

Small Project Affordable Rental Construction Program (SPARC)

Ask your mortgage officer how we can help tailor a lending solution to fit your needs, and find out if we can underwrite to savings for sustainability improvements.



Safe, quality housing is the foundation of strong communities, and when that housing stock is damaged or destroyed it can destabilize neighborhoods and the families that call them home.

CPC is partnering with New York State Homes and Community Renewal (HCR) to administer up to \$20 million in Community Development Block Grant-Disaster Recovery funds through the Small Project Affordable Rental Construction Program (SPARC) to communities impacted by Superstorm Sandy, Hurricane Irene and/or Tropical Storm Lee. SPARC will finance small rental projects throughout New York State to restore and create a range of housing options and expand housing and economic opportunity for New Yorkers of low and moderate income.

The Governor's Office of Storm Recovery and the Housing Trust Fund Corporation are making the federal funds available through HCR for CPC to administer the new construction and rehabilitation of developments containing from eight to twenty affordable rental units each. The program targets low-density areas hard-hit by the storms in regions that include the state's NY Rising Community Reconstruction Program areas that have developed plans to address storm recovery and resilience.

The program will foster neighborhood revitalization and resiliency by adding to the stock of affordable housing with at least 51% of new rental units at each property to be designated for residents earning below 80% of the Area Median Income. Importantly, the SPARC funding will help fill a gap for smaller projects and properties that often lack access to capital and other critical resources.



CPC/SPARC Loan Terms

CPC Loan Debt Service Coverage	1.25
Loan to Value Maximum	80%
Loan to Cost Maximum	90%
Prepayment on Permanent Loans	Over 10 years (5.0%, 4.5%, 4.0%, 3.5%, 3.0%, 2.5%, 2.0%, 1.5%, 1.0%, 0.5%, 0%)
Maximum Construction Loan Term	2 years
Letter of Credit During Construction (if required)	10% of hard cost (total)
Contingency Required	5% of hard costs for new construction; 10% of hard costs for renovations
Guarantee	Construction completion guarantee by principals
Third-Party Reports	Satisfactory engineering, appraisal, and environmental reports
CPC Loan Size	Up to \$15 million, with larger loans considered on a case-by-case basis
Maximum Amount of SPARC Assistance to a Project	The lesser of \$3.75 million per project or \$200,000 per affordable unit (affordable to households earning below 80% of AMI as adjusted for household size)
SPARC Loan Repayment	SPARC assistance repayment terms will be flexible, dependent on the financial requirements of specific projects. Payments may be deferred, and interest rates as low as 0% may be provided. Outstanding principal balance may be forgiven at loan maturity for not-for-profit borrowers and, at the discretion of the state, either resubordinated or forgiven for for-profit borrowers.
Additional SPARC Loan Terms	Non-recourse; maximum of thirty (30) years secured by a recorded mortgage on the project, which will also be encumbered by a regulatory agreement
Closing Costs	Standard closing costs associated with a multifamily commercial loan will be passed through to the borrower.
CPC Pricing and Fees	Competitive rates and fees
Equity Requirements	For-profit developers: minimum of 10% of total allowable development costs. Nonprofit developers: minimum of 2% of total allowable development costs. Unencumbered value in property may partially satisfy equity requirements (50%).

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The Community Preservation Corporation, in its sole discretion, may, at any time and without prior notice, terminate the loan program, amend or waive compliance with any terms, or reject any or all proposals for funding.