

Contracted income, institutional pricing.

New York's shelter real estate has matured into a financeable asset class. SCP Research tracks leased-shelter sales, DHS-funded lease terms and operating costs across the five boroughs. Three findings stand out: rents are steady and funded by the City, new shelters are valued at a 6.00% capitalization rate, and purpose-built shelters are worth materially more per bed than older converted buildings.

17	\$15.7K	\$175K	6.00%
SHELTER LEASES TRACKED, 2,197 BEDS	AVERAGE TOTAL RENT PER BED PER YEAR	AVERAGE SALE PRICE PER BED, LEASED SHELTERS	CAPITALIZATION RATE, NEW CONSTRUCTION

01

Leased-shelter sales

SUBMARKET	TYPE	VINTAGE	CLOSED	BEDS	PRICE	PER BED	PER SF
East Tremont Bronx	Dormitory	1930	Dec 2022	41	\$8.0MM	\$194.8K	\$1,021
Undisclosed Bronx	Dormitory	1990	Dec 2022	48	\$4.9MM	\$103.1K	\$593
Belmont Bronx	Dormitory	1931	Aug 2022	81	\$17.1MM	\$210.6K	\$969
Morris Heights Bronx	Hotel-style	1926	Mar 2022	144	\$25.6MM	\$177.4K	\$1,161
Tremont Bronx	Dormitory	1930	Mar 2022	60	\$11.2MM	\$187.5K	\$641
Central Harlem Manhattan	Undisclosed	1928	Dec 2021	142	\$23.1MM	\$162.5K	\$811
Fordham Bronx	Dormitory	1953	Aug 2021	110	\$18.7MM	\$170.0K	\$1,091
Hell's Kitchen Manhattan	Dormitory	1956	Jul 2021	140	\$25.2MM	\$180.0K	\$703
Eight sales	—	—	2021–22	766	\$133.8MM	\$174.6K	\$864

Source: SCP Research. All sales conveyed the leased fee interest in fully occupied, DHS-funded shelters. Totals are aggregate price divided by aggregate beds and square feet.

Older stock trades at \$103K–\$211K per bed. Every recorded sale involved a pre-1990 building in average condition, most of them small Bronx dormitories. Few sales means investors price shelters on income rather than comparables.

Purpose-built shelters value higher. New and gut-renovated shelters delivered since 2020 value at \$210K–\$275K per bed, a premium of roughly 20–58% over the trade average (see section 06).

02

Why the income is durable

\$4.4B	104K	~87	AA / Aa2
PROJECTED FY2026 DHS BUDGET, UP FROM \$2.2B IN FY2023	PEOPLE IN NYC SHELTERS EACH NIGHT, JULY 2025	DHS-APPROVED OPERATORS AVAILABLE TO RE-TENANT	NYC GENERAL OBLIGATION RATING BEHIND THE RENT

Sources: SCP Research; NYC budget and shelter census data; rating agencies. New York's 1981 right-to-shelter decree obliges the City to house anyone who qualifies, and new supply is constrained by siting requirements near transit, schools and grocery stores.

