



IN THE MATTER OF an application submitted by the Department of Housing Preservation and Development (HPD):

- 1) pursuant to Article 16 of the General Municipal Law of New York State for
 - a) the designation of property located at 204 Avenue A and 535 East 12th Street (Block 406; Lots 6 and 47), as an Urban Development Action Area; and
 - b) an Urban Development Action Area Project for such area; and
- 2) pursuant to Section 197-c of the New York City Charter for the disposition of such property to a developer selected by HPD

to facilitate two, new buildings containing residential and commercial space, Borough of Manhattan, Community District 3.

Approval of three separate matters is required:

1. The designation of property located at 204 Avenue A and 535 East 12th Street (Block 406, Lots 6 and 47) as an Urban Development Action Area: and
2. An Urban Development Action Area Project (UDAAP) for such area; and
3. The disposition of such property to a developer selected by HPD

This application for the Urban Development Action Area designation and UDAAP project approval and disposition of City-owned property was submitted by HPD on August 23, 2018. Approval of this application would facilitate the development of two new residential buildings containing affordable housing and commercial space in the East Village neighborhood of Manhattan Community District 3.

BACKGROUND

HPD seeks approval for the UDAA designation and UDAAP project approval and the disposition

of two non-contiguous City-owned properties at 204 Avenue A (Block 406, Lot 6) (Site 1) and 535 East 12th Street (Block 406, Lot 47) (Site 2). The actions would facilitate a seven-story mixed residential-commercial building containing approximately 10 affordable cooperative housing units and ground floor retail space at Site 1 and a six-story residential building containing approximately 11 affordable rental housing units at Site 2. The development sites are located on the block bounded by Avenue A to the west, East 13th street to the north, Avenue B to the east, and East 12th Street to the south.

The City acquired Site 2 in 1976 and Site 1 in 1978 through tax lien foreclosures. In 2001, the sites entered HPD's Tenant Interim Lease (TIL) program, which assists tenant organizations in City-owned buildings to develop self-sufficient low-income cooperatives. In 2008, due to the deteriorating conditions of both buildings, the City relocated the 10 existing tenants to apartments in the surrounding area. In November of the same year, the City-led East Village/Lower East Side Rezoning ([C 080397\(A\) ZMM](#)) was approved, which rezoned Site 1 from an R7-2/C2-5 to an R7A/C2-5 zoning district and Site 2 from an R7-2 to an R8B zoning district.

Avenue A is in a R7A zoning district with a C2-5 commercial overlay, mapped within an Inclusionary Housing-designated area. R7A zoning districts have an as-of-right maximum floor area ratio (FAR) of 3.45 for residential uses (4.6 with inclusionary housing) and 4.0 for community facility uses. The minimum base height is between 40 and 75 feet, and the maximum building height is 90 feet or nine stories. C2-5 overlays permit a commercial FAR of 2.0. Midblocks are mapped with a R8B zoning district, which allows a maximum 4.0 FAR for residential use and 4.0 for community facility use. The minimum base height is between 55 and 65 feet, and the maximum building height is 75 feet.

The surrounding area is generally developed with residential and commercial uses. Buildings along the avenues are predominantly developed as multi-family residential buildings with ground floor retail uses. Building heights generally range from four to eight stories. The midblocks are in a R8B zoning district and are characterized by brownstone-style row-houses.

The area is well served by open space and transit. Joseph C. Sauer Park is just across East 12th Street, and Tompkins Square Park is two blocks south. On the same block as the sites, there are two community gardens, Dias Y Flores and El Sol Brillante Jr. Garden. The Franklin Delano Roosevelt Drive is approximately three blocks east of the sites. Mass transit options in the area include bus routes and subway lines. The M14 bus line runs along Avenue A and partially along Avenue C, the M8 bus runs along East 10th Street, and the M9 bus runs along Avenue C. Subway access is available at the L train station one block away, at 14th Street and First Avenue, and there is access to the 4, 5, 6, N, Q, and R trains five blocks away at Union Square.

Site 1 fronts on Avenue A and has a lot area of approximately 2,472 square feet. The lot contains a vacant four-story building. The proposed actions would facilitate the development of a seven-story mixed residential-commercial building with approximately 10 affordable cooperative housing units and ground floor retail space on this site. The cooperative units are anticipated to be sold to the former tenants temporarily who were relocated from this vacant building and the vacant building on Site 2. The income generated by the rental of the commercial space would be used to offset the maintenance fees of the cooperative units, increasing their affordability. The proposed building would have approximately 9,804 square feet of residential floor area and 1,161 square feet of commercial floor area (approximately 4.44 FAR), be approximately 68 feet tall, and include 300 square feet of recreational space for residents on the roof.

