Multifamily Housing Rehabilitation Loan Program (HRP)
Term Sheet

Program Description	HPD's Multifamily Housing Rehabilitation Loan Program (HRP) provides low-interest loans and tax exemptions to buildings that cannot leverage private debt to finance rehabilitation work, to ensure the physical health of buildings, preserve safe affordable housing for low- and moderate-income households, and reduce building operating expenses. The program assesses the needs of each project and develops a long-term preservation strategy to address the projects' financial and physical needs. HPD assistance may include residential real estate tax exemptions, below-market loans, and/or extensions or modifications of existing HPD mortgages to induce conventional financing for preservation efforts and ensure long term financial stability.
Eligible Projects	Projects will be considered for a HRP loan only if capital needs identified in the IPNA cannot be financed through other sources, including reserves, cash flow, modifications to existing HPD debt, and/or leveraging private debt. Multiple dwellings of three or more units (including Single Room Occupancy- SROs) that cannot leverage conventional debt, including: • Multi-Family Rentals • Mitchell-Lama Developments • Housing Development Fund Corporation (HDFC) Rentals • Housing Development Fund Corporation (HDFC) Cooperatives <u>Ineligible Projects</u>: • Properties that have previously received State or City Low Income Housing Tax Credits (LIHTCs) are not eligible and should contact the HPD Year 15 Program (hpdyear15@hpd.nyc.gov). • Projects that receive HUD-assistance are not eligible and should contact the HPD HUD Multifamily Program (hpdhudmf@hpd.nyc.gov). HUD-assisted properties include those where a majority of the units are covered by a form of project-based rental assistance including various types of Housing Assistance Payment (HAP) contracts, Moderate Rehabilitation (Mod Rehab), Moderate Rehabilitation Single Room Occupancy (Mod SRO) or Rental Assistance Demonstration Component II (RAD) contracts and/or properties that received federal subsidies through programs including the HUD 202, 236, or 811 programs. • Projects that can leverage private debt should contact the Participating Loan Program (hpdplp@hpd.nyc.gov). • Projects that are only seeking financing for lead abatement should contact the Lead Hazard Reduction and Healthy Homes Program (hpdlead@hpd.nyc.gov). • Projects seeking only an Article XI tax exemption should contact the Housing Preservation Opportunities Program (hpo@hpd.nyc.gov). • Condominiums, loans to individual shareholders, and projects outside of the five boroughs are not eligible for HPD Preservation Programs.
Eligible Sponsors	The program is open to for-profit and not-for-profit owners, including limited partnerships, corporations, joint ventures, limited liability companies, 501(c)(3) corporations and single

	purpose housing development fund corporations using the HPD approved Certificate of Incorporation form. The development team must have sufficient financial stability and a demonstrated track record of successfully developing, owning, and operating comparable projects, or must form a joint venture with an entity that has such expertise. HPD may, among other interventions, require the development team to hire a consultant, form a partnership or joint venture, or change of property management as a condition of HPD assistance if there is a history of noncompliance or poor performance at the project and throughout any existing HPD-regulated portfolio.
Eligible Uses of the HPD Loan	Moderate rehabilitation of multiple dwellings including Single Room Occupancies (SROs). HPD loan cannot be used to pay down or refinance existing debt.
HPD Loan (City Capital) Amount	For moderate rehabilitation and Mitchell-Lama projects (rentals and co-ops): • Maximum of $115,000 per dwelling unit. The transaction must address all scope items identified by the IPNA as needing replacement in 5 years or less. Preferences will be given to projects demonstrating cost containment; examples may include but will not be limited to proposals that utilize efficient construction and lease-up schedules, and use of reserves and construction period cash flow. HPD will consider available funding sources in the following order: existing project reserves exceeding HPD's reserve requirements, sponsor equity and HPD loans. HPD will also evaluate and determine the project's ability to repay existing outstanding loans. Reserve withdrawal requests while projects are in the pipeline will be evaluated in the context of the project's available resources and capital needs.
HPD Loan and Loan Modification Terms	Permanent Loan Term: • Minimum of 30 years with a repayable balloon loan term of up to 40 years. • HPD may subordinate its loan in order to sustain stable financing. Any senior debt should have a minimum term of 30 years and should generally be coterminous with the HPD Permanent Loan. • If a project has existing private debt that will balloon during the HPD loan term and/or has a variable interest rate, HPD may require the owner to refinance the private debt into a fully amortizing, stable interest rate loan product prior to, or at the time of, the HPD loan closing. Construction Term Interest Rate (<u>rentals and co-ops</u>): • 1% per annum plus 0.25% servicing fee accruing with simple interest. HPD may consider deferring and accruing interest to accept a paid rate under 1.00% if there is operational need, but any accrued and deferred interest is to be paid as a balloon at maturity of the permanent loan. Permanent Loan Interest Rate (<u>rentals</u>): • Interest rate will be set and accrue at the long-term monthly compounding Applicable Federal Rate (AFR), with a minimum floor of 2.5% compounding monthly. A paid rate of 1% per annum (inclusive of 0.25% servicing fee) will be required during the permanent loan period with the balance of the interest being deferred and accrued.

