

222 NEVINS

Adaptive Reuse and New
Housing in Gowanus



Course: Development Case Studies - Capstone Project

Term: Spring 2026

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EXECUTIVE SUMMARY

Overview

A mixed-use, mixed-income development celebrating Gowanus' industrial legacy. This adaptive reuse and new construction project welcomes residents, businesses, neighbors, and visitors to a vibrant courtyard and community space.

Program

- Total: 150,000 GSF | 121,000 NSF
- Residential: 99 rental units | 25% affordable at avg. 60% AMI
- Commercial: 53,000 NSF across retail and light manufacturing

Valuation & Timeline

- Value: \$135m | TDC: \$119m | Yield-On-Cost: 6.0%
- Delivery: 3 years | LP Hold: 10 years

Return Metrics

- LP Commitment: \$35m
- LP IRR: 15%
- LP Equity Multiple: 2.7x
- LP Avg. Cash-on-Cash: 12%

Capital Structure & Sources

Construction is financed through GP/LP equity, construction debt, and historic tax credits. At stabilization, permanent financing and brownfield tax credits facilitate an equity take-out, returning approximately 50% of initial invested equity to the partnership.

222 Nevins is a mixed-use, mixed-income adaptive reuse and new construction development located at the intersection of Nevins Street, Butler Street, and Baltic Street at the north end of the Gowanus Canal in Brooklyn. Positioned within one of the neighborhood's remaining industrial corridors, the project transforms a historic site into a vibrant community hub that blends new housing, commercial activity, and public realm centered around a signature courtyard. By preserving elements of the site's industrial character while delivering high-quality new development, 222 Nevins offers a differentiated product in one of Brooklyn's most dynamic emerging neighborhoods.

The project totals approximately 150,000 gross square feet and includes 99 rental units, with 25% designated as permanently affordable housing, alongside 53,000 square feet of retail and light manufacturing space. This mix of uses creates a true neighborhood destination that serves residents, businesses, and visitors while maintaining Gowanus' longstanding maker and industrial identity. Importantly, the project also creates modern maker and production space that can accommodate light manufacturing businesses expected to relocate from Baltic Street and nearby industrial properties over time.

The site sits across from the Gowanus Combined Sewer Overflow facility, part of a \$1.6 billion public infrastructure investment designed to improve canal water quality, reduce overflow events, and deliver new waterfront open space. Together with the broader 2021 rezoning, these investments support the long-term environmental and civic improvement of the neighborhood.

222 Nevins benefits from strong neighborhood fundamentals, including sustained rental demand, increasing foot traffic, growing retail momentum, and continued reinvestment. Positioned on one of the largest development sites in the neighborhood, the project is well placed to participate in and help shape Gowanus' next phase of growth.

The capital structure combines GP/LP equity, construction financing, historic tax credits, and brownfield incentives. Upon stabilization, permanent financing is expected to return approximately 50% of initial invested equity to the partnership. For LP investors contributing \$35 million for an 85% ownership stake, the project targets an attractive risk-adjusted return profile, including a 15% net IRR, 2.7x equity multiple, 12% average cash-on-cash yield, and 6.0% stabilized yield on cost over a 10-year hold period.



A Historic Building at 222 Nevins

222 Nevins, originally known as 255 Butler Street, was built in the early 20th century as the publishing plant for R. G. Dun & Company, one of America's earliest and most influential business credit reporting firms. Founded in 1841, R. G. Dun helped pioneer modern commercial intelligence and later became part of Dun & Bradstreet.

The building was designed by Renwick, Aspinwall & Tucker in an early 20th century factory style with subtle Renaissance and Gothic Revival influences. Constructed in reinforced concrete, it featured large industrial windows to maximize natural light and air, an advanced design for its time.

After serving industrial and manufacturing uses for decades, the property eventually became underused as Gowanus deindustrialized. Today, while not landmarked, the building is considered part of the proposed Gowanus Canal Historic District and represents a rare opportunity for adaptive reuse.

222 Nevins preserves this historic structure and repositions it for a new chapter of housing, maker space, and mixed-use activity rooted in Gowanus' industrial past.





History

Gowanus has long been defined by industry, infrastructure, and reinvention. Before urbanization, the area consisted of tidal creeks, marshland, and freshwater streams flowing into New York Harbor. In the mid-19th century, those waterways were dredged into the Gowanus Canal, establishing one of the nation's earliest planned industrial districts. By the late 1800s and early 1900s, the canal was among the busiest commercial waterways in the United States, lined with shipyards, coal yards, warehouses, mills, and factories that supported Brooklyn's growth.

That industrial legacy also created significant environmental challenges. For decades, industrial discharge, sewage overflow, and stormwater runoff entered the canal. Following World War II, freight traffic declined and manufacturing activity contracted, leaving many properties vacant, obsolete, or underutilized. In 2010, the Gowanus Canal was designated a federal Superfund site, triggering a long-term environmental remediation process and major infrastructure investment.

Over the past two decades, Gowanus has re-emerged as a neighborhood of interest. Former industrial buildings attracted artists, makers, and creative businesses, while demand from surrounding neighborhoods increased interest in living and working near the canal. Today, Gowanus combines authentic industrial character, central Brooklyn location advantages, and meaningful redevelopment potential.

Community Needs & Rezoning Framework

The 2021 Gowanus Neighborhood Plan was intended to channel that growth in a more coordinated and sustainable manner. Covering 82 blocks between Boerum Hill, Park Slope, and Cobble Hill, the rezoning created a framework for mixed-use development that balances housing production, economic activity, public realm improvements, and resiliency.

A core objective of the plan was housing supply. The rezoning enabled approximately 8,500 new housing units, with permanently affordable housing delivered through Mandatory Inclusionary Housing. It also sought to preserve select industrial areas, maintain job-generating space, expand access to employment and training opportunities, and support community resources for a growing population.

The plan also addressed long-standing infrastructure needs. Priorities included waterfront access, new open space, safer and more walkable streets, improved mobility for cyclists and pedestrians, sewer and utility upgrades, flood mitigation, and brownfield remediation. In effect, the rezoning recognized that successful neighborhood growth would require both private development and public investment.

Market Reality Today

That next phase of growth is now underway. Thousands of new housing units have already been delivered, with a substantial pipeline still under construction. New residents are increasing foot traffic, strengthening retail demand, and supporting a broader mix of neighborhood-serving uses.

At the same time, Gowanus retains physical characteristics that distinguish it from many Brooklyn neighborhoods: larger development parcels, industrial building stock, and zoning that continues to support maker, commercial, and production uses. This has enabled a unique amenity base that includes breweries, climbing gyms, creative workspaces, and destination social venues.

Even with this progress, the neighborhood remains transitional. The next generation of projects will need to deliver not only housing, but also placemaking, employment space, and durable long-term value for the broader community.

MARKET ANALYSIS

Population and Household Growth

Between 2013 and 2023, the area's population grew by approximately 10%, while the number of households rose by approximately 17%. Household formation outpacing population growth is a meaningful signal. It reflects a structural shift toward smaller household sizes and points to sustained demand for additional housing units beyond what population growth alone would suggest.

The median age of 35.9 years, with adults aged 20 to 44 representing the largest cohort, confirms that Gowanus is attracting and retaining young professionals and couples at the stage of life when housing decisions are most consequential. This demographic profile aligns closely with the resident base that 222 Nevins is designed to serve.

Renter Profile

The neighborhood has maintained a renter share of approximately 70% of households over the past decade. While the rezoning has encouraged mixed use development and delivered a significant number of new and affordable housing units, zoning and tax policy has prevented ownership from becoming a more significant factor in housing decisions.

