



## **HPD, WFHA and CPC celebrate ribbon cutting of 1520 Sedgwick Ave., Bronx; Known as "the birthplace of Hip Hop"**

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NYC Dept. of Housing Preservation and Development (HPD) commissioner RuthAnne Visnauskas, Workforce Housing Advisors (WFHA) principal John Crotty, DJ Kool Herc and Cindy Campbell, Bronx borough president Ruben Diaz Jr., Community Preservation Corp. president and CEO Rafael Cestero, Morgan Stanley Global Sustainable Finance executive director Roy Swan, Urban Homesteading Assistance Board (UHAB) executive director Andrew Reicher joined the tenants of 1520 Sedgwick Ave. in the Morris Heights neighborhood to celebrate their return to the once blighted property. The city helped finance the sale of the mortgage and the rehabilitation of the formerly at-risk property, known as "the birthplace of Hip Hop," where in August 1973 DJ Kool Herc and his sister Cindy Campbell began hosting back to school parties in the building's recreation room. Winn Residential and Workforce Housing Advisors purchased the mortgage note from the previous owners and with funding from the city and a \$3 million commitment from speaker Quinn and the city council, put a financing plan in place that allowed them to completely rehabilitate the property, place it in good financial standing, and keep the rents affordable for current and future tenants.

Forty years ago, in August of 1973, DJ Kool Herc and his sister Cindy Campbell organized a back to school party in the recreation room at 1520 Sedgwick Ave., the first of many Hip Hop parties the building would go on to host. As Herc ushered in a new genre of music and Hip Hop blossomed into a worldwide culture, 1520 Sedgwick fell on tough times and eventually succumbed to a cycle of speculative ownership that allowed the building to slide into a state of financial and physical distress. Herc was an early advocate for 1520 Sedgwick and its tenants, taking up the cause and rallying support to save the birthplace of Hip Hop and keep it affordable for hardworking New Yorkers.

"Today we celebrate the fact that through a lot of hard work and determination we helped to bring 1520 Sedgwick back to life and returned it to its roots as good quality affordable housing. When this building was bought out of the Mitchell-Lama program there was vocal tenant opposition that was quickly and loudly carried by DJ Kool Herc, the city, advocates and elected officials, including senator Schumer, and congressman Serrano," said Visnauskas. "Unfortunately the new owner bled the property, collecting the rents while deferring critical maintenance needs. We put together a powerful team of concerned partners and thanks to this collaborative effort the legacy and the future of the birthplace of Hip Hop is once again secure."

"HDC is committed to preserving the City's Mitchell-Lama housing stock, which is both essential, irreplaceable affordable housing and a critical element in maintaining neighborhood stability. HDC's financing of the note purchase on 1520 Sedgwick fit right into that commitment and strategy," said NYC Housing Development Corporation President Marc Jahr. "It was a first for us and evidence of HDC's ability to work nimbly and prudently to support the efforts of a capable developer to recapture

a development that had been lost from public oversight and appeared to be sliding into great disrepair. 1520 Sedgwick is a great success story; we are enormously proud to be a part of that story."

"A new birth has just begun. Even though it was a struggle, we never gave up," said DJ Kool Herc and Cindy Campbell. "This is the home of Hip Hop and its home to a lot of people who were here in the good times and in the times when things got bad. Through it all we fought hard to make this a better place, and today we're seeing that work pay off. The tenants, Senator Schumer, the City and all of these people who stood up have helped to get us to this day."

"The story of hip hop is a distinctive New York story, it follows its birthplace would be as well," said Workforce Housing Associates principal John Crotty. "From the tenants who stood up for their rights, to UHAB who helped crystallize the message to make the tenants' voice heard, to the political leaders who led with energy and passion, to the agencies who created and executed the first of its kind program in the nation, to the builders who built with professionalism and care, and to the banks who lent with vision and flexibility each group is distinctly New York City. We are grateful and thankful to all for making this iconic New York City project occur."