	HPD may reduce the paid if there is operational need. Any unpaid interest will defer and accrue, to be paid as a balloon at maturity. Permanent Loan Interest Rate (<u>co-ops</u>): • Interest rate will be set and accrue at 1% per annum compounding monthly. The required paid rate of 1% per annum (inclusive of 0.25% servicing fee) will be required during the permanent loan period. HPD may reduce the paid rate if there is operational need. Any unpaid interest will defer and accrue, to be paid as a balloon at maturity. Existing HPD Debt: • Rentals – May be extended to run concurrent with the new loan term. A monthly compounding interest rate at the higher of 2.5% or the long-term, monthly-compounding Applicable Federal Rate (AFR) will accrue. The required paid rate is 1% per annum (inclusive of 0.25% servicing fee). HPD may reduce the paid rate if there is operational need. • HDFC Co-ops – A monthly compounding interest rate of 1% will accrue. 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 if there is operational need. Any unpaid interest will defer and accrue, to be paid as a balloon at maturity. Reso-A Funds • Interest rate will be set in accordance with the interest rates outlined above except Mitchell-Lama coops for which Reso-A loans are 0% interest, forgivable during the permanent loan period.
Underwriting Terms	HPD requires that the general contractor secures projects by a Payment and Performance bond for 100% of hard costs, excluding contingency for scopes of $1M or more or a Letter of credit (10% of hard costs excluding contingency) is required. Acquisition: • Case-by-case basis, contact Program for more information. Debt Service Coverage: • 1.15 combined on all financing. Construction Contingency: • 10% of hard costs; 5% of soft costs. Income & Expense Trending: • 2% income increase and 3% expense increase. • Minimum of 1.05 coverage Maintenance and Operation (M&O) Expenses: • The lower of actual expenses or a level acceptable to HPD. Vacancy and Collection Loss Rate: • 5% for Residential and 10% for Commercial. Commercial Space: • All commercial spaces must have triple net leases at closing or next lease renewal that require commercial tenants to pay for any commercial property taxes. Master leasing of commercial spaces is not permitted. Master leasing of commercial spaces may be allowed on a case-by-case basis, which is dependent on financial feasibility for the Project.

Reserves:
All Project reserves will remain in place for the full regulatory agreement restriction period. If private senior debt is satisfied prior to the end of the restriction period and the senior lender controlled the reserves, HPD will assume control of all reserves, which will remain in place for the benefit of the project.

