

Transaction Profile

Financing in action

REID AND PARK ROCK

\$23M predevelopment loan to support the rehabilitation of ~1700 affordable housing units in Brooklyn as a part of the NYCHA PACT program



NY Green Bank's facility will fund predevelopment expenses for services such as architecture, engineering, and Housing Quality Standards (**HQS**) renovations and surveys across 88 buildings in 15 communities, collectively known as the Reid Apartments and Park Rock Consolidated Developments (**Reid and Park Rock**), as part of the New York City Housing Authority's (**NYCHA**) Permanent Affordability Commitment Together (**PACT**) program.

Market Barriers and Solutions

NYCHA is now working with private partnerships and community-based organizations to bring comprehensive upgrades to public housing, including decarbonization, electrification, and resiliency plans producing modernized and healthier buildings. NYCHA PACT designees require upfront capital to develop plans and complete milestones required to obtain construction financing. These milestones often include performing preliminary renovations to bring the units up to NYC HQS standards. There is a gap in this process because the predevelopment dollars are not available through NYCHA and must be funded by the sponsors before public funding is available.

Transaction amount: **\$23.0 million**

Counterparties:

(Project Sponsor) BRP, Fairstead and Urbane

(Project Borrower) NYC PACT Preservation MM LLC

Product: **Predevelopment loan**

Date closed: **January 2023**

Estimated lifetime metric tons

CO₂e reduced: **15,730**

Technologies: **Energy efficiency / building decarbonization**

Location: **New York City**

End-use segment: **Residential**



“Having a stable, affordable home is the solid foundation everyone needs to grow and succeed. As NYCHA and the PACT Partners – BRP, Fairstead, the Local Development Corporation of East New York, and Urbane – work in partnership on a plan for comprehensive improvements to Reid and Park Rock, we are grateful to NY Green Bank for providing critical predevelopment financing to support this important vision. >



NY Green Bank
A Division of NYSERDA

Without this funding, the partnerships would be challenged to engage in the program. As part of the PACT program, developments will be included in the federal Rental Assistance Demonstration (RAD) and convert to a more stable, federally funded program called Project-Based Section 8. This transaction demonstrates a financing structure that supports future lending to clean energy and energy efficiency projects benefitting disadvantaged communities.

Low-income earning New Yorkers face a shortage of housing choices, and scarce capital in this segment makes it difficult to prioritize high-performance building development. By lending at the predevelopment phase, NY Green Bank provides experienced experts with the capital needed to plan an innovative, high-performance project. This transaction also supports future lending to projects that benefit underserved frontline communities, which can lack access to financing for such sustainable infrastructure.

We share NY Green Bank's commitment to public housing and to sustainability and are proud to work together to bring needed upgrades to NYCHA residents."

*Reid Park Rock PACT Partners
(BRP, Fairstead, Urbane, LDC of
East New York)*

\$23 million predevelopment loan to support the rehabilitation of ~1,700 affordable housing units in Brooklyn as a part of the NYCHA PACT program

REID AND PARK ROCK

NY Green Bank’s facility will fund predevelopment expenses for services such as architecture, engineering, and Housing Quality Standards (“HQS”) renovations and surveys across 88 buildings in 15 communities, collectively known as the Reid Apartments and Park Rock Consolidated Developments (“Reid and Park Rock”), as part of the New York City Housing Authority’s (“NYCHA”) Permanent Affordability Commitment Together (“PACT”) program.

Transaction Description

The Project Sponsors are BRP, Fairstead, and Urbane. BRP is a New York-based real estate firm that specializes in mixed-use development and the acquisition of multi-family properties. BRP is a certified minority business enterprise (“**MBE**”) and has extensive experience with affordable housing having developed or preserved more than 2,700 units in the NY metro area. Fairstead is a vertically integrated real estate developer with a national footprint of more than \$6 Bn in assets and identified pipeline. Fairstead’s Management and Design and Construction subsidiaries will provide key services during the construction and operations phase of the Project. Urbane, also a certified MBE, specializes in community engagement and business development.

With this investment, NYGB continues to support the decarbonization of New York State’s building sector. Public Housing Authorities (“**PHA**”), like NYCHA, rely on federal assistance and private partnerships to support building rehabilitation strategies. This transaction demonstrates a financing structure that can be replicated by other developers pursuing PHA rehabilitation partnerships. Further, NYGB’s loan will support a property that provides NYCHA residents with more modern and resilient homes.

