency units. Nursing home, intermediate care, and board-and-care services can be combined in one facility or be in separate facilities. The mortgage can include major equipment and day care facilities. The maximum mortgage term is 40 years for new construction and rehabilitation; for existing projects without rehabilitation, it is 35 years. Through 9/30/96, 2,322 projects with 282,845 beds and a value of \$6.8 billion were insured. In FY 1996, projects valued at \$1 billion were insured; for FY 1997, the estimate is \$1.1 billion; and for FY 1998, the estimate is \$1.25 billion.

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<p>Section 223(f) – Mortgage Insurance for Purchase or Refinancing of Existing Multi-Family Rental Housing and Small Projects</p>	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	<p>Provides mortgage insurance for the purchase or refinancing of existing rental housing. Projects refinanced under Section 223(f) may not undergo substantial rehabilitation.</p>	<p>Investors, builders, developers, and owners of eligible multi-family or health care properties may apply for these loans through private HUD-approved lenders.</p>	<p>Tenants and care-facility users who are able to find affordable rental housing or care.</p>	<p>Section 223(f) also applies to existing hospitals, nursing homes, assisted living facilities, board-and-care homes, and combinations of such facilities.</p> <p>Though minor repairs and improvements are permitted, the property must not require major rehabilitation and must be at least 3 years old before a loan application can be filed.</p> <p>The maximum insurance amount on health care facilities is \$1 million.</p>
<p>Section 202 – Supportive Housing for the Elderly Program</p>	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	<p>Provides capital advances to finance property acquisition, site improvement, conversion, demolition, relocation, and other expenses associated with supportive housing for the elderly. Project Rental Assistance is used to cover the difference between the HUD-approved operating cost per unit and the tenant's rent.</p>	<p>Private, non-profit organizations with prior experience in housing or related social service activities.</p>	<p>Serves VERY low-income residents (those whose income is no greater than 30% of the area's median) age 62 years and older.</p>	<p>The 1995 Notice of Fund Availability (NOFA) provided \$510,518,387 in capital advances for 7,409 units; the 1996 NOFA provided \$474,370,274 in capital advances to 6,726 units; and the 1997 NOFA provided \$393,821,826 in capital advances to 5,554 units. The FY 1998 Appropriations Act provided \$645,000,000 for capital advances and project rental assistance, including amendments.</p>

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Section 231 – Rental Housing for the Elderly	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	Provides insured mortgages to finance the construction or rehabilitation of buildings with eight or more rental units that are specifically designed for the use and occupancy of elderly persons or persons with disabilities.	Private for-profit developers, public agencies, and nonprofit organizations.	Elderly persons (62 or older) or persons with disabilities.	<p>According to Debbie Greenstein (HUD), this program is rarely used anymore. Instead, the Sections 221(d)(3) and 221(d)(4) programs are more likely to be used – “Mortgage Insurance for Rental and Cooperative Housing” (see below).</p> <p>For nonprofit or public sponsors, the maximum loan is 100% of the estimated replacement cost of the building. For all other sponsors, the maximum loan is 90% of the replacement cost (or 90% of the project value for rehab. projects).</p>
Sections 221(d)(3) and 221(d)(4) – Mortgage Insurance for Rental and Cooperative Housing	<p>U.S. Department of Housing and Urban Development/ Federal Housing Administration</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	Assists private industry in the construction or rehabilitation of rental and cooperative housing for low- to moderate-income and displaced families, by insuring mortgages (construction and permanent financing loans originated by private, HUD-approved lenders) for construction or substantial rehabilitation of projects with 5 or more units of multi-family rental or cooperative housing.	For-profit, non-profit, and limited partnership sponsors of eligible affordable rental projects may apply.	<p>Low- and moderate- income and displaced households may find housing more easily because of this FHA program.</p> <p>Projects may be designed for residents who are elderly (age 62 and older) or have disabilities.</p>	<p>Non-profit and cooperative sponsors use the 221(d)(3), while for-profit sponsors use the 221(d)(4). The principal difference between the two is the amount of insured mortgage available to the different types of sponsors.</p> <p>Under 221(d)(3), a non-profit sponsor may receive an insured mortgage for the full amount of the HUD/FHA estimated replacement cost of the project. Profit-motivated sponsors using Section 221(d)(3) and all types of sponsors under 221(d)(4) can receive a maximum mortgage of 90% of such estimated cost.</p>