- Initial Capitalized Operating Reserve – an amount equal to 6 months of maintenance and operating expenses and debt service on all loans is required (HPD may reduce the Operating Reserve requirement in cases where it would create a burden to the project).
- Replacement Reserve –with annual deposits of $350 per unit per year, increasing at 3% annually.
- Projects with non-HPD senior debt will have reserves serviced by the senior lender or other lender approved by HPD.
    - HPD may require projects to establish HPD controlled reserves at HDC.
- Mitchell-Lamas - initial capitalized reserve of $500 per unit with annual deposits of $400 per unit per year, increasing at 3% annually.

Cash Flow:

- Rentals: HPD will require a cash flow sweep for projects that are unable to fund the initial capitalized operating reserve requirements to the extent needed to meet those reserve requirements.
- Rentals: HPD will require a 15-year cash flow sweep for projects whose underwriting demonstrates a DSCR below 1.05 in Year 15 (inclusive of all projected sources of income even if not used to size debt by a senior lender).
- HDFC Coops may have additional cash flow restrictions after permanent conversion.

Construction Monitoring Fee/Sponsor's Representative Fee:

- A maximum cap of $350,000 per project may be released to the sponsor. A portion of the fee will be held back at closing and released upon project completion (including violation removal and receipt of tax exemption Certificate of Eligibility). HPD may release a portion of the fee at closing to cover HPD-approved sponsor's representative fees.

Prevailing Wage Requirements
Beginning in April 2, 2020, developers or owners of new construction or preservation residential projects with 120 or more residential units in one or more buildings receiving discretionary City financial assistance of $1 million or more will be required to pay all building service employees no less than the prevailing wage.

The Prevailing Wage Schedule is issued annually for building service employees by the New York City Comptroller's Office.

Protected Wage Requirements
Beginning in April 2, 2020, developers or owners of preservation projects receiving discretionary City financial assistance of $1 million or more will be required to pay all building service employees no less than the protected wage.

A preservation project for the purposes of the protected wage requirement is defined as:

- a project undertaken by the City to preserve no more than 119 residential units in one or more buildings and receiving discretionary City financial assistance of $1 million or more; or
- a project undertaken by the City to preserve 120 or more residential units in one or more buildings that is subject to a regulatory agreement requiring affordability of all residential units for households earning on average of up to 50% AMI and receiving

City discretionary financial assistance of $1 million or more that is solely in the form of a tax benefit; or

- a project undertaken by the City to preserve 120 or more residential units in one or more buildings that is subject to a regulatory agreement requiring affordability of all residential units for households earning on average of up to 50% AMI and that averages less than $35k per DU in discretionary City financial assistance of $1 million or more.
- The protected wage means the rate of wages and cost of benefits paid to a building service employee in a preservation project on the date that the financial assistance for such a project is received plus an annual increase to account for any change in the cost of living and in the cost of providing benefits. The protected wage annual increase will be determined by City agency rulemaking.

Exemptions
The requirements of this law do not apply to converted public housing building service workers and supportive housing projects as defined by the law.

Prevailing Wage Requirements – City Initiated Rezoning Areas
This law is applicable in City initiated rezoning areas that meet the criteria set forth in the law. In addition, it remains the City's policy to require that, in City initiated rezoning areas, prevailing wage must be paid to all building service employees in new or existing buildings with at least 30 units of residential housing that receive discretionary City financial assistance of $1 million or more with certain exemptions for preservation projects.

More information is available online at: https://www.nyc.gov/site/hpd/services-and-information/prevailing-wage.page

Fees and Closing Cost Reimbursement Restrictions

The following fees cannot be paid for by HPD through its loan proceeds and must be paid for by the owner at closing.

- HPD Commitment Fee – 1% of the portion of the mortgage funded by HPD
  - may be waived for non-profit borrowers and Co-op owners if there is a demonstrated hardship.
- HPD Legal Closing Fee – 0.5% of the portion of the mortgage funded by HPD
  - may be waived for non-profit borrowers and Co-op owners if there is a demonstrated hardship.
- Construction Signage Fee – $100 per building.
- Equal Opportunity Review Fee – $1,400 per project.
- Davis Bacon/Prevailing Wage Monitoring Fee – $30,000 per project, where applicable.

