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Residential Real Estate

Staten Island Co-op Project Is Priced for Moderate Incomes

By RACHELLE GARBARINE

Construction will start this month on 74 town house-style co-ops on Staten Island that are part of a new city program to provide housing that is affordable to people who earn as little as \$30,000 a year.

The program makes the two- and three-bedroom apartments affordable by using city subsidies, a project-wide mortgage with a low interest rate and an abatement on property taxes.

The shares in the residences, with 1,000 to 1,700 square feet of space, will sell for \$5,695 to \$6,845, and the apartments will also have monthly carrying charges — including mortgage payments, insurance and taxes — of \$885 to \$1,054. The town houses will be offered to people with annual incomes that do not exceed \$70,000.

Groundbreaking on the co-op project will be on Sept. 15, and the 74 town houses will be built over the next 15 months on the north shore of Staten Island in Fox Hills, near the Verrazano-Narrows Bridge. Sales will begin in October.

The town houses are the latest phase of a 23-acre development along Osgood Avenue called Celebration at Rainbow Hill that eventually will have 600 residences. So far 380 units have been built and sold, all of them fee-simple town houses, meaning the buyers own the town houses and the land underneath them.

The new units, like the earlier ones, are being developed by R. Randy Lee, president of the Leewood Real Estate Group of Bulls Head, with Ralph Zurlo, Michael Bocchieri and Eugene Bocchieri. They are all builders on Staten Island.

Mr. Lee said the partners switched to the cooperative form of ownership to be eligible for the city's Middle-Income Housing Loan Program, which provides financing only to rentals and to what are known as limited equity co-ops, meaning there are limits on how the co-ops can be resold. Both the rental and the co-op components of the program have income eligibility requirements. The co-op component limits the profits that buyers can make when they sell their units. A portion of the profit on each unit must be used to repay the city for its subsidies.

The earlier units at Celebration at Rainbow Hill, also intended to be affordable to middle-income buyers, were subsidized with money from the New York State Affordable Housing Corporation. But much of the money from this program is now going to city-sponsored projects. Mr. Lee said the city's new loan program "became the most viable alterna-



Mary DiBiase Blaich for The New York Times

Seventy-four town houses will be added to a development called Celebration at Rainbow Hill on Staten Island. City loans, tax breaks and subsidies will allow them to be priced for incomes starting at \$30,000 a year.

tive."

Under the program, the New York City Housing Development Corporation issues taxable bonds to provide construction loans with interest rates that are below the market rates and permanent financing to builders, or both. The builders are also eligible for a 25-year tax abatement from the city. The corporation, using its own reserves, also offers a subsidy of up to \$20,000 per unit in the form of a second mortgage at an interest rate of 1 percent to 3 percent for 30 years.

"We saw a real need for additional support for middle-income housing," said Richard T. Roberts, who is chairman of the board of the housing corporation and commissioner of the city's Department of Housing Preservation and Development.

The Staten Island project shows how the financing works. Celebration at Rainbow Hill received \$8 million in bond financing at an interest rate of 7.5 percent and a loan of \$15,000 per unit, or \$1.1 million, at an interest rate of 1 percent. Combining the two interest rates produced a 30-year project-wide mortgage at an interest rate of less than 6.5 percent, Mr. Lee said. As a result the units are affordable to people making as little as \$30,000 a year, he said.

Since the program began last Oc-

tober, eight projects, totaling 850 units, have been approved, and six projects, with 230 units, have been proposed, Mr. Roberts said. Among the projects are a 132-unit rental complex being built on Austin Street in Rego Park, Queens, and a 90-unit rental complex to begin this month on Degraw Street in the Carroll Gardens section of Brooklyn.

Discussions are under way for a second round of the program, Mr. Roberts said, and a decision is expected in the next two to three months.

The Staten Island project is distinctive because even though it offers the cooperative form of ownership, it is structured as a condominium, Mr. Lee said. The 74 units will be owned by a cooperative apartment corporation in which residents will buy shares, and those shares will entitle them to a proprietary lease to occupy their units. In condominiums, a purchaser buys an apartment and an interest in the common area.

But the bylaws will be like those of a condominium: Owners will be able to buy and sell their units without the approval of the board of directors they elect. (Under the program, the units must be occupied by owners who meet the income requirements.) Buyers will also join the homeowners' association and pay a \$59 month-

ly fee to take care of common areas.

In addition, Mr. Lee said, the units will be the same sizes as the other 380 town houses and have the same brick and stucco facades and vinyl siding. Each will also have small yards in front and back that buyers will maintain, and some will have one-car garages.

On Staten Island, housing prices have risen an average of 10 percent over the last year, but are beginning to level off, said Thomas Maira, who runs Maira Real Estate in Huguenot. Depending on the location, prices range from \$179,000 to \$219,000 for semiattached, single-family houses, and from \$279,000 to \$359,000 for one- and two-family houses that stand alone, which are the most popular types of houses, he said.

There are few cooperatives, Mr. Maira noted, adding, "You never know how Staten Islanders will take to them." But in Fox Hills, the 74 co-ops "fill a need for affordable housing and extend to the public another form of ownership," he said.

Mr. Lee conceded that marketing the units will be a challenge because of their co-op form of ownership. "But it is one we can meet because of the affordability of the units and the desirability of the development," he said.