



MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin 
President

Date: September 24, 2026

Re: Housing Impact Bonds, 2026 Series C and D for the NYCHA PACT Seward Park Extension Development; and Approval of Mortgage Loans

I am pleased to recommend that the Members approve the issuance of the Corporation's Housing Impact Bonds, 2026 Series C and 2026 Series D (the "2026 Series C Bonds" and "2026 Series D Bonds", collectively the "Bonds") in an amount not to exceed \$67,370,000.

Proceeds of the Bonds will be used to finance the acquisition, rehabilitation, and permanent financing of the New York City Housing Authority ("NYCHA") development known as the PACT Seward Park Extension ("PACT Seward Park") development (the "Project"), which will consist of the conversion of 360 units within two tenant-occupied NYCHA public housing buildings to Section 8 supported multi-family housing projects, as described herein. The Project is part of the "Permanent Affordability Commitment Together," or "PACT" strategy outlined in the 2018 NYCHA 2.0 strategic plan, which describes how the City of New York (the "City") will reinvest and reposition public housing through Section 8 conversions.

Interest on the 2026 Series C Bonds is expected to be exempt from Federal and New York state and local income tax, and such bonds will qualify as tax-exempt private activity bonds with an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 ("HERA"). Interest on the 2026 Series D Bonds is expected to be federally taxable but exempt from New York state and local income tax. The anticipated interest rates, maturity dates, and relevant terms of the Bonds are described herein.

The Members are asked to approve the use of the Corporation's general obligation pledge to support the HDC Enhanced Mortgage Loan, described herein, plus any interest due thereon.

In addition, the Members are asked to approve the origination of a senior unenhanced non-accelerating loan ("SUN Loan"), as described herein.

The Bonds are expected to be issued under the Corporation's Housing Impact Bonds Resolution (the "Impact Resolution"). An Authorizing Resolution will authorize the twenty-fifth and twenty-sixth Supplemental Resolutions.

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Following is the background of the Impact Resolution, the proposed use of the Bonds (including their structure and security), and the Project.

Background and Status of the Housing Impact Bonds Resolution

Under the Impact Resolution, the Corporation may issue bonds (a) to finance or acquire mortgage loans for the benefit of NYCHA and NYCHA properties and (b) to refund other bond issues of the Corporation, which had financed other multi-family developments. As of August 31, 2026, there were 22 permanent mortgage loans held under the Impact Resolution with a total outstanding principal balance of \$2,130,866,999 for 12 PACT developments. There are no material monetary defaults on these mortgage loans.

Notice of R. Seelaus & Co., LLC as Additional Selling Group Member for the Corporation's Bond Issuances

Pursuant to the authority delegated to the Corporation's senior staff by the Members at the April 7, 2025, Members' Meeting, R. Seelaus & Co., LLC ("Seelaus") is being appointed as a Selling Group Member for the Corporation's bond issues, which appointment requires notice to the Board. Seelaus is a certified women-owned and led financial services firm, broker-dealer, and asset manager founded in 1984. Capital Markets staff evaluated the written material submitted by Seelaus and, together with members of the HDC Senior Staff, determined that Seelaus' strengths, abilities, and ideas would enhance, diversify, and/or otherwise assist the Corporation in its financing program.

Proposed Uses for the Bond Proceeds

The Bond proceeds are expected to fund two mortgage loans (the "Bond Loans", and together with the SUN Loan, the "Mortgage Loans") to pay a portion of the cost of acquiring, rehabilitating, and equipping the Project as described in the chart below. The Bond Loans will be comprised of the "GSE Enhanced Mortgage Loan", representing approximately 90% of the Bond Loans, and the "HDC Enhanced Mortgage Loan", representing approximately 10% of the Bond Loans, which will be subordinate to the GSE Enhanced Mortgage Loan.

The Bond Loans are expected to have an approximate 30-year term, inclusive of an initial, five-year interest-only period, and amortize over a 40-year amortization schedule, with an expected interest rate of approximately 7.112%. A balloon payment will be due upon maturity.

Wells Fargo Bank, National Association ("Wells Fargo") will be the servicer of the Mortgage Loans and the City Capital Loan (defined below) pursuant to a servicing, intercreditor and appointment agreement between the Corporation, the Federal Home Loan Mortgage Corporation ("Freddie Mac" or the "GSE") and Wells Fargo.

Development Name (Borough/Units)	Expected Bond Series	Project Type	Loan	Expected Not to Exceed Amount
PACT Seward Park Extension (Manhattan/360)	2026 Series C/D	PACT/ Section 8	GSE Enhanced Mortgage Loan	\$60,630,000
			HDC Enhanced Mortgage Loan	\$6,740,000
TOTAL LOAN AMOUNT: \$67,370,000				

Supplemental Security

GSE Supplemental Security

Subject to Freddie Mac approval, the GSE Enhanced Mortgage Loan is expected to be secured by supplemental security in the form of a standby credit enhancement agreement issued by Freddie Mac pursuant to which, if a payment default occurs under the GSE Enhanced Mortgage Loan, the GSE will advance an amount equal to the unpaid amount of principal and/or interest due.

