

**MINUTES OF THE MEMBERS MEETING OF THE  
NEW YORK STATE HOUSING FINANCE AGENCY**

**HELD ON THURSDAY, DECEMBER 15, 2022, AT 9:00 A.M.  
641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10004**

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**DIRECTORS AND DESIGNEES**

**PRESENT:**

Kenneth G. Adams	Chairman
Joyce Miller	Member
Sadie McKeown	Member
James McIntyre	Member, representing the Temporary President of the State Senate
Jesse Olczak	New York State Division of the Budget, representing Robert Mujica, Director (via video conference)
Chris Curtis	New York State Division of the Taxation & Finance, representing Robert Mujica, Budget Director, Member (via video conference)

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Chairman Kenneth G. Adams presided over the meeting. Diana Villarnovo Lopez, Senior Vice President and Counsel formally opened the meetings and acted as secretary.

Ms. Lopez noted that Mr. Jesse Olczak, representing Mr. Robert Mujica, Director of the Division of the Budget and Mr. Christopher Curtis, representing the Commissioner of Taxation and Finance are participating in the meeting via video conference from the New York State Division of Budget conference center at the Capitol Building Room 131 in Albany, and that Andy San Filippo is participating from the Agencies' Buffalo regional Office at Electric Tower, 535 Washington Street, Suite 105.

A public notice was given of the time and location of the venues in accordance with the New York State Open Meetings Law.

Ms. Lopez also noted that Commissioner Visnauskas is participating in today's meeting under Section 103-a of the Open Meetings Law, under the "extraordinary circumstances" exception. She is on via video, and members of the public have been provided with the link so they can view her participation. Under the law, Commissioner Visnauskas can participate in the meeting and vote, but she does not count for quorum and as such she is not listed as Member in

the Member listing.

Ms. Lopez asked for motions and seconds to call to order the Members' and Directors' meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable Housing Corporation ("AHC"), the New York State Housing Trust Fund Corporation (the "HTFC"), the State of New York Mortgage Agency ("SONYMA"), the State of New York Mortgage Agency Mortgage Insurance Committee ("MIC"), the State of New York Municipal Bond Bank Agency ("MBBA"), and the Tobacco Settlement Financing Corporation ("TSFC").

Chairman Adams moved to call the HFA, HTFC and AHC meetings to order and Mr. McIntyre seconded the motion. Mr. Freeman moved to call the SONYMA meeting to order, and Chairman Adams seconded the motion. Chairman Adams moved to call the MIC meeting to order, and Mr. Kapell seconded the motion. Chairman Adams moved to call the MBBA and TSFC meetings to order, and Mr. SanFilippo seconded the motion.

Ms. Lopez stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Board Director wished to record his or her vote differently.

These minutes reflect only those items being considered by the HFA Board. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

Chairman Adams wished all present a Happy Holiday and congratulated staff on the production of the voluminous set of materials found in the respective Board books provided to the Board members. On his own, and on behalf of the Board, he expressed his appreciation for all the hard work that goes into the production of the board books for the monthly board meetings.

Ms. Visnauskas then made her President's report.

Ms. Visnauskas noted the reason for her participation via remote access, noting that she was on her way to a Cabinet meeting scheduled in Albany where the Governor would be present. She then introduced Carrie Torres to the Boards, noting that she has taken over for Wanda Graham in leading the Agencies' MWBE efforts. She added that later in the agenda Carrie would be presenting the goal plans for the upcoming year for both the MWBE and Service-Disabled programs. The plans outline our strategy to make sure that we are identifying opportunities to procure goods and services from as many MWBE and Service-Disabled partners as possible. But it also includes evidence of our efforts ensure that our development partners include these companies in the construction and professional services portions of their projects. She also noted that our agenda would include a presentation from our Fair Housing department seeking authorization for fair housing outreach and testing services. She stated that this work is done in conjunction with our non-profit partners and provided a quick summary of the work involved. She stated that the Agencies dispatch trained, fair housing testers, who act as potential renters or home seekers to uncover unlawful, discriminatory treatment by sellers, brokers, landlords, appraisers, and lenders. Ms. Visnauskas added that this past year the Legislature appropriated \$2 Million for fair housing testing services. She then noted that agenda would also include requests

for approval for various grant awards under HTFC's Office of Community Renewal.

