

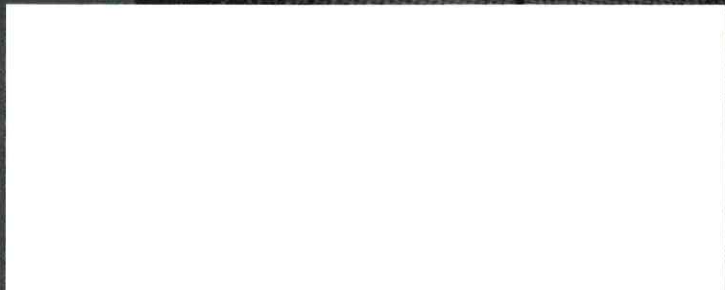
AFFORDABLE HOUSING FINANCE

INSIDE

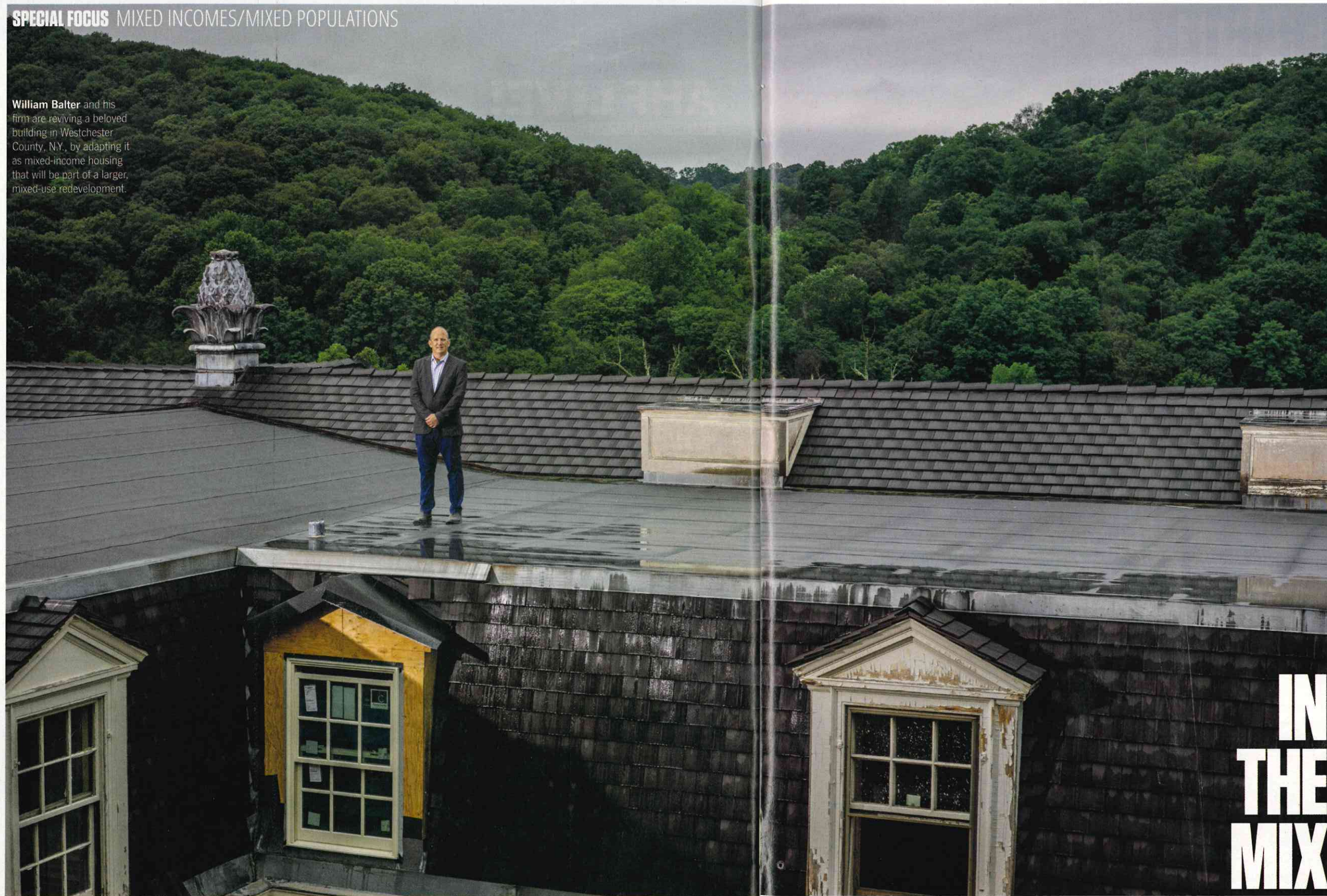
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EXPERTS TALK PROS,
CONS OF MIXED-
INCOME, MIXED-TENANT
COMMUNITIES

