



Merchants Capital arranges \$375 million Freddie Mac financing

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Brooklyn, NY Merchants Capital, has provided \$375 million in financing on behalf of a joint venture between Omni New York LLC, The Arker Companies, Dabar Development Partners, and Bedford Stuyvesant Restoration Corp. (Restoration) to purchase and complete major renovations for more than 2,600 units scattered across nine developments, referred to as the NYCHA Brooklyn Megabundle (PACT Brooklyn Bundle II).

PACT Brooklyn Bundle II consists of a nine-development portfolio, with 2,625 units. The transaction will support the development, management and social service plans for nine developments: Armstrong I, Armstrong II, Weeksville Gardens, Berry St.-South 9th St., Marcy Ave.-Greene Ave. Site A, Marcy Ave.-Greene Ave. Site B, 572 Warren St., Independence Towers, and Williams Plaza.

The structured financing, crafted by the NYC Housing Development Corp. (NYCHDC), Freddie Mac and Merchants Capital in a collaborative effort, consists of a straight-to-permanent NYCHDC Freddie Mac Risk Share loan of \$375 million, which will fund the acquisition, rehabilitation and recapitalization of the property.

The landmark NYCHA PACT transaction will benefit more than 6,300 residents by providing comprehensive upgrades to 2,625 apartments and common areas including the complete renovation of residential unit interiors, installation of security systems, vital site improvements, common area improvements, community facility improvements, building exterior improvements, and replacement of building systems, as well as extensive electrical, mechanical and plumbing upgrades.

As part of its PACT Initiative, NYCHA issued an RFP for qualified applicants to finance, rehab, and manage this portfolio, which represents the largest preservation transaction executed to date under NYCHA's PACT Initiative. The joint venture partnership between Omni, Arker, Dabar and Restoration was selected as the recipient of this RFP.

In 2018, the mayor's Office and the NYC Housing Authority (NYCHA) released NYCHA 2.0, a comprehensive 10-year, \$24.4 billion plan to preserve NYC's public housing, through capital investments which ensure residents have the safe, quality, and affordable homes they deserve. The cornerstone of NYCHA 2.0 is NYCHA's Permanent Affordability Commitment Together (PACT) Preservation Initiative. PACT focuses on leveraging HUD's Rental Assistance Demonstration Program (RAD), as well as other Section 8 programs, to marshal private debt and equity investment

in NYC's public housing stock.

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