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N.Y. Landlord Group, Nonprofit Form Multifamily Loan Brokerage

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The Rent Stabilization Association of New York, a landlord group, and Housing Partnership, a nonprofit, have jointly launched a brokerage to connect owners of small and midsize New York apartment buildings with banks and lenders.

The RSA Mortgage Brokerage will not fund loans. It has been licensed by the New York State Department of Financial Services to act as a middleman, says its chief executive officer, John McCarthy.

RSA Mortgage Brokerage will also arrange financing of capital improvements for occupied multifamily and mixed use buildings, including senior housing, cooperatives and affordable housing, says McCarthy.

A significant number of the city's apartment buildings are between 70 and 100 years old and need continuous repairs, says McCarthy, a former banking executive. The city's stock of two-to-four story high multifamily buildings is largely concentrated in Brooklyn, the Bronx and Queens, he says. It consists of over 26,000 rental buildings with fewer than 20 apartments and another 13,000 buildings with 20 to 49 units, which can garner significant demand, McCarthy adds.

The joint venture was inspired by a study commissioned by the Rent Stabilization Association, McCarthy says. The Rent Stabilization Association represents 25,000 property owners in the city who collectively own nearly one million units. Its findings, based on responses from RSA counselors, showed that access to financing is more difficult for owners of older, smaller buildings, "especially one-building owners" who do not know how to navigate the banking system. Mortgage brokers are commission-driven and banks are volume-driven, he says, "so the smaller owner may not receive needed attention or priority."

Plus, often it is not easy for these small business owners to acquire a commercial mortgage loan, refinance or secure other financing from banks because they do not have the needed expertise to arrange access to financing. RSA Mortgage Brokerage will specialize in advising owners of midtier and smaller buildings on how to apply for a loan, prepare for banks' requests for records and documents, and respond to questions that often come up. This will help speed up the loan underwriting process for banks, McCarthy says.