



FOR IMMEDIATE RELEASE

November 29, 2007

Contact: NYCHA, (212) 306 3322

Jennifer Colman, Phipps Houses – (212) 243 9090 x355

Amanda Pitman, HPD – (212) 863 6166

THE CITY AND PHIPPS HOUSES BREAK GROUND FOR NEW LOWER EAST SIDE AFFORDABLE HOUSING

*Public-private partnership to rehabilitate three
existing structures and construct two new buildings
in Manhattan*

The New York City Housing Authority (NYCHA), the New York City Department of Housing Preservation and Development (HPD), the New York City Housing Development Corporation (HDC) and Phipps Houses broke ground today on the Fabria Houses which will produce 65 new units of affordable housing on the Lower East Side. The work will consist of a rehabilitation of three existing buildings and construction of two new buildings on two vacant City-owned sites as part of Mayor Michael R. Bloomberg's New Housing Marketplace Plan. Forty eight of the new apartments will be one-bedroom units and 17 will be two bedroom units. The existing five-story buildings are located at 410, 426 and 428 East 11th Street and the new buildings will be located at 212-214 East 7th Street and 617-621 East 9th Street in Manhattan. This rehabilitation and new construction is part of an innovative interagency partnership between HPD, NYCHA and HDC to produce 6,000 units of affordable housing, a key element of Mayor Bloomberg's 165,000-unit affordable housing initiative.

The rehabilitation of the three East 11th Street buildings will consist of new apartment layouts for the apartments in the rehabilitated structures with new building systems, elevators and the addition of a sixth floor to the existing five-story buildings. The newly constructed buildings on 9th Street will feature a community room with kitchen for tenant meeting use. Each building will have an elevator and laundry room and there will be landscaped backyards to serve as open recreation space.

"Once again NYCHA has shown that even old buildings can get a new life," said NYCHA Chairman Tino Hernandez. "What we are doing at Fabria Houses demonstrates that NYCHA and our sister City-housing agencies – the Department of Housing Preservation and

Development (HPD) and the Housing Development Corporation (HDC) – can create much needed affordable housing by partnering with the private sector.”

“For two decades New York City has been using land taken in tax foreclosures to develop affordable housing. Now that the City has come back from disinvestment and our neighborhoods are revitalized, our supply of land taken in tax foreclosure is nearly exhausted. To address this issue, the Bloomberg Administration is developing innovative strategies and collaborations to identify new land sources. As the Fabria Houses development demonstrates, our partnership with NYCHA and HDC is yielding success and contributing towards the Mayor’s ten-year housing initiative to build and preserve enough affordable housing for 500,000 New Yorkers, the most ambitious municipal affordable housing plan in the nation,” said HPD Commissioner Shaun Donovan. “I want to thank NYCHA, HDC and Phipps Houses for working to provide affordable housing for long-term residents of the Lower East Side and other New Yorkers, and maintaining a diverse and vital neighborhood.”

“HDC is a committed partner in achieving the production targets associated with the Mayor’s New Housing Marketplace. By working with NYCHA, Phipps and HPD, we had the opportunity to leverage HDC’s assets to forward the goals of affordable housing. HDC is eager to continue working with our public and private sector partners,” said HDC Acting Senior Vice President for Development Joan Tall.

“It has been gratifying to see the City’s major housing agencies – NYCHA, HPD, and HDC – come together with the community, elected officials and Phipps Houses to make new affordable housing units possible on the Lower East Side at Fabria Houses,” said Phipps Houses Group President and CEO Adam Weinstein. “We look forward to many more such partnerships with government and the private sector to produce affordable housing for New Yorkers in need.”

The total development cost is \$21.4 million. NYCHA is providing a 99-year ground lease to the developer Phipps Houses. Phipps Houses Services, Inc., a subsidiary of Phipps Houses, will manage the property. Financing for the development will be provided from a mixture of public and private sources. HDC is providing a \$11.5 million construction loan and \$1.55 million permanent loan from tax-exempt bonds as well as a second mortgage of \$3.57 million at 1% interest. HPD is providing \$3.25 million through the Mixed-Income Rental Program loan. The developer is raising \$8.9 million in equity financing through the syndication of Low Income Housing Tax Credits. In addition, Citibank provided a letter of credit to enhance HDC’s first mortgage and an affiliate of Richman Housing Resources purchased the tax credits.

There will be an ongoing revenue source to NYCHA through a 99-year-lease. In an agreement with Phipps Houses, NYCHA got \$85,000 at the closing of the deal and will receive \$100,000 a year for 10 years and then a percentage of surplus funds after that. The funds will be used to help preserve public housing.

All of the units will be affordable to households earning 60% of the Area Median Income (AMI) which is equivalent to \$42,540 for a family of four or \$29,760 for a single person. Households will receive tenant-based NYCHA Section 8 vouchers. Twenty percent of the units will be set aside for households earning up to 40% of the AMI which is equivalent to \$28,360 for a family of four or \$19,840 for a single household.

The 39 residents of Fabria Houses who were temporarily relocated to facilitate the redevelopment will have the first option to return to the redeveloped buildings. After giving preference to the returning residents, remaining units will be made available to eligible households from NYCHA’s Section 8 waiting list.

NYCHA acquired Fabria Houses from the U.S. Department of Housing and Urban Development (HUD) in the early 1980s as part of the “Disposition of HUD-Owned Projects Program.”