



## **CITY PLANNING COMMISSION**

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June 19, 2013/Calendar No. 21

C 130161 ZMK

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**IN THE MATTER OF** an application submitted by Pitkin Berriman HDFC pursuant to Sections 197-c and 201 of the New York City Charter for an amendment of the Zoning Map, Section No. 17c:

1. eliminating from within an existing R5 District a C1-3 District property bounded by a line 150 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue;
2. changing from an R5 District to an R7A District property bounded by a line 100 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue; and
3. establishing within the proposed R7A District a C2-4 District property bounded by a line 100 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue;

Borough of Brooklyn, Community District 5, as shown on a diagram (for illustrative purposes only) dated February 4, 2013, and subject to the conditions of CEQR Declaration E-298.

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The application for an amendment of the Zoning Map was filed by the Pitkin Berriman Housing Development Fund Corporation (HDFC) on January 19, 2013, to change an R5/C1-3 zoning district to an R7A/C2-4 and remove a C1-3 overlay from an R5 zoning district on a block bounded by Pitkin Avenue, Shepherd Avenue, and Berriman Street, in order to facilitate the development of a 7-story mixed-use building with ground-floor commercial space and 60 dwelling units in East New York, Community District 5, Brooklyn.

### **BACKGROUND**

The applicant is proposing an amendment of the Zoning Map to change the southern portion of Block 4005 (Lots 1, 2, 28, 35, 38) from an R5/C1-3 zoning district to an R7A/C2-4, in order to facilitate the development of a 7-story mixed-use building with ground-floor commercial space and 60 dwelling units. The area to be rezoned is 150 feet by 200 feet in size and is generally bounded by Pitkin Avenue to the south, Shepherd Avenue to the west, and Berriman Street to the east.

The proposed rezoning area consists of the applicant's site, a vacant land assemblage located on the corner of Berriman Street and Pitkin Avenue (Block 4005, Lot #28), as well as two, three-story residential buildings (Block 4005, Lots 1, 2, 35, 38), one of which contains a convenience store on the ground-floor.

The area surrounding the proposed rezoning is generally low-density residential in character and includes a number of community facilities. Pitkin Avenue is an 80 foot wide commercial and transit corridor, predominately developed with two- to four-story residential buildings, some with commercial ground-floor spaces. The predominant zone in the surrounding area is R5, and it is generally developed with one- to three-story attached and semi-detached residential buildings. A manufacturing-zoned district (M1-1) is to the north of the proposed rezoning area, and it is generally developed with non-manufacturing uses, such as an elementary school and residences, but also has some storage uses and scrap yard facilities.

The area is well served by public transportation, with the below-grade A and C trains running under Pitkin Avenue. The Shepherd Avenue stop on the C train is located at the corner of Shepherd and Pitkin Avenues, immediately adjacent to the rezoning area. The J and Z train lines also run above Fulton Street, about four blocks north of the proposed rezoning area. The Q24 bus line runs along Atlantic Avenue, about three blocks north of Pitkin Avenue, and takes riders to Broadway Junction, where they are able to reach the J, Z, A, C and L train lines as well as the regional Long Island Rail Road station.

The existing R5 district is a low-density residential district with a maximum floor area ratio (FAR) of 1.25 for residences. Community facilities are allowed a maximum FAR of 2.0. Buildings are permitted up to a maximum building height of 40 feet within R5 district, with a maximum street-wall height of 30 feet with a 15 foot setback. Typically, R5 districts produce three-story attached houses and small apartment houses.

The C1-3 overlay permits commercial development up to a maximum FAR of 1.0. Commercial overlays are typically mapped in residential areas along major avenues that accommodate the

retail and personal service shops. Within R5 zoning districts, residential uses within Use Groups 1-4 are permitted as-of-right and the C1-3 commercial overlay district allows uses within Use Groups 5 and 6, which include local retail uses such as grocery stores, restaurants, and beauty parlors.

