

**MINUTES OF THE 26<sup>th</sup> MEETING OF THE  
NEW YORK STATE HOUSING FINANCE AGENCY'S  
FINANCE AND PROGRAM COMMITTEE  
HELD ON JULY 11, 2013 AT 8:54 A.M  
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

**MEMBERS AND DESIGNEES**

**PRESENT**

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

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.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary.

Chairman Mulrow 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. Commissioner Towns made a motion to call the HFA Finance and Program Committee meeting to order; Chairman William Mulrow 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, and Commissioner Thomas Mattox, HFA Members attended this as guests.

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**The first item on the agenda was the approval of the minutes of the 25<sup>th</sup> HFA Finance and Program Committee held on July 11, 2013** were deemed approved absent corrections from Members.

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The next item on the agenda were resolutions recommending the authorization of financing approval in an amount not to exceed \$34,000,000 for 44<sup>th</sup> Drive Rental Apartments located at 10-44<sup>th</sup> Drive, Long Island City, ("LIC") Queens County. Ms. Zucker noted the temporary absence of David Simmons, key project manager, who is most familiar with the project and presented the background information on his behalf noting the overall transformation occurring in Long Island City. Specifically, Ms. Zucker explained that the request is anticipated to be funded from a total loan estimated at \$34 Million Dollars with tax credit proceeds in the estimated amount of \$1.7 Million Dollars.

She reported that the subject site is located in the LIC section of Queens. She noted that this is the third project that the agency has funded in LIC (Queens County). She also noted that the Agency expects that bonds issued for 44<sup>th</sup> Drive Rentals will be tax-exempt and/or taxable bonds issued under the Agency's 80/20 Private Placement Program. She said that twenty percent (20%) of the revenue-generating units are expected to be set aside for tenants with incomes at or below 50% of the Area Median Income ("AMI") for the New York area, adjusted for family size. Ms. Zucker said that in addition, at least fifteen percent (15%) of the low income units will be rented to households whose incomes are at or below 40% of the AMI. She further noted that this project is sponsored by 44<sup>th</sup> Drive Rentals LLC and is the second project with Erik Ekstein, President of Ekstein Development LLC. She said that the project will include a one-bedroom, non-revenue unit set aside for the building superintendent and that the project construction costs are reportedly \$351,000 per unit.

Ms. Miller inquired about the distribution of the different unit sizes and how the sizes are arrived at. Ms. Zucker explained that a proportionate amount of the unit size is required and in terms of unit distribution allocation, it is required that low income units be distributed evenly (e.g., not all without a view) but some variance is allowed – top 60% of the building. Ms. Miller further inquired as to the period of affordability. Ms. Zucker explained that the period of affordability coincides with the life expectancy of the bonds (outstanding for 30–40 years) in compliance with the §421-a (exemption of new multiple dwellings from local taxation) tax regulations. She said that without the §421-a provision, units would need to be affordable for at least fifteen (15) years, at the time of occupancy, at a minimum; when the apartments turnover, they still need to be affordable and meet the same medium income requirements. She said that the project is expected to create forty-five (45) construction period jobs and four permanent jobs.

Ms. Miller asked about the private placement and the pricing of bonds. Ms. Zucker explained that the first affordable, private placement was done last month and the permanent phase municipal bond index has a 10-year/MMD-term, plus spread.

Commissioner Mattox asked if staff was happy with the performance of private placements. Ms. Zucker responded affirmatively noting that staff has worked at putting a lot of protections in place.

Discussion ensued about similar projects in the boroughs outside of Manhattan. Ms. Zucker mentioned a project in the Prospect/Lefferts part of Brooklyn which represents the first project outside of downtown Brooklyn and commented that the New York real estate market is healthy due to gentrification, an increase in land prices in Manhattan, and the considerable rise in

labor costs. She noted that there are many projects in Manhattan that are likely to convert to condominiums more so than in the outer boroughs. Commissioner Towns noted that more mixed-use projects will be directed to the agency from atypical locations. Chairman Mulrow added that the 80/20 projects were a Manhattan phenomena, noting that the market is changing.

Ms. Miller asked about the developer and project ownership noting that there are two (2) other entities, however, no information was provided. Ms. Zucker explained that this is due to the controlling interests in terms of equity. Ms. Miller asked for further definition of the deferral period as it relates to these projects. Ms. Zucker said that she will provide the information at a later date.

Considering the first and second motions previously entered, 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**

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**The next item on the agenda were resolutions recommending the authorization of financing approval in an amount not to exceeded \$16,170,000 for Gardens at Town Center Apartments, located at 100 Greece Center Drive, Monroe County.** Mr. Leonard Gruenfeld, Project Manager said that that this project will consist of 200,734 square feet with 175 units of senior housing and one employee unit. He said that the project will consist of 121 one-bedroom and 55 two-bedroom apartments and will have three (3) elevators, central air conditioning, tenant and visitor parking, laundry facilities, a community room, tenant storage, a management office and a computer room. He said that the project site consists of 11.80 acres of vacant partially wooded property and adjacent land uses include the local branch of the YMCA, etc.

Mr. Gruenfeld provided further background information noting that the Managing Member of the Borrower (GC Town Center Associates LLC) will be Home; the principals of Home (formerly a subsidiary of Home Properties, manages over 829 units of affordable housing in New York State), he added, are also principals of Home Properties, a real estate investment trust which owns and manages approximately 50,000 units of multifamily properties. He also reported that Mr. Nelson Leenhouts, the principal of Home, is the founder of Home Properties and currently serves on its Board of Directors. He said that several of these projects are located near the proposed project and was financed by the agency. Mr. Gruenfeld noted that Home staff includes an architect, Glasow Simmons Architecture. He stated that the anticipated cost of construction of the 176 units will be approximately \$17,767,600, highlighting the fact that all improvements have been designed to meet or exceed the Agency's green building guidelines and all of the required municipal approvals for the development of the project are in place.

