

Crown Heights / Flatbush – NEP II

1604 Bedford Avenue; 117 Crown Street; 727 Flatbush Avenue; 888 and 901 Franklin Avenue; 141-145 Montgomery Street; 831 East New York Avenue; 1289-1291 Nostrand Avenue; President Street; 200, 218, 229, 298 and 434 Rogers Avenue; 300 and 388 Rutland Road; 175 Sterling Place; 414-416 Utica Avenue Brooklyn, New York • 11203, 11213, 11217, 11225 and 11226

Census Tracts: 161, 213, 321, 323, 325, 827-355, 796, 800, 802, 1146 804, 820 and 876

PMSA: 5600

Project Basics

This \$10.3 million scattered-site project will renovate 18 buildings in a two square-mile area to provide 79 units of affordable housing in Brooklyn. While some buildings require only moderate rehabilitation, others will be completely gutted and redesigned. After rehabilitation, the project will offer a mix of one studio apartment, 26 one-bedroom apartments, 31 two-bedroom apartments, 14 three-bedroom apartments, and seven four-bedroom apartments.

This project is being developed under the Neighborhood Entrepreneurs Program (NEP). The NEP is a joint venture between the New York City Department of Housing Preservation and Development and the New York City Housing Partnership, and involves the rehabilitation of clusters of partially occupied city-owned buildings throughout metropolitan New York.

Neighborhood

This project cluster is located in Brooklyn’s Crown Heights / Flatbush neighborhood. The area population is primarily of European, Caribbean, Asian, and Latino descent. Among pockets of deteriorated or undermanaged residential buildings, the housing stock in the area is a mixture of multi-family dwellings and one- and two-family homes. The district is home to the Kings County Hospital Center, one of the largest medical complexes in the world. The area also features the Brooklyn Museum, Botanical Garden, and Public Library. The neighborhood is well served by subway and bus lines.

Project Impact

By substantially rehabilitating multiple existing

buildings, eight of which are currently vacant, the Crown Heights / Flatbush project will help to eliminate the economically blighting influence—as well as the safety and environmental hazards—of vacant and deteriorating buildings in Brooklyn.

Sponsor

The Affordable Housing Real Estate Corporation (AHREC) is a full-service real estate development company founded in 1992. With expertise in construction oversight, relocation, and property management, AHREC manages and/or owns approximately 350 residential units in five buildings.

Community Development Objectives

- *Qualified investment amount:* \$4,505,069*
- *Innovativeness or complexity of investment:* The Crown Heights / Flatbush project involves private sector resources in the revitalization of low-income neighborhoods, a task too often assumed to be the responsibility of local, state, and federal government. This project is part of a large-scale programmatic effort to return ownership of scarce housing resources from the public sector to capable community-based organizations.
- *Responsiveness of qualified investment to community development needs:* This project will provide quality housing to a community in need of affordable apartments. Seventy-five percent of its units will be leased to households whose income is less than 50 to 60 percent of the area median income. As its rehabilitation removes the blighting influence of deteriorated property, the Crown Heights / Flatbush project encourages further reinvestment in the community.

(over)

* Gross equity includes syndicator fees and bridge interest.

Community Development Objectives (continued)

- *Degree to which qualified investment is not routinely provided by private investors:* The high costs of redevelopment in the New York rental market make it impracticable for for-profit developers to provide low-income housing of this sort. Without the subsidies and incentives available to nonprofit developers, this kind of redevelopment would be financially unworkable.

Financing

Total Development Costs	\$10,327,494	
Sources		
NYC / HPD Article VIII Mortgage Loan	\$1,250,000	@ 0.25% interest, 30-year term
NYC / HPD Article XVI Mortgage Loan	\$1,557,608	@ 0.25% interest, 30-year term
NYC / HPD HOME Loan	\$3,948,199	@ 0.25% interest, 30-year term
Deferred Developer Fees	\$525,000	
General Partner Capital	\$100	
NYEF00 Net Equity	\$3,046,587	
Total Sources	\$10,327,494	
Construction Financing		
There is no separate construction financing for the project.		