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Habitat NYC's Affordable Housing Preservation-Focused Community Fund Announces CDFI Certification

To date the Community Fund has deployed over \$640,000 in loans—preserving four affordable housing developments totaling 310 units in New York City

Habitat for Humanity New York City launched the Community Fund in 2018 to develop or preserve more than 1,500 units of affordable housing through \$4.5MM in loans within the next five years

September 26, 2019 – New York, NY – Today, [The Habitat NYC Community Fund](#) (Community Fund), a subsidiary of [Habitat for Humanity New York City](#) (Habitat NYC), announced that it has become a federally certified Community Development Financial Institution (CDFI). In addition, the Community Fund announced the closure of its first four deals, leveraging over \$640,000 in loans to preserve a total of 310 units of affordable housing. The borrowers include 645 Barretto Street HDFC, Le Celia Owners Corp, 1175-77-85 Anderson Ave HDFC and Fifth Avenue Committee (FAC).

CDFIs are certified by the U.S. Department of the Treasury's [Community Development Financial Institutions Fund](#). Certified CDFIs must have a primary mission of promoting community development in distressed communities; provide financial products and services; and maintain accountability to the communities they serve. The Habitat NYC Community Fund will provide low- to moderate-income (LMI) New York homeowners in income-restricted cooperative developments with financial lending and technical assistance designed to strengthen their ability to remain in their homes.

“We are excited to announce the closure of the first deals of our now CDFI-certified Community Fund and our first steps in support of Habitat NYC’s longstanding mission to provide and preserve affordable homeownership opportunities for low- to moderate-income New Yorkers,” said Chris Illum, Executive Director of the Habitat NYC Community Fund. “We are grateful for the opportunity to have worked with 645 Barretto Street HDFC, La Celia Corp, Anderson Ave HDFC and Fifth Avenue Committee and we hope that the success of our partnerships will inspire new opportunities to further develop and preserve affordable homeownership opportunities across the five boroughs and New York State.”

In partnership with [Spring Bank](#), the Community Fund supported a total of \$515,000 in financing for 645 Barretto Street, a 48-unit, HDFC cooperative located in Hunts Point, the Bronx. Established in 1982, the property requires a long-term, multi-faceted plan to abate its municipal arrears, stabilize the building’s overall finances and invest in capital projects that will reduce energy use and overall costs. Working with

the Department of Housing and Preservation (HPD) and the City of New York, the cooperative was able to secure arrears forgiveness and an Article XI tax exemption, but first needed to cover \$429,498 in water arrears with the Department of Environmental Protection (DEP). Through a 15-year, \$250,000 First Start Loan through the Community Fund and \$285,000 loan from Spring Bank, the cooperative is able to cover both the DEP arrears and some of the initial fees associated with the completion of the overall capital plan. Under the new Regulatory Agreement with HPD, all of the building's units must be owner-occupied and have a maximum income of 120% of Area Median Income (AMI).

"Partnering with Habitat for Humanity New York City to meet the financing needs of this borrower aligned with Spring Bank's mission in many ways: maintaining affordable housing as well as improving energy efficiency," said Akbar Rizvi, Chief Lending Officer, Spring Bank. "These are tremendous issues in our community, so this was a win-win."

"The Habitat NYC Community Fund and Spring Bank provided our cooperative with critical assistance that saved the affordability of our homes and prevented the potential loss of homeowner equity," said Yaritza Sandra, Secretary of the Board, 645 Barretto Street HDFC. "The financial resources we were able to secure through them will preserve the long-term affordability of 645 Barretto Street and enable all of the residents to benefit from capital investments in energy efficiency, further reducing the ongoing cost of homeownership. We are grateful to the Community Fund and we hope to see its continued growth and support of affordable homeownership across New York State."

