

Guidelines for Financial Assistance

Empire State Development Mid-Hudson Momentum Fund



State of New York
Kathy Hochul, Governor

Empire State Development
President and CEO Hope Knight

As of July 2023

Table of Contents

- I. Overview and Background
- II. Definitions
- III. Allocation of funds within the Mid-Hudson Momentum Fund
- IV. Eligible Applicants and Eligible/Ineligible Use of Grant Funds
- V. Project Selection Criteria
- VI. Grant Amounts
- VII. Documentation Requirements and Ethics Disclosures
- VIII. Scoring and Project Review / Evaluation / Funds Disbursement

I. Overview and Background

The Mid-Hudson Region has become a top destination for both tourists and new permanent residents. With regional housing stock availability being at an all-time low due to COVID-19, there is a pressing need for new development to support the population growth. To that end, \$150M has been allocated to support investments in infrastructure, transit-oriented development (TOD), and mixed-use housing projects throughout the seven counties that make up the Mid-Hudson Region (Dutchess, Orange, Putnam, Rockland, Ulster, Sullivan, and Westchester). This new fund is referred to as the “Mid-Hudson Momentum Fund” (“MHMF”, “the Program”, or “the Fund”).

The Fund will focus on projects that will have lasting impacts in the Mid-Hudson Region and are consistent with the goals and priorities outlined in the Mid-Hudson Regional Economic Development Council’s Regional Strategy. Ideal projects will have some or all of the following attributes including:

- 1) Community support.
- 2) Will result in increased affordable housing units.
- 3) Leverage non-State investment.
- 4) Are financially sound.
- 5) Can begin quickly.

Empire State Development (ESD) will administer the MHMF and coordinate the project selection process, application administration, and ongoing reporting by grantees. The Mid-Hudson Regional Economic Development Council (MHREDC) will perform an initial review of applications and make recommendations to ESD based on each applications alignment with the MHREDC Regional Strategy.

II. Definitions – In Alphabetical Order

- “Affiliate” shall mean any person or entity that directly or indirectly controls or is controlled by or is under common control or ownership with the specified party.
- “Affordable Housing Units” shall mean permanent housing that is affordable to low-and moderate-income households, such that the new housing achieves income averaging at or below fifty percent of the area median income, with residents’ eligibility capped at a maximum of eighty percent of the area median income at the start of their lease.
- “Applicant” shall mean the entity that is applying for ESD financial assistance.
- “Beneficiary” shall mean an entity who may occupy the project or in some way “benefits” from the financial award.
- “Eligible Area” shall mean the counties of Dutchess, Orange, Putnam, Rockland, Ulster, Sullivan, and Westchester in New York State.
- “Essential building elements” are those components that make up the shell of the building (i.e. exterior walls, roofing, foundation, windows, etc.) as well as essential interior building elements that are critical to the overall functionality of the building (i.e. heating, ventilating and cooling systems, etc.).
- “Grantee” or “Recipient” shall mean the party or parties awarded Program funds.
- “MHREDC” shall mean the Mid-Hudson Regional Economic Development Council (the “Regional Council”).
- “MHREDC Regional Strategy” shall mean the document(s) approved by the REDC that serve as an economic blueprint for the region. These documents can be found at <https://regionalcouncils.ny.gov/mid-hudson>
- “Mixed-Use Housing Project” shall mean buildings that include a combination of commercial, office, retail, and residential uses.
- “MWBE” shall mean a business that has been certified and currently holds a NYS certification as a minority and/or woman owned business.
- “MWBE goal” shall mean a specific goal as a percentage, and/or dollar amount of the NYS grant which shall be awarded to a certified MWBE.
- “Related Party” shall mean: (i) the party’s spouse, (ii) natural or adopted descendants of the party or of the spouse, (iii) any sibling of the party or of the spouse, (iv) the son-in-law, daughter-in-law, brother-in-law, sister-in-law, father-in-law, or mother-in-law of any of the foregoing, (v) any person sharing the home of any of the foregoing, (vi) any staff

member, employee, director, officer or agent of the party, and (vii) Affiliates or subcontractors of the party.

- “Transit-Oriented Development Project” shall mean projects that support the creation of compact, mixed-use communities near transit where residents enjoy easy access to jobs and services.

