

Addressing Housing Crisis Through Hotel- to-Residential Conversions

New York City Housing Development Corporation
Rental Housing: Encouraging New Construction

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Over the course of the COVID-19 pandemic, New York City’s hotels were significantly impacted by an unprecedented economic crisis as record low occupancy rates and high operational costs led to tremendous financial losses across the industry. Across all five boroughs, hotel operators were forced to significantly reduce service and lay off staff, while some had to close operations completely. During this time, New York City’s government leaders, as well as stakeholders throughout the housing and hospitality industries, recognized the scale of this crisis and sought solutions that would aid the conversion of struggling hotels into much-needed affordable homes. By offering incentives to facilitate hotel-to-residential conversions, the City was able to deliver relief to the hotel industry while also creating a new pathway to create affordable housing quickly and efficiently. Moreover, the City needed to build new housing that reflected the growing needs of New York City’s residents, which included the creation of more senior housing, as well as the expansion of supportive housing to help a growing population of adults experiencing homelessness remain in permanent housing.

In order for the hotel-to-residential conversion effort to move forward, the City needed to secure several policy changes at the state and local level. In 2021, New York City successfully advocated for the passage of the New York State [Housing Our Neighbors with Dignity Act \(HONDA\)](#), which created a new program to provide nonprofits with a source of financing to purchase, acquire, and convert distressed hotels into permanently affordable or supportive housing. Governor Kathy Hochul and the New York State Legislature also enacted a critical piece of legislation [S4937C](#) that amended New York’s Multiple Dwelling Laws to permit hotels that are within or near a residential district to be used as permanent housing without requiring a new or amended Certificate of Occupancy. Further, in June of 2022, Mayor Eric Adams released his housing plan, “Housing Our Neighbors: A Blueprint for Housing and Homelessness”, in which he pledged the Administration’s support to remove key zoning and regulatory barriers in order to facilitate the conversion of eligible hotels into affordable and supportive housing.

Amid the City and State’s efforts to aid hotel conversions, HDC and its partners sought to identify potential hotels that would be suitable to convert into affordable and supportive housing. Our efforts, which are detailed in the case studies below, led to the issuance of over \$121 million in 501(C)(3) bonds across two developments, leveraging over \$312 million in low interest loans, subsidy, grants, and tax incentives to create 809 affordable homes, including 497 formerly homeless units and 246 permanently affordable units. The 501(C)(3) tax-exempt bond financing deployed by HDC helped to conserve valuable new volume cap while providing investors with the benefits associated with such financing, including exemptions from key state and federal taxes and lower interest rates compared to conventional lenders. Further, both of these projects benefitted from local tax abatement incentives and low-cost subsidy loans issued by the City’s local housing agencies.

Case Study #1: 90 Sands –

90 Sands closed on its construction loan in October 2020. This redevelopment effort was financed in part by the issuance of HDC tax-exempt Sustainable Development 501(C)(3) bonds (\$70,405,000), which helped to fund the repositioning of a former Jehovah’s Witnesses’ hotel into a 30-story, 491-unit affordable and supportive housing project located in the DUMBO neighborhood of Brooklyn. Breaking Ground, a New York City-based nonprofit developer and supportive service provider, developed the project through HDC’s Preservation Program and the NYC Department of Housing Preservation and Development’s (HPD’s) Supportive Housing Loan (SHLP) program. The building provides 185 affordable homes for extremely low- to moderate-income households, in addition to 305 supportive housing units dedicated to formerly homeless households.

90 Sands also offers two commercial spaces, the first of which is occupied by Community for Urban Services (CUCS), a nonprofit social services provider, along with Janian Medical Care, which provides psychiatric and primary medical care services to homeless and formerly homeless individuals throughout the City. The second space is currently under lease negotiations for a local business.

The project also features a 24-hour attended lobby, security camera system throughout, a multipurpose room for community events and meetings, a digital library, a fitness room, and extensive bike storage. Further, 90 Sands includes a newly activated plaza for public use at the corner of Sands Street and Jay Street, providing a new green space to the Downtown Brooklyn and Dumbo communities.

As part of the redevelopment of 90 Sands, the City worked closely with Breaking Ground to implement a pilot program that allows for clients experiencing homelessness to be directly referred from street outreach and transitional housing programs to supportive apartments. This streamlined process — made possible by cross-agency collaboration — cuts the time it typically takes to complete a permanent housing placement by more than two months. Eligible tenants who qualified for supportive housing at 90 Sands must have been formerly homeless and diagnosed with either a substance-use disorder or a serious mental illness.

On November 3rd, 2022, New York City Mayor Eric Adams and project partners celebrated the opening of 90 Sands. The redevelopment of 90 Sands involved refreshing the existing units, including replacement of carpets with durable flooring, converting from gas to electric ovens, updating the fire and smoke alarm systems, replacing lighting with energy-efficient LEDs, replacing plumbing fixtures with more water-efficient fixtures, and upgrading HVAC systems with more energy-efficient models. The original hotel lobby was reconfigured to create a mail area and a multipurpose room.

The housing lottery for 90 Sands was held in July of 2022 and resulted in a total of 64,579 applications received which is indicative of the great need for affordable housing throughout the city.

Case Study #2: Baisley Pond Park (aka - JFK Hilton Conversion) –

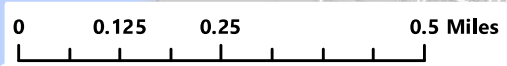
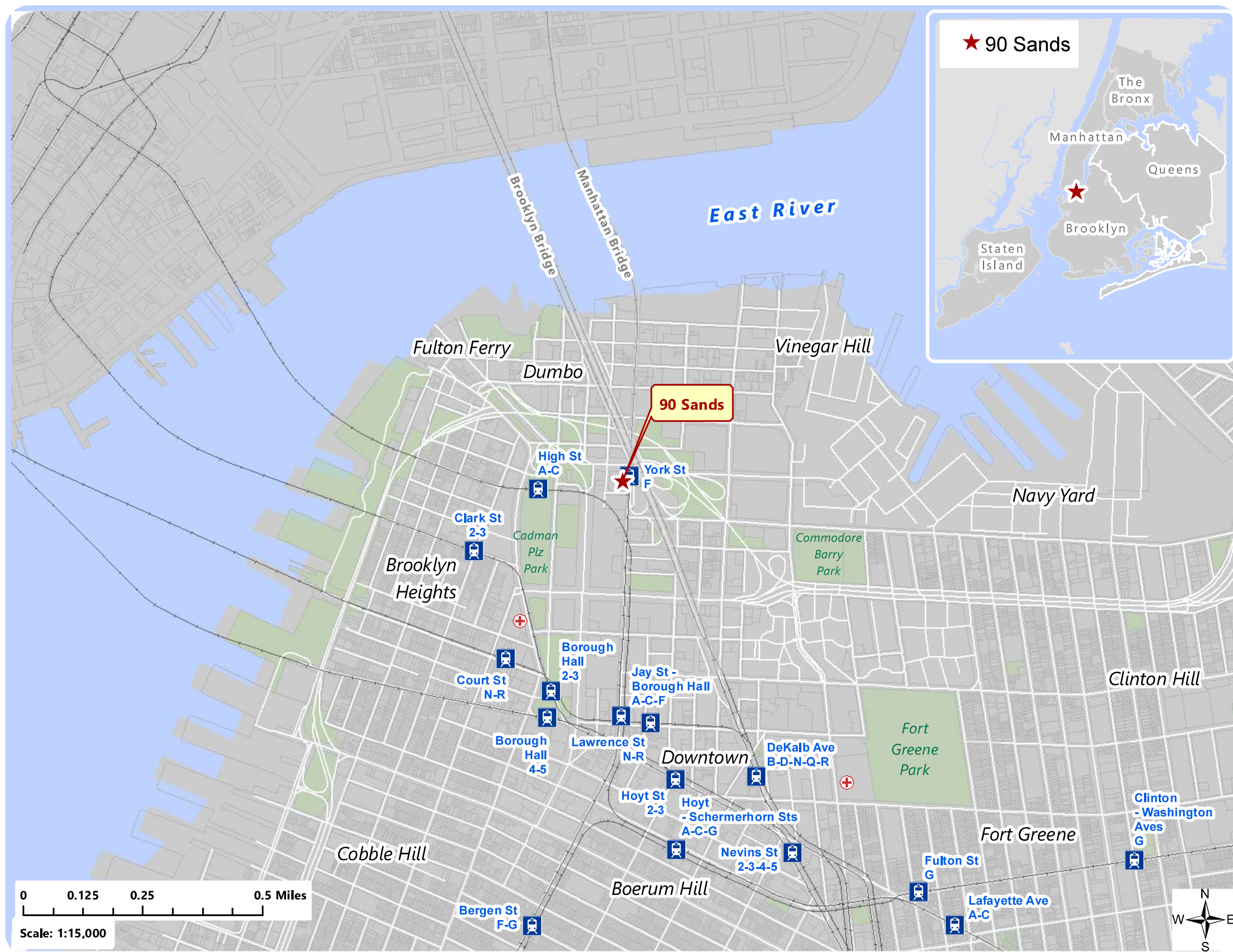
Baisley Pond Park closed on its construction loan December of 2023. The project involves the acquisition and repurposing of the JFK Hilton Hotel, in the South Jamaica neighborhood of Queens, into permanent affordable housing. The development was partly financed with the issuance of \$50,860,000 in 501(C)(3) bonds. The resulting residential project will be a 12-story, 318-unit building jointly developed by the Slate Property Group and the nonprofit Riseboro Community Partnership under HDC's and HPD's *Extremely Low & Low-Income Affordability (ELLA)* program.

