

APPENDIX A
Mixed Income/Market Initiative “MIMI”: Program Summary

Program Description	<p>These are the draft program terms for the Request for Expressions of Interest (“RFEI”) for the new Mixed Income Market Initiative (“MIMI”), which aims to fund the new construction of mixed income, multi-family rental projects in which 70% of the units are restricted at rents affordable to households earning up to 120% of Area Median Income (AMI) and the other 30% of units are market rate.</p> <p>HPD subsidy will be made available on a competitive basis subject to the terms and conditions of the RFEI. HPD subsidy will be paired with other public and private sources including but not limited to private institutional lenders and private equity. HPD seeks proposals that do not utilize LIHTC tax credit allocations through the Federal Low Income Housing Tax Credit (LIHTC) Program.</p>
Affordability Requirements	<p>HPD seeks proposals that maximize depth and length of affordability. The project will be subject to a regulatory term of no less than 30 years.</p> <p>Projects must serve a range of household incomes. Affordable units must have rents affordable at or below 120% AMI, and all affordable rents must be affordable at least 20% below market. Each affordable unit, plus the superintendent’s unit, is eligible to receive HPD subsidy. At least 25% of units must have rents affordable to extremely-low and very-low income households, inclusive of units for formerly homeless households.¹ Projects may include a maximum of four non-homeless affordability tiers. The distribution of units shall be subject to review and approval by HPD.</p> <p>All buildings are required to have a 15% homeless set-aside. These units may be either Our Space units, or an alternative framework as approved by HPD. Projects considering a homeless component with rental assistance other than PBV (for example ESSHI or 15/15) must have at least 30 units under the contract to be considered. Projects may include supportive housing units up to a maximum of 30% of total units.</p> <p>Market rate units are not required to be rent stabilized.</p>
Real Estate Tax Benefits	<p>Projects meeting the required affordability distribution will qualify for a discretionary Article XI tax exemption, which must be approved by the New York City Council. All floor area within the project that benefits from the Article XI tax exemption must be restricted by the HPD Regulatory Agreement. The term of the tax benefit must be coterminous with the regulatory restriction term, up to a maximum of 40 years. Commercial spaces are not eligible for Article XI and may pursue alternate tax abatement programs. Parking and community facility spaces may be included in the Article XI exemption area if restricted in a manner acceptable to HPD. See HPD Tax Credits and Incentives guidelines for more information.</p>
Subsidy Allowance	<p>Projects will be selected and prioritized based efficient use of public resources, including City subsidy vis-à-vis the affordable population served. As part of the competitive subsidy analysis, proposals must demonstrate a meaningful cross-subsidization, whereby the affordable portion of the project is supported by the market rate component. HPD may also require revenue recapture provisions during the operational period.</p>
Equity Requirement	<p>All market rate residential and non-residential spaces must be self-funded through a mix of debt and equity up to the total development cost of such spaces, inclusive of applicable hard costs, soft costs, and acquisition costs. The non-affordable portion of the project is expected to generate equity to cross subsidize the affordable portion of the project.</p>

¹ Extremely Low Income (ELI) units are units targeted to households earning 30% AMI or below (including any homeless and/or supportive housing units); Very Low Income (VLI) units are units targeted to households earning 31% - 50% AMI.

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Developer equity can 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 a portion of the equity requirement, per HPD's approval. Reductions in paid developer's fee (as described below) may also be considered as part of the equity analysis.

Initial Rents & Marketing

Initial rents for affordable units shall be set consistent with Table 1 below. All other rents are calculated at 30% of the target AMI. All rent levels are calculated as gross rents less a utility allowance. Projects must comply with the below listed Marketing Bands, or where other funding sources restrict the allowable maximum income. In addition, Program seeks to minimize overlapping income limits between tiers.

All affordable units 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.

Table 1: Rents & Income Bands

Underwritten Rent Level ^{††}	Income Limits [†]	Maximum Initial Rents			
		Studio*	1 BR	2 BR	3 BR
OurSpace**	40% of AMI	\$215	\$283	\$425	\$512
27% of AMI	30% 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.			
37% of AMI	40% of AMI				
47% of AMI	50% of AMI				
57% of AMI	60% of AMI				
67% of AMI	70% of AMI				
77% of AMI	80% of AMI				
90% of AMI	100% of AMI				
100% of AMI	110% of AMI				
110% of AMI	120% of AMI				
120% of AMI	130% of AMI				

*Studio rents are sized based on a 0.6 Household Factor

**OurSpace units are underwritten at Shelter Rent Allowance and have income limits to 40% AMI

†HPD may consider and approve higher income limits by request.

