Livonia Avenue Initiative Phase I RFP Addendum 2
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Question & Answers – Supermarket Development and FRESH:

Q: Do you know how much revenue it takes to support a 15,000 square foot store?
A: FRESH looks at two sources:

1. 2002 Economic Census for New York State – which has determined it takes $548 of sales productivity to support 1 square foot of store (this number was adjusted for inflation in 2010)
2. Analysis in 2011 of business models of FRESH stores shows it takes $666 of sales productivity to support 1 square foot of store

Both of these sources are dependent on the cost of the property which accounts for approximately 2.5% of the revenue. Profit needs to be factored in to each number, the supermarket industry standard is 1% profit margin for an independent operator and 1.2% for a multi-location operator.

Q: What is the typical rent a supermarket pays in a FRESH area?
A: The $666 per square foot analysis uses a $15 per square foot rent or debt service, however this is dependent on how much expenditure the operator will be required to invest in building out the property and the specific location of the property .

Q: What FRESH incentives apply to the site?
A: This location is eligible for both the zoning and tax incentives through FRESH. See www.nyc.gov/fresh for details on each incentive.

Q: How should the building be separated between the supermarket and housing?
A: To apply for the FRESH discretionary tax incentives the supermarket space needs to be a separate commercial condominium. The supermarket operator will need to purchase the space or lease using a triple net lease so the responsibility for the building and land taxes are part of the lease.

Q: Who applies for the incentives?
A: For the zoning incentives:

- The developer will typically apply for the zoning incentives, but must have identified and entered into a Letter of Intent with a supermarket operator prior to submitting zoning drawings.

For the discretionary tax incentives

- The developer and supermarket operator will be co-applicants for the tax incentives if the space is leased.
- The supermarket operator will be the applicant for the tax incentives if the space is to be purchased.

Q: What is the timing for applications?
A:

- Projects intending to use the FRESH zoning benefits must submit required documents to City Planning and receive approval prior to submitting plans for a building permit.
- Projects applying for tax incentives must submit application and receive approval prior to signing a lease with the operator or closing on the sale of the supermarket space.
- Projects applying for both incentives must have received final approval for the zoning incentives prior to closing on the discretionary tax incentives.
- Construction of the supermarket cannot commence until the project has closed on the tax incentives.