

Mo Vaughn picks up 2 more complexes

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Omni New York, a real estate development company co-led by former New York Met first baseman Mo Vaughn, has added two more affordable housing complexes to its portfolio of buildings.

The firm has purchased a total of roughly 470 units at The Dr. Betty Shabazz complex and the Medgar Evers Houses, both in the Bedford Stuyvesant section of Brooklyn. Omni purchased the general partnership interest in the complexes from a subsidiary of Settlement Housing Fund Inc., a nonprofit that creates and maintains affordable housing across the city. Financial details of the deal were not disclosed. However, the deal involved help from city agencies via tax-exempt bonds and the proceeds from the sale of low-income housing tax credits.

Omni will spend \$10 million renovating the complexes, according to Eugene Schneur, Mr. Vaughn's partner, who was named to Crain's 2010 class of "40 Under 40" this year. Work will begin shortly and will be completed by the end of 2011.

"We transferred the buildings to Omni because we didn't have an adequate budget to make necessary repairs," said Carol Lamberg, executive director of Settlement Housing Fund. "We couldn't get the permanent financing, and it was taking up too much of our time."

Settlement Housing purchased the complexes, built in 1970, seven years ago and rescued them from foreclosure, according to Ms. Lamberg. Since then, the company has spent \$30 million on repairs and cleaning up the properties. When Settlement Housing took over the complexes, they were 45% occupied. Today occupancy stands at 90%. But with work needed on the buildings' security systems, plumbing, elevators, windows and intercoms, Settlement Housing decided to let Omni take over, with the city's recommendation.

"We wanted to make them shine, and we did a fantastic job, but it was time to let go," she said. "We think Omni will do a terrific job."

Omni has been eyeing the properties since last summer, according to Mr. Schneur. "They're not in horrendous shape, but they do need work," he said. Omni, which specializes in rehabilitating distressed properties, now has more than 4,000 units mostly in the city.

Later this year, Omni expects to close on its most complicated deal to date. It involves taking over a sprawling 14-building, 416-unit complex in the South Bronx. Entities of Ocelot Capital Group, the property's previous owners, abandoned the buildings and let them fall into disrepair and eventually defaulted on the mortgage. In December, Omni won the bid to buy the property's mortgage at a foreclosure auction.