The proposed rezoning would facilitate a proposal by the applicant to develop a 7-story mixed-use residential and commercial building on their site (Block 4005, Lot 28), which composes approximately 70% of the entire rezoning area. The building would contain a total of approximately 60 dwelling units, distributed throughout the 2nd-7th floors, which is intended to provide affordable rental units for tenants earning less than 60% of the Area Median Income (AMI). In addition, approximately 9,300 square feet of local retail space would be developed on the ground floor and accessory open space for tenants, consisting of garden plots and a play area, would be provided. Accessory parking is not required and has not been provided. The applicant plans to incorporate many features to make the development energy efficient and sustainable including solar panels, energy-efficient utility systems, Energy Star appliances, non-toxic and recycled materials, and native and low-maintenance landscaping. The bulk of the financing for the project would come from LIH Tax Credits, HOME Funds, and the State's Housing Trust Fund.

In order to facilitate the proposed project, the applicant, Pitkin-Berriman HDFC, proposes a Zoning Map amendment to rezone the block front along Pitkin Avenue, between Shepherd Avenue and Berriman Street, from R5/C1-3 to R7A/C2-4 within 100 feet of Pitkin Avenue. The existing C1-3 Commercial overlay would be removed from the remainder of the R5 district within the rezoning area.

The proposed R7A/C2-4 zoning allows medium-density mixed use buildings with residential, commercial and community facility uses. The R7A district would allow a maximum floor area ratio (FAR) 4.00 for residences. Community facilities are allowed a maximum FAR of 3.00. Buildings are permitted up to a maximum building height of 80 feet within R7A districts, with a minimum base building height of 40 feet and a maximum base building height of 65 feet. The proposed C2-4 overlay, within the R7A district, permits a 2.0 FAR for commercial uses and

allows for all the Use Groups currently allowed within the existing C1-3 district, as well as uses within Use Groups 7, 8, 9 and 14. The C2-4 district offers a broader range of local services and commercial establishments intended to serve a larger area.

## **ENVIRONMENTAL REVIEW**

The subject application (C 130161 ZMK) was reviewed pursuant to the Rules of Procedure for City Environmental Quality Review (CEQR) Executive Order No. 91 of 1977, and the State Environmental Quality Review Act (SEQRA) set forth in Volume 6 of the New York Code of Rules and Regulations (NYCRR), Section 617.00. The designated CEQR number is 13DCP067K. The lead is the City Planning Commission.

After a study of the potential environmental impacts of the proposed action, a Negative Declaration was issued on February 4, 2013. The proposed action includes an (E) designation (E-298) on the project site (Block 4005, Lot 28) in order to preclude future noise and hazardous materials impacts, which could occur as a result of the proposed action.

The (E) designation text related to noise is as follows:

Projected Development Site (Block 4005, Lot 28): To ensure an acceptable interior noise environment, future residential/commercial uses must provide a closed window condition with a minimum of 31 dBA window/wall attenuation on all facades to maintain an interior noise level of 45 dBA. To maintain a closed-window condition, an alternate means of ventilation must also be provided. Alternate means of ventilation include, but are not limited to, central air conditioning.

The (E) designation text related to hazardous materials is as follows:

### Task 1

The applicant submits to New York City Department of Environmental Protection (DEP), for review and approval, a Phase II of the site along with a soil and groundwater testing

protocol, including a description of methods and a site map with all sampling locations clearly and precisely represented.

The fee owner(s) of the lot(s) restricted by this (E) designation will be required to prepare a scope of work for any soil, gas, or groundwater sampling and testing needed to determine if the contamination exists, the extent of the contamination, and to what extent remediation may be required. The scope of work will include all relevant supporting documentation, including site plans and sampling locations. This scope of work will be submitted to the New York City Department of Environmental Protection (DEP) for review and approval prior to implementation. It will be reviewed to ensure that an adequate number of samples will be collected and that appropriate parameters are selected for laboratory analysis.

No sampling program may begin until written approval of a work plan and sampling protocol is received from DEP. The number and location of sample sites should be selected to adequately characterize the type and extent of the suspected contamination (i.e., petroleum based contamination and non-petroleum based contamination), and the remainder of the site's condition. The characterization should be complete enough to determine what remediation strategy (if any) is necessary after review of sampling data. Guidelines and criteria for selecting sampling locations and performing sampling will be provided by DEP upon request.

