### 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.

HPD subsidy is to be paired with other public and private sources including but not limited to: private institutional lenders; the New York City Housing Development Corporation’s (HDC) Extremely Low & Low-Income Affordability (ELLA) Program; HCR programs such as the New Construction Capital Program (NCP), the Supportive Housing Opportunity Program (SHOP), Homes for Working Families Initiative (HWF), the Low Income Housing Trust Fund Program (HTF), Middle Income Housing Program (MIP), New York State Low Income Housing Tax Credit Program (SLIHC), etc.; 4% Federal Low Income Housing Tax Credits (4% LIHTC) with Tax Exempt Bond Financing from HDC or the New York State Housing Finance Agency, or 9% Federal Low Income Housing Tax Credits (9% LIHTC) awarded by HPD or HCR.

### Eligible Borrowers
Nonprofit organizations or joint ventures between nonprofit and for-profit entities with experience developing, marketing, owning and managing supportive housing. In order to be eligible for Capital funds, a borrower must be a Housing Development Fund Corporation either alone or in partnership with non-profit entities, for-profit Developers, limited partnerships, corporations, trusts, joint ventures, or limited liability companies.

The development team must have a demonstrated track record of successfully developing, marketing, and managing the type of project proposed or must form a joint venture with an entity with such expertise. 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.

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

### Eligible Tenants
Projects serve low income households with incomes up to 60% of the Area Median Income (AMI). Rental assistance programs and other funding sources may have additional income requirements. Tax credit projects may include a tier of units affordable to households earning between 61% - 80% AMI in accordance with applicable Income Averaging restrictions.

At least 60% of units should be reserved for homeless individuals or families who reside in shelter facilities operated by or on behalf of the City or are otherwise in need of emergency shelter as determined by the City. The SHLP Term Sheet requires that homeless referrals come from the New York City Department of Homeless Services (“DHS”), HPD, or an alternate referral source acceptable to HPD, and such requirement will be memorialized in a Regulatory Agreement with HPD.

### Eligible Uses
Projects may involve new construction or preservation, on privately-owned or City-owned land.
SHLP funds are typically used to pay for construction cost but in certain circumstances may be used to cover other capital eligible costs.

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 but not limited to the Corporation for Supportive Housing, Enterprise, LIIF, LISC, and the NY Acquisition Fund.

| Loan Amount | For projects receiving tax exempt bonds and 4% LIHTC: Up to $100,000/unit. For projects receiving 9% LIHTC: Up to $125,000/unit. Lower subsidy requests will increase project competitiveness. Preference 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. Per-Unit subsidies may be reduced in projects utilizing other sources, including the Inclusionary Housing Program, absent broader/deeper affordability or project benefits. Projects utilizing Federal funds require compliance with Section 3 new hires and Davis Bacon prevailing wages, as applicable. All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must disclose the amount of all such investments, the name and location of the Opportunity Fund, the tax payment implications and benefits for the Opportunity Zone investment, as well as provide any other information about the Opportunity Fund as requested by HPD. HPD will require an affidavit from Developers stating whether or not an Opportunity Fund is being used. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link: [https://esd.ny.gov/opportunity-zones](https://esd.ny.gov/opportunity-zones). |

| Loan Terms | Loan/Regulatory Term: Construction period plus a minimum of 30 years post-conversion. HPD’s 9% tax credit Qualified Allocation Plan (QAP) requires a regulatory period of 60 years. Interest Rate: Applicable Federal Rate (AFR) monthly long-term rate simple during plus 0.25% paid servicing fee during construction. A monthly compounding permanent interest rate set at no less than the AFR may defer and accrue, with a balloon payment due upon maturity. Higher interest rates may be considered on a case by case basis. Debt Service Coverage Ratio: 1.15 on all financing Income to Expense: Minimum of 1.05 on all financing; 1.10 when commercial space generates more than 25% of gross income. Commercial income must be included in the underwriting, as applicable. |

| Brownfield Sites | At HPD’s request, sites that qualify for the New York State Brownfield Cleanup Program will be expected to capitalize costs associated with the remediation work on the development budget. Developers will then be |
required to syndicate or directly purchase the associated Brownfield Tax Credits as an equity source at permanent conversion.

