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**City Partners Celebrate Groundbreaking for Affordable Housing at Elliott
Chelsea for Low to Moderate & Middle-Income Residents**
*City Council Speaker Christine Quinn Provides Critical Support for Project with Partners
HPD, HDC and NYCHA*

New York, NY, October 26, 2010. City Council Speaker Christine C. Quinn joined with leaders from City agencies Housing Development Corporation (HDC), Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA), as well as representatives from developer Artimus Construction and Citi Community Capital in celebrating the groundbreaking of Elliott Chelsea on West 25th Street and 9th Avenue in Manhattan. The 22-story new construction development will provide 168 units for low-to- middle-income families. The \$65 million development is located on land provided by NYCHA and is part of a larger plan to develop more affordable housing on NYCHA properties in Chelsea. The sale of this site will bring in an estimated \$4 million in revenue to the Housing Authority, a critical component in preserving public housing in a time of diminishing Federal spending.

“Keeping and creating new rent stabilized affordable housing is critical for ensuring that Chelsea stays a vibrant and diverse neighborhood,” said Speaker Christine C. Quinn. “I am delighted that this new development will add 168 new units of affordable housing to West Chelsea. I thank the Mayor for keeping his commitment to bring permanent affordable housing in West Chelsea. This process was a true collaborative process with the Developer, Community Board 4, the New York City Housing Authority, the New York City Department of Housing Preservation and Development, and all local elected officials. I look forward to welcoming our new neighbors to Chelsea.”

Elliott Chelsea will be family oriented with the building having a mix of 168 housing units, including 40 studios, 39 one-bedrooms, 84 two-bedrooms and 5 three-bedrooms. Thirty-four units will be reserved for low and very low-income tenants, with 28 of these units reserved for low-income tenants earning no more than 50 percent of Area Median Income (“AMI,” or \$38,400 for a family of four). Six of these units will be reserved for very low-income tenants earning no more than 40 percent of AMI (\$30,720 for a family of four).

“Our inventory of available land for development provides NYCHA with significant opportunities for new affordable housing developments such as Elliott Chelsea,” said NYCHA Chairman John B. Rhea. “NYCHA is pleased to commemorate the ground breaking for the new Elliott Chelsea building which exemplifies our commitment to facilitate affordable housing production on suitable sites within NYCHA developments. These efforts serve to preserve public housing with both sale proceeds and a set aside of new housing units for income eligible NYCHA residents. We appreciate our partnerships with HDC, HPD, Speaker Quinn, Artimus Construction and Citibank for making this project possible and beneficial to NYCHA residents.”

In addition, Elliott Chelsea will be designated as an affordable housing site for moderate and middle income households. Twenty of the building’s units will be reserved for middle-income tenants, with rents affordable to households earning 125 percent of AMI (\$99,000 for a family of four), but can be rented to households earning up to 160 percent of the 2009 AMI (\$126,720). The development’s remaining 113 units also will be income restricted with the rents on 58 units affordable to households earning 165 percent of AMI (\$126,720 for a family of four) and rents on 55 units affordable to households earning 195 percent of AMI (\$149,760 for a family of four).

“Through an innovative collaboration across city agencies and in conjunction with our public and private partners, we have on all levels, come together to create an investment in affordable housing that will benefit this Chelsea community and the city for generations to come,” said HPD Commissioner Rafael Cestero. “By creating a smart strategy to develop suitable city-owned land, we are bringing new affordable homes to hardworking New York City Housing Authority families in a neighborhood badly in need of them. This is the essence of the Mayor’s housing plan put into practice. I thank NYCHA Chairman Rhea, HDC President Jahr, Speaker Quinn, Artimus Construction and all of our partners who have helped us make the Elliott Chelsea a reality.”

The development also will contain approximately 7,000-square-feet of commercial space, 26 below grade parking spaces, and a laundry room. The project’s parking spaces will be set aside for current NYCHA users, whose parking is being displaced by the project.

