



Citi Community Capital and L+M Development Partners release midway progress report for New York Affordable Housing Preservation Fund

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Citi Community Capital (CCC) and L+M Development Partners (L+M) released a progress report for The New York Affordable Housing Preservation Fund (NYAH Preservation Fund), a \$100 million real estate private equity venture created by CCC and L+M to curtail the loss of affordable housing in the city and invest private capital to maintain access to safe, high-quality housing in New York. Since its launch in August 2010, the Fund has facilitated the preservation and rehabilitation of over 1,400 units, placing it on track to significantly surpass its original preservation target of 2,000 units.

As an industry leader in structuring creative multifamily transactions, the NYAH Preservation Fund focuses on properties that are at immediate or longer term risk of becoming unaffordable to low- and moderate-income households and which may be in serious physical or financial distress. In order to maximize its impact, the NYAH Preservation Fund invests with a wide range of responsible owners and operators. To date, the Fund has provided critical equity capital for different types of preservation transactions, all of which have focused on expanding affordable housing opportunities for low- and moderate-income families in the New York area:

Kelly Street Portfolio - Located at 916, 920, 924, 928, and 935 Kelly Street in the Hunts Point-Longwood section of the Bronx, the Kelly Street Portfolio consists of five buildings totaling 81 affordable units. Significant disrepair placed all five in the NYC Department of Housing Preservation and Development's (HPD) Alternative Enforcement Program (AEP), an initiative that annually targets the worst 200 buildings in the City. The AEP allowed HPD to target these properties, do roof-to-cellar inspections, replace major buildings systems (i.e. roofs, boilers, etc.) and perform emergency repairs to the most hazardous conditions. In March 2011, the court appointed Banana Kelly Community Improvement Association as the 7a Administrator to operate the buildings until they could be transferred to permanent ownership. In December 2011, the NYAH Fund provided a bridge loan that allowed Workforce Housing Advisors to gain control of the portfolio through the foreclosure process and pursue an ongoing comprehensive rehabilitation of the buildings. Banana Kelly has also joined the development team and will provide case management and social services to at-risk tenants during the temporary relocation process and into stabilized occupancy. The first phase of rehabilitation under the supervision of Workforce Advisors began in February 2012 on 935 Kelly Street, the largest building, and will be followed by the second phase, which will see the complete renovation of the four remaining buildings.

Bryant Avenue - 1553-55 & 1558 Bryant Avenue are two rent-stabilized buildings totaling 99 affordable units in the Claremont Village section of the Bronx. The properties suffered severe disrepair and had been identified as one of New York City's most distressed multifamily assets through NYC HPD's AEP. In November 2010, NYAH provided a bridge loan to finance the purchase

of the debt from Sovereign Bank. NYAH's investment allowed Exact Capital, its operating partner, to stabilize the asset and pursue a combination of public and private financing to substantially rehabilitate the buildings and preserve their affordability long-term. The deal included financing from NYC's Housing Development Corporation (HDC), which contributed \$10.2 million into the rehabilitation of Bryant Avenue Apartments under the New Issue Bond Program (NIBP). Exact Capital partnered with Monadnock Capital and Wavecrest Management to carry out the substantial rehabilitation of the properties. Construction began at 1553-55 Bryant Avenue in November 2011 and is expected to take one year to complete, at which time construction at 1558 Bryant Avenue will begin.

Post Street Apartments and Kubasek Trinity Manor - Post Street Apartments and Kubasek Trinity Manor are two project-based Section 8 developments totaling 186 affordable units in Yonkers, New York. NYAH purchased the properties in August 2011 and will implement a capital improvement program, including the installation of more than 200 rooftop solar panels, which are anticipated to offset as much as 20% of the building's electricity consumption. C&C Affordable Management, an affiliate of L+M, will manage the property and operate the assets.

