NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

M E M O R A N D U M

To: The Chairperson and Members

From: Eric Enderlin
President

Date: March 30, 2021

Re: Multi-Family Housing Revenue Bonds, 2021 Series C and D, and Amendment to 2017 Series C-3-A Supplemental Resolution

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I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2021 Series C and 2021 Series D (the "2021 Series C Bonds" and "2021 Series D Bonds" respectively, and collectively, the "Bonds") in an amount not expected to exceed $384,495,000.

The Bonds together with the Corporation's unrestricted reserves and available funds of the Open Resolution are expected to be used to finance the construction, acquisition, rehabilitation and/or permanent financing of certain projects and other activities as described herein.

In addition, the Members are being asked to approve an amendment to the Supplemental Resolution relating to the Corporation's Multi-Family Housing Revenue Bonds 2017 Series C-3-A initially issued on June 28, 2017 (the "2017 Series C-3-A Bonds") to extend the bond maturity in connection with a remarketing to address the delay in construction for the Bedford Green House development.

Interest on the 2021 Series C Bonds is expected to be exempt from Federal, New York state and local income tax, and such bonds will qualify as tax-exempt private activity bonds with a combination of an allocation of new private activity bond volume cap and an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA"). Interest on the 2021 Series D Bonds is not expected to be exempt from Federal income tax but is expected to be exempt from New York state and local income tax. The anticipated interest rates, maturity dates and other relevant terms of the Bonds are described herein.

An Authorizing Resolution will authorize the 320th through 321st Supplemental Resolutions.

Following is a background of the Open Resolution, an amendment to the 2017 Series C-3-A Supplemental Resolution, the proposed uses of the 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 or acquire 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 July 31, 2020, there were 1,319 mortgage loans (1,149 permanent loans and 170 construction loans) held under the Open Resolution with a total outstanding principal balance of approximately $8,791,770,427 including $5,906,416,945 in permanent loans and $2,885,353,481 in construction loans. These mortgage loans, together with funds in the Bond Proceeds Account and Debt Service Reserve Account, totaled $10,415,061,893 as of July 31, 2020. 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 or as described below under the Forbearance and Mortgage Relief Program. As of July 31, 2020, there were $8,115,760,000 of Open Resolution bonds outstanding, not including bonds issued under the Federal New Issue Bond Program (NIBP) and bonds issued under the 2017 Pass-Through Resolution. Subsequent to July 31, 2020, the Corporation (i) issued $913,110,000 principal amount of Open Resolution bonds, (ii) made 21 construction loans with a total principal balance of $847,895,000, and (iii) made 10 permanent loans with a total principal balance of $113,835,000.

Forbearance and Mortgage Relief Program

The Corporation expects that the COVID-19 emergency will continue to result in financial hardship for certain mortgagors and will result in the need to grant mortgage assistance and/or forbearance to related Mortgage Loans in the Open Resolution. The Corporation had determined that, as of February 28, 2021, the mortgagors for four (4) developments in the Open Resolution with seven (7) permanent mortgage loans with an aggregate outstanding principal balance of $22,764,799 were experiencing a degree of financial hardship and had approved the use of project-level reserves to pay loan debt service in the last 90 days.

With respect to mortgage loans in the Open Resolution that are serviced by the Corporation, the Corporation has granted forbearance for up to 90 days to three (3) mortgagors that have demonstrated that they are experiencing financial hardship during the COVID-19 emergency and have already used project level reserves available to pay debt service. The Corporation's staff does not believe the current forbearances will have a significant impact on the Corporation's financial condition, operations, and cash flow but continues to provide surveillance on such matters in case conditions worsen. Senior staff are advocating for Federal resources to address issues underlying this financial hardship and tools such as refinancing may become necessary to address certain challenges in the Corporation's mortgage portfolio. Staff will provide updates to the Members as these issues evolve.