This conversion will entail the transformation of an active hotel of 350 residential rooms to 318 permanently affordable homes, which will range in size from studios to two-bedrooms. Eligible annual household incomes range from 30% to 60% of the Area Median Income (AMI), with 192 units designated for formerly homeless households. The developers are on schedule to complete this redevelopment in just 21 months, compared to the standard 36 months that it takes to build a conventional ground-up affordable housing development.

This development represents the first use of CityFHEPS shelter-based subsidy in a permanently affordable housing deal. CityFHEPS, one of New York City's rental assistance programs, supported the 192 homes that will serve formerly homeless households at Baisley Pond Park. The CityFHEPS Master Lease Contract was customized to ensure the development would receive enough guaranteed operating income to cover operating expenses; helping to add a layer of financial stability to this project. Also, under the CityFHEPS Master Lease Contract rents are based on Fair Market Rents (FMRs) and the owners are allowed to apply for rent increases each year; allowing the owners to keep pace with inflation.

As part of the hotel conversion process, the developer is installing kitchenettes, in addition to redesigning and replacing the bathrooms. All building and mechanical systems will be overhauled, replaced and upgraded; only existing pipes will remain unaltered. Additional upgrades include life safety systems (sprinkler, re-alarm, etc.) and apartments will be retrofitted to meet the code-mandated light and air requirements and required HVAC improvements. The building is all-electric, including electric heating and central air conditioning; all utilities are master metered.

Amenities at Baisley Pond Park will include a community facility on the ground floor, in which Riseboro will provide on-site social services. Further, there will be a community room, recreation room, indoor garden, fitness room, laundry facilities and publicly accessible open space. The industrial kitchen will be used for a Meals on Wheels program, a community-based program that provides meals and nutritional and social support to addressing senior hunger and isolation. The building will retain approximately 23 parking spaces, which will be used for staff parking. Residents who prefer street parking will be able to take advantage of the ample street parking available in the neighborhood. In the future, Riseboro plans to provide shuttle services to the subway and grocery stores nearby.



Scale: 1:15,000



90 Sands
 Block: 87 Lot: 9
 Brooklyn, NY

Program: 501 c3 Bonds
 Units: 491

SOURCES AND USES

Construction Sources		per DU	% of total
HDC 1st Mortgage	70,405,000	143,391	26%
HDC 2nd	6,000,000	12,220	2%
HPD 3rd SHLP + Reso A	157,000,000	319,756	59%
Deferred Interest	22,110,777	45,032	8%
Deferred Developer Fee	1,000,000	2,037	0%
Enterprise Settlement Funds	10,000,000	20,367	4%
Sponsor Loan	1,000,000	2,037	0%
GAP / (SURPLUS)	(0)	(0)	0%
TOTAL SOURCES	267,515,776	544,839	100%

Permanent Sources		per DU	% of total
HDC 1st Mortgage	70,405,000	143,391	26%
HDC 2nd	6,000,000	12,220	2%
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TOTAL SOURCES	267,515,776	544,839	100%

Uses		per DU	% of total
Acquisition Cost	170,000,000	346,232	64%
Construction Cost	45,100,000	91,853	17%
Soft Cost	47,415,776	96,570	18%
Developer's Fee	5,000,000	10,183	2%
TOTAL USES	267,515,776	544,839	100%

DEVELOPMENT BUDGET

	HDC Underwriting		Notes
Acquisition Cost			
Acquisition		170,000,000	
Carrying Costs		-	
Total Acquisition Cost		170,000,000	
Construction Cost			
Residential	79,430	39,000,000	
Plaza		2,000,000	
Contingency	10%	4,100,000	
Total Hard Cost	91,853	45,100,000	
Soft Costs			
Borrower's Legal		420,000	
Borrower's Engineer/Architect Fees		2,300,000	
Accounting & Cost Certification		25,000	
NYSERDA Green		40,000	
Bank's Engineer		40,000	
Bank Legal		150,000	
Permits and expediting		200,000	
Environmental		15,000	
CEQR		80,000	
ULURP preparation - legal		200,000	
ULURP and CEQR filing fees		45,000	
Public Plaza Certification Application		200,000	
Commercial buildout allowance		550,000	
Commercial broker fee allowance		450,000	
Survey		20,000	
Title Insurance		1,244,982	
Appraisal		35,000	
HPD Appraisal fee		2,500	
HPD EO Compliance fee		1,400	
Total Soft Cost		6,018,882	
Financing Fees			
Upfront L/C Fee	0.75%	532,086	
Annual L/C Fee	0.90%	1,489,840	
LC Issuance Fee		500	
HDC Commitment Fee	1.00%	704,050	
NYS Bond Issuance Charge	0.840%	591,402	
Costs of Issuance	1.50%	1,056,075	
Predevelopment loan commitment fee		22,500	
FHA MIP	0.275%	193,614	
HPD Paid Interest during construction		-	
Total Financing Costs		4,590,067	
Carrying Costs			
Construction Interest		5,596,517	
Construction Financing Fee		1,713,189	
Carrying costs during construction		2,100,000	
Deferred Interest - Construction		22,110,777	
Predevelopment loan interest		67,500	
Real Estate Taxes		-	
Water & Sewer		50,000	
Insurance		1,250,000	
Marketing	1,400	687,400	
Office furnishings, fitness room		100,000	
Homeless Furnishings	2,000	610,000	
Other		-	
		34,285,383	
Reserves and Contingency			
HDC Capitalized Reserve	1,000	491,000	1000/du
HPD Operating Reserve	3,000	915,000	3000/per hu
Soft Cost Contingency	5.00%	1,115,445	
		2,521,445	
Subtotal Development Costs		47,415,776	
Developer's Fee*		5,000,000	
Total Development Cost:		267,515,776	

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Affordable Housing for Rent



90 SANDS APARTMENTS

185 NEWLY RENOVATED UNITS AT 90 SANDS STREET, DUMBO, BROOKLYN

Amenities: 24-Hour Attended lobby, On-site Resident Manager, Laundry Room, Fitness Center, Computer Room, Multipurpose Room

Transit: A/C/B/D/F/M/Q/2/5

No application fee • No broker's fee • Smoke-free building in common areas * More Information: breakingground.org/our-housing/90-sands

This building was renovated through the **Preservation Program** of the New York City Housing Development Corporation and the **Supportive Housing Loan Program (SHLP)** of the New York City Department of Housing Preservation and Development. Supportive housing is permanent, affordable housing with on-site support services to serve the needs of the most vulnerable New Yorkers, including the formerly homeless and disabled. Sixty percent of units in supportive housing are set aside for low income or formerly homeless individuals or families with special needs, who are referred by city agencies. The remaining forty percent of units in the building are made available to the public through lottery. The units listed in this notice are only those made available to the general public.

Who Should Apply?

Individuals or households who meet the income and household size requirements listed in the table below may apply. Qualified applicants will be required to meet additional selection criteria. Applicants who live in New York City receive a general preference for apartments.

- A set-aside for a percentage of units goes to applicants with disabilities:
 - Mobility (5%)
 - Vision/Hearing (2%)
- Preference for a percentage of units goes to:
 - Residents of **Brooklyn Community Board 2** (50%)
 - Municipal employees (5%)

AVAILABLE UNITS AND INCOME REQUIREMENTS

Unit Size	30% AREA MEDIAN INCOME (AMI) UNITS	Monthly Rent ¹	Units Available	Household Size ²	Annual Household Income ³ Minimum – Maximum ⁴	40% AREA MEDIAN INCOME (AMI) UNITS	Monthly Rent ¹	Units Available	Household Size ²	Annual Household Income ³ Minimum – Maximum ⁴
Studio	→	\$537	9	1 person	\$18,412 - \$25,080	→	\$736	9	1 person	\$25,235 - \$33,440
				2 people	\$18,412 - \$28,650				2 people	\$25,235 - \$38,200

Unit Size	60% AREA MEDIAN INCOME (AMI)	Monthly Rent ¹	Units Available	Household Size ²	Annual Household Income ³ Minimum – Maximum ⁴	100% AREA MEDIAN INCOME (AMI)	Monthly Rent ¹	Units Available	Household Size ²	Annual Household Income ³ Minimum – Maximum ⁴	120% AREA MEDIAN INCOME (AMI)	Monthly Rent ¹	Units Available	Household Size ²	Annual Household Income ³ Minimum – Maximum ⁴
Studio	→	\$1,134	14	1 Person	\$38,880 - \$50,160	→	\$1,592	44	1 Person	\$54,583 - \$83,600	→	\$1,990	22	1 Person	\$68,229 - \$100,320
				2 People	\$38,880 - \$57,300				2 People	\$54,583 - \$95,500				2 People	\$68,229 - \$114,600
1 Bedroom	→	\$1,215	4	1 Person	\$41,658 - \$50,160	→	\$1,706	55	1 Person	\$58,492 - \$83,600	→	\$2,132	28	1 Person	\$73,098 - \$100,320
				2 People	\$41,658 - \$57,300				2 People	\$58,492 - \$95,500				2 People	\$73,098 - \$114,600
				3 People	\$41,658 - \$64,440				3 People	\$58,492 - \$107,400				3 People	\$73,098 - \$128,880

¹ Owner responsible for electricity and gas, heat included in rent
² Household size includes everyone who will live with you, including parents and children. Subject to occupancy criteria.
³ Household earnings includes salary, hourly wages, tips, Social Security, child support, and other income. Income guidelines subject to change.
⁴ Minimum income listed may not apply to applicants with Section 8 or other qualifying rental subsidies. Asset limits also apply.

