



Wells Fargo provides \$531.485 million Freddie Mac loan for Starrett City; refinancing deal overseen by Wiener of Wells Fargo

January 25, 2010 - Financial Digest

According to Wells Fargo & Co. and Freddie Mac, the closing of a \$531.485 million Freddie Mac Capital Markets Execution loan for Spring Creek Towers, more commonly known as Starrett City has been completed. Built as a Mitchell-Lama rental in the 1970s, Starrett City has provided high quality, safe, affordable housing in New York City for approximately 35 years. Through this innovative refinancing, the owners of the property, Starrett City Associates, will be able to extend the affordability of all of the units for another 30 years. Freddie Mac has committed to purchase the loan, which Wells Fargo originated, on one of the country's largest federally-assisted properties.

The development, which houses more than 12,000 residents in 46 buildings, is located on 140 acres of landscaped grounds. As a result of this refinancing, affordability has been maintained and over \$40 million will be reserved for capital improvements to the already well-maintained complex.

It is a full and vibrant community, with programs for early education, after-school, teens, parents and seniors. There is also a state-of-the-art health and fitness facility, the Brooklyn Sports Club, as well as several schools, community centers and parks, parking garages and an onsite power plant.

Over the past several years, many buildings originally developed under the affordable Mitchell-Lama program began the process of opting out of the program and converting to market rate rentals. When a Mitchell-Lama converts from affordable to market rent, many low- to moderate- income tenants may be displaced.

"This was a large and complex transaction, which required cooperation among numerous government agencies and private companies to bring to closing," said Robert Poll, president of Starrett City, Inc.

"We appreciate Wells Fargo and Freddie Mac working with us to complete this financing, which preserves affordability for our tenants for 30 more years," said Poll.

"We are proud to be part of such an important development. By working together with government officials from HUD, New York State and New York City, this loan has met Starrett City Associates' needs while keeping 5,881 units affordable to New York City residents," said Wells Fargo Multifamily Capital managing director Alan Wiener, who oversaw the transaction.

"The refinancing is a winning situation for the thousands of families who call Starrett City home. It puts to rest current residents' fears that the property would be sold, rents would increase and they would be forced to find alternative housing," said Mike May, senior vice president of Multifamily for Freddie Mac. "We are proud of how all parties worked together to help ensure that the property remains affordable."

Wells Fargo Multifamily Capital specializes in providing permanent financing for multifamily properties, healthcare facilities, and affordable housing through the programs of Fannie Mae,

Freddie Mac, and the Federal Housing Administration (FHA).

Wells Fargo & Co. is a diversified financial services company with \$1.2 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through more than 10,000 stores, over 12,000 ATMs and the internet (wellsfargo.com) across North America and internationally.

About Freddie Mac

Since the launch of Freddie Mac's multifamily business in 1993, it has provided more than \$214 billion in financing for approximately 56,000 multifamily properties.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Over the years, Freddie Mac has made home possible for one in six homebuyers and more than five million renters.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540