

October 08, 2015

2015 MFE Awards

2015 Rising Star of the Year: Jon Cortell, L+M Development

Jonathan Cortell's vision and passion for development have continually led L+M to transformational building opportunities others have missed.

By [Bendix Anderson](#)



Karsten Moran Photography 1

“If we are all able to accept the principle that we can do well and do good,” says Jon Cortell, “there is no limit to the good we can do.”

Dignitaries and development partners crowded into the old Hahne's department store in downtown Newark, N.J., this past June 1. Together, they broke ground on the construction of a new, mixed-use community that would include a Whole

Foods grocery, offices for Rutgers University, and 220 affordable and luxury apartments.

The work never would have begun had Jonathan "Jon" Cortell not convinced his bosses at L+M Development to pay \$8 million for a giant, boarded-up wreck of a retail building that had closed its doors nearly 30 years earlier.

Over and over again, as vice president of development for L+M, Cortell, 43, has led the firm far beyond its home turf of New York City and its core business of affordable housing into new, unfamiliar but promising territory.

"All of these deals were sort of stretches. We bought properties in markets that we weren't familiar with, with complicated financing," says Ron Moelis, senior partner and co-founder of L+M Development. "So far, they are turning out very well."

Vision for the Future

Cortell can speak passionately about his development ideas, and that's helped him win support from colleagues at L+M, officials in local government, and investors.

"Jon has a way of seeing the long game—the impact that development can have ... to totally transform a block, which then transforms a street, and then a whole community," says Sam Chapin, a project manager at L+M who works under Cortell.

Cortell's vision may have been difficult to see at first in Newark. The vacant shell of Hahne's has loomed over the downtown area since the store closed, in 1987, and the 400,000-square-foot monolith had filled most of a huge block, with sodden plywood nailed over more than a hundred broken windows and white paint peeling off the brick façade.

Multiple developers had tried and failed to redevelop the landmark, which sat like a tombstone between two bright spots downtown.

"It was an impenetrable barrier between the energy of the University Heights neighborhood and Military Park," says Cortell.

Yet local officials, including former Newark mayor and now U.S. senator Cory Booker, have been obsessed with bringing the old building back to life.

"The Hahne's department store is one of the legendary buildings of our historic downtown," said the city's current mayor, Ras Baraka, at the groundbreaking of the site's \$174 million redevelopment.

"The concept from the outset was visionary," says Moelis. He means, quite simply, that Cortell can look at properties in fairly rough condition and see a way to revive them.

"You want to be a part of the team that makes that development happen," adds Chapin. "It's hard for anyone to say no."

Newark residents have a very strong connection to the store. "There's no one who hasn't had an experience in the building," says Cortell. "This is what makes this development special."

Nurturing Opportunities

Continually during Cortell's career, strong relationships like the ones he's nurtured in Newark have led to new opportunities.

"We value partnerships as much as we value development," says Cortell.

His sensitivity to the needs of those partners has served him well—often, people Cortell has worked with in prior deals have provided the opportunity to do L+M's

next development. In fact, the partners Cortell worked with in nearby Orange, N.J., were the ones who first suggested that L+M look at the old Hahne's site.

That same sensitivity has led to a string of developments in Yonkers, N.Y., for Cortell and L+M.

"You get credibility in a community," says Ellen Lynch, former head of the Yonkers Industrial Development Agency. "People start to have faith in you ... the next project is going to go a little easier."

In Yonkers, the first link in the chain was a line of historic rowhouses on Warburton Avenue downtown. The collapsing townhomes sat next to a vacant lot primed for development.

"A prior development team had determined that they could just be destroyed," says Cortell. The hundred-year-old homes had been neglected for decades, with problems ranging from structural failure to asbestos contamination. "We stepped into a bad situation," Cortell admits.

Cortell created a renovation plan for the site, which became Warburton Lofts, six new affordable apartments. That's a very small project for a large developer like L+M. But the plan left room to build a new, 12-story residential tower on vacant land behind the lofts. "A few years ago, the site was nothing more than an undeveloped lot filled with weeds and debris," said Philip Amicone, then-mayor of Yonkers, when the 137 new affordable apartments at 330 Riverdale opened in 2011.

L+M's redevelopment satisfied both of Cortell's goals—saving the rowhouses and developing the vacant land. He kept a cool head throughout the painstaking process, which included delayed approvals and last-minute demands for guarantees from other stakeholders.

"Jon kept a positive attitude," says Lynch. "He's very creative and good at coming up with solutions."

L+M has gone on to build 92 more affordable apartments at 49 North Broadway in Yonkers, in addition to constructing a new parking garage for the city.