How Do You Apply?

Apply online or through mail. To apply online, please go to <https://housingconnect.nyc.gov/PublicWeb/>. To request an application **by mail**, send a **self-addressed envelope** to: **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. Only send one application per development. Do not submit duplicate applications. Do not apply online and also send in a paper application. Applicants who submit more than one application may be disqualified.

When is the Deadline?

Applications must be postmarked or submitted online no later than **June 2nd, 2022**. Late applications will not be considered.

What Happens After You Submit an Application?

After the deadline, applications are selected for review through a lottery process. If yours is selected and you appear to qualify, you will be invited to submit documents to continue the process of determining your eligibility. Applicants are usually contacted from 2 to 10 months after the application deadline. You will be asked to submit documents that verify your household size, identity of members of your household, and your household income.

Español Presente una solicitud en línea <https://housingconnect.nyc.gov/PublicWeb/>. Para recibir una traducción de español de este anuncio y la solicitud impresa, envíe un sobre con la dirección a **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. En el reverso del sobre, escriba en inglés la palabra "SPANISH". Las solicitudes se deben enviar en línea o con sello postal antes de **02 de junio 2022**.

简体中文 访问 <https://housingconnect.nyc.gov/PublicWeb/> 在线申请。如要获取本广告及书面申请表的简体中文版，**90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**。信封背面请用英语注明“CHINESE”。必须在以下日期之前在线提交申请或邮寄书面申请 **2022年6月02日**。

Русский Чтобы подать заявление через интернет, зайдите на сайт: <https://housingconnect.nyc.gov/PublicWeb/>. Для получения данного объявления и заявления на русском языке отправьте конверт с обратным адресом по **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. На задней стороне конверта напишите слово "RUSSIAN" на английском языке. Заявки должны быть поданы онлайн или отправлены по почте (согласно дате на почтовом штемпеле) не позднее **02 июня 2022**.

한국어 <https://housingconnect.nyc.gov/PublicWeb/> 에서 온라인으로 신청하십시오. 이 광고문과 신청서에 대한 한국어 번역본을 받아보시려면 **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. 으로 보내주십시오. 봉투 뒷면에 "KOREAN" 이라고 영어로 적어주십시오. **2022년 6월 02일**까지 온라인 신청서를 제출하거나 소인이 찍힌 신청서를 보내야 합니다.

Kreyòl Ayisyen Plike sou entènèt sou sitwèb <https://housingconnect.nyc.gov/PublicWeb/>. Pou resevwa yon tradiksyon anons sa a nan lang Kreyòl Ayisyen ak aplikasyon an sou papye, voye anvlòp ki gen adrès pou retounen li **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. Nan dèyèanvlòp la, ekri mo "HATIAN CREOLE" an Anglè. Ou dwe remèt aplikasyon yo sou entènèt oswa ou dwe tenbre yo anvan dat **jen 02, 2022**.

العربية للحصول على ترجمة باللغة العربية لهذا الإعلان ولنموذج الطلب الورقي، أرسل مظروف يحمل اسمك وعنوانك إلى: <https://housingconnect.nyc.gov/PublicWeb/>. لتقديم طلب عن طريق الإنترنت على الموقع الإلكتروني **90 Sands Apartments c/o Breaking Ground, 520 8th Avenue, Suite 2100, New York, NY 100018**. يجب إرسال نماذج الطلبات عن طريق الإنترنت أو ختمها بختم البريد قبل **02 يونيو، 2022**. للمظروف، اكتب باللغة الإنجليزية كلمة "ARABIC".



MAYOR ADAMS CELEBRATES OPENING OF 90 SANDS, FORMER HOTEL REIMAGINED AS AFFORDABLE, SUPPORTIVE HOUSING (11/03/22)

90 Sands Brings Nearly 500 New Affordable and Supportive Homes to Brooklyn With Successful Pilot Program to Directly Refer Clients from Street Outreach

Project Delivers on Goals Outlined in Mayor Adams' "Housing Our Neighbors" Blueprint and Demonstrates Need for State Law on Hotel Conversions That Adams Administration Helped Pass

NEW YORK – New York City Mayor Eric Adams, the New York City Department of Housing Preservation and Development (HPD), and the New York City Housing Development Corporation (HDC) today joined Breaking Ground to celebrate the opening of 90 Sands, a former Jehovah's Witnesses hotel converted into 491 affordable and supportive housing units in the high-cost neighborhood of Dumbo, Brooklyn. Of the 491 apartments at 90 Sands, 185 will be rent-restricted for New Yorkers — affordable for extremely low- to moderate-income households. Additionally, 305 units will be home to New Yorkers who formerly experienced homelessness.

"When we launched 'Housing Our Neighbors,' I said that safe, stable, and affordable housing is fundamental to a prosperous, inclusive city. That is what we are delivering today," said **Mayor Adams**. "90 Sands demonstrates exactly why we fought for hotel conversion legislation in Albany: To create affordable housing more quickly and efficiently than we can starting from scratch. And I promised we would celebrate New Yorkers getting into homes, not people signing deals, and I am proud to say that with our innovative referral pilot, we housed 80 people here in just one week."

The Adams administration worked closely with Breaking Ground to implement a pilot program specific to the development of 90 Sands that allowed for the direct referral of clients experiencing homelessness from street outreach and transitional housing programs to supportive apartments. This streamlined process — made possible by cross-agency collaboration — cuts the time it typically takes to complete a permanent housing placement by more than two months.

As a part of Mayor Adams' "[Housing Our Neighbors](#)" blueprint, the city is also pursuing opportunities to convert vacant hotels into new supportive and affordable housing, creating additional housing options for low-income households and New Yorkers experiencing homelessness. This project underwent a lengthy and expensive land use review process to convert to affordable housing, despite being uniquely well positioned for such a conversion. A new state law that [Mayor Adams helped get passed](#) in the state Legislature — which would have eliminated two years from the development process at 90 Sands had it been in place — will ease the process for these conversions going forward, and additional state funds are available to help these projects reach completion more quickly and cost efficiently.

"As a lifelong supportive housing advocate, I am so proud to celebrate the opening of 90 Sands with Breaking Ground, CUCS, and all of our new neighbors who now have a home of their own. This project was not easy, including a lengthy and expensive land use rezoning, but it is a model of the type of work we can do to house all New Yorkers," said **Chief Housing Officer Jessica Katz**. "Beyond housing for almost 500 more people, a top priority of the Adams administration strategic housing blueprint, 'Housing Our Neighbors,' is to tackle administrative burdens that delay housing access. In an incredible feat, Breaking Ground and CUCS worked with the city to house people in a new direct referral pilot that we hope to explore as a way to get people out of the shelter system and into permanent housing faster."

"In line with this administration's 'Housing Our Neighbors' blueprint, serving the most vulnerable New Yorkers is a key priority, as is creating affordable housing opportunities in all our city's neighborhoods. As we look to convert vacant hotels into affordable and supportive housing, 90 Sands serves as an important model," said **HPD Commissioner Adolfo Carrión**. "An old hotel is now 491 beautiful affordable homes in the heart of Dumbo, with critical supportive services to help more than 300 New Yorkers formerly experiencing homelessness get back on their feet. We commend Breaking Ground and all our partners for bringing this ambitious project to fruition."

“The 90 Sands development is providing hundreds of households with safe and affordable housing alongside extensive services, ranging from case management to health care and career counseling,” said **New York City Housing Development Corporation President Eric Enderlin**. “Congratulations to all the residents on their new homes, and thanks to our many partners who remain deeply committed to providing safe and stable housing to New Yorkers in need.”

“This administration continues to put people first by prioritizing the creation of affordable and supportive housing across the city, while also expanding access to these critical housing opportunities for some of our most vulnerable populations,” said **New York City Department of Social Services Commissioner Gary P. Jenkins**. “Projects like 90 Sands are essential to the city’s effort to efficiently connect New Yorkers in need — including those who formerly experienced homelessness — to affordable housing and high-quality supports that allow them to stabilize their lives and get back on their feet. We would like to thank Breaking Ground, CUCS, our partners in city government, and all others who worked so hard to make this tremendous project a reality.”

