

**Mixed Income Program: Mix & Match  
 Term Sheet**

**Program  
 Description**

HPD's Mixed Income Program: Mix & Match funds the new construction of mixed income multi-family rental projects in which 50% of the units are at low income rents affordable to households earning up to 60% of Area Median Income (AMI) and the other 50% of units would have rents affordable to moderate and/or middle income households earning up to 130% of AMI. Projects may have a range of affordability tiers.

HPD subsidy is in addition to construction and permanent financing sources provided by, but not limited to: private institutional lenders; New York City Housing Development Corporation (HDC) programs such as HDC's Mixed Income Mix and Match program; New York State Homes and Community Renewal (HCR) programs such as Homes for Working Families Initiative (HWF), Low Income Housing Trust Fund Program (HTF), New York State Low Income Housing Tax Credit Program (SLIHC) and Low Income Housing Credit Program (LIHC), Federal Low Income Housing Tax Credit Program (LIHTC), and New York State Housing Finance Agency programs.

**Eligible  
 Borrowers  
 and Sponsors**

In order to be eligible for Capital funds, it is required that a borrower be a Housing Development Fund Corporation either alone or in partnership with for-profit developers, limited partnerships, corporations, trusts, joint ventures, or limited liability companies.

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 with such expertise. Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.

**HPD Loan  
 Amount**

HPD subsidy calculation is based on the number of units with rents affordable to households at or below 130% AMI according to the chart below.

Tier I: 50% of units at or below one of the Low Income tiers listed below.

Tier II: 50% of the units at or below one of the Moderate/Middle Income tiers listed below.

Tier I* **	Tier II* **			
Low, Very-Low or Extremely Low Unit Rent Selection	Moderate and Middle Unit Rent Selection			
	80% of AMI	90% of AMI	100% of AMI	130% of AMI
60% of AMI	\$80,000	\$70,000	\$62,500	\$40,000
50% of AMI	\$87,500	\$80,000	\$70,000	\$50,000
40% of AMI	\$95,000	\$87,500	\$80,000	\$55,000
30% of AMI	\$105,000	\$95,000	\$87,500	\$65,000

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

\*\* One or more of the options above may be required if the Mandatory Inclusionary Program is applicable

**NYC Department of Housing Preservation and Development (HPD)**  
Office of Development, Division of New Construction Finance

---

Projects with a variety of proposed household income tiers will be considered. Per-Unit subsidies may be reduced for projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits, or for projects that do not meet the minimum 15% three-bedroom unit requirement. Additional permanent affordability may be required for projects required to comply with the Mandatory Inclusionary Program.

**Loan Terms**

- Loan Term: 30 years (Loan terms vary by funding source and lending authority).
- Interest Rate: 1% per annum plus 0.25% servicing fee during construction, as applicable. An additional simple interest rate set at the Applicable Federal Rate (AFR) may defer and accrue, with balloon due at maturity.
- Amortization: Balloon allowable up to 100% of HPD loan amount.
- Debt Service Coverage: 115% on all financing.
- Loan to Cost: May not exceed 90% overall of total development cost.
- Income to expense ratio: 1.00 to 1.05 on all financing. Project Income should include residential rental and commercial income, as applicable
- Developer’s Fee: A developer’s fee is only allowed when tax credits are used or funds are combined with other public subsidy programs allowing such fees. As described in the HPD Qualified Action Plan, total developer fee is not to exceed 15% of improvement costs (excluding developer fee, reserves, and syndication and partnership expenses) and 10% of acquisition costs for tax credit projects. Up to 10% of the fee may be paid during construction. Consultant fees should be paid from the developer fee. HPD may require a reduction in paid developer fee in order to reduce public subsidy. HPD will recognize deferred developer fee if there is a revenue stream, usually cash flow, to enable the deferred fee to be paid within 15 years of the expected placed in service date of the project.
- Land Acquisition: Acquisition costs for privately owned land will be reviewed by HPD and may be approved at up to appraised value. Subsidies may be adjusted for private site acquisition supported by an appraisal methodology acceptable to HPD. For publicly-owned sites, disposition in most cases will be for \$1 per lot with the balance of appraised value in an enforcement note and mortgage payable at the end of 30 years with simple AFR. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.
- HPD requires that the general contractor secures projects by either a Payment and Performance bond for 100% of hard costs or a letter of credit for 10% of hard costs excluding contingency.
- Projects funded with Federal funds require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable.

