# Case Study 1



## Case Study 1

### A Non-Profit Developer Builds Relationships with Property Owners in Flushing

**Background:**

The Flushing-Willets Point-Corona **LDC** (FWPC) is an organization dedicated to facilitating development projects that help revitalize and stabilize the Flushing, Willets Point, and Corona communities in Northern Queens. FWPC administers a state and city-funded planning grant in an industrial section between Flushing Creek and downtown Flushing. The focus of its place-based, vacant land planning has been to advance a mixed-use rezoning proposal and connect downtown Flushing with the waterfront. Established in 2007, FWPC was a relatively young development corporation without established relationships with local property owners. The organization also faced the added challenge of bridging cultural and linguistic barriers when communicating with the predominantly Asian community of Flushing. As a result, the development corporation decided to engage the Flushing Chinese Business Association (FCBA), a civic organization with hundreds of local businesses as members, to help it reach out to property owners.

**Strategy:**

Flushing-Willets Point first developed a strong rapport with the executive director of FCBA by meeting and updating him regularly on the progress of its land planning effort. Over time the FWPC built a relationship with the business association's executive director, who became familiar with FWPC's planning work, and in turn introduced members of the FWPC to Chinese property owners. FWPC also translated important planning documents into Chinese and made certain that Chinese translators attended public meetings.

**Conclusion:**

Now, FWPC is introduced to new property owners through the FCBA or a trusted neighbor, and then returns periodically for individual visits to remind land owners of FWPC's plans for the area and the projected benefits to the community. Through persistent outreach, the FWPC has established strong relationships with twelve (12) property owners of strategic development sites. More importantly, these relationships are essential in meeting and building trust with additional property owners. Flushing-Willets Point can now leverage its relationships with property owners to advance redevelopment of strategic development sites in West Flushing.

Related Development Strategy

# Case Study 2



## Case Study 2

### SoBRO Advances Development on the Port Morris Harlem Waterfront

**Background:**

SoBRO, a local development corporation based in the South Bronx, is conducting a state and city funded planning study for 200 acres of waterfront land along the Harlem River which was rezoned from manufacturing to mixed-use in 2009. Planning goals include attracting mixed use development to the area and expanding public access to the Harlem River. SoBRO, which began work in the South Bronx in 1972, has strong relationships with businesses, property owners, and community groups. One land owner it knows well is the Harlem River Yards Ventures, one of whose principals sits on SoBRO's board of directors. In 2006, this individual introduced SoBRO to a property owner who had leased his property for several decades as a parking lot for school buses. SoBRO has maintained a relationship with this property owner ever since.

**Strategy:**

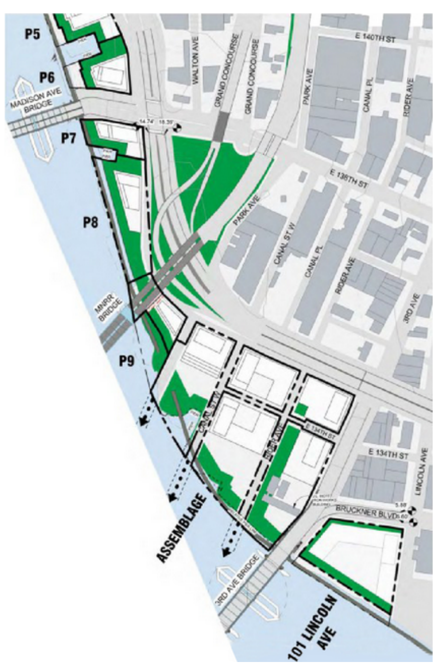
When SoBRO set out to study the development potential along the Harlem River through the BOA program in 2011, it contacted this property owner. The owner, in turn, introduced SoBRO to another owner who operates a paper manufacturing and storage plant.
SoBRO held multiple one-on-one meetings with these two owners, described the area's redevelopment potential, offered to use state planning funds to explore design and development opportunities, and suggested that the property owners consider a joint venture development.

The two owners responded enthusiastically, and SoBRO then proceeded to send letters of interest to other waterfront property owners. SoBRO included the original two property owners as references in its letter of interest and asked them to make follow up calls to other property owners. Through these efforts SoBRO brought seven property owners to a meeting to learn about its state and city place-based community vacant land planning grant, the opportunity to create a vision for the waterfront, and perform high level design and development analyses for each property. This plan was well received, and SoBRO had established a network of property owners in the planning area.

Today, the group has benefitted from the New York State's designation of the Port Morris Harlem Riverfront as a Brownfield Opportunity Area which provides developers with additional state tax credits if redevelopment projects enroll in the state Brownfield Cleanup Program and are eligible for tangible property credits. Furthermore, the two original property owners are considering a partnership to assemble and develop their properties jointly as one project. Other property owners have shared development plans and designs to create balanced and visually appealing development projects.

**Conclusion:**

In this instance, when presented with a comprehensive vision for growth of their area, property owners immediately saw the potential benefit of engaging their neighbors and participating in a broader effort. Through targeted site planning, SoBRO continues to solicit feedback from waterfront property owners to ensure that the end product is useful to them and they continue to participate in the planning effort.
Related Development Strategy



# Case Study 3



## Case Study 3

### WHEDco Works with Merchants to Revive Morrisania's Commercial Corridor

**Background:**

The Women's Housing and Economic Development Corporation (WHEDco) is a Bronx-based property owner and developer involved in affordable housing and commercial revitalization. WHEDco is deeply engaged in its community and also operates workforce development and family support programs. When beginning commercial revitalization work in an unfamiliar neighborhood, WHEDco works to build relationships with local property and business owners by inviting them to participate in forging a common vision for the area's economic development. WHEDco also stresses its role as a property owner with its new partners.

**Strategy:**

WHEDco organized merchants along Southern Boulevard, a commercial corridor in the Morrisania section of the Bronx with a high commercial vacancy rate, by discussing their common interest in boosting local property values. It drew a strong response. WHEDco discussed the results of resident surveys that it had conducted which indicated a high incidence of "retail leakage", or money spent outside the community. This sparked discussion among property owners and prompted them to invest in their businesses through façade improvements, marketing, retail attraction events, and new market studies. Ultimately, after a nearly two-year merchant organizing effort, the commercial vacancy rate in the relevant portion of Southern Boulevard had decreased from twenty-four percent (24%) to thirteen percent (13%).

**Conclusion:**

Through a carefully designed marketing and commercial revitalization strategy that enjoyed broad support from property owners and residents, WHEDco implemented a feasible plan that benefited all merchants. This case study demonstrates the importance of generating a common vision among property and business owners as a viable strategy for implementation.