“We are thrilled to open 90 Sands at such a critical time to provide much-needed housing for low-income and formerly homeless New Yorkers,” said **Brenda Rosen, president and CEO, Breaking Ground**. “Over the course of two years, the redevelopment of 90 Sands remained on schedule despite the pandemic to help more than 300 people leave homelessness behind and find dignity and security with a home of their own. Our first hotel conversion project in over two decades, 90 Sands advances key goals of equity and inclusion, bringing an additional 185 affordable apartments for New Yorkers with extremely low to moderate incomes in one of the city’s most expensive neighborhoods. Breaking Ground is grateful to New York City Mayor Eric Adams, HPD, and all our partners for working hand-in-hand with us to bring this extraordinary project to life.”

“The Center for Urban Community Services is honored to partner once again with Breaking Ground to provide social, medical and psychiatric services to the residents of 90 Sands” said **Joe DeGenova, president and CEO, Center for Urban Community Services (CUCS)**. “At the core of our work is helping people exit homelessness, and we do that by ensuring dignity, inspiring trust, and committing to the highest quality of care. Permanent supportive housing is the best opportunity for formerly homeless people to live healthy lives. In 2021, with the collaboration of many partnerships, such as this one with Breaking Ground, CUCS was able to provide services to over 2,000 clients in supportive housing.”

The 30-story building features a 24-hour attended lobby, security camera system throughout, multipurpose room for community events and meetings, a digital library, a fitness room, and extensive bike storage. 90 Sands also includes a newly activated plaza for public use at the corner of Sands Street and Jay Street, adding a new green space to the Downtown Brooklyn and Dumbo communities. Breaking Ground plans to bring in community-serving uses to occupy more than 20,000 square feet of community facility and commercial space on the ground floor and lower level.

CUCS will provide onsite social services to residents of 90 Sands. Services provided at 90 Sands will be available to all tenants and will include case management, primary medical care, mental health services, employment readiness, and benefits counseling, among others. Breaking Ground and CUCS have a longstanding partnership, and 90 Sands marks their 12th building together to provide housing and onsite support for individuals and families formerly experiencing homelessness. This is Breaking Ground’s fourth hotel conversion project in New York City.

Until August 2017, 90 Sands was a residential hotel operated by the Watchtower Bible and Tract Society. On this project, Monadnock Construction, Inc. is the general contractor, Beyer Blinder Belle is the project architect, and W Architecture and Planning designed the public plaza space at the corner of Jay and Sands Street.

“I’m so proud that 90 Sands is part of our movement to ensure Brooklyn remains a place accessible to all,” said **Brooklyn Borough President Antonio Reynoso**. “Faced with a profound housing crisis, we must be creative and relentless as we together build solutions for families facing displacement and housing insecurity. These hundreds of homes for formerly homeless New Yorkers and New Yorkers with low or moderate incomes are a model for how we can continue to pursue a city that creates stability and a foundation to grow. Thank you to Breaking Ground and everyone across this city who had a hand in bringing these many affordable and supportive apartments to Dumbo.”

“I’m thrilled to celebrate the opening of 90 Sands and the addition of 491 affordable and supportive apartments to the Dumbo community,” said **New York City Councilmember Lincoln Restler**. “Congratulations to Breaking Ground on opening the largest new supportive housing

development in New York City in decades. The solution to homelessness is housing, and 90 Sands represents a major victory.”

“Good homes not only provide us with a roof over our heads, but they also give us the foundation upon which families can grow and thrive,” said **Baaba Halm, vice president and New York market leader, Enterprise Community Partners**. “Enterprise was proud to contribute a \$10 million grant for this inspiring development, which will provide almost 500 low- and moderate-income and formerly homeless tenants with affordable homes and crucial supportive services to empower them and their families. Thank you, Breaking Ground, CUCS, the city, and all other partners involved who helped this development come to fruition to serve our city and its people.”

“We were so pleased to help Breaking Ground pay architectural and engineering expenses for 90 Sands with a predevelopment loan, which can be hard to secure early in a project,” said **Greg Maher, executive director, Leviticus Fund**. “This was our first loan to this strong and highly respected nonprofit. We were happy to provide patient, flexible capital to help move this much-needed project from concept to reality.”

“For more than 30 years, Chase has partnered with Breaking Ground to help address the urgent and ongoing need for affordable housing in New York City,” said **David Walsh, managing director, community development banking, Chase; member, board of directors, Breaking Ground**. “We’re proud to support the development of 90 Sands and continue to be committed to community development projects like this one, which will provide nearly 500 vulnerable New Yorkers with the high-quality housing and supportive services they deserve.”

“The development of 90 Sands is an example of what is possible when private and public sectors work together to make lives better,” said **William M. Daley, vice chairman of public affairs, Wells Fargo**. “Making housing more affordable and accessible is critical to opening up pathways to economic stability, well-being, and long-term growth for individuals and families but also for neighborhoods across New York City. We applaud the collaboration between Breaking Ground, Mayor Adams, the city, and its partners to make supportive housing at 90 Sands a reality.”

“Deutsche Bank Americas Foundation is proud to have supported Breaking Ground through our SHARE program on such a unique and iconic development,” said **Lisa Talma, vice president of philanthropic initiatives, Community Development Finance Group, Deutsche Bank**. “With 90 Sands, Breaking Ground has re-envisioned a beautiful setting where people will be able to heal and rebuild their lives. We are excited for the potential for this property and the services provided onsite to help so many.”

“Beyer Blinder Belle is honored to have partnered with Breaking Ground on 90 Sands, helping contribute to its mission of ending homelessness via adaptive reuse of existing buildings,” said **Carlos Cardoso, AIA, partner, Beyer Blinder Belle Architects and Planners**.

HOW A HOTEL WAS CONVERTED INTO HOUSING FOR FORMERLY HOMELESS PEOPLE – STEFANOS CHEN (12/11/2022)

LINK: <https://www.nytimes.com/2022/12/11/realestate/nyc-hotel-affordable-housing.html?searchResultPosition=1>

Though Mayor Eric Adams estimated that 25,000 hotel rooms could be turned into supportive and affordable housing, only one building has been converted so far. And it was in the works before the plan.

George Karatzidis stood in his new high-rise studio apartment overlooking the city skyline and spread his arms wide.

“This is why I’m alive,” he said, pointing to a spartan metal bed frame with a mattress wrapped in a gray sheet.

Mr. Karatzidis, 41, is one of the first residents of the 30-story renovated tower in Dumbo, Brooklyn, one of the richest neighborhoods in the city. Before November, he was homeless.

His building — with nearly 500 units, a gym, computer lab, bike room and a rooftop terrace with panoramic views of Manhattan and the East River — is one of the nation’s largest supportive housing developments. In supportive housing, formerly homeless tenants get permanent housing and access to on-site mental health and support services.

Once a hotel for Jehovah’s Witnesses, the converted building on Sands Street will have 305 formerly homeless tenants, who pay no more than 30 percent of their income, which often includes social security and other entitlements. Another 185 rent-restricted tenants will pay between \$537 and \$2,132 a month for studio and one-bedroom apartments. So far, more than 160 tenants have moved in. The median rent in the neighborhood is nearly \$5,800 a month, according to StreetEasy.

The most unusual thing about the project is that it happened at all: The former Jehovah’s Witness hotel is [the only hotel](#) that has been converted into supportive housing in the city since the start of the pandemic, though Mayor Eric Adams estimated last year that 25,000 hotel rooms [could be transformed](#) into supportive and affordable units. Plans to convert the building started before the pandemic and before Mr. Adams was elected.

Zoning restrictions and regulations, as well [as opposition from a major hotel and gaming union](#), have blocked similar projects across the city, land-use consultants and affordable housing developers said.

The need is urgent. An estimated 68,358 people [were homeless in New York City](#) when an annual survey was done in 2021, according to the U.S. Department of Housing and Urban Development. Several advocacy groups for people experiencing homelessness consider the figure an undercount. In November, the mayor authorized the [involuntary hospitalization of homeless people](#) with severe mental illness, to address growing concern about violent street crime.

During the height of the pandemic's economic disruption, in late January 2021, at least 13,440 homeless single adults slept in hotel beds that were converted to temporary shelters, according to city data analyzed by the Coalition for the Homeless. Earlier this month, the number of hotel beds used fell to roughly 4,560, but homelessness citywide is at a record high, said Jacquelyn Simone, the group's policy director.

"We're at the highest number of homeless people in New York City since the dawn of modern homelessness in the late 1970s," said Craig Hughes, a senior social worker at the Urban Justice Center, a nonprofit law firm for the indigent.

A growing majority of affordable housing groups and social service providers say stable housing is fundamental to not only reducing street homelessness, but also critical in the city's approach to mental health care.

The Times spoke with affordable housing experts, developers and residents of 90 Sands to explain the model's appeal and the challenges it faces.

