

# REAL ESTATE WEEKLY

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\$2.50

## FINANCE

### Firms react to backlog of EB-5 cases

Trio of finance leaders hatch program to redeploy foreign money caught up in mounting backlog of visa applications from investors.  
Page A9



Alison Berman,  
Greystone EB-5.  
Page A9

## DEALMAKERS

### TFC to lead massive LIC development

Neighborhood pioneer will build 1.5M s/f community with offices, apartments and industrial space (below).  
Page B1



## RESIDENTIAL

### Eviction friction among tenants, landlords

Move to provide free legal services to some city tenants draws ire of New York City's multifamily landlords.  
Page C1

## Mayor gets 'A' for housing effort

The city's Building Congress has given Mayor Bill de Blasio a pat on the back for effort in trying to build more affordable housing.

"Shortly after taking office, Mayor de Blasio laid out an ambitious affordable housing agenda and promised to provide the resources necessary to get there," said New York Building Congress president and CEO Carlo A.

Scissura. "Despite a number of obstacles, including the temporary expiration of the 421a tax incentive program and the resistance he has faced in enacting portions of his rezoning plan, he and his team have really risen to the challenge thus far."

According to analysis by the Building Congress, despite a year-long lapse of an important New York State

tax incentive program and community opposition to a number of the City's affordable housing initiatives, New York City is roughly on pace to meet de Blasio's ten-year target for the construction of new affordable units throughout the five boroughs.

Reviewing city housing data from January 2014 through June 2017, NYBC found that New York City

produced a total of 25,342 new affordable housing units across the five boroughs.

That represents approximately 32 percent of the Mayor's construction target of 80,000 new affordable housing units over the course of a decade. The new construction target was first announced as part of the Mayor's Housing New York Plan released in 2014.

The Housing New York Plan calls for the creation or preservation of 200,000 units of affordable housing over a ten-year period, with 40 percent of that total being new construction. Of the 77,651 affordable units financed to date, 33 percent are comprised of new construction starts while the remaining



MAYOR BILL De BLASIO

two-thirds represent existing units where the City has preserved and/or extended their affordability.

Approximately 39 percent of new affordable construction starts occurred in the Bronx over the entire three-and-a-half-year period, fol-

Continued on Page A7



Photo by Howard Wechsler

The 2017 CREW New York Founders' Award recipient, selected by president Michele O'Connor, was Christine Chipurnoi, MS, CPCU, RPLU, Senior Vice President, Wells Fargo Insurance Services USA, Inc. The Founders' Award recipient represents the finest qualities of CREW New York, consistently supports the organization's mission and goals and does so with exceptional generosity in sharing her time and talent in support of other women. It has been given out annually since 1994. L to R: CREW NY President-Elect Jaimee Nardiello, Zetlin & DeChiara; 2016 President Theresa Garelli, Astor Title Services; 2015 Co-President Christine Chipurnoi, Wells Fargo; 2017 President Michele O'Connor, Langan.

## Fortress closes on \$200M deal for Palace Theater retail units

BY HOLLY DUTTON

Fortress Investment Group has purchased two commercial condo units at the historic Palace Theater in Times Square for \$200 million.

The deals went into contract in August of 2015 but didn't close until last month.

The two condo units were purchased from The Nederland Organization, a group that operates historic theaters, in separate deals, with one selling for \$162.8 million, and the other for \$37.1 million.

A spokesperson for Fortress did not respond to a request for comment by press time.

In December of 2015, MaeField Development paid \$540 million to purchase the leasehold interest in 1568 Broadway, home to the 468-room DoubleTree Hotel and the Palace Theater.

The acquisition was the

first step in a \$2 billion redevelopment of the property into "a premier cultural, entertainment, retail and hospitality experience in the #1 tourist destination in the world," said MaeField at the time.

Part of the development will include raising the historic theater 29 feet in a multi-million dollar restoration, opening up 10,000 s/f of retail underneath that will include three spaces in the basement and one on the ground floor.

The redevelopment will also include a renovated luxury hotel, prime street-front retail and entertainment space, a massive high-resolution LED screen for advertisements, and of course the restoration and enhancement of the Palace Theatre.

MaeField Development is also a stakeholder in the 20 Times Square hotel and entertainment development.



