

The Dermot Company, Inc. Closes Construction Financing for Affordable Housing Project Containing 78 Rental Units and New Headquarters for The Lower Eastside Girls Club With NYC Department of Housing Preservation and Development, NYC Housing Development Co

NEW YORK, July 22 /PRNewswire/ -- The Dermot Company, Inc., The [Lower Eastside Girls Club](#) of New York, Inc. and [Grosvenor Investment Management US, Inc.](#) have partnered with the City Department of Housing Preservation and Development (HPD) and the NYC Housing Development Corporation (HDC) and private sector financial institutions to develop a new mixed-use property at 101 Avenue D between 7th and 8th Streets on Manhattan's Lower East Side that includes a 30,000 square-foot headquarters for The Lower Eastside Girls Club and 78 mixed-income rental residences.

The project is being developed under Mayor Michael R. Bloomberg's New Housing Marketplace Plan (NHMP), an \$8.4 billion initiative to finance 165,000 units of affordable housing for half a million New Yorkers by 2014. To date, the plan has funded the creation or preservation of nearly 108,600 units of affordable housing across the five boroughs.

The Lower Eastside Girls project has been financed with a combination of tax-exempt housing bonds and new market tax credits. [HPD](#) sold the land to The Lower East Side Girls Club at a steeply discounted price to subsidize the affordable housing and HDC has provided tax-exempt bond financing and subsidy loans. [Bank of America](#) has provided the supporting Letter of Credit for the residential portion of the project. In addition, Bank of America, and Carver Community Development Corporation provided an allocation of New Market Tax Credits (NMTC), which Bank of America and JP Morgan Chase will invest in to raise NMTC equity financing for the Girls Club headquarters. Grosvenor Investment Management US, Inc. has provided equity joint venture capital for the project. The building is being constructed by [D7 Construction, LLC](#).

"We are thrilled to have closed on the construction financing for this unique project. Assembling the financing was complicated and involved a myriad of different City agencies, banks and investors making it the most complex development project we have done to date," said Drew Spitler, Director of Development, The Dermot Company, Inc.

"The financing environment is quite challenging but in conjunction with the Girls Club, we were able to get this absolutely amazing project across the goal line."

"Our dream is finally becoming a reality," said Lyn Pentecost, founder and executive director of The Lower Eastside Girls Club (LESGC). "Thanks to the efforts of many - private individuals, foundations, the City, State, Federal government, banks, architects and developers -- our girls and young women will be able to become the next generation of leaders, pursuing their dreams in a state-of-the-art building. From a planetarium to a bakery, from a recording studio to classrooms for tutoring, the youth of our community will have the tools to go out into the world with knowledge and confidence."

Located at 101 Avenue D, the 12-story, brick building is expected to be LEED certified and will include 4,700 square-feet of retail space along the avenue. Residents of the 78 rental units will enjoy onsite amenities such as a fully-equipped gym, laundry facilities, a rooftop deck and bike storage. Built under HDC's Mixed Income Housing "50/30/20" program, 50 percent of the apartments are affordable to low- and moderate-income families including 12 units that will remain permanently affordable under the provisions of HPD's Inclusionary Zoning Program, and the remaining 50 percent of the apartments are market rate but subject to rent stabilization.

To fund the residential and retail space, HDC issued \$25 million in bonds including \$15.25 million of recycled tax-exempt bonds and \$9.75 million of tax-exempt bonds subject to the private activity volume cap, all backed by a Letter of Credit from Bank of America. HDC also provided over \$2.5 million in corporate subsidy. When complete, 101 Avenue D is expected to receive a 20-year phased 421a tax abatement. The Lower East Side Girls Club portion of the project was financed by a combination of developer equity and private donations and grants, equity generated from NMTC, and \$9.6 million of Reso A funds, comprised of \$5.5 million from the Office of the Mayor, \$900,000 from Manhattan Borough President Scott Stringer, and \$3.2 million from the City Council.

"This exciting new development to be built on a parcel of long-vacant City-owned property represents the best use to meet multiple community needs--affordable housing and a community center for neighborhood girls," said HPD Commissioner Rafael E. Cestero. "The planned development at 101 Avenue D is what the Mayor's New Housing Marketplace Plan is all about--revitalizing and strengthening our neighborhoods, promoting economic diversity, providing the infrastructure to stabilize families and building housing that will remain and affordable resource over the long term."

"The development of this housing and the new Girls Club facility is both important and meaningful to this community and the City as a whole," said Marc Jahr, HDC President. "The 101 Avenue D Apartments will offer top quality affordable homes to a mix of area residents while providing the basis for creating a state-of-the-art LEED Gold certified neighborhood facility that will provide the means to enrich the lives of young girls and women, giving them every chance to succeed and lead."

Robert Kilroy, Managing Director, Grosvenor Investment Management noted, "Grosvenor Investment Management is pleased to continue our long-standing investment relationship with The Dermot Company and to assist in the capitalization of another property in NYC with a multifamily housing component. The creativity and hard work of a number of city agencies facilitated our proceeding with the investment. We are highly confident in the development's eventual success."

