

A SAVVY AFFORDABLE HOUSING BUILDER

Vincent Riso keeps Briarwood above the downturn

By DENIS SHEAHAN

It's almost out of a text book, but the writer is Vincent Riso, managing partner of the Briarwood Organization.

Riso has become so well-schooled in the business of building affordable housing that he has to be considered one of the leading developers in the Northeast.

Founded in 1912, Briarwood began as a modest builder of one- and two-family homes but was forced to adapt again and again in order to survive economic downturns of the 20th century. The Great Depression brought the housing market to a halt, but Briarwood managed to endure. When business suffered at the onset of World War II, Briarwood's founders applied their construction skills towards assembling aircraft for the war effort. During the post-war economic boom, Briarwood capitalized on open farmland in Queens and

quickly emerged as a prolific developer of one, two and three-family homes in the New York City area.

Over the past 25 years, Briarwood has focused its expertise and resources on making home ownership possible for New Yorkers unable to keep pace with city's skyrocketing housing prices. Committed to providing truly affordable housing, Briarwood began building low- and middle-income dwellings in economically depressed areas. At the time, many dismissed this type of development as a risky investment. But Briarwood continued to pursue this model, becoming one of the first to embrace city initiatives and collaborate with public agencies to turn around blighted neighborhoods. Through these joint efforts and a tireless devotion, Briarwood enabled ownership opportunities in the Upper West Side, Harlem, the Rockaways



Vincent Riso

and sections of Brooklyn, Queens and the Bronx long before they became examples of urban revitalization.

Now, one of Riso's biggest projects is Waters Edge at Arverne Condominiums in Far Rockaway,

Queens, a 130-unit condo development.

A ribbon-cutting ceremony was held late in May to highlight the beginning of construction of the second phase with 54 units.

The first phase of 76 units in 38 homes has already been completed. The second phase is scheduled to be completed in August 2010 with occupancy a few months later. The units will be built in 27 two-story attached and semi-attached homes between Rockaway Beach Boulevard, the Atlantic Ocean, Beach 59th St. and Beach 62nd St.

Construction and development in both phases cost \$47.5 million according to Briarwood. L. Riso & Sons Co., Briarwood's construction company, is the general contractor and JP Morgan Chase is the construction lender.

"We've ramped up our sales by executing an aggressive new marketing plan. This involves long-term commitments in Metro and the Daily News.

"We are incentivizing new buyers by offering seven months of free maintenance, a closing cost credit, and a flat-screen TV. This package, combined with the Obama Administration's tax credit, represents a \$12,000 value.

"We have saturated the Rockaways with new signage boasting these incentives. In addition, we've built a contact database to maintain contact with everyone who has expressed an interest in owning a subsidized condominium or buying at Waters Edge.

"We send e-mail blasts weekly to keep potential buyers up to date with our incentives and availabilities. We've also offered \$1000 cash to existing purchasers to bring us new contracts.

And yet, Riso rec-



FROM LEFT TO RIGHT: Elliot Hobbs, VP, JP Morgan Chase, Helen Marshall, Queens Borough President, Arwina Vallejo, buyer at Waters Edge and her two children, Wendell Walters, assistant commissioner - Dept. of Housing Preservation and Development, Vincent L. Riso, principal - The Briarwood Organization, Marian Zucker, executive vice president of "nyhomes", Daniel Martin, president and CEO - Housing Partnership Development, Corporation

ognizes how the economic downturn is effecting builders and developers nationwide and Briarwood is no exception.

“The credit crisis has made obtaining financing for new development nearly impossible, and working with the banks today is tremendously difficult,” he said.

The lending requirements and terms are in a constant state of flux according to Riso. “Although there is – and will always be – a strong demand for affordable housing, sales have slowed as mortgage lenders impose more stringent demands and buyers deal with layoffs.

“Traditionally, affordable housing has been an easy sell, with most resources going toward processing applications. In today’s market we’re much more focused on getting the jobs mentioned in the press, advertising, offering incentives. In short, this market has forced affordable devel-

opers to take a much more creative approach to sales & marketing.

“In another project, the Solara in the Bronx’s Concourse Section, sales are on schedule but it has been harder for our buyers to secure commitments from mortgage lenders than it has in the past.

Luckily, our July lottery was an enormous success, bringing in 3,500 applications for 160 cooperative apartments in two, 10-story buildings. The one-, two- and three-bedroom units will be sold to families earning 80% to 110% of the area’s median income. Briarwood is the developer and



Exterior of finished units

general contractor.

“Despite the challenges the industry is facing, I strongly believe that there is opportunity in every crisis. This is why we are talking to several banks about taking over development projects where the borrower is having difficulty meeting the terms of their land or construction loans.

“More and more development sites are becoming major liabilities for the banks. They’ve either come to a halt or they’re in some state of distress. We’ve successfully taken over and completed these types of projects in previous downturns and we’ll do it again this time around,” he said.

He is also analyzing possible joint ventures with land owners throughout New York City. In these scenarios, Briarwood develops, builds, markets and sometimes manages the redeveloped property. The land owners only responsibility would be putting up the land. The owner would see a return equal to the value



Sample of the interior at Waters Edge at Arverne Condominiums in Far Rockaway

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of this property and a percentage of the profits once the job was complete. At a time of depreciating property values, owners are becoming more amenable to bringing in a partner to redevelop their land.

“We are fortunate to be a full-service company. L. Riso & Sons, our construction arm, is able to pick up general contracting jobs of any scope and scale. In March, we broke ground at 550 Watkins Street, a 104-unit affordable rental property being developed by CPC Resources, Inc and East Brooklyn Congregations in East New York. The infill development will fea-

ture 13 four-story buildings and the majority of the units will be made affordable to families earning 60% of the area’s median income.

“Over the summer, we completed Banana Kelly Place for CPC. The eight-story building, located in Hunt’s Point, features 58 low-income rental units and over 5,000 square feet of commercial space. As a builder of affordable real estate, our cost-effective construction techniques has caught the attention of developers who are working with tighter budgets,” he said.

Briarwood Properties, the management divi-

sion, is facing the same issues as most landlords. Retail tenants are asking for rent concessions as they struggle with lagging sales and office and retail spaces are taking much longer to lease up, according to Riso.

“Small businesses are less willing to assume the risk of opening a new store or office, so most of the serious offers come from chains or large corporations. We recently leased two spaces to AllState and Domino’s, and we’re in negotiations with a national chain to take one of our spaces on 89th Street and Columbus,” he added. ■