

Chinese Private Equity Shop Kuafu Seeks \$32M in Hudson Yards Bonus Rights

Moinian and Spitzer have already tapped into added-density program

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Hudson Rise Hotel renderings and Kuafu's Jeffrey Drovett (inset)

Chinese private equity firm Kuafu Properties is applying for a pair of building-incentive programs for its 47-story, mixed-use condo/hotel it is developing at 470 11th Avenue with BlackHouse Development and Siras Development. The partners are looking to acquire more than 170,000 square feet of bonus development rights at a cost of \$31.6 million, which would allow for a project of nearly 320,000 square feet.

The floor-to-area-ratio bonuses will push the 38th Street project, termed the Hudson Rise Hotel, from a base density of roughly 140,000 square feet up to 319,905 square feet, the maximum potential for the site. Hudson Rise will include 42 condo units spread out over nearly 90,000 square feet on top of approximately a quarter of a million square feet of hotel use, right across from the Jacob Javits Center.

Fellow developers, including Eliot Spitzer's Spitzer Engineering and the Moinian Group, have already tapped into these two pools of bonus rights. Spitzer is building a hotel of more than 400,000 square feet on West 35th Street, while Moinian is building a 1.8 million square-foot office tower known as 3 Hudson Boulevard.

Kuafu has submitted a pair of land use applications to the Department of City Planning, which certifies the project for the bonuses. The first bonus will cost Kuafu \$14.8 million, which it will pay to the nonprofit Hudson Yards Infrastructure Corporation to purchase 118,483 square feet of District Improvement Bonuses. The price for those bonuses is fixed at \$125.36 per square foot.

The second source of bonus FAR takes a fair bit of calculation. The additional 53,318 square feet of density comes from about 2.5 million square feet of air rights that the city created over the Metropolitan Transportation Authority's eastern rail yards in 2005. The bonuses cost 65 percent of the per-square-foot assessed price of the receiving site.

Moinian has already received the assessment for its office property, which priced the bonuses at roughly \$350 per foot. In Kuafu's case, the rights will cost \$315 per square foot, placing the total price at \$31.6 million. Representatives for the developer couldn't be reached for comment.