Redevelopment Proposal

The Artemis

260 W 125th St, New York, NY

Pedro Holds a M.S. in Real Estate Development from Columbia University and B.S. in Real Estate Development from the University of Southern California

With a strong foundation in multifamily, retail and land development, he is a keen negotiator focused on capital preservation and portfolio growth.

Combining perspectives from the Price School of Public Policy with Graduate School of Architecture, Planning and Preservation with Pedro's unique industry experience, stakeholders can depend on a comprehensive site planning, functional design and strategic site activation.

Development Goals:
Economic viability
Community impact
Long-term sustainability.

ASSOCIATIONS:
| NAIOP | ICSC | ULI | CREFC |

Pedro Velasco

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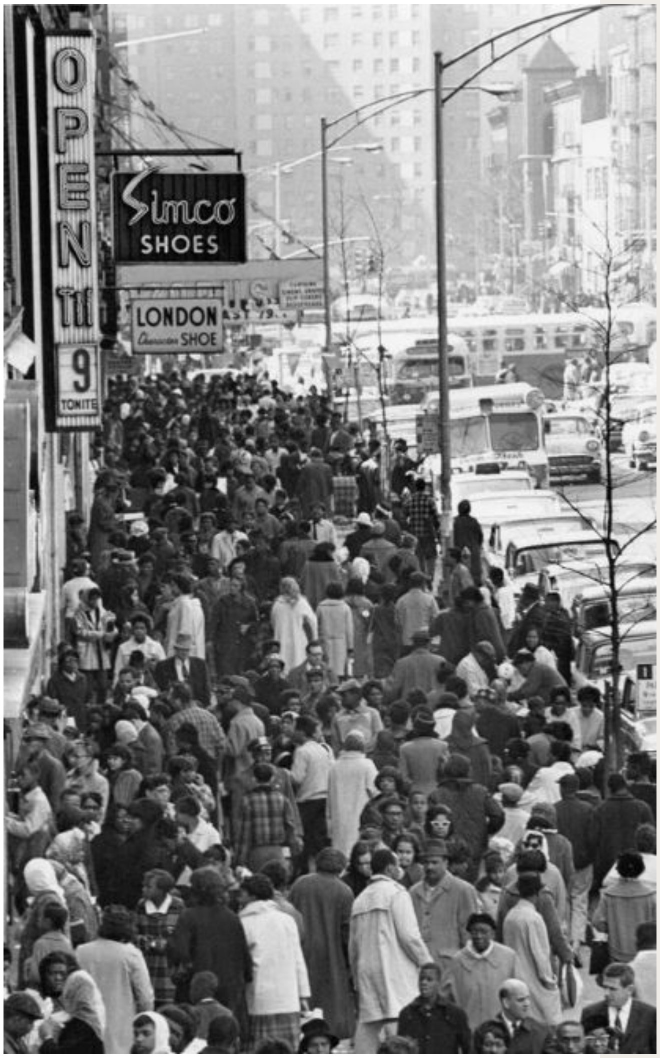

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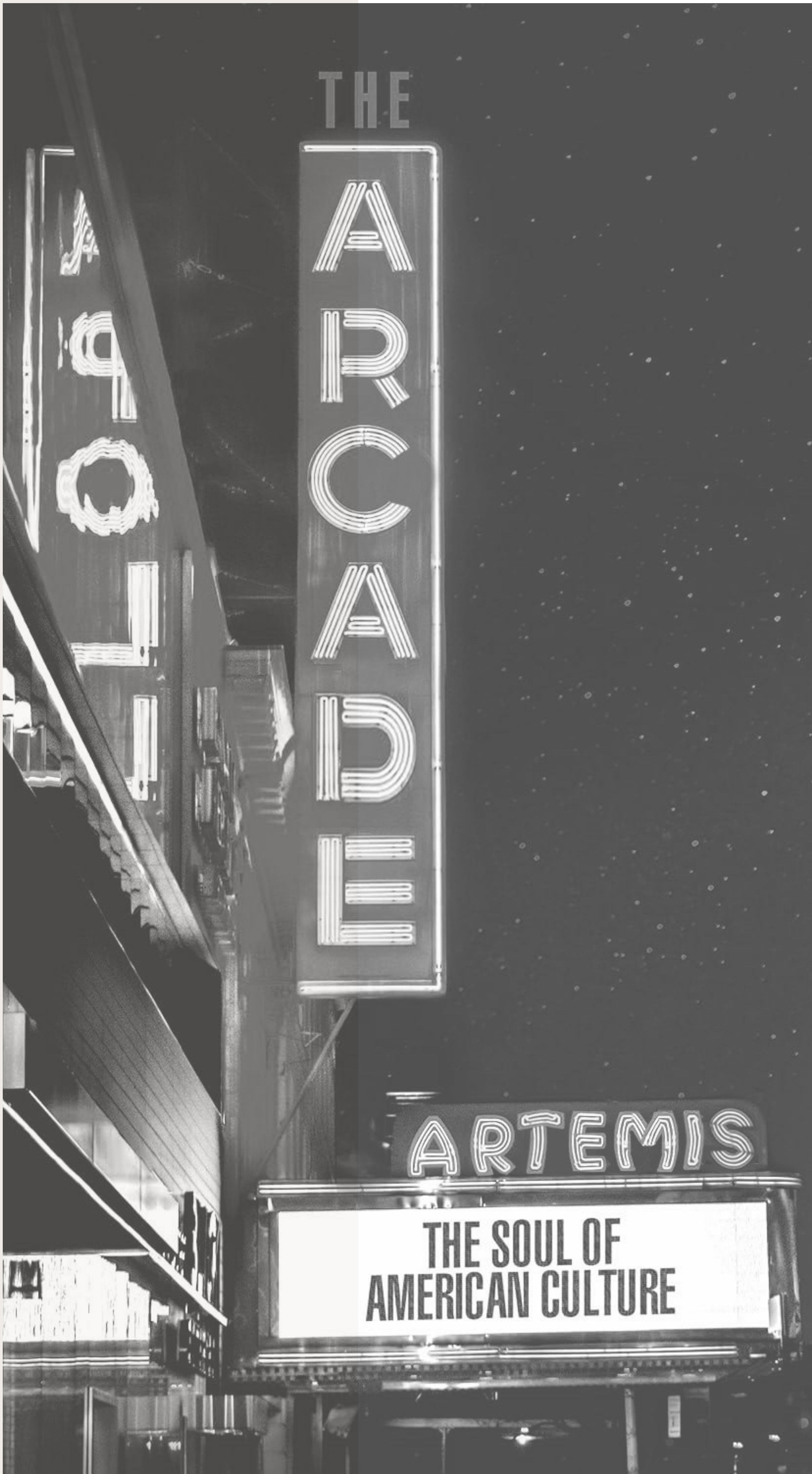
Executive Summary

The New Harlem Renaissance



In Greek Mythology Apollo's twin is Artemis. Helping their mother deliver Apollo, Artemis becomes the protector of her twin.

Reignite Central Harlem with a bold mixed-use site that transforms the neighborhood's core, providing mixed-income housing and echoing in a new Harlem Renaissance.

Inspired by the Harlem Jazz clubs of the 1920's, a vibrant ground-floor arcade will play host to boutique retail, dining and live music experiential venue.

Grounded by two striking mixed-income residential towers. The Residences at The Artemis will provide a vibrant and welcoming living experience.

2008 Rezoning

Harlem's Main Street

The Special 125th Street District was created to protect and guide the future of one of New York City's most culturally and economically significant corridors—Harlem's historic "Main Street."

A commitment to **preserve** the **cultural** and **commercial** vitality of 125th Street as Upper Manhattan's premier mixed-use corridor.

The resolution provides incentives for creating visual and performing arts spaces, recognizing Harlem's global role as a center for Black culture and creativity. These spaces are not only intended to enrich the local **cultural** fabric but also to **position 125th Street as a destination** for arts and entertainment across the city.

To ensure the street remains walkable, welcoming, and vibrant, design standards require ground-floor uses that activate the pedestrian experience, and building forms must relate to the existing built environment.

History

MART 125

Site Origins

Originally a city-owned parking garage, converted to Mart 125 in 1986 to support Black-owned businesses.

Transformation

Provided space for Black-owned businesses selling clothing, jewelry, art, and food.