Amendment to 2017 Series C-3-A Supplemental Resolution

On June 5, 2017, the Members approved the issuance of 2017 Series C-3-A for the financing of certain construction loans, including a construction loan for the Bedford Green House development, a 118-unit development located in the Bronx. The 2017 Series C-3-A Bonds were initially issued as fixed rate bonds with a maturity date on July 1, 2021. Due to delays in the construction of the development, the Members are being asked to approve an amendment to the 2017 Series C-3-A Supplemental Resolution to extend the bond maturity in order to preserve the construction financing for Bedford Green House development as well as the Low Income Housing Tax Credits being generated as-of-right in connection with the allocation upon the initial bond issuance of the new private activity bond volume cap. The anticipated bond maturity extension under the proposed amendment to the 2017 Series C-3-A Supplemental Resolution will require current bond holder consent and be effectuated via the remarketing of the 2017 Series C-3-A Bonds, in an amount not expected to exceed $20,240,000, pursuant to the tender provisions provided in the current Supplemental Resolution. It is expected that the 2017 Series C-3-A bond maturity date will be extended for a term not expected to exceed July 1, 2023.

Proposed Uses for the 2021 Series C Bond Proceeds

It is anticipated that the proceeds of the 2021 Series C Bonds together with the Corporation's unrestricted reserves will be used to finance and/or restructure mortgage loans for the five (5) developments as described in the chart below.

Development Name (Borough/Units)	Project Type	Loan	Expected Not to Exceed Amount[†]
Simba Simbi (Brooklyn/157)	ELLA	Senior Loan	$71,795,000
		Subordinate Loan	$9,500,000
The Eliza (Manhattan/174)	ELLA	Senior Loan	$48,675,000
		Subordinate Loan	$12,445,000
Hunters Point South F&G[1] (Queens/1,132)	Mixed-Middle Income (M2)	Senior Loan (balance of loan to be funded)[1]	$92,680,000
Rockaway Village Phase III[1] (Queens/354)	ELLA	Senior Loan (balance of loan to be funded)[1]	$23,760,000
Tree of Life Apartments[2] (Queens/174)	Mix/Match	Restructured Permanent Senior Loan/ Refunded Portion[2]	$4,535,000
			TOTAL SENIOR LOAN AMOUNT: $241,445,000
			TOTAL SUBORDINATE LOAN AMOUNT: $21,945,000
			TOTAL LOAN AMOUNT: $263,390,000

† It is anticipated that a combination of the senior and subordinate loans will receive financing from the 2021 Series C Bonds together with the Corporation's unrestricted reserves.

[1] The Members previously approved the financing for the Hunters Point South F&G development on November 26, 2019 and for the Rockaway Village Phase III development on December 2, 2020. To date, the Corporation has issued bonds to fund a portion of the senior mortgage loans for these developments. It is anticipated that the tax-exempt new volume cap 2021 Series C Bonds will be used to fund the remaining balance of the senior mortgage loan in April 2021.

[2] The Members previously approved the Restructured Permanent Senior Loan for the Tree of Life Apartments development on December 2, 2020. It is anticipated that a portion of the related short-term 2017 Series A-2-A Bonds will be refunded with the 2021 Series C Bonds in connection with the restructuring of the senior permanent mortgage loan.

For more information on the Simba Simbi and The Eliza developments, please see Attachments "1" and "2".

It is anticipated that the senior loans will receive financing from the 2021 Series C Bonds and the subordinate loans will receive financing from the Corporation's unrestricted reserves. However, the Corporation may fund a portion of the short-term portion of certain senior mortgage loans with its unrestricted reserves. When the borrower makes a mandatory prepayment upon the project's completion, such prepayment will be available for taxable re-lending by the Corporation to other affordable housing projects. Any future lending for a development that has not been previously approved by the Members will be presented for approval to the Members prior to the making of such loan.

The Consolidated Appropriations Act, 2018, also known as the Omnibus Spending Bill, made changes to the Federal low-income housing tax credit requirements, known as income averaging, which allows a diversity of household incomes so long as the average of designated tiers of income equals 60% of Area Median Income ("AMI"), which is currently $68,220 for a family of four. Rockaway Village Phase III, which is expected to be partially financed with the 2021 Series C Bonds, will incorporate income averaging.

