



# Entry Form 2018 Annual Awards for Program Excellence

**Entry Deadline: Friday, June 15, 2018, Midnight ET**

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email [awards@ncsha.org](mailto:awards@ncsha.org).**

**Entry Title:** Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

A Federal Financing Bank (FFB) / Risk-Share Pilot Program for New Construction

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**Category:** RENTAL HOUSING CATEGORY

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**Subcategory:** ENCOURAGING NEW PRODUCTION

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**Entry Summary:** A 15-word (max) summary of the program, project, or practice you are entering.

An innovative financing program done in participation with the FFB and HUD's FHA.

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**HFA:** New York City Housing Development Corporation

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**Visual Aids:**

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF?  Yes  No

**Payment:**

- My HFA is mailing a check to NCSHA.
- My HFA is emailing the credit card authorization form to [awards@ncsha.org](mailto:awards@ncsha.org).

## **HFA Federal Financing Bank (FFB) / Risk-Share Pilot Program for New Construction**

### *Challenge and Solution*

Increasing construction costs have made financing new affordable housing challenging. Bond transactions can have high negative arbitrage costs that add to complexity and difficulty of financing such deals or if a forward model is used then the proposed project may be subject to forward interest rate risk. HDC piloted a new construction model that combined the low cost permanent financing available under the FFB-FHA risk sharing program with a forward-starting hedge to address the potential for rising interest rates in a way that was both cost effective and clearly replicable.

### *Background*

In 2014, HDC piloted a new financing partnership between the US Treasury and HUD aimed at further supporting risk-sharing. Under this new partnership, the Federal Financing Bank (FFB), an arm of the US Treasury, uses its authority to finance HUD's Federal Housing Administration (FHA) - insured mortgages at very low interest rates to support the construction and preservation of rental housing. This significantly reduces the interest rate for affordable multifamily apartment buildings compared to the cost of tax-exempt bonds under current market conditions. This program has been an important tool for both the preservation and new construction of affordable housing as it replicates Ginnie Mae financing prices with the streamlined process of FHA/HFA risk-sharing.

The initial FFB program focused on preservation of affordable housing and in 2017, HDC expanded the program to new construction projects. The financing of newly constructed affordable housing developments is strengthened through an HFA's participation in this innovative program under which FFB provides the lowest-cost capital, allowing less risk to government and more affordable housing.

In a constrained funding environment, innovative strategies like pairing low-cost capital and Risk-Sharing are replicable in cities, states, and rural areas nationwide and can help meet the growing demand for affordable housing without substantial new resources from the federal government. The FFB / Risk-Share program has proven to be a highly successful model for affordable housing production. Low cost capital, distributed through a strong network of state and local Housing Finance Agencies (HFAs), is an efficient way to leverage private investment as well as state and local government resources, with little risk to the federal government.

In NYC, more than 3,500 affordable homes have been created and preserved with FFB/Risk-Share. From November 2014 through October 2017, HDC has used the HFA Federal Financing Bank Pilot Program to generate 2,745 preservation units and 780 new construction units for a total of 3,525 units of affordable housing. The replicability in an urban environment for this

diverse program is reflected in the successful completions of both our seven preservation and two new construction deals.

#### *New Construction—Forward Execution*

The Alvista Towers (148th Street Jamaica) project is the first new construction project in the nation to benefit from the FFB's New Construction/Substantial Rehab Insured Upon Completion Program (the "Forward FFB Execution"), which was led by HDC with FFB to make the FFB-FHA Risk Share Loan Participation Funding program feasible for new construction and substantial rehab transactions. The interest rate to be established by FFB for this transaction will not be determined until a date within two months of delivery of the permanent FHA-insured loan. To protect against interest rate volatility associated with the Forward FFB Execution during the approximately 3-year construction period, HDC purchased a LIBOR-indexed interest rate swap pursuant to its hedge policy. The interest rate swap was a three year forward starting swap with a twenty-six year weighted average life set at a rate under 2.50%. If the interest rate environment were to trend upwards over the next three years and the LIBOR swap rates increased above the hedge rate, the swap counter party would be obligated to pay HDC if the swap were terminated. This payment would offset the upward movement that would also likely occur in the rate established by FFB. If the interest rate environment were to trend downwards over the next three years and the LIBOR swap rates decreased below the hedge rate, HDC would be obligated to pay the swap counter party if the swap were terminated. In addition, to the interest rate volatility risk, there is basis risk since the FFB rate will be tied to Treasuries and the swap will be LIBOR-indexed. The interest rate volatility risk and the basis risk are mitigated by two factors: 1) HDC can choose to keep the swap outstanding and use the swap to hedge HDC's outstanding LIBOR-indexed variable rate debt under its Open Resolution and 2) in a lower interest rate environment, HDC will be able to lock in a lower rate with FFB on the Permanent Loan for the development.

