



HUDSON VALLEY PROPERTY GROUP

# IMPACT & ESG UPDATE

---

SEPTEMBER 18, 2023



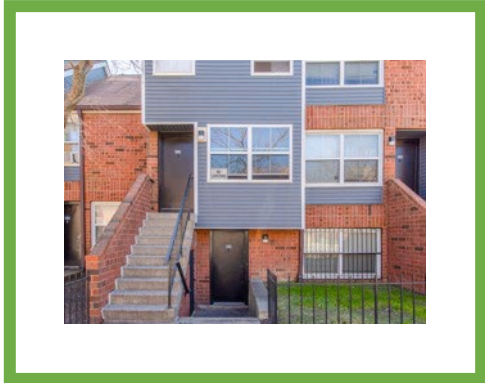
A group of people in business attire are laughing and talking at a social event. The scene is set in a modern building with large windows and a brick wall. The people are dressed in professional clothing, including suits and blouses. The overall atmosphere is positive and collaborative.

# A MISSION OF PRESERVATION & COMMUNITY

Our mission is to preserve and improve existing affordable housing in the United States for generations to come. We acquire multi-family properties and add thoughtful and sustainable enhancements, leveraging innovative strategic

partnerships in the areas of healthcare, education and technology to deliver a better standard of living for residents and value for investors. At HVPC, we're motivated to 'do well by doing good.'

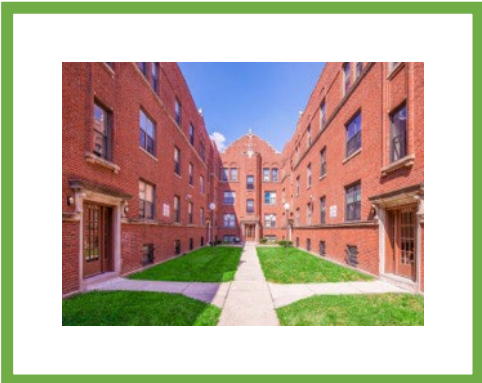
# SELECT AFFORDABLE HOUSING PRESERVATION PROJECTS



SHARP LEADENHALL APARTMENTS  
BALTIMORE, MD



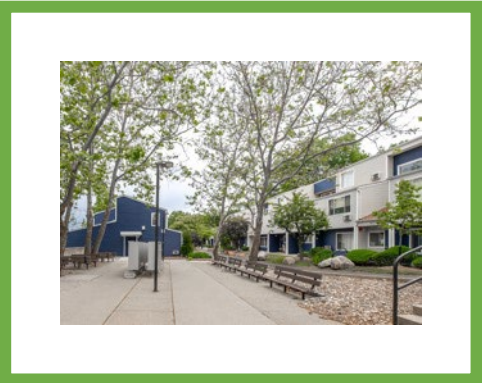
KEITH PLAZA  
BRONX, NY



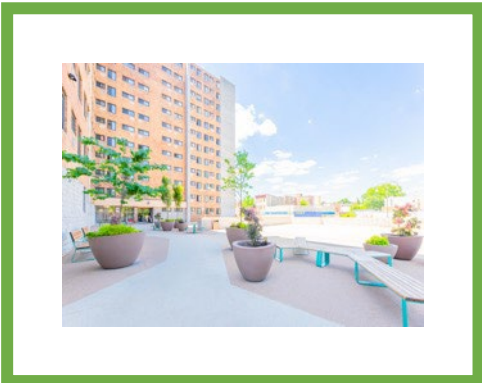
DREXEL PARK APARTMENTS  
CHICAGO, IL



CORINTHIAN TOWERS  
EAST ORANGE, NJ



LAKEVIEW VILLAGE  
SPRING VALLEY, NY



JACKSON TERRACE  
YONKERS, NY



# AN ANNUAL UPDATE FROM OUR CO-FOUNDER & CEO

I am excited to share with you the remarkable strides we have made over the past year at HVPG in creating a lasting impact on our communities - made possible by your investments in our award-winning funds. Our commitment to delivering reliable returns while also effecting positive change remains unwavering, and it is with pride that I share with you the results of our collective efforts.

