NYC HDC

NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Marc Jahr
President

Date: April 9, 2012

Subject: Multi-Family Housing Revenue Bonds, 2012 Series B, C and D

I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2012 Series B, 2012 Series C and 2012 Series D (the "2012 Series B Bonds," "2012 Series C Bonds," and "2012 Series D Bonds," respectively, and collectively, the "2012 Bonds") in an amount not expected to exceed $245,000,000.

Interest on the 2012 Series B Bonds will not be exempt from Federal income tax, but will be exempt from state and local income tax. Interest on the 2012 Series C Bonds and 2012 Series D Bonds is expected to be exempt from Federal, state and local income tax. The 2012 Series C Bonds will qualify as tax-exempt private activity bonds with "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA"). The 2012 Series D Bonds will qualify as tax-exempt private activity bonds with an allocation of both new private activity bond volume cap and a small portion of "recycled" volume cap.

The 2012 Series B Bonds and 2012 Series D Bonds are each expected to be issued on a fixed rate basis. The 2012 Series C Bonds are expected to be issued as Convertible Option Bonds ("COB") on a variable term rate basis but will bear interest at a fixed rate for the initial term. The 2012 Series C Bonds will have an initial term ending approximately on February 1, 2013 unless earlier redeemed or called for tender.

The Supplemental Resolutions relating to the 2012 Bonds constitute the 160th through 162nd Supplemental Resolutions to be approved under the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution originally adopted by the Members in 1993 (the "Open Resolution").

The Members are further being asked to approve the origination of one permanent mortgage loan for an affordable rental project previously financed by the Corporation located in the Bronx named B&L

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Grand Concourse, from the Corporation's reserves in an amount not to exceed $10,000,000. It is anticipated that the Corporation will be reimbursed for the making of the loan with bond proceeds as part of a June 2012 Open Resolution issuance. The bond financing of this project would require further authorization by the Members at a later date.

For more information on the B&L Grand Concourse project, please see Attachment "A."

Following is a discussion concerning the background of the Open Resolution, the proposed uses of the 2012 Bonds and a description of their structure and security.

Background and Status of the Open Resolution

Under the Open Resolution, the Corporation has issued bonds (a) to finance mortgage loans for multi-family rental and cooperative housing developments throughout New York City, (b) to refund other bond issues of the Corporation, which had financed other multi-family developments, and (c) to acquire a 100% interest in City-owned mortgages. As of January 31, 2012 there were 954 mortgage loans (871 permanent loans and 83 construction loans) held under the Open Resolution with a total outstanding principal balance of approximately $3,466,232,000, with $2,383,182,000 of permanent loans and $1,083,050,000 of construction loans. These mortgage loans, together with funds in the Bond Proceeds Account and Debt Service Reserve Account total $4,080,286,000 as of January 31, 2012. There are no material monetary defaults on any of the mortgage loans other than temporary financial difficulties with respect to certain developments which are in the process of being cured. As of January 31, 2012, there were $3,414,940,000 of Open Resolution Bonds outstanding. Subsequent to January 31, 2012, the Corporation issued $67,540,000 principal amount of 2012 Series A Bonds.

Proposed Uses for the 2012 Series B Bond Proceeds

In connection with the Corporation's various financing programs, the Members have previously approved the utilization of the Corporation's reserves to fund both senior and subordinate loans. In order to raise funds to meet the Corporation's goals under the Mayor's New Housing Marketplace Plan, the staff recommends that the Members approve the issuance of the 2012 Series B Bonds in an amount not to exceed $50,000,000 to: 1) refund and/or reimburse the Corporation for amounts used to pay the redemption price of a portion of the Corporation's Multi-Family Housing Revenue Bonds, 2002 Series A and 2002 Series B, issued under the Open Resolution and, 2) acquire approximately $33,000,000 of loans previously funded by the Corporation with its own corporate funds. The issuance of the 2012 Series B Bonds will allow for replenishment of the Corporation's reserves, which can then be re-lent to new developments in furtherance of the Corporation's commitment to the Mayor's New Housing Marketplace Plan.

