



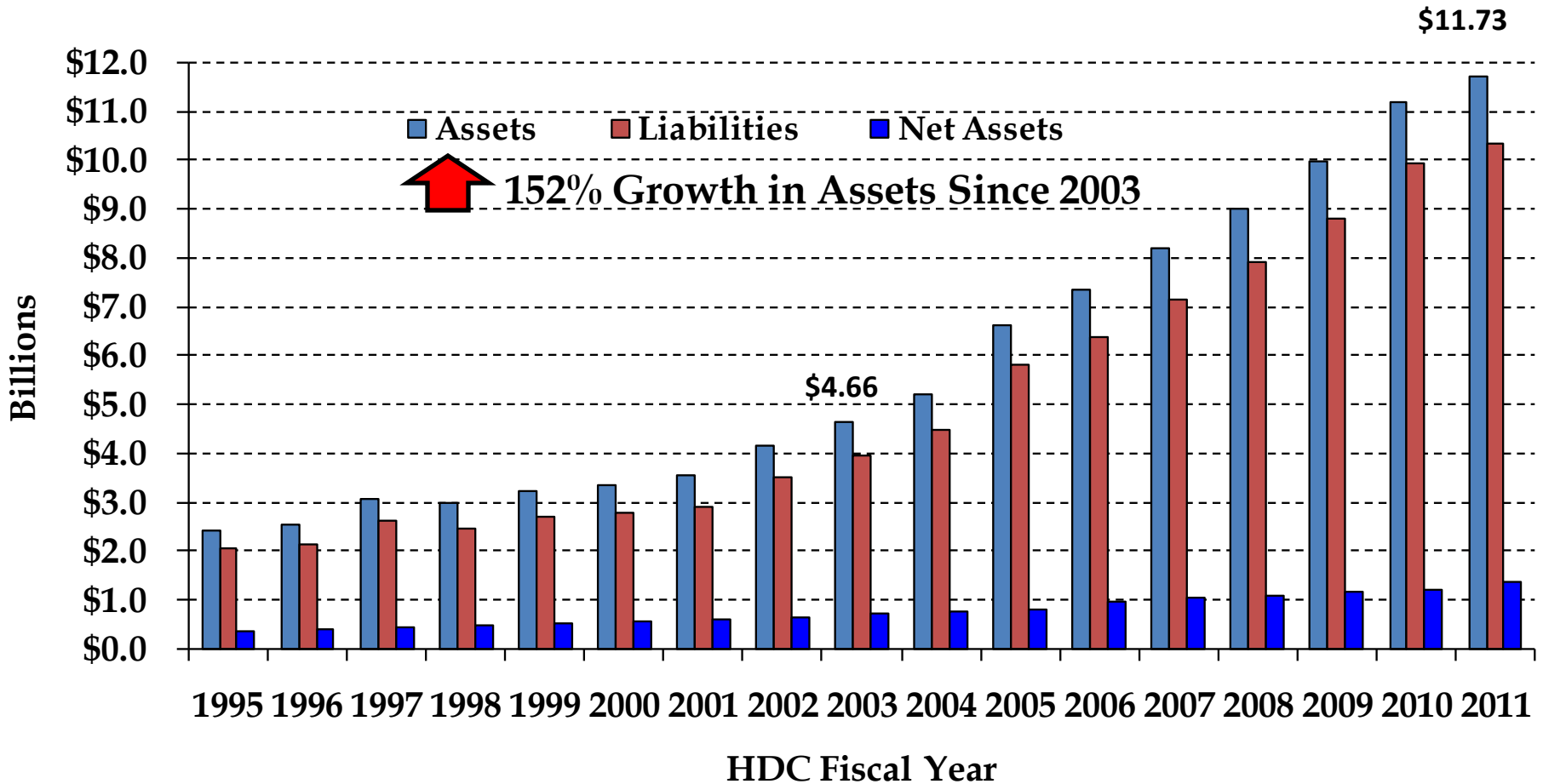
Presentation on NYC Housing Development Corporation  
Richard Froehlich, COO and General Counsel

