

**PRELIMINARY PROPOSAL
TO DEVELOP LOW INCOME
SENIOR AND FAMILY HOUSING,
COMMERCIAL AND COMMUNITY FACILITY SPACE
AT THE CHURCH OF THE NATIVITY SITES
42-46 SECOND AVENUE, MANHATTAN**

Prepared by the Cooper Square Committee
And the Cooper Square Community Land Trust

February 12, 2018

Summary of the Development Program for the Church of the Nativity Sites:

The Cooper Square Community Land Trust and Cooper Square Committee, working in partnership with low income community stakeholders and former parishioners of the Church of the Nativity at 42-46 2nd Avenue hereby present a proposal to redevelop the deconsecrated Church of the Nativity as 116 units of mixed use, low income senior/supportive housing, comprising the following uses:

- 86 units of low income senior housing in studio apartments
- 30 units of low income/homeless family housing in 1 and 2 bedroom apartments
- 72000 sq. ft. of commercial space on the 1st and 2nd floors
- 2,500 sq. ft. of programming space in the basement for staff providing supportive housing services to the seniors and low income families, and additional square footage for mechanical systems and a laundry room for residents.
- 3,800 sq. ft. of community space on the 2nd floor, including
 - A) 1,000 sq. ft. meditation room named in honor of Dorothy Day, the founder of the Catholic Worker and former parishioner of the Church of the Nativity;
 - B) 1,000 sq. ft. of space offering shower stalls, changing rooms, and up to 100 mailboxes for homeless persons.
 - C) 1,800 sq. ft. of community room/senior center space for residents and the local senior community.

Note: We will be retaining an architect to create a massing study and floor plans to verify the feasibility of fitting these residential, commercial, and community uses into the building envelope which will comprise approximately 77,716 sq. ft. allowed by zoning, given that this site is within an inclusionary housing zone with a 7.2 FAR on a lot comprising 10,794 sq. ft.

| Block | Lot | Address | Zone Dist | Lot Area | Bldg Area | Comm Area | Res Area | Lot Front | Lot Depth | Bldg Front | Bldg Depth | Built FAR |
|-------|-----|-------------|-----------|----------|-----------|-----------|----------|-----------|-----------|------------|------------|-----------|
| 444 | 3 | 42 2 AVENUE | C6-2A | 3294 | 5790 | 5790 | 0 | 43.92 | 75 | 44 | 48 | 1.76 |
| 444 | 5 | 46 2 AVENUE | C6-2A | 7500 | 6400 | 6400 | 0 | 75 | 100 | 62 | 75 | 0.85 |

About the Cooper Square Community Land Trust and Cooper Square Committee:

The Cooper Square Community Land Trust (CLT) was formed by the Cooper Square Committee (CSC) in 1994. Its mission is to create an added safeguard for permanently preserving the affordable housing units in the Cooper Square Mutual Housing Association (MHA). The CLT owns the land underneath 21 MHA buildings, with 328 residential units and 22 commercial units. The CLT has served this role of watchdog of the MHA program for 24 years, and is in the process of bringing more buildings into its portfolio.

Last year, the NYC Department of Housing Preservation and Development (HPD) agreed to transfer two distressed Housing Development Fund Companies (HDFCs) to the CLT to be permanently preserved as affordable housing. The two HDFCs, comprising 36 units, had accrued millions in property tax arrears, and HPD has agreed to waive the tax arrears in exchange for their agreeing to join the CLT, which the shareholders agreed to do.

The CLT, which has recently received a two year grant from Enterprise Communities, now has increased capacity to outreach to other distressed HDFCs, city-owned buildings to educate residents about the benefits of community land trusts, and bring more buildings into the fold.

Cooper Square Committee, formed in 1959, has sponsored the development of nearly 600 low income housing units since the early 1980s.

Select community development achievements

- In the early 1980s, CSC sponsored development of 146 units of project-based Section 8 housing at 10 Stanton Street, which opened in 1985.
- In 1989, CSC renovated a vacant 22-unit city-owned building at 16-18 Second Avenue - the first cooperative for formerly homeless families in the United States.
- In 1991, CSC created the Cooper Square Mutual Housing Association (MHA), a nonprofit which has renovated 22 buildings - a total of 358 low income apartments since 1991. In the late 1990s, CSC participated in a Cooper Square Task Force that created a plan for the development of over 700 mixed income housing units, 100,000 sq. ft. of commercial space and a 40,000 sq. ft. community center, in the Cooper Square Urban Renewal Area (CSURA) on the north and south sides of Houston Street.
- In 2000, CSC co-founded Fourth Arts Block, and helped twelve arts organizations on East 4th Street to successfully negotiate with the city to purchase their buildings. As a result of façade and streetscape improvements, East 4th Street was awarded the "Best NYC Block" by the Village Voice in 2009.
- In 2008, completed development of award-winning building at 29 E 2nd Avenue - 54 studio apartments, supportive services for low income adults with special needs. Building won architectural design award in 2009.
- CSC co-developed the Bea Arthur Residence for homeless LGBT youth, which is awaiting an imminent TCO this month.

