

## Shelly Schechter

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**From:** Jim Wacht  
**Sent:** Sunday, March 01, 2009 10:33 PM  
**To:** Shelly Schechter  
**Subject:** FW: CRD Newsletter: "The Bronx is Up"

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**To:** Jim Wacht  
**Subject:** CRD Newsletter: "The Bronx is Up"

### The Manhattan Institute's Center for Rethinking Development

*Ideas that shape the city's planning, housing, and development*

Monthly Newsletter



## The Bronx is Up

**Julia Vitullo-Martin,**  
*February 2009*

With the appointment of Bronx Borough President Adolfo Carrión as the director of the new White House Office on Urban Policy, the Bronx is back in the national news. It's been a long, hard journey for the borough since the 1977 World Series game broadcast from Yankee Stadium, when ABC's Howard Cosell told 60 million viewers, "There it is, ladies and gentlemen, **the Bronx is burning.**" The five-alarm fire was actually annihilating an abandoned public school—not the tenement misidentified by Cosell. But the dreadful symbolism was apt, since so much of the Bronx's housing stock had indeed been destroyed over the previous few years.



While the Bronx is no longer burning, occasional arson of its beautiful housing stock still occurs.

**February 2009**

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After Donovan, Affordable Housing Debate Is City's Focus

## THE COMEBACK BOROUGH

Since those dark times the Bronx has in many ways come back—not to its glory days of the early 20th century, when much of its fine housing stock was built for middle-class families, but to a different Bronx of striving, hard-working households, often immigrants and the children of immigrants. It's still poor, with a median household income of \$34,156, according to the



Charlotte Street's single-family homes are an odd form of development for a borough designed for density.

Department of City Planning. Indeed, in 2005 the Bronx was once again named the nation's poorest urban county with over a million people. Over 51 percent of its 1.385 million residents are Latino—mostly Puerto Ricans and Dominicans—making the Bronx the only borough with a Latino majority. Only 3.4 percent of Bronx residents are Asian, the lowest percentage of

any borough. Its median age is 32.1, making the Bronx the youngest borough. Only 21.4 percent of its 469,446 housing units are owner-occupied.

Carrión, who readily calls himself "pro development," fully understands the importance of having a pro-business strategy to deliver jobs for his struggling constituents. It hasn't been easy. For years, most of what had been called "private" development in the Bronx carried some kind of government subsidy, whether direct in the form of housing vouchers or indirect in the form of tax abatements and below-market financing. Indeed, in August 2004 when Kingsbridge Associates opened its River Plaza shopping center on 225th Street, one of its partners, Paul Travis, noted that it was the first major private development in the Bronx in 20 years—and the only totally

nonsubsidized project within memory. Today, River Plaza is 100 percent occupied, boasting, among other stores, a very busy Starbucks. It had been the first to open in the Bronx, which now has three. (Starbucks had initially refused to consider the Bronx, saying it's not our market, recalls Travis. Carrión wrote CEO Howard Schultz a letter, convincing him to give it a try.)

Despite River Plaza's success, most development tends to need government assistance—perhaps



Much of the Bronx waterfront is cut off by private uses.....



Clash of the Titans

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Jerry Martin: Summation

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PSC Authorizes Millions for Substandard Projects: Missing Residential Features: Rites

Assembly Passes Bill

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Stabilized: Non-Residential Units: Sound Warning

Stabilization Mechanisms: Public: Ratchet Up Rent Rules: Rationale

Low Affordability Mark: Green: Renewal in the Bronx

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The Impact of Subsidized Housing on Surrounding Neighborhoods: Evidence from New York City

New York City Panel on Climate Change: Climate Risk Information

Regional Transportation: Resistant to the City

Commercial Burnside Avenue during the blackout of 1977 plunged the Bronx further into chaos. By the end of the 1970s, when 120,000 fires burned annually, the South Bronx had lost nearly 40 percent of its housing stock.

Some neighborhoods beyond the South Bronx stayed strong—Riverdale and Pelham to the north, Norwood to the west. Resilient neighborhoods were often anchored by supportive nonprofit institutions, such as the Bronx Zoo and Botanical Gardens, Fordham University, and Montefiore Hospital. Montefiore, for example, established the Moshulu Preservation Corporation to provide building owners with technical assistance and mortgages in order to ward off the devastation that was marching northward toward Fordham Road.

