

‘We Cracked The Code’: First Hotel-to-Housing Conversion Using State Program To Open in Queens

A pandemic-era program aimed to facilitate hotel and office to affordable housing conversions. After a slow start, and numerous financing and design challenges, its first project is opening in Queens.

By Patrick Spauster

356 hotel rooms, double-loaded corridors, precast plank and concrete walls, a glass-enclosed pool, sheetrock walls, ribbon glass windows. These were the building blocks of the JFK Hilton Hotel, built in 1987, that operated for 35 years until it closed in 2023.

Architects cut, molded, and reconfigured those pieces to turn that behemoth structure into 318 affordable homes. Hundreds of formerly homeless residents will move in this fall.

The completion of construction earlier this month makes the development, called Baisley Pond Park, the first project to open using the Housing Our Neighbors with Dignity Act (HONDA), a 2021 New York State law that financed the conversion of underutilized office and hotel space for affordable and supportive housing.

The incentives proved complicated to use, given the financial, architectural, and policy challenges involved with conversion projects. The Baisley Pond Park Project, built by a nonprofit and a developer in collaboration with multiple city agencies, cobbled together an innovative financing package from public and private sources.

“I believe that everyone should have an amply sized apartment for their family size. There’s a crisis and people are on the street, right? If, in order to solve that problem, we first have to make buildings with 274 studio apartments that are the size of a hotel room, I think that’s a way to house our neighbors with dignity.”

-Ariel Aufgang, project architect

More than half of residents—60 percent—will be formerly homeless families moving out of shelter, leveraging a development incentive from the Department of Social Services that helps [pay rent](#) in new affordable units by leasing up city voucher holders.

“We cracked the code on how to convert a hotel into a low income apartment building. It’s just a matter of getting the building at the right price,” said project architect Ariel Aufgang.

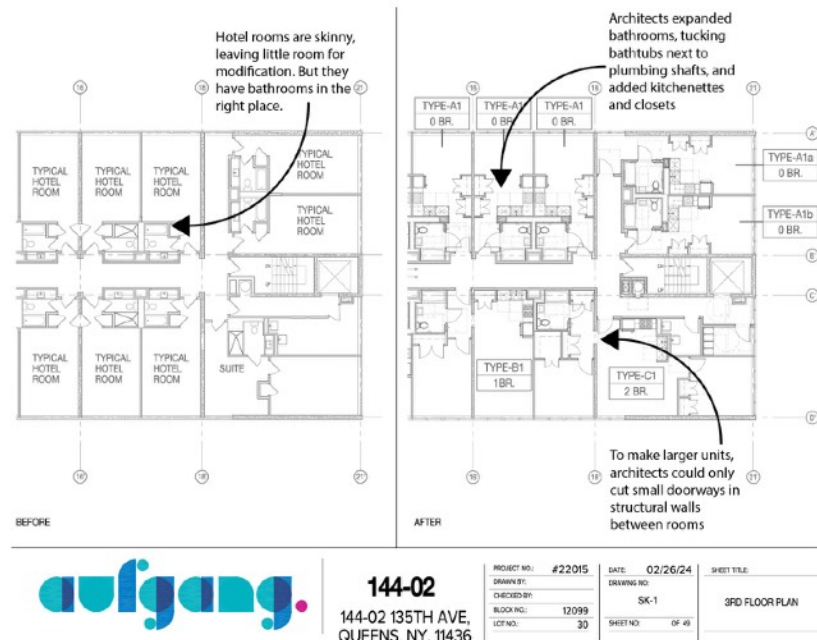
Baisley Pond Park Residences, in its infancy when the pandemic-era development incentives were made law, has emerged into a radically different market for hotels. But developers and architects hope that it demonstrates the potential of conversions at a time of a severe housing shortage, particularly for homes affordable to the lowest income New Yorkers.

An architectural jigsaw

There are a lot of rules when building housing. An affordable development like this needed legal amounts of light and air, larger bathrooms accessible to someone in a wheelchair, four burner stoves, full size refrigerators, and sinks.

Those necessities meant trading off living space in already-small hotel rooms. But the building had just enough natural advantages to make all those pieces work.

Hotels tend to be better suited than offices when converting to housing: they meet the legal requirements for light and windows in every room and hallways with rooms on each side—floor plans thin enough for so-called “double-loaded” corridors.



The bathrooms were already in the right place. While developers replaced aging parts of the plumbing, the shafts carrying water up to the rooms would be usable for a bigger bathroom. And crucially, the bathrooms were in the right orientation: flat against the wall abutting the hallway. A four foot corridor into the common space, opposed to three and a half, could change all the math.

A blueprint of the hotel-turned-housing plan. (Courtesy of Aufgang Architects)

“If you have a hotel that has the bathrooms oriented parallel to the hallway and you’re really tight between one bathroom and the next room’s bathroom, you might not get the space you need for an acceptable door,” described Aufgang.

It lent the room just enough width to convert into an apartment. A skinnier hotel room would have made the project impossible; the walls separating rooms were structural—they couldn't be taken down to combine rooms.

The majority of the 318 rooms are studios—practical for converting from one and two bed hotel rooms—but also symmetrical with the building's future tenants, formerly homeless individuals who are often single adults.

The building also has 33 one-bedroom and 10 two-bedroom units that wrap the corners and stitch



The view from Baisley Pond Park Residences overlooking Jamaica, Queens. (Adi Talwar/City Limits)

together multiple single hotel rooms. With razor-thin margins to make affordable housing projects pencil out, some of the design is meticulous cost control, with each room slightly different.