Decline

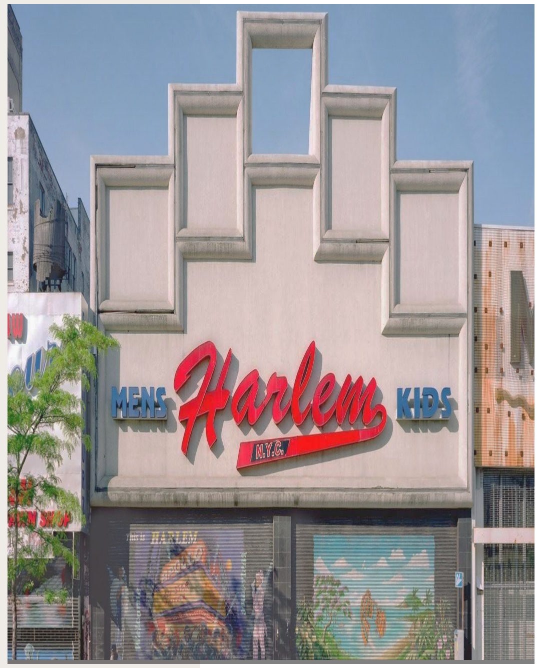
The site's activity declined in the late 1990s due to competition and lack of investment, closing in 2002.

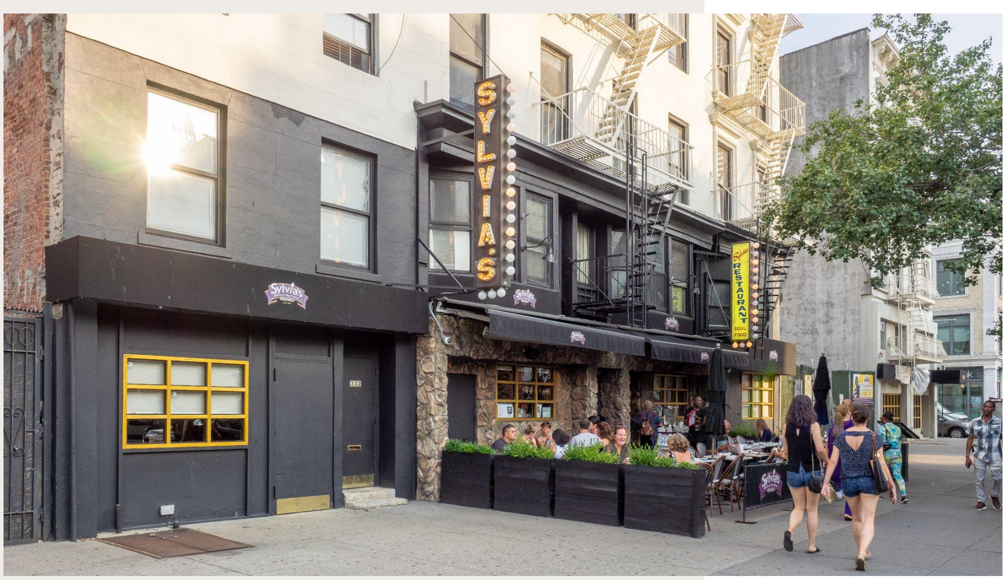
Rezoning

The 2008 rezoning of 124th-126th Streets from Broadway to 2nd Ave aimed to create jobs and modernize infrastructure.

Protecting Cultural Identity

Neighborhood has been resistant to change for fear of displacement and loss of Harlem's Rich Cultural Past





SITE CONTEXT

At the **cultural** & geographical **center** of **Harlem**, the redevelopment potential of MART 125 begins with the **Apollo** Theater **Sphere of Influence**.

Challenges

14% storefront vacancy: Replacing blighted stock has led to a subtle transformation on 125th St. National Credit Tenants occupy sites on both sides of the MART, and directly across.

Rising commercial rents: Profit Sharing via percentage rent is key to successfully activating the space while creating a curated experience.

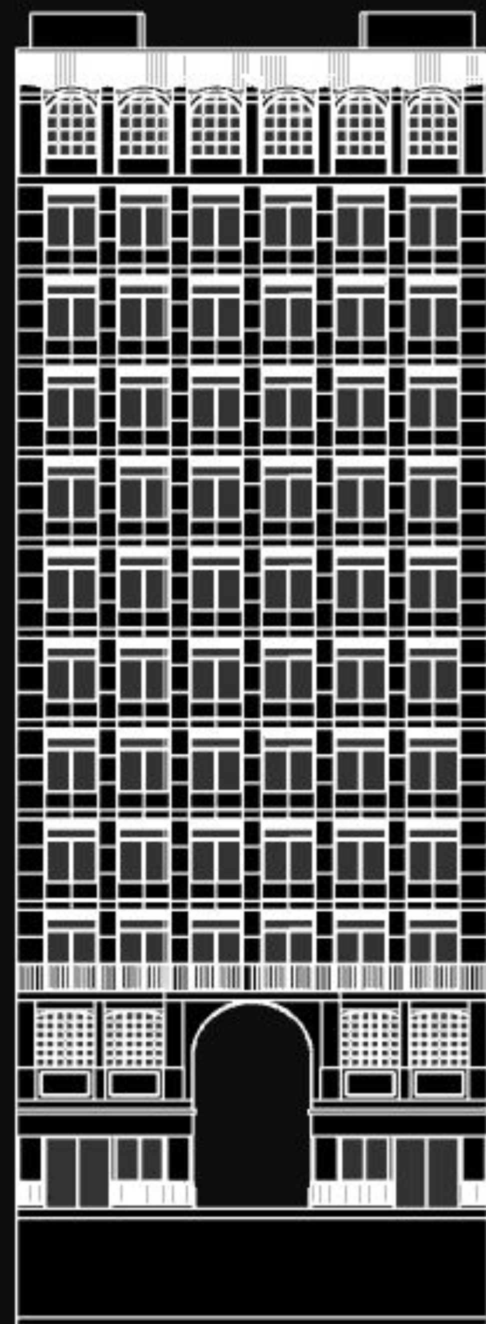
Lack of dining options: Quick service restaurants along 125th and 124th will serve visitors looking for a quick snack. Inside, a premium dining experience accompanied with live music awaits.

Impact Plan

Mixed-use Solution: Programming

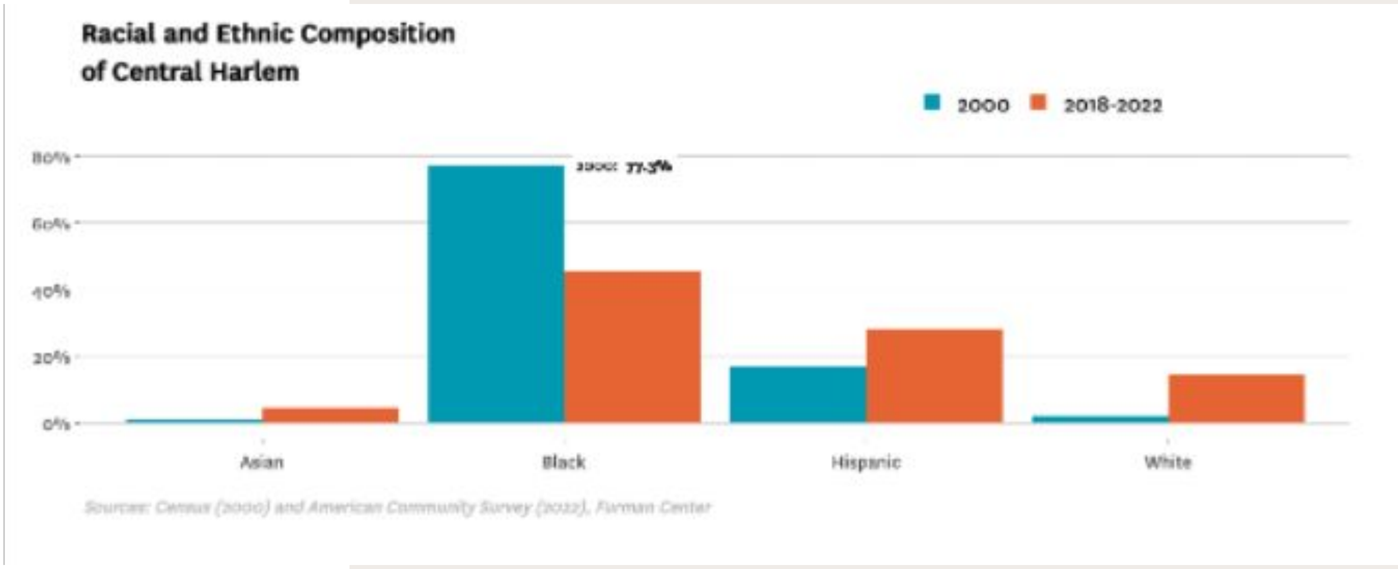
Development Escrow Acquisition
Development process to take between 30 to 36 months. Upon issuance certificate of occupancy, stabilization should occur within 12 months.

