

MHN Interview with Todd Trehubenko: With NYC Office, Recap Makes Strong Commitment to Largest Rental Market

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Todd Trehubenko

Boston–Recap Real Estate Advisors (Recap) recently opened its first regional office at 909 Third Avenue in New York City.

Recap CEO Todd Trehubenko will head the NYC office. Well known in NYC housing finance circles, Trehubenko will initially split time between Boston and New York. Trehubenko will build a team that relies on long-time Recap executives as well as experienced NYC housing practitioners.

Trehubenko talks to *MHN* about the decision to open a New York office and the kind of deals taking place in the market here right now.

MHN: Why did the company decide to have the first regional office in New York City?

Trehubenko: New York City is the nation's financial capital as well as its largest rental market. We have successfully done business in New York for many years – about \$1 billion in transactions since the mid-1990s – and many of our financial institution clients are based here even if their assets are located all over the country. We are also well known for our affordable housing work and there is of course tremendous need for affordable housing in New York.

MHN: Is this a good time to enter the NYC market? Why?

Trehubenko: It's a great time. We saw some real opportunities here. The rental market is relatively strong and interest rates are favorable, creating attractive refinancing opportunities for quality assets. The problems with the over-leveraging of some of the housing stock through CMBS and the loss of middle-income (Mitchell Lama) housing have been well documented. There is tremendous interest in NYC in solving these problems, but they are very complex and require creative solutions. We have made our reputation over the years by solving these kinds of problems.

MHN: What does the company like about the NYC multifamily market?

Trehubenko: The size of the rental market, the importance of the rental market – both conventional and affordable – to the quality of life and economy of NYC, and the concentration of capital are really attractive. Also, the sheer innovation, energy, and creativity of the housing and finance industries in NYC are very appealing and present great partnering opportunities. There is also tremendous interest in sustainability and green retrofits, due in part to the Mayor's leadership on these issues. Through our capital planning group we are pioneering integrated energy audits and 20-year capital plans, and this

product fits very well with City-wide efforts to reduce energy consumption and improve the living environment.

MHN: What kinds of deals are taking place in the NYC market right now?

Trehubenko: We see a lot of refinancing activity. We expect an uptick in both sales and successful restructurings as the gap between the buyers' bids and sellers' asks narrows.

This has big implications for deleveraging properties carrying too much debt, whether that be from aggressive underwriting or assumptions about the for-sale (condo) market that did not prove out.

MHN: Will the NYC office specialize in any particular area of multifamily housing?

Trehubenko: We will offer the same services Recap is known for nationally. Our platform includes advisory and asset management services, as well as transaction structuring and execution. On-Site Insight, our capital planning group, offers energy audits, capital needs assessments, and green capital needs assessments.

MHN: What are the goals that have been set up for the NYC office in the immediate future and long-term?

Trehubenko: In the short-term, we want to strengthen our presence in NYC to better serve our existing client base and be better positioned to take advantage of the many opportunities we see in NYC. Over the longer term, we want to broaden our relationships with major financial institutions and multifamily owners/investors, and become a key contributor to the multifamily industry in New York.

MHN: What is Recap working on in the city right now?

Trehubenko: We have ongoing advisory relationships or transactions that we are structuring where the underlying assets are worth about \$1 billion. In addition, we provide asset management services to NYC-based financial institutions for an additional \$1.3 billion in multifamily investments.