

Inclusionary Housing Term Sheet: Preservation Projects

In order to ensure the financial viability of the Generating Site as well as the efficient use of subsidy, a Preservation Affordable Housing Plan must demonstrate that:

the cost of preserving a Generating Site (Preservation Costs) equals ninety percent (90%) of the proceeds of the sale of Floor Area Compensation ("FAC") generated therefrom ("Proceeds"). Preservation Costs include: 1) the cost of meeting the requirements of New York City Zoning Resolution (Zoning Resolution) Sections 23-961(e) and 23-962(g); 2) if Proceeds remain after meeting the requirements of Sections 23-961(e) and 23-962(g): funding capital and operating reserves necessary to preserve affordability for the Generating Site in perpetuity; and 3) if Proceeds remain after meeting the requirements of Sections 23-961(e) and 23-962(g) and the necessary funding of reserves, at HPD discretion, any or all of the following:

- the cost of deep rent skewing;
- rental assistance to Low Income tenants;
- reduction or elimination of existing debt to the extent necessary to preserve affordability;
- reduction or repayment of existing HPD subsidy to the extent necessary to preserve affordability;
- the fair market value of the Generating Site. In determining the fair market value, HPD will consider whether the Generating Site or owner of thereof is subject to any affordability restrictions and the term of such affordability restrictions; and
- with HPD approval, the owner of the Generating Site may use some of the Proceeds to create, rehabilitate, or preserve additional affordable housing in accordance with HPD term sheets.

The sale price per square foot of FAC, on the date of such sale, must be: (1) the price per square foot of land, as determined by HPD, for existing developable sites in the same Community Board as such Generating Site, or (2) such other price as may be approved by HPD including, but not limited to, the best price attainable for FAC within geographic area in which FAC from the Generating Site may be used. HPD must receive evidence that the sales price will meet these minimum requirements as a condition for releasing the certificate of completion in connection with such FAC.

The Proceeds must be deposited with an entity approved by HPD within three (3) days of the sale. The proceeds will be disbursed when needed to pay for Preservation Costs. Proceeds not disbursed within five (5) years from the date of sale ("Five Year Restriction") must remain on deposit, for the benefit of the Generating Site. If the FAC is not sold in one transaction, then the Five Year Restriction will commence with respect to the Proceeds from a particular sale, on the date of such sale and the 90% distribution described above will apply per sale.

In addition, the Affordable Housing Plan must comply with all program requirements as outlined in the Inclusionary Housing Program Application Checklist: <http://www.nyc.gov/html/hpd/downloads/pdf/IH-Checklist-Application-2014.pdf>