

COVERSTORY



HOUSING CRUNCH

With prices at record highs, homes on LI become even more unattainable

Photo by David Winzelberg

Dozens of prospective homebuyers queue up at a recent open house in Kings Park, which brought multiple bidders.

By DAVID WINZELBERG

Soaring Long Island home prices have reached record highs, propelled by strong demand and an anemic supply of available properties. And though that's good news for existing homeowners and those that work in the residential real estate industry, it's bad news for those struggling to find a place to live that they can afford.

Not only have Long Island home prices finally recovered from the Great Recession, they are now higher than they've ever been.

The median price of closed home sales in Nassau County in September was \$590,000, up 9.3 percent from the \$540,000 median price recorded in Sept. 2019, according to OneKey MLS.

The rise was even higher in Suffolk County, where the median price of closed home sales last month was \$464,375, up 13.3 percent from the \$410,000 median price of a year ago.

And sales are booming. Despite the COVID-19 pandemic and its state-mandated shutdowns that slowed home sales to a crawl for a few months this spring, a flurry of home-buying activity in the last several months have now pulled 2020 pending sales ahead of the previous year.

At the same time, the number of homes on the market here has continued to shrink, which has prompted bidding wars and limited opportunities for prospective buyers. There were 9,399 homes listed for sale with OneKey MLS at the end of last month. That's 27.2 percent

fewer than the 12,917 homes listed for sale in Sept. 2019.

The pandemic has exacerbated Long Island's housing crunch in a couple of ways, including putting extra strain on the finances of the state and local municipalities which are counted on for subsidizing affordable housing projects.

And while COVID-inspired layoffs and pay cuts have caused people to miss rent and mortgage payments, prospective homebuyers coming from New York City have also created increased competition for the Island's dwindling supply of existing homes for sale.

Add those suburban-seeking city dwellers to the already formidable number of house flippers that can buy properties for cash and the competition for homes has become fierce.

RENTAL PRICES RISE

Though renting may be a less-expensive alternative, market-rate rental apartments are also getting more costly. The U.S. Department of Housing and Urban Development's latest Fair Market Rent for Nassau and Suffolk counties is \$2,035 a month for a two-bedroom apartment. That's up nearly 27 percent from the \$1,608 FMR from just four years ago. But the FMR merely represents a baseline for current market conditions, since monthly rents for two-bedroom market-rate apartments on Long Island usually eclipse \$2,500.

Eric Alexander, director of Vision Long Island, says there's always been an overwhelming



Photos by Judy Walker

LEONARD D'AMICO and PETER FLOREY: The principals of D&F Development have a couple of affordable rental projects under construction, including this 70-unit complex in Bellport.

need for affordable rental units for working people, particularly in downtown areas.

"The coronavirus shutdowns have increased this need due to job losses, underemployment and bills that have piled up," Alexander said. "Add to that the exodus of New York City residents seeking apartments that has increased demand even further while driving up the rents."

Pricey housing has forced many millennials and downsizing baby boomers to consider moving out of the area, which ultimately hurts the economy. In fact, the lack of affordable housing, both for sale and for rent, poses a serious threat to its recovery and future economic growth, according to a new report from the Regional Plan Association.

Since 2000, Long Island's median income has dropped while housing costs have increased by 24 percent, the RPA report found. More than 300,000 Long Island households are housing cost-burdened, meaning they are spending more than 30 percent of their income on housing, according to the report, which also found that by 2040, the number of people over 65 here is expected to increase by 40 percent, while Long Island's population under 35 could shrink by 13 percent.

"Younger Long Islanders are forced to leave their communities to find housing that's affordable elsewhere, aging empty-nesters often struggle to downsize, and owners and renters of all ages and backgrounds are saddled with high housing costs," Tom Wright, RPA's president and CEO, said in a written statement. "To retain the talent that will drive future economic success, Long Island must diversify its housing stock."

NEW PROSPECTS

And while the outlook isn't rosy, there have been some advances here over the last decade or so when it comes to creating more rental developments and attainable housing opportunities.

Since 2004, Levittown-based D&F Development has built about 2,400 residential units, most of them rentals priced well-below market rate.

"Overall in the last 10 years we've made progress, but there's always room for improvement," said D&F principal Peter Florey.

