




NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Marc Jahr
President 

Date: November 18, 2013

Subject: Origination of Conduit Loans from New York City Grant Proceeds

I am pleased to recommend that the Members authorize the Corporation to originate loans with funds granted by the New York City Department of Housing Preservation and Development ("HPD"). From time to time, HPD, acting on behalf of the City of New York (the "City") grants funds to the Corporation pursuant to Section 661 of the Private Housing Finance Law in order to facilitate the development or preservation of affordable housing.

The funds are granted subject to a Memorandum of Understanding ("MOU") entered into by HPD, the City's Office of Management and Budget ("OMB") and the Corporation, dated April 11, 2009. The granting of funds is subject to an agreement between HPD and the Corporation which governs the use of the funds (each a "Grant Agreement") and directs HDC to make construction and permanent loans to affordable housing development projects. Oftentimes a development also receives financing from the Corporation and would be presented to the Members for approval prior to such financing. In other cases, the Corporation's role is purely as a conduit lender for the benefit of New York City, with no other HDC financing involved (but including servicing by HDC staff). In either instance, grant funds are subject to approval by HPD, loans terms are set according to HPD programmatic guidelines and the grants are subject to the approval of OMB and the availability of funds.

Risks to the Corporation

The Corporation's role is purely as a conduit lender with no risk to assets of the Corporation. As per the terms of each Grant Agreement, the Corporation will earn a fee for servicing the loan funded through interest payments and will provide monthly reports to HPD with copy to OMB.

Action By Members

It is requested that the Members (1) authorize the Corporation to enter into construction and permanent loans according to Grant Agreements entered into subject to the MOU dated April 1, 2009 and (2) authorize the officers of the Corporation to prepare and execute all documents and enter into all agreements necessary to effectuate the making of loans as described in this memorandum.