

ULI Case Studies

Tri-State Land Use Council

Hudson Park



COLLINS ENTERPRISES

A view of Hudson Park from the air prior to the start of phase III. Phase I includes the three mid-rise buildings on the right, phase II includes the two towers on the left and the parking structure, and the phase III tower is currently under construction on the green space between the parking garage and the Hudson River. Downtown Yonkers is in the background.

PROJECT SUMMARY

Hudson Park is a transit-oriented multifamily rental development—adjacent to the Yonkers Metro-North train station in the heart of Yonkers, New York—consisting of four separate buildings built in three phases over a 17-year period. The project is located on a former industrial site of eight acres located between the train station and the Hudson River. The first phase includes 266 apartments in two separate nine-story buildings, the second phase includes 294 apartments in one building with two towers of 12 and 14 stories, and the third phase includes 213 apartments in one 24-story tower. The project also encompasses 18,606 square feet of retail and office space. Hudson Park was undertaken by Collins Enterprises and involved a public/private partnership and cooperation among various groups, including the city of Yonkers, the Yonkers Industrial Development Agency, the state of New York, the Metropolitan Transportation Authority, and numerous private capital sources. Hudson Park will consist of 773 rental apartments when completed in 2018.

QUICK FACTS

Location

Yonkers, New York

Project Type

Multifamily Rental

Site Size

8 acres

Land Uses

Multifamily Rental Housing, Open Space, Retail, Restaurants, Office

Keywords/Special Features

Transit-oriented development, Waterfront development, Riverfront development, Infill development, Redevelopment, Public/private development

Website

www.livehudsonpark.com

Project Address

Hudson Park
1 Alexander Street
Yonkers, NY 10701

Developers

Collins Enterprises (phases I and II)
Old Greenwich, Connecticut
www.collins-llc.com

Strategic Capital (phase III)
Jersey City, New Jersey
www.chinaconstruction.us

Equity Capital Sources

Simpson Housing LLLP
AIG Global Real Estate
Berkshire Property Advisors
Strategic Capital

Debt Capital Sources

Key Bank
HSBC
Union Bank
Greystone
Wells Fargo/Freddie Mac
Prudential/Fannie Mae

Master Planner

EE&K a Perkins Eastman company

Architects

Do H. Chung & Partners (phases I and II)
SLCE Architects (phases I and II)
EDI International (phase III)

General Contractor

Turner Construction (phases I and II)
Plaza Construction (phase III)

Introduction

Transit-oriented development (TOD) is an obvious area of opportunity for many developers and city leaders today, especially in first-ring suburbs with short transit commutes to central cities. But many close-to-city suburbs offer special challenges, especially those suburbs in formerly industrial areas with a lower-income population, a poor school system, and/or image problems. Yonkers, New York, was just such a place when Hudson Park was first conceived. Nothing much had happened in downtown Yonkers for decades prior to 2000, but via a creative public/private partnership between the city and private developer Collins Enterprises LLC, together with state and federal entities and financial programs, something did happen starting in 2001. A three-phase apartment development, with completion of the third phase expected in 2018, has brought new life to the Hudson River waterfront and the Metro-North train station in downtown Yonkers, and sparked a renaissance of new development along the waterfront and in the downtown that is still underway today.

But none of this would have happened without a creative public/private partnership and the financial commitment of many public and private entities, including private equity partners, a creative land disposition agreement, city and Yonkers Industrial Development Agency investments, MTA investments, a special state tax credit program called QEZE (Qualified Empire Zone Enterprise), and state of New York brownfield tax credits.

Public/private development works best when developers are truly partners. Hudson Park, notes John Nolon, a professor at Pace University and formerly with the city of Yonkers, “shows the importance of cities working with developers who know the market. The relationship between the city and the developer was a respectful, market-driven, intelligent approach. ... There was a lot of sophistication in the city of Yonkers.” The city had staff in place who understood the economic realities of the development and knew what kind of public subsidies were needed to make something happen, including a legal staff that developed the PDR (Planned Development and Redevelopment) zone.

Background

Planning for redevelopment along the downtown Yonkers waterfront has been ongoing for almost 70 years. Federal urban renewal funds from the U.S. Department of Housing and Urban Development (HUD) were used by the Yonkers Community Development Agency to acquire title to the land in the 1960s and 1970s, to demolish buildings, and to prepare the site, but little actual development occurred until Hudson Park was started in 2001. Notes Nolon, “This project [Hudson Park] really was the private sector deal that pulled the whole [redevelopment] thing together [for downtown Yonkers].”

A predecessor project—Pierpointe-on-the-Hudson—was started in the 1980s, but due to various legal, community, and market impediments, only one of the several condominium buildings in the planned