03

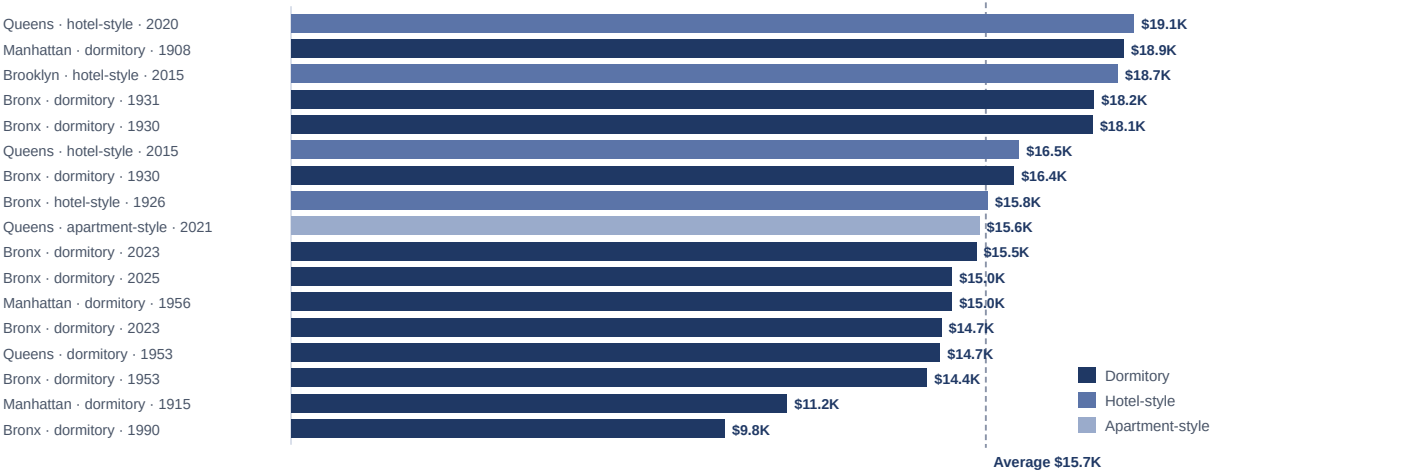
Lease terms across the market

Shelter buildings are master-leased to non-profit operators from the Department of Homeless Services' approved list, with DHS funding the rent. Across 17 leases we track, total rent ranges from \$9.8K to \$19.1K per bed per year, or \$27–\$52 per bed per day, and averages \$15.7K.

Structure is remarkably consistent. Nine years is the norm, most leases escalate 3% every three years, and operators reimburse real estate taxes and insurance. Hotel-style shelters with private baths lead on rent, averaging \$17.5K per bed against \$15.2K for dormitories.

Typical term	9 years (11 of 17)
Renewal options	Up to 2 × 9 years
Escalations	3% every 3 years (14 of 17)
Tax reimbursement	100% or over base year
Insurance	Reimbursed by operator
Termination right	On loss of DHS funding
Rent, built 2015 or later	\$16.4K / bed avg.

Total rent per bed per year, 17 NYC shelter leases



Source: SCP Research. Leases commenced 2017–2025. One Manhattan lease runs 30 years, the longer term DHS can award to non-profit-owned shelters.

04

Operating costs stay with the operator

2023 ACTUALS, PER BED	LOW	AVERAGE	HIGH
Real estate taxes	\$477	\$1,306	\$2,956
Property insurance	\$91	\$275	\$538
General & administrative	\$35	\$214	\$709
Total landlord expense	\$741	\$1,795	\$3,222

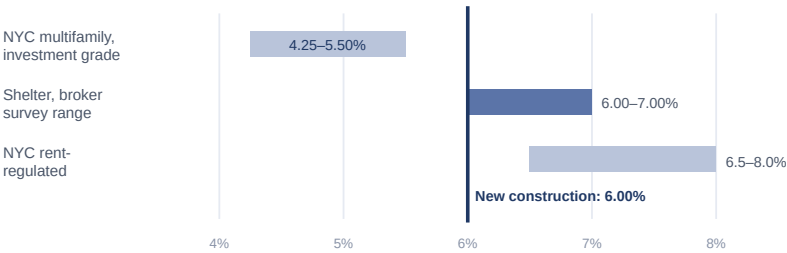
Five NYC shelters, 48 to 194 beds. Source: SCP Research.

Because operators run the buildings and reimburse taxes and insurance, landlord expense is light. Five shelters we track spent \$741–\$3,222 per bed in 2023, and only \$160–\$1,246 per bed excluding taxes.

For underwriting, that means net operating income tracks contract rent closely. Stabilized NOI on new-build shelters runs about \$12K–\$15K per bed after a 3% vacancy allowance and reserves.

05

Where a 6.00% cap rate sits in the market



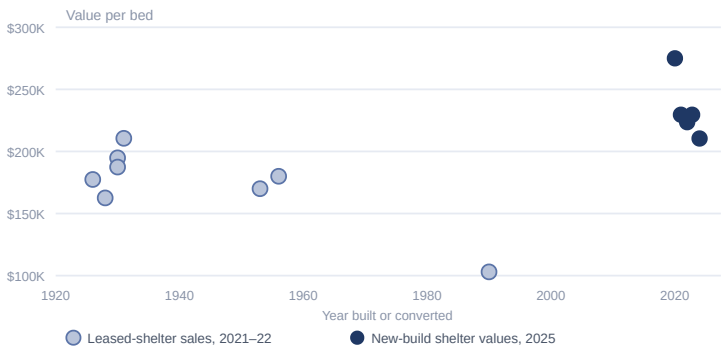
Source: SCP Research; broker and market-participant interviews, 2025.

