Department of Housing Preservation & Development
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NYC Department of Housing Preservation and Development (HPD)
Office of Development, Division of New Construction Finance

New Construction Finance (NCF) Program Term Sheet

Program Description	HPD's New Construction Finance (NCF) Program funds the new construction of 100% affordable multi-family rental projects in which 60%-100% of the units are rents affordable to households earning up to 80% of Area Median Income (AMI). Up to 40% of the units may have rents affordable to moderate income households earning up to 120% of AMI. At least 15% of units must be set aside for formerly homeless households. HPD subsidy is paired with other public and private sources including but not limited to: private institutional debt; New York City Housing Development Corporation's (HDC) programs such as HDC's New Construction Program; New York State Homes and Community Renewal (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), and New York State Low Income Housing Tax Credit Program (SLIHC); 4% Federal Low Income Housing Tax Credits (4% LIHTC) with Tax Exempt Bond Financing from HDC or the New York State Housing Finance Agency (HFA), or 9% Federal Low Income Housing Tax Credits (9% LIHTC) awarded by HPD or HCR.
Eligible Sponsors	In order to be eligible for capital funds, a Sponsor (defined as developer and/or owner of the project) 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. Sponsors must have a demonstrated track record of successfully developing, leasing, and managing the type of proposed housing development, or must form a joint venture with an entity with such expertise. Sponsors must demonstrate sufficient financial stability and liquidity to construct and operate the project. **Non-Profit Sponsors:** To be considered a non-profit Sponsor, a 501(c)(3)/501(c)(4) non-profit entity must comprise more than 50% of the ownership and have a key decision-making role in the project.
Project Prioritization	Preference will be given to projects that: maximize efficiency of public resources and achieve multiple policy goals from Housing Our Neighbors: A Blueprint for Housing and Homelessness.

Affordability Requirements	Projects must achieve an average affordability (Target Average AMI) of between 50-60% AMI, and a minimum of 60-100% of units must be LIHTC. Sponsors may choose an affordability mix that arrives at the Target Average AMIs listed in Table 2. Projects may have a maximum of four affordability tiers in addition to the homeless units; however, HPD may require projects to have fewer non-homeless tiers depending on project size or other factors. Projects where fewer than 60% of units are LIHTC units may be considered on a case-by-case basis. **Income Averaging:** The maximum income limit for a LIHTC unit is 80% AMI and the average income for all LIHTC units in the project must be less than 60% AMI. **Formerly Homeless Units:** All projects may set aside up to 30% of units for formerly homeless households, with a minimum requirement of 15%. These units may be either Our Space units or an alternative supportive or homeless housing program as approved by HPD. Projects with multiple buildings may be required to set aside 15% of units per building for formerly homeless households. HPD may at its discretion choose to reduce or waive homeless requirements for buildings with 40 units or less. **Extremely Low and Very Low Income (ELI/VLI) Units:** Each project must include a minimum of 50% ELI/VLI units. Extremely Low Income (ELI) units include any homeless and supportive housing units and any other units with rents and incomes set at 30% AMI or below; Very Low Income (VLI) units include units with rents and incomes set at 31% - 50% AMI. **Middle Income Units:** Project may include affordable units with rents above 120% AMI, but HPD will not subsidize such units. **Inclusionary Housing (IH) and Universal Affordability Preference (UAP):** Projects are encouraged to take advantage of zoning incentive programs like IH and UAP. Satisfactory compliance with such programs will be a requirement for closing and conversion. **Affordable Independent Residences for Seniors (AIRS) Units:** HPD must approve the incorporation of AIRS units into any NCF project, and Sponsor must demonstrate that there is a tangible zoning benefit and a higher unit count resulting from incorporating AIRS into the project. To the extent AIRS units are included in the project, such units should be underwritten at or below 50% of AMI. AIRS units may be overlaid with homeless set aside units. To the extent possible, projects must also include non-AIRS units at each income tier. AIRS unit distributions must be reviewed and approved by HPD. Pursuant to the Zoning Resolution, AIRS units must have a legal rent set at or below 80% of AMI. All AIRS projects must undergo review by the New York State Human Rights Commission and obtain an exemption in accordance with N.Y. Exec. Law §296-2a(e) prior to closing. **Permanent Affordability:** IH, UAP, and AIRS units shall be permanently affordable. Projects that request subsidy for IH, UAP, or AIRS units shall be required to provide an additional 15% of permanently affordable units. Additionally, for every $1,000 per unit in subsidy provided above the term sheet maximum, projects shall be required to make an additional 1% of units affordable in perpetuity, up to a maximum of 50% of units. Providing additional permanent affordability itself does not entitle a project to additional subsidy as-of-right. Permanently affordable units shall be distributed evenly across the unit type and income mix in a manner satisfactory to HPD.
Rents and Income Limits	Initial rents are calculated at 30% of the Underwritten Rent Level listed in Table 1 below. Initial rents for Our Space units shall be calculated at Shelter Rent. Initial rents for Rental Assistance Units shall be calculated in accordance with the applicable Rental Assistance program. All rents, except Shelter Rents, are calculated as gross rents less a utility allowance. Income limits shall be set in accordance with Table 1 below. Any exceptions must be approved by HPD. Projects must comply with the marketing bands listed in Table 1. In addition, there may not be any overlapping marketing bands between tiers. All units should provide at least a 10% discount to market based on a third-party appraisal acceptable to HPD.

