

**Mixed-Finance Rental
Term Sheet**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing
Office of Public Housing Investments

OMB Approval No. 2577-0157
(exp. 1/1/2014)

Public reporting burden for this collection of information is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This collection of information is required for developing a Mixed-Finance rental project pursuant to HUD regulations 24 CFR 941.600. The information will be used to provide HUD with sufficient information to enable a determination that the proposed homeownership project is demographically and financially feasible and that HUD statutory and regulatory requirements have been met.

Rental Term Sheet

The term sheet consists of four sections that are to be filled out by the PHA as part of the Mixed-Finance Proposal and submitted to the HUD Grant Manager for presentation to the Project Review Panel:

- A. Specific Phase Project Summary:** A one-paragraph narrative description of the specific phase for posting on the HUD web site.
- B. Program Overview:** A description of the overall development program, financing, and schedule.
- C. Specific Phase Overview:** A description of the program details for the specific phase under review.
- D. Statement of Business Terms:** A description of the deal terms between the PHA and other parties for the specific phase under review.

A. Specific Phase Project Summary

Purpose: To provide a short summary description of the specific phase under review for posting on HUD’s web site. Other PHAs can then review the summary of closed phases to find PHAs with similar deals and can contact those authorities for information, sample documents, etc.

Instructions: Provide a brief narrative that describes the specific phase to be reviewed. Include the following information:

- The overall unit count broken down by unit type (i.e., ACC, LIHTC, ACC/LIHTC, market, etc.);
- Sources of funding;
- The names of the major partners;
- The building type(s) being constructed (e.g., row, detached/semi-detached, walk-up, etc.);
- Any non-residential or mixed uses;
- Any elderly designated units in the phase;
- Any unusual features of the phase (e.g., a land swap, commercial facilities, operating subsidy only units, scattered site acquisition and development, etc.).

| | |
|---|--|
| <i>Name of PHA:</i> | |
| <i>Name of Development:</i> | |
| <i>HOPE VI Grant No./Development Project No.:</i> | |
| <i>Contact Name:</i> | |
| <i>Contact Phone No.:</i> | |
| <i>Narrative:</i> | |

B. Program Overview

Purpose of this section: To provide a context for reviewing the overall project.

I. Proposed Unit Mix

Purpose: To provide the unit mix for the overall project so that HUD can evaluate the current phase in context.

Instructions: Complete the Excel spreadsheet **Unit Mix Entire Project** to describe the proposed unit mix for the entire project.

II. Non-Residential Uses

Purpose: To describe the types of non-residential uses for the overall project so that HUD can evaluate the current phase in context.

Instructions: For each **non-residential** building planned, complete the following table for the overall project.

| Building Name/Use(s) | Gross Square Feet | Developer | Owner | Phase |
|----------------------|-------------------|-----------|-------|-------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

III. Key Milestones for the Project

Purpose: To ascertain where the PHA is in the development process with regard to its program schedule and the schedule requirements of the Grant Agreement.

Instructions: Complete the following table by listing the dates (actual or anticipated, as appropriate) for the listed project milestones.

| Milestone | Date |
|---|------|
| Effective Date of Grant Agreement | |
| Date of HUD Approval of the Revitalization Plan or Supplemental Submissions | |
| Residential Construction Start (First Phase) | |
| Residential Construction Completion (Final Phase) | |
| Lease-Up (Final Phase) | |

IV. Project Sources and Uses

Purpose: To provide an overview of the permanent sources and uses for the entire project.

Instructions: Complete the Excel spreadsheet **Exhibit F Entire Project Budget** to describe the projected sources and uses for the entire project, including all rental, homeownership, and nonresidential phases.

C. Specific Phase Overview

Purpose of this section: To provide the information on phase components, budget, and schedule needed to review the business terms for the specific phase under review.

I. Proposed Unit Mix

Purpose: To describe the housing number, type, and bedroom count as required by 24 CFR 941.606(d).

Instructions: Complete the Excel spreadsheet **Unit Mix Phase** to describe the unit mix for the specific phase under review.

II. Non-Residential Uses

Purpose: To describe the types and amounts of non-dwelling space as required by 24 CFR 941.606(d).

