

**MINUTES OF THE 30<sup>th</sup> MEETING OF THE  
NEW YORK STATE HOUSING FINANCE AGENCY'S  
FINANCE AND PROGRAM COMMITTEE  
HELD ON NOVEMBER 7, 2013 AT 9:33 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 as guests.

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**The first item on the agenda was the adoption of the minutes of the 29<sup>th</sup> HFA Finance and Program Committee held on October 10, 2013.** There being no objections or corrections from the Members, the minutes were deemed approved.

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**The next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed \$9,350,000 for Cornerstone-Unity Park I Townhouse, located at 2520-**

**3300 9<sup>th</sup> Street, City of Niagara Falls, Niagara County.** Ms. Zucker, President, Finance and Development noted that this is the fifth of the thirty-five (35) projects in the Mitchell-Lama portfolio. Ms. Gail Bressler, Vice President, Multifamily Finance, reported that this is one of the most distressed Mitchell-Lama projects and is expected to be a challenge. She reported that as part of the Governor's Housing NY initiative, this investment funds the demolition of 120 units and the gut rehabilitation of 84 units of multifamily affordable housing known as Cornerstone-Unity Park I Townhomes located at 2520-3300 9<sup>th</sup> Street in the City of Niagara Falls, Niagara County. She said that ninety-five percent (95%) of the revenue generating units, or approximately eighty (80) units, will be set aside for households whose incomes are at or below sixty percent (60%) of the Area Median Income ("AMI") adjusted for family size for the Buffalo-Niagara Falls Metropolitan Statistical Area ("MSA"). Ms. Bressler said that the units to be demolished are either uninhabitable or occupied by single residents and the configuration is twenty (20) studio units, forty (40) one-bedroom units, forty (40) two-bedroom units and twenty (20) three-bedroom units. She said that of the existing units, 142 units are currently occupied and 62 units are vacant. She further stated that it is expected that 61 current households will remain in the rehabilitated development, and another 81 households will be permanently rehoused in other projects. Ms. Bressler said that the 81 single household occupants will be relocated to more appropriately sized units. She said that the tenants to be relocated will be provided with Tenant Protection Vouchers (preference on the City of Niagara Falls' waiting list and assistance from Norstar Investment USA, Inc., Developer, and the City of Niagara Falls to find new housing).

Ms. Zucker explained that First Sterling, Inc. is the tax credit investor/syndicator. She stated that Norstar, the controlling entity, is a private corporation; one of its principals is Richard L. Higgins. She noted that the financing will generate approximately 100 construction jobs.

Chairman Mulrow asked when the gut rehabilitation would be completed and Ms. Zucker said in approximately two years. Ms. Miller inquired about the City of Niagara Falls' waiting list. She expressed concern about the fact that units are being demolished instead of being rehabilitated. Ms. Zucker said that the units were poorly constructed and that this will be an expensive job. President Towns noted that this project coincides with part of the Mayor of Niagara Falls' plan to help displaced families rather than have folks live in substandard housing. Ms. Miller asked whether the Mayor has identified where the families will be relocated. It was explained that there is a working action plan. Ms. Miller went on to explain her experience with voucher programs noting that the neighborhoods are pretty much the same as the ones the tenants have left due to the landlords that are willing to accept vouchers and that this process does little to integrate low-income families into the community. Chairman Mulrow noted it is obvious that the facility is in horrific shape but that this project is indicative of the Agencies' goals and will be in much better shape afterwards. Ms. Miller inquired about the tenant's reaction to the plan. Ms. Bressler stated that they probably understand that they will be better off. She noted the high level of crime in this complex and the numerous tenant meetings that have been held as a result. She provided a brief history on the construction of the buildings back in the 1970s noting that the project had been located on swamp land (a superfund site) where there had been a lot of industrial activities. She said that the goal was to work with the City and others and still keep the neighborhood vital, noting that even to renovate 84 units is significant. Ms. Bressler noted that it didn't make sense to rehab the units after looking at the engineering of the buildings.

Ms. Zucker stated that a project like this is an exceptional project and a significant amount of subsidy has been provided. She stated that the renovated project is adjacent to another project so the developer is invested in keeping both his projects up and running. She said that it is believed that the City tried to identify the best solution with less concentration on costs. Commissioner Mattox noted that there really is no substitute for seeing a particular site. He stated that the Regional Economic Development Councils' members were at this project site last year and to say it's in "tough shape" is an understatement. He suggested that a road trip be scheduled amongst the Board Members possibly next spring, which would allow them to conduct a walk-through of one of the upstate project sites that the agency is involved in financing. He said that this can be done in conjunction with a meeting. Mr. Kim arrange for this to happen.

Considering the first and second motions previously entered for 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**

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**The next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed \$11,150,000 for The Lace Factory Apartments, located in the City of Kingston, Ulster County.** Ms. Bressler reported that this is a gut rehabilitation of an industrial building that was built in 1903 in the City of Kingston, Ulster County; the building is listed on the State and National Registries of Historic Places. She stated that there is an aggregate of fifty-five (55) affordable, revenue-generating units which will be set aside for tenants with incomes at or below sixty percent (60%) of the Area Median Income ("AMI") for the Kingston, NY (adjusted for family size).

Ms. Bressler provided further background information noting that RUPCO is a not-for-profit affordable housing organization based in Kingston, NY that specializes in affordable housing, community redevelopment and revitalization initiatives throughout Ulster County. She said that its Executive Director is Kevin O'Connor. She reported on the tax credit proceeds expected to be acquired by National Equity Fund, Inc. ("NEF") at a price of \$0.95 per tax credit; and noted that a \$2,910,931 estimated allocation of Federal Historic Preservation Tax Credits from the New York State Office of Parks, Recreation and Historic Preservation at a price equal to \$0.60 per tax credit is expected to be acquired by NEF. Additionally, she noted, that during the construction and lease-up period, the bonds will be secured by a letter of credit from JP Morgan Chase Bank, N.A. ("Chase"); Chase will provide the Letter of Credit. Ms. Bressler noted that the financing will create approximately 129 jobs in the construction services industry and four permanent jobs.

