

NYSHCR

GOALS and ACCOMPLISHMENTS

New York State Homes and Community Renewal

2014 Accomplishments

New York State Homes and Community Renewal (HCR) is charged with advancing the housing agenda and vision outlined by Governor Andrew M. Cuomo. It represents a consolidated organizational structure designed to leverage multiple public and private affordable housing resources in an efficient and cost effective manner. HCR encourages economic opportunity through the creation and preservation of affordable housing for New Yorkers, while empowering local stakeholders to build diverse and sustainable communities.

The HCR umbrella encompasses the Division of Housing and Community Renewal and the Housing Trust Fund Corporation, as well as the 641 Lexington Avenue public benefit corporations: the Housing Finance Agency, the State of New York Mortgage Agency, the Affordable Housing Corporation, the Mortgage Insurance Fund, the Tobacco Settlement Financing Corporation, and the State of New York Municipal Bond Bank Agency. Managers in many cases supervise staff and achieve outcomes across agency lines. Under the leadership of Commissioner/CEO Darryl C. Towns, HCR identified and carried out numerous projects to increase efficiency among its agencies in 2014. Examples include:

- **Established a consolidated Procurement and Contracts Unit** – This unit now oversees competitive bidding and solicitations for all of the agencies within HCR. The Unit is led by Lisa Pagnozzi, and worked closely with Legal and MWBE staff throughout 2014 to establish consistent policies and procedures and recommend changes to procurement guidelines as necessary. The Procurement Unit also works closely with staff at the Office of General Services, the Office of the State Comptroller, and the State Attorney General to ensure compliance and to tap into the efficiencies of statewide initiatives.
- **Established a consolidated Facilities and Support Services Unit** – This unit also serves all of the agencies within HCR, and provides support to 10 office locations across the state. Their efforts in 2014 included the creation of new HCR security access ID cards for employees that travel between Albany, Manhattan, and Jamaica, Queens. Instead of carrying four separate access cards, employees will be able to use two cards for entry into these locations.
- **Streamlined the Travel Voucher System (TVS) Expense Process by Creating a New Data Import from TVS to ECS** – Travel systems have been consolidated for HCR staff employed by Public Benefit Corporations. We have implemented an electronic Share point based approval routing system for travel authorization, budget

approval, expense report completion and resulting payment. This system has eliminated the need for numerous paper forms and wet signature requirements of the past.

- **Completed Office 365 Migration to Consolidate Email throughout the State** - As part of the statewide initiative to integrate all email into Microsoft's Office 365 cloud solution, HCR successfully migrated its email to the new system, which provides centralized administration by ITS and easy access to all email whether in office from the desktop application or in the cloud via the website.
- **Enhanced efficiencies in Human Resources and Training Units** – These units have been integrated for several years. However, several new initiatives were undertaken in 2014, including: the drafting of a new HCR employee handbook, to be completed in early 2015; the creation of an HR procedures manual for serving public benefit corporation employees, the completion of a violence prevention assessment for each location in cooperation with Facilities staff; carrying out the mandatory statewide training programs across all of the HCR agencies; and employee recognition ceremonies at multiple locations acknowledging over 150 employees for their dedicated service.
- **Consolidation and Coordination of data collection of financed projects for both HFA and HTFC projects** – HCR finances affordable housing using a combination of multiple federal, state and private financing sources. Tracking and accurately reporting the hundreds of projects and thousands of units financed each year is a significant challenge. Staff in HCR's Finance and Development Office worked closely with Project Management staff to develop an integrated data collection system.
- **Established the Fair and Equitable Housing Unit.** – Under the leadership of Lorraine Collins, this unit is focusing on a more pro-active approach to affirmatively furthering fair housing and removing regulatory barriers at the state level. It develops and implements the strategic goals and objectives of HCR's fair and equitable housing efforts, and oversees the State's Section 3 compliance and monitoring process. The Unit's goal is to promote fair housing choice and ensure affordable housing opportunities are available in all areas of the State.
- **Re-established the Office of Economic Opportunity & Partnership Development** – This Unit is responsible for implementing and enforcing Article 15A of the NYS Executive Law and the marketing of the State of NY Mortgage Agencies first-time homebuyer programs. The primary mission is to ensure and increase economic opportunity for minority and women-owned businesses, by exploring ways to eradicate barriers that have impaired access to State contracting opportunities. Under the leadership of Wanda Graham, HCR's integrated MWBE efforts are already highly successful.
- **Implemented the LEAN Program at HCR** – In 2014, HCR began participating in the State of New York Lean Program. Lean is an internationally recognized philosophy used by world class companies to make their operations more effective and efficient. Lean empowers employees to view the process from the eyes of their customers and