Related Development Strategy

# Case Study 4



## Case Study 4

## GMDC Conducts a Door-to-Door Survey of 400 Businesses on Newtown Creek

**Background:**

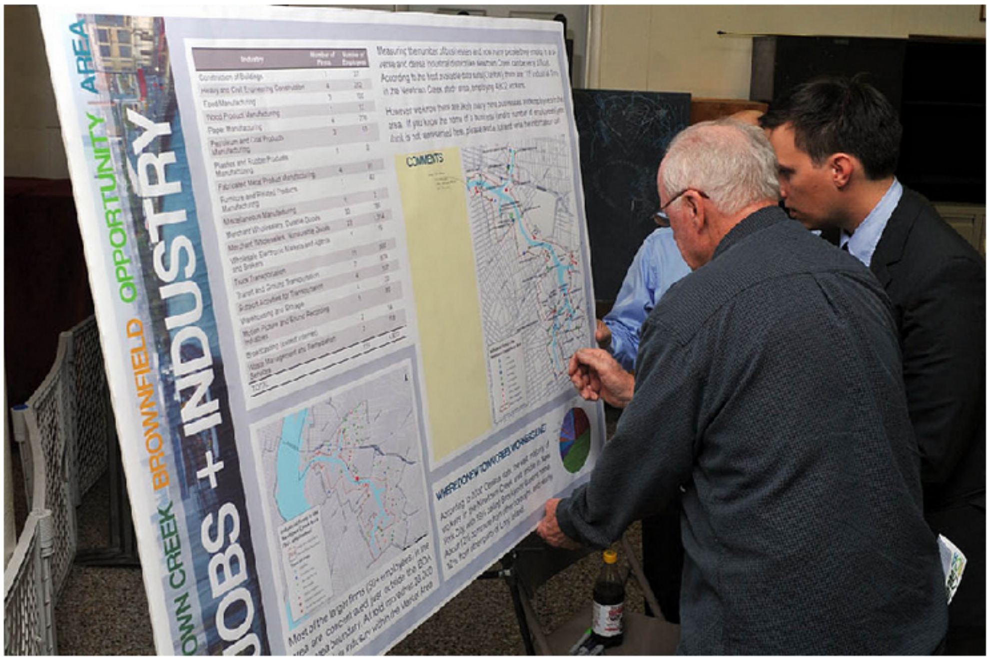
The Greenpoint Manufacturing and Design Center (GMDC), a nonprofit industrial developer, completed a state and city-funded planning study along Newtown Creek in 2012, focusing on green infrastructure, industrial development, and waterfront access. The study area encompasses nearly 1,000 acres on both the Brooklyn and Queens sides of the creek, which includes hundreds of industrial properties and as many property owners. Reaching out to these owners was a daunting task. To complicate matters, around the same time that GMDC kicked off its outreach process, the U.S. Environmental Protection Agency (EPA) designated the Newtown Creek a national **Superfund Site**. Property owners initially pulled back from the state-sponsored planning effort for fear that they could be targeted as legally responsible for the creek's contamination. At the time, EPA and the New York City Department of Environmental Protection (DEP) sought to engage the public about the federal **Superfund Process**, prompting GMDC to distinguish its public engagement from the potentially threatening federal process.

### Strategy:

Recognizing the significant task at hand, GMDC initially hired a private planning firm to lead its planning study. The firm, however, performed outreach at a distance and failed to produce "on-the-ground" information reflecting current local concerns and needs. GMDC then hired the Newtown Creek Alliance (NCA), a local non-profit and advocate for the waterbody's Superfund designation, to survey the property owners. The Alliance knocked on doors, speaking to over 400 property and business owners. One important issue that emerged was the need for bulkhead repairs to revive waterborne commerce along the creek. To replace dilapidated bulkheads, many businesses had to comply with the state Department of Environmental Conservation's requirements to compensate for wetlands that would be lost when new bulkheads were built. Under the state-funded program, GMDC and the Alliance developed a database whereby property owners could exchange information about property available for wetland mitigation uses, and also urged DEC to streamline its permitting process.

### Conclusion:

The collaboration promoted a vision of maritime use consistent with Newtown Creek's industrial past rather than redevelopment for mixed use. With this goal, GMDC promoted industrial retention and the preservation of maritime support services. By taking an in-person approach to outreach, the GMDC team was able to learn about the genuine needs of property owners and then use the state and city-funded planning effort to raise their concerns with regulators. Simultaneously, the place-based planning team was able to distinguish the **BOA** planning process from the Superfund cleanup efforts and alleviate property owners' concerns of being viewed as potential responsible parties (PRPs) for the creek's contamination. By promoting place-based planning as a support tool, not a regulatory action, property owners were receptive, and strong relationships were established.
**Related Development Strategy**



# Case Study 5



## Case Study 5

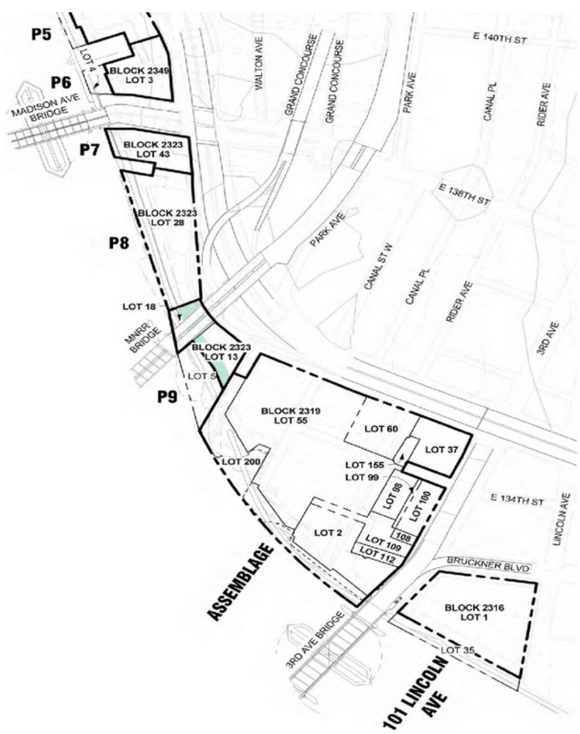
### Using Planning Funds, SoBro Informs Land Owners of What They Can Build Under New Zoning for the South Bronx

SoBRO, a local development corporation based in the South Bronx, administers the Port Morris – Harlem River state and city-funded planning program for a 200-acre strip of waterfront land along the Harlem River which was rezoned from manufacturing to mixed-use in 2009. SoBRO presented its place-based vacant land planning process to area property owners and the opportunity it affords landowners to reposition their properties in light of the new zoning.

From the outset, SoBRO focused on its capacity to fund a full-scale analysis of a visionary but realistic development opportunity within the Harlem River waterfront district, taking into account the community's interest in public access to the water and the bottom line interests of property owners. SoBRO completed a visioning study that integrated a zoning analysis, bulk and massing diagrams, design of a waterfront esplanade, and a set of sustainability guidelines which provided a realistic sense of how much residential, commercial and community facility space could be built under the new zoning regulations. The study allowed SoBRO and property owners to home in on specific projects, model their financial feasibility and pursue capital funds to advance project implementation. A market feasibility study with demographic and **market indicators** necessary to build confidence among developers was also completed.

Property owners enthusiastically accepted SoBRO's offer to undertake an analysis of what could be built on individual parcels under the new zoning regulations. Since the release of the Visioning Study, property owners, developers, and industry experts have used these products to garner financial and other support for their future development projects.

**Related Development Strategy**



# Case Study 6



## Case Study 6

### Greater Jamaica Attracts a Major Residential Development and a Hotel to Downtown Jamaica

**Background:**

The Greater Jamaica Development Corporation (GJDC), a local development corporation based in Jamaica, Queens, has completed a state and city-funded planning study which focuses on creating quality jobs, improving retail diversity and creating affordable housing on vacant land in downtown Jamaica that surrounds the intersection of three major mass transit systems: the Long Island Railroad, the Air Train and the city subway.