Site 2 fronts on East 12th Street and has a lot area of approximately 2,581 square feet. The lot contains a vacant five-story building. The proposed actions would facilitate the development of a six-story residential building containing approximately 11 affordable rental housing units on this site. The proposed building would have approximately 9,788 square feet of residential floor area (3.79 FAR) and be approximately 60 feet tall.

ENVIRONMENTAL REVIEW

This application (C 190069 HAM) was reviewed pursuant to the New York State Environmental Quality Review Act (SEQRA), and the SEQRA regulations set forth in Volume 6 of the New York Code of Rules and Regulations, Section 617.00 et seq. and the City Environmental Quality Review

Rules of Procedure of 1991 and Executive Order No. 91 of 1977. The designated CEQR number is 18HPD092M. The lead agency is the Department of Housing Preservation and Development. After a study of the environmental impacts of the proposed action, a Negative Declaration was issued on September 5, 2018.

UNIFORM LAND USE REVIEW

This application (C 190069 HAM) was certified as complete by the Department of City Planning on September 24, 2018, and was duly referred to Manhattan Community Board 3 and Manhattan Borough President in accordance with Title 62 of the Rules of the City of New York, Section 2-02(b).

Community Board Public Hearing

Community Board 3 held a public hearing on this application (C 190069 HAM) on October 16, 2018 and adopted a resolution recommending approval of this application on November 27, 2018 by a vote of 41 in favor, zero against and zero abstaining.

Borough President Recommendation

The Manhattan Borough President considered the application (C 190069 HAM) and issued a recommendation to approve the application with no conditions on November 27, 2018.

City Planning Commission Public Hearing

On November 14, 2018 (Calendar No. 18), the City Planning Commission scheduled December 5, 2018 for a public hearing on this application (C 190069 HAM). The hearing was duly held on December 5, 2018 (Calendar No. 35).

One representative from HPD and the selected developer spoke in favor of the application, providing an overview of the project. There were no other speakers and the hearing was closed.

CONSIDERATION

The Commission believes that this application for UDAA designation, UDAAP project approval, and disposition of City-owned property (C 190069 HAM) is appropriate.

The project will redevelop two vacant buildings with a total of 21 affordable units and a commercial space. The 10 affordable cooperative housing units proposed at Site 1 will allow tenants that were relocated from the existing deteriorating buildings to return to this block with an opportunity for homeownership. The 11 affordable rental units at Site 2 will provide new affordable housing options in this transit-rich neighborhood. The commercial use at Site 1 will contribute to the existing ground floor retail continuity along Avenue A. The proposed project will also return the existing vacant buildings on City-owned property to productive use.

The Commission commends HPD and the developer for working to address the negative impacts that these deteriorating buildings have on the community and for creating new affordable housing opportunities in the area. It also commends HPD and the developer for providing permanent housing to the 10 existing tenants that have been relocated since 2008. The Commission is encouraged that the income generated by the rental of the commercial space will be used to offset the maintenance fees of the cooperative units, increasing their affordability.

RESOLUTION

RESOLVED, that the City Planning Commission finds that the actions described herein will have no significant impact on the environment; and

WHEREAS, the Department of Housing Preservation and Development has recommended the designation of 204 Avenue A (Block 406, Lot 6) and 535 East 12th Street (Block 406, Lot 47) in Community Board 3, Borough of Manhattan, as an Urban Development Action Area; and

WHEREAS, the Department of Housing Preservation and Development has also recommended the approval of an Urban Development Action Area Project for such area;

THEREFORE, be it further **RESOLVED**, that the City Planning Commission, after due consideration of the appropriateness of the actions, certifies its unqualified approval of the following matters pursuant to the Urban Development Action Area Act:

- a) the designation of property located at 204 Avenue A (Block 406, Lot 6) and 535 East 12th Street (Block 406, Lot 47) as an Urban Development Action Area; and
- b) an Urban Development Action Area Project for such area; and

BE IT FURTHER RESOLVED, by the City Planning Commission, pursuant to Sections 197-c and 200 of the New York City Charter, that based on the environmental determination, and the consideration described in this report, the application submitted by the Department of Housing Preservation and Development pursuant to Sections 197-c and 201 of the New York City Charter for the disposition of City-owned property located at 204 Avenue A and 535 East 12th Street (Block 406; Lots 6 and 47) in Community District 3, Borough of Manhattan is approved (C 190069 HAM).

The above resolution (C 190069 HAM), duly adopted by the City Planning Commission on December 19, 2018 (Calendar No. 15), is filed with the Office of the Speaker, City Council, and the Borough President together with a copy of the plans of the development, in accordance with the requirements of Section 197-d of the New York City Charter.