#### Task 2

A written report with findings and a summary of the data must be submitted to DEP after completion of the testing phase and laboratory analysis for review and approval. After receiving such testing results, a determination will be provided by DEP if the results indicate that remediation is necessary. If DEP determines that no remediation is necessary, written notice shall be given by DEP.

If remediation is necessary according to the test results, a proposed remediation plan must be submitted to DEP for review and approval. The fee owner(s) of the lot(s) restricted by

this (E) designation must perform such remediation as determined necessary by DEP. Upon completion of the remediation, the fee owner(s) of the lot(s) restricted by this (E) designation should then provide proper documentation that the work has been satisfactorily completed.

A DEP-approved construction-related health and safety plan would be implemented during evacuation and construction and activities to protect workers and the community from potentially significant adverse impacts associated with contaminated soil and/or groundwater. This Plan would be submitted to DEP for review and approval prior to implementation.

The Environmental Assessment and Review Division of the Department of City Planning, on behalf of the City Planning Commission, has completed its technical review of the Environmental Assessment Statement, dated February 1, 2013, prepared in connection with the ULURP Application (No. 130161 ZMK). The City Planning Commission has determined that the proposed action will have no significant effect on the quality of the environment.

The above determination is based on an environmental assessment which finds that:

1. The (E) designation for noise and hazardous materials would ensure that the proposed action would not result in significant adverse impacts
2. No other significant effects on the environment which would require an Environmental Impact Statement are foreseeable.

This Negative Declaration has been prepared in accordance with Article 8 of the Environmental Conservation Law 6NYCRR part 617.

#### **UNIFORM LAND USE REVIEW**

This application (C 130161 ZMK) was certified as complete by the Department of City Planning on February 4, 2013, and was duly referred to Brooklyn Community Board 5 and to the Brooklyn Borough President in accordance with Article 3 of the Uniform Land Use Review Procedure (ULURP) rules.

### **Community Board Public Hearing**

Community Board 5 held a public hearing on this application (C 130161 ZMK) on March 27, 2013, and submitted a letter from the Chair of the Community Board dated April 15, 2013 recommending approval of the application.

### **Borough President Recommendation**

The subject application (C 130161 ZMK) was considered by the Office of the Borough President of Brooklyn which issued a recommendation approving the application on May 8, 2013.

### **City Planning Commission Public Hearing**

On May 8, 2013, Cal. No. 1, the City Planning Commission scheduled May 22, 2013 for a public hearing on this application (C 130161 ZMK). The hearing was duly held on May 22, 2013, Cal. No. 13.

There were 18 speakers in favor of the application and none in opposition.

The 18 speakers in favor of the proposal included representatives of the project sponsor, residents of the community, and members from Community Board 5, including the Community Board's District Manager. Representatives of the applicant summarized the features of the proposal and emphasized the benefits of locating density on a commercial- and transit-corridor adjacent to a subway station. They stated that the project would include deeply-affordable rental units for families and add affordable ground-floor commercial space to encourage a FRESH food supermarket. They explained the unique design elements which would create both an aesthetic icon for the community as well as meeting LEED sustainability certification. Additional speakers in support mentioned that the proposal would bring much needed, deeply-affordable housing to the community and include a variety of unit sizes. They also stated that Pitkin Avenue could be a location of increased density for affordable mixed-use developments as it is a transit-corridor and historically supported a greater density and mix of uses. Speakers noted that the proposal would also include community gardens, open to the public, units available to special needs populations, and act as a catalyst spurring greater investment and pride in the community.

There were no other speakers and the hearing was closed.

## **CONSIDERATION**

The Commission believes that this amendment to the zoning map (C 130161 ZMK), is appropriate.

The Commission believes that the proposed R7A/C2-4 zoning district would facilitate affordable housing development with ground-floor retail on a long-vacant site, at a density it believes to be appropriate along a wide-street and transit corridor, directly adjacent to a subway stop. The Commission further believes that the proposed commercial overlay would allow an array of retail uses appropriate for a local retail corridor, and the removal of the C1-3 commercial overlay beyond 100 feet of Pitkin Avenue, would protect the residential character of the side-streets from potential commercial intrusion.