QUICK FACTS

Interviewees

Jeff Anzevino, land use advocacy director, Scenic Hudson

Arthur Collins, co-founding principal and president, Collins Enterprises LLC

Stan Eckstut, senior principal, EE&K a Perkins Eastman company

Lee Ellman, director, Planning Bureau, city of Yonkers

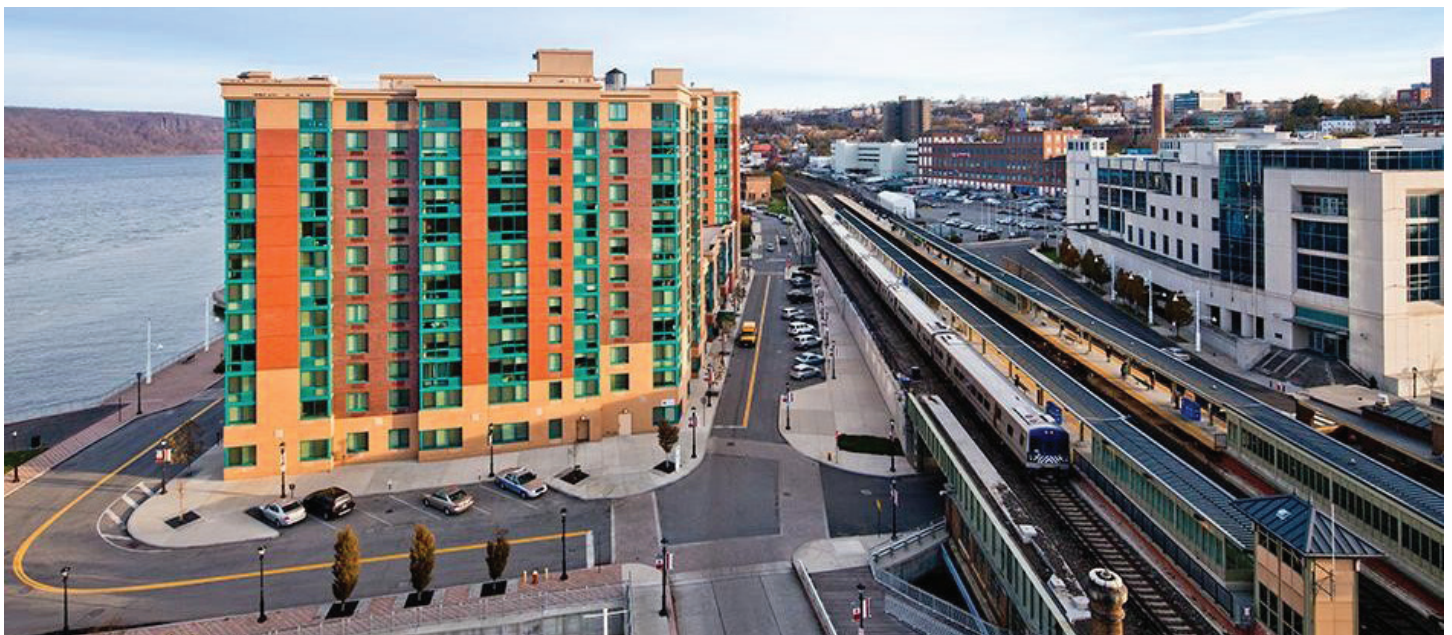
Shawn Griffin, co-leader, public finance and economic development practice group, Harris Beach PLLC

Wilson Kimball, commissioner of planning and development, city of Yonkers

William Mooney III, senior vice president/group director, Signature Bank; former corporate counsel for the city of Yonkers

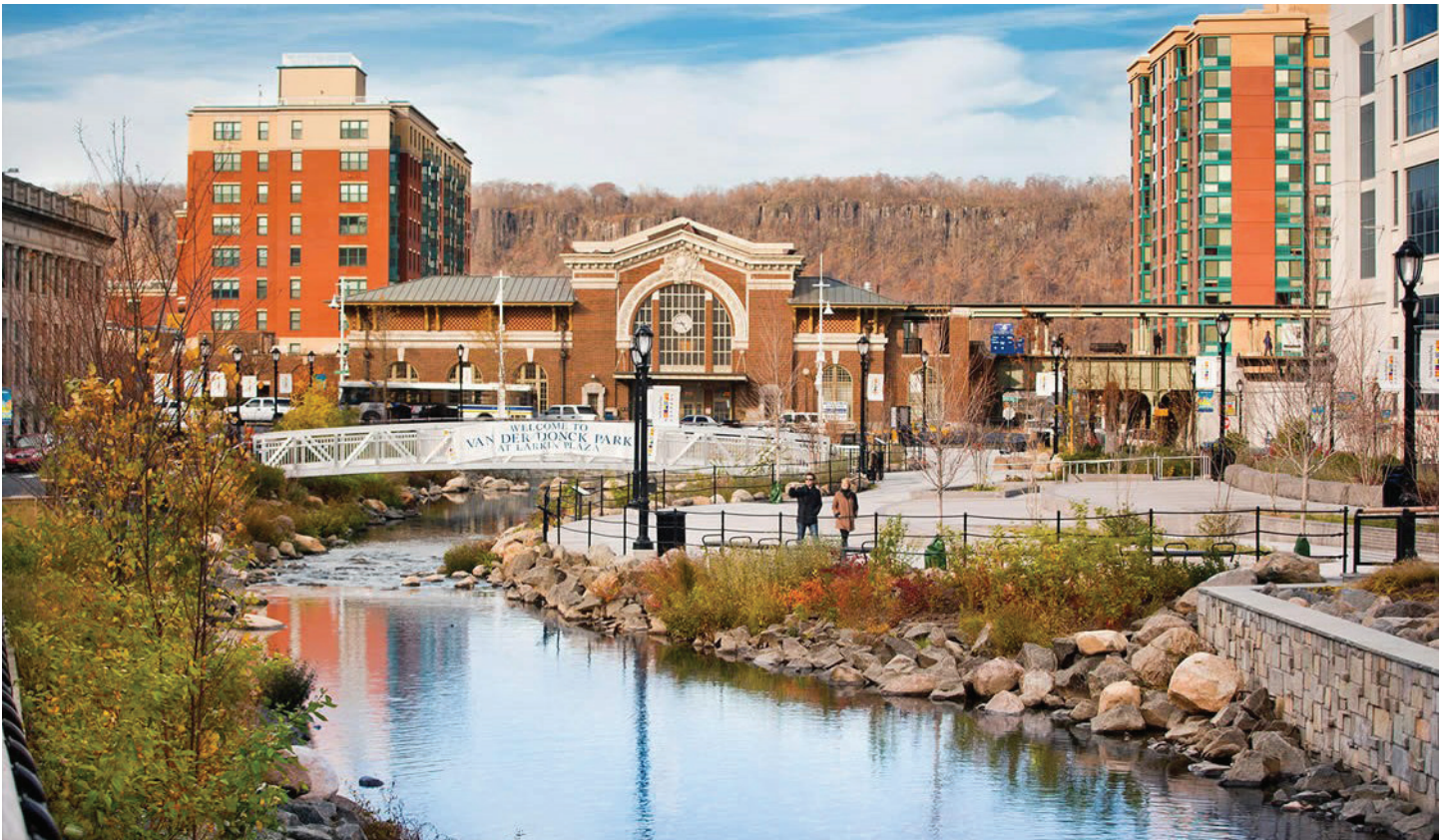
John Nolon, distinguished professor of law at the Elisabeth Haub School of Law at Pace University

Edward A. Sheeran, managing director, Palmer Economic Development LLC; former executive director of Yonkers Industrial Development Agency and special assistant and chief economic development adviser to the mayor of Yonkers



COLLINS ENTERPRISES

Hudson Park is a transit-oriented public/private redevelopment that involved investment from the city of Yonkers, several state of New York programs, the Metropolitan Transportation Authority, and numerous private investors.



