

# HDR

## CURRENT DEVELOPMENTS

In Housing, Community Development, Finance and Taxation

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### AFFORDABLE HOUSING

## Redevelopment of Project Begins on New York Housing Authority Land

Phipps Houses has begun the redevelopment of Fabria Houses into 65 new units of affordable housing on land owned by the New York City Housing Authority (NYCHA) on the city's Lower East Side.

The project involves the rehabilitation of three buildings which make up the former NYCHA-owned Section 8 project and the construction of 2 new buildings on two adjacent city-owned lots. There will be 48 one-bedroom apartments and 17 two-bedroom units when construction is finished.

NYCHA acquired Fabria Houses from HUD in the early 1980s. In connection with this project, New York City transferred ownership of the two vacant lots to NYCHA, and the housing authority provided a 99-year ground lease to the new Fabria Houses ownership entity.

NYCHA received \$85,000 at the closing, and the agency will receive \$100,000 annually for 10 years and a percentage of surplus cash flow after that time. The income will be used to help preserve public housing. The NYCHA lease is part of the city's strategy to locate and use public land to build affordable housing.

### Rehabilitation of Buildings

The rehabilitation of the three buildings will include new apartment layouts with new building systems, elevators, laundry rooms, and landscaped yards to serve as open recreation space. A sixth floor will be added to the buildings, and two of the buildings will be joined together during construction.

Total development cost is \$21.4 million, with financing provided through a mixture of public and private sources, including a \$1.55 million permanent loan from 30-year tax exempt bonds issued by the Housing Development

Corporation (HDC), with credit enhancement through a Citibank letter of credit.

The bonds are accompanied by \$8.9 million in 4 percent low-income housing tax credit equity through a syndication by an affiliate of Richman Housing Resources.

Subordinate loans totaling \$6.2 million were provided by the New York City Department of Housing Preservation and Development (HPD). HDC also provided an \$11.5 million construction loan.

### Housing Affordability

All of the units will be affordable to households earning up to 60 percent of area median income (AMI), and 20 percent of the units will be set aside for households earning up to 40 percent of AMI.

The 39 Fabria Houses residents who were temporarily relocated during redevelopment will have first option to return to the development. Households at Fabria Houses will receive Section 8 rental vouchers, and after the original residents return, the remaining units will be made available to eligible households from NYCHA's Section 8 waiting list.

Phipps Houses is a not-for-profit founded in 1905 with a \$1 million investment by Henry Phipps, a business partner of Andrew Carnegie. It has developed more than 5,000 housing units and owns more than 4,000 units.

A subsidiary, Phipps Houses Services, Inc., which operates about 12,000 housing units, will manage Fabria Houses.

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