Elliott Chelsea is financed with both new and recycled bonds under HDC’s Mixed-Income Program. The \$41.4 million from HDC’s First loan will consist of \$22.4 million in recycled bonds and \$19 million in new Volume Cap bonds. In addition to the bonds, the project’s financing includes a \$2.7 million HDC 2nd Loan from HDC Corporate reserves; a \$5.5 million HPD City Capital loan; a \$1.5 million City Council grant; and a \$1.5 million NYCHA purchase money mortgage (“PMM”).

“The diversity and vibrancy of Chelsea has drawn people to its historical tenements, apartment blocks, and converted warehouses for several decades,” said Mark Jahr, President of HDC. “Today’s groundbreaking is another step in the evolution of this storied neighborhood, one that will bring new, affordable homes to the City’s low- and middle-income residents and a development that will help further strengthen the community’s social fabric. This project also represents the fruitful collaboration between HDC, HPD, NYCHA, the Department of City

Planning, and our private sector partners, a collaboration that is benefiting neighborhoods throughout the City.”

The bonds are guaranteed as to the repayment of principal and interest by Freddie Mac. Citi Community Capital arranged for the Freddie Mac facility as mortgage banker and is also the construction lender.

“A wonderful example of a public/private partnership, one of the first projects to be financed and start construction on available land in NYCHA’s portfolio,” said Richard Gerwitz, Managing Director, Citi Community Capital. “The end result is not only a Class A mixed income building within a New York City Housing Authority community, but a meaningful addition to the financial health of the Authority.”

Artimus Construction is the lead developer of the new affordable apartments at two sites within the NYCHA-owned Fulton Houses and Elliott-Chelsea Houses on the West Side of Manhattan. In selecting the development teams for the West Side sites, preference was given to developers who proposed the greatest amount of affordability with competitive acquisition prices and the least amount of City subsidies, while maintaining the highest standards in sustainable design and quality of construction.

“This development is the result of a collaborative effort between Speaker Quinn, the City housing agencies, Citi Community Capital, and Artimus Construction, said Robert Ezrapour, Principal of Artimus Construction, Inc. “It showcases both the challenges and rewards of such an undertaking to today’s challenging economy.”

NYCHA residents will be given rental preference for 34 units, or 20 percent of the 168 units, with first priority for NYCHA residents in Community Board #4. Since the new building will replace a NYCHA parking lot where 21 residents held permits to park, Artimus Construction has agreed to provide a monthly \$100 stipend to each of the parking permit holders as subsidy for alternate parking. Upon completion of the new development, 26 underground parking spaces will be available for rental at prevailing NYCHA rates to Elliott Chelsea residents.

The West Side developments are the product of an ongoing collaboration between HPD and NYCHA, where suitable NYCHA sites are being identified for the expansion of affordable housing in the City. Under the Mayor’s New Housing Marketplace Plan, nearly 1,400 affordable homes have been financed in Manhattan Community District 4.

Mayor Michael R. Bloomberg’s New Housing Marketplace Plan (NHMP) is an \$8.4 billion initiative to finance 165,000 units of affordable housing for half a million New Yorkers by 2014. Since the Plan’s launch in 2003, New York City Housing Authority City already has invested more than \$4.5 billion. HDC has issued more than \$5 billion in bonds to finance more than 108,000 homes. NYCHA has committed to provide sites for the development of 6,000 units in collaboration with HPD. More than 60 percent of this target either has been completed, under construction or in pre-development planning. To date, the Plan has funded the creation or preservation of nearly 108,600 units of affordable housing across the five boroughs.