Why the community needs affordable senior and family housing on this site:

1: We believe that Dorothy Day's connection to the Church of the Nativity should be of vital consideration for the Catholic Archdiocese in weighing disposition options.

The Cooper Square Community Land Trust and Cooper Square Committee recognize that the Church of the Nativity site is located in an appealing downtown location, and that it has significant development potential to real estate speculators who are savvy to the cultural and social assets of this centrally located, lively, and historically rich neighborhood.

However, the Church of the Nativity has served the neighborhood's longstanding, predominantly working class and low income, faithfully Catholic, Latino population for nearly three-quarters of a century. Dorothy Day, the founder of the Catholic Worker, worshipped alongside her poor and working-class neighbors at the Church of the Nativity in the last years of her life. As a devoted Catholic and advocate in service to the poor, Day understood that "The greatest challenge of the day is: how to bring about a revolution of the heart, a revolution which has to start with each one of us?" In fact, when Pope Francis spoke before Congress on September 24, 2015, he spotlighted four "great Americans" in his speech: the Reverend Martin Luther King, Jr., Abraham Lincoln, Catholic theologian Thomas Merton, and—for her commitment to "justice and the cause of the oppressed"—Dorothy Day.

2: The Church of the Nativity site is within a Neighborhood Naturally Occurring Retirement Community (N-NORC) as designated by the New York City Department of Aging.

The 16 block area from Delancey Street to East 5th Street, from the Bowery to 1st Avenue, has over 1,000 senior households, and they comprise 23.5% of the total population in this geographic area. Many live in walk-up tenements, where they are aging in place, many of them struggling with walking up to apartments on upper floors.

Given the paucity of senior services in the East Village/Lower East Side area above Houston Street, it is imperative that the growing senior population in the Church of the Nativity parish area not only have access to reliable and accessible transportation, but have supportive services and a community space dedicated to their needs close to home. The site we are proposing offers all of this.

Within the building, a community room will be used by seniors and families living in the residential units, as well as offer senior programming for the local community, while office space for supportive services will be located on the basement floor. The 2nd Avenue F subway station and the 2nd Avenue bus corridor are both steps from the site location and critical to keeping seniors active in city life. Within walking distance to the site are at least six small to mid-size groceries and delis; three community gardens; and theater and community arts programs. A five-minute bus ride can take residents to sites of worship, a branch of the New York Public Library, and nearby social and health services.

These multiple forms of support are crucial for aging, low-income, longtime Lower East Side residents. A recent New York Academy of Medicine survey found that many older, poor New Yorkers who wish to "age in place" do so because their ties to neighborhood and community are essential to their personal well-being: "Despite having low incomes and living in low-income neighborhoods, these elder residents reap rewards from having lived in comfortable proximity with their neighbors for many years."

After 15 years, the limited equity partners will exit the project, and the income from the commercial space will inure solely to the HDFC members (the Archdiocese and CSC entities) rather than sharing them with the limited partners, thereby generating additional income from years 16 – 30. Overall, this proposal estimates \$3 million in income for the Archdiocese during the 30 year period.

Buy Out of Archdiocese After 30 Years: At the end of the 30 years, we propose to buy out the Archdiocese by refinancing the building and taking out \$10 million in equity to pay the Archdiocese in exchange for 100% control of the HDFC. In total, the Archdiocese would receive \$18.4 million from Cooper Square Community Land Trust/Cooper Square Committee.

Compensation to be paid to the Catholic Archdiocese

| Sources of funds to be paid to the Catholic Archdiocese | Amount | Notes |
|---|---|--|
| Acquisition of 50% ownership of the Nativity Church sites | \$5,000,000 | To be paid at construction loan closing |
| Developer's Fee as development partner | \$400,000 | 50% to be paid at construction loan closing, 50% at certificate of occupancy |
| Commercial income from retail tenants | \$70,000 annually years 1-15 \$130,000 annually years 16-30 \$3,000,000 total | The amount of the commercial income may vary, but the development budget assumes a below market commercial rent, which may be higher |
| Buy out of the Archdiocese after 30 years | \$10,000,000 | To be paid in order for the Archdiocese to give 100% control of the HDFC to the development partners |
| Total | \$18.4 million | |

In brief, we are extending our hand to the Archdiocese to partner with us to create a model senior and low income housing facility, with commercial space for local independent businesses and community spaces that serve the needs of local residents, and that has the strong support of local parishioners and stakeholders. We hope to engage in a dialogue about how to reuse this site in a manner that achieves true social justice and financial value for the Archdiocese, and serve the needs of our struggling senior, low income and homeless populations.

