



# Special Report: How to Make Mixed-Use Development Work in Neighborhood Revitalization

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At the New York State Association for Affordable Housing's 14th Annual New York State Affordable Housing Conference in New York in the session "Financing Mixed-Use Development," speakers discussed why mixed-use buildings could be critical to neighborhood revitalization.

By Jessica Fiur, News Editor

New York—What is the key to community reemergence? At the New York State Association for Affordable Housing's (NYSFA) 14th Annual New York State Affordable Housing Conference in New York in the session "Financing Mixed-Use Development," speakers Maurice Coleman of Bank of America Merrill Lynch, Yoav Haron of Artimus NYC, Ken Olson of POKO Partners and Eric Usinger of Emmet Marvin & Martin LLP discussed why mixed-use buildings could be critical to neighborhood revitalization.

"Services are remarkably important to bring to low-income properties," Olson said. "The more services we can bring, the better off we are."

Bringing services such as convenience stores to affordable housing would help them to become more self-reliant.

"To have a community that is self-sustained was very important to us," Haron said.

The difficulties stem from proving that retail and commercial space will bring in a good return on investment.

"You have to get with a lender that understands the market," Coleman said. "And it's important for any financial institution to look at the bandwidth of the sponsor."

Additionally, developers have to be aware that because they're potentially bringing in a new revenue stream, it could affect the amount of grant money received.

"There will be a cost-benefit analysis about whether to add commercial space," Usinger said. "When you add commercial space to a low-income tax credit project, you're reducing some of the equity from the tax credit. So you have to decide if it's that's worth it."

If, after doing analysis and finding that a retail space would be useful to the community, the key now is to make the commercial space look "affordable." Just as architects now put some thought into their affordable designs, so must developers of affordable retail space.

"Nobody wants to deal with retail, but it's been proven that when you make the retail look like any other retail space, it has a tremendous impact," Haron said. "Hopefully we'll move forward with the aesthetics like we did with affordable housing architecture."

Olson agreed. "Retail cannot be an afterthought," he said.

Planning to add high-quality retailers to a space makes sense financially as well. "Banks will get comfortable if they know they have an A-rated tenant to go into that retail space," Coleman said.

Ultimately, adding a retail space to an affordable community is a win-win for the developer and for the residents.

"The benefit of having commercial space in a building is it provides a service to the tenants and it doesn't affect the building," Usinger said.

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