Proposed Uses for the 2021 Series D Bond Proceeds

It is anticipated that a portion of the proceeds of the 2021 Series D Bonds, the Corporation's unrestricted reserves and/or available funds of the Open Resolution, will be used to finance one (1) mortgage loan for one (1) development as described in the chart below:

Development Name (Borough/Units)	Project Type	Loan	Expected Not to Exceed Amount†
Grant Ave Coop Apartments (Bronx/162)[1]	Preservation	Subordinate Loan	$3,435,000

[1] This development has an existing Senior Loan with the Corporation.

For more information on this development, please see Attachment "3".

A portion of the proceeds of the 2021 Series D Bonds, in an amount not expected to exceed $89,615,000, is anticipated to be used to redeem certain bonds in the Open Resolution to re-leverage assets currently held under the Open Resolution and lock in funding at the current low rates.

The remaining portion of the proceeds of the 2021 Series D Bonds, in an amount not expected to exceed $50,000,000, is expected to be issued to lock in current low interest rates for the financing and preservation of certain mortgage loans which are anticipated to be closed within the next six (6) months. Any future lending for a development that has not been previously approved by the Members will be presented for approval to the Members prior to the making of such loan.

The issuance of the 2021 Series D Bonds will finance the above mentioned bond redemptions and the financing of some of the Corporation's preservation pipeline at a low cost of funds in the current favorable market, generating savings in furtherance of the Corporation's commitment to the Mayor's Housing New York plan.

Structure of the Bonds

The Members are being asked to authorize the issuance of the Bonds pursuant to multi-modal Supplemental Resolutions. Accordingly, all or a portion of such Bonds may be converted to other interest rate modes provided for in the Supplemental Resolutions such as a fixed rate or variable rate.

The Bonds are expected to be issued as described below, however, the Authorizing Resolution relating to the Bonds will provide that a senior officer of the Corporation may determine to combine supplemental resolutions or issue the Bonds in multiple issuances pursuant to the same resolution and in one or more series or sub-series, as taxable or tax-exempt, as long as the total amount of Bonds issued does not exceed $384,495,000 and the interest rate on the Bonds does not exceed 15%. The Corporation expects to designate the Bonds, if issued, as Sustainable Development Bonds.

2021 Series C Bonds

It is anticipated that a portion of the 2021 Series C Bonds, in an amount not expected to exceed $143,800,000, (the "2021 Series C-1 Bonds") will initially be issued as tax-exempt, fixed-rate bonds to finance long-term senior and/or subordinate 2021 Series C mortgage loans, and to refund and extend the short-term portion of the 2017 Series A Bonds associated with the Tree of Life Apartments development. The 2021 Series C-1 Bonds are expected to have a true interest cost of approximately 5% during the initial Fixed Rate period, which is expected to be up to approximately forty (40) years.

It is anticipated that the remaining portion of the 2021 Series C Bonds, in an amount not expected to exceed $97,645,000, (the "2021 Series C-2 Bonds") will initially be issued as tax-exempt bonds, in an initial Term Rate Term to finance all or a portion of the short-term senior 2021 Series C mortgage loans. The 2021 Series C-2 Bonds are expected to have a true interest cost of approximately 3% during the initial Term Rate Term, which is expected to be approximately four (4) years.

The 2021 Series C Bonds are expected to have an approximate final maturity of November 1, 2060.

2021 Series D Bonds

It is anticipated that the 2021 Series D Bonds, in an amount not expected to exceed $143,050,000, will be issued as taxable, fixed-rate bonds for the redemption of certain Open Resolution bonds and for the financing of certain mortgage loans. The 2021

Series D Bonds are expected to have a true interest cost of approximately 5% with an expected term of approximately twenty-five (25) to thirty (30) years.

