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# 204 Avenue A & 535 East 12<sup>th</sup> Street: ANCP & Inclusionary Housing Project SMJ Update

Wednesday, Sep 13, 2017

# 544 East 13<sup>th</sup> & 377 East 10<sup>th</sup> in 2015

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- Years of deferred maintenance/structural issues
- No heat in common areas
- Leaking roofs
- Bedbugs, rats, cockroaches
- 10<sup>th</sup> St cracked foundation from Sandy
- Outstanding water/sewer \$275K
- Tax liens sold and servicer proceeding to foreclose (approximately \$700K)

# Before Photos

544 East 13<sup>th</sup> Street



377 East 10<sup>th</sup> Street



# 544 East 13<sup>th</sup> & 377 East 10<sup>th</sup> in 2017

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- Renovations complete
- Currently closing out open DOB applications
- Move backs anticipated later this year
- When complete two buildings will remain as permanently affordable housing at 80% AMI
- Preservation of 21 longtime existing households
- Homesteaders relocated at no personal expense
- Leveraged \$5 of private capital for \$1 of City capital

# After Photos

544 East 13<sup>th</sup> Street



377 East 10<sup>th</sup> Street



# New Construction Background

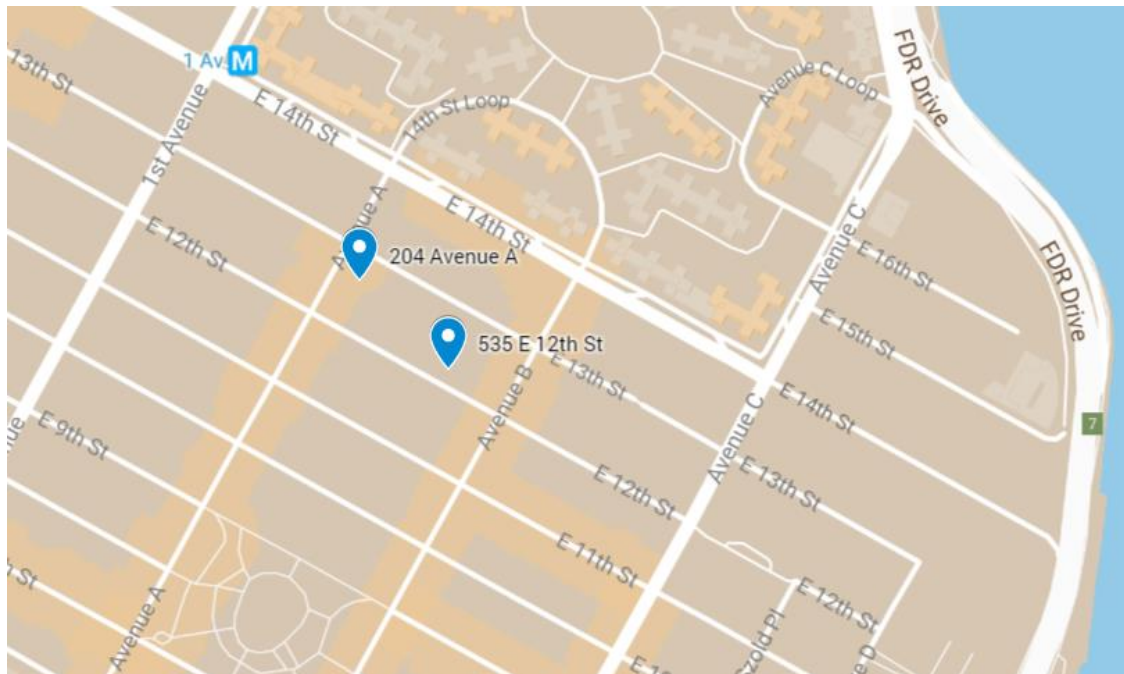
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	204 Avenue A	535 East 12 <sup>th</sup> Street
City-owned since	1978	1976
Participating in TIL since	2001	2000
Proposed development	Demo & New Construction	Demo & New Construction
Proposed ownership	Co-op (10 existing families)	Rent-stabilized rental
Inclusionary Housing	On-site	Proposed off-site



# Proposal

Rebuild Properties to create low-income cooperative homeownership opportunity for existing families, and affordable rental housing for the community



# Building Needs

- Vacated & boarded up since 2008
- Rebuilding will create at least 10 cooperative units plus a commercial space at Avenue A, and 10 rental units at 12<sup>th</sup> Street
- Buildings will comply with DOB standards and will meet current building code and HPD's 504 accessibility requirements



204 Avenue A (left) and 535 East 12<sup>th</sup> Street (right)



# Development Team

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- SMJ Development (MBE)
- Shakespeare Gordon Vlado Architects (WBE)
- Restoring Communities HDFC

# HPD Programs: Financing & Terms

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## Affordable Neighborhood Cooperative Program

Provides low-interest (1%) loans and tax benefits to rehabilitate housing for low-to moderate income households by partnering with private lending institutions and other financing sources (NYS AHC)

## Inclusionary Housing

Allows buildings to exceed their as-of-right floor area if developers participating in the program provide permanently-affordable housing (for households at or below **80% AMI**), either onsite or in another building nearby

- Governing Parameters:
  - ZR §23-90
  - Rules of the City of New York: Title 28, Chapter 41

# Permanent Financing

SOURCE	Without Off-Site Inclusionary	Per Unit	With Off-Site Inclusionary	Per Unit
1st Mortgage (Bank)	\$3,327,000	\$166,350	\$1,497,000	\$74,850
2nd Mortgage (HPD)	\$7,006,000	\$350,300	\$3,655,000	\$182,750
IH Bonus Sales Proceeds			\$5,162,000	\$258,100
Sales Proceeds - Occupied Units	\$25,000	\$1,250	\$25,000	\$1,250
AHC Grant	\$345,000	\$17,250	\$345,000	\$17,250
TOTAL SOURCES	\$10,703,000	\$535,150	\$10,684,000	\$534,200

# Affordability

	Without Off-Site Inclusionary	With Off-Site Inclusionary
204 Avenue A – Maintenance AMI	40%	40%
204 Avenue A – Average Maintenance	\$760	\$760
204 Avenue A – Future Buyer Income Restriction	80%	80%
535 East 12 Street – Rental Income Restriction AMI	150%	80%
535 East 12 Street – Initial Rents (1 Bedroom)	\$2,508	\$1,374

# Relocation and Purchase of Unit

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- Relocation
- Avenue A:
  - Unit Purchase Requirements and Income Restrictions
  - Training Requirements
  - Maintenance
- 535 East 12<sup>th</sup> Street
  - Permanently affordable rental (80% AMI income restriction)
  - HPD Marketing



Q&A