



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin *E.E.*
President

Date: October 22, 2020

Subject: Amendment to Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution Authorizing Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments), 2010 Series A

On April 8, 2010, the Corporation adopted the Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution (the “Original Bond Resolution”) authorizing the issuance of, and on June 3, 2010 the Corporation issued, its Multi-Family Mortgage Revenue Bonds, 2010 Series A (the “2010 Series A Bonds”) for the purpose of financing a mortgage loan in the amount of \$25,000,000 to 101 Avenue D Associates, LLC and 101 Affordable, LLC (collectively, the “Borrower”) for construction of 101 Avenue D Apartments (the “Project”), a 78-unit multi-family rental housing development in Manhattan developed under the Corporation’s NewHOP Mixed Income “50/30/20” program. A subordinate loan from the Corporation’s unrestricted reserves in the amount of \$2,535,000 was also funded.

On June 1, 2016, the Corporation adopted the Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution (the “Bond Resolution”) amending and restating the Original Bond Resolution, and on September 8, 2016 the then-outstanding Bonds in the amount of \$22,700,000 were purchased from existing bondholders by Capital One Municipal Funding, Inc. (“Capital One”), a subsidiary of Capital One, N.A. (“Capital One Bank”), pursuant to a Remarketing Purchase Contract. A Mortgage Purchase Agreement with respect to the Bonds (the “MPA”) was entered into by Capital One and the Corporation.

The Project initially comprised two condominium units in a three-unit condominium: one condominium unit consisting of the 16 low-income apartments and one superintendent apartment (“LIHTC Unit”) and a second condominium unit consisting of the 61 residential apartments (some market rate and some middle-income) and ground floor commercial space (“Market/Middle Unit”). The third unit is a community facility owned by the Lower East Side Girls Club of New York, Inc. (the “Girls Club”).

In 2019, in order to expand their premises, the Girls Club entered into a contract of sale with the Market/Middle Unit owner, 101 Avenue D Associates, LLC, to purchase the retail space. Capital One Bank, as the servicer, and Capital One, as sole bondholder, approved the sale removing the retail space from the Market/Middle Unit and a new fourth condominium unit comprised of the former retail space was created. HDC Legal and Asset Management also approved the transaction and agreed to remove the retail space from the lien of the mortgages and from the regulatory agreement.

The Members are now requested to approve an amendment to the Bond Resolution as described below.

Amendment Description

In connection with the release of the retail space, Capital One required cash collateralization of \$2,648,154 of outstanding Bond principal. Because of the cash collateral, Capital One has agreed, at the Borrower's request, to reduce the "spread" component of the interest rate on the Bonds.

Currently, the Bonds bear an interest rate equal to 100% of the most recent Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index plus a spread of 1.45%. The reduction in the spread will be less than .25%, and, consequently, such reduction will not cause a reissuance of the Bonds for federal income tax purposes. The spread reduction is to be effected by an amendment of the Bond Resolution consented to by Capital One as sole bondholder.

All other terms and conditions of the financing of the Bonds are as contemplated in the original financing. Attached for your reference is 2016 Memorandum to the Board.

Impact and Risk to HDC

A reduction in the interest rate on the outstanding Bonds will result in positive cash flow, allowing for additional payments to be made on the subordinate loan governed by the subordinate loan note. With a current balance of \$1,704,691.51, the subordinate loan will remain as-is wherein payments are based on an interest rate of 1% per annum and a 2% debt service constant with additional required payments to be made from surplus cash flow.

With respect to the senior mortgage loan financed by and pledged to secure the Bonds, provisions of the MPA outline Capital One's obligations in the event of default by the Borrower. In such event, the senior note and mortgage would be assigned to Capital One and the Bonds would be retired. The direct placement structure poses no financial risk to the Corporation with respect to the senior loan.

HDC Asset Management has confirmed that the project is in good standing both physically and financially.

Action by Members

The Members are requested to approve the authorizing resolution which provides for (i) the adoption of the Supplemental Resolution amending the Bond Resolution and (ii) the execution of mortgage related documents and any other documents necessary to accomplish the interest rate change requested by the Borrower and Capital One.

Exhibit A
101 Avenue D Apartments
New York, New York

Project Location:	101 Avenue D, New York, NY Block 377, Lots 1202 & 1203	
HDC Program:	50/30/20 Mixed Income Program	
Project Description:	A 12-story building with 78 mixed-income residential units; 20% of the units are affordable to households earning no more than 50% of AMI, 30% of the units are affordable to households up to 175% of AMI; the remaining 50% of the units are market rate units..	
Total Rental Units:	77 (plus one unit reserved for the superintendent)	
Apartment Distribution:	<u>Unit Size</u>	<u>No. of Units</u>
	Studio	27
	1 bedroom	51
	<u>2 bedroom</u>	<u>0</u>
	Total Units*	78
	*Total Units are inclusive of one superintendent unit	
Market Rate Units:	38	
Middle-Income Units	23	
Low-Income Units	16	
Superintendent Unit:	1	
HDC Tax-Exempt Bond Amount:	\$22,700,000	
HDC Subordinate Loan Amount:	\$2,535,000	
Bond Structure:	Direct purchase of variable rate bonds by Capital One.	
Credit Enhancement:	Mortgage Purchase Agreement from Capital One Bank	
Owner:	101 Avenue D Associates LLC and 101 Affordable, LLC both Delaware Limited Liability Companies whose managing member is Dermot 101, LLC whose principals are Stephen N. Benjamin, Andrew Levinson and Drew Spitler and Lowe Enterprises Investment Management and the commonwealth of Pennsylvania State Employee Retirement System, respectively.	
Underwriter/Remarketing Agent:	N/A	