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NYC Housing Development Corporation To Introduce Sustainable Neighborhood Bonds.

NEW YORK, N.Y. – May 29, 2015 – (RealEstateRama) — Subject to Board approval, the New York City Housing Development Corporation (HDC) expects to price its inaugural Sustainable Neighborhood Bonds transaction under its Multi-Family Housing Revenue Bonds program during the week of June 15, 2015. Building upon the strength of the municipal market in Green Bonds and the growing interest in socially targeted investing, HDC is creating a new category of bonds to finance socially beneficial projects, specifically the new construction and preservation of affordable housing projects that contribute to the stability and economic diversity of neighborhoods across New York City. This is the first social bond for affordable housing in the United States.

HDC, the nation's largest local Housing Finance Agency and the leading issuer of mortgage revenue bonds for affordable multi-family housing, is working closely with the New York City Department of Housing Preservation and Development (HPD) to implement Mayor Bill de Blasio's Housing New York: A Five-Borough, 10-Year Housing Plan. Its latest innovation, Sustainable Neighborhood Bonds, will advance the plan's goals of creating and preserving 200,000 affordable units for low and middle income New Yorkers, while fostering thriving and diverse neighborhoods.

"Neighborhoods have been and will continue to be at the forefront as we implement Housing New York," said HDC President Gary Rodney. "HDC has long been a leader in pioneering innovative new financial strategies to meet our affordable housing goals, and Sustainable Neighborhood Bonds are a clear progression of our work. Looking to leverage the growing market for targeted social investment, we wanted to create a new category of bonds to finance safe, quality affordable housing that adds value to New York City's neighborhoods and fosters the economic diversity that is a hallmark of a great city."

"Housing is a catalyst for jobs, retail, transit, parks, schools, and all the services and opportunities that neighborhoods need to thrive," said HDC Chair and HPD Commissioner Vicki Been. "Sustainable Neighborhood Bonds are emblematic of the goals of Housing New York, which seeks not only to finance the construction and preservation of 200,000 safe, quality, affordable homes, but to foster thriving and diverse neighborhoods. I congratulate HDC President Gary Rodney and his talented team on this innovation, which will work in tandem with the City's more comprehensive and holistic approach to neighborhood planning."

This June, HDC will designate its first series of bonds as "Sustainable Neighborhood Bonds," a category that will allow investors to invest directly in bonds that finance the new construction and preservation of affordable housing projects in New York City, stimulating economic growth and revitalizing neighborhoods. These multi-family housing developments receive financing from HDC through a variety of subsidy programs, including its Extremely Low and Low-Income Affordability Program, Preservation Program, Mitchell-Lama Restructuring Program, and Mixed, Middle and Moderate Income Programs. Certain developments financed with Sustainable Neighborhood Bonds will also receive allocations of federal low income housing tax credits ("LIHTC"), which may generate additional sources of financing for the construction or rehabilitation of those affordable

housing projects.

In addition to the affordability and holistic community development components, Sustainable Neighborhood Bonds will also address environmental benefits. The majority of projects that receive funding from HDC are required to comply with Enterprise Green Communities Criteria, the only comprehensive green building framework designed for affordable housing. This uniform green building policy provides proven, cost-effective standards for creating healthy and energy-efficient homes, and helps to ensure that the City's investment in affordable housing goes towards buildings that achieve deeper affordability through lowered utility bills and healthier living environments. Administered through Enterprise Community Partners, Inc., many of the developments financed with Sustainable Neighborhood Bonds have applied for and will receive this Enterprise Green Communities certification.

Judi Kende, Vice President and New York Market Leader for Enterprise Community Partners, Inc., applauded this announcement by HDC as a major step forward for the affordable housing industry. "Enterprise has worked for many years with our partners in government and in the affordable housing development field to promote socially responsible approaches to housing that are both affordable and sustainable," said Ms. Kende. "HDC has again demonstrated New York City's commitment to innovative financing strategies which not only create and preserve affordable units but which empower communities and improve lives."

The banking industry has also been quick to take notice and voice its support. "What HDC is unveiling is a game-changer in the municipal housing bond market and we hope that housing finance agencies around the country will also apply this ground-breaking and replicable formula," said Geoff Proulx, Executive Director of Fixed Income and Commodities at Morgan Stanley. Paul Palmeri, Managing Director and Head of Public Finance at J.P. Morgan also commends "HDC's unwavering commitment to and market leadership in the affordable housing sector, exemplified by its mission to create and preserve affordable housing and diverse neighborhoods for low and moderate income New Yorkers through the issuance of Sustainable Neighborhood Bonds."

The first such social bonds for affordable housing in the United States, Sustainable Neighborhood Bonds are a continuation of HDC and the City's work to extend affordability to low and middle income New Yorkers through the Housing New York plan. The plan commits to using housing as a catalyst for developing diverse and livable neighborhoods, and the City's latest ten year capital plan includes more than $1 billion in capital funding for infrastructure investment to unlock new housing opportunities and ensure holistic and comprehensive neighborhood planning.

The Preliminary Official Statement describing the Sustainable Neighborhood Bonds transaction in detail will become available shortly after HDC's Board Meeting, currently scheduled for Monday, June 8. HDC expects to price approximately $680 million in these bonds on or about June 15th.

Sustainable Neighborhood Bonds provide yet another important tool to support the administration's vision of a more sustainable, equitable New York. The goals laid out in One City: Built to Last and One New York: The Plan for a Strong and Just City together present Mayor de Blasio's comprehensive plan for a sustainable and resilient city. To meet these goals, HDC also recently launched its new Green Housing Preservation Program with HPD. This program will assist owners of small- to mid-sized multifamily properties across the city in undertaking energy efficiency and water conservation improvements as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas (GHG) emissions, and preserve affordability.

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