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Swig, Burch And Elghanayan Open Up About NYC's CRE

MAY 21, 2018 | BY BETSY KIM

Bullish on NYC's real estate market, they say the city needs to provide stronger incentives for affordable housing.

REPRINTS



Kent Swig, president of Swig Equities/photo by Betsy Kim

NEW YORK CITY—"I'm a believer that if you incentivize people they respond better than with punishment," said Kent Swig, the president of Swig Equities and SwigBurriss Equities. He's also an owner and president of Helmsley Spear; owner and co-chairman of Terra Holdings which owns and operates Brown Harris Stevens, Halstead Property and Vanderbilt Holdings. Swig also owns Falcon Pacific Construction.

With his decades of real estate experience, he said, "Kids work the same way. If you give them an incentive they tend to be more responsive than if you punish them, so I would be incentivizing more affordable housing."

Swig then suggested going to one of the largest boulevards, Queens Boulevard, which has good transportation, light and air, and dramatically upward rezoning it. "Build 25% to 30%, some steep amount of affordable housing in the program," he said. "Do it on an incentive-based program that's open, transparent and available to everyone."

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He continued, "Otherwise imagine New York City where people can't afford it, then the super wealthy and nothing in between. The idea is to build housing for people and we need a lot more of it that's affordable. Otherwise we're going to lose out on a lot of the good things that make New York."

Jake Elghanayan, SVP at TF Cornerstone, joined Swig as a fellow Brown University alumnus at the panel discussion organized by the Brown Real Estate Group last week. He pointed to dips in New York City's population over its history that were tied to the economy. Elghanayan added that market rate housing is starting to flatten and that's a good thing.



Jake Elghanayan, SVP of TF Cornerstone/photo by Betsy Kim

"I think the problems in the housing debate are really not masking the general income disparity debate. We've got a lot of population growth on the higher end and a lot of population growth on the low end," he said. "But you can't house your way out of that problem. It's really a job problem."

Melissa Burch, the executive general manager, development, for Lend Lease Americas, previously the EVP at Forest City Ratner Companies served as a panelist. Although not a member of the organization (a graduate of Harvard University) she provided the event space at 60 Madison Ave. The location showcased the gallery of Lend Lease's luxury condominiums at 277 Fifth Ave. for those interested in a private tour.

Burch also voiced concerns that housing in New York City is at a crisis point. She praised the city's transitioning during the last 15 years from its reliance on Wall Street to a more diversified economy. She was encouraged by the city's investments in regenerating the manufacturing district at the Brooklyn Navy Yard and the rezoning on the Long Island City waterfront.

Burch pointed to the growth in the healthcare and tech sectors as boosting the local economy. She underscored how not everyone in the tech industry is an entrepreneur about to become a millionaire but many hold steady jobs in the city.

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Melissa Burch, executive general manager, New York, Americas development, Lend Lease/ photo by Betsy Kim

"In the Bloomberg years we saw a lot of emphasis around how to use the government as a tool to generate some of these transformations. We are in a period of government now that is more focused on the affordable housing equation. It has taken a bit of a different approach from a more incentive-based approach to a mandatory approach," said Burch. "We'll see how successful that will be ultimately."

Swig is bullish on the residential marketplace referencing it as a numbers game. He cited 8.5 million people live in New York, and the New York City Housing and Vacancy Survey reports 3.5 million housing units. But he still maintained "we are at the point where 55% of after-tax dollars are spent on rent." At some point it is not worth living somewhere, where you have no money to go out and enjoy the city after paying rent—and that is a problem, he cautioned.

A *New York Post* headline in April 2017 read "People Are Fleeing New York at an Alarming Rate." The article cited the US Census that recorded more than one million people left the New York area since 2010. This reached 4.4%, "the highest negative net migration rate among the nation's large population centers."

Voicing belief in the city's future, Swig emphasized the importance of a strong, solid local economy. He reminded the audience of the city's history when it almost went bankrupt. President Gerald Ford initially refused a federal bailout, leading to the famous Oct. 25, 1975 *New York Daily News* headline, "Ford to City: Drop Dead." Congress eventually provided a federal loan, which New York City repaid with interest.

"We have never been able to recover from that. Ever. We still cannot tax ourselves. We cannot have congestion pricing. We're not allowed to run our school system. We're not allowed to run our transportation system. We are the only large city in America that is still run by people upstate," said Swig.

He pointed out New Jersey created a major industry in housing people who commuted to jobs in New York. They underwrote and subsidized affordable housing, took parking lots near commuting rails and created housing. They took time and money and spent it on transportation. He added job creation alone is not enough.

"New York City is not going to be able to sustain itself unless we house people," he said. "It is the critical, ultimate issue for all of our successes."

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Betsy Kim ›

Betsy Kim is the bureau chief, East and NY reporter for Real Estate Forum and GlobeSt.com. As a lawyer and journalist, Betsy has worked as the director of editorial and content for LexisNexis Lawyers.com, a TV/multi-media journalist for NBC and CBS affiliated TV stations in the Midwest, and an associate producer at Court TV.

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