Ms. Visnauskas then highlighted the efforts of the Agencies and the Governor's office to get legislation passed at the federal level to revise the "50 percent test" which would allow us to expand our bond issuing authority. She noted that the New York delegation and California Governor Gavin Newsom sent a joint letter to Majority Leader Schumer in support of a small tweak that would make a huge difference to our programs: we are advocating for the threshold rather than being 50% of the costs funded by bonds to be changed to 25%. This minor change has the potential to allow us to double our production of affordable housing.

Ms. Visnauskas closed her remarks by providing a quick summary of the Agencies' efforts during the last year, noting that the year was significant in that it marked the end of the first five (5) year plan, where all the goals were met. She also noted that it marked the beginning of the next plan with the goal of providing an additional 100,000 units of affordable housing. She then noted the recent efforts to pass flexible rules around converting under-utilized hotels with commercial spaces in New York City into permanent housing. She noted that the Governor spoke yesterday on the importance of conversions of commercial buildings into housing as a way to increase the supply of housing in New York City.

Ms. Visnauskas also mentioned the Governor's remarks in her speech before the NYSAFA housing conference two weeks ago, as well as yesterday, on the need for approximately 800,000 new homes over the next to 10 years to make up for decades of under production. She added that while we lead the nation in funding for affordable housing, and you all see that each month, we also lead the nation in barriers that limit housing. As a result, the Agencies are shifting our focus from just funding housing to trying to remove obstacles that restrict supply. This means focusing on developments that focus on commercial conversions as well as legalizing basement apartments in New York . This will not be easy, but the Agencies are excited to be able to play a role in these changes, which will make New York a place where families have more access to affordable housing. She thanked the boards and staff for the hours and the time and the commitment and the dedication to everything we do.

Ms. McKeown and Ms. Miller thanked Ms. Visnauskas for her work and leadership, noting the extraordinary work done by the Agencies under her leadership.

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**The first item on the agenda was the adoption of the minutes of the HFA Board meetings held on November 10, 2022.** There being no objections or corrections from the Directors, the minutes were deemed approved.

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Chairman Adams noted that the next two items on the agenda are consent items, and that there would be no discussion on these items unless the Members so requested. He noted that both items had been discussed at the Governance Committee meetings held earlier in the day.

The items involve a resolution approving Minority and Women-Owned Business Enterprise Annual Goal Plan for Fiscal Year 2023-2024 and a resolution approving Service-Disabled Veteran-Owned Business Program Annual Plan for Fiscal Year 2023-2024.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

**RESOLUTIONS OF THE NEW YORK STATE HOUSING FINANCE AGENCY, HOUSING TRUST FUND CORPORATION, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2023-2024 MASTER GOAL PLAN**

**RESOLUTIONS OF THE NEW YORK STATE HOUSING FINANCE AGENCY, HOUSING TRUST FUND CORPORATION, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED SERVICE-DISABLED VETERAN-OWNED BUSINESS PROGRAM ACTION 2023-2024 MASTER GOAL PLAN**

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The next item on the agenda was a resolution approving the bond sale reports for quarters ending April 30, 2022, July 31, 2022, October 31, 2022, and the 2022 Fiscal Year Report. Chairman Adams noted, particularly for the benefit of the newer members of the SONYMA and HFA Board that this an important report for the Board as it lists and provides great detail on the results of the SONYMA and HFA bond sales during this period.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY APPROVING THE AGENCIES' BOND SALE REPORTS**

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Chairman Adams noted that the next items on the agenda are informational items, and that there would be no discussion on these items unless the Members so requested.

**ITEM 5. Board Self-Evaluation.**

**ITEM 6.** Lobbying Law memo.

**ITEM 7.** Ethics Report.

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**The next item on the agenda was a Resolution authorizing the making of a Small Building Program Subsidy Loan in an amount not to exceed \$3,552,273 for Verona Village Apartments in the Village of Ovid, Seneca County.** Mr. Blackman presented the item.

Ms. McKeown noted that she needed to recuse herself on this project unless there was an exemption that would allow her to vote.

Under the Agency's Code of Conduct there is a provision that permits waiver of a recusal requirement in situations where extenuating circumstances warrant consultation regarding the appropriateness of an exception to full recusal, and specifically this applies in cases where: 1) The Member/Director's vote is required to meet the affirmative vote, and the Member/Director is voting with the majority; and a) All other Members/Directors are voting unanimously (and any Member/Director not present says they would so vote); or b) Without reconstitution, the Member/Directorship would be unable to meet the affirmative vote requirement, and action by the Agencies is required before such time as the Member/Directorship might change.

This vote satisfied all of these conditions, since without Ms. McKeown's vote the matter could not be voted on as there would only be 5 votes and 6 are required for quorum and voting.

