



the Network

Supportive Housing Network of NY



WHAT TO THINK ABOUT WHEN YOU'RE PRESERVING



Introduction

While major rehabilitation of any property is daunting, supportive housing – with its own specific history and model is much more so.

First there is the 40+ year history and evolution of supportive housing. It began life in New York City primarily as re-purposed dilapidated Single Room Occupancy (SRO) buildings that had frequently been hotels. By the 1970s these SROs had become ‘housing of last resort’ for very low-income people, many of whom struggled with serious behavioral conditions. With low-cost loans from New York City’s Department of Housing Preservation and Development (HPD), nonprofits ‘gut rehabbed’ these buildings, significantly reducing the number of units and providing offices and communal space for on-site services.

Simultaneously, the foundation for supportive services funding was being laid. Some of the earliest service contracts were funded by the New York State Office of Temporary and Disability Assistance (OTDA), now known as the New York State Supportive Housing Program (NYSSH). In New York City that funding was matched by City funding that is still called SRO Support Services. Those contracts continue to this day at nearly unchanged funding levels.

The 1990s ushered in a major shift with the introduction of Low Income Housing Tax Credits (LIHTC), which provided private investment in exchange for tax credits allowing for the development of supportive housing projects. This program brought with it an automatic preservation opportunity as investors ‘exited’ the deals after 15 years turning the properties over to the nonprofit partner.

But preserving supportive housing has significant challenges specific both to the model and its evolution. As a result, the State recently enacted a Supportive Housing Preservation Program run through NYS’s Homes and Community Renewal (HCR) in 2022, and the City is working to tailor its existing preservation programs to better meet the very specific needs of supportive housing.

This very brief guide is meant as a first step to help providers embarking on a major preservation project, which can be daunting, but even more so for supportive housing providers who often lack significant resources and expertise. There are difficult considerations around when to start preservation and how much to include in the scope. Complicating factors include:



- **Insufficient Services and Operating Contracts:** Investment in the bricks and mortar of a given residence depend on a building's 'financials,' which include rental subsidy as well as services. Older buildings tend to have older services and operating contracts, which have often not kept up with costs.
- **Tenant Considerations:** Supportive housing tenants have experienced homelessness and other traumatic events, and may be coping with a myriad of other disabling conditions, making relocation and major renovations particularly destabilizing.
- **Aging Buildings:** Frequently, 'first generation' supportive housing residence were created from much older buildings – some dating back as far as the late 1800s – further complicating preservation efforts.
- **Lack of Dedicated Preservation Funding:** Until recently, there has been no dedicated capital funding for supportive housing preservation.
- **Limited In-House Expertise:** Organizations that have not developed housing recently may lack the in-house expertise to manage a preservation project.
- **Board Buy-in:** Organizations' boards may be concerned about the perceived risks of financing a preservation transaction, but less familiar with the risks of not pursuing one, such as the mounting costs of emergency repairs. Emergency repairs can mount over time, stressing operating budgets and reserves and becoming more disruptive for tenants.

When & How Much?

Deciding when to embark on a preservation project may be a difficult one and requires planning and stakeholder buy-in. Key considerations may include: Availability of current funding opportunities

- Availability of current funding opportunities
 - Rising emergency repairs depleting a building's reserves
 - Capital costs to improve accessibility and accommodations for older, aging tenants
 - Energy efficiency requirements and/or the need to bring down energy costs
 - Code requirements
 - Financial strain associated with chronic vacancies
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Available Programs

Below are state and city programs that can provide funding for preservation.

Another important resource is the recently enacted Private Finance Housing Law (Section 610) which allows owners of certain types of affordable housing to collect increased tenant- or project-based subsidies that are above the legal rent. [HCR Section 610](#), [HPD Section 610](#).

New York State Homes and Community Renewal (HCR)

- [Supportive Housing Preservation Program](#): A commitment to preserve up to 3,000 supportive housing units over five years. Recent changes to the term sheet allow for the rehabilitation of Single-Room Occupancy residences (SROs) with shared bathroom or kitchens.
- [Year 15/30 Program](#): Provides funding for residences that used Low Income Housing Tax Credits at 15 and 30 years after opening.

New York City Department of Housing Preservation and Development (HPD).