The housing affordability crisis in America has reached an unprecedented level. Roughly half of all US renter households are housing cost burdened, paying over 30% of their income in rent, leaving little room for affording other basic needs. This number is at an all-time high affecting lower earning households at rates as high as 85%. HVPG believes that providing stable, affordable housing for families and seniors is critical for ensuring positive health, educational, and life outcomes. We invest in partnership with state, local and federal agencies to ensure over 90% of our residents pay no more than 30% of their income on rent.

Preservation of housing has become critical to not only retain and improve the existing affordable housing supply, but to protect communities in the face of climate change. Climate transition risks are real and pressing, and at HVPG, we are positioned to address them head-on. Recognizing that in the US residential and commercial buildings are responsible for 40% of the country's total energy consumption, we are committed to making our properties more energy and water efficient and resilient in the face of climate change. As we transform spaces, we are shaping a greener future. With most of our properties situated in states with existing or forthcoming energy efficiency building standards, we are optimally aligned to continue to drive change.

We are also creating spaces that foster health and well-being while enabling access to resources that can improve our residents' quality of life. Our onsite teams partner with over 110 local not-for-profit organizations across the portfolio to provide property-specific resident programming and services tailored to the resident needs. Current initiatives focus on supporting tenants' financial stability and bridging the digital divide to provide access to online education, tele-healthcare and remote work opportunities. Resident safety with upgraded security systems across our properties is also a top priority aligning with our mission, which is to create value by investing not just in physical properties, but the people who call them home.

Diversity is an essential value that weaves through our communities and our company. Our vision is to be the residence where a diverse mix of talented people collaborate to thrive and help others do the same. Every facet of our operation from our corporate leadership to the residents we serve to the local contractors we hire reflects this ethos.

Our accomplishments this year have been guided by our unwavering commitment to impactful change, responsible investment, and fostering unity within our communities. We remain vigilant, leveraging data-driven metrics to substantiate the claims we make.

I extend my gratitude to each of you for your unwavering support. Our journey is of shared purpose and shared impact, and I am confident that our efforts will continue to bear fruit in the years to come.

Sincerely,

Jason Bordainick



# WHO WE ARE<sup>1</sup>

Founded in 2010 with a mission committed to the preservation of affordable rental housing



**10,200**  
affordable units  
preserved<sup>2</sup>

- 38 transactions, 62 properties<sup>2</sup>
- 7 states and expanding
  - Florida
  - Illinois
  - Maryland
  - New Jersey
  - New York
  - Pennsylvania
  - Rhode Island

**42 employees<sup>3</sup>**  
(15 hired since Jan 2022)

- 16 (38%) employees are women
- 6 of the 13 (46%) director or senior level positions are held by women<sup>4</sup>

**Vertically integrated team:**

- Acquisitions
- Asset Management
- Construction & Design
- Accounting & Finance

<sup>1</sup> As of September 15, 2023.

<sup>2</sup> This includes the recapitalization of 1,756 units in 10 properties (the NJ Section 8 Portfolio, Los Tres, Kieth Plaza and Kelly Towers) owned previously by the Firm or Hudson Valley Preservation Fund, LLC. Thus, allowing HVPF to preserve those units twice (at two separate points in time). Without including these recapitalizations there were 52 unique properties with a total of 8,465 unique units.

<sup>3</sup> Total employee count includes the two founders Jason Bordainick and Andrew Cavaluzzi.

<sup>4</sup> Total senior positions include directors, associate directors and controller and do not include Jason Bordainick or Andrew Cavaluzzi.

# ANNUAL UPDATE

- The housing affordability crisis in the US has reached an unprecedented level in the wake of the COVID-19 pandemic<sup>1</sup>
- Preservation of housing has become critical to not only retain and improve the existing affordable housing supply, but to protect communities in the face of growing climate changes<sup>1</sup>
- In 2022, HVPG expanded to Chicago, IL which also marks HVPG's first investment in the mid-west
- Fund I was launched in 2018 and is now fully deployed with 13 investments
- Fund II was launched in 2020 and currently has 10 investments

<sup>1</sup> [The State of the Nation's Housing 2023 Report](#), Harvard Joint Center on Housing Studies, 2023.



