

Transactions – Refinancing and Restructuring

Client: Starrett City Associates

Property:

Located in Brooklyn, New York, Starrett City (Spring Creek Towers) is the largest federally-assisted rental property in the U.S. with 5,881 apartments in 46 residential high-rise buildings. 124,000 square feet of retail, 8 parking garages, a state-of-the-art community center and sports club, and independent power plant.

Challenge:

After HUD blocked the sale of Starrett City in 2007 due to concerns about the new owners preserving affordable rental rates, Recap was retained to create an innovative solution that would allow the owners to realize their equity while maintaining affordability for the existing residents.

Solution:

Recap first developed a Memorandum of Understanding (MOU) as a framework for a transaction that could be supported by ownership as well as four government housing agencies. We then represented the owner in designing, negotiating and ultimately completing a highly successful transaction. Amidst the dislocation in financial markets, we closed a \$531 milling refinancing which also provided for the continuation of the property's use as affordable housing for the next 30 years. Loan proceeds were set aside for future capital needs, while the owner realized a substantial equity takeout and a four-fold increase in allowable annual distributions. The end result was the largest single-property financing ever completed by Freddie Mac.