The area had been **upzoned** in 2007 from low density industrial to high density commercial. In an earlier phase of its planning study, Greater Jamaica developed the concept of Transit-Oriented Development for the half-mile area around the transit hub.

**Strategy:**

GJDC has spent a significant part of its state planning funds in market research and the production of marketing materials to attract developers and anchor tenants to the station area. The development corporation conducted an extensive survey of consumer needs and desires, which produced 740 responses from those who live, work, shop, and dine in the area. The survey included a careful analysis of “leakage” to identify what purchases local residents make outside Jamaica. The study informed Greater Jamaica on desirable types of retail and commercial development for the area, which included more tablecloth restaurants.

Greater Jamaica then used the market research data to educate developers and anchor tenants on the potential of Transit Oriented Development to support the investments they would make in the area. This campaign helped persuade the initial developers and their lenders to overcome the risk they felt of being the first to build a high rise development in downtown Jamaica.

Later, Greater Jamaica issued a **Requests for Proposal** (RFP) for the development of two sites that it owned and subsequently sold to developers who committed to build mixed use housing, retail and community facilities as well as a hotel in the area. The first site, which will include 580 units of mixed use housing, 100,000 square feet of retail and community facility space and 300 parking spaces on a 58,000-square foot site, broke ground in summer 2016. The site’s developer, BRP Companies, worked with the Office of Environmental Remediation, and has enrolled the site in the state Brownfield Cleanup Program. The second site, where the developer will erect a Hilton Garden Inn with 225 rooms, has already been enrolled in the City’s Voluntary Cleanup Program. It is expected to break ground in early 2017.

**Conclusion:**

By using state and city planning funds to market development opportunities in downtown Jamaica, Greater Jamaica effectively positioned long dormant parcels for new investment. It is essential for community developers to understand how to position development so savvy developers grasp the potential of redeveloping vacant and underutilized property. In part because of its comprehensive marketing strategy, a new high-rise center is emerging in downtown Jamaica. Greater Jamaica currently has 10 large-scale projects ready for development with strong interest from area and regional developers.

# Case Study 7

Share
Print

## Case Study 7

### Evergreen Focuses on Land Owners Near Retirement and Willing to Sell Their Land in a Few Years

**Background:**

Evergreen, an industrial business service provider based in North Brooklyn, is currently completing a state and city-funded planning study. Evergreen's development strategy is to attract new business and create new industrial space in East Williamsburg. The organization identifies property owners that are open to selling, then designs a development program and finds appropriate end users.

**Strategy:**

The time required to secure acquisition funds is typically 2-3 years because of extensive due diligence required of applications. The long due diligence process has caused Evergreen to lose several motivated owners. To focus on owners who would accommodate the organization's timing needs, Evergreen began targeting owner-operators potentially interested in either selling their business or those nearing retirement. It reasoned that owners at the later stage of their career would have the time and flexibility to think broadly about the future and to participate in a local neighborhood planning process. And these owners would likely have the flexibility to wait several years for a deal to close as opposed to being impatient. What is more, older business owners with well-established enterprises would be more likely to have surplus capital to invest in real estate.

**Conclusion:**

To reach owners with a medium term horizon for selling their land, Evergreen used existing contacts to identify a mother and son ready to sell their 23,000-square foot manufacturing facility in the next few years and willing to wait for Evergreen's acquisition funding. The mother and son, however, chose not to sell their property. Evergreen now seeks to purchase another 23,000-square-foot manufacturing space at 180 Morgan Avenue with plans to redevelop and reconfigure the building, currently designed for a single tenant into space for additional manufacturing businesses. Currently, Evergreen has a tentative agreement with the seller, subject to funding from the city Industrial Development Fund.

Related Development Strategy

# Case Study 8



## Case Study 8

### SoBRO Reconsiders Its Strategy For Buying a Contaminated Site

**Background:**

SoBRO, a local development corporation based in the South Bronx, administers a state and city-funded planning study to identify strategic development sites and develop a plan for the renewal of Eastchester, an industrial stretch of the Bronx with a heavy concentration of auto-dismantling facilities. SoBRO's goals for the Eastchester area include attracting new business, spurring green industrial development, and reviving maritime businesses along the Hutchinson River waterfront.

**Strategy:**

One of the sites SoBRO has identified is the former Hexagon Laboratories site, which closed in 1986 and stopped paying property taxes. This former pharmaceutical manufacturing plant had a long history of chemical spillage. Designated a Superfund significant environmental threat site by the state Department of Environmental Conservation (DEC) in 1993, the site has been cleared of all structures, and more recently, soil and groundwater have been remediated, which has prompted DEC to propose reclassifying the site as properly closed. Despite being imminently developable, the site remains blighted and dormant, due in large part to a complex history, masked ownership and unpaid property taxes.
SoBRO has been investigating the site's ownership since 2006 as part of a lengthy due diligence process to gain site control and redevelop the site. The first step, a title search, identified a limited liability corporation linked to a defunct corporation. Next, SoBRO approached Bronx Community Board 12 and a neighboring property owner for a more detailed site history and ownership information. With this local knowledge, SoBRO contacted DEC staff members, who provided contact information for a shareholder of the bankrupt corporation.

To determine how best to acquire the site, SoBRO consulted an attorney to assess the liability of the parties legally responsible for the site's cleanup. SoBRO learned that the site owner would not profit from selling the parcel because the liens for back taxes far exceeded the land's value. Furthermore, if the owner ever decided to sell the land, DEC would likely file a lawsuit against him for the funds the state expended to remediate the site's groundwater. With this knowledge, SoBRO developed an alternate method of acquiring the site.

**Conclusion:**

Obtaining title through a **tax lien foreclosure auction** appears to be the best way to gain site control.
**Related Development Strategy**

# Case Study 9

Share
Print

## Case Study 9

### Community Planning Led to the City's Industrial Plan for North Brooklyn

**Background:**

Evergreen, a North Brooklyn business services provider dedicated to expanding manufacturing in East Williamsburg, and Saint Nicks Alliance, a community development corporation that develops affordable housing, together were awarded a $67,500 state-funded planning grant in 2004. Their partnership was borne out of their mutual interest in attracting new business and more affordable housing to North Brooklyn. The limited state planning grant encouraged both partners to use existing staff to conduct planning and use their existing relationships with fellow **CBO**s and community stakeholders to build community support for the planning effort. These actions created a coalition which successfully navigated the initial planning process and led to a second state-funded planning grant of $316,980 which has focused on identifying strategic development sites.

**Strategy:**

Both organizations share a vision for the area, which shaped their assessment of potential development sites. Such projects may have access to an existing site acquisition fund. The coalition agreed that successful brownfield redevelopment could retain high-quality working class jobs for neighborhood residents, while simultaneously cleaning up vacant, underutilized sites and attracting new and expanding industrial businesses.

**Conclusion:**

As a result of the Evergreen and St. Nick's partnership, the New York City Department of City Planning is actively consulting and coordinating with the coalition to include and build upon the coalition's planning efforts as **DCP** completes the Northern Brooklyn Industry and Innovation Plan. This plan will identify strategies to promote job growth and economic activity, and ensure that core industrial areas – areas of the most intensive industrial activity – provide opportunities for existing industrial businesses to grow. DCP has worked closely with the coalition to ensure continuity in planning goals.

