

**19  
89** | **OVER  
TWENTY  
FIVE  
YEARS**



## **RiverOak and Azimuth Development acquire former church on the Upper East Side for development of mixed-use property**

December 06, 2016 - Owners Developers & Managers

Rendering of 316 East 91st Street - Manhattan, NY

Manhattan, NY According to Stephen DeNardo, CEO of RiverOak NYC I, LLC, and an affiliate of Azimuth Development, his firm has completed the purchase of 316 East 91st St., a three-story converted church building located on a mid-block parcel on East 91st St. between 1st and 2nd Aves. for \$13.525 million.

The developer plans to demolish the existing Upper East Side structure to ground level, preserving the basement, to construct 17 two-bedroom apartments totaling 22,966 s/f and a community facility of 6,918 s/f. Total development costs for the project, including acquisition

and construction financing, totals \$27.5 million.

The project is pursuant to a regulatory agreement with ADHP Housing Development Fund Company, Inc., the City of New York, and the Department of Housing and Preservation and Development. Construction will take place under an Alteration 1 permit since the building will be built upon an existing foundation. No underpinning of adjacent properties will be required. Construction is expected to take 24 months. TD Bank is the acquisition and construction lender.

The building is 100% pre-leased, with the entire residential portion leased to Women In Need (WIN) a not-for-profit qualified under the HPD program. The community center space is pre-leased to a daycare facility that has a purchase option of their condo which is triggered on the 366th day of the lease.

The agreement with ADHP also awards the developer 80,381 inclusionary air rights for use in Community Board 8 (Upper East Side) or within a half-mile radius of the site. There are contracts or negotiations for the sale of 100% of these air rights.

316 E91 St LLC is a New York limited Liability Company controlled by Guido Subotovsky. Subotovsky is a principal of Azimuth Development Group LLC.

“RiverOak NYC I will have a preferred equity interest in this transaction that includes a current pay feature equal to 8% per annum,” said DeNardo of RiverOak. “Upon completion of construction, the issuance of a TCO and the closing of air rights sales, RiverOak will receive the remainder of its capital plus a preferred return that will equate to a 22% IRR or a multiple on our investment of about 1.5.”

Headquartered in Stamford, CT, RiverOak Investment Corp., LLC is a real estate investment sponsor that occupies a vital and unique niche in the universe of equity players. RiverOak pursues opportunistic and value-add asset and operational opportunities on behalf of a diversified set of investors ranging from institutions to individuals.

Azimuth Development Group is a full service development firm specializing in the construction of affordable and market rate housing. The firm was founded in 2009, and has since launched development of several mixed use, mixed income projects throughout New York City and the suburbs of New York. Azimuth’s strong relationships with community leaders and Government agencies as well as lenders position the firm to be a future leader in the industry.