

**MINUTES OF THE 47th MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON JULY 7, 2015 AT 9:25 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

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| William C. Thompson | Chairman |
| James S. Rubin | Member |
| Elaine McCann | Division of the Budget, representing Mary Beth Labate, Budget Directors, Member (via video conference) |

Chairman William C. Thompson presided over the meeting.

Mr. Kim acted as Secretary. He noted that Ms. Elaine McCann from the New York State Division of the Budget, representing Budget Director, Mary Beth Labate, participated in the meeting via 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 the venue in accordance with the New York State Open Meetings Law.

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. Chairman Thompson made a motion to call the HFA Finance and Program Committee meeting to order; Ms. Elaine McCann 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.

Mr. Steven J. Weiss, Nestor M. Davidson, James S. Rubin, Joyce Miller and Mr. Christopher Curtis, Deputy State Treasurer in his role as designee of the Commissioner of Taxation and Finance, New York State Department of Taxation and Finance, all HFA Members attended this meeting as a guest.

The first item on the agenda was the adoption of the minutes of the 456th HFA Finance and Program Committee held on June 11, 2015. There being no objections or corrections from the Members, the minutes were deemed approved.

The next item on the agenda was a resolution recommending approval of certain matters in connection with The Larstrand, 2180 Broadway Apartments Project, New York County. Ms. Marian Zucker, President, Finance and Development provided the relevant background information with regard to this request. She reported that in 2011, the Agency financed approximately \$123 million in tax-exempt and taxable bonds for a project located on 77th Street and Broadway, all of which remain outstanding. She said this project consists of one 20-story building containing 181 residential units and was financed based on the 80/20 structure.

Ms. Zucker said the owner of the project has requested that the Agencies approve an amendment and restatement of the existing bond resolution to include an unrated private placement bond option and other refinements; the bonds are currently outstanding in a weekly variable rate mode, secured by a Letter of Credit ("LOC") issued by Wells Fargo Bank ("Wells") N.A., which expires on October 5, 2015. She said Wells intends to purchase a 15-year secondary market credit enhancement after closing.

Ms. Zucker noted that the Agencies are seeing more and more interest from banks wanting to do a direct purchase instead of LOC because the New York City rental market is quite strong. She stated that Wells is proposing to purchase the bonds for an initial period of fifteen (15) years with optional tender at the end of year ten (10) subject to underwriting tests and re-pricing at optional tender. She said if the project doesn't underwrite in ten (10) years, the project will pay down a portion of their bonds or the Agency will refinance with another lender. Ms. Zucker said consistent with all Agency's private placements, the resolution authorizing the bonds contains certain restrictions to assure the bonds are held only by a sophisticated purchaser in a custodial account.

HFA Vice Chairman, Mr. Weiss confirmed that the Agencies are simply exchanging the LOC for a direct purchase. Ms. Zucker stated that the full amount of the bonds will continue and pursuant to the Board's approval, the resolution will be amended and then all of the bonds will be purchased by Wells. She added that in these direct purchases senior management has repeatedly come back to the Board seeking approval to accommodate the new terms of the financing. She noted that the exposure remains the same because bonds continue to be outstanding. She noted that there is a sophisticated investor who signs a letter and agrees to hold the bonds.

Ms. Zucker reminded the Board that although this structure has been approved numerous times before, this will be the fourth direct purchase), and she appreciates any flexibility granted. She said that she prefers to seek Board approval for each and every amendment of this type.

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.

The next item on the agenda was a resolution recommending financing approval in an amount not to exceed \$50,000,000 for 229 Cherry Street Apartments, New York County. Ms. Zucker provided the relevant background information with regard to this request. She noted that senior management seeks the Board's approval to issue bonds for the construction of one, twelve-story building consisting of approximately 182,000 square feet of residential space to be located on an approximately 95,000 square foot site bounded by Cherry Street.

Ms. Zucker explained that the project will benefit from approximately \$36 million in Developer Equity in connection with the City of New York Department of Housing Preservation and Development's Inclusionary Housing Program. She further explained that the project's total development cost is approximately \$90 million and is anticipated to be funded from a permanent First Mortgage Loan estimated at \$11.7 million. She said the financing structure is an estimated \$50 million in maximum fixed-rate, tax-exempt bonds and an estimated \$50 million in a maximum construction and permanent period First Mortgage Loan. She noted that with the tax credit equity, the Agency will get the bonds back within the time frame necessary to be recycled.

Ms. Zucker also noted that the project is part of a larger development that will comprise three (3) additional condominium units to be separately financed. She said these units include 50,000 square feet of retail space, a parking garage containing approximately 150 spaces and a seventy-story condominium tower containing approximately 815 for-sale, market-rate units.

Ms. Zucker reported that the bonds are expected to be purchased by Deutsche Bank. She also reported that the managing agent will be Wavecrest and the architect for the project will be Dattner Architects.