The redevelopment of the former 125 Mart site represents more than just a real estate investment — it is an opportunity to anchor the next chapter of Harlem's cultural and economic renaissance. The development's mix of boutique retail, thoughtfully programmed residential units, and entertainment will create a vibrant, 24/7 destination — breathing new life into a corridor currently anchored by national credit tenants and historic institutions. This condensed, high-impact programming ensures maximum site activation and street-level energy, sparking broader redevelopment across Central Harlem.

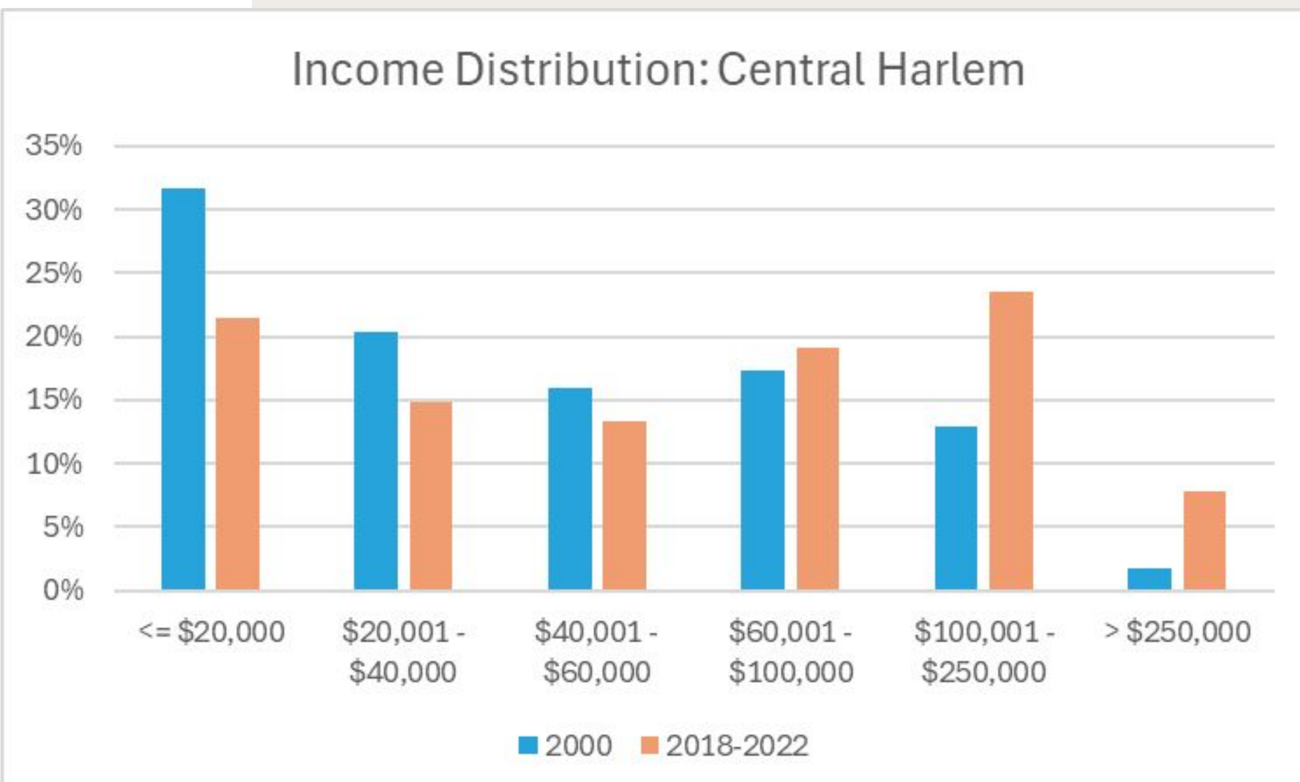


Residential | Retail | Entertainment

DEMOGRAPHICS

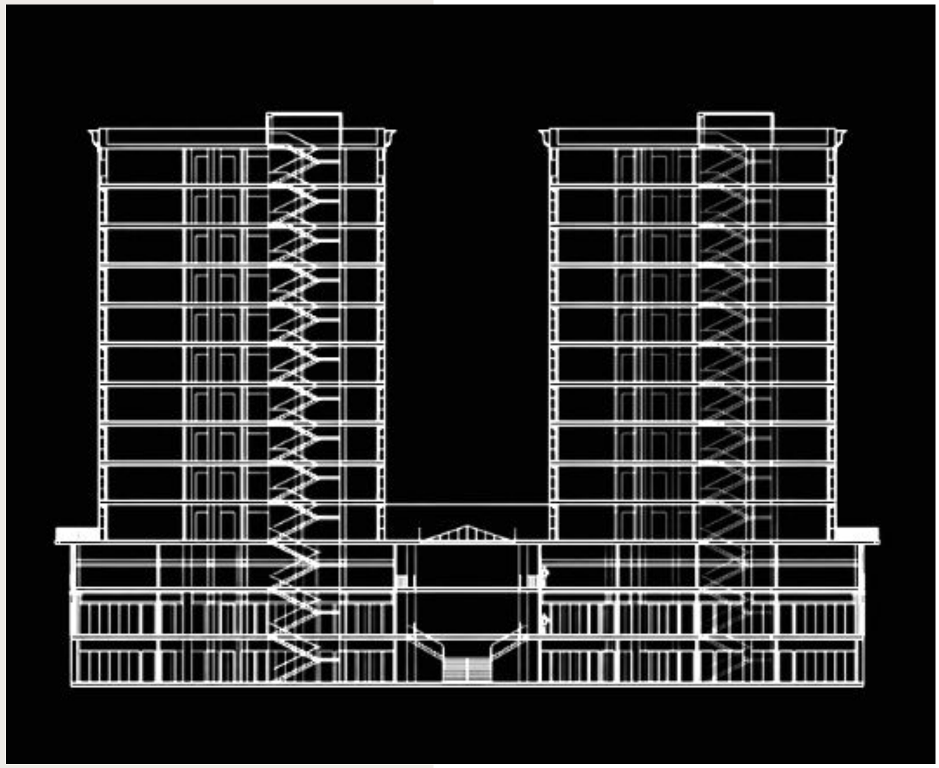


Ethnic Shifts in the population has created an opportunity for a new identity. An Identity built on a legacy of cultural opulence.



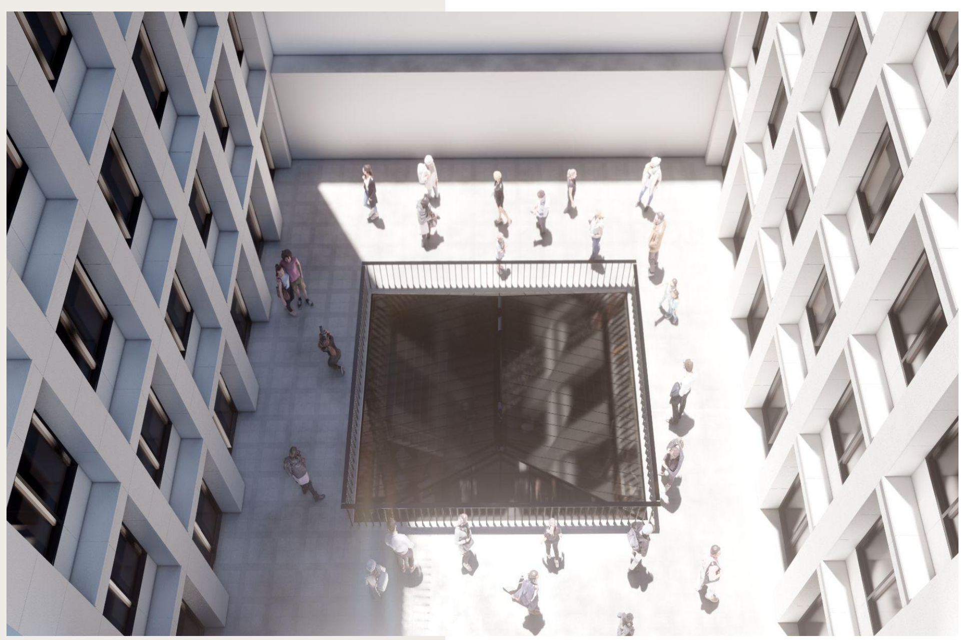
Sufficient and growing household incomes support expanded dining operations, and mixed income housing solutions

COMMUNITY BENEFITS



New Residential Rental units: 92

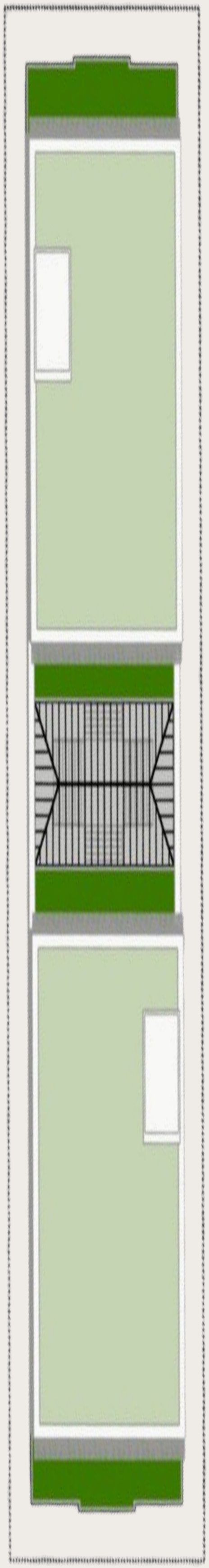
THE Artemis: Located steps from the Apollo Theater, this venue will celebrate Harlem's global influence on music & culture- with a focus on Hip Hop, R&B, and contemporary Black artistry.