**Related Development Strategy**

# Case Study 10



## Case Study 10

### Uprose's Area Plan Benefits From a Local Development Corporation's Relationships

**Background:**

The United Puerto Rican Organization of Sunset Park (UPROSE) is an **environmental justice group** involved in community organizing and youth programming. UPROSE administers a state-funded planning effort in Sunset Park, Brooklyn which seeks to create public access to the waterfront and growth of the **green manufacturing sector**. Initially, UPROSE invited the Southwest Brooklyn Industrial Development Corporation (SBIDC), a neighborhood-based economic development organization, to join UPROSE's Steering Committee and help guide its planning efforts. UPROSE sought to use SBIDC's relationships with area businesses to broaden community support for its planning efforts.

**Strategy:**

When UPROSE issued a Request For Proposals for design and advanced planning services, SBIDC decided to withdraw from the Steering Committee and join a group of vendors that planned to respond to the procurement.

That team won the procurement, and SBIDC was tasked with assessing the interest of area property owners in pursuing redevelopment compatible with UPROSE's economic development goals for the area. Drawing on its decades of experience with local business, SBIDC easily engaged property owners about UPROSE's planning effort and its redevelopment goals for the area. SBIDC contacted approximately 20 property owners and spoke to them about strategies to redevelop vacant, contaminated sites.

**Conclusion:**

Although no concrete redevelopment plans emerged, SBIDC's outreach generated strong local support for the Sunset Park plan.

**Related Development Strategy**

# Case Study 11

Share
Print

# Case Study 11

## Working Through an Intermediary, Uprose Wins a State Grant

### Background:

The United Puerto Rican Organization of Sunset Park (UPROSE), an **environmental justice group** in Sunset Park, Brooklyn, completed a state and city-funded plan for the area in 2013. To achieve its development goals, UPROSE needed to work with NYC Economic Development Corporation (EDC), as two of the development sites that UPROSE identified were owned by the City of New York and controlled by EDC, and a third was a private site with significant city tax liens.

UPROSE subsequently learned that EDC did not support UPROSE's plans for the three sites. EDC did not consider their redevelopment viable because the capital required to develop the three properties was so great that the investment would not earn a competitive rate of return.

### Strategy:

To move forward, UPROSE asked a respected consulting firm to intervene on its behalf with EDC. The planning consultant had recently completed a Sunset Park plan for EDC that called for spurring industrial growth in the area, which mirrored the goal of UPROSE's state-funded plan.

UPROSE's consultant met with EDC to explain UPROSE's state-funded planning effort, and later UPROSE staff members joined these discussions.

### Conclusion:

Ultimately, when UPROSE applied for another state grant – this time to the **Regional Economic Development Councils** (REDC), it did so with EDC's support. The state awarded UPROSE a $1.2 million REDC grant to be spent through the city Department of Transportation to expand public access to the Sunset Park waterfront. Through persistence and working through a respected intermediary, UPROSE was able to advance a portion of its planning goals.

**Related Development Strategy**

# Case Study 12



## Case Study 12

### Cypress Hills Plans, Rezones and Builds Affordable Housing in East New York

**Background:**

Cypress Hills Local Development Corporation (Cypress Hills) administers a state-funded planning grant in the Cypress Hills section of East New York, one of the city's lowest income neighborhoods. With grant funds, Cypress Hills designed a mixed-use affordable housing project with 58 affordable apartments, an 8,000-square-foot grocery store, a playground, a garden, and a community space.

**Strategy:**

Cypress Hills had identified a site for the project, but it hired a real estate broker for two reasons. First it could not approach the owner because its identity was masked by a corporate entity. Second, Cypress Hills wanted a broker knowledgeable about market prices in the area to protect against a private seller inflating the land price in hopes that city government, which would fund the project, might overpay for the land. So Cypress Hills hired Cornerstone Group Realty Services, which it had worked with previously, to identify the owners and negotiate the terms of a sale. Cornerstone introduced Cypress Hills to the owner and negotiated a purchase option agreement that secured the property for Cypress Hills and compensated the owner until Cypress Hills obtained the financing to purchase the site.
Cypress Hills acquired the site at 2501 Pitkin Avenue in 2011, and Cornerstone earned a commission on the sale. Cypress Hills then worked to rezone its newly acquired site because the existing R-5 zoning only permitted a four-story building with an insufficient number of units to make the project's finances work. The Pitkin Avenue project would be Cypress Hill's first rezoning. Working with the full support of the Department of City Planning, the local Councilmember and the community, the process took 18 months. Michelle Neugebauer, Cypress Hills's executive director, says that rezoning for a community development corporation also requires an experienced project manager on staff to handle the paperwork and the support of an architect, lawyer, and zoning consultant.

**Conclusion:**

The rezoning allowed Cypress Hills to add three floors to the building. As part of the rezoning, the New York City Planning Commission placed an **E-designation** for hazardous materials and noise on the property which requires the developer to address these potential exposures before the property can be redeveloped and occupied. Currently, Cypress Hills is working with OER to address these environmental requirements and cleanup the site. It has enrolled 2501 Pitkin Avenue into the city's Voluntary Cleanup Program to satisfy the site's environmental requirements and gain access to program incentives, including $50,000 in cleanup grant funding. Groundbreaking at the site took place in November 2015 and construction is expected to be completed in September 2017.

**Related Development Strategy**

# Case Study 13



## Case Study 13

### SoBro Seeks to Buy Contaminated Land in Mott Haven

**Background:**

For the past six years, **SoBRO** has sought to acquire a vacant corner lot on 138th Street, a busy commercial thoroughfare in the South Bronx. SoBRO believes the property would be an ideal location for affordable housing and street-level retail shops. Yet the property is upside down, a real estate term for land that costs more to return to productive use than its market value. A gas station had operated at the site for years. Its underground tanks had leaked and caused a major gasoline spill discovered in the 1990s.The state spent $1.4 million responding to the spill and placed a lien on the site for its costs. The site also has a $2.9 million city tax lien because the landowner stopped paying property taxes twenty years ago.

**Startegy:**

Undeterred, SoBro engaged an attorney, an expert in the field of brownfield remediation and redevelopment, to advise it on how to acquire the property. SoBRO found the attorney through the New York City Brownfield Partnership, a non-profit organization focused on providing community benefits in connection with the redevelopment of vacant, contaminated land. For community developers and others unfamiliar with the intricacies of land development in New York City, the Partnership's Pro Bono program makes available attorneys, environmental consultants and other professionals to non-profit developers, community groups and others for an initial consultation at no cost.

**Conclusion:**

About the same time SoBRO engaged the attorney, it learned how to contact the site owner and expressed its interest in purchasing the property. However, the attorney counseled SoBRO not to buy the vacant corner lot because of the cost of satisfying the state and city liens and the additional environmental clean-up that redevelopment would require. Instead, the attorney recommended that SoBRO work to reduce the City and State liens before taking title. SoBRO and the attorney contacted City and State officials to discuss compromising the liens. At the same time, it continued discussions with the property owner. To date, however, the liens have not been reduced and the owner has disappeared.

The attorney provided SoBRO with 10 hours of legal services at no cost. Instead of paying the lawyer for his time, the parties agreed that if the site moved forward later, and SoBRO was involved in the site's redevelopment, the attorney would be hired to represent SoBRO in the site's acquisition and development.

