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GREATER NEW YORK

PROPERTY

Related Sets Housing Accord

By LAURA KUSISTO

Related Cos. will preserve three affordable complexes in prime locations for lower-income tenants for another 35 years, marking a success in the city's campaign to keep affordable units from changing to market rates.

Related in the 1980s acquired two complexes, the Terrific Tenements on West 47th and 48th streets and North Park at 20 W. 102nd St., with 210 units in total.

The developer last year also acquired New Horizons, a 48-unit affordable housing development at 200 W. 111th St., which it has renovated and preserved as an affordable complex.

The 20-year contracts with the city to keep all three properties affordable were set to expire around this time. Affordable units are reserved for tenants whose incomes are at or below 60% of the city median, or \$47,520 for a family of four.

The buildings' neighborhoods, in Hell's Kitchen and near Central Park, have become much more attractive places for market-rate development in recent years.

"This was the juncture point, where Related or any private developer could make a decision to take them market," said Marc Jahr, president of the Housing Development Corp. "They could get a ton of money in rent if they go market with these projects."

Related's acquisition and renovation costs for the three projects total \$102 million. As part of the incentive for the developer to keep the buildings affordable, the Housing Development Corp., a quasi-public lender for affordable-housing projects, provided \$71 million of tax-exempt loans.

The city has turned its focus recently from creating more affordable units to persuading developers to keep existing units affordable, as part of an \$8.5 billion initiative. For every affordable unit that HDC has helped create since 2003, it has been



able to preserve two, according to Mr. Jahr.

The recession has actually helped the city dissuade developers from cashing in on affordable housing.

"In this soft market, the incentives for developers to go market rate on a lot of stuff has been really diminished," said Mr. Jahr.

Related, which started as an affordable-housing company nearly 40 years ago, has preserved or created more than 15,000 units over the last 10 years, of which about 80% were ones it preserved.

"Most recently, as it's become more difficult to build new and as affordable housing stock is one of the scarcest resources out there, our commitment is to preserve it," said Bruce Beal Jr., an executive vice president at Related.

The apartment complexes at 527 W. 47th St., above, and 425 W. 48th St., below, will remain as affordable housing under a pact with Related.



Rob Bennett for The Wall Street Journal (2)