eliminate unnecessary steps in product delivery. Several projects at HCR are already underway.

New York State Housing Finance Agency

2014 Accomplishments

- HFA financed a total of 35 projects with 6,106 affordable units. This included 2,235 affordable new construction units and 3,871 affordable preservation units. The total development cost of these units was \$4,802,212,201. The total bond amount issued to fund projects was \$1,642,565,000.
- HFA met its 2014 goal of refinancing an additional 17% of the 35 Mitchell Lama properties in the mortgage portfolio that were identified for preservation, refinancing 6 properties, or 17.1% of the 35 projects. The 6 additional properties contain 1,705 units, 19.7% of the 8,628 units to be refinanced by 2018. In the first 1.5 years of the 5 year refinancing plan HCR has refinanced 2,798 units in 10 properties which constitute 20% of the units and 28.5% of the properties in the HOUSE-NY Mitchell Lama portfolio.
- HFA introduced two new bond financing structures that maximize the utility of the state's limited supply of private activity bonds (aka volume cap). Due to the high demand for financing, in keeping with its mission, HFA limited its tax-exempt funding to only the low income component of 80/20s. The Agency also implemented its Multifamily Volume-cap Preservation effort ("MVP"). MVP allows the Agency to capture and hold volume cap funded mortgage pre-payments in order to reuse this volume cap at a later date.
- HFA implemented two new financing structures to help meet the needs of the market place. Partnering with a major financial institution, the Agency financed several developments that utilized a new back to back structure. The Agency also refinanced two developments converting into their permanent financing phase utilizing a new secondary market credit enhanced structure.
- HFA and SONYMA underwriter appointments resulted in approximately 30% of total 2014 underwriter compensation being paid to MWBE firms, exceeding its 20% goal for the year by 50%.
- HFA continued to increase its programmatic reach with a number of new programs and expansion of existing ones. This included:
 - Developed a new program using CDBG-DR funds in cooperation with GOSR to stimulate the development of new rental housing in storm impacted areas throughout the State.
 - Expanded the reach of MRT funds to all areas of the State.
 - ❖ Expanded the use of HTFC's CIF funding to HFA bond financed developments; utilized both urban and rural funding from the program in 2014 projects.

- HFA continued its partnership with both federal and state agencies:
 - HFA coordinated with other State agencies on jointly financed projects, especially regarding the development of integrated supportive housing. Improvements to MWBE and construction monitoring processes are underway.\
 - HFA financed in partnership with U.S Rural Development the preservation of a pool of small rural projects.
- HFA optimized the opportunity created by the housing agencies' integration to evaluate whether projects which apply for 9% tax credits can more efficiently be financed with tax-exempt bonds. Approximately 10 projects have closed or will close as bond deals as a result. Similarly, HFA and HTFC have allocated resources, including MRT, ML and CDBG-DR subsidies in a manner to maximize efficiency across program type.

2015 Goals

- Refinance an additional 25% of projects in the Mitchell Lama HOUSE-NY portfolio. Refinancing these additional 9 projects in 2015 will bring the percentage of ML/HOUSE-NY projects refinanced to 54% at the end of the year, halfway to the five year deadline.
- HFA will again achieve 30% MWBE underwriting compensation. Implement Governor Cuomo's increased WMBE participation goal for construction costs.
- Increase the number of units dedicated to special populations based on the funds that will be available.
- Continue to implement new financing structures that address the needs of the market place, help stimulate the production of affordable housing and stretch the Agency's limited resources.
- Close first bond financed projects utilizing CDBG-DR and obligate \$80 million of CDBG-DR for multifamily housing. Launch new \$20 million program for small multifamily projects in storm impacted communities.
- Complete the expansion of the MRT program statewide in partnership with HTFC. Obligate all funding from the first three years of MRT in addition to new funding made available in 2015-16.