1568 Broadway rendering

## Tenants sue over fake renovations

BY CHRISTIAN BAUTISTA

Bronstein Properties, which is facing a class-action lawsuit from over 60 tenants, is receiving millions in tax benefits for allegedly non-existent renovations in its rent-regulated apartments.

The firm, which owns more than 100 rent-regulated buildings, has \$4.3 million in active J-51 tax abatements, according to data provided by non-profit group Housing Rights Initiative to *Real Estate Weekly*.

The J-51 benefit is provided to property owners who renovate old apartment buildings. Bronstein's tenants claim that the firm fabricated improvements in its properties. The firm did not respond to a request for comment.

For its data, HRI collated information from the Department of Finance. The group's list includes 45 properties, the majority of which

are in Queens. About half of the properties already had J-51 tax benefits when bought by Bronstein.

HRI, whose work pushed forward the class-action lawsuit against Bronstein, has also contributed to cases against landlords including Stellar Management and the Parkoff Organization.

The property that provides the most financial benefit for Bronstein is 1780 West 3rd Street in Gravesend, Brooklyn. The six-story, 98-unit building comes with \$863,167 in J-51 abatements. Meanwhile, 90-19 88th Avenue, a four-story property in Woodhaven, Queens, generated \$404,960 in J-51 tax benefits. Both properties did not have J-51 benefits when acquired by Bronstein.

"Bronstein is bludgeoning our affordable

Continued on Page A7

## Macmillan moving operation downtown

Silverstein Properties announced that Macmillan Publishers has signed a 20-year lease to occupy 261,000 s/f at 120 Broadway, the 40-story, 1.9 million-square-foot Downtown office tower.

Macmillan, a group of companies that publishes a range of works, will relocate in early 2019 from multiple locations, including the Flatiron Building, to occupy floors 22 through 26 of 120 Broadway.

"We are thrilled that 120 Broadway will serve as Macmillan's home for the next two decades," said Roger A. Silverstein of Silverstein Properties. "In making the move Downtown, Macmillan joins a growing list of leading publishing, media and creative firms that have been attracted to Lower Manhattan for its vibrant mix of residences, open spaces, shopping, dining, cultural attractions and transit options."

"We are delighted to be moving to 120 Broadway," said Andrew Weber, COO of Macmillan Publishers. "The move will be great for our people and our planned growth, and the architectural

heritage of 120 Broadway means we will be moving from one of New York City's great iconic buildings to another."

120 Broadway was the largest office building in the world when it opened in 1915. Known as the Equi-



ROGER SILVERSTEIN

table Building, the property features a grand lobby with high ceilings, 50,000 s/f floor plates and in-building subway access.

Spanning a full city block bordered by Broadway, Nassau, Pine and Cedar Streets, 120 Broadway is home to such tenants as American Lawyer Media, Beyer Blinder Belle, SIFMA, Strategies for

Continued on Page A7



120 Broadway



# BANKING & FINANCE

## Houlihan, Jemal JV closes \$52M mortgage for Bronx building

The Houlihan and Jemal families have secured a \$52.5 million mortgage on their redeveloped Grand Concourse office and retail building in the Bronx.

Christie L. Houlihan, Bryan J. Houlihan and James J. Houlihan, of Houlihan Parnes Realtors, LLC, arranged the mortgage on the property located at 2501 Grand Concourse.

The loan was placed for a term of 10 years on an

interest-only basis. Houlihan Parnes was able to negotiate favorable terms due to the low Loan to Value, the company said in a press release.

A former Alexander department store, the 285,000 s/f property was purchased by Samuel Jemal, of JJ Operating, Inc., and members of the Jemal family, together with James J. Houlihan and members of Houlihan Parnes in 2001.



2501 Grand Concourse

## Happy Living developer lands \$32M for condo

Aristone Capital, a Propellr Company, provided New York-based Happy Living Development with \$31.7 million acquisition and construction financing for a residential condominium development with ground floor retail.

The property is situated at 805 Washington Avenue in Brooklyn's Prospect Heights neighborhood.

The two-year non-recourse loan was secured at 75 percent loan-to-cost, which allows the borrower to both fund construction costs and acquire the development site along with necessary additional air rights.

high demand neighborhood. I am excited that Aristone was able to deliver a financing solution that allows Happy Living to acquire and build the project," said Boris Zhuravel, Head of Real Estate for Aristone Capital.

