

NATIONAL HOUSING & REHABILITATION
ASSOCIATION
2011 ANNUAL MEETING

FEBRUARY 26, 2011

“MAKING THE BEST OF A BAD SITUATION”

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Countryside Village, Seabrook, NJ

- Property / history
 - 1940s temp. housing / 326 units
 - 1987 acq / rehab / Section 8
 - 9% LIHTC with taxable bonds
- Decision to redevelop
- Structure
 - Opt out – Sec 8 Mod. Rehab
 - 3 phases – new construction
 - 326 to 283 units / Learning center
- \$15 million gap
 - Lost Difficult Development Area (130%)
 - HUD/IRS (restored DDA)
- Financing
 - \$54 million allocation 9% LIHTC
 - \$5.4 million hard debt (NJHMFA)
 - \$10.1 million soft debt (NJHMFA)
 - \$1.1 million other
 - \$69 million TDC (\$243,800/unit)

Monterey Village, Norwalk, CT

- Property / history
 - Built 1960s / 163 units
 - 1983 acq/ rehab / Section 8
(Vesta arranged debt / equity)
- Distressed
 - GP neglect / Sec 8 abated
 - 1997 Vesta appointed Receiver of Rents
 - A shooting a week / drugs / gangs
- Solution
 - Ousted GP / Vesta becomes GP
 - HUD / Housing Authority / Norwalk Police
 - \$5.2 million tax exempt bond issue / rehab
 - \$750,000 HUD grants – security
 - 2009 refinanced/ rehab / LPs out
 - Will redevelop 2-3 years



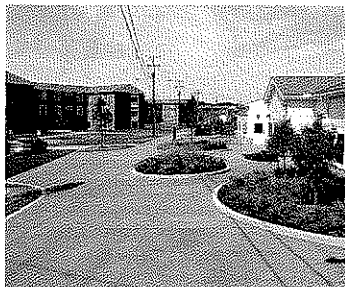
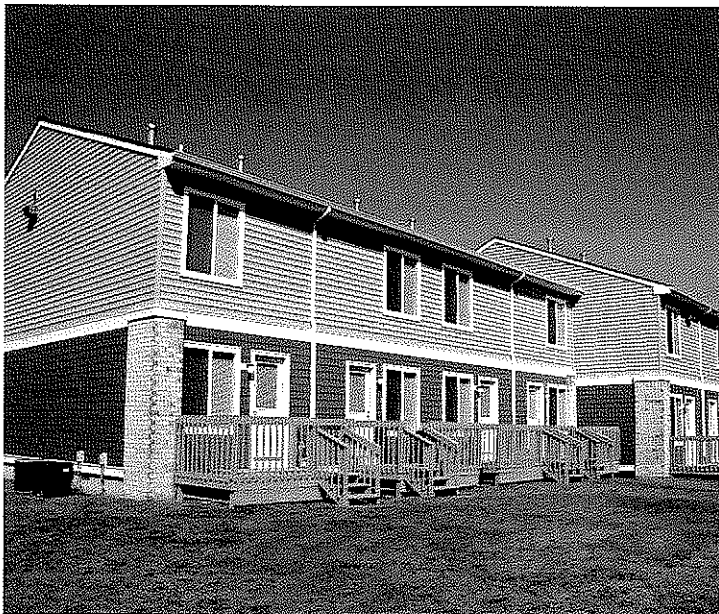
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Specialists**



Vesta Corporation Develops, Owns and Manages Affordable Housing Communities

- Since 1981, Vesta's principals have closed financings approaching \$1 billion for the development of thousands of housing units in 12 states and Washington, D.C.
- We know how to meet the needs of clients, lenders, investors and residents.
- We strive for excellence in the quality of service and the quality of our product.
- We value the reputation we have earned and recognize that we must continue to earn it every day.
- We invite you to participate in our future success.

