

Moderate Rehabilitation Development Process

The HPD Design Guidelines for Preservation: Moderate Rehabilitation are effective as of March 1, 2023, and apply to incoming projects through all of HPD's Preservation Loan Programs, including Mitchell-Lama projects and projects that are receiving subsidy and/or tax exemptions only. See the [Guidelines](#) for additional information.

Note: projects that include both Moderate and Substantial/Gut Rehabilitation (Sub/Gut Rehab) scopes of work (SOW) must participate in a [Pre-Scoping Consultation](#) (which is a requirement for Mod Rehab), and then follow the Sub/Gut Rehab process.

General Overview

Per [HPD rehabilitation classification](#), a project is considered Moderate Rehabilitation (Mod Rehab) if the SOW affects two or more systems but does not meet the definition of Sub/Gut Rehab. Mod Rehab projects will need to hire a Registered Architect/Engineer to develop the SOW. The development process includes the following steps:

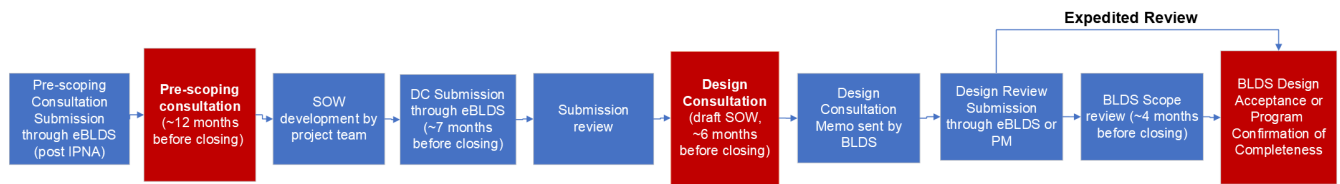
1. **IPNA and Pre-Scoping Consultation**
2. **SOW Development and Design Consultation** (~6 months prior to closing)
3. **Design Review** (~4 months prior to closing)
4. **General Contractor (GC) Selection and Plan & Cost Review**
5. **Closing**
6. **Construction & Completion**

Exceptions to the Moderate Rehabilitation Process

1. Projects that *do not meet* the Mod Rehab threshold, i.e., are maintenance only and/or their SOW affect only a single system are not required to retain an Architect/Engineer or a GC (unless required by DOB or for other purposes), nor are they required to participate in Pre-Scoping or Design Consultations. However, these projects must still comply with the applicable sections in the guidelines and submit the [Design Guidelines Workbook](#) to their HPD PM. Note that projects over 25,000 SF should do the necessary work to comply with the applicable requirements of [Local Law 97](#).
2. Tax exemption only deals should refer to the [Preservation Design Guidelines FAQ](#) for specific guidance on their compliance requirements.

Have more specific questions? Check out the [Design Guidelines FAQ](#).

Detailed Process



Step 1: Integrated Physical Needs Assessment (IPNA) and Pre-Scoping Consultation

Projects must obtain an [Integrated Physical Needs Assessment \(IPNA\)](#) from a qualified third-party provider. Through HPD’s partnership with [NYC Energy Efficiency Corporation](#) (NYCEEC), HPD Borrowers may be eligible for predevelopment loans to cover the cost of an IPNA. For projects with an older IPNA that does not include the LL97 Compliance, Resiliency, or Electrification Screening Tabs, these tabs must be submitted as standalone items. IPNAs can be no more than two years old at the time of project application and review by HPD, unless granted an extension by HPD Program. While the IPNA is being completed, which can take several months, project teams should start familiarizing themselves with the Design Guidelines and communicate with their PM on their immediate next steps.

Before any scoping begins, the Registered Architect/Engineer will prepare for the Pre-Scoping Consultation by preparing the [BLDS Design Consultation Submission Checklist](#). At this stage, sponsors of rental buildings should also initiate the [Aging in Place \(AIP\) Resident Survey](#), if possible, to discuss any AIP and/or accessibility requirements during the consult.

Note: that projects in the Year 15 or HRP programs, where HPD is the only lender, HPD must review and approve the architect scope of services before a signed contract is executed.

When project teams are ready for the Pre-Scoping Consultation, they should notify their PM, who will provide the teams with an HPD project ID and initiate the process through [eBLDS](#), HPD’s electronic document submission and review system. When prompted by eBLDS notification emails, the Architect/Engineer may upload all applicable items listed in the Submission Checklist to box.com, for review by all relevant HPD stakeholders.

Note: The submission includes the [Preservation Design Guidelines Workbook](#). Always use the most current version of the Workbook found on the HPD website, as these will be updated periodically. Be sure to follow the instructions on filling out the Workbook, as indicated on the cover page, and to submit all required items in the submission checklist. Incomplete submissions will not be reviewed and may cause delay.