The financing is strengthened through the project's participation HFA Federal Financing Bank (FFB) Program. Under the FFB program, at the conversion phase, a project's tax-exempt bond loan and accompanying bank loan are paid off entirely with a loan funded from the HDC's corporate reserves. The loan is then sold to the FFB. As such, the development is insured under FHA Risk Share (50/50) credit enhancement.

HDC piloted this first use of the program towards a new construction project with the additional benefit of a forward execution so that the federal insurance could be placed on the project after construction and rent up. In this scenario, HDC takes the forward interest rate risk by purchasing an interest rate hedge, as described above.

#### *Project specifics*

The Alvista development was financed under HDC's Mixed-Middle (M2) Income program. HDC issued \$22,130,000 in tax-exempt bonds in conjunction with a \$43,500,000 loan for the purpose of helping to fund the construction of this 380-unit affordable, mixed-income, residential development in the Jamaica section of Queens, New York. This deal was done in support of Mayor de Blasio's affordable housing plan, *Housing New York*, in response to New York City's ongoing affordable housing crisis.

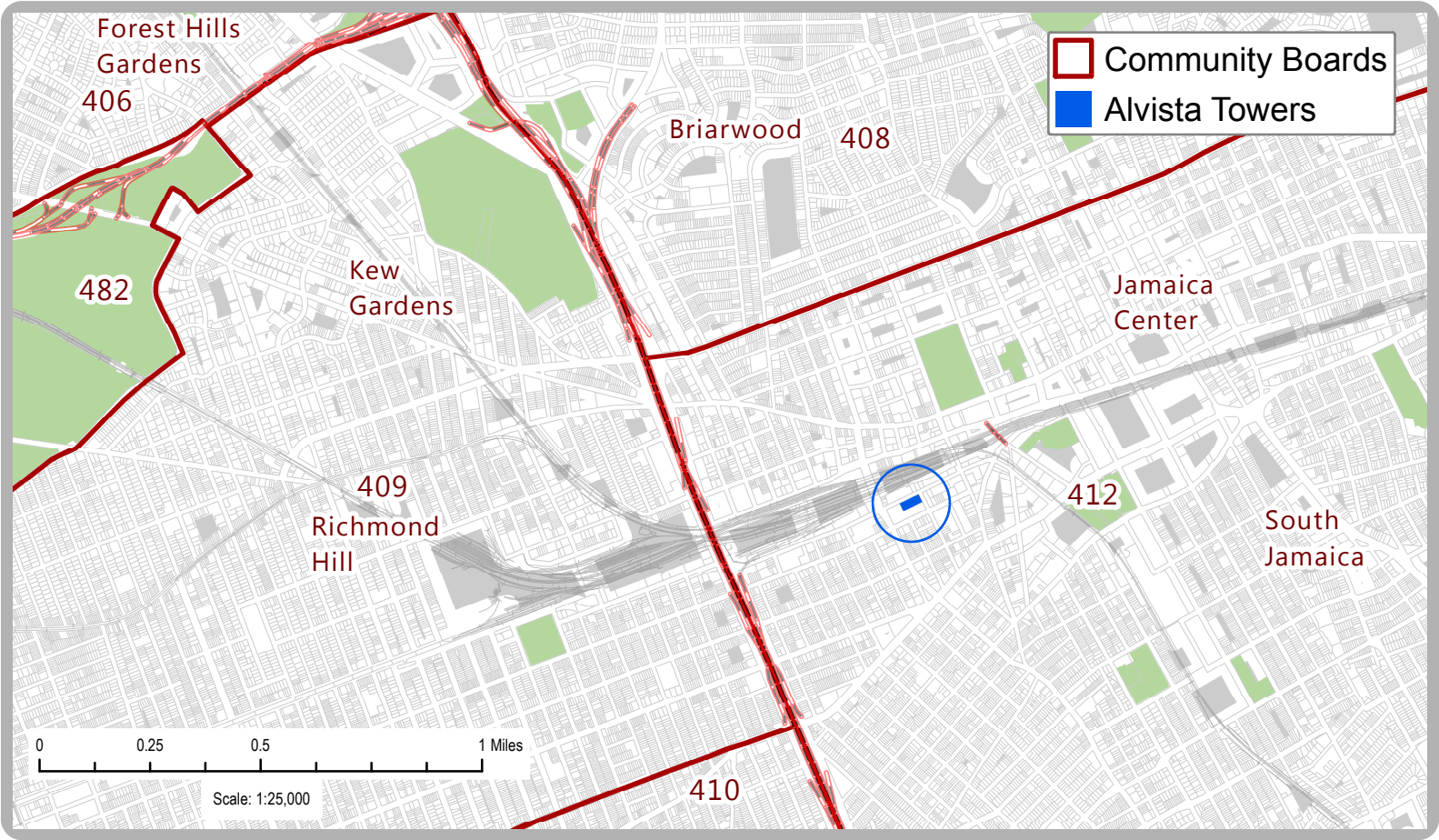
During construction, the Bonds were issued on a draw down basis initially as unrated variable rate index bonds to be directly purchased by Wells Fargo Bank pursuant to a bond purchase agreement, and secured by a mortgage purchase agreement.