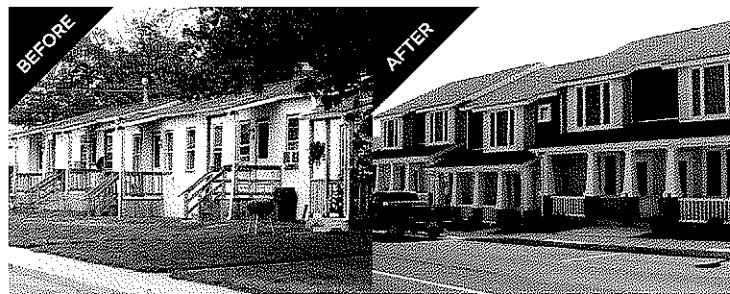
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Quality

is the dominant goal

of our approach to affordable housing. Successful completion of any transaction requires decisive action based on timely, astute assessments, while remaining flexible to changing conditions. Perhaps the key component to our success is the realistic evaluation, understanding and management of the risks involved.

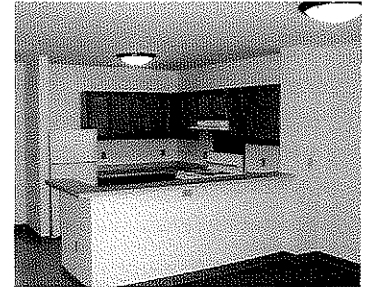
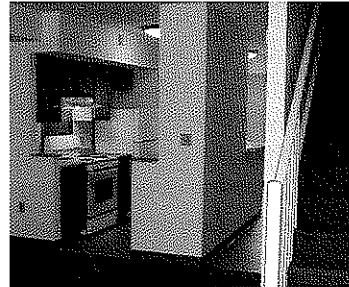
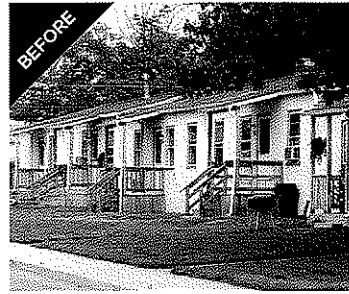


Vesta[®]

Vesta Corporation
245 Hopmeadow Street
Weatogue, CT 06089
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www.vestacorp.com

Vesta®

The Housing Specialists



Countryside Village

Countryside Village I

- 100 rental units on a 9 acre site.
- Developed and managed by Vesta since June 2006.
- \$22.4 million total development costs.

Countryside Village II

- 90 rental units on a 7 acre site.
- Developed and managed by Vesta since June 2007.
- \$22.5 million total development costs.

Countryside Village III

- 93 rental units on an 18 acre site.
- Developed and managed by Vesta since June 2008.
- \$24.1 million total development costs.

Amenities include a Community Center, learning center, laundry and community space facilities.



Countryside Village

99 Deerfield Dr.
Seabrook, NJ 08302
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Countryside Village



Countryside Village Redevelopment Story

Situated on 40 acres in Cumberland County's choice farmland district, Countryside Village was constructed in the 1940s to house workers of the Seabrook frozen foods company. The village consisted of 326 Section 8 rental units in 57 one-story, bunker-like buildings, which over time had become severely distressed -- it was housing of last resort.

The property had been rehabilitated in 1987, but the units were extremely small, the building systems were out of date and needed replacement, and the needs of the elderly and handicapped were not being met. Roads and parking were substandard. There were no community facilities. The village was poorly designed, adding greatly to the impression of isolation and distress.

The Redevelopment

Vesta set out to redefine Countryside Village, starting with demolition of the existing structures and creation of a new, viable, self-sustaining and attractive residential community. Existing residents were temporarily relocated on-site during construction. Due to a limit on the amount of New Jersey tax credits that could be awarded to a project in one year, the redevelopment was completed in three stand-alone projects with separate ownership entities and financing.

The redevelopment took advantage of the size and attractive setting of the property. The master plan provided a clear and coherent road system, connecting the site to the surrounding community, while providing traditional frontages for new housing, and a safer gateway in and out of the neighborhood. Vesta replaced the one story flat-roofed structures with attractive two and three-story apartments sporting peaked roofs, dormers and front porches using quality façade materials.

