

**Affordable Housing Finance
2010 Readers' Choice Awards
Project Nomination Form (*content narrative*)**

Introduction

The Hamilton is a story of community collaboration, creativity, compassion and innovation. Conifer Realty, LLC's outstanding accomplishments with this affordable housing project are made even more remarkable by the fact that The Hamilton has risen out of a site that, for decades, was defined by decay and despair. Today, The Hamilton is more than a building: it's a home and a beacon of hope for its residents, the adjacent community, and their collective future.

In order to comprehend the tremendous role The Hamilton is playing on the immediate community's social and economic fabric as well as its role in overall community revitalization, it's critical to know what the site had been.

Historical Context

The year is 1974. Several federal, state, and municipal programs advocated the development of low-cost, high-density living units for low income families. Sponsored by the New York State Urban Development Corporation and subsidized by the Mitchell-Lama program, an affordable housing project named River Park Commons was erected on 185-405 Mt. Hope Avenue in Rochester, NY.

River Park Commons characterized conventional wisdom of the time in regards to affordable housing. The site had been used for multiple commercial and industrial purposes for nearly 80 years. Despite the high probability of existing contaminants and carcinogens from the former railroad beds and underground gasoline storage tanks no environmental impact assessment was conducted before erecting a thirteen-story, 202 unit tower along with 4 four-story townhouse buildings with 200 units.

The buildings' architecture and orientation completely ignored the site's potentially valuable riverfront location. Instead, unattractive, unadorned cement barracks were built that served as a fortress between the river and adjacent community. The living units were oriented away from the river—residents lived in and looked out upon a vast expanse of cement and pavement with no landscaping for visual relief. In addition, the original developers used the lowest quality materials and provided no additional amenities to serve the residents.

The outcome of River Park Commons was no surprise. Poverty and its associated problems plagued the development. Its residents were isolated from the adjacent South Wedge community which viewed the development as an urban stain—disfigured, diseased, and dangerous. How bad was it? Freddie Toro, a four-year resident of River Park Commons describes daily life.

The windows always whistled in the wind, alarms didn't work, the elevators were slow. There was always something going on outside: alcoholics, gangs, violence, drugs, and prostitution. Graffiti and garbage was everywhere. The floors were so nasty and there was never any parking. There were always security guards walking around but you never felt safe. It's bad to have to see security guards everyday, all the time; it makes you feel like you live in a prison or a bad place, but not a home. It felt cold, it was dirty, and nothing worked. No one cared.

This was the environment that Conifer Realty, LLC took over in 2004 with a definitive vision for change and an innovative but complex plan to make it happen.

WHY DOES THE NOMINATED PROJECT DESERVE TO BE RECOGNIZED BASED ON THE AWARD CRITERIA OF THIS CONTEST? WHAT MAKES THE PROJECT UNIQUE?

When Conifer Realty, LLC took over ownership of River Park Commons the buildings were essentially broken. Maintenance issues and disrepair plagued the facility. The tower and townhouses were respectively only 75 percent and 65 percent occupied.

Fast forward to 2009. Boasting an artistic new façade, interior, landscaping, and modern signage, River Park Commons has been transformed into The Hamilton, a residential building that clearly values its role in the community and with its residents. The building itself has been refurbished to reflect a colorful, modern architectural design that complements the Rochester skyline. It's been re-oriented to embrace its waterfront location. Landscaping and new pathways encourage adjacent neighbors and the residents to utilize the waterfront path. Residents enjoy generous amenities and the adjacent South Wedge community members are welcomed to use the accommodations. The Hamilton is 100 percent occupied with a waiting list of over 70 names. Everyone who has been involved in the transformation—the South Wedge Planning Committee, residents, Housing Finance Agency, investors, City of Rochester along with the contractor and developer—couldn't be happier with the final outcome.