The Corporation's General Obligation Pledge

The HDC Enhanced Mortgage Loan is expected to be secured by supplemental security in the form of a funding agreement (the "HDC Funding Agreement") to be provided by the Corporation to the Bond Trustee. The HDC Funding Agreement is expected to provide that if a payment default occurs under the HDC Enhanced Mortgage Loan, the Corporation will advance the unpaid amount of principal and/or interest due. This payment obligation will be a general obligation of the Corporation.

In the event of an advance by the Corporation under the HDC Funding Agreement, any subsequent repayments of principal and interest with respect to the Project's Bond Loans would be allocated first to reimburse Freddie Mac in full for any advance under its standby credit enhancement agreement and to pay any amounts due under the related GSE Enhanced Mortgage Loan prior to any reimbursement of the Corporation.

The Members are asked to approve the use of the Corporation's general obligation pledge in an amount not expected to exceed \$6,740,000 plus any interest due. The general obligation pledge amount is expected to include the full principal amount of the HDC Enhanced Mortgage Loan and the interest due and payable. If a payment default occurs under the HDC Enhanced Mortgage Loan, HDC will advance an amount equal to the unpaid amount of principal and/or interest due.

Project Description

The proposed financing is subject to receipt of required United States Department of Housing and

Urban Development (“HUD”) approvals, described below. Following the PACT conversion, 100% of the rental units are expected to be governed by the Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher Program HAP Contract (the “RAD HAP Contract”).

RAD shifts federal public housing operating and capital subsidy into a federal Section 8 housing assistance payment (HAP) contract. The program mandates contract renewals and use agreements; robust resident rights, including resident right-to-return; and partial ownership by a public entity or non-profit.

The Project is located in the Lower East Side neighborhood of Manhattan, New York, and is comprised of 360 units across two 23-story residential buildings, one 1-story community facility building, and one single-story storage structure.

The Project will go through a substantial rehabilitation to address 20-year capital needs, as prescribed by HUD. Tenants are expected to be temporarily relocated to vacant units within the Project and off-site relocation options while their units are being rehabilitated. The scope of work consists of substantial rehabilitation that is expected to address major capital needs at the Project, bring significant quality of life improvements to residents of the Project, and improve the Project’s energy efficiency performance.

The Project is also expected to receive a subordinate loan made by the Corporation using capital granted by the City of New York (“City Capital Loan”), acting by and through its Department of Housing Preservation and Development (“HPD”); the Project is currently under review by the New York City Office of Management and Budget for the City Capital Loan.

For more information on the development, please see Attachment “1”.

Historic Tax Credits

The Project is expected to be listed on the National Register of Historic Places (the “National Register”) and the New York State Register of Historic Places by the National Parks Service (“NPS”) and the New York State Historic Preservation Office, respectively, making them eligible to receive federal historic tax credits (“FHTC”) and state historic tax credits (“SHTC”, and together with the FHTC, the “HTC”). The Project is expected to receive capital contributions in exchange for the right to claim the HTC generated by the rehabilitation of the Project.

The investment of the HTC equity will be structured through an HTC pass-through master lease. Through this structure, the HTC investor is expected to contribute equity to the Project and receive certain payments from cash flow. The HTC investor is a member of the master tenant under the HTC master lease, and the master tenant will operate all of the Property, collect rents from tenants at the Property, and make rent payments back to the Borrower, as landlord, in an amount sufficient to cover the financing and economic requirements of the Borrower, including mortgage payments, replacement reserves, insurance, and distributions. In addition, the HTC master tenant will also own a small percentage of the Borrower.

The Corporation will enter into a Subordination, Non-Disturbance and Attornment Agreement with

regard to the HTC master lease that preserves certain enforcement rights of the Corporation with respect to the Mortgage Loans but prevents the Corporation from taking certain actions that would cause a recapture of the HTCs during the 5-year compliance period that begins on the date the Project is placed in service.

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 the 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 as taxable or tax-exempt, in multiple issuances pursuant to the same resolution and in one or more series or sub-series as long as the total principal amount of Bonds issued does not exceed \$67,370,000 and the interest rate on the Bonds does not exceed 15%. The Corporation expects to designate the Bonds as Sustainable Development Bonds.