Please see Attachment "B" for more information on the loans requested to be securitized through the issuance of the 2012 Series B Bonds.

Proposed Uses for the 2012 Series C Bond Proceeds

The proceeds of the 2012 Series C Bonds, in an amount not to exceed $150,000,000, are expected to provide first position construction and permanent financing for the new construction or rehabilitation of certain developments, all of which will reserve a minimum of 20% of the units for households earning no more than 50% of the Area Median Income ("AMI"), which is currently $41,500 for a family of four or 25% of the units for households earning no more than 60% of the AMI, which is currently $49,800 for a family of four. The mortgage loans for these projects are expected to close in June of 2012 or the second half of 2012.

More specifically, the proceeds of the 2012 Series C Bonds are expected to be utilized to fund first position construction and permanent mortgage loans for one or more of the developments listed in Attachment "C."

Most of the projects listed will not be funded from the 2012 Series C Bond proceeds but all will be eligible for such financing.

Proposed Uses for the 2012 Series D Bond Proceeds

The proceeds of the 2012 Series D Bonds, in an amount not expected to exceed $45,000,000, are expected to be utilized to provide first position permanent financing under LAMP Preservation for the acquisition and rehabilitation of one development, consisting of eight buildings, with a total of 370 units located in the Bronx (the "LAMP Preservation Development"). All of the units in the LAMP Preservation Development (excluding superintendents' units) are anticipated to be rented to households earning no more than 60% of AMI.

For more information on the individual project, please see Attachment "D".

Uses of Funds

Cost of Issuance and Underwriter's Discounts are paid by the Corporation and, as they relate to the 2012 Bonds, are to be reimbursed to the Corporation by the Borrowers or from bond proceeds, as the case may be.

Structure of the Bonds

The 2012 Bonds are expected to be issued in the modes described below, however, the Supplemental Resolutions relating to the 2012 Bonds will permit that a senior officer of the Corporation may determine to issue the bonds in multiple issuances pursuant to the same supplemental resolutions and, in the event the Corporation determines it is no longer prudent or feasible to finance the Projects with the proposed structure, to reallocate bond amounts issued under any particular series as long as the total amount of 2012 Bonds issued does not exceed $245,000,000.

A. 2012 Series B Bonds

It is anticipated that the 2012 Series B Bonds, in an amount not expected to exceed $50,000,000 will be issued as fixed rate taxable bonds. The Members are asked to authorize a not-to-exceed rate of 10% for fixed rate bonds. However, it is expected that the 2012 Series B Bonds will have an interest rate of 5.5% and an approximate final maturity of November 1, 2025.

B. 2012 Series C Bonds

The 2012 Series C Bonds, in an amount not to exceed $150,000,000, will be a "recycled" bond issuance in accordance with HERA. In order to utilize the recycling authorization in HERA, the Corporation must issue refunding bonds prior to the redemption of bonds from prepayment proceeds.

The 2012 Series C Bonds are expected to be issued as variable rate obligations initially in the Term Rate mode with an approximate final maturity of May 1, 2045. The initial Term Rate mode will begin on the date of issuance of the 2012 Series C Bonds and end approximately on February 1, 2013 ("2012 Series C Term Rate Period"). The Members are asked to authorize a not-to-exceed rate of 15% for the 2012 Series C Bonds; however, it is expected that the interest rate on the 2012 Series C Bonds will be less than 1% during the initial 2012 Series C Term Rate Period.

It is anticipated that the Corporation may direct that all or a portion of the 2012 Series C Bonds be converted from time to time to another interest rate mode (including to a fixed rate to maturity) at any time from approximately July 2, 2012 to and including February 1, 2013.