City officials, meanwhile, were grappling with the then-new problem of taking over 100,000 residential units whose owners had stopped paying property taxes. They tried many approaches with what they called *in rem* housing, after the legal shorthand for vesting title in the city, until they hit upon the only one that worked—turning blocks of properties over to private developers, some for-profit, many not-for-profit. Out of this core has come the renaissance of the South Bronx. The first patently successful approach came from the **Community Preservation Corporation**, founded in 1974



The long-troubled and under-used Bronx Terminal Market is being redeveloped into an immense shopping mall by Related Retail.

by the city's leading commercial banks (later joined by major savings banks) to finance, restore, and rebuild deteriorating housing in declining neighborhoods. And despite the unique scale of CPC financing—almost \$1.4 billion covering 1,290 buildings—it never suffered a single default.

Another route, more quixotic, is the famous

Charlotte Street development of single-family ranch houses, financed by the federal government after President Jimmy Carter stood in the rubble and promised to rebuild the South Bronx. The "little houses on the prairie" were symbolically important at the time. But no one seriously thought that the Bronx—with its extraordinary subway system designed for density—should be rebuilt with ranch houses. A better solution can be seen not far away in the 35-block area of Melrose Commons.

A sort of living tutorial of city housing policy, Melrose Commons blends early, overly cautious, stripped-down townhouses with more recent elegant designs by Magnusson Architects. "We've raised the design bar," says Ted Weinstein, the Bronx director for the Department of Housing Preservation and Development. The **Magnusson-designed** houses no longer have that old subsidized look, making them more attractive to slightly higher-income buyers. "Our object is to get population back into the neighborhood," says Weinstein. "But we're also pushing to get 100 percent AMI [Average Median Income] whenever



The Moment: Urban  
Unplanning—Form Follows  
Finance

City Realty: Memorial Plaza  
Amen, Modern Bronx

The Real Deal: Light Attraction  
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## BUILDING FOR RETAIL

"The U.S. as a whole is over-stored," says Travis. "But the Bronx is not. In 1970 it had a population of 1.47 million and pretty good retail. In 1980, that population had fallen to 1.1, which had a serious impact on stores. Now it's close to the peak again—but retail isn't. The Bronx is severely underserved." Travis regards the Bronx as so underserved that he supports the immense suburban-style shopping mall, **Gateway Center at Bronx Terminal Market**, being built by Related Retail across the river from his shopping center. With signed leases for 750,000 square feet from stores like Target,



Many Bronx landmarks are being allowed to deteriorate, including the empty Bronx Borough Courthouse, now privately owned.

Home Depot, and Marshall's, Gateway will dwarf River Plaza's 230,000 square feet when it opens in the fall. "We're sub-regional," says Travis. "They'll be regional, serving the boroughs and the suburbs. I give Bloomberg and Carrion a lot of credit for getting the deal done."

It was a complex and controversial deal derived from the need to get rid of a

disastrously performing landlord who had been awarded a 99-year-lease on the last day of Mayor John Lindsay's administration. The landlord then permitted the market to deteriorate abysmally over the decades, losing most of his tenants and warring with every mayoral administration until Bloomberg negotiated a way out.

## REZONING FOR GROWTH

Critics say the administration not only gave Related a sweet deal, but virtually guaranteed a rezoning not available to other private developers. Rezoning is a touchy subject in the Bronx, where so much land lies fallow even as adjacent

residential neighborhoods teem with residents. On the Lower Concourse, for example, the 30-block former manufacturing area between the Major Deegan and East 149th Street, from Morris Avenue to the Harlem River, has a 22 percent vacancy rate. Some businesses continue to thrive, but many buildings are vacant. A few self-storage warehouses sprinkle



City-financed housing is now designed to fit into the streetscape's vernacular architecture.

the waterfront and auto shops dominate some of the streets. City Planning hopes that its **Lower Concourse Rezoning**, to allow residential and mixed uses, will create a neighborhood of lofts, stores, parks, hotels, and housing in what is now almost a wasteland, only a few blocks away from the glorious Grand Concourse. As Bronx director of planning Carol Sampol says, "You can't build the South Bronx back up again on car shops, waste facilities, and



Huge, harshly designed, old-fashioned public housing dominates some crucial areas

Before people and businesses started moving back to the Bronx, the Hunts Point businesses functioned in peace. Now they have politically active neighbors, and will soon have more. But that is far superior to the abandonment and desolation of the 1970s.

#### WHAT'S NEXT

As director of the White House Office on Urban

Policy, Carrión will report directly to the president, which gives the office substantial status. On the other hand, he will have no operating authority, which means no troops or resources to deploy. Meanwhile, voters will select his temporary replacement as borough president in a nonpartisan special election in mid-April. The two leading candidates are Assemblyman Ruben Diaz Jr. (D-Soundview) and City Council Majority Leader Joel Rivera (D-East Tremont). A September primary election will determine who gets the Democratic nomination—and therefore the job.

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