Please note: Any projects that include the creation of new supportive housing units—whether by physically constructing additional housing, adapting nonresidential spaces for residential use, or obtaining a new supportive services contract for existing residential units not previously under a City or State-administered service contract—would be assisted under HPD’s Supportive Housing Loan Program (SHLP).

- [Year 15 Program](#) supports preservation efforts for LIHTC-funded projects that are 15 years or older.
- [Participation Loan Program](#) provides low-interest loans to multifamily building owners for moderate or substantial rehabilitation.
- [Multifamily Housing Rehabilitation Program](#) provides rehabilitation loans and tax exemptions for the replacement of major building systems in multifamily buildings.
- [HUD Multifamily Program](#) provides tax exemptions and/or low interest loans at below market interest rates for projects with HUD assistance.
- [Green Housing Preservation Program](#) provides low- or no-interest loans to finance energy efficiency and water conservation improvements, lead remediation, and moderate rehabilitation work.

Private predevelopment funding

Lenders who provide financing for supportive housing can offer predevelopment funding to cover early costs such as architect fees or integrated physical needs assessments.



Who?

Organizations without a strong internal development team should engage a consultant with specific expertise in supportive housing preservation. A knowledgeable consultant or developer can help navigate the complexities of financing, compliance and project execution.

What Consultants Will Require

The consultant will need the following:

- Regulatory agreement
- Most recent audit
- Rent roll with subsidies listed
- Services contracts (if any)
- Subsidy contracts (if any)
- Wish list for capital repairs
- List of capital projects over last 5 years

What City & Stage Agencies Will Require

Each specific term sheet outlines the requirements, but the most important requirement is an Integrated Physical Needs Assessment (IPNA) to understand the general scope of the project. You will also need an architect to begin the process with the agencies.

Please note: unless organizations have the in-house expertise to move forward with the project immediately, consultants warn that getting an IPNA too early can lead to outdated and inaccurate scopes of work.

Insufficient Operating & Services

Recent guidance on Section 610 vis a vis rent increases can help stabilize buildings' bottom line as well as increases to operating and services due to advocacy wins.

By planning strategically, consulting the right experts and leveraging available resources, organizations can navigate the complexities of preserving supportive housing, ensuring that buildings remain safe, sustainable and operational for the long term.



Case Studies

New Senate Residence, 206 West 92nd St.

Nonprofit: Goddard Riverside

Project Scope:

New Senate Residence is the rehabilitation of a 136-unit, eight-story supportive housing community in Manhattan's Upper West Side. Originally constructed in 1920 and developed in 1988, New Senate is comprised exclusively of single room occupancy units ("SROs"), staff offices, and community space to serve formerly homeless individuals. The project was refinanced through the NYC Department of Housing Preservation and Development's (HPD's) Year 15 Program and received construction/permanent financing from Enterprise Community Loan Fund in June 2024. New Senate's Scope of Work encompasses a substantial rehab of the building and site. In compliance with both New York State Energy Research and Development Authority's (NYSERDA) Electrification Pilot standards and Enterprise Green Communities, a new electric VRF system with condensing units located on the roof will be installed and new Air Source Heat-Pump domestic hot water heater and storage tanks will be installed in the boiler room, and at the exterior. This renovation will also update the building's lighting fixtures, ventilation systems, windows, roof, sidewalk and façade. (VRF system are the self-contained wall hung units that combine both A/C and heat).

Funding

Services and Operating: Goddard received funding from NYC Department of Health and Mental Hygiene (DOHMH) NY/NY I and Human Resources Administration (HRA) SRO Support Services for the supportive units. DOHMH contract rate increases for supportive units facilitated the transaction. Section 610 enables additional funding to be received for units with rental assistance.

Capital: Renovations were funded through HPD Year 15 Program and NYSERDA's Electrification Pilot. Private debt provided by Enterprise Community Loan Fund.



Case Studies

St. Francis Residences I-III, Chelsea

Nonprofit: St. Francis Friends of the Poor

Project Scope:

This project entails the rehabilitation and rent structuring of a three building 255-unit portfolio located on 125 E 24th St, 155 W 22nd St, and 148 Eighth Ave. All three buildings were developed under NY/NY 1 in the 1980s, and all provide 100% permanent supportive housing to formerly homeless individuals living with severe mental illness, primarily schizophrenia. While smaller renovation projects have been completed over the years to ensure the health and safety of the tenants, full rehabilitation has not occurred since the time of acquisition in the early 1980s. Through this renovation, SFFP hopes to preserve deeply affordable housing for low-income tenants while meeting the following goals: increased rent potential, property tax abatement, and rehabilitation.