The 2012 Series C Bonds or applicable portion thereof shall be subject to mandatory tender for purchase on any date on which the 2012 Series C Bonds or such portion are to be converted to a different interest rate mode and on the last day of any Term Rate period. It is expected that as mortgage loans are ready to close, a portion of the 2012 Series C Bonds will be subject to mandatory tender and converted to another interest rate mode for the financing of the applicable project. The Corporation will be obligated to pay the purchase price of those 2012 Series C Bonds subject to mandatory tender for purchase and not remarketed. No liquidity facility has been obtained to fund such obligation. However, the unexpended proceeds of the 2012 Series C Bonds are expected to be available to pay the purchase price of any 2012 Series C Bonds that are subject to mandatory tender for purchase and are not remarketed. To provide assurances to the bondholders that sufficient monies will be available to fund the purchase price for the 2012 Series C Bonds, the Corporation may covenant to maintain unencumbered cash or cash equivalents (U.S. Treasury Notes, STRIPS or Agencies) under the Open Resolution available to pay the purchase price of all un-remarketed 2012 Series C Bonds.

C. 2012 Series D Bonds

It is anticipated that the 2012 Series D Bonds, in an amount not expected to exceed $45,000,000 will be issued as fixed rate tax-exempt bonds. The Members are asked to authorize a not-to-exceed rate of 10% for fixed rate bonds. However, it is expected that the 2012 Series D Bonds will have an interest rate of 5.5% and an approximate final maturity of May 1, 2045.

Security for the 2012 Bonds

The 2012 Bonds will be issued on a parity basis with all outstanding previous series of bonds issued under the Open Resolution from July 1993 to date. As a result, the 2012 Bonds will be secured on a parity basis with all the collateral currently held under the Open Resolution. As of January 31, 2012, that collateral consisted of the following:

TYPE OF COLLATERAL	# OF LOANS	$ AMOUNT	% OF TOTAL
FHA Insured Mortgage Loans	13	$ 37,078,535	0.91
Fannie Mae/Freddie Mac Insured Mortgage Loans	18	149,282,726	3.66
GNMA Mortgage Backed Securities	2	128,334,791	3.15
SONYMA Insured Mortgages	23	248,972,062	6.10
REMIC Partially Insured Mortgages	139	680,056,857	16.67
LOC Insured Mortgages	11	63,473,878	1.56
Uninsured Permanent Mortgages	262	675,651,386	16.56
Uninsured 2006 Series A Mortgages	403	400,332,111	9.81
Partially Funded Construction Loans Secured by LOC	65	991,269,048	24.29
Partially Funded Construction Loans Not Secured by LOC	18	91,780,662	2.25
Sub-Total	954	3,466,232,056	84.96
Undisbursed Funds in Bond Proceeds Account[1]		533,887,681	13.08
Debt Service Reserve Account[2]		80,165,930	1.96
Total	954	4,080,285,667	100.00

In addition to being secured by a pledge of the General Resolution, payment of the principal or redemption price of and interest on the 2012 Series C Bonds may also be secured by certain accounts created under the 2012 Series C Supplemental Resolution securing only the 2012 Series C Bonds.

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[1] Undisbursed Funds in Bond Proceeds Accounts are monies held by the Trustee for construction financing of projects under the Open Resolution.

[2] Includes a payment obligation of $6,274,250 of the Corporation which constitutes a general obligation.

Risks and Risk Mitigation for the 2012 Bonds

2012 Series B Bonds

The primary risk associated with the 2012 Series B Bonds is repayment risk from the borrowers. The majority of the loans that are being securitized are well seasoned and have a consistently excellent payment history for many years. This risk is mitigated through conservative underwriting incorporating low loan-to-value and substantial debt service coverage and income to expense ratios. The risk for two senior loans is further mitigated by mortgage insurance provided by New York City Mortgage Insurance Corporation ("REMIC").