The Commission believes that the proposed action would add much-needed affordable housing, with active ground-floor commercial uses to benefit both the Pitkin Avenue corridor and the broader East New York community by bringing additional residents to the area and activating the street and thus improving safety. The provision of affordable units for families earning below 60% of area median income (AMI) and the inclusion of two- and three-bedroom units in the design could assist low-income families most in need. The proposed building would also provide open space, a playground, and a community garden, and is planned to achieve multiple sustainability certifications including LEED Silver.

The Commission recognizes that the sponsor of the proposed rezoning and development, the Cypress Hills Local Development Corporation (CHLDC), is a not-for-profit affordable housing provider with a long history of providing a wide range of services to residents within the Cypress Hills and East New York communities. The Commission is pleased that the CHLDC intends to bring a FRESH food supermarket and other active ground floor commercial uses to Pitkin



Avenue with low rents to stabilize in-store occupancy, as noted in a letter to the Commission dated May 28, 2013. The proposed development would also provide a community garden, open to the public, on site.

The Department of City Planning (DCP) is currently conducting a land use study which includes this part of East New York, as part of a Federal Sustainable Communities East New York grant. The study seeks to capitalize on the area's strong regional and local transit access to identify opportunities for new mixed-income housing, improved access to job centers, helping to create more pedestrian activity and safer streets, improving availability of healthy food options, improved environmental quality, and energy efficiency. The development to be facilitated by the proposed rezoning along the Pitkin Avenue transit and retail corridor would meet the goals of this study by providing much-needed affordable housing and active ground-floor commercial uses, and other community benefits.

## **RESOLUTION**

**RESOLVED**, that the City Planning Commission finds that the action described herein will have no significant impact on the environment; and be it further

**RESOLVED**, by the City Planning Commission, pursuant to Sections 197-c and 201 of the New York City Charter, that based on the environmental determination and the consideration described in this report, the Zoning Resolution of the City of New York, effective as of December 15, 1961, and subsequently amended, is further amended by changing the Zoning Map, Section No. 17c,

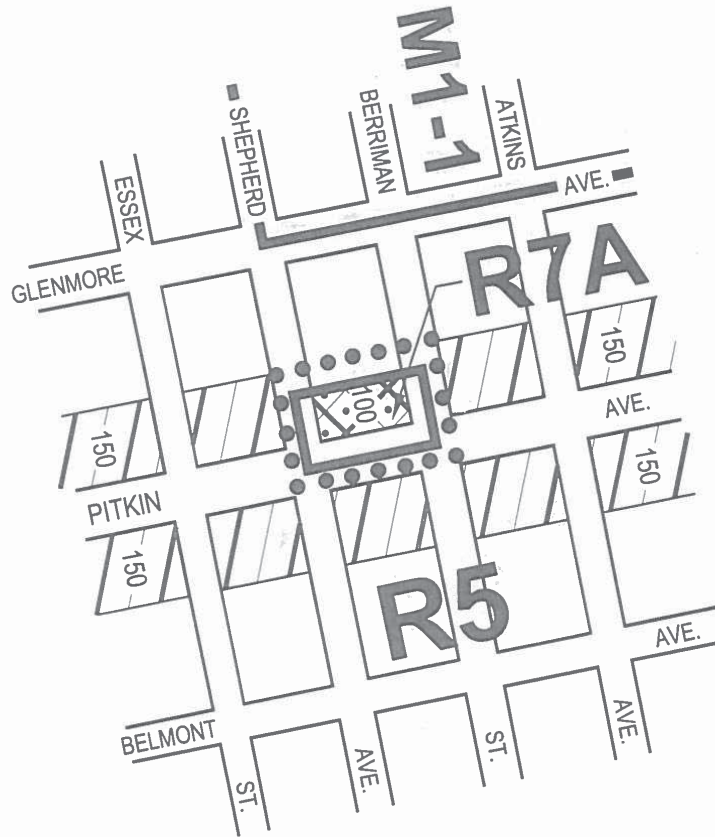
1. eliminating from within an existing R5 District a C1-3 District property bounded by a line 150 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue;

2. changing from an R5 District to an R7A District property bounded by a line 100 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue; and
3. establishing within the proposed R7A District a C2-4 District property bounded by a line 100 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue;

Borough of Brooklyn, Community District 5, as shown on a diagram (for illustrative purposes only) dated February 4, 2013, and subject to the conditions of CEQR Declaration E-298.