# Overview of NYC Housing Development Corporation

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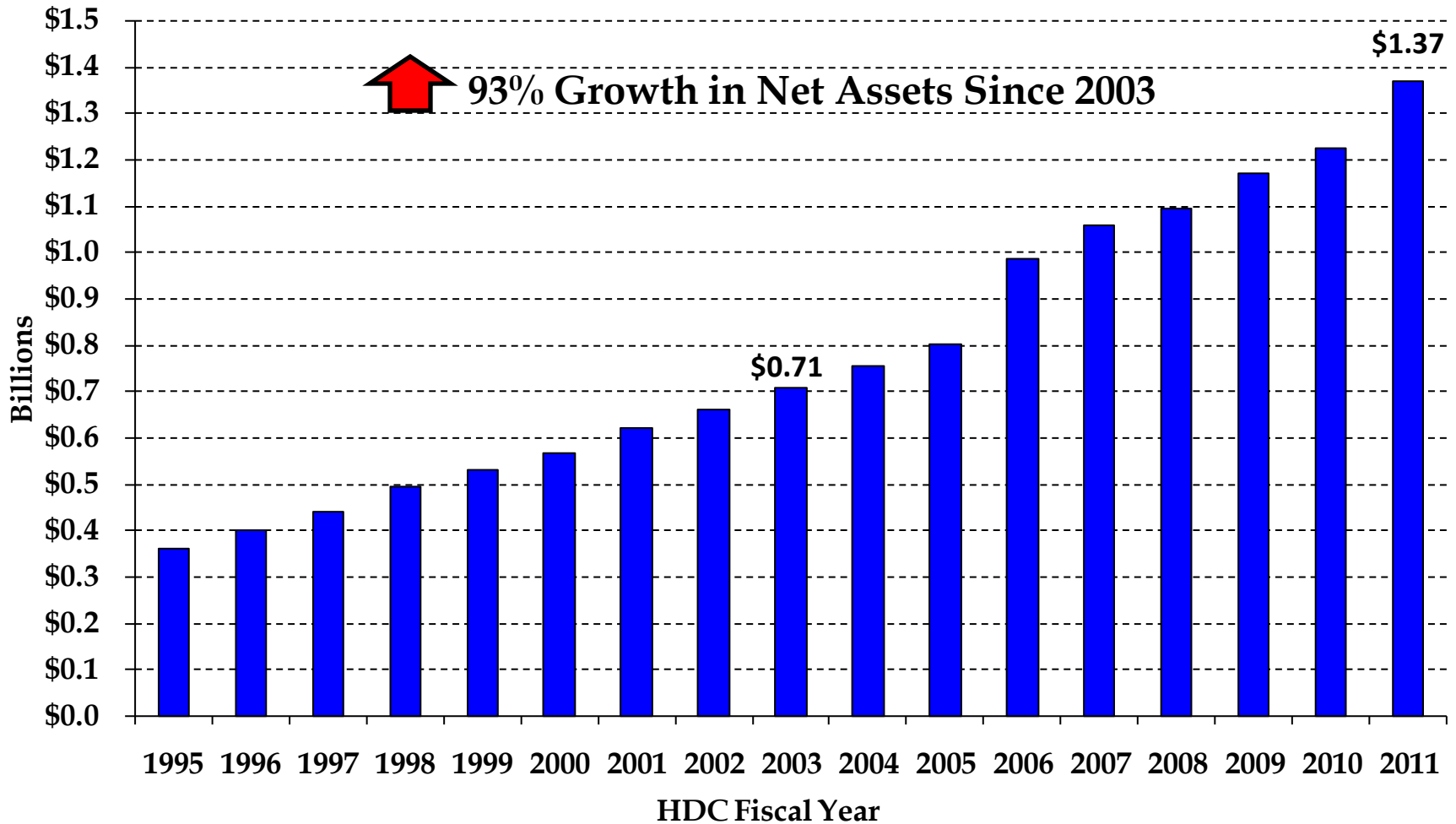
- Established in 1971 under laws of the State of New York as a public benefit corporation for the purpose of financing affordable multi-family housing in the City of New York
- Governed by 7-member Board of Directors appointed by Mayor and Governor; chaired by Commissioner of NYC Department of Housing Preservation and Development
- A staff of 168 manages over \$11.7 billion of assets, including a multi-family portfolio of 160,000+ units with \$9.3 billion in mortgage loans and loan interests as of October 31, 2011
- The #1 issuer in the nation of mortgage revenue bonds for affordable multi-family housing since 2004
  - \$18.6 billion of mortgage revenue bonds issued since inception; \$823.8 million in CY 2011
  - \$8.6 billion of bonds outstanding as of December 31, 2011
- General Obligation of HDC rated Aa2/AA by Moody's and Standard & Poor's, respectively (re-affirmed April 2011)
- Separately capitalized, AA-rated (S&P) mortgage insurer (REMIC)