Subject to funding availability, other limited (excluding the above) fees and closing costs may be paid for through the HPD loan (see appendix).

- Architect and/or Engineer – scope of work development.
  - Fees are limited to 5.5% of hard costs.
- Construction Monitoring Fee/Sponsor's Representative Fee – bid process facilitation, tenant relocation services, owner's representative services during construction, 3rd party construction monitoring costs, technical assistance fees.
  - A maximum cap of $350,000 per project may be released to the sponsor. A portion of the fee will be held back at closing and released upon project completion (including violation removal and receipt of tax exemption Certificate of Eligibility). HPD may release a portion of the fee at closing to cover HPD-approved sponsor's representative fees.
- CPC Construction Monitoring Fee – fee to be paid to CPC to perform construction monitoring services, including requisition approvals.

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<li style="list-style-type:circle">$75,000 which will be paid from HPD Loan. This fee is only applicable to projects where HPD is the only lender and CPC is providing construction monitoring services.
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<tr><td>Rent and Maintenance Setting</td><td>
Rents for all units in a project shall be restricted in one or more regulatory tiers at a discount to market, and are determined by the existing rent distribution, amount of HPD subsidy provided, and restrictions set forth through other subsidies or regulations.

Occupied units:
Collectible rents will be projected to increase by rent stabilization allowances during the construction period. If a more significant increase is necessary to support building operations and debt service, rents may be restructured post-completion. If needed, post-completion and upon HPD’s issuance of a rent order, collectible rents will be set no higher than a level affordable to households earning 60% AMI.
Vacant units:
Collectible rents shall generally be set no higher than a level affordable to households earning 120% AMI. Rents for vacant units may be set at multiple tiers under 120% AMI.
Coop Maintenance Fees: As a condition of HPD assistance, maintenance increases may be required up to at least 110% of the year-one projected building operating expenses based on M&O, or to otherwise ensure long-term, sustainable cash flow.
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<tr><td>Regulatory Requirements</td><td>
All owners must enter into an HPD regulatory agreement at closing requiring the following items.

Mitchell-Lamas:
Developments are prohibited from “buy-out” of the Mitchell-Lama program for the entire loan term.
A Non-Dissolution Agreement or Regulatory Agreement will be in place for the life of the loan.
Multi-Family and HDFC Rentals:
Term of Regulatory Agreement – sponsors must, at a minimum, agree to the later of:
<li style="list-style-type:circle">Fifteen (15) additional years from the expiration of the current HPD regulatory period, or
<li style="list-style-type:circle">Minimum thirty (30) year regulatory agreement that is co-terminus with the HPD debt and/or tax exemption.
Rent Stabilization –
<li style="list-style-type:circle">All units must remain in rent stabilization during the term of the regulatory agreement.
<li style="list-style-type:circle">All units must be registered with DHCR and are subject to the New York State Rent Stabilization. Work completed as a result of the financing is not eligible for Individual Apartment Increases (IAIs) or Major Capital Improvement increases (MCIs).
HOME-funded units will be subject to additional restrictions and monitoring during the HOME compliance period.
Homeless Set-Aside Requirements –
<li style="list-style-type:circle">All homeless unit vacancy referrals must be made by HPD’s Homeless Placement Unit except for units with supportive services contracts under which
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homeless referrals are made by the New York City Department of Social Services (DSS) or other designated City agency making supportive housing referrals.
  - Projects with previous 100% homeless unit requirements must maintain at least 30% of the total units as homeless units. For projects with at least 30% of units set aside as homeless units, HPD will assess the scope of the current services in place and adequacy for resident needs.
  - Projects with no previous homeless requirements or previous homeless requirements of less than 15% must incorporate a homeless requirement of at least 15%. Projects with previous homeless requirements of 15% or more will continue the preexisting homeless requirements.