5 boutique dining spaces: Separation of residential and commercial corridors allows for neighborhood retail via 124th St. High visibility on 125th St. entrance to focus on THE Artemis as a destination.

Backstage at the Artemis: 8,000 SF programmable venue space for emerging hip hop and r&b acts.. Activates sunken plaza space.

COMMUNAL SPACES



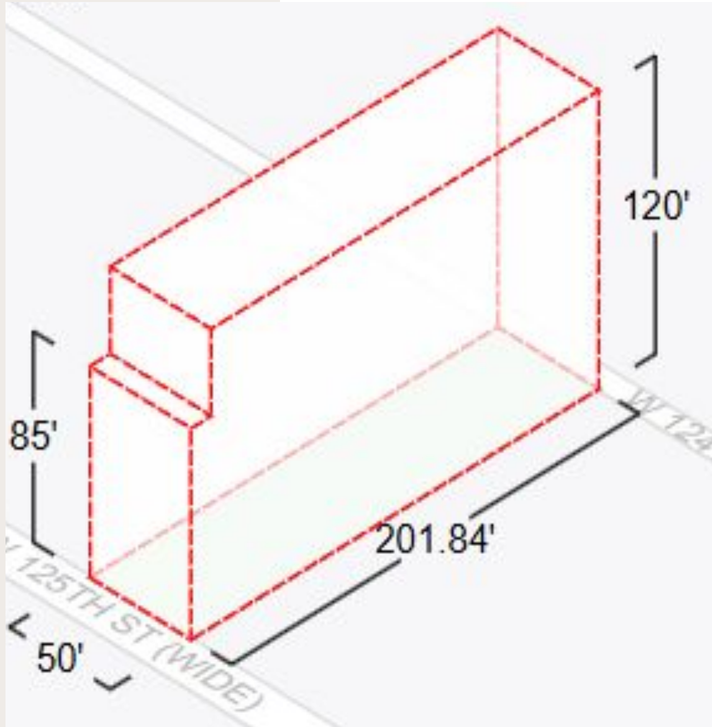
The Green spaces and community gathering spots play a crucial role in enhancing the well-being, social cohesion, and environmental quality of urban and residential areas.

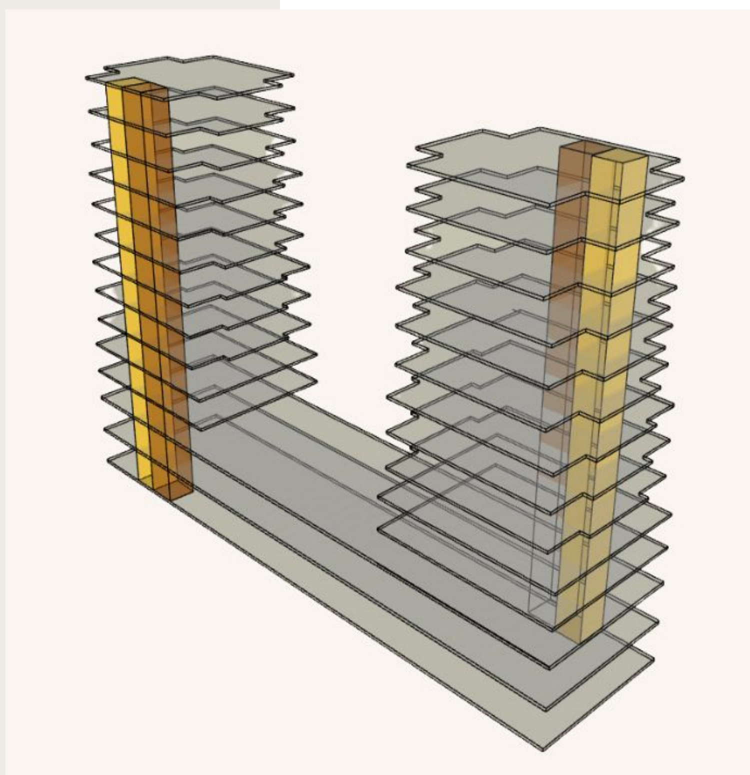
Fostering interactions, strengthening social ties, and promoting inclusivity. They provide a shared environment where people can engage in recreational and cultural activities.

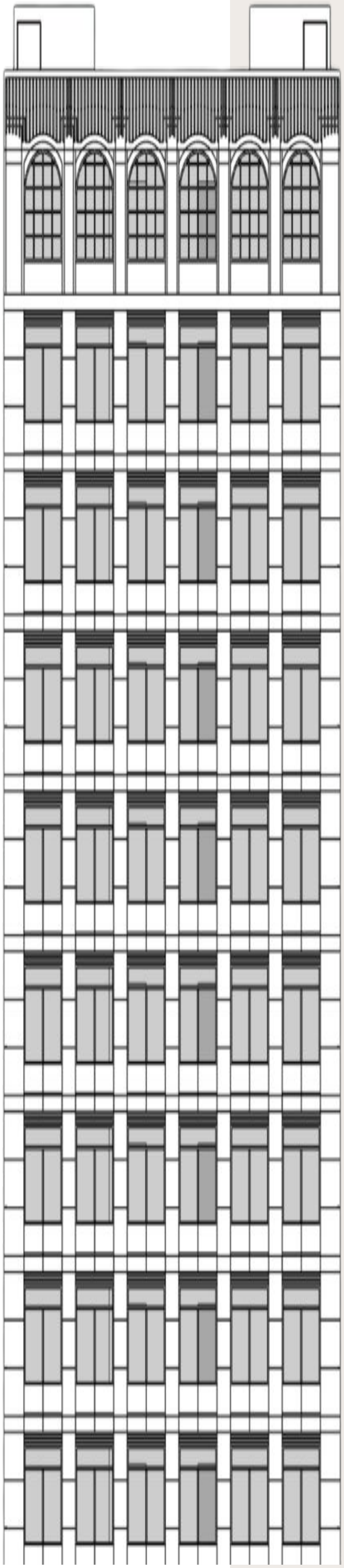
Zoning

Zoning Summary for 260 W 125th Street

- **C4-4D (R8A):** Covers 55% of the site.
  Contextual mixed-use district allowing commercial, residential, and community facility uses.
  Base FAR: 6.02; Core Subdistrict FAR cap: 5.4.
  Height: Base of 60–85 ft; max 120 ft.
  Setbacks: 10 ft (wide street), 15 ft (narrow).
- **With Universal Affordability Preference (UAP):**
  FAR up to 7.2; height up to 140 ft.
  Max ZFA: ~72,662 SF; ~80 residential units at 680 SF min per unit.
- **C6-3 (R9):** Covers 45% of the site.
  Mixed-use zoning allowing both residential and commercial.
  Commercial FAR: 6.0.
  No height limit under R9, but C6-3 height limits apply here due to split zoning.
  Ground floor must include retail or service use.
- **125th Street Corridor Overlay**
  Promotes active ground-floor uses and pedestrian-friendly retail, with a focus on cultural and entertainment tenants.
  Permits disposition of city-owned land for residential development with retail under Special Transit Area (TA) and Urban Development Action Area Project (UDAAP) designations.