Phase I consisted of 100 new housing units, constructed and fully occupied in 2006 at a cost of \$22.4 million.

Phase II consisted of the demolition of 106 existing units located in 17 structures, and the construction of 90 new, attached and architecturally complementary apartments. Development cost was approximately \$22.5 million, and the project was fully constructed and occupied by year-end 2007. The dwelling units are all affordable to families earning less than 60% of median income in the county. Included in Phase II was the construction of a Management Center with associated laundry and community space facilities.

Phase III began in the fall of 2007 and was completed in December, 2008. It consists of new construction of 93 apartment units in 18, two-story attached buildings at a cost of approximately \$24 million.

The Financing

All three phases were financed with Low Income Housing Tax Credits, taxable permanent financing through the New Jersey Housing and Mortgage Financing Agency, and gap financing through the NJHMFA Home Express Program, as well as developer equity and a conventional construction loan. The three phases combined were awarded \$54 million of Low Income Housing Tax Credits. Because of technical program restrictions, Vesta had to opt out of the project-based Section 8 contract for all existing units; therefore the new apartments are market rate affordable.

The Result

The new Countryside Village Apartments face directly onto new and existing streets, and on-street parking is provided - all geared towards promoting safe, walk-able and livable streets and blocks. Rear yards were developed to include additional parking and open space such as tot-lots and gardens. The community now offers apartments accessible for the elderly and handicapped. The new Community and Learning Center was placed strategically central to the entire Village, promoting an enriching and supportive community environment.

The New York Times

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UPPER DEERFIELD JOURNAL

A New Chapter for a Town, Once a Home for the Displaced

By RONALD SMOTHERS

UPPER DEERFIELD, N.J., Sept. 28 — To assess what it meant for about 2,500 Japanese-Americans to live here in the 1940's in cinder-block barracks and work seven days a week, 12 hours a day at a vegetable packaging and processing plant for 55 cents an hour, it is necessary to ask, "Compared with what?"

They came here during World War II to live and work at the Seabrook Farms complex from one of 10 internment camps for Japanese-Americans out West, where the routine was enforced idleness behind barbed-wire fences. So for many of them, this new life in Seabrook Village was, despite its rigors and its distance from their pre-war lives, ground in which to nurture a second chance at the American dream.

"Seabrook's barracks had common bathing facilities like the camps, but they could be partitioned so families could stay together and we could cook our own food the way we wanted and not eat what someone else prepared for us," said Margaret Yoshida, who was 18 when she came to the New Jersey factory town in 1945 from an internment camp on the fringes of Death Valley. "But mostly it was the freedom we had at Seabrook."

As the Japanese-Americans dispersed after the war, the barracks provided housing for successive waves of Italian, Estonian and black workers drawn here for jobs at Seabrook, then one of the nation's largest producers of frozen vegetables. The barracks here in Cumberland County were later transformed into subsidized apartments for the poor and developed a reputation as a haven for drugs and violence.

But on Wednesday, a new chapter in the life of Seabrook Village will begin when the township and a private developer open the first phase of a 283-unit project of new, two- and three-story town houses on a section of the old complex. They have replaced a number of the low-slung barracks.

The new development with stucco and vinyl facades, concrete porches, dishwashers and central air-conditioning will remain subsidized housing, taking in many of those who lived in the barracks buildings. Under the terms of the federal subsidies and tax credits for the project, the developer must maintain the housing as rental units for poor families for a number of years before it can be converted into private homes for sale.

The new units, with their mixture of colors, interplay of shapes and varied levels, contrast sharply with the drab barracks buildings awaiting demolition.

The narrow streets have been renamed to honor former Seabrook leaders: Vernon Ichisaka, founder of



Top: Mitchell for The New York Times

Margaret Yoshida, 83, and John Fuyume, 81, worked and lived in the village with their families.

Seabrook's chapter of the Japanese-American Citizens League in the 1940's; Albert Vilms, a leader of Estonians displaced by World War II who came to live and work here in 1949; Samah Pearson, a leader of Jamaican immigrants; and Giovanni Chiari, who managed Seabrook's company store and later opened his own store just outside the complex.

