

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

<p>Program Description</p>	<p>HPD's Mixed Income Program: Mix & Match funds the new construction of mixed income multi-family rental projects in which 40%-60% of the units are at low income rents affordable to households earning up to 60% of Area Median Income (AMI) and the other 40%-60% of units would have rents affordable to moderate and/or middle income households earning up to 130% of AMI. Projects must have a range of affordability tiers.</p> <p>HPD subsidy is in addition to other public and private sources including 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), Middle Income Housing Program (MIHP), 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.</p>																										
<p>Eligible Borrowers and Sponsors</p>	<p>In order to be eligible for Capital funds, a borrower must 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.</p> <p>The development team for the project must have demonstrated a track record of 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.</p>																										
<p>HPD Loan Amount</p>	<p>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. Projects should have a minimum of four affordability tiers. At least 10% of units must be set aside for formerly homeless households and a minimum of 10% of units must be affordable to households earning between 30-50% AMI.</p> <p>Projects are encouraged to create intergenerational housing by incorporating senior housing units, including under the zoning rules for affordable independent residences for seniors (AIRS).</p> <table border="1" data-bbox="354 1331 735 1892"> <thead> <tr> <th>Rental Tier</th> <th>Subsidy</th> </tr> </thead> <tbody> <tr> <td>Our Space</td> <td>\$225,000</td> </tr> <tr> <td>27% of AMI</td> <td>\$185,000</td> </tr> <tr> <td>37% of AMI</td> <td>\$155,000</td> </tr> <tr> <td>47% of AMI</td> <td>\$125,000</td> </tr> <tr> <td>57% of AMI</td> <td>\$95,000</td> </tr> <tr> <td>70% of AMI</td> <td>\$120,000</td> </tr> <tr> <td>80% of AMI</td> <td>\$115,000</td> </tr> <tr> <td>90% of AMI</td> <td>\$95,000</td> </tr> <tr> <td>100% of AMI</td> <td>\$70,000</td> </tr> <tr> <td>110% of AMI</td> <td>\$40,000</td> </tr> <tr> <td>120% of AMI</td> <td>\$20,000</td> </tr> <tr> <td>130% of AMI</td> <td>\$10,000</td> </tr> </tbody> </table> <p>Project Selection: Preference will be given to projects that include: (1) provide more than 20% of units for formerly homeless families, (2) include more than 20% of units serving households earning up to 50% of AMI or less, and/ or (3) provide more than four income tiers.</p> <p>Requests for Above Term Sheet Subsidy: Projects that request more than the maximum subsidy will be considered for funding, but will not receive preference. For every \$5,000 per unit in additional subsidy provided above the term sheet maximum, projects will be required to provide an additional 5% of units to serve formerly homeless families or make an additional 5% of units affordable in perpetuity.</p> <p>Mandatory Inclusionary Housing (MIH): MIH projects that request subsidy for the MIH units will be required to provide an additional 15% of permanently affordable units.</p> <p>Voluntary Inclusionary Housing/Other Sources: Maximum per-unit subsidies may be reduced for projects utilizing other sources, including Inclusionary</p>	Rental Tier	Subsidy	Our Space	\$225,000	27% of AMI	\$185,000	37% of AMI	\$155,000	47% of AMI	\$125,000	57% of AMI	\$95,000	70% of AMI	\$120,000	80% of AMI	\$115,000	90% of AMI	\$95,000	100% of AMI	\$70,000	110% of AMI	\$40,000	120% of AMI	\$20,000	130% of AMI	\$10,000
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Housing, or rental assistance such as Project Based Vouchers, absent broader/deeper affordability or project benefits.