The end result of this project is unique enough to stand on its own merits but it becomes **exemplary when one considers the arduous path of creative problem-solving Conifer Reality had to follow to make it reality.** To fulfill its vision of a high-quality, affordable housing community Conifer Realty had to secure funding and support from a diverse array of stakeholders, overcome deeply embedded negative perceptions and doubt all while crafting a solution to the project's inherited financial, physical, social, and environmental problems.

Financial Problems: Solved with Multiple Layers of Financing

When Conifer Realty took over the site was facing foreclosure on a mortgage held by the New York State Urban Development Corporation (UDC). UDC agreed to forebear mortgage payments pending approval of a decoupling request from Housing and Urban Development (HUD) which would allow Conifer Realty to subdivide the property and build it in two phases: The Hamilton and Erie Harbor. The Hamilton is completed and built for 100 percent affordable housing. Phase II (Erie Harbor) will be a reconstruction of low-rise townhomes that will be 20 percent affordable housing and 80 percent market-rate. All the project stakeholders recognized that the mix of affordable and market rate housing is essential to the success of establishing a highly valued property that is an integral part of the trendy South Wedge neighborhood and link between the City of Rochester to the North, the University of Rochester to the South (Rochester's largest employer) and the historic Corn Hill district across the river to the West.

The decoupling was a test of perseverance. Conifer Realty had to patiently navigate the request through the HUD's labyrinth of communication channels and regulatory requirements. Decoupling the property had several complicating factors.

1. Current residents could be not be involuntarily displaced, so Conifer Realty had to work hard to provide a desired and seamless relocation package for residents in the tower and townhouses.
2. The current mortgage subsidy applied to the entire property and would have to be transferred to just The Hamilton.
3. The overall number of affordable housing units would be reduced despite the fact that the existing number in River Park Commons were decrepit and largely unoccupied. If the units were fully occupied, overcrowding became an issue.

Even nature complicated the process. During the request period Hurricane Katrina eclipsed any attention given to The Hamilton project. Furthermore, because The Hamilton represented a completely new shift and standard in affordable housing by moving away from over-crowding and low-end materials it had to be carefully explained. Ultimately, HUD wanted to preserve Mitchell-Lama units and support the positive,

collective momentum expressed by the City of Rochester, the developer, investors, and the neighborhood.

After four years HUD granted the request and allowed Conifer Realty to keep the mortgage subsidy for The Hamilton at 1 percent and provided Housing Finance Agency (HFA) subsidy funds in the form of Low Income Housing tax credits. This allowed Conifer Realty to pursue other creative funding options.

The Senior VP of multi-family housing at the New York State HFA summarizes the basis of the critical decoupling decision, "The biggest benefit Conifer delivered through this project was developing quality housing in downtown Rochester while preserving 202 units of affordable housing under the Mitchell-Lama program. We were impressed with the overall quality of the project and we've had a long history with the developer, Conifer Realty. They deliver. Rochester is a tough market but with a developer like Conifer it made it easy to make our decision."

Conifer Realty then took their tax credits to M & T Bank. Once again, a larger event thwarted Conifer Realty's initial efforts. For some time M & T Bank had explored the option of providing loans on tax credits in order to give equity to the investor. Unfortunately, the recession flooded the market with requests which affected M & T Bank's ability to provide the loan at a profitable rate. Conifer Realty was patient. As soon as the market improved M & T Bank didn't hesitate to purchase the credits for The Hamilton project. Once again, it was Conifer Realty's stellar reputation that influenced M & T Bank's decision. Daniel Burns, President of the Rochester Division of M & T Bank explains, "We save our credits for our best customers. When we heard of the project and the developer we knew how much it would mean to the community and we're thrilled to be part of it."

Physical Problems: Refurbish, Rebrand, Redesign and More Funding

River Park Commons was a victim of neglect, severe deterioration, and absentee ownership. Floors were filthy and garbage was ubiquitous. The low quality of materials eroded living standards. Windows were inefficient and completely non-functional. The cement exterior had water damage exacerbating the cold interior during the typical icy northeast winters. The elevator was frustratingly slow which forced residents to use the stairs in hallways with broken lights. Safety was a huge concern. Alarms failed and the front door lock was broken. Studies had shown the townhouses were unsuitable for living.

