New Infill Homeownership Opportunities Program (NIHOP)  
Term Sheet

Program Description

HPD’s New Infill Homeownership Opportunities Program (NIHOP) promotes the construction of new homes affordable to New York City’s workforce community. NIHOP seeks to promote mixed-income communities with affordable homeownership opportunities for moderate and middle-income households.

Preference will be given to projects with one-third of the units affordable to households earning up to 80-90% of Area Median Income (AMI). Projects may include additional tiers of affordability for households earning between 90% and 110% AMI and between 110% and 130% AMI.

Sponsors may apply to the program to develop privately owned properties or they may be selected through a Request for Qualifications (RFQ) process to purchase City-owned sites. Sponsors are responsible for assembling a development team to design, construct and market the homes. For city-owned sites, disposition will be for $1 per lot and sponsors will deliver an enforcement note and mortgage equal to the land's appraised value ("Land Debt").

HPD subsidy is in addition to construction and permanent financing sources provided by, but not limited to, private institutional lenders, New York State Affordable Housing Corporation (AHC) programs, and Developer Equity.

Upon construction completion, the developer sells the homes to families who agree to occupy the homes for 20 years following the initial purchase from the developer. The Land Debt and any additional subsidy ("Combined Debt") are apportioned to each home built. Purchasers will repay the Land Debt and Combined Debt attributable to their home by delivering a subordinate mortgage to the City. The Combined Debt declines on a defined schedule over 20 years. Upon resale or re-financing, initial purchasers may be required to make payments to the City out of resale or refinancing profits.

Eligible Borrowers and Sponsors

In order to be eligible for HPD-issued 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.

Eligible Projects

New construction of one- to three-family homes and up to approximately 14-unit condominiums/cooperatives affordable to households earning up to 130% of AMI. One- to three - family homes that include rental units must cap rents to be affordable to households earning up to 130% AMI.*

*Projects using AHC subsidy must comply with AHC requirements that stipulate rents should be affordable at the same AMI level that applies to the end purchaser of the home.

HPD Loan Amount

HPD may provide a maximum subsidy according to the chart below. Preference will be given to projects requesting less than the maximum subsidy.
**PER DU SUBSIDY**

| MAXIMUM SUBSIDY | Up to $70,000 per DU* |

* Subsidy amounts will be based on project type and need, as determined by HPD, and adjusted accordingly for projects that utilize additional funding, city and/or state sources or programs. Subsidy may be provided on a sliding scale tied to the target affordability of specific units.

Preference will be given to projects with one-third of the units affordable to households earning up to 80-90% of Area Median Income (AMI). Projects may include additional tiers of affordability for households earning between 90% and 110% AMI and between 110% and 130% AMI.

### Loan Terms

- Interest Rate: 0.25% servicing fee during construction.
- Developer’s Fee: The total developer fee should not exceed 10% of the total development costs excluding the developer fee and subordinate land value and be fully deferred at construction loan closing. Consultant fees should 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. Subsidies may be adjusted for private site acquisition supported by an appraisal methodology acceptable to HPD. For city-owned sites, disposition will be for $1 per lot with the land’s appraised value in an enforcement note and mortgage ("Land Debt"). Upon construction completion, the Sponsor sells the homes to purchasers who agree to occupy the homes for 20 years following the initial purchase. The Land Debt and any additional subsidy ("Combined Debt") are apportioned to each home built. Purchasers will repay the Land Debt and Combined Debt attributable to their homes by delivering a subordinate mortgage to the City. The Combined Debt declines on a defined schedule over 20 years. Upon resale or re-financing, initial purchasers may be required to make payments to the City out of resale or refinancing profits.
- 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.
- Projects funded with Federal funds require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable.

### Equity Requirement

At least 10% of total development costs.

### 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 must approve General Contractors.
- HPD reserves the right to participate in construction monitoring.
- HPD may require extended warranty coverage be provided.
- All projects must participate in the [Enterprise Green Communities Program](#) and obtain Enterprise Green Communities Green Program certification.
- 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](#), and the [New York City Housing]


<table>
<thead>
<tr>
<th>Real Estate Tax Benefits</th>
<th>Projects may qualify for UDAAP and Article XI tax exemptions. See HPD Tax Incentive Programs guidelines for more details. Developers must provide proof of such exemption or a private opinion.</th>
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<td>Closing Requirements</td>
<td>Conditions precedent to construction loan closing include (but are not limited to):</td>
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<td>• Completed and satisfactory Sponsor Review disclosure documents for all applicable individuals and entities in the project. Further disclosure documentation may be required.</td>
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<td>• 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.</td>
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<td>• Completed and satisfactory HUD Section 3 documents for applicable entities in the project.</td>
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<td>• Completed and satisfactory Campaign Finance documents for applicable individuals and organizations in the project.</td>
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<td>• Completed and satisfactory Environmental Review including, but not limited to, City Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA) review, and/or NEPA environmental review, as applicable. Further environmental testing and compliance may be required.</td>
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<td>• DOB-approved plans, permits and specification book submitted to HPD.</td>
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<td>• Developer’s organizational documents including W-9 forms and IRS EIN letters.</td>
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<td>Documentation will require that HPD be named a beneficiary on a number of documents, including but not limited to insurance certifications and completion guarantees.</td>
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<td>Marketing and Rent Up</td>
<td>Projects must comply with HPD Marketing Guidelines. The Marketing process is overseen by HPD.</td>
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<td>End Loans</td>
<td>Conditions precedent to permanent loan conversion include (but are not limited to):</td>
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<td>• End Purchasers are required to owner-occupy their units for 20 years from the initial purchase.</td>
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<td>• The purchaser must sign an enforcement note and mortgage for the Combined Debt apportioned to their home.</td>
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<td>• The purchaser must sign a purchaser affidavit agreement to owner occupy their home as their primary residence during the 20 year regulatory period.</td>
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<td>• The enforcement note and mortgage executed at each end loan closing delineates repayment and recapture terms for the apportioned debt. The Enforcement debt declines to $0 at the end of the 20 years of owner occupancy. Purchasers and subsequent owners may be required to make payments to the City out of resale or refinancing profits pursuant to the enforcement note and mortgage.</td>
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- Evidence of real estate tax benefits.
- Permanent Certificate of Occupancy from NYC Department of Buildings.
- Evidence that final punch list items have been cured/repai red.
- Evidence that the purchaser has received, in a form satisfactory to HPD, homeowner education pertaining to operation and maintenance of HVAC, heating and hot water systems and appliances, manufacturer and developer warranty coverage, and homeowner maintenance responsibilities.
- Evidence that the purchaser has received, in a form satisfactory to HPD, training pertaining to landlord responsibilities, including proper unit maintenance, providing leases, applicant screening for rental units, and charging rent amounts compliant to NIHOP and AHC affordability requirements.

**Proposal Review Information (For Private Sites)**

For consideration, please submit project information, including:

- Location (Borough/Block/Lot and address) and description of site and proposed development. Include commercial, community space, 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.
- Indicate whether the project is conveying tax benefits to another project on the same zoning lot.
- 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.

**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.*