

Our Space Initiative: Description and FAQ



What is Our Space?

HPD's Our Space Initiative funds the new construction of rental units affordable to formerly homeless households whose incomes are at or below 30% of the area median income (AMI). Homeless referrals to the Project must come from HPD and rents will be underwritten based on public assistance shelter allowance. The Our Space subsidy is in addition to the HPD funding available through HPD New Construction Finance programs detailed below.

What is the maximum subsidy?

HPD may provide a maximum subsidy in the amounts set forth to the right. This maximum per unit subsidy amount is in addition to other subsidy funds available through HPD New Construction programs, such as ELLA, Mix & Match, and NCP. →

Developers must comply with all applicable terms of the above referenced programs.

Preference will be given to projects requesting less than the maximum subsidy.

Affordability Program	Maximum Subsidy
ELLA (30% Our Space Units)	Up to \$140,000 per Our Space Unit
NCP (10% Our Space Units)	Up to \$140,000 per Our Space Unit
Mix & Match (15% Our Space Units)	Up to \$140,000 per Our Space Unit

What is the allowable unit distribution of Our Space Units?

Our Space Units must be distributed evenly among unit sizes in the Project, with the unit distribution subject to HPD approval.

What are the underwritten rents for Our Space Units?

HPD will underwrite the rents based on the shelter allowance for housing expenses as published by the New York State Office of Temporary and Disability Assistance (OTDA). Shelter allowance rents are based on the county of residence, the household size, and whether the household has a child under the age of 18 (see table on the next page). Shelter allowance is available for households receiving public assistance through Temporary Assistance for Needy Families (TANF) or, if the household has timed out of TANF, Safety Net Assistance (SNA). Some households may also receive cash assistance to cover utility costs, and when moving out of a shelter to permanent housing, a stipend to purchase furnishings, but such assistance does not constitute shelter allowance. The Human Resources Administration (HRA) is the City agency that administers these public assistance programs.

Shelter Allowance in New York City by Household Size and Composition								
Family Size	1	2	3	4	5	6	7	8+
With Children under the age of 18								
Shelter Rent	\$277	\$283	\$400	\$450	\$501	\$524	\$546	\$546
Without Children under the age of 18								
Shelter Rent	\$215	\$250	\$286	\$312	\$337	\$349	\$403	\$421

Our Space Unit rents will be underwritten based on bedroom size, potential household size, and potential shelter allowance (see table on right). 2-BR and 3-BR rents are calculated based on the average of potential household sizes of 3 and 4; and 5 and 6, respectively. HPD will underwrite projected cash flow for Our Space rents based on a 2% annual inflator.

UNIT SIZE	UNDERWRITTEN RENT
0 BR	\$215
1 BR	\$283
2 BR	\$425
3 BR	\$512

What is the Legal Rent for Our Space Units?

Legal Rents for Our Space Units will be set at 100% Fair Market Rent (FMR), based on the unit size. The Legal Rent may be increased by Rent Stabilization increases allowed by the Rent Guidelines Board.

What is the Actual Rent for Our Space Units?

If the household is in receipt of shelter allowance at the time of rent-up or lease renewal: Actual Rents collectible from an Our Space Unit at initial rent-up will be set at the maximum shelter allowance the household can receive from public assistance based on household size and composition. For example, if a referred household receives TANF and consists of 2 adults and no children under 18, the maximum Actual Rent will be \$250 a month. If the referred household receives TANF and consists of 2 adults and 2 children under age 18, the maximum Actual Rent will be \$450 a month. Actual Rents at lease renewal shall equal the least of (i) the Legal Rent, as may be increased by Rent Stabilization, (ii) the Actual Rent during the prior lease term, as may be increased by Rent Stabilization and (iii) 30% of 30% of AMI.

If the household is not in receipt of shelter allowance at the time of rent-up or lease renewal: If a referred household does not receive shelter allowance -- for example the household does not qualify for public assistance because of income from work, social security, or other sources -- the Actual Rent at initial rent-up (or if the tenant lost public assistance prior to the lease renewal, the Actual Rent at lease renewal) will be set at 30% of 30% of AMI. Actual Rents at lease renewal shall equal the least of (i) the Legal Rent, as may be increased by Rent Stabilization, (ii) the Actual Rent during the prior lease term, as may be increased by Rent Stabilization and (iii) 30% of 30% AMI.