**Related Development Strategy**

# Case Study 14



## Case Study 14

### WHGA Partners With an Experienced Developer to Build Affordable Housing

**Background:**

West Harlem Group Assistance, Inc. (WHGA), one of Harlem's oldest and largest community based development corporations, has provided low cost housing options to Harlem residents for 45 years. Founded in 1971, WHGA has converted abandoned or failed city facilities and other properties into community assets for several decades. These include low income housing, a vibrant community social services center and affordable housing for seniors. WHGA has also created and today operates five technology centers that provide local residents, including those living in homeless shelters, access to the internet.

**Strategy:**

One of WHGA's development strategies is to partner with larger, more experienced real estate developers to learn how to deliver different types of affordable housing to residents as the market changes.
WHGA has had a profitable partnership with Phipps Houses, one of New York City's oldest and most prominent non-profit developers of affordable housing, that started in the late 90s when WHGA hired Phipps to generate accurate monthly rent statements for WHGA tenants. The relationship turned to real estate development, and the two parties have partnered on ground up construction on vacant land, acquiring development sites from city agencies, housing projects funded by tax credit equity and now, housing projects made possible by acquiring air rights. Each time, Phipps has shown WHGA how each of these different types of projects are done, and WHGA can then often undertake subsequent development without Phipps' support, said Donald Notice, WHGA's executive director.

In 2008, WHGA created its third real estate partnership with Phipps to build 80 units of low income housing on 128th Street known as the Dempsey Apartments.

The site was the playground and parking lot of a former public school that the city Human Resources Administration controlled but it remained school property held by the Department of Education. WHGA had tried without success to persuade both city agencies to release the site for development. With Phipps as its partner, however, its relationship with the agencies got the site released, Notice said. WHGA obtained title to the site at a below market price through a **sole source procurement**.

Phipps also contributed equity to the project to cover pre-development costs prior to the city Department of Housing Preservation and Development funding the project. Phipps was the lead developer and now manages the Dempsey Apartments after it was placed in service in May 2011. WHGA acted as a co-developer.

**Conclusion:**

The total development cost for Dempsey Apartments was $26.3 million. Both WHGA and Phipps retain a 50% ownership interest in the project. This mutually-beneficial partnership structure allowed both parties to advance their missions, build their respective real estate portfolios, and offer much needed housing and services in a community of need.

# Case Study 15



## Case Study 15

### ECDO Partners with a Major Developer to Upgrade 254 Apartments

**Background:**

Ecumenical Community Development Organization (ECDO) is a not-for-profit community organization with over 30 years' experience providing neighborhood-based social and economic services to residents of Harlem. ECDO has developed over 600 units of affordable housing and over 20,000-sq. ft. of retail space in Harlem.

Not-for-profit organizations like ECDO often partner with private investors who seek tax credits to shelter income when undertaking affordable housing developments. Through this partnership, a not-for-profit benefits from the private investment, while an investor can reduce its taxable income through a stream of **Low Income Housing Tax Credits (LIHTCs)** over a period of years. Developers utilizing LIHTCs are subject to an initial 15-year compliance period, during which the property must satisfy affordability requirements among other conditions or the private investor risks the recapture of previously claimed credits. By year 15, tax credit investors often exit the partnership because they have fully realized the tax benefits. Consequently, the project's managing member often reevaluates a project's ownership structure and financing at that time. Three common financing paths after "Year 15" are to:

**Refinance.** Developers who choose this option can take advantage of rate savings or replace potentially maturing debt while also using equity to perform minor to moderate rehabilitation;

**Resyndicate.** Reapplying for tax credits can provide repair dollars for a property that requires substantial rehabilitation, but developers often face stiff competition for this limited resource; or

**Sell.** In certain circumstances, a developer can dispose of the property by selling either its partnership stake or the property itself.

**Strategy:**

Pursuing resyndication, ECDO formed a partnership in 2015 with L&M Development Partners, a major private developer of affordable and market rate housing that injected new tax credit equity into the rehabilitation of 254 affordable apartments in 15 buildings that ECDO owned across Harlem. The new financing paid for capital improvements to apartments, building systems and grounds. By bringing in L&M, ECDO was assured of new tax credit investment in its properties and benefited from being part of a larger project L&M was undertaking which was easier to finance. L&M bought a fifty percent (50%) ownership interest in the ECDO apartments. In addition, L&M assumed management of the properties and was able to significantly reduce operating expenses. As L&M explains, the company does not necessarily take the lead in its joint ventures, but rather assesses a project's needs and partner's preferences. Such flexibility and consideration has garnered long-lasting relationships with many non-profit organizations.

**Conclusion:**

Today ECDO maintains a fifty percent (50%) ownership interest in the properties and provides support services and programs for tenants. In this case, ECDO utilized L&M's strengths in underwriting, financing, and construction to rehabilitate one-third of its housing portfolio. ECDO was able to leverage its existing buildings and community presence to form a lucrative partnership with L&M and upgrade languishing properties to serve the housing needs of the neighborhood.

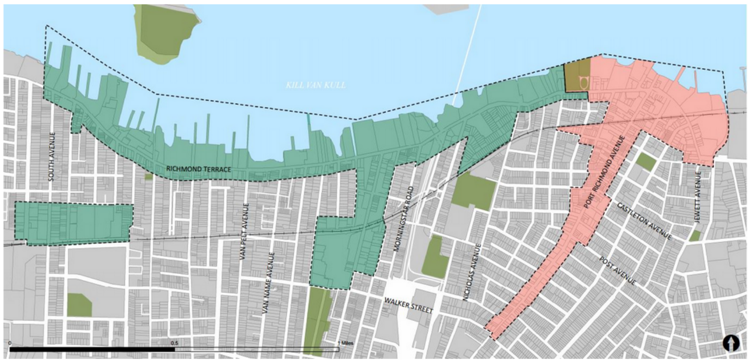
# Case Study 16

Share

Print

## Case Study 16

### A Non-Profit Builds on a City Study to Advance a Plan for Staten Island's North Shore




**Background**

When the Northfield Local Development Corporation (LDC) began studying the Port Richmond area in 2010, the Department of City Planning's Staten Island borough office (DCP) and the New York City Economic Development Corporation (EDC) had just completed a strategic plan for Staten Island's North Shore. Known as The North Shore 2030 Plan, it included a thorough analysis of existing conditions as well as recommendations to support new retail services and jobs, strengthen the working waterfront, and create new open space and public access to the waterfront. These goals matched Northfield's plans for the area, so Northfield hired DCP staff with its state planning funds to produce an area study expanding on the North Shore 2030 Plan.

**Strategy**

By relying on the analysis contained in the North Shore Plan, Northfield and DCP staff were able to persuade the state agency funding the Port Richmond study to skip the first phase of the state brownfield planning process and move immediately to the identification of strategic development sites and plans for their redevelopment. In this case, Northfield and City Planning both benefited: the City's North Shore Plan allowed Northfield to accelerate the place-based planning process, and the City stood to benefit from the emergence of new development sites on the North Shore.

**Conclusion**

The agency-CBO relationship between DCP and Northfield allowed community members, government agencies and officials, and property owners to work together in the development of a comprehensive vision for the Port Richmond area.