COLLINS ENTERPRISES

The Saw Mill River, which runs through the center of downtown Yonkers, was opened up after being covered over for decades, one of many recent investments in the downtown area. The train station and Hudson Park towers are pictured in the background.

development was completed, in the 1980s, at the southern end of the waterfront. The initial idea for this development—to build numerous high-rise buildings on top of multi-level parking platforms—was not well received by the community or environmental groups. Some felt this initial plan would have “privatized the waterfront, because they [the developers] weren’t really proposing any kind of public space,” notes Jeff Anzevino, land use advocacy director for Scenic Hudson, an environmental group. Scenic Hudson brought legal action that opposed this initial plan and ultimately resulted in a conservation easement along the waterfront.

When the Pierpointe project stalled, the Yonkers Community Development Agency reacquired the property after lengthy legal proceedings. City leaders then began to rethink their approach and brought in the planning firm Ehrenkrantz Eckstut & Kuhn (EE&K) to develop a concept plan and master plan for the waterfront site. The city also hired Collins Enterprises, a developer and adviser, to advise the city on feasibility issues and help it figure out what the vision should be for the property. In 1993, a waterfront concept plan was developed, and in 1998 a master plan was adopted. The plan created a more open and pedestrian-friendly approach to the waterfront than previously envisioned,

with reasonable mixed uses in mid-rise buildings, reduced and concealed parking, internal streets, and a pedestrian esplanade along the riverfront that incorporated the Scenic Hudson easement conditions.

The plan was also very detailed and prescriptive. Notes Nolon: “The plan was so specific that the city was able to say to developers, if you come in with a site plan that is consistent with our master plan, then we will deem it to be properly zoned. The plan was essentially PDR zoning, and that saved a huge step.” As a result, a winning development proposal that conformed to the plan would save the developer a huge amount of time and costs.

But to obtain feasible development proposals, Yonkers knew it needed to invest in the downtown as well. Developers and especially financial backers were not interested in acting as pioneers unless they also saw a financial commitment from the city. Thus, the city of Yonkers and the Yonkers Industrial Development Agency initiated redevelopment efforts by investing around \$150 million in downtown capital infrastructure improvements, including a new public library and Board of Education headquarters building, and a new downtown parking structure.

Other key investments in the immediate area that bolstered the development included the Metropolitan Transportation Authority’s \$43 million restoration of the historic Yonkers train station and improvements to track infrastructure, which began in October 2001 and were completed in 2004. In addition to a \$4.5 million historic renovation of the 1911 station building and platforms, the work involved reconstruction of the viaduct that carries the elevated tracks, construction of a mile-long retaining wall, and replacement of bridges that carry the tracks over Dock Street, Main Street, and Wells Avenue.

The city’s plans also involved future investment in the restoration of the 1901 City Recreation Pier, including the opening of a new destination restaurant in 2007—X20 Xaviars on the Hudson—on the upper levels. And later, after phase I of Hudson Park opened, the city obtained funding to uncover the Saw Mill River—previously covered by a parking lot—which ran under the center of downtown Yonkers, emptying into a basin on the Hudson River in the middle of the Hudson Park site.



The site offers wonderful views of the Hudson River, the New Jersey Palisades, the George Washington Bridge, and the Manhattan skyline.

The Site

Yonkers is located about 15 miles north of Grand Central Terminal and only about five miles north of Manhattan's northern boundary. It has a growing population and is one of the four largest cities in New York state. The Yonkers Metro-North (Hudson Line) train station, in the heart of the downtown, is only a 28-minute ride from Grand Central Terminal in midtown Manhattan. While Yonkers is well-located within the metro area, it has long been overlooked due to social and image problems, including a lower-income demographic, poor schools, and segregation issues. Much of the industry that thrived in the city left long ago, and the area had been troubled by economic stagnation for many years until recently.

Downtown Yonkers is located where the Saw Mill River flows into a beautiful section

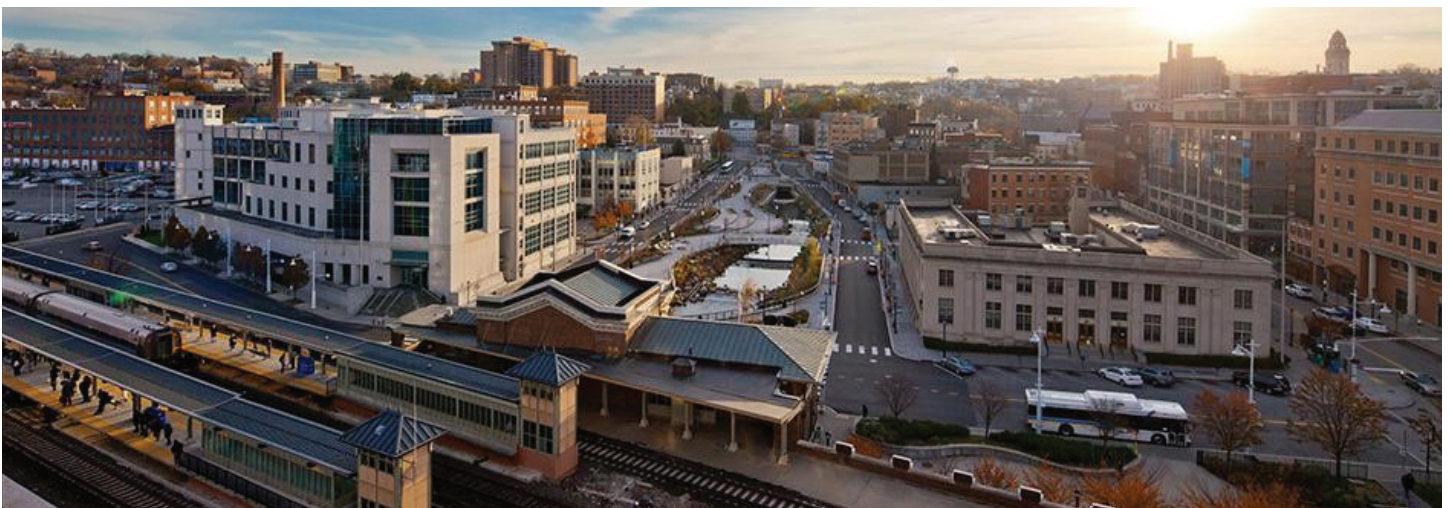
of the Hudson River, with the Palisades' tall cliffs visible on the other side of the Hudson. There is very little class A office or hotel space in downtown Yonkers, which is dominated by older buildings and retail users. The Metro-North train line runs through the city along the Hudson, and the Hudson Park site itself is located directly adjacent to the Yonkers train station, between the tracks and the Hudson River. Three streets—Main Street, Dock Street, and Wells Avenue—connect the site to downtown under the elevated tracks. Hudson Park residents can access the station from a western riverfront entrance without going under the tracks. The eight-acre Hudson Park site was being used for parking when Collins acquired the development rights.

