

**MINUTES OF THE REGULAR MEETING OF THE
THE 429TH MEMBERS' MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
HELD ON JULY 14, 2011 AT 2:29 P.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Karen A. Phillips	Vice Chairperson
Thomas H. Mattox	Member (via video conference)
Royce A. Mulholland	Member
Darryl C. Towns	Member
Steven J. Weiss	Member (via video conference)
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Aida Brewer	Division of Taxation and Finance, representing Thomas A. Mattox, Member (via video conference)

Vice Chairperson Phillips chaired the meeting; Alejandro J. Valella, Vice President and Deputy Counsel, acted as secretary. The meetings of the Affiliated Agencies opened in joint session for consideration of matters of shared importance. These minutes reflect only those items being considered by the Members of the New York State Housing Finance Agency. A record of items considered by other Agencies is contained in the minutes of each Agency respectively.

The first item on the agenda was the President's Report. Darryl Towns stated it was an active time at the Agencies and DHCR. He described the recent state legislative session as positive and highlighted the additional tenant protections created as a result of extending the rent laws. He also discussed the expected announcement of state regional economic development councils, which will relate to affordable housing issues. Mr. Towns concluded by stating it will be a busy summer at the Agencies as they continue to work to make sure New Yorkers get access to affordable, quality housing.

The next item on the agenda was the approval of the minutes of the 428th Member's meeting for HFA, held on June 14, 2011. There were no objections or corrections by the Members therefore the minutes were deemed approved.

The next item on the agenda was a resolution authorizing the appointment of Michael A. Skrebutenas as Chief Operating Officer for the Affiliated Agencies. This item was tabled for discussion at a later meeting.

At this point, Vice Chairperson Phillips called to order the 11th Finance and Program Committee meeting of the New York State Housing Finance Agency to be held jointly with the Board meeting for consideration of the next two items.

The next item on the agenda was a resolution authorizing financing approval in an amount not to exceed \$20,300,000 for Heritage Homes located in the City of New Rochelle, Westchester County. Ms. Zucker presented on this project. She noted that the project will construct 130 total units of which 100% will be reserved for tenants with incomes at or below 60% of the Area Median Income. She also noted that the development will be compatible with the surrounding low-rise community and that the total development costs will be over \$37 million. Credit enhancement is being provided by Bank of America and the SONYMA Mortgage Insurance Fund. HFA has financed two projects with this developer and there have been no issues. Cornell Pace, Inc. will manage this project and they manage other HFA financed projects. Steven Weiss recused himself from the vote because of his law firm's involvement with the project.

Vice Chairperson Phillips moved to adopt the resolution; Darryl Towns seconded the motion; and the following resolutions were adopted, with Steven Weiss recusing himself:

AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE PROJECT KNOWN AS HERITAGE HOMES.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES __, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$20,300,000.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUANCE BOND PROGRAM), ADDITION SERIES 1 PARITY BOND RESOLUTION, 2011 SERIES __ IN A PRINCIPLE AMOUNT NOT EXCEEDING \$20,300,000.

The next item on the agenda was a resolution authorizing financing approval in an amount not to exceed \$15,500,000 for North Country Apartments containing 254 residential units on eight scattered sites located in Jefferson, St. Lawrence, and Franklin Counties. Ms. Zucker presented on this project. She noted that the project will rehab 254 units of which 232 units will be reserved for tenants with incomes at or below 60% of the Area Median Income. The rehab will consist of replacing parking lots, sidewalks, curbs, windows, vinyl siding, some roofs and doors, as well as adding new fixtures, appliances, and cabinets and improving common areas. She noted that this project will preserve affordable housing within the United States Department of Agriculture Rural Development portfolio, but that the existing USDA mortgage balances will be subordinate to HFA's new first mortgage. The total development costs will be approximately \$29 million. She also emphasized that the developer, Conifer Realty, LLC, has a solid reputation as an affordable housing developer and that HFA has successfully worked with them many times before. Conifer is also involved in the construction and management aspects of the project.

Royce Mulholland inquired whether Conifer's involvement helped the project's tax credits price at \$0.85 per dollar. Ms. Zucker responded that she suspected Conifer's involvement influenced the tax credit price given that \$0.85 is higher than what most upstate projects typically price at.

Vice Chairperson Phillips moved to adopt the resolution; Darryl Towns seconded the motion; and the following resolutions were adopted unanimously:

AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE PROJECT KNOWN AS NORTH COUNTRY APARTMENTS.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES __ IN A PRINCIPAL AMOUNT NOT EXCEEDING \$15,500,000.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUANCE BOND PROGRAM), ADDITION SERIES 1 PARITY BOND RESOLUTION, 2011 SERIES __ IN A PRINCIPLE AMOUNT NOT EXCEEDING \$15,500,000.

At this point, Vice Chairperson Phillips adjourned the Finance and Program Committee.

The next item on the agenda was a resolution authorizing a subordinate loan for Woodstock Manor Apartments. Ms. Zucker presented on this item. She explained that this project appeared before the Board again because it had to be re-underwritten. Originally, the project was to be included in the New Issue Bond Program, which provides a lower interest rate relative to what HFA offers. However, the project was removed from NIBP because Fannie Mae requires underwriting based on market rents even where the relevant HAP rents exceed the market rents. HFA and SONYMA had underwritten based on HUD HAP contract rents. Consequently, the underwriting had to be revised using a non-NIBP interest rate, which resulted in the project being able to withstand a lower permanent mortgage loan relative to what was originally contemplated under NIBP participation. In order to cover the new financing gap the developer agreed to defer additional fees, but a gap of \$550,000 still exists. Thus, Ms. Zucker explained that the project now needs the requested \$550,000 subsidy loan to move the project forward. She then emphasized the project's positive qualities including that it would rehab 60 total units of which 100% will be reserved for tenants with incomes at or below 50% of the Area Median Income.

Steven Weiss followed up by asking whether taking this action would conform with HFA's policies and whether taking this action would set some sort of precedent. Ms. Zucker responded that HFA was willing to provide the subsidy loan because of the change in underwriting criteria as a result of the project's removal from NIBP. She did not think that this action would set precedent because there is only a limited NIBP capacity left. She later added that HFA is working on prioritizing projects for NIBP participation given the limited remaining capacity. Royce Mulholland added that the GSEs can be challenging to work with and that is difficult to underwrite to unanticipated events such as this.

Thomas Mattox inquired what would happen to this project if the Board does not agree to provide the additional \$550,000 subsidy loan. Ms. Zucker responded that the project would likely not move forward. She added that the \$550,000 subsidy loan comes out to about \$9,000 per unit, which compares favorably to other HFA projects.

Finally, Steven Weiss asked whether the subsidy loan would have been provided at the beginning of this process if HFA knew that the project could not participate in NIBP. Ms. Zucker responded that this project would have been originally supported by a subsidy loan in that scenario.

Vice Chairperson Phillips moved to adopt the resolution; Darryl Towns seconded the motion; and the following resolution was adopted unanimously:

**AN OMNIBUS RESOLUTION OF THE NEW YORK STATE
HOUSING FINANCE AGENCY AUTHORIZING A
SUBORDINATE LOAN FOR THE PROJECT KNOWN AS
WOODSTOCK MANOR APARTMENTS.**

There being no unfinished business, Vice Chairperson Phillips moved to adjourn the meeting; Darryl Towns seconded the motion; and the meeting was adjourned at 4:03 P.M.



Secretary