



## **Preservation Development completes \$5.5 million rehab of East River Apartments; BFC Partners acted as general contractor**

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Preservation Development Partners, a joint venture of developers Donald Capoccia, Joseph Ferrara, Brandon Baron, Francine Kellman and Brian Raddock, completed the rehabilitation of East River Apartments, a 179-unit multifamily apartment complex located in the East Harlem neighborhood. The capital improvement cost was \$5.5 million.

The apartment complex, located at 109-125 East 130th St., consists of five elevator-equipped buildings. The complex comprises 53 one-bedroom units, 47 two-bedroom units, 59 three-bedroom units, 17 four-bedroom units, 2 five-bedroom units, and one superintendent unit.

The rehabilitation cost was \$31,000 per unit. Work included the repair and installation of new roofs, boilers, compactors, flooring, windows, and facades. In addition, individual units were upgraded with new kitchens and bathrooms. BFC Partners, owned by its three principals - Capoccia, Ferrara and Baron, acted as the exclusive general contractor for East River Apartments to give the principals total control over the construction. Preservation Development is a partnership formed by K&R Preservation and BFC. K&R is owned and operated by its principals, Kellman and Raddock.

The improvement project was completed in less than 10 months after acquisition by the developer last January. All of the tenants in the fully occupied complex were allowed to remain in their units during the rehabilitation.

Kellman, principal, said, "East Harlem has been transforming itself into one of the most active neighborhoods in New York for new development. With key development incentives such as tax incentives, rezoning initiatives, and an excellent public transportation network, East Harlem has become a desirable place to invest and develop."

The purchase and rehabilitation of East River Apartments is made possible through the use of tax-exempt bonds issued by the New York City Housing Development Corp. (HDC) and credit enhanced by Freddie Mac through its Low Income Housing Tax Credit (LIHTC) Mod Rehab program. The project will also be capitalized with debt and equity financing provided by Wells Fargo.

East River Apartments also benefits from a 20-year federal Project Based Section 8 Contract which will be renewed for an additional 20 years, ensuring the long-term affordability of its units for low income families.

Raddock, principal, said, "The Section 8 Contract eliminates the risk of 179 affordable housing units in Manhattan from being converted to market rate units. With a limited supply of affordable housing in the New York area, and high demand for housing in general, this project will preserve affordable housing in East Harlem, and thus provide a long-term benefit to the community."

He said, "With these new upgrades, East River Apartments now provides comparable or better

quality housing than other housing in the market area."

All 179 units at the project will be set-aside for tenants earning no more than 60% of Area Median Income (AMI), and all units - except for a single, non-income-producing common area unit - will benefit from the project based Section 8 subsidy contract.

Preservation Development Partners is a partnership formed by K&R Preservation and BFC Partners. K&R is owned and operated by its principals, Kellman and Raddock. Prior to forming K&R, Kellman and Raddock closed on two affordable housing properties in the Bronx and Manhattan for a Seattle based developer. They oversaw the complicated rehabilitation and positive transformation of the Manhattan property, Lexington Courts, which, when acquired consisted of nine buildings in various states of deterioration.

BFC Partners is owned and operated by its three principals, Capoccia, Ferrara and Baron. The essence of BFC's activities over the past 25 years has been the acquisition, development, financing, construction, marketing and management of affordable housing, which includes government subsidized low and moderate-rental as well as for sale home ownership. BFC and its principals have concluded over \$550 million in acquisition and development projects since the firm's inception. The construction contract amount for those projects exceeds \$350 million and encompasses the construction of 4,000 units ranging from single family newly constructed units in Long Island to the substantial rehabilitation of multi-site, multiple dwellings with over 120 units, to smaller scattered site projects requiring the substantial rehabilitation of 6 to 17 unit buildings.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540