The above resolution (C 130161 ZMK), duly adopted by the City Planning Commission on June 19, 2013 (Calendar No. 21), is filed with the Office of the Speaker, City Council, and the Borough President in accordance with the requirements of Section 197-d of the New York City Charter.

**AMANDA M. BURDEN, FAICP**, Chair  
**KENNETH J. KNUCKLES, ESQ.**, Vice Chairman  
**ANGELA M. BATTAGLIA, RAYANN BESSER, IRWIN G. CANTOR, P.E.,**  
**ALFRED C. CERULLO, III, BETTY Y. CHEN, MICHELLE R. De La UZ,**  
**MARIA M. DEL TORO, JOSEPH I. DOUEK, RICHARD W. EADDY,**  
**ANNA HAYES LEVIN, ORLANDO MARÍN**, Commissioners



CITY PLANNING COMMISSION  
CITY OF NEW YORK  
DIAGRAM SHOWING PROPOSED

**ZONING CHANGE**

ON SECTIONAL MAP

**17c**

BOROUGH OF



**BROOKLYN**

J. Miraglia, Director  
Technical Review Division

New York, Certification Date  
FEBRUARY 04, 2013



**NOTE:**

-  Indicates Zoning District Boundary.
-  The area enclosed by the dotted line is proposed to be rezoned by eliminating a C1-3 District within an existing R5 District, changing an R5 District to an R7A District and by establishing a C2-4 District within a proposed R7A District.



Indicates a C1-3 District.



Indicates a C2-4 District.

The  
Borough  
of  
Brooklyn



# COMMUNITY BOARD NO. 5

The City of New York  
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(E-Mail) Bk05@cb.nyc.gov

MARTY MARKOWITZ  
Borough President

NATHAN BRADLEY  
Chairman

WALTER CAMPBELL  
District Manager

April 15, 2013

City Planning  
22 Reade Street  
New York, New York 10007

Re: Pitkin-Berriman Zoning Map Change  
Application #1130161ZMK

Dear Sir/Madam:

This letter is to inform you that Community Board #5 Land Use Committee met on March 14, 2013 with representatives from Cypress Hills Local Development Corp. The representative's presentation was about the Pitkin-Berriman Affordable Housing Development application for a zoning map change.

Community Board #5 Land Use Committee approved the Zoning Map change to Tax Block 4005, lots 1, 2, 28, 35 and 38. Lots 35, 38 and a portion of 28 are to be rezoned from R5/C1-3 to R7A/C2-4. Lots 1, 2 and a portion of 28 all to retain their R5 designation but their C1-3 overlay will be removed.

At the March 27, 2013 regular Board meeting the report was presented but, due to lack of a quorum, the Board could not vote on the Land Use report, therefore as Chairman of the Board I am submitting this letter approving the Application for the Zoning Map Change.

Thanking you in anticipation.

Sincerely,

Nathan Bradley, Chair  
Community Board #5

cc: Borough President  
Cypress Hills LDC



**Brooklyn Borough President Recommendation**  
CITY PLANNING COMMISSION  
22 Reade Street, New York, NY 10007  
FAX # (212) 720-3356

**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 #: 130161 ZMK

Pitkin-Berriman Rezoning

In the matter of applications submitted by Pitkin Berriman HDFC pursuant to Sections 197-c and 201 of the New York City Charter for an amendment of the Zoning Map: 1) eliminating from within an existing R5 District a C1-3 District property bounded by a line 150 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue; and changing from an R5 District to an R7A District and establishing within the proposed R7A a C2-4 District property bounded by a line 100 feet northerly of Pitkin Avenue, Berriman Street, Pitkin Avenue, and Shepherd Avenue to facilitate the development of a seven-story, 60-unit affordable housing development.

