



Schermerhorn Mixes Homeless, \$2 Million Townhouses, Ballerinas

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By James S. Russell



Aug. 31 (Bloomberg) -- Rising with quiet authority from parking lots at the edge of downtown Brooklyn is The Schermerhorn, an 11-story building that proves two things.

First, you don't need a lot of money to erect handsome, well-designed architecture, even for troubled low-income people. Second, that's just as well, because the convoluted financing for this type of project is idiotic.

The \$59 million development, which houses people who had lived in the streets, some for years, is the result of cooperation between developer **Hamlin Ventures** and **Common Ground**, a nonprofit organization that moves homeless people to housing.

The translucent-glass-faced building, with 189 units, backs up to 14 brand new high-end townhouses, the commercial part of the development. Behind a window by the entrance, young dancers pirouette, students of anchor tenant the **Brooklyn Ballet School**.

This is architecture good enough to put most market builders to shame, but the deeper story is how architecture and a proven program survive in the face of an infuriating, overcomplicated financing process -- especially as rising foreclosures throw more people into the streets.

Near Hoyt Street, architect Susan Rodriguez, a partner in the Manhattan-based **Polshak Partnership**, picked up a no-nonsense loft look from sober commercial buildings across Schermerhorn Street. She surrounded clear windows with bands of thick, bottle-green slats of translucent glass. The planes project above the roofline in a gentle crenelation. She banishes public- housing gloom.

Own Room

"It stands up to the scale of downtown," Rodriguez explained. "But you can easily pick out your own room, which makes your relationship to the place more personal."

The terrazzo-floored lobby that's anchored by a faceted birch-faced column is simple and non-institutional. Children's shouts from the ballet classes next door bring life to a once- empty street. Later this year, neighbors will mix with tenants for recitals in a black-box performance space.

The rooms, for single-person occupancy, are tiny, and as tightly planned as an airliner galley. A bed with drawers underneath becomes a daytime couch. Lacking space for a closet, Rodriguez built a wardrobe into a kitchen cabinet unit, and mounted a small fold-away wood dining table.

She makes it all look simple, but developers deemed the block unbuildable for decades. It was slated for subsidized housing and four subway lines cross underneath. Enter a problem- solving niche developer, **Abby Hamlin**, of Hamlin Ventures.

Arts Workers

Hamlin partnered with Common Ground because it had successfully mixed homeless people with very-low-income tenants (in this case arts workers placed by the Actors' Fund of America). Common Ground arranges on-site social services to help street people reassemble productive lives.

With her partner, Francis Greenberger of Time Equities, Hamlin offered to supply 100 low-income units. **Rosanne Haggerty**, Common Ground's founder and president, asked for 200, and the partners agreed, also donating the land.

Hamlin built 14 row houses behind the Schermerhorn where the block front had a brownstone scale. Delivering a contemporary take on the townhouse, architecture firm **Rogers Marvel** combined large windows, outdoor decks and lofty interiors with the bays and stoops that define the street's style. Hamlin sold them out at an average of \$2.6 million each.

The task for Rodriguez and Haggerty was far messier. The engineer **Robert Silman** designed four massive, 20-foot high trusses to hold the building above the subway lines without touching the tunnels. That wasn't cheap, and in turn spurred a unique financing program.

Robin Hood

It combined \$30 million in tax-exempt government bonds and \$28 million derived from low-income-housing tax credits. At the end of construction, Common Ground paid off the bonds with a mortgage held by both the state and city. That non-amortizing debt will be forgiven after 30 years. Additional funding came from the Federal Home Loan Bank and the **Robin Hood Foundation**.

Because no tenant pays more than 30 percent of his or her income, several city and federal funding sources cover operating costs.

Though some aspects of Schermerhorn's \$59 million financing are unique to New York, the financial gyrations and government red tape are common nightmares for below-market developers everywhere. This is why so little such housing is built.

By contrast, Hamlin financed the townhouses with a single conventional construction loan. And ample tax benefits for homebuyers substantially subsidized their purchase.

Mortgage Meltdown

The financing complexities of low-income housing have long been a scandal -- made worse now by the mortgage meltdown. In some cities, foreclosure victims make up more than 40 percent of clients assisted by homeless organizations. Demand for the low-income tax credits has fallen dramatically, lopping more than 35 percent of their value, according to Beer.

"It would be much harder to put together a deal now," he said.

The Schermerhorn is a project that redefines how to nurture people who have been homeless, rather than just warehousing them. Now it's time to redesign the way such buildings are financed -- with one-stop lending, as homeowners enjoy, at interest rates that recognize the social services provided, and with simplified tenant subsidies.

(**James S. Russell** is Bloomberg's U.S. architecture critic. The opinions expressed are his own.)

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