2026 Series C Bonds

It is anticipated that the 2026 Series C Bonds, in an amount not expected to exceed \$44,375,000, will initially be issued as tax exempt recycled fixed rate bonds with a true interest cost of approximately 5.75% during the initial Fixed Rate period, which is expected to be approximately thirty (30) years.

2026 Series D Bonds

It is anticipated that the 2026 Series D Bonds, in an amount not expected to exceed \$22,995,000, will initially be issued as taxable fixed rate bonds with a true interest cost of approximately 6.75% with a maturity date that is expected to be approximately thirty (30) years.

Security for Bonds

The Bonds are special revenue obligations of the Corporation, and payment of principal and interest on the Bonds will be secured by the revenues and assets pledged to such payment. The Bonds will be issued on a parity basis with all outstanding previous series of bonds and all future bonds to be issued under the Resolution and secured by all collateral anticipated to be held under the Resolution. The total loan amount of the mortgages to be funded with the proceeds of the Bonds will be pledged to the Impact Resolution. As of August 31, 2026, approximately \$22,454,607 has been deposited into an interest reserve of the Impact Resolution in connection with mortgage loan closings to ensure that sufficient funds will be available to pay the debt service on the Bonds.

As of August 31, 2026, the existing collateral of the Impact Resolution consisted of the following:

TYPE OF COLLATERAL	# OF LOANS	AMOUNT	% OF TOTAL
Freddie Mac Enhanced Mortgage Loans	9	\$1,276,164,069	59.89%
HDC Enhanced Mortgage Loans	10	\$153,173,476	7.19%
Fannie Mae Enhanced Mortgage Loans	3	\$701,529,454	32.92%
Total*	22	\$2,130,866,999	100.00%

* May not add due to rounding

SUN Loan

The Project is also expected to be financed with a senior unenhanced non-accelerating loan (the SUN Loan, as defined above), in a total amount not to exceed \$23,135,000.

The Corporation expects to fund the SUN Loan with recycled volume cap and/or taxable bonds under its Open Resolution but may fund the SUN Loan initially with its unrestricted reserves or available funds of the Open Resolution based on the availability of recycled volume cap.

The SUN Loan will be senior, un-enhanced and non-accelerating with fixed principal and interest payments that are designed to mimic real estate tax payments. The SUN Loan will have a 40-year term inclusive of a five-year interest-only period followed by a 35-year period during which the loan will fully amortize. Due to the enormity of the PACT initiative goals and the limited availability of 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 (“SUN Note”) and subject to a separate first lien mortgage (“SUN Mortgage”). Each SUN Note will be secured by a SUN Mortgage in the inverse order of priority (i.e., the SUN Note maturing after the first year will be secured by the SUN Mortgage that is in last position), to ensure that any foreclosure will be subject to the remaining, more senior SUN Mortgages. The only default that can occur under the SUN Loan is the failure to pay amounts due under the SUN Note for each year. The debt service coverage on the SUN Loan is expected to be very high as described below in the Risks and Risk Mitigation section.

Risks and Risk Mitigation

The primary risks associated with the Project are (1) construction completion risk; (2) payment default by the Borrower; and (3) refinance risk. Corporation staff believes these risks are mitigated

by several factors. Construction completion risk is mitigated by the Development Team's experience renovating similar tenant-in-place rehabilitation projects, the completion guaranty to be provided by the General Contractor, the 100% Payment and Performance bonds provided by the General Contractor, and the monitoring of construction by a third-party. Payment default risk is mitigated by the Section 8 contract payments, the Developer's history in operating and managing similar projects, conservative underwriting incorporating low loan-to-value ratios, and satisfactory income to expense ratios, the Corporation's ongoing asset management and monitoring of the developments, and the GSE Credit Enhancement of the GSE Enhanced Mortgage Loan. At loan closing, the Bond Loans are expected to have debt service coverage ratios below 1.15 due to vacant units that are expected to be used for temporary on-site tenant relocation during rehabilitation. To mitigate payment default risk caused by such vacancies and low debt service coverage, the Project has sized robust reserves to cover debt service for the duration of the rehabilitation and the Project has an extended period of interest-only payments beyond the construction term. Furthermore, the RAD HAP Contract is expected to include monthly subsidy payments for vacant units during the construction period. Lastly, the risk is expected to be further mitigated by the Borrower's commitment to post additional collateral if the project income does not increase within approximately six months after the closing of the Project.

As described earlier, the Corporation will be obligated to cover HDC Enhanced Mortgage Loan losses. The Corporation staff believes this is an acceptable risk for the reasons described above. The SUN Loan, as a first position loan, benefits from very high debt service coverage in excess of 4.0. For this reason, the risk of non-payment is particularly low, and the Corporation will not require any additional credit enhancement with respect to the SUN Loan.

Refinance risk is mitigated by conservative refinance assumptions and 25 years of amortization of the Bond Loans following the interest only period.

