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NEW YORK BUSINESS

A tale of two Stuy Towns, with much different endings

Same design, same builder. But that's where the histories of Parkchester and its Manhattan sibling diverge.

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Parkchester in the southeast Bronx

Published: October 26, 2015 - 12:01 am

Stuyvesant Town-Peter Cooper Village residents wondering how the sprawling Manhattan complex's pending sale will affect them may be interested to know about their slightly larger and older, yet much less heralded, sibling just a few miles away in the southeast Bronx.

Parkchester was also a planned community built in the 1940s by Metropolitan Life Insurance Co. as a bastion for middle-class workers. And, like Stuy Town, its fate was closely intertwined with the borough it called home and a buyer who came in and scooped up the property.

But while Stuy Town's apartments remain rentals, all the units in Parkchester are condos, although the majority are rented to tenants by owners. That difference looms large over both complexes in light of the news last week that the Blackstone Group will buy Stuy Town for \$5.3 billion. The deal will keep 5,000 of its 11,323 units affordable. But in 20 years, the units are scheduled to rent at market rates, which today can run as much as \$7,000 a month. (See Page 4.)

Meanwhile, Parkchester homeowners and investors, after many years of decline, have seen their fortunes rise with the Bronx's revival. That's given them a hedge against rising real estate prices.

"All sorts of different people run this together," said Andrea Olshan, chief executive of Olshan Properties, a major investor in Parkchester. "This is unique."

Diverse mix

Stuyvesant Town-Peter Cooper Village

Location: Manhattan, East Side

Opened: 1947; built by the Metropolitan Life Insurance Co.

Size: 110 buildings, 11,232 rental units, 80 acres

Turning point: A \$5.4 billion purchase of the complex in 2006 ended in foreclosure

Named for: Peter Stuyvesant, director-general of New Amsterdam; Peter Cooper, industrialist

Parkchester

Location: Southeast Bronx

Opened: 1940; built by the Metropolitan Life Insurance Co.

Size: 171 buildings, 12,271 condos (some owner-occupied, some rentals), 129 acres

Turning point: A \$250 million overhaul beginning in 2000 repaired and beautified the property

Named for: Neighborhoods Park Versailles and Westchester Heights. The whole area came to be known as Parkchester

Originally home mostly to Jewish, Italian, Irish and Eastern European families (MetLife barred nonwhites, according to a Parkchester Preservation Corp. history of the complex), Parkchester today has a mix of African-Americans, Hispanics, South Asians and others drawn by its reputation for safety, affordability and diversity. Two condominium boards and eight committees representing a mix of individual owners as well as investors--some of whom own dozens of apartments--oversee a campus divided into north and south sections.

Like Stuy Town, Parkchester is centered on the lushly planted Oval with its fountain and its water-spouting nymphs. Shops line Metropolitan Avenue, which bisects the complex: Zaro's, Foodtown and a host of mom-and-pops. There's also Macy's, which opened its first branch outside Manhattan there in the 1940s. "People have said to me, 'I haven't been out of Parkchester in over two months,' " said Idella Goodmon, a retired social worker and 34-year resident. "It's like they have to have a reason to leave."

In 1968, developer Harry Helmsley bought the 129-acre complex and split it into two sections. Then he began selling off its 12,271 rental units as condos. But as the borough declined in the 1970s, the complex began to deteriorate. Pipes leaked, windows let in drafts and outdated wiring forced residents to turn off their lights before using a blender.

"Most people just learned to live with it," said Goodmon.

Complex overhaul

The rebound began nearly 20 years ago and was led by the Community Preservation Corp.—a nonprofit founded to finance and preserve affordable housing—and by developers Morton Olshan and Jeremiah O'Connor. They jointly set up Parkchester Preservation, and in 1998 bought the remaining 6,362 Helmsley units. The bargain-basement \$4.5 million deal also came with five parking garages and a half-million square feet of retail space.

Using those assets as collateral for loans and persuading condo owners to agree to higher common charges, Parkchester Preservation funded a \$250 million overhaul of the entire enclave. Pipes were fixed, wiring was upgraded and 65,000 casement windows were replaced.

"We knew that to increase the value of the Helmsley units we bought, we really needed to improve the property for all of its residents," said Andrea Olshan. "From the beginning, we were in it together with all the homeowners and the other investors."

Parkchester's 171 buildings and acres of grounds have been largely restored. Flowers bloom, fountains

spout and scores of whimsical, freshly restored terra-cotta sculptures surround residents who hail from all over the world—many of whom who sit on boards and committees, working to keep the complex humming.

"The hardest part is to keep people happy and meet their expectations," said Abu Shakoor, a 35-year resident and president of the Parkchester South Condominium, which encompasses 130 of the complex's buildings. The boards oversee major purchases, infrastructure repairs and capital spending--tasks made more difficult by ever-rising costs and the varied interests of renters, owners and investors.

Today, a one-bedroom apartment goes for about \$110,000. Although that's five times what it would have fetched in 1997, before the restoration, it's far below the median price of \$560,000 for a home in the city.

Rents are up, too, but are still considered affordable.

Meanwhile, tax abatements that helped offset the cost of the massive renovation will expire over the next few years. Rents are sure to go up. Some two-bedrooms rent for as much as \$1,700, up from \$700 at the bottom of the market, but less than half the starting rents at Stuy Town.

"We are always looking at opportunities to maintain affordability, [such as] reducing energy costs and making common elements more efficient," said Ryan Moorehead, the CEO of PPC and director of residential asset management at Olshan. "That's the job of management."

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