The project was financed with a bifurcated structure, pioneered by the NYC Housing Development Corporation (HDC), which conserves tax-exempt bond volume cap by limiting the 50% test to the low-income condo, as opposed to the entire mixed-income development. HDC issued tax-exempt volume cap bonds to fund a loan for the 95 low-income units; the remaining 284 middle- and moderate-income units, plus the superintendent unit, were financed via a taxable bank loan originated by HDC and funded by Wells Fargo Bank with the Bank having a 100% participation in the loan.

At permanent conversion, a senior loan in the amount of \$65,630,000 is expected to be sold to the FFB, a federal corporation under the supervision of the U.S. Department of the Treasury, as part of FFB's New Construction/Substantial Rehab Insured Upon Completion Program. All, or a portion, of the permanent loan may be initially funded with the Corporation's unrestricted reserves, and is expected to be insured under the Corporation's Risk-Sharing program with the U.S. Department of Housing and Urban Development ("HUD").

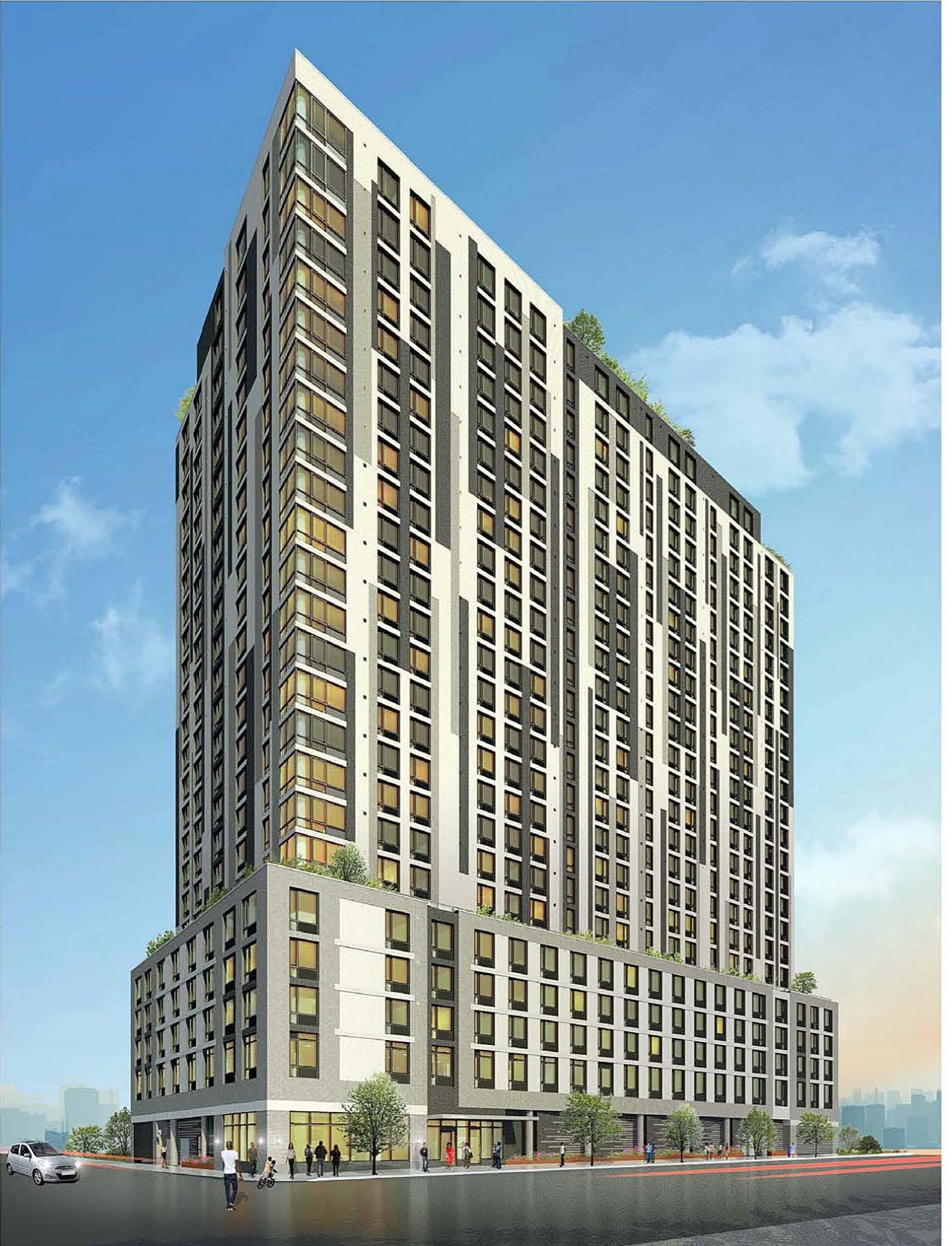
### *Conclusion*

HDC has since utilized the FFB model on several other projects and will continue doing so in order to continue realizing cost savings that can then be recycled back into New York City's *Housing New York* plan. HDC is also working with other HFAs and NCSHA to have the FFB- FHA Risk Sharing program extended as it is an excellent source of low cost permanent financing for affordable housing and as demonstrated by HDC can be a permanent source for new construction transactions as well.