Specific Zoning
Due to 55% of the lot being zoned C4-4D (R8A), the zoning potential is primarily shaped by this designation, despite C6-3 (R9) allowing higher FAR under the Universal Affordability Preference (UAP).
Adjusted Maximum FAR by Use:

- Residential (Base FM): 5.40 FAR → 54,497 SF
- Residential (UAP Inclusionary Housing): 7.20 FAR → 72,662 SF
  Commercial: 4.57 FAR → 46,120 SF
- Total Mixed-Use: 5.67 FAR → 57,222 SF

Air Rights (Not Feasible to Acquire):

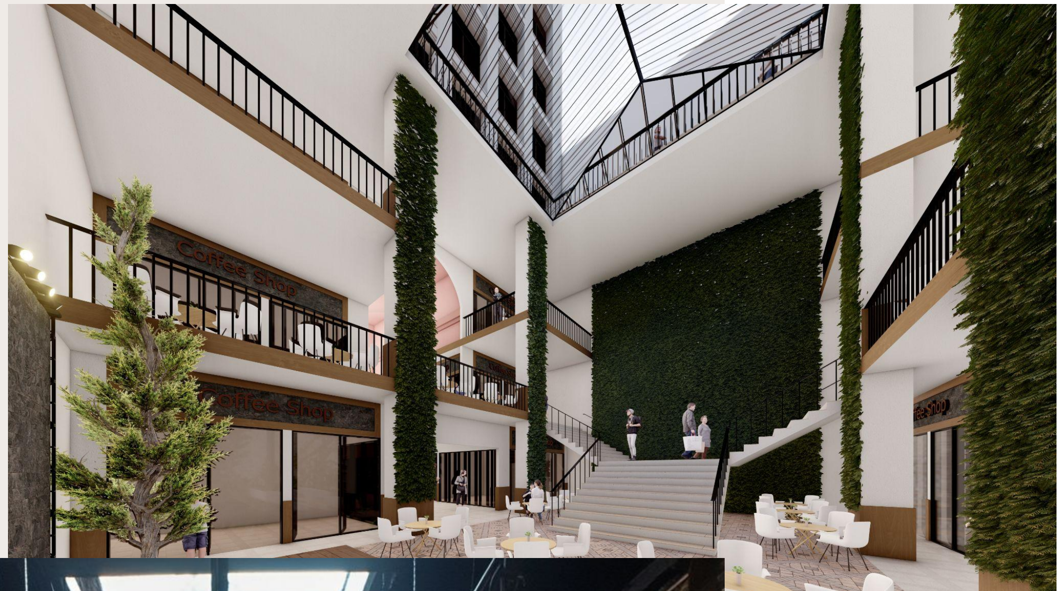
- 256 W 125th: 36,746 SF
- 264 W 125th: 32,315 SF
- Due to current zoning constraints, these are not practical for transfer or purchase.

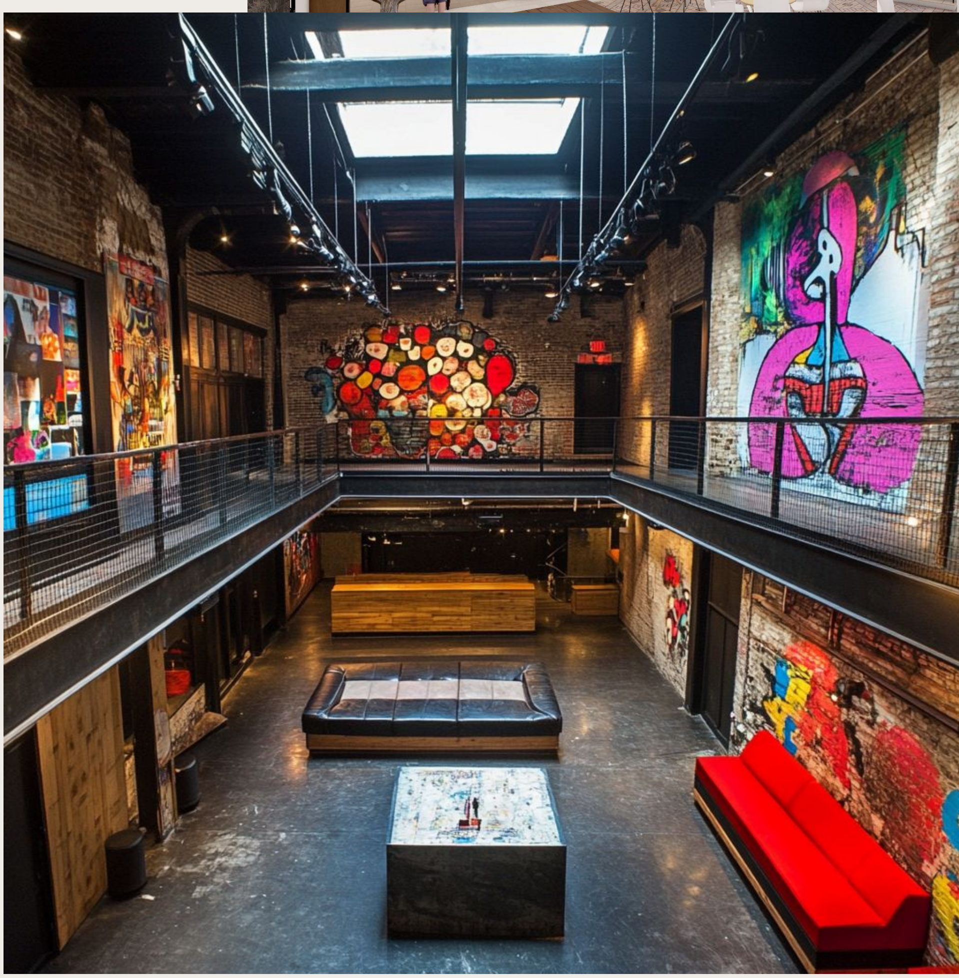
Parking:

- No off-street parking required.
- Site lies within the Inner Transit Zone and qualifies for waivers under the *City of Yes* zoning reforms.

Design

First we shape our buildings, and afterwards our buildings shape us - **Sir Winston Churchill**





Dynamic venue space can adapt as a private event space in the day and offer entertainment settings at night.

Brick / Terracotta Exterior

Mass Timber Interior

Concrete Flooring

Triple -pane Window

Materials

Our commitment to Harlem's future begins with how we build. By aligning our project with the **PHIUS Passive House standards**, we are setting a new benchmark for energy efficiency, sustainability, and long-term affordability in **Central Harlem**—a community that deserves infrastructure as resilient and dignified as its people.

At the foundation of our building, we've chosen **concrete flooring** for the ground floor. This isn't just an aesthetic choice—it's a thermal strategy. Stone absorbs and slowly releases heat, reducing the energy required to maintain indoor comfort throughout the year.

Above, **terracotta panels** wrap the upper floors. This timeless material offers modern benefits: it insulates effectively, reduces heating and cooling loads, and stands up to weather and time. That means lower utility bills for residents and fewer maintenance costs—contributing to economic stability for families and the city alike.

On the roof, we're integrating **solar panels** to harness renewable energy and reduce our dependence on non-renewable sources. This not only lowers our carbon footprint but also empowers Harlem to lead in climate-conscious urban development.

Triple-pane windows throughout the building ensure thermal insulation and acoustic comfort—keeping warmth inside in winter, cool air in during summer, and city noise where it belongs: outside. This creates peaceful, energy-efficient homes that offer residents dignity and tranquility.

Energy Efficiency

Implementing Passive Building Principles

Our building design aims to align with ‘PHIUS Passive House Standards’ to optimize energy use and sustainability.

Concrete Floor

Will help minimize heating and cooling requirements by storing and releasing heat in our building efficiently.

Terracotta for Upper Floors

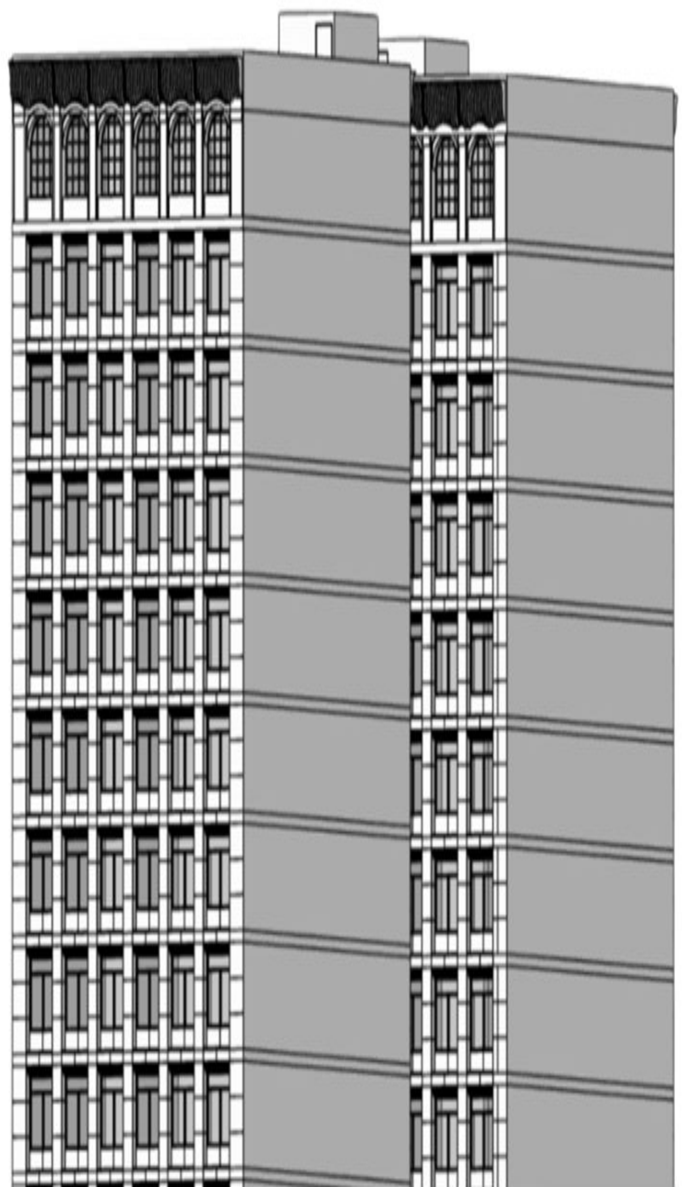
Provides the upper levels of our building with excellent insulation, reducing energy costs, and enhancing the buildings building longevity.

