



Fletcher, Klauer and Savino of Greystone Bassuk closes \$254 million construction loan

July 27, 2015 - New York City

According to Richard Bassuk, chief executive officer, and Drew Fletcher, executive vice president, of Greystone Bassuk, a \$254 million construction-to-perm financing facility with Bank of China, New York Branch on behalf of an affiliate of BLDG Management Company, Inc. has closed. The facility was structured as a letter of credit providing credit enhancement to support tax-exempt and taxable variable-rate bonds issued under The New York State Housing Finance Agency's (HFA) 80/20 Housing Program. The financing consists of (i) \$26 million of 2015 Series A tax-exempt bonds; (ii) \$23.3 million of 2016 Series A tax-exempt bonds; (iii) \$125 million of 2016 Series B taxable bonds; and (iv) \$76.9 million of 2017 Series A taxable bonds providing funds for the construction of 222 E. 44th St.

The project is located on a through-block site extending from 43rd St. to 44th St. between 2nd Ave. and 3rd Ave. in a centrally located and underserved residential submarket of Midtown East. The project will consist of a 43-story high-rise multifamily residential apartment tower on a base with ground floor retail and a multi-level parking garage. The building will contain 441,000 gross s/f and 429 residential rental units, of which 87 units will be designated as affordable housing units for tenants whose household incomes are at or below 60% of the New York City Area Median Income (AMI), and the remaining 342 apartments will be leased at market rents. The apartments will be detailed with high-end "condominium quality" finishes and the building will offer tenants a world-class amenity package including concierge and valet service; penthouse roof deck and lounge; sundeck and BBQ area; indoor swimming pool; resident lounge; golf simulator; children's playroom; state-of-the-art fitness center with an indoor basketball court; and bike and tenant storage.

Bassuk said, "BLDG's project is timed perfectly to satisfy the growing need for full-service luxury rental product in a highly convenient, yet underserved submarket of Midtown East."

Fletcher said, "BLDG's patience and long-term vision has allowed them to unlock tremendous value in an underutilized asset by converting a former commercial office building into a first-class multifamily rental property."

Fletcher led the marketing of the transaction, with support from Greystone Bassuk director Matthew Klauer and vice president Evelyn Savino.

Lloyd Goldman, president of BLDG, said, "As our first "80/20" project, we knew there would be a learning curve, so it was critical for us to assemble the right team to guide us through the process. Greystone Bassuk provided complete end-to-end coordination and management of the entire HFA bond financing process from inducement to closing." Their hands-on approach and deep understanding of the marketplace allowed us to achieve a financing structure and execution for the project that exceeded our expectations."

Scott Zecher, executive vice president of BLDG, said, "Drew's skill and creativity added tremendous value and made him an indispensable part of our project team on every aspect of the transaction."

The Facility included several unique features not typical in conventional "80/20" deals. For example, Bank of China provided a 10-year fully-underwritten commitment for the entire Facility (structured as an initial 4-year term, plus a 6-year extension option) on a fully "non-recourse" basis. The Facility also included an earn-out feature to allow the partners to resize the loan and return a portion of the initial equity upon stabilization of the Project. Mr. Fletcher further stated, "While Bank of China is a relatively new player in the "80/20" space, their long-term orientation and emphasis on sponsorship made them an ideal partner for BLDG and allowed them to deliver a superior execution."

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