



MARIEN-HEIM TOWER

Mitchell Lama, Section 236, RAD conversion, project-based section 8



NFP PARTNERSHIPS



BROOKLYN, NY



182 UNITS



SENIORS

PROJECT OBJECTIVES:

Marien-Heim Tower, Inc., a Brooklyn-based non-profit, has owned and operated the 182-unit senior building for more than 40 years. The property is located on Ocean Parkway in the Midwood neighborhood of Brooklyn, NY. By 2014, The property was in need of an extensive renovation but lacked the necessary financial capability and expertise.

Marien-Heim Tower, Inc. expressed interest in partnering with Hudson Valley Property Group to complete a tax-credit redevelopment of the property while retaining long-term involvement and management. Given MHT's expiring Section 236 contract and limited cash flow, the property required a robust development/financing solution to prevent further aging of the building and to preserve the units as affordable for its senior residents and the community.

HVPG SOLUTION:

An innovative solution was devised by Hudson Valley-MDG, a development partnership between Hudson Valley Property Group and MDG Design + Construction LLC. Hudson Valley - MDG formed a joint venture with the not-for-profit organization which allowed them to remain involved long-term as owner and manager while strengthening their financial capabilities.

RESULTS:

- Substantial \$16MM renovation at no out-of-pocket cost to the organization
- Generated several million dollars in proceeds that the organization could use to further its mission
- No increase in tenant paid rents
- No tenants were displaced
- Marien-Heim Tower, Inc. was heavily involved in the development of the scope of work, and continues to provide excellent management for the building and its residents

FINANCING AND SUBSIDY:

This \$53MM (total development costs) project was funded by tax-exempt bonds issued by the New York State Housing Finance Agency (HFA), and utilized as-of-right 4% Low Income Housing Tax Credits (LIHTC). The property participates in HUD's Rental Assistance Demonstration (RAD) program in connection with the new financing, and also benefits from decoupling the remaining Interest Reduction Payments (IRP) from the underlying mortgage so as to generate additional proceeds for the project.

Hudson Valley-MDG was also the first developer in New York State to utilize an innovative "Back-to-Back" financing structure in collaboration with HFA and Citibank that decreased transactions costs. This financing execution allowed the non-profit organization to retain long-term involvement as owner and manager throughout and after LIHTC compliance.

SCOPE OF WORK:

Environmental: updated lighting, Energy-Star appliances, energy-efficient boilers, burners, hot water heaters, toilets, and shower heads

Safety: new security system, balcony structural reinforcement, new intercoms, and emergency pull cords

Building exterior and grounds: new landscaping, benches, tables, skylights, windows, fencing, and façade restoration

Building interior: Renovated lobby, laundry room and main entrance featuring automatic doors

Resident units: new kitchens, bathrooms, cabinets, sinks, flooring, doors, and new paint

