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Gale A. Brewer, Borough President

December 21, 2016

**Recommendation on ULURP Application Nos. C 170048 HAM and C 170049 PQM –
The Leroy
By New York City Department of Housing Preservation and Development**

PROPOSED ACTIONS

The New York City Department of Housing Preservation and Development (“HPD” or “the Applicant”) seeks approval of two land use actions to facilitate the development of a 7-story mixed-use building at 225 West 140th Street (Block 2026, Lot 15) in the Central Harlem neighborhood, Community Board 10 (CB 10) in the Borough of Manhattan.

The actions include the acquisition of property and then the subsequent designation of city-owned property as an Urban Development Action Area (UDAA), the approval of the project as an Urban Development Action Area Project (UDAAP), and the disposition of such property to a developer to be selected by HPD.

Under Chapter 15, Section 381 of the Charter, the city may acquire property “whenever required for any public or municipal use or purpose or for the promotion of public utility, comfort, health, enjoyment or adornment.”

City-owned properties that are no longer in use or are in deteriorated or deteriorating condition are eligible to be designated as UDAA and UDAAP, pursuant to the Urban Development Area Act (Article 16 of the State General Municipal Law). UDAA and UDAAP provide incentives for private entities to correct substandard, unsanitary and/or blighted conditions. According to New York State General Municipal Law § 694(4), to receive a UDAA and/or UDAAP designation the City Planning Commission and the City Council must find that:

- (a) the present status of the area tends to impair or arrest the sound growth and development of the municipality;
- (b) the financial aid in the form of tax incentives, if any, to be provided by the municipality pursuant to [the tax incentives provisions of the Urban Development Action Area Act]... is necessary to enable the project to be undertaken; and
- (c) the area designation is consistent with the policy and purposes [of the Urban Development Action Area Act].

Section 197-c of the New York City Charter mandates that the disposition of all city-owned real property (other than the lease of office space) be subject to the Uniform Land Use Review Procedure (“ULURP”). While no specific findings must be met to make a property eligible for disposition under Section 197-c, Section 1802(6) (j) of the Charter limits HPD to the disposition of residential real property.

PROJECT DESCRIPTION

HPD seeks to develop a 7-story building, approximately 70 feet 11 inches in height, totaling 21,600 square feet. The Development Site will contain approximately 19,000 square feet of residential floor area and 2,600 square feet of community facility floor area for a total FAR of 3.9. The proposed building only occupies frontage along West 140th Street. Since the property was previously disposed for an unbuilt UDAAP, the city will need to re-acquire the property and re-designate the site as an UDAAP for the current proposal.

The building as proposed does not require waivers from the City of New York Zoning Resolution or a change to the Zoning Map.

Background

The intention of the applicant is to convey ownership to the future developer of the site, Lemor Realty Corporation. Lemor is a New York State MWBE Certified Real Estate and Property Management firm that is as having an extensive history of development and management of residential and commercial properties in Upper Manhattan. The company’s website includes information about their work with HPD going as far back as 1995 with references to its previous participation in the Neighborhood Entrepreneurship Program and Third Party Transfer Program.¹

The Development site consists of one privately-owned lot Block 2026, Lot 15. Documents available on the Department of Finance’s database classify the lot as city-owned land starting in the early 1970s². In July 1998 HPD submitted an accelerated UDAAP application for disposition of 12 lots which included 10 occupied multiple dwelling buildings and two vacant lots claiming the lots in their current state dampened development in the area (995023 HAM). The proposal was moved through the Neighborhood Entrepreneurs Program (NEP). NEP was designed to encourage local private property companies to own and manage existing and new housing in their communities. Once a building was selected for NEP by the city, it was sold to the Neighborhood Partnership Housing Development Fund Corporation (NPHDFC), a subsidiary of

¹ Lemor Realty Corporation website, <http://www.lemordev.com/about-us/>

² Department of Finance Automated City Register Information System: Documents related to Block 2026, Lot 15, http://acrisweb.csc.nycnet/DS/DocumentSearch/DocumentImageView?doc_id=FT_1610008521861

the Enterprise Foundation, for \$1 and then leased to the entrepreneurs with the intention of moving toward private ownership.³

The City Council approved HPD's accelerated UDAAP application in May 1999 followed by Mayoral approval in June 1999. NPHDFC sold Block 2036, Lot 14 and 15, both vacant, and Block 2009, Lot 18 which had an existing 7-story, 55 unit building, to Maxwell Development LLC, an entity controlled by the principals of Lemor Realty Corporation, in October 2002.⁴ Prior to the sale in September 2002 the lots were merged and retained Tax Lot number 15. The approval included a limitation on the property for a development containing 1-4 residential units.