††The highest underwritten rent level must be at least 20% below market comparables determined by an appraisal or market study and acceptable to HPD.

OurSpace Units for Formerly Homeless Households

At least 15% of total units must be reserved for formerly 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. Such units will be underwritten at Shelter Rents (see Table 1), and are known as OurSpace Units. OurSpace homeless referrals must come through the New York City Department of Homeless Services (DHS), HPD, or an alternate referral source acceptable to HPD. The unit and bedroom distribution for homeless units must be approved by HPD.

Sponsors shall be required to provide social services for OurSpace units using a service provider approved by HPD (see [HPD's qualified list](#)). All projects must submit a social services plan and budget to HPD for approval prior to marketing and lease-up of the homeless units. Projects must capitalize a reserve equal to \$7,500 per homeless unit in the project budget to fund the approved social service plan at initial lease-up. Sponsors shall be required to furnish homeless units in a manner satisfactory to HPD. Projects shall capitalize in the budget a homeless furnishings reserve equal to \$2,000 per homeless studio unit, and \$3,000 per homeless one-, two-, or three-bedroom unit. Any unspent balance from the capitalized social services and homeless furnishings budgets shall be deposited into an **OurSpace Reserve** at conversion.

HPD shall require 100% of rental income received from tenant-based rental assistance above the underwritten rent (Shelter Rent after accounting for RGB increases) to be swept on an annual basis to the benefit of project. The cash flow that is swept will first be used to fund the OurSpace Reserve

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	<p>account to a balance equal to \$15,000 per OurSpace unit. The OurSpace Reserve may be drawn upon to administer social services and provide homeless furnishings during the Regulatory term. Any excess cash flow after funding the reserve shall either fund project reserves or repay the HPD subsidy loans, as required by HPD.</p> <p>The above terms may be altered for projects receiving supportive services awards or project-based rental assistance, as determined by HPD.</p>																
Developer's Fee	<p>Developer fee is permitted for affordable units only in accordance with Table 2: Paid Fee Schedule. Up to 10% of the fee may be paid during construction. Developer fee is not required to be deferred after permanent conversion, but developers may propose a deferred fee as a means to reduce the subsidy request. Financial and development consulting fees and owner's representative fees must be paid from the developer fee. Developer fee is not permitted for market rate units.</p> <table border="1"> <caption>Table 2: Paid Fee Schedule</caption> <thead> <tr> <th>Underwritten Rental Tier</th><th>Max Paid Fee per Unit</th></tr> </thead> <tbody> <tr> <td>Homeless Units*</td><td>\$35,000</td></tr> <tr> <td>27% - 47% of AMI Units</td><td>\$35,000</td></tr> <tr> <td>57% - 77% of AMI Units</td><td>\$27,500</td></tr> <tr> <td>80% - 90% of AMI Units</td><td>\$20,000</td></tr> <tr> <td>100% - 120% of AMI Units</td><td>\$12,500</td></tr> <tr> <td>Superintendent's Unit</td><td>\$20,000</td></tr> <tr> <td>Market Rate Units</td><td>\$0</td></tr> </tbody> </table> <p><i>* Includes OurSpace and Rental Assistance Units</i></p>	Underwritten Rental Tier	Max Paid Fee per Unit	Homeless Units*	\$35,000	27% - 47% of AMI Units	\$35,000	57% - 77% of AMI Units	\$27,500	80% - 90% of AMI Units	\$20,000	100% - 120% of AMI Units	\$12,500	Superintendent's Unit	\$20,000	Market Rate Units	\$0
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Loan Terms	<p>HPD subsidy loans are made at the sole discretion of HPD and are subject to approval by the NYC Office of Management and Budget (OMB). The minimum loan term is 30 years, and loan terms may vary by funding source and lending authority.</p> <p>The HPD subsidy loan interest rate will be equal to the Applicable Federal Rate (AFR) monthly long-term rate at the time of closing. Interest will defer and accrue at a simple annual rate during construction, and will defer and accrue at a compounded monthly rate after permanent conversion. Up to an additional 0.25% paid servicing fee may be applied during construction, as required by construction servicers. All deferred and accrued interest from the construction and permanent periods will be due as a balloon at maturity. HPD may reduce the interest rate below AFR in return for extended affordability or additional permanent affordability. HPD reserves the right to offer loans under different terms at its sole discretion.</p>																
Acquisition Policy	<p>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. If a site was rezoned prior to development, HPD reserves the right to recognize no higher than the pre-rezoning appraised value. If a sponsor requests to recognize an acquisition price than the above policy would permit, a seller's note or alternate source(s) must be included to offset the difference.</p> <p>Acquisition, predevelopment, and carrying costs must be split between the various project components (e.g. affordable residential, market residential, non-residential) in a manner satisfactory to HPD.</p>																
Brownfield Sites	<p>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 be required to syndicate or directly purchase the associated Brownfield Tax Credits and provide as an equity source to offset HPD subsidy. Excess Brownfield proceeds not underwritten in the project budget must be split with the City as approved by HPD.</p>																
Opportunity Zone Sites	<p>All projects 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</p>																