**Related Development Strategy**

# Case Study 17

Share
Print

## Case Study 17

### Cypress Hills Worked Closely with City Planning to Rezone East New York

#### Background

Cypress Hills Local Development Corporation (CHLDC), which has worked with local residents to rebuild East New York for more than three decades, was awarded a state planning grant in 2011. To advance its planning, the organization worked closely with the Brooklyn office of the Department of City Planning (DCP) to identify development sites and areas to be **upzoned** to higher density residential and mixed-use to attract new residential development and other investment in the neighborhood. Working cooperatively with DCP allowed Cypress Hills to build upon existing DCP data, and informed the priorities of both parties in the areas of housing, commercial development, and job creation.

Shortly after Cypress Hills was awarded its state planning grant, DCP applied for and was awarded a federal grant under the New York - Connecticut Sustainable Communities Consortium in 2011 to focus on the same East New York neighborhood. The federal grant, administered collaboratively by three federal agencies (the Department of Housing and Urban Development (HUD), the Department of Transportation and the Environmental Protection Agency), assisted DCP in creating a framework for growing East New York to achieve goals of new and diverse housing options, more retail services, local jobs, and a healthy and safe community.

Recognizing the common objectives of the two planning studies, particularly related to housing and job creation, Cypress Hills LDC and DCP decided to jointly pursue a third grant, which became the Sustainable Communities East New York planning initiative funded by HUD to support the development of livable communities and growth centers. This planning initiative laid the basis for the City's recent proposal to rezone East New York, which passed the City Council in 2016.

#### Conclusion

By working together and sharing information, both the CBO and the government agency were able to move their projects forward and create a cohesive, community-based implementation plan. For the full Sustainable Communities East New York Report, click **here**.

**Related Development Strategy**

# Case Study 18

Share

Print

## Case Study 18

## UPROSE Asks Two Agencies for Assistance with the City Economic Development Corporation

### Background

The United Puerto Rican Organization of Sunset Park (UPROSE), an **environmental justice group** based in Sunset Park, Brooklyn, completed a state and city-funded planning grant in 2013. Primary goals of this place-based planning work were (and continue to be) the expansion of the green manufacturing sector and the creation of open space along New York's Lower Harbor.

### Strategy

To achieve its goals, UPROSE determined it was essential to establish a working relationship with the NYC Economic Development Corporation (EDC), as two of the strategic development sites the study identified are owned by the City of New York and controlled by EDC, and the third is a private site with large a lien for unpaid city property taxes. An EDC staff member joined UPROSE's advisory committee and participated in conversations about the community's vision for the three industrial sites.

As planning proceeded, it became clear to UPROSE that EDC did not consider the three sites ready for redevelopment because the **capital investment** they would require would not earn a competitive rate of return. To strengthen its relationship with EDC, UPROSE asked both the New York City Office of Environmental Remediation (OER) and the New York State Department of State (DOS), which participated in the advisory committee meetings with EDC, to meet with EDC. OER and DOS were able to communicate the importance to EDC representatives of UPROSE's planning efforts and the projects UPROSE sought to redevelop.

Ultimately, the agencies' efforts resulted in EDC's support for an UPROSE application for State Regional Economic Development Council (REDC) funds. UPROSE won $1.2 million in state funds awarded to a joint partnership with the City Department of Transportation. The funds have been used to engage the community in the design of the Sunset Park Upland Connector, which will create bicycle paths and walkways connecting the area's upland residential area with the waterfront, including the new Bush Terminal Park and the Sunset Park Greenway. At present, the Upland Connector is in design and being built.

### Conclusion

Effective outreach to EDC was instrumental in obtaining City support, which in turn helped persuade the State to fund UPROSE's plan for improved public access to the waterfront.

**Related Development Strategy**

# Case Study 19



## Case Study 19

### Greater Jamaica Works with Two Agencies to Reposition a Property

**Background**

The Greater Jamaica Development Corporation (GJDC), a savvy nonprofit corporation seeking to attract developers to build in Jamaica, Queens, completed a state-funded planning program in 2016 for the Jamaica station area. It focused on economic revitalization and mixed-use transit-oriented development. One of its development sites is a 75,000-square-foot private property adjacent to the Air Train to John F. Kennedy Airport. The site, which has been vacant and blighted since the mid-1990s, formerly housed a meatpacking plant in a building insulated with asbestos. The community had serious concerns about safety issues related to trespassing on the property and expressed a strong desire to see the property revitalized.

**Strategy**

GJDC actively marketed the site which attracted a developer seeking to relocate from Midtown Manhattan to the property in 2006. The developer responded to a procurement that called for an "International Merchandise Mart" to be built on the property that would house fashion accessory, textile, and home decor vendors. The developer proposed a 13-story, $260 million wholesale merchandise mart in a 979,000-square-foot building with10 floors of showroom space.

The developer signed a 99-year lease with the property owner, yet struggled to secure financing to remediate and redevelop the site. Recognizing the value this project could bring their community, GJDC intervened to help address the developer's challenges and the community's concerns. The organization asked the New York City Economic Development Corporation to fund the site's environmental cleanup and secured $4 million to cover demolition and cleanup, which was performed between 2006 and 2007. GJDC highlighted the strong economic development potential this project would have on the area and the project's impact on job creation and international trade.

Besides seeking City remediation funding, GJDC successfully advocated with the New York City Department of City Planning to rezone the area from a low-density manufacturing district (M-1) to a high-density commercial district (C-64), which greatly increased the property's buildable area. Once the rezoning was approved, the developer partnered with three firms to enhance the development team's capacity to finance and manage the project.

Despite the rezoning and demolition of existing buildings at the site, the developer was unable to finance the project following the 2008 recession. The developer defaulted on the lease. With the upturn in the economy and area and regional developers now considering properties in downtown Jamaica, the site is a much more attractive site for development today.

**Conclusion**

Despite the challenges, the added-value leveraged by a non-profit community developer working with public agencies advanced the site towards development. Several developers are currently interested in using the site to construct a new mixed use building with affordable housing and retail space.

Related Development Strategy

# Case Study 20



## Case Study

### Cypress Hills Acquires Public Land for Senior Housing

#### Background

Cypress Hills Local Development Corporation (CHLDC), a non-profit community development organization, is building 53 affordable units for seniors on former city land in East New York. CHLDC found the essentially idle city property through a community survey it conducted over 10 years ago of all vacant public and private land in the neighborhood.

#### Strategy

Cypress Hills' staff then drew on its knowledge of city government to learn that the site at 137 Jamaica Avenue was a former water pump station controlled by the Department of Environmental Protection ("DEP"). In 2005, CHLDC contacted DEP's intergovernmental affairs office and inquired about the property and explained that if available, CHLDC wanted to acquire the site for low cost housing.

Before DEP would consider disposing of the property, the agency, with repeated prodding by Cypress Hills, had to determine if releasing the site was aligned with the City's long term plans for phasing out certain water tunnels and pump stations and delivering clean and safe drinking water to all New Yorkers. The agency determined it could release most of the site and then commissioned a survey to subdivide the parcel.

Meanwhile, CHLDC contacted the head of the City Department of Housing Preservation and Development's ("HPD") Brooklyn planning office to discuss its plans for the property. HPD is one of two city agencies that can dispose of city land, and CHLDC had to persuade the agency to convey the property to CHLDC as a site for affordable senior housing.