Solar Panels Integration

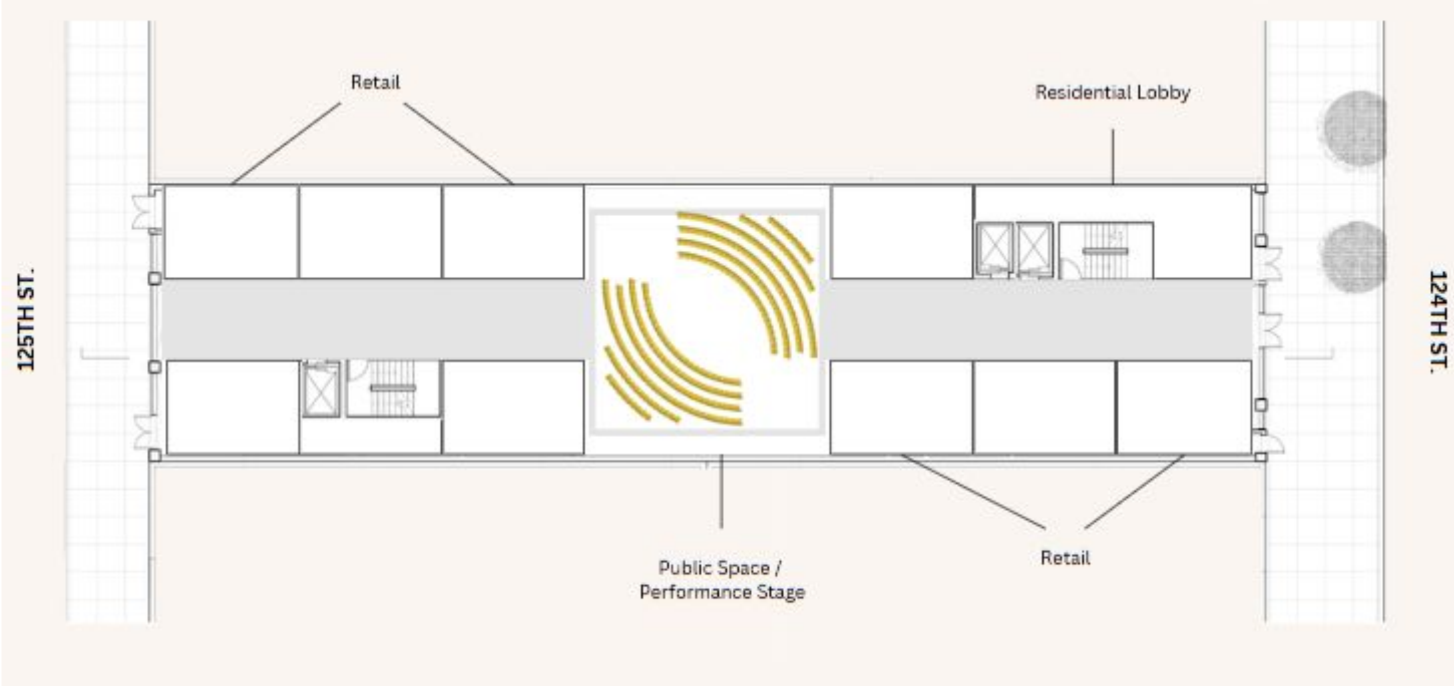
Will enable our project to generate renewable energy to support building operations. Allowing us to depend less on non-renewable power sources

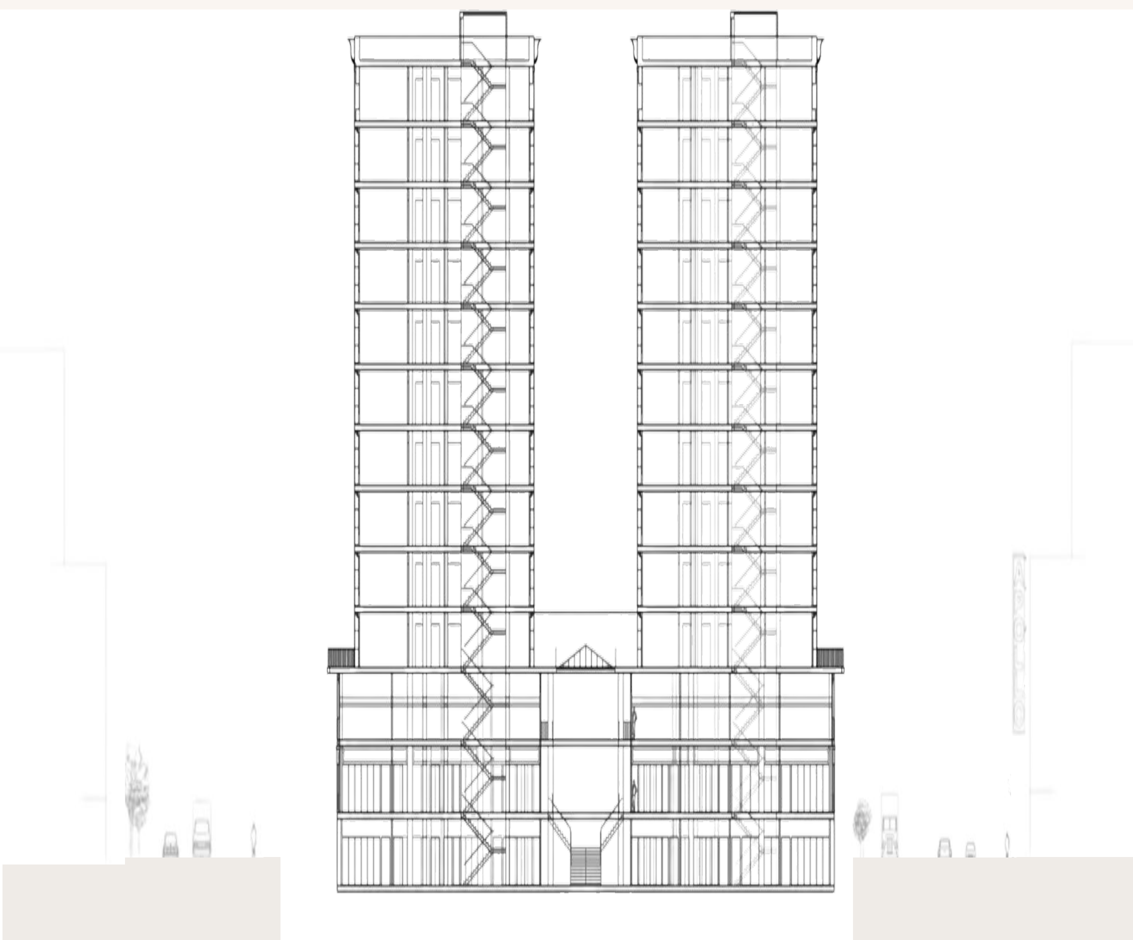
Triple-Pane Windows

Creates and enhances insulation, preventing heat loss and further improving our buildings energy efficiency.