From discussions with the owner, there have been challenges to develop the lot. Initial plans to develop a 1- 4 unit building struggled due to the economics caused by of the building scale. The owner subsequently pursued an option to use Lot 15 as a private park. In 2002 a certificate of occupancy was filed with the Department of Buildings to designate Lot 15 as a private park. The owner did not have specific opening or closing times and they would make the space available for local organizations, such as the West 140th Street Block Association, which sponsored community events such as the West 140th Street Block Association. However, the owner stated that the private park model also became untenable due to escalating property taxes averaging \$30,000 a year. In order to pursue the current proposal the prior ULURP limitation would need to be lifted.⁵

Area Context

The neighborhood surrounding the project area is comprised of strong residential and commercial elements, as well as a variety of building typologies such as townhouses, multifamily mixed-use tenements and “tower in the park” style developments. There is a strong commercial element along Frederick Douglass Boulevard to the east and along Adam Clayton Powell Boulevard to the west of the project site.

Within interior lots of the surrounding blocks, there are similar multi-family buildings. To the south of the project site is Strivers Row Historic District, which is notable for its singular historic period of development of row houses. Public housing is distributed around the Project Site in Samuel (MHOP) I, II, III; and the Drew-Hamilton development to the north.

³ “Developer Program Archive: Neighborhood Entrepreneurs Program”, HPD,
<http://www1.nyc.gov/site/hpd/developers/development-programs/nep.page>

⁴ Department of Finance Automated City Register Information System: Recorded documents for Block 2026, Lot 15, http://acrisweb.csc.nycnet/DS/DocumentSearch/DocumentImageView?doc_id=FT_1610008521861

⁵ Gustavo Solis, “ 7-Story Building with 20 Apartments Coming to West 140th Street”, DNAinfo
<https://www.dnainfo.com/new-york/20151215/central-harlem/7-story-building-with-20-apartments-coming-west-140th-street> (December 15, 2015)

A number of academic institutions border the Project Site. To the west is P.S. 123 Mahalia Jackson elementary and middle school. To the southwest is Mott Hall High School. To the south is the Thurgood Marshall Academy for Learning and Social Change High School and P.S. 175 Henry H Garnet Elementary School. To the southeast is P.S. 197 John B. Russwurm Elementary School. Finally, to the north is P.S. 194 Countee Cullen Elementary School.

In 1961, the area was predominantly zoned as R7-2, which has a maximum residential FAR of 4.0 and a maximum community facility FAR of 6.5. The commercial zoning compliments the medium density zoning with a C1-5 overlay district (maximum commercial FAR of 2.0), along Lenox Avenue until West 135th Street. To the south of the development is the 125th street corridor, which is mainly commercial. A rezoning in 2005 established the Special 125th Special District to foster new mixed-use development and increase the supply of nonprofit visual or performing arts spaces. The special district also included protections to prevent out-of-scale commercial buildings and impacts on the nearby historic rowhouse areas through street wall and height limits.

The area is well served by public transportation. The Project Site is between the 140th Street and 135th Street stations; both are serviced by the 3 line and the 2 stops at 135th Street as well. The 135th Street station at the foot of St. Nicholas Park provides C and B train service that connects to A and D express train service at 125th Street and St. Nicholas Avenue. A,C,D and B service is available at West 145th Street and St. Nicholas Avenue at the far side of Jackie Robinson Park.

Multiple bus lines service the area as well. There is the M10 bus along Frederick Douglass Boulevard and Adam Clayton Powell Jr. Boulevard is served by the M5 bus that turns east on West 110th Street and continues downtown along 5th Avenue until 8th Street. Lenox Avenue is served by the M102 and M7 New York City Transit (NYCT) Bus lines that provide service downtown to the East and West sides of Manhattan respectively. The Bx33 runs along West 135th Street with service to Port Morris in The Bronx. The 125th Street corridor serves as a major crosstown line for NYCT bus service, featuring the M60 Select Bus Service line that provides the only direct link from Harlem to the LaGuardia International Airport in East Elmhurst. The West 145th Street corridor is also served by the Bx19 bus that crosses into the Bronx at the 145th Street Bridge.

