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

Office of Development, Division of Special Needs Housing

Supportive Housing Loan Program (SHLP)
Term Sheet

Program Description	The HPD Division of Special Needs Housing through its Supportive Housing Loan Program (SHLP) makes low-interest loans to support the development of permanent supportive housing with on-site social services. SHLP loan funds may be used in conjunction with 4% and 9% Low Income Housing Tax Credits and other loan and subsidy sources. Projects developed with SHLP funding must provide 60% of units for homeless, disabled individuals or homeless families with a disabled head-of-household. The remaining 40% can be rented to households from the community earning low incomes. All units must be affordable to households earning 60% or less of the Area Median Income. Units for individuals must be studio units.
Eligible Borrowers	Nonprofit organizations or joint ventures between nonprofit and for-profit entities. Developer(s) will form an Article XI Housing Development Fund Corporation (HDFC) which will hold title to the property. For projects developed by joint ventures, the majority of HDFC incorporators/directors/officers must be appointed by the nonprofit organization. Long-term project control and ownership must be with a nonprofit organization or entity wholly controlled by a nonprofit organization.
Eligible Uses	Projects may involve new construction or rehab, on privately-owned or City-owned land, with acquisition costs approved by SHLP up to appraised value. SHLP typically pays for construction though other costs may be funded. Funding for on-site services must be secured from City, State or Federal sources. SHLP does not provide predevelopment loans. However, acquisition and predevelopment financing is available from various organizations including the Corporation for Supportive Housing, Enterprise, LIIF and the NY Acquisition Fund.
Loan Amount	Subject to SHLP budget review. Lower SHLP subsidy requests will increase project competitiveness, and preference will be given to projects that effectively contain costs. For projects involving tax exempt bonds and 4% LIHTC: Up to $75,000/unit. For projects involving 9% tax credits: Up to $125,000/unit. Per-Unit subsidies may be reduced for projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits. Most projects are funded with federal HOME funds requiring Davis-Bacon Prevailing Wages.
Loan Terms	Interest Rate: Interest rate of 1% (including HDC servicing fees) payable. HPD may reduce the paid rate to leverage additional private financing. A

	compounding interest rate at no less than the Applicable Federal Rate (AFR) may defer and accrue, with a balloon payment due upon maturity. Amortization: Loan/regulatory term is construction period plus a minimum of 30 years post conversion. HPD's 9% tax credit QAP requires a regulatory period of 60 years. Debt Service Coverage Ratio: 1.20
Developer Fees	For projects maximizing private debt, total development fee shall not exceed 15% of tax credit eligible cost or limits of the governing Qualified Allocation Plan (QAP). For projects utilizing project-based Section 8, layering review requirements limit developer fee to 12% of total development costs. At least 12 years of deferred fee should be paid from cash flow. All consulting fees of the developer should be paid from developer fee. Projects that do not leverage private debt will be limited to $10,000/unit.
Reserves	A reserve of up to $3,500/unit plus $3,000 per homeless unit should be capitalized as part of developer fee. A replacement reserve of $250/unit must be funded annually, with appropriate annual escalation factor.
Unspent Development Funds	Excess SHLP loan funds will pay down the outstanding SHLP loan balance. Sponsors are permitted to receive half of unspent tax credit equity as additional fee; half will be used to reduce the SHLP loan.
Design and Construction Requirements	See the Supportive Housing Loan Program design guidelines. A 50-unit minimum is preferred. One unit should be provided on-site for a building superintendent. Projects must meet the requirements of the Enterprise Green Communities program. Step 1 Pre-Build Approval from Enterprise is required to close. Final Certification by Enterprise is required for conversion. Projects are typically filed under Building Code: R-2 occupancy group; and Zoning: Community Facility Use Group 3 Non-Profit with Sleeping Accommodations. General Construction Contractors are typically selected through a competitive bid process but may be proposed through sole-source negotiation on a case-by-case basis. Contractors must provide payment and performance bonds or a 10% letter of credit.
Land Acquisition	Acquisition costs for privately owned land will be reviewed by HPD and may be approved at up to appraised value. At HPD's discretion, subsidies may be adjusted for private site acquisition supported by an appraisal. For publicly-owned sites, disposition will in most cases be for $1 per lot with the balance of appraised value in an enforcement note and mortgage, payable upon maturity. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.
Eligible Tenants	100% of units must be rented to tenants earning up to 60% AMI. A minimum of 60% of units must be reserved for homeless and disabled tenants referred by City or State agencies such as the Department of Homeless Services (DHS),

	the Department of Health & Mental Hygiene (DOHMH), the HIV/AIDS Services Administration (HASA), and the New York State Office of Mental Health (OMH).
Rents	Homeless tenants pay 30% of their income toward rent. Low-income tenants can be charged a rent of up to 30% of 60% of AMI depending on their income.
Rental Subsidies	HPD will work with sponsors to obtain rental assistance. Potential sources of subsidy include Section 8, HUD Shelter Plus Care (McKinney) grants, and supportive service contracts which may also include a rental assistance component.
M&O	Follow HDC LAMP guidelines with the following exceptions: - Appropriate adjustments should be made for projects that include only studio apartments. - Sponsors should provide, and may add an operating expense line for, 24-hour on-site security. - Projects coordinating reporting requirements for HOME, LIHTCs, rental assistance, homeless tenant referrals and supportive services may be eligible for a management fee of up to 8% of net residential income.
Cash Flow	Half of net cash flow must be deposited in the operating/social service reserve.
Social Services	Applicants must present a plan for providing on-site supportive services, typically including a contract from NYC DOHMH, DHS or HASA, or NYS OMH or OASAS. Supportive service providers who have not worked with the SHLP previously must obtain a contract award to ensure qualification for service funding before working with SHLP.
Tax Exemption	LIHTC projects may be eligible for a 420c tax exemption. Non-tax credit projects can typically apply for a 420a exemption.
Contact Information	Emily Lehman Director of Planning and Development Division of Special Needs Housing NYC Department of Housing Preservation & Development lehmane@hpd.nyc.gov

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.