Table 1. Rent and Income Limits

Underwritten Rent Level	Income Limits	Legal Rent Limits***	Maximum Initial Rents			
			Studio*	1 BR	2 BR	3 BR
Our Space**	40% of AMI	100% of AMI	$215	$283	$425	$512
S8 PBV	</= 50% AMI	See below	Pursuant to Rental Assistance Award			
15/15	60% of AMI	See below	Pursuant to 15/15 Rent Schedule			
17% of AMI	20% of AMI	100% of AMI	For current initial rent figures, please refer to the HPD website at https://www1.nyc.gov/site/hpd/services-and-information/area-median-income.page. Please note rents should be adjusted per the appropriate utility allowance for the project.			
27% of AMI	30% of AMI	100% of AMI				
37% of AMI	40% of AMI	100% of AMI				
47% of AMI	50% of AMI	100% of AMI				
57% of AMI	60% of AMI	100% of AMI				
67% of AMI	70% of AMI	100% of AMI				
77% of AMI	80% of AMI	100% of AMI				
90% of AMI	100-110% of AMI	110% of AMI				
100% of AMI	110-120% of AMI	120% of AMI				
120% of AMI	130-140% of AMI	140% of AMI				

** Studio Rents are sized based on a 0.6 Household Factor*
*** Our Space units are underwritten at Shelter Allowance and have income limits at 40% AMI.*
****MIH Units must have Legal Rents set at the Income Limit. VIH Units must have Legal Rents set at or below 80% AMI. AIRS Units must have Legal Rents set at or below 80% AMI.*

Initial Legal Rent Setting and Section 610: The initial legal rent for a unit shall be set in accordance with Table 1 above. Rental Assistance Units shall have legal rents set 20% higher than the contract rent (e.g. for a S8 PBV Unit with contract rent set at 100% of FMR, Legal Rent shall be set at 120% of FMR). Legal Rent requirements set in the NYC Zoning Resolution shall take precedence for any MIH, VIH, UAP, or AIRS units. NCF projects shall not benefit from Section 610 of the Private Housing Finance Law.

Our Space Program

Program Description. A minimum of 15% of units and a maximum of 30% of units must be reserved for homeless individuals or families who reside in shelter facilities operated by or on behalf of the City, or who are otherwise in need of emergency shelter as determined by the City. Our Space units are defined as formerly homeless units that are not participating in a supportive housing program, such as NYC 15/15 or ESSHI, and are therefore not benefitting from a supportive services contract. Our Space units are underwritten at Shelter Rents (see Table 1). Our Space units may participate in tenant based rental assistance programs, but Our Space units with CityFHEPS will be limited to rental collection at 60% of AMI. The bedroom mix for Our Space units must be approved by HPD and is expected to be roughly proportional to that of non-Our Space units.

