



MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin *E.E.*
President

Date: March 31, 2025

Re: Multi-Family Housing Revenue Bonds, 2025 Series B; and Approval of Mortgage Loans

I am pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2025 Series B Bonds (the "Bonds") in an amount not expected to exceed \$327,690,000.

The Bonds, together with the Corporation's unrestricted reserves and available funds of the Multi-Family Housing Revenue Bonds Bond Resolution (the "Open Resolution"), are expected to be used to finance the construction, acquisition, and/or permanent financing of certain projects, and other activities as described herein.

Interest on the Bonds is expected to be exempt from Federal and New York State and local income tax and such bond series will qualify as tax-exempt private activity bonds with an allocation of new private activity bond volume cap, an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA"), and/or the refunding of certain outstanding bonds or obligations of the Corporation. The anticipated interest rates, maturity dates, and other relevant terms of the Bonds are described herein.

An Authorizing Resolution will authorize the 370th Supplemental Resolution.

The following is a background of the Open 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 October 31, 2024, there were 1,322 mortgage loans (1,163 permanent loans and 159 construction loans) held under the Open Resolution with a total outstanding principal balance of approximately \$13,647,231,758 including \$9,325,913,288 in permanent loans and \$4,321,318,471 in construction loans. These mortgage loans, together with funds in the Bond Proceeds Account and Debt Service Reserve Account, totaled \$15,366,880,637 as of October 31, 2024. There are no material monetary defaults on any of the mortgage loans as of February 28, 2025. Delinquencies over 90 days are disclosed in the Corporation’s offering statement. As of February 28, 2025, there were \$12,315,955,000 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.

Proposed Use for the 2025 Series B Bond Proceeds

It is anticipated that all or a portion of the proceeds of the 2025 Series B Bonds, in an amount not expected to exceed \$296,515,000, together with available monies of the Open Resolution and/or the Corporation’s unrestricted reserves, will be used to finance all or a portion of the senior and/or subordinate mortgage loans for the developments described in the chart below.

Development Name (Borough/Units)	Project Type	Loan	Expected Not to Exceed Amount
La Central Buildings C & E (Phase II) (Bronx/420)	ELLA	Senior Loan	\$173,690,000
		Subordinate Loan	\$22,000,000
PACT Northwest Bronx (Bronx/1,669)	PACT/ Section 8	SUN Loan	\$100,825,000
TOTAL SENIOR LOAN AMOUNT: \$274,515,000			
TOTAL SUBORDINATE LOAN AMOUNT: \$22,000,000			
TOTAL LOAN AMOUNT: \$296,515,000			

For more information on these developments, please see Attachments “1” and “2”.

Depending on market conditions, the Corporation may fund all or a portion of the short-term portion of the senior mortgage loan with its unrestricted reserves. With this funding structure, 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 before the making of such loan.

It is also anticipated that a portion of the proceeds of the 2025 Series B Bonds, in an amount not expected to exceed \$31,175,000, will be used to finance and/or reimburse the Corporation for amounts previously advanced from its unrestricted reserves to finance all or a portion of certain subordinate loans for certain of the developments described in Attachment “3”. The Members have previously approved the subordinate loans for the developments described in Attachment “3” and are now being asked to approve the use of the 2025 Series B Bond proceeds for the financing of, or reimbursement for, all or a portion of the loans described therein. The issuance of the 2025 Series B Bonds for this purpose will allow for the 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 housing plan.

SUN Loan for PACT Northwest Bronx

As described above, it is anticipated that a portion of the proceeds of the 2025 Series B Bonds, together with available monies of the Open Resolution and/or the Corporation’s unrestricted reserves, in an amount not expected to exceed \$100,825,000 will be used to finance the SUN Loan for PACT Northwest Bronx.

The SUN Loan will be senior, un-enhanced and non-accelerable with fixed principal and interest payments that are designed to mimic real estate taxes. The SUN Loan will have a 40-year term and will fully amortize after a five-year interest-only period. Due to the enormity of the PACT initiative goals and the limited availability of new and recycled volume cap and other relatively low-cost financing, the Corporation developed the SUN Loan structure to leverage resources and save on costs such as third-party credit enhancement fees.

The obligation under the SUN Loan with respect to each separate year during which the SUN Loan remains outstanding will be evidenced by a separate mortgage note (“PACT Note”) and subject to a separate mortgage (“PACT Mortgage”). Each PACT Note will be secured by a PACT Mortgage in the inverse order of priority (i.e., the PACT Note maturing after the first year will be secured by the PACT Mortgage that is in last position), in order to ensure that any foreclosure will be subject to the remaining, more senior PACT Mortgages. The only default that can occur under the SUN Loan is the failure to pay amounts due under the PACT Note for each year. The debt service coverage on the SUN Loan will be very high as described below in the Risks and Risk Mitigation section.

