Blueprint for a Neighborhood of Opportunity: The Bronx’s Washington Avenue

“We know the people who own the properties see the opportunities. The question is when and how.” – Samantha Magistro, VP Development, Bronx Pro

Building the Strength of Our Partners

After years of decline and neglect, the Bronx’s Morrisania neighborhood finds itself at a crossroads. Minutes from the nation’s largest economic center by subway, the area still struggles with vacant lots and a dearth of retail development. Residents cope with joblessness, poverty and the constant threat of sleeping on the street. In this environment, locally-based Bronx Pro Developers, saw opportunity and partnered with Enterprise to catalyze the rebirth of this once-thriving community.

In 1998, Bronx Pro was suffering the after-effects of a recession. Looking over the diminishing assets of his company’s portfolio, President and Founder Peter Magistro decided he would take a leap of faith and begin developing affordable housing.

While Peter had over 25 years of experience in the real estate development business to the table and financial expertise from a second career as a Vice President at Citibank, he didn’t know how to navigate the affordable housing industry. Enterprise was there to help.

In its role overseeing the Neighborhood Entrepreneur Program\(^1\), Enterprise guided Peter and his team through negotiations with the New York City Department of Housing Preservation and

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\(^1\) Through the Neighborhood Entrepreneurs Program, the 1999 recipient of a Harvard Kennedy School Innovation in American Government Award, New York City sold off thousands of deteriorated housing units to local community-based entrepreneurs, who renovated entire blocks with financing from the city, the federal government, and private investors.
Development (HPD) and two low-income housing tax credit (Housing Credit) deals. Working together on these deals, Enterprise and Bronx Pro began developing a strong relationship. Bronx Pro used its wealth of local knowledge from years of work in the Bronx to deliver the best possible product; Enterprise expanded Bronx Pro’s capacity to increase its impact and deliver more affordable housing. A combined developer and building manager, Bronx Pro now operates a portfolio of 2,175 units in 68 buildings, many with commercial space.

A Struggling Community with Hidden Potential

The impetus for Bronx Pro’s involvement on Washington Avenue was a city rezoning ordinance. Traditionally a section of the Bronx reserved for light manufacturing, the corridor received the “MX” zoning designation in 2003, permitting moderate residential, neighborhood retail and community facility uses alongside previous industrial uses. In today’s notoriously tight real estate market in which affordable housing developers struggle to acquire properties, the rezoning created a new tract of land attractive for residential development and still industrial enough to ward off market-rate competitors. Capitalizing on this opportunity, Bronx Pro purchased 1085 Washington Avenue.

When 1085 Washington opened for business in 2009, the community was struggling economically. The median household income for the neighborhood was $22,989, and fewer than 50 percent of households were earning more than $25,000 a year. Meanwhile, 32.2 percent of households in the neighborhood were single-headed families, providing for their children on the meager wages and long hours of service jobs. And that was for those lucky enough to find a job. In a neighborhood where 22.0 percent of the 25-plus population have less than a ninth grade education and 15.9 percent of the neighborhood’s workforce were unemployed, people were struggling to make ends meet a few miles away from some of the nation’s wealthiest zip codes.  

![Percentage of Income Spent on Gross Rent](image)

Figure 2: More than half of the population of the zip code 10456 (Morrisania) spends 30 percent or more of income on gross rent, the sum of rent and utilities/fuel costs

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3 American Community Survey 2007-2011 for zip code 10456, accessed through TRF Policy Map. In zip code 10028, fewer than 1% of the population have less than a ninth grade education.
Much of the neighborhood’s social fabric had also disintegrated over the decades. The streets were dotted with vacant lots and warehouses, and there was no place for residents to gather and socialize. To further complicate the situation, the neighborhood’s population grew by 7.7 percent, or close to 6,000 residents, from 2000 to 2010. This much-needed influx of population brought with it increased demand and increasing rents.  

All across the Bronx, rising rents have been pushing residents out and destabilizing communities. Close to 3 percent of all units in the Bronx saw evictions or repossessions in 2012, compared to less than 1.5 percent citywide and just above 0.5 percent in Manhattan, and 83 percent of Bronx tenants appeared in housing court without legal representation. When residents face the constant threat of losing their homes and see neighbors come and go, strong communities fail to form.  

46.9 percent of all Bronx households expressed worries about becoming homeless. 32.7 percent of Morrisania residents were spending 50 percent or more of their income on rent, leaving them with little money to buy food and vulnerable to losing their home if they lose a job or face a large unexpected expense.