147-20 94th Avenue  
3D View - North Elevation











# Affordable Housing for Rent

## ALVISTA TOWERS

379 NEWLY CONSTRUCTED UNITS AT 147-36 94<sup>TH</sup> AVENUE, JAMAICA CENTER, QUEENS

**Amenities:** Laundry Lounge with card operated machines, Playroom, Outdoor Courtyard (Partial 2<sup>nd</sup> Fl), Bike Storage<sup>1</sup>, Fitness Center<sup>1</sup>, Yoga Room<sup>1</sup>, Business Center<sup>1</sup>, Rooftop Terrace<sup>1</sup>, Indoor Lounge with Outdoor Terrace<sup>1</sup>, Parking<sup>1</sup>, (<sup>1</sup>additional fees apply).

**Transit:** E/F/J/Z and LIRR

**No application fee • No broker's fee • Smoke-free building • More information:**  
<https://www.alvistatowers.com/>

This building is being constructed through the M<sup>2</sup> Program of the New York City Housing Development Corporation (HDC) and the New York City Department of Housing Preservation and Development (HPD).

### Who Should Apply?

Individuals or households who meet the income and household size requirements listed in the table below may apply. Qualified applicants will be required to meet additional selection criteria. Applicants who live in New York City receive a general preference for apartments.

A percentage of units is set aside for:

- Mobility-disabled applicants (5%)
  - Vision- or hearing-disabled applicants (2%)
- Preference for a percentage of units goes to:
- Residents of **Queens Community Board 12** (50%)
  - Municipal employees (5%)