Security for Bonds

The 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 Bonds will be secured on a parity basis with all the collateral currently held under the Open Resolution. As of July 31, 2020, that collateral consisted of the following:

TYPE OF COLLATERAL	# OF LOANS	AMOUNT	% OF TOTAL
FHA Insured Mortgage Loans	26	278,097,319	2.67%
Fannie Mae/Freddie Mac Insured Mortgage Loans	40	768,280,520	7.38%
GNMA	3	28,034,055	0.27%
SONYMA Insured Mortgages	62	613,517,401	5.89%
REMIC Insured Mortgages	234	1,447,311,376	13.90%
LOC Insured Mortgages	10	43,084,308	0.41%
Uninsured Permanent Mortgages	373	1,989,734,525	19.11%
Uninsured 2014 Series B Mortgages	107	95,367,509	0.92%
Uninsured 2018 Series B Mortgages	294	642,989,932	6.17%
Partially Funded Construction Loans Secured by LOC	71	1,909,688,638	18.34%
Partially Funded Construction Loans Not Secured by LOC	97	975,464,844	9.37%
Partially Funded Construction Loans Secured by Collateral	2	200,000.00	0.00%
Sub-Total	1,319	8,791,770,427	84.42%
Undisbursed Funds in Bond Proceeds Account[1]		1,432,001,811	13.75%
Debt Service Reserve Account[2]		190,168,156	1.83%
Total*	**1,319**	**10,413,940,393**	**100.00%**

* May not add due to rounding
[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 $11,386,000 of the Corporation, which constitutes a general obligation.

Risks and Risk Mitigation

2021 Series C Bonds

The primary risk related to the 2021 Series C Bonds financing senior mortgage loans during the period the developments are under construction is the potential failure of a commercial bank to honor its obligation to pay the Corporation under a construction letter of credit (an "LOC") in the event of a default by a borrower. The ratings of banks are monitored by the Corporation's Credit Risk department and the Corporation's documents require replacement of an LOC or a confirmatory letter of credit if a bank's ratings fall below a long-term rating of A from S&P Global Ratings ("S&P") and a long-term and short-term rating of A2/P-1 from Moody's Investors Service ("Moody's"). All of these senior mortgage loans after converting to the permanent financing period will be secured by a mortgage insurance policy provided by the New York City Residential Mortgage Insurance Corporation ("REMIC") or through the FHA Risk-Sharing Program ("FHA Risk-Share").

The primary risk to the Corporation related to the 2021 Series C Bond proceeds financing subordinate mortgage loans, if any, is repayment risk from the borrowers. This risk is mitigated through conservative underwriting incorporating low loan-to-value and substantial debt service coverage and income to expense ratios.

2021 Series D Bonds

The primary risk associated with the portion of the 2021 Series D Bonds financing new mortgage loans is repayment risk from the borrowers. This risk is mitigated through conservative underwriting incorporating low loan-to-value and substantial debt service coverage and income to expense ratios.

The primary risk associated with the portion of the 2021 Series D Bonds re-leveraging assets currently held under the Open Resolution in connection with redemption of certain Open Resolution bonds is also repayment risk from the borrowers. These assets are seasoned mortgage loans originated pursuant to HDC's conservative underwriting and have a consistent payment history. Most of the senior mortgage loans are also insured by REMIC or SONYMA.

Deposits and Fees

It is expected that the Corporation will charge all borrowers, aside from the borrower of Tree of Life Apartments, an up-front commitment fee of 0.75% of their respective mortgage loan amount. The borrower of the Hunters Point F&G development previously paid a commitment fee of 1% of the total mortgage loan amount prior to the closing of the loan in December 2019. The borrower of the Rockaway Village Phase III development previously paid a commitment fee of 0.75% of the total mortgage loan amount prior to the closing of the loan in December 2020.

In addition, the borrowers will pay an amount equal to their pro-rata share of costs of issuance, including the fees of the underwriter, bond counsel, rating agencies and the trustee plus any additional funds that are required to compensate the Corporation for its management of the Bonds or to reimburse the Corporation for certain costs incurred during the construction of the project.

As with other Open Resolution transactions completed by the Corporation, the Corporation will also charge each borrower an annual servicing fee of at least 0.20% on the outstanding principal balance of each first permanent mortgage loan or other applicable fees.