**Drexel Park Apartments**

Chicago, IL



**Lakeview Village**

Spring Valley, NY

# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We strive to align ourselves and support the United Nations Principles for Responsible Investment (“UNPRI”) sustainable development goals (“SDG”) through our investments.<sup>1</sup>



## We unequivocally support SDG 11 to make cities inclusive, safe, resilient and sustainable

- Our goal is to own and operate quality and affordable rental housing that supports low-income households and increases housing stability, economic security, good health and educational advancement
- We use a public/private partnership with HUD, local housing authorities, cities, municipalities, local IDAs and state finance agencies to increase affordable units that can be preserved, created and rehabilitated by leveraging finite public resources with private capital. We plan to:
  - Improve housing quality
  - Increase residential stability
  - Increase housing affordability



## We unequivocally support SDG 9 to upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and institutional processes

- Our goal is to be a good steward of the environment by incorporating practices that reduce waste, conserve energy and water and reduce greenhouse gas emissions across the portfolio. We plan to:
  - Reduce greenhouse gas emissions
  - Make energy/water efficiency improvements where appropriate at the properties in our portfolio
  - Reduce energy and water usage
  - Install green energy systems and use solar energy at fitting properties

<sup>1</sup> HVPG is not a signatory to the UNPRI.

# HOW HVPG MEETS THE UNSDG'S



## Improve housing quality for ~13,400 residents

- HVPG has renovated over 8,200 units to date (investing \$29,000 per unit on average)<sup>1</sup>
- Onsite teams partner with over 110 local not-for-profit organizations across the portfolio to provide property-specific resident programming and services
- In 2022 there were
  - 12,487 food box or meal donation deliveries
  - 12,622 pounds of local produce provided to residents
  - 701 student backpacks donated with school supplies



## Preserve housing affordability<sup>1</sup>

- Across the portfolio, the average extension on the length of affordability is 30 years
- In 90% of the portfolio, the rent is restricted to a resident paying no more than 30% of their income
- The average term of extended affordability across the portfolio is 30 years
- 440 units had renewed affordability restrictions since Jan 2022



## Reduce energy consumption across the portfolio<sup>3</sup>

- 16% kilowatt hour reduction (electric)<sup>2</sup>
- 14% thermal reduction (natural gas)<sup>2</sup>
- 32% MLB reduction (steam) at Westminster House, Baltimore, MD<sup>2</sup>
- 100% of units have faucet aerators and 96%+ of units have low-flow toilets to reduce water consumption
- 100% of buildings have common area LED lighting

<sup>1</sup> Includes anticipated cost and scope of work for properties that are in construction and where renovations are not yet complete.

<sup>2</sup> Energy reduction is calculated starting when construction is completed and efficiency measures are installed at a property. Each property has a different start date for these measures.

<sup>3</sup> A subset of properties are excluded from the calculation as a result of information not yet being available to report or construction still in progress





# ENVIRONMENT

In the US, residential and commercial buildings are responsible for 40% of the country's total energy consumption.<sup>1</sup> We are committed to making our properties more energy and water efficient and resilient in the face of climate change.

**Properties undergo energy audits to implement sustainability measures for both savings and environmental footprint reduction. HVPG utilizes best practices in sustainable and resource efficient development, including:**

- Ensuring property rehabilitations have budgets for energy efficiency upgrades
- Implementing sustainable materials and energy conservation measures
- Reducing landfill waste by redirecting recyclable materials
- Minimizing water usage with native plantings and water conserving technology

**Construction managers examine areas for energy savings in each of our rehabilitation projects, including:**

- Installing high efficiency HVAC/DHW systems, smart thermostats and Energy Management Systems
- Installing water conservation methods to reduce excess consumption, green energy systems and solar roofing
- Installing motion sensor and LED lighting, Energy Star appliance replacements, air sealing and weather-stripping to reduce air infiltration as well as adding insulation and installing new roofing and windows
- Replacing windows, panes and exterior doors to increase insulation performance

<sup>1</sup> Reported in the [Independent Statistics and Analysis US Energy Information Administration](#), last updated April 2023

# SOCIAL CHALLENGES & HVPG IMPACT

Nearly **50% of all US renter households** are housing cost burdened, paying **over 30% of their income in rent** and leaving little room for affording other basic needs. This number is at all time high in the wake of the COVID-19 pandemic and affects lower earning households at rates as high as 85%.<sup>1</sup>

