

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

Beginning in June 2015, the New York City Housing Development Corporation (“HDC”) began labeling most of its newly issued bonds as Sustainable Neighborhood Bonds. This category allows investors to identify and invest directly in bonds that finance socially beneficial projects. By creating this category, HDC believes that it will attract more investors and thus increase demand for its bonds and simultaneously improve the pricing on such bonds.

Background

“Green Bonds” is a relatively recent development to enable capital-raising and investment for new and existing projects with environmental benefits. The Green Bond Principles (GBP), are voluntary guidelines that detail recommended transparency and disclosure as a means to promote the category of the Green Bond market and clarify the approach for issuance of Green Bonds. This area has been created to both encourage environmental consciousness in finance and reward issuance by increasing demand for such programs. A broader concept is the impact investing market which offers diverse and viable opportunities for investors to advance social and environmental solutions through investments that also produce financial returns. Impact investments are structured to provide capital to address the world’s most pressing challenges in sectors such as sustainable agriculture, clean technology, microfinance, and affordable and accessible basic services including **housing**, healthcare, and education. Typically, impact investors choose to invest through funds whose social, environmental, and financial goals match their own.

Creating a Category for this intersection: Sustainable Neighborhood Bonds

HDC provides financing for multi-family housing developments through a variety of subsidy programs which require units to be set aside for individuals and families whose income meets the program requirements. HDC furthers its purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in New York City within the financial reach of families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans. In addition to receiving support pursuant to an HDC subsidy program, certain of the developments financed with Sustainable Neighborhood Bonds 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 developments. In order to qualify for a subsidy program or for LIHTC (if applicable), a development must include residential units that are set aside for individuals whose income does not exceed the limitations for such subsidy program or for LIHTC (if applicable). Accordingly, the developments financed with the Sustainable Neighborhood Bonds support HDC's mission of increasing the supply of multi-family housing, stimulating economic growth and revitalizing neighborhoods through the creation and preservation of affordable housing for low-, moderate- and middle-income New York City residents.

Environmental Components

In addition, most developments financed by HDC with Sustainable Neighborhood Bond proceeds have applied for and are expected to receive Enterprise Green Communities (“EGC”) certification, which involves the evaluation of certain criteria for creating healthy and energy efficient affordable housing. Such certification is administered by Enterprise Community Partners, Inc., a non-profit corporation. Certain of the developments financed with Sustainable

Neighborhood Bonds have applied for and are expected to receive Leadership in Energy and Environmental Design ("LEED") certification from the U.S. Green Building Council, which reviews LEED applications and assigns points to each project based on its level of achievement in improved environmental performance. There are four levels of certification starting at the certified level and increasing to Silver, Gold and Platinum, each of which is determined by the number of points earned. There is no assurance that the LEED or EGC certification will be obtained; nor is HDC responsible for determining if a development has met or continues to meet the criteria for either such certification.

The difference between Sustainable Neighborhood Bonds and Green Bonds

HDC consciously chose to create a new label rather than adopt the generic Green Bond concept. Green Bonds have become a standard for environmentally conscious project financing, but HDC determined that it would be too narrow a category for some of its bond issuances. Essentially every project financed by HDC is socially impactful by providing for affordable housing and economic diversity in an extraordinarily expensive and stratified city. But not every project financed by HDC would necessarily satisfy the green requirements for Green Bonds. HDC does track which projects will have green components and we report this to the public and our investors. However, in certain transactions HDC raises money by refinancing our assets with the goal of financing more projects in the future.

HDC views Sustainable Neighborhood Bonds at the intersection of green or environmental developments (Green/LEED Certified, Enterprise Green Communities, Reuse of Existing Structures, Energy Consumption Tracking, Renewable Materials and Energy Retrofits); socially impactful projects (LIHTC, Targeted Low and Moderate Incomes, Supportive Housing and Elderly Housing); and economically beneficial projects (Workforce Housing, Mixed Income, Transit-Oriented Development and Economic Development).

Reporting and Transparency

The expected subsidy program, LIHTC allocation and participation in the EGC or LEED certification process is indicated for each project financed by HDC. The proceeds of the Sustainable Neighborhood Bonds will be deposited in one or more accounts under its bond resolution until disbursed. Such disbursements will be tracked by HDC. HDC will provide annual updates regarding (i) the disbursement of the proceeds of the Sustainable Neighborhood Bonds for each listed development and (ii) which developments receive the EGC and LEED final certification. HDC will cease to update such information with respect to a Series of Sustainable Neighborhood Bonds when all proceeds of such Series have been expended. This reporting is separate from HDC's obligations to provide continuing disclosure and is provided on HDC's website (www.nychdc.com). The specific page can be found at the following link: <http://www.nychdc.com/Sustainable%20Neighborhood%20Bonds>.

Is there a Benefit to Sustainable Neighborhood Bonds?

The market reaction has been positive. HDC has seen participation of several funds that target socially conscious investors into its most recent transactions. These include: Columbia Threadneedle, Calvert and Standish. Here is a link to the Columbia Threadneedle Social Impact

Report for 2015 that highlights Sustainable Neighborhood Bonds on page 17 (Please see: https://www.columbiathreadneedleus.com/content/columbia/pdf/111939_A_1015.PDF).

HDC has also been advised anecdotally that the label of Sustainable Neighborhood Bonds is very attractive to high net-worth retail investors. There has also been a significant increase in retail activity in HDC bonds over the last year (but this could be more interest rate driven). HDC has been advised by its banking team that there would be greater demand for taxable Sustainable Neighborhood Bonds from investors that are not tax-sensitive such as funds focused on pension investments. HDC has not yet offered taxable Sustainable Neighborhood Bonds and so it can not verify that belief.

Innovative and Replicable Strategies: HDC inaugurated this variation and continues to seek out additional investors interested in purchasing its impactful debt obligations. While there has not been an enormous response, HDC believes that it will be rewarded with increased participation in the future. The market for impact investing is still relatively new. HDC has been advised that investors are overall optimistic about its development and expect increased scale and efficiency in the future. Other HFAs can also utilize this approach or other variations as a means to draw more interest and differentiation in the broader municipal bond market. The additional disclosure and transparency requirements are not burdensome and can lead to a more informed market on the positive impact that all HFAs have in their local communities.

Results and Benefits:

HDC’s mission is to increase the supply of multi-family housing, stimulate economic growth and revitalize neighborhoods by financing the creation and preservation of affordable housing. It focuses on the principles of improving lives and communities with integrated, holistic strategies that will be sustainable for generations to come – and in doing so attracts investors beyond HDC’s real estate base who are interested in broader, socially conscious opportunities. This mission can be met when HDC has maximized all available revenue. Improving the market for its bonds and thus ensuring the lowest cost of capital is clearly advantageous to HDC and its goals. By creating this concept we believe that HDC is leading the way for other HFAs to tap into increasing demand from both socially conscious and green investors.