How It Works

In essence, supportive housing is rent-stabilized, affordable housing, with voluntary, on-site services designed for formerly homeless tenants. Proponents of the model believe residents should be persuaded, not forced, to accept social services.

"This is not an institution," said Brenda Rosen, the president and chief executive of Breaking Ground, the developer of 90 Sands. "This is an apartment building with a lease and a key."

There are several public agencies involved in supportive housing and units can have different criteria, but qualified applicants generally have serious mental illness, substance abuse issues or both. Even so, supportive housing is less expensive than operating temporary shelters, said Eric Rosenbaum, the president and chief executive of Project Renewal, a homeless services group. It cost Project Renewal almost \$52,000 last year to keep a single

adult in a shelter, but only about \$26,000 for an individual in supportive housing, he said.

The city has around 35,000 supportive housing units, most of which are in Manhattan and the Bronx, said Pascale Leone, the executive director of the Supportive Housing Network of New York. In 2016, the city and state committed to creating another 35,000 units statewide over 15 years. But demand far exceeds supply: Only one in five qualified applicants will find an available unit, she said.

For Mr. Karatzidis, who has been homeless since 2009, the year his father died, his studio apartment has been life changing.

“It’s like I’m reborn,” he said, still in the process of unpacking belongings that once stretched several yards across a city sidewalk — discarded electronics that he has found and repaired; a small teddy bear collection; a Greek Orthodox icon of St. George slaying a dragon. He keeps a storage locker for many of his items in Astoria, Queens, where he grew up, and still attends church there every weekend.

Mr. Karatzidis, who said he has obsessive compulsive disorder and other challenges, at first felt overwhelmed by the freedom of his new home, because he no longer had to worry about his safety, or where he would sleep at night. It is a common refrain among shelter residents whose lives are circumscribed by curfews and other restrictions.

But his odds of success are high, according to Breaking Ground’s tenancy records. Over 98 percent of the nonprofit’s supportive housing tenants were still living in their apartment after one year, Ms. Rosen said. And at two of their older supportive housing projects — former hotels in Manhattan converted in the 1990s — the average length of tenancy is over 12 years.

Challenges

Turning the hotel in Brooklyn into supportive housing almost didn’t happen.

In 2015, a group of investors, including Ian Schrager, the Studio 54 co-founder, planned to renovate the Jehovah’s Witness tower into a luxury hotel. But a glut of other hotel development sidelined the project, allowing Breaking Ground to buy the property from the owner, RFR Realty, for \$170 million in 2018.

The deal was only possible because of a tangle of public and private funding sources, including selling the unused development rights above another of Breaking Ground’s supportive housing projects in Manhattan for \$6.7 million — a bargaining chip few other nonprofits have. The existing

hotel also had plumbing and other infrastructure that was conducive to conversion.

Other projects did not pan out. Plans to buy and convert another aging hotel, the Paramount in Midtown, failed because Breaking Ground could not reach a deal with the hotel's union, whose approval was required to close the deal, Ms. Rosen said. The site, which could have had more than 500 supportive and affordable housing units, would have been a "game changer," she said, because of its central location and nearby transit.

The disconnect between where supportive housing is most needed, and where conversions are possible, is a problem for the industry. While much of the opportunity to convert large hotels into housing is in Manhattan, the mayor's office has emphasized development in the other boroughs, where many are unsuitable for conversion under current zoning and building code regulations, according to [an industry report](#) by the New York University Furman Center. The mayor [announced a plan](#) on Thursday to streamline rules that slow down residential building, and [signaled](#) earlier this year that he will ease zoning restrictions to encourage more supportive housing development.

For Lina Gilmartin, a disabled woman with schizo-affective disorder, who grew up in Westchester, one of the few complaints she has about her apartment is the long commute to her psychiatrist in Upper Manhattan. Ms. Gilmartin said she pays for an access-a-ride once a month to visit doctors in Harlem, but would go more often if she lived closer. Given the choice, she said she would rather live in Long Island City, Queens, where her last shelter was located, because it's familiar and the area feels more like a neighborhood.

Who Gets an Apartment?

Another problem that plagues the industry is matching people to available units. David, who lived in the Bronx but requested not to use his last name for privacy concerns, said he was homeless for six years and spent nearly as long applying for supportive housing, before being selected for 90 Sands.

He said he became homeless after a difficult divorce, and was living in a shelter while working on and off as an administrative assistant at legal and investment banking firms, then at a restaurant in Midtown.

The application process for supportive housing is overly bureaucratic and opaque, said Mr. Hughes, the senior social worker at the Urban Justice Center.

“It’s not just a question of needing more supportive housing,” he said. “It is as much a question of fairness and equity, and who gets into supportive housing.”

Mr. Hughes has criticized supportive housing providers for “creaming,” or selectively screening applicants who require the least services, leaving many others to restart the arduous review process. The selection criteria can also vary from one unit to another, further creating a bottleneck.

A spokeswoman for Breaking Ground said the group has “long focused on the most vulnerable people,” and that they work to “screen people *into* services and housing, not out.”

Last month, nearly 2,600 supportive housing units were vacant, despite surging demand, [according to city data obtained by the Safety Net Project of the Urban Justice Center](#).

The city has tried to ease the backlog with a pilot program that [will move 80 formerly homeless New Yorkers](#) off the streets and into apartments sooner, by cutting some red tape. But the scope of the effort remains small, despite ample evidence that the approach works, said Ms. Simone, the policy director at the Coalition for the Homeless.

New Neighbors

In addition to formerly homeless tenants, nearly 40 percent of residents at 90 Sands will be low- and moderate-income renters who applied through an affordable-housing lottery.

Candice Greene, 26, a video producer for a consumer tech website, moved into a \$1,706 one-bedroom apartment on a high floor of the building in October.

“It was just a sigh of relief,” said Ms. Greene, who moved from Roebuck, S.C., for her job, and was living with nine roommates in a co-living space in Clinton Hill, when she got the call.

She was luckier than she realized. There were more than 61,000 applications for just 185 units, according to Breaking Ground. Apartments were reserved for individuals making between roughly \$28,000 and \$121,000 a year, but most units were pegged to renters making up to 100 percent of the area median income, or about \$93,400 for a single person.

When she realized the apartment was in a supportive housing development, she admits she had trepidations.

“Because there’s so much stigma around mental illness and people who were homeless, there’s this kind of thing on your mind of ‘Do I really want to do this? Will I be safe?’”

But Ms. Greene said those worries were unfounded, after speaking with staff and other residents. "I just feel lucky to live in a really nice area, with beautiful views, in a clean, affordable apartment in New York," she said. "I'm not thinking about it being supportive."

For Keith Mosby, 59, who spent two years in a shelter, and several more living on the streets, the apartment has also meant finding a new community.

After struggling with heroin addiction, he now attends group counseling sessions five days a week at a substance abuse recovery center in Midtown, and regularly meets with friends who are dealing with similar struggles.

"I'm tired of surviving," he said from his studio apartment. "I'm trying to live."

He said he was looking forward to a reunion with his three adult children, and cooking a family meal on his new stovetop. As he walked out of the building on a recent afternoon he ran into a familiar face: a tenant who attends the same group counseling sessions.

They shook hands and the man asked if Mr. Mosby could buy him some eggs from a local store. Mr. Mosby obliged and smiled. "I'll see you at dinner!"


