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Ariel Property Advisors hosts panel on Affordable Housing Trends; Moderated by Shkury; Presented at NYC Real Estate Expo

December 12, 2011 - Front Section

Leaders in the affordable housing industry in New York City shared their wisdom at a panel discussion on The Multifamily Market in the Boroughs: Affordable Housing Trends moderated by Shimon Shkury, president of Ariel Property Advisors. The panel was presented during the NYC Real Estate Expo, which nearly 2,000 real estate professionals attended on November 15 at Columbia University.

Speakers at the panel sponsored by Ariel Property Advisors included Chuck Brass, Forsyth Street Advisors; David Dishy, L+M Development Partners; John Kelly, Nixon Peabody; Udi Kore, PRG (Phoenix Realty Group); Daniel Moritz, The Arker Companies; and Eugene Schneur, Omni New York.

* Brass discussed affordable housing financing options including tax exempt bonds that generate federal low income housing tax credits; first mortgage options from two agencies, the NYS Housing Finance Agency and NYC Housing Development Corp.; and 1 percent subsidy financing from the NYC Department of Housing Preservation and Development, Federal Home Loan Bank, NYC Housing Development Corp., and Federal Housing Administration.

* Kelly gave the audience several tips on working on projects with HUD including first identifying what HUD is looking for in a particular project; establishing credibility by developing a successful track record; and maintaining perseverance by following up on projects and resubmitting paperwork if necessary.

* Schneur shared Omni New York's experience using tax credits to help finance 30 transactionsâ€”29 preservation projects and one new construction projectâ€"since 2004. He said the firm uses Alliant Capital as its tax credit syndicator, which identifies banks that are willing to buy the tax credits for between 90 cents to $1.05 on the dollar to receive Community Reinvestment Act credit. He noted that an acquisition could take anywhere from 6 to 12 months to complete because of the various sources of financing that preservation deals require and the labyrinth of regulatory agencies that buyers must navigate.

* Moritz said historically when the 421A certificate program was in effect the Arker Companies developed 80 percent of its projects in new construction and 20 percent in preservation. The expiration of the 421A program in 2007, however, combined with the sour economy, prompted the city to change its affordable housing focus from new construction to preservation. As a result, the firm shifted its focus and now develops half preservation projects with a large number of units and half new construction projects, which require creative financing.

* Dishy said L+M Development focuses on preservation and the acquisition of properties, but new construction remains part of its business. The firm has third party investors in affordable housing

including a fund with Citibank. The funds are used for the acquisition of distressed notes, rent stabilized stock in the boroughs, Section 8 buildings, or former Mitchell-Lama properties that are brought back to affordability.

* Kore said PRG operates two private equity fundsâ€”one in Los Angeles and a second in New York, New Jersey, and Connecticutâ€”that are funded by pension funds and insurance companies. The firm only invests with local operating partners and targets value-added multifamily deals that are affordable to households making up to 200 percent of area median income. With an operating partner, the firm recently bought a 350-unit complex in Harlem that was part of a Mitchell-Lama development and has a two-year plan to weatherize the property and renovate the units.

The panel discussion was followed by a spirited question and answer session with the audience.

Shown (from left) are: Kore, Brass, Moritz, Kelly, Shkury, Schneur, and Dishy.