



## **Bloomberg launches \$400 million in public and private financing**

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According to mayor Michael Bloomberg, Department of Housing and Urban Development (HUD) Secretary Shaun Donovan and New York City Housing Authority (NYCHA) chairman John Rhea, the HUD approved the city's application to qualify 21 NYCHA developments - and their more than 20,000 housing units - for federal subsidies. In order to qualify for federal assistance, the developments will be sold to an entity created and controlled by NYCHA. As a result of the transaction, NYCHA will receive more than \$400 million in public and private funding, the majority of which will go to capital improvements that will begin immediately and continue for two years. The upgrades, which will create hundreds of construction jobs, will include brick work, façade and roof repairs, elevator replacement, front and rear entrance renovations and heating upgrades. The sale will also enable HUD to include the buildings in a federal subsidy program that will deliver \$65-\$75 million every year for ongoing maintenance. Joining the mayor meeting, which took place at the Henry Rutgers Houses development in Lower Manhattan, were governor David Paterson, senator Charles Schumer, congresswoman Nydia Velazquez, assembly speaker Sheldon Silver, senate majority leader John Sampson, council speaker Quinn, assembly members Vito Lopez and Brian Kavanagh, state senator Daniel Squadron, council member Margaret Chin, New York City Housing Development Corp. president Marc Jahr, Housing Preservation and Development commissioner Rafael Cestero, Citi managing director and head of municipal securities division Howard Marsh, and president of the Citywide Council of Presidents of NYCHA Residents Reginald Bowman.

"With the enormous budget challenges facing the city due to the national economic downturn, we're constantly looking for creative ways to fill gaps and capitalize on private and federal dollars to maintain - and improve - city services," said Bloomberg. "This transaction will generate hundreds of millions of dollars for shovel-ready work to upgrade our public housing stock and create hundreds of jobs, and - as importantly - at least \$65 million in annual federal funding, which will help secure NYCHA's long-term fiscal health. It's a tremendous example of different levels of government and the private sector working together to get something important done."

"Today we ensure that NYCHA will have the resources to maintain and operate affordable housing opportunities for the more than 400,000 New Yorkers they serve," said Paterson. "I am proud to have provided the state resources necessary to make this possible, and of the work of my partners in the senate and assembly, who crafted the legislation enabling NYCHA to qualify for an estimated \$65 million in annual operating subsidies from HUD -plus hundreds of millions of dollars in capital assistance. I thank President Obama, secretary Donovan and our congressional delegation for making today's announcement possible and will continue to work with my colleagues in government to build a brighter future for every New Yorker."

Of NYCHA's 334 housing developments, 21 of them, accounting for 20,139 housing units, were built

by the City and State - with no Federal funding - after World War II. Unlike NYCHA's other developments, the 21 City/State buildings received no federal funds, although they were operated and maintained as public housing. Their City and State subsidies gradually were eliminated beginning in 1995. As a result, NYCHA has had to maintain them by sharing the federal funds it receives for the other 313 public housing developments, decreasing NYCHA's capacity to repair, renovate and maintain all its public housing units.

The sale of the 21 developments takes advantage of a one-time opportunity in the American Recovery and Reinvestment Act of 2009 to qualify NYCHA's unfunded units for federal funds. It allows for a one-time opportunity - expiring March 17, 2010 - for public housing authorities to bring additional money in from the federal government to fund public housing if a mix of public and private sector money is used to finance the transaction. NYCHA began pursuing such an agreement in September 2009. Once the transaction closes, NYCHA will immediately qualify for dedicated annual allocation of HUD operating and capital fundingâ€”about \$65 million a year.

All 21 developments would remain public housing and residents will retain all of their rights and protections as public housing residents. NYCHA's existing federal developments would also benefit as less of its federal public housing subsidy will have to be diverted to support units that receive no federal money, or other funds. The 21 developments are: Bay View, Boulevard, Bushwick, Independence, Linden, Marlboro and Williams Plaza in Brooklyn; Baychester, Castle Hill, Marble Hill, Murphy and Saint Mary's Park in the Bronx, 344 East 28th Street, Amsterdam Addition, Chelsea, Drew-Hamilton, Manhattanville, Rutgers, Samuel and Wise Towers in Manhattan; and Stapleton in Staten Island.

The transaction is one of the largest tax credit bond deals in the nation's history. New York City Housing Development Corporation will issue tax-exempt and taxable bonds to finance the acquisition and rehabilitation of the units. The bonds, which will be issued over the next three years, will be backed by credit support from Citi Community Capital. In all, the transaction will generate more than \$400 million for the 21 developments - including \$108 million in previously-announced stimulus funds that until now couldn't be used for work on these properties and another \$42 million in State modernization funds.

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