Conifer Realty secured a state grant from the NY State Energy Research and Development Authority (NYSERTA) to help with funding and upgrading the tower. Conifer Realty worked with three different architects: Barton and Associates, Barkstrom Lecroix, and NH Architecture.

Barton & Associates developed the exterior concept and decided that a bold design was needed to break old preconceptions. They suggested a lively color palate to be used in conjunction with the concrete restoration. The building's façade went from an eyesore to an artistic statement in modern architecture. Multi-colored panels adorn the sides of the building and the entryway is punctuated with a blue and stainless steel roof that sweeps over the entrance like a wave softening the hard angles. The paint used for the exterior's colored panels was selected based on its ability to protect the cement from moisture seepage. Outside there are night lights and landscaping throughout. The entire building has been re-oriented to create an inviting entryway to the riverfront walkway. Where River Park Commons appeared like a miserable gray block of cement, The Hamilton is an expression of style and color. Moreover, the building itself is part of an overall movement of community revitalization and social change.

The City of Rochester supported Conifer Realty's project financially because the project contributes to the City's vision of total revitalization. "Rochester has a large number of high quality housing developers. Conifer Realty is one of our best. This is an extremely hard project and Conifer has capacities that not all developers have," explains Brett Garwood, Director of Business and Housing Development for the City of Rochester. The Hamilton project redesigned and rebranded more than a building...it's an anchor for an entire community.

The adjacent South Wedge neighborhood is one of the City's freshest up and coming districts. In essence, The Hamilton stitches the riverfront back to South Wedge. Directly across the waterfront is a mixed-use luxury complex consisting of apartments, office space, restaurants, and retail space. The City and the New York State Canal Corporation have completed \$6.9 million in infrastructure which includes a ¼ mile river walk promenade immediately adjacent to The Hamilton property. This includes small boat landing and dockage, retaining walls, pedestrian and bike walkways, stamped concrete promenade, playground equipment and extensive lighting. In summary, The Hamilton is on valuable real estate and this is a place where people want to be.

These remarkable changes extend to the building's interior. Under the skilled direction of NH Architecture the interior was gutted and replaced. The entry level flooring has been replaced with ceramic tile. Walls on the entry floor are part tile and textured wall coverings. Every one of the 463 windows has been replaced with an Energy Star rated window. There is a new roof and every hallway has been gutted, painted, and carpeted. Attractive new doors adorn every apartment. The apartments themselves have also been gutted and refurbished. New stoves, refrigerators, improved closets, new flooring throughout and fresh paint have been applied to each unit. Every floor has its own laundry room complete with front loading washer and dryers. Fourteen units have been converted into handicap accessible apartments. The speedy new elevator is lined with ceramic tile, mirrors, and wood detailing.

Residents now enjoy extensive amenities. There is a computer room and gymnasium complete with free weights and aerobic machines. Two meeting rooms, formal and casual, are available for residents or neighbors. The community common room is another source of pride. A space that used to feel like a dingy, dark basement is now expansive and welcoming. Large windows let in abundant natural light and provide river views. The new kitchen is capable of accommodating food for parties. Sofas and chairs create a cozy spot around a large flat-screened television. Tables over a tiled floor encourage conversation and create a pleasant place to visit with friends. Artwork, bright paint colors, modern furniture and plants are located throughout the common spaces. One resident described the transformation with enthusiasm, "I love it! I feel like I'm living at the Hyatt."

Safety is also paramount and has been upgraded throughout the building. The front door is secured with keypad access. Visitors must be buzzed in after contacting the lobby office. Security cameras are everywhere. Residents can also watch a dedicated channel on their television to view what is happening outside their building. Security has been made internal, eliminating the need for guards to patrol the grounds.