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<p>Section 8 Housing Choice Voucher Program</p>	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	<p>The administering public housing authority (PHA) issues a voucher to an income-qualified household, which then finds a unit to rent. If the unit meets the Section 8 Quality Standards, the PHA then pays the landlord the amount equal to the difference between 30% of the tenant's adjusted income (or 10% of the gross income or the portion of welfare assistance designated for housing) and the PHA-determined payment standard for the area. The rent must be reasonable, when compared with similar unassisted units.</p>	<p>Public housing agencies (state, county, and municipal government agencies authorized to develop or operate housing assistance programs)</p>	<p>Very low-income families (those whose income is no greater than 30% of the area's median); low-income families continuously assisted under Sections 23 or 8 programs; low-income families that are nonpurchasing tenants in certain homeownership programs; low-income or moderate-income families displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing; or low-income families meeting PHA-specified criteria.</p>	<p>Represents the statutory merger of HUD's old Section 8 Certificate and Voucher Programs, and went into effect on October 21, 1999. Under merger, program is highly targeted – 75% of vouchers must go to "very low income families".</p> <p>The subsidy is based on a payment standard set by the PHA anywhere between 90-110% of the fair market rent (FRM). A family renting a unit below 90% FMR pays as gross rent the highest of: 30% of monthly adjusted income, 10% of monthly gross income, the welfare rent (in states where the welfare payment is adjusted in accordance with actual housing costs), or the PHA-established statutory minimum rent. A family renting a unit above 110% FMR pays the highest of: 30% of monthly adjusted income, 10% of monthly income, the welfare rent, or minimum rent, plus any rent above the payment standard .</p>

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<p>Multi-Family Housing Service Coordinators</p>	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	<p>Through Service Coordinators, assists elderly individuals and persons with disabilities, living in federally-assisted multi-family housing, in obtaining needed supportive services from community agencies.</p> <p>Provides funding through 3 mechanisms: (1) a national competition with other properties for a limited amount of grant funding, (2) the use of the development's residual receipts or excess income, or (3) budget-based rent increases or special rent adjustments.</p>	<p>Owners of Section 202, Section 8, Section 221(d) (3) below-market interest rate, and Section 236 developments. Eligibility is limited to those developments designed for the elderly and persons with disabilities, including any such building within a mixed-use project originally designed for them where the owner gives preferences in tenant selection (with HUD approval).</p>	<p>Service Coordinators can serve residents who are elderly or have a disability. "Elderly" is defined as age 62 or older. "Disabled" is defined 3 ways: (1) has a disability as defined in Section 223 of the Social Security Act; (2) has a physical, mental, or emotional impairment expected to be of long, continued, and indefinite duration that impedes the individual's ability to live independently; or (3) has a developmental disability.</p>	<p>Services are intended to prevent premature and inappropriate institutionalization. Funding covers Service Coordinator salaries, as well as administrative and training expenses.</p> <p>Service Coordinators assess resident needs, identify and link residents to appropriate services, and monitor the delivery of services. Services involve activities of residents' daily living, such as eating, dressing, bathing, grooming, transferring, and home management. A service coordinator may also educate residents about what services are available and how to use them, or help residents build informal support networks with other residents, family and friends.</p>

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<p>HOME – the Home Investment Partnership Program</p>	<p>U.S. Department of Housing and Urban Development</p> <p><u>Contact:</u> Debbie Greenstein (deborah_greenstein@hud.gov)</p> <p>(202) 708-1520; ext. 5923</p>	<p>HOME funds are awarded annually as formula grants to participating jurisdictions. HUD establishes Home Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed – for building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct rental assistance to low-income people.</p> <p>The program’s flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, or rental assistance or security deposits.</p>	<p>States are automatically eligible for HOME funds and receive either their formula allocation or \$3 million, whichever is greater. Local jurisdictions eligible for at least \$500,000 under the formula (\$335,000 in years where Congress appropriates less than \$1.5 billion for HOME) also can receive an allocation.</p>	<p>For rental housing/assistance, at least 90% of benefitting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. In rental projects with 5 or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80% of the area median.</p>	<p>Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally-binding consortium whose members’ combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their state.</p> <p>Participating jurisdictions may use HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for “other reasonable and necessary expenses related to the development of non-luxury housing”, including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses.</p>

