

Residential Real Estate

Complex Puts Middle Class Into Mix

By RACHELLE GARBARINE

A 230-apartment building under construction in East Harlem will be the first in the city to mix market-rate rentals with units reserved for both low-income and middle-income families.

The U-shaped complex will fill the west side of First Avenue between 100th and 101st Streets, and apartments will range from studios to three-bedroom units. Half of them will be leased at market rents of about \$1,250 to \$2,500 a month.

Twenty percent will be leased for \$399 to \$653 a month to low-income tenants with annual incomes of \$16,000 to \$31,400, depending on family size. The remaining 30 percent will be rented for \$1,025 to \$1,775 to families in the city's middle-income classification, with income of \$41,000 to \$157,000 a year.

The seven-story, \$52 million building, at 1955 First Avenue, is being developed by 100 Street Tri Venture L.L.C. of Manhattan under a city plan aimed at producing more mixed-income housing.

For keeping half the units affordable to middle-income and low-income renters, the developer will get \$44 million in tax-exempt bond financing as well as \$2.75 million in subsidies from New York City's Housing Development Corporation. J. P. Morgan Chase is guaranteeing the bonds during construction, and Fannie Mae, the federally chartered mortgage purchase corporation, will guarantee them when the building is complete. The rest of the financing will come from the developers.

Charles A. Brass, president of the city's housing corporation, said his group, with Fannie Mae, came up with the plan as an alternative way to finance 1955 First Avenue. Originally, the project was to have 80 percent of its units as market-rate apartments and the rest as low-income units. Mr. Brass said that adding the middle-income component would reduce the market risk of so large a project for the developer and produce a bigger mix of affordable units for the community.

This financing method also "enables us to stretch our money farther, giving us more bang for our buck," he said. The average subsidy



Magnusson Architecture and Planning

A rendering of a 230-apartment rental complex being built at 1955 First Avenue in East Harlem. Market-rate units will begin renting in the fall.

per unit at the East Harlem project is \$25,000, compared with \$30,000 to \$35,000 per unit in other programs.

Alan H. Wiener, chairman of American Property Financing of Manhattan, which Fannie Mae designated as its lender for 1955 First Avenue, said the technique could be applied to other projects. Mr. Brass said there was the potential to do two to three such projects a year, producing up to 500 mixed-income units.

For Tri Venture, the financing plan "made it easier for us to proceed" when lenders are more cautious, said Ron Moelis, a principal of the development company. It is made up of L & M Equity Participants, BFC Partners and River Equities, all New York companies.

Mr. Moelis said the project would be easier to lease thanks in part to the middle-income units, which would appeal to renters who had been "totally underserved."

The building is rising on a city-owned site conveyed to the developers by the city's Department of Housing Preservation and Development. Until recently Harlem RBI, a nonprofit group, used the site for a baseball field. The developers have agreed to create a new field for the group on adjacent city-owned parkland by the spring of 2004.

The project "demonstrates the

feasibility of developing new multi-family housing on vacant city-owned land," said Jerilyn Perine, commissioner of the Department of Housing Preservation and Development. "And it is a significant accomplishment to do so under this new financing program, which for the first time brings mixed-income New Yorkers together under one roof," she added.

The apartments will have 500 to 1,200 square feet each and some will also have terraces. Market-rate apartments will be on higher floors and somewhat larger than the income-limited units, but all will have the same level of finishes and amenities. The building will have an undulating brick facade and overlook a landscaped courtyard facing the parkland.

Planned amenities include a laundry room, an exercise room and a 110-car garage. There will also be 15,000 square feet of retail space along First Avenue. Costas Kondylis & Partners with Magnusson Architecture and Planning, both of Manhattan, designed the building, where leasing of the market rate units is to begin next fall.

Tenants for the affordable apartments will be selected in a lottery, which will be supervised by the Housing Development Corporation.