

NCSHA 2009 Annual Awards

Subcategory: Special Needs Housing--Housing for Person's With Special Needs

HFA: New York City Housing Development Corporation

Name of Entry: Tanya Towers Preservation and Renovation

THE PROJECT: THE BUILDING and ITS RESIDENTS

Tanya Towers is a 138-unit affordable rental property located on the Lower East Side of Manhattan, at 620 East 13th Street. The development provides essential housing and supportive services to low-income individuals who are deaf or hard of hearing, and/or may have other disabilities, and their families, with the New York Society for the Deaf leasing 36 of the buildings' units and United Cerebral Palsy (UCP) leasing 17 units. Of the 142 current tenants residing in the facility's 138 apartments, 15 receive subsidies from UCP, 35 are served through the New York State Office of Mental Health (OMH), and 30 receive support through various Section 8 subsidies. Excluding the UCP clients, more than 50% of the tenants are senior citizens; 56 are deaf or hard of hearing; 13 are deaf and blind (six supported through OMH); and four are blind.

BACKGROUND:

The property is owned by Tanya Towers, Inc., a not-for-profit housing corporation which is a subsidiary of Federal Employment Guidance Services (F·E·G·S), a 501(c)3 corporation and one of the largest health and human services organizations in the U.S. In 2006, unable to sustain its ongoing operations, the New York Society for the Deaf (NYSD), a 100-year-old agency, sought assistance through a merger with F·E·G·S so that its services to deaf and hard of hearing individuals across New York City would receive the essential infrastructure, management, and program operational support to continue and to grow to meet the needs of this community. With the merger, F·E·G·S absorbed Tanya Towers and three other critically-needed housing programs for low-income individuals with special needs.

As the largest and oldest of the four former NYSD residences, built in 1971, Tanya Towers required the most extensive and significant capital renovations and environmental enhancements. Tanya Towers was one of the first affordable community housing developments for the deaf and hard of hearing in New York City. Over the course of the past ten years, the property had been seriously neglected due to the poor financial condition of NYSD. The building needed to modernize the elevator equipment, replace the boiler, install emergency lighting, an emergency

call system and other less serious needs resulted from deferred maintenance: re-painting, re-flooring and the upgrading apartment appliances.

In order to carry out these significant capital renovations and environmental enhancements while addressing several urgent physical plant needs at Tanya Towers Residence, F·E·G·S was interested in refinancing its existing mortgages and sought a loan from the New York City Housing Development Corporation (HDC). In early 2009, under HDC's Mitchell-Lama Preservation Program, HDC granted a new Mortgage Restructuring and Repair Loan of \$8,959,029 in order to allow this property to make much needed capital repairs while securing it over the long term as affordable housing for special needs tenants. The loan closed on January 30, 2009.

MITCHELL-LAMA

Tanya Towers is a state-regulated Mitchell-Lama development, built under a program enacted by New York State in the mid-1950s as a way to promote and facilitate the construction of affordable rental and cooperative housing throughout New York State. The Mitchell-Lama law stated that after twenty years from the occupancy date, the mortgagor is allowed to prepay its mortgage, releasing the obligation of staying in the affordable housing program and giving owners the right to raise rents to market value. HDC created the Mitchell-Lama Preservation Program as a means to raise funds for major repairs and upgrades, encouraging owners to keep their properties within the Mitchell-Lama guidelines and thus preserving affordable housing in New York City. The Mitchell-Lama preservation initiative has two financing options, the Repair Loan Program and the Mortgage Restructuring Program.

THE TRANSACTION:

The refinancing of Tanya Towers under HDC provides for the rehabilitation of Tanya Towers, allowing the building to continue to serve its special needs community with well-maintained affordable housing and improved standards of living. The transaction involved a decoupling of the Interest Reduction Payments (IRP) previously in effect with respect to the existing first and second mortgages, with the IRP income stream used to support new debt. Out of the total HDC financing of \$8,959,029, the loans were structured as a first mortgage in the estimated amount of \$6,468,592 at an interest rate of 6% for 30 years, and a subordinate mortgage of \$2,490,437 as a balloon payment due at the end of 30 years and at 0% interest.

THE PROJECT: SCOPE

The housing company has proposed a two-year timeline for repairs and upgrades at Tanya Towers that are anticipated to generate at least 5% in operational efficiencies. The renovations will modernize all infrastructure and interior spaces, update security features, and make life comfortable for this multi-handicapped resident population that cannot easily or safely live in buildings not adapted to their needs. The work and related expenses total approximately \$4,500,000. Now in the design stages, the repairs include elevator modernization, boiler replacement, new windows, concrete work and unit upgrades. Some items, such as the emergency generator installation and emergency call system installation, are tailored to be responsive to the specific needs of the building's special needs community. Most of the work will be funded from the HDC repair loan of almost \$3,000,000. HDC's loan will further provide for façade and sidewalk repair, apartment flooring and appliance replacement, intercom console replacement, emergency lighting installing, community room renovation, painting of building and common areas, landscaping of the rear community recreation area, and rehabilitation and renovation to modernize the lobby.

Integral to this project is a variety of green building alternations to reduce the overall energy and water consumption and to improve additional sustainability standards. Through the installation of a solar heating system, energy-efficient light fixtures with occupancy sensors, green roofing and an extensive rehabilitation of the façade to increase its thermal resistance, Tanya Towers will be able to achieve a high level of energy savings. Additionally, upgrading the boiler to more efficient and cleaner burning fuels, installing water conserving plumbing fixtures and the general use of recycled and low VOC building materials will greatly improved the environmental performance and achieve LEED certification for this project.

Through HDC's Mitchell-Lama Preservation Program, F·E·G·S will be able to fulfill its long-term commitment to the deaf and hard of hearing, the mentally ill, developmentally disabled and senior communities served by the Tanya Towers residence. The Tanya Towers rehabilitation is a prime example of HDC's leadership and responsiveness in providing and preserving exemplary affordable housing and services for persons with special needs through the Mitchell-Lama Preservation Program.