HVPG believes that providing stable, affordable housing for families and seniors is the foundation for maximizing impact

- Renters who can afford housing are healthier and more likely to be prepared for unforeseen circumstances
- They are better equipped to handle unexpected emergencies and have more residual income to afford basic needs (food, clothing, transportation)

We invest in partnerships with state, local and federal agencies and programming to ensure residents pay no more than **30% of their incomes on rent**

- Affordable housing demands far exceed the federal government's ability to preserve and create supply on its own. Our ability to form public/private partnerships and leverage these finite funding sources help state, local and federal agencies meet their public policy goals

Creating housing stability is critical to ensuring positive health and educational outcomes for very low-income renter households<sup>2</sup>

- Our portfolio has maintained 95%+ occupancy & an average of 95%+ in collections in 2022 and 2023 YTD and many properties have a years-long waitlist for new residents
- Average length of stay across the portfolio is approximately 11 years
- Residents and their families can stay in the same school district, form deeper community relationships and age in-place



**90%**  
of our renter households pay no more than  
**30%**  
of their income for rent

<sup>1</sup> [The State of the Nation's Housing 2023 Report](#), Harvard Joint Center on Housing Studies, 2023.  
<sup>2</sup> ["Stable, Affordable Housing Drives Stronger Student Outcomes"](#) Opportunity Starts at Home Fact Sheet. December 2018.

# RESIDENT SERVICES SPOTLIGHT

Programs exist at each property and are tailored to resident needs. The below initiatives focus on supporting tenants' financial stability and bridging the digital divide to provide access to virtual opportunities such as online education, tele-healthcare and remote work.



HVPG has partnered with Wi-Fi provider, Andrena, to install property-wide wireless internet at select properties available to tenants at no cost.

- 2023 program roll out across 19 properties encompassing 4,200 units



Esusu automates credit building by reporting tenant monthly rent payments to credit bureaus, boosting their personal credit scores. HVPG partnered with Esusu at select pilot properties to provide incentive programs to residents for paying rent on time.

- 2023 program roll out across 7 properties encompassing 1,100 units

# AWARD-WINNING FUND AND INVESTMENT STRATEGY

## Environmental Finance 2023 sustainable Investment award winner

2023 North America Social Fund of the Year:  
Hudson Valley Property Group, Affordable  
Housing Preservation

- The [Environmental Finance Sustainable Investment Awards](#)<sup>1</sup> seek to recognize and highlight the work of asset managers and key players incorporating ESG across all asset classes from, fixed income, listed and private equity, debt funds, multi asset funds and infrastructure funds
- HVPG was recognized for its alignment to UN Sustainable Development Goals to set impact objectives such as reducing environmental footprint through energy and water savings, enhancing resident services, leveraging resources to support affordable housing goals, and improving outcomes for residents
- Winners were announced September 2023
- There was no fee to be considered for the award

## PRIVATE EQUITY WIRE ESG AAA US AWARD 2X AWARD WINNER

AAA winner of Best ESG Fund: Sector Specialist (2023)  
A winner of Best ESG Fund: Real Estate (2023)

- The [Private Equity Wire ESG AAA US Awards](#)<sup>2</sup> were created to benchmark, acknowledge, and reward the efforts of private equity firms that have created sustainable and sector-leading ESG policies at both the portfolio company and management firm level.
- The ESG AAA awards represent a mark of global, societal, and ethical success and quality for the companies selected
- Winners were announced in June 2023
- There was no fee to be considered for the award

<sup>1</sup> <https://www.environmental-finance.com/content/awards/sustainable-investment-awards-2023/winners/social-fund-of-the-year-north-america-hudson-valley-property-group>

<sup>2</sup> <https://www.privateequitywire.co.uk/2023/06/21/320941/private-equity-wire-announces-winners-us-esg-aaa-awards-2023#:~:text=The%20Private%20Equity%20Wire%20ESG,management%20firm%20level%20in%20Europewards%202023>

# DIVERSITY, EQUITY, & INCLUSION



**VISION** to be the place where a diverse mix of talented people want to thrive and do their best work

- In the past four years the number of HVPG employees has more than doubled (from 17 in 2019 to 40 today)<sup>1</sup>