Instructions: Complete the following table for the specific phase under review.

| Building Name/Use(s) | Gross Square Feet | Developer | Owner |
|----------------------|-------------------|-----------|-------|
| | | | |
| | | | |
| | | | |
| | | | |

III. Key Milestones

Purpose: To provide HUD with the status of the phase, to establish the timeline for phase completion, and to identify which party is responsible for each activity for the phase under review.

Instructions: Complete the chart below for the specific phase under review. Indicate whether the activity listed is appropriate for the phase, provide a date for actual or anticipated dates of completion, and check the party responsible for the implementation of the activity. If a box is shaded, it is not applicable and does not need to be completed. Provide any comments in the Activity column.

| Activity | Date | Responsible Party |
|--|-------------|---|
| Program Manager under Contract <input type="checkbox"/> N/A | | PHA Staff or Consultants |
| Predevelopment Agreement Signed <input type="checkbox"/> N/A | | PHA Staff or Consultants |
| Development Agreement Signed <input type="checkbox"/> N/A | | PHA Staff or Consultants |
| Community and Supportive Services Oversight <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants |

| Activity | Date | Responsible Party |
|---|------|--|
| | | <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Site Acquisition Proposal Approval from HUD <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Acquisition/Site Control <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Demolition Approval from HUD <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Disposition Approval from HUD <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Relocation Plan Approval from HUD <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Relocation Completion <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Abatement and Demolition Completion <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| LIHTC Application Submission <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Award of LIHTC Allocation <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Environmental Review Approval from HUD and ROF Statement <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Closing <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Infrastructure Construction Start <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Residential Construction Start <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Residential Construction Completion <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |
| Lease-Up <input type="checkbox"/> N/A | | <input type="checkbox"/> PHA Staff or Consultants <input type="checkbox"/> Developer <input type="checkbox"/> Other: _____ |

IV. Ownership

Purpose: To provide HUD with a list of the partners of the ownership entity (i.e., general partner, limited partner, special limited partner, etc.) and a description of each role as required by 24 CFR 941.606(a).

Instructions: Complete the following table to list the proposed partners of the ownership entity and to describe their ownership interest and function for the specific phase under review.

| | | | |
|-------------------------------|--|--------------------|--|
| Proposed Partner 1: | | % Interest: | |
| Function(s) Exercised: | | | |

| | | | |
|-------------------------------|--|--------------------|--|
| Proposed Partner 2: | | % Interest: | |
| Function(s) Exercised: | | | |

| | | | |
|-------------------------------|--|--------------------|--|
| Proposed Partner 3: | | % Interest: | |
| Function(s) Exercised: | | | |

| | | | |
|-------------------------------|--|--------------------|--|
| Proposed Partner 4: | | % Interest: | |
| Function(s) Exercised: | | | |

V. Sources and Uses

Purpose: To provide an understanding of the sources and uses as required by 24 CFR 941.606(b) for the specific phase under review. HUD will be evaluating: whether the sources listed are sufficient to build the project, considering timing of sources; which sources are construction (temporary) vs. permanent; the terms of loans; the terms of grants; whether the public housing funds are bearing the appropriate pro rata share; and whether the uses appear reasonable.

Instructions: Complete the Excel spreadsheet **Exhibit F-1 Phase Budget** to describe the sources and uses for the specific phase under review. Complete both permanent and construction sources and uses.

VI. TDC Calculation

Purpose: To determine whether the proposed activities for the phase under review are within HUD’s Total Development Cost Limits. For information on TDC, see Notice PIH 2001-22 and refer to 24 CFR 941.606(g).

Instructions: Complete the Excel spreadsheet **TDC & Instructions** to calculate the TDC for the specific phase under review.

D. Business Terms

Purpose of this section: To evaluate whether the business terms proposed constitute an appropriate use of public funds. HUD will evaluate the costs of the project against its Cost Control and Safe Harbor standards in light of the risks taken by the developer and PHA. To determine whether the phase meets HUD's cost guidelines and to evaluate the risks associated with the phase, PHAs should refer to the February 23, 2000 Cost Control and Safe Harbor Standards for Rental Mixed-Finance Development. These guidelines are available on the HUD web page at: <http://www.hud.gov/pih/programs/ph/hope6/control.pdf>.

