



Contact: Ellen K. Duffy
EVP Debt Issuance & Finance
Email: eduffy@nychdc.com

Response to MSRB

**Request for Information on Environmental, Social and
Governance (ESG) Practices in the Municipal Securities Market**

(A) Municipal Issuers

- 1) The New York City Housing Development Corporation (“Corporation” or “HDC”) currently provides ESG related disclosures and information. Here is the link to one of HDC’s recent financings. (https://www.nychdc.com/sites/default/files/2022-01/Dec%202021%20Open%20Res%20OS_12162021.pdf) We include information for HDC’s **Sustainable Development Bonds** under the **Plan of Finance** section of the POS and OS (p. 8-10 of OS). In this section, the **Use of Proceeds, Project Evaluation and Selection, Management of Proceeds, and Post-Issuance Reporting** is described. Also, in the chart describing the mortgage loans being financed (p.13), the Sustainable Development Bonds description includes Subsidy Program, Expected EGC or LEED Certification and LIHTC status. It is helpful to the investors to have a section in the main body of the OS describing the ESG criteria as HDC currently does.

- 2) It is difficult to have all ESG-Related Disclosures standardized because different sectors have different criteria and objectives. As the Green and Social Bond market matures and develops standard consensus around certain social and environmental goals, the Corporation seeks to align itself accordingly. The Corporation does not plan to make any substantive changes to its social and green goals and programs. The Corporation’s Sustainable Development Bonds designation reflects the use of the proceeds of the Bonds in a manner that is substantially consistent with the “Social Bond Principles” and “Sustainability Bond Guidelines” as promulgated by the International Capital Market Association (“ICMA”). The Sustainable Development Bonds designation also reflects the use of the proceeds of the Bonds in a manner that is consistent with “Goal 1: No Poverty” and “Goal 11: Sustainable Cities and Communities” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs” generally and “SDG 1” and “SDG 11” specifically). The UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. SDG 1 is focused

on ending poverty in all its forms everywhere, and SDG 11 is focused on making cities and human settlements inclusive, safe, resilient, and sustainable.

These are the criteria that HDC is comfortable aligning to given the affordable housing programs that the Corporation finances. Other issuers will have different objectives and investors typically do their own analysis of the market. It is important to describe the Use of Proceeds, Project Evaluation and Selection, Management of Proceeds, and Post-Issuance Reporting.

- 3) NYCHDC issues Sustainable Development Bonds based on the reasons described in response to question 2. HDC does not use an independent party to validate the use of the ESG designation because it is not necessary to market HDC's bonds and the market is constantly evolving. We have had discussions with ESG investors, and they have indicated to us that they do their own analysis, and a third-party opinion is not needed at this time. Also, issuers do not see any pricing benefit of marketing ESG bonds to warrant this extra expense.
- 4) The Corporation will provide annual updates regarding the disbursement of the proceeds of the Sustainable Development Bonds for the financing of Mortgage Loans. The Corporation will cease to update such information with respect to a Development when the applicable Mortgage Loan has been fully funded. This reporting is separate from the Corporation's obligations described under its Continuing Disclosure Agreement ("CDA") and will be provided on the Corporation's website (www.nychdc.com/sustainable-development-bonds).
- 5) We do not provide any additional information to the rating agencies other than what is described in the Official Statement. The rating agencies are not requesting any new types of ESG-related information.

E) All Municipal Market Participants

- 1) None noted
- 2) These organizations provided adequate guidance to NYCHDC.
- 3) NYCHDC periodically reviews current initiatives and will make adjustments if these initiatives enhance the marketing of HDC's Sustainable Development Bond Program.
- 4) Not familiar with this data to answer question; not aware of any market confusion.
- 5) Not familiar with this data to answer question.
- 6) HDC has not been impacted by this or had any investor inquiries regarding this information.
- 7) NYCHDC would not want to be required to post additional information on the EMMA website.
- 8) Until there is greater demand for HDC's Sustainable Development Bonds by ESG investors and there is a significant pricing benefit, the Corporation is reluctant to commit to additional disclosure and reporting activities or to engage a Third party for an opinion on HDC's program.