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New Mortgage Brokerage Targets Big Apple Workforce Housing Mart

RSA Mortgage Brokerage, a newly-formed brokerage that aims to assist the owners of medium and small multifamily buildings in New York in arranging financing, has hung out its shingle to arrange mortgages of up to \$10 million. The firm, a joint venture between the NY Housing Partnership and the Rent Stabilization Association of New York, could go even higher, depending on the opportunity.

The company opened its doors earlier this month and already

has three assignments, said John McCarthy, ceo of RSA Mortgage Brokerage. The smalland mid-sized segment of the market has typically been underserved for a number of reasons. "The smaller an owner is, the smaller a mortgage is needed and banks acknowledge they make less money on smaller loans," McCarthy said. "It's less efficient for a lender to



John McCarthy

underwrite commercial mortgages for smaller property owners and loans of \$300,000-500,000 get lost in the shuffle."

Much of what the company is targeting is considered workforce housing and is in the outer boroughs. The owners of these properties, which can be as small as four units, have typically been underserved not because of credit issues but rather because banks are more easily able to handle applications from larger owners seeking bigger loans, explained **Dan Martin**, president of the NY Housing Partnership. As a result, one of the company's services is making sure the necessary paperwork complies with banks' underwriting and review procedures. "We can spot what questions a bank would have if it looked at the package," he added.

The RSA is a membership organization



that works with building owners of all sizes

Dan Martin
and provides services that include bulk purchases of services
that include oil and insurance. It also provides back office support
for regulatory filings and its board has representation across its
constituency. It's not necessary to be a member of the organization
to access RSA Mortgage Brokerage, McCarthy noted.

Small and medium-sized owners own or manage more than half of the apartment buildings in the city and two-thirds of those buildings are 20 units or smaller. Much of the housing stock in New York predates World War II and a large chunk of that is 70-100 years old, Martin noted. Many of the problems with these buildings are related to mechanical systems that need to be updated rather than structural issues. A number of these buildings also have violations that need to be addressed. "Some of these buildings are a hundred years old but they were built well." Martin said.