Deposits and Fees

The Borrower will pay the Corporation its costs of financing which is expected to be approximately 1.50% of the total Mortgage Loan amount, plus an up-front commitment fee equal to 0.75% of the Mortgage Loans.

The Borrower will pay Wells Fargo an up-front origination fee equal to 1.00% of the GSE Enhanced Mortgage Loan.

The Borrower will pay the Corporation an ongoing annual credit enhancement fee of at least 0.35%, included in the interest rate of the Mortgage Loans.

The Borrower will pay the Corporation an annual servicing fee of at least 0.20% on the original principal balance of the Mortgage Loans.

The Borrower will pay the GSE and Wells Fargo an ongoing annual guaranty fee and an annual servicing fee, included in the interest rate of the Bond Loan.

Rating

The Bonds are expected to be rated 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 following or their affiliates:

Senior Manager

Loop Capital Markets LLC

Co-Senior Manager

Raymond James & Associates, Inc.

Co-Managers:

Bancroft Capital, LLC

BofA Securities, Inc.

J.P. Morgan Securities LLC

Morgan Stanley & Co. LLC

PNC Capital Markets LLC

Ramirez & Co., Inc.

RBC Capital Markets, LLC

Wells Fargo Bank, National Association

It is anticipated that the selling group for the Bonds will include one or more of the following or their affiliates:

Fidelity Capital Markets

Essex Securities LLC

R. Seelaus & Co., LLC

Underwriters' Counsel for the Bonds

Tiber Hudson LLC

Bond Trustee

U.S. Bank Trust Company, National Association

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP is expected to be Bond Counsel for the Bonds.

Hawkins Delafield & Wood LLP is expected to be Disclosure Counsel for the Bonds.

A senior officer of the Corporation may determine to re-designate counsel roles based on timing of issuances to create efficiencies.

Action by the Members

The Members are requested to approve an authorizing resolution that provides for (a) the adoption of the Supplemental Resolutions to the Impact 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 pledge to the Housing Impact Bonds Resolution of any mortgage loans or other assets of the Corporation; and (f) 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, including the HDC Funding Agreement.

The Members are asked to authorize the use of the Corporation's general obligation pledge in an amount not to exceed \$6,740,000 plus any interest due on the HDC Enhanced Mortgage Loan.

The Members are also requested to authorize (a) the origination and financing of the SUN Loan for the PACT Seward Park Extension Development in an amount not to exceed \$23,135,000 from the 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.

Attachment “1”

**PACT Seward Park Extension
Manhattan, New York**

Project Location: 372A Grand Street
65 Norfolk Street
56, 60, 64 and 66 Essex Street
154, 156 and 158 Broome Street

HDC Program: NYCHA PACT

Project Description: The Project will preserve 360 residential rental units, approximately 8,522 square feet of community facility space, and 39 parking spaces across two 23-story residential buildings, one single-story community facility building, and one single-story storage structure in the Lower East Side of Manhattan.

Total Rental Units: 357 (plus two superintendent units & one resident association office)

Apartment Distribution:

<u>Unit Size</u>	<u>No. of Units</u>
Studio	29
1 bedroom	112
2 bedroom	130
3 bedroom	45
4 bedroom	36
5 bedroom	8
6 bedroom	0
Total Units*	360

*Total units are inclusive of two superintendent units and one non-revenue generating 3-bedroom unit used as a resident association office.

Expected HDC Construction Financing Amount: N/A

Expected HDC Permanent Financing Amount: SUN Loan: \$20,415,000
Freddie Mac Enhanced Mortgage Loan: \$55,115,000
HDC Enhanced Mortgage Loan: \$6,125,000

Expected Total Development Cost: \$292,277,872.00

Owner:

Seward Park PACT LLC, the beneficial ground lessee, whose indirect principals Nicola DeAcetis, Michael T. Rooney, Matthew Rooney, Susan Camerata, The Camerata Family Trust, and Joseph Camerata, Niels Theodule, William Byrd, Gabriella Rossi, Jamar Adams, and Cecilia Adams; and HP Seward Park Extension Housing Development Fund Corporation, the nominal ground lessee, whose sole member is NYC Partnership Housing Development Fund Company, Inc., whose housing committee consists of Jamie A. Smarr, Nadja Alvarado, Debbra McAllister, Adam Gold and Theresa Omansky.

Historic Tax Credit Equity Investor Wells Fargo

Developer: MDG Design + Construction, Wavecrest Management, and Essence Development

Credit Enhancer: Construction - N/A
Permanent - Freddie Mac will provide credit enhancement for the GSE Enhanced Mortgage Loan.
The HDC Funding Loan Agreement will provide credit enhancement for the HDC Enhanced Mortgage Loan.