# HDC Balance Sheet



Fiscal Year Basis (10/31)

# HDC Net Assets



Fiscal Year Basis (10/31)

# HDC Programs

58,640 affordable housing units have been created and/or preserved from 2003 to December 2011

<p>Low-Income Affordable Marketplace Program (25,529 LAMP Units)</p>	<p>New Housing Opportunities Program (5,223 NEWHOP Units)</p>	<p>Mixed Income Program (50/30/20) (1,980 Units)</p>	<p>Mitchell-Lama and Preservation Programs (25,908 Units)</p>
<ul style="list-style-type: none"> <li>▪ AMI Served: &lt;60% (Family of 4 - \$46,080)</li> <li>▪ Multi-family rental housing affordable to low income households</li> <li>▪ Tax-exempt bonds (variable or fixed rate)</li> <li>▪ As of right 4% Federal Low Income Housing Tax Credits</li> <li>▪ HDC subordinate loans of \$55,000/unit</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMI Served: &lt;130% (Family of 4 - \$102,960)</li> <li>▪ Multi-family rental housing affordable to moderate and middle income households</li> <li>▪ Taxable bonds (variable or fixed rate)</li> <li>▪ Tax-exempt recycled bonds may be available if low-income set asides are met</li> <li>▪ HDC subordinate loans of 65,000- \$85,000/unit</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMI Served: &lt;130%, as well as non-restricted market units</li> <li>▪ Multi-family rental housing- 50% of units at market rents; 30% affordable to middle income and 20% to low income households</li> <li>▪ Tax-exempt bonds (typically variable rate)</li> <li>▪ As of right 4% Federal Low Income Housing Tax Credits on low income units and recycled bonds on middle and market rate units</li> <li>▪ HDC subordinate loans of \$65,000- \$85,000 per low and middle income unit</li> </ul>	<ul style="list-style-type: none"> <li>▪ AMI Served: approximately 100% (Family of 4 - \$76,800)</li> <li>▪ Multi-family rental or cooperative housing affordable to middle income households</li> <li>▪ Taxable or tax-exempt recycled bonds (variable or fixed rate)</li> <li>▪ Senior debt restructured at lower rate. Subordinate debt restructured at 0%.</li> <li>▪ Low interest repair loans available to address capital needs</li> <li>▪ Extended affordability and commitment to stay in the Mitchell-Lama program for a minimum of 10-15 years</li> </ul>

