



BREAKING NEW GROUND

After decades of work rebuilding the borough, Bronx housing nonprofits are responding to a new set of challenges.

By DAN ROSENBLUM



Breaking Ground opened this 148th Street building in the Bronx in 2010. (Alexander Gorlin Architects)

When Derrick Lovett became head of MBD Community Housing Corporation in 2010, he took stock of the properties maintained by the nonprofit, which formed in 1974 as the Mid-Bronx Desperadoes. The organization, so named for its “desperate” activism in the face of widespread blight in the Bronx of the 1970s, acquired or renovated thousands of units in some of the neighborhoods hardest hit by the arson and disinvestment of that era.

Three decades later, much of that portfolio was aging.

“They were managing it themselves and they weren’t doing a very good job of it, unfortunately,” Lovett said.

With the relative inexperience of some developers and the rush to rebuild depleted neighborhoods, some projects were underwritten with costs greater than the income. Other times, contractors used cheap materials – such as sheetrock in bathrooms that sprouted mold – that cost more money in the long run to replace. “Sometimes the not-for-profit might have gotten a bad name because, look at this product that you own,” he said. “But I think a lot of people at the time were green when this was happening.”

Lovett, who had more than two decades of experience at Citibank and other financial institutions underwriting construction loans and bond financing, partnered with a property management firm and reimaged MBD as a development company. It recently completed the first portion of a large redevelopment in the West Farms neighborhood.

Today, MBD and other evolving community development corporations – nonprofits which provide services such as economic

and property development within a specific neighborhood – are responding not to the state of emergency epitomized by the disinvestment and arson of the 1970s, but to private-sector competition, rising land prices and a lack of developable space. While the Bronx still has some of the city’s poorest pockets, many of the formerly scarred neighborhoods have new or renovated buildings, and nonprofit developers have responded by emphasizing social services, collaborating with other groups and seeking creative sources to acquire land.

Decades ago, when these groups were getting started, the challenges were much more pressing. With white flight, the fissures left as several highways were built through neighborhoods and a host of other political, social and economic issues, some landlords were more willing to let their properties burn and collect the insurance money than repair buildings that were losing their value. The resulting cycle of disinvestment decimated neighborhoods, which groups like Nos Quedamos and Banana Kelly later tried to reclaim, “building by building.”

“We are desperate, so let’s call ourselves the desperadoes,” suggested a housing manager at the newly created Mid Bronx Desperadoes, according to “House by House, Block by Block,” by Alexander von Hoffman.

Much of the rehabilitation of the borough began in the 1980s under Mayor Ed Koch, whose administration pumped billions of state and city dollars into the South Bronx and other devastated neighborhoods.

“The deal was, ‘We’ll give you

these buildings for a dollar, we’ll give you the money for the rehab or the new construction, as the case may be, and in return, you’ve gotta own these buildings and keep them affordable in perpetuity,” said Nancy Biberman, the founder and president of WHEDco, a Bronx-based nonprofit that has developed housing as well as commercial and education programs.

After rehabilitating 23 abandoned buildings in High Bridge for Catholic Charities in the 1980s, Biberman observed there was a vacuum of civil, retail and recreational destinations amid the torched buildings. “Housing alone, not only isn’t enough, it’s worse,” she said. “You’re giving people shelter, but what to do? The streets aren’t safe, there’s no place to shop, no place for their kids to play. To me, at least, it was a frightening realization.”

At its inception, WHEDco emphasized services desired by its community. Since it launched in 1992, it has polled residents about their needs and embraced environmental sustainability and nonresidential services like medical services, education and produce carts. When it converted the abandoned Morrisania Hospital to the rechristened Urban Horizons in 1997, it combined 132 units with a child-care center, a 4,000 square-foot commercial kitchen and a health care center. Its newest project, Bronx Commons in Melrose, is scheduled for a groundbreaking this month and – taking a cue from the area’s music history – will have theater space, a music heritage center and units for senior artists.

The Fordham Bedford Housing Corporation, which is involved with 110 buildings and 3,500 apartments, was born from a community meeting of Northwest Bronx residents in 1978. Executive Director John Reilly said it was maintaining its portfolio, but slowly expanding when some opportunities presented themselves. It recently bought land from the Ursuline Sisters and is building 195 units of senior housing called Serviam Heights, adjacent to developments it completed in 2009 and 2010. He said it was a “win-win” as the sisters no longer occupied the convents, but were pleased to offer the site for affordable senior housing.

