

Tax-free bonds plan to bankroll Hunters Point South high rises

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The city's planned Hunters Point South megadevelopment could rise above the [Long Island City](#) waterfront on the backs of tax-free bonds sold through a special nonprofit organization, a top city official said Wednesday.

[Tom McKnight](#), a senior vice president of the city Economic Development Corp., said the uncommon approach would create a significant cost savings for the project, which will use city subsidies to provide 3,000 residential units that will be affordable to middle-income families.

But housing advocates said the proposal to sell tax-free bonds is an end-run around requirements to build housing that would be truly affordable to the average [Queens](#) resident.

The Hunters Point South plan began its public review process on Monday - the same day as the more controversial [Willets Point](#) redevelopment proposal.

Hunters Point South would create a mixed-use development with 5,000 residential units along the East River immediately south of the state's ongoing Queens West redevelopment.

McKnight said the city will bankroll the purchase of the 30-acre property and also foot bills for cleanup, infrastructure and parkland - which estimates say could reach \$200 million.

The proposal to create a nonprofit to sell tax-free bonds is intended to cover construction costs for the seven high-rise residential buildings planned for the site, McKnight said.

"It's a costly project between the affordability, the infrastructure and our acquisition of the property from the Port Authority and the state," McKnight said.

The proposal to sell tax-exempt bonds has "a real positive effect on the bottom line," he added, but did not give a dollar amount for the expected savings.

But the Hunters Point South plan has been panned by housing advocates who say Queens' median household income - \$48,000 a year - falls well below the lowest prices anticipated for the project's rental units.

The EDC did not respond to requests to define exactly what "affordable to middle-income" would be.

Housing advocate [Elena Conte](#) of the [Pratt Center for Community Development](#) said the city's plan to sell tax-free bonds is carefully designed to exploit an affordable housing loophole.

If the city were to apply for tax-free bonds directly - instead of setting up the nonprofit organization to do so - they would be subject to a federal requirement that 20% of the units be affordable to families making less than half of the local median income, she said.

"It just seems like an extraordinary effort to keep folks out of this development," she said.

"And when those folks are the majority of the people in Queens, you sort of have to wonder why the administration is failing to address their needs."

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