MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to NYC HDC's Multi-Fam Hsg Rev Bonds 2021 Ser I, J; stable outlook

04 Oct 2021

New York, October 04, 2021 -- Moody's Investors Service has assigned a Aa2 rating to the proposed New York City Housing Development Corporation, NY's (the Corporation's) $60.27 million Multi-Family Housing Revenue Bonds, 2021 Series I (Sustainable Development Bonds) and the $125 million Multi-Family Housing Revenue Bonds, 2021 Series J (Federally Taxable)(Sustainable Development Bonds).

Any related subseries created upon pricing of the deal will also carry the Aa2 rating as applicable. In addition, we have affirmed the Aa2 and Aa2/VMIG 1 ratings on all outstanding New York City Housing Development Corporation Multi-Family Housing Revenue Bonds and New York City Housing Development Corporation Multi-Family Housing Revenue Bonds (Federal New Issue Bond Program). We have also affirmed the Aa3 ratings on all outstanding bank bonds under the Multi-Family Housing Revenue Bonds resolution. The outlook is stable.

RATINGS RATIONALE

The Aa2 ratings on the new series as well as all outstanding parity bonds with long term underlying ratings are based on the strong financial position of the program and the composition and performance of the mortgage loans securing the bonds.

The VMIG 1 ratings on all outstanding bonds with short-term underlying ratings are based on the credit strength of the Multi-Family Housing Revenue Bonds indenture as reflected in its long term rating of Aa2.

The VMIG 1 ratings on all outstanding variable rate debt backed by a Standby Bond Purchase Agreement (SBPA) are based on the terms of the applicable SBPA that covers each applicable series of the Bonds, the rating of the SBPA counterparties, and the long term rating of the Multi-Family Housing Revenue Bonds indenture.

The Aa3 bank ratings on all outstanding bank bonds are based on the long-term underlying Aa2 rating of the Multi-Family Housing Revenue Bonds resolution and reflects the subordinate lien pledge for repayment of excess bank bond principal.

RATING OUTLOOK

The outlook on the long term underlying ratings and the bank bond ratings is stable. We expect the strong overcollateralization, portfolio performance, and the active issuer management to protect the bond program from potential loan losses.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Long term ratings: Further increase in the asset to debt ratio of the program, combined with a permanent shift in the portfolio composition towards more insured and guaranteed loans.

- Short term ratings: N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Long term ratings: Sharp decline of the financial position of the program or deterioration in the performance of the portfolio as exhibited by substantial delinquencies or foreclosures.

- Short term underlying ratings: Downgrade of the long term rating of the program below A3.

- Short term enhanced ratings: Downgrade of the long term rating of the program or downgrade of a SBPA counterparty's rating.

LEGAL SECURITY

The bonds are special revenue obligations of the issuer on parity with approximately $9.586 billion of outstanding prior bonds (as of August 31, 2021) issued under the Multi-Family Housing Revenue Bonds resolution (the open resolution). The bonds are secured by the multifamily loans in the portfolio, all funds pledged under the resolution and all revenue there from. The 2009 Series 1 and 2 (the NIBP resolutions) were issued as separately secured series and are not on parity with the rest of the bonds outstanding under the open resolution or with each other. The 2009 Series 1 and 2 bonds are secured and payable from all funds and mortgage loans pledged to them under their individual NIBP resolutions. Funds pledged under the NIBP resolutions are not available to the open resolution. However, excess funds in the open resolution may be transferred to the NIBP resolutions to the extent needed and available. The aggregate debt service reserve requirement for the indenture is established on a series by series basis depending on the types of loans financed by the specific series of bonds.

USE OF PROCEEDS

Proceeds of the 2021 Series I and 2021 Series J bonds will be used to finance senior and subordinate mortgage loans. A portion of the 2021 Series J bonds will be reserved for future use by the Corporation.

PROFILE

The obligor is the Multi-Family Housing Revenue Bonds resolution adopted by members of the Corporation in 1993. The resolution is used by the Corporation to finance construction and permanent loans for developments in New York City.

METHODOLOGY

The principal methodology used in the long-term underlying ratings was US Housing Finance Agency Multifamily Methodology published in November 2016 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1041931 . The principal methodology used in the short-term underlying ratings was Short-term Debt of US States, Municipalities and Nonprofits Methodology published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1210749 . The principal methodology used in the short-term enhanced ratings was Variable Rate Instruments Supported by Conditional Liquidity Facilities published in March 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1057134 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288435 .

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