I. Developer Compensation

Instructions: Provide the following information for the net developer fee as defined in the Cost Control and Safe Harbor Standards for the specific phase under review. Express all fee amounts as a percentage of the overall project costs. HUD will verify the stated percentages against the provided sources and uses. If necessary, provide a justification for any term(s) above the HUD Safe Harbor Standards.

Net developer fee for the specific phase under review: %

Is the developer receiving any compensation negotiated separately from the developer fee? Yes No

If so, in the following table, list any other tasks for which the Developer is being compensated (e.g., master planning, relocation, CSS, etc.) and the amount of compensation.

| Task | Compensation |
|------|--------------|
| | \$ |
| | \$ |
| | \$ |

Justification for Developer Fees above Safe Harbor Standards:

II. Pay-Out Schedule for Developer Fee/Overhead

Instructions: For the specific phase under review, provide the milestone at which the developer receives compensation (e.g., closing, 50% construction completion, stabilized occupancy) and the percentage of the total developer fee that is to be paid (percentages should total 100%) as defined in the Cost Control and Safe Harbor Standards. If the Developer is being reimbursed for overhead prior to closing, provide a justification in the space below the table and confirm that the compensation is structured as a loan.

| Milestone | % of Total Developer Fee |
|-----------|--------------------------|
| | |
| | |
| | |
| | |

Justification for deviating from the Safe Harbor Standard (if applicable):

Justification for providing a loan to the developer prior to closing (if applicable):

III. Sharing of Third-Party Predevelopment Costs and Reimbursement Schedule

Instructions: Complete the following table for the specific phase under review. For each of the primary predevelopment costs indicate the percentages to be borne by the PHA and the developer. If necessary, provide a justification for any term(s) above the HUD Safe Harbor Standards.

Estimated Amount of Predevelopment Costs: \$

Length of Predevelopment Period: months

Percentage Borne by PHA: %

Percentage Borne by Developer: %

Justification for PHA bearing greater than 75% of the predevelopment costs (if applicable):

IV. Identity of Interest Parties

Instructions: In the table below, disclose whether the Developer has an identity of interest with any party. For each identity of interest party, indicate what steps have been or will be taken to ensure cost competitiveness.

| Party | Related Entity? | Cost Control Measures Planned/Completed |
|----------------------------|--|---|
| Builder/Contractor (waiver | <input type="checkbox"/> Yes <input type="checkbox"/> No | |

| Party | Related Entity? | Cost Control Measures Planned/Completed |
|----------------------|--|---|
| required from HUD) | | |
| Property Manager | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Construction Manager | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Investor* | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Other (specify): | <input type="checkbox"/> Yes <input type="checkbox"/> No | |

*Include both related entities and "preferred" entities.

V. Construction Fees

Instructions: Fill in the following blanks to indicate the amount and percentage for contractor profit, overhead, and general conditions for the specific phase under review. In the space below, describe how any construction savings will be allocated between the PHA and Developer. If necessary, provide a justification for any term(s) above the HUD Safe Harbor Standards.

The amount and percentage for contractor's profit: \$ _____ = _____%

The amount and percentage for contractor's overhead: \$ _____ = _____%

The amount and percentage for contractor's general conditions: \$ _____ = _____%

Justification for fees in excess of HUD Safe Harbor Standards (if applicable):

Methodology for allocating construction savings:

VI. Property Management Fees

Instructions: Indicate whether the PHA or an outside firm will manage the development. In the table below, check the applicable methodology for determining property management fees and indicate the amount of the proposed fee. Describe the amount of any incentive management fee(s) and the conditions under which they are paid. If necessary, provide a justification for any term(s) above the HUD Safe Harbor Standards.