UNIT SIZE	30% of 30% AMI 2015 Rents (assumes tenant pays elec.)
0 BR	\$413
1 BR	\$445
2 BR	\$541
3 BR	\$512

What is the Actual Rent if the referred household receives rental assistance at the time of rent-up or lease renewal:

If a referred household receives rental assistance such as tenant-based Section 8, Living in Communities Rental Assistance Program (LINC), or another rental assistance program approved by HPD in its sole discretion, regardless of whether or not the household receives public assistance, the Actual Rent will be the lesser of the maximum rent payable under the rental assistance program or the Legal Rent for so long as the household receives such rental assistance.

What reserves are required under Our Space?

Capitalized Social Service Reserve: The project must include \$7,500 per Our Space Unit as a capitalized social service reserve. This reserve will fund social services for the referred households during the initial rent-up period.

Annualized Social Service Reserve: The M&O budget must set aside \$7,500 per unit for 5% of the Our Space Units to be set aside to fund social services for households referred to the project after initial rent-up.

Capitalized Rental Shortfall Fund: Projects may include a Capitalized Rental Shortfall Fund sized to ensure a maximum of 1.05 income-to-expense ratio (or minimum 1.00) or a maximum 1.15 debt service coverage ratio (DSCR) (or minimum 1.00) for the duration of the loan term, as set forth in the table →

TERM	Target Income-to-Expense	Target DSCR
Years 1 - 10	1.050	1.150
Years 11 - 20	1.025	1.075
Years 21 - 30	1.000	1.000

The Capitalized Rental Shortfall Fund may be reduced if an operating reserve is required by other institutional lenders or investors, subject to approval by HPD.

HPD's underwriting will assume the standard 2% inflator for incomes and 3% inflator for expenses. Due to low rental income from Our Space Units and the inflators, projects without substantial nonresidential income may have cash flow projections that do not meet minimum income-to-expense or DSCR ratios during the 30-year loan term. The Capitalized Rental Shortfall Fund will provide a schedule of annual payments during the loan term to ensure that the project meets the required underwriting ratios and covers any gaps demonstrated in the underwriting.

Alternatively, the project's senior mortgage may be sized above the standard 1.05 income-to-expense ratio or 1.15 DSCR ratio to ensure that the project's long-term cash flow is within acceptable levels. This would mean a first mortgage amount that is less than what the project's first year cash flow can support at 1.05 income-to-expense ratio or 1.15 DSCR ratio.

How will HPD make Our Space referrals?

HPD's Homeless Placement Services Program will match households to Our Space Units based on household size, consistent with HPD's marketing policy. Within 48 hours of notification of an available vacancy, HPD will refer three homeless households to such Unit, and the developer can select one of the three referrals or reject all three. HPD's marketing guidelines will describe the acceptable grounds for rejecting referrals. The majority of referred households will receive public assistance and little or no income from employment. Some may have income from unemployment benefits or Social Security payments.

What income restrictions apply for Our Space referrals?

Our Space Units will be rented to households who earn 30% AMI or less for the duration of the regulatory term. The homeless referral requirement will terminate after 30 years.

What services should be made available for referrals?

Our Space referrals may require short-term assistance upon moving into their apartments as the household transition from shelter to permanent housing. Some households may not require any services. The assistance will focus on identifying the needs of the household and ensuring that the household has access to existing services and resources in the neighborhood to fulfill those needs. Examples include assisting the household access local schools, adult programs, daycare providers, workforce training resources, etc. Assistance could also focus on items specific to housing sustainment, including budgeting, bill paying, and maintaining good standing as a tenant. The project can use its Capitalized Social Service Reserve and Annualized Social Service Reserve to fund the cost of providing these services during initial rent-up and for new referrals as Our Space Units become vacant for newly referred families.

Homeless households in need of long-term social services will be referred to supportive housing programs and not to projects using Our Space subsidies.

Who will provide the social services?

HPD is working with other City agencies and nonprofits to develop a suite of recommended social services in order to pre-qualify certain providers. Developers can contract with these pre-qualified social service providers or work with other social service providers upon verification by HPD that the proposed social service provider is capable of administering the suite of recommended light-touch social services. If the latter, HPD will require review and approval of a social service plan prior to construction completion.

HPD Contact Info

Multifamily New Construction Finance | 100 Gold Street, Room 9I-5 | mfnc@hpd.nyc.gov

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

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