The three additional deals that have closed over the previous six months include:

- Le Celia Owners Corp: A 123-unit income-restricted cooperative in East Harlem. The Community Fund approved a 15-year Rehab Preservation Loan in the amount of \$114,000 to cover the cost and installation of a 62-kilowatt-DC solar energy system to help reduce the co-op's electricity costs.
- Anderson Avenue HDFC: A 115-unit cooperative in Highbridge, the Bronx. The Community Fund approved a short-term Flexible Capital Loan of \$32,783 to cover the costs of rehabilitating a vacant unit and restoring the building's common-area hallways.
- Fifth Avenue Committee (FAC): A two-site, 24-unit affordable housing development in Brooklyn. The Community Fund approved a \$250,000 pre-development loan for pre-construction costs including architect, engineer and legal fees.

Across New York City are thousands of apartments that fall within a range of affordability for low-to-moderate-income families, but many are in danger of being lost to the open market. Many of these homes face physical and financial stress, or while financially solvent they still lack access to the capital necessary to preserve their affordability. The New York City Housing Authority estimates that more than 2,000 distressed affordable units are at risk of being lost to the market each year, resulting in less affordable housing availability for low-income families.

"The reality is that we cannot just build our way out of the affordable housing crisis," said Karen Haycox, CEO of Habitat for Humanity New York City and President of the Community Fund. "Across the five boroughs there are thousands of multi-family developments that lack access to the capital necessary to stabilize their buildings physically and fiscally. Through our Community Fund, Habitat NYC is leveraging both our brand and our balance sheet in order to provide these buildings with the resources that they need, helping to improve communities and maintain stable, resilient and safe homes for hardworking, low-income families."

The types of issues facing affordable housing developments include normal wear and tear with age, unoccupied units that need rehabilitation or longstanding municipal arrears with high interest rates and penalties. Often these developments cannot access mainstream financing because of their affordability levels or restrictions, and mainstream lenders may find them to be too risky. If left unresolved or treated through traditional financial products, distressed homeowners can potentially lose their equity and home stability, while also leaving it to the public to underwrite the costs of foreclosure – a minimum of \$120,000 in public funding is required to place each unit through the third-party transfer and foreclosure process.

The Community Fund was created to promote community development and homeownership and to expand the availability of affordable housing by providing financing and technical assistance and other educational and development services. This is largely achieved by providing homeowners, cooperatives or similar entities with the capital necessary to escape arrears or make capital improvements. The Community Fund can also provide critical assistance to not-for-profit developers who build and preserve affordable housing in communities outside the five boroughs, opening up the opportunity for greater impact in the development and preservation of affordable housing across the State of New York.

The Community Fund offers financial products up to \$250,000, short- or long-term, for:

- Consolidation of municipal arrears (including water, taxes, liens, fines, violations, etc.)
- Replacement or repair of building systems, rehab projects, or major capital improvements, including emergency repair lending
- Hard and soft costs related to rehab projects
- Pre-development costs (market studies, architecture, engineering soft costs, etc.) and construction costs for other not-for-profit developers throughout New York State

About The Habitat NYC Community Fund

[The Habitat NYC Community Fund](#) is the critical component of [Habitat for Humanity New York City's](#) Preservation Program, which provides access to affordable, small-scale financing. The Community Fund extends credit to communities that traditionally have limited access to capital, including resident-owned affordable housing developments or non-profit organizations that create and preserve affordable housing. The Community Fund is a market-based and sustainable approach to supporting, preserving and creating affordable housing, with a goal to support the development or preservation of more than 1,500 units of long-term LMI affordable housing within its first five years.

About Habitat for Humanity New York City

Habitat for Humanity New York City transforms lives and communities by building and preserving affordable homes with hardworking families—and by uniting all New Yorkers around the cause of affordable housing and homeownership. With the help of thousands of volunteers each year, Habitat NYC builds and repairs homes for families across the five boroughs. Learn more at www.HabitatNYC.org and connect with us on [Facebook](#) or follow us on [Twitter](#) and [Instagram](#) at @HabitatNYC.

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