Social Services Plan. Tenants of Our Space units must be offered voluntary on-site transition, retention and stabilization services provided through a service provider on HPD's Pre-Qualified List. Service expectation and staffing requirements for Our Space units are outlined here. Minimum services include:

- Transitional Services from Shelter: case manager contact, tenant interview and needs assessment prior to move in, building policy and neighborhood orientation, connection to local services and resources needed at move in.
- Housing Retention and Stabilization Services: rent payment/subsidy management support, including first year subsidy recertification, support for housing quality inspections,

	tenant/landlord mediation if needed, ongoing needs assessment and planning at regular intervals in year one of tenancy. The Social Services Plan must lay out services at initial lease-up as well as ongoing services during building operations. **Homeless Furnishings Plan.** Our Space units are expected to be furnished by the Sponsor if needed. Basic furnishings must include an adequate number of bedframes, mattresses, box springs, dressers, dining table and chairs to accommodate all tenants in the unit. At closing, Sponsor must capitalize a homeless furnishings budget of $2,000 per studio homeless unit and $3,000 per non-studio homeless unit. Such funds may be drawn upon during initial lease up to furnish the Our Space units, either to supplement other furnishing stipends or as a standalone source. At conversion, any unspent balance from the capitalized homeless furnishings budget shall be deposited into the Social Services Reserve. During building operations, Sponsor may request a withdrawal from the Social Services Reserve to replace furnishings as needed. **Social Services Budget.** During initial lease-up and the first year of tenancy the Social Services Plan shall be funded through a budget of $7,500 per Our Space unit capitalized in the development budget. After conversion, social services shall be funded through a payment to the Social Services Provider in an amount of up to $5,000 per Our Space unit per year. Ongoing social services shall be funded by a sweep of available overhanging cash flow produced by the Our Space units (defined as the difference between underwritten shelter rents and the rents actually collected for those units after expenses, debt service, and a 1.05 Income to Expense ratio has been covered) or through a withdrawal from the Social Services Reserve. **Social Services Reserve.** At conversion Sponsor must establish a Social Services Reserve and deposit any unspent balance from the capitalized Social Services budget or capitalized homeless furnishings budget. During operations the Social Services Reserve shall be funded through a sweep of net cash flow (after funding social services) up to a maximum balance of $15,000 per Our Space unit (equivalent to 3 years of services at $5,000 per unit per year). Sponsor may request a withdrawal from the Social Services Reserve to fund a) a payment to approved Social Services Provider to fund the approved Social Services Plan, and/or b) the replacement of homeless furnishings. **Approval of the Plan and Budget.** Prior to marketing and initial lease up, Sponsors shall submit the Social Services Plan, Social Services Budget, and Homeless Furnishings Plan for HPD's approval. HPD approval is required for any termination of the Social Services Plan or change in the Social Services Provider.
Supportive Housing	A minimum of 30 units, and a maximum of 30% of total project units, may be reserved for supportive housing under the NYC 15/15 program, or an alternate supportive housing program approved by HPD. Projects planning to participate in the NYC 15/15 must submit an application for social service funding through the NYC Human Resources Administration (HRA), and thereafter an application for rental assistance to HPD. The bedroom distribution for supportive units must be approved by HPD and should be reflective of the supportive population served. Supportive units are underwritten in line with the rental assistance allowance of the applicable program. Supportive referrals shall be made by HRA, HPD, or an alternate referral source acceptable to HPD, and such requirement will be memorialized in a Regulatory Agreement. **Supportive Services.** Tenants of supportive units must be offered on-site supportive services provided through a service provider. Supportive services shall be funded through the supportive services contract and should not be shown on the project budget. The project must dedicate a supportive services space to provide on-site services, as required in the HPD Design Guidelines for New Construction. **On Site Security.** 24/7 on-site security should be assumed for all projects with supportive housing units. Such security must be in addition to and separate from supportive service staff or other building

service workers. 50% of this annual security budget must be supported by the supportive services budget, and the balance may be supported on the housing budget.

Homeless Furnishings. Homeless Supportive Units are expected to be furnished by the Sponsor if needed. At closing, Sponsor must capitalize a budget for homeless furnishings as described in the Our Space section above.

Non-Residential Space

Projects may include non-residential spaces that are permitted by zoning and other land use approvals, including commercial, community facility, and parking square footage. Non-residential space must be self-funded through debt leveraged from cash flow and other non-subsidy sources. To the extent lease commitments are not in place by closing, HPD will expect Sponsors to underwrite reasonable rents for such spaces justified by an appraisal. HPD may request that non-residential spaces (including community facility and parking) be divided into separate condominium units and removed from tax credit basis.

