The Multifamily Disposition and Finance Programs encompasses HPD’s Third Party Transfer (TPT) Program and Multifamily Preservation Loan Program (MPLP) which designates qualified sponsors to purchase and rehabilitate certain vacant and occupied multi-family properties in order to improve and preserve housing affordable to low- to moderate-income households.

All TPT properties are currently owned by Neighborhood Restore HDFC and MPLP properties are currently owned by the City of New York. All properties were subject to an in rem foreclosure.

HPD provides low interest loans using City Capital funds. 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), and/or Low Income Housing Tax Credits (LIHTC).

### Eligible Uses
Moderate or substantial rehabilitation, and approved New Construction, of multiple dwellings including SROs.

### HPD Loan Amount
Maximum HPD subsidized loan amount is up to $120,000 per unit, depending on rehabilitation needs, current occupancy and affordability targets. Per-Unit subsidies may be reduced for projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits.

### HPD Loan Terms
- Maximum loan term: 30 years.
- Construction Term Interest Rate: 1% per annum plus 0.25% servicing fee. HPD may consider deferring and accruing interest to accept a paid rate under 1.00% to leverage additional private financing, but any accrued and deferred interest is to be paid as a balloon at maturity of the permanent loan.
- Permanent Loan Interest Rate: Interest rate will be set at the long term monthly compounding Applicable Federal Rate (AFR), with a minimum floor of 2.5% (compounding monthly). The required paid rate of 1% per annum (inclusive of 0.25% servicing fee) is due during the permanent loan period. HPD may reduce the paid rate to leverage additional private financing. Any unpaid interest will defer and accrue, to be paid as a balloon at maturity.
- Amortization: Balloon may be allowable up to 100% of the HPD loan plus deferred and accrued interest.
- Debt Service Coverage: 1.15 on all financing.
- Maintenance and Operating Expenses: Underwritten at a level acceptable to HPD.
- Reserves: Three months debt service and operating expenses must be capitalized. A $250 per unit repair and replacement reserve will be from cash flow.
- Acquisition: $8,750 per unit excluding super’s unit for TPT properties; $1 per lot for City-owned properties
- Developer’s Fee: Up to $10,000 per unit for non-profit developers and sponsors of tenant petition projects; fee adjusted based on percentage of occupied units and building size.
  - For projects utilizing LIHTC, the total developer fee is not to exceed 10% of development costs (excluding developer fee, reserves and syndication/partnership expenses) and 10% of acquisition costs. Up to 10% of developer fee may be paid at closing.
  - HPD may require a reduction in developer fee in order to reduce subsidy.
  - All consultant fees must be paid from the developer fee.
- Letter of Credit: 10% of hard costs excluding contingency. Payment and Performance bond for 100% of hard costs may be accepted in lieu of Letter of Credit, upon HPD approval.
- Federal Funds: Require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable. (See NOTE below).
Equity Requirements
For-profit developers: minimum of 10% of total allowable development costs. Non-profit developers: minimum of 2% of total allowable development costs.
Tenant Petition Projects: minimum of 2% of total allowable development costs. In the event the building remains an affordable rental, the equity requirement increases to a minimum of 10% of total allowable development costs.

HPD Fees
- **HPD Commitment Fee**: 1% of the portion of the mortgage funded by HPD (waived for not-for-profit borrowers).
- **HPD Closing Fee**: 0.5% of the portion of the mortgage funded by HPD (waived for not-for-profit borrowers).
- **Construction signage fee per building**: $100
- **Equal Employment Opportunity Fee**: $1,400 (not applicable for City-owned buildings)

Rent Setting
- Upon conveyance of City-owned properties, rents for all occupied units must be registered with HCR and are subject to New York State Rent Stabilization Code.
- Project may be eligible for rent restructuring to cover debt service and post-rehabilitation property maintenance and operations, to be implemented post-completion.
- For occupied units, rents will be projected to increase by rent stabilization allowances during the construction period. If needed, post-completion and upon HPD’s issuance of a rent order, rents will be set no higher than a level affordable to households earning between 50% AMI and 60% AMI.
- For vacant units, rents shall generally be set in multiple tiers no higher than a level affordable to households earning 120% AMI, unless further restricted based on federal funding sources and/or LIHTC requirements if applicable.