Ratings

The 2021 Series C Bonds and 2021 Series D Bonds are expected to be rated AA+ by S&P and Aa2 by Moody's.

2016 Series C-2 Remarketing

To address a construction delay on the Van Sinderen Plaza development, the Corporation will remarket the Multi-Family Housing Revenue Bonds, 2016 Series C-2 in an amount of approximately $18,140,000 for a second one-year Term Rate Term in accordance with existing authorization. BofA Securities, Inc. is expected to be Senior Managing Remarketing Agent.

Underwriters

It is anticipated that the Bonds, as well as the remarketing of the 2017 Series C-3-A Bonds, will be underwritten by or directly placed with one or more of the following:

BofA Securities, Inc. (*Expected Bookrunning Senior Manager for 2021 Series C and Senior Managing Remarketing Agent for 2017 Series C-3-A)*
Wells Fargo Securities (*Expected Bookrunning Senior Manager for 2021 Series D)*
Ramirez & Co., Inc. (*Expected Co-Senior Manager for 2021 Series C and Co-Senior Managing Remarketing Agent)*
Bancroft Capital, LLC (*Expected Co-Senior Manager for 2021 Series C and Co-Senior Managing Remarketing Agent)*
Jefferies LLC (*Expected Co-Senior Manager for 2021 Series D)*

Citigroup Global Markets Inc.
Drexel Hamilton, LLC
J. P. Morgan Securities LLC
Morgan Stanley & Co. LLC
Oppenheimer & Co. LLC
Raymond James & Associates, Inc.
Roosevelt & Cross Incorporated
UBS Financial Services Inc.

Selling Group for 2021 Series C and 2021 Series D
American Veterans Group
Amerivet Securities
Rockfleet Financial
Multi-Bank Securities
Academy Securities
TD Securities

Underwriters’ Counsel

Orrick, Herrington & Sutcliffe LLP

Bond Trustee and Tender Agent

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 (a) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds, (b) the distribution of preliminary and final Official Statement(s) for the Bonds, (c) the execution of bond purchase agreement(s) with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds; (d) the use of the Corporation’s unrestricted reserves to fund costs of issuance for the Bonds and to fund all or a portion of the debt service reserve account requirement in connection with any or all of the series of Bonds, as may be required; (e) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the Bonds and to make the mortgage loans relating to the Bonds, (f) the terms of any liquidity facility or facilities and related documents; (g) the pledge to the Open Resolution of any mortgage loans of the Corporation to replace mortgage loans funded with taxable bond proceeds that have prepaid; and (h) the adoption of the amendment to the 2017 Series C-3-A Supplemental Resolution.

The Members are requested to approve (i) the making of senior and subordinate loans from the proceeds of the Bonds and/or the Corporation’s unrestricted reserves in an amount not expected to exceed $263,390,000; and (ii) the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the senior and subordinate financing.

<u>**Attachment "1"**</u>

Simba Simbi
Brooklyn, New York

Project Location:	381 Chester Street
HDC Program:	ELLA
Project Description:	The project will consist of the new construction of one eight story building containing 157 residential units in the Brownsville section of Brooklyn. All units will be available to households earning at or below 50% of AMI and 30% of the units will be available to homeless households.
Total Rental Units:	156 (plus one superintendent unit)
Apartment Distribution:	see table below

Unit Size	No. of Units
Studio	100
1 bedroom	56
2 bedroom	1
3 bedroom	0
Total Units*	157