HPD Loan Amount

HPD subsidy limits are set at a per unit level identified in Table 2 below, depending on the size of the project and the percentage of LIHTC units. All units within a project, including superintendent unit(s), will receive the same subsidy amount per unit. Subsidy levels listed in Table 2 are intended to be maximums; HPD expects that Sponsors will seek competitive pricing, contain costs, maximize loan sizing, and seek additional financing sources, such that Projects do not require subsidy at the term sheet limit. Maximum per-unit subsidies may be reduced for projects that have an average AMI greater than the applicable Target Average AMI. To reduce the subsidy need for a Project, HPD may require that Sponsor contribute cash equity, deferred developer fee, and/or a sponsor loan.

Projects should only expect to receive the subsidy levels above per unit maximums in extraordinary circumstances. HPD may allow subsidy above the term sheet maximum for projects in Limited Affordability Areas where the acquisition cost is contributing to an above term sheet subsidy request.

Table 2: Affordability Requirements and Subsidies

	LIHTC Percentage	Target Average AMI*	4% LIHTC >/= 120 units Subsidy Per Unit	9% LIHTC < 120 units Subsidy Per Unit
Extremely Low and Low-Income Affordability (ELLA) Options	100%	50% AMI	$160,000	$380,000
	80%	55% AMI	$185,000	$400,000
	70%	57.5% AMI	$195,000	$410,000
Mixed Income Option**	60%	60% AMI	$205,000	$420,000

** Target Average AMI is based on the Underwritten Rent Levels as defined in the Rents and Income Limits section of this term sheet, except for Our Space and rental assistance units which are outlined in Table 3 below. Target Average AMI is inclusive of LIHTC and non-LIHTC units.*
*** For the Mixed Income Option, HPD may encourage projects to have a higher target average AMI and/or a lower LIHTC percentage, where supported by the market, and will apply the Sponsor Equity requirements described herein. HPD per unit subsidy would be adjusted accordingly.*

For the purpose of calculating the Average AMI for the project, Sponsors should assume the proxy AMI's described in Table 3 below for rental assistance units and Our Space units.

Table 3: Proxy AMI's for Homeless and Rental Assistance Units

Program	Proxy AMI
Our Space*	10% AMI
Rental Assistance (e.g. 15/15, ESSHI, Section 8 PBV)	60% AMI

**Our Space units may be layered with Section 8 Project Based Vouchers, in which case the Proxy AMI for these units is 60% AMI.*

HPD Loan Terms	**Loan Authority.** Projects must comply with the provisions of the applicable loan authority, to be determined at HPD's discretion. **Loan Term**: 30 year minimum (loan terms may vary by funding source and lending authority). All private loans must also have a minimum 30-year loan term. **Interest Rate**: Interest rate will be set at the Applicable Federal Rate (AFR) monthly long-term rate in effect during the month of the construction loan closing. During construction interest will be assessed at a simple rate; after permanent conversion interest will be assessed at a monthly compounding rate. All interest shall defer and accrue and be due as part of the balloon payment upon maturity of the loan. HPD reserves the right to require a paid interest rate, or a higher deferred/accrued interest rate, on a case-by-case basis. **Servicing**: Up to an additional 0.25% servicing fee may be applied during construction, payable to and if required by the construction loan servicer. **Amortization**: Balloon payment of principal plus accrued interest. **Debt Service Coverage**: Minimum 1.15 on all financing. **Income to Expense**: Minimum of 1.05 on all financing. **Maintenance and Operations Standards**: All projects will be subject to HDC's Maintenance & Operating Expense Guidelines that are active at the time of closing: https://www.nychdc.com/develop. **Federal Compliance:** Projects funded with Federal funds require compliance with Section 3, Davis Bacon prevailing wages, and other requirements, as applicable.
Real Estate Tax Benefits	Projects may qualify for §421-a, §485-x, §420-c or Article XI property tax exemptions. See HPD Tax Credits and Incentives guidelines for more details. Projects are eligible for 420-c if at least 70% of units are funded with LIHTC. Sponsors must provide proof of any such tax exemption prior to construction loan closing. Community facility floor area may be included in an Article XI or 420-c exemption area, but must be restricted to community facility uses under Zoning Use Groups 3 or 4 for the duration of the exemption period. Parking floor area may be included in the exemption area, but the Sponsor and HPD must agree to a restriction on use of parking spaces that provides a benefit to building tenants for the duration of the exemption period. Projects may pursue an Industrial & Commercial Abatement Program (ICAP) abatement for commercial and parking areas.
Developer Fee	Project is entitled to a total developer fee which is inclusive of a paid fee and a deferred fee. Under no circumstance may total developer fee exceed the limits outlined in HPD's Qualified Allocation Plan (QAP). **Paid Developer Fee.** The maximum paid developer fee is up to $50,000 per unit for the first 100 units of a project, with an additional $20,000 per unit for the next 150 units, and additional $10,000 per unit for the balance of units (see Table 4 below, "Paid Fee Schedule"). At HPD's discretion, and subject to approval by the construction lender and tax credit syndicator, Developer may collect up to 25% of paid fee at construction loan closing, up to 25% of paid fee at substantial completion (typically defined as TCO) or at other construction milestones as approved by HPD, and the remaining 50% of paid fee at permanent loan conversion.