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"Facilities for the Aged" Program	Dormitory Authority of the State of New York (DASNY)	Provides financing for capital construction and rehabilitation projects, utilizing a variety of credit structures depending on the financial status and needs of the client.	Senior housing projects containing a health care component. Evaluated on a credit-by-credit basis – strict guidelines to adhere to ("... probably more restrictive than other available financing."), including feasibility studies and municipal bond insurance requirements.	Persons age 60 and older.	Has funded the development of "assisted living" facilities in the past – including Osborne and Beverwyck.

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Low-Income Housing Trust Fund Program	Housing Trust Fund Corporation (NYS Division of Housing and Community Renewal)	Provides funding to construct low-income housing, to rehabilitate vacant or under-utilized residential property (or portions of a property), or to convert vacant non-residential property to residential use for occupancy by low-income homesteaders, tenants, tenant-cooperators or condominium owners. HTF can also provide seed funding to eligible non-profit applicants who need financial assistance.	Non-profit corporations or charitable organizations or their wholly-owned subsidiaries; housing development fund companies (pursuant to Article 11 of the PHFL); municipalities; counties; housing authorities; private developers who limit their profits/rate of return of investors; or partnerships in which the non-profit partner has at least a 50% controlling interest.	Low-income persons and families defined as (1) below 80% median income for the MSA in NYC; (2) if outside of NYC, yet within an MSA, then below 90% median income of the MSA; or (3) if not in an MSA, then below 90% median income of the county.	<p>HTFC/DHCR does consider applications proposing some form of enriched housing or assisted living for seniors, as long as the services to be provided to the occupants of the HTF-regulated units are optional and project rents or other operating revenue are not used to pay for these supportive services – i.e., applicants may include a component, or overlay, of supportive services which is separate from the operation of the real estate.</p> <p>As HTF-regulated units provide for independent living for low-income residents, HTFC/DHCR has determined that a medical model such as the Assisted Living Program is inconsistent with such policy. As such, HTFC/DHCR will not provide financing for projects, or discrete units within a project, where occupants are provided with mandated, long-term medical care as a basic component of residency.</p> <p>However, HTFC/DHCR would consider providing financing for independent living units within an assisted living project which meet the standards cited above.</p> <p>Annual appropriations approximate \$25 million.</p>

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NYS HOME Program	Housing Trust Fund Corporation (NYS Division of Housing and Community Renewal)	Provides funds to acquire, rehabilitate, or construct housing, or to provide assistance to low-income home-buyers and renters. Funds must be distributed in accordance with needs and priorities identified in the State's Comprehensive Plan.	Private for-profit or non-profit entities that can demonstrate the capacity to develop and operate a qualifying project is eligible to apply for HOME project funding. Units of general local government that have not been designated by HUD as participating jurisdictions and not-for-profit corporations that meet certain administrative tests may also apply as local program administrators. Jurisdictions which receive HOME program funding directly from the federal government may not apply for NYS HOME Program funds.	Households with incomes at or below 80% of area median income. Rental projects must primarily serve households with income at or below 60% of area median income. Assisted rental units must remain affordable for a period of between 5 and 20 years, depending on the initial amount of subsidy provided for the project.	<p>HTFC/DHCR does consider applications proposing some form of enriched housing or assisted living for seniors, as long as the services to be provided to the occupants of the HOME-regulated units are optional and project rents or other operating revenue are not used to pay for these supportive services – i.e., applicants may include a component, or overlay, of supportive services which is separate from the operation of the real estate.</p> <p>As HOME-regulated units provide for independent living for low-income residents, HTFC/DHCR has determined that a medical model such as the Assisted Living Program is inconsistent with such policy. As such, HTFC/DHCR will not provide financing for projects, or discrete units within a project, where occupants are provided with mandated, long-term medical care as a basic component of residency.</p> <p>However, HTFC/DHCR would consider providing financing for independent living units within an assisted living project which meet the standards cited above.</p> <p>The 2002 appropriation is \$35.8 million.</p>