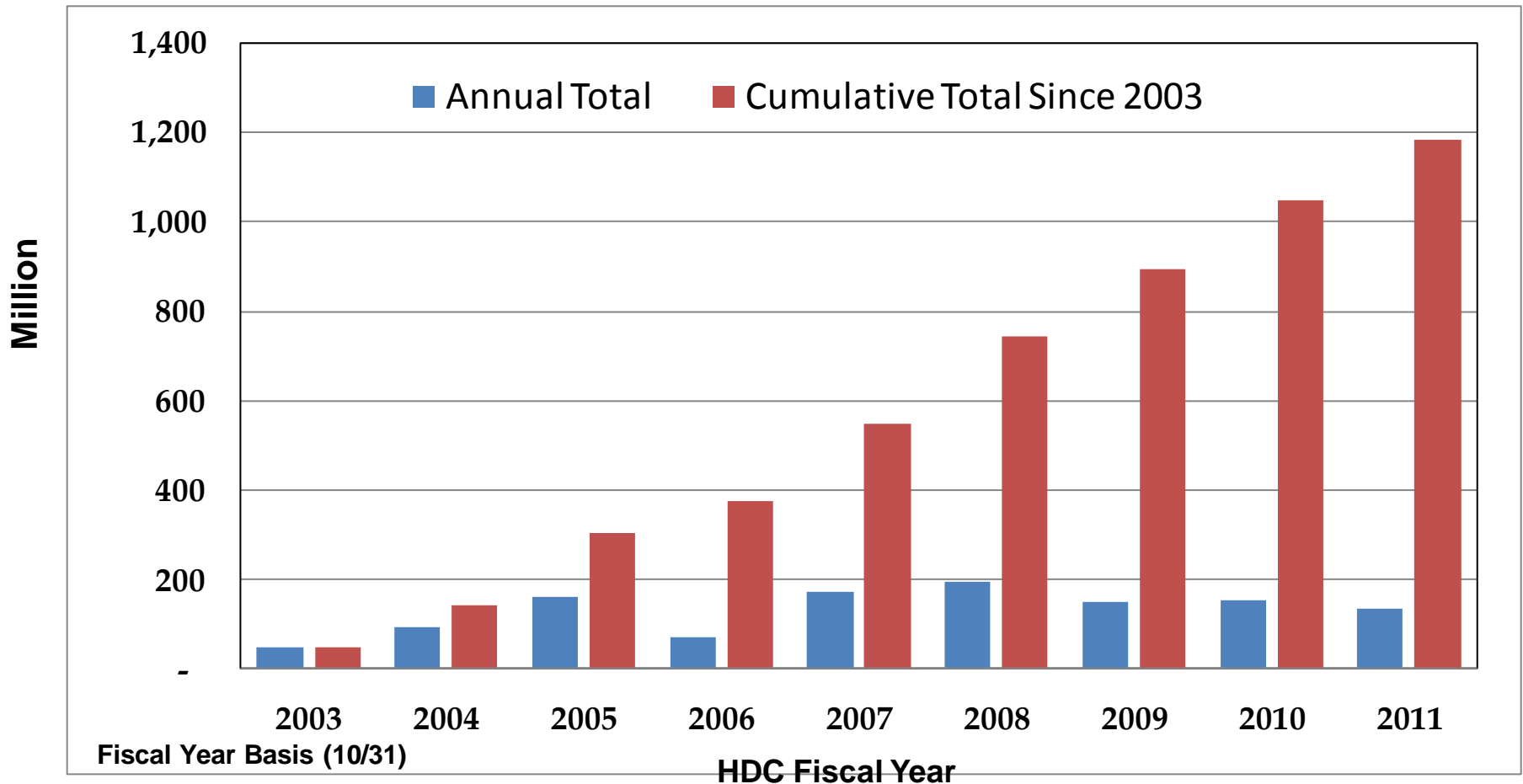
## Focus on Preservation

- Major Priority for 2012
  - More economical to preserve than new
  - Less vacant land available
  - New capital needed to modernize
    - Funding for system upgrades
    - Capital resources needed for modernization
    - Services needed for tenancy
  - Address poor management and neglect
  - HUD Properties at risk
  - Projects opting out of Mitchell-Lama or over-leveraged
  - Underutilized NYCHA properties



# HDC's Subsidy Contribution

HDC has provided almost \$1.2 billion in 1% subordinate loans funded from its own corporate reserves since 2003 in response to Mayor Bloomberg's New Housing Marketplace Plan. But less will be available over the next few years than in 2007-10.