Table 4: Paid Fee Schedule

Units	Max Paid Fee per unit
1 – 100 units	$50,000
101 – 250 units	$20,000
Additional units	$10,000
* Superintendent's unit shall be considered one unit and follow paid fee sizing for project size	

Deferred Developer Fee. In addition to the paid fee, Developer may collect a deferred developer fee payable out of project cash flow and sized to no greater than 15 years of the project's net cash flow prior to collection of any asset management fees.

Reductions of Developer Fee. If a project requires subsidy financing above term sheet limits, HPD may require the paid or deferred developer fee to be reduced or additional developer fee to be deferred to reduce requested subsidy to comply with the term sheet. HPD may require removal or reduction of deferred developer fee under certain circumstances, such as on 4% LIHTC deals where deferred developer fee contributes to tax credit basis or where unencumbered cash flow is needed for cash flow sweeps or other program requirements.

Development Consultants and Owners Representatives. Where Sponsor has retained a development consultant to assist in project management and underwriting services, the cost of such development consultant must be netted out of developer fee. For non-profit Sponsors, HPD may allow owner's representative fees to be capitalized in the development budget in addition to the developer fee.

Sponsor Equity

Sponsor equity shall be required for all projects where the average residential rent (Average AMI) is greater than 60% of AMI. For every 1% of AMI above 60% AMI (rounded up), Sponsor shall be required to provide equity equivalent to 0.25% of Total Development Costs (TDC), as illustrated by Table 5 below.

Table 5: Equity Requirement Schedule

Average AMI	Equity Requirement (% of TDC)
60%	0%
61%	0.25%
62%	0.50%
63%	0.75%
64%	1.00%
65%	1.25%
+1%	+0.25%

Additional sponsor equity may be required for projects with over term sheet subsidy requests. Sponsor equity may be in the form of cash or a Sponsor Loan with repayments out of cash flow. Reduced land price below market value may be considered for up to 50% of the equity requirement, per HPD's approval. Sponsor equity and sponsor loans shall be subordinate to HPD financing, and interest rates and return on equity requirements may be reviewed and approved by HPD. All cash flow sweeps required by HPD must be satisfied before repayment of sponsor equity or sponsor loans.

Project Reserves

All reserve accounts must be held and serviced by the project's permanent senior lender, or another financial institution approved by HPD. HPD must provide consent for reserve withdrawals, as specified in the Regulatory Agreement. Reserves must remain with the project for the duration of the regulatory period.