CHURCH OF THE NATIVITY SITE
SENIOR AND LOW INCOME FAMILY HOUSING
OPERATING BUDGET

INCOME

| Unit Type | # of units | Sq. Ft. | Avg. Monthly Rent | Annual Rent | |
|---|-----------------------|---------|-------------------|------------------------|--|
| Commercial units (1st and 2nd Floor) | 3 | 7,200 | \$ 60,000.00 | \$ 720,000.00 | \$100 per sq. ft. |
| Studios (Floors 3 - 12), and a 2 BR for Super on 3rd Floor | 86 | 350 | \$ 635.00 | \$ 655,320.00 | Affordable to people at avg income of \$25,000 |
| 1 Bedrooms (Floors 3 - 12) | 20 | 575 | \$ 875.00 | \$ 210,000.00 | Affordable to households at avg income of \$34,500 |
| 2 Bedrooms (Floors 3 - 12) Community Facility space (2nd Floor) | 10 | 750 | \$ 1,100.00 | \$ 132,000.00 | Affordable to households at avg income of \$45,000 |
| Basement (Mechanical space, laundry room, Office space for program staff) | 1 | 3800 | \$ 1,000.00 | \$ 12,000.00 | |
| Total | 116 Res. Units | | | \$ 1,729,320.00 | |

EXPENSE

| | | | |
|---------------------------------|--|------------------------|--|
| Gas/Fuel | | \$ 120,000.00 | Approx \$1,000 per unit annually |
| Electricity | | \$ 18,000.00 | Common areas |
| Cleaning Supplies/Contracts | | \$ 18,000.00 | Estimate |
| Repair & Maintenance | | \$ 108,500.00 | \$920 per unit annually |
| Management & Admin | | \$ 174,000.00 | \$1,500 per unit |
| Superintendent | | \$ 25,000.00 | Live in super with salary |
| Insurance | | \$ 45,000.00 | Property and liability insurance |
| Elevator Maintenance | | \$ 10,000.00 | 2 elevator banks |
| Water & Sewer | | \$ 36,000.00 | Approx \$300 per unit annually |
| Master Lease (\$39 per sq. ft.) | | \$ 312,000.00 | Annual rent paid to tax credit investors |
| Real Estate Taxes | | \$ - | Article 11 tax abatement |
| Depreciation | | \$ - | |
| Private lender - 1st mortgage | | \$ 611,976.60 | \$7.75 million loan |
| Legal | | \$ 25,000.00 | Estimate |
| Audit | | \$ 6,000.00 | Standard price |
| Consultants | | \$ 10,000.00 | Tax credit consultants |
| Operating Reserves | | \$ 29,000.00 | \$250 per unit annually |
| Capital Reserves | | \$ 29,000.00 | \$250 per unit annually |
| Miscellaneous | | \$ 10,000.00 | |
| Total Expenses | | \$ 1,587,476.60 | |
| Net Income | | \$ 141,843.40 | |
| Debt coverage ratio | | 1.23 | |

**SENIOR AND LOW INCOME FAMILY HOUSING
DEVELOPMENT BUDGET**

| Development Costs | Total Cost | Cost per Unit | Cost Per SF | Notes |
|------------------------------|------------------|---------------|-------------|----------------------|
| Land Acquisition | \$ 5,000,000.00 | | | |
| Construction Cost | \$ 31,000,000.00 | \$267,241.38 | \$ 400.00 | City Council funds |
| Hard Cost Contingency (10%) | \$ 3,100,000.00 | \$26,724.14 | \$ 40.00 | |
| Total Hard Costs | \$ 34,100,000.00 | \$293,965.52 | | |
| Soft Costs | \$ 3,193,200.00 | \$27,527.59 | | |
| Soft Cost Contingency (5%) | \$ 159,660.00 | \$1,376.38 | | |
| Total Soft Costs | \$ 3,352,860.00 | \$28,903.97 | 9.8% | |
| Reserves (operating/capital) | \$ 647,900.00 | \$5,585.34 | | 2% |
| Tax Credit Syndication | \$ 1,550,000.00 | \$13,362.07 | | 9% LIHTC |
| Developers Fee | \$ 1,200,000.00 | \$10,344.83 | | |
| Total | \$ 45,850,760.00 | \$395,265.17 | | \$591.62 per sq. ft. |

Sources

| Funding Sources | Total Sources | Funds per Unit |
|---------------------------|------------------|-----------------|
| Equity | \$ 13,129.60 | \$ 119.36 |
| LIHTC (9%) | \$ 22,575,630.40 | \$ 194,617.50 |
| NYC Council Discretionary | \$ 5,000,000.00 | \$ 43,103.45 |
| HPD SARA Program | \$ 8,762,000.00 | \$ 75,534.48 |
| HDC 1st Mortgage | \$ 9,500,000.00 | \$ 81,896.55 |
| Total | \$ 45,850,760.00 | \$ 1,146,269.00 |

Pre-Development Budget

| | | |
|------------------------------|----------------|-------|
| Architect | \$2,325,000.00 | |
| Geotech (soil borings) | \$ 60,000.00 | 7.50% |
| Legal fees | \$ 120,000.00 | |
| Consultant | \$ 40,000.00 | |
| Phase 1 & 2 Environmental | \$ 25,000.00 | |
| Survey | \$ 12,000.00 | |
| Title Insurance | \$ 150,000.00 | |
| Liability Insurance | \$ 180,000.00 | |
| Tax exemption fees | \$ 2,500.00 | |
| Pre-development interest | \$ 240,000.00 | |
| Miscellaneous costs | \$ 38,730.50 | |
| Pre-development costs | \$3,193,230.50 | |