To the north of the site are the Yonkers Paddling and Rowing Club, the North Yonkers

Pump Station (Westchester County facility), the Beczak Environmental Education Center, and a park. Beyond that are a series of industrial parcels, two of which are now being redeveloped as two large apartment communities, one by AvalonBay Communities and the other by Extell Development Company.

To the south of the property is a condominium building called Scrimshaw House, redeveloped by a developer in the 1980s; a parking lot; a new apartment development by Mill Creek Residential called Modera Hudson Riverfront, just completed in early 2018; and a Domino's sugar refinery.

Directly to the west of Hudson Park is the city of Yonkers Pier that includes the X20 Xaviars on the Hudson waterfront restaurant. Directly to the east are the train tracks, the train station, and downtown Yonkers.



A view of downtown Yonkers from an upper level of Hudson Park South, with the train station in the foreground and the new Yonkers Board of Education and library building on the left.

The Developer and the Idea

Once the city's master plan for the downtown was initiated, Yonkers released a request for proposals in 1997 to redevelop the Hudson Park site and received around 12 developer proposals. As noted, Collins Enterprises had been involved with the redevelopment planning as a consultant to the city, which gave it considerable insight into what the city needed and wanted on the site, the politics involved, and what development concept would actually work. Unlike other developers that proposed 25-story buildings, Collins came in with a proposal that included nine-story buildings for the initial phase; the company knew this would be more appealing to environmental and other citizen groups.

Collins Enterprises is a family-owned development firm based in Greenwich, Connecticut, that has roots going back to 1971 and beyond. The firm has done several other transit-oriented projects in the New

York region. Notes Arthur Collins, co-founding principal and president of Collins Enterprises: “We like to go to these sites that have strategic assets. Even though we were pioneering here, the train going to New York in 28 minutes, to Grand Central, was something that was really the key.” The waterfront was also a very attractive feature. But while the waterfront site was attractive, for a rental property, notes Collins, “we knew that we weren't going to get a big premium for being on the waterfront.” The company initially considered condominiums but quickly realized they would not be able to

get the kind of prices needed to support that development. While not all of the city's investment was known prior to the start of the Hudson Park project, Collins did know that the city had committed enough to downtown redevelopment that he could proceed. Collins was confident that he “could secure this land to build in some kind of a phased way, which was important for financing purposes, and that the city was obligated in the contract to build the library and the parking structure [600-plus-car capacity at the intersection of Main Street and Buena Vista Avenue] and get the trolley barn rehabilitated [now a loft apartment building with the Yonkers Brewing Company on the lower level]. . . . Without that, the lenders were not going to come [into the Hudson Park project].” Each of these assets is directly across the railroad tracks from Hudson Park, and each was instrumental in revitalizing downtown Yonkers.

it eventually placed on the site. Notes Lee Ellman, director of the Planning Bureau for the city, PDR zoning in Yonkers “is essentially zoning by project proposal, skin-tight zoning. Tell us what you want to do, if we approve it, then that is your zoning.” The developer proposals simply needed to conform to the master plan—which prescribed densities and building placement, but not uses—in order to qualify for this zoning. The plan also reduced the parking requirements for the project due to its proximity to the train station.

There were concerns about the project from some residents. Notes Ellman: “Some low-income and minority residents were initially opposed to the development, believing that they would not be welcomed there. That has not been the case at all. When there is music on the pier, it is as mixed a crowd as you would hope it to be. The liberal social scientist in me says this is working.”



COLLINS ENTERPRISES

Hudson Park includes an extensive waterfront promenade that runs all along the riverfront.

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Approval Process

Community and environmental groups in general were supportive of the Hudson Park redevelopment effort, which was not the case for the predecessor Pierpointe-on-the-Hudson project. The conservation easement obtained by Scenic Hudson required public access to the waterfront, restricted the height of the buildings, and maintained strategic view corridors to the Hudson River from the downtown streets running perpendicular to the river.

The city incorporated this easement into its planning process and the PDR zone that

The plan also provides some flexibility. Notes Anzevino, in the “second phase, the developer requested an increase from nine stories to 12 and 14 stories, with a wider lower element in between, to preserve views from the library, and with a smaller footprint, which was eventually allowed.” In the end, says Anzevino, “Hudson Park is the right kind of development around a train station.”



The Metropolitan Transportation Authority invested \$43 million in renovating the 1911 train station building and platforms, as well as the reconstruction of the viaduct that carries the elevated tracks, construction of a mile-long retaining wall, and replacement of bridges.

Development Finance

Financing for Hudson Park involved a partnership that encompassed a variety of public and private financing entities and arrangements, including several different equity partners for the various phases, a creative land disposition agreement, city and Yonkers Industrial Development Agency investments, MTA investments, the QEZE (Qualified Empire Zone Enterprise) tax credit program, and state brownfield tax credits.

Equity and Debt Capital. Hudson Park required several private equity investment partners over the three phases of the project. Collins first brought in Simpson Housing and the State of Michigan Retirement System (SMRS) to provide the equity dollars for phase I. For the second phase, the SMRS shifted strategies and chose not to provide equity; Simpson Housing and SMRS also put their equity stake up for sale. Collins was able to arrange new equity financing with AIG Global Real Estate, which bought out Simpson Housing in 2006 and provided equity financing for phase II.

Subsequently, in 2008–2009, the financial crisis hit AIG. Collins convinced AIG to sell its interest to a new investor that Collins found, Berkshire Property Advisors, which became the lead equity partner in 2012. Berkshire was also initially interested in providing equity for phase III, but

eventually chose instead to sell its interest in the project. As a result, Collins had to find a new equity partner again. Berkshire sold its interest in the property to Strategic Capital—a Chinese investor—in 2015, and Strategic Capital also committed to providing equity for the third phase of Hudson Park. Strategic Capital also owns Plaza Construction, which was selected to build phase III. With the sale to Strategic Capital, Collins retained only a small ownership interest in the project and serves as an adviser for the new owners and as a liaison with the city and the state.

Key Bank provided a \$45 million construction mortgage for the first phase, and HSBC provided \$92 million of debt for the second phase. Greystone and Fannie Mae provided \$50 million of permanent financing for phase I and Wells Fargo/Freddie Mac provided \$63 million in permanent financing for phase II.