Who is managing the mixed-finance development? PHA Private firm Joint Venture (PHA/private)

Method and Amount of Property Management Compensation

_____ % of effective gross income

- \$ [] PUM (all units)
- \$ [] PUM (occupied units) and \$ [] PUM (vacant units)
- Other (specify): []

Justification for property management fees in excess of HUD’s Safe Harbor Standards, if applicable, supported by a regional market analysis:

[]

Are there any incentive property management fees? Yes No

If yes, describe:

[]

VII. LIHTC Equity

Instructions: If LIHTC are a funding source for this phase, provide the following information.

What is the amount of the equity raise (cents on the dollar for 10-year allocation): [] ¢

Describe the pay-in schedule for the equity:

| Milestone/Anticipated Date | Amount |
|----------------------------|--------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

VIII. Allocation of Operating Subsidy

Instructions: Indicate which of the following methodologies for allocating operating subsidy from the PHA to the owner entity will be used, and the estimated amount of operating subsidy to be provided on a per-unit per month basis. (For more information on these methodologies, refer to the Mixed-Finance Guidebook, Chapter 5.) In the space below, provide a narrative that describes the methodology for allocating operating subsidy, as required by 24 CFR 941.606(c).

- Prorata-share (based on number of units and bedroom sizes in phase compared to PHA portfolio overall) \$ PUM
- Budget Based (based on actual gap between operating costs and rental income) \$ PUM
- Negotiated (flat negotiated fee) \$ PUM
- Separate ACC \$ PUM
- Other (describe): \$ PUM

Description of Operating Subsidy Methodology:

IX. Size and Use of Reserves

Instructions: In the following table, for each of the project reserves indicate its size (as a dollar amount or as a number of months or years of ACC), how the reserve is replenished, the conditions under which it can be accessed, and ownership of the reserve.

NOTE: Public housing funds can not be used for the initial funding of reserves. Submission of the Rental Term Sheet constitutes certification that the reserves are not funded with public housing funds. In addition, HUD expects all reserves that are replenished by public housing funds to remain with the project at the end of the tax-credit compliance period. If this is not the case for any of the reserves (with the exception of the exit tax reserve, which cannot be established or replenished with public housing funds), provide a justification for the alternate reserve ownership where indicated.

| | | | |
|--|--|-------|--|
| Type of Reserve: Operating Subsidy/ACC/Public Housing | | Size: | |
| How is the reserve capitalized? | | | |
| How is the reserve replenished? | | | |
| When can the reserve be accessed? | | | |
| Who owns the reserve? | | | |

| | | | |
|---|--|-------|--|
| Type of Reserve: Operating Deficit | | Size: | |
| How is the reserve capitalized? | | | |
| How is the reserve replenished? | | | |
| When can the reserve be accessed? | | | |
| Who owns the reserve? | | | |

| | |
|-------------------------------------|-------|
| Type of Reserve: Replacement | Size: |
| How is the reserve capitalized? | |
| How is the reserve replenished? | |
| When can the reserve be accessed? | |
| Who owns the reserve? | |

| | |
|-----------------------------------|-------|
| Type of Reserve: Exit Tax | Size: |
| How is the reserve capitalized? | |
| How is the reserve replenished? | |
| When can the reserve be accessed? | |
| Who owns the reserve? | |

| | |
|-----------------------------------|-------|
| Type of Reserve: Other: | Size: |
| How is the reserve capitalized? | |
| How is the reserve replenished? | |
| When can the reserve be accessed? | |
| Who owns the reserve? | |

Provide a justification for any unusual reserve structures, including ownership of the reserves:

X. Cash Flow, Program Income, and Fees to the PHA

Instructions: Answer the following questions in narrative form for the specific phase under review, as appropriate.

After payment of all expenses, how is cash flow distributed?

What are the expected sources of program income (e.g., repayments of loans, PHA development fees, etc.) and what is the PHA's planned use for this program income?

Complete the following table to indicate what fees (e.g., developer fee, asset management fee, property management fee, etc.) are to be paid to the PHA/PHA Affiliate.

| Type of Fee/Description | Amount |
|-------------------------|--------|
| | \$ |
| | \$ |
| | \$ |

XI. Additional Information on the Project

Instructions: In narrative form, provide any additional information on the project and business terms of which HUD should be aware when reviewing the terms for this phase. Such issues might include:

- unusual programs or fee structures HUD will need to evaluate;
- justifications for any fees or structures proposed outside of HUD’s Safe Harbor or Cost Control limitations;
- effect of a consent decree on the mixed-finance project;
- market concerns;
- use of Capital Funds as bridge loan; and/or
- other circumstances that will result in unusual terms or the need for a delayed or accelerated closing.

