



MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin, President 

Date: September 24, 2026

Subject: Origination of Conduit Loans for Mitchell-Lama Projects from New York State Grant Proceeds

I am pleased to recommend that the Members authorize the Corporation to originate loans or grants with New York State funds granted to the Corporation for certain Mitchell-Lama projects in the Corporation's portfolio as described below.

Background

Mitchell-Lama housing projects are an aging portfolio with substantial capital needs. From time to time, the New York State Legislature includes Legislative Initiative funds for services and expenses to preserve and improve Mitchell-Lama properties in New York State (the "Funds"). The State's Mitchell-Lama Preservation Program funds are used to support capital restoration, building improvements, and energy efficiency upgrades at specific Mitchell-Lama buildings.

Request for Approval

For the Funds included in the 2024-2025 and 2025-2026 New York State Budgets, New York Housing and Community Renewal ("HCR"), as administrator, has allocated a portion, totaling \$20,200,000, to four New York City-supervised Mitchell-Lama projects in the Corporation's portfolio. The allocated Funds are expected to be granted to the Corporation ("Grant Proceeds") pursuant to a subrecipient agreement between New York State Housing Finance Agency ("NYS HFA") or its subsidiary, New York State Housing Trust Fund Corporation ("HTFC") and the Corporation (each, a "Subrecipient Agreement").

The Subrecipient Agreement will govern the use and disbursement of the Grant Proceeds to the specified Mitchell-Lama housing developments. The Grant Proceeds will assist the developments

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in addressing capital needs that have developed due to lack of funds and deferred maintenance. The Grant Proceeds are required to be used for capital projects within 18 months of receipt. All disbursements of the Grant Proceeds will be reviewed and approved using the Corporation's replacement reserve disbursement protocols, including bids for contracts and review of completed work. Two of the awarded developments will use the Grant Proceeds together with Corporation financing and HPD subsidy.

The Members are requested to approve the Corporation's lending or granting of New York State Grant Proceeds both for currently identified Mitchell-Lama developments and future allocations of Funds, if any, provided the Corporation acts as a conduit lender for the Grant Proceeds.

Risks to the Corporation

The Corporation's role is purely as a conduit lender with no risk to assets of the Corporation. It is expected that the terms of each Subrecipient Agreement will provide that the Corporation will not earn a fee for servicing Grant Proceeds and will provide quarterly reporting to NYS HFA or HTFC, as applicable. The requirement that Grant Proceeds must be expended within 18 months may be challenging, however, extensions can be requested.

The Corporation is currently negotiating the form of the Subrecipient Agreement with HCR.

Action By Members

The Members are requested to (1) authorize the Corporation to make loans or grants with New York State Grant Proceeds for Mitchell-Lama projects in the Corporation's portfolio and (2) authorize the Officers of the Corporation to enter into all documents and agreements necessary to effectuate the making of loans or grants as described in this memorandum.