



Merchants Capital secures \$316 million for phase 2 of Alafia

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Brooklyn, NY Merchants Capital provided more than \$316 million in construction, permanent and equity financing for the second phase of Alafia, a mixed-use development. Part of an expansive affordable housing development and the Vital Brooklyn Initiative community development program, the second phase of Alafia will provide 634 affordable and supportive housing units, and 22,000 s/f of retail and community facility space. This marks the second deal in the state to utilize a Freddie Mac Unfunded Permanent TEL Forward loan.

Merchants Capital, in partnership with the New York State Housing Finance Agency (HFA), provided \$48.7 million Freddie Mac Unfunded Permanent TEL Forward financing for of the second phase of Alafia. The \$192.7 million construction loan was provided by Bank of America in conjunction with Merchants Capital. In partnership with Bank of America, Merchants Capital closed \$174.8 million in 4% Low-Income Housing Tax Credit (LIHTC) equity.

“We are honored to support this critical affordable housing initiative in Brooklyn and would like to thank our partners at Bank of America, L+M Development Partners, RiseBoro Community Partnership, Apex Building Group and New York State HFA for their ingenuity and partnership,” said Julie Sharp, executive vice president of tax credit equity at Merchants Capital.

“We came to the table with Merchants’ trademark expertise in complex structuring, expansive collaboration and our strong relationship with Freddie Mac,” said Mat Wambua, vice chairman at Merchants Capital. “What makes Alafia an exciting project is the tangible way it supports and fosters community, starting with the foundational building block of affordable housing.”

The second phase of Alafia is part of a multi-phase effort led by Empire State Development (ESD) to revitalize Brooklyn and serve the neighborhood with ample affordable and supportive housing, outdoor space and facilities for healthcare and community needs.

Alafia phase 2 is being co-developed by RiseBoro Community Partnership, Inc., L+M Development Partners, LLC and Apex Building Group. RiseBoro Community Partnership has more than four decades of experience offering services designed to support the needs within their communities.

Apex Building Group has created or preserved more than 7,400 affordable housing units throughout New York and New Jersey. L+M Development Partners is a nationally recognized affordable developer. With its affiliates, L+M has over 57,000 residential units in construction or that have been acquired, preserved, or completed.

Alafia phase 2 includes two 14-story residential buildings — A1-A2 and B1 — with studio, one-, two- and three-bedroom apartments restricted for households earning between 40% and 70% of the Area Median Income (AMI). In building A1-A2, 47 supportive housing units will be set aside for seniors re-entering the community from incarceration and 59 units will be designated for formerly homeless youth and their families, along with a daycare center and retail space. Additional affordable apartments and residential parking will comprise building B1. Shared amenities among both buildings include a fitness center, children's playroom, community rooms and outdoor courtyards. Free Wi-Fi will be available to residents in their apartments and common areas.

"RiseBoro is committed to building strong, thriving communities and Alafia Phase II is a testament to that mission," said Kieran Harrington, CEO of RiseBoro Community Partnership. "This development goes beyond affordability—it creates opportunities for stability, connection and growth by integrating deeply affordable and supportive housing with essential community services."

"L+M Development Partners is thrilled to advance Alafia Phase II, bringing much-needed affordable housing to East New York," said L+M Development Partners CEO Lisa Gomez. "We are grateful to our partners for their dedication to this transformative project and the community it will serve."

"Apex is immensely proud of the work we are doing here in Brooklyn at Alafia, as this development is transforming the community by creating an entire new neighborhood," said Apex Building Group CEO Lee Brathwaite. "The project enables Apex to further its mission of producing quality affordable housing while also establishing a healthy and welcoming environment for the people of East New York."

Construction of a new public street, Abule Ave., is part of phase 2. It will connect Fountain Ave. and Erskine St. to provide access for pedestrians and vehicles and support further phases of Alafia redevelopment.

Construction began in December 2024 and is expected to be completed by the summer of 2027.

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