Although it had approached both DEP and HPD about its housing plans and their legal staffs had discussed the terms of a transfer of the land to HPD, the two agencies hadn't decided to work together on disposition of the site. As Michelle Neugebauer, CHLDC's executive director recalls, it took the intervention of the HPD Commissioner and the Deputy Mayors overseeing DEP and HPD to complete the transfer of land between the two agencies. "We learned that very high level intervention and advocacy is needed to make the transfer of land between two agencies possible," she said.

#### Conclusion

As to the land disposition method, CHLDC Hills was able to purchase the land from HPD for $1 through a **sole-source procurement**, which was open to CHLDC only. The agency agreed to a **sole-source disposition** with CHLDC because of its track record of building low cost housing in East New York.

Since CHLDC obtained 137 Jamaica Avenue, HPD has restricted the use of sole source procurement and today will only use this method to dispose of city property where a community or private developer plans to build low cost housing and owns an adjoining parcel.

Meanwhile, Cypress Hills assembled financing for the $20.5 million project by securing $8.9 million in Section 202 funding from the U.S. Department of Housing and Urban Development to pay for the project's capital and operating costs. HPD will also contribute $2.3 million and low-income housing tax credits.

Construction on the five-story building began in November 2015. The building is anticipated to open in early 2017.

**Related Development Strategy**

# Case Study 21



## Case Study 21

### NYCHA Selects Ocean Bay to Develop a Supermarket in the Rockaways

#### Background

When the New York City Housing Authority issued a **Request for Proposal (RFP)** inviting developers to build a supermarket for NYCHA residents in the Rockaways, Pat Simon, executive director of the Ocean Bay Community Development Corporation, had already done her homework.

The community-based non-profit she directs had provided programs for residents of the authority's Ocean Bay Apartments since 2004, and knew what retail services the community needed. Later, in 2012, when Superstorm Sandy swept over the Rockaway Peninsula, amidst its widespread destruction, Ocean Bay found opportunity. After Sandy, Simon and her staff met every two weeks with residents and leaders of NYCHA's six Rockaway developments. Anyone familiar with the central Rockaways knows it's a food desert, which the RFP sought to address. But Simon also learned that NYCHA residents wanted a pharmacy, a financial institution, and a neighborhood center where residents could charge their cell phones, obtain diapers and ride out a future storm.

#### Strategy

When the authority issued its RFP in 2014, which offered the winning developer one acre of NYCHA land, "we had visioned already," Simon recalls.

Sandy brought other opportunities to Ocean Bay. The Local Initiatives Support Corporation (LISC), the financial intermediary, witnessed the extent of damage on the Rockaways and provided Ocean Bay with grant funds. When the RFP came out, LISC agreed to finance the development Ocean Bay would propose.

And Asian Americans for Equality, the community development organization, found it had difficulty making loans intended to help Rockaway homeowners recover from Sandy. So Ocean Bay provided **AAFE** with office space so it could work more closely with local residents. When Ocean Bay sought to assemble a development team in response to the RFP, Simon struck a deal with AAFE. It would serve as lead developer and give Ocean Bay an equity stake in the project and a share of the developer's fee without requiring Ocean Bay to put up any money. What AAFE valued was Ocean Bay's credibility in the Rockaways and its skill in organizing and mobilizing NYCHA residents. Hester Street Collaborative, a technical service provider to non-profits, rounded out the development team and provided financial and technical assistance to Ocean Bay.

In 2015 NYCHA selected the Ocean Bay team to build the supermarket and other retail space on vacant land on Beach Channel Drive surrounded by the Ocean Bay Apartments. The Ocean Bay team won because "they were really trying to better the area," explained Nicole Ferreira, NYCHA's vice president for real estate development. "They knew what the community wanted. "

#### Conclusion

Early next year, NYCHA will sell the one-acre site to a limited partnership consisting of AAFE and Ocean Bay. The partnership will pay NYCHA about $250,000 for the land, funds that AAFE will provide. In addition to a Key Food supermarket, the team plans to lease out the rest of the building's ground floor to a pharmacy, a credit union and hardware store. Upstairs, Ocean Bay wants to relocate its office and create space for it and other organizations to offer a wide variety of programs and services to NYCHA residents.

Once the shopping center opens in 2019, Ocean Bay plans to acquire the skills to become the property manager of the retail development. When it does, AAFE will transfer its interest in the retail development and the underlying land to Ocean Bay, adding a significant asset to Ocean Bay's balance sheet.

**Related Development Strategy**

# Case Study 22



## Case Study 22

### An Affordable Housing Project Benefits From a Flood Zone Cleanup Grant

Morris Court consists of 201 apartments, each of them affordable to a family of four earning between $51,780 and $86,300 a year. Guido Subotovsky, President of Azimuth Development Group, a builder of market and affordable residential buildings in northern Manhattan, the Bronx and Queens, explains that Morris Court was conceived in 2008 at the height of the economic downturn. To make the project's finances work, Azimuth built parking beneath the entire 1.1-acre site and created 30,000-square feet of ground-floor retail space now leased to a merchandise retail store, daycare facility, a drop-in medical office, a grocery and delicatessen. Parking income and revenue from commercial tenants allowed Azimuth to build an entirely affordable development. In addition, by committing to make 40 apartments permanently affordable, the project received a floor area bonus to build 26 additional apartments.

Morris Court sits near the crest of a hill that descends to the Harlem River eight blocks away. Although these handsome twin towers of brick and pre-cast stone sit above the Harlem River, Morris Court could be within reach of storm surge during the next 100-year storm. Because its developer cleaned up flood-prone land in the city Voluntary Cleanup Program, the project received a bonus Flood Zone Cleanup Grant of $10,000 from OER.

Morris Court, the first major development under the Lower Grand Concourse rezoning, was built on former manufacturing land previously occupied by an auto repair and gasoline station. The cost to remediate the site was $1.5 million, most of it for the removal of 23,000 tons of soil excavated to create the underground parking garage that extends beneath the two towers.

To assist with remediation for this important project, Morris Court received $135,000 in city brownfield cleanup grant funds, consisting of a $100,000 cleanup grant, the bonus Flood Zone Cleanup Grant, and a $25,000 bonus cleanup grant for achieving the highest level of cleanup.

# Case Study 23



## Case Study 23

### OER Assists an Affordable Development in the Bronx


#### Background

Acacia Network, a non-profit provider of comprehensive social services in the Bronx, recently offered 61 new affordable apartments to seniors in the Morris Heights neighborhood. The joyous celebration at the project's ribbon-cutting masked the fact that the development of the steeply sloped, vacant site at 92 West Tremont Avenue took nearly six years to complete – about twice the length of comparable projects – due to the site's complex soil contamination. Acacia's development arm, Promesa, Inc., met with the New York City Office of Environmental Remediation (OER) in the fall of 2010 to discuss how to remediate the site which its state funders had insisted be cleaned up before housing was built. Over the next five years, OER repeatedly presented the affordable development at 92 West Tremont to state and city regulators to build consensus around a cleanup plan, determine what agency would oversee the project and assist Promesa in sharply reducing the cleanup's cost.