The Project Site is served by New York Police Department's (NYPD) 32nd Precinct, located on 135th Street between Frederick Douglass Boulevard and Adam Clayton Powell Jr. Boulevard. The Fire Department of New York's (FDNY) Engine 69, Ladder 28 is three blocks to the north at 248 West 143rd Street. Engine 59, Ladder 30 Firehouse is also nearby on West 133rd Street between Lenox Avenue and Adam Clayton Powell Boulevard.

Project Area and Project Site

The Project Area/Development Site consists of a single lot, Block 2026, Lot 15, located at 225 West 140th Street. The site is located on the south side of the block approximately 335 feet east

of Frederick Douglas Boulevard and approximately 380 feet west of Adam Clayton Powell Boulevard. The site dimensions are approximately 55.67 ft. wide along West 140th Street and approximately 99.92 feet deep toward the centerline of the block parallel to the avenues for a total lot area of 5,562 square feet. After the development site was sold to the proposed developer a certificate of occupancy was filed with the Department of Buildings in 2002 designating Lot 15 as a private park. It remained open space available to the community at the discretion of the proposed developer till approximately 2014 when soil boring tests began in preparation of future development.

Proposed Project

This project will create a new mixed-use development that includes community space for a well-regarded local nonprofit and addresses the need for more affordable housing in the Central Harlem neighborhood. The proposed 7-story building, with a height of approximately 75 feet, will contain approximately 20 affordable rental units, 2 of which will be permanently affordable. The total floor area for the lot is approximately 21,415 sq. ft.

Per our conversations with the applicant, the building’s rent structure will provide three tiers of affordability. Each tier will include a range of apartment sizes from studios to 3-bedrooms. The breakdown is as follows: 25% of units or 5 units are targeted for families at 57% AMI; 60% or 12 units at 80% of AMI; and 15% or 3 units at 130% AMI. The unit size mix will be: 15% or 3 units will studios; 45% or 9 units will be 1-bedroom; 25% or 5 units will be 2-bedroom; and 15% or 3 units will be 3-bedroom. The developer will be designating 2 units out of the 20 units as permanently affordable while the remaining 18 units will be affordable for 30 years per the terms of HPD’s M²/Mixed-Middle-Income Program.

Below in Figures 1 and 2 are the expected rents and income limits for the units in the proposed development:

Figure 1: Approximate Income Limits for M2/Mixed-Middle-Income Program

Incomes	57% AMI	80% AMI	130% AMI
Studio	\$36,195	\$43,500	\$70,720
1-Bedroom	\$38,760	\$54,375	\$88,400
2-Bedroom	\$46,512	\$65,250	\$106,080
3-Bedroom	\$53,723	\$75,400	N/A

Figure 2: Approximate Rents for M2/Mixed-Middle-Income Program

Rents	57% AMI	80% AMI	130% AMI	Market Rent*
Studio	\$864	\$1,047	\$1,728	\$1,800
1-Bedroom	\$928	\$1,318	\$2,169	\$2,350
2-Bedroom	\$1,120	\$1,589	\$2,610	\$3,000
3-Bedroom	\$1,288	\$1,830	N/A	\$3,700

**Market Rent in new or renovated buildings similar amenities is approximately 140-150% of AMI and as high as \$3,000 for a 1-bedroom*

Source: NYC Department of Housing Preservation and Development, M² Incomes & Rents

The first floor will contain the bulk of the community facility space (2501 sq ft) with access to a portion of the cellar as accessory space (560 sq ft). The assumed tenant is Street Corner Resources, a local gang-violence prevention program. Plans also place the laundry and mechanical/utility systems in the cellar.

To facilitate this development the applicant is seeking to reclaim the development site as a city-owned lot so that it may be disposed back to the proposed developer without the current restriction that only a building with a maximum of 4 units can be constructed on the site. Additionally the applicant is seeking a UDAAP designation for the site.

Proposed Actions

The proposed affordable housing development will create approximately 20 units and approximately 2,600 square feet of community facility space. In order to facilitate the development of this city-owned property, two actions are required by HPD.

