



The Andrews Terrace Story
A Community Legacy



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*"Never underestimate the power
of a small group of
committed people
to change the world..."*

—Margaret Meade



“We

can't just walk away. This is a unique community resource—well over 500 units of subsidized housing. There's nothing like it in Rochester.” Stuart Mitchell, President and CEO of PathStone Corporation, understood the critical need to preserve and enhance housing that would be safe, decent and affordable to Rochester's low-income elderly and disabled residents. He also knew that taking on a project of this magnitude was a calculated risk, and it could take down the organization if they didn't do everything right. It was 2005, and PathStone had just completed a thorough assessment of the financing, renovation and improvement needs of Andrews Terrace.

But that's not where it all started. Andrews Terrace, a two-building high rise complex, began life as Crossroads Apartments in the early 1970s. Built by Wilmorite, Crossroads was originally envisioned as market rate rental housing overlooking Rochester's Genesee River. Crossroads would offer studios, one and two-bedroom apartments, many with terraces and expansive city views. Its central location would provide easy access to all the amenities of downtown living. Underground parking would make Crossroads even more attractive.

The vagaries of the recession that hit in the mid-1970s would change all that. The market for high-rise downtown living did not develop as Wilmorite predicted. Sales of what were to be high-end condominiums did not take off, and Wilmorite made a sensible choice: convert the project to affordable housing for senior citizens. In 1994, having owned and managed Crossroads for twenty years, Wilmorite decided to sell the property. In order to retain its affordable status and continue its PILOT agreement with the City of Rochester, Crossroads would have to be sold to



a not-for-profit entity.

During the same period, PathStone Corporation, known then as Rural Opportunities and also located in Rochester, was steadily increasing its development capacity. Founded in 1969, PathStone is a private, not-for-profit regional community development and human service organization providing services to farm workers, low-income families and economically depressed communities. Today, PathStone operates throughout New York, Pennsylvania, New Jersey, Ohio, Indiana, Vermont, Virginia and Puerto Rico. PathStone is funded by federal, state, local, faith-based and private sources.

PathStone and Wilmorite entered into a sale agreement in which PathStone would purchase Crossroads and continue to utilize Genesee Management, a division of Wilmorite, to manage the property. With a management team already in place to handle “on the ground” operations and a substantial reserve account to offset any potential deficits, PathStone was positioned for success.

Crossroads would continue to serve Rochester’s elderly and disabled residents for another ten years, but those years would not be trouble free. The buildings and individual living units continued to deteriorate under heavy use. The exterior recreation areas were aging; the plantings, well past their prime, were weakened by Rochester’s tough winters. As costs rose, energy efficiency became an issue. The buildings were by now worn and tired, and vacancies were increasing. At the same time, the advent of HUD-instituted rent caps further limited cash flows and made major improvements impossible. While PathStone could handle ordinary repairs, over time the growing need for significant rehab work was more than PathStone reserve accounts could support.

In 2005, PathStone employed John Hoffer, President of MetaCap Solutions, Inc., to evaluate potential solutions. After a thorough review, Hoffer advised PathStone to either recapitalize the property to allow for full-scale redevelopment or sell it outright. PathStone had to think through these extreme options. Full-scale re-development would constitute the largest project in their history. The risks would be huge. PathStone’s original agreement allowed for an easy and painless exit. If PathStone would continue to run Crossroads as senior housing for at least fifteen years, Wilmorite would repurchase the property for the noteworthy sum of \$2 million. PathStone could simply “take the money and run.”

Before . . .



After...



At the same time, PathStone recognized the appeal of Crossroads to a for-profit entity that might eventually abandon the needs of Crossroads' 500 + elderly and disabled tenants. Its key location on the river was in the midst of an area by now primed for renewal and gentrification. Local for-profit developers would soon be converting nearby buildings to luxury apartments. Crossroads towered over all of them, gobbling up premier views of the city, the river and even Lake Ontario. Crossroads could become a coveted site. It was time to act, and they did.

PathStone renamed the project Andrews Terrace, for Samuel Andrews (1796 - 1863), a prominent local citizen who was twice elected mayor of Rochester and later served in the US House of Representatives. Andrews Terrace is situated on the site of the Andrews home.

Financing this venture would involve a complex series of steps that would test PathStone's financing mettle, but the Board of Directors and senior management agreed that the project was well within the parameters of their mission. In spring, 2005, PathStone hired MetaCap Solutions, Inc. to provide development and financial structuring services.

Formation of a NYS Article 11 corporation, Andrews Terrace LLC, allowed for a lower PILOT agreement and the ability to use NYS tax exempt bonds and low-income housing tax credits to fund the project.

Among important first steps was to renegotiate and extend the longstanding PILOT agreement with the City of Rochester to get the cost in line with other affordable housing projects. PathStone found willing partners in City Hall. Long committed to maintaining attractive affordable housing, it was easy for the City to see the value in attractive downtown housing available to individuals with incomes less than 60% of AMI. And City officials, increasingly aware of problems at Crossroads, wanted to help in any way they could.

PathStone chose National Equity Fund (NEF) as its equity partner at a time when tax credits were at a market high, giving PathStone more dollars than might have been the case had they entered the market even a short time later; when the largest investors began pulling out. Faced with the real possibility of losing part of the value of the tax-credit equity if the deal did not close while values were still strong, PathStone worried that their tax-exempt bond cap allocation issued by the NYS Division of Housing and Community



M a r i a M i l o n n i

*"Before, it was as if
nobody cared.
Now everything is beautiful."*





aria Milonni is no stranger to violence. Born in the tiny country of Luxembourg, Maria spent part of her childhood in Auschwitz. “I was seven years old. I have crooked toes from wearing shoes that were too small. One thing I learned. Say thank you and shut up. Because if you have nothing, you take what you’re given without complaint.”

Years later, she would marry an American soldier and come to the US. Her husband was killed in Viet Nam in the late 1960s, and Maria was left to raise her two children alone. She worked as a security guard.

Maria first moved to Crossroads in the early 1980’s, suffering from a back injury and trying to live on limited disability benefits.

She returned to Crossroads in the mid-1990s, when back surgery once again forced her to rely on disability benefits. Crossroads was “starting to fall apart,” but Maria made the best of it and felt right at home. When her health returned, she moved to a private apartment.

Maria cares deeply for America’s disabled veterans, and she was a long-time volunteer, driving vets to appointments in Rochester and transporting them to veteran care facilities in Buffalo and Canandaigua. In 1991, Maria was honored with the Citation for Distinguished Service for her work on behalf of disabled veterans.

At age 75, Maria was the victim of a violent personal assault. Injured, with no money and no job, Maria returned in October 2008, this time to find a totally renovated Andrews Terrace. Her eyes light up. She smiles. “Before, it was as if nobody cared. Now everything is beautiful. The women in the office—they treated me like a human being.”

“Every day I thank God for this apartment and for the people who let me live here.”

Marie continues to do volunteer work—knitting and crocheting blankets, scarves, hats for disabled veterans—over 100 pairs of slippers and still counting! She’d like to form a group of women among her neighbors who want to learn to knit and crochet.

Community Building...

How one organization both
guaranteed the long term
viability of a critical
housing resource in
Rochester, New York



and helped its residents
to create their own high
rise neighborhood.