	Operating Reserve. An Operating Reserve sized to six months of Maintenance & Operating expenses plus debt service may be capitalized in the development budget. **Replacement Reserve.** A Replacement Reserve sized pursuant to the annual HDC Maintenance & Operating standards, or an alternate M&O standard acceptable to HPD, must be funded annually with appropriate annual escalation factor. **Social Services Reserve.** For projects with Our Space units, a Social Services Reserve shall be required as described in the Our Space section of this term sheet. **Master Lease Reserve.** For projects with a Master Lease for non-residential project income (e.g. commercial, community facility, or parking income), HPD may require that Master Tenant set up a Master Lease Reserve and deposit excess income into such reserve on an annual basis. Should there be an operating loss on the Project, Master Tenant may be required to utilize any balance in the Master Lease Reserve for the benefit of the Project. Such Master Lease Reserve is also available to the Master Tenant to pay operating losses on the Master Lease. Upon expiration of the Master Lease, the Master Lease Reserve must be deposited in the Project's Operating Reserve.
Cash Flow Sweeps	**Operating Reserve Sweep.** Fifty percent of net cash flow, after payment of the Deferred Developer Fee, must be deposited in the Operating Reserve. **Social Service Reserve Sweep.** For projects with Our Space units, a sweep into the Social Services Reserve shall be required as described in the Our Space section of this term sheet. **Master Lease Reserve Sweep.** For projects with a Master Lease on non-residential spaces, HPD may require that up to 100% of excess non-residential income be swept into the Master Lease Reserve. Master Tenant may account for operating losses, expenses and taxes prior to the Master Lease Reserve Sweep.
Private Land Acquisition	Acquisition costs for privately owned land will be reviewed by HPD and may be approved at the lesser of the 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 or sponsor loan for the difference; however, such note or loan must be in excess of any equity requirements of the program).
Public Land Dispositions	Disposition in most cases will be for $1 per tax lot with the balance of appraised value encumbering the site via an enforcement note and mortgage, payable upon maturity with Applicable Federal Rate compounded monthly. Regulatory Term for projects including a public land disposition are expected to have a minimum term of 60 years. The enforcement note and mortgage may be structured as a forgivable loan in return for extended affordability beyond what is required by other sources of funds. Publicly owned sites may include sites owned by HPD, other government agencies, and property owned by NYCHA. For projects selected through an RFP, the City may convey land subject to an extended affordability reverter so that title to the land will revert to the City upon the expiration of the Regulatory Term unless the parties mutually agree to an additional term of affordability. In partnership with other City agencies, public authorities, or public benefit corporations, HPD may support a ground lease disposition. In such cases, the affordability term shall be coterminous with the ground lease term, or the ground lease must provide for extensions of the affordability term up to the maximum ground lease term.
Brownfield Cleanup Program	Sites that qualify for the New York State Brownfield Cleanup Program will be required to capitalize costs associated with the remediation work on the development budget. Sponsors will then be required to syndicate or directly purchase the associated Brownfield Tax Credits (BTC) as an equity source at permanent conversion. If projects generate BTC in excess of the BTC amount projected at construction loan closing, 50% of additional BTC credits shall be used to fund project reserves, or, on projects

financed with HDC, to pay down subordinate HDC subsidy loans and interest. The remaining 50% of additional BTC credits may go to Sponsor.

Design and Construction Requirements

Design Guidelines: Projects must comply with HPD Design Guidelines for New Construction and plans must be approved by HPD. The net square footage for all units must fall within the ranges listed herein, and as more fully described in the Design Guidelines. Projects receiving New York State Homes and Community Renewal (HCR) funding must also comply with the HCR Design Guidelines, as applicable.

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.

Unit Distribution: 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 a supportive housing set-aside must provide a unit distribution suitable to the identified supportive population; all remaining units in the building must be allocated in accordance with the standard distribution above.

Broadband: Broadband service must be provided for all units at no additional cost to tenants. Specifications for required broadband service are detailed on HPD's website.

Construction Monitoring: HPD reserves the right to participate in construction monitoring.

Construction Costs: HPD may at its discretion require competitive bidding for general contractors. HPD may undertake a review of construction contract costs ("cost review") to assess reasonability of the subsidy request.

Enterprise Green Communities: Projects are required to certify with the current version of the NYC Overlay of **Enterprise Green Communities** or LEED v4 (Gold or Platinum).

Building Benchmarking: 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:
https://www1.nyc.gov/site/hpd/services-and-information/benchmarking-protocol.page

Ground Floor Designs: 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".

Zoning Compliance: 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*.

Resiliency: In addition to meeting New York City Building Code regulations for construction in flood hazard areas, projects are required to mitigate future projected climate change hazards related to sea level rise, stormwater flooding and extreme heat. To do so, projects must be in full compliance with the climate resiliency requirements established in Section 2 of HPD's Design Guidelines for New Construction. To reduce extreme risks, HPD may impose additional hazard mitigation requirements.

