

WORKING WITH CPC: Resources and What Developers Should Know

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We use our unique expertise in housing finance and policy to help meet the capital needs and broader community revitalization goals of our customers and the communities we serve.



Is your project feasible? Questions to ask:

You and Your Team

- What are the skills and expertise you need for your project to succeed?
- Do you need to bring in expertise to round out your own?

Project and Site

- Where is the property or site?
- Is it in a strong or weak market?
- What is its condition, and what are the costs associated with your project idea?

Financials

- What are the income and expenses for the property, including development costs if construction is needed?
- Do the numbers make economic sense?
- Do you have the required equity?

- Engage with potential lenders.
- Determine your own skills and financial strength and who you might need to add to your team.
- Identify sources of information regarding what small properties in the municipality you're interested in are available to acquire.
- Research market characteristics, including demand, demographics, and comps.
- Research the zoning, building code, and community development requirements or plans in the municipality that interests you.
- If your project requires construction or rehabilitation, create a scope of work.
- **Create pro forma I&E and construction or rehabilitation budget (as needed).**
- Calculate your small building's projected NOI.
- Calculate your small building's supportable loan amount to determine project feasibility. (Use a lender's LTV and DCR requirements if relevant and accessible).
- **Review your commitment letter with your lawyer. Make sure you fully understand this legally binding document.**

INCOME AND EXPENSE (I AND E) STATEMENT SAMPLE FORMAT

| Income | Calculations |
|-------------------------------------|--|
| Residential Rent | Projected monthly rent per unit x number of units x 12 months |
| Other Income | |
| <i>Commercial or Other Rent</i> | <i>Projected monthly commercial rent x 12 months</i> |
| <i>Laundry</i> | <i>Projected monthly laundry income x 12 months</i> |
| <i>Parking</i> | <i>Projected monthly parking income x 12 months</i> |
| <i>Storage</i> | <i>Projected monthly storage income x 12 months</i> |
| <i>Cell Tower</i> | <i>Projected monthly cell tower income x 12 months</i> |
| Total Other Income | Sum all other income |
| Gross Income | Total annual residential rent + total annual other income |
| Vacancy & Credit Loss – Rent (5%) | Total annual residential rent x 5% |
| Vacancy & Credit Loss – Other (10%) | Total annual other income x 10% |
| Effective Income (EI) | Gross income minus (rent vacancy & credit loss + other income vacancy & credit loss) |