- Building Operations –
  - The buildings must employ professional 3rd party paid management services, management fee not to exceed 6.5% of Effective Gross Income.
  - Projects must maintain an operating and replacement reserve at HDC that will stay with the project throughout the regulatory term.
  - Owners must manage the property in accordance with generally acceptable management practices in New York City. HPD may require the owner enter into a management contract with a third-party management entity.
  - HPD requires annual submission of a certified rent roll; written certification of tenant incomes on vacant units; and supporting documentation for rent and income determination pursuant to the regulatory agreement.

HDFC Cooperatives:

- Term of Regulatory Agreement – owners must, at a minimum, agree to the later of:
  - Fifteen (15) additional years from the expiration of the current HPD regulatory period, or
  - Minimum thirty (30) year regulatory agreement that is coterminous with the HPD debt and/or tax exemption.
  - HDFC Co-ops applying for HPD Assistance with an existing regulatory agreement must conform to the new requirements noted in this term sheet.

- Rent Stabilization – any existing rent units in an HDFC coop will have affordability requirements, and must be sold upon vacancy.

- Rent / Sale Limitation –
  - The HDFC may not rent vacant units.
  - Any current or future vacant rental units must be sold to eligible households according to HPD's posted Marketing Plan.
  - Sales AMIs will be at or below 100% AMI.
  - Prices are calculated to cap housing costs at 33% of total annual income which takes into consideration monthly maintenance costs and projected mortgage payments (assuming a 30 year mortgage term with a 10% down payment and 5% fixed interest rate).

- Income Limitation – current and future units must be sold to households whose incomes do not exceed 120% of AMI.

- Homeless Set-Aside Requirements – none.

- Building Operations –
  - The project must remain in HDFC for the entire regulatory term.

	- The HDFC must employ professional 3rd party paid management services, management fee not to exceed 8% of Effective Gross Income. - Projects must maintain an operating and replacement reserve at HDC that will stay with the project throughout the regulatory term. - The HDFC must employ a coop monitor acceptable to HPD within one year of construction completion. - Maintenance charges must increase by at least 2% annually. - Annual rent rolls and certified financial statements will be submitted to HPD on an annual basis. HPD may additionally request on an annual basis documentation demonstrating that unit sales have been conducted in accordance with the regulatory terms. Other documentation will be maintained and submitted to HPD upon request. *Prepayment does not release Regulatory Agreement requirements, which will remain in effect for the full term.*
Real Estate Tax Benefits	Projects may be eligible for full or partial residential property tax exemption through the J-51 Program, or Article XI. Projects receiving an Art XI may be subject to a Gross Rent Tax (GRT) payment. Gross Rent is defined as total annual residential and commercial income received which includes tenant share plus any tenant subsidy payments. Projects with commercial space will be responsible for the payment of commercial taxes. <u>NYC Department of Buildings Records</u> The use of properties in this program must be consistent with an active Certificate of Occupancy, I-card or receive a Letter of No Objection from the NYC Department of Buildings. If the property has any use inconsistent with formal City records, then a condition of closing will be to develop a plan to legalize the inconsistent space by permanent loan conversion. This applies to residential space, parking space, commercial space, and/or community facility space. An expired Temporary Certificate of Occupancy (TCO) will prevent an Article XI Certificate of Eligibility (COE) from being issued until a new TCO or Permanent Certificate of Occupancy is issued.
Design and Construction Requirements	**Design Guidelines:** All projects receiving discretionary City financial assistance are required to comply with the applicable Design Guidelines based on a project's Rehab Classification. Project teams for projects receiving city capital are required to follow HPD's process protocols and will be required to submit a Design Guidelines Workbook at multiple milestones. The final version must be signed by the owner/ developer and the architect of record certifying that the project complies with the Guidelines. For projects subject to the moderate rehabilitation, substantial rehabilitation, or gut rehabilitation design guidelines: • Preference will be given to projects demonstrating cost containment, and where scopes result in reductions to utility costs. • HPD allows Design Waivers for certain mandatory Design Guidelines criteria, which may be used for reasons of technical or financial infeasibility or if implementation will cause negative impacts on residents. • Projects receiving city capital that are implementing building electrification are required to apply to HPD's REDi program for funding: redi (nyc.gov). Note that REDi prioritizes projects where electrification is most beneficial and cost effective, which aligns with HPD's Design Guidelines. Buildings not receiving REDi funding are strongly encouraged to seek other NYSERDA and/or utility incentives. • Projects that include electrification in scope will be subject to HPD's Electric Heat Policy and will need to underwrite to HPD's M&O standards for Electric Heating and Hot Water (and Utility Allowances where applicable). Additional Information can be found here: Underwriting Electric and High-Performance Buildings - HPD (nyc.gov)

