

# Goldman Sachs Partners with New York City Agencies to Finance Community Development in Bedford-Stuyvesant Brooklyn

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*The 105-Unit “The Bradford” -- To Be Constructed by BRP Development -- Is the City’s First Affordable Housing Project Financed With New Market Tax Credits*

New York July 13, 2010 - The NYC Housing Development Corporation (HDC), the NYC Housing Preservation and Development (HPD), The Goldman Sachs Group, Inc. and BRP Development announced an innovative \$45 million real estate transaction to develop much-needed affordable housing and retail space in Bedford-Stuyvesant, Brooklyn. To be built under Mayor Michael R. Bloomberg’s New Housing Marketplace Plan (NHMP), the new mixed-use, mixed-income project, called “The Bradford,” will include 105 apartments for low- and middle-income families.

Creating and preserving affordable housing is the central goal of the Mayor Michael R. Bloomberg’s New Housing Marketplace Plan (NHMP), an ambitious \$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 financed the creation or preservation of nearly 108,600 units of affordable housing across the five boroughs.

Goldman Sachs worked closely with the NYC Housing Development Corporation (HDC), the largest housing bond issuer in the country, and the NYC Department of Housing Preservation and Development (HPD), the largest municipal developer of affordable housing in the country, to develop an innovative structure which for the first time allowed HDC financing to be used in conjunction with New Markets Tax Credits (NMTC). The Goldman Sachs investment, which closed in June, coupled with the HDC and HPD financing, enabled the project to move forward despite the difficult real estate financing environment and diminishing government resources. Goldman Sachs, HDC and HPD look forward to using this structure to secure additional funding for future community development transactions.

Goldman Sachs is the sole private investor in The Bradford. Through its Urban Investment Group, the firm has made a number of investments in mixed-income community development projects in neighborhoods across New York City and others parts of the United States to help transform distressed or underserved communities.

“The development of The Bradford demonstrates the firm’s commitment to invest in affordable housing to help improve the lives of more families,” said Lloyd C. Blankfein,

Chairman and CEO of The Goldman Sachs Group, Inc. “Through partnerships with public agencies and local organizations to revitalize communities, we can generate positive and sustainable social as well as economic returns.”

Of the 105 rental units, 21 will be reserved for families earning no greater than 30% of the Area Median Income (AMI), currently \$23,760 for a family of four. In addition, 32 of the units will have rents set at 125% AMI (currently \$99,000 for a family of four) and 51 set at 130% AMI (\$102,960 for a family of four) and these units may be rented to households earning up to 160% AMI (\$126,720 for a family of four). The ground floor retail space contains approximately 9,700-square-feet for small businesses, providing both job and expanded retail opportunities.

“The development of The Bradford has been a collaborative effort,” said HDC President Marc Jahr, “and when complete, it will serve an important and lasting role in this historic community. The families who will call this home will have strong, deep roots here. We at HDC are proud of the role we have played in financing this important project. In this challenging economy our ability to raise capital that leverages private sector investment is more important than ever. The fact that we can do this with ease in this market speaks to the power of the resources we can bring to bear, the strength inherent in this City and our vibrant communities and the commitment of financial institutions like Goldman Sachs to the City’s future.”

HDC issued \$20.7 million in recycled tax exempt bonds for the construction financing and provided \$6.8 million in subsidy from its corporate reserves. HPD provided \$4.38 million in City Capital funds, \$1.9 in HOME funds and \$1 million in HTF funds. Goldman Sachs, in addition to fulfilling the role as equity backer for the bond issuance, has also provided \$6.5 million in NMTC equity.

“The Bradford will bring new life and strength to the heart of Bedford Stuyvesant by providing new mixed-income affordable housing for families” said Commissioner Rafael E. Cestero. “Since Mayor Bloomberg launched his New Housing Marketplace Plan, and entrusted us to carry it out, HPD and HDC have made possible the preservation or creation of more than 108,000 affordable units citywide—with more than 2,600 of them in this community alone.”

