

## SMALL OWNERS REPAIR PROGRAM

---

- 1. PROGRAM DESCRIPTION**

The Small Owners Repair Program provides funding for limited building systems upgrades and/or other significant repairs, generally in conjunction with other code compliance activities. Funds will be provided as no interest forgivable loans. The program is generally targeted, but not limited to, small to medium-sized occupied multiple dwelling rental properties with 3 to 20 dwelling units, and is open to both owner-occupied and investor properties. Vacant buildings are not eligible for the program, and a minimum of 50% of the units of each building must be occupied.
- 2. ELIGIBLE OWNERS**

Individual owners, Limited Partnerships, Corporations, Limited Owners Liability Corporations, and 501 (c) (3) Corporations may apply. The program is open to for-profit and non-profit owners.
- 3. ELIGIBLE USES**

Funding may be used for repair/ replacement of one or more building-wide systems, such as a roof, boiler or major building-wide or common area repairs.
- 4. HPD SUBSIDIZED GRANT AMOUNT**

The target subsidy will average \$10,000 per unit.
- 5. AFFORDABILITY/INCOME LEVELS**

Projects will generally be assisted using Federal HOME and/or Community Development Block Grant funds. Depending on the funding source used and the number of units in the property, varying income limits for current tenants will apply. Generally, at least a majority of tenants must have household incomes at or below either 60% to 80% of the Area Medium Income (AMI), adjusted for household size. In some cases, projects receiving HOME assistance will also be subject to a requirement that a percentage of tenants have incomes below 50% of AMI. The relevant income limits for each project will be determined on application.
- 6. HPD LOAN TERMS**

Loans will be interest free and forgivable after a term of ten (10) years. All loans will be subject to an HPD enforcement note and mortgage and a Regulatory Agreement. The documents will be recorded. The Regulatory Agreement will require owner compliance with continuing tenant income and rent restrictions for the ten year enforcement period, consistent with the applicable funding source.
- 7. EQUITY REQUIREMENTS**

Equity requirements are based on cash flow, available reserves, and the subsidy amount with a minimum requirement of 10%. Borrower equity is typically provided as a portion of the rehabilitation scope paid for directly by the owner as per a Housing Repair Agreement executed at closing.
- 8. OWNER CONTRIBUTION**

Owners may be required to enter into a Voluntary Repair Agreement (VRA) to correct code violations or other building conditions at their own cost. Owners will be responsible for closing fees, title reports, attorney fees, etc. Depending on the loan amount, title insurance may be required.

# HPD PRESERVATION FINANCE UNDERWRITING CRITERIA

---

## 9. OTHER

- All projects must comply with HPD's Standard Specification (see: <http://www.nyc.gov/html/hpd/html/architects/specifications.shtml>), as the specifications relate to the project's HPD-approved scope of work.
- SORP program funding may be used in conjunction with other HPD program sources that may require additional restrictions or additional documentation. Collected rents and tenant incomes must adhere to the requirements of all applicable funds. Depending on the other funding source, there may be restrictions on the amount of rent per unit that can be collected.

## 10. APPLICATION PROCESS

Owners can apply directly to HPD; or may be referred by another HPD program. Completed applications with a full submission of required documentation will be given priority in processing for available funds.

## 11. CONTACT

To receive an application package or for general questions about the program, please contact Ms. Elizabeth Mercado at (212) 863-6337 or [mercadoe@hpd.nyc.gov](mailto:mercadoe@hpd.nyc.gov)

*HPD, in its sole discretion, may, at any time and without prior notice, terminate the program, amend or waive compliance with any of its terms, or reject any or all proposals for funding.*

NOTE: The project receiving funding under this program may be subject to Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the implementing regulations at 24 CFR part 135. If applicable to the project, (i) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of the project must be given to "Section 3 Residents" as such term is defined in 24 CFR 135.5; and (ii) to the greatest extent feasible, contracts for work to be performed in connection with any such project must be awarded to "Section 3 Business Concerns" as such term is defined in 24 CFR part 135.5.

Published: December 2010