COMMUNITY DISTRICT NO.


5

BOROUGH OF BROOKLYN

**RECOMMENDATION – 130161 ZMK**

APPROVE  
 APPROVE WITH  
MODIFICATIONS/CONDITIONS

DISAPPROVE  
 DISAPPROVE WITH  
MODIFICATIONS/CONDITIONS

  
\_\_\_\_\_  
BOROUGH PRESIDENT

May 8, 2013  
\_\_\_\_\_  
DATE

**RECOMMENDATION FOR THE PROPOSED  
Zoning Map Amendments for the Pitkin-Berriman Rezoning  
130161 ZMK**

This application by Pitkin Berriman HDFC requests approval for an amendment to the Zoning Map in order to facilitate a rezoning of property in East New York that will result in the development of a new seven story mixed-use building with ground floor commercial. This project intends to provide 60 units of affordable housing at income tiers for those families making below 60 and 40% of area median income (AMI). The HDFC is affiliated with the Cypress Hills Local Development Corporation (CHLDC), which among its mission is a not-for-profit affordable housing provider. Such providers are intent on retaining such developments as permanently affordable. CHLDC intends to have the commercial space occupied by a supermarket that carries fresh fruits and vegetables and offers healthy food choices not commonly found within the deli's and bodegas in the area. The rear yard will include a community garden planting area. The commercial overlay would be reduced to remove side street residential properties from the commercial district.

Community Board 5 issued a letter approving the application.

The Borough President's policy is to support projects that increase the supply of affordable housing options for those Brooklyn residents in need of such housing options. It is the policy of the Borough President that such units should remain "Affordable Forever" where feasible. With the great demand for affordable housing, he believes that every attempt should be made to provide these opportunities. With this project, the Borough President believes CHLDC has created a proposal that is consistent with his policies regarding affordability. There has been a trend for new developments to include a greater proportion of studio to one bedroom units, resulting in fewer opportunities for larger families to qualify for such affordable housing. The Borough President commends CHLDC for ensuring that larger households will have an adequate opportunity to secure affordable housing as two-thirds of the proposed units will contain two and three bedroom apartments. The Borough President further commends CHLDC for incorporating a community garden as part of the development's open space.

The Borough President notes that the R7A district that is proposed in this application would result in a significant increase in allowable floor area as compared to the built character in the area. The Department of City Planning (DCP) has been undertaking a study of the northern section of Community Board 5 (CB 5) as part of its Sustainable Communities initiative, a vision for the future sustainable growth and development for East New York and Cypress Hills. This initiative notes that this is a transit rich community which is well suited to provide more opportunities for development at greater density, which could also generate much needed affordable housing. The proposed rezoning is within the study area for this initiative. The Pitkin Avenue frontage of the block for the proposed development contains access to the Shepherd Avenue C line transit station. The density, building height and retail proposed in this development is consistent with the stated goals of the DCP study and would be a model for similar mixed-use affordable housing and local retail developments with proximity to public transit. The Borough President concurs that the availability of public transit access warrants the type of neighborhood transformation according to the proposed rezoning as a means to spur development that meets City objectives that provide smart development opportunities in close

proximity to rapid transit. Therefore the rezoning, with its increased density, is appropriate for this Pitkin Avenue frontage.

Though not required by the proposed rezoning, CHLDC is intending to house low and moderate income households as a result of this rezoning. While additional properties along this section of Pitkin Avenue should also be given consideration for rezoning due to the proximity to transit being the justification for increasing density, any subsequent rezoning along the corridor should also include measures to ensure that housing opportunities for those of a low income are strongly encouraged. The Borough President believes that any future vision for the East New York community that results in an upzoning should include the Inclusionary Housing Program as part of any proposed zoning map amendment.