Household Size

Average household size declined approximately 5% between 2013 and 2023, from 2.25 to 2.13 persons per household. While the figure fluctuated slightly over the period, peaking at 2.33 in 2017 and 2018, the overall trajectory is clear. Households are getting smaller, which has direct implications for unit mix and programming. The demand for well-designed, efficiently sized one and two-bedroom residences with access to shared amenities and activated common spaces is only growing, and 222 Nevins is positioned to meet exactly that demand.

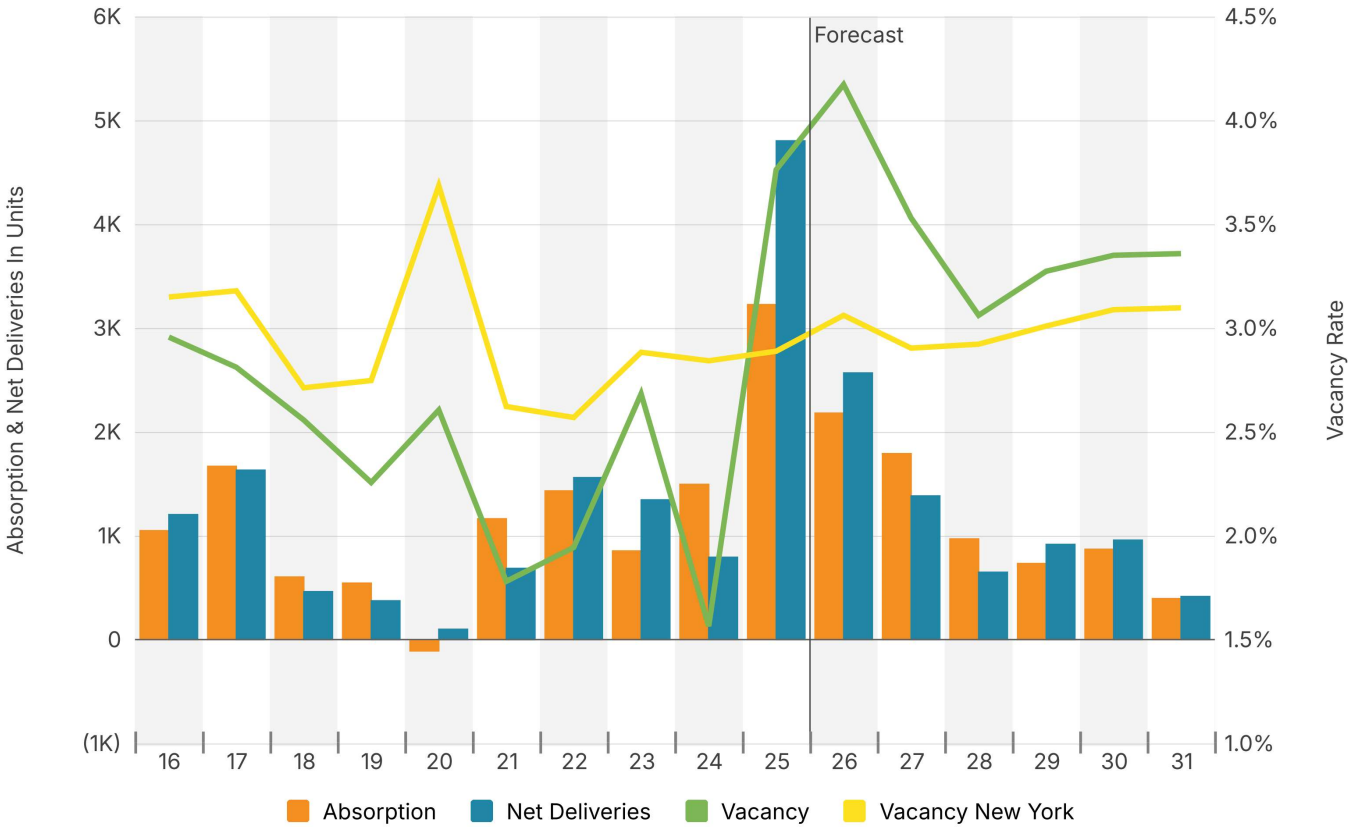
Income

The income profile of the neighborhood has shifted substantially over the past decade. Households earning over \$200,000 more than doubled in share, rising from 16% to 41% between 2013 and 2023, while those earning under \$100,000 fell sharply from 57% to 36%. This widening income polarization reflects the broader gentrification of the Brooklyn waterfront and signals growing affordability pressures for lower and middle income residents. It also reinforces the case for a mixed-income development model that serves both market-rate and affordable renters within the same building.

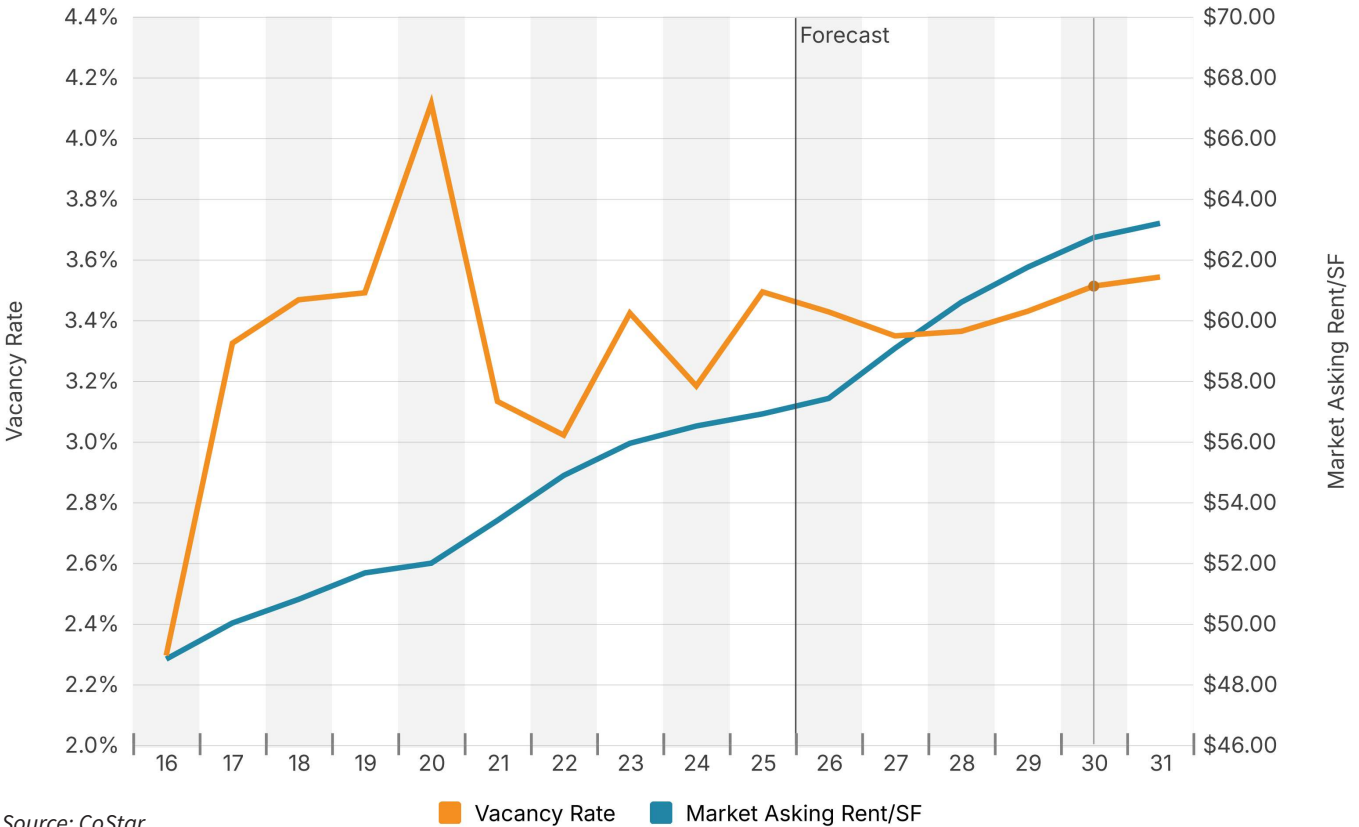
Occupation

The occupational composition of the neighborhood has shifted meaningfully in tandem with income growth. Professional employment across finance, information technology, real estate, and related sectors grew by 30% over the past decade, far outpacing modest industrial gains of 13% and flat growth across public and creative service sectors. This shift toward a professional class economy underpins the area's rising income levels and rental demand, while the continued presence of industrial and cultural employment confirms that Gowanus retains the mixed-use, maker community character that makes it a distinctive and desirable place to live.