In addition to the Open Resolution financing requested to be approved by the Members here, PACT Northwest Bronx is expected to receive financing from the proceeds of tax-exempt and/or taxable bonds to be issued under the Housing Impact Bond Resolution, subject to the Members’ approval. Such additional financing is described in more detail in the memo to the Members entitled “Housing Impact Bonds, 2025 Series A and 2025 Series B for NYCHA PACT Northwest Bronx Development and Approval of Mortgage Loans”.

For more information on PACT Northwest Bronx, please also see Attachment “2”.

Structure of the Bonds

The Members are being asked to authorize the issuance of the Bonds pursuant to a multi-modal Supplemental Resolution. Accordingly, all or a portion of the Bonds may be converted to other interest rate modes provided for in the Supplemental Resolution 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 create more than one supplemental resolution 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 \$327,690,000 and the interest rate on the Bonds does not exceed 15.00% (except as described below). The Corporation expects to designate the Bonds as Sustainable Development Bonds.

2025 Series B

It is anticipated that a portion of the 2025 Series B Bonds, in an amount not expected to exceed \$203,730,000 (the “2025 Series B-1 Bonds”), will be issued as tax-exempt, fixed-rate bonds to finance all or a portion of the long-term 2025 Series B mortgage loans. The 2025 Series B-1 Bonds are expected to have a true interest cost of approximately 5.50% during the initial Fixed Rate Term, which is expected to be approximately forty (40) years.

It is anticipated that a portion of the 2025 Series B Bonds, in an amount not expected to exceed \$123,960,000 (the “2025 Series B-2 Bonds”), will be issued as tax-exempt, fixed-rate bonds, to finance all or a portion of the short-term senior 2025 Series B mortgage loan. The 2025 Series B-2 Bonds are expected to have a true interest cost of approximately 4.00% during the initial fixed rate period, which is expected to be approximately four (4) years.

Proposed Interest Rate Hedge

The Members are being asked to approve one or more interest rate hedging instruments, in a combined notional amount not expected to exceed \$100,000,000 to manage its interest rate risk relating to the remarketing of certain bonds into variable rate bonds and/or other bonds issued under the Open Resolution.

The Corporation is working with Mohanty Gargiulo LLC, its hedge advisor to lock in the favorable current financing cost through the facilitation of interest rate hedging instruments including forward-starting interest rate swaps. The Corporation expects to enter into one or more interest rate swaps based on an Index likely to be the Securities Industry and Financial Markets Association Municipal Swap Index or a percentage of the Secured Overnight Financing Rate. Each swap will mature on or prior to the maturity date of the underlying bonds. The Corporation will consider purchasing certain cancellation options or shortening the terms of the swaps based on the anticipated redemption provisions of the underlying bonds as well as the swap market conditions. The Corporation may restructure the terms of the swaps subsequent to the execution date in response to the market conditions at the time

as well as the overall HDC variable rate bond portfolio and may reallocate the swaps to other bonds in that portfolio.

Security for Bonds

All Open Resolution 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, all Bonds will be secured on a parity basis with all the collateral currently held under the Open Resolution. As of October 31, 2024, that collateral consisted of the following:

TYPE OF COLLATERAL	# OF LOANS	AMOUNT	% OF TOTAL
FHA Insured Mortgage Loans	49	\$1,596,107,432	10.39%
Fannie Mae/Freddie Mac Insured Mortgage Loans	28	815,948,738	5.31%
GNMA	2	16,048,897	0.10%
SONYMA Insured Mortgages	67	717,978,247	4.67%
REMIC/SONYMA Insured Mortgages	3	147,208,833	0.96%
REMIC Insured Mortgages	286	2,229,356,160	14.51%
LOC Insured Mortgages	4	8,525,956	0.06%
Uninsured Permanent Mortgages	391	3,154,318,479	20.53%
Uninsured 2014 Series B Mortgages	65	52,671,956	0.34%
Uninsured 2018 Series B Mortgages	268	587,748,589	3.82%
Partially Funded Construction Loans Secured by LOC	62	2,879,885,147	18.74%
Partially Funded Construction Loans Not Secured by LOC	96	1,423,529,869	9.26%
Partially Funded Construction Loans Secured by Collateral	1	17,903,455	0.12%
Sub-Total	1,322	\$13,647,231,758	88.81%
Undisbursed Funds in Bond Proceeds Account ¹	n/a	1,430,033,673	9.31%
Debt Service Reserve Account ²	n/a	289,615,206	1.89%
Total*	1,322	\$15,366,880,637	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 \$9,415,250 of the Corporation, which constitutes a general obligation.

