

**MINUTES OF THE 31ST MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON DECEMBER 12, 2013 AT 9:25 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

William J. Mulrow	Chairman
Darryl C. Towns	Member (via telephone)
Elakine McCann	Division of the Budget, representing Robert Megna, Member ((via telephone)

Chairman William J. Mulrow opened and chaired the meeting. He noted that Elaine McCann was participating in the meeting by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. A public notice was given of the time and location of that venue.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary.

Mr. C. Jason Kim asked for a motion and a second to call the meeting to order of the New York State Housing Finance Agency Finance and Program Committee meeting. Elaine McCann made a motion to call the HFA Finance and Program Committee meeting to order; Commissioner Darryl C. Towns seconded the motion. These motions and seconds would be used, unless specific items called for a different vote, or unless any Committee Member wished to record his or her vote differently.

Ms. Joyce L. Miller, Nestor M. Davidson, Commissioner Thomas J. Mattox, and Steven J. Weiss all HFA Members attended this meeting as guests.

The first item on the agenda was the adoption of the minutes of the 30th HFA Finance and Program Committee held on December 12, 2013. There being no objections or corrections from the Members, the minutes were deemed approved.

The next item on the agenda was a resolution recommending financing approval in an amount not-to-exceed \$120,000,000 for 92nd and Third Avenue Development, New York

County. Ms. Zucker noted that the next item is a request for authorization to issue \$120 Million Dollars of tax exempt bonds to fund the new construction of 186 multifamily rental units in a building located at 205 East 92nd Street in Manhattan between Second and Third Avenues. She reported that the overall development contains multiple components. She also reported that, in addition, the remaining non-HFA condominiums (floors 27-35) will consist of forty-five market rate units supported by a conventional participation loan.

Ms. Zucker reported that a 60,000 square-foot school campus will be located on the sub-cellar through the fourth floor; the Windward School, specializing in helping children that have some level of language-based learning disabilities. She also reported that there will be an Equinox Fitness Club and retail space.

Ms. Zucker stated that the developer, The Related Companies, L.P., has the option to sell the units as condos or rent them subject to the agency's Regulatory Agreement. She further stated that of the 186 multifamily rental units, twenty-five (25%) or 47 units, are expected to be rented to households at or below fifty percent (50%) of the Area Medium Income ("AMI"). She stated that residential amenities are expected to include a 24-hour doorman, one lobby, and one elevator that will service the building. Ms. Zucker reported that each residential apartment will have a washer and dryer. She also reported that the project has significant green features. For example, occupancy sensors will control the stairwell lighting to conserve energy when not in use; cogen output will make hot water for heating/domestic use and provide emergency power during blackouts to facilitate comfortable in-place habitation by residents; and low-flow toilet and showerheads will be used.

Ms. Zucker reported that the total development costs of the portion that the Agency is financing is approximately \$150.9 Million Dollars. In addition, she noted, the financing structure consists of \$120,000,000 of variable rate tax-exempt bonds and low-income housing tax credits in the approximate annual amount of \$760,000. She stated that the bonds will be supported by a Wells Fargo Bank, National Association, Letter of Credit, during the construction period.

Ms. Zucker noted that Related Management Company, L.P. is intending to manage the property. She further noted that the project expects to provide 1,000 construction jobs and 350 permanent jobs will be created as a result of this transaction.

Mr. Weiss noted that the affordable units are at 25% instead of 20%. He asked how that came about. Ms. Zucker explained what drives the 80/20s (in this case 75/25) is the New York City 421-a property tax exemption program; the additional forty-five (45) units are considered 20% for the whole building but 25% of what is being financed.

Mr. Weiss also noted that transaction is in the amount of \$150 Million Dollars, of which \$120 Million Dollars is tax exempt bonds. Ms. Zucker explained that the Agency looks to finance more than approximately 52% of a project's total development costs. She noted that the Agency has used over \$200 Million Dollars of recycling bonds this year -- both its bonds and New York City Housing Development Corporation's ("HDC") bonds for largely from affordable projects. Mr. Weiss asked that more education be provided on this bifurcated process at January's meeting; Chairman Mulrow noted that the Agency continues to make progress in this area.