State of New York Mortgage Agency

2014 Accomplishments

- The Mortgage Insurance Fund insured 170 SF loans with 192 units for a total of \$33,423,326 in loan amount. The Mortgage Insurance Fund also insured 84 Project loans with 7,602 units for a total of \$414,419,210 in loan amount.

- The Mortgage Insurance Fund provided pool insurance for all of the loans purchased by SONYMA Single Family and provided primary insurance for loans that were rejected by Genworth and other PMI companies generally due to low FICO scores.
- The Agency purchased 831 mortgages, serving the following incomes: 18.2% served families earning incomes at or above 100% of the AMI; 15.3% served families earning incomes from 80.1% to 100% of AMI; 33.3% served families earning incomes from 60.1% to 80% of AMI; 19.1% served families earning incomes from 50.1% to 60% of AMI; and 14.1% of loans served families earning incomes at or below 50% of AMI.
- The loan portfolio performed with delinquencies as of November 30, 2014 at 4.91% of loans, which was significantly better than the state and national averages, which were 9.67% and 5.66%, respectively.
- During 2014, the Agency directed its energies towards providing mortgage loans to those individuals and families for whom SONYMA mortgages make the difference in achieving sustainable homeownership. This was accomplished by continuing to target mortgage financing activities on the Achieving the Dream Program, which assists lower-income homebuyers. In 2014, 59.1% of the Agency's mortgages were originated under this program, up from 47.5% in 2013. Overall, 66.5% of the mortgages purchased were made to low-income homebuyers (80% of area median income or less), up from 61.6% in 2013, and 39.4% of the 831 loans SONYMA purchased statewide were made to minority households, up from 36.1% in 2013.
- The Agency launched the SONYMA Express® automated system which has been developed to assist participating lenders via expedited electronic decisions regarding SONYMA loan eligibility on a pilot basis with its two highest producing lenders. The system is expected to: (a) streamline the Agency's loan origination process and dramatically reduce the time it takes participating lenders to originate SONYMA loans; (b) eliminate uncertainty of a borrower's eligibility early in the mortgage application process; (c) lower overall lender costs; and (d) provide lenders with the capacity to submit electronic loan files to the Agency, thus eliminating the need to submit paper files. The system is expected to be rolled out to additional lender partners in the first quarter of 2015. SONYMA Express® will improve the Agency's relationships with lenders, other industry partners and potential borrowers. Ultimately, the system is expected to increase loan production and improve profitability.

SONYMA received the 2014 National Council of State Housing Agencies' Management Innovation in Technology award, for the successful launch of SONYMA Express.

- SONYMA continued to promote and expand the footprint of the FHA Plus Program launched in December 2013. FHA Plus takes advantage of a special exemption from HUD that enables state housing finance agencies to offer down payment assistance on FHA-insured mortgages, where the down payment assistance may be used towards the borrower's minimum cash investment. Further, FHA mortgages offer other underwriting advantages and have slightly more lenient credit standards than

conventional loans. Under this program, 127 mortgages of \$27 million in total principal and \$813,000 in Down Payment Assistance were originated in 2014. In addition, the Agency had 20 mortgages of \$4.8 million in total principal and \$139,000 in Down Payment Assistance in its pipeline.