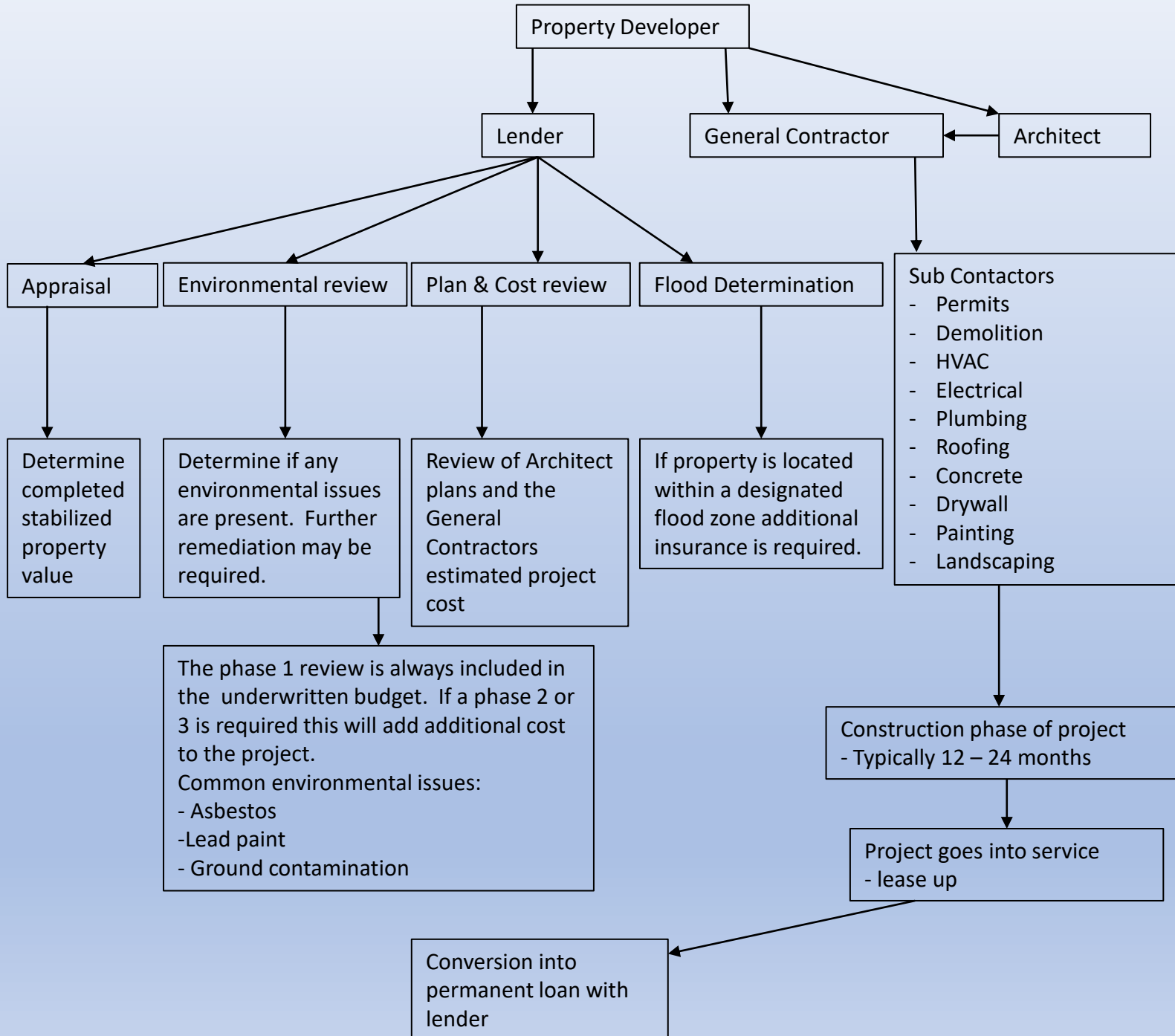
On next slide, **Total Expenses and Reserves** will be subtracted from **Effective Income** to calculate **Net Operating Income**

INCOME AND EXPENSE (I AND E) STATEMENT SAMPLE FORMAT

Effective Income calculated on previous slide.

| Expenses | Calculations |
|---|---|
| Taxes | Consult with local tax assessor |
| Water & Sewer | Consult with local utility providers |
| Heat | Consult with local utility providers |
| Gas & Electric | Consult with local utility providers |
| Insurance | Consult with insurance providers |
| Repair & Maintenance | Consult with local plumbers, electricians, painters, etc. |
| Property Management | Consult with property management companies |
| Legal | Consult with local lawyers |
| Accounting | Consult with local accountants |
| Landscaping & Snow Removal | Consult with local landscapers & snow removal service providers |
| Cleaning Supplies & Exterminating | Consult with local cleaning service providers & exterminators |
| Staff Salaries | Consult with property management providers or your lender |
| Total Annual Expenses | Sum all expenses |
| Repair Reserves | Consult with your lender |
| Effective Income | \$ |
| (Total Annual Expenses + Repair Reserves) | -\$ |
| Net Operating Income | \$ |

CONSTRUCTION PROJECT FLOW CHART





CPC ACCESS empowers BIPOC entrepreneurs by providing funding, education and other resources.

CPC created ACCESS to address the barriers to entry within the development industry that are disproportionately faced by black and brown developers and to bring **mission-driven capital** to **communities of color**, that have experienced decades of disinvestment and disproportionately impacted by the COVID-19 crisis.