This project was done with tenants in place. To ensure minimal disruption for tenants while renovations took place, this involved relocating residents within the building. This is called “checkerboarding” and allows construction to move forward while keeping residents within the building and close to social services and supports.

Major aspects of the scope of work include:

- Architectural: Rebuilding parapets, repointing and replacing brick/lintels on facade, replacing door and window frames, new windows, full roof system replacement, common area improvements including LVT flooring and bathrooms and kitchen renovations
 - Mechanical and Electrical: Oil and gas boilers will be replaced with more efficient natural gas units and St. Francis Residence II on West 22nd Street will be converted to 100 percent electric with state-of-the-art VRF units, water heaters and pumps, LED lighting, install generators on roofs
 - Dwelling units: Door/frame/hardware replacement, sink replacement, new windows, installed intercoms and wiring for internet and cable, new light fixtures and radiator rehab
 - Aging in Place: Lavatory sink upgrades, bathroom grab bars, eliminating/reducing transition / thresholds where applicable
 - Site: ADA accessible entrance in one building, asbestos abatement
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**Funding:**

- Services and Operating: Funding includes establishment of 24 project-based vouchers through HPD, increase in existing DOHMH contract (NY/NY I) for supportive units, as well as an SRO Support Services contract from HRA.
- Capital: Project funding included the HPD Green Housing Program and NYSERDA's Electrification Pilot.

Case Studies

Silverleaf Hall, Bronx

Nonprofit: Lantern Community Services

Project Scope:

- Silverleaf Hall is an 8-story building comprising 118 units. Built in 2004, the Property is located on a 25,750 SF (0.6 acre) lot. The building has a frontage of 110 ft and a gross floor area of 11,650 ft. Silverleaf Hall is equipped with modern laundry facilities, an outdoor terrace, and community space on the lower level. Constructed in 2004, the last large-scale recorded work on the Property was completed in 2006.
- Major aspects of the scope of work include:
- Façade: Correction of several SWARMP façade conditions for Local Law 97*
- Mechanical and Electrical: Electrifying the building's heating and cooling systems including a new high efficiency boiler, installation of rooftop solar array.
- Roof: Installation of new high albedo membrane on roof**

Funding:

- Services and Operating: This project has received 8 units of NYCHA Project Based Section 8 and is eligible for Section 610. Services funding for units is also received through the Office of Temporary and Disability Assistance's (OTDA) New York State Supportive Housing Program (NYSSHP).
- Capital: This project will be funded through HPD's Year 15 Program.
- Potential for enrollment in various NYSERDA and ConEd incentive programs. NYCEEC to provide a bridge loan for the incentive funding.

* A SWARMP façade correction stems from an inspection that yields a Safe With A Repair and Maintenance Program report which means the owner has two years to get the building to a SAFE condition.

** This is not a full roof replacement, it is a layover roof – one that provides sufficient insulation value and a 20-year warranty but is less expensive than a full replacement.



Case Studies

Columba Kavanaugh, Harlem (Prospective)

Nonprofit: Sisters of Charity

Project Scope:

The Columba Kavanaugh House project involves the merger of two supportive housing providers, Sisters of Charity Housing Development Corporation (SCHDC) and Columba Kavanaugh House, to preserve and rehabilitate five buildings in upper Manhattan. This includes Seton House, Casa Cecilia, Columba Hall, EGA Hall, and Gema Hall, which collectively offer 291 units of affordable and supportive housing. The renovation aims to address urgent capital and infrastructure needs and improve the livability of the units for tenants. This includes the conversion of some SRO units to studios at Columba Hall to better serve aging populations through the addition of aging in place designs. This restructuring and renovations will reduce vacancies and enhance the financial stability of the properties. Management and social services will remain intact throughout the process, ensuring continued support for the residents.

Major aspects of the scope of work include:

- Architectural: Major repair at Columba Hall, EGA Hall, and Gema Hall such as renovations to façade, repair to bulkheads, sub-roofs, and chimney stacks.
- Mechanical and electrical: Elevator repair at Gema Hall, installation of new, energy efficient heating and cooling system.
- Dwelling Units: Renovations to allow for different unit configurations (converting SROs to efficiencies) and decrease the vacancy rates, along with in-unit improvements.
- Energy: Conversion of the building to fully electric.
- Aging in Place: Installation of aging in place infrastructure.