Unlike its predecessor River Park Commons, The Hamilton won't fall into neglect and disrepair. General contractor Doug Richards, from Conifer-LeChase Construction points out, "The improvements were 10-fold and more. We built for sustained longevity."

Environment Problems: Cleanup and More Funding

An environmental impact statement revealed that the property had been used commercially and industrially from at least 1892 through at least 1971. Uses included underground gasoline storage tanks, a tannery, and railroad bed. These uses carry a high probability of carcinogenic and other environmental contaminants. No cleanup efforts were made before River Park Commons was erected in 1974. For The Hamilton, Conifer Realty wanted it done correctly. They secured an additional funding source through New York State Brownfield Tax Credits which were purchased by M & T Bank. Environmental remediation is taking place on the site next to The Hamilton where 130 unit mixed income housing building will be constructed in the same style as The Hamilton.

Social Problems: Changing Community Perception

Gangs, violence, drugs, prostitution—these were the defining activities around River Park Commons. Structurally and socially, River Park Commons segregated its residents from the rest of the community. Its depressing environment encouraged a lack of respect for rules among the residents. A large part of

Conifer Realty's goal is to build a community within a community. It's Conifer Realty's hope that by rebranding and refurbishing the tower its residents and South Wedge inhabitants would begin to interact and develop a mutually beneficial relationship.

Conifer Realty realized it needed more than new scenery to change perceptions. True change starts from within. So Conifer Realty strictly enforced the rules. Delinquent behavior is not tolerated. "It's a privilege to live here," says Diane Larrow, Community Manager at The Hamilton. Residents agree. "If I see someone leaving garbage behind I tell them to pick it up. The kids see me do that and ask, 'why do you pick up someone else's trash?' I tell them, 'you need to keep this place looking good!' I'm proud to live here and show it off to my family. We don't want people to mess it up!" beams Freddie Toro, a current resident.

Conifer was strict about late payments, parking space rules, alcohol, and vandalism. The message was clear, "Follow the rules or you don't get to live here." The result? Residents don't abuse the parking lot and they pay their rent on time. Most important they are part of an environment that evokes self-respect, appreciation, and pride. "Everything's different...better. You see it in how we dress, the way we talk to each other, how we act. It's so nice," says Toro.

The adjacent South Wedge Community took notice. The Hamilton is currently planning an open house and inviting their South Wedge neighbors to come into the building and learn how The Hamilton can service their needs for meeting space. Meanwhile, The Hamilton residents are slowly starting to integrate into the larger community. A few residents are participating in the South Wedge community gardens. Bob Boyd, Executive Director of the South Wedge Planning Committee hopes to nurture interest and involvement in the South Wedge public market. "I'm exploring ways to send a message to the residents about fresh food and eating healthier. We want to improve their lives and be part of our neighborhood."

HOW DOES THIS PROJECT REPRESENT AN INNOVATIVE SOLUTION TO A SPECIFIC DEVELOPMENT CHALLENGE?

Today The Hamilton celebrates its accomplishments. In addition to finances The Hamilton project was burdened with two specific development challenges. These included:

- Managing the relocation process.
- Finding a mutual agreement on the site's development with all involved stakeholders.

Yet in each instance, collaboration always provided the necessary, innovative solutions.

Relocation

From the project's inception, relocation was a serious issue. Approval of the decoupling request hinged on it and it was a powerful tool for building trust with the residents. River Park Commons' four low-rise townhouses were demolished. Before this could be done every resident had to willingly relocate to another facility.

Knowing demolition was part of the plan Conifer Realty used a two-prong approach. The first consisted of letting natural attrition take place. The second was to actively engage the community and the City of Rochester in the relocation process. Conifer Realty received relocation funds from the City of Rochester. They also engaged the Greater Rochester Housing Partnership to oversee the relocation process. Every family was interviewed by relocation counselors in order to find a location capable of meeting their needs and they received Section 8 rent subsidy vouchers to eliminate any financial burden. The Somalia Center, a not-for-profit organization also provided assistance for the Somalian community within River Park Commons. Every family was relocated to their satisfaction. In addition, the former Somalian residents are using the meeting room in The Hamilton along with members who reside in the tower.