Preferences will be given to projects demonstrating cost containment; examples may include but will not be limited to proposals that conform with competitive criteria, LIHTC basis caps, utilize efficient construction and lease-up schedules, use of reserves, etc.

**Equity Requirement**

At least 10% of total allowable development costs excluding costs attributable to LIHTC eligible basis. This equity requirement is exclusive of the paid and deferred developer’s fee. Preference will be given to proposals with greater equity contributions.

**Maximum Initial Rents; Income Limits; Rent Increases**

**Initial Rents:** Initial rents for tenants with low incomes (30% of AMI, 40% of AMI, 50% of AMI, and 60% of AMI) are calculated at 30% of 27% of AMI, 30% of 37% of AMI, 30% of 47% of AMI, and 30% of 57% of AMI. All other rents are calculated at 30% of the target AMI. All rent levels are calculated as gross rents less an electricity allowance.

**NYC Department of Housing Preservation and Development (HPD)**  
Office of Development, Division of New Construction Finance

<b>2016 MAXIMUM INITIAL RENTS FOR RESTRICTED LOW INCOME UNITS</b>				
<b>FOR TENANTS WITH INCOMES UP TO:</b>				
	30% AMI	40% AMI	50% AMI	60% AMI
<b>0 BR *</b>	\$328	\$464	\$600	\$736
<b>1 BR</b>	\$419	\$589	\$759	\$929
<b>2 BR</b>	\$509	\$713	\$917	\$1,121
<b>3 BR</b>	\$582	\$817	\$1,053	\$1,289

<b>2016 MAXIMUM INITIAL RENTS FOR RESTRICTED MODERATE AND MIDDLE INCOME UNITS</b>				
<b>FOR TENANTS WITH INCOMES UP TO:</b>				
	80% AMI	90% AMI	100% AMI	130% AMI
<b>0 BR</b>	\$1,049	\$1,185	\$1,321	\$1,729
<b>1 BR</b>	\$1,320	\$1,490	\$1,660	\$2,170
<b>2 BR</b>	\$1,591	\$1,795	\$1,999	\$2,611
<b>3 BR</b>	\$1,831	\$2,066	\$2,302	\$3,009

\* Studio rents calculated with a 0.6 household factor.

**Income Limits:** The following income limits apply to middle income units with rents set at 80%, 90%, 100%, and 130% of AMI.

- Units with rents at 80% AMI can be rented to households with incomes up to 100% of AMI, except if the project is also receiving an allocation of SLIHC from the State, then these units can only be rented to households with incomes up to 90% of AMI. In addition, Program seeks to minimize overlapping income limits (“marketing bands”) between tiers. If the project also includes a tier of units with rents at 90% AMI, then these units at 80% AMI rents can be rented only to households with incomes up to 90% of AMI.
  - Units with rents at 90% AMI can be rented to households with incomes up to 110% of AMI.
  - Units with rents at 100% AMI can be rented to households with incomes up to 130% of AMI.
- Units with rents at 130% AMI can be rented to households with incomes up to 165% of AMI.

**Rent Increases:** Subsequent rent increases for restricted units will be governed by the lower of AMI or rent stabilization increases with no vacancy or luxury decontrol for the duration of the HPD restriction period for all unit types.

**Design and Construction Requirements**

- Projects must meet [HPD Design Guidelines for Multifamily New Construction and Senior Housing](#) and plans must be approved by HPD.
- HPD will approve unit distribution. Projects must have a minimum of 15% one-bedroom, 15% two-bedroom, 15% three or more-bedroom units and a maximum of 25% studio units. Projects that include supportive housing units for singles may be allowed to exceed the 25% studio threshold at HPD’s sole discretion.

<b>Unit Type</b>	<b>Net Square Footage</b>
Studio	350 - 400 sq. ft.
1 BR	500 - 550 sq. ft.
2 BR	650 - 725 sq. ft.
3 BR	850 - 950 sq. ft.
4 BR	950 - 1,075 sq. ft.