*Total Units are inclusive of one superintendent unit

Expected HDC Construction Financing Amount:	$63,365,000
Expected HDC Permanent Financing Amount:	$29,475,000
Expected HDC Second Mortgage:	$8,635,000
Expected Total Development Cost:	$85,180,000
Owner:	Simba Simbi LLC, the beneficial owner, whose principals are Martin Dunn (Dunn Development Corp.) and Margaret Poxon and Mark Zimet (Fish Plate Development LLC) and HP Simba Simbi Housing Development Fund Company, Inc., the fee owner, whose sole member is the NYC Partnership Housing Development Fund Company, Inc. whose board of directors and officers consist of Daniel Martin, President, Esther Toporovsky, Vice President, Shelia Martin, Vice President, Crystal Kay, Secretary, Adam Gold, Treasurer.
Developer:	Dunn Development Corp. whose principal is Martin Dunn and Fish Plate Development LLC whose principals are Margaret Poxon and Mark Zimet.
Expected Syndicator and/or Investor:	Hudson Housing Capital LLC – Syndicator Capital One, N.A. – Investor
Credit Enhancer:	Construction – Stand-By Letter of Credit provided by JP Morgan Chase Bank, N.A. Permanent – FHA Risk Share (90/10)

Attachment “2”

The Eliza
Manhattan, New York

Project Location:	4790 Broadway
HDC Program:	ELLA
Project Description:	The project will consist of the new construction of one 14-story building containing 174 residential units and approximately 39,565 SF of community facility space in the Inwood neighborhood of Manhattan. 100% of the units will be affordable to households earning at or below 60% AMI and will include additional tiers of deeper affordability.
Total Rental Units:	173 (plus one superintendent unit)

Apartment Distribution:

Unit Size	No. of Units
Studio	44
1 bedroom	76
2 bedroom	46
3 bedroom	8
Total Units*	261

*Total Units are inclusive of one superintendent unit

Expected HDC Construction Financing Amount:	$42,960,000
Expected HDC Permanent Financing Amount:	$9,685,000
Expected HDC Second Mortgage:	$11,310,000
Expected Total Development Cost:	$100,912,755
Owner:	The Eliza Apartments LLC, the beneficial owner, whose principals are Sheldon Stein (Ranger Properties), Ellen Seidman (Housing Workshop LLC), Yvonne Stennett (Community League of the Heights), Jeremy Kohomban, Richard T. Georg and David Collins (The Children's Village) and Benjamin Warnke (Alembic Community Development) and The Eliza Housing Development Fund Corporation, the fee owner, whose members are Community League of the Heights, whose housing committee of the board of directors consists of Elizabeth Ginsburg, Myles Monaghan, Tristan Nadal and Kenya Pleasant and The Children's Village, whose housing committee of the board of directors consists of Richard T. Georg, Jeremy Kohomban, David Schwartz and James Mann.
Developer:	Ranger Properties, whose principal is Sheldon Stein, Housing Workshop LLC, whose principal is Ellen Seidman, Community League of the Heights, whose principal is Yvonne Stennett, The Children's Village, whose principals are Jeremy Kohomban, Richard T. Goerg and David Collins and Alembic Community Development, whose principal is Benjamin Warnke.
Expected Syndicator and/or Investor:	Raymond James – Syndicator First Republic Bank – Investor
Credit Enhancer:	Construction – Stand-By Letter of Credit provided by TD Bank, N.A. Permanent – FHA Risk Share (90/10)

Attachment "3"

Grant Ave Coop Apartments
Bronx, New York

Project Location: 1259 and 1275 Grant Avenue

HDC Program: Preservation

Project Description: The project consists of two 10-story buildings containing 162 residential units located in the East Concourse section of the Bronx. All of the units will be affordable to households earning at or below 110% AMI.

Total Rental Units: 160 (plus two superintendent units)

Apartment Distribution:

Unit Size	No. of Units
Studio	0
1 bedroom	18
2 bedroom	108
3 bedroom	36
4 bedroom	0
Total Units*	162

*Total Units are inclusive of two superintendent units

Expected HDC Subordinate Mortgage: $3,030,000

Expected Total Development Cost: $3,030,000

Owner: Grant Avenue Owner's Corporation, whose principals are Cristobal Garcia, Board President; Chevon Deputy, Vice President; Jeannine Rodriguez, Treasurer; and Nancy Meyers, Secretary.

Developer: Grant Avenue Owners Corporation

Credit Enhancer: Construction – n/a
Permanent – n/a