

For Immediate Release

August 31, 2011

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AFL-CIO HOUSING INVESTMENT TRUST INVESTS \$134 MILLION TO PRESERVE AFFORDABLE HOUSING AT MANHATTAN'S HISTORIC PENN SOUTH COOP

Union-Financed Project Is Expected to Generate 610 Union Construction Jobs

New York – The AFL-CIO Housing Investment Trust (HIT) today announced an investment of \$134 million to preserve affordability and make capital improvements at the historic Penn South Cooperative, a major source of affordable housing in midtown Manhattan. Union pension capital will keep Penn South's 2,820 housing units affordable for current residents for an additional 20 years, while also renovating the 10-building residential development and creating 610 union construction jobs.

"Our investment is helping sustain a vital urban community that has been home to thousands of working families for almost 50 years," said John J. Sweeney, Chairman of the HIT. "We cannot afford to lose even one unit of workforce housing due to its age, deterioration or financing difficulties. That is why this project is so important and why the HIT has made the largest financial commitment in its history to Penn South."

The extension of the project's affordability requirements allows working families to remain in the city despite the continued high cost of housing. Without it, many of Penn South's residents could not afford to live in Manhattan, where the average one-bedroom coop costs \$535,000 compared to \$63,000 at Penn South.

"We are very proud to be involved in this project that has a strong connection to labor history here in New York and is home to so many working families and retirees," said Gary LaBarbera, President, Building and Construction Trades Council of Greater New York. "This work will put hundreds of union construction workers back on the job earning a family-supporting wage."

Nationwide, the HIT just reached a milestone by creating 11,188 union construction jobs on-site for a total of nearly 20,000 jobs created in these local economies during the past two years. With investments of \$963 million in 34 projects across the country, HIT union pension capital leveraged nearly \$2 billion of development activity, while creating or preserving 12,752 housing and healthcare units. The HIT has a goal of reaching 15,000 new jobs by the end of 2012.

Unions have been closely tied to Penn South since it was first developed in 1962 by the International Ladies Garment Workers Union, now UNITE HERE. It has been home to many union members, including, at one time, A. Philip Randolph, the prominent labor leader and civil rights activist. Penn South is one of the largest developments to come out of a 1950s movement to create limited-equity cooperative housing for moderate-income people in New York. The movement was spearheaded by the United Housing Foundation, a union-created housing development entity. Today, Penn South's residents include many active and retired union members. Its property management staff is represented by OPEIU Local 153 while the janitors and porters belong to SEIU Local 32 B-J.

"This loan not only preserved 2,820 affordable housing units in Manhattan, it will also generate over 600 union jobs for the local economy," says Thomas Schissler, managing director at Wells Fargo who oversaw the transaction. "Wells Fargo is proud to have been able to help finance this transaction and help Penn South and the community with this project."

One hundred percent of the work will be performed by union workers, members of the New York City building and construction trades unions. The trades will replace HVAC systems in all 10 buildings, along with remediation of asbestos from the walls.

In New York City, the HIT has provided \$640 million to finance housing since 2002 under its New York City Community Investment Initiative. Those investments have created or preserved more than 24,000 housing or healthcare units at more than 30 projects in New York City. This is the second time the HIT has helped the residents of Penn South Cooperative to meet a financing need. In 2003, the HIT invested \$33 million to help lower the debt service of the cooperative.

About the HIT

The AFL-CIO Housing Investment Trust is a fixed-income investment company registered with the Securities and Exchange Commission. It manages \$4 billion in assets for approximately 350 investors, which include union and public employee pension plans. The HIT invests primarily in government and agency insured and guaranteed multifamily and single family mortgage-backed securities. The HIT is one of the earliest and most successful practitioners of socially responsible, economically targeted investing, with a 45-year track record that demonstrates the added value derived from union-friendly investments. The investment objective of the HIT is to provide competitive returns for its investors and to promote the collateral objectives of constructing affordable housing and generating employment for union members in the construction trades and related industries. Since its inception, the HIT has invested over \$6 billion to finance 101,000 units of housing nationwide, generating more than 69,000 union jobs.