## AVAILABLE UNITS AND INCOME REQUIREMENTS

Income Category	Unit Size	Monthly Rent <sup>1</sup>	Units Available	Preference	Household Size <sup>2</sup>	Annual Household Income <sup>3</sup> <i>Minimum – Maximum<sup>4</sup></i>
	<b>50% AREA MEDIAN INCOME (AMI) UNITS</b>					
50% AREA MEDIAN INCOME (AMI) UNITS	Studio	\$707	5	→	1 person	\$26,572 - \$33,400
					2 people	\$26,572 - \$38,200
	1 bedroom	\$759	7	→	1 person	\$28,492 - \$33,400
					2 people	\$28,492 - \$38,200
					3 people	\$28,492 - \$42,950
	2 bedroom	\$917	3	→	2 people	\$34,046 - \$38,200
3 people					\$34,046 - \$42,950	
4 people					\$34,046 - \$47,700	
5 people	\$34,046 - \$51,550					
<b>60% AREA MEDIAN INCOME (AMI) UNITS</b>						
60% AREA MEDIAN INCOME (AMI) UNITS	Studio	\$865	23	→	1 person	\$31,989 - \$40,080
					2 people	\$31,989 - \$45,840
	1 bedroom	\$929	40	→	1 person	\$34,320 - \$40,080
					2 people	\$34,320 - \$45,840
					3 people	\$34,320 - \$51,540
	2 bedroom	\$1,121	17	→	2 people	\$41,040 - \$45,840
3 people					\$41,040 - \$51,540	
4 people					\$41,040 - \$57,240	
5 people	\$41,040 - \$61,860					
<b>120% AREA MEDIAN INCOME (AMI) UNITS</b>						
120% AREA MEDIAN INCOME (AMI) UNITS	Studio	\$1,321	34	→	1 person	\$47,623 - \$80,160
					2 people	\$47,623 - \$91,680
	1 bedroom	\$1,660	56	→	1 person	\$59,383 - \$80,160
					2 people	\$59,383 - \$91,680
					3 people	\$59,383 - \$103,080
	2 bedroom	\$1,999	20	→	2 people	\$71,143 - \$91,680
					3 people	\$71,143 - \$103,080
					4 people	\$71,143 - \$114,480
	5 people	\$71,143 - \$123,720				
	<b>130% AREA MEDIAN INCOME (AMI) UNITS</b>					
130% AREA MEDIAN INCOME (AMI) UNITS	Studio	\$1,593	12	→	1 person	\$56,949 - \$86,840
					2 people	\$56,949 - \$99,320
	1 bedroom	\$2,000	21	→	1 person	\$71,040 - \$86,840
					2 people	\$71,040 - \$99,320
					3 people	\$71,040 - \$111,670
	2 bedroom	\$2,407	7	→	2 people	\$85,132 - \$99,320
3 people					\$85,132 - \$111,670	
4 people					\$85,132 - \$124,020	
5 people	\$85,132 - \$134,030					
<b>165% AREA MEDIAN INCOME (AMI) UNITS</b>						
165% AREA MEDIAN INCOME (AMI) UNITS	Studio	\$1,729	38	→	1 person	\$61,612 - \$110,220
					2 people	\$61,612 - \$126,060
	1 bedroom	\$2,170	61	→	1 person	\$76,869 - \$110,220
					2 people	\$76,869 - \$126,060
					3 people	\$76,869 - \$141,735
	2 bedroom	\$2,611	35	→	2 people	\$92,126 - \$126,060
					3 people	\$92,126 - \$141,735
					4 people	\$92,126 - \$157,410
	5 people	\$92,126 - \$170,115				

<sup>1</sup> Tenant pays electricity.

<sup>2</sup> Household size includes everyone who will live with you, including parents and children. Subject to occupancy criteria.

<sup>3</sup> Household income includes salary, hourly wages, tips, Social Security, child support, and other income. Income guidelines subject to change.

<sup>4</sup> Minimum earnings listed may not apply to applicants with Section 8 or other qualifying rental subsidies. Asset limits also apply.

### How Do You Apply?

Apply online or through mail. To apply online, please go to [nyc.gov/housingconnect](http://nyc.gov/housingconnect). To request an application **by mail, send a self-addressed envelope to: Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026**. Only send one application per development. Do not submit duplicate applications. Do not apply online and also send in a paper application. Applicants who submit more than one application may be disqualified.

### When is the Deadline?

Applications must be postmarked or submitted online no later than **January 2, 2018**. Late applications will not be considered.

### What Happens After You Submit an Application?

After the deadline, applications are selected for review through a lottery process. If yours is selected and you appear to qualify, you will be invited to an interview to continue the process of determining your eligibility. Interviews are usually scheduled from 2 to 10 months after the application deadline. You will be asked to bring documents that verify your household size, identity of members of your household, and your household income.