Absorption, Net Deliveries & Vacancy

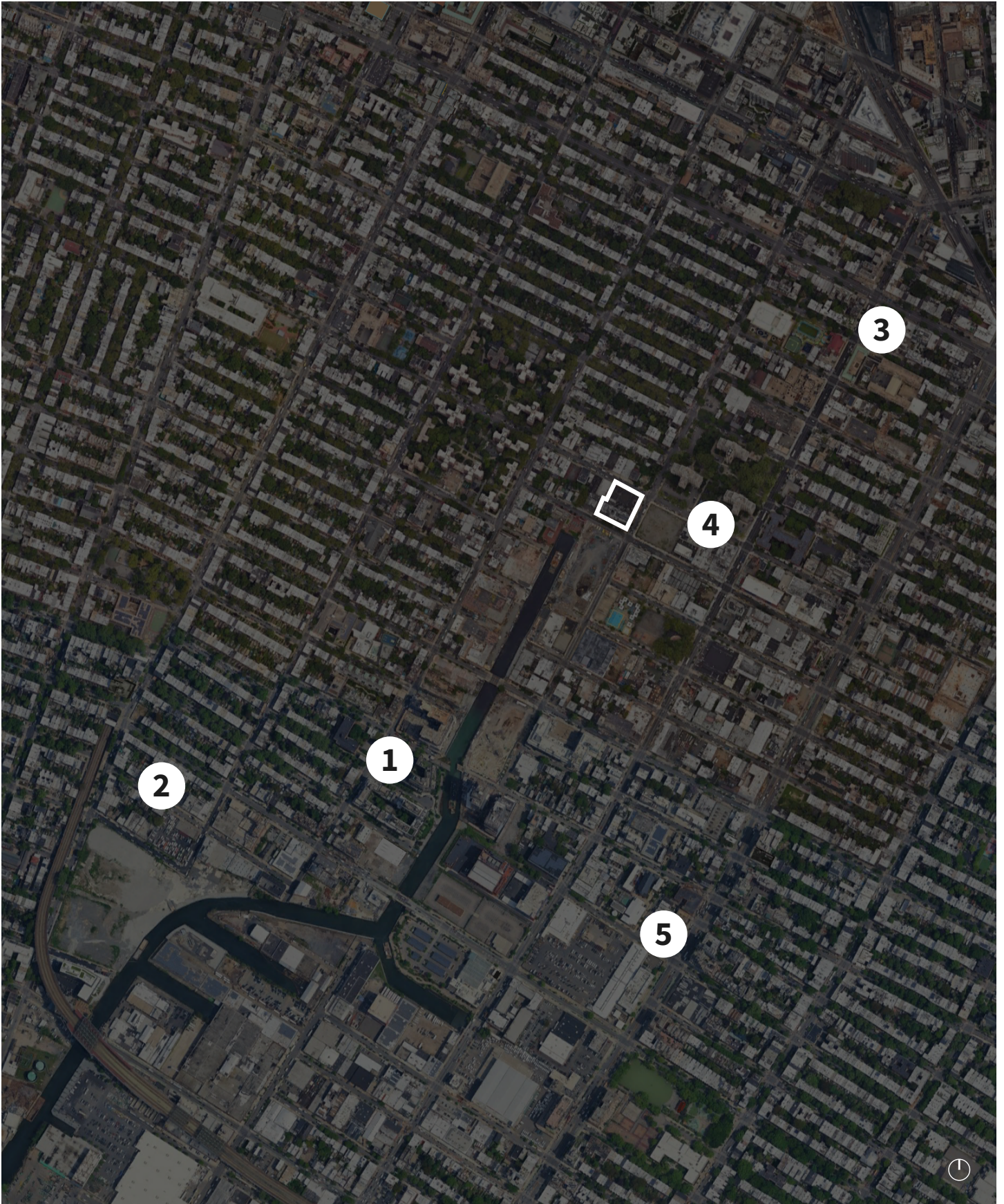


Vacancy & Market Asking Rent Per SF



Source: CoStar

COMPARABLES





222 Nevins St (Our Project)

Lot size: **37,500 SF**
 Stories: **12** | Units: **99**
 Rent: **Studio: \$3,960 | 1 bed: \$5,160 | 2 bed: \$7,320 | 3 bed: \$10,800**
 Amenities: **roof deck, lounge, co-working space, courtyard**
 Retail space: **22,240 SF**
 Retail offering: **market hall, brewery, cafe**



3. 540 Atlantic Ave

Year Completed: **2025**
 Lot size: **28,357 SF**
 Stories: **8** | Units: **159**
 Rent: **Studio: \$4,100 | 1 bed: \$4,550 | 2 bed: \$6,125**
 Amenities: **roof deck, lounge, co-working space, media room, fitness center, parking**
 Retail space: **4,844 SF**



1. 335 Bond St

Year Completed: **2026**
 Lot size: **15,480 SF**
 Stories: **8** | Units: **70**
 Rent: **1 bed: \$4,961 | 2 bed: \$6,479**
 Amenities: **roof deck, lounge, co-working space, media room, fitness center, garden, parking**
 Retail space: **7,738 SF**



4. 526 Baltic St

Year Completed: **2025**
 Lot size: **12,500 SF**
 Stories: **13** | Units: **99**
 Rent: **Studio: \$3,380 | 1 bed: \$4,250 | 2 bed: \$5,425**
 Amenities: **roof deck, lounge, co-working space, media room, fitness center**
 Retail space: **6,749 SF**



2. The Carroll - 33 4th St

Year Completed: **2025**
 Lot size: **15,578 SF**
 Stories: **8** | Units: **82**
 Rent: **Studio: \$3,200 | 1 bed: \$4,165 | 2 bed: \$6,158**
 Amenities: **roof deck, lounge, co-working space, media room, fitness center, garden, children's playroom**
 Retail space: **11,124 SF**



5. 544 Carroll St

Year Completed: **2025**
 Lot size: **14,764 SF**
 Stories: **17** | Units: **133**
 Rent: **1 bed: \$4,750 | 2 bed: \$7,800 | 3 bed: \$12,150 | 4 bed: \$25,000**
 Amenities: **roof deck, lounge, media room, fitness center, garden, children's playroom, parking**
 Retail space: **6,269 SF**

The Gowanus submarket has seen significant new residential development in recent years, with nearly 4,000 units delivered since the rezoning and sustained absorption across the pipeline. This depth of activity provides a strong foundation of comparable transactions against which to underwrite 222 Nevins' rent assumptions.

Five directly comparable projects were selected based on proximity, product quality, unit mix, and finish level, all delivered between 2025 and 2026, all mixed-use, and all targeting the same professional renter base.

While most comparable projects offer standard ground floor retail, 222 Nevins introduces a fundamentally different commercial proposition, which consists of a curated mix of a market hall, brewery, gelato lab on the ground floor, alongside light manufacturing space on the upper commercial floors. This depth of programming is unique within the immediate submarket and is expected to drive both neighborhood foot traffic and a stronger sense of community within the building, supporting lease-up velocity and long-term resident retention.