"If the relationship hadn't been what it was with 330 Riverdale, I don't know if [L+M] would have been invited to the table to solve the problem with the later developments," says Lynch.



Courtesy L+M Development 1

"We're likely to see a Newark that's the center of Essex County [N.J.] again," says Cortell of the effect the Hahne & Co. redevelopment will have on its neighborhood.

The Yonkers developments marked L+M's first steps outside of New York City in years.

In a way, the projects were a homecoming for Cortell, who grew up in Yonkers' home county of Westchester. Additionally, L+M's first offices resided in Larchmont, N.Y., a Westchester village. But aside from a few small, early

developments, the firm had focused on New York City and affordable housing projects.

"We hadn't done much outside of New York," says Moelis, who began L+M in 1984. The firm built its reputation by turning abandoned, city-owned buildings into affordable housing, and has developed more than 15,000 residential units so far.

In Yonkers, Cortell saw an opportunity to bring the expertise L+M had built working in New York's densely developed streetscapes and complicated partnering relationships to new communities outside of the boroughs. "The lessons of New York City can be extended elsewhere," he notes.

Clever Financing

Strong relationships recently led Cortell to bring his collaborating skills to another new market for L+M—this time, on the other side of the country. Citibank, which had partnered with Cortell on an earlier deal, suggested L+M take a look at a failed luxury condominium property in San Francisco, which the developer turned into its first affordable apartments on the West Coast.

Two developers had already failed to revive the half-finished condominiums at Candlestick Heights; when L+M first saw the property, it contained 66 completed condominiums and room to build another 98 housing units. The New York developer bought the site from Citibank and proceeded to redevelop it with tax-exempt bond financing and 4% low-income housing tax credits (LIHTCs).

It was a unique opportunity. To attract technology millionaires to the building's not-quite-gentrified neighborhood, the original team of condominium developers had designed the living spaces in the condos with huge floor plans. ("These apartments are gigantic," says Cortell.) With a little work, many of the units became generous, four-bedroom apartments affordable to households earning up to 50% of the area median income. They now provide large families with a kind of housing that's very hard to find in San Francisco.

Cortell has a natural understanding of how much space it takes to raise a family, since he has three children of his own. Candlestick Heights offers extensive afterschool programs.

State officials agreed to consider the more than \$60 million that earlier developers had spent to build the 66 failed condos in their "eligible basis" calculations to generate tax credits. That brought a lot of extra capital to the project, making it possible for L+M to finance an expansive new property with the 4% LIHTCs, which provide less of a subsidy than 9% LIHTCs.

This year, L+M opened the 164 new, affordable rental apartments at Candlestick Heights, and the property is already full.

Good With Numbers

Throughout his career, Cortell has been able to find creative ways to finance new developments and layer multiple sources of local, state, and federal subsidies into a deal.

To transform the Hahne's department store, for example, L+M is using tax credits from the New Jersey Economic Development Authority in addition to the more familiar federal New Markets Tax Credits, historic rehabilitation tax credits, and LIHTCs.

"It was the most complex project I had ever done," says Moelis, who has decades of experience developing in New York City, including HOPE VI redevelopments of public housing.

Cortell has years of experience working with both public-sector funding and private-sector financing.

He joined L+M in 2005, before which time he served at the New York State Housing Finance Agency, from 2000 to 2005, starting as a project manager and working his way up to become director of development.

At Duvernay & Brooks, a real estate developer and financial advisory firm, Cortell was a senior project manager in 1999 and 2000, and, from 1996 to 1999, he served as a senior research associate for the New York City Independent Budget Office.

Beyond the Property Line

Cortell's interest in design and development goes back even further than his early days on the job. He has fond memories of meeting his father for lunch as a student at Columbia University in the 1990s and talking about the neighborhoods and new developments around campus.

"We're all interested in the eye candy that makes up our neighborhood," Cortell says. "The context and the streetscape ... every community has it."

That simple aesthetic appreciation helps Cortell create communities that thoughtfully consider all the buildings around them and that serve multiple purposes in their neighborhoods.

The renovation of Warburton Lofts, for example, has created a long ripple effect in downtown Yonkers. L+M's most recent project there, a new parking garage, has replaced a giant surface parking lot, which makes room for a new park around the newly uncovered Saw Mill River, which had been buried for more than a hundred years. Warburton Lofts is a landmark part of the new center Yonkers is building around the river.

"The mere fact that an affordable housing project delivers all this other stuff is the purpose," says Cortell, a board member of the Yonkers Downtown Improvement District. "The development was the catalyst."