The Borough President supports the proposed reduction of the distance into the mid-block of the commercial overlays within the rezoning area. By reducing the distance from 150 feet to 100 feet, the residential side street will be protected from the intrusion of retail establishments. With the removal of the commercial zoning designation along side street fronting properties, two houses along Shepherd Avenue would no longer be permitted to have space converted to commercial use. After the conclusion of DCP's community study, any subsequent agency rezoning along Pitkin Avenue should include thorough analysis to ensure that all warranted side streets of residential character would be afforded such protection through a similar reduction of commercial zoning map depth.

The Borough President notes the limited access to affordable fresh food stores in many neighborhoods. He understands that supermarkets receive no incentives to open and that rental prices continue to hamper their existence. In light of this, the Borough President has been seeking to establish more supermarkets throughout Brooklyn. Among his policies is the review of all appropriate land use applications to determine whether it is appropriate to include a supermarket within the plans. The East New York community, a designated food desert, is an area underserved by quality, fresh food options. Access to healthy food options has been a top priority for the Borough President. In order for all of Brooklyn to flourish, it is imperative that the Borough's residents have an adequate supply of supermarkets and grocery stores in their neighborhoods to access fresh and affordable foods. He commends the applicant in its pursuit of a tenant that will improve fresh food access in the neighborhood.

**Recommendation**

Be it resolved that the Brooklyn Borough President, pursuant to section 197-c of the New York City Charter, recommends that the City Planning Commission and City Council approve the requested Zoning Map amendment requested for the Pitkin-Berriman Rezoning.



May 28, 2013

Mr. Alex Sommer  
NYC Department of City Planning  
Brooklyn Office  
16 Court St  
Brooklyn, NY 11241  
ASOMMER@planning.nyc.gov

**RE: Response to City Planning Commission Questions from Public Hearing held on May 22, 2013**

Dear Alex:

I am writing in response to questions raised by the City Planning Commission during the public hearing for the Pitkin-Berriman Housing Development upzone application. Some of the commissioners requested further clarification regarding the financing of the development's commercial space, particularly in light of our goal of bringing a grocery store to the site.

At the Pitkin-Berriman Housing Development, Cypress Hills Local Development Corporation seeks to attract and sustain commercial tenants that will improve healthy food access to the Cypress Hills/East New York community, a neighborhood designated as a food desert by the US Department of Agriculture. CHLDC aims to finance and attract quality tenants by:

**Integrating commercial space construction into overall project financing:** CHLDC is pursuing a financing scenario that utilizes 4% tax credits, which—along with funding the construction of affordable residential units—can be used in a mixed-use project if the commercial space does not exceed the following thresholds:

- Commercial space represents less than 20% of total revenue
- Commercial space represents less than 20% of total space
- Commercial space represents less than 20% of total hard costs

The commercial space at Pitkin-Berriman is below these thresholds.

**Offering affordable commercial rents:** The development is underwritten at low commercial rental rates. These rates are similar to those offered at a separate commercial building that CHLDC operates along



Fulton Street--a location that has successfully maintained the same commercial tenants since project completion several years ago. Because of the low market rates for commercial space in East New York, our lenders typically request that we keep the rents low, in order to ensure a healthy cash flow for the building though improving the collectability of rents. Lower rents in its buildings allow CHLDC to support economic development initiatives in the neighborhood and to provide the right incentives to attract and keep the types of commercial tenants that the Cypress Hills/East New York neighborhood needs.

**Helping potential operators tap into available financing sources for grocery store development in**

**food deserts:** CHLDC has already begun discussions with the Local Initiative Support Corporation (LISC) regarding their Healthy Food Financing Initiative, which would provide a series of loans and grants to provide gap-filling development financing. CHLDC is also looking into funding opportunities through the Office of Community Services within the Administration for Children and Families (ACF) at the Department of Health and Human Services (HHS) which would provide funding for projects designed to address food deserts. Finally, CHLDC is interested in using the NYC FRESH program to help operators tap into incentives offered by the City of New York.

Sincerely,

A handwritten signature in black ink, appearing to read 'Abdulla Darrat', with a long horizontal line extending to the right.

Abdulla Darrat

Senior Project Manager, Cypress Hills Local Development Corporation