For Ms. Yoshida, who now lives nearby in Bridgeton, and John Fuyume, the founder of the Seabrook Educational and Cultural Center in the basement of Upper Deerfield's town hall, the changes are good.

Mr. Fuyume, 81, talks fondly of Charles Franklin Seabrook, the patriarch of the family-owned operation who was gruff and pragmatic but nevertheless viewed as benevolent by the successive immigrant groups who worked for him.

When the war ended, many stayed in the area working for the company and raising their children. About 140 people of Japanese descent live in this rural township of 7,500 people, according to the United States Census Bureau, many of them descended from the Japanese-Americans who came here in the 1940's.

They found their way here after the federal government was prodded by the courts to reconsider its policy of internment Japanese-Americans because of security concerns. In 1944, the government began allowing the release of those who signed a loyalty oath, joined the military or had the promise of a job outside the Pacific Coast.

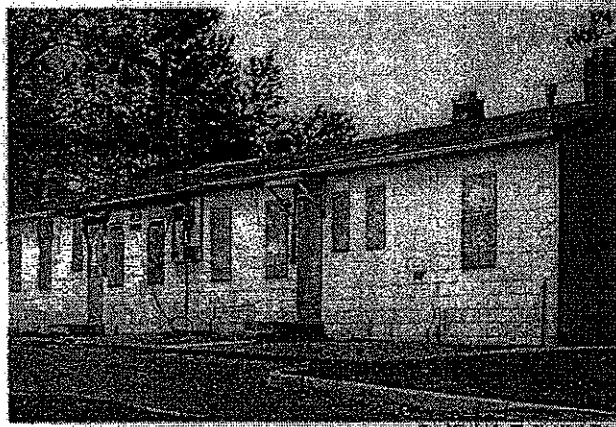
"Seabrook Farms needed labor and Japanese-Americans needed jobs," said Lane Ryo Hirabayashi, a professor in the department of Asian studies at the University of California at Los Angeles. "The place was distinct from the camps but a step toward freedom. And for a lot of people it was an important transition point."

Seiseku Fuyume, Mr. Fuyume's wife, said that her father stayed in Upper Deerfield and at Seabrook after the war because there was little to go back to in California where he had been a sharecropper.

"He saved and worked at Seabrook



Seabrook Educational and Cultural Center



Top: Mitchell for The New York Times

Japanese-American children, top, in Seabrook Village, N.J., in the 1940's. The barracks, above, are being replaced with town houses for the poor. The first phase of the project is scheduled to open today.

until he could buy his own small farm nearby raising strawberries and vegetables," she said. "He died of a heart attack at 85 years old, still working on his farm."

Mr. Fuyume, whose family had been at an internment camp in Gila River, Ariz., before coming to Seabrook, recalled returning to Seabrook the summer after receiving a master's degree from the University of Rochester where he had studied music in hopes of becoming a concert pianist. He worked in the plant for the summer and often performed at concerts in the village's community center.

It was at one of those events that Mr. Seabrook, who loved classical music and opera, took him aside and told him that the measure of a man was not how many Ph.D.'s he had but how many Ph.D.'s worked for him.

"In the internment camp I had lost precious time in my musical aspirations and lost the edge you need to become a concert pianist," he said. He took Mr. Seabrook's advice and studied engineering while working for

him as a manager.

When the company was sold, he was the director of data processing. He left the company and pursued other business ventures with Mr. Seabrook's son John, and he eventually retired as vice president of one of their ventures — a shipping line in Bermuda. He then returned to this area with his wife.

Several former residents say their parents did not seem bitter about their internment or forced transition through Seabrook. Ms. Yoshida said that she thinks it was because parents did not want to communicate bitterness and anger that might blot their children's lives.

Many scholars and others like Mr. Fuyume point to some traits embedded in Japanese culture and tradition. Searching for the word that describes it, Mr. Fuyume said "shikatanagai," which translates as "it can't be helped." But another word he recalls his parents using in subtle and instructional ways was "gaman," which translates as "fortitude or endurance."