Lafayette Boynton - In October 2011, NYAH Preservation Fund and Global One Real Estate Fund, its operating partner, purchased Lafayette Boynton, a former Mitchell Lama rental development totaling 972 affordable units in the Soundview section of the Bronx. The deal represented one of the largest preservation transactions in 2011 and is currently undergoing a comprehensive capital improvement program focused on energy savings and improving the common areas for the tenants, including window replacement, conversion to a natural gas heating system, as well as other energy retrofits to maximize energy efficiency.

"Each of these four portfolios represents another step toward our goal to preserve high-quality, affordable housing for New Yorkers in need," said Ron Moelis, CEO of L+M Development Partners. "At its halfway point, the NYAH Fund continues to demonstrate success in maintaining affordability for low- to moderate- income residents, and we look forward to our future investments through the Fund."

The NYAH Preservation Fund makes strategic equity investments with local operating partners with a track record of responsible ownership. The Fund also looks to provide affordable housing expertise, regulatory guidance, and access to debt financing to ensure that responsible owners/managers can compete in the metropolitan marketplace. An affiliate of L+M Development Partners is the Fund's managing member and is exclusively responsible for executing the Fund's investment strategy. As part of this effort, Citi Community Capital is a preferred provider of debt financing on projects in which the Fund is investing.

"With the essential sponsorship of Citi Community Capital, NYAH represents the best of 'double bottom line' private-sector partnerships helping to address the enduring need for quality, sustainable affordable housing in the City," said David Dishy, President of the NYAH Fund. "Our work with some of the City's most responsible and committed multifamily owners and managers has achieved real and immediate results. We look forward to building on the Fund's success to further expand the range of long-term affordable opportunities for families in New York."

"Our investment in the Fund supports Citi's commitment to responsible finance and we will continue to invest in projects that benefit our local communities and uphold our core principles," said Andrew Ditton, Co-Head and Managing Director of Citi Community Capital.

The preservation of the City's existing affordable housing stock and the protection of the tenants is a

critical component of Mayor Michael R. Bloomberg's New Housing Marketplace Plan (NHMP). Launched in 2003, the NHMP is a multibillion dollar initiative to finance 165,000 units of affordable housing for half a million New Yorkers by the close of the 2014 fiscal year. To date, the plan has funded the creation or preservation of more than 129,200 units of affordable housing across the five boroughs.

"With budget cuts and the stringent fiscal climate, it is imperative to work with partners like the NYAH Fund who understand the importance of what we aim to achieve," said HPD Commissioner Mathew M. Wambua. "Financing the preservation of these properties will help keep a number of New Yorkers in their homes and extend the affordability of these properties. Thank you to the NYAH Fund, HDC, Enterprise, Citi and all of our partners for contributing funds and remaining committed to keeping New York City affordable."

"Providing affordable and sustainable homes for families in New York is the core goal of the Mayor's New Housing Marketplace Program," said Marc Jahr, President of HDC. "The preservation of Bryant Avenue Apartments is an example of what can be accomplished when government and the private sector work together. HDC has financed the preservation of more than 38,500 units in New York City. We look forward to continuing the efforts with partners like NYAH, Citi; as well as our sister agency, HPD."

"The success of the Kelly Street preservation transaction would not have been possible without NYAH's willingness to lend. The NYAH Preservation Fund team was able to assess their risk and execute quickly which was key to helping us gain control of these severely distressed buildings. We are grateful for their efforts as are the residents of Kelly Street and we look forward to partnering with them on future transactions," said John Crotty, founding principal of Workforce Housing Advisors.

"The NYAH Preservation Fund is a unique capital partner for buyers and owners of rent stabilized or other regulated housing because of its manager's multifamily track record and understanding of complex public-private transactions," said Robert Nelson, managing member of the Global One Real Estate Fund. "NYAH was critical to our ability to acquire the nearly 1,000 homes at Lafayette Boynton and to help position this asset for long-term affordability for its current and future residents."