

## Real Estate Advisory Services for Multifamily Housing

### **An advisor should be invested in your success.**

For more than two decades, Recap Real Estate Advisors has worked with multifamily owners, investors, lenders, and regulators to leverage clients' existing capacity effectively, carry out cutting-edge transactions, stabilize and reposition properties, and design innovative programs and strategies.

Recap offers creative strategies built on proven expertise. Our services help our clients take advantage of opportunities in the affordable apartment sector and meet the challenges facing their existing portfolio.

As an independent, third-party advisor who is not a property owner or investor, we have no conflict of interest and a single goal: to deliver exceptional service and results for our clients. Isn't that how it should be?

### **Core Service Areas**

#### **Transactions**

##### ***Buy, sell, or recapitalize with confidence***

Recapitalization and restructuring, partnership transfers, disposition and acquisition services for multifamily owners, particularly under challenging or complex circumstances.

#### **Portfolio and Business Advisory**

##### ***Expert guidance for multifamily stakeholders***

Underwriting and investment analysis, ownership interest valuation, fairness opinions, policy development, and strategic planning for enterprises and regulators.

#### **Asset Advisory**

##### ***Maximize portfolio value***

Complete asset management services for multifamily properties and portfolios, including asset repositioning, asset monitoring, and investor services.

#### **Public Housing Conversion**

##### ***Rehabilitate and deregulate public housing***

Portfolio evaluations, conversions to Section 8 under the Rental Assistance Demonstration (RAD), HUD processing, transaction structuring, and coordination of transaction closing.

#### **Capital Planning**

##### ***Comprehensive capital planning and energy auditing***

Capital Needs Assessments (CNAs), Green CNAs, HUD Green Physical Needs Assessments (GPNAs), energy audits, and REAC preparation services.

### **Selected Clients**

Starrett City (Spring Creek Towers)

Connecticut Housing Finance Agency (CHFA)

Church Park Apartments (The United Company)

Housing Authority of the City of San Buenaventura

Citi Community Capital

Boulder Housing Partners

Harvard Real Estate Services

National Church Residences

## Transactions

### Buy, sell, or recapitalize with confidence

Recap designs and carries out transactions to maximize property and portfolio value. Since our founding, we have handled over \$4 billion in transactions – more than 1,000 properties from coast to coast, including market rate, mixed income, and affordable properties. Whether the situation is straightforward or requires an out-of-the-box solution, owners and investors turn to Recap.

### Services

- **Recapitalizing & Restructuring** – Recap helps clients capitalize on financing and restructuring opportunities created by the ever-changing economic environment. We develop a customized transaction plan, identify and evaluate potential debt and equity sources, and negotiate and close the transaction.
- **Development Services** – Recap helps clients formulate and implement a plan – whether new construction, rehabilitation or a mix of both – to meet the client's mission or maximize the financial value of client's development opportunities.
- **Acquisitions** – Recap provides skilled acquisition management for partnership interests or properties, including those with challenging capital structures, high public visibility, or significant regulatory restrictions. We evaluate candidate assets, negotiate LOIs and purchase agreements, coordinate due diligence, and close transactions in concert with the client's counsel.
- **Dispositions** – Recap assists clients in selling individual assets or portfolios while maximizing value or mission objectives for the seller. We specialize in complex assets encumbered by significant regulatory restrictions or operating in high-visibility environments.

### Representative Clients



**Starrett City (Brooklyn, NY)** – Recap structured and closed a \$531 million refinancing of Starrett City, working with federal, state, and local authorities to overcome resistance which had prevented an earlier refinancing. The transaction closed in the most difficult credit market in decades and preserved the property as affordable housing for its 13,000 residents for at least 30 years. The end result was the largest single-property financing ever completed by Freddie Mac.



**River Place Towers (Lowell, MA)** – On expiration of an LIHTC compliance period, Recap assisted the general partner of this 448-unit complex in buying out the project's limited partner and carrying out a \$30 million recapitalization of the property. Recap developed recapitalization strategies and implemented the selected transaction – refinancing of the existing debt with 4% LIHTCs and tax exempt bonds, issued through the local HFA's federally insured risk-share loan program with HUD.



**Harvard University (Cambridge, MA)** – Having developed a 94-unit elderly property as a civic good deed 40 years earlier, Harvard's real estate division wanted to dispose of the property at a fair price, while also maintaining permanent affordability and preserving good relations with the City of Cambridge and its advocacy community. Recap represented Harvard in shaping the proposed transaction, presented its objectives to the City and community, advised on sale pricing, and supported Harvard to an economically and socially successful closing.

