



Rockabill Development and Goddard Riverside secure \$38 million to build permanent supportive housing

April 11, 2023 - Front Section



Manhattan, NY Rockabill Development and Goddard Riverside have closed on \$38 million in financing to transform an illegal transient hotel on the Upper West Side into permanent supportive housing to serve single adults with a history of chronic homelessness.

Legally zoned for permanent residential use, the single-room occupancy (SRO) property located at 235 West 107th St. was operated as an illegal hotel by the prior owner. Formerly known as The Morningside Inn, the Mayor's Office of Special Enforcement (OSE) issued more than \$280,000 in fines in response to the illegal use of the building dating back to 2012. Rockabill and Goddard acquired the property in March 2021 with the goal of transforming the property into permanent supportive housing. The transaction is a model for the preservation of New York City's SROs, which at one point constituted more than 10% of the city's housing stock and provided a flexible, affordable housing option for extremely low-income New Yorkers.

Katie Devine, principal at Rockabill, said: “At a time when the need for high-quality supportive housing has never been greater, the responsible preservation of SROs is smart public policy and adds to the social safety net for extremely low-income New Yorkers. Rockabill is proud to champion the revival of SROs as permanent supportive housing and reaffirm the critical role this housing typology has played in the lives of New Yorkers for more than a century. We are grateful to our long-standing partners at Goddard Riverside and the NYC HPD, Chase, and CREA for their continued support.”

Roderick Jones, president of Goddard Riverside, said, “Every day our outreach teams speak with people living on the street who say they’d come indoors if they could have their own room. We look forward to opening the Stephan Russo Residence to give those people a chance at a better and more dignified life. We believe the neighborhood will also benefit when more people are housed. We appreciate the support we’ve gotten from Upper West Siders and we look forward to being your neighbor on this project, along with our many existing programs around the UWS.”

HPD commissioner Adolfo Carrión, Jr., said, “With our partners, Goddard and Rockabill, HPD is proud to get this illegal hotel back into productive use for those who need it the most. Our Supportive Housing Rehabilitation program ensures homes are affordable to low-income New Yorkers, on-site services are available to formerly homeless households, and buildings are rehabilitated to meet our high design standards for preservation. Thanks to our partners and our team here at HPD for making this transformative project possible.”

Built in 1912, the property’s 84 individual units will be reconfigured so that each has a private bathroom—currently, only half of the existing SRO units have private bathrooms; the remaining have shared bathrooms. This reallocation of space will bring the number of homes in the building down to 68, plus one superintendent’s unit.

Each floor of the six-story building will be outfitted with two communal kitchens and dining areas which will each be shared by between six and seven tenants. In addition, the first floor and cellar will be renovated to create a community room and dedicated space for crucial case management and social services, which will be managed by Goddard Riverside. Passage to and from the building’s east and north courtyards will be improved so residents can fully enjoy these outside areas, and the entire property will be made ADA compliant.

Other rehabilitation work includes elevator modernization, exterior façade repair, carpet removal and replacement with new flooring, and energy efficiency measures designed to bring the building into compliance with city and state energy codes. The project will be certified and designed to Enterprise Green Community standards, including the replacement of the inefficient boiler and steam pipe system with an all-electric variable refrigerant flow (VRF) system for energy efficient heating and cooling with individually controlled thermostats in each unit. Construction is slated to begin next month. ConRock Construction is the general contractor for the renovation.

Of the 68 households, 54 will receive supportive services and rental assistance through New York City’s 15/15 Supportive Housing Initiative, which provides supportive housing to people who are

chronically homeless; six affordable units will be made available through the city's housing lottery, Housing Connect at 60% AMI; and the remaining eight affordable units will serve existing long-term residents of the property, whose existing deeply affordable rents will not change.

Financing for the project includes a \$18.4 million capital subsidy from the New York City Department of Housing Preservation and Development's (HPD) Supportive Housing Loan Program (SHLP), a \$14 million construction loan from Chase, and \$700,000 in Reso A funding from both Manhattan Borough president Mark Levine and councilmember Gale Brewer.

The project will generate \$13.6 million in equity through the sale of 9% Low-income Housing Tax Credits (LIHTC) allocated by HPD. CREA serves as the tax credit syndicator for the transaction, with Citizen's Bank as investor. A permanent loan will be provided by the NYCERS Pension Fund with SONYMA Insurance. Acquisition financing was provided by Enterprise Community Partners and the New York City Acquisition Fund.

Council member Gale Brewer, said, "As a longtime representative and resident of the Upper West Side, I know how much we need additional housing for people living on the street. I'm proud to partner on this new residence with Goddard Riverside, a respected provider that runs four supportive housing buildings in Manhattan, including two in my district that have been there since the 1990s. I'm confident that this residence will be a good neighbor, as the Senate Residence and Capitol Hall have always been. I'm delighted that it will be named for Stephan Russo, someone I worked with on many projects to benefit our community."

Council member Shaun Abreu, said, "We talk and talk about affordable housing, but it means nothing unless we actually build permanent, accessible, and supportive housing for low-income New Yorkers. I am so proud to support this project, which revives a defunct hotel and follows through on our promises to invest in affordable, long-term housing for our most marginalized communities."

Christian Klossner, executive director of the Mayor's Office of Special Enforcement, said: "Protecting the City's housing stock has been the cornerstone of the Office of Special Enforcement's work on illegal short-term rentals. We are pleased that years of inspections, dozens of violations, and nearly \$280,000 in fines have resulted in this illegal hotel being sold to trusted partners who are restoring the building back to its lawful use housing New Yorkers."

Sharmi Sobhan, executive director of Chase Community Development Banking, said, "We are proud to partner with Rockabill Development and Goddard Riverside on the rehabilitation of the Stephan Russo Residence at a time when affordable housing continues to be a critical need in New York. These high-quality units will be an indispensable asset for the community, increasing the local stock of affordable housing and transforming the lives of individuals with the addition of onsite supportive services."

Neala Martin, SVP – Originator at CREA, said, "CREA is honored to be a part of the transformation and rehabilitation of 235 West 107th St. We applaud the many development and financing partners for their contributions, as well as their commitment to providing opportunities through affordable

housing for New Yorkers experiencing homelessness.”

In line with its new status as affordable housing, the building will be renamed in honor of Goddard Riverside’s former executive director Stephan Russo, an innovator in the fight against homelessness who helped pioneer the supportive housing model. Goddard Riverside owns Capitol Hall and the Senate Residence, two pioneering SRO hotel conversions from the early days of supportive housing in the 1990s.

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