



Fairstead completes financing for 905-unit portfolio

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New York, NY According to Fairstead, the firm has completed financing of a 905-unit portfolio of subsidized housing across nine properties (49 buildings). Over the last six months, in nine distinct transactions, Fairstead restructured the \$430 million portfolio with \$310 million in HUD-insured financing.

The portfolio, located throughout Brooklyn and Manhattan, had been on the verge of conversion to market-rate housing. Fairstead, the NYC council members who represent these neighborhoods, the Department of Housing Preservation and Development (HPD), and the Department of Housing and Urban Development (HUD) collaborated to rehabilitate and preserve this affordable housing. Fairstead entered into new regulatory agreements with HPD to ensure that all 905 units will remain affordable for at least the next 40 years.

The most recent transaction, which closed December 30, was a \$46.4 million loan provided by Capital One and HUD for 680 St. Nicholas Ave. in Manhattan. Fairstead completed a comprehensive renovation of the property last year and introduced a social services platform as well as amenities including a new community room and enhanced connectivity services for residents.

“Preserving affordable housing allows families to stay in their homes while giving new life to the buildings they live in,” said HPD commissioner Louise Carroll. “HPD is proud to work with Fairstead to rehabilitate hundreds of homes across nine properties, protecting this valuable housing, and giving New Yorkers the security of knowing they can afford to stay in their communities for years to come.”

Will Blodgett, co-founder and partner at Fairstead, credited NYC council members Laurie Cumbo, Carlos Menchaca, Bill Perkins, and Council Speaker Corey Johnson as well as HPD and HUD for their support of these transactions preserving affordable housing in their districts and jurisdictions.

“Affordable housing continues to be a scarce resource in this country, especially in New York. Public-private partnerships are key to creating and maintaining this affordability and Fairstead is proud to work with city council members and agencies alike who recognize the importance of preserving these affordable units and Fairstead’s ability to bring about positive change. We are incredibly proud of the entire team, for without these partnerships, none of this would have been possible. We thank everyone involved and look forward to keeping these units as deeply affordable for at least the next 40 years.”

The portfolio is comprised of:

Brooklyn properties:

- Sunset Park Rehab;
- Sixth Ave. Rehab I;
- Sunset Park NSA Group II;
- Sunset Park NSA Group I; and
- Plaza Apartments.

Manhattan properties:

- 414 West 48th St.;
- 523 West 53rd St.;
- Harlen Housing; and
- St. Nicholas Manor Apartments.

“Today’s announcement is a triumph of the Sunset Park community’s resilience, and the power of our community to work together and fight to keep families in affordable homes,” said city council member Carlos Menchaca. “When I was elected in 2013, I promised I would fight to preserve affordable housing in our district. This led to a partnership with Fairstead and the inclusion in their portfolio of four Sunset Park buildings. I am proud to stand with Fairstead as they announce their entire portfolio will remain affordable for the next 40 years, including those in Sunset Park. There is still more work to do, but with this victory, I am more optimistic than ever.”

The portfolio was financed with HUD-insured 223f loans, which allowed Fairstead to invest over \$35 million to upgrade all buildings with a full interior renovation of units and common areas. These renovations include: new cabinetry, countertops, tiling, low-flow fixtures in all kitchens and bathrooms, sustainability measures to reduce utility costs, handicap accessibility improvements, infrastructure upgrades and improved security and connectivity.

“This administration is committed to the preservation of affordable housing, especially in such a densely populated region as New York City,” said Lynne Patton, HUD regional administrator for New York and New Jersey. “Through the HUD-insured 223f loan program, \$310 million was financed to renovate existing homes and ensure residents have access to the decent, safe and sanitary housing units they deserve.”

“At Fairstead, we are committed to bringing together all public and private partners to achieve the rehabilitation and long-term preservation of healthy, safe, and socially vibrant communities,” said John Tatum, partner at Fairstead. “This transaction further demonstrates our expertise in large scale, tenant-in-place rehabs. It also highlights our growing presence in the New York market.”

Fairstead’s design and construction team will lead the full tenant-in-place rehab. The team has already completed Plaza Apartments and St. Nicholas Manor Apartments. The remainder of the portfolio is under construction and expected to be completed in 2020.

“Plaza Apartments is an example of a successful collaboration between NYC Council, HPD, and HUD,” said majority leader Laurie Cumbo of District 35 in Brooklyn. “I am very pleased that people who need affordable housing will get the quality that a brand-new upgrade allows, and the management accountability they so deserve.”

The financing was arranged by the FHA teams of multiple lending partners, including Truist, Greystone, Capital One, and Meridian Capital Group.

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