III. Allocation of Funds

The Mid-Hudson Momentum Fund, totaling \$150M, will be allocated into two categories as follows:

1. **Mixed-Use Housing/TOD Projects** – up to \$75M to support mixed-use housing and/or TOD projects.
2. **Essential Infrastructure Projects** – up to \$75M to fund infrastructure projects that support housing projects, increase housing density or support TOD projects.

Mixed-Use Housing/TOD Projects (\$75M)

To foster regional development, \$75M will be allocated from the MHMF to support transformational mixed-use housing projects and/or TOD projects. These catalytic developments may be multi-year projects but must be either ready to commence construction within two years of being selected for funding or be completed within six years. These projects should support TOD projects and/or mixed-use housing projects with additional funding. These projects must be able to develop or redevelop communities by helping to support additional growth. Projects should support distressed communities and disadvantaged populations by providing increased access to housing options throughout the region. Applicants are encouraged to reuse renovated building materials, to recycle construction related materials, and to utilize building materials with recycled content in projects to the extent practicable. ESD is able to provide no-cost technical assistance to applicants interested in pursuing recycling options, following the award of funds.

Essential Infrastructure Projects (\$75M)

To support the population growth throughout the Mid-Hudson region, \$75M will be allocated from the Fund to support essential infrastructure projects that show a defined connection to housing projects or increasing housing density for a particular community. This could include new system installations or upgrades for water, roads, green renewable technologies (e.g. EV charging stations) or other similar costs. Applicants for infrastructure projects funding must draw a clear connection between the project and the support of increased housing or TOD projects. These projects may be multi-year projects but must be either ready to commence construction within two years of being selected for funding or be completed within six years.

IV. Eligible Applicants (For Both Categories)

- Not-for-profits
- Municipalities
- Public Benefit Corporations (Including IDAs and LDCs)
- For-profit companies

Eligible Projects and Uses of Funds (For Both Categories):

- Construction, expansion, and rehabilitation of facilities
- Equipment/Machinery
- Infrastructure and site development
- Design/engineering related to construction
- Funds may cover costs of new construction or improvements to essential building elements. See “Essential building elements” definition.

Ineligible Projects (For Both Categories):

- Residential with no other uses at the project location*
- Casino or gambling institutions
- Legal services
- Medical and Nursing services**
- Retail firms with no other eligible components
- Refinancing

*A project that is a stand-alone residential development is not eligible but a mixed-use development which includes a residential component is eligible.

**A project that provides medical services only is not eligible, but a project to expand research and development at a location that might also provide medical services could be eligible.

For Mixed-Use Housing/TOD Projects: ESD will only incentivize the commercial component of the mixed-use project, not the housing component.

Applicants are strongly urged to contact Mid-Hudson ESD staff to discuss a potential projects eligibility and compliance with program parameters.

V. Project Selection Criteria

Transformative projects will be scored based on the following criteria:

Mixed-Use Housing Projects/TOD Projects:

- Alignment with the MHREDC strategy.
- Number of affordable housing units being created.
- Minimum 10 percent applicant equity in the project.
 - ESD requires that the Applicant contribute a minimum of ten percent (10%) of the total project cost in the form of equity contributed after the Applicant's acceptance of ESD's incentive proposal. Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through the Applicant's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.
- Ability to leverage prior NYS investment.
- Amount of leveraged non-state funding sources, including demonstration that at least 50 percent of the award amount are non-state funds. Federal funds that pass through a NYS agency will not be counted towards the 50 percent non-state funds utilization criteria.
- Demonstrated local government and/or community support (if site plan approvals necessary process should be underway).
- Housing that will support distressed communities and disadvantaged populations by providing increased access to housing options throughout the region.
- Financial strength of applicant and demonstrated ability to complete projects in a timely manner.
- Project must be either ready to commence construction within two years of being selected for funding or be completed within six years.

Essential Infrastructure Projects:

- Alignment with the MHREDC strategy.
- Either new system installations or upgrades for water, roads, green renewable technologies (e.g. EV charging stations) or other similar costs.
- Must demonstrate a connection to increased housing density and/or TOD projects.
- Minimum 10 percent applicant equity in the project.
 - ESD requires that the Applicant contribute a minimum of ten percent (10%) of the total project cost in the form of equity contributed after the Applicant's acceptance of ESD's incentive proposal. Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through the Applicant's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.
- Ability to leverage prior NYS investment.