#### Strategy

Because a review of the site's history showed that a dry cleaner had once operated on the property, OER worked with Promesa to investigate the site. The results revealed PCE, a chemical used by dry cleaners, in the site's soil, groundwater and soil vapor. OER approached the New York State Department of Environmental Conservation (DEC) in early 2011 to share the investigation results and ask if DEC would require further sampling. DEC told OER that Acacia would need to conduct additional tests along three sides of its property, including beneath a sidewalk across the street, to determine if PCE in soil gas was reaching adjacent apartment buildings.
To help Acacia drill through a city sidewalk, OER presented the affordable housing project and its need for a sidewalk permit to the New York City Department of Transportation (DOT). With DOT's approval, Acacia's environmental team then sampled the area. The results showed PCE in soil gas at far higher levels beneath the sidewalk than within the source area on Promesa's property. OER shared these results with DEC with a proposed remedy of excavation of all PCE-impacted soil and installation of a soil gas depressurization system. DEC determined the proposed remedy would work and Promesa could clean-up the property in the city Voluntary Cleanup Program, a land cleanup program that OER manages.

In early 2012, Promesa, however, changed course. It applied 92 West Tremont to the New York State Brownfield Cleanup Program to take advantage of the lucrative state tax credits that the state program offers. After reviewing its application, DEC, however, rejected Promesa's application because of insufficient soil contamination. Despite high soil vapor concentrations on the property's boundary, the level of PCE in soil was relatively low. With no other option to satisfy its state lender, Promesa returned to OER to enroll 92 West Tremont in the city cleanup program. OER informed DEC of Acacia's decision in May 2013, and once again, DEC agreed that OER could manage the site's cleanup in the city program.

Excavation of 92 West Tremont began in September 2013. The project, however, soon encountered another challenge. Because PCE is a federally regulated hazardous waste, DEC requires all PCE-contaminated soil to be removed from a site, regardless of actual soil concentrations, and to be disposed of as hazardous waste. This disposal costs about $300 per ton. The expense of removing 2,000 tons of PCE soils, as required for the site remedy – would threaten the project's financial stability. To assist Promesa, OER then contacted a separate DEC office for a "contained in" determination. The determination would mean that if actual PCE levels in soil were below 1 part per million, DEC would allow the PCE soil to be disposed of as a regulated waste at a cost of $80 per ton. Impact Environmental, Promesa's environmental consultant, made the showing. As a result, DEC's "contained in" determination saved the project approximately $440,000.

#### Conclusion

In addition to serving as an ombudsman for the Promesa project, representing the affordable development to state and city agencies, OER paid Promesa $100,000 in city grant funds to offset its cleanup costs. Without OER's role as an intermediary between Promesa and DEC, the development of the 61 affordable apartments in Morris Heights would likely have stalled. Instead of a new six-story apartment building, 92 West Tremont Avenue would probably have remained a vacant and contaminated site.

Related Development Strategy

# Case Study 24



## Case Study 24

### An Industrial Development on the Brooklyn Waterfront will Attain Residential Soil Standards

**Overview**

Tully Environmental Inc., which owns and operates six solid and liquid waste management facilities across the metropolitan area, proposed to build a regional grease recycling facility on the waterfront in Sunset Park to serve the restaurant industry. The facility, to be known as ClearBrook Recycling, will heat fat, oil and grease from restaurants and refine it into a bio-fuel supplement. A grease recycling facility in New York City will encourage restaurants to properly dispose of grease waste rather than flush it down drains which can damage city sewers.

The ClearBrook Recycling facility will feature three buildings totaling 30,800 square feet of new industrial space. Besides spurring economic growth and providing 50 permanent jobs available to local residents, the ClearBrook recycling site will be remediated to ensure that this waterfront property and the surrounding community is protected from pollutant dispersion during coastal storms.

**Background**

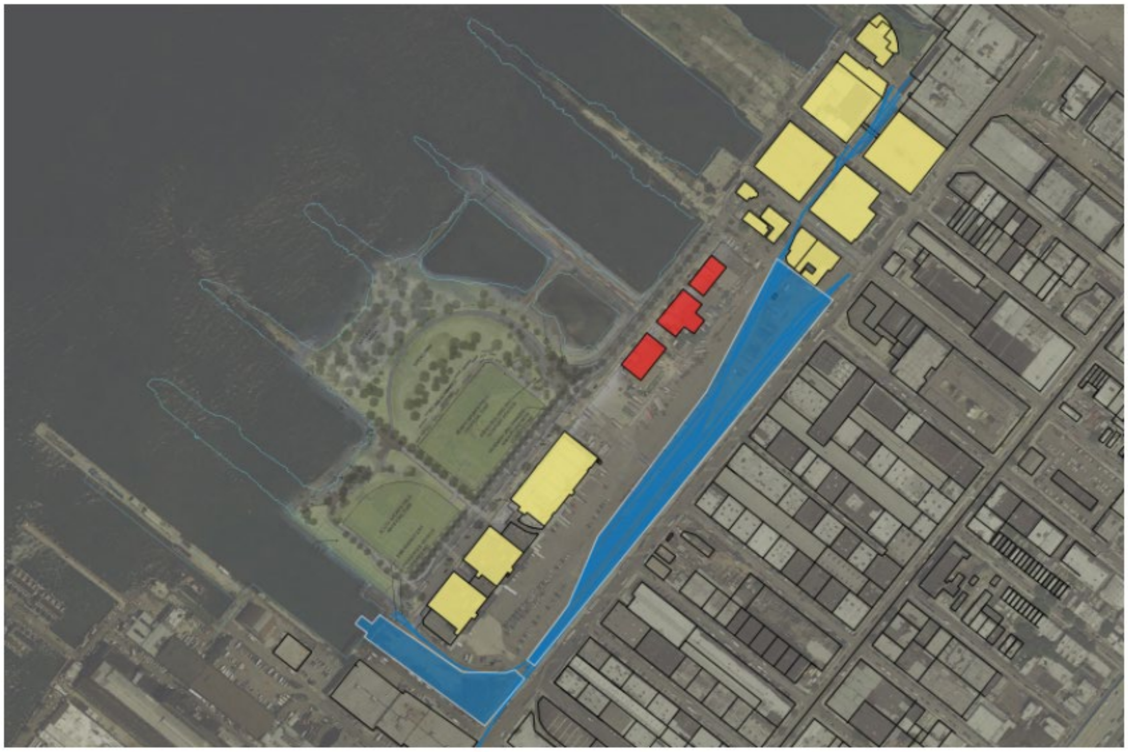
In 2007, the NYC Economic Development Corp developed a plan to revitalize the Sunset Park industrial district. Disinvestment in the area over the past several decades had drained this once thriving industrial area of its vitality. The ClearBrook recycling site is within this promising but currently underutilized area. Potential land contamination issues from the prior use of the site for manufacturing and warehouse storage surfaced when Tully Environmental prepared to redevelop the property.

To address contamination issues, the developer, working with the NYC Office of Environmental Remediation (OER), conducted a thorough investigation of the site's groundwater, soil, and soil vapor. Tully Environmental then opted to enroll the site in the city Voluntary Cleanup Program, a land cleanup program managed by OER, and clean it up to meet stringent residential standards.

The property and the development plan for the three buildings have also been examined as part of OER's Climate Change Resilience Survey program. The survey highlights opportunities to implement sustainable remediation techniques, resilience measures for extreme weather events such as floods, and other efficient design practices to promote environmental resiliency and sustainability in the industrial park.

## Conclusion

With the implementation of stricter waterfront soil cleanup standards and the Climate Change Resilience Survey program, the site's development reflects the best available approach to protect and strengthen this burgeoning waterfront area from severe storms.



**The ClearBrook Recycling facility is outlined in red.**