- **Education**: Provided by our ACCESS Incubator training classes
- **Technical Assistance/1:1 Consulting**: Knowledgeable team of third party consultants to assist and guide through the development process.
- **Dedicated Flexible Funding**: Funds specifically earmarked to support emerging and established BIPOC developers

New York State Small Building Participation Loan Program (PLP)

HCR’s **Small Building Participation Loan Program** provides gap project financing assistance for qualified housing developers for acquisition, capital costs and related soft costs associated with the creation, preservation and improvement of rental properties in buildings ranging from 5 to 50 units located outside of New York City.

HCR subsidy is combined with bank financing from CPC, resulting in a lower blended financing cost.

Program Terms

Eligible Uses

- Substantial or moderate rehabilitation of site-specific multifamily rental housing in buildings of 5 to 50 units.
- Construction and permanent financing available.

Financing Requirements

- Residential units must target an average of 65%-80% on AMI levels
- Funding is not available for projects financed with LIHTCs or bonds.

Per Residential Unit Award Tiers

| | <u>Rehabilitation</u> | <u>New Construction</u> |
|----------------|-----------------------|-------------------------|
| 65% AMI | \$100,000 | \$115,000 |
| 80% AMI | \$75,000 | \$90,000 |

**Borrowers will be required to enter into a Regulatory Agreement to ensure compliance with HCR policy including but not limited to, income restrictions, restrictions on transfers, and financial reporting, typically for a period of at least 30 years.*

HCR's **Affordable Homeownership Opportunity Program** provides Funding to encourage the creation of homeownership projects that will create opportunities for first-time home buyers. HCR funding will be combined with traditional bank financing.

Program Terms

- **Building Types:**
 - Infill Standalone homes in existing neighborhoods
 - Attached or detached-style developments
 - Multi-family structures, including new construction or adaptive reuse
 - Projects must be a minimum of 4 homeownership units
- **Energy Efficiency:**
 - Units must feature full electrification and be well sealed and insulated
- **Subsidy Amount:**
 - Target affordability up to 100% AMI: \$150,000 maximum subsidy
 - Target affordability up to 80% AMI: \$200,000 maximum subsidy
- **Developer Equity Requirements:**
 - 10% equity contribution for for-profits, up to half of which may consist of deferred developer fee
 - 5% equity contribution for non-profits, which may be satisfied by deferred developer fee or other non public sources

Given the influence a lender can have on the economics and the conditions of building stock, CPC seeks environmental and social sustainability in all of its endeavors.

There is no doubt that we can accomplish more together than we can alone. CPC works closely with government agencies, local community groups, housing developers, financial institutions, and other affordable housing stakeholders to advance our shared commitment of healthy, energy efficient, low carbon multifamily housing

Incorporating sustainable practices into a developments design can provide significant benefits including:

- Ongoing utility savings that can be passed on to tenants or reduce operating expenses of the developer
- Reduced carbon emissions within your community
- Earning energy credits from utility providers.

In addition to the above benefits, increasing the sustainability of your development may:

- Allow CPC to utilize earmarked funding for sustainable projects that can result in a reduced interest rate
- Qualify your project for additional incentives from energy/utility providers that can offset project expenses



NYSERDA



NY Green Bank
A Division of NYSERDA

In an effort to assist with reduction in the upfront out of pocket expenses, CPC has the ability to bridge complimentary funding sources in your project's capital stack that generally come in after construction.

Sources eligible for bridging include but are not limited to:

- Brownfield Tax Credits
- Historical Tax Credits
- Local and State Municipal Grants
- Utility and Energy Grants

- **Acquisition and Rehabilitation Loan**

- First time borrower to CPC
- Four story building totaling eight four-bedroom residential units
- Vacant property at acquisition
- Gut renovation funded by CPC loan



- **Acquisition and Rehabilitation Loan**

- Three story mixed use building
- Thirty-eight one bedroom residential units that rent at 80% AMI
- Ground floor commercial space
- Formally a restaurant supply store
- Gut renovation funded by CPC loan



Our goal is to be more than just a lender. At CPC, we work as a partner to provide technical expertise, support and flexible solutions that help meet the capital needs and broader community revitalization goals of our customers, local stakeholders and the communities we serve.

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