## Portfolio and Business Advisory

### Expert guidance for multifamily stakeholders

Recap provides a full range of due diligence and advisory services to help clients evaluate potential real estate opportunities, ensure fair and equitable buyouts, and establish long-term strategic plans. We have enabled numerous transactions nationwide that would not have occurred without our trusted advice.

### Services

- **Underwriting & Investment Analysis** – Recap assists clients in mitigating risks by evaluating all aspects of a proposed investment, including property operations, market conditions, financing structure, tenant profile, and use restrictions. We review relevant documents, commission and analyze critical reports, thoroughly evaluate or develop performance projections, and present our work through customized financial models to deliver defined, detailed, and precise analysis.
- **Ownership Interest Valuation & Fairness Opinions** – Recap couples its real estate expertise with first-hand knowledge of the complexities of government regulation, ownership structures, and capital markets to produce fairness opinions of proposed transactions, valuations for intra-partner negotiations and estate transfers, and internal assessments for decision making.
- **Policy Development and Strategic Planning** – Leading multifamily and affordable housing organizations rely on Recap for informed advice. We supplement our twenty years' experience with fresh surveys of the business environment, interviews of key executives and counterparties, and customer-specific SWOT analyses to create new strategies that help ensure our clients' success.
- **Capital Needs Assessments & Energy Audits** – Our subsidiary, On-Site Insight (OSI) for many years has provided complete capital needs assessment, energy audit, and REAC services. In doing so, it has set the standards for quality in the capital planning industry. For more information, visit [www.on-site-insight.com](http://www.on-site-insight.com).

### Representative Clients



**Connecticut Housing Finance Authority (CHFA)** – Recap completed a ten-year Capital Plan for the Connecticut State Sponsored Housing Portfolio. Recap designed a capital planning process and financial model to assess the condition of the 299 properties in the portfolio, modeled property-specific recapitalization transactions for the portfolio's nearly 11,000 units, and developed policy proposals to assist the State with implementing the Capital Plan.



**National Church Residences (NCR)** – Recap developed a social impact finance model to cover the costs of service enrichment programs in elderly housing. The model relied on proposed pay-for-success (P4S) contracts with the State of Ohio. Recap prepared a report for NCR to use in its advocacy for the P4S structure and in discussions with funding sources.



**Security Properties** – The owner of Security Properties, a multifamily investor, developer, and operator, called on Recap to provide an opinion of the fair market value of his ownership interest in the company. The company has general partner and limited partner ownership interests in real estate investment funds that in turn hold ownership interests in multifamily properties. Recap created a mechanism to gather company data, completed the valuation analysis, and prepared a written narrative of the opinion of value.

## Asset Advisory

### Maximize the value of your portfolio

Recap provides operational expertise, action plans, diligent oversight, and transparent reporting for multifamily portfolios. Our services focus on assets that may face eroding Net Operating Income, declining rental market conditions, inadequate property management, poor market positioning, or other complex challenges.

#### Services

- **Asset Repositioning** – Recap repositions underperforming portfolios by clarifying the unknown and identifying targeted areas for improvement. Through intensive portfolio oversight including site visits, asset-level capital improvement, marketing plans and regular reporting, we restore assets to optimal performance and position clients to release trapped value.
- **Asset Monitoring** – Recap provides transparent asset management and financial reporting for debt and equity portfolios. We protect our clients' assets and identify new opportunities by conducting regular site visits, producing customized status reports, and developing and implementing innovative action plans.
- **Investor Services** – Recap provides third-party reporting services to keep investors informed about investment performance, potential opportunities, and emerging issues. We provide periodic updates, quantitative analysis, and communications support, enabling our clients to maintain their focus on what they do best — operating their portfolios for maximum value.

#### Representative Clients



**Church Park Apartments (Boston, MA)** – Since 1996, Recap has guided the owners of Church Park Apartments, a large mixed-use property in Boston, in improving financial results and increasing property value. Most recently, we arranged and completed a \$130 million refinancing of senior and junior debt. Based on our long term track record, the limited partners have now selected us to act as their investor services agent for the property.



**Citi Community Capital** – Recap managed the assets of a large nation-wide portfolio of performing, non-performing, and watch-list properties through the wind-down of the portfolio. Services included baseline assessments for each asset, site visits, financial analysis, operating data analysis, and design and execution of stabilization strategies in collaboration with the ownership and management teams. Recap provided property operational support, a broad view of portfolio performance and risks, and uniform reporting for senior management.



**Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.** – Recap developed detailed operational reviews and action plans for a distressed 17-property multifamily portfolio. As a result of these action plans, the properties were stabilized under new management, relevant metrics trended upwards, and the owners were able to consider opportunities to realize value through disposition.

