

MIXED INCOME RENTAL PROGRAM

1. PROGRAM DESCRIPTION	HPD's Mixed Income Rental Program aims to produce rental housing affordable to those households earning up to 60% of New York City's area median income. HPD may provide a subsidy of up to \$50,000 per unit for non-prevailing wage projects, and \$60,000 per unit for prevailing wage projects, in addition to construction and permanent financing from sources including but not limited to: private institutional lenders, the HDC LAMP Program + 4% Low Income Housing Tax Credits, and 9% Low Income Housing Tax Credits. ¹
2. ELIGIBLE BORROWERS	<p>Limited partnerships, corporations, trusts, joint ventures, limited liability corporations and 501(c)(3) corporations. The development team for the project must have demonstrated a track record in successfully developing, marketing and managing the type of facility proposed or must form a joint venture with an entity, which has such expertise.</p> <p>Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.</p>
3. ELIGIBLE PROJECTS	<p>New construction and substantial rehabilitation of affordable low income housing. Subsidy is available to projects with either:</p> <p style="text-align: center;">20% of the units serving formerly homeless households * - Or - 20% of the units serving households up to 40% AMI</p> <p><small>*Section 8 vouchers may be available for formerly homeless households. Referrals of homeless tenants must be obtained through HPD and DHS. The program allows for more than 20% of units to be set aside for formerly homeless tenants.</small></p>
4. HPD SUBSIDIZED LOAN AMOUNT & TERMS	<p>HPD may provide a maximum subsidy of up to \$50,000 per unit for non-prevailing wage projects, and \$60,000 for prevailing wage projects, where all units serve households earning up to 60% of AMI. Developers projecting costs that exceed the per unit maximum due to construction costs will be required to obtain competitive bids.</p> <p>HPD will allow up to a 100% balloon payment at the end of the term. Maximum Loan term is 30 Years. Interest rate is 0%.</p> <p><i>Please note that MIRP per unit maximum subsidy amounts are specified in HPD RFPs such as the Cornerstone RFP. In any case where a discrepancy exists between the RFP provisions and the program Term Sheet, the more restrictive per unit maximum subsidy guidelines shall apply.</i></p>
5. MAXIMUM	All units must be affordable to those earning 60% AMI or below.

¹ If the project is on City-owned land, the \$50,000 maximum applies for both prevailing wage and non-prevailing wage projects.

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MONTHLY RENTS

2006 Low income¹ rent levels² outlined below.

Studio: \$675 1 BR: \$723 2 BR: \$871 3 BR: \$1,007

For units serving very-low income¹ households up to 40% of AMI, the maximum 2006 rent levels² are outlined below.

Studio: \$427 1 BR: \$457 2 BR: \$552 3 BR: \$63

¹Very low-income/low-income rents are calculated at 38%/58% of AMI

²Rent levels are calculated as gross rents less an electricity allowance

6. UNITS SET ASIDE FOR FORMERLY HOMELESS TENANTS

- Formerly homeless units will be underwritten at tax-credit levels, but Section 8 rents may be charged for those units in order to fund social services.
- A social service plan is required for projects serving homeless households.
- To the extent that Section 8 subsidy may be available for homeless tenants in MIRP projects, developers must follow all HPD and HUD Section 8 processing regulations.
- Homeless referrals can come directly from HPD (via DHS) or developers may seek out homeless tenants for approval by HPD/DHS.

7. DESIGN AND CONSTRUCTION REQUIREMENTS

- Projects must meet HPD's Design Guidelines for New Construction.
- HPD will approve unit distribution; preference will be given to projects with 50% or more 2+ bedroom units. Homeless set aside units must be proportionally distributed among unit types.
- HPD will participate in construction monitoring.
- HPD may at its discretion require competitive bidding for general contractors for MIRP projects.

8. REAL ESTATE TAX BENEFITS

Projects may qualify for §421-a or §420-c benefits. Tax benefits may be up to 100% tax abatement.

9. HPD FEES

- HPD Commitment Fee of 1% of the portion of the mortgage funded by HPD, with the exception of Federal HOME funds.
- HPD Legal Fee of 0.5% of the portion of the mortgage funded by HPD.
- These fees may be waived for not-for-profit borrowers.
- These fees must be paid out of owner's equity.

10. MARKETING & RENT-UP

- Marketing plan to be approved by HDC (if participating) and HPD. Marketing process overseen by HPD; 50% community preference; income certification by HDC (if participating).
- See above for information about rent up of homeless set aside units
- Rent-up reserves of up to \$2500 per homeless unit may be required to subsidize potential lost rental income during period needed for Section 8 subsidies to become effective. Lost rental income would be the difference between 30% of household income for a homeless family and rents calculated at 58% of AMI.

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11. PROPOSAL REVIEW INFORMATION

For consideration, please submit project information, including:

- Location and description of site and proposed development, including address, borough, block and lot numbers.
- Preliminary pro-forma including development and operating budgets.
- Development team including borrower, architect, contractor, management company, and list of their principals and previous experience (highlight any experience with HPD).

12. CONTACT INFORMATION

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