After the submission is reviewed, the project team will participate in a virtual Pre-Scoping Consultation arranged by the assigned Program PM. The meeting will include the owner/sponsor, Architect/Engineer, and staff from HPD Program, BLDS, and

Sustainability teams to ensure that the project has selected the appropriate rehab classification and understands HPD's Design Guidelines and other requirements.

Project teams will have the opportunity to ask clarifying questions, discuss applicability of Waivers, consider incentive opportunities (including the [Con Ed AMEEP Program](#) or the [HPD Retrofit Electrification Pilot](#) where applicable) and discuss any other concerns. After the meeting, project teams will receive feedback from HPD and information on their next steps.

Step 2: Scope of Work (SOW) Development & Design Consultation

~6 months prior to closing

Following the Pre-Scoping Consultation, the project team will develop the SOW based on the IPNA, site inspection(s), results of the Aging in Place survey, [Design Guidelines](#), and the [Design Guidelines Workbook](#), which includes a Checklist tab to ensure that projects incorporate all the required measures. During the scoping process, the project team must conduct a Solar Feasibility Analysis per [HPD requirements](#). The SOW should include solar if determined feasible by the analysis.

Projects seeking Design Waivers (e.g., for building electrification) should request them by submitting the [Preservation Design Guidelines Workbook](#) with the Intake and Design Waivers Tab filled in to greencommunities@hpd.nyc.gov with the subject line: [project address] [HPD ID] - Workbook and Waiver(s). The applicant will be notified if the Waiver has been approved, rejected, or if additional information is required. The Design Waiver request should happen before the Design Consultation is scheduled.

When the draft SOW and other documents required in the Design Consultation [Submission Checklist](#) are ready, project teams may upload them to box.com as before and notify their PMs upon submission. HPD will review the submission prior to scheduling the Design Consultation. The goals of the Design Consultation are to provide feedback on the SOW and prevent unnecessary back-and-forth between HPD and project team.

After the Design Consultation, project teams will receive feedback and a notification of their review pathway, which now follows the options below:

1. Expedited Track: No SOW review required
2. BLDS Design Review Track: SOW review

To be considered for the Expedited Track, projects must meet *all* criteria below:

- Architect has recent experience with HPD (defined as having worked on at least one HPD-financed Preservation project that received BLDS design acceptance in the last three years).
- Scope does not include electrification.

- Design team includes an Accessibility Consultant, for projects with in-unit or other work triggering Section 504 requirements.
- SOW and Preservation Design Guidelines Workbook submissions are of high-quality without too many errors or omissions.

Step 3: Design Review

~4 months prior to closing

Project teams will submit all items from the [Design Review checklist](#), according to review pathway:

For the **Expedited Track** (non-BLDS reviewed projects) email the submission to the assigned PM and address any questions or comments in a timely fashion to prevent delays. The PM will issue a Confirmation of Completeness email once there are no outstanding issues or concerns, and the project may proceed to the next step. This Confirmation is needed at least four weeks before closing.

For the **BLDS Design Review Track**, when the submission is nearly ready, notify the PM to initiate the process in eBLDS. The system correspondence outlines submission and resubmission requirements, ideally not exceeding three rounds of review. Once the project has addressed all comments, BLDS will issue an “Acceptance,” and the project may proceed to the next step. BLDS Acceptance is needed at least four weeks before closing.

Note: At HPD Program’s discretion, at any point during the development process, projects that were selected for the Expedited Track may be moved to a BLDS Design Review Track (E.g., if a serious cost or design issue arises during the PM’s review of the SOW).

Step 4: GC Selection and Plan & Cost Review

GC Selection

All Mod Rehab projects must work with a General Contractor (GC). HPD recommends but does not require (unless it’s a Mitchell-Lama project), a minimum of three bids. For projects in HPD’s Retrofit Electrification Pilot, projects may not go to bid until designs are complete and signed off by the NYSERDA TAP team. The Architect/Engineer will submit the preferred bid for Plan & Cost review. Note that the Plan & Cost reviewer may request to see the additional bids.

Note: The [Enhanced Contractor Review](#), if applicable, begins after GC selection. Borrowers should familiarize themselves with this process before bidding and let their HPD PM know if a bidding or sole sourced GC is identified as part of this list.

Plan & Cost Review

The following is applicable to all projects, regardless of their review pathway. The Architect/Engineer will submit the final documents below to their PM and to the bank or entity conducting Plan & Cost Review on HPD's behalf. The Plan & Cost Review could trigger rebidding or revisions to the GC selection for reasons such as: incomplete information, mathematical errors, altering of the SOW, and excessively high costs.

