

# CRAIN'S

## NEW YORK BUSINESS

May 29, 2019

### Spotlight on the Bronx

## Building on a Resurgence

Developers are pouring in hundreds of millions of dollars into the Bronx and sales are rising at a rate that outpaces the rest of New York City.

In the public's mind, the memory of crime and arson from the 1970s lingered for decades even as the borough slowly recovered, starting with affordable housing built during the Ed Koch and David Dinkins administrations. Now, the public is more open to the borough, said Josh Weissman, who has been building in the Bronx for two decades and is the founder of Bronx-based JCAL Development Group.

"The Bronx has shown growth and resilience in the face of significant challenges," said Daniel Marks Cohen, vice president of real estate development at the NYC Housing Partnership, which helps facilitate affordable housing partnerships between public and private sectors.



New development on Lafayette Avenue by **Aufgang Architects**



The Bridgeline Building by **Aufgang Architects**

Time, as well as a decline in crime throughout the city, has helped the Bronx shed its reputation. The gradual and consistent development of subsidized housing has also been crucial, especially during recovery from the Great Recession. Many also credit borough president Ruben Diaz Jr.

"He brings energy to his advocacy for the Bronx but also elevates the level of policy discourse," said John H. Banks, president of the Real Estate Board of New York (REBNY).

Now development in the Bronx has truly taken off. “The Bronx is getting its own story now,” Weissman said. Like many, he seems thrilled to be singing the borough’s praises instead of merely trying to wash away negative images.

REBNY showed that the average sales price for a home in the Bronx rose to \$472,000 in the fourth quarter last year, up 12% from the previous year, which outpaces the rest of the city. Sales volume growth is also higher there. And a recent Property Shark study revealed that in neighborhoods ranging from Mott Haven to Fordham to Bedford Park home sale prices surged by more than 50% from 2014 through 2018. Rentals in the Bronx are also outpacing the rest the city.

The shining symbol of the new Bronx is the Bronx Point development on one of the largest sites owned by the city. Slated to open in 2022, this \$194 million investment by Mayor de Blasio includes more than 1,000 housing units, including 600 permanent affordable housing units; The Universal Hip Hop Museum; a multiplex; an open-air performance theater and a public plaza to provide access to the waterfront and link to Mill Pond Park, which will be the permanent home of the Bronx Children’s Museum.

But that is far from the only development in the current building spree that covers much of the borough, from the arrival of Silver Cup Studios to Brookfield Property Group’s \$165 million recently announced 1.3 million-square foot waterfront site in Mott Haven. The site will feature seven towers (up to 25 stories), mixing retail, commercial and about 1,300 apartments—30% of which is affordable housing. And with four Metro North stations planned to improve access to Manhattan, observers believe the growth will continue to accelerate.

“There is a ton of development all over and staggering amounts of money being spent here,” said Weissman, who has mostly built affordable housing but recently added the 12-story, 91-unit luxury building Bridgeline in Mott Haven, with its hardwood flooring, floor-to-ceiling windows, landscaped roof deck fitness center and private parking.

Peter Fine, principal and co-founder of the Atlantic Development Group and founder of Bolivar Development, agrees. “There used to be two or three buyers for each development site in the Bronx, now there are 10 or 15.”

John Bonizio, chairman of the Westchester Square BID and owner of the local Metro Optics chain, said the borough benefited from Mayor Bill DeBlasio’s push for affordable housing because there is not much land left elsewhere in the city.

Still, NYC Housing Partnership’s Cohen worries that the Bronx could become “a victim of its own success,” saying that, even in the Bronx, land is “a finite resource and the low-hanging fruit for affordable housing is now largely gone.”

But for now, there are still plenty of projects coming on board. The city’s rezoning along Jerome Avenue, which runs through America’s poorest congressional district, could bring 4,000 new

affordable units and capital investment of nearly \$189 million from the city, including new parks and schools. Fine's Bolivar Development Group spent \$11.2 million to buy the first property after the rezoning; he is partnering with the Doe Fund to erect a 15-story, 255-unit affordable housing building that includes 20,000 square feet of retail at the base.

Outside of a few anomalies like Riverdale and City Island, the lines in which neighborhoods are getting market rate and which are getting affordable housing are starting to blur, said Ariel Aufgang, whose architecture firm has designed numerous affordable housing buildings in the borough and did its first nonsubsidized work there on Bridgeline.

Exact Capital's Blondell Commons project in Westchester Square features affordable housing among its 172 units. Bonizio said some residents were initially wary but he believes the new residents will bring in a surge of business to local merchants, benefiting the whole community.

"It's now seen as the future," he said. "I'd like to see the rest of Blondell Avenue developed the same way."

Now, Fine says, more developers are plunging in with market rate housing throughout the borough. Aufgang said that the Bronx will become a home to families priced out of Brooklyn and Queens, adding that market rate housing offers options to Bronxites who grow up and get jobs that price them out of affordable housing without making the other boroughs affordable. "The story of market rate is that of people that want to stay here," he said.

Banks says that commercial development is starting to follow, with new hotels opening near Einstein Hospital and Fordham University to accommodate scientists, professors and other visitors. "This sector really did not exist five years ago and it is now growing rapidly," he said.

Retail continues to struggle nationwide—Aufgang says people in luxury buildings care less about stores than a package room for their Fresh Direct and Amazon deliveries. However, Weissman said restaurants, bars and niche businesses are finding homes in the Bronx, including Beatstro, the first hip-hop themed restaurant; The Lit. Bar, that's now the only bookstore in the borough, and Bronx Native, which sells merchandise celebrating the borough. All three are owned by Bronx natives. "There's an incredible spirit here," Weissman said.

Banks said he believes the Bronx is "poised for even more success," with Carl Heastie as speaker of the State Assembly. "That will bring more interest and opportunities to the Bronx, taking it to the next level."

The trick will be growing rapidly as all the money pours in while maintaining the borough's essential flavor and keeping it as a place where Bronxites can stay.

"People say, 'The Bronx is going to become the new Brooklyn but the character hasn't changed—it has always been a family-oriented, working-class borough, where people live and

commute to work,” Aufgang said. “The city is pushing for affordable housing and the market is pushing the other way and that’s how diverse neighborhoods are built.”

Fine agrees there is currently a balance between land being used for affordable and market rate housing but said the city must continue adapting its policies to keep affordable housing development viable. “My hope is that there is a mix of affordable and market rate development in the future as well as retail and other commercial amenities in order to create one big stew—or, as we say in the Bronx, a salsa.”