When Derrick Lovett became chief of MBD-Community Housing Corporation in 2010, he took stock of the properties maintained by the nonprofit, which formed in 1974 as the Mid-Bronx Desperadoes. The organization, so-named for its “desperate” activism in the face of widespread blight in the Bronx of the 1970s, acquired or renovated thousands of units in some of the neighborhoods hardest hit by the arson and disinvestment of that era.

Three decades later, much of that portfolio was aging. “They were managing it themselves and they weren’t doing a very good job of it, unfortunately,” Lovett said. With the relative inexperience of some developers and the rush to rebuild depleted neighborhoods, some projects were undertaken with costs greater than the income. Other times, contractors used cheap materials—such as sheetrock in bathrooms that sprouted mold—that cost more money in the long run to replace. “Sometimes the no-for-profit might have gotten a bad name because, look at this product that you own,” he said. “But I think a lot of people at the time were green when this was happening.”

Lovett, who had more than two decades of experience at Citibank and other financial institutions underwriting construction loans and bond financing, partnered with a property management firm and reimagined MBD as a development company. It recently completed the first portion of a large redevelopment in the West Farms neighborhood.

Today, MBD and other existing community development corporations—nonprofits which provide services such as economic and property development within a specific neighborhood—are responding not to the state of emergency epitomized by the disinvestment and arson of the 1970s, but to private-sector competition, rising land prices and a lack of developable space. While the Bronx still has some of the city’s poorest pockets, many of the formerly scarred neighborhoods have new or renovated buildings, and nonprofit developers have responded by emphasizing social services, collaborating with other groups and seeking creative sources to acquire land.

Decades ago, when these groups were getting started, the challenges were much more pressing. With white flight, the fissures left as several highways were built through neighborhoods and a host of other political, social and economic issues, some landlords were more willing to let their properties burn and collect the insurance money than repair buildings that were losing their value. The resulting cycle of disinvestment decimated neighborhoods, which groups like Nos Quedamos and Banana Kelly later tried to reclaim, “building by building.”

“We are desperate, so let’s call ourselves the desperadoes,” suggested a housing manager at the newly created Mid Bronx Desperadoes, according to “House by House, Block by Block,” by Alexander von Hoffman. Much of the rehabilitation of the borough began in the 1980s under Mayor Ed Koch, whose administration pumped billions of state and city dollars into the South Bronx and other devastated neighborhoods.

“The deal was, ‘We’ll give you these buildings for a dollar, we’ll give you the money for the rehab or the new construction, as the case may be, and in return, you’ve got to own these buildings and keep them affordable in perpetuity,’” said Nancy Biberman, the founder and president of WHEDco, a Bronx-based nonprofit that has developed housing as well as commercial and education programs. After rehabilitating 23 abandoned buildings in High Bridge for Catholic Charities in the 1980s, Biberman observed there was a vacuum of civil, retail and recreational destinations amid the torched buildings. “Housing alone, not only isn’t enough, it’s worse,” she said. “You’re giving people shelter, but what to do? The streets aren’t safe, there’s no place to shop, no place for their kids to play. To me, at least, it was a frightening realization.”

At its inception, WHEDco emphasized services tied to its community. Since it launched in 1992, it has polled residents about their needs and embraced an environmental sustainability and nonresidential services like medical services, education and produce carts. When it converted the abandoned Morrisania Hospital to the rechristened Urban Horizons in 1997, it combined 132 units with a child-care center, a 4,000 square-foot commercial kitchen and a health care center. Its newest project, Bronx Commons in Melrose, is scheduled for a groundbreaking this month and—taking a cue from the area’s music history—will have theater space, a music heritage center and units for senior artists.

The Fordham Bedford Housing Corporation, which is involved with 110 buildings and 3,500 apartments, was born from a community meeting of Northwest Bronx residents in 1995. Director John Reilly said it was maintaining its portfolio, but slowly expanding when some opportunities presented themselves.

It recently bought land from the Ursuline Sisters and is building 195 units of senior housing called Serviam Heights, adjacent to developments it completed in 2009 and 2010. He said it was a “win-win” as the sisters no longer occupied the convent, which were pleased to offer the site for affordable senior housing.

“We all have to look for those kind of opportunities where institutions can work together to prepare for the future and meet new needs,” he said.

Stephanie Sosa, a senior associate for housing development policy at the Association for Neighborhood and Housing Development, said that nonprofit builders have increased their sophistication when navigating the financing tools offered by the city, state and, in some cases, the federal government. “I think that CDCs have been doing a really good job in maturing and developing teams that are able to work with the market now and be creative and use whatever resources that are available to them,” she said.