Land Disposition and Development Agreement.

A key element in the financing plan was incorporated into the land disposition and development agreement, which laid out the steps, timetable, and terms for transfer of the land from the city to the developer. The agreement allowed the developer to initially lease the land, then allowed for a favorable land payment in exchange for higher property taxes, over

a long period of time. Notes Shawn Griffin, a consultant to the city with the law firm Harris Beach PLLC: “A deal was struck which stated that if Collins paid higher property taxes, the city would charge less for the land.” Collins was then able to get a refund for the taxes from the state of New York via the QEZE program (described below). Notes Griffin: “That was critical [for the first phase] because it basically helped the developer lower his project costs.”

The agreement was also structured such that the land was leased during construction, with fee title transfer upon completion of construction. That reduced the developer’s initial equity requirements, provided an incentive for the developer to perform, and gave the city protection and the ability to easily reclaim the land if needed if the developer did not perform. The agreement also stipulated performance incentives and allowed for a split of any savings if the project came in under budget.

The land was acquired by development phase: the phase I site was acquired for \$3.2 million, the phase II site was acquired for \$3.0 million via a payment in lieu of taxes (PILOT) agreement, and the phase III site was acquired by Strategic Capital.

New York State Empire Zone/ QEZE Program.

The Yonkers Industrial Development Agency (YIDA) was also instrumental in facilitating the agreement and the financing, as its status as an industrial development agency allowed for special state financing programs if the project created jobs. Notably, the city and the YIDA were able to get the site included in New York’s Qualified Empire Zone Enterprise (QEZE) program. According to the Yonkers website:

The Yonkers Empire Zone (EZ) consists of designated areas within the city that offer special incentives to encourage economic development, business investment and job creation. Certified businesses located within the Yonkers EZ are eligible to receive significant tax credits and benefits. Under the program, eligible businesses in these areas can qualify for property tax refunds, wage-based tax credits, state sales tax exemptions and reduced utility and telephone rates.

One of the primary goals of the Empire Zone Program is to assist eligible companies, which are committed to growing their labor forces. In exchange for creating new jobs, these companies, known as Qualified Empire Zone Enterprises (QEZEs), are given the

opportunity to operate on an almost “tax free” basis for up to ten years, with additional savings available on a declining basis during years 11 through 15. QEZE within Yonkers’ Empire Zone are eligible for state sales tax exemptions, as well as real property and business tax credits. (www.yonkersny.gov/work/departments-of-planning-development/development/business-economic-development/empire-zone-program)

The Hudson Park project and its investors qualified for this program and its tax benefits. Hudson Park received a 15-year real estate tax exemption through the state. The deal involved the developer paying taxes to the city, and the state would then reimburse the developer for the full amount of taxes paid after tax returns were filed. The developer paid no taxes during construction as well. Taxes for the first ten years were fixed, and then in year 11 the taxes were set to increase at around 20 percent per year such that in year 16 the full property tax would be due. As noted, the developer also agreed to higher tax payments in return for a lower land sale price; this helped the city, while the

developer’s taxes were refunded by the state. The developer did need to endure audits, which in some cases allowed the state to delay some of the tax refunds for 12 months or longer, creating a financial challenge.

Hudson Park also received exemptions from state sales taxes (which applied to construction materials) and mortgage recording taxes, which in New York are high in comparison with other states. All of these exemptions were extremely important to protect investors. Notes Collins: “Without those financial incentives, the project could not deliver market-rate returns to investors.” The state QEZE program has since expired.

Brownfield Tax Credits. Hudson Park was also located in a brownfield. New York established the Brownfield Cleanup Program in 2003—after phase I of Hudson Park was well underway—providing refundable tax credits of 10 to 22 percent of total depreciable capital costs. As a result, brownfield tax credits came into play for phase II of Hudson Park, which involved a development cost of around \$125 million. The brownfield credits added up to approximately 20 percent of project costs, or

around \$25 million, which the investors got back when they filed their tax returns. This was critical during phase II for equity investor AIG, which was a large New York state taxpayer. The tax credit was also extended into phase III.

Phasing. Phase I, which consisted of the two structures (including two towers) on both sides of Main Street, was completed in November 2003 at a cost of \$60.3 million, and phase II (the building north of Dock Street) was completed in 2008 at a cost of \$124.8 million. Phase III (north and west of phase II) was just topping out as of early 2018, with completion scheduled for later 2018, with an estimated cost of \$100 million.



Hudson Park has brought new life to the waterfront, including summer concerts in the pavilion.

COLLINS ENTERPRISES



COLLINS ENTERPRISES

Hudson Park North consists of a 14-story tower linked by a four-story building to a 12-story tower, all surrounding a central lawn/green space facing the Hudson.

a 12-story tower, all surrounding a central lawn/green space facing the Hudson, with an entrance along Alexander Street on the east side of the building. The building includes 294 one- and two-bedroom rental apartments. A separate parking structure is located just to the north of this building.

The second phase involved building an esplanade and other infrastructure (at a cost of around \$13 million). The developer initially had to build and pay for this esplanade, and was subsequently reimbursed, once taxes were filed, via the brownfield tax credits. The city paid for the design drawings for the esplanade.

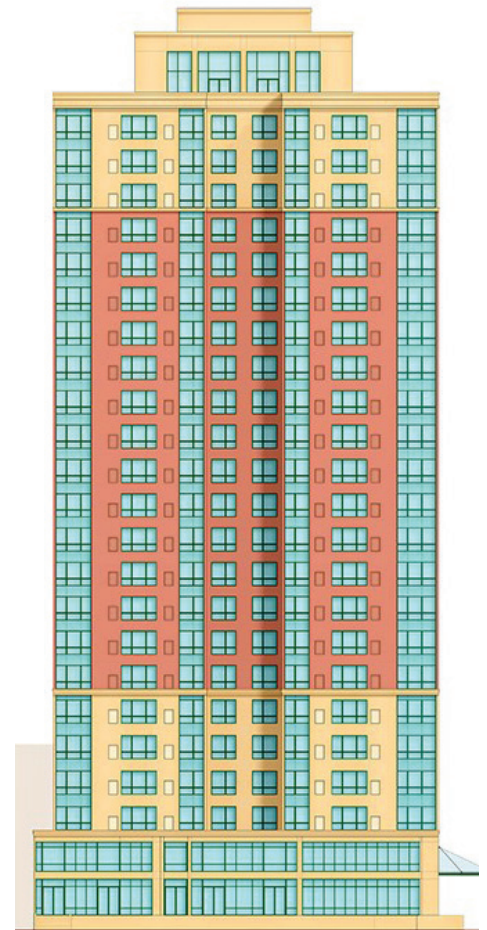
Hudson Park River Club. The Hudson Park River Club, the third phase designed by EDI International, is a 24-story, 213-unit apartment tower at the northern end of the site, located between the phase II parking structure and the Hudson River. The original parking structure has been expanded upward by two levels (164 spaces) to accommodate the additional parking needs of this phase III building. This new building includes a swimming pool, a large lobby in the front, and a waterfront terrace.

