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Dealmaker of the Day

By: Michael Tucker

Pembroke Capital Management, New York, completed a **\$32 million** tax-exempt financing transaction that facilitates **Antheus Capital's** redevelopment of a **Kansas City, Mo.**, apartment portfolio.

An affiliate of Antheus Capital acquired a 600-unit group of 11 historic pre-war buildings located along Armour Boulevard in Kansas City known as the **Commonwealth Portfolio** for \$60.5 million. The developer is renovating the largely unoccupied properties in an emerging area of Kansas City between the central business district and the Country Club Plaza area and plans to bring them to the market as rentals.

"Reduced homeownership in the U.S. has significantly increased the demand for rental apartments, but development of multifamily property is still constrained by a relative lack of financing. We believe these trends will cause multifamily investments to outperform in 2012 and beyond," said **Patrick Martin**, president of Pembroke Multifamily Capital.

Pembroke also originated and participated in the purchase of a \$32 million tax-exempt private activity bond partially financed by a large financial institution. The **Industrial Development Authority of the City of Kansas City** issued the bond, which is secured by a first mortgage on the portfolio. The bond's proceeds will help renovate the Commonwealth Portfolio.

In addition to the tax-exempt piece, the Commonwealth Portfolio is financed through equity from the sponsor as well as a grant from Kansas City and a federal and state historic tax credit equity commitment by **U.S. Bancorp Community Development Corp.**, Minneapolis. The city will provide an 18-year tax abatement for the properties.

The Kansas City apartment market has seen positive absorption in the last five quarters as demand has rebounded, said **Apartment Realty Advisors' Fall 2011** market report. Vacancies measure less than 7 percent; ARA predicts the vacancy rate could fall to near 4 percent in 2014.