Furthermore, 222 Nevins benefits from characteristics that none of the comp set can replicate - the adaptive reuse of a historic industrial building, a European-style courtyard at the heart of the project, and a site at the northern end of the Gowanus Canal, ahead of where the majority of new development has concentrated. These factors collectively support the project's premium positioning and underwrite its ability to sustain rents at the higher end of the market over the long term.

SITE ANALYSIS



Land Use & Transportation Map

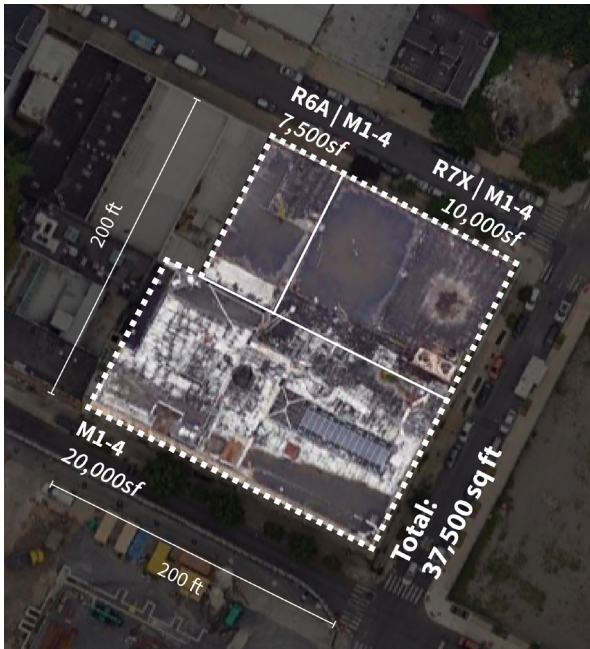
222 Nevins is located at the intersection of Nevins Street, Butler Street, and Baltic Street at the north end of Gowanus. This position benefits from proximity to established residential neighborhoods including Boerum Hill, Cobble Hill, and Park Slope, while remaining within the core of the neighborhood's rezoning and redevelopment area. Relative to sites deeper in southern Gowanus, the property offers stronger connectivity to Downtown Brooklyn and Manhattan employment centers.

The site is distinguished by frontage on three streets and a scale that is uncommon within the neighborhood. As one of the larger remaining redevelopment parcels, 222 Nevins offers the ability to deliver a coordinated mixed-use project with meaningful residential density, commercial activation, and retained employment space. The existing former printing house also creates a compelling adaptive reuse opportunity that can differentiate the project from conventional ground-up product.

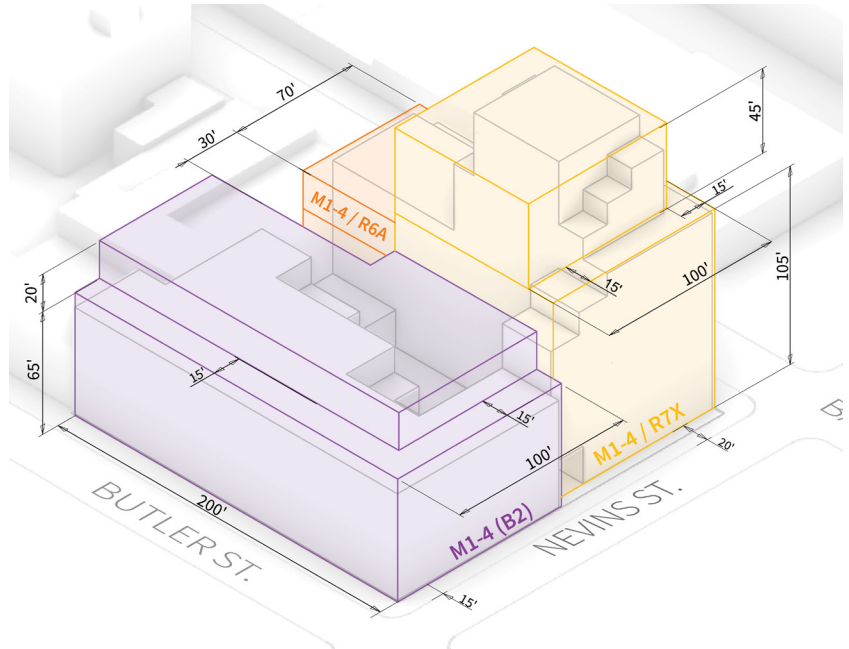
The immediate area remains more industrial than many recently delivered residential clusters to the south, with legacy maker, warehouse, and production uses still present along Baltic Street. This creates both authenticity and opportunity. The neighborhood retains the character that originally drew residents and businesses to Gowanus, while continued residential growth increases demand for higher-quality mixed-use destinations.

The property also presents typical Gowanus execution considerations, including environmental remediation, flood resiliency planning, and adjacency to major public infrastructure improvements associated with canal cleanup. These factors are balanced by the site's scale, location, zoning flexibility, and long-term neighborhood trajectory.

ZONING ANALYSIS



Lot Map



Zoning Envelope

222 Nevins benefits from a complex but highly flexible zoning framework that supports a mixed-use development program. The site spans three zoning districts: M1-4, R7X, and R6A. Together, these districts allow for a combination of residential, commercial, and light industrial uses while responding to different conditions across the block.

The property is also located within the Gowanus Mixed Use Special District, created through the 2021 rezoning to encourage balanced neighborhood growth. Redevelopment is subject to Mandatory Inclusionary Housing requirements, requiring permanently affordable housing as part of the residential program.

Additional overlays further shape the site. The property sits within the Inner Transit Zone, eliminating minimum parking requirements and supporting a more efficient transit-oriented project. It is also subject to the E-601 environmental designation and Coastal Zone regulations, requiring environmental review and resiliency planning.

This zoning framework is more complex than a typical as-of-right site, but it creates meaningful value through density, mixed-use flexibility, and multiple development pathways.

