

How to Build Affordable Housing in New York City

By MICHAEL KIMMELMAN JAN. 25, 2016



Arverne View, the former Ocean Village in the Rockaways. L&M, a developer of subsidized housing, poured \$60 million into a renovation. Credit: L&M Development Partners

Hurricane Sandy was the last straw for many residents of Ocean Village, a housing project in the Rockaways. Heralded as state of the art when it opened in 1972, this beachside campus of high-rises and four-story townhouses had, over the years, taken a nose dive, the victim of bad management, crime and rot. Sandy left homes flooded, and poor tenants bereft of electricity and hot water. Residents who could, fled.

I visited the project not long ago. Rechristened Arverne View, the place is almost unrecognizable: Apartments are occupied once again. Hallways, kitchens, bathrooms and electrical systems are refurbished; lobbies opened up with big windows; a floodwall installed; the landscaping upgraded, with a broad promenade to the beach; and leaky facades clad with new, waterproof, energy-efficient panels. (Energy bills have dropped 30 percent.)

What happened? A new owner, L&M, a developer of subsidized housing, closed on a deal to buy the property two weeks after the storm, when one-third of Ocean Village's 1,093 apartments were vacant. The company poured \$60 million into a renovation.



The Dream Charter School of the East Harlem Center for Living and Learning rose on Second Avenue, between 103rd and 104th Streets, where once there was a parking lot.

Credit: Stephanie Diani for The New York Times

Residents dependent on public subsidies worried they'd face higher rents or be pushed out. L&M guaranteed that they could stay and that their rents wouldn't rise. Here's the deal: The company makes its money back partly through federal funds that cover the difference between existing rents and market rates. Swapping out old kitchens and bathrooms, sprucing up lobbies and hallways and redoing electrical and plumbing systems raise property values. After renovation, the government pays the developer more, and L&M can also rent out vacant apartments at market rates.

As Ron Moelis, co-founder of L&M, put it: "Making improvements is a good investment. Good design creates a sense of community. People feel pride in where they live. That translates to less turnover, with residents taking better care of the property."

It's also proof that affordable housing can still be done right in New York City. The East Harlem Center for Living and Learning, which opened this fall, is another case. On the west side of Second Avenue, between 103rd and 104th Streets, it occupies what used to be a parking lot that belonged to the New York City Housing Authority. The lot was connected to Washington Houses, a 1950s-era project next door.

In lieu of the lot, there's now an 11-story residential tower, with 100 percent of the apartments subsidized, serving a mix of working and disabled tenants, many from the neighborhood. The architecture is plain and practical. Some 77,000 people applied for 88 apartments. The building links to a pavilion with new offices for local nonprofits and the new 60,000-square-foot Dream Charter School for grades pre-K through eight.

Serving 486 neighborhood students, it is the first new public school building in East Harlem in 47 years, designed by the architects Perkins Eastman. The school is light-filled, airy, transparent, with big windows opening onto the Washington Houses and rows of trees. Developers also paid for a new 20,000-square-foot public park, to replace a decrepit concrete one that had been on Second Avenue in what's effectively the school's front yard.

The developers are Jonathan Rose Companies and Harlem RBI, a nonprofit educational organization with deep roots in the community. They started on the project in 2009. Negotiations with city agencies, unions and residents were arduous. As with Arverne, I heard overwhelmingly positive reactions, and no little amazement, in the neighborhood. Thirty school employees are housing authority residents. After-school programs serve 1,200 local children. Some parents and students I met were in tears, describing the school and park.

New York City once set the standard for subsidized housing. The city started out building and maintaining tens of thousands of apartments for working families, sponsoring job training and social programs. It ran a budget surplus. Government programs like Mitchell-Lama and Section 8 arose to provide private developers with incentives to construct and manage high-quality low- and moderate-income housing. I grew up in Greenwich Village, where James Ingo Freed and I. M. Pei designed a refined trio of high-rises, two of the towers for New York University families, the other for low-income Mitchell-Lama residents. Many old Villagers hated the architecture, but like the Village back then, the project represented equity, openness and the new.

Now the Village is like a gated playground for runaway wealth. Subsidized apartments all across town are converting to market-rate rentals and condos faster than City Hall can build affordable units or preserve old ones. The city Housing Authority is broke. Its aging properties face \$17 billion in capital repairs.

The Bloomberg administration belatedly contemplated seizing some underused Housing Authority parking lots for market-rate developments to help raise cash, but politicians did a lousy job of explaining the plan to tenants, who, predictably, went ballistic. As Shola Olatoye, the authority's current chairwoman under Mayor Bill de Blasio, put it the other day: "After decades of broken promises, there's deep-seated distrust of government and a belief that speculators are only out to take land."

She added: "Beyond words, what residents need is proof of concept."

That's where success stories like Arverne View and the East Harlem Center come in. Both are private developments, made possible through tax incentives and other publicly financed programs. Ms. Olatoye

was vice president of Enterprise Community Partners, a real estate investment services company, when Enterprise sponsored the East Harlem Center. So she knows as well as anyone the lessons to be learned.

There are a few big, obvious ones, I think. Before lifting a hammer, developers in both cases consulted with people who would be affected, listening to what they wanted, building consensus. Rich Berlin, the executive director of Harlem RBI, told me he and Jonathan Rose Companies spent years negotiating with tenant groups, community-based organizations, local chambers of commerce, parks advocates, elected officials and public-housing residents. “We created a core of stakeholders,” he said.

Both projects keep management teams on site, overseeing the properties, day in, day out. Neither project splurged on design, but in both cases, architecture mattered, to save energy, improve the neighborhood, spread dignity, add joy. They’re clear proof of concept for skeptical tenants — accustomed to betrayal, reluctant to give up parking lots or anything else — that change can be good.

And as in the case of the East Harlem Center, change can bring more than new housing. Neighborhoods need schools and parks, not just apartments, after all. They depend on good planning. That’s what earns public trust. Mr. de Blasio’s affordable-housing goals have run into headwinds partly because they don’t grow out of integrated plans that reflect how neighborhoods work and what communities really want. To his credit, the mayor and his staff now seem to be at least talking more holistically about neighborhoods, infrastructure and design.

He might also try to rise above politics. The East Harlem project got started under his predecessor. The Dream School is a charter. Mr. de Blasio ran for office opposing charters.

He skipped the center’s opening this fall. Last I heard, he still hadn’t visited.

He ought to check it out.