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Development Companies Plan to Maintain Expiring Tax Credit Property's Affordability

By Keat Foong, Executive Editor

DECEMBER 28, 2006 -- Brooklyn, N.Y. -- Two development companies have purchased Spring Creek Gardens, the 582-unit expiring-tax credit affordable housing complex located in Brooklyn's East New York section. The Arker Cos. and The Domain Cos. plan to maintain the development's affordability.



"The project was at risk of being purchased and converted into market-rate housing," Matt Schwartz, principal with The Domain Cos., told MHN. "We assembled a financing plan with a variety of city and state agencies to preserve the project as affordable housing for an additional 33 years."

Spring Creek Gardens was originally developed under New York City's 421(a) housing program, which gives tax abatements to new market-rate housing in Manhattan in return for the development of affordable housing. The site also received federal Low Income Housing Tax Credits (LIHTC), and Schwartz said the compliance period expired in 2005. The developers declined to reveal the property's purchase price and seller.

The new owners will implement a \$51.7 million redevelopment initiative at the low-rise, 6.3-acre site. Improvements will include window, roof, interior kitchen and bath replacements and façade renovations.

The project is financed by a new infusion of LIHTC equity, amounting to \$17 million. CharterMac is syndicating the 4 percent LIHTC. The New York City Housing Development Corp. (HDC) issued \$24 million in tax-exempt bonds under the corporation's Low-Income Affordable Marketplace Program (LAMP). The New York City Department of Housing Preservation and Development (HPD) facilitated the extension of the tax-exempt benefits. The bonds are credit enhanced by Freddie Mac in partnership with CharterMac.

Additionally, a number of energy conservation measures will be implemented by the new owners, who have incorporated green features in other developments. New York State Energy Research and Development Authority (NYSERDA) and the New York State Division of Housing and Community Renewal are providing financing in return for the green-building implementation, said Schwartz.

Spring Creek will be maintained as 100 percent affordable. Units will be affordable to those earning a maximum of 60 percent of median area income, said Schwartz. Rents will range from \$700 for studios to \$900 for two bedrooms. Units measure from about 500 to 1,100 square feet, he said.

"To preserve economic diversity, New York City needs workforce housing that is affordable," said Alex Arker, principal with The Arker Companies. "Our ability to help preserve affordability for New York's working families would not have been possible without the outstanding support of both NYC HDC president Emily Youssouf and NYC HPD Commissioner Shaun Donovan, and their respective teams."

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