

CALPERS, LEGACY PARTNERS JOIN FORCES TO PROVIDE AFFORDABLE HOUSING

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CalPERS and Legacy Partners Residential, Inc., will invest \$63 million into the construction of new multifamily communities throughout California

California Public Employees' Retirement System and Legacy Partners Residential, Inc., have entered into a partnership to build new multifamily rental properties throughout California.

CalPERS will invest \$60 million in the development of new multifamily housing, with a minimum of 20% affordable housing component, in urban California areas. Legacy Partners will co-invest approximately \$3 million.

The investment fund, called Legacy Partners Affordable Housing Fund, is part of CalPERS California Urban Real Estate Initiatives (CUREI) program, which is designed to take advantage of investment opportunities created by California's population growth and shortage of affordable housing and general development in California's urban areas.

"This is an important opportunity to help meet the housing and development needs of our urban communities," says Guy Hays, SVP/CFO of Legacy Partners Residential, Inc. "We've experienced a long period of employment growth throughout California, which has created housing shortages, especially within the urban communities.

The fund will utilize up to 60% leverage for an initial real estate investment of \$158 million. Legacy Partners plans to continually re-invest equity leverages from the Fund's initial investment into future developments that support CUREI's mission.

While the program focuses on ground-up development, Hays stresses that it is also open to acquisitions, providing they can create 20% affordable housing. According to CalPERS, development projects must be located within urbanized areas in California and include a minimum of 20% affordable units. Legacy Partners is currently reviewing sites with a number of active prospects already determined.

According to Hays, Legacy Partners will assume the role of developer and property manager for the properties in the Bay Area and possibly as far away as Sacramento. He says that the size and scope of the projects will be determined by the size of properties. While the company has not secured any locations yet, Hays says that they are in the early stages of securing properties. "Operating on a 60% debt, 40% equity program, we will build as many properties as the program allows," he says. The market will dictate the holding period and determine whether Legacy Partners will sell or hold the properties.