Financing:

- Services and Operating: Services are provided through DOHMH NY/NY I and HRA SRO Support Services. This project intends to incorporate either 15/15 or project-based section 8 into the preservation strategy.
 - Capital: This project intends to be funded by HCR's Supporting Housing Program and HCR Clean Energy Initiative.
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Case Studies

The Cornerstone Residence, 111 Broadway, Newburgh, NY

Nonprofit: Safe Harbors of the Hudson

Project Scope:

The Cornerstone Residence is a 128-unit, four-story supportive housing community and part of Safe Harbors mixed-use housing and arts redevelopment. In 2002, Safe Harbors purchased the Hotel Newburgh, a former major destination in the City's downtown, which had devolved into blighted, sub-standard housing, and in 2004 undertook the gut renovation of to create The Cornerstone Residence. The Cornerstone is comprised of single room occupancy apartments including 116 efficiency units and 12 studios, and serves formerly homeless individuals, low and very low income working adults, veterans, individuals with mental health diagnoses, and artists in need of affordable live/work space.

In December 2024, Safe Harbors received a loan subsidy from the New York State Housing Finance Agency through its Supportive Housing Preservation Program to undertake substantial rehabilitation of The Cornerstone Residence. All work occurred with residents in place, with checkerboarding when necessary.

Major aspects of the scope of work includes:

- Structural – new roof systems, brick repointing, rebuilding parapets, replacement of entrance doors
- Mechanical and electrical – new LED lighting, new HVAC systems, new elevators, new emergency lighting, new fire alarm systems
- Apartments – new countertops, refinished flooring, new windows, painting, new appliances
- Common areas – new painting
- Exterior improvements – new sidewalk

Funding:

- Services and Operating: Operating and services support is received from the Office of Mental Health; the Office of Temporary Disability and Assistance, Homeless Housing Assistance Program; and Housing and Urban Development.
 - Capital: The capital support for the substantial rehabilitation was provided in full by the New York State Housing Finance Agency through its Supportive Housing Preservation Program.
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Appendixes

A) Chart of HPD Preservation Programs -- a quick guide to HPD's various preservation programs, their funding levels and what they can be used for.

B) CSH's Preservation Initiation Loan -- a relatively new financing product from the Corporation for Supportive Housing to help nonprofits with the early costs of preservation.





NYC HPD Preservation Programs for Multifamily Buildings

	LIHTC Preservation Program (Year 15) This program is only suitable for New York City or New York State LIHTC properties (located in NYC) that have reached or are beyond the end of their initial tax credit compliance period.
Description	Moderate rehabilitation of multiple dwellings, including SROs. Loans are intended for buildings needing replacement of building systems and structural improvements.
Terms	<ul style="list-style-type: none"> • HPD loan with 1% paid interest rate, with additional financing from private lender. • Up to \$90,000 per unit
Contact	hpdyear15@hpd.nyc.gov
	Participation Loan Program (PLP) This program is most suitable for buildings needing moderate to substantial rehabilitation that may require more limited assistance for acquisition/refinancing and that have the ability to leverage some private financing.
Description	Provides low-interest loans and/or tax exemptions. Financing may also be available for limited acquisition costs.
Terms	<ul style="list-style-type: none"> • HPD loan with 1% paid interest rate, with additional financing from private lender • Up to \$90,000 per unit
Contact	hpdplp@hpd.nyc.gov
	Multifamily Housing Rehabilitation Program (HRP) This program is most suitable for buildings needing moderate rehabilitation or replacement of 1-3 building systems and that have no or limited ability to leverage private financing.
Description	Provides rehabilitation loans and tax exemptions for the replacement of major building systems in multifamily buildings.