Bronx Pro realized that it could leverage Enterprise’s funds and expertise to develop affordable housing in the area and combine it with their own to, help reduce the transience of housing instability and help rebuild the community. The rising population would become an

Figure 3: Almost all of Manhattan, including major employment centers, can be reached within 45 minutes by public transit

4 Ibid.


7 Ibid 3.
asset, bringing with it a livelier street life to the once-desolate neighborhood.

Other opportunities, besides the rezoning and population influx, made Washington Avenue attractive for affordable housing. Despite the many challenges, residents of Morrisania were able to access jobs, parks and shopping all across the city and region by transit. Frequent, direct buses to Fordham Plaza and Fordham University, the Hunts Point Food Center, Yankee Stadium and 125th Street all pass within half a mile of the Washington Avenue corridor. A short bus ride away is the 2, 4, 5, B and D trains, which make fewer than two stops before entering Manhattan. And if residents wanted to reach jobs in upstate New York and Connecticut, Metro-North commuter trains stop at the Melrose station, half a mile away. In 45 minutes residents can access most of Manhattan, the Bronx and western Queens.

Financing and Developing 1085 Washington

Enterprise Community Loan Fund, Enterprise’s community-development financial institution (CDFI) subsidiary, recognized Bronx Pro’s vision for the corridor and loaned them $3.4 million to cover acquisition costs for 1085 Washington. Bronx Pro and Enterprise weren’t the only ones who saw the land’s potential: although the land was valued at $2.9 million, the previous owners charged a $500,000 premium.

Enterprise leveraged its tax credit know-how and relationship with HPD and the New York City Housing Development Corporation (HDC) to address financing challenges and bring the project to fruition. Through the tax credit syndication team, Enterprise secured $9.5 million in Housing Credit equity to help fund construction of the project. HDC financed construction through a $13.6 million construction loan, in addition to providing $5.7 million in permanent financing and $4.95 million in subsidy; HPD brought $4.97 million to the table through its Mixed Income Rental Program. With a $13.7 million credit enhancement from Banco Popular added to the mix, Bronx Pro had enough capital to realize the project.

Energy Star-rated appliances, energy-efficient lights, solar thermal panels that preheat water and a roof made of recycled content: the list of green amenities goes on and on. Bronx Pro and Enterprise invested in green features for 1085 Washington because the team had a long-term vision for community building in Morrisania. They knew the affordable housing would have to remain affordable for years to come. After all, a tight-knit neighborhood doesn’t arise overnight, and what would happen if a new network of residents couldn’t afford to live in their building after 10 years? The green features Enterprise and Bronx Pro chose to implement ensured operations costs for the building would remain low even as the building ages— solar heating reduces money spent on fuel for the boiler, for example— which translates into lower costs and more affordable rents. Implemented features adhere to Enterprise Green Communities and NYSERDA’s Multifamily Performance Program standards.

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Although the Bronx Pro and Enterprise’s track records assured the quality of the building’s “hardware,” no one knew what role the building’s “software”—its programming and community—would play in developing the Washington Avenue corridor.

When low-income families are rent-burdened, they spend less of their income on basic needs like food and healthcare. If residents spent 50 percent of the median income in Morrisania ($22,989) on housing, that would leave them with a little over $11,000—not even enough to cover annual childcare costs for a single child in the New York metro area⁹, let alone food, clothes and healthcare. 1085 Washington addresses that need by providing these families with housing security, allowing them to spend their already-limited incomes on other essentials. Recognizing the burgeoning number of families facing homelessness, Bronx Pro also decided to participate in an HPD program which reserves 20 percent of the apartments for formerly homeless families. Since the city provides Section 8 vouchers to subsidize these families’ rents, families earning as little as 16 percent of Area Median Income (AMI) can afford the apartments.

Bronx Pro was addressing a current need. But, without a chance to go to college and build a brighter future, statistics indicate that the children of 1085 Washington are likely to face a future of low income that makes safe and secure housing beyond reach.¹⁰

That’s where the project’s emphasis on community development came in. A strong alliance of neighbors could leverage each other’s assets to fight for their children’s future. Moreover, a decent-sized population of residents with some disposable income could eventually support the presence of small businesses in the district, bringing with them job opportunities and places for residents to socialize and network.

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It is difficult to quantify the total effect an unstable home has on the families and children of Morrisania, though statistics show children who have moved eight or more times to be significantly more prone to suspension, expulsion, low school performance and repeating grades.\textsuperscript{11} Children build up support systems when they live somewhere long enough, but last year 40,000 children spent time living in a New York City shelter.\textsuperscript{12} That’s why all 90 units of 1085 Washington house low-income families who no longer have to worry about losing their homes to rising rents.

DreamYard: A Perfect Match

Around the same time, another organization was eyeing opportunities for development in Morrisania. DreamYard, a Bronx-based nonprofit that engages area youth in education through arts programming, was already blossoming through its partnerships with public schools, now numbering 42 in total. Struck by the neighborhood’s theater warehouses, the group envisioned creating an arts center there. Large theater companies stored their sets and materials in warehouses next to the Bruckner expressway because of the quick drive into Manhattan. Tim Lord and Jason Duchin, Co-directors of DreamYard had a hunch: maybe through a jobs pipeline, these companies would hire young artists from the same neighborhood.