Ms. Zucker noted, particularly for the benefit of Ms. Joyce Miller, that the project has been designed in accordance with green building guidelines including high efficiency building systems, low-flow plumbing fixtures, energy efficient lighting, energy star appliances and a green roof.

Ms. Zucker reiterated that this project will contain a rental building within a larger condominium structure; there is a legal separation to accommodate the low-income units; the rents on the low-income building are flat. She said The condominium law does allow for an unbalanced allocation of expenses (see Battery Park City).

HFA Member, Ms. Miller asked if the Agency was paying a share of the costs based on the share of the revenue. Ms. Zucker responded affirmatively but noted that the percentage is steadily declining and the costs are based on the allocation of development costs of the building.

Ms. Miller expressed concern about having luxury housing and affordable housing units next to each other and whether a claim could be made for discriminatory or segregated practices. Ms. Zucker explained that there will be oversight between the Regulatory Agreement and the City's inclusionary program.

Chairman Thompson stated that he has looked at this project thoroughly and realizes there may be sensitivities and concerns, but reiterated that these are two completely separate and distinct entities and there's a separation of costs. Ms. Zucker added that the Agency's overarching concern is with the creation of affordable housing units. Commissioner Rubin confirmed that the Regulatory Agreements have inherent and standard compliance and monitoring features and service level components to protect the affordable units, adding that the market rate rents don't have the benefit of a Regulatory Agreement. Hence, tenants in affordable units have added protections coupled with the City's enforcement.

Ms. Zucker stated that "the core of what drives the Agency is to make sure that our tenants are protected."

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.

The next item on the agenda was a resolution recommending financing approval in an amount not to exceed \$9,130,000 for Evergreen Lofts Supportive Apartments, City of Buffalo, Erie County. Mr. Bret Garwood, Senior Vice President, Multifamily Housing, provided the relevant background information with regard to this request. He reported that this investment funds the acquisition and rehabilitation of a historic, five-story, industrial building located at 392 Genesee Street, City of Buffalo, Erie County, to be known as Evergreen Lofts Supportive Apartments.

Mr. Garwood noted that this project along with the next project are supported by the New York State Medicaid Redesign Team loan subsidy (\$3.5 million); this program has expanded to the upstate New York area. He said State officials are always looking for additional ways to fund the services of the program. He said in this case, it will be funded through the United States Department of Housing and Urban Development ("HUD").

Mr. Garwood reported that the building will be converted into fifty-six (56) revenue-generating residential units to be set aside for tenants with incomes at or below 60% of the

Buffalo-Niagara Falls Area Median Income (“AMI”), adjusted for family size. Twenty-eight (28) units will be set aside for tenants with a chronic medical condition and who are also chronically homeless.

Mr. Garwood said the project will benefit from an estimated \$489,000 annual allocation of 4% Low Income Housing Tax Credits (“LIHTC”); an estimated \$1.3 million in New York State Historic Tax Credit equity.

Mr. Garwood reported that there will be 50 one-bedroom units, 4 two-bedroom units and 2 three-bedroom units. He said the project team (project ownership and management) will consist of the borrower and owner, Evergreen Lofts Support Apartments, L.P., the general partners of the borrowers, ELA Development, Inc. (controlled by STEL and Evergreen Associates) and the eliminated partner of the Borrower, NEF). He said Evergreen is a 501(c)(3) non-profit corporation, created to combat the crisis generated by HIV/AIDS and other sexually-related infections in Western New York.

Mr. Garwood said the LOC is provided by First Niagara Bank, N.A.

HFA Member, Mr. Rubin inquired about the coordination between the various parties. Mr. Garwood stated that the coordination is very good and it gives the Agency an opportunity to work with many State partners.

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.

The next item on the agenda was a resolution recommending financing approval in an amount not to exceed \$5,900,000 for VOA Cobblestone Place, Monroe County. Mr. Bret Garwood stated that this project represents another integrated suburban supportive housing project in upstate New York.

Mr. Garwood reported that this investment funds the construction of sixty (60) units to be allocated in the Town of Webster, Monroe County. He said all fifty-nine (59) revenue generating units will be set aside for seniors ages 62 or older, with incomes at or below 50% of the AMI for the Rochester Metropolitan Statistical Area, adjusted for family size. He said of these units, thirty (30) will be set aside for frail, elderly residents and will benefit from an estimated \$6 million MRT award. He said Monroe County is contributing a substantial amount (\$120,000) along with an estimated \$300,000 from the Federal Home Loan Bank. Mr. Garwood said it is anticipated that the project will receive the project-based Section 8 voucher subsidy for sixty (60) units from the Rochester Housing Authority.

Mr. Garwood reported that the project is part of a Planned Unit Development known as the Webster Golf Tee Plan (“the Plan”) that is intended to meet the Town of Webster’s

goal of promoting mixed-use and mixed income developments. He said in addition to the project, the Plan includes the development of approximately 41,400 square feet of commercial space and seventy (70) recently completed market rate apartment units.

