



Hudson Valley Property Group closes \$190 million recapitalization in Bronx

March 22, 2022 - Front Section



Bronx, NY Hudson Valley Property Group (HVPG) closed on two preservation transactions across three multifamily properties. The first transaction involved Keith Plaza at 2475 Southern Blvd. and Kelly Towers at 2405 Southern Blvd.; and the second deal at Los Tres Unidos Apartments, 1680 Madison Ave. HVPG will preserve the 748 apartments at the three properties as long-term affordable housing with a total recapitalization value of \$190 million. The deals include upgrades and renovations for each property and the preservation process will not displace any tenants.

Rendering, park upgrades at Keith Plaza at 2475 Southern Blvd. - Bronx, NY

“In high-cost markets like New York, it is essential to ensure housing stays affordable across a broad spectrum of incomes,” said Jason Bordainick, managing partner and co-founder of HVPG. “This ensures families can build strong, lasting communities and the city can attract and maintain the vitality and diversity that make it so special. We thank our partners at the City, as well as HDC and HPD leadership, for their continued support of our preservation efforts by providing the tools to help these homes remain high-quality, affordable housing for many years to come.”

Originally acquired by HVPG and partners in 2015, Keith Plaza and Kelly Towers comprise 311 and 302 units, respectively, all originally constructed in 1975 under the Mitchell Lama Housing Program. The properties provide homes for low- and moderate-income families and seniors.

The \$104.9 million recapitalization for Keith Plaza and Kelly Towers enables the Hudson Valley Preservation Fund II (HVPFII), HVPG’s real estate private equity fund, to deploy equity and additional debt financing secured through the NYC Housing Development Corp. (HDC). As a result, HVPG will be able to extend the existing affordability restrictions at the property by 15 years. The recapitalization also allows for Phase II of the \$20 million renovation to commence. Phase II focuses on improvements that will enhance the overall resident experience, including free WiFi and indoor and outdoor community spaces. The outdoor spaces are highlighted by a transformative landscaped terrace with lounge seating and an elevated, fresh-air activity area. Existing partners HVPG and Phoenix Realty Group (PRG) will remain in place and HVPF II will enter the new purchasing partnership.

Both properties are subject to a Department of Housing and Urban Development (HUD) Section 236 Agreement, and 282 apartments at Keith Plaza are subject to a HUD Rental Assistance Program (RAP) contract. At Kelly Towers, 268 apartments benefit from tenant-based Section 8 rental assistance vouchers.

“PRG, as part of its affordable housing business, is pleased to be part of the team that has both previously enhanced the properties with the Phase I improvements and plans to enhance with the Phase II improvements,” said Ron Orgel, Managing Director, Principal and co-Founder at PRG. “The challenges of the COVID-19 pandemic have impacted all New Yorkers and together with our partners, we are excited to continue to preserve these properties, meet the needs of the residents by offering high quality, affordable housing and enhance the overall experience for the families and seniors that call Keith Plaza and Kelly Towers home.”

“The recapitalization of Keith Plaza and Kelly Towers will extend affordability another 15 years, while funding important upgrades and renovations throughout both properties,” said HDC President Eric Enderlin. “This latest preservation effort reaffirms our commitment to the residents of Keith Plaza and Kelly Towers and is a victory for our city as we work to protect the affordability and quality of our Mitchell-Lama housing stock.”

Los Tres Unidos Apartments (Los Tres) comprises 135 units and was originally acquired by HVPG and its partners in 2017 when one of the original owners—a local Harlem not-for-profit organization, Nuevo El Barrio para la Rehabilitacion de la Vivienda y la Economia (NERVE)—was looking for a

partner with affordable housing preservation experience and capital to help them retain control of their community asset and invest further into improving the property.

Now, five years later, a \$85.1 million preservation deal provides long-term capital for additional property improvements, including sidewalk and ground repairs, roof replacement, and free WiFi as a property-wide tenant amenity, while preserving the affordability requirements. Existing partners HVPG, NERVE, and NCV Capital Partners will remain in place, and Nuveen, an impact investor aligned with HVPG's mission to provide and preserve quality affordable housing, will enter the partnership, investing significant capital alongside HVPG's fund (HVPF II) to support the long-term preservation plan.

All of the apartments at Los Tres are subject to a HUD Section 8 contract and Article XI tax abatement regulatory agreement with the New York City Department of Housing Preservation and Development (HPD).

“Nuveen's business plan includes the implementation of a sustainable, social impact program for the residents of Los Tres to promote health and wellness and financial empowerment to achieve better outcomes with a focus on closing the wealth gap,” said Pamela West, Managing Director of Nuveen's Real Estate Impact Investing group. “We strongly believe our long-term collective ownership can deliver a positive impact while preserving and maintaining quality housing for this community.”

“NERVE continues to provide low-income housing and housing preservation for our community of El Barrio/East Harlem,” added Robert Anazagasti, President and General Manager of NERVE Inc.

“It took quick action and swift insight to complete the initial acquisition of Los Tres Unidos Apartments and we jumped at the opportunity to work in the instrumental partnership of HVPG,” said Keith Gordon, Managing Partner of NCV Capital Partners. “NCV Capital's goal is to preserve the identities of these rich and historic communities and safeguard residents who rely on affordable housing from rent hikes. Through this carefully crafted team of developers and partners, we are certain these goals will be reached.”