When Bronx Pro and DreamYard crossed paths, 1085’s most impressive feature came into being: the DreamYard Art Center. The commercial space stretches across the first floor and basement, perfect rehearsal and performance space for DreamYard’s student artists and poets. To make the space more inviting, Bronx Pro installed skylights that brighten the entire basement.

During the first few weeks after the Art Center opened its doors, the lack of community interest mystified the Bronx Pro and DreamYard teams. The skylights engulfed the Art Center in light. The bright and open basement also houses a library, theater, classrooms and a recording studio. In the first-floor Digital Learning Center, rather than mount desktop computers as in more traditional facilities, DreamYard installed Wi-Fi and lends laptops to visitors. Yet visitors to the new facility remained few and far between, and the development team worried the Art Center might not become the community-building anchor they intended it to be.

They began to unravel the mystery. When one older woman eventually strolled into the facility, the DreamYard staff asked her why so few people wanted to come to the Art Center. She soon confessed that she herself had maintained reservations. Having seen community facilities near and dear to her disappear in the 1970s, she didn’t want her heart to be broken again.


In response to the woman’s fears, DreamYard reached out to the community and made it clear that they were in it for the long haul. Parents in the building wanted programs for their young children, so DreamYard expanded its programs to a new age group, intending to work with the kids until they leave for college. DreamYard began to put on community events like cookouts that attracted huge numbers of people. For the organization’s annual movie night, which about 300 community members attended last fall, Bronx Pro even took it upon itself to free up space in the parking lot by moving their vehicles.

The community growth sparked by the Art Center has complemented years of existing investment in the neighborhood. Since the inception of the Housing Credit, developers have built over 4,000 units of affordable housing in the 10456 zip code. Meanwhile, other City projects are transforming the neighborhood’s fabric. In addition to the catalytic rezoning, the City constructed a new courthouse complex on nearby 161st Street accompanied by a new public plaza, streetscape improvements, and office space.

As neighborhood residents started to frequent the Art Center more and more, foot traffic on Washington Avenue increased. The neighborhood, dormant for decades without a suitable community space, showed signs of life. DreamYard helped its students to design an art installation for a lot adjacent to the 1085 building: now bright blue medallions with images of Bronx street scenes face cars and passersby on Washington Avenue, often piquing their curiosity enough to stop and see the artwork. The new activity showed promising early returns on the vision Bronx Pro and Enterprise set out to implement: affordable housing in a neighborhood connected to opportunity.

Moving from Project to Corridor: 1070 Washington

Even before 1085 and DreamYard set up shop, many of the physical amenities were already present. Besides strong transit connections, Washington Avenue residents could access the 579-bed Bronx-Lebanon Hospital, the Martin Luther King Jr. Health Center, a full-service C-Town Supermarket and Crotona Park (the Bronx’s largest) all within a mile’s radius. But now the social capital requisite to opportunity is growing.

Residents no longer feel isolated in a disconnected, empty street. Parents often meet each other and socialize while their kids attend DreamYard’s programs. For the youth themselves, DreamYard illuminates a path to higher educational attainment and a brighter future through its long-term

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13 Ibid 3.
14 Ibid 2.
commitments. While the arts won’t appeal to all students, DreamYard sees its programming as a gateway to academic interests across the spectrum. For example, students learn the basics of HTML coding for websites through graphic design classes in the Digital Learning Center and envision themselves finding employment that would otherwise have felt out of their reach.

While it has grown exponentially since 1085 opened its doors, the Washington Avenue community is still in its infancy. Enterprise and Bronx Pro have continued to invest in the corridor. Across the street from 1085, 1070 Washington is now under construction.

Boasting green amenities on par with 1085, the new 1070 Washington building will further stabilize the neighborhood: its 49 apartments are all housing low-income families displaced by the borough’s high rent burden. Through an innovative partnership with NYCHA, 1070 received $4.7 million Replacement Housing Factor construction funding to pay for 21 of the apartments.

In addition, the building addresses the borough’s high percentage of mentally disabled residents living in poverty—3.6 percent of all Bronx residents compared to 2.0 percent in Manhattan. When unable to find adequate care, these residents often end up on the street and contribute to the area’s reputation for transience. Lacking support from peers and professionals and the resources to find them, those living in poverty with mental health care needs often struggle to make ends meet. Now a contract with the Department of Health and Mental Hygiene will help cover costs for 10 mentally ill households in 1070 Washington earning 40 percent AMI or less.

