



## **Hunt R.E. provides \$120.6 million Fannie Mae financing for 39-property portfolio**

December 18, 2018 - Financial Digest

Bronx, NY Hunt Real Estate Capital has provided \$120.6 million in financing to facilitate the acquisition and rehabilitation of a multifamily portfolio. The Betances New York City Housing Authority (NYCHA) RAD portfolio consists of 39 scattered site multifamily properties and one community center building in Mott Haven. The portfolio contains 1,088 units of existing NYCHA public housing that will undergo conversion through the RAD and Section 18 Disposition programs of the Department of Housing and Urban Development (HUD). The borrower is Betances RAD LLC. The portfolio is comprised of various building types ranging from two to five-story walk-up buildings, to six to 20-story buildings with elevators and community facility spaces. The buildings, constructed between 1906 and 1974, include: Betances I (309 units); Betances II-9A (46 units); Betances II-13 (51 units); Betances II-18 (78 units); Betances III-9A (26 units); Betances III-13 (22 units), Betances III-18 (19 units), Betances IV (282 units), Betances V (100 units, and Betances VI (155 units).

“The Betances portfolio will be part of the Rental Assistance Demonstration (RAD) program in which its public housing units will be converted to project-based Section 8 housing with a 20-year HAP contract in-place at closing for 100% of the units,” explained Joshua Reiss, Vice President at Hunt Real Estate Capital. “With the new financing, the portfolio will undergo a significant rehabilitation over a 24-month period after closing with a total construction contract amount of \$109 million.”

The unit mix includes: studios, one-bedroom, two-bedroom, three-bedroom, four-bedroom and five-bedroom unit layouts.

Upon conversion from public housing, residents will receive rental subsidies through two project-based Section 8 voucher contracts, each for a term of 20 years, with one contract covering the 738 units under the RAD program and a second contract covering the 350 units under the Section 18 program. The conversion will not impact the affordability to the existing residents.

“By converting through the RAD program, the property receives two 20-year project-based rental assistance contracts, thereby preserving affordability for the next 40 years,” added Reiss. “Working with Fannie Mae to finance this property enables us to leverage our collective strengths to rehabilitate high-quality affordable housing where it is much needed.”

“Fannie Mae is committed to improving the quality of public housing in the United States through partnerships with DUS® lender partners like Hunt Real Estate Capital,” said Bob Simpson, Vice

President, Affordable and Green Financing, at Fannie Mae. “Public/private partnerships like these are great examples of what we can do to ensure that residents have safe, healthy and affordable places to call home.”

The RAD program is transforming public housing and bringing unprecedented benefits to local communities throughout the country. The program enables the use of public and private investments to help revitalize and preserve much needed affordable housing.

“Following the renovations, The Betances Portfolio will be in excellent condition,” concluded Reiss. “We were pleased to play such a big role in this transformative deal.”

The renovation will include: replacement of all flooring, kitchen cabinets, bathroom vanities and tub enclosures. The construction work will be completed without displacement of residents and within four days of the start of work.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540