Relocation was also an issue inside the tower. Residents would have to be temporarily moved from their apartments while renovations and construction took place in their units. Conifer Realty went above

expectations demonstrating compassion and understanding for the disruptions they were causing residents; even though the residents were collectively happy that any improvements at all were actually occurring. Diane Larrow recalls, “Originally, residents’ expectations were shaky. They had been waiting for four years and were understandably doubtful. But when we brought in a relocation specialist who interviewed them and assessed their needs they began getting really excited.”

Conifer Realty renovated and furnished eight apartments for residents’ use while their own apartments were being overhauled. These apartments were fully stocked with everything residents would need. “We made sure to anticipate everything,” explains Mike DiBiase, the relocation specialist. “The units were more like executive apartments or hotel rooms. We wanted residents to feel as if they were on vacation.” Conifer Realty took care of everything. They provided a packing and moving service. If residents wanted to pack some items on their own, they were given boxes, tape and pens. When they moved into the temporary space a hospitality basket filled with toiletries and a coupon for a large pizza, drinks, and wings from the local neighborhood greeted them. DiBiase went out of his way to accommodate the unexpected. He tells the story of one resident.

One fellow was blind. So I put him in a unit near the elevator carefully and oriented him so he could get around. What both of us forgot was how he eats. He’s single and prepares a prepackaged meal in the microwave. Except the microwave in the temporary apartment was a slick panel and he had trouble with the settings. Before he could ask I went and pulled his own microwave from storage and brought it to him. Then I prepared his dinner for him. He told me how nice it was to know what he was going to eat. He explained that being blind, every time he cooked he never really knew what was inside the package until he took a bite! He was so appreciative.

The average stay in the temporary housing was nine days. For some residents it was entirely too short. “I didn’t want to leave! But then when I saw my new place...whoooo! I couldn’t believe how fine they made it. I love living here!”

Mutual Agreement

In addition to finding agreement between federal funding sources over regulatory concerns (details are listed under the section *Financial Problems*) Conifer Realty wanted support from the City of Rochester and the local South Wedge Planning Committee (SWPC). Given the site’s poor performance in the past much of the discussions hinged on building trust and finding a collective vision. All parties wanted a plan for sustained revitalization. Conifer Realty eagerly incorporated easements into their plan and had designs that would compliment the adjacent park improvements.

SWPC was more cautious. They felt the original plans didn’t reflect the true value of the waterfront property. The site connected downtown Rochester to the City’s largest employer, Rochester University. In addition it had waterfront access and was within walking distance to a popular and vibrant neighborhood. “It’s affordable housing but SWPC didn’t want it to *look* like affordable housing. We wanted it to be an income-qualified building of choice for residents that *wanted* to live there.”

Richard Crossed, Chairman of Conifer Realty was intimately involved in The Hamilton project and embraced the site’s value and potential. “He saw that there was more to the site than what was being proposed,” says Boyd of the SWPC. To the delight of SWPC, Crossed found an architect that could deliver a design that was capable of satisfying SWPC, anchoring a downtown skyline, and complementing a neighborhood. The final design still raises some eyebrows, but this time it’s a debate over personal taste. The strikingly modern design is progressive and makes a statement. “If you like classical this is not the building for you,” says Brett Garwood of the City of Rochester. Love or hate the design it fills a niche. “If you love modern art and architecture and want to live in a building that reflects your tastes this is your option,” explains Garwood. As phase II develops integrating market-rate housing on the project, this niche will increase the site’s value.

