



Mayor Bill de Blasio, left, and Gov. Andrew Cuomo. | AP Photo

Cuomo, de Blasio nearing resolution on \$300 million in housing bonds

By SALLY GOLDENBERG | 11/18/2016 05:16 AM EST

The administrations of Gov. Andrew Cuomo and Mayor Bill de Blasio are nearing resolution on a negotiation that will determine how much the state would allocate the city in tax-exempt bonds for housing projects.

In a statement Thursday night, Cuomo's press secretary said the state is aiming to approve another \$300 million in bonds for the city so the de Blasio administration can finance

homes for low- and moderate-income residents.

That would be in addition to more than \$470 million in bonds the state allowed the city to issue earlier this year. It would also mark an increase over the city's allocation of \$694 million last year, when the two administrations were fighting over the matter.

"With the critical need for housing and an exploding homelessness crisis in New York City, it's clear the state needs to help and is working as hard as possible to give the city another \$300 million in volume cap this year —virtually the highest total amount allocated in six years," Dani Lever, Cuomo's press secretary, said in an email.

The state is able to authorize nearly \$2 billion in federally tax-exempt bonds for housing and economic development projects each year. Unused financing allocated to stalled projects is rolled into the following year.

The bonds are divided up twice a year, in spring and fall. The first allocation is required to be split among localities and industrial development agencies throughout the state, with a chunk of the financing remaining for state projects. Once the legal formula is satisfied, the governor allocates the remaining and unused funds in the fall at his discretion.

The de Blasio administration received its \$280 million legally required issuance in the spring, along with about \$50 million in money rolled over from the previous year and an extra \$140 million. City officials privately expressed cautious optimism in recent months that the governor would grant more financing in the fall.

The city, apparently confident of its allocation, began calling developers earlier in the day on Thursday to give word the bonds for their projects would be issued.

"We got a call from HDC (the city's Housing Development Corporation) that indicated they're expecting to receive sufficient bond cap to do our deal. And provided they receive what they're expecting, we're green lighted and ready to go," said Jeff Fox of Bronx-based Foxy Management. "The news was that we're scheduled to close in December (and) it's looking good."

Fox said he is counting on the city issuing him \$37.8 million in the federally tax-exempt bonds for a 167-unit rental project he is planning to build atop an existing medical facility on Boston Road in the Bronx. The development would house low-income seniors, with 51 spots being reserved for formerly homeless seniors.

The bonds account for nearly half of that \$77 million project, with the rest of the funding coming from city subsidies and low-income housing tax credits, Fox said.

Without the bonds, the project would be stalled, he said. "That's always lingering. That's always the caveat that the city says ... 'If we don't get bond cap then you don't do the deal.'"

"This funding is critical to keeping our affordable housing engine in high gear. With so many vital projects lined up — including homes for low-income and homeless seniors — we are grateful the state is coming forward with this additional \$300 million allocation," City Hall spokeswoman Melissa Grace said Thursday night.

The ordinarily mundane but important matter of allocating these bonds —known in housing parlance as volume cap or bond cap — became a flashpoint in a political feud between de Blasio and Cuomo last fall.

The mayor's team accused the governor of withholding financing in an act of political retaliation. The governor and his aides insisted the city had already received well beyond its required share and the money was to be used for other projects throughout the state.

One of those projects never came to fruition, adding more fuel to the dispute.

The city ended 2015 with nearly \$700 million in bonds — less than it had received the year before but more than it got in 2011 and 2012.

The governor then proposed adding layers of oversight to the state's process of approving bonds, including veto power of any individual project by the three-member Public Authorities Control Board. After backlash from editorial boards and the mayor's team, he backed off that effort.

Since then, he has signed legislation requiring more reporting of the issuance and use of the housing and economic development bonds.

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