- The Agency continued to promote and extend the reach of its Conventional Plus Program in 2014. Conventional Plus was launched in November 2012 and complements SONYMA's existing tax-exempt bond financed programs and the FHA Plus Program described above. The product is designed to take advantage of certain pricing and underwriting benefits afforded to SONYMA by Fannie Mae. Among other benefits, Conventional Plus is available for home purchases and for limited cash-out refinances. Under Conventional Plus, 75 mortgages of \$13.3 million in total principal and \$154,000 in Down Payment Assistance were originated in 2014. In addition, the Agency had 19 mortgages of \$3.6 million in total principal and \$39,000 in Down Payment Assistance in its pipeline.
- In February, 2014, the Agency began offering SONYMA University webinars on a twice per month basis. Content has been developed and presented to lender partners, realtors, and homeownership counselors with topics coming from attendee feedback and the SONYMA Advisory Council. To date, more than 1,000 attendees have participated in web-based training on SONYMA programs. The course content has also been used to create consistent presentations for onsite trainings that are given by our three Business Development Officers throughout the state.
- Working in collaboration with the SONYMA Advisory Council, SONYMA:
 - The Process sub-committee met monthly to discuss the topics for the SONYMA University training calendar. With their assistance, classes were developed on a wide range of topics, including Taking a SONYMA Application, and the Benefits of SONYMA for Realtors.
 - Wrote a Realtor Continuing Education class and submitted it for approval to the New York State Association of Realtors in December, 2014.
 - Hosted a Lunch & Learn to explore homeownership readiness and explain SONYMA programs at the 641 Lex HCR office, with 82 attendees. This event was intended to be a template for future training sessions to be completed in conjunction with major employers in New York State.
- Development and rollout of enhanced RemodelNY Program: As the existing housing stock continues to age, many homebuyers are faced with the need to complete renovations to properties they are purchasing. This can be burdensome to first-time homebuyers adjusting to homeownership, and can keep homebuyers from being able to purchase properties in need of significant repair. In order to address this increasing need, SONYMA has enhanced our RemodelNY program in a number of ways:
 - We transitioned the RemodelNY to an add-on program, so that borrowers who meet the income requirements for Achieving the Dream, can utilize the program and obtain the same low interest rate they would receive if they were not financing property improvements.

- We built the infrastructure to service the renovation escrow accounts internally. This enables SONYMA lender partners without the servicing capability to administer renovation draws the ability to offer the program. This is anticipated to increase homebuyer access to the program through a larger lender network.
- Consolidation of Remodel New York and Own It Fix It, NY programs and elimination of caps on repair amounts based on total dollars and percentage of after-improved value.
- Expansion of eligible improvements to include necessities for first-time homebuyers, such as appliances, when after-improved value permits.
- Alignment with HUD and Fannie Mae renovation guidelines and form usage for work write-up preparation. This enables lenders already offering the FHA 203(k) and Fannie Mae HomeStyle to transition to originating SONYMA RemodelNY with minimal additional technology modifications and training resources needed.
- Implementation of mandatory certification for Loan Originators taking RemodelNY applications. To ensure borrowers receive proper counseling from their originator, it was important to require that there be a minimum amount of training and education provided prior to an originator taking an application for a RemodelNY loan.
- To take advantage of market opportunities, SONYMA issued economic refunding bonds in the approximate amount of \$338 million which generated savings of approximately \$26.5 million.

2015 Goals

- Roll out the SONYMA Express® automated system to 6-9 lenders every quarter in 2015. This will include assisting lenders with obtaining the required accesses and training them on how best to use the system. In addition, SONYMA will continue to work with its software vendor on an ongoing basis to incorporate both internal and lender feedback into future system updates to eliminate any bugs and ensure the best possible user experience.
- Apply to become a Fannie Mae Seller: SONYMA is in the process of creating a quality control system which meets Fannie Mae requirements, after which the Agency will apply to become a Fannie Mae Seller. This is the first step on the path to becoming a Fannie Mae Seller/Servicer which will give SONYMA improved flexibility in managing its Conventional Plus and FHA Plus MBS programs and enhancing pricing competitiveness.
- Continue efforts to raise consumer awareness of SONYMA products. This will include initiatives to:

- Redesign the SONYMA website to make it easier to navigate and increase information on preparation for homeownership
 - Utilize a combination of social media and traditional print advertising in a carefully targeted manner to ensure messaging is reaching the right audiences
 - Partner with local homeownership counseling agencies to identify housing fairs where SONYMA can participate
 - Work with the SONYMA Advisory Council's Consumer Direct subcommittee and other partners to design and execute innovative outreach activities and events
- Promote the enhanced RemodelNY Program described above. Upon rollout of the enhanced program, SONYMA's Business Development team will actively promote, market, and provide trainings on the program and its many benefits among lenders, realtors, builders, and end-consumers.
 - Continue to cultivate relationships with industry partners by participating in many events with homeownership counseling organizations, realtors, lenders, not-for profits, veterans groups, community groups and others. In 2014, for instance, SONYMA sponsored the Annual CXHE Statewide Conference for homeownership counseling groups, reinforcing the Agency's commitment to sustainable homeownership through borrower education and preparation. Such outreach efforts and collaboration in planning events have deepened the Agency's relationships with its partners in the housing community and provided additional opportunities to promote SONYMA products and services. Additionally, the SONYMA Advisory Council Business to Business Committee continues to focus its efforts on relationship development with additional homeownership service providers.
 - In an effort to encourage sustainable homeownership among potential SONYMA borrowers, the Agency will collaborate with E-Home America and various not-for-profit counseling entities in launching an innovative homebuyer education software program. This new initiative combines the automated homebuyer education with a personalized live counseling component to provide more value added to the borrower and improve the impact of the required pre-purchase counseling on loan performance.

New York State Affordable Housing Corporation

2014 Accomplishments

- AHC awarded \$37,553,358 for total of 2,012 low to moderate income units, achieving a diverse regional representation that included 49 of New York State's 62 counties. AHC funded 14 New Construction, 46 Home Improvement and 17 Acquisition Rehabilitation projects in 2014. AHC has awarded approximately \$26,523,358 in non-New York City and \$11,370,000 for New York City projects in 2014. Additionally, AHC has disbursed in excess of \$20,776,000 in previously awarded grant funds.

2014 Accomplishments—Neighborhood Stabilization Efforts

- The Neighborhood Stabilization Program succeeded in meeting the 100% expenditure deadline for its \$5 million NSP3 grant during the 4th quarter of 2014. Together with the \$54.5 million NSP1 grant and other leveraged funds, the 33 local programs that received NSP funding have collectively developed almost 1000 units of affordable owner-occupied and rental housing in properties that were previously foreclosed or vacant. In addition, approximately 175 properties in redevelopment areas have been demolished, and 30 properties land-banked for future development.

2015 Goals

- AHC has been allocated \$25 million in State funds for the administration of its Affordable Home Ownership Development Program for the 2014-2015 funding round. As in previous years, AHC expects a significant demand for grant funds for all of its project types (acquisition/rehabilitation, home improvement and new construction), whereby all funds will be committed and diversely represented throughout the State.
- On December 10, 2014, AHC released its Notice of Funding Availability with applications due no later than February 13, 2015.
- As part of NYSHCR's Office of Community Renewal (OCR), AHC continues to operate in conjunction and cooperation with OCR's other programs that are geared toward community and economic development, job creation and downtown revitalization, including the NYS Community Development Block Grant Program (CDBG), NY Main Street Program (NYMS), Neighborhood Stabilization Program (NSP), and the Neighborhood and Rural Preservation programs (collectively, the "OCR programs").
- Continued to emphasize the importance of timely and accurate submission of the required forms that comprise the Equal Employment Opportunity Agreement (EEO) and the Minority and Women-Owned Business Plan (M/WBE), in conjunction with the Office of Fair Housing and Equal Opportunity.

2015 Goals—Neighborhood Stabilization Efforts

- The Neighborhood Stabilization Program continues to work with its grantees to complete NSP-funded units that are still under development, and to sell and rent units that have been completed but have not yet been sold or rented. In addition, new properties are added to the program with the recycling of proceeds from home sales and permanent financing.

Treasury and Accounting

2014 Accomplishments

- Replaced and extended a total of 13 Standby Bond Purchase Agreements providing liquidity support for \$505,000,000 of SONYMA variable rate bonds and in the process expanding our existing pool of providers with two financially strong and stable institutions. This enabled us to better spread our risk while at the same time lower our

overall facility cost due to lower rates. We also varied the maturity dates of the agreements ranging from three to five years.