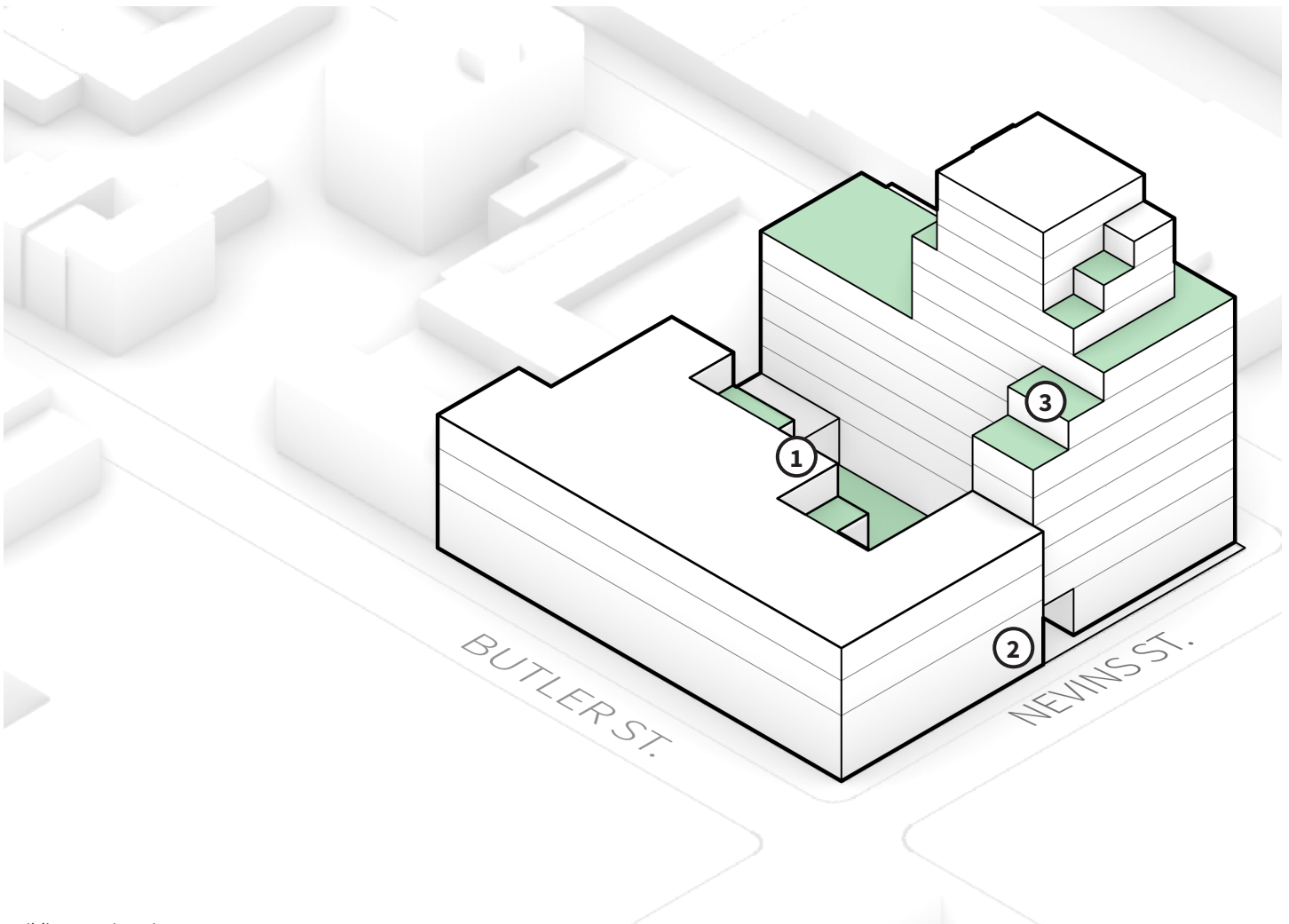
Bulk Envelope

The site is currently improved with a former early 20th century printing house, creating a strong basis for adaptive reuse paired with new construction. The proposed massing uses the historic structure as an anchor while introducing new residential and commercial volume above and adjacent to the existing building.

The three zoning districts guide the envelope strategy. The R7X portion at the Baltic and Nevins corner supports greater height and residential density. The M1-4 portion accommodates retail, maker, and light industrial uses with larger floor plates and flexible layouts. The R6A portion provides a lower-scale transition to nearby residential streets.

This approach helps break down bulk, improve light and air, and create a more contextual relationship with surrounding buildings. It also enables a central courtyard that organizes the site and provides shared open space for residents, tenants, and visitors.

DESIGN STRATEGY



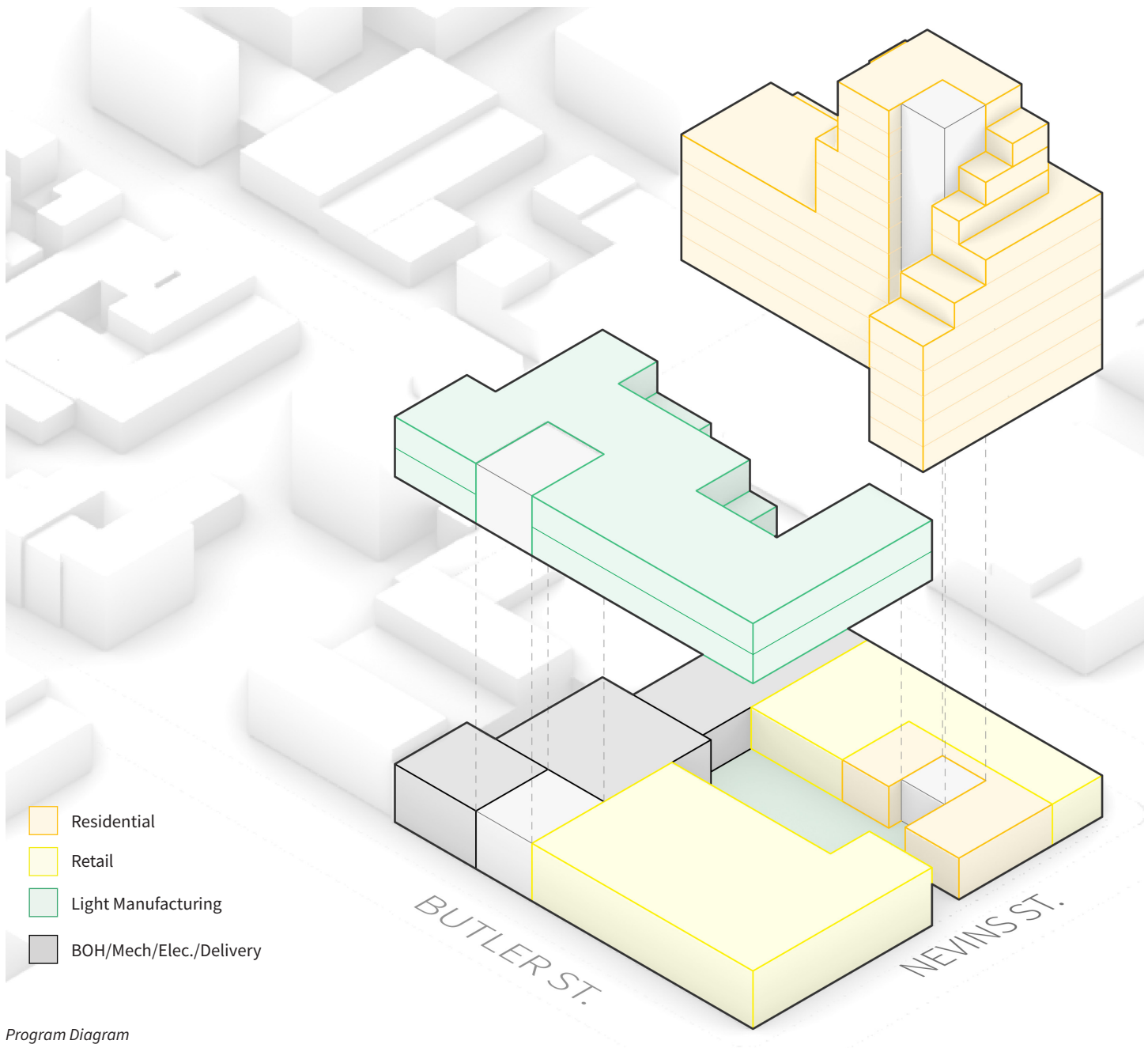
Building Massing Diagram

1. Our design strategy is defined by a process of strategic extraction, where a “calculated demolition” approach serves both architectural expression and rigorous Zoning Floor Area (ZFA) optimization. By surgically removing the second floor of the existing industrial structure, we have effectively mitigated the existing industrial building’s overbuilt ZFA condition while unlocking a double-height market hall designed to function as a high-volume commercial engine.

2. This move allows us to transfer valuable commercial ZFA to the base of the North residential tower, elevating the residential units to command higher market premiums for light and air—while simultaneously creating a flagship-quality retail destination at the ground plane. This market hall is specifically curated to capture the “maker” ethos of Gowanus, providing a high-visibility, texture-rich home for local creators and artisanal retailers that anchors the project in its specific Brooklyn context.

3. We have unified the old and new structures through a rhythmic language of facade terracing, ensuring the development feels like a singular, cohesive campus rather than a fractured site. Crucially, by preserving the historic Butler and Nevins facades of the industrial building, we maintain the project’s eligibility for historic tax credits, significantly aiding the capital stack in the adaptive reuse component of the project while delivering the kind of authentic, industrial character that drives premium retail lease-up and long-term asset value.

