

CONTRIBUTOR

The Hard Work of Preserving Affordable Housing

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In its critique of our company, New York Communities for Change (NYCC), falsely claims that affordable housing developers have paved the way for gentrification. While we are accustomed to NYCC's brand of revisionist history and half-truths, in light of the affordability crisis that we face, attempts to publicly embarrass leaders in our industry are particularly perplexing. At a time when it's routine for housing lotteries to get more than 50,000 applicants for 100 available apartments, it's difficult to understand how those who've built and preserved thousands of affordable units are being labeled as part of the problem.

In its blog post, NYCC—formerly known as ACORN—and its affiliate, Real Affordability for All (RAFA), criticize a number of our developments in Harlem, including a 1,800-unit rental complex called Savoy Park. For more than two years, these political organizations—which [purport](#) to represent numerous non-profits and housing-related groups—have consistently failed to put forth a viable policy proposal. However, this has not stopped them from attacking housing professionals and experts while claiming that the city's plan to build more affordable housing will exacerbate gentrification and lead to displacement.

NYCC's portrayal of the Savoy is rife with inaccuracies and innuendo. In 2012, the Savoy was acquired by the NYAH Preservation Fund, a private equity fund formed by Citi Community Capital and my company, L+M Development Partners, to protect and preserve properties at risk of becoming unaffordable to low and moderate income households—such as deregulated Mitchell-Lama housing and portfolios of distressed rent-stabilized buildings. The ownership of the Savoy was severely overleveraged and

facing foreclosure. Left with few options, housing advocates and local stakeholders braced for the loss of this large and important source of affordable housing for Harlem.

The beauty of the NYAH fund was that it leveraged private capital to enable the purchase of the Savoy, and ultimately, pulled the property out of physical and financial distress. We installed responsible management, forged a new affordability agreement with the city, and invested upwards of \$17 million in renovations to improve the quality of life for residents. The deal we brokered obligates future owners to abide by the affordability requirements we put in place and gives the city the ability to vet future owners to keep “bad actors” out. The fund was even praised by the Association for Neighborhood and Housing Development (ANHD)—an organization which is not known for lauding private sector developers—as having “established a track record of creative transactions” to create and preserve affordability and for spearheading “an alternative path to combat predatory private equity transactions, which continue to threaten the affordable housing stock of New York City.” To put it plainly, this is the opposite of gentrification.

That same year, the NYAH fund helped L+M acquire a large distressed Mitchell-Lama complex in the Rockaways, formerly known as Ocean Village, that was more than \$100 million in debt and had upwards of 350 vacant apartments. Despite the onset of Hurricane Sandy—which flooded the complex with more than five feet of seawater—we closed on this challenging and important property because if we hadn’t, nearly 1,100 affordable homes might have been lost and residents would have been left to live in substandard conditions. Either outcome would have been unacceptable to us as a company.

Today, Arverne View— as it was renamed by residents— provides a highly-stable community for low and moderate income families that is protected from the ups and downs of the real estate market. Our residents feel safer in their homes and have access to a newly expanded grocery store. Parents drop their children off at daycare and after-school programs that are conveniently located downstairs from where they live. Our nonprofit partner, CAMBA, provides educational services and job training, in

addition to basic legal assistance for our residents at its on-site office. We even worked with the city to open a Workforce1 Career Center at the property. Every resident of Arverne View lives in a newly renovated affordable apartment and will continue to do so, thanks to an extended regulatory agreement with the city.

Preservation transactions like the Savoy and Arverne View are incredibly complex and it takes tenacity and creativity to take on massive amounts of debt, rectify decades of mistakes by delinquent owners, and engage with government to reinstitute a regulatory regime. Over the years, we've preserved and renovated thousands of homes at risk of becoming unaffordable. We've accomplished this in line with our company's mission to operate with integrity and help improve the communities where we live, work and build.

As an employee-owned company made up of more than 400 people who care about neighborhoods and believe in the work that they do, we stand ready and willing to have a conversation about our city's housing policy and what can be done better.

Unfortunately, the personal attacks leveled against me, my family and the company that we've built over the past 32 years make it difficult to imagine if such a conversation is still possible. What we can all agree on is that building affordable housing is not easy work: there are never enough resources to go around and it's impossible to satisfy everyone's definition of what is "affordable" all of the time. Although we are a for-profit developer, our deep roots in affordable housing keep us grounded and our steadfast belief that social and economic value can go hand-in-hand is evident in every project that we build.