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15 American Community Survey 2007-2011 Table B18033 for Bronx and Manhattan counties.
With multiple funding sources, the 1070 Washington project required financial expertise to bring it to fruition. Recognizing the importance of the project and continued investment in the area, Enterprise raised $12.5 million in Housing Credit equity sourced by JP Morgan Chase. In addition, Bronx Pro received close to $4 million in loans through HPD, the HOME Investment Partnership Program and Neighborhood Stabilization Program.

Washington Avenue: A Thriving Cultural Hub

As 1070 nears completion, Bronx Pro and Enterprise have initiated plans and discussions for a third project in the corridor, 3361 Third Avenue, a supportive housing development that will be home to 63 families.

While the gains in community are already becoming visible, Bronx Pro and Enterprise expect more dramatic returns—social and capital— with continued investment. The Bronx Pro staff believes that development in the area thus far has only realized a small portion of the Morrisania rezoning’s potential. When the two new buildings, 1070 Washington and 3361 Third Avenue, add to the corridor’s foot traffic, larger community facilities and retail may sprout. A re-imagined Washington Avenue, full of retail and small businesses, would bring long-absent economic opportunities to a community in need of job opportunities. Moreover, a healthy surrounding neighborhood ensures the long-term financial security of Bronx Pro’s investment.
The DreamYard Art Center has used creativity as the foundation for a strong community and for educational attainment among youth. Enterprise’s investments aim at creating communities of opportunity through housing, and, in Morrisania, art has served as a stepping stone to that goal.

Through a pilot program, Bronx Pro hopes to fill microunits within 3361 Third Avenue with DreamYard alumni who’ve just graduated from college. Finding ways to retain talent will prove pivotal in building a cohesive community of opportunity in Morrisania. As local youth apply the skills they gained at the Art Center towards higher education and career pursuits, they have potential to contribute tremendous assets to the neighborhood. Attractive housing opportunities might tip the scale for young professionals looking for a place to call home in a thriving neighborhood. Suddenly, a supportive community where successful role models empower young people to follow in their footsteps doesn’t appear so distant.

Samantha Magistro, vice president of development for Bronx Pro, is hesitant to declare victory in Morrisania just yet. “We know the people who own the properties see the opportunities,” she said, in reference to property owners of leftover vacant lots and underutilized structures awaiting a tipping point in the neighborhood’s rebirth to develop their sites. “The question is when and how.”

By addressing the fundamental causes of weak community ties in Morrisania— rent burden, homelessness, a lack of gathering spaces and a failure to create a viable pipeline to employment— 1070 and 1085 Washington are revitalizing the neighborhood. In Morrisania, Bronx Pro, DreamYard, Enterprise and our financial and government partners pushed their mandate to create affordable housing one step further. Instead of just building affordable homes, we are creating a neighborhood of opportunity on Washington Avenue, one where residents can work towards a better future for their neighbors, their families and themselves.

Kingsley: A Renaissance Man
As a young man or woman growing up in Morrisania, the statistics are against you. Children of families in the bottom fifth on the income spectrum have a less than 10% chance of making it into the top fifth in the New York metro area,\textsuperscript{16} and a Morrisania family earning the neighborhood $5\textsuperscript{17} median income falls in that bottom fifth. Education statistics appear equally grim, with just above 50% of Bronx high school students graduating on time.\textsuperscript{18} But given the right set of circumstances, a driven student can beat the odds.

When Kinglsey’s family moved from Nigeria to America in 2006, he was only nine years old. New to the country and culture, he had a hard time adjusting to his new school. Meanwhile, his family’s housing situation didn’t make things any easier— their first apartment in the Bronx suffered from severe heating problems, and winters there were freezing.

“This building is like a hotel,” Kingsley proclaimed to me as we spoke in 1085’s sunlit Art Center. His family— himself, two brothers, two sisters, and his parents— enjoys the cookouts on the balcony every summer and doesn’t worry any more about staying warm in the colder months. But happy as he is to have a safe, beautiful building to call home, it’s really the new community in 1085 and at the Art Center, where Kingsley is enrolled that excites him.

Kinglsey called his fellow DreamYard students and the staff his second family. “All of them are my people,” he added, and the Art Center is “a space you want to be in.” Before coming to DreamYard he considered himself shy; now an avid poet and theater aficionado, he’s no longer afraid to speak up for

\textsuperscript{16} Ibid 10.

\textsuperscript{17} Ibid 3.

himself. After hearing Kingsley's rave reviews, his younger brother has started attending a visual arts program at the Center.

Kingsley has set his sights on a future as an engineer, although he hasn't decided yet whether he prefers cars or computers. As the staff at DreamYard prepare him for college, his new home provides him a bit of respite at the end of each day so he can reflect on the past few years' whirlwind transitions and set his mind on his goals. Opportunity is a community affair at 1085, and from his next-door neighbors to the staff at Bronx Pro, Washington Avenue is rooting for Kingsley.