## Rental Assistance Demonstration (RAD) Assessment and Transactions

### Working with Housing Authorities to successful RAD closings

Recap will guide and support Housing Authorities in taking suitable properties through HUD's Rental Assistance Demonstration (RAD) program to successful closings. RAD works for many public housing properties, and Recap is ready to help you make it work for yours.

### Why Recap? Proven pioneers

In the two decades since our founding, Recap has pioneered and proven many HUD recapitalization programs: preservation under ELIHPA and LIHPRA, mark-to-market (M2M); renewed affordability, and now public housing under RAD. We've handled more than \$4 billion in transactions – more than 1,000 properties from coast to coast. We have roughly 75 properties working through the RAD pipeline and can bring this rare experience in a new program to your transactions.

### RAD services: five steps to success

- **Evaluation** – We will perform a thorough assessment benchmarking economics, rehab, and viability, with careful attention to your organizational goals.
- **Application and Processing** – We will handle all the HUD paperwork and prepare everything for your authorization. We'll manage submission, interaction, response, and pursuit of conversion approval.
- **Identification of Financing Sources** – We will identify potential debt and, if appropriate, equity sources and will help you choose what works best for your situation. We'll guide you through negotiations with capital providers.
- **Closing Management** – We can coordinate the team and deliver the transaction to closing, with all approvals necessary. We will work with your current legal advisors, accountants, capital needs assessors, and design and construction management services – or will help you assemble a transaction team.

### Representative Clients



**Boulder Housing Partners (BHP)** – In 2007, Recap developed a capital strategy for BHP's 1,500 unit public housing portfolio, and in 2013, BHP re-engaged Recap to reexamine the strategy for an additional 350 units. Recap developed a comprehensive mix of Section 18 disposition and RAD conversions and prepared multiple RAD applications. Recap also advocated with HUD to secure the necessary approvals.



**Housing Authority of the City of San Buenaventura (HACSB)** – Recap developed a RAD strategy for 520 units across multiple sites in HACSB's portfolio and submitted multiple RAD applications including multi-phase and portfolio applications. Recap guided HACSB through the RAD closing process, which included 9% LIHTCs and was among the first RAD projects to close in the country. Recap is currently working with HACSB on three additional RAD conversions.



**Housing Authority of the City of Bessemer (BESHA)** – After completing a portfolio analysis to determine RAD candidates, Recap structured a transaction using FHA-insured debt for a 198-unit property. Recap is managing this transaction to a Summer 2014 closing.

## Capital Planning from the Multifamily Experts

### Comprehensive Capital Planning & Energy Auditing

Recap's Capital Planning Division, On-Site Insight Inc. (OSI), is the recognized leader for high-quality capital needs assessment and energy audit services. OSI is your best choice for comprehensive, precise capital needs assessments and energy audits. Our widely used methodology, useful life estimation, and reserve funding analysis have set the standard in the multifamily industry over the past thirty years.

The OSI team members have an average of ten years of multifamily capital planning experience, and we have performed more than 8,000 assessments across the U.S.

### Core Service Areas

#### Capital Needs Assessments

*The industry standard for more than two decades*

An extensive analysis of all building systems, recommendations for specific improvements, and funding estimates for long term maintenance in a comprehensive, easy to read 20-year capital plan.

#### Green Capital Needs Assessments

*The complete green planning tool for owners and managers*

A combination of the features of our Level 3 investment grade Energy Audit and our CNA for the most complete report available enabling you to improve energy and water efficiency, reduce operating and capital costs, safeguard indoor environmental quality, and reduce environmental impact.

#### HUD Green Physical Needs Assessments (GPNA)

*Mandated by HUD for all Public Housing Authorities*

Detailed capital needs assessments and energy audits of Public Housing Authority properties in addition to preparation and completion of the GPNA Tool for submission to HUD.

#### Energy Audits

*Multifamily specific and financially focused*

Level 1, 2, and 3 Energy Audits designed to meet the needs of multifamily clients and provide clear guidance on energy and water retrofits with potential savings, backed by reliable financial analysis.

#### Pre-REAC Inspections, REAC Preparedness Training, REAC Inspections

*Preparation for your REAC Inspections*

Complete physical inspection of the property in compliance with the Uniform Physical Condition Standards (UPCS) to achieve highest possible REAC inspection scores.

### Selected Clients

Michigan State Housing and Development Authority  
Connecticut Housing Finance Agency  
Chicago Housing Authority  
Enterprise Community Partners  
Texas Department of Housing & Community Affairs

Trinity Financial  
Mercy Housing  
MassHousing  
Beacon Communities  
Winn Management