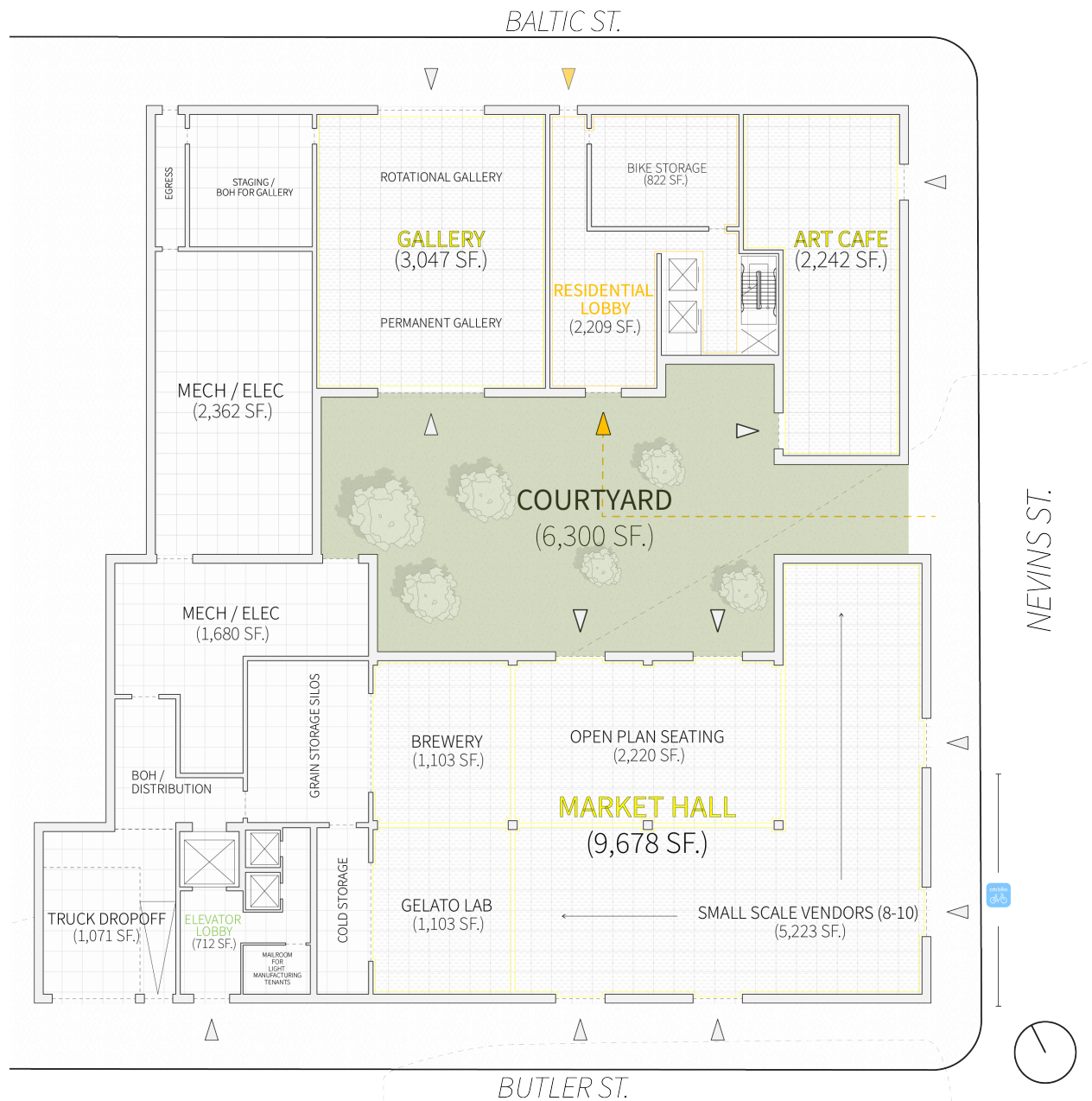
BUILDING PROGRAM



Program Diagram

Positioned as a benchmark for adaptive reuse excellence in Gowanus, 222 Nevins achieves a remarkable 98% ZFA efficiency through a programmatic stack designed to maximize both neighborhood character and investor yield. The development harmonizes the site's industrial soul with modern residential demand by situating a high-volume commercial base within the adaptive reuse portion, creating a prime, texture-rich canvas for local retailers and Gowanus creators, while dedicating the top two levels to light manufacturing to reinforce the area's "maker" identity. This commercial engine is balanced by the residential tower on the North side, which features its own curated commercial ground floor responding appropriately to the lower foot traffic on the Baltic side. By meticulously calibrating this mix of uses, we've created a self-sustaining ecosystem where the manufacturing and retail components drive the authentic "Gowanus" brand, de-risking the lease-up process and establishing the project as a premium, highly efficient mixed-use asset.

GROUND FLOOR PLAN



Ground Floor Plan

The ground floor plan is anchored by a lush central courtyard that serves as the project’s social core and the literal junction of its programmatic and zoning districts. This porous, green focal point seamlessly integrates public access with private residential entries, offering tenants a sheltered, calm alternative to the street while maintaining a direct connection to the community.

To the north, beneath the residential tower, we have situated a gallery and art café—uses that thrive with lower foot traffic—while the south side features the high-energy market hall as the site’s primary retail engine. Together with the brewery and retail spaces, this layout reimagines the “15-minute city” at a 2-minute scale, where all daily needs are met on-site. Operationally, the project is optimized for long-term efficiency; a dedicated loading zone off Nevins services both ground-floor retail and upper-level manufacturing, while a new dock enhances last-mile connectivity for residents and visitors alike, ensuring the site is as functional as it is experiential.



Rendering of Market Hall on Ground Floor

The market hall is designed to drive significant foot traffic by fostering community around Gowanus' industrial identity and artisanal fare within a spacious, double-height reimagining of industrial space. The on-site production models of our core food and beverage tenants make them the ideal programmatic fit for our M1-4 zoning district, ensuring the site's anchors are as operationally compliant as they are experiential.

The commercial program honors the industrial heritage of Gowanus by fostering a microeconomy of manufacturing that integrates production and retail into a single, closed-loop ecosystem. By locating artisan manufacturing directly above the market hall where those goods are sold, we have created a modern microcosm of the neighborhood's historical industrial DNA. This synergy is bolstered by marquee food and beverage anchors like Hudson Valley Brewery and il Laboratorio del Gelato, establishing a socially engaging, high-traffic destination that anchors the northern terminus of the Gowanus Canal.

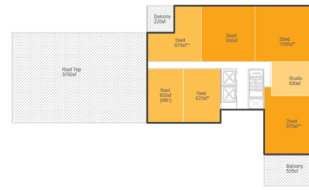
UNIT MIX



Floors 2 - 5



Floor 6



Floor 7



Floor 8



Floor 9



Floor 10



Floor 11



Floor 12

Floor Plans of Residential Tower

222 Nevins delivers 99 rental units across 11 floors, designed for the renter profile that Gowanus is actively attracting — young professionals, couples, and creative entrepreneurs who value thoughtful design, strong amenities, and proximity to Brooklyn’s arts and maker communities. The unit mix was shaped by both market analysis and the kind of mixed-income community the project seeks to build.

Of the 99 units, 25 are permanently affordable, restricted at 40%, 60%, and 80% AMI in accordance with the project’s Mandatory Inclusionary Housing obligations. The remaining 74 units are delivered at market rate, with gross rents ranging from \$3,960 for studios to \$10,800 for three-bedrooms.

The mix skews toward one-bedrooms at 58% of total units, reflecting the smaller household sizes and professional renter base the neighborhood is attracting. Two-bedrooms represent 28% of the program, offering flexibility for couples and small families who want to put down roots in Gowanus. A select number of studios and three-bedrooms round out the offering.

Approximately 38% of units are designated premium residences, commanding a rent premium by virtue of their access to private balconies, multiple exposures, open space, or upper floor views. These units are distributed throughout the building to maximize the number of residences benefiting from light, air, and outlook.

