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8 New Bids for Starrett City Complex Under Plan to Save Middle-Class Housing

By [CHARLES V. BAGLI](#)

In a second round of bidding for Starrett City, eight groups submitted bids Tuesday that were substantially lower than a failed \$1.3 billion offer made last year for the working- and middle-class enclave on Jamaica Bay in [Brooklyn](#).

The winner, in all likelihood, will be a nonprofit housing company, rather than the kind of private equity firms and large developers that have purchased block after block of apartment buildings for rapidly rising prices over the last seven years.

Acting at the urging of tenant groups fearing the continuing loss of affordable housing, elected officials blocked the sale of Starrett City, which is the nation's largest federally subsidized housing complex. They argued that any buyer paying such a high price would have to cut services and remove longtime residents in favor of higher-paying tenants to make a profit.

Last month, the owners of Starrett City reached an agreement with federal, state and city officials setting sale terms that all said would ensure that the complex's 5,881 apartments would remain affordable for poor, working- and middle-class families for decades to come.

The bidding groups submitted offers ranging from \$700 million to \$900 million for the 34-year-old complex of 46 brick towers, according to real estate and housing executives involved in the bidding. Starrett City, a racially and economically mixed complex, has its own shopping center, power plant, post office, churches and synagogue.

Todd Trehubenko, president of Recap Advisors, which is running the sale on behalf of the owners, Starrett City Associates, said he was pleased with the "opening-round response" of bids but declined to identify the bidders or their offers. Mr. Trehubenko said his company and the owners planned to narrow the field to three contenders by the end of the month. They hope to sign a sales contract by Sept. 1.

According to real estate executives and some of the bidders themselves, the groups have been assembling and reassembling in recent weeks as they put together teams that they hope will be acceptable to the seller and to government officials. Some of the groups bidding on the complex include churches, housing managers, developers and community groups.

In such bidding, the groups often include a nonprofit entity to function as owner, so the group can issue tax-exempt bonds. Whoever wins the bidding will also have the chance of developing additional housing and shops.

One group includes L&M Partners, a housing developer in New York, which has allied with Enterprise Preservation Corporation, an affordable housing company; BRP Development; and Goldman Sachs Urban Investment. Another large group includes the Cogsville Group; the Housing Partnership Development Corporation; Aimco, one of the nation's largest apartment complex operators; the Clarett Group; and the Christian Cultural Center, an evangelical church adjacent to Starrett City.

The NHP Foundation, a nonprofit housing developer that owns 6,000 apartments in New Jersey and Connecticut, is also bidding on the complex, and its partner, the Related Companies, would manage Starrett City. The Rev. [Floyd H. Flake](#)'s Greater Allen Cathedral Housing Corporation, which has built affordable housing in Queens, has also made an offer, with financial support from JPMorgan Chase.

"This is consistent with what we've been doing for the past 20 years: building and maintaining affordable housing," said Ghebre Selassie Mehreteab, chief executive of the NHP Foundation.

Sen. [Charles E. Schumer](#), who played a pivotal role in stopping the sale last year as well as in writing the new agreement with the owners, said he was happy with the bids so far.

"We are light-years ahead of where we were over a year ago when an oversized and overpriced bid for Starrett City would have changed the development forever and forced thousands of tenants from their homes," Mr. Schumer said. "The good news is that we have a framework in place that will protect the next generation of Starrett City residents and keep this New York City landmark affordable in this sale."

The first effort to sell Starrett City occurred during a real estate boom in which the average Manhattan apartment price soared to over \$1.5 million and private equity firms acquired 90,000 tenement apartments from Harlem to East New York, while subsidized housing complexes were converted to market-rate housing.

State housing officials and Senator Schumer ultimately blocked the sale of Starrett City to David Bistricher, saying the complex had been created with a sizable and continuing public investment. They said they did not want Starrett City Associates to profit enormously from a sale that failed to ensure that the complex would be affordable to construction workers, teachers, firefighters and other moderate-income tenants.

If the arrangement works, "It could become a new tool that would be helpful in preserving the scarce stock of aging, affordable housing built with substantial public investments," Jerilyn Perine, executive director of the Citizens Housing and Planning Council, said Tuesday.

Bertha Lewis, executive director of New York Acorn, a community organization that has been active at Starrett City, said Tuesday that she hoped the agreement and the sale would lead to a positive outcome. "We'll be watching," she said.

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