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

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**The next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed \$165,000,000 for Maestro West 28<sup>th</sup> Street Apartments, located at 515 West 28<sup>th</sup> Street, New York County.** Ms. Bressler reported that this investment funds the new construction of a 375 units and represents an 80/20 multifamily rental building to be located at 10<sup>th</sup> Avenue and 28<sup>th</sup> Street in Manhattan. She reported that twenty percent (20%) of the revenue-generating units, or seventy-five (75) units, are expected to be set aside for tenants with incomes at or below fifty percent (50%) of the New York, NY HUD Metro Fair Market Rents AMI adjusted for family size. She said that additionally, at least fifteen percent (15%) of the low income units (12) will be rented to households whose incomes are at or below forty percent (40%) of the AMI. Ms. Bressler said that one (1) unit will be set-aside for use by the building superintendent. She said that the project will also contain approximately 18,000 square feet of net rentable commercial space and an 18,000 square foot parking garage that will contain 85 spaces that are open to the public. She said that this project will incorporate environmentally responsible design features, such as energy-star appliances, ultra high-efficiency natural gas boilers for heat and hot water, rainwater retention systems, as well as energy-efficient glass.

Ms. Bressler noted that the managing member of the Sole Member is Tenth Avenue Highline Holdings LLC, a New York limited liability company; the limited partner and equity investors will be Kadima Tenth Avenue Holdings LLC. She said that the members of Kadima Tenth Avenue Holdings are Abraham Heby, Raba Abramov and Rony Abramov and are the former owners of the seven lots that comprise the project site.

Ms. Bressler stated that during the construction period, Wells Fargo Bank, N.A. will provide a letter of credit. She said that it was confirmed that the buildings are separate and not connected but there is a connecting lobby underneath the Highline.

Ms. Miller asked about the opinion of the Community Board 4 and whether testimony was heard. Ms. Zucker explained that the Agencies don't look to see whether the community is in favor of a project per se although it does conduct Public Hearings for bond issues. It was noted that in this case, no members of the public attended the Public Hearing and that since this is an inclusionary housing project, if there was any community opposition to the project, staff would be made aware.

It was noted that environmental issues may exist in connection with the project and that they are still being addressed, since the area has an industrial use past.

It was noted that there is no alternative energy source of power. Ms. Miller noted that solar energy on high-rise buildings is expensive but may save on operating costs. It was also noted that some of the projects specify whether they are LEED certified and others do not.

Ms. Miller noted that the financial structure is unclear as it relates to 421-a projects. She said that, for example, the Board materials don't include the dollar amount and does not highlight the impact that 421-a provision has on the project and the benefits to the developer. She inquired as to whether the agency looks at the developer's internal rate of return and expressed particular concerns about the New York City projects. She expressed an interest whether the Agency could do more public subsidy contributions and whether the public should be deriving more benefit from the project. Additionally she asked whether 80/20s are really the right number or maybe there should be an increase to 70/30s. It was determined that these questions are all a part of a larger policy question. As a result, Chairman Mulrow noted that these questions will be further explored when the Members discuss allocations in December 2013 or January 2014. In regard to a questions raised as to whether the project has any green features in the construction. Ms. Bressler explained that the agency's green criteria have been met, i.e. heat and hot water energy efficient appliances are included, but there is nothing available in terms of construction materials. It was noted that the Members need to know the overall policy approach for environmental standards.

Considering the first and second motions previously entered for 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  
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**The next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed \$210,000,000 for 160 Madison Avenue, New York County.** Ms. Bressler stated that this investment funds the new construction of 319 multifamily 80/20 rental units in a 42-story building to be located 33<sup>rd</sup> Street and Madison Avenue; the project will consist of approximately 29,178 square feet of retail space. She said that the amenities are expected to include a fitness center and the services of a concierge and doorman will be available.

Ms. Bressler said that the project site is currently owned by the proposed Borrower and is valued at \$113.7 million according to the appraisal reported commissioned by Helaba. She stated that this project is expected to provide 1,000 construction jobs and 65 permanent jobs as a result of this transaction. She further said that the project, as proposed, is eligible for a zoning bonus under New York City's Inclusionary Housing Program as administered by Housing Preservation and Development; the bonus is estimated to be 47,894 square feet.

Ms. Miller inquired about the requisite debt service ratio and Ms. Bressler responded that it is 5.45.

Ms. Bressler reported that the developer is the Carlisle Companies. Ms. Miller asked for a 10-year projection as it relates to underwriting the projects. Ms. Zucker stated that the Asset Management Group will be able to comply with this request.

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

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The next item on the agenda was a resolution authorizing financing approval for Wyandanch Rising B Apartments, Town of Babylon, Suffolk County. Ms. Bressler noted that a lot was heard about this project earlier which is undergoing a transformation, as part of the presentation before the Mortgage Insurance Committee of SONYMA. She said that this investment funds the construction of 86 units of multi-family housing. She reported on the low-income housing tax credits and noted that \$861,410 estimated annual allocation of 4% LIHTC of which are expected to be acquired by Capital One Bank N.A. at a price of \$1.175; that \$750,000 estimated annual allocation of 4% SLIHTC (\$8,721 per unit), which are expected to be purchased by Capital One at a price of \$0.62. She stated that conversion of the bonds issued will be redeemed from Capital One.

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

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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 10:15 a.m.

  
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C. Jason Kim, Secretary