

Starrett City draws substantial interest **Daniel Massey**
Published: July 9, 2008 - 1:13 pm



AP Images

At least eight groups placed bids for Starrett City before Tuesday's deadline, and although the bids fell significantly short of the \$1.3 billion failed offer made last year, they were substantial enough to make a sale feasible.

Groups jockeyed to put teams together until the final days, and one of the largest potential bidders—a coalition of labor, community and religious groups—ultimately split into two and made separate offers.

Bidders declined to say how much they offered, but placed their bids between \$600 million and \$1 billion. An official with knowledge of the bids said they were so complicated and had so many contingencies that it was difficult to immediately determine their precise values.

In drawing up their proposals, bidders factored in an agreement between the government and Starrett's owners to keep rents low at all 5,881 units. They also took into account the tight credit market and falling real estate prices.

"Given the financial situation, there was always the possibility that people would decide it was too high a risk," said Alex Jablokow, marketing director of Recap Advisors, which is managing the sale for owner Starrett City Associates. "We're happy that people did decide to step up and put in real offers with a real attention to continue to running it as affordable housing."

Most of the bids include nonprofits, since tax-exempt groups can finance the purchase of the Brooklyn property through the sale of bonds. Many bidders put together teams that include nonprofits, developers and management companies.

The labor, community and religious coalition led by the Rev. A.R. Bernard of the 29,000-member Christian Cultural Center split into two separate groups.

Mr. Bernard's group includes his Christian Cultural Center, the Cogsville Group, the Housing Partnership Development Corporation, Aimco and the Clarett Group.

The other half now includes the Central Labor Council, the Metropolitan Council on Jewish Poverty, Westbrook, The Phipps Houses, Touro College and United Community Housing. That group's plans include building a pharmacy college at Starrett City.

Other bidders are the NHP Foundation, a nonprofit that owns nearly 6,000 units of affordable housing, and the

Community Preservation Corporation, which is redeveloping the former Domino Sugar plant. The Greater Allen Development Corp., an arm of the Rev. Floyd Flake's Greater Allen A.M.E. Cathedral of New York, teamed up with J.P. Morgan Chase & Co. to make an offer.

"With some creativity, we think there's a possibility of doing interesting things here and still maintain the underlying objective of affordable housing," said the Rev Edwin Reed, Allen's chief executive.

The teams could continue to change as groups are eliminated over the next few weeks and fold themselves into remaining bids. Values of the bids could also increase as groups are given site tours and get a better sense of the value of the developable land, Mr. Jablokow said.

Starrett City Associates will narrow the field to about three finalists in the next few weeks. Then the owner will consult with local, state and federal officials and select a winner by Labor Day.

Tuesday's deadline came and went without the controversy that surrounded the last round of bidding, which was preempted by a \$1.3 billion offer by David Bistricher's Clipper Equities. That offer was rejected by state and federal officials because it was so high that the new owner would have been forced to raise rents. The officials then worked out an agreement with owner Starrett City Associates to keep the complex affordable.

The bidders are vying for a 46-tower complex that sprawls across 140 acres near Jamaica Bay in Brooklyn. The property includes retail space, a power plant, a sports center, office space, parking garages and vacant land—where many of the bidders hope to build as many as 1,000 additional affordable housing units. ◆