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Housing Development Fund	Housing Trust Fund Corporation (NYS Division of Housing and Community Renewal)	<p>Provides loans for pre-development costs, site acquisition, construction/rehabilitation financing, and other mortgageable project development costs. May also be used to provide short-term financing repaid from equity contributed by investors in low-income housing credit projects.</p> <p>Because projects developed with HDF loans must provide housing for low-income residents, the permanent financing is generally state, federal or municipal government-aided. However, the project may be privately-financed as long as it provides permanent housing for low-income persons.</p>	Article XI companies and other non-profit or charitable corporations including their wholly-owned subsidiaries whose primary purpose is the improvement of housing for low-income persons.	Occupancy eligibility is determined and regulated by the permanent government funding provider. When the project financing is not government-aided, occupancy in a project assisted by an HDF loan is restricted to households with incomes not exceeding 6 times the total housing cost (rent and utilities), except that for households with 3 or more dependents, the income must not exceed 7 times the total housing cost.	<p>HTFC/DHCR does consider applications proposing some form of enriched housing or assisted living for seniors, as long as the services to be provided to the occupants of the HDF-regulated units are optional and project rents or other operating revenue are not used to pay for these supportive services – i.e., applicants may include a component, or overlay, of supportive services which is separate from the operation of the real estate.</p> <p>As HDF-regulated units provide for independent living for low-income residents, HTFC/DHCR has determined that a medical model such as the Assisted Living Program is inconsistent with such policy. As such, HTFC/DHCR will not provide financing for projects, or discrete units within a project, where occupants are provided with mandated, long-term medical care as a basic component of residency.</p> <p>However, HTFC/DHCR would consider providing financing for independent living units within an assisted living project which meet the standards cited above.</p>

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Senior Housing Initiative	NYS Division of Housing and Community Renewal	Through the Housing Development Fund, provides financing assistance of up to \$25,000 per HDF-assisted unit (\$35,000 in NYC) to senior projects in which a substantial portion of project financing comes from Section 501(c)(3) bonds issued by a public authority.	<p>Non-profit corporations receiving IRS tax-exempt category 501(c)(3) bonding (which must be obtained from a public authority, but which does not require an allocation from the private activity volume cap).</p> <p>Generally, applicants are not eligible for the Low-Income Housing Tax Credit.</p>	<p>Occupancy is limited to households in which at least one member is headed by a person 55 years of age or older.</p> <p>Projects may include HDF-assisted units, which must be affordable to households with incomes at 90% (80% in NYC) or less of area median income, and unregulated units at market rents.</p>	A minimum of 20% of the units assisted by DHCR must be affordable to households with incomes at 50% or less of area median income. The HDF assistance is in the form of a 0% interest loan with up to 15-year amortization schedule.

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Low-Income Housing Credit Program	NYS Division of Housing and Community Renewal	<p>Provides a dollar-for-dollar reduction in Federal income tax liability for project owners who develop, rehabilitate and acquire rental housing that serves low-income households. The amount of credit available to project owners is in direct relation to the number of low-income housing units that they provide.</p> <p>Project owners utilize Credit allocations as "gap fillers" in their development and/or operating budgets. The Credit is turned into equity to fill the project gaps through the sale of the project to a syndicated pool of investors.</p>	Individuals, corporations, Chapter S corporations and limited partnerships (with the latter being the most widely used vehicle). Economic incentives are provided to encourage the participation of non-profit corporations in credit projects.	Available to project owners only on units that are occupied by low-income households, which are defined as having an income of 60% or less of the area median adjusted for household size.	<p>Many projects receiving an allocation of Credit also utilize another governmental subsidy as part of their project financing. Nationally, Credit has been used in conjunction with Community Development Block Grant (CDBG), HOME and FmHA 515 subsidies. On the State level, the Credit has been allocated to projects employing Housing Trust Fund and Turnkey Program subsidies. Local government capital subsidies have been employed extensively in NYC.</p> <p>NYS received \$33.2 million for calendar year 2001. Since Credit is available for each year for 10 years, the current portfolio that can be supported through this program would be \$332 million.</p>