THE RIGHT MIX

William Balter adapts a former Reader's Digest building
into mixed-income housing in Chappaqua, N.Y.



William Balter and his firm are reviving a beloved building in Westchester County, N.Y., by adapting it as mixed-income housing that will be part of a larger, mixed-use redevelopment.



BY DONNA KIMURA
PORTRAITS BY NOAH KALINA

Today's affordable housing consists of more than developments that serve low-income families or needy seniors. Many are mixed-income properties, combining market-rate and affordable units. It's also not unusual for a development to serve diverse populations, with units set aside for veterans, formerly homeless individuals, or other special-needs residents within a larger affordable community. In this Special Focus, AHF looks at Chappaqua Crossing in Chappaqua, N.Y., and Greenwich Park in Milwaukee, two new examples of mixed-income developments. Also, we ask experts in development, finance, and policy to dig into the benefits and challenges of mixed-income and mixed-tenant communities.

**IN
THE
MIX**

A NEW CHAPTER

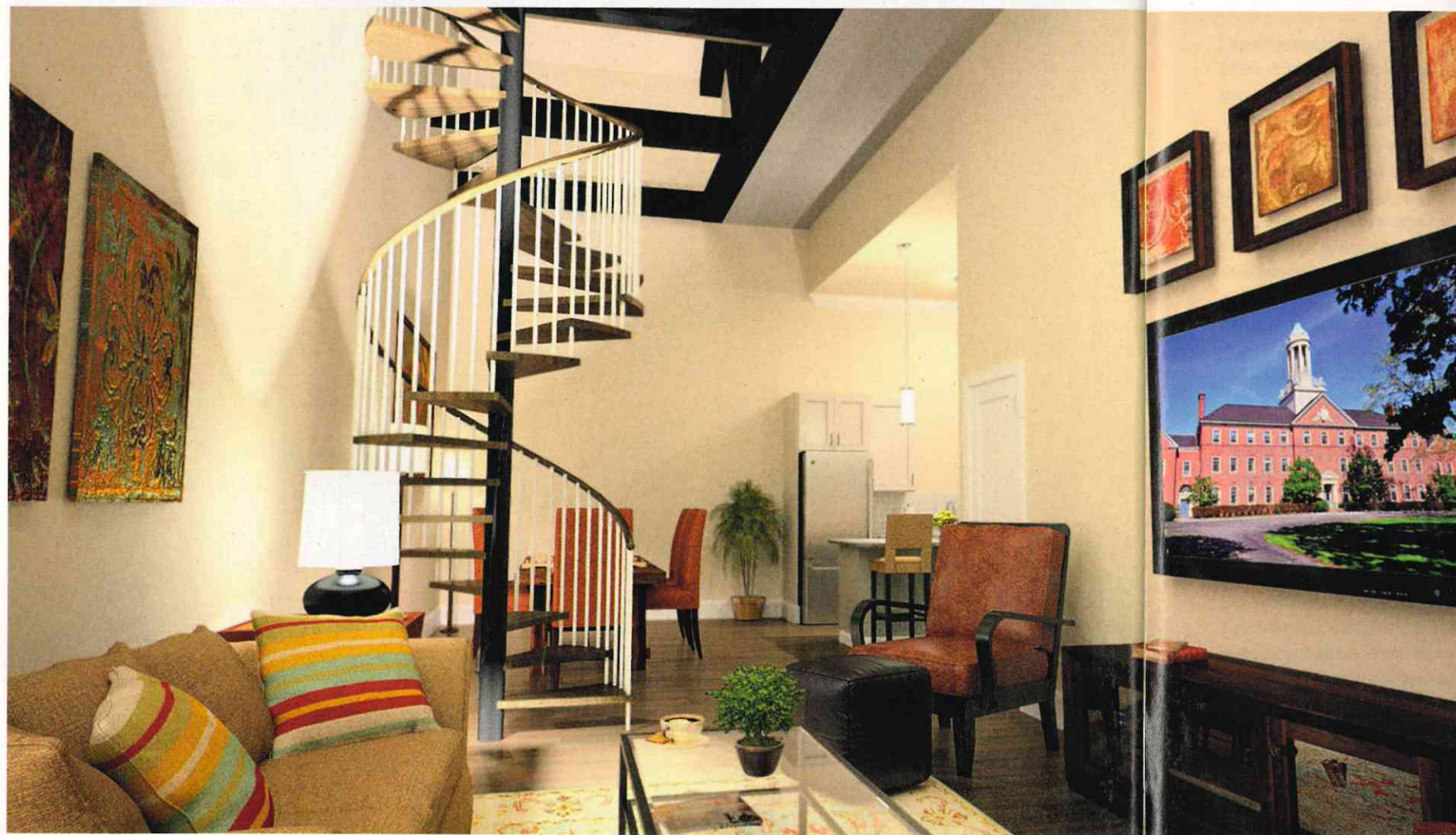
Mixed-Income Development Rising From Reader's Digest Building

