

## Transaction Profile

Financing in action

# SAM CITY COLLABORATIVE, LLC

Predevelopment lending to support the rehabilitation of 664 affordable housing units in Harlem



NY Green Bank's facility will fund predevelopment expenses for services such as architecture, engineering, Housing Quality Standards (**HQS**) renovations, and surveys. It enables Project Sponsors to close on the construction financing they have been designated to receive as part of the New York City Housing Authority's (**NYCHA**) Permanent Affordability Commitment Together (**PACT**) program. This designation is to rehabilitate the Frederick Samuel Apartments in Harlem.

### Market Barriers and Solutions

**NYCHA** is now working with private partnerships and community-based organizations to upgrade public housing to code with decarbonization, electrification, and resiliency plans to produce modernized, healthier buildings. NYCHA PACT designees require upfront capital to develop plans and complete milestones that are necessary 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 gap funding, the partnerships would be challenged to engage in the program.

Transaction amount: **\$12.0 million**

Counterparties:

**(Project Sponsors)**

**Genesis Companies, LLC and Lemor Development Group**

**(Project Borrower)**

**Sam City Collaborative, LLC**

Product: **Predevelopment loan**

Date closed: **November 2022**

Estimated lifetime metric tons

CO<sub>2</sub>e reduced: **10,210**

Technologies: **Energy efficiency / building decarbonization**

Location: **New York City**

End-use segment: **Residential**



*“As black-owned firms with deep roots in the Harlem area, Genesis Companies and Lemor Development Group are proud to work with the residents at Frederick Samuel Apartments and NYCHA to bring about the quality-of-life improvements they deserve. Genesis has a long track record of successfully turning around some of the City’s most troubled portfolios, particularly in the Harlem community where we live and work, and is committed to supporting sustainable, healthy neighborhoods that can thrive for generations. >*



**NY Green Bank**  
A Division of NYSERDA

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 during the predevelopment phase, NY Green Bank provides the capital necessary to engage experts (including local M/WBE developers) needed to plan and facilitate innovative, high-performance projects. This transaction also supports future lending to projects that benefit underserved frontline communities, which can lack access to financing for such sustainable infrastructure.

*Lemor is a second-generation Harlem-based real estate firm committed to positively impacting the lives of our residents through the creation and preservation of housing in the communities we serve. As black-owned firms who have suffered from historical lack of access to capital and critical early-stage financing, such as pre-development funds, this specific funding from NY Green Bank has been critical in allowing our firms to move quickly and efficiently to deliver a complex scattered-site rehabilitation project that will benefit primarily Black and Latino New Yorkers who have disproportionately had to bear the burden of underinvestment in public housing.”*

*Karim Hutson, President & CEO,  
Genesis Companies, and  
Kenneth Morrison, Managing Member  
& Principal, Lemor Development Group*

**Predevelopment lending to support the rehabilitation of affordable housing units in Harlem**

**SAM CITY COLLABORATIVE, LLC**

*On November 4, 2022, NY Green Bank (“NYGB”) provided a \$12.0 million predevelopment loan that will fund predevelopment expenses for services such as architecture, engineering, Housing Quality Standards (“HQS”) renovations and surveys. These services and milestones are required before the Sponsors can obtain the construction financing they have been designated to receive as part of the New York City Housing Authority’s (“NYCHA”) Permanent Affordability Commitment Together (“PACT”) program. This designation is to rehabilitate the Frederick Samuel Apartments in Harlem.*

**Transaction Description**

The Project Sponsors are Genesis Companies, LLC and Lemor Development Group. Genesis Companies, LLC is a full-service real estate development firm and minority business enterprise (“MBE”) that specializes in financing, developing, and operating mixed-income and mixed-use residential projects. Genesis has a robust portfolio of over 2,100 units across 117 buildings with 49 of those developments in the Harlem neighborhood.

Lemor Development Group LLC is a MBE established in 2014 to manage the acquisition, development, and management of underperforming government and privately funded multifamily properties and projects. Lemor has a strong commitment to reducing the critical shortage of affordable housing. As of February 2022, Lemor owned 2,589 units for 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.<sup>1</sup> This Transaction Profile contains specific information in connection with the Sam City Collaborative, LLC transaction entered into in November 2022, as required by the Metrics Plan.<sup>2</sup>

**Form of NYGB Investment**

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Predevelopment Loan	\$12.0 million

**Location(s) of Underlying Project(s)**

New York City. Project will be located in Harlem, New York City.

<sup>1</sup> Case 13-M-0412.

<sup>2</sup> See Section 4.0 at page 8 - 9 and Schedule 3.

## Types of Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	Genesis Companies, LLC Lemor Development Group	Project Sponsors
Counterparty	Sam City Collaborative, LLC	Project Borrower

## Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
<b>NYCHA</b>	<b>NYCHA</b> is now working with private partnerships and community-based organizations to upgrade public housing to code with 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. As part of the PACT program, developments will be included in the federal Rental Assistance Demonstration (“ <b>RAD</b> ”) and convert to a more stable, federally funded program called Project-Based Section 8.	Without NYGB funding, many partnerships would be challenged to engage in the program. This transaction demonstrates a financing structure that supports future lending to clean energy and energy efficiency projects benefitting disadvantaged communities.
<b>Low-income earning New Yorkers</b>	<b>Low-income earning New Yorkers</b> face a shortage of housing choices, and scarce capital in this segment makes it difficult to prioritize high-performance building development.	By lending during the predevelopment phase, NYGB provides the capital necessary to engage experts (including local M/WBE developers) needed to plan and facilitate innovative, high-performance projects. 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
<b>Energy Efficiency / Building Decarbonization</b>	Appliances & Hot Water; Building Envelope; HVAC; Lighting; Water Conservation, 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”.<sup>3</sup> In addition, the Metrics Plan requires that the following energy and environmental measures applicable to this transaction be reported:<sup>4</sup>

- Estimated gross lifetime and annual total energy savings (MMBtu equivalent);
- Estimated gross lifetime and annual natural gas fuel savings (MMBtu);
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

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)	128,312	192,468	6,416	9,623
Estimated natural gas fuel savings (MMBtu)	Same as above			
Estimated GHG emission reductions (metric tons)	6,810	10,214	340	511

### 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.<sup>5</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> See Metrics Plan, Section 2.0 at pages 2 - 6.

<sup>5</sup> See Metrics Plan, Section 3.3 at page 7 - 8.

## 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.

**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 Sam City Collaborative, LLC 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.