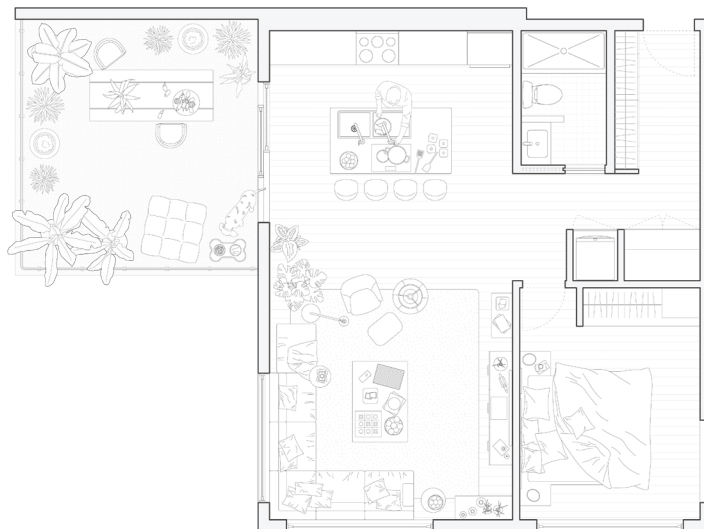
	Studio	1 Bed	2 Bed	3 Bed	Total/Avg
# of units	10	57	28	4	99
Avg. nsf	478 sf	581 sf	896 sf	1,229 sf	686 sf
Unit mix	10%	58%	28%	4%	100%

**Units labeled with * or ** are units that rent at a premium due to their access to light, air, open space, and/or floor level*



Rendering of Unit on 11th Floor

The floor plans are generous and considered. Open plan living and dining areas flow naturally toward oversized windows that frame views across Gowanus, the Brooklyn roovescape, and on the upper floors, toward Cobble Hill and beyond. High ceilings amplify the sense of space, and in-unit washer dryer and quality finishes throughout reflect the expectations of the professional renter this building is designed to attract. The interiors carry the same design sensibility as the building itself. Warm materials, clean lines, and a palette that references the industrial heritage of the neighborhood without replicating it. The result is a home that feels grounded in its context, well crafted, and built to last.



Unit Plan of Unit on 11th Floor

TIMELINE & RETURNS

The total development cost for 222 Nevins amounts to \$119 million. Upon stabilization at Month 36, the property is projected to reach a valuation of \$135 million, producing \$7.1 million in annual net operating income. This results in a 6% yield on cost and a development margin of 13.5%. The limited partner’s investment of \$35 million over a 10-year holding period is anticipated to generate a 15% internal rate of return.

Total Dev. Cost \$119M \$789 / GSF	Stabilized Value \$135M 6.0% implied cap rate	Dev. Margin / YoC 13.5% / 6.0% Value created above cost
LP IRR (Levered) 15% Net of all fees & promote	LP Equity Multiple 2.7x LP total profit: \$61M	Year 4 Equity Takeout \$24M ~50% of LP capital returned

PROPERTY DETAILS

Land Size	37,500 SF
Total GSF / NSF	150,000 / 121,000 SF
Efficiency	81%
Residential	88,000 GSF · 99 Units
Commercial	62,000 GSF · 53,000 NSF
Affordability	25% of units (MIH Opt. 1)
Comm. Asking Rent	\$55–60/NSF NNN
Stabilization	Month 36 (Year 3)
Hold / Exit	10 Years — Month 120

RETURN SUMMARY

Metric	Unlevered	Levered	LP	GP
IRR	11.8%	16.8%	15%	21%
MOIC	2.3x	3.1x	2.7x	4.5x
Avg. Cash-on-Cash	8.2%	14.6%	12%	12%
Stab. Yield on Cost	6.0%	—	—	—
Development Margin	13.5%	—	—	—
Profit	—	—	\$61M	\$10.9M

VALUATION AT STABILIZATION (MONTH 36)

Component	Stab. NOI	Cap Rate	Value	Value / GSF
Commercial	\$2,694,113	5.75%	\$46,854,134	\$758 / GSF
Residential	\$4,401,513	5.00%	\$88,030,264	\$995 / GSF
Total	\$7,095,626	5.25%	\$134,884,397	\$898 / GSF

Residential NOI of \$4.4M capitalized at 5.0% = \$88M value. Commercial NOI of \$2.7M capitalized at 5.75% = \$46.9M value.

STABILIZED CASH FLOW (MONTH 36)

Residential EGR	\$5,717,125
Residential OpEx	(\$1,315,612)
Residential NOI	\$4,401,513
Commercial EGR	\$4,242,012
Commercial OpEx	(\$1,547,900)
Commercial NOI	\$2,694,113
Property NOI	\$7,095,626

PARTNERSHIP STRUCTURE

GP / LP Split	15% / 85%
Preferred Return	12% IRR or 2.0x EM
GP Promote	30% above preferred
LP Commitment	\$35M
LP Takeout (Yr 4)	~\$24M (~50% returned)

DISPOSITION — YEAR 10 EXIT (MONTH 120)

	NTM NOI	Exit Cap Rate	Exit Value
Commercial	\$3,584,209	5.75%	\$62,334,062
Residential	\$5,083,767	5.00%	\$101,675,337
Total	\$8,667,975	5.29%	\$164,009,399

Exit is underwritten on Year 11 NTM income - standard practice since buyers' price on forward income. NOI grows to \$8.7M by Year 11 due to annual rent escalations (2–3% resi, 3% NNN commercial). After a 4.0% cost of sale, net proceeds of \$157.4M first repay the ~\$72M remaining term loan balance, with the remainder distributed to the LP and GP per the waterfall.

SOURCES & USES

CAPITAL STRUCTURE

The project is funded in two phases. During construction, 61% of the \$119M total cost is covered by a construction loan (SOFR + 325 bps, all-in 6.41%), with the remaining 39% split between LP/GP equity and \$7.1M in Historical Tax Credits received at closing to fund the adaptive-reuse component of the project.

At stabilization, the construction loan is retired and replaced by a permanent term loan at 5.80% (30-year amortization). The refinancing, alongside brownfield cleanup tax credits, generates enough proceeds to return \$27M of equity to the partners, while you still retain full ownership interest through the 10-year hold.

DEBT FINANCING SUMMARY

Construction Loan (SOFR + 325bps)

Rate (All-in)	6.41%
Total Loan	\$72,590,171
Interest Reserve	\$7,307,503
Net Proceeds	\$65,282,668
LTC / LTV	61% / 54%

Term Loan at Stabilization (Month 36)

Rate (10Y T + 150bps)	5.80%
Amortization	30 Years
Net Proceeds	\$80,611,494
LTC / LTV	68% / 60%
DSCR (Stabilized)	1.25x

SOURCES & USES — \$118.6M TOTAL

	Construction	Stabilization
SOURCES		
Debt	\$72.6M (61%)	\$78.1M (66%)
Equity (Net)	\$39.0M (33%)	\$11.8M (10%)
Brownfield Credits	—	\$18.8M (16%)
Historical Tax Credits	\$7.1M (6%)	\$7.1M (6%)
Pre-Refi Income	—	\$2.9M (2%)
Total Sources	\$118.6M	\$118.6M
USES		
Land Acquisition	\$40.4M (34%)	\$40.4M (34%)
Hard Costs	\$47.4M (40%)	\$47.4M (40%)
Soft Costs	\$9.5M (8%)	\$9.5M (8%)
Financing Costs	\$10.4M (9%)	\$10.4M (9%)
TI & LC	\$2.5M (2%)	\$2.5M (2%)
Contingency (15%)	\$7.0M (6%)	\$7.0M (6%)
OpEx Shortfall	\$1.5M (1%)	\$1.5M (1%)
Total Uses	\$118.6M	\$118.6M

The \$25.8M in tax credit equity (22% of total cost) comes from two separate government programs, each earned through deliberate design choices: brownfield remediation qualifies for Track 1 credits and historic preservation of the commercial façade qualifies for federal and state Historic Tax Credits. Additionally, the affordable housing commitment qualifies the project for the 485x property tax abatement, which significantly increases residential NOI.