A cherished building that served as the centerpiece of the *Reader's Digest* headquarters is getting a second life as mixed-income housing in Chappaqua, N.Y.

Wilder Balter Partners and Housing Action Council are developing 64 apartments in the iconic Cupola Building, 38 of which will be affordable housing. Constructed in 1939, the four-story brick building is a familiar sight to travelers making their way through Westchester County by rail or car.

"It was an opportunity to take an iconic building, a beautifully constructed building, that had been unused for a while and turn it into housing," says William Balter, president of Wilder Balter.

The adaptive reuse of the Cupola Building, now Chappaqua Crossing Apartments, also benefits the larger community by bringing back a structure that had sat empty for approximately 12 years.



Construction of the development, which is a key component of the redevelopment of what was once the sprawling, 114-acre *Reader's Digest* campus, is expected to be completed around the end of the year. Renamed Chappaqua Crossing, the overall site is be-

ing transformed with 500,000 square feet of office space and 120,000 square feet of retail anchored by Whole Foods. In addition, another development will feature 91 luxury townhomes.

Chappaqua Crossing Apartments is one of the first pieces of the larger redevelopment. It will provide six apartments for families earning no more than 40% of the area median income (AMI), 22 units at 60% of the AMI, and 10 units at 90% of the AMI, which are also referred to as the workforce housing units required by the town of New Castle in the hamlet of Chappaqua. Chappaqua Crossing also includes 25 market-rate apartments. (The 64th unit is reserved for the development's property manager.)

"The local zoning initially called for 20 affordable apartments, and we had proposed to build them in the top two floors of the four-story building," says James Wendling, development manager. "However, we worked with the local boards and seller to come up with a better end result for the redevelopment of both the Cupola Building and the entire site. This led to more units [being made] available to households at various income levels, as well as a market-rate component, spread throughout the entire building."

Unlike a new-construction

apartment project that might have just two or three different layouts, Chappaqua Crossing Apartments has about 55 discrete layouts for the 64 apartments, he says.

The affordable apartments are distributed throughout the building, and all residents will share the same common amenities, including a fitness center, a yoga studio, and a social room and wood-paneled library preserved from the *Reader's Digest* days.

In addition to enjoying the area's abundant open space and walking trails, families will be adjacent to the Chappaqua Performing Arts Center, which will host performances and community programs.

To underwrite the \$21.2 million, mixed-income project, the development team worked closely with its financial partners, who must carefully evaluate the market risk, says Kathleen Rubin

Chappaqua Crossing Apartments features a mix of 64 market-rate and affordable apartments, including six for families earning no more than 40% of the area median income (AMI), 22 units at 60% of the AMI, and 10 units at 90% of the AMI.

