

## **Meredith Marshall on the Need for Housing to Reflect Society**

*The New York-based mixed-income developer calls for more naturally occurring affordable housing.*

By Denile Doyle, Multi-Housing News, March 4, 2022

Meredith Marshall's career spans 20-plus years in commercial real estate development. As the co-Founder & managing partner of **BRP Cos.**, Marshall is active in all phases of origination, construction and development of affordable, mixed-income and market-rate housing developments.

MHN caught up with Marshall to discuss the challenges of [building affordable housing](#) in one of the nation's most expensive cities and about the need for more Black and Brown housing developers.

### **Last year, we spoke to you when the cries for diversity in the real estate industry were pretty loud. Have you seen meaningful progress?**

Four years ago, I was the only African American at a conference with the top 50 developers in the affordable housing space. Last year at that conference, there were two African Americans and one Hispanic developer. Yes, that's progress, but there were almost 50 other people there, so we are still underrepresented.

Affordable housing, especially, is a space where we should have more representation because we represent many of the low-income neighborhoods. We should be more dominant in those communities, but we're still in that universe where we are 6 percent of the group.

Although we have made some progress in the sector, housing our population is becoming more stressful. Beyond activists and promises, it's about boots on the ground and people who are tackling issues in that space every day and making decisions.

### **Your recent 14-story Brooklyn project was a good example of some of the barriers that housing developers face. Tell us about that project.**

The approval process is extremely lengthy. I worked on a transaction with the City of New York that took four years to break ground on because we were waiting. That's an issue because so many people need construction jobs to feed their families. Besides needing a lot of capital, NIMBYISM and other pressures are working against you that prevent you from closing that deal.

For one project, we spent five years fighting, when the project itself could have been completed in two years. In those five years, more families are homeless and there are more people who can't feed their families. That's the opportunity cost of not starting that project. A lot of people work on construction sites, so there's tremendous economic benefit for the community that people don't even realize is occurring.

**It seems like developers get a bad reputation, particularly when they try to build in struggling neighborhoods. What are the implications of that?**

People are looking for the boogeyman, and they think developers are the bad guys. Even in movies, the bad developer guy wants to tear down the community center and build condos. But how does that affect New York City boroughs? We want to build 12 stories, but they will only let us build eight. Stopping that doesn't control the situation. It has the opposite effect. When you put a labor union person on the site to be part of the operation, that makes it more expensive to build that housing. That cost has to get passed on to the consumer. We're going backwards in some cases. People come in with a negative stance, but we have to come together around projects, and I think we can.

**You have been big proponent of mixed-income developments. Why are these buildings successful?**

Building a 100 percent low-income development and getting all the available subsidies is not what's best for these neighborhoods. I would rather build [a mixed-income project](#). We've been dealing with COVID-19. Some people are doing better than others, in terms of job status or health problems, so it's all mixed in. In one community where we have 30 percent of low-income tenants, even though one-third of that population had trouble making payments, we still collected 90 percent of our rent. If that building that was 100 percent low income, you could only collect 60 percent. We're able to support that because we have a large portfolio. We wouldn't be able to sustain an entire low-income portfolio. That mixed-income development becomes a self-healing system. The alternative is a neighborhood where there's concentrated poverty. It's better to increase the density of units and have [market-rate and low-income together](#). It contributes to social mobility.

**Are rent-controlled apartments and similar policies still viable?**

[Rent control](#) was never the answer. It suppresses the supply even more. When someone gets into a rent-controlled apartment, they never leave. If they do, they rent to somebody else who pays more money, but they never leave those units because you've created an arbitrage. Politically, it is untenable to remove people who are over income in affordable developments, but what do you do for the people who are paying too much for their apartment but can't buy a home? I don't know how we fix this.

The political constraints are also hurting our boroughs. I can't build the naturally occurring affordable housing that I was building a few years ago. I had a more favorable tax regime back then. Some advocates want to get rid of tax abatements, but that's how our [system is structured](#). It's not as easy to raise the rents in affordable units like it is in a Manhattan development.

**Apart from changing tax policies, what else needs to be done to fill the gap?**

We need 500,000 additional housing units by 2030 in New York City, and we're building 20,000. Of that, 6,000 to 8,000 is affordable. The math doesn't add up. We need to put \$25 billion a year over a 10-year period into the market. We should be able to source that because we are the financial capital of the world. That's where naturally occurring

affordable housing comes in, but we also need a system. We need [smart zoning around transit hubs](#) where we can build. We need access to build on city-owned land, and we need tax structures that are not one-size-fits-all.

Housing units are part of a city's infrastructure. And how are we benefiting from that? We have 100,000 of our children in the public-school system who are in shelters—most of them are Black and Brown. I think you'll see [smarter policies coming to the fore](#) and that's my hope. I'm optimistic about that glass being half full.

**What should be at the top of the agenda for those who want to invest in affordable housing?**

Let's get our children out of shelters and provide proper housing. We can have affordable and inclusive housing and put different people together because that's the fabric of society. We have to bring that fabric back to the neighborhood and break down barriers. We have the resources, and we have the data. Folks are listening now, so hopefully we can change things.