Section and Plan





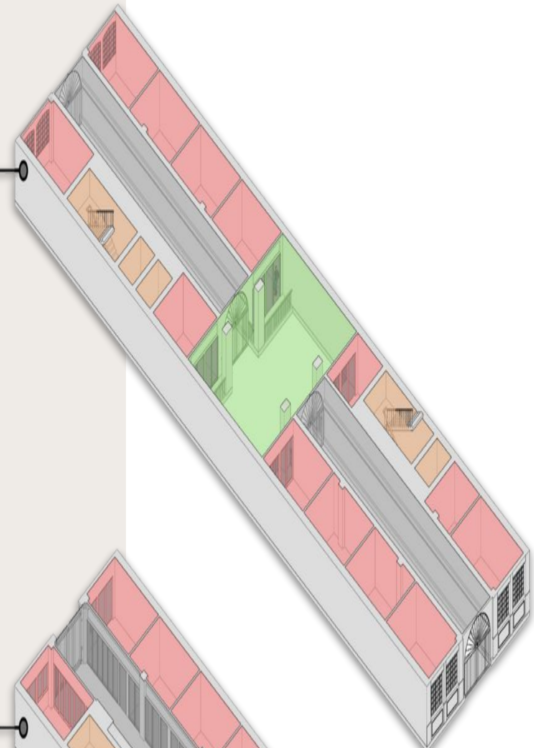
Building:
28,000 sq ft retail & community |

56,610 sq ft residential
92 units | 13 floors

Floor Plans

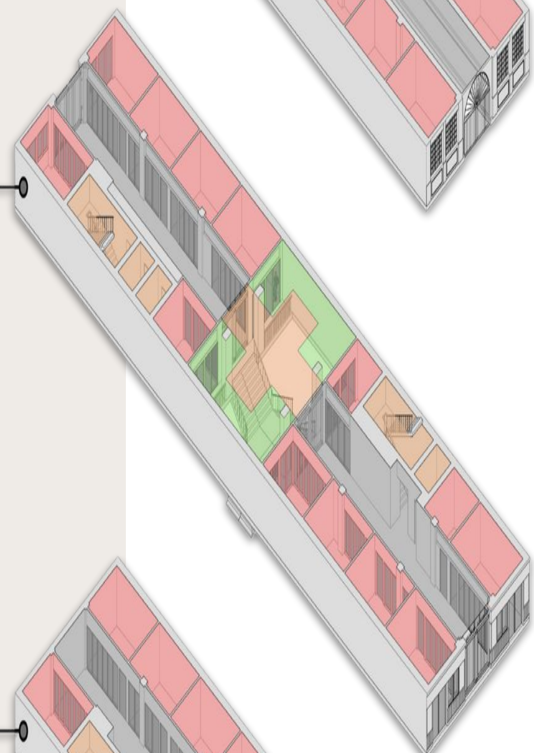
1st Floor

Restaurant | Retail |
Residential access



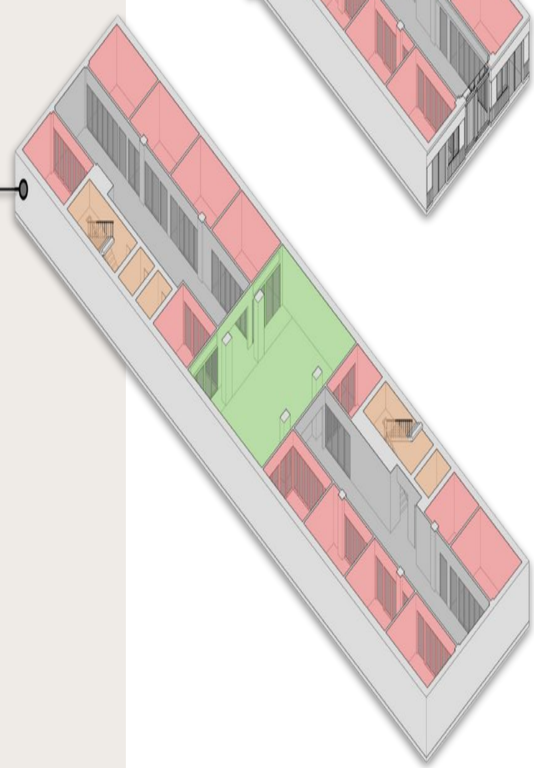
Ground Floor

Dining & retail | Cafe |
Residential access |
Basement access



Basement

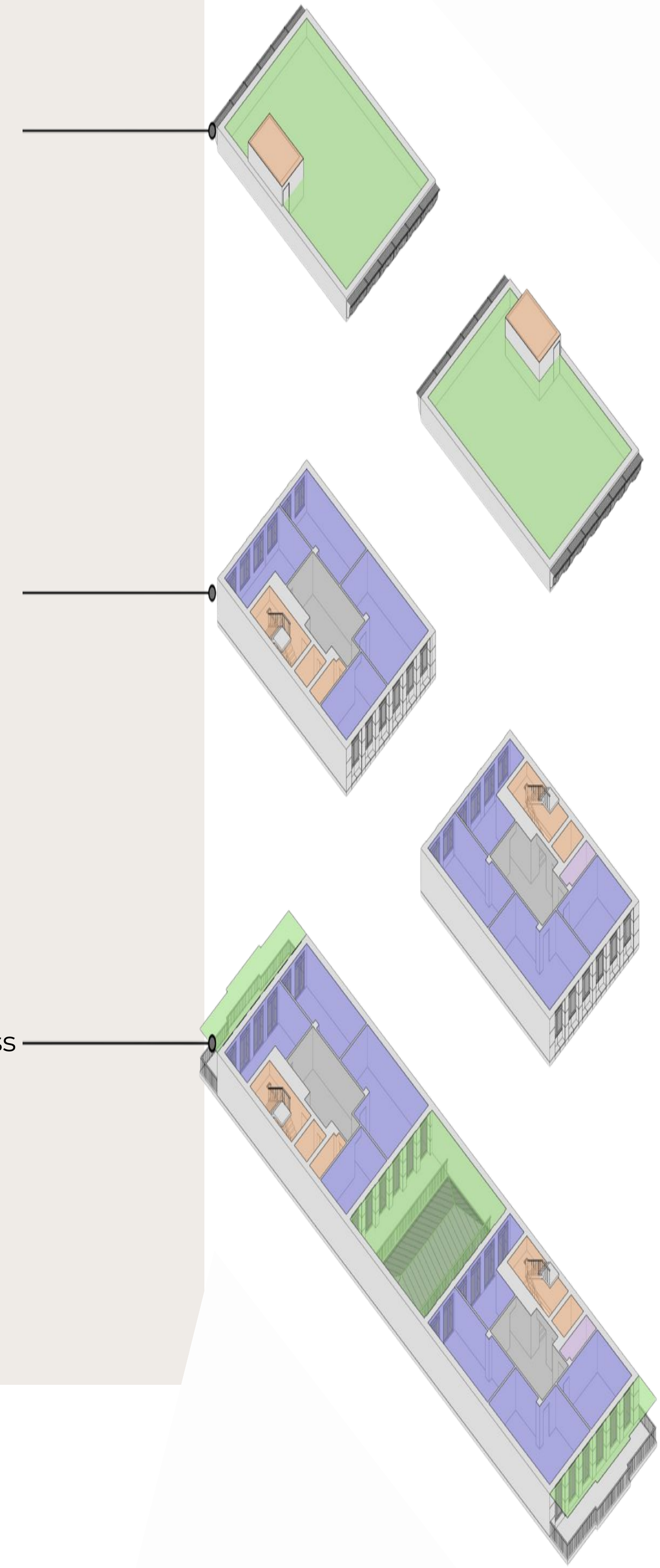
Expandable Venue Space |
Indoor plaza | speak easy &
performance space



Roof Top
Garden & lounge | Utility
(Solar panels)

3rd Floor
Residential | Utility

2nd Floor
Residential Units | Gym &
Yoga |
Work lounge | Terrace access
| Courtyard access



SPACES

Neighborhood retail along 124th St.

Creating separation from 125th St. for a Residential experience.

Sunken Space emphasis on entertainment while supporting food and beverage sales.

Methodical **activation** allows for **arts and entertainment** venue in a space meant for broader dining uses.

GYM | YOGA

Financial Analysis:

Back of the Envelope Projections

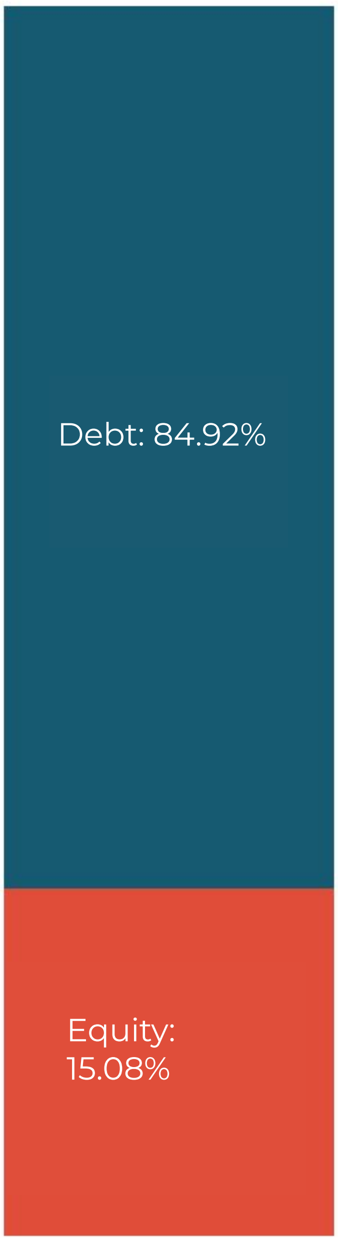
Retail and Entertainment venue to be on NNN leases.

