

Developing Affordable Housing

An Interview with Tobias Oriwol,
Project Developer, Monadnock Development

EDITORS' NOTE Tobias Oriwol has held his current post since October 2014. Prior to this, he was Assistant Project Developer at Monadnock Construction Inc. He has also been an Olympic Swimmer for Canada in the 2008 and 2012 Olympic Games. Oriwol received his M.U.P. in Urban Planning from Harvard Graduate School of Design and his B.A. in Urban Studies from Stanford University.



Tobias Oriwol

COMPANY BRIEF *Monadnock Development (monadnockdevelopment.com) is a leader in the creation of affordable and market-rate housing in New York. They serve a wide variety of New Yorkers by taking on complex projects that improve their neighborhoods, and specialize in sustainable low-income housing, middle-income rentals and home-ownership, and market-rate rentals and condominiums. Combining development, construction, financial, and architectural expertise, their team has created thousands of units across the city including New York's first micro-unit building Carmel Place, entire new neighborhoods in Nebemiah Spring Creek, and New York's largest middle-income development in decades in Hunter's Point South.*

Would you give an overview of the company's business?

We're an affordable housing developer primarily – that is our area of expertise. We also do market-rate condo and rental development.

We do tax credits and bond deals with the city, and we work very closely with the Department of Housing Preservation and Development and the Housing Development Corporation.

We started a very successful string of rehabs five or six years ago in the Bronx and while we have one historic rehabilitation in construction right now, we mostly develop new construction. Our current developments range from 100 to 200 units and are located in the Bronx, Manhattan, Brooklyn, and Queens. Some of these individual buildings or phases are part of 1,000 unit-plus, multi-phase developments.

We have built a great relationship with the city agencies and affordable housing lenders so we're in a good place.

How did your Carmel Place project come about?

Carmel Place was a Request for Proposal that came out in 2012 and it grew out of a body of research that the Citizens Housing Planning Council gathered. They are a nonprofit research organization that tries to improve the housing policy in New York.

The Bloomberg Administration decided they wanted to focus on one particular aspect of that body of research, which is minimum unit size and density.

They decided to relax the zoning laws for minimum unit size and density and asked developers to submit proposals.

We were awarded the project in January 2013. Since then, it has been a typical process for us. This is the first modular job we have done from our development side. It takes some getting used to, but it has been otherwise normal construction and our financing process was not out of the ordinary.

We had to undergo a Uniform Land Use Review process for the rezoning, which includes a community board review, city council review, and city planning review.

Besides the novelty and size of the units, we're very familiar with the development process.

What are the benefits of modular?

Our system has a height limit because of structural limitations, above which it becomes financially impractical to build. It's better when there is a lot of repetition, so it's not for custom units or different unit types. The luxury buildings today are all poured concrete, but our modular system has a lot of steel in it.

It's not cheaper or more expensive – it's whatever a builder chooses in terms of materials. It's not a hard cost savings but a time savings.

Almost all of the new development in the city is luxury. How concerned are you that we're not addressing the affordable housing need?

More has to be done because the need is so great in this city, but we're doing a lot. The mayor's plan to build more is well intentioned, but it's hard to foresee market conditions and looking at the plan right now, I don't know if it goes far enough. Construction costs have gone crazy since he took office, so pumping in extra subsidy is getting eaten up by higher construction costs; part of those construction costs are because everyone is developing luxury buildings, and contractors and subcontractors have a lot of work to choose from.

In Manhattan, there isn't a lot of affordable housing being built. Our company is building in Flushing, East New York, and the South Bronx where land is cheaper, and we're not making many acquisitions. We're partnering with people who own land or have buildings already. What a lot of other developers are doing is refinancing and repositioning older buildings or portfolios of buildings and getting rentals up, and using Section 8 to get cash flow going.

How important is it to have the full capabilities when you're doing these projects?

Affordable housing is more of a math problem. It's gathering together eight to 10 different sources, getting the different lenders to cooperate, and all while the output of rents is fixed. We can't do anything to increase rent because the rents are set by HUD. There is a lot that can be saved if we have a knowledgeable contractor who is on the owner's side and who can come in very early to work with the architect, and look at the construction perspective and design. With market-rate housing, there are more intangible things that go into selling well or renting well. The marketing, trends, and what people expect these days are not things we deal with so much in affordable housing.

New York City has a lot of well-known real estate companies. Your company has done many projects and is very engaged, but might not be as well known. Is there appropriate brand awareness for the company given the impact it has had?

Our brand and reputation are very important to us. We under-promise and over-deliver, and we stick to our guns. This is important when working with the city and with getting more work from the city because they don't want to work with people who are not giving them what they are looking for. People go crazy with RFPs submissions. As design progresses and construction numbers come out, things can change, and the city has the community to answer to, so it can get messy if a developer is not upfront with or underestimates costs during the RFP phase or when seeking subsidy.

This means our reputation is important because the city knows they can trust our word and that if something goes wrong, we will try to make it right.

The branding is important and we want to maintain our reputation. Carmel Place is a high-profile project we're working on. Many people are fascinated by modular, and we are hoping to use this opportunity to gain exposure. ●