CITY PLANNING COMMISSION

May 7, 2014/Calendar No.7 C 140233 HAM

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

1) pursuant to Article 16 of the General Municipal Law of New York State for:

   a. the designation of property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) as an Urban Development Action Area; and

   b. an Urban Development Action Area Project for such area; and

2) pursuant to Section 197-c of the New York City Charter for the disposition of such property (Block 1959, Lot 54) to a developer selected by HPD;

to facilitate development of a ten-story mixed-use building, with up to 14 residential units and approximately 2,400 square feet of commercial space, Borough of Manhattan, Community District 10.

Approval of three separate matters is required:

1. The designation of property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) as an Urban Development Action Area;
2. An Urban Development Action Area Project for such area; and
3. The disposition of such property to a developer selected by HPD.

The application for the Urban Development Action Area designation and project approval and disposition of city-owned property was submitted by the Department of Housing Preservation and Development (HPD) on January 8, 2014.

Approval of this application would facilitate the development of a ten-story mixed-use market rate building and the preservation and maintenance of existing affordable housing. The Department of Housing Preservation and Development states in its application that:

> The Project Area consists of underutilized vacant property that tends to impair or arrest the sound development of the surrounding community, with or without tangible physical blight. Incentives are needed in order to induce the correction of these substandard, insanitary, and blighting conditions. The project activities would protect and promote health and safety and would promote sound growth and development. The Project Area is therefore eligible to be an Urban Development Action Area and the proposed project is therefore eligible to be an Urban Development Action Area Project pursuant to Article 16 of the General

Municipal Law.

RELATED ACTION:

In addition to the proposed UDAAP designation, project approval and disposition of city-owned property, which is the subject of this report, implementation of the proposed development also requires action by the City Planning Commission on the following application which is being considered concurrently with this application:

C 140238 PQM: Acquisition of privately-owned property.

BACKGROUND

The Department of Housing Preservation and Development (HPD) seeks approval of an Urban Development Action Area Project (UDAAP) designation, project approval, and disposition of privately-owned property located at 492 St. Nicholas Avenue (Block 1959; Lot 54). The property is located in Central Harlem within Community District 10 and is zoned R8/C1-4.

The project site is located on the south east corner of West 135th Street and St. Nicholas Avenue and is comprised of one privately-owned property (Block 1959; Lot 54). In 1992, as part of an amendment to the St. Nicholas Park Urban Renewal Plan(C 920474 HUM; Cal No. 23), the City Planning Commission approved this property, Lot 54, and two other adjacent lots (Lots 56 and 58), for disposition, restricted to residential, commercial, community facility and public open space. Greater Harlem Housing Development Corporation acquired and currently owns the three lots, and subsequently rehabilitated Lots 56 and 58 for residential use. The disposition of Lot 54,

at the request and support of the community, was restricted to unimproved open space in order to save a mural on the side of the building located on Lot 56. Over time, building repairs and waterproofing resulted in the elimination of the mural on the side of building on Lot 56. The Department of Housing Preservation and Development is proposing to acquire Lot 54 through a related action (C140238 PQM) and dispose of it back to a Greater Harlem Housing Development Corporation affiliate in order to remove the restricted use as open space and allow the construction of the proposed mixed use building. The income generated from the proposed property disposition would enable Greater Harlem Housing Development Corporation to preserve and maintain their portfolio of 117 affordable housing units.

The applicant is proposing to construct an approximately 17,300 square feet ten-story mixed-use building with up to 14 market-rate housing units (14,868 square feet of residential space) and 2,400 square feet of commercial space. The proposed building will have frontage on both St. Nicholas Avenue and West 135th Street. The residential entrance will be located on West 135th Street and the commercial uses will have entrances along West 135th Street and St. Nicholas Avenue. The proposed building will have a base height of 85 feet, and after a 10 foot setback, have a maximum height of 100 feet.

The proposed project site is zoned R8/C1-4. R8 districts are zoning districts regulated by height factor. R8 districts have a maximum residential FAR of 6.02 or 7.2 (for wide streets or projects built under the Quality Housing Program) and a maximum community facility FAR of 6.5. Districts with commercial overlays have a maximum commercial FAR of 2.0.