--END--

90 Sands, Brooklyn, NY



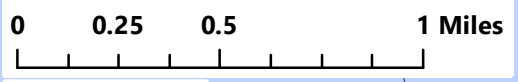
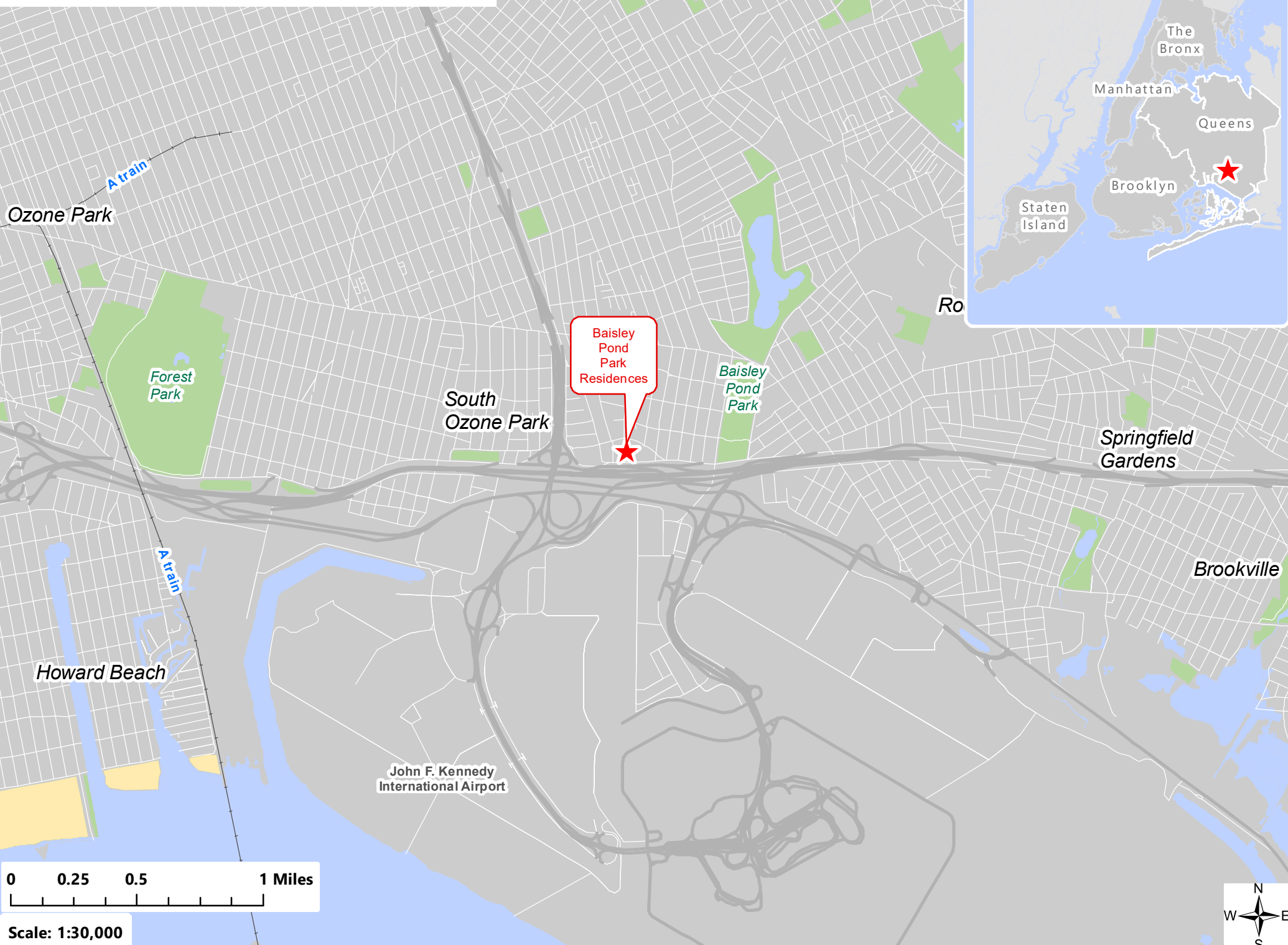


90 Sands, Brooklyn, NY

A wide-angle photograph of a modern hotel lobby. The floor is a mix of polished, reflective marble tiles and a dark brown carpet with a light-colored, swirling pattern. In the center, there is a seating area with two light-colored sofas and four matching armchairs arranged around a small table. A large, colorful abstract artwork hangs on the wall behind the seating area. The walls are a warm, light beige color with recessed lighting. A large, dark blue and grey striped rug is placed in the foreground. The overall atmosphere is clean, bright, and contemporary.

90 Sands, Brooklyn, NY

★ Baisley Pond Park Residences, Queens, NY



Scale: 1:30,000



SOURCES AND USES

Construction Sources		per DU		% of total
HDC 1st - Volume Cap (501C3)	\$ 50,860,000	\$ 159,937		30.54%
HDC 2nd	\$ 20,000,000	\$ 62,893		12.01%
HDC 3rd - HPD Subsidy	\$ 33,812,279	\$ 106,328		20.31%
NYS HCR HONDA/Hotel Conversion	\$ 47,700,000	\$ 150,000		28.65%
Deferred Developer Fee	\$ 7,378,564	\$ 23,203		4.43%
Deferred/Accrued Interest	\$ 6,766,227	\$ 21,277		4.06%
Gap/(Surplus)	\$ -	\$ -		0.00%
TOTAL SOURCES	\$ 166,517,070	\$ 523,639		100.00%

Permanent Sources		per DU		% of total
HDC Perm 1st	\$ 50,860,000	\$ 159,937		30.54%
HDC 2nd	\$ 20,000,000	\$ 62,893		12.01%
HDC 3rd - HPD Subsidy	\$ 33,812,279	\$ 106,328		20.31%
NYS HCR HONDA/Hotel Conversion	\$ 47,700,000	\$ 150,000		28.65%
Deferred Developer Fee	\$ 7,378,564	\$ 23,203		4.43%
Deferred/Accrued Interest	\$ 6,766,227	\$ 21,277		4.06%
Gap/(Surplus)	\$ -	\$ -		0.00%
TOTAL SOURCES	\$ 166,517,070	\$ 523,639		100.00%

Uses				
Acquisition Costs	\$ 65,754,261	\$ 206,774		39.49%
Construction Costs	\$ 47,921,012	\$ 150,695		28.78%
Soft Costs	\$ 34,395,387	\$ 108,162		20.66%
Developer's Fee	\$ 18,446,410	\$ 58,008		11.08%
TOTAL USES	\$ 166,517,070	\$ 523,639		100.00%