Land Acquisition

Acquisition costs for privately owned land will be reviewed by HPD and may be approved at the lesser of purchase price or up to appraised value. HPD will not recognize an increased acquisition price from a private site rezoning (or may require a sellers note for the difference).

For publicly-owned sites, disposition will in most cases be for $1 per lot with the balance of the appraised value due to the City at the end of 60 years, and, in limited circumstances, all or a portion of profits (up to the appraised value of the site) may be due to the City upon a resale or refinancing, as evidenced by an enforcement note and secured by an enforcement mortgage. Interest will compound monthly at the AFR in effect at the time of closing. The enforcement note and mortgage will be forgiven upon maturity, provided no default exists under the enforcement note and mortgage, the regulatory agreement and other HPD documents signed at closing. Publicly-owned sites may include sites owned by HPD, other government agencies and property owned by NYCHA.

Developer Fees

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 that are within term sheet subsidy limits. Up to 10% of the fee may be paid during construction, and consultant fees should be paid from the developer fee. HPD requires that the deferred developer fee be based on 15 years of cash flow.

For projects utilizing Project-Based Section 8, Federal Subsidy Layering Review (SLR) requirements may additionally limit developer fee.

If a project requires subsidy financing above term sheet limits, HPD will recognize developer fee up to the amount outlined in the QAP. However, the paid developer fee shall not exceed the amount per following schedule. The paid developer fee schedule will be allowed on units with or without LIHTC financing on a per unit basis relative to the underwritten AMI of the unit.

HPD may make exceptions to the paid fee limit if the project is above term sheet due to explicit HPD or City RFP generated requirements or if the project hits the HDC subsidy cap. The amount of paid developer fee may also be higher than the schedule for projects that are 100 units or less, on a case-by-case basis.

Projects that do not leverage private debt will be limited to a maximum Developer fee of $10,000/unit.

Reserves

A minimum reserve of $3,500/unit plus $3,000 / homeless unit must be capitalized. Reserves required by other funders may be used to satisfy this minimum.
A replacement reserve of $300/unit must be funded annually, with appropriate annual escalation factor. Reserves must remain with the project for the duration of the regulatory period.

### Design and Construction Requirements

See the Supportive Housing Loan Program Design Guidelines and HPD Design Guidelines for Multifamily New Construction & Senior Housing. 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”.

A 50-unit minimum is preferred. Units for individuals must be studio units and should comply with the Supportive Housing Loan Program Design Guidelines. Larger units should follow HPD Design Guidelines for Multifamily New Construction & Senior Housing standards.

One unit should be provided on-site for a building superintendent. Work to assist tenants aging in place may also be required by HPD and included in the scope of work.

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.

For zoning purposes, projects are typically filed under Building Code: R-2 occupancy group and Zoning: Community Facility Use Group 3 Non-Profit with Sleeping Accommodations and/or Use Group 2 utilizing Quality Housing bonuses.

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.

HPD reserves the right to participate in construction monitoring.

Projects must be in full compliance with the 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 federal Fair Housing Act, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.

New York City Building Code regulations for construction in flood hazard areas are changing and will affect construction requirements for future development. To reduce risk, the agency may impose additional hazard mitigation requirements.

Developers should verify and disclose if they are in the 100 year or 500 year flood plain. This information must be confirmed by a licensed surveyor, but Developers can perform an initial check here: www.nyc.gov/floodhazardmapper

### Rents

Homeless tenants pay 30% of their income toward rent.

Initial rents for low income tenants without rental assistance are calculated assuming a 3% marketing band (i.e. 30% of 57% AMI).