Terms	<ul style="list-style-type: none"> • HPD loan with up to 3% interest • Up to \$35,000 per unit.
Contact	hdpres@hpd.nyc.gov
HUD Multifamily Program	
<p>This program is most suitable for those projects with HUD assistance needing moderate repair work and may require additional financing.</p>	
Description	<p>This program provides tax exemptions and/or low interest loans at below market interest rates. Projects must have HUD assistance.</p>
Terms	<ul style="list-style-type: none"> • HPD loan with 1% paid interest rate subordinate to additional financing from private lender. • Up to \$35,000 per assisted unit.
Contact	hpdhudmf@hpd.nyc.gov
Green Housing Preservation Program (GHPP)	
<p>This program is most suitable for buildings under 50,000 SF with high utility usage or costs needing energy efficiency improvements and that may also require some other rehabilitation.</p>	
Description	<p>Provides low- or no-interest loans to finance energy efficiency and water conservation improvements, lead remediation, and moderate rehabilitation work.</p>
Terms	<ul style="list-style-type: none"> • Forgivable HPD loan with 0% interest for costs up to \$4,500 per unit (16+ units) or \$8,500 per unit (5-15 units) • Repayable HPD loan with up to 2.5% interest • Paired with financing from other sources.
Contact	hdpres@hpd.nyc.gov



CSH Project Initiation Loan for Supportive Housing Preservation Pipeline Pilot

CSH is pleased to submit this proposal to NYS Housing Community and Renewal (HCR) for the Supportive Housing Preservation “Project Initiation Loan” (“PIL”) Pilot. The PIL pilot program will provide early, feasibility-stage predevelopment funding and technical assistance to owners and providers who are interested in preserving and rehabilitating existing supportive housing. CSH’s overarching goals for the PIL Pilot program are:

- Assist HCR in reaching its goal of preserving 3,000 units of supportive housing within five years and conduct outreach to develop a pipeline for the supportive housing preservation subsidy program.
- Help existing owners understand the physical needs and financing required to rehabilitate aging supportive housing developments.
- Better understand the organizational and financial needs of owners with existing supportive housing developments in need of rehabilitation so additional capacity and technical assistance can be provided to future applicants beyond the pilot program stage.
- Preserve existing supportive housing across New York State.

Early-Stage Financing: Utilizing its existing PIL funding, CSH will launch a pilot program that will provide early-stage predevelopment loans. Anticipated eligible funding costs include:

- **Fees for engineers and environmental consultants:** to conduct early-stage environmental, feasibility, and physical-needs assessments and better understand the degree of rehabilitation required to preserve housing developments
- **Fees for development consultants:** to put together proformas and financing strategies, and support organizations in completing due diligence required for HCR’s technical assistance meeting
- **Fees for architects and other design professionals**

A standard term sheet for the PIL Pilot Program is attached. Once the team, with the help of PIL financing, has determined a construction and permanent financing strategy and addressed HCR’s preliminary feedback, it is expected that the PIL will be repaid through a standard predevelopment or construction loan, which requires a greater level of due diligence and review. CSH’s initial pool will consist of \$250,000, which is intended to finance PILs for up to five projects from five separate sponsors.

Technical Assistance: In addition to providing financing, CSH will provide a vetted list of development consultants who are interested in working with HCR and organizations to preserve supportive housing, and serve as liaison between the organization and HCR, including organizing pre-technical assistance meetings with HCR and supporting groups as they prepare.

Upon completion of the pilot, CSH and HCR will have a stronger understanding of the barriers faced by supportive housing providers and will address these concerns for the remainder of the 3,000 units in HCR’s Supportive Housing Preservation pipeline through the release of future PILs for similar projects.



HCR Supportive Housing Preservation Program Project Initiation Loan (PIL) Pilot Program Termsheet

PIL proceeds fund early, feasibility-stage predevelopment costs for organizations. PILs may be repaid from the proceeds of a CSH predevelopment loan, construction loan or permanent financing. The PIL product is considered a loan product, not a grant, and is anticipated to be repaid through later-stage financing such as predevelopment or construction loans. Through this pilot program, CSH will award \$250,000 in PIL financing, anticipated to support five or more organizations as they complete due diligence for HCR's supportive housing preservation program.

Use of Funds: Early-stage predevelopment costs, particularly those required for providers to meet milestones required for a technical assistance meeting with HCR.

Funding Limit: Up to \$50,000 per project, contingent on review and approval by CSH staff.

Interest Rate: 0% for 24 months. After 24 months, CSH's standard interest rate at the time will apply.

Application Fee: \$500

Typical Term: Three years

Repayment: Typically, subsequent CSH-loan product including predevelopment and acquisition loans, or at construction loan closing. PILs may be forgiven up to 100% in the sole discretion of CSH.

Eligible Applicants: Existing owners of supportive housing developments with operating contracts with a New York State or City Agency who are eligible for financing through HCR's Supportive Housing Preservation Program.