

The Metro Section

The New York Times

FRIDAY, MAY 10, 2002

Residential Real Estate

Once Again In Brooklyn, Living Space Over Stores

By RACHELLE GARBARINE

They are reminiscent of another time: eight buildings on Mermaid Avenue in Brooklyn, each with two apartments and street-level store space so owners can live, work and rent out an apartment all in the same place. But the buildings are also part of a contemporary city strategy to improve neighborhoods.

Each of the three-story buildings, between West 24th and West 25th Streets in Coney Island, were sold for \$274,000 to families with annual incomes of \$48,000 to \$75,000, which qualified them to buy the properties under New York City's Anchor program. The combination of new apartments and shop space was designed as a demonstration project under the program, which is aimed at developing stores in areas where new housing has been built.

Carol Abrams, a spokeswoman for the city's Department of Housing Preservation and Development, said the reason the concept is not being replicated elsewhere in the city "has nothing to do with the budget and everything to do with the location of city-owned sites, where the need is to build at a higher density." She added that the city still provided a mixture of housing and retail under other initiatives.

The owners of the new buildings will operate the 1,000-square-foot stores and live in one of the two 1,200-square-foot, three-bedroom apartments above, said R. Randy Lee, who developed the homes with Seymour Sadkin.

Mr. Lee, president and chief executive of the Leewood Real Estate Group in Staten Island, said he remembered, as a boy growing up in the Bronx, the owner of the local candy store living above it. He also recalled visiting his wife-to-be in her family's apartment above their paint store in Queens. Mr. Sadkin is a home builder based in Staten Island.

The new homeowners on Mermaid Avenue finished settling in last month. Among them are Maggie and Thong Tu, who have two children. The Tus, who are first-time buyers, had rented apartments in different parts of Brooklyn since they moved to the United States from Vietnam 12 years ago.

It is also Mrs. Tu's foray into owning a business, a nail salon that will open in two weeks. "It is the American dream come true," Mrs. Tu said. "It is a good deal, a perfect deal for poor people like us."

Mr. Lee, one of the developers, said the idea behind the \$2.5 million project was to bring back a model that not only enabled neighborhoods to add stores and people to start businesses, but also bolstered the fortunes of both in the process. The idea evolved into a demonstration project of the Anchor program, whose sponsors include the New York City Department of Housing Preservation and Development and the New York City Housing Partnership.

The buildings were put up on city-owned land, with a city subsidy of \$40,000 each. Mr. Lee said buyers were able to acquire them with 5 percent down, using the anticipated rent from the second apartment as part of the income calculation for obtaining a mortgage. Buyers were also required to have \$10,000 in cash to start the business on the first floor. The total cash requirement was \$30,000, including \$5,000 in closing fees. The rent from the second apartment allows the monthly out-of-pocket cost of owning the building to be a little over \$1,000, Mr. Lee said. Staten Island Bank and Trust and Ridge-wood Savings Bank, which gave the developers their construction loan, provided the mortgages.

Rents for new three-bedroom apartments in the area are \$1,000 to \$1,200 a month said Judi Orlando, executive director of Astella Development Corporation, the project's nonprofit community sponsor. The group also provided owners with business training and workshops. Besides Mrs. Tu's nail salon, there are a grocery, a gift shop and a coffee and ice cream store. Many owners are immigrants from Southeast Asia and Africa.

Beyond the combination home and store buildings on Mermaid Avenue, Mr. Lee and Mr. Sadkin are to build 25,000 more square feet of retail space as part of the Anchor program. It is a reduction from the 67,000 square feet of space first planned on small scattered lots. That plan was abandoned when attempts to draw regional and national retailers were unsuccessful.

Instead, 20 single-family homes for people with annual incomes of \$33,000 to \$75,000 are to be built. They will be a continuation of the 82 homes the developers completed last year along Mermaid Avenue and bring to nearly 1,000 the number of houses built in the waterside neighborhood since 1983.