The surrounding area is characterized by residential and commercial uses. The R7-2 is the predominant zoning in the area; however, there are R8 and C4-6 zoning designations mapped in the area. The typical built form is 4-6 story buildings; however, along West 135th Street there is a twelve story building, Striver Gardens. St. Nicholas Park, which stretches from West 128th Street to West 141st Street, is located across the street. There are commercial uses along West 135th Street and Frederick Douglass Boulevard. The project site is served by the B and C subway lines which are located adjacent to the proposed project site. The 2 and 3 subway lines are located at West 135th Street and Lenox Avenue.

ENVIRONMENTAL REVIEW

This application (C 140233 HAM), in conjunction with the application for the related action (C 140238 PQM) was reviewed pursuant to the New York State Environmental Quality Review Act (SEQRA) and the SEQRA regulations set forth in Volume 6 of the New York Code of Rules and Regulations, Section 617.00 et seq. and the City Environmental Quality Review (CEQR) Rules of Procedure of 1991 and Executive Order No. 91 of 1977. The lead agency is the Department of Housing Preservation and Development. The designated CEQR number is 14HPD016M.

After a study of the potential environmental impacts of the proposed action, a Negative Declaration was issued on December 30, 2013 which included (E) designations for noise attenuation.

UNIFORM LAND USE REVIEW

This application (C 140233 HAM), in conjunction with the application for the related action (C 140238 PQM), was certified as complete by the Department of City Planning on January 21, 2014, and was duly referred to Manhattan Community Board 10 and the Borough President, in accordance with Article 3 of the Uniform Land Use Review Procedure (ULURP) rules.

Community Board Public Hearing

Community Board 10 held a public hearing on this application (C 140233 HAM) on February 5, 2014, and on that date, by a vote of 23 to 4 with 1 abstention, adopted a resolution recommending approval of this application.

Borough President Recommendation

This application (C 140233 HAM) was considered by the Manhattan Borough President who issued a recommendation approving the application on March 31, 2014 subject to the following conditions:

> That GHHDC meet the terms of their March 28, 2014 letter to the Borough President that they work with HPD Asset Management, participate in a Voluntary Repair agreement with HPD, and use the proceeds of the sale to pay off outstanding debt , with any excess proceeds used for the improvement of the properties;
>
> That F-Lot Development meet the terms of its March 27, 2014 letter to the Borough President agreeing to a contextually designed façade for proposed mixed-use building; and
>
> The ULURP application be amended such that the disposition of the vacant property be restricted to a building with a contextually-designed façade.

City Planning Commission Public Hearing

On March 19, 2014 (Calendar No.4), the Commission scheduled April 2, 2014 for a public hearing on this application (C 140233 HAM). The hearing was duly held on April 2, 2014 (Calendar No. 20) in conjunction with the hearing for the related action (C 140238 PQM).

There were five speakers in favor and none in opposition. The Director of Manhattan Planning for HPD spoke in favor of the proposed project and described the history of the site. She stated that at the time of the original disposition, HPD never conceptualized housing for the site due to the small 2,400 square foot size of the lot. She explained the details of the transaction between Greater Harlem Housing Development Corporation (GHHDC) and the intended developer, acknowledging that – although HPD was not originally involved in the negotiations of the sale price of the property, the site will be appraised. She explained that if the actions are approved, HPD will manage the proceeds of the sale; placing the funds in escrow and allowing GHHDC to draw funds to pay down the debt associated with their housing portfolio which is comprised of approximately 117 affordable units.

The Director of GHHDC also spoke in favor of the proposed project. He spoke about the escalating cost associated with managing affordable housing and how the sale of this property would help reduce the debt associated with their affordable housing portfolio. In addition to the affordable housing, the sale will allow GHHDC to preserve the level of affordability for the ground floor retail they lease.

A consultant working with the developer, and the developer, also spoke in favor of the proposed project. The consultant reiterated the challenges associated with maintaining affordable housing

and why the proposed project would be beneficial to the neighborhood. The developer discussed why the site was selected and how development of the site would contribute to the ongoing transformation that has occurred in the neighborhood. He discussed his design approach and why he chose certain building materials.

A representative from the Borough President's office also spoke in favor and restated the Borough President's conditional approval.

