

Unmet Capital Needs in America's Public Housing Exceed \$21 Billion

On-Site Insight (OSI) Inspections Form Basis for New Study

July 18, 2010—Boston—Recap Real Estate Advisors today announced that On-Site Insight (OSI), a Recap Real Estate Advisors Company, completed the field work for the largest and most significant capital needs assessment of the nation's public housing stock in more than twenty years. Over the past two years, OSI inspectors have fanned out across the contiguous 48 states, Washington DC, and Puerto Rico, inspecting and analyzing the physical needs of 548 properties under the administration of 140 housing authorities. The inspection sample represents more than one million housing units.

The average public housing property is more than 50 years old, and decades of underinvestment have led to extensive physical decline throughout the portfolio. In response, Congress directed the Department of Housing and Urban Development (HUD) to perform a comprehensive assessment of this portfolio's physical condition and to derive an estimate of the total cost of addressing deferred maintenance and physical obsolescence. HUD turned to the team of Abt Associates and On-Site Insight, who together had performed a similar assessment of HUD inventory in the mid-1980s.

OSI's services included a site inspection for every property included in the study, examination of a sample of building exteriors and interiors, and analysis of the more than 170 building systems (mechanical, electrical, and architectural) present in each property. Based on the inspection protocol and results, Abt Associates estimates that the unmet needs in the entire public housing portfolio are nearly \$21 billion dollars. This estimate rises to nearly \$26 billion when additional costs for energy and water efficiencies, lead based paint abatement, and accommodations for persons with disabilities are considered.

"This was truly a collective effort bringing together many talented and committed professionals in the public and private sectors," said Todd Trehubenko, CEO of Recap Real Estate Advisors. "And one of great social significance, since more than four million Americans live in public housing. We were pleased to play a key role in such an important study, and urge Congress and the Administration to develop new strategies in order to make the necessary investments in this critical portfolio".

About Recap Real Estate Advisors

Recap Real Estate Advisors is a Boston-based firm that provides real estate advisory services for multifamily housing. It is the financial services and asset management group of Consolidated American Services, Inc. For more than two decades, Recap Real Estate Advisors has worked with multifamily owners, investors, lenders, and regulators to execute cutting edge transactions, stabilize and reposition properties, and design innovative programs and strategies. The firm has completed transactions on more than 800 properties nationwide, with aggregate property value of

more than \$2.7 billion. On-Site Insight, a Recap Real Estate Advisors Company, has performed more than 6,500 capital needs assessments. Visit www.recapadvisors.com for more information