Open Space, Retail/Restaurant, and Recreation Elements. The plan features public open space all along the waterfront, with retail elements facing either the water or

Main Street. A publicly accessible promenade is located along the Hudson River in front of Hudson Park South, and a turnabout lane is located between the Clermont and the Phoenix, with retail and restaurants facing this lane from both sides. A city-owned pier is also located at the foot of Main Street, featuring the X20 Xaviars on the Hudson restaurant on the upper level of the pier building. A pavilion used for entertainment is also located at the base of Main Street, and sculptures have been placed in a variety of locations along the promenade.

The Saw Mill River, which runs in an open plaza and under the train station, empties into a basin along the Hudson that separates Hudson Park North and South. The basin is surrounded by a walkway on three sides, including a bridge over the Saw Mill River on Van Der Donck Street. The new bridge also includes wooden walkways over the Saw Mill that connect to a newly created back entrance to the train station.

A promenade and a small park are also located along the Hudson in front of the Hudson Park North and River Club buildings. The Hudson Valley Science Barge, a sustainable urban farm, is docked along the Hudson adjacent to this park. The promenade also connects to the Yonkers Paddling and Rowing Club just to the north, a club that has been operating at the northern edge of



COLLINS ENTERPRISES

Hudson Park River Club, the third phase under construction in 2018, is a 24-story, 213-unit apartment tower at the northern end of the site.



The Dolphin Restaurant is located at the heart of Hudson Park South, along Main Street and near the water.

the Hudson Park site for many years. The club facilities are being rehabilitated by the developer.

Streets. As noted, the site can be accessed via Main Street, Dock Street, and Wells Street. Hudson Park South is accessed via Main Street, which connects to Pierpointe Street running along the Hudson River and ultimately to Water Grant Street behind the building. Van Der Donck Street runs parallel to the tracks and connects Hudson Park North and South, while also connecting to Alexander Street, which provides access to the north parking garage and other sites beyond, including new apartment complexes being undertaken by AvalonBay and Extell.

Access to Hudson Park North and River Club is via Dock Street and Wells Street, which connect to Alexander Street and Peene Lane, which together surround Hudson Park North.

Architecture and Construction. The phase I buildings are varied masonry and plank structures and use a Yonkers vernacular architecture featuring brick exteriors with bay windows. Ceilings are around eight feet four inches to eight feet six inches in height. The buildings were designed to maximize the number of apartments that look to the water; there are no balconies.

As with many redevelopment sites, during construction the construction team uncovered underground obstructions and old foundations that were unexpected, adding

around \$600,000 to the construction costs, which were reimbursed by the city. Turner Construction built the first two phases, and Plaza Construction is building the third phase.

Parking. The typical requirement for an apartment building is roughly 1.3 car spaces per unit, but due to the transit-friendly location, the actual use pattern is around 0.8 spaces per unit at Hudson Park. Hudson Park includes a total of 812 parking spaces, a ratio of 1.05 per unit.

Marketing, Management, and Performance

Despite the fact that the first phase opened in the wake of the dot-com crash of 2000–2002 and the second phase opened during the financial crisis in 2007–2008, Hudson Park has performed remarkably

well. Since the original opening, Yonkers has continued to make investments in the area, and a business improvement district (BID)—the Downtown/Waterfront Business Improvement District Inc.—was formed in 2002, resulting in proactive management for the downtown area. With new apartment development underway to the north, south, and west—and a shortage of housing in New York City—the best days for Hudson Park and downtown Yonkers may well be in the future.

Marketing and Positioning. The project was positioned to attract millennials and commuters seeking proximity to New York City. The high cost of housing there was a prime driving force underpinning the Hudson Park concept. The transit-oriented nature of



One of the lobby areas in Hudson Park.

the development was especially appealing to millennial renters without cars and employed in New York City. However, residents are not all coming from New York City, as might be expected. New renters are coming from Westchester County in New York, Fairfield County in Connecticut, and even from New Jersey.

Perhaps the best marketing tool for Hudson Park was the train station itself. Riders traveling along the Hudson Line are prime renter candidates for the project, and every day they can see for themselves the quality of the Hudson Park development, its proximity to the train station and the river, and the commute time to New York City. Banners on the buildings have attracted interest from many train commuters.

Online marketing was also a primary tool, notably Apartments.com. Notes Collins, “Everyone rents online today, so posting to apartment internet sites is the name of the game. You can see the place, file an application, and get approved before even visiting the project.”

Apartments, Rents, and Leasing. All apartments are either one or two bedrooms in the first two phases, with the addition of studios to the third phase. There are no three-bedroom apartments. Apartments were designed to be about 15 percent larger than what renters would typically find in New York City, at a cheaper price. Apartments include some units with dens and 51 floor plans. Apartments in phases I and II range in size from 764-square-foot, one-bedroom apartments for \$1,700 per month up to 1,322-square-foot, two-bedroom apartments with a den for \$2,800 per month.

Collins observes, “We had no problem leasing up for either phase, including the second phase that came on line in 2008. I think 2009 was one of the best years that we had in terms of pace and renewals. ... [Hudson Park] has never had a problem with vacancy, even during the 2008–09 financial crisis. Being close to the city where there is a shortage of housing, demand was there.”

However, rents have remained fairly flat since Hudson Park opened in 2003, with little real growth. Pushing rents “has been a challenge,” notes Collins. The developers are hoping to get to \$3.00 per square foot for the new building; as of early 2018 Hudson Park was getting around \$2.50 per square foot for the phase I and II buildings.

The property has provided attractive performance thus far; net operating income for 2015 totaled \$3.75 million for phase I and \$5.2 million for phase II.



A typical bedroom in Hudson Park, offering views of the Hudson.

Management, Parking, Events, and Impact.

The property has been managed by Collins from the outset, but this may change under the new Strategic Capital ownership.