- Projects receiving city capital should not implement optional "reach" criteria if it will cause project to exceed term sheet loan amounts and costs cannot be offset by energy savings and/ or incentives.

Proposed layout changes will require review and approval by HPD's Division of Building and Land Development Services.

IPNA & Scope: The loan amount is sized according to the rehabilitation needs of the building. Energy efficiency, water conservation and rehabilitation needs are determined through an Integrated Physical Needs Assessment (IPNA), which is a roof-to-cellar assessment of a building's physical conditions combined with an energy audit and conducted by a third party firm found on : Integrated Physical Needs Assessment (IPNA) - NYSERDA . The following items from the IPNA must be included in the project's scope:

- Items that correct physical deficiencies and significantly lower energy and water cost.
- items noted as being in "poor condition" and/or items noted as "unsafe", and systems, components, and finishes that are classified as "immediate needs" or with a RUL of 5 years or less.
- In addition, the scope must include all applicable, mandatory items that are required in order to comply w/ HPD's Preservation Design Guidelines.

LOCAL LAW 97: Most HPD projects > 25,000 SF are subject to Local Law 97 starting in 2024. The Design Guidelines will ensure that projects are able to comply. For projects not subject to the Design Guidelines, refer to the HPD LL97 Prescriptive Measures Checklist, or the IPNA's LL97 Compliance Tab.

SOLAR: Per HPD's Solar Where Feasible Mandate, all HPD Preservation projects receiving subsidy are required to submit and install solar where it is deemed cost-effective. 50% of the projected annual savings from solar will be underwritten for all projects where solar is part of the HPD budget.

Aging in Place: The developer is required to comply with HPD's Aging in Place requirements, including distributing an Aging in Place survey to all tenants and submitting the results to HPD before closing, and including any requested upgrades in the scope of work. Please note that Aging in Place surveys must be distributed to all tenants and requested upgrades included in the scope of work regardless of age or other demographics of individual tenants. For more information, please see HPD's Aging in Place guidelines on our website, https://www1.nyc.gov/site/hpd/services-and-information/aging-in-place.page.
Participation in HPD's Aging in Place initiative will be required and work requested by tenants in response to Aging in Place or 504 Accessibility (if triggered by the scope of work) surveys must be incorporated in the scope of work.

Enterprise Green Communities (EGCC): All substantial and gut rehabilitation projects, as defined by HPD,, as defined by HPD, as defined by HPD, receiving funding from HPD must comply with the current version of the New York City Overlay (NYC Overlay) of EGGG or may pursue certification with LEED v4, gold or platinum

Building Benchmarking: 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.