MARISA LAGO, *Chair*
KENNETH J. KNUCKLES, *Esq., Vice-Chairman*
ALLEN P. CAPPELLI, *Esq.*, **ALFRED C. CERULLO, III**, **JOSEPH I. DOUEK**,
RICHARD W. EADDY, **HOPE KNIGHT**, **ANNA HAYES LEVIN**,
ORLANDO MARIN, **LARISA ORTIZ**, **RAJ RAMPERSHAD**, *Commissioners*

MICHELLE DE LA UZ, *Commissioner*, recused



THE CITY OF NEW YORK MANHATTAN COMMUNITY BOARD 3

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Alysha Lewis-Coleman, Board Chair

Susan Stetzer, District Manager

November 29, 2018

Marisa Lago, Director
Department of City Planning
120 Broadway, 31st Floor
New York, New York 10271

Dear Director Lago,

The language of the October 2018 Community Board 3 resolution for 204 Avenue A and 535 East 12th (ULURP #190069 HAM) unintentionally omitted one of three actions that were intended for approval. At the November 2018 full board meeting, Community Board 3 voted to amend the resolution, which should have stated that Community Board 3 approves of a UDAA designation, in addition to the UDAAP designation and disposition of City-owned property.

The corrected and adopted resolution is below:

**TITLE: Approval of ULURP #190069 HAM: 204 Avenue A and 535 East 12th ("East Village Housing")
– Approval of UDAA designation, UDAAP designation, and disposition of City-owned property**

WHEREAS, the project consists of 204 Avenue A and 535 East 12th Street, both City-owned buildings; and

WHEREAS, each building has 5 tenant-of-record households that have been relocated since 2008; and

WHEREAS, both buildings are currently vacant due to structural issues; and

WHEREAS, due to structural problems, the current buildings will be demolished and rebuilt; and

WHEREAS, both buildings will be constructed according to current building code and will comply with ADA and Section 504 accessibility requirements. The buildings will be designed to meet Enterprise Green Communities standards.

WHEREAS, with respect to 204 Avenue A,

- It is a 4-story, 6-unit building with a ground-floor commercial space
- the replacement building will be a 7-story, 10-unit building with a ground-floor commercial space
- there will be 8 1-bedroom units and 2 2-bedroom units
- the project intends to use on-site Inclusionary Housing to build above the base FAR
- under the proposed Affordable Neighborhood Cooperative Program (ANCP) development project, the building will be sold to Restoring Communities HDPC

- after construction, it will be converted into an affordable cooperative, to be owned and operated by a co-op corporation formed by the 10 existing households
- maintenance will be set at 40% AMI for existing families; future sales prices will be affordable to shareholders at 80% AMI

WHEREAS, with respect to 535 East 12th Street,

- it is a 5-story, 8-unit building with a ground-floor commercial space
- the replacement building at will be a 6-story building with 11 units
- there will be 11 1-bedroom units
- the project will be built as of right
- under the proposed ANCP development project, the building will be sold to an HDFC to be formed by SMJ Development
- after construction, it will be owned by SMJ Development and will be operated as a rent-stabilized rental building with rents capped at 130% AMI

WHEREAS, the sites require approval through ULURP for disposition of City-owned property and designation as an Urban Development Action Area (UDAA) and an Urban Development Action Area project (UDAAP); and

WHEREAS, because the residents of these two buildings have been displaced for more than ten years awaiting a satisfactory resolution of the issues surrounding these properties, as previously outlined; and

WHEREAS, the past and present councilmembers have worked with the residents and the designated developer to reach a satisfactory solution; so

THEREFORE BE IT RESOLVED, CB 3 approves the ULURP #190069 HAM: 204 Avenue A and 535 East 12th Street for the designation of properties located at 204 Avenue A and 535 East 12th Street (Block 406 Lots 6 and 47) as an Urban Development Action Area; and an Urban Development Action Area Project for such area; and for the disposition of these City-owned properties.

Please contact the community board office with any additional questions.

Sincerely,



Alysha Lewis-Coleman, Chair
Community Board 3



MyPhuong Chung, Chair
Land Use Zoning, Public & Private Housing Committee



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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 is 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 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 applicant's 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 New York City continues to lose affordable housing units, I appreciate the staff at HPD in preserving and developing affordable housing for all New Yorkers. This project includes critical elements that should be included in 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 a lengthy process where 10 families were relocated for far longer than expected.

Most of the residents who 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. Providing them the opportunity to own via a cooperative will not only ensure their housing stability and ability to remain in the neighborhood, but with the resale restrictions subsequent generations of lower income New Yorkers will have the opportunity to own these units if they are sold. The other development site, 535 East 12th Street, while serving higher incomes, will provide housing at below market rate for middle income residents who have fewer affordable housing options as rents increase in the borough and the 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 maintain the income levels at this site as low as possible.

New construction is more economical and provides 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, as they wished.

The development team that has been selected for these sites consists 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). 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