This Transaction Profile is provided pursuant to the updated NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.1 (the “**Metrics Plan**”) developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the “**Commission**”) on May 2, 2022.¹ This Transaction Profile contains specific information in connection with the Hecate Energy, LLC transaction entered into in December 2022, as required by the Metrics Plan.²

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Predevelopment Loan	\$23.0 million

Location(s) of Underlying Project(s)

New York City. Projects will be located in Brooklyn, New York City.

¹ Case 13-M-0412.

² See Section 4.0 at page 8 - 9 and Schedule 3.

Types of Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	BRP, Fairstead, and Urbane	Project Sponsor
	NYC PACT Preservation MM LLC	Project Borrower

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
NYCHA	NYCHA is now working with private partnerships and community-based organizations to bring comprehensive upgrades to public housing, including decarbonization, electrification, and resiliency plans producing modernized and healthier buildings. NYCHA PACT designees require upfront capital to develop plans and complete milestones required to obtain construction financing. These milestones often include performing preliminary renovations to bring the units up to NYC HQS standards. There is a gap in this process because the predevelopment dollars are not available through NYCHA and must be funded by the sponsors before public funding is available. Without this funding, the partnerships would be challenged to engage in the program.	As part of the PACT program, developments will be included in the federal Rental Assistance Demonstration (RAD) and convert to a more stable, federally funded program called Project-Based Section 8. This transaction demonstrates a financing structure that supports future lending to clean energy and energy efficiency projects benefitting disadvantaged communities.
Low-income earning New Yorkers	Low-income earning New Yorkers face a shortage of housing choices, and scarce capital in this segment makes it difficult to prioritize high-performance building development.	By lending at the predevelopment phase, NY Green Bank provides experienced experts with the capital needed to plan an innovative, high-performance project. This transaction also supports future lending to projects that benefit underserved frontline communities, which can lack access to financing for such sustainable infrastructure.

Technologies Involved

Technology	Measures
Energy Efficiency	Building Envelope, Appliances & Hot Water, HVAC, Lighting, etc.

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria require that “transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas (“GHG”) emission reductions in support of New York’s energy policies”.³ In addition, the Metrics Plan requires that the following energy and environmental measures applicable to this transaction be reported:⁴

³ Case 13-M-0412, “Order Establishing New York Green Bank and Providing Initial Capitalization” issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.

⁴ See Metrics Plan, Section 2.0 at pages 2 - 6.

- Estimated lifetime and annual total energy savings (MMBtu equivalent)
- Estimated lifetime and annual natural gas fuel savings (MMBtu equivalent)

The estimated gross lifetime and annual energy and environmental impacts of the investment are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annual Low Estimate	Annual High Estimate
Estimated total energy savings (MMBtu equivalent)	197,606	296,410	4,391	6,587
Estimated natural gas fuel savings (MMBtu)	Same as above			
Estimated GHG emission reductions (metric tons)	10,487	15,731	233	350

Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur when a critical mass of NYGB financing and investment arrangements are in place. Market evaluation activities commenced in 2018 on sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.⁵ NYSERDA collected baseline data for the NYGB portfolio in 2019 and will update the data to include indicators specific to this transaction. NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in later studies. Progress indicators are defined below for the short, medium and long terms.

NYGB expects that program and/or future market evaluation will demonstrate progress across short-term indicators, including:

- Size and location of projects financed by the investment;
- Aggregate expected energy savings for projects financed by the investment.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators, including:

- Increase in market volume of energy efficient properties;
- Increase in general understanding of energy efficient properties by the financial community;
- Increased awareness and use of energy efficiency investment performance data by financing entities;
- Demonstration of competitive risk-return profiles for energy efficient properties;
- Decreased operating costs of energy efficient properties; and
- Increased number of new lending participants.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the impact this transaction has had on the clean energy finance markets and the energy/environmental benefits it delivers.

Market evaluation will assess the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (e.g., financial community) to track information including but not limited to: project scale information and influence of NYGB's participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its first phase evaluation during 2018 – 19. Later follow-up studies will assess progress against baseline levels for other market segments as those evolve. The specific timing of these efforts may be revised based on experience or other factors as NYGB's investment portfolio further develops and evolves.

⁵ See Metrics Plan, Section 3.3 at page 7 - 8.

Impact evaluation will assess which of the projects funded under the investment raised construction financing and were completed, commissioned, and placed in service.

In accordance with the Metrics Plan, NYGB will track BRP / Fairstead / Urbane projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs) to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be used as a mechanism to estimate overlap and minimize double counting. NYSERDA and NYGB will attempt to coordinate market and impact evaluation activities for projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.