Regulatory Requirements
Projects will be subject to a **minimum** 30-year regulatory agreement with the following general requirements:
- Current and future vacant apartments must be rented to households whose incomes do not exceed 120% of AMI.
- Rents may not exceed a level affordable to households earning 120% AMI during the regulatory term.
- Following rehabilitation, all units must be registered with HCR and are subject to increases governed by the Rent Stabilization Code.
- Vacancy and luxury decontrol are not permitted for the duration of the HPD restriction period.
- HPD requires annual submission of a certified rent roll, written certification of tenant incomes, and supporting documentation for rent and income determination pursuant to the regulatory agreement. Federally-funded and LIHTC units will be subject to additional restrictions and monitoring during compliance periods.
- An enforcement mortgage for the as-is appraised value, as determined by HPD, less acquisition price is required for City-owned properties.
- At least 10% of the residential units in the project will be reserved for homeless households referred by HPD’s Homeless Placement Unit.

HDFC Cooperatives: Regulatory Requirements
All HDFC cooperatives must enter into a regulatory agreement requiring that:
- The development must have a minimum 80% shareholder-owned units
- The HDFC must employ professional paid management services.
- The building must maintain a monthly 5% operating reserve account
- Borrowers or shareholders shall not sell any unit to a tenant whose annual household income exceeds 120% AMI
- Maintenance charges shall increase by at least 2% annually; and on an annual basis, HPD may request documentation demonstrating that unit sales have been conducted in accordance with the regulatory terms
- Third Party Co-op Monitor required for the term of the regulatory period.
- HPD requires annual submission of documents including, but not limited to audited financial
reports with support documentation demonstrating annual maintenance increases.

- Co-op Offering Plan must be approved by NYS Attorney General’s office.

### Real Estate Tax Benefits

Projects may qualify for UDAAP, §420-c, Article XI, or J-51 real property tax exemption.

### Marketing

All projects must be marketed according to HPD and HDC marketing guidelines. The developer must submit a marketing plan for agency review and approval. Where applicable, marketed projects will be required to use HPD’s and HDC’s lottery process.

### Construction Requirements

Projects must meet HPD’s construction and design specifications.

Prior to closing, all projects must complete benchmarking on a whole building basis using a Benchmarking Software Provider Firm that has been pre-qualified by HDC: http://www.nychdc.com/Current%20RFP Funded projects must benchmark throughout the loan and regulatory term.

All substantial rehabilitation projects, as determined by HPD, must achieve Green Communities Certification. The Green Communities Criteria and Certification portal is available at www.greencommunitiesonline.org.

HPD considers projects substantial rehabilitations when all three of the following items are included in the scope:

- Replace entire heating system (including distribution system) AND
- Work in 75% of units including plumbing or electrical work within the kitchen and/or bathroom AND
- Substantial work on the building envelope that will upgrade the thermal properties of the building envelope including:
  - Replace or add roof insulation (entire roof area) OR
  - Insulate at least 50% of exterior walls OR
  - Window upgrades to at least 90% of windows

More information can be found at: https://www1.nyc.gov/site/hpd/services-and-information/enterprise-green-communities-criteria-egcc.page

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
- http://www1.nyc.gov/site/hpd/developers/mwbe-build-up-program.page

### Fair housing & Accessibility Requirements

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.

### Application Process

Developers are designated through a Request for Qualifications (RFQ). After designation, developers must submit a project proposal including scope of work, development and operating budgets. To access private financing, developers must apply through one of the participating private lenders listed below. Developers are expected to be able to secure financing and close within 12 months of designation.
Eligible Borrowers
Limited partnerships, corporations, joint ventures, limited liability companies, 501(c)(3) corporations, housing development corporations and individual owners. The program is open to for-profit and non-profit borrowers.

Participating Banks
Community Preservation Corporation: (646) 822-9428
Low Income Investment Fund: (212) 509-5509
National Cooperative Bank: (212) 808-0880
Chase Community Development Group: (212) 552-4059
Citibank: (212) 723-5535
Enterprise Community Partners: (212) 284-7181
Local Initiatives Support Corporation: (212) 455-1606

HPD Contact
For general information about MDFP, you may contact:

Multifamily Disposition and Finance Programs
NYC Department of Housing Preservation and Development
100 Gold Street, Room 9-U7A
New York, NY 10038
(212) 863-7810
hpdplp@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.

NOTE: The project receiving funding under this program may be subject to Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the implementing regulations at 24 CFR part 135. If applicable to the project, (i) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of the project must be given to “Section 3 Residents” as such term is defined in 24 CFR 135.5; and (ii) to the greatest extent feasible, contracts for work to be performed in connection with any such project must be awarded to “Section 3 Business Concerns” as such term is defined in 24 CFR part 135.5.