Department of Housing Preservation & Development
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NYC Department of Housing Preservation and Development (HPD)

Office of Development, Division of Preservation Finance

Green Housing Preservation Program
Term Sheet

Program Description

The Green Housing Preservation Program provides low- or no-interest loans to finance energy efficiency and water conservation improvements and moderate rehabilitation to ensure physical and financial health and to preserve safe affordable housing for low- and moderate-income households.

HPD encourages owners to leverage other construction and permanent financing sources for energy efficiency improvements including, but not limited to: private debt, utility incentive programs such as the Con Edison and National Grid programs, and public programs such as the New York State Energy Research and Development Authority (NYSERDA) Multifamily Performance Program, the New York State Weatherization Assistance Program, Housing Development Corporation Program for Energy Retrofit Loans (PERL), New York City Corporation for Energy Efficiency (NYCEEC) Multifamily Energy Efficiency Loan Program and the New York City Department of Environmental Protection Toilet Replacement Program.

Eligible Borrowers

Partnerships, corporations, joint ventures, limited liability companies, 501c(3) corporations, individuals, and housing development fund corporations (HDFCs). The program is open to for-profit and non-profit borrowers.

Eligible Buildings

Multiple dwellings below 50,000 square feet containing at least 5 units that require energy efficiency and water conservation improvements. Properties with moderate rehabilitation needs are also eligible.

Eligible Uses

Energy efficiency and water conservation (EEWC) measures and moderate rehabilitation of multiple dwellings as identified by the Green Physical Needs Assessment (GPNA) and approved by HPD. EEWC measures must have a payback period of less than 7 years or a savings to investment ratio (SIR) of greater than 1 as specified in the GPNA; HPD encourages owners to seek financing sources for additional measures and deeper retrofits. The required Green Physical Needs Assessment (GPNA) and technical assistance services are allowable up to program maximums described below, as well as limited soft costs.

HPD Loan Amount

Subsidized loan amount depends on the rehabilitation needs of the building, with a maximum of $50,000 per unit. Per-unit subsidies may be reduced for projects utilizing other governmental energy incentive programs or other City programs, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits.

HPD Loan Terms

Financing and regulatory terms are commensurate with the level of HPD subsidy per unit as described in Table 1 below. Threshold amounts in Table 1 are based on level of HPD subsidy per dwelling unit and average size of buildings in the project. In order to be classified as an Energy Efficiency and Water Conservation need, the scope must include at least 50% EEWC items.

Table 1:

Building Needs	**Building Size and Threshold**	
	Small Buildings (5 – 20 units)	***Mid-Sized Buildings (greater than 20 units)***
Energy Efficiency and Water Conservation	< $8,500 per Unit	< $6,500 per Unit
Moderate Rehabilitation	> $8,500 per Unit	> $6,500 per Unit

	Energy Efficiency and Water Conservation Building Needs: • Minimum Loan Term: 15 years • Interest Rate: 0%, evaporating • Minimum Expense Coverage Ratio: 1.05 **Moderate Rehabilitation Building Needs:** • Maximum Loan Term: 30 years • Interest Rate: 1.0% repayable per annum (for amounts exceeding Energy Efficiency and Water Conversation threshold above) • 0.25% servicing fee during construction • Minimum Expense Coverage Ratio: 1.05; Debt Coverage: 1.15 on all financing HPD may reduce the paid rate under 1% to leverage additional private financing. An additional compounding interest rate at no less than the Applicable Federal Rate (AFR) may defer and accrue, with a balloon payment due upon maturity.
Equity Requirements	Minimum equity requirement of 10% for profit developers and a minimum requirement of 2% for non-profit developers. Equity requirements may be decreased or waived for buildings with only EEWC needs, as defined in the "HPD Loan Terms" section above, as long as the Loan to Value does not exceed 90% for a for-profit borrower or 98% for a non-profit borrower. Other non-debt sources may be credited towards the equity requirement. HPD may consider crediting other non-debt sources toward equity requirement.
Fees and Project Costs	• Subject to funding availability, the following can be paid through the project development budget: GPNA base cost of up to $5,000 per project and up to $250 per unit for projects containing 20 units or below, up to $125 per unit for the GPNA for projects containing 21 units or greater; technical assistance services as defined in the GPNA guidelines (scope of work development, bid process facilitation, owner's representative services during construction, training and follow up report) of up to $35,000 for projects containing 20 units or below and up to $50,000 for projects containing 21 units or greater. All remaining closing costs will be the responsibility of the borrower. • Construction signage fee per building ($100 if under 20 units, $200 if 20 or more units). Fees must be paid by borrowers and are not counted towards owner equity requirement.
Rental Properties: Regulatory Requirements	The following requirements shall apply to all buildings: • Any units that are not currently rent stabilized are required to be entered into rent stabilization. Setting for initial legal rents is further described below. • Vacancy and luxury decontrol are not permitted for the duration of the HPD restriction period. • The owner may not apply to DHCR for Major Capital Improvement (MCI) increases in connection with the work funded by the loan. • Individual Apartment Increases are prohibited during the restriction term. • Annual rent rolls or other documentation will be maintained and submitted to HPD upon request. Additional regulatory and rent restrictions are commensurate with the "Building Need" as described in Table 1 above. All projects will enter into a regulatory agreement for the term of loan. Projects receiving enriched J-51 tax benefits or Article XI exemption shall be subject to a regulatory agreement for the term of the tax benefits.