Sustainability: Projects should specifically take note of current and emerging climate laws, and ensure buildings are designed to comply. This includes LL92/94 (solar), LL154 (electric buildings) and LL41 (Climate Resiliency Design Guidelines), as well as others that post-date HPD's Design Guidelines. All Projects must comply with HPD's Electric Heating Policy. Projects are encouraged to leverage all

	possible “green” incentives and tax credits. Projects that include solar are expected to underwrite 80% of projected annual savings from solar in the project’s M&O.
Fair Housing Requirements	Sponsors are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination in the design and construction, marketing, and ongoing operations of the building. The Sponsor 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, Section 504 of the Rehabilitation Act of 1973, and New York Local Law 30 of 2023. 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.
Economic Opportunity Programs	**M/WBE Build Up:** Projects must meet the obligations HPD’s M/WBE Build Up program and work to achieve the minimum goal amount for M/WBE hiring on contractors and subcontractors. https://www1.nyc.gov/site/hpd/services-and-information/m-wbe-build-up-program.page. **HireNYC:** Real estate development projects receiving $2 million or more in combined HPD subsidy and the value of City-owned land must enroll in HireNYC and comply with the obligations of the HireNYC program for local hiring. The Project’s General Contract must include the HireNYC Rider. https://www1.nyc.gov/site/hpd/services-and-information/hirenyc.page **Living Wage:** Projects are required to comply with Living Wage requirements where applicable. **Equal Opportunity:** Pursuant to Executive Order 50, all Sponsors must submit required documentation to confirm equal opportunity employment practices. https://www.nyc.gov/site/hpd/services-and-information/equal-opportunity-clearance.page
Proposal Submission	For consideration, please submit project information, including: • Completed Proposal Intake Form • Proposed underwriting pro-forma (preferably submitted using the HPD template), including development and operating budgets as well as acquisition price for privately owned sites. • Other materials requested in the Proposal Intake Form, including appraisal, market comparables, schematic design plans, zoning analysis, and organizational chart. • Proposed development team (Sponsor, contactor, architect, management company), respective principals and previous development experience over the last 10 years. HPD and NYC development experience should be highlighted
Closing Requirements	Closing requirements prior to construction loan closing include (but are not limited to): • Completed and satisfactory Sponsor Review disclosure documents including the Eviction Rate Questionnaire 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 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. • Design approval or waiver provided by HPD's Building and Land Development Services. • All required design approvals and permits issued by the NYC Department of Buildings (DOB), the NYC Department of Environmental Protection (DEP), and any other City or State agencies as applicable. • All access agreements with neighboring properties needed for construction are signed and executed. • HPD may require the inclusion of an HPD rider as part of the construction contract. • Sponsor'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.
Fees and Closing Costs	**Executive Order 50:** 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. **Prevailing Wage Monitoring:** Where applicable, a fee of $30,000 is required for projects subject to prevailing wage requirements for construction labor for the purpose of 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. **Construction Sign:** For each building in the transaction, HPD requires a $100 fee for a construction sign. **Acquisition Fees:** For public land dispositions, HPD will require payment of the acquisition cost at closing.
Marketing and Lease Up	All projects must be marketed according to HPD and HDC Marketing Guidelines and Tenant Selection Criteria. The Sponsor must submit a marketing plan for HPD's review and approval prior to marketing. **Rent Increases:** Initial actual rents may be adjusted up to the current year's AMI prior to marketing. HPD and/or HDC may undertake a review of income and expenses to determine the appropriateness of a rent increase prior to marketing. After initial lease-up, rent increases shall be governed by the lower of AMI or rent stabilization increases. On an annual basis, HPD may require a certified rent roll, written certification of tenant incomes, and other supporting documentation.

Conversion	Conditions precedent to permanent loan conversion include (but are not limited to): • Evidence of rent registration with HCR in compliance with rent stabilization requirements • 95% residential rental achievement • Evidence of real estate tax benefits, including ICAP, if applicable • Temporary or Final Certificate of Occupancy from NYC Department of Buildings (DOB) • Architect's Statement post-completion regarding accessibility • Final lien waiver from General Contractor • Certificate of Completion from HPD on publicly owned sites • Certificate of Completion under the IH, UAP, or AIRS programs, as applicable • Evidence of HOME compliance, if applicable. • Removal of NYC Housing Maintenance Code, DOB and other City issued violations • Proof of compliance with other requirements as may be applicable such as HireNYC, M/WBE BuildUp, Benchmarking, etc.
HPD Contact	**Division of New Construction Finance** 100 Gold Street, Room 9K New York, NY 10038 NCF@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.