

# THE NEW YORK SUN



THURSDAY, FEBRUARY 21, 2008 | THE NEW YORK SUN

## Habitat for Humanity Pairs Up With Hedge Funds

By **LYNNE MILLER**  
*Special to the Sun*

The New York City chapter of the nonprofit Habitat for Humanity is joining forces with the private sector to build housing as a way to combat rising construction costs and a dwindling number of development sites.

Habitat, which develops housing on vacant lots it purchases from the city for \$1, has seen construction costs leap to \$187 a square foot in 2007, up nearly 150% from \$75 a square foot five years earlier.

"We're diversifying our funding base every day," the executive director of Habitat for Humanity - New York City, Joshua Lockwood, said. "We're speaking with a number of other developers interested in working with Habitat."

To drum up funding, the charity recently turned to LaCrosse Global Fund Services, a division of Cargill Inc. that provides services to hedge funds, to spearhead a fund-raising effort to develop a \$13 million condominium complex on Atlantic Avenue in the Ocean Hill-Brownsville section of Brooklyn. To date, hedge funds and private equity firms have raised about \$100,000 for the 41-unit project, which is the largest and costliest multifamily project ever developed by the New York chapter. Habitat

is financing the project through a combination of fund raising, borrowed money, sales revenue, state funds, a foundation grant, and a contribution from the Brooklyn borough president's office.

This is the first time Habitat has teamed up with hedge funds on a fund-raising project, Mr. Lockwood said. Last year, Habitat initiated a similar campaign with real estate brokers. That effort has raised about \$100,000 to support the Atlantic Avenue condo project.

"Skyrocketing prices have greatly hindered the ability of developers, particularly nonprofit developers, to serve our state's low-income families," Mr. Lockwood said. "It has an impact on the amount we're able to build and how often we can build."

Despite the challenges, Habitat for Humanity has built more than 180 homes since the New York chapter's formation in 1984, including 58 housing units completed in the last year or so, he said.

Still, demand is growing apace. Requests for low-cost homes have been surging, Mr. Lockwood said, with more than 6,000 applications filed for the Ocean Hill-Brownsville condominiums.

Mr. Lockwood, who was appointed to the top spot at the local

chapter in December, initiated the partnership with LaCrosse Global Fund Services through his friend Stuart Feffer, a co-chief executive officer at the firm.

"I had been a low-level supporter of Habitat for a while," Mr. Feffer said. "This is the kind of cause I think appeals to the financially minded, investment-minded guy. ... It helps create a stable, productive labor pool in New York City. To me it seemed like a natural fit."

In addition to donating money, a handful of hedge fund company executives will get their hands dirty at the construction site next month, working alongside future homeowners to put up drywall. Other companies from the hedge fund industry that have donated and whose representatives will attend the March event include Merrill Lynch, Pequot Capital Management, Bear Stearns, and Goldman Sachs.

The Atlantic Avenue project will comprise three four-story buildings, featuring one-, two- and three-bedroom condominiums. The subsidized homes are expected to sell for between \$70,000 and \$160,000. To be eligible, homeowners must earn between 45% and 80% of the city's area median income, or \$35,450 to \$56,700 for a family of four.