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N.Y.C. Picks Most of Its Projects For \$121M of RZ Facility Bonds

Thursday, December 10, 2009

By [Ted Phillips](#)

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New York City has nearly selected all the projects for its \$121 million allocation of Recovery Zone facility bonds, pending board approval, the conduit issuer said yesterday.

The New York City Capital Resource Corp. expects to issue the tax-exempt bonds to finance seven projects under a federal program created in the American Recovery and Reinvestment Act. An eighth project that would have used the remaining piece of the allocation was withdrawn.

The CRC held a hearing yesterday on two proposed projects and expects to give final approval on another two projects in Queens at its board meeting on Tuesday.

Demand for the use of the private-activity bonds surpassed capacity, said CRC chairman Seth Pinsky. The issuer announced its guidelines for the program and designated Recovery Zones—economically distressed areas eligible for the financing—in June.

By mid-July CRC had received 30 applications requesting more than \$1 billion of bond financing under the program, Pinsky said. A second round of applications garnered an additional 22 projects seeking bond financing.

"It's a sign that people are eager to invest in New York and that people have faith in the long-term health of the city," he said. "If we had more allocation we would I think be able to help more projects."

The two projects presented at yesterday's hearing were a new parking garage for St. Barnabas Hospital in the Bronx and the construction, renovation and equipping of a medical office building to be known as North Queens Medical Center.

Arthur Management Corp., a subsidiary of St. Barnabas Community Enterprises Inc., is seeking \$19.8 million of bonds to build a \$25.7 million, five-story parking garage that will contain 605 parking spaces. The proposed project has pitted construction unions that want jobs against two employee unions.

Fred Alston, president of a garage employees union said the project would take away existing jobs at a private parking lot that serves the hospital. Organizers with the Committee of Interns and Residents/Service Employees International Union opposed the project due to an ongoing labor dispute over whether or not medical residents were employees or students.

Keith Wolf, general counsel for the hospital, said the labor dispute had little to do with the parking garage. Pinsky said the project would result in a net increase in permanent jobs.

The other project, a \$42.5 million 80,000 square foot medical office building in Queens received no testimony. Fleet Financial Group Inc. is seeking \$17 million of bonds for the project.

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In January, the CRC expects to hold hearings on \$28 million of bonds for Staten Island Terminal LLC, which seeks to build facilities for a cement business and \$2.2 million for My Image Studios LLC which seeks to build an arts and entertainment facility in Harlem.

One project was pulled after the developer withdrew its application. MB-Flatbush LLC, an affiliate of Magna Hospitality Group LC, had sought \$20 million of bonds to build a hotel in Brooklyn. Their withdrawal leaves the city with \$19 million of capacity under the program and another round of allocations could take place by May.

The CRC expects to give final approval for \$15 million of bonds for projects on behalf of Arverne by the Sea LLC and Benjamin Beechwood Retail LLC next week. A \$20 million retail development in Brooklyn known as City Point has received preliminary approval.

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