

For Immediate Release

Warshaw Burstein Enables Developer to Use Historic Tax Credits to Turn Bronx Building into Facility for Homeless HIV Patients

New York, March 26, 2018 - Warshaw Burstein, LLP, in a transaction with major social consequences and financial creativity, used its knowledge and experience with Federal and State historic tax credits to enable MBX Acquisition Holdings LLC, ("MBX"), the developer of 511 E. 164th Street in the Bronx, to turn the building into a domicile for homeless HIV patients.

MBX, whose principals are Josh Schwartz and Robert Slingsby, sought help in determining how to finance the 4-story building in The Bronx to be leased by Unique People Services Inc., a well-known not-for-profit entity, for 10 years with the funding provided by HIV/Aids Service of NYC Human Resources Administration.

The Warshaw Burstein attorneys, led by Michael Zukerman, introduced the concept of making the building eligible for historic tax credits. It became clear, within 60 days after the introduction, that the building would qualify and Warshaw Burstein was engaged as counsel.

MBX received \$4.01 million in tax credits, reducing its overall cost for the project from approximately \$18 million to approximately \$14 million. As a result, the project will be profitable to the developer with a feasible overall return.

The deal was structured as a "single tier" transaction. The project was financed in total by TD Bank, which provided the construction loan, the loan to bridge the historic tax credits and to purchase the Federal and State historic tax credits. The bank's tax credit entity invested in the ownership entity and received 99% of the profits and losses.

Federal Tax Credits (HTCs) were created by Section 47 of the Internal Revenue Code in 1986. New York State also offers NY State Historic Tax Credits. The program was created to promote the rehabilitation and substantial renovation of older buildings which either are listed in the National Register of Historic Places or can be certified as contributing to the significance of a "registered historic district." The property must be rehabilitated according to standards set by the Secretary of the Interior. After rehabilitation, the historic building must be used for an income-producing purpose for at least five years.

“Warshaw Burstein was pleased to be able to structure and bring this transaction to a successful conclusion,” said Fred R. Cummings, Jr., the firm’s managing partner. “This transaction will not only serve the need of the Bronx community but also will result in the saving of a significant historic building.”

Warshaw Burstein, LLP, with roots going back to 1927, is a full-service mid-sized law firm with offices in New York City that has comprehensive experience representing a wide range of international, national and local businesses of all sizes, as well as governmental authorities and many prominent families and individuals, in an extensive array of litigation and transactional matters. More information about the firm is available at www.wbny.com.

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