2012 Series C Bonds

The primary risk associated with the 2012 Series C Bonds is that the mortgage loan closings would not be able to take place. The Corporation believes that it has sufficiently mitigated this risk. The projects that are anticipated to close with funding from the proceeds of the 2012 Series C Bonds have been reviewed by Corporation staff, and are expected to be taken through the underwriting process, obtain credit enhancement and satisfy all other matters relating to closing preparation. In addition, projects totaling almost $1,382,245,000 in projected development costs will be publicly noticed pursuant to Federal tax rules and may be financed using the tax exempt bond proceeds issued by the Corporation in the event that replacement project(s) would be necessary.

Furthermore, the Corporation has the option to remarket the 2012 Series C Bonds at the end of their initial term.

2012 Series D Bonds

The primary risk to the Corporation related to the 2012 Series D Bonds is repayment risk from the borrower. This risk is mitigated in several ways. The permanent loan is conservatively underwritten. Corporation staff believes that low loan-to-value ratios, combined with industry-standard underwriting have contributed to the strength of the AA-rated Open Resolution. There has never been a loan in the Open Resolution on which the Corporation has lost principal.

Risk will be further mitigated as the development being funded with proceeds from the 2012 Series D Bonds is anticipated to benefit from permanent credit enhancement from the Federal National Mortgage Association ("Fannie Mae").

Finally a portion of the debt service for the permanent loan will be paid from a Section 236 subsidy from the Federal Government, which further reduces the repayment risk. The Corporation believes that the risk of Section 236 subsidy payment non-payment is small because the U.S. Congress appropriated all of the monies needed to fund existing Section 236 subsidies when the contracts were initially issued by HUD.

Deposits and Fees for the 2012 Bonds

With respect to the 2012 Series C Bonds, the Corporation will charge each of the eventual borrowers an up-front commitment fee equal to .75%-1.0% of their respective first mortgage loan amount upon closing of the transactions. The Corporation may pay the initial costs of issuance and collect reimbursement for this expenditure on a pro-rata basis from each future borrower, including the fees of the underwriter, bond counsel, rating agencies and the Trustee plus negative arbitrage, if any.

With respect to the 2012 Series D Bonds the Corporation will charge the borrower an up-front commitment fee equal to .75% of the bond financed mortgage loan amount. In addition, the borrower will pay an amount equal to its pro-rata share of costs of issuance, including the fees of the underwriter, bond counsel, rating agencies and the Trustee plus negative arbitrage, if any.

As with other Open Resolution transactions completed by the Corporation, the Corporation also will charge each borrower an annual servicing fee of at least .20% on the outstanding principal balance of each first permanent mortgage loan or other applicable fees.

Ratings

The 2012 Series B Bonds and 2012 Series D Bonds are expected to be rated AA by Standard and Poor's Rating Service ("S&P") and Aa2 by Moody's Investors Service ("Moody's"). The 2012 Series C Bonds are expected to be rated A-1+ by S&P and Aa2/VMIG1 by Moody's.

Underwriter/Co-Senior Manager regarding 2012 Series B Bonds

Morgan Stanley & Co. Incorporated (Book-running manager)
J. P. Morgan Securities LLC

Underwriter regarding 2012 Series C Bonds

J. P. Morgan Securities LLC

Underwriter/Co-Senior Manager regarding 2012 Series D Bonds

J. P. Morgan Securities LLC (Book-running manager)
Morgan Stanley & Co. Incorporated

Co-Managing Underwriters regarding 2012 Series D Bonds

M.R. Beal & Company
Roosevelt & Cross, Inc.

