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An X-Ray of the Bronx Affordable Housing Market

Developing and preserving affordable units in the Bronx is a genuine challenge. MBD's Derrick Lovett and Monadnock's Tom Ciano weigh on the gravity of affordable housing shortage in the borough and also talk about the companies' recent multifamily projects.

By Laura Calugar

Sixty percent of households living in the Bronx spent at least 30 percent of their incomes on rent in 2016, higher than in any other New York City borough, according to an economic report released by New York State Comptroller Thomas DiNapoli in July 2018. Many low-income residents are living on the brink of homelessness, making affordable housing a critical issue.

The lack of vacant land, high property values and zoning that prohibits large residential developments have all been among the obstacles that impeded the construction of much-needed affordable housing units in the Bronx during the current cycle. Compass Residences, an 11-building community, is one of the few developments underway in the area that will offer low-income housing. Signature Urban Properties, GTIS, Monadnock Development and MBD Community Housing Corp. are behind the project.

MBD, an organization devoted to increasing affordable housing opportunities and improving the quality of life in the Bronx, owns 39 buildings and 1,200 housing units in the borough. Derrick Lovett, president & CEO of the organization, shares his insights on how acute the shortage of affordable housing units is in the Bronx, but also talks about solutions and perspectives.

In your opinion, how serious is the affordable housing crisis in the Bronx?

Lovett: The Bronx faces a very serious affordable housing crisis. The vacancy rate in MBD's portfolio is under one percent, with a four-year waiting list, which indicates the severity of the shortage of quality affordable housing here. MBD's portfolio is primarily in the Crotona Park East section of the Bronx. We are trying to meet the demand. MBD Community Housing will have 500 newly constructed affordable units coming online in the next two years. To date, MBD has constructed or renovated over 3,500 units of affordable housing in the borough.



Derrick Lovett, President & CEO, MBD Community Housing Corp. (Image courtesy of MBD Community Housing Corp.)

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Derrick Lovett
President & CEO, MBD Community Housing Corp

What contributed to this situation?

Lovett: The historic abandonment of the Bronx led to the crisis we're trying to solve today. Widespread arson in this community and the prevalence of crime are behind us, but their legacy is still apparent today. People in the community want to be able to stay here and many who left want to return when they see the rebuilding being done in the community.

But the supply of quality affordable housing is far short of demand, which comes from a range of demographic segments. These include recent college grads just entering the workforce, many of whom grew up here, who are priced out of other parts of the city and want to be near their loved ones. There are also families with kids, who need more space and rely on the proximity to public transportation to get to their jobs. There are seniors who require independent living facilities to be able to remain in the neighborhood where they've lived for decades, as many people lead longer and healthier lives.

The problem is compounded by the mismatch of available affordable housing. The community needs more mixed-income housing because there is a large range of incomes in the community.

What challenges did you come across in developing affordable housing projects? How did you overcome them?

Lovett: Our biggest challenge is the scarcity and cost of land for affordable housing development in the Bronx. We often team with others who have land to work in partnership with them, which enables us to expand our activities. For 2018 and 2019, we are involved in preserving 1,000 affordable units—the most at any one time in MBD's history. This involves leveraging \$200 million in investments. We have succeeded in repositioning 85 percent of our portfolio. We have excellent relationships with the financial community, which understands the needs—and opportunities—of affordable housing in the Bronx.

What can you tell us about MBD's most recent affordable housing initiatives?

Lovett: Working with two developers, MBD last year quickly completed a request for proposals for the renovation of 722 affordable units that was closed in only six months. We also won a request for proposals for a project to develop the [largest passive affordable housing project in North America](#)—277 units in a new 27-story building on the site of a demolished public school building. Its passive systems will reduce energy costs by 70 percent and its meticulously sealed construction retains and recycles filtered air, which mitigates residents' risks of asthma and other respiratory issues that are more prevalent in the Bronx.

What do you expect will happen in the Bronx affordable housing market going forward?

Lovett: Going forward, I expect that MBD and other developers will focus on the need for mixed-income affordable housing in the Bronx. Such development strengthens the economic fabric of the community and brings social benefits. It creates jobs and makes this neighborhood a more desirable place to live.

Private efforts underway

Compass Residences serves as an example of how private investors, organizations and local authorities can join hands and build vital affordable communities. Known as the largest private real estate project in the borough to date, Compass Residences will feature more than 1,300 units, when complete, on the corner of 172nd Street and Boone Avenue. The project is transforming a stretch of derelict industrial blocks into a residential neighborhood dedicated to low- and median-income households.

Developed by a group that includes Signature Urban Properties, MBD, GTIS and Monadnock Development, [Compass Residences encompasses 11 buildings](#). Currently, Compass One A, One B,

Two A and Two B are completed and occupied, while Compass Three is under construction and slated for delivery late this year, according to Monadnock Development Vice President of Operations Tom Ciano. The Compass Four site is in contract to be sold, while construction of Compass Five was completed late last year and lease-up is underway. Compass Six is already designed and awaiting a closing on the construction financing by June 2019.

The large scale development is not the only one Monadnock worked on in the borough. *"We recently completed the construction of two residential buildings near Hostos Community College at East 149th Street. They are both affordable, serving families with low and moderate incomes. The Exterior Street Residence became fully occupied during the summer of 2018 and the Gerard Avenue Residence will be fully occupied in early 2019,"* Ciano told *Multi-Housing News*. Ciano's team combines development, construction, financial and architectural expertise to build affordable and market-rate housing in New York City.

Affordable sustainability

During the past few years, Monadnock has been particularly involved in addressing environmental issues as part of the affordable housing development process. As many sites in the Bronx have some level of soil or groundwater contamination—including the ones at Compass, Exterior and Gerard—Monadnock had to remediate the parcels before construction could start.

Moreover, the building envelopes are highly energy-efficient, with many of the company's projects encompassing microturbines or systems that generate electricity. On the roofs of the Exterior and Gerard buildings, solar arrays have been installed to generate electricity that covers a large portion of the common electrical usage.

The design of affordable projects has also evolved to look more like market-rate buildings. Within the limited budgets, developers now select the brick color and exterior facade treatments—like metal panels—to activate and enliven the building facades. Time and money are also being invested in extensive surveillance systems to ensure tenant safety.

The number and extent of amenities at affordable projects are also evolving. *"In all of our latest affordable buildings we've made space for and fully equipped fitness rooms for the residents. In addition to the standard community and laundry rooms, now affordable buildings include mandatory bike storage rooms and residential recreation space, which might be an exterior landscaped courtyard or roof deck,"* Ciano added.