Ms. Lopez moved for adoption of the resolution transmitted in connection therewith. Considering the first and second motions previously entered for HFA, Lopez asked all HFA Members voting to approve to signify by saying aye. All the HFA Members voted in the affirmative. The fact that all the Members voted in the affirmative satisfied the second condition for waiver of recusal. Ms. McKeown did not recuse herself from the vote. The motion was carried, and the resolution adopted.

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**The next item was a Resolutions approving Second Supplemental Resolution Amending Series Resolution Related to Gotham West (the "Project"), City of New York, New York County.**

Ms. Thehbia Hiwot presented the item.

Professor Ford, a SONYMA Director, had some questions on the project. He noted the mid-town location of the project, located on the West Side site formerly occupied by Studio City. He asked about the racial make-up of the project occupants. He noted that he understood that the project was an affordable project but given the racial segregation still prevalent in New York City, particularly in the more central locations in Manhattan, he asked what efforts were being made by the Agency to ensure racial diversity among project occupants.

Ms. Hiwot noted that the applicants would have gone through a lottery to make sure that the tenants income qualify and that a large portion of the affordable units are inclusionary housing units and are thus permanently affordable. She stated that the decisions as to eligible occupants are made based on income qualification. She stated that she did not have information on the racial makeup.

Professor Ford suggested to the Chairman that one of the factors that the Agencies may want to consider going forward is not just the diversity of the vendors and contractors with whom the Agencies do business, but the diversity of our project occupants. He added that New York City is perhaps the most racially segregated city in the United States, which is amazing when we have Jackson, Mississippi on the same map. He added that he is a member of the “New New York” panel where one of the primary goals was to try to do something about the inequities that exist in the city. He added that he would certainly support this project and vote in affirmative, but he asked whether, going forward, there was some way that we could at least have some lens that says how projects like this are contributing, or not contributing to the enhancement of diversity in the city.

Chairman Adams asked Ms. Nadia Salcedo, who heads the Fair and Equitable Housing office, to address Professor Ford’s comments. Ms. Salcedo noted that her office makes sure that all of our projects have an affirmative fair housing marketing plan, and we do demographic studies of the area and make sure that project developers are reaching out to community organizations and media sources focused on the underrepresented to make sure that there is equity and opportunity there. She also noted that our programs push the envelope nationwide in our efforts to get rid of arbitrary and racist barriers to our housing. As an example, we try to provide access to housing to people with a history of justice involvement, doing individualized assessments, putting in look back periods, as well as ensuring that denials of housing don’t happen as a result of bad credit scores, or student loan debt.

Professor Ford noted the efforts but stressed that his comments revolved around the importance of geography in this issue. His concern is that without proactive efforts the guardians of these areas will not make it easy for individuals of color to live amongst them.

Chairman Adams commented, focusing on his experience in projects such as Atlantic Yards while at ESDC. He noted the existence of lotteries which is where everything starts. He summarized the complexities of the lottery process. He also commented on the fact that Elaine Gross, now retired from the SONYMA Board, had raised some of these very same issues during her time on the Board, helping the Board to grapple with these difficult issues by providing access to tools developed by her organization that assist in assessing the fair housing implications of locating projects in particular areas.

He also focused attention on one problem that runs through all these projects: cost of land. Developers find the cheapest pieces of land for their projects and those locations in New York City are scarce and in particular sections of the city. Do we not finance a project in Brownsville right now because it would increase the racial concentration in that area in a way that is detrimental to efforts to desegregate the City, or do we focus on providing safer, better,

more affordable housing for the people who reside in Brownsville now? Because you can't build that same project, the numbers don't work, when you move it to the Upper West side. He closed his comments by noting that this project probably has a 50% community preference as required by HPD and that it would qualify as a well-resourced area.

Ms. Lopez moved for adoption of the resolutions transmitted in connection therewith. Considering the first and second previously entered for the HFA Members, Ms. Lopez asked all HFA members voting to approve to signify by saying aye. The motions were carried, and the resolutions adopted.

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**Chairman Adams noted that the next three (3) items on the agenda are Information items:**

**ITEM 17.** Report on the impact of escalating insurance costs on affordable housing projects in New York State.

Mr. Pearson reported on this item. He noted that Chapter 790 of the Laws of 2021 and Chapter 158 of the Laws of 2022 (the "Act") directed the New York State Department of Financial Services in coordination with New York State Homes and Community Renewal to analyze the impact that the increasing cost of insurance premiums is having on the affordable housing industry across the State. The Agency's Office of Research and Strategic Analysis ("ORSA"), along with the Statewide Asset Management Unit ("SAMU"), collaborated with DFS on the attached final report to the Legislators. The New York City Housing Development Corporation ("HDC"), which has experienced similar insurance cost premium trends in its portfolio, also contributed data and analysis on its portfolio of properties in the City of New York.