- Terminated one liquidity facility due to SONYMA refunding a variable rate bond into a fixed rate series. As a result, the bank with the weakest credit profile was removed and we reduced our liquidity cost. Additionally, two interest rate swaps attributable to the refunded series were re-allocated to other existing variable rate series.
- Replaced two expiring contracts for Arbitrage Rebate Specialists with three new ones thereby increasing the service pool while maintaining the same cost structure. The new contracts also included MWBE partnering arrangements which will contribute to achieving the Agency's overall MWBE goal.
- Upgraded the Agency's payroll processing platform to a Windows based system which is provided by the Agency's payroll servicer. This allows for more efficient payroll processing and better reporting of payroll data. It also allows for the electronic distribution of paystub stubs and other payroll related documents to employees.

Information Technology

2014 Accomplishments

- **Completed Business Applications Modernization Gartner Study to Replace Outdated Systems** – As part of our applications modernization project to replace our outdated business systems, an in-depth study has been successfully completed with Gartner, which lays out the current state of our environment and recommends possible future states that will be used as input in our future state decision making process and roadmap. These are mission critical applications that support the backbone of the HCR's business functions, including our financials, bond and investment administration, loan origination and servicing, grants and property management. This was a close collaborative effort between Gartner and HCR over a number of months, including staff at 641 Lexington and Hampton Plaza, which also included a presentation to ITS and received their approval.
- **Developed New Process for SONYMA Express to Automate Loan Data Feeds into MIF and to Capture Mortgage Insurance Decisions** – SONYMA Express is a new external web-based underwriting system built specifically to automate the HFA single-family loan originations business model, which was a collaboration between Overture (a third party vendor) and the Agency. By providing the ability for lenders to enter data online, it allows them make decisions on the IRS compliance and credit underwriting components of SONYMA loans, which significantly reduces the amount of time of the borrower's eligibility to obtain a loan. New data feeds were developed to automatically transmit the loan data from SONYMA Express into our Emphasys Mortgage system the Mortgage Insurance Fund (MIF) system. This new platform drastically streamlines the process by eliminating the need for duplicate manual entry in numerous systems, which significantly decreases errors. In addition, because of its importance to the affordable housing community, HCR received the top IT Innovation

award for SONYMA Express from NCSHA (National Council of State Housing Agencies).

- **Streamlined the Travel Voucher System Expense Process by Creating a New Data Import from TVS to ECS (Expenditure Control System)** – The new Travel Voucher System (TVS), which used throughout HCR by the accounting departments to record travel authorizations, now has the added functionality for the he Public Benefit Corporations at 641 Lex that allows travelers to submit pre & post-travel authorization in one system, foregoing the numerous paper forms and wet signature requirements of the past. To achieve this, a new process was created to automatically import the data from TVS into ECS, which is used to track expenses against the budget and accounts payable, thus eliminating the manual process and data errors caused by double entry. This project was a successful collaborative effort between ITS and the 641 Lex IT staff.
- **Completed Major Infrastructure and Security Upgrades, including Hardware, Security, and Phone System** – In order to support HCR’s increased technology needs, we underwent many infrastructure and security upgrades as well as implementing new technologies, which included, a major upgrade to our storage, servers and virtualization platform both at 641 Lex and at our disaster recovery site in Hawthorne, NY; thus providing a faster, more resilient and stable computing environment. A number of new PC’s and printers were rolled out to proactively keep our equipment up to date. Enhancements were made to our firewall and security monitoring tools, which will help prevent the agency from cyber-attacks; in addition to, increased security awareness. Lastly, major upgrades have been applied to our phone system to provide more reliable service and increased disaster recovery.
- **Completed Office 365 Migration to Consolidate Email throughout the State** – As part of the statewide initiative to integrate all email into Microsoft’s Office 365 cloud solution, HCR successfully migrated its email to the new system, which provides centralized administration by ITS and easy access to all email whether in office from the desktop application or in the cloud via the website.
- **Completed HUD’s Intensive Yearly Compliance Reporting Requirements Ahead of Schedule** – The HUD system is used by the HFA Housing Portfolio Management Unit to monitor the Section 8 housing portfolio and to comply with HUD regulations regarding the electronic transfer of project and tenant certification data from HFA to HUD on a yearly basis. This requires an intensive process to input, vet and extract the data on a timely basis, then send to HUD and pass its strict validation rules. A number of iterations are typically made between HCR and HUD to refine the data and then ultimately passes compliance. This year, through diligent work, the extract was completed two weeks ahead of schedule.
- **Completed Three Major Yearly Audits, which includes NYS DFS, E&Y and Internal Audit** – HCR’s Public Benefits Corporations at 641 Lex undergoes three major audits each year, including the New York State Department of Finance (DFS), Ernst & Young (E&Y) as well as an internal audit. This covers a wide range of areas within IT, including our responses and actions to resolve previous year’s items from the auditors’ reports, providing documentation of IT policies and procedures (e.g.

