



Greystone provides \$33 million multifamily housing transaction

August 27, 2012 - New York City

Greystone Affordable Housing Initiatives LLC (GAHI), one the nation's leading providers of affordable housing recapitalization and rehabilitation transaction management services, has closed on a \$33 million multifamily housing transaction in the state. The aged USDA Rural Development portfolio, originally built by the owners of HBREM, LLC over 30 years ago, consists of 12 family and elderly designated properties totaling 368 units. The properties are located within nine counties throughout rural western North Carolina and within a 140 mile radius of Asheville. The rehabilitation is expected to be completed within five months without having to displace any residents.

The financing plan combined both public and private funding

Preservation of affordable housing has become a top priority over the recent years. With many of the RD515 properties across the US approaching the end of their useful life periods and now in need of extensive repairs, there are limited resources (along with ever increasing Federal budget constraints) preventing needed levels of renovation. Hence, these projects are "at risk" of being removed from the already shrinking supply of affordable housing inventory unless a concerted effort is made to preserve them.

According to Tanya Eastwood, Managing Director for GAHI, "The recent economic environment has been the driving force behind the need to develop innovative financing structures to help our clients recapitalize and rehabilitate their RD portfolios.

The financing plan combined both public and private funding and included:

Tax Exempt Bonds - Issuance of \$13.9 million in multi-family private activity tax exempt bonds issued by North Carolina Housing Finance Agency (NCHFA). The bonds were issued as a public offering facilitated by Merchant Capital and credit enhanced by USDA and Ginnie Mae.

RD515 Debt - Assumption and subordination of \$11.5 million of original USDA RD Section 515 debt. The Section 515 program is a direct loan program designed to provide loans to owners in order to build, acquire, and rehabilitate rural rental housing. In addition, USDA Rural Housing Service provided 255 units of Section 521 Rental Assistance.

LIHTC- Purchase of 4% Federal LIHTCs by Community Affordable Housing Equity Corporation (CAHEC), generating over \$7 million in capital contributions.

Other - Other funding sources included financial support of \$447,000 in owner contributions.

The HBREM, LLC rehabilitation plan calls for the majority of the 368 units to be upgraded with new heating and air systems, energy-efficient appliances and hot water heaters, all new flooring, kitchen cabinets and countertops, plumbing fixtures, light fixtures, insulated double-pane windows, new doors and freshly-painted interiors. Exterior improvements include new roofing and vinyl or hardiplank siding. Community upgrades include outdoor picnic areas, updated landscaping and new children's playground equipment.

Not only do renovations of this magnitude have positive effects on the quality of life for the residents, they can also enhance area property values as well as generate significant employment and growth opportunities for local businesses, contractors, and suppliers resulting in sizable tax and revenue gains at the State level.

Eastwood said, "Successful, financially feasible preservation at this level requires extensive cooperation and commitment of many different organizations that are also passionate about preserving and extending the life of existing RD515 properties. We would like to thank everyone associated with helping us close this transaction."

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