# HDC Bond Issuance

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## Multi-Family Housing Revenue Bond Resolution (the “MFHRB or Open Resolution”)

- ❑ Established in 1993, the Open Resolution is HDC’s largest single asset, with over \$3.9 billion of bonds outstanding in over 125 series and in excess of \$5.3 billion of multi-family loans, reserves and other assets<sup>(1)</sup>.
- ❑ The Open Resolution permits the issuance of an unlimited amount of parity debt.
- ❑ Annual net income for Open Resolution has averaged over \$40 million over the past five years. Surplus revenues can be withdrawn from the Resolution, subject to rating agency cash flow tests.
- ❑ Rated Aa2/AA by Moody’s/S&P; 123% over-collateralization<sup>(2)</sup>

## Multi-Family Secured Revenue Bond Resolution (the “Mini-Open Resolution”)

- ❑ Established in 2005, the Mini-Open Resolution has \$66.6mm of bonds outstanding in 4 series with \$102mm of mortgage loans as of December 31, 2011.
- ❑ Permits the issuance of an unlimited amount of parity debt to finance secured mortgage loans
- ❑ Rated Aa2 by Moody’s

## Stand Alone Issuance

- ❑ Conduit financing for middle-income, 80/20, and Liberty Bond deals
- ❑ No credit risk to the Corporation

(1) As of October 31, 2011; Includes NIBP (Federal New Issue Bond Program) and certain acquired “City Loans” that revert to the City of New York upon retirement of related bonds

(2) As of October 31, 2010; Reflects assumed modified cash basis for cash flow projections. Adjusted to exclude subordinate lien assets not assigned a valuation by the rating agencies

# Recycled Bonds Program

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- The Housing and Economic Recovery Act of 2008 (HERA) allowed for the recycling of prepayments from tax-exempt multifamily housing bonds that had been previously redeemed and thus no longer available for tax exempt loans.
- Since this statute was put in place, HDC has developed a program that has successfully recycled \$449mm of tax-exempt bonds either through issuance of COBs (two-thirds) or direct allocations (one-third), financing 39 projects encompassing over 13,700 units.
- Recycled Program targets mixed-income or preservation projects that are not heavily relying on tax credit equity because the refunding bonds do not generate new 4% as-of-right tax credits.
- HDC manages the recycling by issuing Convertible Option Bonds (COBs) or by directly allocating prepayments to new loans.
- COB structure (usually less than 1-year term and callable after 3 months) serves as an effective tool for recycling:
  - Bridge the timing gap – The statute requires that the refunding bonds be issued (i) within six months of loan repayment, (ii) not later than four years of original issuance, and (iii) before the maturity of original bonds (tax-credit bonds tend to have shorter term).
  - Reduce carrying costs – COB rate is usually lower than the rate for a typical four-year tax credit bond.

## Federal

- Multifamily Affordable Rental Housing in the Post-GSE World
- Low-Income Housing Tax Credit (LIHTC)
  - Fix the 4% LIHTC at 4%, as occurred with the 9% credit.
  - Implement Increased Affordability Option (a.k.a. 30/60/90 Tax Credit Program).
- Bond Recycling
  - Recycling has resulted in an additional \$150 million in tax exempt bonds per year.
  - Change current legislation to provide up to 1 year to use recycled cap.
- Community Reinvestment Act

# Accomplishments

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- In spite of the numerous obstacles faced during the past several years, HDC continued to meet its production goals
  - Average annual bond issuance from 2003 through 2011 was \$1.2 billion
  - Over 58,600 units built and/or preserved from 2003 through June 2011
- HDC has been an innovator in the industry, leveraging its balance sheet, sponsoring key legislation, and continued to provide access to capital throughout the economic dislocation
  - Recycled Bonds
  - NIBP
  - Tax Credit Assistance Program transaction (Tax Stimulus)
- Ranked #1 issuer in the nation for \*
  - Affordable housing bonds in 2006 and 2008
  - Mortgage revenue bonds for affordable multi-family housing in 2004-2006, 2009 and 2010; and #2 in 2007 and 2008

\*Source for rankings: Thomson Reuters

# Questions & Answers

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Please visit our website: [www.nychdc.com](http://www.nychdc.com)

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