There were no other speakers on the application and the hearing was closed.

CONSIDERATION

The Commission believes that the application for UDAAP designation, project approval and disposition of privately-owned property, and the related acquisition application (C 140238 PQM), are appropriate.

The Commission notes that the proposed project would improve an underutilized vacant lot with a new mixed-use predominantly residential building and provide additional financial support to preserve and maintain existing affordable housing. The acquisition of the privately-owned property would facilitate the elimination of an open space restriction, which had been intended to preserve a mural which no longer exists. The Commission believes the proposed project would return the existing vacant lot to productive use and the sale of the property would enable the owner of the lot, Greater Harlem Housing Development Corporation, to preserve and maintain their affordable housing portfolio of 117 residential units. The Commission acknowledges that, during the public review process, some concerns were raised regarding the appraised value of the site. While the Commission recognizes that the application is for the acquisition, UDAAP designation, and disposition of the site, and not for review of financial terms regarding the real

estate transaction, the Commission is pleased nonetheless that HPD sent a letter to the Commission, dated April 21, 2014, stating that:

> "..we share the same goal of maximizing the purchase price to support GHHDC in preserving and maintaining their affordable housing portfolio and HPD will assist GHHDC in accomplishing this goal."

The Commission also believes that the proposed project would complement ongoing public and private redevelopment in the surrounding area. The Commission acknowledges concerns by the Borough President raised during the public review process about the building design and materials used to clad the façade. While the Commission recognizes that the application is for the acquisition, UDAAP designation, and disposition of the site, and that the building's design is merely illustrative, the Commission is pleased nonetheless that HPD, in its April 21st letter to the Commission, also stated that:

> "HPD has been working closely with the development team, and in coordination with GHHDC, to confirm that contextual materials will be incorporated into the final design. HPD is available to provide design guidance and the development team has agreed to work closely with GHHDC."

In addition to submitting revised illustrative plans, the developer also responded in a letter dated April 17, 2014, stating that:

> "..F-Lot is committed to prioritizing the use of contextual materials in the final design. More specially, we are considering materials such as stone and brick veneer having color/hue that are sensitive to and reflective of the adjacent buildings along St. Nicholas Avenue. We will also incorporate into our ongoing working structure with GHHDC the review of the building façade materials."

The Commission therefore finds that the proposed Urban Development Action Area designation,

project approval, and the related disposition, are appropriate.

RESOLUTION

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

WHEREAS, the Department of Housing Preservation and Development has recommended the designation of property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) in Community District 10, Borough of Manhattan, as an Urban Development Action Area; and

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

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

a) the designation of property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) as an Urban Development Action Area; and

b) an Urban development Action Area Project for such area; and

BE IT FURTHER RESOLVED, by the City Planning Commission, pursuant to Section 197-c of the New York City Charter, that based on the environmental determination and the consideration described in this report, the application of the Department of Housing Preservation

and Development, for the disposition of city-owned property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) in Community District 10, Borough of Manhattan, to a developer to be selected by the Department of Housing Preservation and Development, is approved (C 140233HAM).

The above resolution (C 140233 HAM), duly adopted by the City Planning Commission on May 7, 2014 (Calendar No. 7), 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.

CARL WEISBROD, Chairman
KENNETH J. KNUCKLES, ESQ., Vice Chairman
ANGELA M. BATTAGLIA, RAYANN BESSER, IRWIN G. CANTOR, P.E.,
ALFRED C. CERULLO, III, MICHELLE R. DE LA UZ,
MARIA M. DEL TORO, JOSEPH DOUEK, ANNA HAYES LEVIN,
ORLANDO MARIN, Commissioners

CITY OF NEW YORK
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HENRIETTA LYLE
Chairperson

ANDREW LASSALLE
Assistant District Manager

RESOLUTION

Date: February 5, 2014

Committees of Origin: Community Board 10 Land Use Committee

RE: Manhattan Borough Community Board 10 supports the disposition of land owned by the City of New York and the designation as an Urban Development Action Area Program at 492 St. Nicholas Avenue.

Application for and by: Greater Harlem Housing Development Corporation ("GHHDC") and F-Lot Development ("FLD") is requesting a letter of support from Manhattan Borough Community Board 10 ("CB10") for the disposition of land owned by the City of New York and a designation as an Urban Development Action Area Program ("UDAAP") for a lot located at 492 St. Nicholas Avenue (the "Lot").