In Bay Shore, D&F is currently building a 75-unit, affordable rental project for people aged 55 and over, which will include an 8,000-square-foot LGBTQ community center and should be finished next spring. In Bellport, D&F is constructing a 70-unit non-age-restricted workforce rental complex that's slated to be completed by the end of next year.

And the affordable housing-centric firm has more projects in the works, including an 83-unit rental complex in Wheatley Heights within a short walk of the Wyandanch Long Island Rail Road station, where rents for a one-bedroom apartment will start at about \$1,000 a month.

Another prolific developer of affordable housing on Long Island is Jericho-based Georgia Green Ventures, which has built more than 1,000 units since 2012.

Georgia Green recently completed or is currently constructing several affordable rental developments, including the 77-unit Homestead Senior Apartments in Westbury; the 37-unit Gansett Meadows apartments in Amagansett; the 38-unit Speonk Commons; the 28-unit Sandy Hollow Cove apartments in Southampton; and the 116-unit Riverview Lofts in Riverhead, where a well-appointed, one-bedroom apartment will rent for \$1,200 a month.

GGV principal David Gallo says rising home prices means living and working on Long Island is impossible for many people.

"It means senior citizens struggle to stay in the communities where they raised their families, working families can't make ends meet, and young people just starting out have to look elsewhere to begin their careers," Gallo said. "Safe, quality affordable housing means these populations can participate in our communities."

The Community Development Corporation of Long Island has partnered with Rochester-based Conifer Realty in creating hundreds of affordable rental apartments here in recent years, including the 90-unit Copiague Commons and the 176-unit Wincoram Commons in Coram. Earlier this month, LIBN reported that San Francisco-based Belveron Partners bought a majority equity stake in Conifer, which may inject more capital into future develop-

ment plans.

"We're really excited for broader housing opportunities from this new partnership," said Gwen O'Shea, CEO of CDCLI. "This will expand the type and make-up of affordable housing opportunities on Long Island."

Another of the area's long-time advocates for affordable housing has been the Long Island Housing Partnership, one of the leading administrators of state- and municipal-mandated affordable housing components--usually 10 percent of total units - for new multifamily developments. Over the last six months, LIHP oversaw the leasing of more than 100 new rental units priced below market rate.

In addition to those efforts, LIHP is now a couple of years into building and selling workforce-priced homes via its Community Land Trust.

The Hauppauge-based nonprofit purchases properties through the land trust, builds new homes and sells them to qualified buyers who earn 80 percent or less of the area median income. The cost of acquisition and construction for each averages close to \$450,000 and the homes are sold for about \$250,000 apiece. The homeowner, who leases the land from the land trust, can resell the home, but the land itself stays with the nonprofit so the property maintains its affordability.

LIHP has sold nine of the land trust homes over the last two years and has another seven more awaiting construction. The properties are located throughout Nassau and Suffolk, in places like Patchogue, Rocky Point, Central Islip, Bay Shore, Island Park, Baldwin and Freeport.

Both the pandemic and rapidly rising real estate prices have created challenges for the effort.

"There's much deeper competition with the open market to get the properties," said LIHP CEO Peter Elkowitz. "It's a sellers' market."

Issues related to COVID, like contractor shortages and delays in dealing with local municipalities that have reduced staff haven't helped either.

"Time is money," Elkowitz said. "Everyone is on the same page to get these homes built and occupied by the families. However, it requires a lot of people to come together and get it accomplished."

Both Florey and Gallo agree that the biggest obstacle in developing affordable housing here is time.

"With entitlements and infrastructure, like sewage treatment plants, the process can take from three to five years," Florey said. "Where margins are quite thin to begin with, that presents a huge challenge."

Probably the most unwieldy part of developing affordable housing is putting together the financing, which comes from a wide variety of public agencies and private institutions.

"You've got to have a lot of patience," said Mitch Pally, CEO of the Long Island Builders Institute.

"There are so many different financing sources. It's very difficult to make all of that work in a timely fashion."

One example of how long it could take is the Matinecock Court project in East Northport, which promises to bring 146 affordable housing units--both rental and for sale--to a 14.5-acre parcel of vacant land on the northwest corner of Pulaski Road and Elwood Road.

