

## Mixed-Income Senior Apartment Complex Rises on Site of Historic Former Tuberculosis Hospital

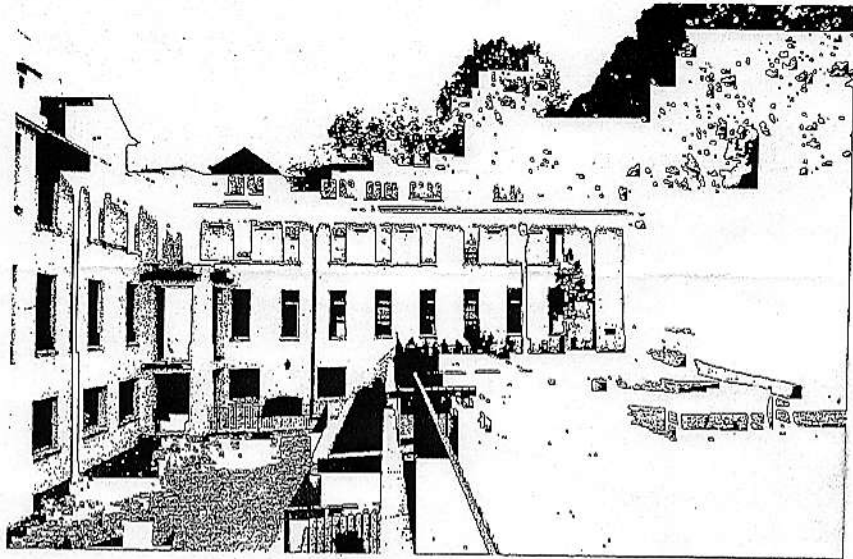
PARK LANE AT SEA View has a rich history.

Since the mid-1800s, the Staten Island, N.Y. site at various times has been used as a municipal poorhouse, sanitarium for tuberculosis patients, and even a pioneer museum.

Today, part of the property is occupied by a \$29.6 million historic rehabilitation project offering 104 mixed-income apartments for seniors plus services and amenities. Placed in service in May 2009, Park Lane at Sea View was developed by a joint venture of The Domain Companies, The Arker Companies, and the Metropolitan Council on Jewish Poverty. Funding sources included federal tax credits, debt, and state and local assistance. Park Lane at Sea View was a finalist project in the 2009 competition for the J. Timothy Anderson Awards for Excellence in Historic Preservation, sponsored by the National Housing & Rehabilitation Association.

Staten Island has the highest percentage of seniors of any of New York City's five boroughs. Until the new project, however, senior rental housing options were limited to older HUD Section 202 senior apartment projects and full-service assisted living facilities.

"Park Lane represents a new model in senior living for Staten Island and will afford Staten Island seniors with the flexibility to design a housing and service program to fit their individual needs," Matthew Schwartz, principal of The Domain Companies, said at the ribbon-



*Park Lane at Sea View, Staten Island, New York*

cutting. Rafael E. Cestero, Commissioner of the New York City Department of Housing Preservation and Development, lauded "the first historical preservation initiative on Staten Island to use green building practices to create first-class, mixed-income rental housing for seniors."

### Housing Plus Services

The development contains 63 one-bedroom, 12 two-bedroom, and 29 studio unit apartments. Fifty-two units are reserved for low-income residents making 60% or less of the area median income (AMI), or roughly \$32,000 for an individual and \$36,800 for a couple. The remaining apartments are restricted to residents making no more than 165% or 180% of AMI. The initial monthly rents ranged from \$807 to \$1,036 for low-income tenants and from \$1,036 to \$1,590 for moderate-income residents.

Free amenities include a fitness center and fitness instructors, a computer center with Internet access, five libraries, a clubhouse, a dining room, and laundry rooms. The property also offers a unique "à la carte" services package. Residents can design a services package to fit their individual needs and budget, choosing from meals, housekeeping, and/or laundry for additional charge.

The project occupies two renovated Spanish Mission-style historic buildings, listed on the National Register of Historic Places, first constructed in 1912 and 1932. The site was originally developed in the mid-1800s as the New York City Farm Colony, a municipal poorhouse, and converted in the early 1900s for use as the Sea View Tuberculosis Hospital. The hospital was created to house and treat tuberculosis patients, in

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the belief that the fresh air at the site – the city's highest point – would aid treatment of the disease. The cure for tuberculosis was discovered at the hospital in the 1960s.

In 1974, after a new geriatric hospital building was dedicated, Sea View's focus shifted to long-term care and rehabilitation, and most of the 25 historically significant structures that made up the original hospital facility were closed. One building continued on as Stiversa Bethel Museum, the first health care museum in New York State. But the remaining structures were abandoned and eventually fell victim to severe decay and vandalism. The city tried five times over the years to redevelop the site and

buildings, without success.

However, in 2004, the city made another attempt and through a competitive process selected the development team of The Domain Companies, The Arker Companies, and the Metropolitan Council on Jewish Poverty. Their proposal, for Park Lane at Sea View, entailed the historic rehabilitation and adaptive re-use of two of the original hospital buildings – a former dormitory for nurses and one of the 17 “cottage” buildings where patients once resided. The developers acquired the site through a 99-year subsidized lease with the New York City Health and Hospitals Corporation. The site is part of the 70-acre campus of the Corporation's Sea View Hospital and Rehabilitation Center and Home, a 304-bed long-term care facility. The campus in

