



Outside the Region: Hunt Real Estate Capital refinances Houston multifamily: \$28.3 million

June 04, 2019 - Front Section

Houston, TX Hunt Real Estate Capital provided a \$28.3 million Freddie Mac loan to refinance a multifamily property. The loan is a seven-year, variable rate loan with three-years of interest-only negotiated with the Freddie Mac Affordable Housing Team. The borrower is sponsored by Iliad Realty Group. The loan was arranged by Sal Torre of Estreich & Co.

Heights at Post Oak is a 940-unit multifamily property that consists of 94 two-story apartment buildings.

Built in 1972, the property is a walk up-style apartment complex situated on 39.46 acres. All of the units are affordable to low-income tenants with income levels equal to or less than 60% of Area Median Income (AMI), and 268 of the units are affordable to very low-income tenants with incomes less than or equal to 30% of AMI.

"The borrower acquired Heights at Post Oak in November of 2016 through foreclosure and has invested \$5.4 million in property upgrades since purchase," said Bryan Cullen, senior managing director at Hunt. "The subject was unleveraged, and proceeds from the new loan will be used to return equity to the sponsors and complete the finishing touches on the renovation program."

Capital improvements completed by the sponsor to date include upgraded unit interiors, new appliances, boiler and HVAC replacement, exterior carpentry repairs and the repair of units inherited from prior ownership. Additional planned improvements over the next 12 months include the upgrading all remaining vacant units, as well as the completion of a new leasing office, fitness center and community facility.

"Since acquisition and the substantial renovation, Heights at Post Oak has steadily increased occupancy and rents, and the adjustable rate loan will allow prepayment flexibility next year to compliment the anticipated increased value," said Cullen.

"We took application at \$27 million at 60% of value but were able to support an increase of \$1.3 million in the loan amount due to the strong lease up of the renovated units and an increase in the appraised value," Torre said.

Heights at Post Oak offers one-, two-, and three-bedroom options. Property amenities include gated access, two playgrounds, and eight laundry facilities.

The property is within the Fondren/Westbury submarket 12 miles southwest of the Houston Central Business District. Land uses within the neighborhood include residential and commercial developments. The local population is forecast to demonstrate growth in the coming years.

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