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	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 .
Inclusionary Housing	Projects participating in the Voluntary or Mandatory Inclusionary Housing program must comply with all requirements of such program, including income distribution and stacking requirements. Inclusionary Housing projects receiving subsidy must assume that an additional 15% of total units (above IH requirements) will be permanently affordable in return for HPD subsidizing IH units.
Eligible Borrowers and Sponsors	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 demonstrated a 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. Borrowers must demonstrate sufficient financial stability and liquidity to construct and operate the project.
Design and Construction Requirements	<p>The affordable component of the Project must meet HPD Design Guidelines for New Construction and plans must be approved by HPD. 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”.</p> <p>HPD will approve unit distribution. Affordable components of 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 supportive housing units for singles may be allowed to exceed the 25% studio threshold. Affordable units are expected to meet the unit size requirements as described in the HPD Design Guidelines and Table 3 herein.</p> <p>Affordable units must be distributed throughout the project vertically and horizontally in a manner acceptable to HPD. Common laundry facilities must be provided if individual apartment washer/dryer units are not provided. Parity must be achieved when providing building amenities and determining the use of such spaces by residents of the affordable units.</p> <p>Projects must be in full compliance with the design requirements of all applicable laws, including, but not limited to, the <i>New York City Zoning Resolution</i>, the <i>New York City Building Code</i>, the <i>New York City Housing Maintenance code</i>, the <i>New York State Multiple Dwelling Law</i>, the <i>Fair Housing Act</i>, and <i>Section 504 of the Rehabilitation Act of 1973</i>. Projects receiving New York State Homes and Community Renewal (HCR) funding must also comply with the <i>HCR Design Guidelines</i>, as applicable.</p> <p>HPD may at its discretion require competitive bidding for general contractors. HPD reserves the right to participate in construction monitoring.</p>
Sustainability & Resiliency	<p>All projects must achieve Green Communities Green Certification. The Green Communities Criteria and Certification portal is available online at http://www.greencommunitiesonline.org/</p> <p>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</p> <p>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</p>

Table 3: Unit Size Requirements	
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.

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	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 .
Closing Requirements	<p>Closing requirements prior to construction loan closing include (but are not limited to):</p> <ul style="list-style-type: none"> 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. 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. 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) HPD may require the inclusion of one or more HPD rider(s) as part of the construction contract. Borrower's organizational documents including W-9 forms and IRS EIN letters. 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 guaranties. 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 and 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.
Conversion Requirements	<p>Conditions precedent to permanent loan conversion include (but are not limited to):</p> <ul style="list-style-type: none"> Evidence of rent registration with HCR in compliance with rent stabilization requirements 95% residential rental achievement 100% commercial/retail occupancy evidenced by executed leases 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

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	<ul style="list-style-type: none">• Certificate of Completion from HPD on publicly owned sites.
Additional Requirements	<p>Developers are required to comply with all applicable Federal, State, and local laws, orders, and regulations prohibiting housing discrimination. The Developer must also construct the project in compliance with all laws regarding accessibility for people with disabilities, including but not limited to the New York City Building Code, the federal Fair Housing Act, the Americans With Disability Act, and Section 504 of the Rehabilitation Act of 1973.</p> <p>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.</p> <p>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:</p> <p>https://www1.nyc.gov/site/hpd/services-and-information/hirenyc.page https://www1.nyc.gov/site/hpd/services-and-information/m-wbe-build-up-program.page.</p>

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.