With so few leased-shelter sales, the market prices this income against NYC housing benchmarks and broker indications. Shelter income sits between market-rate multifamily and rent-regulated product: steadier than either, but with modest contractual growth and nine-year terms.

New, built-to-suit shelters price at the low end, around 6.00%. Agency lenders are appearing more often on shelter financings, which should widen the buyer pool over time.

06

New construction commands a premium



Five new and gut-renovated shelters delivered between 2020 and 2024, totaling 949 beds, valued at \$210K–\$275K per bed in 2025. The older buildings that traded in 2021–22 sold for \$175K per bed on average.

The premium holds up in a downside case. If the lease went dark and each building were re-tenanted at a market rent near \$16,000 per bed, these new-build shelters would keep 71–94% of their value, 88% in aggregate.

07

What this means for financing

<p>\$12–15K</p> <p>STABILIZED NOI PER BED, NEW CONSTRUCTION</p>	<p>\$135–180K</p> <p>LOAN PER BED AT 65% LTV, NEW CONSTRUCTION</p>	<p>~9.2%</p> <p>DEBT YIELD AT 65% LTV ON A 6.00% CAP VALUE</p>	<p>5–10 yr</p> <p>FIXED-RATE TERMS, FULL-TERM IO ACHIEVABLE</p>
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- i. **Size to the contract, test against go-dark**

Lenders size to contracted NOI but look hard at the go-dark value. Assets with rents near market support more proceeds per bed.
- ii. **Tax abatements are part of the collateral**

ICAP and 420-a benefits can add several million dollars of value per asset. Pending approvals will be conditioned or haircut.
- iii. **Match loan term to lease term**

Leases can terminate if DHS funding lapses, and we know of no operator defaults or early terminations. A 10-year loan against a nine-year lease still needs a renewal story.

Illustrative metrics derived from SCP Research data. For discussion only; does not constitute a valuation opinion, investment advice or an offer to lend.

SHELTER & TRANSITIONAL HOUSING FINANCE

Over \$200MM arranged in shelter financings.

We advise for-profit developers and non-profit sponsors on debt for shelter and transitional housing — from construction through securitized fixed-rate takeout — underwriting the way lenders do: contracted income, lease structure, operator credit.

<div>\$200MM⁺</div> <div>SHELTER FINANCINGS ARRANGED</div>	<div>1,080⁺</div> <div>BEDS ACROSS FINANCED ASSETS</div>	<div>7</div> <div>NYC SHELTER PROPERTIES</div>	<div>10^{yr}</div> <div>LONGEST FIXED-RATE EXECUTION</div>
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Representative transactions

REFINANCE	Five-property transitional housing portfolio New York City · ~950 beds · agency social bonds securitization · fixed rate	\$142MM
CONSTRUCTION	Ground-up conversion to 12-story congregate shelter Manhattan · 133 beds · capitalized interest & future funding structure	\$25.5MM
REFINANCE	Stabilized operating shelter asset New York City · 10-year fixed · full-term interest-only · 65% LTV	\$15MM

Transaction details anonymized for confidentiality. References available upon request.

02
What we arrange

i.	Construction & conversion loans	Ground-up development and adaptive re-use, structured with capitalized interest and future funding.
ii.	Bridge & lease-up financing	Carry through certificate of occupancy, operator lease commencement, and contract reimbursement.
iii.	Permanent fixed-rate refinance	5- and 10-year terms, full-term interest-only, sized against government-contracted income.
iv.	Agency securitization takeouts	Social bonds executions for portfolio-scale refinances of stabilized shelter assets.
v.	Cash-out recapitalization	Monetizing durable, contract-backed cash flow while preserving long-term ownership.

Financing shelter and transitional housing.

Building, refinancing, or recapitalizing a shelter asset? Let's discuss what terms are achievable in today's market.

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