Mr. Garwood said the services are going to be provided by Volunteers of America of Upstate New York Inc. and ElderOne. He said VOA will be onsite weekly to provide assistance in coordinating services with ElderOne and residents; ElderOne will provide medical and supportive services on-site to qualified residents that enroll in its All-Inclusive Care for the Elderly (PACE) Program which helps prevent the need for seniors to go into nursing homes who would otherwise be considered nursing home eligible. He said this program allows them to continue to live independently in the community.

Mr. Garwood said the acquisition price of \$1.2 million is allocated equally between the Phase I and Phase II.

Mr. Garwood said the owner will be VOA Cobblestone Place Apartments, LLC; Conifer Management LLC will be the property manager. He said during the construction period and lease-up period, the Bonds will be secured by an irrevocable, unconditional direct pay letter of credit from First Niagara Bank.

Commissioner Rubin asked if there were any residence requirements. Mr. Garwood stated that there are no geographic residency requirements.

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.

The next item on the agenda was a resolution recommending financing approval in an amount not to exceed \$15,000,000 for Ludlow Commons Senior Apartments, Westchester County. Mr. Bret Garwood stated that this investment funds the new construction of seventy-one (71) units of affordable housing for very low income seniors to be located at 7-17 Ludlow Street in the City of Yonkers, Westchester County using HUD's Section 2012 Mixed Finance Program. He said this project represents yet another integrated suburban supportive housing project in upstate New York.

Ms. Zucker noted that a Request for Proposal was issued last year in anticipation of being funded by Community Development Block Grants ("CDBG")-Disaster Recovery Assistance. She said the Program funds the Governor's Office of Storm Recovery fund areas in New York State hit hard by several natural disasters including Hurricanes Sandy and Irene, and Tropical Storm Lee, which caused significant damage to homes, etc.

Mr. Garwood noted that it is anticipated that the Agency will close several of these projects by the end of the year (HUD section 202 with tax exempt bonds). He said the

investment recommendation for this project is \$15 million. He said this will be a short-term investment by the Agency and the leverage, here, is in the amount of \$11.5 million dollars from the HUD Section 2012 Capital Advance Fund. Mr. Garwood said CDBG-Disaster Recovery Program funds in the estimated amount of \$3.4 million. He said participation also provides rental assistance based on a Project Rental Assistance Contract which will contribute to the payment of the project's operating expenses for all of the revenue-generating units. He said contributed amount takes into account the average tenant contribution toward rent. The tenants whose incomes are at or below 50% of the AMI, will pay no more than 30% of their adjusted monthly income for rent.

Mr. Garwood reported that the project will be an eight-story rental apartment building. He said seventy (70) of the units will be one-bedroom apartments, and one (1) one-bedroom apartment will be set aside for the superintendent. He said it is expected that eight (8) units will be accessible for mobility impaired tenants and three (3) units will be adapted for visual and hearing impaired tenants in order to comply with HUD's Section 202 Program requirements. He said these requirements mandate that at least 5% of the total units will be accessible to and usable by handicapped seniors.

Mr. Garwood said the project is located within walking distance of retail, municipal and health services. He said the project's total development cost is estimated at approximately \$25,999,161.

Commissioner Rubin advised that extra caution be given to the project due to a particularly scrutinized area (Westchester County) as it relates to the developer's marketing plan and the use of CDBG funds. Mr. Garwood confirmed that the Agency has a close partnership with HUD and will be vigilant in this regard.

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.

The next item on the agenda was a resolution recommending revisions to 26-14 Jackson Avenue Development Project, Queens County. Ms. Zucker noted that this next project requires that revisions be made to the resolutions that financed the project.

Ms. Zucker reported that in 2012, the Agency's Members adopted resolutions approving the issuance of up to \$32.38 million of tax-exempt and/or taxable bonds for the 26-14 Jackson Avenue Apartments projects. She said on August 8, 2012, the Agency issued \$27.66 of tax-exempt and taxable bonds known as the New York State Housing Finance Agency Jackson Avenue Apartments Housing Revenue Bonds 2012 Series A and 2012 Series B for the project.

Ms. Zucker said senior management wishes to move on with the issuance of bonds that were originally approved but not issued. She said at the time of the original closing, it was anticipated that additional taxable bonds in the amount of up to \$4.72 million may be issued based on Citibank's loan to value analysis at construction completion and occupancy

Ms. Zucker said the average market rate residential rents at the time of the construction loan closing were projected at \$44 per square feet and current actual are averaging \$54 per sq. ft.

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.

There being no further business, Chairman Thompson 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; Chairman Thompson seconded the motion, and the meeting was adjourned at 10:05 a.m.



C. Jason Kim, Secretary