Adam Weinstein, president and CEO of the nonprofit Phipps Houses, said new construction picked up after the mid-2000s, when the supply of vacant city-owned buildings that could be renovated fell. He said work had already begun for development to begin on run, leaving nonprofits to find other solutions. “They were victims of their own success in some regards,” he said.

Across the board, much of nonprofit activity changed from an emphasis on new construction using tax-exempt bonds, which favor builders with more assets to buy land or assure lenders. That followed a trend of private backers taking a larger role in neighborhood development projects. In the late 1980s, all of the costs for Phipps’s rehabilitation were borne by the city’s capital budget. Now, as little as 25 percent of construction costs come from the city, he said.

Phipps, an older organization, moved to the Bronx by developing settlement programs in the 1970s and larger rehabilitation projects over the following decade. To attract and keep tenants, he said that the group has provided amenities like concierges, community space and ground-floor retail at almost all of its buildings.

Sosa agreed that community development corporations can be seen as less competitive than private builders, regardless of their track records of renovations and construction. “It’s just very difficult for CDCs when they just don’t have the same financing structure and equity as private developers, so they have to get more creative,” she said, adding that the city should give them more credit for the work they’ve done.

One common advantage they might seek may be the sustainable energy elements that have been adapted to the board. Phipps recently won a bid with Trinity Financial to build a fully affordable building at the side of the former P.S. 31 that is planned to be the largest passive-housing project in North America, featuring a school and other facilities. Phipps’s Via Verde, completed in 2012, used solar panels, a green roof, tools to harvest rainwater and other design elements to reduce energy consumption.

“That’s a question that a lot of us
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Phipps House's Via Verde, completed in 2012, has solar panels, a green roof, tools to harvest rainwater and other design elements to reduce energy. (Grimshaw Architects)

VENDEX REFORMS IN THE WORKS

By DAN ROSENBLUM

The city is backing efforts to reform the decades-old system that maintains information on billions of dollars of contracts. During a Nov. 7 hearing by the City Council's Committee on Contracts, Michael Owh, director of the Mayor's Office of Contract Services, said that with a little fine tuning, the administration could greatly reduce the burden of managing contracts and streamline the Vendor Information Exchange known as VENDEX.

While the system provides vital information about conflicts of interest and vendor performance, advocates have long complained about duplicative paperwork requests, lengthy processing times, and information getting lost and heavy administrative burdens. On the city side, entering the data into the computer system is labor intensive.

One bill, sponsored by Councilwoman Helen Rosenthal who chairs the Contracts Committee, would increase the yearly contract amount required to fill the VENDEX questionnaire from $100,000 to $250,000. "This change would be most beneficial to smaller organizations, particularly nonprofit organizations and MWBEs who are often greatly burdened by VENDEX requirements," she said.

Owh, who along with MOCs would have a key role in working with the City Council and advocates to implement the changes if passed, said the increased threshold was overdue.

There are about 40,000 to 60,000 transactions processed in a typical year, Owh said. In the 2015 fiscal year, about 30 were found to be "non-responsive," meaning the organization was considered to be unable to fulfill the contract or lack business integrity. Some of those determinations were "most likely" based on sources outside VENDEX, that might include Google, LexisNexis, Dun & Bradstreet and others.

"The current statute is outdated and this new threshold would capture more than 99 percent of the dollars currently covered under the requirement while streamlining the process for many vendors," Owh said.

Two other bills would require VENDEX to accept electronic responses; and allow the public to access the information online as opposed to having to physically visit the Public Access Center near City Hall. Sets of questionnaires include information about a contractor's legal structure, past performance and financial viability; the principal questionnaire asks detailed information about the offices at the head of the organization.

Owh asked for tweaks to the bill to ensure protections for some of the most sensitive information collected, which can include Social Security numbers, home addresses and salaries.

The amount of paperwork is staggering: nonprofits may have to answer hundreds of questions per submission. MOCs received 12,661 packages in the year that began in July 2015; Since July 1, it has gotten more than 4,500, Owh said.

He also said MOCS would be open to discussing options for streamlining the questionnaire to exclude redundant information collected in the IRS Form 990 other governmental forms, as well as those other databases.

"If you feel a force to come down," Rosenthal said, "It wasn't immediately clear how long it would take to implement the changes, if passed.

The Human Services Council, which has lobbied for similar reforms, also supported the legislation.

"We're really in favor of anything that digitizes or automates things because from the nonprofit perspective, it just cuts out so much extra work, anxiety, stress and also risk of error," said HSC Senior Policy Analyst Tracie Robinson.

In some smaller organizations, she said, program staffers may be involved in addressing clients as well as fundraising, drafting business proposals and completing compliance forms such as those for VENDEX. "For us, these changes will have a real impact on communities because it will free up time and resources, particularly among smaller organizations, so people can spend time doing what the city pays them to do, which is deliver services," Robinson said.