business continuity plans, change management and information security), providing evidence, in the form of reports or screenshots, of recertification of users' access to systems, disaster recovery and penetration tests. The team spends a great deal of time gathering this information and responding to the many additional inquiries from the auditors. Although some recommendations are almost always made, the auditors were very satisfied with our responses.

Initiatives

- **Business Applications Modernization to Replace Outdated Systems** – We are currently undergoing a vast modernization of a major part of our business applications that are mainly developed in FoxPro, which is an outdated technology and reaching end-of-life. These are mission critical systems that support the backbone of the HCR's business functions, including our financials (e.g. general ledger, accounts payable, accounts receivable), bond and investment administration, single and multi-family loan origination and servicing, grants and property management as well as many others. An in-depth study has been completed with Gartner, which will be used to recommend the future state. The applications will be mainly replaced by COTS (Commercial off-the-shelf) solutions, including an ERP (Enterprise Resource Planning) package as well as custom systems, as needed. This is an enormous effort that will occur over multiple years, which will greatly increase our productivity, provide adherence to industry best practices and lead the agency into the future.
- **Infrastructure Enhancements to Improve the Agency's Security, Network and Hardware** — In order to support HCR's increasing technology needs, we are undergoing many infrastructure and security upgrades as well as implementing new technologies, which include, a major upgrade to our storage, servers and virtualization platform both at 641 Lex and at our disaster recovery site in Hawthorne, NY, thus providing a faster, more resilient and stable computing environment. A number of new PC's and printers continue to be rolled out to proactively keep our equipment up to date. Enhancements are being made to our firewall and security monitoring tools, which will help prevent the agency from cyber-attacks; in addition to, increased security awareness is being provided through new online training and monthly newsletters, which introduces layers of protection and helps prevent data vulnerability. Lastly, major upgrades have been applied to our phone system to provide more reliable service and increased disaster recovery.
- **Collaborate with ITS to Integrate HCR with the State's Technology Platform** –In an effort to merge with the State's technology division and leverage resources in an efficient manner, a number of projects are currently underway, including upgrading and migrating to IBM's FileNet for Enterprise Content Management (ECM) to ensure consistent usage and security around how we store and retain vital documents, CNSE (College of Nanoscale Science and Engineering) migration for DHCR integration into the State's consolidated data center and the Applications Modernization initiative around utilizing shared systems for grants and property management.

- **Security Enhancements to Emphasys Single-Family Application Suite** – Enhancements are underway to greatly increase the security of the Emphasys single-family application suite, which enforces much stricter password protection and well-defined role definitions, which grants entitlements/access to various functionality within the application. This will also streamline the recertification process to ensure the right access is given to users, provide single sign-on amongst the various modules within the suite as well as satisfying a major auditing requirement.