He noted that over approximately the past two years, projects financed by HCR have experienced sharp increases in insurance premiums well beyond the cost of inflation. The impact of this phenomenon varies depending on whether the project is in development, under construction, or currently in the portfolio. Projects in development can be more expensive to finance and projects in construction, particularly those underwritten more than a couple of years ago, can face challenges in converting to permanent financing. Owners of projects currently in the portfolio, which were largely underwritten under very different insurance premium cost assumptions, may seek to increase rents or reduce operating costs (e.g. deferring maintenance) in an attempt to offset higher premiums.

ORSA reviewed a full three years of insurance premium information from 2019 through 2021 for 152 properties that comprise more than 20,000 housing units and determined the following:

- All but one property experienced an increase in insurance premiums,
- The median premium per unit was \$659 and the average was \$755. The highest per-unit premiums exceeded \$1,000 and were concentrated geographically in New York City and its surrounding suburbs, and
- Annual premium increases ranged from very nominal increases of less than one percent to almost 300 percent, with a median increase of 28 percent and an average increase of 43 percent.

In addition, HCR has at least two years of insurance premium cost information between 2019 and 2021 for an additional 24 properties that comprise more than 2,600 units. For this additional set of properties, ORSA determined the following:

- All but two properties experienced a year-over-year increase during the period, and
- Annual premium increases ranged from very nominal increases of less than one percent to 76 percent over a one-year period, with a median increase of 20 percent and an average increase of 28 percent.

He added that HCR has been discussing this matter internally over time, and while it has not reduced its insurance requirements (which are in line with industry standards), it has taken and is further evaluating a number of actions in response to the increase in annual premiums:

- For projects in the development phase or under construction, the Multifamily unit has modified its insurance costs assumptions and project underwriting as necessary based on current trends,
- SAMU has allowed projects in the portfolio to utilize reserves for the payment of premiums or modifying project underwriting, and
- HCR is in the process of having initial conversations with industry partners, including developers and HDC, on the possibility of establishing an insurance captive for the purpose of insuring affordable housing developments. The intent of establishing an insurance captive for affordable housing would be to provide an additional option of providing property insurance in New York State at a reduced premium from current levels.

Furthermore, the Department of Financial Services is investigating claims to determine if insurance companies are asking potentially inappropriate questions during the application process and/or intentionally inflating premiums offered to affordable housing entities based on their population and/or geographical location. DFS is also investigating whether affordable housing developments have been denied coverage altogether. Finally, HCR will continue its collaboration with DFS and collect information from its industry partners on the impact of increased insurance premiums.

Mr. McIntyre asked how the increases on our project insurance compare to market rates. He stated that the reason for his question was the fact that our projects should actually have cheaper insurance rates than market rate projects due to, among other things, the fact that our projects before they are approved go through a gauntlet of various approvals all of which almost guarantee that the project will be less likely to suffer catastrophic losses than market rate projects



where this type of government diligence is not carried out. The risk mitigation efforts are huge. He focused, in addition, on the following: we're fully electrifying buildings, we're taking out combustion risk out of the buildings entirely and that is not being captured in the insurance value.

Professor Ford noted the importance of this type of analysis. Chairman Adams noted that many of our projects involve supportive housing where there exist various state-guaranteed flows of funds that also alter the risk profile of the projects. The discussion then focused on the merits and difficulties of possible creating a captive insurance company for affordable housing projects, much like the Mortgage Insurance Fund currently housed within SONYMA.

**Chairman Adams then went on to the next two information items:**

**ITEM 18.** Review of Quarterly Report on the Financial Status of Existing Hedges for quarters ending April 30, 2022, July 31, 2022, and October 31, 2022.

**ITEM 19.** MIF Activity Reports for period from November 1, 2022, through November 30, 2022.

There being no unfinished business, Ms. Lopez asked for a motion to adjourn the HFA Board meeting. Considering the first and second motions previously entered, the motions were carried, and the meeting was adjourned.

Ms. Lopez informed the Members that the next HFA Board meeting is scheduled for Thursday, January 26, 2023, at 9:00 a.m.

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Diana Villarnovo Lopez, Secretary