Block 1959 **Lot** 54

Application Number: 140238PQM & 140233HAM

Committee Vote: **10** yes; **4** no; **2** abstention
General Board Vote: **23** yes; **4** no; **1** abstention

RESOLUTION: Disposition of land owned by the City of New York and Urban Development Action Area Program designation at 492 St. Nicholas Avenue.

WHEREAS, GHHDC and FLD is requesting a letter of support from CB10 for the disposition of land owned by the City of New York and a designation as an Urban Development Action Area Program for a lot located at 492 St. Nicholas Avenue (the "Lot");

WHEREAS, the Lot was initially transferred from the City to GHHDC under UDAAP and did not go through the Uniform Land Use Review Process ("ULURP"),

WHEREAS, in March 2013, GHHDC and FLD made an informal presentation to CB10's Land Use Committee announcing the project team's intention to sell and develop the Lot.

WHEREAS, GHHDC is seeking to sell the Lot for $1.2 million in order to sustain their 117 units of affordable housing along 135th Street,

WHEREAS, the potential buyer for the Lot is FLD, which proposes a 9 to 12-unit condo development,

WHEREAS, on December 19, 2013, GHHDC & FLD appeared before CB10's Land Use Committee and presented the following information:

1. Based on market pricing for 2013, $490,000 for 1-bedrooms, $600,000 for 2-bedrooms and $900,000 for 3-bedrooms

2. The building would be 100 ft tall, with a set back at 85ft, which is allowed as-of-right under existing R8 zoning.

THEREFORE, BE IT RESOLVED, that on February 5, 2014, the Manhattan Borough Community Board 10 supports the disposition of land owned by the City of New York and its designation as an Urban Development Action Area Program at 492 St. Nicholas Avenue with a vote of 23 in favor, 4 opposed with 1 abstention.

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 representative as indicated on the Notice of Certification.

Applications: C 140233 HAM and C 140238 PQM

Docket Description:

C 140233 HAM
IN THE MATTER OF an application submitted by the Department of Housing Preservation and Development (HPD):

1. pursuant to Article 16 of the General Municipal Law of New York State for:
   a. the designation of a property located at 492 St. Nicholas Avenue (Block 1959; Lot 54) as an Urban Development Action Area; and
   b. an Urban Development Action Area Project for such area; and
2. pursuant to Section 197-c of the New York City Charter for the disposition of such property to a developer selected by HPD;

to facilitate development of a ten-story mixed-use building, with up to 14 residential units and approximately 2,400 square feet of commercial space, Borough of Manhattan, Community District 10.

C 140238 PQM
IN THE MATTER OF an application submitted by the Department of Housing Preservation and Development, pursuant to Section 197-c of the New York City Charter, for the acquisition of property located at 492 St. Nicholas Avenue (Block 1959, Lot 54).

COMMUNITY BOARD NO: 10 BOROUGH: Manhattan

RECOMMENDATION

- [ ] APPROVE
- [x] APPROVE WITH MODIFICATIONS/CONDITIONS (List below)
- [ ] DISAPPROVE
- [ ] DISAPPROVE WITH MODIFICATIONS/CONDITONS (Listed below)

EXPLANATION OF RECOMMENDATION – MODIFICATION/CONDITIONS (Attach additional sheets if necessary)

See Attached

Gale A. Brewer

BOROUGH PRESIDENT

March 31, 2014

DATE

OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN
THE CITY OF NEW YORK

1 Centre Street, 19th floor
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Gale A. Brewer, Borough President

March 31, 2014

Recommendation on
ULURP Application Nos. C 140233 HAM and C 140238 PQM
492 St. Nicholas Avenue
by New York City Department of Housing Preservation and Development

PROPOSED ACTIONS

The New York City Department of Housing Preservation and Development ("HPD" or "the applicant") seeks the approval of land use actions to facilitate the development of a 10-story, mixed-use building containing up to fourteen units of housing and approximately 2,400 square feet of commercial space in the Central Harlem neighborhood of Community District 10. The proposed project is located at the southeast corner of West 135th Street and St. Nicholas Avenue, Block 1959, Lot 54.

