



MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin *E.E.*
President

Date: March 31, 2025

Re: 2024 Update on the New York City Acquisition Fund (NYCAF)

The following is an informational update on the financial condition of the New York City Acquisition Fund (“NYCAF” or the “Fund”) which has received two loans from the Corporation in the aggregate amount of \$25,000,000. This update is being provided in response to a request from the Members that occurred in connection with the approval of the Corporation’s recent loan to NYCAF.

Background

NYCAF offers acquisition, predevelopment and moderate rehabilitation loans to Minority- and/or Women- Owned Business Enterprises (“MWBE”) and not-for-profit real estate developers of affordable, supportive, and mixed income rental housing in the five boroughs of New York City. NYCAFs co-members are Enterprise Community Partners (50%) and the Local Initiatives Support Corporation (50%), and the Fund has been managed by Forsyth Street Advisors since its inception in 2006. The Fund is made possible through an unprecedented partnership between the City of New York, major foundations and New York 's public and private investment groups, the Fund provides loans at capital advance rates of up to 130% loan-to-value (“LTV”) ratio for MWBE and non-profit borrowers with loan terms of up to 3 years and limited recourse. Representatives from both HPD and HDC are members of the Fund’s Credit Committee, and both of their affirmative votes are required for a loan approval.

In 2018, in support of the Mayor's Housing New York 2.0 plan and its goal of doubling the size of the NYCAF to \$275,000,000 in order to allow NYCAF to expand its ability to serve MWBE and not-for-profit developers, HDC provided a \$15,000,000 5-year revolving loan at a 2.15% rate to NYCAF. This loan was modified in 2021 to have a maturity in December 2026. Subsequently, in 2024, with acquisition costs and construction costs rising, HDC provided an additional \$10,000,000 floating-rate loan to NYCAF at SOFR, which also matures in December 2026. This new loan was to enable NYCAF to meet the more frequent sponsor requests for larger loans.

120 Broadway, 2nd floor New York, NY 10271

www.nychdc.com

Current NYCAF Portfolio

The current NYCAF portfolio of \$144,000,000 comprises 14 active loans to 13 projects representing approximately 1,500 units. In 2024, the Fund made 10 new loans totaling \$115,000,000, and 5 loans totaling \$61,000,000 were repaid. During this time, there were no delinquencies on the project loans.

All project loans with maturity dates in 2024 have repaid during their original 3-years terms, except for two which requested extensions. One of those loans was repaid in December; the other loan remains in the NYCAF portfolio but was partially paid down prior to last year. The current LTV is under 50%. The for-profit sponsor has been timely paying loan interest out-of-pocket.

During this period, there were no delinquencies on the two loans the Corporation has made to NYCAF.

Since inception, NYCAF had made has over 100 loans totaling \$765,000,000 to affordable housing projects, enabling the construction or preservation of over 16,600 units. As NYCAF is a revolving fund, cash from repaid loans can be re-lent for new projects. The Fund's current capacity is \$204,000,000.