Underwriter's Counsel

Orrick, Herrington & Sutcliffe LLP

Bond Trustee

The Bank of New York Mellon

Bond Counsel

Hawkins Delafield & Wood LLP

Action by the Members

The Members are requested to approve an authorizing resolution that provides for (i) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the 2012 Bonds; (ii) the distribution of a preliminary and final Official Statement for the 2012 Bonds; (iii) the execution of bond purchase agreement(s) with the Underwriter(s) of the 2012 Bonds or a direct purchaser of any or all of the 2012 Bonds; (iv) the use of the Corporation's unrestricted reserves to fund costs of issuance, capitalized interest and mortgage reserves for 2012 Bonds, as may be required; (v) the use of the Corporation's general obligation as a "Cash Equivalent" (under the Open Resolution) to satisfy the Debt Service Reserve Account requirement with respect to the 2012 Bonds; (vi) the undertaking of whatever actions are required to refund the 2002 Series A Bonds and the 2002 Series B Bonds including execution by the President or any authorized officer of the Corporation of any and all documents necessary to arrange and complete any related redemptions or tender offers to the current holders of such bonds and (vii) the execution by the President or any authorized officer of the Corporation of any and all documents necessary to issue the 2012 Bonds and to make the mortgage loans relating to the 2012 Bonds.

Furthermore, the Members are requested to approve the making of a loan to the B&L Grand Concourse development in an amount not to exceed $10,000,000 to be funded by using the Corporation's unrestricted reserves and the execution by an authorized Officer of the Corporation of mortgage related documents and any other document necessary to accomplish such financing.

Attachment "A"

B&L
Bronx, New York

Project Location: 1290 and 1326 Grand Concourse
Bronx, New York

HDC Program: Preservation Refinancing

Project Description: The development is located on the Grand Concourse in the historic Grand Concourse section of the Bronx. The project consists of the rehabilitation of two residential apartment buildings, one 5-story and one 6-story, both serviced by elevators containing a total of 103 low-income residential units plus two superintendent units.

Total Rental Units: 103 (plus two units reserved for a superintendent)

Apartment Distribution:

Unit Size	No. of Units
Studio	2
1 bedroom	21
2 bedroom	60
3 bedroom	20
Total Units*	103

*Plus one two-bedroom superintendent unit and one three-bedroom superintendent unit

Expected HDC Tax-Exempt Bond Permanent Financing Amount: $1,770,000

Expected HDC Permanent Total Financing Amount: $5,640,000

Expected HDC Second Mortgage: N/A

Total Development Cost: $9,158,522

Owner: B&L Concourse Housing Associates whose principals are Susan Camerata, Fred Camerata Joseph Camerata, Martin Horowitz and David H. Schwartz

Developer: B&L Concourse Housing Associates whose principals are Susan Camerata, Fred Camerata Joseph Camerata, Martin Horowitz and David H. Schwartz

Investor Limited Partner: N/A

Credit Enhancer: REMIC

Attachment "B"

2012 Series B Loans

	Lien Position/ Supplemental Security	Subsidy Program(s)	Number of Mortgage Loans	Number of Units	Aggregate Outstanding Mortgage Balance (As of 4/1/2012)	Weighted Average Mortgage Interest Rate	Weighted Average Maturity (in years)
SERIES 2002 A & 2002 B LOANS	**SENIOR LOANS:**						
	REMIC	NEWHOP	2	234	32,796,862	6.00%	22.42
	N/A	421-A Certificate Program	3	209	6,054,088	6.00%	20.38
	TOTAL †		***5***	***443***	***38,850,950***	***6.00%***	***22.10***
PURCHASED LOANS	**SUBORDINATE LOANS:**						
	N/A	LAMP	6	770	32,250,000	1.00%	30.33
	TOTAL †		***6***	***770***	***32,250,000***	***1.00%***	***30.33***
	GRAND TOTAL †		***11***	***1,213***	***71,100,950***	***3.73%***	***25.83***

† May not add due to rounding.