“It’s just going space by space, room by room,” Aufgang said. “How do I make the doors big enough? How to make the bathrooms big enough? How do we try to reuse the shafts to save money, reusing the windows to save money?”

After putting in full kitchenettes and ventilation, squeezed tight

behind expanded bathrooms, there wasn't a ton of living space left, especially in the studios, but enough for a bed and some furniture.

“The living spaces are small. There’s no question,” said Aufgang. He said that small apartments were the product of the building’s existing design, accessibility and habitability requirements.

But cost also drives design, especially in a city where building affordable housing is often prohibitively expensive.

“The answer seems to have been for the past few years to that, to try to solve the housing crisis, to keep making units smaller,” said



The former hotel when it was still under construction. (Photo courtesy of Slate Property Group)

Aufgang.

“I believe that everyone should have an amply sized apartment for their family size,” he continued. “There’s a crisis and people are on the street, right? If, in order to solve that problem, we first have to make buildings with 274 studio apartments that are the size of a hotel room, I think that’s a way to house our neighbors with dignity.”

Location, location, location

Tucked between two other hotels, the Baisley Pond Park building sits on an odd plot of land. Penned in on two sides by the Belt Parkway and the Van Wyck Expressway, it leans over highway and gazes over blocks and blocks of postage-stamp single family homes in South Jamaica.

The location has its pros and cons. It’s a bit remote. It’s mostly served by just one bus line, the Q40, with the nearest subway and commuter rail line at Jamaica Center, 2.7 miles to the north. “It’s not a neighborhood where we’ve provided services before,” said Emily Kurtz, chief housing officer at RiseBoro, the nonprofit that will own and operate the site. But the scale of the project was attractive, Kurtz said, and meant they could more efficiently serve clients there.

So they invested in services on site, converting the building’s generous lobby and event space into a place to provide light-touch services to individuals and families living there.

A hotel restaurant became community rooms. The glass enclosed pool became an indoor garden, and the industrial kitchen was leased to Meals on Wheels. Hotel offices became headquarters for RiseBoro’s support services.

RiseBoro says it will add a shuttle service to transport residents from the facility to the Jamaica transit hub.

“It’s challenging because, you know, cost is a problem,” said David Schwartz, founder of Slate Property Group, the project’s developer. “We want to have a lot of affordable housing in transit rich neighborhoods and areas that have lots of infrastructure.”

“We have to take every opportunity to create units of affordable housing,” said Kurtz. A spot a bit further out meant a lower purchase price that could facilitate the construction and conversion.

“We walked and looked at, you know, probably 100 to 200 hotels,” said Schwartz.

“It had to be large enough, the rooms had to be big enough to plug the [building code], the zoning had to work, the price had to work,” he said.

Those particulars, and complicated financing, were part of the reason the HONDA program got off to a slow start. One year after the program launched, [New York Focus reported](#) that it hadn't dispersed any funds or started any projects.

Then, later in 2022, Gov. Kathy Hochul [signed a law](#) that lifted some of those onerous zoning restrictions, and permitted hotels within 400 feet of a residential district, plus those accessing HONDA funds, to be permanent residences.

Still, a now-booming hotel market in New York means the prospects for converting future sites could be slimming.

“A hotel is a little bit easier to convert than a commercial space into residences because the buildings tend to be double loaded,” said Aufgang, meaning they have rooms on both sides of a central hallway. “Sometimes buildings are just obsolete. So there's just not enough you can do to make it worth it.”

A financial stack

One advantage of conversion: when the pieces do fit, you can do it faster.

“Our typical projects take 36 months just to do pre-development and then 24 to 36 months development, and this one was much shorter,” said Kurtz.

Part of that pre-development process is assembling the financing. For an affordable project like Baisley Pond Park, that means a complicated assortment of funding sources, factoring in equity from a developer, public subsidy, bonds, and ongoing operations. Developers call that delicate scaffolding of financing the “capital stack.”

Baisley Pond's “stack” needed to add up to \$167 million. They got a \$50 million loan from the city's Housing Development Corporation (HDC). They received another \$48 million in HONDA funding. Usually, affordable projects use the go-to tool for building affordable housing in the United States: the Low Income Tax Credit. But that wasn't going to work for a project and a program meant to serve New Yorkers fast.

“New York's got a waiting list of five, six or seven years for low income housing tax credits,” said Schwartz.

Instead, since RiseBoro was going to own the project (often, affordable buildings are owned by developers and run and managed by nonprofits), the project was able to access bonds specifically for 501c3 nonprofits from HDC.

The ongoing operations of the site would be funded through the city's [Affordable Housing Services program](#), which fast tracks contracting and uses the future rent from city housing voucher holders in the building to fund operations.

The project took a perfect balance of the right building, the right program, and the right timing to come to fruition.

But developers, architects, and nonprofit operators hope that both the financing and the design and construction can be an example for future conversions.

“New York is complicated for construction,” added Aufgang. “You need time. 21 months is miraculous.”

The New York State Department of Homes and Community Renewal, which oversees the HONDA program, did not elaborate on how many projects may be in the HONDA pipeline. But it mentioned the completed JFK Hilton conversion and a Quality Inn conversion it funded in Ulster, New York.

“HCR continues to work closely with nonprofit partners throughout the state who are seeking to convert distressed hotels and underutilized commercial buildings to the safe, modern, and affordable housing New Yorkers need,” said a spokesperson for the agency in a statement. “I think you can use this as a model,” said Schwartz. “Once you do it, I do think that this is a model that can be replicated.”