



# KEITH PLAZA & KELLY TOWERS

MITCHELL LAMA, SECTION 236, PROJECT-BASED SECTION 8 RAD CONVERSION



ACQUISITION



BRONX, NY



611 UNITS



FAMILY

## PROJECT SUMMARY:

Keith Plaza (30 stories, 311 units) and Kelly Towers (17 stories, 301 units) are located on Southern Boulevard in Bronx, NY. Both properties were built in 1975 under the Mitchell Lama Housing Program restricted to 125% AMI rents. Mitchell Lama workforce housing properties are some of the most at-risk affordable housing properties in New York City. As mortgages mature on these properties, many owners elect to make them market rate or to sell to a market rate developer.

The former owner was looking to exit the property but wanted to see the buildings preserved as workforce housing while also receiving optimal proceeds at the time of sale. Another priority of the former owners was that the existing management team remained in place as a third-party manager for the new ownership.

Hudson Valley Property Group partnered with Phoenix Realty Group (PRG) to acquire and preserve the two properties. The partnership was able to attract a significant private equity investment, as well as federal and New York City agency financing to make the project feasible. Keith and Kelly are an ideal case study to demonstrate the success and importance of public-private partnerships to preserve aging workforce housing in New York City and beyond.

## RESULTS:

- Long-term affordability preserved utilizing the HUD Rental Assistance Demonstration II (RAD II) program, which included the issuance of a new 20-year, HUD Section 8 Project-Based Rental Assistance (PBRA) contract
- Additional affordability restrictions secured through a Regulatory Agreement with NYC HDC/City of New York
- Additional rental subsidy was secured for individual residents through enhanced vouchers (or "sticky vouchers")
- The onsite staff was retained as third-party management
- Substantial \$15.4M renovation as part of the initial acquisition
- Additional Phase II renovations focused on transforming resident indoor and outdoor community spaces & WiFi as a property-wide tenant amenity

## FINANCING AND SUBSIDY:

Financing for the initial acquisition was provided by the City of New York, including the New York City Housing Development Corporation (NYC HDC) and the New York City Department of Housing Preservation and Development (HPD), in addition to co-investment equity provided by Phoenix Realty Group. More specifically, the acquisition of Keith Plaza and Kelly Towers was financed with tax-exempt recycled bonds and additional proceeds secured by HUD 236 Mortgage Decoupling Interest Reduction Payments.

This investment was later recapitalized and additional debt financing was obtained through NYC HDC. The refinancing allowed for a second phase of renovations at the site and added an additional 15 years of affordability on the existing Regulatory Agreement.

Both properties are subject to a HUD Section 236 Agreement, and ~280 apartments at Keith Plaza are subject to a HUD Project-Based Section 8 Rental Assistance Demonstration (RAD) contract. At Kelly Towers, ~270 apartments benefit from tenant-based Section 8 rental assistance vouchers.

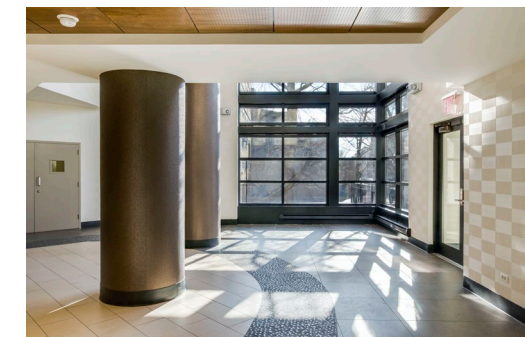
## SCOPE OF WORK

### PHASE I renovations:

- **Environmental:** new trash compactor, appliances, electrical fixtures, GFI outlets, improved heating systems and new lighting
- **Safety:** new security system
- **Building exterior and grounds:** extensive garage repairs, landscaping and recreation area upgrades,
- **Building interior:** exhaustive lobby and entrance renovations, new floors and painting
- **Resident units:** new sinks, cabinets, and countertops in the kitchens; new vanities, shower bodies, lavatories, and tiling in the bathrooms; new electrical outlets; new doors

### PHASE II renovations:

- Reimagined Community Space: outdoor terrace with lounge seating and an elevated, fresh-air activity area, existing Community Center Upgrades, creation of a new Business Center
- Property-wide free WiFi



Photos top to bottom (Keith Plaza): property exterior, rendering of outdoor terrace, renovated lobby