Narrative on additional project/phase information:

XII. Mixed-Finance Proposal Components

The following chart summarizes the components of the mixed-finance proposal and indicates in what form the component should be addressed:

| Mixed-Finance Proposal Section/Subsection | Where to Address | Regulatory Citation |
|---|------------------------|---------------------|
| 1. Activities | | |
| a) Identification of Participating Parties | Term Sheet | 24 CFR 941.606(a) |
| b) Description of Activities | Term Sheet | 24 CFR 941.606(a) |
| c) Legal and Business Relationships | Term Sheet | 24 CFR 941.606(a) |
| 2. Financing | | |
| a) Sources and Uses | Term Sheet | 24 CFR 941.606(b) |
| b) Ten Year Operating Pro Forma | Additional Submissions | 24 CFR 941.606(b) |
| c) Documents Relating to Financing | Additional Submissions | 24 CFR 941.606(b) |
| d) Draw Schedule | Additional Submissions | 24 CFR 941.606(b) |
| 3. Operating Subsidy Methodology | Term Sheet | 24 CFR 941.606(c) |
| 4. Development Description | | |
| a) Number and Type of Public Housing | Term Sheet | 24 CFR 941.606(d) |

| Mixed-Finance Proposal Section/Subsection | Where to Address | Regulatory Citation |
|---|--|---|
| Units w/ Bedroom Count b) Number and Type of Non-Public Housing Units w/ Bedroom Count c) Schematic Drawings d) Building Designs e) Outline Specifications f) Plans for Non-Dwelling Space | Term Sheet Additional Submissions Additional Submissions Additional Submissions Additional Submissions | 24 CFR 941.606(d) 24 CFR 941.606(d) 24 CFR 941.606(d) 24 CFR 941.606(d) 24 CFR 941.606(d) |
| 5. Site Information | Additional Submissions | 24 CFR 941.606(e) |
| 6. Market Study | Additional Submissions | 24 CFR 941.606(f) |
| 7. Development Construction Cost Estimate and Development Schedule | Additional Submissions | 24 CFR 941.606(g) |
| 8. Adequate Facilities a) Statement Addressing Adequacy of Existing Facilities and Services | Additional Submissions | 24 CFR 941.606(h) |
| 9. Relocation Plan (or copy of HUD Approval letter) or Relocation Plan Certification for FY02 HOPE VI Grantees a) List of Those to be Displaced b) Plan for Distribution of Notices c) Sources and Uses of Relocation Benefits | Additional Submissions Additional Submissions Additional Submissions | 24 CFR 941.606(i) 24 CFR 941.606(i) 24 CFR 941.606(i) |
| 10. Operating Feasibility | Ten-Year Operating Pro Forma | 24 CFR 941.606(j) |
| 11. Cost Comparison of New Construction | Additional Submissions | 24 CFR 941.606(m) |
| 12. Certifications and Assurances a) PHA has Legal Authority to Develop Public Housing b) Procurement Done in Open/Competitive Process w/ No Conflict of Interest c) Contractors will Comply with Procurement and Conflict of Interest Requirements | Additional Submissions Additional Submissions Additional Submissions | 24 CFR 941.606(n)(1)(i) 24 CFR 941.606(n)(1)(ii) 24 CFR 941.606(n)(1)(ii)(A) |

| Mixed-Finance Proposal Section/Subsection | Where to Address | Regulatory Citation |
|---|------------------------|--------------------------------|
| d) Identity of Interest and Public Request for Bids | Additional Submissions | 24 CFR 941.606(n)(1)(ii)(B) |
| e) Public Housing Units will be Operated in Accordance with Public Housing Requirements | Additional Submissions | 24 CFR 941.606(n)(1)(iii) |
| f) Public Housing Units will Remain Available for Use by Low-Income Families | Additional Submissions | 24 CFR 941.606(n)(1)(iii) |