First pitched in 1978, (yes, 42 years ago), the project, sponsored by a Greenlawn-based nonprofit called Housing Help, has survived multiple court challenges, one of which went all the way to the U.S. Supreme Court, as the Town of Huntington and local residents tried in vain to derail it. But even though the project's developer Blue Sea Development received all of its building approvals in 2016 and \$2.2 million from Suffolk County for a sewage treatment plant in Nov. 2019, construction has yet to begin.

Though company principal Les Bluestone did not respond to requests for comment, sources say the project's initial financing package no longer covers construction costs, which have risen nearly 30 percent in the last four years.

However, a key state agency says it's working on it.

A spokesperson for New York State Homes and Community Renewal, which has invested \$364 million towards creating and preserving affordable housing on Long Island, said the agency has increased its initial financial commitments to the Matinecock Court project and secured an enterprise grant for additional funds.

The NYSHCR spokesperson added that the agency is "continuing to work closely with its public and private partners to identify and secure financing for the project that will move the development forward to construction closing."

Much of the financing for affordable housing projects here come from tax credits provided



DAVID GALLO: Georgia Green Ventures principal inside one of the new affordable apartments at its Riverview Lofts project in Riverhead.

COVERSTORY

With record-high prices, housing more unattainable

Continued From Page 5

to the developer by the state on a competitive basis, which are then sold to banks, such as Citibank, J.P. Morgan Chase, Bank of America, and TD Bank. By purchasing the credits, the banks become equity partners and receive an annual yield of between 3 and 5 percent. They also get the lion's share of the depreciation of the properties, creating additional value.

However, though tax credits usually make up from 60 to 80 percent of the funding, the rest relies on grants and gap financing in the form of low-interest loans from state programs. That's where the pandemic's strain on budgets has been most apparent.

Floreys says there's a pressing need for more gap financing.

"We've already seen an effect on the amount of available subsidy from the state, mostly when it comes to the availability of low-interest loans," he said. "That's what has been impacted by what's going on right now."

PUBLIC BUY-IN NEEDED

While financing remains as challenging as ever, affordable housing first needs buy-in from residents and elected officials before a project can get off the ground. Pally cites the reluctance of many Long Island municipalities to even entertain that they need affordable housing in their area.

"We first have to have public acceptance of the need in each community," he says. "If you can't get past that challenge, then you're out of luck."

But once they do get on board, developers say municipalities need to make better accommodations for affordable housing in their codes.

Gallo says rezoning a property to allow for affordable housing is often an incredibly expensive, years-long process with no guarantee of a favorable result, which discourages developers from even considering affordable housing as a viable option. He urges local governments to streamline the process and support affordable housing by prioritizing it in terms of both funding and process.

"That will go a long way toward increasing the availability of these units," Gallo said.

■ DWINZELBERG@LIBN.COM



Photo by Judy Walker

RIVERVIEW LOFTS: The 116-unit Riverview Lofts in Riverhead, where a well-appointed, one-bedroom apartment will rent for \$1,200 a month.

Information to identify the case:

Debtor: The Roman Catholic Diocese of Rockville Centre, New York
 United States Bankruptcy Court for the Southern District of New York
 Date case filed for chapter 11: 10/01/2020
 Official Form 309F1 (for Corporations or Partnerships)

EIN: 11-1837437

Case Number: 20-12345

Notice of Chapter 11 Bankruptcy Case

10/20

For the debtor listed above, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered. This notice has important information about the case for creditors and debtors, including information about the meeting of creditors and deadlines. Read both pages carefully.

The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excepted from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.) To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at <https://pacer.uscourts.gov>).

The staff of the bankruptcy clerk's office cannot give legal advice.

Do not file this notice with any proof of claim or other filing in the case.

1. Debtor's Full name: The Roman Catholic Diocese of Rockville Centre, New York

2. All other names used in the last 8 years: Diocese of Rockville Centre

3. Address: 50 North Park Avenue, Rockville, NY 11570

4. Debtor's attorney: Jones Day, Attn: Corinne Ball, 250 Vesey Street, New York, NY 11570. Phone: (212) 326-3939. Email: cball@jonesday.com

5. Bankruptcy clerk's office: US Bankruptcy Court, Southern District of New York, One Bowling Green, New York, NY 10004-1408, Hours open: Monday - Friday, 8:30 AM (ET) - 5:00 PM (ET). Contact phone: (212) 668-2870. Documents in this case may be filed at this address. You may inspect all records filed in this case at this office or online at <https://pacer.uscourts.gov>.