HPD seeks approval for the **acquisition** of privately-owned property (**C 140238 PQM).** HPD also seeks approval for the simultaneous **disposition** of said property to a recipient to be determined by HPD (the "Developer"), the designation of said property as an **Urban Development Action Area** ("UDAA"), and approval of the project as an **Urban Development Action Area Project** ("UDAAP") (**C 140233 HAM**).

City-owned properties that are no longer in use or are in deteriorated or deteriorating condition are eligible to be designated as UDAA and UDAAP, pursuant to the Urban Development Action Area Act (Article 16 of the State General Municipal Law). UDAA and UDAAP provide incentives for private entities to correct substandard, unsanitary and/or blighted conditions. According to New York State General Municipal Law § 694(4), to receive a UDAA and/or UDAAP designation the City Planning Commission and the City Council must find that:

> (a) the present status of the area tends to impair or arrest the sound growth and development of the municipality;
> (b) the financial aid in the form of tax incentives, if any, to be provided by the municipality pursuant to [the tax incentives provisions of the Urban Development Action Area Act] … is necessary to enable the project to be undertaken; and
> (c) the area designation is consistent with the policy and purposes [of the Urban Development Action Area Act].

Section 197-c of the New York City Charter mandates that the disposition of all City-owned real property (other than the lease of office space) be subject to the Uniform Land Use Review

Procedure ("ULURP"). While no specific findings must be met to make a property eligible for disposition under Section 197-c, Section 1802(6)(j) of the Charter limits HPD to the disposition of residential real property.

PROJECT DESCRIPTION

HPD seeks to develop an approximately 17,000 square foot, 10-story building consisting of up to 14 condominium units and 2,400 square feet of ground floor commercial space. The development will be located on land currently owned by the Greater Harlem Housing Development Corporation ("GHHDC")[1] at 492 Saint Nicholas Avenue at the southeast corner of Saint Nicholas Avenue and West 135th Street. The development site was conveyed to GHHDC in 1994 as part of a larger project, called Striver's Plaza Phase II, which created 117 units of affordable housing in formerly City-owned, dilapidated buildings. Because of the poor condition of the buildings and the difficulties of managing housing in multiple small buildings, the project has faced significant financial instability since its inception. According to HPD, the proposed project is being undertaken to allow GHHDC to sell the vacant lot at 492 Saint Nicholas Avenue to HPD in order to realize $1.2 million from an immediately brokered resale from HPD to a developer, F-Lot Development, LLC.[2] The proceeds will be used to help stabilize the affordable housing owned by GHHDC.

Background

The entirety of the Striver's Plaza II project is situated within the boundaries of the former St. Nicholas Park Urban Renewal Area ("URA"), which was approved in 1968 and expired in 2008. The URA generally included the blocks to the east and north of St. Nicholas Park and was created with the goal of removing blight, restoring the residential character of the area, encouraging the upgrading of housing quality, and facilitating economic development in the area. The plan was amended in 1992 to include new parcels, Sites 13, 14, and 15. The proposed development site is part of site 14. The plan set guidelines for development the in area and set specific requirements for all developments designated as URA sites. Specifically, the URA mandated that new residential buildings be limited to a height of 60 feet and that, to the extent deemed feasible by HPD, new construction should be designed to relate to the surrounding community in terms of scale, configuration, and materials.[3] The Striver's Plaza Phase II project included 10 City-owned buildings as well as some adjacent vacant lots that were granted to GHHDC for redevelopment as affordable housing. The buildings were taken by the City through the tax foreclosure process, and some of the buildings were designated URA sites.