Office of Fair Housing and Equal Opportunity

OFHEO continues to provide ongoing technical training to HCRs Finance and Development units on MWBE participation, compliance and technical training to sub-grantees, which includes non-profit organizations. OFHEO provides technical training to the Agency's project development teams on MWBE compliance requirements by attending pre-construction meetings. OFHEO encourages all projects to host pre-bid MWBE forums and will continue to work strategically to ensure inclusion of MWBEs in all areas of opportunities within HCR. Additionally, enforcement mechanisms for non-compliance are outlined in each contract in the Minority and Women-Owned Business Enterprise Utilization Agreement, Appendix II, Section VII.

The development category of expense is by far the largest posing a particularly significant challenge. HCR relies on developers and awardees to develop funded projects. Therefore, developers and awardees must be educated regarding the Article 15-A obligations. This occurs during pre-construction conference calls and meetings. Prior to construction finance closing, developers must outline in a Utilization Plan which MWBEs they intend to utilize to meet the goals. This plan must be approved by HCR's Office of Fair Housing and Equal Opportunity prior to construction finance closing as well. The Agencies also monitor project construction to ensure the MWBEs detailed in the Utilization Plan are being utilized throughout the project. The Agencies work actively to ensure the MWBE utilization goals are met and exceeded.

HCR's Finance and Development Office (F&D) has worked with OFHEO to identify barriers to meeting the Article 15-A goals, and the projects are achieving greater MWBE utilization.

F&D will be funding a number of projects being developed by the Governor's Office of Sandy Recovery (GOSR). Additionally, F&D has been working in concert with OFHEO in furtherance of Article 15-A objectives by finding ways to assess MWBE goals on GOSR projects in which F&D only contributes tax credits. F&D will also finance projects jointly with other state agencies to which Article 15-A goals will be applied. OFHEO will take the lead on the monitoring of these jointly funded projects.

The liquidated damages clause currently in development contracts is being revised to act as a deterrent to violations of Article 15-A. The proposed liquidated damages would ensure that if a contractor does not meet the Article 15-A obligations as outlined in their contract, the damages would be equal to the MWBE participation amount required by the contract. If any funds are

collected through this process, OFHEO is exploring ways to create an internship or mentorship program

Lastly, HCR established a MWBE Corner on its website which is linked to HCR's home page to help MWBEs find opportunities within the Agencies. The MWBE Corner provides useful information and links to ESD's website so that uncertified MWBEs can get assistance in becoming certified. OFHEO is currently in the process of redesigning the MWBE Corner and identifying a more visible location on the website to ensure it is more user-friendly for its target audiences.

OFHEO Participated as MWBE advocates in the Selection of Firms for the Following RFPs:

In April 2013, a RFP was issued by HFA, SONYMA, MBBA and TSFC to establish a new prequalified panel for law firms to serve as bond counsel. The Agencies received 28 responses, 3 of which were from joint ventures between a majority and M/WBE firm, 9 of which were from M/WBEs, and 16 of which were from majority firms. In January 2014, a newly established prequalified panel of law firms was created to serve as bond counsel to the Agencies that included 10 law firms, two of which were MBEs. Each of the eight majority firms expressed a willingness to partner with MWBEs, and two of the eight firms submitted a joint proposal with a MBE. In addition, two firms were selected to provide disclosure counsel services, one of which is a MBE.

The Agencies made use of its Co-Bond Counsel panel, created in 2011, by assigning eleven transactions to nine (9) MWBE firms on that panel in calendar year 2013. In calendar year 2014 (January to October), five MWBE firms were assigned to five transactions. Additional assignments to MWBE firms are anticipated for November and December transactions.

Solicitation processes in 2014 included:

- A RFP issued by the Agencies for insurance broker services that resulted in the award of a contract to a MBE.
- An M/WBE firm was added to the Agencies' prequalified panel of financial advisors.
- An invitation for bids issued by HFA to qualified MWBE firms for tax consultant services. The contract was awarded to a MBE.
- An invitation for bids issued by AHC for audit compliance services for six projects. Three of the six projects were awarded to MBEs.

In Calendar Year 2014, the Agencies achieved a total MWBE utilization goal of 15.16%

- Procurement – 33.46%
- Construction – 15.06%
- Bond Related – 14.00%