Aristone Capital is a New York based provider of multi-strategy structured debt and preferred equity that is powered by Propellr.com, a technology-based merchant banking platform for alternative assets.

The owners converted the iconic store on the northwest corner of Fordham Road and the Grand Concourse into a multi-tenanted retail and office building.

The property, which had been vacant for several years, has been fully leased since acquisition and anchors the major business area and intersection of Fordham Road and the Grand Concourse.

The property enjoys a robust and diverse tenant roster that includes PC Richard & Son, Marshalls, Children's Place, Capital One Bank, the City University of New York, the U.S. Social Security Administration and 1199 SEIU Health Care Training and Child Care Center.

The borrower was represented by Elizabeth Smith of Goldberg Weprin Finkel Goldstein, LLP. Title was insured by Chicago Title Insurance Company.

The property is one of two large successful gut renovation projects engineered in the Bronx by the Houlihan and Jemal families, who have partnered together on various deals across the New York metropolitan area for three generations.

## Sitex secures \$119M for Red Hook buy

Meridian Capital Group arranged \$119 million in acquisition financing for the purchase and repositioning of a Red Hook industrial portfolio located in Brooklyn, on behalf of Sitex Group.

The loan, provided by a debt fund, features a competitive rate and full-term interest-only payments.

The transaction was negotiated by Meridian Senior Managing Director, Tal Bar-Or and Senior Associate, Kyle Kite, who are both based in the company's New York City headquarters.

The Red Hook industrial portfolio, located at 44 Ferris Street, 68 Ferris Street, 100 Ferris Street, 216 Sullivan Street, and 242-300 Coffrey Street, features 11.4 contiguous acres of waterfront property in the Red Hook neighborhood of Brooklyn.

The portfolio consists of five two-story

industrial assets, totaling 285,994 s/f of warehouse space and includes a 99,740 s/f parking lot.

The property has 1,200 feet of unobstructed coastline, as well as direct vehicular and pedestrian access to Manhattan via the Brooklyn Bridge, the Franklin D. Roosevelt Drive, and Interstate 278 West.

"The sponsor's strong track record and diligence on the site location enabled Meridian to tailor a financing structure that provided the client with the optimal flexibility of a balance sheet transaction with a very attractive loan-to-cost ratio," explained Bar-Or.

"We had a substantial amount of offers, which speaks to the strength of the sponsorship."

Sitex purchased the six-building site for \$105 million earlier this year from Italian developer, Est4te Four.

## \$21M refi for B'lyn portfolio

Greystone has provided \$22,134,000 in Freddie Mac financing on a 12-property portfolio in Brooklyn, NY.

The loans were originated by Anthony Cristi of Greystone's New York office.

The refinanced properties, which all contain between five and 12 units, all received five-year fixed rate Freddie Mac Small Balance Loans which include an additional 15-years floating and one year of interest-only at 80 percent LTV.

The property owner, Yoel Goldman, received \$9.6 million in cash-out proceeds and plans to reinvest capital into each property.

The Brooklyn properties included 165 Central Avenue, 1358 Dekalb Avenue, 145 Driggs Avenue, 136 Kingsland Avenue, 146 Skillman Street, 161 Troutman Street, 191 Troutman Street, 163 Troutman Street, 54 Lewis Avenue, 11 Gunther Place, 1136 Willoughby Avenue and 189 Menahan Street.

"Freddie Mac's Small Balance Loan platform allows for maximum proceeds, so owners are able to either re-invest in their portfolio or continue to grow their holdings with additional acquisitions," said Cristi.

"Greystone's execution of this financing included an incredible team effort from Adam Reiss and Hope Curtis, as well as our phenomenal underwriting team and closing specialists. Maneuvering an expedited closing for 12 properties was no small feat, and we are proud to have gotten the job done for Mr. Goldman," he added.

Annie Gong, Freddie Mac Multifamily's production manager for the Eastern Region, said, "This deal is an excellent example of the superior execution, and certainty, our Small Balance Loan Program can deliver."



# \$10,800,000

## Permanent Financing Hempstead, New York

### Two three-story multifamily apartment buildings containing 66 units



Adam Brostovski, Principal, arranged the financing for this transaction

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