The parking on site is largely restricted to residents, with entrances to the parking structures for residents only using a key card. Parking spaces are optional and offered separately from the rental apartments. The parking spaces that are leased are assigned to a specific unit, and the parking space is part of the lease. Notes Collins: “If you don’t do it that way, if you do it first come first served, it actually does affect the rent.” Because half of the one-bedroom residents do not own cars, the parking ratio is suitable for Hudson Park as a TOD development.

Despite the lack of water activities, the waterfront promenade is very active, and attracts not only residents of Hudson Park, but also Yonkers residents of various racial and ethnic backgrounds, many visiting with children. The restaurants also attract people from New York City as well as other areas of Westchester County. Notes Ellman, “Everybody seems to be mixing it up rather nicely. It’s very busy. It’s a good demographic mix.” The amphitheater is programmed with music every weekend of the summer. High school prom groups come down to the water as well, and the waterfront has become an important focal point for the community.

Events are an important part of the plan. Notes Wilson Kimball, commissioner of planning and development for Yonkers, “The current mayor has made an effort to work with the BID and the developer to develop more programming for the waterfront.” The BID programs the music pavilion as well as larger events. Observes Kimball, “What you will find is that it is a lot more active at

night during the summer than it ever was before. Most of the events happen in the square at the base of Main Street, including concerts and movies. Major events include Arts Weekend in the spring and Riverfest in September; both draw around 5,000 to 10,000 people. Other entities in the downtown have also created more activity as the market has improved.

Demographics and Fiscal Impact. As of 2015, there were approximately 761 residents in Hudson Park South and North, including 58 children. The average age of the residents is 42; Hudson Park South residents had an average income of \$92,025, and Hudson Park North incomes averaged \$109,472. The primary reasons residents gave for moving to Hudson Park were, in order of importance: 1) move closer to work, 2) relocate from New York City to obtain larger space and amenities, 3) job transfer, 4) leaving home, 5) divorce, 6) unhappy with current housing, 7) upgrading, and 8) down-sizing.

Hudson Park has generated some additional costs for the city as it relates to police, fire, water and sewer, and school funding, but city officials have not deemed these costs to be excessive in relationship to the benefits. Each new pupil costs Yonkers approximately \$20,500, according to Kimball. There are no figures available regarding the number of Hudson Park children who attend Yonkers public schools, but if half the children attended public schools in Yonkers, that would come to a total of \$594,500 in school costs. For fiscal year 2016–2017, Hudson Park generated \$2,293,690 in city/school taxes, and for calendar year 2017, the project generated \$356,310 in county taxes.

Notes Ellman, “We tend to look at [fiscal] impacts in one of two ways: for municipal services like police and fire, there is a ‘pass/fail’ review, and the development was found to have no significant impact on those services. For infrastructure such as water and sewer, the review is based upon sufficient service being available to meet code and serve the site. I ... do recall that the third building, north of the Saw Mill River, had to bring additional water service in from the east of the railroad to meet the service needs. In general, we really looked at the Collins development as a kick-starter for development in the downtown, thinking less about the balance between expense and return; it was not a cold, rational business deal for the city. The calculus was, will this development help put Yonkers on the development map for our region? It took a couple of real estate cycles for the answer to come up as yes, but it did bring the notice to the city and was the catalyst for the growth that occurred most recently.”

Observations and Lessons Learned

Pioneering development in a blighted location is a risky business, but with the right elements and partnerships in place, development can not only work, but also can be catalytic for the surrounding area. Observes Anzevino: “Arthur Collins should be commended as one of the earliest pioneers who had a vision for the waterfront and

took the risk to make that vision a reality. Now, with that successful project moving through three phases, the train station renovations complete, historic Recreation Pier renovated, new library built, and Saw Mill River daylighting project generating additional investment in the area, the Yonkers waterfront is widely considered a success story.”

Today, many new apartment projects are popping up in and around the downtown and the riverfront. Notes Kimball: “Since that time [Hudson Park phases I and II], we have added a lot of housing in the downtown ... we have a thousand apartments under construction now and another 2,000 approved. I think a lot of that is because ... people who took the train saw the housing on the water ... and were inspired by Collins’s model.” Since Hudson Park, other developers have come into Yonkers, including AvalonBay, Extell, and RXR Realty. Beyond these developments, observes Kimball, “I don’t expect to see a lot more housing [in the future], but I do expect to see a lot more services filling in the commercial space.” The next phase of improvements will likely be retail, restaurants, entertainment, and perhaps a hotel.

Amenities and social areas are critical in multifamily developments. If he could change anything about phases I and II, notes Collins, “we would have made a much more prominent and possibly separate amenity, a building or an area ... or possibly introduced a roof terrace.” The company did convert part

of a phase I lobby into a coffee shop to create more social space. The phase III building is devoting much more space to such amenity areas, including a 25th-floor room that looks over the water. The third phase will also have a pool, which was not a feature in the first two phases.

The retail in general does not have critical mass and thus is not a major component of the project. The Dolphin Restaurant draws patrons, especially when the weather is good, but some other retailers are seasonally challenged. The proximity to the train station is a major plus for the apartments, but the train tracks themselves divide the property from the rest of downtown, greatly constraining the success of the retail in Hudson Park.

One shortcoming of the project, according to some observers, is that the water itself is not very active, with little boating activity. Notes Eckstut: “The problem with a waterfront is that it’s an edge, so unless you have something that’s very active on the maritime side, it’s an uphill battle to make a place feel like it is real and part of the city fabric. ... At Hudson Park, we just don’t have very much activity on the water.” The newest projects that Eckstut is undertaking begin with a water plan even before there is a land plan. Notes Eckstut, “A barge swimming pool might be a good addition to help activate the water area. Barges for restaurants might also work. Hudson Park needs a maritime plan.”



COLLINS ENTERPRISES

Hudson Park has transformed the Yonkers waterfront, and many more developments are now emerging both to the north and south along the Hudson River.

Eckstut also reflects that there is “evidence of too much planning, not enough leaving opportunities for surprises. We were probably naive to think that all this ground-level space could be animated with retail and restaurants. [We should have included] more perpendicular streets and not such a long parallel street. A more varied urban fabric could have been done. Smaller blocks, smaller streets, more alleyways, which could have led to more stick construction. The nearby city streets are very narrow and vibrant, and this is what Hudson Park does not have. . . . I only wish there was more variety of building size, type, and image.”

