



New York City Comptroller
John C. Liu

NEWS RELEASE

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Page(s): 3

LIU, PENSION FUNDS SECURE FUTURE FOR DIEGO BEEKMAN HOUSES

Residents of Storied Bronx Complex Get Long-Term Mortgage

NEW YORK, NY – Comptroller John C. Liu, on behalf of the New York City Employees’ Retirement System and the Police Pension Fund, announced today that the two Funds have invested \$19 million in order to provide a 30-year, fixed-rate mortgage for the Jose de Diego Beekman Houses in The Bronx.

The Pension Funds’ investment gives Diego Beekman permanent financing in the form of a long-term mortgage that ensures that the rents for the 1,231 apartments and 9 small businesses at Diego Beekman will remain affordable.

“The revitalization of the Diego Beekman Houses serves as a source of inspiration for all New Yorkers fighting to beat the economic odds stacked against them,” said Comptroller Liu. “This mortgage is a testament to the hard work of countless families at Diego Beekman, who never took no for an answer. This investment will not only help ensure that more than a thousand Bronx families can afford to live in the City but also underscores what can be achieved when the private and public sectors work together for the greater good.”

Comptroller Liu’s office financed the mortgage through the Funds’ Economically Targeted Investments (ETI) program, which provides financial returns to pensioners based on investments that help secure the City’s future.

“This is a big relief, the new mortgage makes all the difference in the world,” said tenant and board member Arline Parks. “It means the people of Diego Beekman know they will have a safe and decent community where they can raise their families for years to come. When everything was against us, the tenants never lost faith — we kept on going until we were heard.”

In 2006 the NYC Department of Housing Preservation and Development (HPD) provided \$13.6 million in funding as a second mortgage through its 8A loan program to help the aging portfolio of properties finance badly needed repairs and renovations which included masonry work, roof replacement, elevator upgrades, and boilers. HPD provided an additional \$600,000 in funding in 2012 from Bronx Borough President Ruben Diaz Jr., who is a trustee of the New York City Employees’ Retirement System, for the purchase of a security-camera system for the complex. In

return for the low-interest financing from HPD, the apartments at Diego Beekman will remain income-restricted and affordable for the current and future residents for decades to come.

“The Pension Funds’ investment is a truly outstanding plan that will help the families who live in the Diego Beekman Houses,” said Borough President Diaz. “A 30-year, fixed-rate mortgage means welcome relief for struggling families who are trying to keep afloat in this economy. This great investment will improve their lives and give them much needed peace of mind. I thank the City for investing in our residents and helping them build toward a brighter future.”

“The preservation of our city’s affordable-housing stock is paramount to ensuring that hard-working New Yorkers have safe homes they can afford, and that our neighborhoods continue to thrive and grow. To that end, we have preserved more than 95,000 units of affordable housing under Mayor Bloomberg’s housing plan,” said HPD Commissioner Mathew M. Wambua. “The nearly \$14 million provided by HPD has not only helped finance critical upgrades and repairs for Diego Beekman, it serves to keep the tenants’ homes affordable for decades. I thank our partners the State of New York Mortgage association (SONYMA), Bank of America Merrill Lynch, Borough President Diaz, Comptroller Liu, and others for aiding in our mission to create a more affordable and sustainable city for all New Yorkers.”

The 38-building complex along Beekman Avenue was the focus of U.S. Department of Housing and Urban Development (HUD) revitalization efforts in the late 1960s. In later years, however, the complex deteriorated, and crime spiraled out of control as crack cocaine exploded in The Bronx. The New York Times once described Beekman Avenue “as the deadliest street in Mott Haven — in the deadliest police precinct in New York.”¹

Despite the obstacles, tenants organized and “stood up to a slumlord, drug lords, predatory investors, and the federal government.”²

In 2003, HUD transferred the property to the Diego Beekman Mutual Housing Association, which owns the complex and is run by a board consisting of residents and housing professionals.

Bank of America Merrill Lynch provided the funds for the Housing Association to acquire and renovate Diego Beekman and was instrumental in organizing the complex financing structure. To see a video on Bank of America’s work with Diego Beekman click here: <http://to.ly/fgr6>

The Housing Association, however, was not able to secure permanent financing for the property until the Pension Funds stepped in.

“Diego Beekman Houses is an important example of the positive impact that public-private partnerships in support of affordable housing can have in even the most challenging circumstances,” said Todd Gomez, Community Development Banking Executive for the Northeast Region at Bank of America Merrill Lynch. “We are proud to have been a part of the team, which includes the Diego Beekman Mutual Housing Association, the NYC Department of

¹ New York Times, October 13, 1992

² New York Daily News, August 8, 2011

Housing Preservation and Development, The Bronx Borough President's Office, the NYC Housing Authority, Winn Residential, the State of New York Mortgage Agency, and the NYC Comptroller's Office, whose commitment to stabilizing Diego has been unwavering. The permanent financing provided by the NYC Employees' Retirement Fund and Police Pension Fund is the next critical step toward long-term stability for the project and the community."

SONYMA is providing 100 percent of the mortgage insurance on the Pension Funds' investment.

Background:

The Economically Targeted Investments program targets New York City's low-, moderate-, and middle-income neighborhoods and populations. All ETI investments are designed to achieve a risk-adjusted market rate of return for the Pension Funds while providing needed capital. Since January 2010, under the ETI Program, more than \$440 million have been invested in, or committed to, the development and preservation of multi-family affordable-housing units comprising more than 10,400 apartments.

New York City Comptroller John C. Liu serves as the investment advisor to, custodian and trustee of the New York City Employees' Retirement System and the New York City Police Pension Fund. In addition to Comptroller Liu, the trustees are:

New York City Employees' Retirement System: Janice Emery, Mayor's Representative (Chair); Public Advocate Bill de Blasio; Borough Presidents Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelson, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

New York City Police Pension Fund: Mayor Michael Bloomberg; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen's Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Louis Turco, Lieutenants Benevolent Association; and, Roy T. Richter, Captains Endowment Association.

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