	Energy Efficiency and Water Conservation Building Needs: • Rent Setting: If currently not rent stabilized or controlled, rents will be set at the greater of 1) 20 % above the Fair Market Rent (FMR), or 2) 20% above the current rent charged to the residents. • Income Limitation: Current and future vacant apartments must be rented to households whose incomes do not exceed 110% of AMI. If the building's current income is close to this level, HPD may adjust to allow for appropriate marketing band. **Moderate Rehabilitation Building Needs:** • Rent Setting: If currently not rent stabilized or controlled, rents will be set at the greater of 1) 20 % above the Fair Market Rent, or 2) 20% above the current rent charged to the residents • Income Limitation: Current and future vacant apartments must be rented to households whose incomes do not exceed 110% of AMI. Units with rents set below 80% AMI can be rented to households earning up to 10% above the rent limitation. Units with rents set above 80% can be rented to households earning up to 20% above the rent limitation. If the building's current income is close to the maximum level, HPD may adjust to allow for appropriate marketing band. • Rent Limitation: Rents restriction may be based on current tenants and set at multiple tiers up to a level affordable to households earning 110% AMI.
HDFC Cooperatives: Regulatory Requirements	All HDFC cooperatives must enter into a regulatory agreement requiring that: • The development must have a minimum 80% shareholder-owned units • The HDFC must employ professional paid management services, management fee not to exceed 6% • The building must maintain a monthly 5% operating reserve account • The project must remain an HDFC for the entire Green Housing Preservation Loan Term • Borrowers or shareholders shall not sell any unit to a tenant whose annual household income exceeds 110% AMI • Maintenance charges shall increase by at least 2% annually; and on an annual basis, HPD may request documentation demonstrating that unit sales have been conducted in accordance with the regulatory terms
Other	• Real Estate Tax Benefits: Tax exemptions or abatements may be available pursuant to J-51 or Article XI. • All projects must benchmark using a platform acceptable to the City.
Design and Construction Requirements	All projects must comply with HPD's Standard Specification (http://www1.nyc.gov/site/hpd/developers/specifications-rehabilitation/master-guide-specifications-for-rehabilitation-projects.page), as the specifications relate to the project's scope of work. Projects must complete a Green Physical Needs Assessment (GPNA) and work with Qualified Technical Assistance Provider as issued by HDC and HPD.
Marketing	All projects must be marketed according to HPD and HDC marketing guidelines. The developer must submit a marketing plan for agency review and approval. Where applicable, marketed projects will be required to use HPD's and HDC's lottery process.
Application Process	Borrowers must apply to HPD and through one of the participating private lenders listed below.
Participating Banks	Community Preservation Corporation: Elizabeth Derry, 212-869-5300 Enterprise Community Partners: Victoria Rowe-Barreca, 212-284-7181

	Low Income Investment Fund: Ivan Levi, 212-509-5509 x 29 Local Initiatives Support Corporation (LISC): Arturo Suarez, 212-455-1606 New York City Energy Efficiency Corporation (NYCEEC): Poise Constable, 646-797-4615
HPD Contact	Laura Slutsky, Executive Director of Green Preservation Initiatives 212-863-8884 / hpdgreen@hpd.nyc.gov NYC Department of Housing Preservation and Development 100 Gold Street, Room 9-O2 New York, NY 10038

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

NOTE: The project receiving funding under this program may be subject to Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the implementing regulations at 24 CFR part 135. If applicable to the project, (i) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of the project must be given to "Section 3 Residents" as such term is defined in 24 CFR 135.5; and (ii) to the greatest extent feasible, contracts for work to be performed in connection with any such project must be awarded to "Section 3 Business Concerns" as such term is defined in 24 CFR part 135.5.