Mr. Gruenfeld noted that John Oster of Edgemere Development, Inc. has significant housing development experience and is serving as the development consultant for the project. He said

that the real estate taxes for the project will be subject to a Payment in Lieu of Taxes ("PILOT") Agreement with the County of Monroe.

Mr. Gruenfeld also stated that the project is expected to create fifty (50) construction period jobs and five (5) permanent jobs. He said that Rochester Housing Authority and First Niagara Bank are providing the letter of credit. The presence of representatives from Rochester Housing Authority was acknowledged. Chairman Mulrow thanked them for attending the meeting.

Ms. Miller inquired about the reference to a first mortgage. Ms. Zucker confirmed that this is a first mortgage from HFA and the financing is related to the size of the bond (with 10% cushion). Ms. Miller also inquired about the HFA subsidy loan rate. Mr. Gruenfeld stated that it is a set rate of 6% during the construction period and 1% during the permanency period.

Mr. Valella stated that in consideration of the first and second motions previously entered, 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**

**The next item on the agenda were resolutions recommending the authorization of financing approval in an amount not to exceed \$6,090,000 for The Enclave on Fifth Apartments, located at 15 South 5<sup>th</sup> Avenue, City of Mt. Vernon, Westchester County.** Mr. Gruenfeld provided the relevant background information with regards to this request. The project was described as a "little different than the typical projects. Mr. Gruenfeld said that the Enclave on Fifth Apartments is the conversion of a two-story, vacant, commercial building into 40 units of affordable senior housing units noting that the upper floors will be a satellite campus (residential component) for Westchester Community College and will be separately financed. He said that the project will consist of four studios and thirty-five one-bedroom units. He said that this project will help revitalize the area. Mr. Gruenfeld said that thirty-one percent (31%) of the units will be set aside for tenants with incomes at or below 50% of AMI and 49% of the units will be affordable to tenants with incomes at or below 40% of the AMI. He said the Project is expected to create seventy-five (75) construction period jobs and one permanent job. He said during the construction period, Signature Bank N.A. or another financial institution acceptable to the agency will provide the letter of credit. He said that in terms of PILOT, the Project will be subject to a PILOT Agreement with the City of Mount Vernon Industrial Development Agency and that the permanent mortgage will be secured by SONYMA.

Ms. Miller noted that in this project, there's an HFA construction loan and asked "what happens to that when the project converts to permanent financing?" Ms. Zucker explained that on affordable transactions, the affordable rents can't support the project debt on an annual basis, as a result, the tax credit equity will be utilized in part. Mr. Davidson inquired about the proceeds. Ms. Zucker confirmed that the proceeds will convert back and will be reused..

Ms. Zucker confirmed that the agency has a green building requirement that must be certified by an architect and other green construction components are considered, i.e. low-flush toilets, to the extent that it doesn't add excessive costs.

Discussion ensued about the value in bringing mixed-use deals to particular areas and providing community resources such as schools, supermarkets, and medical facilities, and the positive aspects of doing so in addition to affordable housing; mixed-use deals are expected to be more prevalent in the future. Ms. Zucker said that this particular project is particularly noteworthy because the building has been vacant for a long period of time and is only two (2) blocks from City Hall.

Mr. Valella stated that in consideration of the first and second motions previously entered, 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**

**The next item on the agenda were resolutions recommending the authorization of financing approval in an amount not to exceed \$5,000,000 for Amsterdam Senior Housing located at 35 Wall Street, City of Amsterdam, Montgomery County.** Mr. Terence Tsang, Project Manager then requested financing approval for Amsterdam Senior Housing Association, Montgomery County. He reported that one hundred percent of the revenue-generating units for this project will be set aside for households whose incomes are at or below 60% of the AMI adjusted for family size. He said that sixty-eight (68) of the units have project-based, Section 8 rental assistance and one of the units is a non-revenue unit reserved for the site superintendent. He said the project is sponsored by Liberty Affordable Housing Inc.; CRM Rental Management, Inc. will manage the project after the sale. Mr. Tsang said the sponsor, the general contractor (Carkner Construction, LLC), all reportedly, have had a successful work relationship with HFA. He said this investment helps with preservation of existing, outdated senior housing and the proposed improvements and the total rehabilitation hard cost is estimated at \$3.3 Million Dollars or \$48,000 per unit. He said the building amenities were highlighted: onsite rental office, parking spaces (additional parking for guests). He further said that the proposed scope of work will include a new roof with additional insulation, air-conditioner sleeves with air conditioners, etc. He said in addition, all the units will receive new kitchens fitted with Energy Star appliances. He said a new gas powered generator will also be installed to power all emergency lighting and new Energy Star hot water heaters will be installed.

Mr. Tsang said the request for authorization is for \$229,142 in tax credits. He said the project will receive a PILOT Agreement from the City of Amsterdam for real estate tax abatement.

Chairman Mulrow inquired about the reported sixty (60) non-union construction jobs and whether it is typical in this area of New York. Ms. Zucker said that non-union construction jobs are more typical in the Buffalo area. Ms. Zucker said she will explore with Gail Bressler, Vice President of Multifamily Finance (HFA) on the poor market conditions in terms of proceeds.

Mr. Valella stated that in consideration of the first and second motions previously entered, 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**

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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 9:28 a.m.

  

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Alejandro J. Valella, Acting Secretary