"We are very pleased to be able to provide financing that creates an impact in this community, including the services of The Lower Eastside Girls Club and much-needed affordable rental housing for the area," added Steve Kenny, Bank of America Merrill Lynch Real Estate Regional Executive.

Construction is expected to be completed by June 2012. For more information, please visit www.dermotcompany.com.

About The Dermot Company, Inc.:

The Dermot Company, Inc., based in New York City, was formed in 1991 as a real estate investment and management company focused on multi-family sector opportunities. The company has evolved into a fully integrated real estate company employing over 200 real estate professionals in investment, finance, management and development. Dermot currently manages nearly \$1.5 billion in assets and owns or holds investments in more than 5,000 multifamily units.

About The Lower Eastside Girls Club of New York, Inc.

The Lower Eastside Girls Club was founded in 1996 to address the historic lack of services available to girls and young women on the Lower East Side. The effects of inner-city social turmoil which took place in the 1960's and 70's throughout the nation hit the Lower East Side community in Manhattan very hard. Our neighborhood experienced unprecedented real estate abandonment and disinvestment as riots flared, buildings burned and drugs were rampant. Many social service agencies closed their doors and moved during these years, including a branch of The Children's Aid Society and a chapter of what is now Girls Inc. One of the few agencies to remain open and "tough it out" was the Boys Club of New York, operating two full-service facilities for boys. Yet, when boys and girls clubs nationwide merged in 1986, becoming the agency now known as Boys & Girls Clubs of America, few noticed that The Boys Club of New York, over 100 years old and operating a large facility on the Lower East Side, opted out of the merger. By 1990 the Lower East Side had become the last neighborhood in the United States with the "boys only" Boys Club distinction. A diverse group of Lower East Side women consisting of mothers, workers, artists, educators, scientists, athletes, business women and community activists organized in 1996 to address this obvious inequity. Soon thereafter, The Lower Eastside Girls Club was founded.

About Mayor Michael R. Bloomberg's New Housing Marketplace Plan:

New York City's affordable housing program to build or preserve 165,000 units of housing -- enough to house half a million New Yorkers -- is the most ambitious and productive in the nation -- creating housing as well as jobs for New Yorkers. In April, 2010 the City reached the critical benchmark of 100,000 units financed -- representing an investment of \$4.5 billion to date by the City, not including roughly \$5 billion in bonds issued by HDC.

Led by HPD Commissioner Rafael E. Cestero, the Plan has been recast to maintain momentum while confronting head on the economic challenges facing the City, the State, the housing industry, the financial sector and individual New Yorkers and their families. In order to fulfill the NHMP goal of 165,000 units, HPD and HDC are responding to market realities and focusing on three primary goals: strengthening neighborhoods, expanding the supply of affordable and sustainable housing and stabilizing families by keeping them in their homes. To read more about the NHMP, please visit <http://www.nyc.gov/html/hpd/html/about/plan.shtml>.

About the NYC Department of Housing Preservation and Development (HPD):

HPD is the nation's largest municipal housing preservation and development agency. Its mission is to promote quality housing and viable neighborhoods for New Yorkers through education, outreach, loan and development programs and enforcement of housing quality standards. It is responsible for implementing Mayor Bloomberg's New Housing Marketplace Plan to finance the construction or preservation of 165,000 units of affordable housing by 2014. Since the plan's inception, more than 100,000 affordable homes have been created or preserved. For more information, visit www.nyc.gov/hpd.

About the NYC Housing Development Corporation (HDC):

The New York City Housing Development Corporation (HDC) provides a variety of financing programs for the creation and preservation of multi-family affordable housing throughout the five boroughs of New York City. HDC's programs are designed to meet the wide range of affordable housing needs of the City's economically diverse population. In partnership with the NYC Department of Housing Preservation and Development, HDC works to implement Mayor Michael R. Bloomberg's New Housing Marketplace Plan to create or preserve 165,000 affordable housing units by 2014. Since the plan launched in 2004, HDC financed nearly 44,200 homes for low-, moderate- and middle-income New Yorkers. The New York City Housing Development Corporation is rated AA by S&P and Aa2 by Moody's.

About Grosvenor Investment Management (GIM)

Grosvenor Investment Management US, Inc. serves as Grosvenor's real estate investment management operation in North America. GIM is part of Grosvenor Fund Management, which was established in 2005 as a vehicle for third-party participation in Grosvenor-managed investments. As of year-end 2009, Grosvenor Fund Management had total funds under management of approximately USD\$5.8 billion internationally.

Grosvenor is a privately owned property group with offices in 17 of the world's most dynamic cities. It has five regional investment & development businesses in Britain & Ireland, the Americas, Continental Europe, Australia and Asia Pacific. Its international fund management business operates across these markets. As at 31 December 2009, these six businesses had total assets under management of US\$16.4bn. Unusually for a private company, Grosvenor publishes a full Annual Report & Accounts, available at www.grosvenor.com.

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