BROWNFIELD TAX CREDITS — T.1

The Gowanus Canal area is a designated EPA Superfund site. Remediating this brownfield qualifies the project for New York State's most generous credit structure.

HISTORIC TAX CREDITS

The existing M1-4 brick building qualifies as a certified historic structure. By preserving its façade and character in the renovation, the project earns both State and Federal Historic Tax Credits on eligible rehabilitation costs.

485X PROPERTY TAX ABATEMENT

Because 25% of units are permanently affordable (MIH the residential building is fully exempt from property taxes from stabilization through Year 11 — saving ~\$975K/year that would otherwise reduce NOI.

Project Timeline

Pre-Dev 12 mo	Construction 24 months	Stabilization 12 mo	Operations • 84 months
Yr 0	Yr 1	Yr 3	Yr 4
Land/LP Commit			Refi + Takeout

CONSTRUCTION

The \$77M construction budget (excluding land) covers two distinct scopes: building a new 12-story residential tower (\$52.5M) and renovating the existing 4-story M1-4 brick building for commercial use (\$27.7M). The renovation costs are less per square foot (\$447/GSF vs. \$594/GSF) because the existing structure is retained. A 10% contingency is included, and that buffer is a key part of the downside protection built into this deal.

Hard Costs	Soft Costs	Financing Costs	TI & LC	Contingency (15%)
\$47.4M	\$9.5M	\$10.4M	\$2.5M	\$9.0M
\$315/GSF — largest bucket	Design, permits, legal, insurance	Interest reserve + fees	Commercial tenant allowances	Conservative buffer vs. 5–10% norm

RESIDENTIAL (88,000 GSF 99 UNITS)		
Item	Total	\$/GSF
HARD COSTS		
Construction Costs	\$26,538,600	\$300
General Requirements	\$3,184,632	
Overhead & Profit	\$2,123,088	
Performance Bond	\$477,695	
Hard Cost Subtotal	\$365	
SOFT COSTS		
Design	\$2,262,681	
Insurance, Mktg, Legal	\$1,551,552	
3rd Party, Compliance	\$1,648,803	
Permits & Fees	\$775,776	
Soft Cost Subtotal	\$6,464,803	\$73
FINANCING COSTS		
Construction Interest	\$4,814,223	
Origination, Legal, Broker	\$1,075,956	
Mortgage Recording Tax	\$920,589	
Financing Subtotal	\$6,830,824	\$77
TOTAL (excl. contingency)	\$45,619,642	\$516
Contingency (10%)	\$6,843,000	\$77
TOTAL RESIDENTIAL BUDGET	\$52,462,642	\$594

COMMERCIAL (62,000 GSF ADAPTIVE REUSE)		
Item	Total	\$/GSF
HARD COSTS (RENOVATION)		
Construction Costs (Reno)	\$12,355,400	\$200
General Requirements	\$1,482,648	
Overhead & Profit	\$988,432	
Performance Bond	\$222,397	
Hard Cost Subtotal	\$15,048,877	\$244
SOFT COSTS		
Design, Legal, Insurance	\$3,009,775	
Soft Cost Subtotal	\$3,009,775	\$49
FINANCING COSTS		
Construction Interest	\$2,493,280	
Fees & MRT	\$1,054,064	
Financing Subtotal	\$3,547,318	\$57
TI & LC		
Tenant Improvements	\$1,502,137	
Leasing Commissions	\$987,276	
TI & LC Subtotal	\$2,489,413	\$40
TOTAL (excl. contingency)	\$24,095,383	\$390
Contingency (10%)	\$3,614,000	\$58
TOTAL COMMERCIAL BUDGET	\$27,709,383	\$447

RISK AND MITIGANTS

Every real estate development carries risk. Our job is to identify the realistic ones, size them honestly, and structure the deal so they don't become existential. Below we walk through the four categories of risk most relevant to 222 Nevins, alongside the specific mitigants already built into the project structure.

RISKS & Mitigants	
Construction Cost & Timeline	
✓ \$9M contingency reserve (10% of construction costs) explicitly sized for adaptive reuse complexity.	
✓ 3-year interest reserve pre-funded in the construction loan covers carry even if the schedule slips several months, with no capital call.	
In context: A 15% cost overrun — beyond what the contingency covers — reduces LP IRR from 15% to ~13%. The deal still clears the 12% preferred return hurdle.	
Tax Credit Execution	
✓ HTC Part 1 certification initiated during pre-development — before construction capital is committed — de-risking the historic designation early.	
✓ Specialist HTC consultant engaged for Part 2 due diligence.	
In context: A 10% credit shortfall (~\$1.9M) drops LP IRR from 15% to approximately 11% — still at the preferred return threshold. Full credit failure is the tail risk shown in the sensitivity matrix.	
Financing & Interest Rate	
✓ A rate cap is purchased during construction to limit upside SOFR exposure, capping the all-in construction rate at a fixed ceiling.	
✓ Stabilized value of \$135M provides ~40% coverage above the \$80M refi loan. Two-tranche construction structure allows partial payoff flexibility if stabilization lags.	
In context: A rise in the 10-year Treasury to 5.80% reduces LP IRR by approximately 100bps. The rate cap and conservative LTV provide meaningful buffers against this scenario.	
Exit Risk	
✓ Diversified income streams (residential + NNN commercial) reduce single-sector volatility — a residential slowdown is partially offset by contractual commercial escalations.	
✓ NNN lease escalations of 3%/year provide contractual income growth through exit, compressing the effective exit cap rate relative to entry.	
In context: At a 6.05% exit cap rate (80bps above base), LP IRR is 14% — above the preferred return. At 6.30% with no cost overruns, LP IRR is 13%. Exit cap risk is real but not deal-threatening.	
Lease-Up & Absorption	
✓ \$1M operating shortfall reserve funds negative carry during lease-up — no immediate capital call risk if NOI ramps slower than projected.	
✓ 335 Bond, 540 Atlantic, and 526 Baltic all stabilized in under 12 months. 25% MIH units provide rent certainty on the affordable portion from day one of occupancy.	
In context: At 10% residential vacancy (double our 5% stabilized assumption) and flat rents, LP IRR is approximately 12% — still at the preferred return. Affordable units act as a built-in vacancy floor.	

LP IRR SENSITIVITY - THREE KEY VAIRABLES

Exit Cap Rate × Cost Overrun						Residential Rent × Vacancy						Treasury Rate × Tax Credits					
Cost Over run	5.30 %	5.55 %	5.80 %	6.05 %	6.30 %	Vaca ncy	0%	-5%	-10%	-15%	-20%	TC Loss	4.30 %	4.80 %	5.30 %	5.80 %	6.30 %
0%	15%	15%	14%	14%	13%	5%	15%	14%	13%	13%	12%	0%	15%	15%	14%	14%	13%
5%	14%	14%	13%	13%	12%	8%	15%	14%	13%	12%	11%	3%	13%	13%	13%	13%	12%
10%	14%	13%	13%	12%	12%	10%	14%	13%	12%	12%	10%	5%	12%	12%	11%	11%	10%
15%	13%	13%	12%	12%	11%	12%	14%	13%	12%	11%	10%	10%	11%	10%	10%	10%	9%
20%	13%	12%	12%	11%	10%	15%	13%	12%	11%	10%	9%	15%	9%	9%	8%	8%	8%
Key: ≥ 14% IRR 12–13% ≤ 11%																	



