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THE WALL STREET JOURNAL

WSJ.com

NY REAL ESTATE RESIDENTIAL | MAY 4, 2011

Smaller Buildings Plow Ahead

As Big Projects Stand Idle, More Modest Units Are on Track in Parts of Brooklyn

By JOSEPH DE AVILA



A new
wave of

Philip Montgomery for the Wall Street Journal

Construction is nearly complete on five townhomes on Stockton Street in the Bedford-Stuyvesant section of Brooklyn.

residential development is coming to the brownstone neighborhoods of Bedford-Stuyvesant and Clinton Hill.

Like projects in many sections of Brooklyn, numerous condo developments planned for Bedford-Stuyvesant and Clinton Hill got caught up in the financial crisis and were never finished. But while many of those plans remain in limbo, some smaller developments are on the horizon for the two neighborhoods.

"It's sort of like back to basics," said Ofer Cohen, president of TerraCRG, a real-estate service firm. "We don't want to go crazy."

Most of the active development plans for large buildings in the area are either rental buildings or are affordable-housing apartments that are eligible for city or state subsidies. Lenders remain skittish about funding large condo projects in Brooklyn.

The expiration of a popular city tax break for new construction has also made larger condo developments difficult to get built, driving some developers to smaller projects. "The tax burden is too great," said John Horowitz of Marcus & Millichap Real Estate Investment Services.

Townhomes, however, are less costly and easier to finance. "The primary appetite for land we are seeing is for townhome development," said Michael Amir Khanian, director of sales at Massey Knakal Realty Services.



Philip Montgomery for the Wall Street Journal

Work has stalled on a 12-story tower with more than 50 units on Greene Avenue. That has sparked complaints from some neighbors.

never filed for building permits.

One of the biggest unfinished sites in the area is 333 Greene Ave., a planned 12-story tower with more than 50 units. No work has been done there since 2009, according to the Department of Buildings.

The pace of the building's construction has angered several neighbors. "We have to learn to live with it, but I think it should be occupied. It shouldn't just sit there," said Daphne Tisdale, 49 years old, who lives in the neighborhood. Officials with project's developer, WT Construction Inc., couldn't be reached to comment.

Some larger developments did manage to weather the downturn and make it to market. At 315 Gates Ave., about half of its 72 condo units have sold since hitting the market in September 2010. "It was a game changer for this area," said David Behin, partner at Developers Group, which is marketing the site.

More affordable housing is also slated for the neighborhood. At 482 Franklin Ave., there are plans to build a 78-unit, middle-income apartment building using financing from the city's Housing Development Corp., according to the developer, Yosi Cohen of Realty Within Reach.

A contract has recently been signed for an 8,000-square-foot lot at 37-41 Lexington Ave. in Brooklyn, where the buyer intends to build four, three-family townhomes, said Mr. Cohen of TerraCRG, who marketed the property. The site previously was approved for a 24-unit condominium building, he said.

Another buyer has also signed a contract for an 11,000-square-foot plot of undeveloped land at 258-262 Greene Ave., Mr. Cohen said. The buyer intends to build five townhomes there.

Some townhomes are close to coming to market. At 101-107 Stockton St., construction is nearly complete on five homes.

While developers prepare for new projects, the area's housing market is still trying to bounce back from the financial downturn. The number of homes sold in 2010 fell to 72 in Bedford-Stuyvesant and to 112 in Clinton Hill from 291 and 309, respectively, in 2006, according to real-estate website Property Shark.

There are also more than a dozen stalled construction sites in the area, according to the city's Department of Buildings. That doesn't include stalled projects that

On Tuesday, nonprofit affordable-housing developer Dunn Development Corp. closed a deal on a lot in Clinton Hill where it has plans for a 59-unit rental building.

"Clinton Hill, when prices were high, was out of our reach," said Martin Dunn, president of the group. During the boom years, that land would have been a condo site, but can now work as an affordable housing development, he said.

While construction financing for large, market-rate condo projects is still tricky to obtain from worrisome lenders, financing for rental buildings has improved, said David Kramer of developer Hudson Cos.

Hudson Cos. is in the process of searching for lenders to finance a new 114-unit, 17-story rental apartment building at 135 Emerson Place. The company originally planned to build condos there, but couldn't get financing after the financial crisis hit, Mr. Kramer said.

"We've been waiting impatiently since June 2008," Mr. Kramer said. "We feel the markets have rebounded."

—Amber Benham contributed to this article.

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