COURTESY WILDER BALTER PARTNERS/KAY NORDBY OF 3DPLANVIEW.

Nash, vice president at Wilder Balter. In this case, the property's desirable location and unique nature made a strong argument for the apartments at the different income levels.

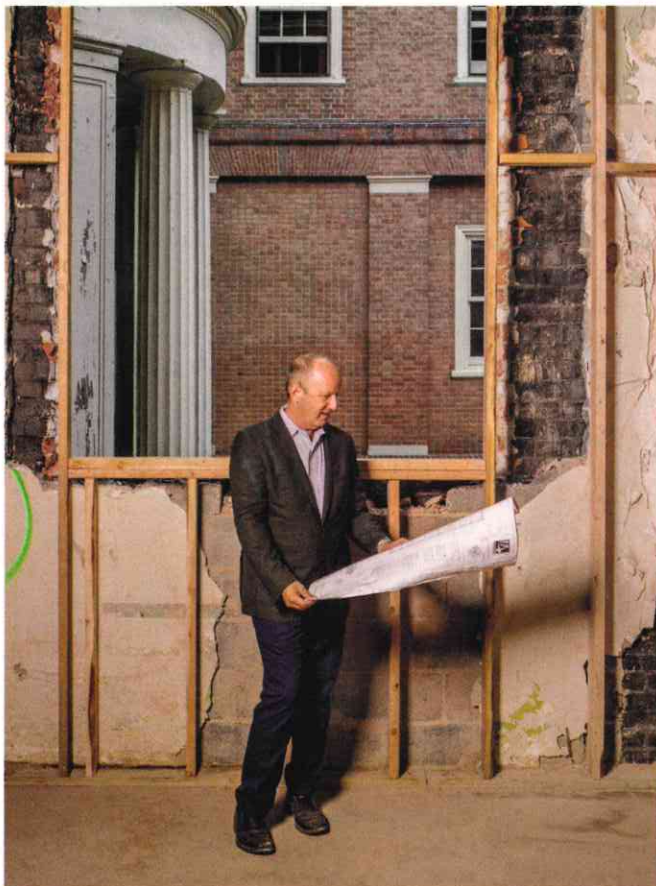
The area median income of Westchester County, at more than \$111,000, is the highest in New York state and among the highest in the nation, suggesting that significant demand for an affordable housing alternative exists.

The prime location in the hamlet of Chappaqua, with high-quality public schools and proximity to New York City, makes it appealing to market-rate renters, too, creating a unique opportunity to knit together a mixed-income

community, say developers.

State and federal 4% low-income housing tax credits (LIHTCs) raised more than \$5.4 million in financing for the project. First Sterling syndicated the LIHTCs, and Citi Community Capital is the construction and permanent lender. The New York State Housing Finance Agency and Westchester County also provided key funding. **AHF**

Developer William Balter checks on the progress of Chappaqua Crossing Apartments, the adaptive reuse of the iconic Cupola Building on the *Reader's Digest* campus in Chappaqua, N.Y., into mixed-income housing.



\$111K

The median income in Westchester County, N.Y., is among the highest in the nation.

▶ **It's not easy to spot new affordable housing.** From the outside, the communities often look like market-rate developments or are even the best property on the block.

On the inside, however, there's a lot going on. Some developments have expanded to become mixed-income communities, housing both low-income and market-rate residents. Many properties also work to blend different populations, setting aside units for formerly homeless or special-needs individuals along with those for families and seniors.

We invited several experts in development, finance, and policy to dig into the benefits and challenges of mixed-income and mixed-tenant communities to give AHF readers their perspectives and insight.

Taking part in the discussion are Laura Bailey, senior vice president of community finance at Capital One; Beverly Bates, senior vice president of development at The Community Builders; Gregg Gerken, head of commercial real estate at TD Bank; Diana McIver, president and owner of DMA Cos.; and Mark Shelburne, senior manager at Novogradac & Co. (not pictured).