**NYC Department of Housing Preservation and Development (HPD)**  
Office of Development, Division of New Construction Finance

---

	<ul style="list-style-type: none"> <li>• HPD reserves the right to participate in construction monitoring.</li> <li>• HPD may at its discretion require competitive bidding for general contractors.</li> <li>• All projects must achieve Green Communities Green Certification. The Green Communities Criteria and Certification portal is available online at <a href="http://www.greencommunitiesonline.org/">http://www.greencommunitiesonline.org/</a></li> <li>• All projects will be required to retain a qualified benchmarking service provider to track utility usage for heating, electric and water. The HPD Benchmarking and Performance Tracking Protocol is available online at <a href="http://www1.nyc.gov/site/hpd/developers/green-building.page">http://www1.nyc.gov/site/hpd/developers/green-building.page</a></li> <li>• Projects must be in full compliance with the design requirements of all applicable laws, including, but not limited to, the <i>New York City Zoning Resolution</i>, the <i>New York City Building Code</i>, the <i>New York City Housing Maintenance code</i>, the <i>New York State Multiple Dwelling Law</i>, the <i>Fair Housing Act</i>, and <i>Section 504 of the Rehabilitation Act of 1973</i>. Projects receiving New York State Homes and Community Renewal (HCR) funding must also comply with the <i>HCR Design Guidelines</i>, as applicable.</li> </ul>
<b>Real Estate Tax Benefits</b>	<ul style="list-style-type: none"> <li>• Projects may qualify for the Article XI tax exemption. See HPD Tax Incentive Programs guidelines for more information.</li> <li>• Developers must provide proof of any such tax exemption prior to construction loan closing.</li> </ul>
<b>Closing Requirements</b>	<p>Conditions precedent to construction loan closing include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Completed and satisfactory <a href="#">Sponsor Review</a> disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required.</li> <li>• Completed and satisfactory Equal Opportunity documents for applicable entities, including contractors and sub-contractors, in the project. Further documentation may be required for contractors and sub-contractors on the <a href="#">Enhanced Contractor Review</a> status list.</li> <li>• Completed and satisfactory <a href="#">HUD Section 3</a> documents for applicable entities in the project, if project is receiving federal funding.</li> <li>• Completed and satisfactory <a href="#">Campaign Finance</a> documents for applicable individuals and organizations in the project.</li> <li>• Completed and satisfactory <a href="#">Environmental Review</a> including, but not limited to, City Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA), and/or National Environmental Policy Act (NEPA), as applicable. Detailed environmental studies and compliance measures may be required.</li> <li>• Final architectural plans submitted to HPD and approved by the NYC Department of Buildings (DOB).</li> <li>• HPD may require the inclusion of an HPD rider as part of the construction contract.</li> <li>• Borrower's organizational documents including W-9 forms and IRS EIN letters.</li> </ul> <p>Documentation will require that HPD be named a beneficiary on a number of documents, including but not limited to insurance certifications and completion guarantees.</p>
<b>Marketing and Rent Up</b>	<ul style="list-style-type: none"> <li>• All projects must be marketed according to HPD and HDC marketing guidelines. The developer must submit a marketing plan for agency review and approval prior to marketing. Where applicable, marketed projects will be required to use HPD's and HDC's lottery process and include a 50% community preference.</li> <li>• On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.</li> </ul>

**NYC Department of Housing Preservation and Development (HPD)**  
Office of Development, Division of New Construction Finance

---

<b>Conversion</b>	<p>Conditions precedent to permanent loan conversion include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Evidence of compliance with zoning and all applicable codes.</li> <li>• Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB).</li> <li>• Architect’s Statement post-completion regarding accessibility.</li> <li>• Certificate of Completion from HPD on publicly-owned sites.</li> <li>• Evidence of rent registration with NYSHCR for all affordable units.</li> </ul>
<b>Proposal Review Information</b>	<p>For consideration, please submit the following:</p> <ul style="list-style-type: none"> <li>• Location (Borough/Block/Lot and address) and description of site and proposed development. Include commercial, parking and residential square footage.</li> <li>• Proposed pro-forma including development and operating budgets, as well as acquisition price per developable floor area for privately owned sites. Include an appraisal for private site acquisitions.</li> <li>• Indicate whether the project is conveying tax benefits to another project on the same zoning lot.</li> <li>• Proposed development team (borrower, contractor, architect, management company) respective principals and previous development experience over the last 10 years. HPD and NYC development experience should be highlighted.</li> </ul>
<b>Fair Housing &amp; Accessibility Requirements</b>	<p>Developers are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The Developer must also construct the project in compliance with all laws regarding accessibility for people with disabilities, including but not limited to the New York City Building Code, the federal Fair Housing Act, the Americans With Disability Act, and Section 504 of the Rehabilitation Act of 1973.</p>
<b>HPD Contact</b>	<p><b>Multifamily New Construction Programs</b> 100 Gold Street, Room 9I-5, New York, NY 10038 <a href="mailto:mfnc@hpd.nyc.gov">mfnc@hpd.nyc.gov</a> Phone: 212-863-5613</p>

*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.*