- Amount of leveraged non-state funding sources, including demonstration that at least 50 percent of the award amount are non-state funds. Federal funds that pass through a NYS agency will not be counted towards the 50 percent non-state funds utilization criteria.
- Demonstrated local government and/or community support (if site plan approvals necessary process should be underway).
- Financial strength of applicant and demonstrated ability to complete projects in a timely manner.
- Project must be either ready to commence construction within two years of being selected for funding or be completed within six years.

VI. Grant Amounts

- Competitive awards –
 - Minimum Total Project Cost: \$5M
 - Minimum Award Amount: \$2.5M
 - Maximum Award Amount: \$10M
 - As noted previously, 50 percent of total award amount must be sourced from non-state funds. For example, a \$5M MHMF award would support a minimum \$10M total project.

ESD fully understands that in many cases, smaller projects can still be meaningful investments, and there are dedicated funding sources for such smaller projects. Applicants that do not qualify for the MHMF are encouraged to contact ESD regarding resources for such smaller projects.

VII. Documentation Requirements and Ethics Disclosure

Any interested applicant must fill out an ESD application for Financial Assistance, which can be accessed by visiting the website link below:

https://formrouter.apps.esd.ny.gov/pdfviewer/web/viewer.html?file=/mhmf@ESD/MHMF_Application.pdf&filefields=/mhmf@ESD/MHMF_Application.txt

The application must be certified and signed by the applicant, and the basis of an award decision will be information contained in this application. In addition, all applicants will be required to complete and sign a Disclosure and Accountability Certification clearly noting any conflicts of interest. The applicant's signed application will acknowledge that intentional submission of false or misleading information may constitute a felony under Penal Law.

The application will require information including but not limited to a concise project description, project location, evidence of site control, a schedule of measurable milestones, and financial information including: an organizational chart and list of owners, affiliates, related parties, and beneficiaries.

Applicants may be required to submit financial information such as tax returns, audited financial statements, and in some cases financial projections and a business plan.

VIII. Scoring and Project Review / Evaluation / Funds Disbursement

Applicants will need to submit an application to ESD by July 28th, 2023 at 4 PM to be reviewed by the MHREDC shortly thereafter. Applications that are received after July 28th, 2023 will be reviewed by the MHREDC on a quarterly basis.

The applicant may be asked to make a presentation at which time they can describe the project and take questions from MHREDC members and ESD staff.

It is the goal of ESD to provide award notification approximately 60 to 90 days after an application is submitted. Projects may not commence until such award notice is received and acknowledged in writing. Projects that commence prior to such award notice could be deemed ineligible. These taxpayer funds are an inducement to proceed with a project and an applicant proceeding prior to receiving an award notice will void any potential funding.

The ESD award notification will outline the terms and conditions of the award and will include an MWBE utilization goal for every award. The applicant will be required to submit to ESD an MWBE utilization plan and ESD staff will work closely with awardees to meet the MWBE goals.

The grantee of a project which includes affordable housing units shall be solely responsible for verification of compliance with the requirements set forth herein. The grantee shall be required to file an annual declaration confirming that the property containing affordable housing units has been inspected and has been found to have been maintained in good operating order and condition. Such declaration shall further state that incomes of tenants of affordable housing units have been verified and have been found to qualify for such housing in accordance with the requirements set forth herein. Additional requirements for affordable housing units shall be further defined in the Grant Disbursement Agreement. ESD reserves the right to full or partial recapture of affordable housing awards should the grantee fail to comply with such requirements.

ESD funds, in general, can only be disbursed upon the completion of all construction and issuance of a Certificate of Occupancy. All applicants are expected to secure adequate bridge or construction financing which can only be reimbursed by ESD subject to ESD board approval, any and all necessary public hearings and approvals and the availability of funds. Following ESD board approval the applicant will receive a Grant Disbursement Agreement outlining disbursement conditions.

Additional Resources

Please contact ESD Mid-Hudson Regional Office at 845-567-4882 for questions.

Empire State Development Mid-Hudson Momentum email: momentum@esd.ny.gov

MHREDC website to view regional strategy: <https://regionalcouncils.ny.gov/mid-hudson>