“We all have to look for those kind of opportunities where institutions can work together to prepare for the future and meet new needs,” he said.

Stephanie Sosa, a senior associate for housing development policy at the Association for Neighborhood and Housing Development, said that

nonprofit builders have increased their sophistication when navigating the financing tools offered by the city, state and, in some cases, the federal government. “I think that CDCs have been doing a really good job in maturing and developing teams that are able to work with the market now and be creative and use whatever resources that are available to them,” she said.

Adam Weinstein, president and CEO of the nonprofit Phipps Houses, said new construction picked up after the mid-2000s, when the supply of vacant city-owned buildings that could be renovated and lots ready for development began to run out, leaving nonprofits to find other solutions. “They were victims of their own success in some regards,” he said.

Across the board, much of nonprofits’ activity changed from rehabilitation to new construction using tax-exempt bonds, which favor builders with more assets to buy land or assure lenders. That followed a trend of private backers taking a larger role in neighborhood development projects. In the late 1980s, all of the costs for Phipps’s rehabilitation were borne by the city’s capital budget. Now, as little as 25 percent of construction costs come from the city, he said.

Phipps, an older organization, moved to the Bronx by developing settlement programs in the 1970s and larger rehabilitation projects over the following decade. To attract and keep tenants, he said that the group has provided amenities like concierges, community space and ground-floor retail at almost all of its buildings.

Sosa agreed that community development corporations can be seen as less competitive than private builders, regardless of their track records of renovations and construction. “It’s just very difficult for CDCs when they just don’t have the same financing structure and equity as private developers, so they have to get more creative,” she said, adding that the city should give them more credit for the work they’ve done.

One common advantage they might seek may be the sustainable energy elements that have been adopted across the board. MBD recently won a bid with Trinity Financial to build a fully affordable building at the side of the former P.S. 31 that is planned to be the largest passive-housing project in North America, featuring a school and other facilities. Phipps’s Via Verde, completed in 2012, has solar panels, a green roof, tools to harvest rainwater and other design elements to reduce energy consumption.

“That’s a question that a lot of us

have asked: Can green technology get us RFPs?" Sosa said. "I don't know, I think it definitely puts CDCs ahead of one that's not passive house or one that's not LEED certified."

Breaking Ground, a homeless outreach and housing provider which builds and operates 19 affordable supportive housing properties, has focused on environmentally sustainable and architecturally significant buildings that offer sleek counterpoints to sometimes oppressive social housing that she compared to a "box" or "prison." (All of Breaking Ground's developments since 2005 have been LEED-certified or embraced elements of environmentally friendly design elements.)

One of its recent projects is The Brook, recognizable for its corner element that resembles a recessed red and silver Rubik's cube, which has 190 units that serve low-income and formerly homeless adults as well as community space and support services provided by BronxWorks. Brenda Rosen, Breaking Ground's president and CEO, said that even though the Bronx is cheaper than other boroughs, the nonprofit, which

opened the building in 2010, wouldn't be able to acquire the land today because of rising land prices.

"We're still able to develop, but acquiring sites is not nearly as easy," Rosen said. "Acquiring sites that are close to public transportation are getting more and more difficult. When developers like Extell and others start buying up property in the South Bronx, you know that something's really changing."

Rosen said that while some nonprofits may be "competing for land," they were also looking at each other to understand the needs of the population and what kinds of design elements would help improve residents' health. That means it has collaborated more with private developers as they did when developing La Central, a multi-building development located near the South Bronx retail center known as The Hub.

There are other opportunities. As part of NYCHA's NextGeneration program, the authority is making some underused plots open for developers. The West Side Federation for Senior and Supportive Housing has been tapped to build on one



Phipps Houses's Via Verde, completed in 2012, has solar panels, a green roof, tools to harvest rainwater and other design elements to reduce energy. (Grimshaw Architects)

of its first sites in Mott Haven and NYCHA is pre-qualifying nonprofits to streamline the bidding process for nonprofit and MWBE developers. The heads of several nonprofits, such as Breaking Ground, Fordham Bedford and Phipps, said they would pursue opportunities to build on NYCHA land.

Weinstein said the most successful

Bronx nonprofits have to balance social enterprise with business principles. "We are here to ensure that the public sector, the government's policies, are carried out with care and devotion, but we're also an enterprise," he said. "And you've gotta think like a business. You've got to think about issues of risk and scale and balance sheets and customer service." ●