1520 Sedgwick was rehabilitated under Mayor Michael R. Bloomberg's New Housing Marketplace Plan (NHMP), a multibillion dollar initiative to finance 165,000 units of affordable housing for half a million New Yorkers by the close of the 2014 fiscal year. To date, the NHMP has funded the creation or preservation of more than 156,397 units of affordable housing across the five boroughs. More than 49,167 units have been created or preserved in the Bronx. For every dollar invested by the City for affordable housing, the NHMP has leveraged \$3.43 in additional funding for a total investment of more than \$23 billion.

"Today's ribbon-cutting ceremony marks a big win for the tenants of 1520 Sedgwick, who can now return to their newly renovated home," said Senator Schumer. "1520 Sedgwick is an important piece of New York City's history and culture and that's part of why I fought so hard to preserve it. I am thrilled that because of our efforts, 1520 Sedgwick remains an affordable housing resource for the community and I applaud all those involved in fighting to save the birthplace of hip-hop."

"1520 Sedgwick is a special building because of its history and also because of its residents," said Congressman Jos  E. Serrano. "I am pleased that these renovations will move the building forward, and keep residents from experiencing discomfort in their homes. I look forward to seeing the renovated building and knowing that Bronx history has been preserved while affordable housing is maintained."

"I'm very pleased to honor 1520 Sedgwick Ave's monumental impact on our community. It is widely recognized as the birthplace of hip-hop, but those who know it know that it much more; it is a place where vision, inspiration, and professions were cultivated. This ribbon not only marks the reopening of this building, but also the growing influence our community has on the world stage. I applaud the NYC Department of Housing Preservation and Development, NYC Housing Development Corporation, and Workforce Housing Advisors for their hard work in preserving a piece of history," said Rangel.

"During the height of the housing bubble, we watched speculators try to take away affordable housing in New York City," said Quinn. "I am proud that \$3 million from the City Council has helped bring 1520 Sedgwick - the birthplace of Hip-Hop - back into affordability. I want to thank HPD, Workforce Housing Advisors, and UHAB. And I want to especially thank the tenants - their hard work and perseverance has made this building affordable again."

"The New York City Pension Systems and the Comptroller's Office are proud to have been part of this team effort to make sure that 1520 Sedgwick remains both a fine example of the endurance of affordable housing and a landmark of Hip Hop's birth," said New York City Comptroller John C. Liu. "This is an important housing preservation victory, and we are glad to have helped complete the financing, which will generate a market rate of return. Above all, we applaud and congratulate the tenants, whose passion and tireless effort made this dream a reality."

"I am glad to witness the rebirth of the 'birthplace of Hip-hop.' 1520 Sedgwick is a Hip-Hop landmark and a place that has made such an important contribution to music worldwide. This is a huge victory for Sedgwick residents, and one that serves as a model for preserving affordable housing in the Bronx and throughout New York City. Today has been a major milestone and a true testament that hard work and dedication truly pays off. I am glad that our community came together with elected officials and city agencies to make the rehabilitation of such an important piece of history happen," said Bronx Borough President Ruben Diaz Jr.

"1520 Sedgwick embodies CPC's mission to partner with government, responsible owners and community partners to stabilize a distressed property and provide financing that larger financial institutions are unable to," said Rafael E. Cestero, President and CEO, The Community Preservation Corporation. "Thank you to the residents for their perseverance in rehabilitating this building, our partners at Workforce Housing Advisors, NYS Homes and Community Renewal and the NYC Pension Funds, which helped support our loan. Special thanks to Mayor Bloomberg for his dedication to increase New York City's affordable housing stock through the New Housing Marketplace Plan, and to the staff at HPD and HDC who have worked tirelessly to implement this innovative plan."

"Today we celebrate an important victory against Predatory Equity," said Kerri White, Director of Organizing and Policy at the Urban Homesteading Assistance Board. "The tenants of 1520 Sedgwick began organizing to prevent a speculative real estate deal that threatened building conditions and the affordability of their homes. When that campaign was lost, the tenants refused to be harassed or to settle for neglectful maintenance, choosing rather to keep fighting for their community. We are grateful to supporters like Senator Schumer, Congressman Serrano, HPD, DJ Kool Herc, Workforce Housing Advisors and most importantly the residents of 1520 Sedgwick, for being an inspiration to all NYC tenants in the fight to preserve affordable housing."