DEVELOPMENT BUDGET

			Borrower UW	HDC UW	Difference	204,379 GSF	318 Units
						\$ / SF	\$ / Unit
Acquisition Cost							
Acquisition Price			\$64,000,000.00	\$64,000,000.00	\$0.00	\$ 313	\$ 201,258
Acquisition Pre-Dev Carry			\$1,401,280.00	\$1,401,280.00	\$0.00	\$ 7	\$ 4,407
Acquisition Legal			\$352,981.00	\$352,981.00	\$0.00	\$ 2	\$ 1,110
			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Total Acq Cost	\$206,774	/DU	\$65,754,261.00	\$65,754,261.00	\$0.00	\$ 322	\$ 206,774
Hard Cost							
Residential Hard Costs	\$136,995	/DU	\$43,564,556.00	\$43,564,556.00	\$0.00	\$ 213	\$ 136,995
Commercial Hard Costs	\$0	/DU	\$0.00	\$0.00	\$0.00	\$ -	\$ -
Remediation			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Contingency		10.00%	\$4,356,456.00	\$4,356,456.00	\$0.00	\$ 21	\$ 13,700
Demolition			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Total Hard Cost	\$150,695	/DU	\$47,921,012.00	\$47,921,012.00	\$0.00	\$ 234	\$ 150,695
Soft Cost							
Borrower's Legal			\$512,019.00	\$512,019.00	\$0.00	\$ 3	\$ 1,610
IPNA/PCA			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Engineer/Architect Fees	4.94%	of hard costs	\$2,150,000.00	\$2,150,000.00	\$0.00	\$ 11	\$ 6,761
Accounting & Cost Certification			\$50,000.00	\$50,000.00	\$0.00	\$ 0	\$ 157
Bank's Engineer			\$28,100.00	\$28,100.00	\$0.00	\$ 0	\$ 88
Title Insurance			\$1,359,523.00	\$1,359,523.00	\$0.00	\$ 7	\$ 4,275
Controlled Inspections			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Environmental Investigation			\$100,000.00	\$100,000.00	\$0.00	\$ 0	\$ 314
Enterprise Green Communities			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Survey			\$50,000.00	\$50,000.00	\$0.00	\$ 0	\$ 157
Appraisal			\$75,000.00	\$75,000.00	\$0.00	\$ 0	\$ 236
Geotechnical / Borings			\$0.00	\$0.00	\$0.00	\$ -	\$ -
HPD Sign & EO Clearance Fee			\$1,500.00	\$1,500.00	\$0.00	\$ 0	\$ 5
Partnership Administrative Fee			\$0.00	\$0.00	\$0.00	\$ -	\$ -
FF&E Costs			\$500,000.00	\$500,000.00	\$0.00	\$ 2	\$ 1,572
Permits and Expediting			\$326,735.00	\$326,735.00	\$0.00	\$ 2	\$ 1,027
Marketing	\$3,000	/DU	\$951,000.00	\$951,000.00	\$0.00	\$ 4.65	\$ 2,991
Asbestos Testing			\$75,000.00	\$75,000.00	\$0.00	\$ 0	\$ 236
HCR Application			\$80,000.00	\$80,000.00	\$0.00	\$ 0	\$ 252
Subtotal			\$6,258,877.00	\$6,258,877.00	\$0.00	\$ 31	\$ 19,682
Financing Fees							
HDC Commitment Fee	1.00%	of HDC const. 1st	\$508,600.00	\$508,600.00	\$0.00	\$ 2	\$ 1,599
HDC Costs of Issuance	1.50%	of HDC const. 1st	\$762,900.00	\$762,900.00	\$0.00	\$ 4	\$ 2,399
NYS Bond Issuance Charge (BIC)	0.840%	of HDC const. 1st	\$427,224.00	\$427,224.00	\$0.00	\$ 2	\$ 1,343
Bank Origination Fee	0.75%	of L/C	\$385,233.00	\$385,233.00	\$0.00	\$ 2	\$ 1,211
Annual Bank L/C Fee	1.00%	of L/C	\$1,540,931.00	\$1,540,931.00	\$0.00	\$ 8	\$ 4,846
1st Year MIP + App Fee	0.500%	of HDC perm 1st	\$254,400.00	\$254,400.00	\$0.00	\$ 1	\$ 800
Bank Legal			\$375,000.00	\$375,000.00	\$0.00	\$ 2	\$ 1,179
SONYMA Fee	0.1%		\$50,860.00	\$50,860.00	\$0.00	\$ 0	\$ 160
Subtotal			\$4,305,148.00	\$4,305,148.00	\$0.00	\$ 21	\$ 13,538
Carrying Costs							
Construction Interest			\$10,647,604.00	\$10,647,603.00	\$1.00	\$ 52	\$ 33,483
Deferred & Accrued Interest			\$6,766,227.00	\$6,766,227.00	\$0.00	\$ 33	\$ 21,277
Negative Arbitrage			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Insurance	5.00%	of hard costs	\$2,178,228.00	\$2,178,228.00	\$0.00	\$ 11	\$ 6,850
Owner's Rep			\$0.00	\$0.00	\$0.00	\$ -	\$ -
CSH/NYCAF Breakup Fee			\$440,000.00	\$440,000.00	\$0.00	\$ 2	\$ 1,384
CSH/NYCAF Fees and Legal			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Water/Sewer/Taxes			\$250,000.00	\$250,000.00	\$0.00	\$ 1	\$ 786
Security			\$0.00	\$0.00	\$0.00	\$ -	\$ -
			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Subtotal			\$20,282,059.00	\$20,282,058.00	\$1.00		\$ 63,780
Reserves and Contingency							
Capitalized Debt Service and Op Ex Reserve	3	mo. MO+DS	\$0.00	\$0.00	\$0.00	\$ -	\$ -
Capitalized HDC Reserve	\$1,000	/DU	\$318,000.00	\$318,000.00	\$0.00	\$ 2	\$ 1,000
SHP Reserve	\$0	/homeless DU	\$1,689,000.00	\$1,689,000.00	\$0.00	\$ 8	\$ 5,311
Soft Cost Contingency	5.00%	of Soft Costs	\$1,542,304.00	\$1,542,304.00	\$0.00	\$ 8	\$ 4,850
Subtotal			\$3,549,304.00	\$3,549,304.00	\$0.00		\$ 11,161
Total Soft Costs			\$34,395,388.00	\$34,395,387.00	\$1.00	\$ 168	\$ 108,162
Developer's Fee	22.41%	of TDC less acq. & dev fee	\$18,446,410.00	\$18,446,410.00	\$0.00	\$ 90	\$ 58,008
Total Development Cost:			\$166,517,071.00	\$166,517,070.00	\$1.00	\$ 815	\$ 523,639
Construction Sources							
HDC 1st - Volume Cap (501C3)			\$50,860,000.00	\$50,860,000.00	\$0.00	\$ 249	\$ 159,937
HDC 2nd			\$20,000,000.00	\$20,000,000.00	\$0.00	\$ 98	\$ 62,893
HDC 3rd - HPD Subsidy			\$33,812,280.00	\$33,812,279.00	\$1.00	\$ 165	\$ 106,328
NYS HCR HONDA/Hotel Conversion			\$47,700,000.00	\$47,700,000.00	\$0.00	\$ 233	\$ 150,000
Deferred Developer Fee			\$7,378,564.00	\$7,378,564.00	\$0.00	\$ 36	\$ 23,203
Deferred/Accrued Interest			\$6,766,227.00	\$6,766,227.00	\$0.00	\$ 33	\$ 21,277
Gap/(Surplus)			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Total			\$166,517,071.00	\$166,517,070.00	\$1.00	\$ 815	\$ 523,639
Permanent Sources							
HDC Perm 1st			\$50,860,000.00	\$50,860,000.00	\$0.00	\$ 249	\$ 159,937
HDC 2nd			\$20,000,000.00	\$20,000,000.00	\$0.00	\$ 98	\$ 62,893
HDC 3rd - HPD Subsidy			\$33,812,280.00	\$33,812,279.00	\$1.00	\$ 165	\$ 106,328
NYS HCR HONDA/Hotel Conversion			\$47,700,000.00	\$47,700,000.00	\$0.00	\$ 233	\$ 150,000
Deferred Developer Fee			\$7,378,564.00	\$7,378,564.00	\$0.00	\$ 36	\$ 23,203
Deferred/Accrued Interest			\$6,766,227.00	\$6,766,227.00	\$0.00	\$ 33	\$ 21,277
Gap/(Surplus)			\$0.00	\$0.00	\$0.00	\$ -	\$ -
Total			\$166,517,071.00	\$166,517,070.00	\$1.00	\$ 815	\$ 523,639

HOTEL TO HOUSING: CITY CLOSES DEAL CONVERTING JFK HILTON INTO PERMANENTLY AFFORDABLE HOUSING IN FIRST-OF-ITS-KIND PROJECT FROM SLATE AND RISEBORO (12/18/23)

Baisley Pond Park Residence will deliver 318 permanently affordable apartments for low-income and formerly homeless New Yorkers at the former JFK Hilton Hotel

NEW YORK – Turning an empty hotel into housing, New York City Department of Housing Preservation and Development (HPD), New York City Housing Development Corporation (HDC), Slate Property Group, and RiseBoro Community Partnership are creating permanently affordable housing in a first-of-its-kind project converting the former JFK Hilton Hotel into apartments for low-income and formerly homeless New Yorkers.

Slate and RiseBoro acquired the hotel in South Jamaica, Queens, for \$64 million, setting in motion the first former hotel to be converted into permanently affordable housing through New York’s Housing Our Neighbors with Dignity Act (HONDA) program. Construction on the new Baisley Pond Park Residences is set to begin next month, converting the hotel into 318 apartments for low-income and formerly homeless New Yorkers. By selecting a hotel with compatible layouts and making only selective changes to internal walls, Slate will complete construction in just 21 months, compared to 36 months for conventional ground-up construction.

“Digging our city out of this severe housing shortage will require every tool in our toolbox, and our administration helped win an important fight to add this hotel conversions,” said **New York City Mayor Eric Adams**. “Advancing this plan to turn a vacant hotel into more than 300 new, affordable homes is a sign that we can think outside of the box and take advantage of the opportunities in front of us. I want to thank our partners in Albany for making it possible to turn empty hotels into affordable homes and our development partners who will deliver on the promise of this idea for hundreds of New Yorkers.”

“This significant investment will help to bring our state one step closer to building the affordable, supportive, and sustainable homes that New Yorkers deserve,” said **Governor Kathy Hochul**. “My administration is continuing to back transformative projects that unlock our state’s housing potential – including the first-ever hotel conversion project through the Housing Our Neighbors with Dignity Act – and we will keep using every tool at our disposal to build the housing we need to make New York more vibrant and more affordable.”

“This conversion project provides us with a model for how to create new housing quickly, at a time where so many New Yorkers need an affordable place to live,” said **Deputy Mayor for Housing, Economic Development and Workforce Maria Torres-Springer**. “Thank you to our partners across City agencies, Slate Property Group, and RiseBoro Community Partnership, whose collaboration will enable the creation of 318 new homes.”

“There’s nothing NYC can’t do with a bit of creativity and the will to improve our neighbors’ lives,” said **HPD Commissioner Adolfo Carrión Jr.** “The conversion of the JFK Hilton marks the first of its kind and an incredibly clever measure the city is taking to fill homes with the people who need them most. In just 21 months, this hotel conversion will get low-income and formerly homeless New Yorkers into permanently affordable homes faster, with the urgency that every New Yorker deserves.”

“The conversion of the JFK Hilton is a critical milestone in the City’s efforts to deploy new and innovative solutions that address the significant need for more affordable housing citywide,” said **HDC President Eric Enderlin**. “HDC is proud to be a part of this creative partnership and we look forward to delivering more than 300 permanently affordable homes to the South Jamaica community.”

“Quality, affordable housing is a prerequisite for a healthy and stable life, but the dearth of affordable housing options across New York City has kept far too many of our vulnerable neighbors from obtaining the housing they deserve,” said **Department of Social Service Commissioner Molly Wasow Park**. “We are incredibly proud to play a role in this project and, for the first time, utilize our innovative Affordable Housing Service Program to support the creation of permanent affordable housing units with on-site

services and place shelter residents with CityFHEPS vouchers directly into 192 of these homes. We look forward to continuing our partnership with Slate Property Group and RiseBoro Community Partnership on these efforts to expeditiously bring affordable homes online.”

“Working with our non-profit and government partners, we have cracked the code of converting former hotels into permanently affordable homes,” said **David Schwartz, Principal of Slate Property Group**. “As we face down a national housing and homelessness crisis, this project is a model that points the way to rapidly bring new apartments online years faster than ground-up construction.”

“Creativity is necessary to fill New York City's need for affordable housing and, with Baisley Pond Park Residences, all parties involved have met that challenge,” said **Scott Short, CEO of RiseBoro Community Partnership**. “We're thrilled to be a part of the first successful hotel conversion in New York and look forward to taking another step in bringing affordability and access to the people of this city.”

