

South Bronx enjoying its moment in the spotlight

BY DAVID R. SIMONE, BROKER,
AND PAOLA Y. LIMA, ASSISTANT,
MASSEY KNAKAL REALTY SERVICES

Once synonymous with urban blight, the South Bronx is enjoying its much deserved comeback. Early last year, real estate contributor for Good Morning America, Barbara Corcoran, placed the South Bronx second in the "Five Hot Real Estate Markets."

"(It's) the last housing frontier close to Manhattan ... money is flowing in and developers are really starting to place their bets," Corcoran said. The Bronx is also New York City's second fastest growing borough behind Staten Island.

Due to the unseemly urban decay of the 1970's, the South Bronx suffered a population loss of 57%; over the past decade, however, has shown a significant increase in residents. Many factories have been rezoned to allow for residential units, and numerous amounts of two- and three-family homes are being erected in neighborhoods like Morrisania and Highbridge.

Many long-time South Bronx residents fear the new developments will increase rents and drive them out — understandable, but illegitimate. The three- and four-family homes being developed are by private builders. Most of these newly built homes are sold to Bronx residents who see value in owning a home and also receiving rental income from the units they don't occupy. The larger apartment buildings being developed in the South Bronx with the help of government financing.

Dunn Development Corp. builds affordable and supportive housing and is actively building in the South Bronx. The firm currently has three new apartment buildings under construction in the Bronx totaling 158 units, in addition to the 120 units in two new buildings completed in recent years. Their buildings are geared toward low-income working families and people with special needs, many of them homeless.

The company's principal, Martin Dunn, utilizes various financing sources, including federal, state and city programs, equity generated by low-income tax credits and commercial banks.

The firm has also incorporated "green" building into projects; a 54-unit building at 1212 University Avenue in the Highbridge section was the first mid- or high-rise apartment building in the United States to earn the federal government's Energy Star label.

Peter Bourbeau is building a 32-unit middle income apartment building on the corner of East 165th Street and Reverend James A. Polite Avenue in the Morrisania section of the South Bronx.

With the help of government financing it is possible to build a middle income rental building in a neighborhood that was once known for drugs and guns. If you walk one block north of Mr. Bourbeau's development, you will see seven new two- and three-family homes built by private developers.

The \$500 million, one-million square foot Gateway Center by Related Properties at the Bronx Terminal Market (one of the largest private sector investments ever in the Bronx) will redevelop a portion of the current Bronx Terminal Market site along with the Bronx House of Detention. It will provide known retail stores (Target, BJ's, Home Depot, Best Buy and Bed Bath & Beyond are a few of the proposed tenants) with an attractive, environmentally-friendly design that will beautify the area, restore public access to the Harlem River waterfront and replenish the neighborhood with clean, well-lit sidewalks. This powerful magnet will encourage other businesses to invest in the Bronx.

The Gateway Center at the Bronx Terminal Market will be situated in the heart of an area the Bloomberg Administration is committed to revitalizing with new jobs and new amenities.

To the east of the project, Related is building The Hub Retail and Office Center, a \$56.7 million mixed-use complex that will create about 230 construction jobs and 224 new permanent jobs. To the north, a new Yankee Stadium will bring with it nearly 1,000 construction jobs, a new waterfront park and esplanade along the Harlem River.

Also in Hunts Point, the Bloomberg Administration has worked closely with community leaders to create the Hunts Point Vision Plan, a comprehensive initiative designed to promote a sustainable and working community.

Green spaces are being built to help enliven the South Bronx as well. Mayor Bloomberg recently announced four projects consisting of \$30 million that include a waterfront park, game tables and gardens.

In 2004, the South Bronx vacant lot market was not nearly as strong as it is today. Prices for small to mid-sized lots were selling for \$15 to \$20 per buildable foot. The following year prices increased to \$25 to \$30 per buildable foot. Currently, vacant lots are trading for over \$30 per buildable foot with several sales exceeding \$40.

Land owners in the South Bronx have seen dramatic increases in prices the past few years. The massive amount of new construction in the South Bronx is a prime indicator of property owners' bright futures. ■