The 1994 disposition approval for the Strivers Plaza II properties was not obtained through the Uniform Land Use Review Process ("ULURP"), but rather through an Accelerated UDAAP, which is used for the disposition of existing buildings for rehabilitation or for the new construction of one- to four-family buildings. The Strivers Plaza II properties were disposed of to

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[1] The GHHDC is a subsidiary of the Greater Harlem Chamber of Commerce. The Greater Harlem Chamber of Commerce is managed by Lloyd Williams, President and Chief Executive Officer, and GHHDC is managed by Charles Powell.
[2] F-Lot Development is managed by Anthony Crusor.
[3] St. Nicholas Park Urban Renewal Area, Seventh Amended Urban Renewal Plan Section C(2)(b)

GHHDC to substantially rehabilitate the existing units. The 1994 Regulatory Agreement between HPD and GHHDC governed the rehabilitation of these buildings and additionally stipulated that the vacant lot at 492 St. Nicholas Avenue was to remain as "open and recreational space." This restriction was added to preserve views of a mural on an adjacent building that the local community wished to remain.[4]

At the time of disposition, construction loans were secured by GHHDC to finance the rehabilitation of the buildings. According to GHHDC, there were unexpected construction costs due to the condition of the buildings. In 2001, the multiple construction loans for the different premises were consolidated into a single permanent financing package through the Community Preservation Corporation that consisted of a mortgage with a principal sum of $5,721,832.

By 2005, however, significant financial difficulties with the project required GHHDC to seek a forbearance agreement with the Community Preservation Corporation and a refinancing package was worked out with loan modifications in 2006 and 2008. These two modifications added unpaid interest arrears to the principal sum of the mortgage, created payment agreements that included smaller initial monthly payments, and extended the term of the mortgage. According to HPD, in the wake of the 2008 modification agreement, tax arrears and arrears in utility payments were brought current. Additionally, according to HPD, GHHDC has been current on its mortgage payments since the 2008 mortgage and modification agreement.

In addition to the financial difficulties, the Striver's Plaza Phase II buildings required major renovation work by 2008. GHHDC secured $2.5 million in Resolution A capital funding from the City Council to conduct a Phase I renovation of the buildings. This renovation included sealing the buildings and replacing the boilers that were in the worst condition in a number of the buildings. This work was necessary partly because GHHDC had been unable to complete this work during its initial rehabilitation of the buildings and partly because in the first ten years the organization had not had the operating income to conduct adequate ongoing maintenance. In conjunction with this application, GHHDC is working with HPD on $2 million in additional Resolution A capital funding to complete a Phase II of the renovation, which will include new windows, new roofs, new entry doors, intercoms and security cameras and boilers for the rest of the buildings not included in the Phase I boiler replacement work.

Since approximately 2013, GHHDC has used ELH Management[5] as a property manager for the 117 units of affordable housing in the Striver's Plaza Phase II project, and states that the relationship is going well. ELH Management has a history with HPD of managing and developing affordable housing.

The GHHDC affordable housing properties still have a number of outstanding financial obligations. The properties have a number of unpaid ECB violations, which the GHHDC has stated are in the process of being cleared; however, some may require fee payments. In addition, there have been water and sewer arrears in the past, and utility arrears which are being paid off

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[4] According to HPD, the restrictions in the Regulatory Agreement can be changed, but pursuant to section 693 of Article 16 of the State General Municipal Law, absent the current actions, development on the lot would still be restricted to only four dwelling units.

[5] ELH Management is managed by Larry Hirschfield, President.

through a payment agreement with Con Edison, on which the developer has been meeting its payments for the last two years. According to HPD, the $1.2 million proceeds from the sale of the development site would allow GHHDC's most pressing financial debts to be resolved.

Area Context

The development site is located at 492 St. Nicholas Avenue, at the southeast corner of St. Nicholas Avenue and West 135th Street, directly across the street from St. Nicholas Park. Directly bordering the development site is the entrance to the 135th Street stop of the B and C train lines. Along this portion of St. Nicholas Avenue buildings are generally five to six story brick tenement buildings built in the early 20th century. On the West 135th Street side of the project, the context is different. West 135th Street is a major commercial corridor that includes a number of high-density residential buildings. The majority of the buildings along West 135th Street have ground floor retail. Of note, east of the project on West 135th Street is the 12-story, 170-unit Striver's Gardens development that was built by the Greater Harlem Chamber of Commerce as affordable condominiums.