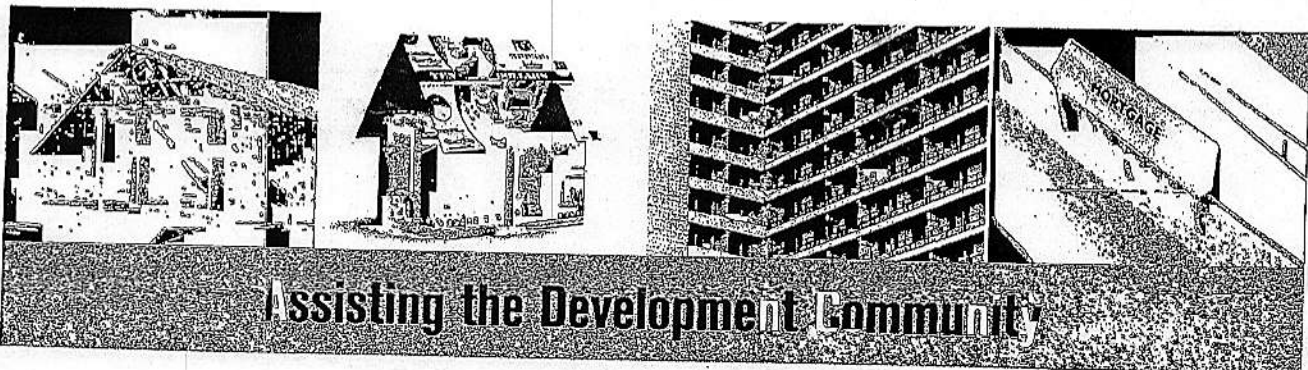
turn is within a protected natural district, the 2,200-acre Staten Island “Green Belt.”

**Funding Sources**

A mix of funding sources and subsidies financed the \$29.6 million development.

A major chunk was more than \$14 million in equity provided by New York-based syndicator Centerline Capital Group, from the syndication of federal low-income housing tax credits and historic rehabilitation tax credits received for the project.

Additional sources included a construction loan from Bank of America that converted to a Fannie Mae permanent mortgage, a sizable soft loan (30 years, zero interest)

**Park Lane,***continued on page 12***Assisting the Development Community**

Pepper counsels on all aspects of the multifamily housing process. Developers, lenders, owners, public agencies, nonprofits, syndicators, investors and others rely on our 40 years of experience with federal housing programs and related matters. Our lawyers are veterans of HUD, Fannie Mae, the IRS, state and local agencies, and Congressional committees, and are involved daily with HUD's 2530 previous participation process, REAC and APPS program officers.

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from the New York City Department of Housing Preservation and Development, deferred development fees, and a soft loan from the New York State Energy Research and Development Authority. The Authority's soft loan helped pay for energy efficiency features; Park Lane at Sea View is the first historic rehabilitation project assisted by an Authority program that supports the development of "green" affordable housing.

The project also received 30-year property tax relief through the city's J-51 Program.

Schwartz said the project closed in 2007 and received pricing for the housing and historic credits in the "high 90s" in cents per credit dollar.

**Development Challenges**

Schwartz said multiple design and environmental issues had to be addressed in developing the project. The environmental issues largely stemmed from the site's location in the special natural district.

The design challenges centered around how to renovate the historic buildings in a way that would facilitate the reuse of the structures as modern apartments for seniors, yet also be capable of winning approval from the state historic preservation office (SHPO) and National Park Service of the rehab plans, which is necessary to qualify a project for the federal historic tax credit.

Schwartz said both the nurses' residence building, which contains 96 of the new apartments and all the amenities, and the cottage, had to be reconfigured to create modern apartments.

The former nurses' residence building had small housing units along corridors on the structure's three upper floors, with a narrow wooden door at the entrance to each unit. The Park Service insisted on keeping the corridors and wooden doors, even though the original housing units were very small, the doors spaced close together, and the doorways too narrow to meet code. A Dallas-based interior design firm developed the solution, which involved keeping the corridors, restoring the wooden doors but sealing them, and installing functional new doorways that provide the entrance to each unit but stand out from the sealed doorways due to the hallway carpeting pattern. The entire interior of the building, other than the corridors and wooden

doors, was gutted in order to create the apartments and common spaces. The building's remaining original windows were removed, restored off-site, and reinstalled.

In addition, the land on one side of the building had to be excavated to allow natural light on the first floor, to accommodate residential use. The excavation created two courtyards that are used as gardens by residents where they grow fresh foods, flowers, and herbs. The developers had to get the Park Service and SHPO to approve the excavation, since this would be a substantial alteration of the building, but succeeded with an argument that the building couldn't be reused efficiently for residential apartments, and the deal wouldn't work, without the excavation. ■

**Park Lane at Sea View - Source and Uses Summary**

| SOURCES*                                     |                     |
|--|---------------------|
| Historic Tax Credit Equity.....              | \$9,321,423         |
| Low-Income Housing Tax Credit Equity.....    | \$5,269,000         |
| First Mortgage.....                          | \$5,200,000         |
| Soft Loan - NYCDHPD.....                     | \$8,000,000         |
| Soft Loan - NYSERDA.....                     | \$300,000           |
| Deferred Development Fees.....               | \$1,575,295         |
| <b>Total Sources.....</b>                    | <b>\$29,665,718</b> |
| USES   |                     |
| Acquisition Costs**.....                     | \$1                 |
| Hard Costs.....                              | \$22,689,610        |
| Architecture/Design/Historic Consulting..... | \$1,017,679         |
| Financing Costs.....                         | \$700,601           |
| Soft Costs.....                              | \$1,462,590         |
| Development Fees.....                        | \$3,795,238         |
| <b>Total Uses.....</b>                       | <b>\$29,665,718</b> |

\* Financing includes 30-year tax abatement/exempt through city J-51 Program.  
 \*\* Property acquired through 99-year subsidized lease.