

Brooklyn Borough President Recommendation

CITY PLANNING COMMISSION
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INSTRUCTIONS

1. Return this completed form with any attachments to the Calendar Information Office, City Planning Commission, Room 2E at the above address.
2. Send one copy with any attachments to the applicant's representatives as indicated on the Notice of Certification.

APPLICATION

BUSHWICK ALLIANCE – 190078 HAK

In the matter of an application submitted by the New York City Department of Housing Preservation and Development (HPD) pursuant to Article 16 of the General Municipal Law of New York State for the designation of a property located at 63 Stockholm Street in Brooklyn Community District 4 (CD 4) as an Urban Development Action Area and an Urban Development Action Area Project (UDAAP) for such area, and pursuant to Section 197-c of the New York City Charter for the disposition of such property to a developer to be selected by HPD. Such actions would facilitate the development of a residential building containing 20 affordable housing units. The proposed development would reach the maximum 2.19 floor area ratio (FAR) permitted under Quality Housing regulations, and a total height of approximately 40 feet. No accessory parking spaces would be provided as part of the development. The building's cellar will contain approximately 12 spaces for bicycle storage.

BROOKLYN COMMUNITY DISTRICT NO. 4

BOROUGH OF BROOKLYN

RECOMMENDATION

APPROVE
 APPROVE WITH
MODIFICATIONS/CONDITIONS

DISAPPROVE
 DISAPPROVE WITH
MODIFICATIONS/CONDITIONS

SEE ATTACHED

BROOKLYN BOROUGH PRESIDENT

December 28, 2018

DATE

RECOMMENDATION FOR: BUSHWICK ALLIANCE – 190078 HAK

The New York City Department of Housing Preservation and Development (HPD) submitted an application pursuant to Article 16 of the General Municipal Law of New York State for the designation of a property located 63 Stockholm Street in Brooklyn Community District 4 (CD 4) as an Urban Development Action Area and an Urban Development Action Area Project (UDAAP) for such area, and pursuant to Section 197-c of the New York City Charter for the disposition of such property to a developer to be selected by HPD. Such actions would facilitate the development of a residential building containing 20 affordable housing units. The proposed development would reach the maximum 2.19 floor area ratio (FAR) permitted under Quality Housing regulations, and a total height of approximately 40 feet. No accessory parking spaces would be provided as part of the development. The building's cellar will contain approximately 12 spaces for bicycle storage.

On November 27, 2018, Brooklyn Borough President Eric L. Adams held a public hearing on the acquisition request. There were no speakers on this item.

In response to Borough President Adams' inquiry regarding the qualifying income range for prospective households based on household size, the anticipated rents based on the number of bedrooms, and the distribution of units by bedroom size, the applicant clarified the income range as up to \$23,155 for a one-person household for a studio to up to \$72,280 for a four-person household for a two-bedroom unit. The rents will range from \$524 for a studio at 40 percent Area Median Income (AMI) to \$1,749 for a two-bedroom apartment at 80 percent AMI. The applicant expressed willingness to explore deeper affordability options, if requested.

In response to Borough President Adams' inquiry as to whether one of the community's affordable housing administering agents would be used in the tenant selection process in order to ensure the highest level of participation from the Bushwick community, especially those that are rent-burdened or at risk of displacement, the applicant expressed that Riseboro Community Partnership and St. Nicks Alliance would jointly market the affordable housing units and seek to utilize the 50 percent community board preference for residents of CD 4.

In response to Borough President Adams' inquiry regarding the applicant's marketing strategy, and whether it would include a financial literacy campaign to assist local residents in becoming lottery-eligible, the applicant noted that Riseboro Community Partnership provides such services and expressed interest in extending them to its new development program.

In response to Borough President Adams' inquiry regarding the incorporation of sustainable features such as blue, green, or white roof coverings, passive house design, permeable pavers, rain gardens, solar panels, and/or wind turbines, the representative expressed intent to follow up with the architect regarding stormwater management strategies.

Consideration

Brooklyn Community Board 4 (CB 4) approved this application on November 14, 2018.

The proposed land use actions would affect a site located mid-block on the west side of Stockholm Street between Central and Evergreen avenues, comprising approximately 7,500 square feet (sq. ft.) of vacant, City-owned land. The designated developer, the Bushwick Alliance, is a partnership between two non-profit affordable housing organizations with a significant presence in North Brooklyn, Riseboro Community Partnership and St. Nicks Alliance.