There are a number of historic resources in the neighborhood, and the majority of the surrounding area is built in keeping with the historic context. Five blocks northeast of the development site is the St. Nicholas Historic District, or "Striver's Row," which was designated by the Landmarks Preservation Commission ("LPC") in 1967. The historic district consists of four sets of townhouses designed by noted architectural firms, including McKim Meade and White, in 1891. The three blocks directly south of the St. Nicholas Historic District, including West 135th Street between Adam Clayton Powell Jr. and Malcolm X Boulevards, are included as priority preservation areas in Community Board 10's Comprehensive Historic Preservation Plan.[6] Also included as a priority area in the plan is a collection of buildings along St. Nicholas Avenue and Frederick Douglass Boulevard, from West 136th Street to West 141st Street. This area includes the gothic St. Marks United Methodist Church. The historic City College campus sits directly across St. Nicholas Park from the proposed development.

Proposed Project

HPD proposes to dispose of the property to F-Lot Development, who proposes to build a 10-story mixed-use building with approximately 14 apartments. The building will feature one to two market-rate apartments on each floor. The building, which will rise to a height of 100 feet will have approximately 85 feet street walls on both 135th Street and St. Nicholas Avenue, after which the building will set back 10 feet on both street frontages. The project will provide the required 20 percent open space because the building will set back 20 feet from the rear lot line beginning at the second floor. The current plans for the proposed building show a façade composed of stucco and metal wall panels.

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[6] The Community Board 10 Comprehensive Preservation Plan was approved unanimously by the Board on May 2, 2012. The report is available on the Board website.

Proposed Actions

The applicant, HPD is requesting from the CPC: (1) approval for the acquisition of the development site; (2) area designation and project approval for a UDAAP; and (3) approval for the disposition of the project site to F-Lot Developer. The actions would facilitate the new construction of a mixed-use commercial and market-rate residential building on what is currently a vacant lot owned by GHHDC and generate financing for GHHDC's remaining debts to allow for its continued operation of its affordable housing units.

COMMUNITY BOARD'S RECOMMENDATION

At its Full Board meeting on February 5, 2014, Manhattan Community Board 10 voted to recommend approval of the application by a vote of 23 in the affirmative, 4 in the negative and 1 abstention.

BOROUGH PRESIDENT COMMENTS

The Office of the Manhattan Borough President shares HPD's goal of stabilizing the 117 units of affordable housing owned by GHHDC. However, the proposed development raises concerns both regarding the findings for UDAAP approval and the efficacy of this proposal as a means to stabilize GHHDC's affordable housing. To this end, two important factors must be considered before approval can be given: (1) whether a 10-story development consisting of market-rate condominiums furthers the goals of the URA, through which the property was given to GHHDC, or the goals of sound development embodied in the UDAA provisions of the General Municipal Law; and (2) whether the sale of this parcel will achieve HPD's goal to stabilize GHHDC's existing affordable housing.

Goals of the URA and Sound Development

While the URA has expired, its goals should not be ignored when disposing of a site that was specifically designated by HPD in the URA.[7] The URA contained a limitation that residential buildings not exceed 60 feet in height. In addition, the URA mandated (1) that the neighborhood be developed in a manner compatible with the surrounding residential area; (2) that new construction relate to the surrounding community; (3) that projects harmonize scale, configuration and materials to preserve neighborhood patterns; and (4) that low rise buildings should be preferred. The proposal exceeds the URA height maximum and the design of the building does not appear to relate harmoniously in terms of scale or material with the surrounding neighborhood. Without reasonable certainty that the sale of the development site for the proposed 10-story market-rate residential and ground floor commercial building will stabilize the affordable housing (see below), it is challenging to see how a tall, market-rate building furthers the goals of the URA. In addition, regardless of the URA, it is incumbent upon HPD to ensure that the development site, originally owned by the City and to be reacquired by the City prior to disposition, furthers sound development in the community.

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[7] The ULURP application for the recent Site 7 project in Community District 4 (C 140181 ZMM), for example, listed compliance with the goals of an expired URA as a basis for support of a project on a former URA site.

To this end, GHHDC should work with F-Lot Development to alter the design of the proposed building. The proposed development sits along a stretch of St. Nicholas Avenue that is historic in nature. As the subway stop directly in front of the proposed building serves as the access point to the St. Nicholas Historic District, the historic City College campus, the Hamilton Grange, St. Nicholas Park, and the many other historic sites in close proximity, the developers need to make every effort to create a building that is worthy of its location. As the sale of the lot is necessary to raise revenue for affordable housing, it will be difficult to reduce the height of the building. With appropriate contextual materials, however, the development team can go a long way toward preventing an out-of-scale building from feeling out of context. The façade of the new building should be composed of brick or stone, rather than the proposed stucco and metal panel design. The design should also include architectural touches that acknowledge the scale of neighboring buildings. In the ULURP application, the sale of the property is currently listed as direct and pursuant to zoning. This should be amended such that the sale is restricted based on a contextual façade design.