Risks and Risk Mitigation

2025 Series B Bonds

The primary risk to the Corporation related to the 2025 Series B Bond proceeds financing the senior

mortgage loans during the period the project is 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, for all of the developments the 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, respectively, from Moody’s Investors Service (“Moody’s”).

The primary risk related to the 2025 Series B Bond proceeds financing permanent senior mortgage loans is the repayment risk from the borrowers. The one (1) senior mortgage loan to be financed with 2025 Series B Bond proceeds will be secured by a mortgage insurance policy provided by SONYMA during the permanent financing period.

The primary risk associated with the 2025 Series B Bond proceeds financing the subordinate 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 to the Corporation related to financing of the SUN Loan for PACT Northwest Bronx is repayment risk from the borrower. The SUN Loan, as a first position loan, benefits from very high debt service coverage in excess of 4.0. Thus, the risk of non-payment is particularly low and does not require any additional credit enhancement.

Deposits and Fees

La Central Buildings C & E (Phase II)

It is expected that the Corporation will charge the borrower an up-front commitment fee equal to 1.00% of the mortgage loan amount and 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.

An annual servicing fee of 0.25% will be applied to the original principal amount of the senior permanent mortgage loan.

PACT Northwest Bronx

It is expected that the Corporation will charge the borrower for PACT Northwest Bronx an up-front commitment fee equal to 0.75% of the SUN Loan amount

An annual servicing fee of 0.20% of original principal amount will be applied to the SUN Loan for PACT Northwest Bronx.

Ratings

The 2025 Series B-1 Bonds and 2025 Series B-2 Bonds are expected to be rated AA+ by S&P and Aa2 by Moody's.

Underwriters

It is anticipated that the Bonds will be underwritten or remarketed by or directly placed with one or more of the banks below or their affiliates. The Authorizing Resolution relating to the Bonds provides that an Authorized Officer of the Corporation may select the underwriter, remarketing agent, or their affiliates at a later time.

Senior Managers:

Barclays Capital Inc. (*Expected Bookrunning Senior Manager for 2025 Series B-1 and B-2*)

J.P. Morgan Securities, LLC (*Expected Co-Senior Manager for 2025 Series B-1 and B-2*)

Co-Managers for 2025 Series B-1 and B-2:

Academy Securities, Inc.

Bancroft Capital, LLC

BofA Securities, Inc.

Jefferies LLC

Morgan Stanley & Co. LLC

Roosevelt and Cross, Incorporated

Stern Brothers & Co.

Wells Fargo Securities

Underwriters' Counsel for the Bonds

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 any or all 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 requirements 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 pledge to the Open Resolution of any mortgage loans of the Corporation; and (g) the terms of any liquidity facility or facilities and related documents.

The Members are also requested to approve (a) the making of one (1) senior loan and one (1) subordinate loan for one (1) ELLA development from proceeds of the 2025 Series B Bonds and/or available funds of the Open Resolution or the Corporation's unrestricted reserves in an amount not to exceed \$195,690,000; and (b) the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the such financing.

The Members are also requested to authorize (a) the financing of one (1) SUN Loan for PACT Northwest Bronx in an amount not to exceed \$100,825,000 from the proceeds of the 2025 Series B Bonds and/or available funds of the Open Resolution or the Corporation's unrestricted reserves and (b) the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the financing.

Finally, the Members are requested to approve the execution of one or more interest rate hedging instruments in a combined notional amount not expected to exceed \$100,000,000 and the execution by an Authorized Officer of the Corporation of any and all documents necessary to enter into said hedging instruments.

Attachment "1"

**La Central Buildings C & E (Phase II)
Bronx, New York**

Project Location: 625 Brook Avenue, Bronx, NY 10455
671 Brook Avenue, Bronx, NY 10455

HDC Program: ELLA (NYC 15/15)

Project Description: The project will consist of the new construction of one 13-story building and one 26-story building containing 420 total residential rental units in the Melrose neighborhood of the Bronx. 100% of the residential rental units will be affordable to households earning at or below 80% AMI and will include additional tiers of deeper affordability so that the total tax credit unit mix will reflect an average of units affordable to households earning at or below 60% AMI.