Originally built in 1987, the 350-room JFK Hilton hotel is located a half-mile from John F. Kennedy International Airport. After its conversion to Baisley Pond Park Residences, all apartments will have full kitchens and ADA-compliant bathrooms. Building amenities will include multiple community rooms, a computer lounge, fitness room, and on-site laundry. Landscape architecture firm [OSD](#) has designed a stunning indoor/outdoor garden space for residents. Rents will range from \$784 for a studio to \$1,493 for a 2-bedroom.

As part of its conversion, Slate is replacing all major building and mechanical systems, including new all-electric heating and cooling systems that will dramatically reduce its emissions. The building will have new rooftop solar panels installed and efficient Energy Star appliances. The project was designed by [Aufgang Architects](#) and will be certified by [Enterprise Green Communities](#).

Following construction, RiseBoro Community Partnership will retain long-term, non-profit ownership and management, which was made possible through the Department of Social Services' (DSS) new and innovative Affordable Housing Services Program. This project marks the first time this model has been utilized to fund the creation of non-profit owned permanent affordable housing. RiseBoro will also provide onsite support and wrap-around services for residents as they transition from homelessness to permanent affordable housing. The robust staffing plan includes case managers and onsite programming. The former hotel's commercial kitchen is also being converted into a facility for Meals on Wheels that will support RiseBoro's clients.

Total development costs, including acquiring the hotel site, are projected at \$167 million, of which \$48 million is being provided through the HONDA program. The remaining capital is being provided through a \$50 million senior loan from the NYC Housing Development Corporation, which is being credit enhanced and serviced by Chase, and subordinate debt from NYC HDC and the NYC Department of Housing Preservation and Development. Importantly, the project is funded with an allocation of 501c3 bonds from HDC and will not draw from scarce Low-Income Housing Tax Credits (LIHTC) or volume cap, preserving them for other vital affordable housing projects. MSquared, a women-owned real estate impact platform, provided a key \$4.4M pre-development loan, which was repaid at closing. The Baisley Pond Park Residence's on-site supports, wraparound services, and operations will be funded through a long-term contract with DSS as part of the agency's Affordable Housing Services Program.

“Our city faces an urgent need for quality affordable housing and Baisley Pond Park Residences is a great example of how we can utilize new strategies and funding sources to address this crisis head-on,” said **Alicia Glen, Founder and Managing Principal of MSquared**. “We are proud to be a part of this first of its kind project, and one that we hope can be replicated for future developments.”

“At a time when housing continues to be in great need, this hotel to apartment conversion will be instrumental in helping to solve this crisis with the addition of 317 affordable units for the community,” said **Sharmi Sobhan, Managing Director, Chase Community Development Banking**. “We are proud to support RiseBoro, Slate and all the partners who are making this development a reality in Queens.”

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The New York City Department of Housing Preservation and Development (HPD) promotes quality and affordability in the City's housing, and diversity and strength in the City's neighborhoods - because every New Yorker deserves a safe, affordable place to live in a neighborhood they love. We maintain building and resident safety and health, create opportunities for New Yorkers through housing affordability, and engage New Yorkers to build and sustain neighborhood strength and diversity. HPD is entrusted with

fulfilling these objectives through the goals and strategies of [Housing Our Neighbors: A Blueprint for Housing and Homelessness](#), Mayor Adams' comprehensive housing framework. To learn more about what we do, visit nyc.gov/hpd and connect with us on Facebook, Twitter, and Instagram @NYCHousing.

The New York City Housing Development Corporation (HDC) seeks to increase the supply of multi-family affordable housing, stimulate economic growth and revitalize New York City's neighborhoods. We are charged with helping to finance the creation and preservation of affordable housing for New Yorkers and also serve as the key financing partner in the rehabilitation of our city's public housing stock under the NYCHA Permanent Affordability Commitment Together (PACT) initiative. As the nation's largest municipal Housing Finance Agency, HDC consistently ranks among the nation's top issuers of mortgage revenue bonds for affordable multi-family housing. For additional information, visit www.nychdc.com and follow us on [LinkedIn](#).

Slate Property Group is an owner, operator, developer and lender, primarily focused on multifamily in the New York metropolitan area. From adaptive reuse and repositioning of existing assets to ground-up development and lending, Slate's dedicated team of more than 125 employees leverage extensive experience in the multifamily asset class. Over the last decade, Slate has invested in excess of \$6.5 billion across equity and debt, with a current portfolio of 50+ investments.

RiseBoro Community Partnership is a community development nonprofit that has been operating in all five boroughs of New York City for five decades. RiseBoro uses a unique and holistic model to revitalize communities, with programs in housing, senior care, education, health and empowerment. Using affordable housing development as a foundation, RiseBoro's approach helps unleash the potential of New York's most vulnerable populations.

MSquared is a women-owned real estate development and impact investing platform that delivers real solutions by partnering with government, developers and investors to build mixed use, mixed-income projects that promote inclusive economic growth and deliver strong risk adjusted returns. To learn more about our work, please visit buildmsquared.com.

NEW YORK CITY WILL FINALLY TURN A HOTEL INTO HOUSING – MIHIR ZAVERI (05/03/23)

Developers announced a plan to transform a Hilton hotel near Kennedy International Airport into affordable housing — the first conversion to take place through a pandemic-era state program.

The halting effort to transform struggling New York City hotels into much-needed affordable housing appears to be moving forward, at long last: An airport hotel in Queens is set to be turned into a housing development with more than 300 units.

The project, made public by developers on Wednesday, is the first under a 2021 state program designed to capitalize on the dip in tourism during the pandemic by making hotel conversions easier and cheaper.

Other places, notably California, [moved relatively quickly](#) to turn thousands of hotel rooms into homes during the pandemic. But in New York, the program has [been widely panned](#).

Developers claimed it would not do enough to help them overcome onerous regulations, and that the \$200 million attached to the program was not enough to compensate for development costs on a large scale.

But supporters of the concept hope the announcement on Wednesday of the roughly \$150 million conversion of the Hilton near Kennedy International Airport will show how such projects — quicker and cheaper than building new apartment buildings — can be an effective way of adding more affordable housing in New York.

About \$48 million of the \$150 million will come from the state program, initially created in 2021 by the Housing Our Neighbors with Dignity Act.

“We have to make the pie bigger,” said David Schwartz, a principal for Slate Property Group, one of the developers of the conversion. “We have to add more units than we’ve ever done.”

The apartments at the Hilton could be rented out within two years, the developers said, after renovations are complete on hotel rooms, heating systems and other parts of the building.

The announcement on Wednesday reflects how officials around the nation are scrambling to find new ways to add more affordable housing. The pandemic also provided a new opportunity to consider whether hotels or [office buildings could be put to better use](#).

The issue is urgent in New York City, as housing construction has lagged behind job growth for years, rents [continue to rise](#) and homelessness remains at record levels.

City officials are looking at a number of ways to loosen restrictions on the “built environment,” said Jessica Katz, the city’s chief housing officer, including legalizing basement apartments and converting office buildings.

She said hotel conversions have been slow to take off because of the rebound in tourism and because hotels were needed to shelter an influx of migrants seeking asylum. But she added that lessons learned from the conversion effort could help the state create a better office conversion program.

“We want to make sure not to make the same mistake with office conversions,” Ms. Katz said.

Gov. Kathy Hochul said in a statement that the conversion of the Hilton was an “important step,” acknowledging that the state had so far “failed to produce the housing that New Yorkers need” through the program. She said residents were “counting on their elected officials to do something about the housing crisis.”

The Hilton is being sold by Sam Chang, a hotel mogul who [earned a reputation](#) for building and running hotels catering to budget travelers. Mr. Chang did not respond to requests for comment, but an article published by Crains New York in March [about the Hilton’s impending closure](#) suggested that a decline in foreign tourism played a role in its fate.

The development team behind the conversion includes Slate; RiseBoro Community Partnership, a nonprofit group; and MSquared, a real estate company.

When the pandemic led to a decline in the value of hotels, both RiseBoro and Slate began surveying hotels they could buy and turn into affordable housing. Mr. Schwartz said Slate looked at hundreds of potential sites.

He said the Hilton was attractive because the room sizes and lobby area were relatively big. Developers would not have to go through a lengthy approval process, he said, because the hotel, unlike other sites, was already in an area that allowed for residential development.

And the purchase price of less than \$70 million made the Hilton relatively affordable, Mr. Schwartz said.

Of the 318 total units, roughly 60 percent are slated for people struggling with homelessness. The remaining units would target lower-income households — those earning up to \$107,000 for a family of four, for example — with rents of about \$1,250 for a one-bedroom apartment and \$1,500 for a two bedroom.

Scott Short, the chief executive of RiseBoro, said the Hilton project shows how the “the city and the state can think outside the box with creative partners and come up with a new approach.”

Mr. Schwartz said he hoped the project would change the narrative around the potential for hotel conversions. “Hopefully by showing proof of concept we can attract more developers to it,” he said.

Sophia Harris, 52, who earns about \$500 per week working with freight cargo at Kennedy Airport, said she would welcome more affordable housing nearby.

She wants to move out of the basement she rents for \$1,300 per month — the pipes routinely leak, among other problems.

“It’s not even worth what I’m paying but what else can I do,” she said.



Baisley Pond Park Residences, Queens, NY



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