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## What Does Forest City's Foundry Lofts Financing Say?

By Erika Morphy



The Yards

WASHINGTON, DC-Forest City Enterprise closed a \$46.1-million, HUD-insured mortgage loan for Foundry Lofts, its 170-unit multifamily apartment building at the Yards, the company's mixed-use project in southeast DC. The project stalled last year for several reasons, not the least of which was a lack of financing for the construction.

That Forest City has put together a package now to move forward is a testament to the city's multifamily market-as well as hope that the southeast submarket will start moving forward. Despite a few high-profile office leases, "People have been sucking wind down there," Marcus & Millichap's Stacey Milam, a first vice president of investments and director of the firm's locally based National Multi-Housing group, tells GlobeSt.com.

"But residential in the District is a very strong asset class-both apartments and even, to a certain extent, condos. One way or another, these deals are getting done."

For Forest City, the financing represents the first new construction it is embarking on in two years, with the exception of the Barclays Center arena in Brooklyn. The 41-year financing, at a 4.66% interest rate, was completed through a risk-sharing program between the District of Columbia Housing Finance Agency and HUD, and was funded by a total of \$47.7 million of New Issue Bond Program bonds.

The Yards is located on 42 acres along the Anacostia River in the Capital Riverfront district adjacent to Nationals Park. At full build-out, the Yards is expected to have a total of approximately 5.5 million square feet of development, including nearly 3,000 units of residential multifamily housing, 1.8 million square feet of office space and up to 400,000 square feet of retail space. The Yards will also feature a 5.5-acre public park. Forest City **broke ground on the park** [[http://www.globest.com/news/1420\\_1420/washington/178924-1.html](http://www.globest.com/news/1420_1420/washington/178924-1.html)] in May 2009.



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