

Above and Beyond

Developer utilizes unused 'development rights' to build affordable senior housing on top of existing occupied building in the Bronx



In what could be a first in the world of affordable housing, Foxy Management is using unused development rights to provide 167 units of senior housing above an existing building that's currently occupied by United Cerebral Palsy of New York.

The 1880 Boston Road Senior Apartments, located in the West Farms section of the Bronx, will add another eight stories to the building. It comes several years after a previous attempt to build affordable housing on the site failed and another developer constructed the existing property.

"We essentially were not able to put together a low-income housing deal that made sense at the time, so [another developer] went ahead and constructed the facility that is sitting there today," says Jeff Fox, Executive Vice President at Foxy Management. "And so now, we are using that space above to build on top of an existing building."

AN EVOLVING PROJECT

When the firm first entered the most recent agreement with the building owner, the property was completely vacant. Original plans called for the owner to build a ground-floor community space, with Foxy Management taking over from there. However, an uneasy Low-Income Housing Tax Credit (LIHTC) market at the time called for a different approach.

In 2014, Foxy Management responded to a request for proposal from the New York City Housing Authority (NYCHA) for project-based Section 8 vouchers, and the firm went on to receive the award. It initially got approval for 25 percent of the units to be project-based vouchers.

Then, in March 2016, the city approved an amendment to its zoning code, known as Zoning for Quality and Affordability (ZQA).

"ZQA created a new category of housing for Affordable Independent Residences for Seniors [AIRS]," Fox says. "If you are constructing an AIRS property within what is now defined in the code as a transit zone, then you qualify for certain zoning benefits. Essentially, by creating this amendment, the city has provided incentives for developers of affordable housing, and even more specifically, affordable housing for seniors. ZQA played an instrumental role in steering us towards doing the project as affordable senior housing."

The ZQA also eliminated the requirement to include parking at the site, something that would have been difficult to do, according to Fox.

"Because there was an existing building there, [parking] just wasn't possible," he says. "We were going to have to go directly to the mayor and get a waiver, which may have taken years."



Foxy Management

Executive Vice President :: Jeff Fox | Location :: New York City, New York



Additionally, the ZQA provided an exception to density requirements for affordable senior housing, allowing the developer to incorporate more units into the property's footprint. And, NYCHA increased Foxy Management's Section 8 voucher award to 100 percent.

"We received project-based Section 8 rental subsidy for all the rental units, which allows the total rent collected to be higher, while tenants' out-of-pocket payment is never more than 30 percent of their income," Fox says. "That allows us to carry a larger first mortgage. And when you take that together with robust Low-Income Housing Tax Credit equity rates—which still existed at our closing—and the subsidy dollars that came in through the city under its senior programs, we were able to make the project work without any funding gaps."

HARNESSING EXPERTISE

The general contractor, Lendlease, played an important role in allowing Foxy Management to move ahead with the unique arrangement. Lendlease Executive Vice President Joe Maraia, in his capacity as a private developer, developed and constructed the original building.


"He had intimate knowledge of the structural design, the mechanical design, the tenants below and their various needs," Fox says. "Lendlease was not engaged to do a design/build, but they almost served in that capacity. [Lendlease] provided a great deal of insight in reviewing and analyzing the plans and identifying areas where we should be modifying the design, essentially to avoid any complications down the road."

In addition to Lendlease, Alembic Community Development and an affiliate of the Hebrew Home at Riverdale are key partners in the effort.


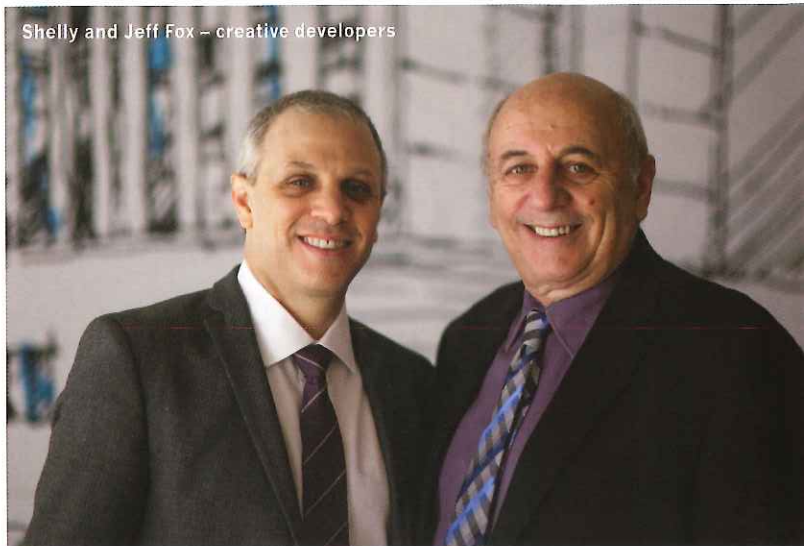
Inside the property will be nearly 4,000 square feet of community and recreational space, providing a place for residents to meet, get to know each other and hold events. There will also be laundry rooms on every other floor and 24/7 on-site security.

And Fox says there is an interest in putting solar panels on the roof, although those plans have yet to be finalized.

"We are always looking to use green initiatives wherever we can to both save money on energy, as well as reduce our carbon footprint," he says. "The solar panels would be able to power all or most of the community space in the building."

Financing for the \$77.8 million Boston Road Senior Apartments project comes from a combination of New York City Housing Development Corporation (NYCHDC) tax-exempt bonds and subsidy, New York City Department of Housing Preservation and Development (NYCHPD) Senior Affordable Rental Apartment (SARA) funds and syndicated tax credit equity. 

Shelly and Jeff Fox – creative developers



Lendlease is proud to be the General Contractor for the **1880 Boston Road Senior Apartments** project for Developer **Foxy Management**.

Lendlease (US) Construction LMB Inc.
200 Park Avenue, New York, NY 10166
T 212 592 6700 F 212 592 6988 www.lendlease.com

