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Press Release

CDT Provides Equity for \$4.6 Million Acquisition of Expiring LIHTC Properties in Alabama

New York, July 19, 2006: The Community Development Trust (CDT), the only real estate investment trust (REIT) dedicated to preserving the



nation's affordable housing stock, recently acquired two expiring-use low income housing tax-credit (LIHTC) properties in the greater Huntsville, Alabama area. Wilshire Park, a 65-unit apartment community and Hunter's Chase, a 91-unit apartment complex located in nearby Madison, Alabama were closed on June 23, 2006. Southport Financial Services had the properties under contract from the Seller when it invited CDT to make an 90% equity investment in these assets. The new joint venture between Southport and CDT was then able to close the transaction in 65 days.

Built in 1991 under the LIHTC program, both properties had satisfied their initial 15-year compliance periods and were unencumbered by an extended use agreement. As a result, each property was eligible to convert to market. As part of CDT's preservation mission,

at least 40% of the total number of units will remain affordable to households earning at or below 60% of the Area Median Income (AMI). Absent CDT and it is likely that these assets would be eliminated from the area's supply of affordable housing. The ability to provide quality affordable rental options to working families is extremely critical in the current environment, as the number of units lost to conversion has put tremendous pressure on the nation's affordable housing supply. Coupled with escalating land and construction costs, preserving these assets has become a high priority for CDT.

As part of this acquisition, more than \$700,000 or \$4,535 per unit in renovations is planned over the next several months. These include complete roof replacement, interior and common area improvements and upgraded landscaping. The ability to address immediate capital needs is an essential component of CDT's acquisition strategy, both to improve the condition of the asset and the quality of life for the residents. To execute its mission, CDT looks to invest alongside local and regional developer/managers like Southport. This represents the second investment partnership between the two companies; each involving an expiring-use LIHTC property. In turn, these properties will be managed by a joint venture entity consisting of Southport and Edgewood Management Corporation, a nationally recognized property management firm based in Silver Spring, MD. The acquisition and capital improvements were financed through a Fannie Mae DUS first mortgage provided by Red Capital, Inc.

"This transaction," according to Steve O'Connor, Senior Vice President of Equity for CDT, "not only fulfils our mission, but demonstrates CDT's ability to align ourselves

with good partners like Southport to target and quickly close great preservation opportunities. Given the number of expiring LIHTC projects that are now rolling out of compliance, these assets have become a preservation priority for us.”

Headquartered in New York City, CDT is funded by many of the leading financial institutions in the country. Today, CDT has invested or committed more than \$520 million in debt and equity capital to properties in 37 states and regions—helping to preserve or add some 20,600 units to the nation’s affordable housing stock. For more information on CDT, visit their website at www.cdt.biz.