



Memorandum
Department of Planning

111447

DATE July 11, 2025

TO: Board of Acquisition and Contract

FROM: Blanca P. Lopez, M.S.
Commissioner of Planning

SUBJECT: Authority to amend a prior resolution which authorized the County of Westchester to enter into a loan agreement with Wartburg Home of the Evangelical Lutheran Church, its successors and/or assigns or any entity created to carry out and fund the purposes of the proposed transaction, from the Westchester County Affordable Housing Investment Fund, also known as the Westchester County Housing Flex Fund Program to create 102 affordable rental housing units that will affirmatively further fair housing in order to amend the loan term and interest calculation.

On November 27, 2024, your Honorable Board approved a resolution (the "November 27th Resolution") authorizing the County of Westchester (the "County"), acting by and through its Department of Planning (the "Department") to enter into a loan agreement (the "Agreement") with Wartburg Home of the Evangelical Lutheran Church, its successors and/or assigns or any entity created to carry out and fund the purposes of the proposed transaction (the "Developer"), in an amount not to exceed \$8,240,000 in loan funds (the "Loan Funds") from the County Housing Flex Fund ("HFF") Program ("HFF Loan"). The Loan Funds will be provided to the Developer from the County and will be used to supplement the cost of the construction of one hundred two (102) affordable rental units that will affirmatively further fair housing ("Affordable AFFH Units") to be located at 55 Bradley Avenue in the City of Mount Vernon (the "Development"). The Loan Funds will be secured by a note and mortgage. Pursuant to the terms of the Agreement, the loan will accrue interest at 5% compounded annually. Payments on the loan shall be made annually based on 50% of the Developer's cash flow once the deferred developer fee is fully paid. Fifty percent of the cash flow shall be calculated based on an annual audited statement submitted by the Developer. The annual payment to the County will be equal to 50% of the remaining cash flow, after the Developer's payment of operating costs and any debt payments.

The November 27th Resolution also provided that the Agreement will commence upon execution, and continue for a term of thirty-two (32) years including a two (2) year construction grace period. In the event that the senior loan maturity may not align with the 30-year repayment period, the construction term can be extended at the discretion

of the County for up to six (6) months, subject to approval by your Honorable Board (the "HFF Loan Term").

It has been made known to the County that the subsidy loan being made to the Development by New York State Homes and Community Renewal ("HCR") will have a term of 40 years. HCR requires that any subsidy loans that are subordinate to their subsidy loan have a term that is equal or greater to its term. Accordingly, in order to meet HCR's requirements, the HFF Loan Term needs to be extended from what was previously approved in the November 27th Resolution. Therefore, the HFF permanent loan term will need to be extended from 30 years to 40 years in length. In addition, the Developer informed the County that the construction period will now be 3 years. With the three-year construction period and the modified permanent loan term, the entire term of the HFF Loan will be 43 years.

In addition, the Developer has requested that in order to meet certain Low Income Housing Tax Credit ("LIHTC") requirements that the interest calculation be modified from compounded annually to simple interest. The reason for this request from the Developer is that under the LIHTC regulations, the Development must show that all loans have an expectation of being paid off at the end of their term. The counsel for the tax credit investor was unable to make this representation with the interest compounded annually. With a change to a simple interest calculation, tax credit counsel is able to render an opinion to the developer and tax credit investor that the HFF loan can be repaid at the end of its term therefore the full amount of LIHTC equity can be delivered to the Development at closing.

Based upon the foregoing, it is requested that your Honorable Board approve an amendment to the November 27th Resolution in order to modify the HFF Loan Term and interest calculation.

Except as specifically provided herein, all remaining terms and conditions of the November 27th Resolution shall remain in full force and effect.

Accordingly, I respectfully recommend your Honorable Board's approval of the attached Resolution.

BPL/Ig/lac
Attachment

RESOLUTION

UPON A COMMUNICATION FROM THE COMMISSIONER OF PLANNING, BE IT HEREBY

RESOLVED, that the Resolution approved on November 27, 2024 (the "November 27th Resolution"), authorizing the County of Westchester (the "County"), acting by and through its Department of Planning (the "Department") to enter into a loan agreement with Wartburg Home of the Evangelical Lutheran Church, its successors and/or assigns, or any entity created to carry out and fund the purposes of the proposed transaction in an amount not to exceed \$8,240,000 in loan funds from the County Housing Flex Fund ("HFF") Program is hereby amended in order to amend the length of the permanent loan term to meet the requirements of the subsidy tender from a thirty (30) year term to a forty (40) year term with a construction period of three (3) years so that the HFF loan term will be forty-three (43) years; and be it further

RESOLVED, that the November 27, 2024 Resolution further amended in order to change the method of interest calculation on the loan from compounded annually to simple interest; and be it further

RESOLVED, that all of the remaining terms and conditions of the November 27, 2024 Resolution except as modified herein, shall remain in full force and effect; and be it further

RESOLVED, that the County Executive or his duly authorized designee is authorized to execute any documents and take any actions necessary to effectuate the purposes hereof.

Account to be
Charged/Credited

		Major Program, Program & Phase	Object/ Sub Object	Trust Account	
Fund	Dept	Or Unit			Dollars
318	19	BPL42-12-S	6050	N/A	\$0.00

Budget Funding Year(s) FY 2024 Start Date: upon execution End Date: 32.5 years thereafter

Funding Source Tax Dollars 0.00
State Aid _____
Federal Aid _____
Other _____
\$ 0.00
(must match resolution)