

JACK KEMP

WORKFORCE HOUSING

MODELS OF

EXCELLENCE

AWARDS

2012 FINALIST

DEVELOPER

The Richman Group Development Corporation

MIXTURE OF HOUSING TYPES

Workforce units: 116
Affordable units: 39
Market-rate units: 1

AFFORDABILITY

Workforce units priced as follows:

Studio: \$1,449
1 BR: \$1,819
2 BR: \$2,187
3 BR: \$2,527

DEVELOPMENT COSTS

\$67,994,489

DEVELOPMENT TIMELINE

Site Acquired: June 2009
Construction Started: September 2009
Completed: September 2011

SUSTAINABILITY

Renewable materials
Energy Star appliances

WEBSITE

www.thebalton.com



The Balton

New York, New York

The Balton is a 156-unit, mixed-use, mixed-income residential development located at the heart of the historic, culturally rich Harlem neighborhood in the New York City borough of Manhattan. The building is one of several new housing developments springing up all over the neighborhood as a result of reinvestment and gentrification, the likes of which have not been seen since Harlem's 1880s building boom. That boom created the first stock of classic brownstone townhouses in the area, which were commonly rented to the city's growing African American population. By 1920, the Harlem Renaissance solidified 125th Street as the center of African American culture with entertainment, music, and the arts.

After World War II and the deindustrialization of New York City, Harlem was hit hard by job losses and a subsequent citywide exodus, which left behind less than half of Harlem's population and countless abandoned, deteriorating buildings. High rates of poverty and crime prevailed during this period and did not dissipate until the mid-1990s, when Harlem began experiencing an economic rebirth due to its attainable rents. The neighborhood became increasingly popular among wealthy New Yorkers, particularly young families looking for more square footage. Adding to Harlem's prosperity was strong community activism. One advocate who helped bring stability to the neighborhood was Charles "Ibo" Balton, a Harlem resident and urban planner. His vision, passion, and tenacity helped bring new life to the neighborhood he loved; the Balton is named in his honor.

Spearheaded by the Richman Group Development Corporation, the Balton consists of two wings, which range from six to 12 stories and are separated

by a private courtyard. The units are a mix of studios and one-, two-, and three-bedroom apartments; 116 units are reserved for households earning up to 130 percent of the area median income (AMI), 39 units are set aside for households earning 40 to 60 percent of AMI, and one unit is reserved for the superintendent. The development has 170,000 square feet of residential space (including indoor amenities) and 8,000 square feet of ground-floor retail space. The project is across the street from the 125th Street subway station, connecting commuters to the A, B, C, and D lines, which provide express-train access to the major centers of employment in midtown Manhattan in about 20 minutes.

Structuring the financing for the Balton was especially challenging because of the declining market conditions present in 2009: subsidies were limited, tax-credit pricing had plummeted, and bank lending was restricted. The project was carefully underwritten to meet the policies and procedures of each funding source and to ensure that the cash flow was adequate for the long-term maintenance of affordable housing units. The project was funded with a first-position New York City Housing Development Corporation (HDC) secured mortgage through a combination of a tax-exempt volume cap and recycled bonds; this is the first low income housing tax credit (LIHTC) transaction in New York that combines the two. The development also received a secured second-position loan in Tax Credit Assistance Program (TCAP) funding allocated by the U.S. Department of Housing and Urban Development and the New York City Department of Housing Preservation and Development (HPD), and an additional secured loan in HOME Investment Partnership Program funds allocated by HPD. Additional LIHTC equity and developer equity were provided by Richman Group.

The Richman Group purchased the land from the city for \$1 through the HPD's Cornerstone Program—a competitive bidding process that requires winners to dedicate 20 percent of the units developed on the city-owned land to benefit low-income residents. In addition, an affordable housing covenant has been recorded on title as part of the regulatory agreement with the city to ensure that the property remain affordable for 32 years.

The Harlem landscape is being transformed from a once-blighted and abandoned neighborhood into a vibrant, accessible community providing new housing opportunities for residents with a mix of incomes. By providing workforce housing with high-end and family-friendly amenities, the Balton serves residents who have been part of Harlem's economic revitalization but now find themselves priced out of market-rate rental units. The Richman Group succeeded in developing a building with high-quality design and construction through use of creative sources of financing with the assistance of numerous private and public partners who together share a common goal: to build a stronger community.



“We are restoring vitality block by block, bringing quality affordable housing, new economic opportunity and stability back to this proud neighborhood.”

Rafael Cestero

Former HPD Commissioner