DIRECT REPORTS

Yardi Sues RealPage

Santa Barbara, Calif.–based Yardi Systems has sued Carrollton, Texas–based multifamily software and services provider RealPage, alleging that RealPage's subsidiary EverGreen Consulting accessed information outside the scope of agreements with clients on seven occasions in the past six months. The suit, filed by Yardi in late January, seeks to stop RealPage from "wrongfully infiltrating Yardi's password-protected internal website, altering Yardi's confidential internal data, and illegally downloading Yardi's copyrighted and trade secret software, software manuals, price lists, and other confidential information." RealPage, meanwhile, says any information accessed from Yardi was solely for the purpose of providing consulting and support services for shared Yardi and RealPage clients. RealPage says it will investigate the alleged information breaches and any other incidents provided by Yardi and will take "whatever actions are warranted by the facts." Owner/operators on both sides of the RealPage/Yardi fence expect little if any operational impact or interruption to services from either firm.
—CHRIS WOOD

Hunt, LEDIC Ink Deal

El Paso, Texas–based Hunt Cos. has made a "strategic investment" in Memphis-based LEDIC Management Group. LEDIC CEO Pierce Ledbetter wouldn't disclose the percentage of ownership that Hunt has acquired but said it was "significant but not controlling." He also insisted that the company didn't need the investment to stay afloat. Instead, he wants to keep pushing the company's frantic growth pace. (LEDIC has added units to its portfolio each of the past four years, pushing it to the No. 46 spot in MULTIFAMILY EXECUTIVE's 2010 ranking of the industry's top 50 managers.) In the next three to five years, Ledbetter wants to push even more to reach 10,000 units in each of the 10 regions he's targeting around the country. That would put the company well above 100,000 units, moving it into the Top 10 on the managers list. —L.S.

FHA's New Framework

Agency unveils four new guidelines for market-rate developments.

Changes under way at the Federal Housing Administration (FHA) are steering the agency back to its affordable housing roots. Since the credit crunch began, the FHA has become the premier source of construction capital for market-rate developers. What many borrowers may not realize, however, is there are four hot-button bullet points that the FHA is now using when assessing new Sec. 221(d)(4) deals. "You've got to have at least two of the four, or it's an uphill battle," says Phil Melton, a senior vice president at FHA lender Charlotte, N.C.–based Grandbridge Real Estate Capital. They are:

1. Sustainable: "New urbanism" has been a focus at HUD, which created the Office of Sustainable Housing and Communities to promote transit-oriented development (TOD). If your deal is a TOD, it's likely to be viewed much more favorably by the FHA. If not, it can still qualify so long as it is located near employment and/or public transportation centers.

2. Green: Likewise, green developments are being viewed much more favorably. The FHA doesn't expect LEED certification; it just wants to see some effort made in using green building components.

3. Urban: Getting a suburban or rural deal through the FHA will be more challenging going forward. This requirement seeks to keep suburban sprawl away from areas where land is cheap but jobs are scarce.

4. Affordable: This would seem to preclude market-rate developers, but that's not true. HUD is simply giving preference to deals that have some affordability component. If you can make 20 percent of your units affordable to those earning 50 percent of AMI, you stand a better chance of getting a loan—and better underwriting terms.
—JERRY ASCIERTO

READY TO LEND

Banks, life companies say they have more money than demand.

IF YOU NEED DEBT for a project, Bank of America's Katy Gnapp says her bank is open for business. "We have money to lend," Gnapp says. "Right now, there is not enough core loan demand to meet all of the supply from the banks."

Gnapp, who is responsible for the underwriting, structuring, and monitoring of commercial real estate loans for the Central region of the Commercial Real Estate Banking Group at BOA, says the improvement in legacy loan problems has helped the lender become more comfortable with making loans. "The things moving into work-out and REO portfolios are getting resolved in a much quicker way," she says. "We've hit bottom with regard to the deterioration side."

BOA isn't alone with its appetite for core deals. Life companies are also active. Take Newport Beach, Calif.–based Pac Life, which recently closed a $78 million, 13-year loan (three years for construction and a 10-year permanent loan) in Washington, D.C. Timothy L. White, executive vice president and COO for Pittsburgh-based PNC Real Estate's multifamily group, thinks insurers will make more of these hybrid construction–permanent loans as market-rate opportunities decline. "Class A projects are less than 10 years old," White says. "That's a shrinking pool without much being built. [Insurers] get around that by trying to do more loans that convert to permanent." Gnapp and White shared their thoughts at the recent 2011 IBS show in Orlando. —LES SHAVER

[BY THE NUMBERS]

$33.7 BILLION

SALES OF APARTMENT PROPERTIES IN 2010, UP A WHOPPING 96% OVER 2009 SALES FIGURES
Source: Real Capital Analytics