The requested UDAAP designation and disposition action would result in a four-story building containing 20 fully affordable housing units targeted to households at 40, 50, and 80 percent AMI. It is part of a

disposition package that also includes two smaller, non-Uniform Land Use Review Procedure (ULURP) sites in Bushwick at 332 Eldert Street and 272 Jefferson Street. These sites would each provide four additional units at the above AMI tiers. The three buildings would have a combined unit mix of five studios, nine one-bedrooms, and 14 two-bedroom units.

The surrounding context is primarily residential with two- to four-story buildings and some notable community facilities, including the Stockholm Family Shelter, located on the same block at 63 Stockholm Street. The site is well-served by public transit, including the Queens Boulevard Local/Sixth Avenue Local/Myrtle Avenue Local M train at Central Avenue and the Nassau Street Express J and Z trains at Kosciuszko Street. The B38 and B54 buses, which run along Dekalb and Myrtle avenues respectively, stop half a block away from the proposed development. Neighborhood transportation would be complemented by the bicycle parking in the building's cellar.

Borough President Adams supports the development of underutilized land for productive uses that address the City's need for additional affordable housing. The land use actions would be consistent with Mayor Bill de Blasio's goal of achieving 300,000 affordable housing units over the next decade, according to "Housing New York: A Five-Borough, Ten-Year Plan," through the development of affordable and supportive housing for the city's most vulnerable residents.

In areas where new developments can be realized on City-owned sites, Borough President Adams supports the disposition of such sites being developed for affordable housing to remain as permanently affordable as a means to minimize the loss of such units. Where HPD has designated for-profit companies to develop affordable housing, the duration of such affordable housing is often driven by financial considerations. Standard regulatory agreements used by government agencies might consist of 30 or 50 years. As tenants move out after the expiration of such regulatory agreement, those units would no longer be an affordable housing resource.

It is Borough President Adams' policy to advocate for mission-driven affordable housing non-profits to play a role in affordable housing development as such developments are likely to remain permanently affordable. Such organizations are equipped to maximize community participation in affordable housing opportunities, and serve as non-profit administering agents for affordable housing lotteries.

The disposition of the 63 Stockholm Street property to a partnership of non-profit affordable housing developers, provides an expectation that all 20 units remain affordable much longer than the intended 60-year regulatory agreement with HPD, as it is their mission to retain the resulting housing as permanently affordable.

As the administering non-profit, Riseboro Community Partnership would be responsible for ensuring that affordable housing units comply with its regulatory agreement with HPD that governs a project's affordable housing plan. This involves verifying a prospective tenant household's qualifying income, and approving the rents of affordable housing units. The administering non-profit is also responsible for submitting an affidavit to HPD attesting that the initial lease-up of the affordable housing units is consistent with the income requirements, and for following up with annual affidavits to ensure compliance.

Riseboro Community Partnership and St. Nicks Alliance participate in HPD's Housing Ambassadors Program, which trains local community groups to provide free technical assistance and financial counseling to residents who wish to apply for affordable housing. Housing Ambassadors and other locally-based non-profits have proven track records of successfully marketing affordable housing units, as well as promoting affordable housing lottery readiness through educational initiatives. It is expected that these partners would implement such an outreach process as part of their marketing strategy for 63 Stockholm Street.

Jobs

Borough President Adams is concerned that too many Brooklyn residents are currently unemployed or underemployed. It is his policy to promote economic development that creates more employment opportunities. According to the Furman Center's "State of New York City's Housing and Neighborhoods in 2015," double-digit unemployment remains a pervasive reality for several of Brooklyn's neighborhoods, with more than half of the borough's community districts experiencing poverty rates of nearly 25 percent or greater. Prioritizing local hiring would assist in addressing this employment crisis.

Additionally, promoting Brooklyn-based businesses, including those that qualify as Local Business Enterprises (LBEs) and Minority and Women-Owned Business Enterprises (MWBEs), is central to Borough President Adams' economic development agenda. This site provides opportunities for the developer to retain a Brooklyn-based contractor and subcontractor, especially those who are designated LBEs consistent with Section 6-108.1 of the City's Administrative Code, and MWBEs who meet or exceed standards per Local Law 1 (no less than 20 percent participation).

As 63 Stockholm Street funding includes financing for which HPD contributes no less than \$2 million, the Bushwick Alliance would be required to participate in HPD's MWBE Building Opportunity Initiative's Build Up program, and meet the State's additional labor participation requirements. Borough President Adams believes that, based on the Build Up program and State requirements, there would be reasonable opportunities to address demonstrated disparities in LBE/MWBE participation in affordable housing development process. Development projects that receive HPD subsidies are required to spend at least one quarter of HPD-supported costs on certified MWBEs during the course of design and construction. Developers may adopt a goal higher than the minimum.