Ms. Miller noted that the rents look very high for the income levels targeted perhaps as high as 40% or more of income. It was explained that the rent would equate to the standard AMI times 30% of the gross income, adjusted for family size.

Prior to the vote being taken on this project, Ms. Zucker made an informational presentation to the Members as to transactions completed or expected to be completed in calendar year 2013. Ms. Zucker distributed a handout in order to give the Members a sense of what was done in 2013. She referred to the renderings on the handout cover of two (2) of the projects that the Agency has or will close on this year. First, the Wyandanch project in Suffolk county (Town of Babylon); second, a rendering of Common Ground's new facility, which broke ground on Boston Road in the Bronx and contains all supportive units. She said that the report also included two (2) additional bond deals which will close by year-end, so that in total, the Agency expects to have issued in 2013 approximately \$1.2 Billion Dollars in bonds, totaling twenty-seven (27) projects and 4,500 units, which breaks down to be slightly over 3,000 affordable units throughout the State of New York, half of which is new construction and the other affordable units (preservation). She reported that the Agency has provided financing in thirteen (13) counties throughout the State.

Ms. Zucker highlighted the fact that the Agency is helping the Governor to move forward his Medicaid Redesign Initiative by closing on three (3) projects. She reported that the current administration gave the Agencies two (2) allocations of capital funds to help finance the projects (\$330 Million Dollars to finance 331 units). She said that in the Agency's first step in the Mitchell-Lama initiative, it acquired a Mitchell-Lama portfolio in June of this year and closed on four (4) of five (5) of those properties, which contain 972 affordable units.

Ms. Zucker reported that senior staff has seen an increase in focus on preservation and a resistance to new affordable housing due to costs. She directed the Members' attention to page six of the report which highlighted affordable developments, including two adaptive re-use financings in Westchester County and in Ulster County -- together it contained 655 affordable units; similarly, page seven highlighted the 80/20s that the agency has or expects to finance (365 affordable units).

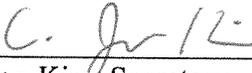
Ms. Miller inquired about the geographic distribution noting that some programs are concentrated upstate and others are more concentrated in New York City. Ms. Zucker explained that with the Medicaid Redesign Team (MRT) Housing Capital Program, MRT populations have been the focus in order to provide permanent housing options for individuals that need support services; as a result, these projects are funded with New York City dollars. Ms. Zucker noted that 80/20s are typically a downstate phenomenon, and that new construction/affordable housing will also be situated predominantly in a couple of locations throughout the State. Mr. Weiss noted that the two (2) new MRT construction projects are based in the Bronx. He asked whether senior management considers doing these types of deals in other locations. Ms. Zucker responded affirmatively, but noted that while the Agency is quite cognizant of the fact that there's been a lot of supportive housing built in the Bronx, in the second round of its Request for Proposal process, there is a priority for projects such as these to be located in other areas. She noted, however, that the cost of land drives the market. Mr. Weiss added that there are two demands -- one for tenants

and one for developers that have preferences in terms of development locations. Ms. Zucker concurred that there are many competing factors and there has to be a demand for a project to be particularly situated. She noted that the Agency's goals is to impact every county in the State.

Considering the first and second motions previously entered for the HFA Finance and Program Committee, the motions were carried, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK
STATE HOUSING FINANCE AGENCY RECOMMENDING THE
ISSUANCE OF CERTAIN BONDS**

There being no further business, Chairman Mulrow asked for a motion and a second to adjourn the New York State Housing Finance Agency's Finance and Program Committee meeting. Ms. McCann moved to adjourn; Commissioner Towns seconded the motion, and the meeting was adjourned at 9:42 a.m.



C. Jason Kim, Secretary