6% Exit Cap based on current comparables in the market

Residential rental comps from recently delivered similar build and area.

Use	Net SF / Units	Rate	EGI	Opex Ratio	Net Income
Commercial	28,000	$60 / yr	$1,680,000	0%	$1,680,000
Residential 1 Bedroom	72	$4200 / mo	$3,628,000	28%	$2,612,160
Residential 2 Bedroom	20	5300 / mo	$1,272,000	28%	$915,840
Total	N/A	N/A	$6,580,000	N/A	$5,208,000

Capital Stack



HUD 221 (d) 4

Multifamily Construction to Permanent Loan Financing program

Loan Details

Final Loan to Cost: 84.92%

Current interest rate 6.35% with a Mortgage Insurance Premium of 0.65%, for an all in rate of 7.00%. During Construction Period the loan is interest only, with an annual debt service of $3,336,668. Upon CofO the loan is convertible to permanent financing with an annual debt service of $3,554,588. This loan was chosen for the lower cost of capital, assumable financing, and convertibility to permanent financing upon completion. This provides potential equity investors slightly more certainty upon completion of the business plan.

$47,666,680 Final Loan Amount
$8,464,945 Equity Contribution

Deal Structure: Fee Simple Acquisition

Site Acquisition: Site awarded from NYC EDC, May 2025

Design & Construction: Documents submitted within 90 days, full entitlements to be received within 6 months.

Site Preparation: Existing structure to be raised while shoring up foundation for further construction.

Construction: Typical construction period for a project of this scale will take between 18-24 months

Stabilization: During the construction period, retail leasing brokers specializing in the New York City market will be employed to identify and negotiate with potential operating partners for the neighborhood retail and entertainment venue space. Upon issuance of Certificate of Occupancy, residential leasing brokers will market the property, anticipated absorption to be between 8-18 units per month, with full lease up taking approximately 7 months to complete.

Return metrics

Levered IRR: An internal rate of return is a return metric which accounts for the time value of money. Utilizing the HUD 221(d)4 loan program the project was able to achieve a 58% Internal Rate of Return

Multiple On Invested Capital: This return metric is a way to measure how much an investment made compared to how much was originally invested. This revised project was able to achieve 3.73 MOIC thanks in part to higher amount of leverage available through the HUD loan program. While higher leverage tends to increase the risk profile of an investment, the specific loan program has an interest only period of 3 years. The term, unlike most loan programs matches the amortization period at 40 years + the construction period.

Levered IRR: 58.3% YOC: 8.40%

Total Project Cost: $56,,131,625

Untrended Stabilized NOI: $4,600,307

Lending Assumptions

FHA/HUD Mortgage Insurance Program – Section 221(d)4
New Construction and Substantial Rehabilitation of Multifamily Properties

PURPOSE: Provides attractive FHA-insured financing for new construction and substantial rehabilitation of multifamily housing projects

ELIGIBLE PROPERTIES: Market rate, affordable and subsidized multi-family housing projects. Substantial rehabilitation is defined as projects where the scope of rehab exceeds $15,000 per unit adjusted for the local high cost factor; or replaces two or more major building systems

COMMERICAL SPACE: Limited to 25% of net rentable area and 15% of effective gross income; 25% of net rentable area and 30% of effective gross income for Section 220 projects in qualified urban renewal areas

BORROWER TYPE: For-profit or non-for-profit single asset borrower entity

GUARANTEES: Non-recourse

LOAN TERM: 40 years, plus the construction period

AMORTIZATION: Interest-only during construction; converts to fully-amortizing loan after construction

INTEREST RATE: Determined by market conditions (call for a quote), fixed for the full term of the loan

LOAN PARAMETERS:

Property Type	Loan-to-Cost	Minimum DSCR
Market Rate	87%	1.15x
Middle Income (> 50% @ up to 120% AMI)	90%	1.11x
Affordable (40% units @ 60% AMI or 20% @ 50% AMI)	90%	1.11x
Subsidized (> 90% LIHTC or Section 8 HAP)	90%	1.11x

**More conservative loan parameters applied to large loans ($125MM+); discuss with your loan originator if applicable.*

PREPAYMENT & ASSUMPTION: Negotiable. Typical best pricing for 10-year call protection (lockout and/or prepayment penalty). Loans are fully assumable, subject to Lender & HUD approval.

LENDER FINANCING FEE: To be determined based on size and complexity of transaction, subject to HUD limitations

HUD APPLICATION FEE: 0.3% of the loan amount (0.15% due at pre-application and 0.15% due at firm application)

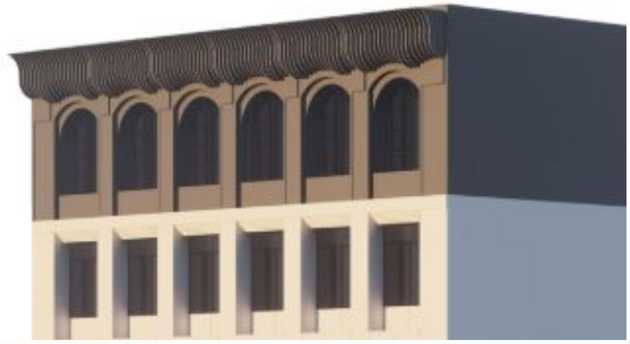
HUD INSPECTION FEE: 0.5% of loan amount (new construction) or total for all improvements (substantial rehab)

HUD MIP: 0.65% annually for market rate properties, 0.35% annually for projects with 10-90% LIHTC or rental assistance, and 0.25% annually for "green" projects or projects with greater than 90% LIHTC or rental assistance

THIRD-PARTY REPORTS: Appraisal, Market Study, Phase I ESA, and Architectural and Cost Analysis

ESCROWS/RESERVES:
Typical tax and insurance escrows (including MIP)
Replacement Reserves: Minimum annual deposit of $250/unit
Initial Operating Deficit: 4-12 months of debt service
Working Capital: 4% for new construction projects; 2% for substantial rehab projects

Sensitivity Analysis



		Residual Land Value				
	3.73	$4,000,000	$4,500,000	$5,000,000	$5,500,000	$6,000,000
Exit Cap	5.00%	5.66	5.60	5.54	5.48	5.42
	5.50%	4.67	4.61	4.55	4.50	4.44
	6.00%	3.85	3.79	3.73	3.67	3.61
	6.50%	3.15	3.09	3.03	2.98	2.92
	7.00%	2.56	2.50	2.44	2.38	2.32

		Construction Cost				
	3.73	$450.00	$500.00	$550.00	$600.00	$650.00
Exit Cap	5.00%	5.54	4.45	2.62	1.58	1.00
	5.50%	4.55	3.55	2.01	1.15	0.67
	6.00%	3.73	2.80	1.50	0.78	0.39
	6.50%	3.03	2.17	1.07	0.48	0.15
	7.00%	2.44	1.63	0.71	0.22	-0.05

Sensitivity analysis helps us understand how changes in key assumptions impact model outcomes and reveal hidden risk in ground up development.

This analysis focuses on three key variables: acquisition cost basis, construction hard costs, and exit cap rates.

Residual Land Value reflects what a developer can pay for land accounting for total development costs.

Recent volatility in capital markets-driven in part by the 10-Year Treasury’s effect on exit cap rates- and supply chain disruptions impacting construction costs have significantly affected values.

These variables are tested against the Multiple on Invested Capital to show their impact on projected returns.

Sensitivity Analysis cont.

		Retail Rents				
	3.73	$35	$40	$45	$55	$60
Exit Cap	5.00%	4.31	4.56	4.80	5.30	5.54
	5.50%	3.43	3.65	3.88	4.33	4.55
	6.00%	2.69	2.90	3.11	3.52	3.73
	6.50%	2.06	2.26	2.45	2.84	3.03
	7.00%	1.53	1.71	1.89	2.26	2.44

		1 Bedroom Rents				
	3.73	$3,300	$3,800	$4,300	$4,800	$5,300
Exit Cap	5.00%	3.55	4.76	5.54	6.32	7.10
	5.50%	2.79	3.84	4.55	5.27	5.99
	6.00%	2.15	3.07	3.73	4.39	5.05
	6.50%	1.61	2.42	3.03	3.65	4.27
	7.00%	1.14	1.86	2.44	3.01	3.59

This analysis test 1-bedroom and retail rental rates against the exit cap rate, with the Multiple on Invested Capital as the measured outcome.

In this scenario we can see the impact leasing has on project returns, as well as the dramatic impact cap rate expansion would have on the projected returns.

Testing the impact compared to potential not only shows the need to achieve the target rents of the business plan to be successful, but also the need to exit at or below the target 6% exit cap.

Thank You