ELABORATE ON THE POPULATION THAT THE PROJECT IS SERVING AND WHAT SERVICES IT PROVIDES OTHER THAN SHELTER:

The Hamilton provides 202 units of 100 percent affordable housing. Because the units are largely comprised of one-bedroom apartments and studios it attracts a population of single parents, couples, and the elderly. As River Park Commons, the property provided housing of last resort to a very low income population. Today, residents at The Hamilton embrace a social standard with a work ethic and pride in their living space. The Hamilton provides more than shelter. Its generous amenities give them access to services that may be otherwise unattainable such as a gymnasium and computer room. The Hamilton's central location provides ready access to support services.

Conifer Realty also encourages their community to develop organically. For example, some residents expressed an interest in learning how to budget so they would always be able to pay their rent. Community Manager Diane Larrow immediately responded by organizing a series of budget workshops. To encourage civic participation The Hamilton built the meeting rooms so residents would have a place to organize events or groups and have a place to meet. In addition, SWPC is looking for opportunities to engage residents into its local farmers' market and community gardens. In summary, The Hamilton is a home and environment for self-improvement, pride, and community.

The greatest service The Hamilton provides beyond shelter is not something that was built. It's a reaction to the collective effort and planning that all the stakeholders have poured into the project. The site's previously cold, distrustful and dangerous environment has been replaced with respect, warmth, and a vision of hope. In the world of affordable housing these are treasured assets.

IN GENERAL, WHAT EVIDENCE CAN YOU OFFER TO DESCRIBE THE HOUSING NEEDS THAT THE PROJECT MEETS, SUCH AS HOW FAR BELOW MARKET RENTS ARE RENTS FOR THIS PROJECT'S AFFORDABLE UNITS, HOW QUICKLY DID THEY LEASE UP, HOW MUCH OF A WAITING LIST IS THERE, DOES THE PROJECT COMPETE WITH OTHER TAX CREDIT DEALS IN THE SAME MARKET

The project meets the needs of very low income households by providing rent subsidies through the RAP program. The Hamilton maintained nearly 80 percent occupancy throughout construction and achieved full occupancy within one month of construction. A healthy prescreened waiting list assures that the property will continue to operate with very low vacancy rates. Most of the recent tax-credit deals in the market provide housing for large families. With predominantly studios and one bedroom units, the Hamilton compliments rather than competes with other tax-credit projects.

DESCRIBE THE IMPACT THE PROJECT HAS HAD ON THE RESIDENTS AND THE COMMUNITY:

In every respect The Hamilton is a success project for all the stakeholders: the local community, City of Rochester, Conifer Realty, residents, and HUD. The Hamilton's success is reverberating through the immediate communities. South Wedge is continuing to grow and prosper physically and economically. The affordable housing project on Mt. Hope is becoming a source of pride instead of shame. Police calls to the site have dropped dramatically. The value of the site has improved. Rochester boasts a skyline representing a range of attractive architectural styles and the residents are proud to be in the building the stitches it all together. Pride and a sense of self-importance are rare emotions in affordable housing yet in the Hamilton those attributes are flourishing. Like a good deed, the impact of The Hamilton continues to spread and nurture even more ideas and creativity for growth in a place that can finally enjoy the fruits of innovation and the seeds it spreads for the future.

WHAT EVIDENCE CAN YOU PROVIDE ABOUT THE COST-EFFECTIVENESS OF YOUR PROJECT, I.E., PROVIDING HOUSING AT SUBSTANTIALLY BELOW-MARKET RENTS (OR HOME PRICES) AT A REASONABLE SUBSIDY COST PER UNIT?

The Hamilton has preserved 202 units of housing that would have been lost to foreclosure. Also preserved are 202 rental subsidies, that provide low income families very affordable, high quality housing. The surrounding environmental contaminates have been cleaned up making it a safer place to live. Construction costs were limited to about \$30,000/unit. The value of the positive impact of the Hamilton and the redevelopment of the River Park Commons on the City and the community make this an exceptionally cost effective project.