Acquisition of Private Property (C 170049 PQM)

HPD proposes to acquire currently vacant, unimproved land that is privately owned located at 225 West 140th Street, Block 2026, Lot 15. The project is not subject to fair share criteria, nor is it listed in the Community Board's Statement of Needs. The site is currently zoned R7-2 and was subject of an earlier UDAAP and property restriction limiting any building on this site to no more than 4 dwelling units.

Urban Development Action Area and Urban Development Action Area Project (C 170048 HAM)

HPD seeks designation of city-owned property located at 225 West 140th Street (Block 2026, Lot 15) as an Urban Development Action Area ("UDAA") and approval for the mixed-use project as an Urban Development Action Area Project ("UDAAP"). The property is located on the north side of West 140th Street between Frederick Douglass Boulevard and Adam Clayton Powell Jr. Boulevard.

In addition, HPD seeks approval for the disposition of said property to the Lemor Realty Corporation (LRC). HPD and LRC report that the financing of the application is dependent on the success of the proposed Robeson development on Lenox Avenue between West 130th and West 131st streets (C 170050 ZMM, C 170051 HAM and N 170052 ZRM) and the Leroy alone is not a feasible development in the current market.

COMMUNITY BOARD'S RECOMMENDATION

At its Full Board meeting on November, 2nd, 2016, Manhattan Community Board 10 (CB 10) passed a favorable resolution without conditions in support of designating Block 2026, Lot 15 as

an Urban Development Action Area (UDAA), the approval of the project as an Urban Development Action Area Project (UDAAP), and the disposition of such property to a developer to be selected by HPD. Previous to the full board vote, on September 15, 2016 and October 20, 2016, CB 10 Land Use Committee heard from HPD, representatives from Lemor Realty Company, and members of the public regarding this project. The vote tally at the Land Use Committee was 10 in favor, 0 opposed, and 0 abstentions. At the full board meeting 21 voted in favor, 7 opposed, and 1 abstained.

BOROUGH PRESIDENT COMMENTS

This application represents an appropriate use of city resources to facilitate the development of affordable housing on privately-owned vacant land. Our own conversation with the developers revealed the tremendous financial difficulties of constructing on the lot due to the conditions created by the 2002 conveyance. The project design comports with that of the surrounding neighborhood and aligns with the street wall on West 140th Street.

We recognize the effort by HPD to create incentives for projects that provide affordable housing. However, we must also create financing that maintains affordability beyond 30 years, particularly for projects on city-owned land. Where permanent affordability is not feasible, the city must explore mechanisms to achieve “practical permanence” where the city has contributed land. We look forward to a robust exploration of all options for increasing the amount of new, permanently affordable units.

This project is one of two by Lemor that are moving forward simultaneously (the other being the application for the Robeson ULURP Application Nos. C 170050ZMM, C 170051 HAM and N 170052 ZRM). According to Lemor, the financing for the two projects is interdependent, and the city is providing 40% of the land. (This does not include the land which is being reacquired by the city as a part of this application and then disposed back to Lemor). When the city disposes of valuable real property for the purpose of providing the public benefit of affordable housing, the percentage of housing that is permanently affordable should be, at a minimum, equal to the percentage of land contributed by the city. Taken together, these projects fall short.

In converting a blighted parcel of land into urgently needed affordable housing, it meets the goal of UDAAP. But the lack of permanent affordability ensures that families will eventually be displaced, and the formula for determining the percentage of affordable unit needs to reflect the percentage of city property granted to the developer. Each of these projects provide an opportunity to improve the terms of the city’s regulatory agreement for the construction of affordable housing.

I strongly recommend that the city undertake a review of its approach in order to create more affordable units with permanent affordability when providing city-owned land to housing

developers. There will never be a better time than now when the last vacant city property is available and developers are eager to create housing in a high demand market.

BOROUGH PRESIDENT RECOMMENDATION

Therefore, the Manhattan Borough President recommends approval of ULURP Application Nos. C 170048 HAM and C 170049 PQM on the conditions that:

- 1. The financing term is extended beyond the 30 years; and**
- 2. The percentage of permanently affordable units of housing should be made equal to the percentage of city-owned property at the Robeson and Leroy sites.**

A handwritten signature in black ink that reads "gale A. Brewer". The signature is written in a cursive, slightly slanted style.

Gale A. Brewer
Manhattan Borough President