MWBE Requirements: Projects where HPD/HDC's contribution is more than $2 million will have to comply with the M/WBE Build Up Program requiring developers/borrowers to spend at least a quarter of HPD-supported costs on certified M/WBEs over the course of design and construction of an HPD-subsidized project. A minimum goal will be required for each project subject to the program. Developers may adopt a goal higher than the minimum.

	http://www1.nyc.gov/site/hpd/developers/mwbe-build-up-program.page **HireNYC:** HPD requires developers, general contractors, and subcontractors working on projects receiving more than $2 million in City subsidy to share job openings in entry- and mid-level construction positions with HireNYC and to interview the qualified candidates that HireNYC refers for those openings. http://www1.nyc.gov/site/hpd/developers/hirenyc.page **Incentives:** • Resilient and Equitable Decarbonization Initiative: Existing Buildings (REDi EB): All multi-family (5+ units) preservation projects receiving subsidy through one of HPD's loan programs can apply to receive REDi funding for the designated scope items. • Through REDi, HPD projects receive funding to complete electrification and/or energy efficiency scope items that further NYC's climate goals. REDi funding is dispersed as part of the normal requisitions process. • Solar Incentives and Tax Credits are available for solar and other clean energy investments. More information can be found here. • Con Ed's Clean Heat program funds heat pumps for space heating and hot water. Note that Clean Heat may not be stacked with REDi. • The joint-utility New York State Affordable Multifamily Energy Efficiency Program (AMEEP) has two prescriptive pathways that yield up to $2,000/ DU for basic energy efficiency. • NYSERDA's FlexTech Program shares the cost to produce an objective, site-specific, and targeted study on how best to implement clean energy and/or energy efficiency technologies and can be used to offset the cost of IPNAs. • DEP's Water Reuse Program incentivizes water reuse and reduction. • Multi-Family Water Assistance Program - DEP (nyc.gov) Projects can receive a $250 credit per residential unit on their water and sewer bill(s) for water use reductions. Program enrollment is limited.
Fair Housing and Accessibility Requirements	The owner is required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The owner 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. Projects that restrict rentals based one or more protected classes, including but not limited to age or gender/gender identity, and do not have a Human Rights Law waiver issued by the New York State Division of Human Rights (SDHR) will be required to obtain an SDHR waiver prior to closing unless the project's rental restrictions come solely from certain government programs such as HUD's Section 202 or Section 811 programs. All rental restrictions based on protected classes must also be approved by HPD.
Marketing Requirements	All projects (rentals and co-ops) must be marketed according to HPD and HDC marketing guidelines. The owner 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. All projects must use NYC Housing Connect for all marketing of units except homeless units, units rented through a Mitchell-Lama waitlist, and units rented through a waitlist for certain project-based rental subsidies All projects are required to utilize an HPD approved Marketing Agent via HPD's RFQ. Further information is available here.

Application Process	To apply, sponsors must fill out HPD's Preliminary Application.
HPD Contact	**Devin Perera, Director, Moderate Rehabilitation & Stabilization Programs** hpdpres@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.

APPENDIX

Subject to funding availability, the following fees and closing costs (may not be exhaustive) may be paid for through the HPD loan.

Soft Cost Item	Description	Reimbursable Amount
Integrated Physical Needs Assessment (IPNA)	Roof-to-cellar assessment of a building's physical condition combined with an energy audit	HPD relies on NYSERDA's list of approved IPNA provider and requires a provider to be selected from NYSERDA.
Architect and/or Engineer	Scope of work development	HPD must approve cost prior to the borrower formally engaging the architect. Architect/Engineer Fees are limited to 5.50% of hard costs
Environmental Testing, Investigations, and Reports	Lead and asbestos testing Environmental Phase I & II/SEQRA	
Title Report	A report that discloses whether there are any competing claims, liens or other issues on the property.	
Title Insurance	Insures the owner and lender against loss or damage that can occur due to liens, encumbrances, or defects in the title to a property.	Typically, 0.9% of the total loan amount.
Initial Benchmarking Setup Fee	Fee to setup benchmarking account	
Green Consultant Fee (if applicable)	Consultant to assist in complying with Enterprise Green Communities Program	
Builder's Risk Insurance	Protects buildings under construction	Borrower must have funds available to pay for this prior to closing.