

DAILY NEWS

Project's financing plan ripped for lack of affordable housing in Queens West

BY JESS WISLOSKI
DAILY NEWS STAFF WRITER

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An unorthodox financing scheme that would pay for the city's planned 6,400-unit development in Queens West is an end run around federal mandates for affordable housing, an advocacy group is charging.

"You get federal tax exemption for a residential development with no low-income housing," said Brad Lander, executive director of the Pratt Center for Community Development, an advocacy group for affordable housing. "I think this is wrong."

Lander made his comments on the heels of a Nov. 15 public hearing on the mammoth project.

But city officials argue the "creative financing" for the development, dubbed Hunter's Point South, is a way to tap into construction dollars at a time when federal aid is tight.

The scheme, which is based on a model used for a project under construction in Hawaii, would allow the city to pay developers with federal tax-exempt bonds that are typically designated for construction by nonprofit entities, or 501(c)(3) bonds.

Normally, such bonds would go toward the construction of a facility such as a hospital or a YMCA.

By obtaining status as a legitimate nonprofit, or 501(c)(3), the city avoids dipping into its limited supply of tax-exempt municipal bonds that finance the administration's other affordable housing developments.

But the city also wriggles out of certain development restrictions: The federal government mandates every project funded with municipal bonds must include at least 20% of housing for low-income residents.

The city is financing a public project "through the back door," said Lander, whose group is opposed to the project having only middle-income and market-rate units, with no low-income options.

"The whole idea of the [affordability] requirement is that you shouldn't be able to use tax dollars to build a luxury building in the middle of the city," Lander said.

The city plans to rent or sell 60% of the units to middle-income households and 40% at market rate. A middle-income household is defined as one making \$57,840 to \$99,820 per year.

"There's a million people in Queens who make less than the income required for Queens West," Lander said.

A spokesman for the city Department of Housing Preservation and Development, which works with developers, said the scarcity of municipal bonds prompted officials to look for creative financing.

"There's so much affordable housing construction going on, there are more projects looking for funds than there is [funding] available," said Neill Coleman, a spokesman for the agency.

He noted that 75% of the 165,000 new affordable units created under Mayor Bloomberg's administration were for low-income families.

"There is a need for middle-income housing," he said. "Teachers, nurses, firefighters - these are people who need affordable housing, too."

Coleman said the financing scheme for Hunter's Point South was not final and that officials are looking at other options.

jwisloski@nydailynews.com