<b>Español</b>	Presente una solicitud en línea en <a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> . Para recibir una traducción de español de este anuncio y la solicitud impresa, envíe un sobre con la dirección a: <b>Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> . En el reverso del sobre, escriba en inglés la palabra "SPANISH." Las solicitudes se deben enviar en línea o con sello postal antes de <b>2 de enero de 2018</b> .
<b>简体中文</b>	访问 <a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> 在线申请。如要获取本广告及书面申请表之简体中文版，请将您的回邮信封寄送至： <b>Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> 。信封背面请用英语注明“CHINESE”。必须在以下日期之前在线提交申请或邮寄书面申请 <b>2018年1月2日</b> 。
<b>Русский</b>	Чтобы подать заявление через интернет, зайдите на сайт: <a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> . Для получения данного объявления и заявления на русском языке отправьте конверт с обратным адресом по адресу <b>Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> . На задней стороне конверта напишите слово "RUSSIAN" на английском языке. Заявки должны быть поданы онлайн или отправлены по почте (согласно дате на почтовом штемпеле) не позднее <b>2 января 2018 года</b> .
<b>한국어</b>	<a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> 에서 온라인으로 신청하십시오. 이 광고문과 신청서에 대한 한국어 번역본을 받아보시려면 반송용 봉투를 <b>Alvista Towers, LLC, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> 으로 보내주십시오. 봉투 뒷면에 "KOREAN" 이라고 영어로 적어주십시오. <b>2018년 1월 2일</b> 까지 온라인 신청서를 제출하거나 소인이 찍힌 신청서를 보내야 합니다.
<b>Kreyòl Ayisyien</b>	Aplike sou entènèt sou sitwèb <a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> . Pou resevwa yon tradiksyon anons sa a nan lang Kreyòl Ayisyen ak aplikasyon an sou pape, voye anvlòp ki gen adrès pou retounen li nan: <b>Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> . Nan dèyè anvlòp la, ekri mo "HATIAN CREOLE" an Anglè. Ou dwe remèt aplikasyon yo sou entènèt oswa ou dwe tenbre yo anvan dat <b>Janvyè 2, 2018</b> .
<b>العربية</b>	تقدم بطلب عن طريق الإنترنت على الموقع الإلكتروني <a href="http://nyc.gov/housingconnect">nyc.gov/housingconnect</a> . للحصول على ترجمة باللغة العربية لهذا الإعلان ولنموذج الطلب الورقي، أرسل مظروف يحمل اسمك وعنوانك إلى: <b>Alvista Towers, 316 West 118<sup>th</sup> Street 4<sup>th</sup> Floor, New York, NY 10026</b> . على الجهة الخلفية للمظروف، اكتب باللغة الإنجليزية كلمة "ARABIC". يجب إرسال نماذج الطلبات عن طريق الإنترنت أو ختمها بختم البريد قبل <b>2018 20 يناير</b> .



<b>148th Street Jamaica</b>
<b>Mixed-Middle Income Program (M2)</b>

<b>Address</b>	<b>Block/Lot</b>	<b>Total Units</b>	<b># of Stories</b>
147-20 94th Avenue	9999/9	380	25

#### **SOURCES AND USES**

<b>Construction Sources</b>			<b>per DU</b>	<b>% of total</b>
HDC 1st Mortgage	65,630,000		172,711	41.20%
	<i>Conventional Bank Loan</i>	<i>43,500,000</i>	<i>114,474</i>	
	<i>Tax-Exempt Bond Loan</i>	<i>22,130,000</i>	<i>58,237</i>	
HDC 2nd Mortgage	30,400,000		80,000	19.08%
HPD 3rd Mortgage (funds to be granted to HDC)	30,400,000		80,000	19.08%
Developer Equity	16,183,575		42,588	10.16%
LIHTC Equity	1,396,260		3,674	0.88%
Deferred Interest	2,225,280		5,856	1.40%
Deferred Reserves	458,032		1,205	0.29%
Deferred Developer Fee	12,600,000		33,158	7.91%
GAP / (SURPLUS)	-		-	0.00%
<b>TOTAL SOURCES</b>	<b>159,293,147</b>		<b>419,192</b>	<b>100.00%</b>

<b>Permanent Sources</b>				
HDC First Mortgage	65,630,000		172,711	41.20%
HDC 2nd Mortgage	30,400,000		80,000	19.08%
HPD 3rd Mortgage (funds to be granted to HDC)	30,400,000		80,000	19.08%
Developer Equity	8,675,267		22,830	5.45%
LIHTC Equity	13,962,600		36,744	8.77%
Deferred Interest	2,225,280		5,856	1.40%
Deferred Developer Fee	8,000,000		21,053	5.02%
GAP / (SURPLUS)	-		-	0.00%
<b>TOTAL SOURCES</b>	<b>159,293,147</b>		<b>419,192</b>	<b>100.00%</b>

<b>Uses</b>				
Acquisition Cost	17,357,000		45,676	10.90%
Construction Cost	103,635,000		272,724	65.06%
Soft Cost	24,301,147		63,950	15.26%
Developer's Fee	14,000,000		36,842	8.79%
<b>TOTAL USES</b>	<b>159,293,147</b>		<b>419,192</b>	<b>100.00%</b>