About the NYC Housing Development Corporation (HDC): The Housing Development Corporation (HDC) provides a variety of financing programs for the creation and preservation of multi-family affordable housing throughout the five boroughs of New York City Housing Authority City. In partnership with the NYC Department of Housing Preservation and Development, HDC works to implement Mayor Michael R. Bloomberg's New Housing Marketplace Plan to finance the creation or preservation of 165,000 affordable housing units by the end of the 2014 fiscal year. Since the plan launched in 2004, HDC financed nearly 47,521 homes for low-, moderate- and middle-income New Yorkers. The New York City Housing Authority City Housing Development Corporation is rated AA by S&P and Aa2 by Moody's. Additional information is at www.nyc.gov/nycha

About the NYC Department of Housing Preservation and Development (HPD): HPD is the nation's largest municipal housing preservation and development agency. Its mission is to promote quality housing and viable neighborhoods for New Yorkers through education, outreach, loan and development programs and enforcement of housing quality standards. It is responsible for implementing Mayor Bloomberg's New Housing Marketplace Plan to finance the construction or preservation of 165,000 units of affordable housing by 2014. Since the plan's inception, more than 100,000 affordable homes have been created or preserved. For more information, visit www.nyc.gov/hpd.

About the New York City Housing Authority (NYCHA): NYCHA provides decent and affordable housing in a safe and secure living environment for low and moderate-income residents throughout the five boroughs. To fulfill this mission, NYCHA must preserve its aging housing stock through timely maintenance and modernization of its developments. NYCHA also administers a citywide Section 8 Leased Housing Program in rental apartments. Simultaneously, we work to enhance the quality of life at NYCHA by offering our residents opportunities to participate in a multitude of community, educational and recreational programs, as well as job readiness and training initiatives.

About Mayor Michael R. Bloomberg's New Housing Marketplace Plan: New York City's affordable housing program to build or preserve 165,000 units of housing — enough to house half a million New Yorkers — is the most ambitious and productive in the nation—creating housing as well as jobs for New Yorkers. In April, 2010 the City reached the critical benchmark of 100,000 units financed—representing an investment of \$4.5 billion to date by the City, not including roughly \$5 billion in bonds issued by HDC.

Led by HPD Commissioner Rafael E. Cestero, the Plan has been recast to maintain momentum while confronting head on the economic challenges facing the city, the state, the housing industry, the financial sector and individual New Yorkers and their families. In order to fulfill the NHMP goal of 165,000 units, HPD and HDC are responding to market realities and focusing on three primary goals: strengthening neighborhoods, expanding the supply of affordable and sustainable housing and stabilizing families by keeping them in their homes. To read more about the NHMP, please visit <http://www.nyc.gov/html/hpd/html/about/plan.html>.

About Artimus Construction, Inc: With more than 30 years of construction and real estate development experience in New York City, Artimus is well respected as a successful construction and development company with expertise in affordable housing. Artimus's growth stems from positive interaction with the community – the company seeks to engage and promote the neighborhoods they work in by working with local not-for-profit and governmental institutions, city agencies, subcontractors, and community groups. Artimus has constructed over two million square feet in new mid-rise and high-rise projects that include residential, commercial, retail, and mixed used properties. Some of their recent projects include: SoHa118 – A 91-unit, 14-story condominium at 8th Avenue and West 118th Street; Brownstone Lane II – A 54-unit 2-building complex between 8th Avenue and Manhattan Avenue at 119th & 120th Streets; 5th on the Park – a 204 unit mixed use building with a church, condo, and rental portion in one high rise structure; The Lenox – A 77-unit 12-story condominium; Susan's Court – A 125-unit, 8-story luxury rental building at Manhattan Avenue and 120th Street; among others. Artimus fosters relationships by employing local contractors and contributing to the local trade schools. Artimus is committed to ensuring that each project respects the quality-of-life issues of its neighbors during and after construction.

About Citi Community Capital

Citi Community Capital (CCC) is a premier financial partner with nationally recognized expertise in financing all types of affordable housing and community reinvestment projects. CCC's origination, structuring, asset and risk management staff across the country provides creative financing solutions designed to meet their clients' needs. CCC helps community development financial institutions, real estate developers, national intermediaries and nonprofit organizations achieve their goals through a broad, integrated platform of debt and equity offerings. Additional information may be found at www.citigroup.com or www.citi.com