Rents and Marketing Bands

Rental Tier	Income Limits	Maximum Initial Rents			
		Studio*	1 BR	2 BR	3 BR
Our Space	30% of AMI	\$215	\$283	\$425	\$512
27% of AMI	30% of AMI	\$331	\$426	\$521	\$594
37% of AMI	40% of AMI	\$475	\$605	\$736	\$843
47% of AMI	50% of AMI	\$618	\$784	\$951	\$1,091
57% of AMI	60% of AMI	\$761	\$963	\$1,166	\$1,339
70% of AMI	80% of AMI	\$947	\$1,196	\$1,445	\$1,661
80% of AMI	100% of AMI	\$1,091	\$1,375	\$1,660	\$1,910
90% of AMI	110% of AMI	\$1,234	\$1,554	\$1,874	\$2,158
100% of AMI	130% of AMI	\$1,377	\$1,733	\$2,089	\$2,406
110% of AMI	140% of AMI	\$1,520	\$1,912	\$2,304	\$2,654
120% of AMI	150% of AMI	\$1,664	\$2,091	\$2,519	\$2,902
130% of AMI	165% of AMI	\$1,807	\$2,270	\$2,733	\$3,150

**Studio Rents are sized based on a 0.6 Household Factor*

***Rents are based on 2017 HUD income limits and assume tenant pays electricity with no electric stove.*

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 a utility allowance.

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

Marketing Bands: Projects must comply with the above listed Marketing Bands, or where other funding sources restrict the allowable maximum income. In addition, Program seeks to minimize overlapping income limits between tiers.

Loan Terms

- Loan Term: 30 year minimum (Loan terms vary by funding source and lending authority).
- Interest Rate: Applicable Federal Rate (AFR) monthly long-term rate simple during construction and permanent. An additional 0.25% servicing fee will be applied during construction, as applicable. The actual paid rate during construction will be up to 1% per annum in addition to the servicing fee. The actual paid rate during permanent will be up to 1% per annum, inclusive of the servicing fee. The difference between AFR and the paid rate will defer and accrue, with balloon due at maturity. HPD may reduce the interest rate to below AFR in return for extended affordability of 60 years or permanent affordability for at least 15% of the units.
- Amortization: Balloon payment up to 100% of HPD loan amount.
- Debt Service Coverage: 1.15 on all financing.
- Loan to Cost: May not exceed 90% overall of total development cost.

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- Income to expense ratio: Minimum of 1.05 on all financing; 1.10 when commercial space is more than 25% of gross income.
- Developer's Fee: As described in the HPD Low Income Housing Tax Credit Qualified Action Plan (QAP), 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 requires that the deferred developer fee be based on 15 years' of cash flow.
- Consultant Fees: Consultant fees, including development consultants, owner's representatives, etc., must be paid from the developer fee.
- Land Acquisition: Acquisition costs for privately owned land will be reviewed by HPD and may be approved at up to appraised value.
 - 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 upon maturity with simple AFR. The enforcement note and mortgage may be structured as a forgivable loan in return for extended affordability beyond what is minimally required by other sources of funds. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.
- 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.

Equity Requirement

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. Reduced land price below value will be considered as part of the equity requirement, per HPD's approval.

Units for Formerly Homeless Households

- Homeless referrals must come directly from HPD except projects that receive a supportive housing social service contract award from New York State Office of Mental Health (OMH) or New York City Department of Health and Mental Hygiene (DOHMH) or another government agency.
- All projects with homeless set-aside units must submit a **Social Service Plan** and a proposed **Social Service Provider** for HPD approval prior to marketing and lease-up of the homeless set-aside units, except those receiving referrals from a government agency under a social service contract.
- For projects with a social service contract that provides rental assistance above tax credit rents, HPD may require that a portion of net cash flow be deposited in the a social service reserve
- The unit distribution for homeless units must be approved by HPD.
- For developments with Project-Based Section 8, a **Rent-Up Reserve** of up to \$1,500 per homeless unit may fund rental income.
- For projects with [Our Space](#) units or without a social service contract, a capitalized **Social Service Reserve** of up to \$7,500 per homeless unit and annualized reserve of \$9,500 per 5% of the homeless units (rounded up) may fund the approved social service plan
- HPD may require an additional set-aside of up to \$2,000 per studio homeless unit, or up to \$3,000 if the homeless units include family units, to fund furnishings for homeless units at initial rent-up.

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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 also strongly encourages the incorporation of the critical success factors outlined in [“Laying the Groundwork: Design Guidelines for Retail and Other Ground-Floor Uses in Mixed-Use Affordable Housing Developments”](#).
- HPD will approve unit distribution. Projects are suggested to have a minimum of 15% one-bedroom, a minimum of 30% two-bedroom or larger, and a maximum of 25% studio units. Projects that include supportive housing units for singles may be allowed to exceed the 25% studio threshold.