The not-for-profit and development partners are the Bedford-Stuyvesant Restoration Corporation (BSRC), the nation’s oldest community development corporation, and BRP Development Corporation, a minority-owned development firm of multi-family housing throughout New York City and Philadelphia. Construction is scheduled to be completed in the summer of 2012.

“BRP is very proud to be developing The Bradford as it serves as a model for affordable, sustainable and transit-oriented development in emerging urban markets. This project was conceived over five years ago and would not have become a reality without the support of local community groups, city agencies, community development entities and Goldman Sachs. In addition to the much needed economic stimulus, we are particularly

excited about The Bradford's cutting-edge green elements including an on-site co-generation plant and other sustainable features that put the project on track for LEED Silver certification," said Meredith Marshall, Managing Director of BRP Development Corporation.

BRP Development has completed, or is currently developing, approximately \$150 million in 9 mixed-use properties in New York City and Philadelphia. This is BRP's second project with HDC. The first project, The Garvey, was financed through the LAMP program and closed in June 2009. Property Management and marketing oversight will be provided by the developer's management arm, BRP Management Group, LLC. The Management Group currently manages 145 rental and condominium units and approximately 30,000 square feet of commercial space in Brooklyn, Harlem and Philadelphia.

"The Bradford represents a significant milestone in BSRC's initiative to re-envision and revitalize Fulton Street, the major commercial corridor in Bedford-Stuyvesant," said Colvin W. Grannum, President of BSRC. "The project will transform one of the most blighted sections of Fulton Street by creating a significant amount of mixed income, affordable housing and attractive, flexible commercial space."

The New Markets Tax Credits allocation was provided by Waveland Community Development (WCD) and Carver Federal Savings Bank, two organizations with a long history of investing in underserved communities that have received new markets tax credits in the past. "Waveland Community Development is pleased to have been given the opportunity to allocate new market tax credits to assist in the financing of The Bradford in Bedford-Stuyvesant, Brooklyn, New York," said Rick Hayes, of WCD. "This is one of the most deserving projects we have become involved with since the inception of the New Market Tax Credit program. The financing was particularly complicated, and Goldman Sachs' ability to create a very low cost of capital for the borrower made the project economically viable."

"The Bradford is a real-life example of catalytic community development through partnership. Carver had the pleasure of working with BRP Development, Bedford-Stuyvesant Restoration Corporation and Goldman Sachs and others, all trusted community partners that came together with one goal. Through patient capital and financing expertise from Goldman Sachs, Carver continues its more than 60-year mission of working with community partners to meet the financing needs of the underserved in the Bedford-Stuyvesant community," said Deborah Wright, chairman and CEO of Carver Federal Savings Bank.

The Bradford is part of a broader strategic partnership between Goldman Sachs and BRP to invest in mixed-income community development projects in neighborhoods across New York City. Other developments with BRP, HDC and HPD include Garvey Apartments, a 78-unit low-income rental development on the same block as The Bradford, which will be completed next summer, and The Douglass, a 38-unit condominium project in Harlem, which is currently 80 percent sold and includes

apartments for low-income families.

Additional projects in the pipeline include developments in Central Brooklyn, the South Bronx and Upper Manhattan.

### **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 production 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 the NYC Housing Development Corporation (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.html>.

### **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 108,000 affordable homes have been created or preserved. For more information, visit [www.nyc.gov/hpd](http://www.nyc.gov/hpd).

### **About the New York City 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 The Goldman Sachs Group, Inc.**

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and

investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

**About BRP Development Corp.:**

Founded in 1995, BRP has been a trusted and proven developer and builder of new homes, condominiums, apartments and commercial properties throughout New York City and Philadelphia. From the company's modest beginning as a local Brooklyn developer, BRP has successfully evolved into an integrated organization offering a full complement of development, construction, and property management services.

With a dedicated and experienced staff responsible for approximately 400,000 square feet of development and construction, with some 800,000 square feet currently in its pipeline, BRP has worked tirelessly to enhance and continue its partnerships with government agencies and not-for-profit organizations to build quality affordable, mixed-income, and market-rate housing units throughout the metropolitan areas. For more information, please go to [www.brpdev.com](http://www.brpdev.com).

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