"These renovations will play a critical role in helping to increase the quality of life for residents at 1520 Sedgwick," said Audrey Choi, Managing Director and Head of Global Sustainable Finance at Morgan Stanley. "We are pleased to have been able to help provide the financing to make them possible."

1520 Sedgwick is a 102-unit property that was purchased by a developer in 2008 who bought the building out of the Mitchell-Lama affordability program and planned to remove the residents and resell the property. Senator Schumer joined Herc and the tenants to try to block the owner's plan and preserve 1520 Sedgwick as an affordable housing resource for the community. With an overleveraged mortgage and the onset of the housing and financial crises gripping the nation, a resale became increasingly difficult. The owner ignored the mounting maintenance issues and escalating housing code violations, and left the tenants to fend for themselves as the physical conditions of the property steadily declined.

City officials, Senator Schumer, and Congressman Serrano, advocated on behalf of the tenants, and worked with WinnResidential and WHFA to negotiate the purchase of the outstanding mortgage

note from Sovereign Bank. The NYC Housing Development Corporation (HDC) approved a \$5.6 million loan that allowed WinnResidential and WHFA to purchase the mortgage note and take the property through the foreclosure process with the ultimate aim of taking title, rehabbing the building and keeping rents affordable.

With a lengthy foreclosure process completed, WinnResidential and WHFA were able to take title to the property in February 2012 and began the extensive rehabilitation work that included installing new elevator cabs, bathroom and kitchen upgrades, new flooring and painting in each unit, replacement and upgrading of building mechanics including a new heating and ventilation system, electrical upgrades, installation of a new roof, new building doors, window repairs, upgrading of the lobby and common spaces, extensive masonry work, and installation of a closed circuit security system.

The total cost of rehabilitation for 1520 Sedgwick was approximately \$16.8 million. Funding was provided by a loan from HPD for \$4.5 million from the third round of the federal Neighborhood Stabilization Program (NSP III), and \$1.6 million from the 421a fund. The Community Preservation Corporation (CPC) provided a \$6.8 million loan. The NYC Comptroller's office on behalf of the NYC Pension Funds, committed a \$6.8 million 30-year mortgage to take out CPC's construction loan. The fixed-rate mortgage is 100% insured by the State of New York Mortgage Agency (SONYMA). The City Council provided \$3 million in Reso A funding. More than \$880,000 was contributed in developer equity.

Existing tenants currently have rents that are affordable to households with incomes ranging between 60-70% Area Median Income (AMI) which is equivalent to \$49,800 and \$58,100 respectively for a family of four.

The Bronx of today is a far cry from the days of DJ Kool Herc's famous Hip Hop parties at 1520 Sedgwick, when in the 1970s and 80s the City experienced a vicious cycle of mass abandonment and urban flight that scarred communities and left neighborhoods severely blighted. Over the course of those years the City took ownership of more than 101,000 units of abandoned housing throughout the five boroughs via the in-rem tax foreclosure process. Starting with an ambitious effort initiated in the Koch Administration and carried through the Bloomberg Administration, the City has invested billions of dollars and repurposed that pipeline of in-rem housing stock to rebuild and revitalize the very neighborhoods they once blighted. In the Bronx alone, the Bloomberg Administration's New Housing Marketplace Plan has invested \$7.5 billion to finance the construction and preservation of 49,167 units of affordable housing.

Shown in the front row (from left) are: Geraldine Davis, Gloria Robinson and Mary Fountain (all 1520 Sedgwick Ave. Tenants Association). Shown in the back row (from left) are: John Murnane (Erin Construction), Jack Coogan (OCV Architects), Kevin Gallagher (WFHA), Andy Reicher (UHAB), John Crotty (WFHA), Mathew Wambua (former HPD commissioner), Ruben Diaz (Bronx BP), Roy Swan (Morgan Stanley), Rafael Cestero (CPC), DJ Kool Herc, Anthony Jordan (Cong Serrano's office), Cindy Campbell, RuthAnne Visnauskas (HPD Cmsr) and Vanessa Gibson (assemblymember).