

# REAL ESTATE WEEKLY

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## Dermot Co. closes on Girls Club financing

The worst development market in recent years has produced a rare winner.

The Dermot Company announced last week it has closed on a complicated financing deal that will allow The Lower Eastside Girls Club to finally be build as part of a multi-million dollar mixed use project.

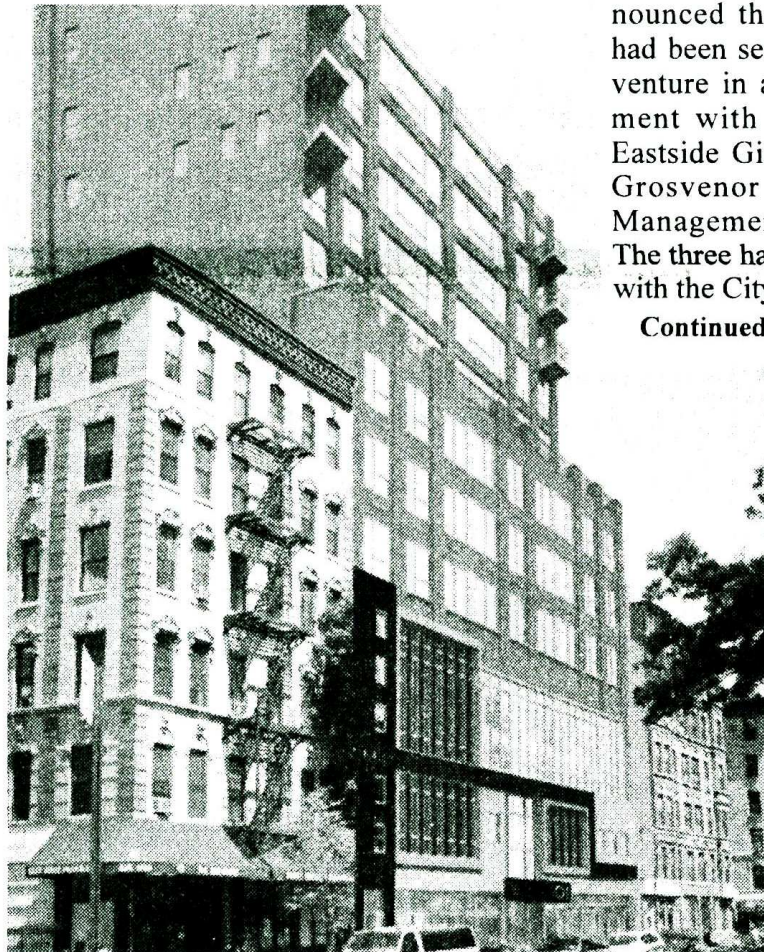
Located at 101 Avenue D, the 12-story, brick building will include a 30,000 s/f headquarters for the

Girls Club along with 78 mixed-income rental apartments, 4,700 s/f of retail space, a fully-equipped gym, laundry facilities, a rooftop deck and bike storage.

Half of the apartments will be affordable, including 12 units that will remain permanently affordable. The remaining 50% of the apartments are market rate but subject to rent stabilization.

The Dermot Company, Inc., announced that financing had been secured for the venture in a joint statement with The Lower Eastside Girls Club and Grosvenor Investment Management US, Inc.. The three have partnered with the City Department

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The mixed-use development will be LEED certified.

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of Housing Preservation and Development (HPD) and the NYC Housing Development Corporation (HDC) and the private sector to develop the project.

The Lower Eastside Girls project has been financed with a combination of tax-exempt housing bonds and new market tax credits. HPD sold the land to the Girls Club at a discounted to subsidize the affordable housing and provided tax-exempt bond financing and subsidy loans.

Bank of America provided a supporting Letter of Credit for the residential portion and, along with Carver Community Development Corporation, provided an allocation of New Market Tax Credits (NMTC), which Bank of America and JP Morgan Chase will invest in to raise equity financing for the Girls

Club headquarters.

Grosvenor provided equity joint venture capital for the building, which is being constructed by D7 Construction, LLC.

To fund the residential and retail space, HDC issued \$25 million in bonds and provided over \$2.5 million in corporate subsidy. The project will also collect a 20-year phased 421a tax abatement.

The Lower East Side Girls Club portion of the project was financed by a combination of developer equity and private donations.

"Assembling the financing was complicated and involved a myriad of different City agencies, banks and investors making it the most complex development project we have done to date," said Drew Spitler, director of development, The Dermot Company, Inc.