Attachment "C"

Development Name	Borough	Number of Units	Anticipated Initial Mortgage Loan Amount
Coney Island Towers	Brooklyn	360	$45,000,000
Newbold Avenue	Bronx	69	$9,000,000
Pelham Parkway	Bronx	90	$13,000,000
1038 Boston Road	Bronx	148	$10,000,000
Park West Apartments	Bronx	129	$15,290,000
Fulton Park / Smith Woodward Plaza	Brooklyn	141	$16,000,000
DCA Central Brooklyn	Brooklyn	216	$20,000,000
738 St. Marks	Brooklyn	21	$3,000,000
B&L Grand Concourse	Bronx	105	$6,000,000
Castleton Apartments	Staten Island	454	$51,750,000
Tweemill House	Manhattan	40	$8,000,000
Tracey Towers	Bronx	871	$34,500,000
Lincoln Road Apartments	Brooklyn	141	$40,000,000
Caton Place	Brooklyn	72	$14,000,000
Crotona V	Bronx	87	$8,000,000
Oceanview	Queens	331	$10,000,000
Fulton Houses	Manhattan	101	$19,000,000
Lenox Franklin	Brooklyn	109	$18,000,000
Webster Village	Bronx	92	$11,000,000
CABS	Brooklyn	71	$9,000,000
St. Luke's Housing for the Elderly	Bronx	80	$9,000,000
Scheuer Plaza	Bronx	99	$12,000,000
Scheuer Gardens	Bronx	116	$12,000,000

Courtlandt Corners II	Bronx	252	$17,865,000
LMLD Citywide Preservation Portfolio	Bronx, Brooklyn, Manhattan	662	$42,000,000
270 Saint Nicholas Avenue	Manhattan	77	$4,000,000
Crossroads Plaza	Bronx	126	$17,500,000
Tivoli Towers	Brooklyn	320	$2,000,000
Capitol Hall	Manhattan	197	$24,000,000
East 99th Street	Manhattan	172	$30,000,000
South Bronx HDFC: George Hardy Apartments	Bronx	108	$16,000,000
South Bronx HDFC: St. Francis Apartments	Bronx	96	$14,000,000
Lebanon West Farms	Bronx	141	$26,500,000
College of Staten Island Student Housing	Staten Island	133	$65,000,000
City Point	Brooklyn	254	$71,000,000
89-14 Parsons Boulevard	Queens	346	$60,000,000
PRC ME1 Aldus	Bronx	409	$40,140,000
Albert Goodman Apartments	Bronx	252	$27,500,000
Utica Place	Brooklyn	87	$14,500,000
Harlem River Point South	Manhattan	140	$23,000,000
Harlem RBI Housing	Manhattan	89	$17,400,000
1133 Manhattan Avenue	Brooklyn	210	$49,000,000
Park West Apartments	Bronx	134	$27,000,000
Hoewood Point	Bronx	79	$10,300,000
Hunter's Point South Parcels A and B	Queens	925	$280,000,000
Ocean Village (aka Arverne Houses)	Queens	1,093	$110,000,000

Attachment "D"

Southern Boulevard
Bronx, New York

Project Location:	772-774, & 784 Fox Street, 751-753, 766, 775 Fox Street & 737 Southern Boulevard, and 655-663 & 712 Fox Street
HDC Program:	HDC Preservation
Project Description:	Southern Boulevard Apartments consists of an 8-building scattered site development with a total of 370 units located in the Longwood neighborhood of the Bronx. The refinancing will cover the acquisition and rehabilitation of properties containing a total of 368 low-income residential units.
Total Rental Units:	368 (plus two units reserved for superintendents)

Apartment Distribution:

Unit Size	No. of Units
Studio	2
1 bedroom	87
2 bedroom	183
3 bedroom	62
4 bedroom	34
Total Units*	368

*Plus two two-bedroom superintendent units

Expected HDC Permanent Financing Amount:	$36,970,000
Expected HDC Second Mortgage:	$0
Total Development Cost:	$60,966,319
Owner:	Southern Blvd I, LP whose principals are Maurice Vaughn, Eugene Schneur, Robert Bennett, Scott Kotick, Shawn Horwitz
Developer:	Omni New York LLC and Mill Plain Properties, LLC, whose principals are Maurice Vaughn, Eugene Schneur, Robert Bennett, Scott Kotick, Shawn Horwitz
Investor Limited Partner:	Alliant Credit Facility, Ltd.
Credit Enhancer:	Wells Fargo/Fannie Mae