Subsequent rent increases 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. Projects with HOME, LIHTC or rental...
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<td><strong>Rental Subsidies</strong></td>
<td>HPD will work with sponsors to obtain rental assistance. Potential sources of subsidy include New York City 15/15 Rental Assistance Program funding, Section 8, HUD Continuum of Care Program grants, and supportive service contracts which may also include a rental assistance component.</td>
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| **M&O** | Follow HDC ELLA guidelines with the following exceptions:  
- Sponsors should provide, and may add an operating expense line for, 24-hour on-site security. This cost should be shared between the development budget and service contract.  
- 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.  
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/benchmarking-protocol.page](http://www1.nyc.gov/site/hpd/developers/benchmarking-protocol.page) |
| **Cash Flow** | Fifty percent of net cash flow after payment of the deferred Developer fee must be deposited in the operating reserve. |
| **Social Services** | Applicants must present a plan and evidence of funding sources for on-site supportive services in SHLP term sheet before a finance closing can occur. A funding plan is typically evidenced by an award from NYC DOHMH, DHS or HRA, or a New York State agency.  
HPD may require underwriting 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 only if there is no other source (for example, under a social service contract) available to pay for homeless furnishings. |
| **Tax Exemption** | LIHTC projects may be eligible for a 420c tax exemption. Non-tax credit projects can typically apply for a 420a exemption. See HPD Tax Incentive Program guidelines for more details. Developers must provide proof of such exemption or a private opinion. |
| **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. |
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- Completed and satisfactory HUD Section 3 documents for applicable entities in the project, if project is receiving federal funding, including project-based Section 8 vouchers.
- 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 Environmental Quality Review (CEQR), and/or State Environmental Quality Review Act (SEQRA), and/or National Environmental Policy Act (NEPA), as applicable, for projects with federal funding (Project Based Section 8 Vouchers, HOME Funds, etc.). Detailed environmental studies and compliance measures may be required.
- Architectural plans approved by HPD’s Building and Land Development Services
- Approval and Permits by the NYC Department of Buildings (DOB)
- DSNH will 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.

Conversion Requirements

Closing requirements prior to permanent loan conversion include (but are not limited to):
- Evidence of rent registration with HCR in compliance with rent stabilization requirements
- Evidence of executed social service contract
- Evidence of fully funded reserves
- 95% residential rental achievement
- 100% commercial/retail occupancy evidenced by executed leases, if applicable
- 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
- As-built plans submitted to HPD
- Certificate of Completion from HPD on publicly-owned sites
- Evidence of HOME compliance
### Proposal Review Information

For consideration, please submit project information including:

- Location and description of site and proposed development (including address, borough, block and lots).
- Preliminary pro-forma including hard and soft costs, unit distribution, expected rents and other financing sources.
- Appraisal, for private site acquisitions
- Development team (borrower, contractor, architect, management company, service provider), respective principals and previous development experience. HPD and NYC experience should be highlighted.

**Housing + Initiative:** Underdeveloped land in regulated housing developments may provide opportunities for both new affordable housing and for extending/deepening affordability of the existing affordable housing. Developers considering developing on such land or preservation of existing housing which includes such underdeveloped land should refer to HPD’s "Housing + Initiative" page at this link and review the checklist requirements for new proposal submission.

To facilitate affordable housing development opportunities on underdeveloped land and parking lots in regulated affordable housing, HPD may provide City Capital subsidy conforming with a New Construction term sheet or consider deepening the level of tax exemption on the preservation site in exchange for increased affordability on new construction projects. Priority will be given to projects that most efficiently use City resources.

### Marketing

All projects must be marketed according to HPD and HDC Marketing Guidelines and Tenant Selection Criteria. 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.

### Fees and Closing Costs

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. A fee of $30,000 is required for projects subject to prevailing wage requirements for 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.

### Additional 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 Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.

The proposed residential development program will be evaluated within the context of New York City’s commitment to affirmatively further fair housing. Consistent with the Fair Housing Act, the City and HPD implement a balanced approach to fair housing planning, taking meaningful action to address disparities in housing needs that increases access to opportunity, fosters
inclusive communities, and facilitates integrated living patterns, in addition to combating discrimination, throughout New York City.

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.

All projects proposed to be located in an Opportunity Zone should consider Opportunity Funds as a potential source of equity. Projects that use Opportunity Fund investments must clearly identify the amount of all such investments, the name and location of the Opportunity Fund, and the tax payment implications and benefits for the Opportunity Zone investment. Any additional federal funding beyond the tax must also be disclosed and will be included in the evaluation of the project. Maps of the designated tracts can be found at this link https://esd.ny.gov/opportunity-zones.

Contact Information

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Division of Special Needs Housing
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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.