Through HPD's initiative, Borough President Adams believes that the project developer should continue the emphasis to retain Brooklyn-based contractors and subcontractors, especially those who are designated LBEs, consistent with Section 6-108.1 of the City's Administrative Code, and LBE and MWBE establishments, as a means to meet or exceed standards per Local Law 1 (no fewer than 20 percent participation).

Borough President Adams supports the proposed development. He calls on HPD and the developer to negotiate a greater percentage of units at 40 percent AMI, in order to meet the needs of area residents, and to incorporate resilient and sustainable energy and stormwater practices.

Achieving Deeper Affordability for More Apartments

Brooklyn is one of the fastest-growing communities in the New York metropolitan area and the ongoing Brooklyn renaissance has ushered in extraordinary changes that were virtually unimaginable even a decade ago. Unfortunately, Brooklyn's success has led to the displacement of longtime residents who can no longer afford to live in their own neighborhoods. Borough President Adams is committed to addressing the borough's affordable housing crisis through creation and preservation of much-needed affordable housing units for very low- to middle-income Brooklynites.

Moreover, in Bushwick and across New York City, there is a pressing need for affordable and stable housing, among elderly adults, first-time homebuyers, homeless households, low-income families, single college graduates, and those with special needs. Increasing the supply of affordable apartments for a range of incomes and household types in mixed-use buildings is a critical strategy for promoting a sustainable neighborhood and city.

The development of much-needed affordable housing provides opportunities to existing neighborhood residents at risk for displacement or increased degree of being rent-burdened. In 2017, 56 percent of

New York City's renter households were rent burdened (defined as paying at least 30 percent of gross household income for rent and monthly utility costs). Such rent burdens can result in unstable tenancy and eviction for nonpayment if an unforeseen event, such as a job loss or health issue, occurs in a household. Data show that more than 80 percent of those making 50 percent of AMI or less are rent-burdened. The crisis is even worse among the lowest income citizens, those making 30 percent of AMI or less, currently \$23,310 for a family of three. Among this population, well over 50 percent pay more than half of their income toward rent. More than one-fifth of New York City households — over two million people — earn less than \$25,000 a year and almost one-third earn less than \$35,000. As the City's housing crisis grows worse, the burden falls most heavily on these low-income households, many of them senior citizens.

Borough President Adams is also concerned about Brooklyn residents living in unregulated rental units or regulated apartments subjected to a legal regulated rent increase in which landlords have been renting below the legally-permitted regulatory rent (preferential rent) and have been seeking to increase rent at lease renewal according to the legal amount permitted. Between 2008 and 2015, the median gap between monthly preferential and legal maximum rents increased 55 percent citywide, from \$286 to \$444, according to an analysis conducted by the City's Independent Budget Office (IBO) for ProPublica. In 2017, 6 percent of all apartments in Brooklyn or 64,611 units had preferential rent leases.

For ZIP code 11221, disclosed data from the New York City Rent Guidelines Board (RGB) dated June 1, 2017 list 1,689 such units, representing 29.6 percent of all rent-stabilized units. The continued significant increase in rents has resulted in an increased rent burden and/or residential displacement. Therefore, there is a pressing need to provide more affordable housing units in this area.

Given that 33 percent of CD 4 residents are considered severely rent-burdened, and the pressing need for low-income affordable housing in Bushwick, Borough President Adams is concerned that the proposed development may not provide sufficient opportunities for Bushwick households earning less than 50 percent AMI. Even with local preference for at least half of the units, too few Bushwick residents most in need of affordable housing would qualify for these apartments.

Borough President Adams believes that, in order to provide more opportunities for residents of CD 4, and to strive to achieve and exceed the 50 percent local preference mark, an additional number of units at 63 Stockholm Street and/or 332 Eldert Street and 272 Jefferson Street should be set aside for households earning at 40 percent AMI. Given the need to have sufficient operating revenue to maintain financial viability, he acknowledges that any reduction of the rent roll would need to be equally offset by one or more units needing to be targeted to households earning up to 80 percent AMI, to offset the resulting reduced rent roll based on incorporating a greater number of units with rents at 40 percent AMI.