Total Rental Units: 418 (plus two superintendent units)

Apartment Distribution:

<u>Unit Size</u>	<u>No. of Units</u>
Studio	21
1 bedroom	212
2 bedroom	132
3 bedroom	51
<u>4 bedroom</u>	<u>4</u>
Total Units*	420

*Total Units are inclusive of two superintendent units

Expected HDC Construction Financing Amount: \$154,600,000

Expected HDC Permanent Financing Amount: \$43,890,000

Expected HDC Second Mortgage: \$20,000,000

Expected Total Development Cost: \$339,753,363

Owner: La Central II Owner LLC and La Central II LIHTC Owner LLC, the beneficial owners, whose principals are David Kramer, Mark Reed, William Fowler, Alison Novak, Aaron Koffman, Sally Gilliland, Joseph Kohl-Riggs, Alan Hajtler, Scott Lorber, Marlee Busching-Truscott, Geoffroi Flourmoy, Meredith Marshall, Steven Smith, Andrew Cohen, Mary Serafy, Jerome Kretchmer, Jerome Kretchmer 2006 Irrevocable Trust, Larry Hirschfield, Comunilife La Central Phase II, Inc., Breaking Ground II HDFC, and La Central Phase II Housing Development Fund Corporation, the fee owner, whose sole member is Common Ground Management Corporation.

Developer: The Hudson Companies, Inc., BRP Development Corporation, ELH-TKC LLC, Breaking Ground Inc., and Comunilife Inc.

Expected Syndicator and/or Investor: RedStone Equity Partners - Syndicator
JP Morgan Chase - Investor

Credit Enhancer: Construction - Standby letter of credit provided by JP Morgan Chase Bank, N.A.
Permanent - SONYMA 50% Insured

Attachment “2”

**PACT Northwest Bronx
Bronx, New York**

Project Location:

1010 East 178th Street
230 West 193rd Street
2100 Monterey Avenue
3340 Bailey Avenue
1930 Harrison Avenue
1886 Harrison Avenue
1920 Harrison Avenue
1925 Harrison Avenue
1934 Harrison Avenue
1865 University Avenue
1875 University Avenue
1895 University Avenue
1925 University Avenue
2070 Clinton Avenue

HDC Program:

NYCHA PACT

Project Description:

The Project will consist of the preservation of 1,669 residential rental units in 14 buildings and 134 parking spaces in the Kingsbridge Heights, University Heights, Crotona, and Belmont neighborhoods of the Bronx.

Total Rental Units:

1,660 (plus nine superintendent units)

Apartment Distribution:

<u>Unit Size</u>	<u>No. of Units</u>
Studio	151
1 bedroom	598
2 bedroom	585
3 bedroom	265
4 bedroom	66
5 bedroom	4
Total Units*	1,669

*Total Units are inclusive of nine superintendent units

Expected HDC Construction Financing Amount:

N/A

Expected HDC Permanent Financing Amount:

SUN Loan: \$88,985,000
GSE/HDC Loan: \$266,965,000

Expected Total Development Cost:

\$730,581,002

Owner:

NW Bronx Housing Preservation Experience and NW Bronx OZ Housing Preservation Experience LP (co-borrowers) controlled by the New York City Housing Authority; The Arker Companies, whose principals are Daniel Moritz, Alex Arker, and Allan Arker; Dabar Development Partners, whose principal is Dawanna Williams; and Omni New York LLC, whose principals are Eugene Shneur, Robert Bennett, and Maurice Vaughn. Nominee agreement through NW Bronx PACT HDFC and NW Bronx OZ HDFC, both of which are 100% controlled by Alliance for Housing, Inc.

Developer:

The Arker Companies, Omni NW Bronx Preservation LLC, Dabar Development LLC

Credit Enhancer:

Construction - N/A
Permanent – Fannie Mae will provide credit enhancement for the GSE Enhanced Mortgage Loan

Attachment "3"

Expected 2025 Series B Securitization Subordinate Loans

Development Name* (Borough/Number of units)	Project Type	Subordinate Loan Amount	Subordinate Loan Portion to be Funded with 2025 Series B Bond Proceeds
North Cove (Manhattan/611)	Mix and Match	\$30,000,000	\$1,030,000
Nehemiah Spring Creek Site 26A (Brooklyn/184)	ELLA / SARA	\$10,120,000	\$3,250,000
160 Van Cortlandt Park South (Bronx/339)	Mix & Match / NYC/ 15/15	\$25,630,000	\$23,705,000
Ilse Hoffman House (Bronx/175)	ELLA / NYC/ 15/15	\$10,325,000	\$3,190,000
TOTAL		\$76,075,000	\$31,175,000

* Each Development currently has a senior mortgage loan from the Corporation.