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Good afternoon and thank you for having me here to speak on behalf of the New York City Housing Development Corporation. Many people don't know what we do, but we're the largest issuer of affordable housing bonds in the nation, having issued more than \$1.65 billion in tax-exempt and taxable bonds in 2006, more than any State-wide or local housing finance agency in the nation.

Although I am available to answer questions on any topic, I will limit my remarks to two areas: Mitchell-Lama preservation and the private activity bond volume cap.

We at HDC are very proud to have created what we think have been two pretty effective programs to preserve the affordability of Mitchell-Lama housing – the

Mitchell-Lama Mortgage Restructuring Program and the Mitchell-Lama Repair Loan Program. Since they were launched in December 2004, these programs have preserved 14,600 apartments throughout the five boroughs. The two programs work so well together that developments usually participate in both. Under the Mortgage Restructuring Program, HDC refinances existing Mitchell-Lama mortgages at lower rates and for longer terms than the existing mortgages, providing more attractive terms than building owners could expect from typical lenders.

Beyond the need for refinancing, there is also a need for repair work on many of these aging properties. In order to address the needs for capital improvement and repairs on these aging properties, we issued additional mortgages for building repairs at 1% interest. As a condition of accepting these mortgages, building owners agree to maintain the affordability of the units for the

duration of the life of the mortgages or the life of a 15-year regulatory agreement, whichever is longer. All told, we issued more than \$400 million in bonds in conjunction with these programs. HDC has refinanced properties that were held in our existing portfolio, and we have also purchased second mortgages on these properties that were owned by the New York City Department of Housing Preservation and Development in order to refinance those mortgages as well.

This spirit of innovation that drove us to create the Mitchell-Lama Preservation Programs also compelled us to create numerous other innovative programs and initiatives in recent years aimed at providing housing for New Yorkers across a wide band of income levels and all walks of life, from Military Housing to Senior Housing.

However, the most important element of our work is ability to issue tax-exempt debt, otherwise known as

private activity bonds. These bonds are our bread and butter. We use them to finance the construction and preservation of low-income housing, but they are subject to a Federal volume cap that keeps us from issuing an unlimited volume. This cap is set at \$1.6 billion for New York State per year, or \$85 per resident, which the State uses or sub-allocates to municipalities for housing and other economic development projects. We and our colleagues at the New York State Housing Finance Agency together have identified a pipeline in excess of \$5 billion requiring the use of these tax-exempt bonds.

Together with HFA and others, we have created a strategy for reform in Washington that will allow us to increase the amount of volume cap we receive. I would be glad to share with you the finer points of this strategy, because although this is a Federal issue, your voices could be helpful to us as we advocate for ways to increase the private activity bond volume cap.

Looking at the big picture, the good news is that our relationship with the State has really been great, and there is no shortage of interest in our affordable housing programs – either from private developers or from bond investors. We have identified the projects we need to do going forward, and we are working on the capacity to execute these projects.

Thank you again for having me here today. I would be glad to answer any questions.