



# Mitchell-Lama Program

## Homes for Working Families

**MITCHELL-LAMA PROGRAM:** HCR’s Mitchell-Lama Program provides flexible and low-cost subordinate mortgage financing for the preservation of State or City supervised Mitchell-Lama developments, including those that are a part of HFA’s acquired portfolio. As part of the State’s commitment to increase and preserve the number of affordable housing opportunities for its residents, HCR makes capital available for the preservation and improvement of these properties.

Projects must comply with any applicable Mitchell-Lama income requirements. High priority projects may also be eligible for funding under the Homes for Working Families (HWF) program to supplement maximum awards under this program, as described below. All sources are considered gap financing based on demonstrated need for such funding by HCR underwriting standards. Actual award amounts must be recommended by HCR staff, and approved by HCR Credit Committee, the HTFC and/or HFA Board as applicable. Applicants are strongly encouraged to apply for only the funding necessary for the financial feasibility of the project and to leverage funding from non-HCR sources.

<b>Eligible Uses</b>	<p>Preservation and improvement of rental and cooperative Mitchell-Lama properties located in New York State and supervised either by the City of New York or the State of New York (including those that are part of HFA’s acquired portfolio), including site acquisition, hard, and related soft costs.</p> <p>Construction and permanent financing available.</p> <p>Eligible projects must be an Article 2 Mitchell Lama seeking financing for capital improvements, project upgrades or loan refinancing.</p>
<b>Eligible Applicants</b>	<p>Not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations, cooperative boards, or limited partnerships.</p>
<b>Subordinate Financing</b>	<p>Subordinate second mortgage financing is available for projects securing first mortgages through conventional bank loans, government sponsored entities such as Freddie Mac or Fannie Mae, or HUD.</p> <p>First mortgages financed by taxable or tax-exempt bonds issued by HCR’s Housing Finance Agency (HFA) will be available at HCR’s sole discretion. Construction and permanent financing is available.</p> <p>Funding under this program is competitive, and subordinate loans will be structured based on a project’s physical and financial needs. Projects will be awarded the minimum amount necessary to ensure financial feasibility.</p>
<b>Per Residential Unit Maximum Award</b>	<p>\$40,000/unit</p>

<b>Interest Rate and Loan Terms</b>	0.5% interest-only paid during construction and permanent. 30 year term.
<b>Area Median Income Restrictions</b>	Projects must comply with any applicable Mitchell-Lama requirements. Projects seeking tax-exempt bond financing must meet the standard tax-exempt bond and LIHTC low income set aside requirements on 20% of the units affordable to households with incomes at 50% or less of AMI, or 40% (25% in NYC) of the units affordable to households with incomes at 60% or less of AMI.
<b>Priorities</b>	Developments with significant physical and/or financial needs in “high-need” or rapidly gentrifying areas will be prioritized.  Mitchell Lama developments with loans acquired in June 2013 by HFA from the Empire State Development Corporation.
<b>Regulatory Agreement Requirements</b>	Minimum 40 year regulatory agreement.
<b>Monitoring and Servicing Fees</b>	A fee sufficient to cover the cost of monitoring program requirements will be charged unless, for projects not financed by HFA tax-exempt bonds, another governmental funder agrees to monitor this program’s requirements in a manner acceptable to HCR.
<b>Scoring Criteria</b>	Developer Team Experience and Capability (25), Readiness (35), Financial Feasibility and Efficiency (30), Leverage (10)
<b>HOMES FOR WORKING FAMILIES PROGRAM SUPPLEMENT</b>	
<b>Description</b>	Homes for Working Families (HWF) may be used for high priority projects to supplement maximum awards under this program. Projects may apply for HWF funding only in conjunction with this funding if subsidy above the per residential unit maximum is needed. HWF may only be used for projects that are financed by HFA tax-exempt bonds.
<b>Maximum Award</b>	Up to \$125,000 per housing unit with a household income limit of up to 60% AMI. Up to \$4 million per project.
<b>Geographic Targeting</b>	Up to \$2.5 million may be awarded to projects in NYC. Up to \$6.5 million may be awarded to projects in Westchester, Nassau & Suffolk counties. No more than 50% may be awarded to a single municipality.

*HCR retains the right to revise this term sheet from time to time and to waive any requirement contained therein, subject to the applicable statutes and program regulations. HCR also retains the right to not award any or all of its funds under this program. All proposals must comply with all federal, state and local laws.*