The submission below, sent to the HPD PM as a zip file no larger than 10MB and with the naming convention ProjName_HPDPProjectID_CertifiedSubmission_Date, will act as an affidavit to confirm that all mandatory Design Guideline items are included in the project scope:

- Preferred GC selection
- [Certified Design Guidelines Workbook](#)
- Certified [Scope of Work](#) and Cost Breakdown/Schedule of Values
- Certified Accessibility Statement, if applicable

Note: If any changes to the above occur after certified documents are submitted, the project team must notify the PM and Sustainability team and resubmit documents as applicable.

Step 5: Closing, Beyond Design Review

To reach construction loan closing, simultaneous to the design review process, project teams will work closely with their PM to obtain, finalize, and submit all necessary regulatory and financial documents.

Documents or steps required for closing include, but are not limited to:

- Integrity Review and [EO50](#)
- DOB permits (for projects with external lenders, this is a prerequisite for Closing)
- [Benchmarking Account Set Up Form](#)
- Signed legal documents
- Insurance
- If project is participating in the HPD Retrofit Electrification Pilot, all items required to procure the final NYSERDA Incentive Letter will be required
- Optional Health Product Declarations or Declare Labels

As closing approaches, the project team will participate in weekly meetings with their Program PM and an HPD attorney to move towards final closing.

Step 6: Construction & Completion

Construction Monitoring

To initiate construction, the project team must submit all documents required in the BLDS Construction Monitoring Checklist to their PM. The PM will schedule a

construction monitoring kickoff meeting with the project team, Lender, and HPD's BLDS and Conversions teams, if applicable, which will set the parameters for construction monitoring and provide insight into the conversion requirements for each project. There will be two monitoring entities during construction: the Lender will provide primary monitoring, including administering all requisitions requests, and BLDS will conduct secondary monitoring focusing on site safety and scope of work compliance.

If issues arise during construction, project teams should communicate with the Lender, the assigned BLDS construction monitor, and HPD's Conversions team, if they are working with them. To prevent significant construction delays, communication should be directed to all stakeholders in a timely manner as issues arise.

To contact BLDS: BLDS.Contact@hpd.nyc.gov

To contact Conversions: loanconversions@hpd.nyc.gov

Marketing

HPD's Marketing process refers to the leasing and tenant selection process that HPD-assisted New Construction and Preservation projects must comply with. Typically, the Marketing process begins seven to nine months prior to anticipated occupancy (for vacant/new construction projects). The Borrower should reach out to HPD Marketing, NYC_MKTG_NOI@hpd.nyc.gov to schedule a meeting to kick off the Marketing process. During that meeting, HPD Marketing will help determine which compliance pathway is relevant for a project, including whether units are considered re-rentals (which also go through Housing Connect) or initials (never marketed through HPD Housing Connect).

If a project must lease up through Housing Connect, a Qualified Marketing Agent must be retained. Borrowers will choose an agent from [HPD's Pre-qualified List](#) (PQL). If the Borrower is working with a Marketing Agent that is not currently on the PQL but would like to be, they should reach out to: MarketingRFQ@hpd.nyc.gov

See here for more information about the HPD [Marketing Process](#).

Conversions

During construction, project teams will gather the required documents for conversion to the permanent loan. There is variation across HPD programs in regard to the conversion process and project teams can expect their Conversions PM to communicate their applicable process.

Typical documentation needed for conversion (this list is not exhaustive):

- Borrower information (W-9, Insurance, Income & Expense, etc.)

- DOB sign off
- HPD Marketing sign off
- HPD Initiatives (Ex: Enterprise Green Communities, Benchmarking, HireNYC, M/WBE), if applicable
- Rent restructuring documentation, if applicable
- Digital Copies of Operations & Maintenance Manual, Emergency Management Manual, and Resident Manual (per Section 8 of the Design Guidelines)

In order for a project to convert, the Borrower must clear all violations, and the Borrower must pay all outstanding arrears.

Note: For all Mod Rehab projects, the Conversions team will conduct a tenant feedback process via individual letters giving tenants opportunity to comment on the construction work done in their unit. Tenants have 30 days to respond to the letter.

For projects working with HPD Conversions there will be weekly meetings with the HPD Conversions team, and, in time, an HPD attorney. Once all documents are obtained, violations are removed, and the legal documents are drafted, all stakeholders will agree to a conversion closing date.

Once conversion has taken place, the project will move to HPD's Office of Asset and Property Management (APM) for oversight during the lifespan of the regulatory agreement.

If Development teams have questions for HPD Conversions, they should reach out to: loanconversions@hpd.nyc.gov