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Gale A. Brewer, Borough President

November 27, 2018

Recommendation on

ULURP Application No. C 190069 HAM East Village Housing (204 Ave A & 535 East 12th Street) By New York City Department of Housing Preservation and Development (HPD)

PROPOSED ACTIONS

The New York City Department of Housing Preservation and Development (“HPD” or “the applicant”) is seeking approval for an Urban Development Action Area (“UDAA”) designation, Urban Development Action Area Project (“UDAAP”) approval and disposition of City-owned property (“Development Sites”) located at 204 Avenue A and 535 East 12th Street (Block 406, Lots 6 and 47 respectively), located in Manhattan Community District 3. These actions will facilitate the development of 10 cooperative units for very low income residents and 11 rental housing units for middle income residents.

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

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disposition under Section 197-c, Section 1802(6)(j) of the Charter limits HPD to the disposition of residential real property.

PROJECT DESCRIPTION

The development sites consist of two lots located on Block 406 in Manhattan. 204 Avenue A (Lot 6) fronts onto Avenue A and bounded by East 12th Street to the South and East 13th to the North. The site has a total lot area of 2,472 square feet. There is an existing four-story building currently on the site, which is presently vacant. 535 East 12th Street (Lot 47) is bounded by Avenue B to the East and Avenue A to the West. The site has a total lot area of 2,581 square feet. There is an existing five-story building currently on the site, which is presently vacant.

Background and Area Context

According to the applicant, the Proposed Development Sites were acquired by the City of New York as part of a tax lien foreclosure action. In 2001, the development sites were transferred to HPD's Tenant Interim Lease ("TIL") program, which assists tenant organizations in City-owned buildings to develop self-sufficient low-income cooperatives. At the time, there were five households located in each of the sites, a total of ten families. In 2008, it was determined that the sites were deteriorating past the point of habitability and the families were relocated to buildings throughout the neighborhood until a new plan for redevelopment could be implemented which would include the demolition of the existing structures. Due to the poor condition of the buildings, in the applicants' opinion it is more economical to redevelop the Development Sites than to renovate the extant buildings. The Development Sites have remained vacant ever since and have been maintained by HPD to ensure structural stability of the buildings and the safety of the neighbors.

The Development Sites are located in the East Village neighborhood, in Manhattan Community District 3. According to the applicant, zoning districts within 600 feet of the development sites include R8B, R7A, C1-6A, and C1-7A. In November 2008, the development sites were rezoned as part of the East Village/Lower East Side Rezoning. 204 Avenue A was rezoned from R7-2/C2-5 to R7A/C2-5 and 535 East 12th Street was rezoned from R7-2 to R8B.

The surrounding area is predominantly developed with multifamily residential buildings that generally range in height from four to eight stories. The major avenues surrounding the development sites (1st Avenue, 2nd Avenue, Avenue A and Avenue B) are mapped as an R7A-C2-5 district with buildings that have ground floor retail with residential units on upper floors. The maximum FAR is 4.0 and if Inclusionary Housing is provided, the maximum FAR increases to 4.6. In R8B districts, the maximum FAR is 4.0.

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The surrounding area has a number of amenities such as large open spaces (Tompkins Square and Joseph C. Sauer Parks), as well as community gardens. There are several schools nearby as well. The L-train 1st Avenue stop is approximately 0.2 miles (3 minute walk) from the development sites and the 4/5/6/N/R Union Square Station is approximately 0.8 miles from the development sites. The M14 bus also services the area, with stops less than 2 minutes from the development sites. The M8 and M9 buses are also nearby.

Proposed Development

The Development Sites' existing structures will be demolished. 204 Avenue A will be developed as a seven-story building with a height of approximately 68 feet. The building will have 10 cooperative units that will be sold to the former tenants of these sites, who were relocated after the buildings were deemed uninhabitable due to their deteriorating conditions. Two of these units will be inclusionary housing units which will allow for an increase in FAR. The ground floor will have a commercial space that will be leased. This is contextual as the location of this site is on a major avenue with ground floor commercial space. The revenue from the commercial space will also assist in the operations and maintenance of the building. The building will have 10,965 zoning square feet (4.44 FAR) and will contain approximately 300 square feet of recreational space on the roof.

535 East 12th Street will be developed as a six-story building with a height of approximately 60 feet. According to the applicant, the building will have approximately 11 residential 1-bedroom units within a rental building. The building will have approximately 9,788 zoning square feet (3.79 FAR). It is planned for the rents in this building to target households who make no more than 130% of Area Median Income ("AMI").

According to the applicant, both development sites will be subject to a 40-year regulatory agreement, which will restrict incomes for the resale of the cooperative units and restrict the income levels of the rental units. Article XI tax exemptions will also be granted which will provide a 40-year tax exemption. There will be an option to renew the regulatory agreement at the end of its term in exchange for loan refinancing for and/or prolonged tax exemption.

COMMUNITY BOARD'S RECOMMENDATION

At its full board meeting on October 23, 2018, Manhattan Community Board 3 voted to recommend approval of the application by a vote of 38 in favor, 0 opposed, and 0 abstentions.

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BOROUGH PRESIDENT COMMENTS

In a time where this City continues to lose affordable housing units, I appreciate the continued efforts of our agency partners at HPD in continuing to preserve and develop affordable housing for all New Yorkers. This project includes critical elements that should be included throughout all housing developments in New York City: housing preservation, the creation of homeownership opportunities, and additional unit construction that provides quality affordable housing for various incomes. I understand this was not an easy task and was an unfortunately lengthy process where 10 families were relocated for far longer than expected, but it was not an impossible task.

Most of the residents that were relocated due to the condition of these sites earn around 35% AMI, which would make them largely ineligible for most affordable housing presently being built. These are residents who have lived in the area for decades and the sad reality is had these buildings been owned by a private owner, they would have been displaced permanently due to rising rents and the lack of available affordable housing within the area. By providing them the opportunity to own via a cooperative will not only ensure their housing stability and ability to remain in the neighborhood, the resale restrictions will also provide subsequent generations of lower income New Yorkers the opportunity to own these units if they are sold. The other development site, 535 East 12th Street, while serving higher incomes, will still provide housing below market rate for middle income residents that have fewer affordable housing options as rents increase in the borough and city. As this site will also assist in subsidizing the construction of the cooperative building, I understand why higher incomes were needed and I appreciate the efforts of HPD to get the income levels at this site as low as possible.

While I lament the loss of historic fabric, it would have made little sense to spend a fortune renovating these buildings when new construction was more economical and could provide a greater number of affordable units. Additionally, this development program allowed the returning families to live in the same building with a cooperative ownership structure per their wishes.

The development team that has been selected for these sites consist of SMJ Development, which is a New York City based Minority Business Enterprise (MBE) and Shakespeare Gordon Vlado Architects, a Women's Business Enterprise (WBE). This project also sets a good example of expanding partnership opportunities to these types of businesses, as they are truly the foundation of entrepreneurship in New York City. I hope these entities subcontract with other M/WBEs throughout the construction of this project and continue to grow opportunities for more businesses to participate in City developments. I would also encourage HPD to continue to support projects like this and increase opportunities for projects like these throughout New York City as they provide affordable housing opportunities for residents and also promote businesses that are often overlooked in real estate and construction.

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BOROUGH PRESIDENT'S RECOMMENDATION

Therefore, the Manhattan Borough President recommends approval of ULURP Application No. C 190069 HAM.

A handwritten signature in black ink that reads "Gale A. Brewer". The signature is written in a cursive style with a large, looped initial "G".

Gale A. Brewer
Manhattan Borough President