**FOCUSED** on equality as employers and throughout the populations we serve

- 40% of HVPG employees are female<sup>1</sup>
- 67% of residents in the portfolio have a female as their head of household<sup>1</sup>



**COMMITTED** to creating a diverse and inclusive environment with pride in being an equal opportunity employer - reflected in our pursuits across our brand

- Providing diversity training to all employees
- Prioritize local hiring at jobsites to economically support underserved communities where our assets are located
- Contract MWBE subcontractors and vendors at construction jobsites and for property operations whenever possible



<sup>1</sup> As of August 2023

# GOVERNANCE

Good governance is essential as we acquire HUD assisted, tax credit, affordable and workforce properties. Using conventional financing and/or Low-Income Housing Tax Credits, we have the capabilities to acquire large multi-state portfolios as well as individual assets.

- HUD section 8
- HUD section 236
- HUD section 42 low-income housing tax credits
- NYS & NYC Mitchell Lama housing
- RAD conversions
- Rural development
- HUD section 202
- Mark-to-market and mark-up-to-market restructuring
- Secure new project and tenant based rental subsidy
- Partnership conflict resolution
- Minimizing tax upon sale repercussions
- Creating value in unused development rights



**Improving governance, property management and oversight not only improves the resident experience but allows us to add value and increase NOI**





# GOVERNANCE

HVPG undertakes the following responsibilities (sometimes in collaboration with not-for-profit owners):

- Funding pre-development costs
- Creation of construction scope
- Obtaining construction pricing
- Overseeing construction
- Creating financial underwriting
- Negotiating with agencies, lenders and tax credit investors
- Hiring and managing consultants (architect, engineers, expeditors, sustainability consultants, etc.)
- Managing relationships with local, state and federal agencies
- Determining what physical improvements should be made
- Determining service enhancements
- Construction & project completion guarantee
- Lease-up guarantee
- Operating deficit guarantee
- Securing debt financing
- Securing LIHTC equity and/or co-investment (if applicable)
- Obtaining necessary agency approvals for acquisition / preservation
- Obtaining additional rental subsidy for residents (where possible)
- Identifying and engaging property management & service providers (when applicable)

## GLOBAL GOVERNANCE EVENT SPOTLIGHT:

In 2022, the HVPG team hosted the Chilean Construction Chamber - Cámara Chilena de la Construcción - at our property Keith Plaza in the Bronx to discuss the latest trends, policies and technologies in the US construction and affordable housing space. Through open doors, educated conversations and information sharing new opportunities and affordable housing policies are ideated – at home and abroad.





# PROJECT SPOTLIGHT: LAKEVIEW/HIGHVIEW APARTMENTS

A 2021 acquisition, Lakeview Village is a 144-unit senior property and Highview Apartments is a 76-unit family property in Spring Valley, NY.

## Extensive ~\$10MM renovation prioritizing modernization, energy efficiency and resident quality of life

- Scope of work included:
  - Units: new water saving bathroom fixtures & plumbing upgrades, new kitchen sinks, appliances, cabinets/countertops, LED lighting, painting/flooring, upgrades to baseboard heating, ADA unit conversions, and new entry and porch sliding doors
  - Common areas: renovated community room and kitchen, new ADA accessible routes, signage, landscaping, mailboxes, sidewalks, energy saving LED lighting, high resolution, night vision security cameras, and stairs and fencing repairs
  - Building enhancements: new fire alarms, façade, siding, fencing, windows and an energy-efficient roof fan replacement

## Secured affordability for at-risk tenants

- HVPG used a financing structure to first acquire the properties and later bridge to tax credit execution for renovation financing. This allowed us to meet an expedited closing deadline and take over operations prior to tax credit closing
- As a result of this preservation project:
  - **220** income-qualified units are restricted to low-income housing tax credit rent limits for an additional **30 years**
  - **80+** units are tenant-based HUD Section 8 vouchers with additional units added to a project-based voucher contract, which limits the household rental burden to 30% of annual income





HUDSON VALLEY PROPERTY GROUP

# THANK YOU

## CONTACT:

JASON BORDAINICK  
917-398-4100 x 2  
jason@hvpg.com

DIANA BELLIZZI  
917-398-4100 x 117  
diana@hvpg.com