

REAL ESTATE WEEKLY

November 28, 2016

Former church to become place for Women in Need



91st RiverOak NYC I, LLC, and an affiliate of Azimuth Development, has completed the purchase of 316 East Street, a three-story converted church building located on a mid-block parcel on East 91st Street between 1st and 2nd Avenues.

Stephen DeNardo, CEO of RiverOak Investment Corp., said the purchase price was \$13.525 million.

The developer plans to demolish the existing 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 approximately \$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 percent 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 percent of these air rights.

“RiverOak NYC I will have a preferred equity interest in this transaction that includes a current pay feature equal to eight percent per annum,” explained DeNardo.

“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 percent IRR or a multiple on our investment of about 1.5.”