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(photo credit: Inglese Architecture + Engineering)

L+M Development Partners and Prudential Secure Financing to Renovate and Preserve Affordability at 268-Unit Zion Towers in Newark's South Ward



Financing extends Section 8 contract to 20 years, allows for \$20 million renovation to upgrade every unit in building and common areas

Newark, NJ (June 25, 2019) — L+M Development Partners and Prudential Financial Inc. today announced a deal to preserve and modernize 268 units of Section 8 housing in Newark's South Ward. L+M and the New Jersey Department of Community Affairs have reached an agreement to extend the Section 8 contract for Zion Towers at 515 Elizabeth Avenue for an additional 11 years, facilitating the necessary refinancing to perform immediate repairs on the severely neglected building. DCA nearly terminated the Section 8 contract entirely before L+M and Prudential acquired the property in late 2017 and began to rehabilitate the property.

Refinancing for the repairs to Zion Towers is provided by several sources, including loans from the New Jersey Housing and Mortgage Financing Agency (NJHMFA) and Citi Community Capital; the award of 4% Low Income Housing Tax Credits from NJHMFA and tax credit equity from Wells Fargo Bank, NA; subsidy loans from NJHMFA through the Sandy Special Needs Housing Fund and Money Follows the Person Housing Partnership Program, as well as from Citi Community Capital; and a payment in lieu of taxes (PILOT) agreement with the City of Newark. Zion Towers is also under a NJHMFA regulatory agreement guaranteeing affordability for the next 30 years.

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“Keeping housing affordable for Newark residents through preservation, new construction and rent limitations is one of the most important priorities of my administration,” **said Newark Mayor Ras J. Baraka**. “The rehabilitation of Zion Towers by L+M and Prudential is a significant step toward that goal as is their partnership to preserve and modernize Georgia King Village. L+M and Prudential continue to demonstrate their dedication to equitable growth in Newark.”

“This preservation project will substantially update the safety and quality of Zion Towers while ensuring affordable housing opportunities for families and residents with special needs for the long term,” **said NJHMFA Executive Director Charles A. Richman**. “The building rehabilitation will be transformative for residents and will significantly improve their quality of life as well as the overall vitality of the South Ward neighborhood.”

“I would like to thank L+M for taking over a building which has had decades of mismanagement by prior owners,” **said Newark Councilman John Sharpe James**. “Rather than displacing South Ward residents from a building with affordable Section 8 apartments, as was done at vacant Carmel Towers, L+M will take on the heavy task of renovating every unit. This will improve the quality of life for residents living in these greatly needed affordable housing units.”

“Our work in the outer wards is focused not just on revitalizing distressed properties but also ensuring that those living there can stay there,” **said Jeffrey Moelis, Managing Director, Preservation at L+M Development Partners**. “Just as it’s been at Georgia King Village, the key to a successful turnaround at Zion Towers will be continuing the open communication and close working relationship with our residents as essential repairs continue.”

“Access to quality affordable housing is essential to financial wellness,” **said Reuben Teague, vice president of impact and responsible investing with Prudential**. “Investments in affordable housing are a critical component of our work to drive inclusive economic growth here in our home city of Newark.”

The \$20 million renovation will provide every apartment with upgrades including new kitchens (cabinets, appliances, lighting and flooring), new bathrooms (fixtures, floors, lighting and vanities), lobby and community room renovations, roof repairs and replacement, facade repair to eliminate leaks, new windows, elevator modernization, and an overhaul of the heating and air conditioning system (new cooling towers, refurbished chillers and a replacement fan coil in each apartment).

Additionally, L+M and Prudential have partnered with Collaborative Support Programs of New Jersey to provide supportive services and outreach for 12 one-bedroom units that are targeted for mental health special needs residents. These apartments are funded by the Sandy loan.

Zion Towers was in need of immediate repairs when L+M and Prudential spent more than \$7 million to acquire the property and perform immediate capital improvements, preserving its Section 8 status. To date, improvements include repairing and replacing heat and hot water boilers, repairing showers to eliminate building-wide leaks and installing a new security camera system.

The preservation of Zion Towers comes on the heels of L+M and Prudential's similar acquisition and preservation of the Georgia King Village in Newark, which also received financing from NJHMFA. The long-neglected Georgia King Village was acquired in 2016, after which L+M and Prudential invested \$39.5 million to modernize the two buildings, including apartment renovations, facade and roof improvements, the addition of a full security system, heat and hot water system upgrades, revamped laundry facilities, a children's library, new open space and children's play areas, and free Wi-Fi for residents. The transaction ensured that all 422 units remain affordable to individuals or families earning no more than 60 percent of the area median income.

In recent years, L+M has successfully completed similar transactions to modernize and preserve several other affordable housing projects, including Arverne View and Marcus Garvey Apartments in New York City, as well as a portfolio of Section 8 buildings owned by the New York City Housing Authority. In the past 9 years, L+M has preserved 8,300 affordable units with development costs totaling \$2.4 billion.

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