

# *Aimco Selling \$590 Million Affordable Housing Portfolio to Related*

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Denver-based Apartment Investment and Management Co. is selling a \$590 million portfolio to Related Cos., including its entire affordable housing stock, the company said Thursday.

The deal includes both Aimco's asset management portfolio and Hunter's Point, a set of four affordable for-rent properties totaling 604 units in San Francisco. The asset management portfolio is a collection of low-income housing tax credit apartment communities owned by partnerships in which Aimco is the general partner. With the sale, Aimco (NYSE: AIV) said it will completely exit the affordable housing space.

"This transaction simplifies the Aimco business and completes the planned exit from the affordable housing business that we announced in 2011," said Terry Considine, Aimco's chairman and CEO, in a release. "The completion of this transaction will be accretive to Aimco's net asset value by \$126 million while preserving affordable housing through its transfer to a long-term, high-quality operator of affordable assets."

In total, Related will acquire 51 properties located in 16 states from Aimco. The private real estate firm out of New York City has long worked in affordable housing, and intends to retain the affordability covenants on all of the properties.

"The development and preservation of affordable housing has been a cornerstone of Related's business for more than 40 years," said Matthew Finkle, president of Related Affordable, a division of Related Cos., in a statement. "We have preserved tens of thousands of affordable housing units across the country and have never converted a single unit to market-rate - a legacy we intend to extend to all of the 7,837 apartments in this portfolio."

The deal is expected to close in the third quarter, and after closing costs and repayment of debt on Hunter's Point, Aimco expects to net \$512 million from the sale. The company intends to use the proceeds to partially fund a \$445 million portfolio buy, totaling 1,116 units in six Philadelphia communities, from local firm Dranoff Properties, in a deal slated to close later this quarter. Aimco will also use the proceeds to reduce leverage.

"This transaction redeploys the value of the depleting cash flows of our asset management business into high-quality operating communities with durable cash flows and promising future growth," said John Bezzant, Aimco's CIO. "Related's ongoing affordable business allows them to maximize the intrinsic value of Aimco's partnership interest while protecting and enhancing affordable housing going forward."