



CPC extends credit facility

April 23, 2012 - Financial Digest

The Community Preservation Corp. (CPC) has extended its credit facility from its member institutions. Over the next two years, this facility will help finance the creation or preservation of nearly 5,000 units of much needed low- and moderate-income housing across the state, according to Rafael Cestero, CPC's recently appointed president and CEO. This financing will help fund a number of new projects including 754 East 161st St. and Longfellow Ave. in the Morrisania section of the Bronx and The Pike Block in Downtown Syracuse.

"This credit facility will provide a reliable source of much needed capital and liquidity for this crucially important segment of the market," Mr. Cestero said. "These first two projects reflect our sharp focus on advancing CPC's core mission of creating sound rental housing for lower income families and improving communities across New York State. We greatly value the participation and support of our member institutions in this vital initiative, as well as the pivotal cooperation of key government agencies, local officials and neighborhood groups," he said.

Cestero indicated that CPC will also be pursuing other responsible and appropriate funding sources and partnerships to supplement and reinforce its vital core initiatives.

"We are delighted that Rafael has been able to hit the ground running and provide the energy and direction that will assure CPC's future as the go-to player in affordable housing," said Michael Hegarty, chairman of the Board of CPC. "There is clearly much to be done and CPC demonstrably has the right leadership team in place to address the challenges ahead productively and effectively," he said.

"CPC has long been a valued partner not only for the New York City Department of Housing Preservation and Development, but for the many thousands of tenants who live in buildings they have built, managed and maintained as affordable," said Commissioner Wambua. "In moving so quickly to secure this funding, CPC's new president has sent a clear message: CPC remains strong and committed to our shared goal. We are thrilled to be working with them and our community partners to preserve and stabilize these four buildings in Morrisania for the people who live there now and the families who will be calling Longfellow Ave. home in the future."

"New York's banking community recognizes the valuable role CPC plays in preserving and developing affordable housing and looks forward to a continuation of our partnership to advance the shared goal of strong and vibrant New York neighborhoods with increased housing options for working families and our most vulnerable citizens," said Gary Hattem, managing director Deutsche Bank.

754 East 161st St. and Longfellow Ave., Bronx

There has been a significant amount of investment in housing in the Morrisania section of the Bronx in recent years, and CPC's financing of the renovation of four buildings at 754 East 161st St. and Longfellow Ave. will reinforce this preservation trend.

For this project, CPC will provide a construction loan and a pension fund-backed permanent loan for \$2.799 million. The CPC construction loan will have a two-year term, and the permanent loan will have a term of 20 years. HPD's Article 8A Loan Program will provide a construction and permanent loan of \$1.27 million.

The Morrisania Preservation Corp. (MRC) has owned this four-building portfolio since the early 1990's. The buildings fell into disrepair when the owner could not meet the mounting expenses associated with basic physical maintenance. In addition, MRC accumulated significant water and sewer service arrears. MRC will continue as owner and strengthen its management capabilities by installing Cornell Pace, an experienced manager, to handle all aspects of property operations.

"We have a 30-year track record of improving housing and economic opportunity as well as enhancing the quality of life in the Morrisania community, and this important project clearly serves those goals," said Claudia Nisbett, executive director of MRC. "I am gratified for the pivotal assistance of CPC and the city for helping us translate our plans into reality and for the tremendous impact on our tenants who also stand to benefit from these renovations."

The structure at 754 East 161st St. and Longfellow Ave. comprises four buildings (including that address) and 1496, 1500 and 1504 Longfellow Avenue. The buildings, with a total of 81 units, are fully occupied (except for two units), and no tenants will be displaced during the construction process.

The renovated one to four-bedroom apartments will have rents ranging from \$700 to \$1,300 per month, or from 48% to 56% of the average median income.

The properties will receive Article 8A loans from the New York City Department of Housing Preservation and Development (HPD) to fund the rehabilitation of the major systems, and funds from CPC for additional hard costs. In addition, through CPC's Green Initiative Program, the properties will be benchmarked to determine energy usage and an energy audit will be performed to incorporate retro fit items into the scope of work to maximize the buildings' energy efficiency.

The CPC portion of the loan will also be used to pay off accumulated water liens and vendor debt.

The Pike Block -- 300, 306-312 and 320-324 South Salina Street & 115 West Fayette Street, Syracuse, NY

The four buildings comprising the Pike Block are essential to the rebirth of South Salina Street in the heart of Downtown Syracuse. The properties are clustered at South Salina Street's intersection with West Fayette Street, historically one of Syracuse's busiest blocks.

CPC will provide a \$13.675 million construction loan and \$9.6 million SONYMA-insured pension fund permanent mortgage to finance the acquisition, construction and conversion of this four-building project. The Pike Block project is also the recipient of federal and state historic tax credits. Additional incentives and grants from the State of New York, City of Syracuse, Onondaga County, the Downtown Committee and National Grid were provided. The former department and other retail stores on the site, built in the late 1800s, will become a new, mixed-use development with 78 market rate housing units with 4 three-bedroom units, 41 two-bedroom units, and 33 one-bedroom units.

"Moving forward with the restoration of the Pike Block is pivotal in the revitalization of Downtown Syracuse," said Syracuse mayor Stephanie Miner. "Many stakeholders in government and the private sector have come together in partnership with key non-profits like the Metropolitan

Development Foundation and the Community Preservation Corporation to meet our City's needs. We are excited about Salina Street's future."

Proposed rents for the residential units, while varying, will average \$1.43 per s/f per month and include all utilities. On a per-unit basis, rents will range from approximately \$959 per month for a one-bedroom unit to \$1,800 for a three-bedroom unit. In Downtown Syracuse, "comparables" range from \$900 to \$1,700 for a one-bedroom to \$1,400 to \$2,100 for a two-bedroom unit.

The term of the construction loan is two years and the permanent loan will have a 30-year term and amortization schedule.

The Metropolitan Development Foundation (MDF), an arm of the former Metropolitan Development Association, purchased the buildings with the goal of attracting a qualified developer to facilitate their renovation. The MDF chose NHW Syracuse, LLC to facilitate the renovation and, in turn, the revival of the 300 block of South Salina Street. Its principals are David Nutting, Charles Wallace, Jr., and James Herr. All three are also principals of VIP Structures, Inc. which will provide architectural services, construction and property management for the project. VIP has proposed the complete renovation and integration of all four buildings into a single, mixed-use facility according to LEED green building guidelines.

"The Pike Block project will provide market rate, green housing units that will add to the dynamic recovery of Downtown Syracuse," said David Nutting, chair and CEO of VIP and partner/managing member of NHW. "We certainly appreciate the energetic leadership of our mayor, Stephanie Miner and the commitment of CPC, as well as the coordinated participation of so many agencies and funding sources," he said.

New construction will consolidate mechanical systems, facility access, and fire egress. Vertical foot traffic circulation will create economies for the viability of the project. The Pike Block's main entrance will be created on West Fayette Street, but it will have direct access to Armory Square via a rear courtyard and driveway to Clinton Street.

The Community Preservation Corporation is a not-for-profit mortgage lender that finances residential multifamily development throughout New York. Since its founding in 1974, CPC has invested nearly \$8 billion in over 144,000 units of housing.