6. Meeting of creditors: November 5, 2020 at 12 PM (ET). Location: The meeting of creditors will be conducted by telephone conference. The Office of the United States Trustee will provide dial-in instructions prior to the meeting. The debtor's representative must attend the meeting to be questioned under oath. Creditors may attend, but are not required to do so. The meeting may be continued or adjourned to a later date. If so, the date will be on the court docket.

7. Proof of claim deadline. Deadline for filing of proof of claim: Not yet set. If a deadline is set, notice will be sent at a later time. A proof of claim is a signed statement describing a creditor's claim. A proof of claim form may be obtained at www.uscourts.gov or any bankruptcy clerk's office.

Your claim will be allowed in the amount scheduled unless: your claim is designated as *disputed*, *contingent*, or *unliquidated*; you file a proof of claim in a different amount; or you receive another notice.

If your claim is not scheduled or if your claim is designated as *disputed*, *contingent*, or *unliquidated*, you must file a proof of claim or you might not be paid on your claim and you might be unable to vote on a plan. You may file a proof of claim even if your claim is scheduled.

You may review the schedules at the bankruptcy clerk's office or online at <https://pacer.uscourts.gov>.

Secured creditors retain rights in their collateral regardless of whether they file a proof of claim. Filing a proof of claim submits a creditor to the jurisdiction of the bankruptcy court, with consequences a lawyer can explain. For example, a secured creditor who files a proof of claim may surrender important nonmonetary rights, including the right to a jury trial.

8. Exception to discharge deadline: If § 523(c) applies to your claim and you seek to have it excepted from discharge, you must start a judicial proceeding by filing a complaint by the deadline stated below. The bankruptcy clerk's office must receive a complaint and any required filing fee by the following deadline. Deadline for filing the complaint: To be determined

9. Creditors with foreign address: If you are a creditor receiving notice mailed to a foreign address, you may file a motion asking the court to extend the deadlines in this notice. Consult an attorney familiar with United States bankruptcy law if you have any questions about your rights in this case.

10. Filing a Chapter 11 bankruptcy case: Chapter 11 allows debtors to reorganize or liquidate according to a plan. A plan is not effective unless the court confirms it. You may receive a copy of the plan and a disclosure statement telling you about the plan, and you may have the opportunity to vote on the plan. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.

11. Discharge of debts: Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect the debt from the debtor except as provided in the plan. If you want to have a particular debt owed to you excepted from the discharge and § 523(c) applies to your claim, you must start a judicial proceeding by filing a complaint and paying the filing fee in the bankruptcy clerk's office by the deadline.

If you have any questions about this notice, please contact the Debtor's Claims and

Noticing Agent, Epiq Corporate Restructuring, LLC, at (888) 490-0633

(toll free from the U.S. or Canada), (503) 520-4459 (international), by email at RCDRockvilleInfo@epiglobal.com, or visit <https://dm.epiq11.com/drcv>.



NEW!
ONLINE MEETINGS



Friday, Nov. 6, 2020
NEW TIME: 9:00 - 10:00 am

Islip Town Supervisor
Angie Carpenter

In 2015, Angie Carpenter was sworn in as the first woman Supervisor of the Town of Islip in its more than 300 year history, to fill the vacancy of Islip Town Supervisor, created when Tom Croci was elected to the New York State Senate. She brings more than twenty years of government experience, coupled with her extensive financial knowledge, and was thrilled to come home to Islip and work to improve the community she loves so much.

No fee to attend! Get zoom link at limba.net/calendar
Hosted by Ernie Fazio, Bill Miller, Ken Nevor and Marguerite Moore

Event Sponsors:



2020 Premiere Sponsors:



Since 1968, LIMBA has been Long Island's catalyst for economic investment and improvement, sponsoring lively breakfast forums featuring Long Island business activists and government officials.

REGISTER AT WWW.LIMBA.NET

For more information please contact info@limba.net or (631) 757-1698