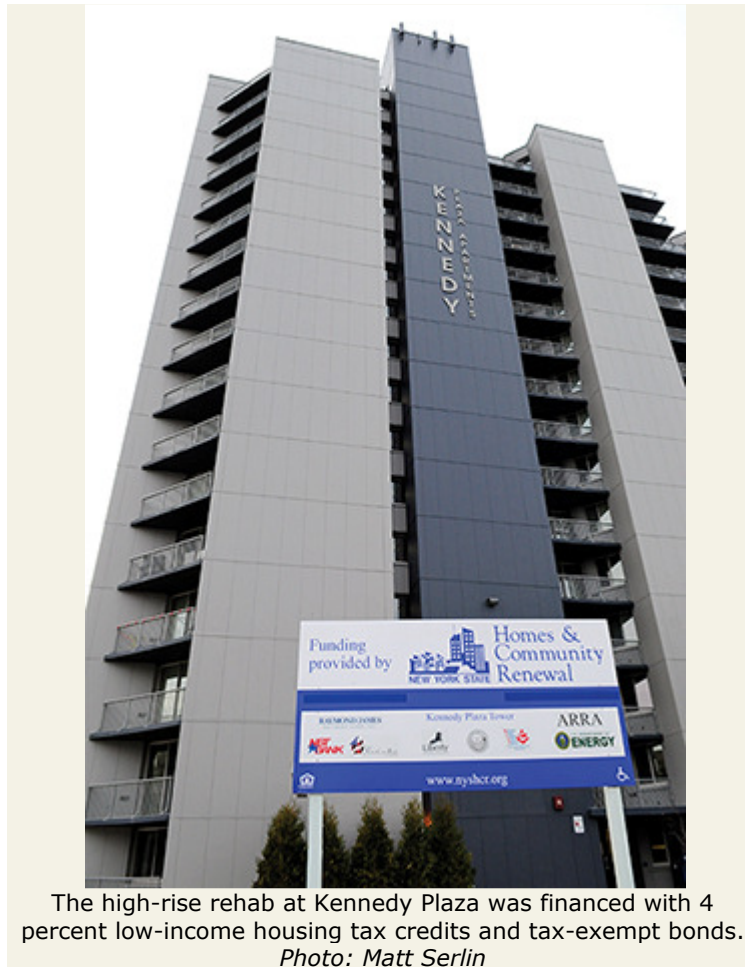


Troubled No More in Utica

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Liberty Affordable Housing turns around blighted downtown project
BY CHRISTINE SERLIN



The high-rise rehab at Kennedy Plaza was financed with 4 percent low-income housing tax credits and tax-exempt bonds.

Photo: Matt Serlin

UTICA, N.Y.—Located across from City Hall in this Central New York industrial city, Kennedy Plaza Apartments was once considered “a crown jewel” of the downtown. But years of neglect and accounts of drugs, murder, and other crimes had left the project in despair.

The project, which was constructed in 1971 under New York’s Urban Development Corp.’s (UDC) Mitchell- Lama program, became delinquent in paying its bills. Empire State Development Corp. (ESDC), UDC’s successor, foreclosed on the project and named Rome, N.Y.-based Liberty Affordable Housing, Inc., as the designated developer in late 2008.

Liberty’s first task was to bring in local CRM Rental Management, Inc., to start cleaning up the buildings and repairing the tarnished reputation. Becki Smith, Kennedy Plaza site manager, says when she came on board in October 2009,

police were present at the project on a daily basis. At that time, 132 units were vacant, and Smith and CRM filled them within three months, demonstrating the need for affordable inner-city housing.

A local security firm was hired with additional hours of coverage to address security issues, occupancy rules were enforced, and the property manager collaborated with the police department to address crime.

Liberty's other big task was to cobble together financing to make the rehab a reality. Liberty split the 292-unit property into two separate limited liability companies—one consisting of two five story low-rise buildings with 88 units and the other consisting of the high-rise building with 204 units.

After initial tax credit applications were not awarded, Davis Yohe, deputy executive director of Liberty, says it took a lot of pieces and a lot of people pulling together to get the financing in place. Liberty reached out to state Assemblywoman RoAnn Destito for help, and she brought the development team, the city, the New York State Housing Finance Agency (HFA), the New York State Division of Housing and Community Renewal, and ESDC to the table to resolve issues.

The funding then started to come together. The \$14.6 million low-rise buildings were financed with 9 percent low-income housing tax credit (LIHTC) equity syndicated by Raymond James Tax Credit Funds, Inc., a HUD Sec. 236 decoupling divided between the two parcels, Federal Home Loan Bank of New York funds through member bank NBT Bank, N.A., and a State of New York Mortgage Agency-insured mortgage from The Community Preservation Corp.

In addition to the HUD Sec. 236 decoupling, the \$20.8 million high-rise was financed with an HFA first mortgage, tax-exempt bonds with 4 percent LIHTCs syndicated by Raymond James, Neighborhood Stabilization Program funds, weatherization funds, ESDC project improvement funds, city of Utica HOME funds, Federal Home Loan Bank of New York funds through member bank NBT Bank, and a sponsor loan and deferred developer fees.

Kitchens and bathrooms were revamped with Energy Star appliances and water-saving features. New windows, doors, flooring, lighting, and updated plumbing and electric were added to the units. The developer also added a new sprinkler system, heating system, hot water system, and elevators. And the exteriors were updated with new landscaping and a playground.

The drugs and crime have disappeared, and Smith says it has been a year without any police calls. "Something that was a blight now is a positive aspect of downtown Utica," adds Yohe.

The rehab was set to be completed in mid-December, with the final units leased by the end of 2011.