The actual financial subsidies in a public/private partnership are always difficult to calibrate for cities. Some have suggested that the subsidies were too generous, but

at the time, notes Kimball, “we were very fortunate to have gotten them [Collins] here . . . and they have really contributed to the rebirth of the downtown. At the time they were here, they were the only ones here—they were total pioneers—and it sparked all of this amazing development.” Asked whether the subsidies were too generous, Kimball responds: “I would say no. I would say we needed them, and they needed us, and we worked it out.”

Notes William M. Mooney III, former corporate counsel for Yonkers, “I believe the major strengths of this project were that there was true collaboration between the parties, a true public/private partnership, not just in name only. Proper comprehensive planning was essential, and the project was planned with significant public and private

input before we elected to proceed with any one portion. I’m particularly proud of the way we created benchmarks that various parties were required to meet, which in turn would require the various partners to complete next steps.”

Over the next several years, the Yonkers waterfront should become even more successful as new apartment communities are completed to the north, south, and east of Hudson Park. This will likely create a much longer and more active waterfront area. Notes Anzevino: “For a riverfront walkway to really be compelling and useful to people, it needs to be long and connect a lot of different destinations, uses, and neighborhoods.” That is likely to happen in Yonkers, and when it does, Hudson Park will be at the center of it.

PROJECT INFORMATION

Development timeline

Waterfront development plan adopted	1996
Request for development proposals issued	1997
Collins selected as developer	March 1998
Land disposition agreement arranged	2000
Construction financing arranged	2001
Phase I started	2001
Library and Board of Education building opened	October 2002
Phase I completed	November 2003
Yonkers train station restoration completed	2003
AIG Global Real Estate investment begins	2006
Phase II completed	Spring 2008
Berkshire Property Advisors investment begins	2012
Hudson Park sold to Strategic Capital	2015
Phase III started	2016
Phase III completed	Fall 2018

Gross building area

	Gross sq ft	Residential sq ft	Retail sq ft	Office sq ft
Phase I	312,252	293,566	11,116	7,490
Phase II	329,700	329,700	0	0
Phase III	217,410	217,410	0	0
Total	859,362	840,676	11,116	7,490

Land use plan

	Site area
Phase I	4 acres
Residential and commercial	3 acres
Public open space	1 acres
Phase II and III	4 acres
Residential and commercial	3 acres
Public open space	1 acres
Total site area	8 acres

Parking spaces

Phase I	314
Phase II	338
Phase III	160
Total	812

Retail/restaurant information

Gross leasable area	11,116 sq ft
Percentage of retail GLA occupied	100%
Annual rent range (per year)	\$16–\$32 per sq ft
Average annual sales	\$210 per sq ft

Key retail/restaurant tenants

Tenant	Type	GLA (sq ft)
Wine in Due Time	Wine store	1,300
IPK Gourmet Inc.	Convenience store	1,390
Dolphin Restaurant and Café Hudson	Restaurants	8,400
Bark & Purr LLC	Pet store	1,991
Le Moulin Eatery & Wine Bar	Caterer	1,470

PROJECT INFORMATION

Office information

Office net rentable area	7,490 sq ft
Percentage of NRA occupied	100%
Number of tenants	2
Annual rents (per year)	\$23 per sq ft
Average length of lease	5 years

Building

	Number of units	Unit type	Percentage leased
Hudson Park South (phase I)	266	1 and 2 bedrooms	100
Hudson Park North (phase II)	294	1 and 2 bedrooms	100
Hudson Park River Club (phase III)	213	Studios, 1 and 2 bedrooms	N/A
Total residential units	773		

Typical unit size and rents

Unit type	Number of units		Square feet		Rent range
	Phase I	Phase II	Phase I	Phase II	
1 bedroom	149	113	764	776	\$1,700–\$1,850
1 bedroom with den	41	47	904	794	\$1,800–\$1,900
2 bedroom	72	75	1,088	1,059	\$2,400–\$2,500
2 bedroom with den	4	59	1,322	1,175	\$2,700–\$2,800

PROJECT INFORMATION

Development cost information

Phase I	Amount
Site acquisition	\$3,151,596
Hard costs	\$48,700,000
Soft costs	\$8,500,000
Total development cost	\$60,351,596

Phase II	Amount
Site acquisition*	\$3,012,000
Hard costs**	\$108,300,000
Soft costs	\$13,500,000
Total development cost	\$124,812,000

Phase III	Amount
Site acquisition	\$10,000,000
Hard costs	\$79,000,000
Soft costs	\$11,000,000
Total development cost	\$100,000,000

All phases

Total development cost	\$285,163,596
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* PILOT agreement with Yonkers

** \$13 million for public works costs reimbursed through state brownfield tax credit

Net operating income, 2015

Phase I	\$3,750,000
Phase II	\$5,232,000

Financing sources

Debt capital sources	Amount
Key Bank—construction, phase I	\$45,000,000
HSBC—construction, phase II	\$92,000,000
Greystone—permanent, phase I	\$50,000,000
Prudential/Fannie Mae—permanent, phase I	\$55,500,000
Wells Fargo/Freddie Mac—permanent, phase II	\$63,000,000

Equity capital sources

Equity capital sources	Use
Simpson Housing	Phase I development
AIG Global Real Estate	Phase I acquisition and phase II development
Berkshire Property Advisors	Phase II acquisition
Strategic Capital	Phase I and II acquisition and phase III development

Public sector capital sources

Public sector capital sources	Use
City of Yonkers	Paid for infrastructure
Yonkers Industrial Development Agency	PILOT, sales, and mortgage tax recording tax exemptions
State of New York Qualified Empire Zone Enterprise program	Real estate tax refund over 16 years
State of New York Brownfield Program	Phases II and III only. Reimbursement or credit for 20% of depreciable capital costs. Includes tax credits of \$25 million for phase II. Phase I did not get the tax credits. Phase III brownfield tax credits are not available.

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The Urban Land Institute is a global, member-driven organization comprising more than 42,000 real estate and urban development professionals dedicated to advancing the Institute's mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 76 countries.

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The ULI Case Studies program highlights and showcases innovative approaches and best practices in real estate and urban development. Each case study provides detailed information regarding the ideas, plans, process, performance, and lessons learned for the development project. Each also includes project facts, timelines, financial data, site plans, photos, and location maps. The new ULI Case Studies program is the revitalization of a program begun in 1971. For more information, visit the ULI Case Studies website at casestudies.uli.org.

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