Unit Type	Net Square Footage
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.

- HPD reserves the right to participate in construction monitoring.
- HPD may at its discretion require competitive bidding for general contractors.
- All projects must achieve Green Communities Green Certification. The Green Communities Criteria and Certification portal is available online at <http://www.greencommunitiesonline.org/>
- 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 <http://www1.nyc.gov/site/hpd/developers/green-building.page>
- Projects must be in full compliance with the design requirements of all applicable laws, including, but not limited to, the *New York City Zoning Resolution*, the *New York City Building Code*, the *New York City Housing Maintenance code*, the *New York State Multiple Dwelling Law*, the *Fair Housing Act*, and *Section 504 of the Rehabilitation Act of 1973*. Projects receiving New York State Homes and Community Renewal (HCR) funding must also comply with the *HCR Design Guidelines*, as applicable.

Real Estate Tax Benefits

- Projects may qualify for §421-a or the Article XI tax exemption. See [HPD Tax Incentive Programs guidelines](#) for more information. Projects may be subject to a PILOT in the HPD Regulatory Agreement depending on the availability of project cash flow.
- Developers must provide proof of any such tax exemption prior to construction loan closing.

Closing Requirements

- Closing requirements prior to construction loan closing include (but are not limited to):
- Completed and satisfactory [Sponsor Review](#) disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required.
 - 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 [Enhanced Contractor Review](#) status list.
 - Completed and satisfactory [HUD Section 3](#) documents for applicable entities in the project, if project is receiving federal funding.
 - Completed and satisfactory [Campaign Finance](#) documents for applicable individuals and organizations in the project.
 - Completed and satisfactory [Environmental Review](#) including, but not limited to, City

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	<p>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.</p> <ul style="list-style-type: none"> • Architectural plans approved by HPD's Building and Land Development Services • Approval and Permits by the NYC Department of Buildings (DOB) • HPD may require the inclusion of an HPD rider as part of the construction contract. • Borrower's organizational documents including W-9 forms and IRS EIN letters. • Projects with HOME funds must comply with HOME Compliance requirements. • HPD requires that the general contractor secures projects by a letter of credit for 10% of hard costs excluding contingency. Payment and Performance bond for 100% of hard costs may be accepted in lieu of letter of credit. • HPD may require that it be named beneficiary on documents, including but not limited to insurance certificates and completion guarantees.
Rent Up	<ul style="list-style-type: none"> • 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. • On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.
Conversion	<p>Conditions precedent to permanent loan conversion include (but are not limited to):</p> <ul style="list-style-type: none"> • Evidence of rent registration with HCR in compliance with rent stabilization requirements • 95% residential rental achievement • 100% commercial/retail occupancy evidenced by executed leases • Evidence of real estate tax benefits. • Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB). • Architect's Statement post-completion regarding accessibility • Certificate of Completion from HPD on publicly-owned sites. • Evidence of HOME compliance.
Proposal Review Information	<p>For consideration, please submit the following:</p> <ul style="list-style-type: none"> • Location (Borough/Block/Lot and address) and description of site and proposed development. Include commercial, parking and residential square footage. • 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. • Whether the project is generating tax benefits or zoning bonus to another project. • 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.
Additional Requirements	<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</p>

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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.

Eligible HPD-financed projects will be subject to the Agency's economic opportunity programs including HireNYC and M/WBE Build Up. Such projects must meet the obligations of each applicable program and initiative. Additional information can be found at <http://www1.nyc.gov/site/hpd/developers/hirenyc.page> and <http://www1.nyc.gov/site/hpd/developers/mwbe-build-up-program.page>.

HPD requires a fee of \$1,400 for monitoring compliance with Executive Order 50 of 1980 (as amended by Executive Order 94 of 1986, Executive Order 108 of 1986, and Executive Order 159 of 2011) which requires equal employment opportunity in New York City contracting and monitoring compliance with the Federal Davis Bacon Act (40 U.S.C. §3141 et seq.), State Labor Law §§220 and 230, Real Property Tax Law §421-a(8), and New York City Administrative Code §6-109 which require the payment of prevailing wages and compliance with labor standards.

HPD Contact

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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.