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Rural Rental Assistance Program	NYS Division of Housing and Community Renewal	Provides 5-15 year rental subsidies for projects financed with mortgages from the U.S. Department of Agriculture Rural Development (formerly Federal Farmers Home Administration) 515 Program. Current contract term limits are 15 and 25 years.	For-profit sponsors (limited dividend), non-profit corporations, Housing Development Fund Companies, Rural Preservation Companies, Public Housing Authorities, individuals and corporations that receive RD 515 (1%, 50-year) permanent mortgages. Eligible areas include Title V-eligible areas (i.e., rural areas with a population of less than 10,000, and up to 25,000 in areas with an identified lack of mortgage credit (as determined by RD).	Low-income elderly and family tenants residing in multi-family projects in rural areas of NYS.	Subsidies under the Rural Rental Assistance Program are equal to the difference between 30% of the tenant's monthly income and the tenant's monthly housing expenses. Currently, the subsidy per unit for new projects is \$2,995 per year.

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Mortgage Insurance Fund – Senior Housing	State of NY Mortgage Agency (SONYMA)	Provides credit enhancement for senior housing initiatives – including adult day care centers, congregate care facilities, assisted living facilities, and nursing homes.	Projects must, at the least: (1) provide multi-family housing accommodations, community health facilities, retail, or community service facilities, or temporary shelters for the homeless; (2) be financed by a financial institution, public benefit corporation, or an entity created by local, state or federal legislation; and (3) be located in an area of the state which is suffering from disinvestment or within a designated economic development zone, or result in the production of affordable housing, retail, or community service facilities that would not otherwise be provided.	<p>The MIF can insure residential properties (1- to 4-family and multi-family), mixed use properties (residential properties with a retail or commercial component), special needs, community service and retail facilities.</p> <p>Eligible occupants for these properties are determined by the primary lender with whom the MIF has been asked to partner with.</p>	The MIF insured 100% of a loan of \$11 million from the Community Preservation Corporation for Lynbrook Senior Quarters (Nassau County), which was designed as an assisted living adult home. A 1.7 acre vacant parcel was improved with a 4-story, 123 unit adult home containing 195 beds. Residents receive 3 meals per day; assistance with bathing, dressing and grooming on an as-needed basis; daily shopping; laundry services; supervision of medications; transportation; planned social events and activities; 24-hour security; 24-hour emergency response; health screening and counseling; and fitness programs.

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Secured-Loan Rental Housing Program	<p>NYS Housing Finance Agency (HFA)</p> <p><u>Contact:</u> Francine Kellman (212) 688-4000; ext. 461</p>	Provides a source of funds for a variety of affordable multi-family rental developments, enabling HFA to lend the proceeds from the sale of tax-exempt or taxable bonds for the construction, acquisition and rehabilitation of multi-family rental housing developments.	Private for-profit housing, non-profit-sponsored housing, "special needs" housing, housing for educational or medical institutions, congregate care facilities for the elderly, and adult care homes.	<p>For-profit developers must make available either at least 20% of the units in a development to tenants whose income does not exceed 50% of the area median income, or 40% of the units to tenants whose income does not exceed 60% of the area median income. Slightly different requirements apply to developments located in NYC.</p> <p>501(c)(3) corporations must meet the requirements of the Federal Tax Code and HFA income targeting requirements. Properties financed with taxable bonds must also meet the income targeting requirements.</p>	<p>Through this program, HFA recently financed Senior Horizons, a 70-unit Garden Apartment in Newburgh.</p> <p>HFA financed the project by providing \$3.29 million in permanent financing and an Empire Housing Fund loan of \$400,000. The project also benefitted from the use of low-income housing tax credits and, Orange County provided a HOME Loan totaling \$250,000.</p>