In March 2018, Congress modified the Low-Income Housing Tax Credit (LIHTC) program to allow income averaging. Under the rules, developers utilizing the credit may target households at up to 80 percent AMI in order to offset lower rents for low-income households, provided that the average income/rent limit in the project does not exceed 60 percent AMI. As an additional requirement, at least 40 percent of the units in an LIHTC project must have an average income level of no more than 60 percent AMI and the rents for these units must not exceed 30 percent of the qualifying income level.

Borough President Adams believes that income averaging presents an opportunity to achieve a greater number of affordable units for households with earnings not exceeding 50 percent AMI. Therefore, in order to provide for more units at lower AMIs, HPD should memorialize in its Land Disposition Agreement (LDA) or Regulatory Agreement with the Bushwick Alliance a greater percentage of affordable housing units at 40 percent AMI.

Advancing Resilient and Sustainable Energy and Stormwater Management Policies

It is Borough President Adams' sustainable energy policy to promote opportunities that utilize blue/green/white roofs, solar panels, and/or wind turbines, as well as passive house construction. He encourages developers to coordinate with the New York City Mayor's Office of Sustainability, NYSERDA, and/or the New York Power Authority (NYPA) at each project site. Such modifications tend to increase energy efficiency and reduce a development's carbon footprint. 63 Stockholm Street offers opportunities to explore resiliency and sustainability measures such as incorporating blue/green/white roof finishes, passive house construction principles, and solar panels in the development.

Furthermore, as part of his flood resiliency policy, Borough President Adams also encourages developers to introduce best practices to manage stormwater runoff such as incorporating permeable pavers and/or establishing rain gardens that advance the New York City Department of Environmental Protection's (DEP) green infrastructure strategy. Borough President Adams believes that sidewalks with nominal landscaping and/or adjacent roadway surfaces are potential resources that could be transformed through the incorporation of rain gardens, which provide tangible environmental benefits through rainwater collection, improved air quality, and streetscape beautification. Tree plantings can be consolidated with rain gardens as part of a more comprehensive green infrastructure strategy. In addition, blue/green roofs, permeable pavers, and rain gardens would divert stormwater from the City's water pollution control plants.

According to the "NYC Green Infrastructure 2017 Annual Report," green infrastructure plays a role in addressing water quality challenges and provides numerous economic, environmental, and social benefits. The required Builders Pavement Plan provides an opportunity to incorporate a rain garden along Stockholm Street, which could help advance DEP green water/storm water strategies, enhancing the operation of the Newtown Creek Wastewater Treatment Plant during wet weather. In addition to compensating for the loss of a large permeable surface, the installation of a rain garden would provide a significant streetscape improvement on Stockholm Street.

Borough President Adams believes it is appropriate for the Bushwick Alliance to engage government agencies, such as the Mayor's Office of Sustainability, NYSERDA, and/or NYPA, to give consideration to government grants and programs that might offset costs associated with enhancing the resiliency and sustainability of this development site. One such program is the City's Green Roof Tax Abatement (GRTA), which provides a reduction of City property taxes by \$4.50 per square foot of green roof, up to \$100,000. The DEP Office of Green Infrastructure advises property owners and their design professionals through the GRTA application process. Borough President Adams encourages the developer to reach out to his office for any help in opening dialogue with the aforementioned agencies and further coordination on this matter.

Borough President Adams believes that HPD should codify in the LDA or Regulatory Agreement with the Bushwick Alliance to memorialize exploration of additional resiliency and sustainability measures such as incorporating blue/green/white roof treatments, DEP rain gardens, passive house construction principles, and solar panels in the development. The City Council should further seek demonstration of the Bushwick Alliance's commitment to coordinate with DEP, the New York City Department of Transportation (DOT), and the New York City Department of Parks and Recreation (NYC Parks) regarding the installation of expanded tree pits and DEP rain gardens as part of the Builders Pavement Plan, in consultation with CB 4 and local elected officials.

Recommendation

Be it resolved that the Brooklyn borough president, pursuant to Sections 197-c of the New York City Charter, recommends that the City Planning Commission (CPC) and the City Council approve this application.

Be it Further Resolved:

1. That the New York City Department of Housing Preservation and Development (HPD) incorporate in its Land Disposition Agreement (LDA) or Regulatory Agreement with the Bushwick Alliance, the extent that it would:
 - a. Memorialize a greater percentage of units at 40 percent of Area Median Income (AMI)
 - b. Incorporate additional resiliency and sustainability measures such as incorporating a New York City Department of Environmental Protection (DEP) rain garden, blue/green/white roof treatment, passive house construction principles, and solar panels in the development