Stabilization of Affordable Housing

While there is no mention in the ULURP application of the desire on the part of HPD to address the financial challenges faced by GHHDC's affordable housing developments, this goal has been communicated to the Borough President's Office. This is certainly a worthy goal and one which could very well be in keeping with the goals of the URA and the findings of the proposed actions. However, to make this finding with certainty, it must be clear that the $1.2 million expected proceeds from the sale of the development site will further this goal in a meaningful way by being a sufficient sum to be considered the last step in the plans for stability. GHHDC has been struggling with the finances of the affordable housing it owns in the area for many years, and has had several millions of dollars in loans restructured. According to HPD, GHHDC is on a path to stabilizing its finances. It has been current in its mortgage payments since its last mortgage and modification agreement in 2008 and is current on its payment plan to for past-due utility charges. In addition, GHHDC stated that it is in the process of marketing its commercial spaces to achieve higher rents. The developer states that it is getting closer to a situation in which its rent rolls will exceed its operating expenses.

The protection of affordable, rent-stabilized apartments is of the utmost importance. It is incumbent on HPD to make sure that GHHDC's affordable housing is well enough on its way to financial stability that an infusion of funds from the sale of property will succeed in finally shoring up the long-term financial viability of the housing. Such a sale should be conditioned upon a process in which HPD takes on an active role in setting up and implementing a plan for the financial health of the affordable housing. At that point, the sale of the vacant land would play a reasonable and necessary role in assuring the protection of the affordable apartments of 117 families.

BOROUGH PRESIDENT RECOMMENDATION

In discussions with the Borough President's Office, GHHDC has committed to work closely with HPD and to enter into any agreement or program which HPD deems appropriate for the stabilization of the Striver's Plaza Phase II project. Further, GHHDC and F-Lot Development

have agreed that any final design of the proposed development will prioitize a contextually appropriate façade and design details that harmonize with the surrounding buildings.

In consideration of these commitments, the Manhattan Borough President recommends approval of ULURP Application Nos. C 140233 HAM and C 140238 PQM with the following conditions:

1. **GHHDC meet the terms of their March 28, 2014 letter to the Borough President that they work with HPD Asset Management, participate in a Voluntary Repair Agreement with HPD, and use the proceeds of the sale to pay off outstanding debt, with any excess proceeds used for the improvement of the properties;**
2. **F-Lot Development meet the terms of its March 27, 2014 letter to the Borough President agreeing to a contextually designed façade for the proposed mixed-use building; and**
3. **The ULURP application be amended such that the disposition of the vacant property be restricted to a building with a contextually-designed façade.**

Gale A. Brewer
Manhattan Borough President

GREATER HARLEM HOUSING DEVELOPMENT CORPORATION

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EMAIL:GHCC@MAIL.COM

MARCH 28, 2014

HON. GALE BREWER
PRESIDENT-BOROUGH OF MANHATTAN
ONE CENTRE STREET, 19TH FLOOR
NEW YORK, NEW YORK 10007

Re: ULURP Approval of Sale of 492 St. Nicholas Avenue

Dear Borough President Brewer:

The Greater Harlem Housing Development Corporation (GHHDC), as a further follow-up to the very productive discussions held recently between our executive team and the senior managers from your office and that of NY City Department of Housing Preservation and Development (HPD), regarding the ULURP approval of the sale of the lot located at 492 St. Nicholas Avenue, GHHDC is pleased to confirm the following:

- GHHDC agrees to work with HPD Asset Management and meet any reporting requirements that HPD reasonably determines is appropriate for the Strivers II portfolio.
- As discussed, and with their assistance, GHHDC looks forward to working with HPD Neighborhood Preservation to actively participate in the Voluntary Repair Agreement (VRA) to clear HPD violations that have not already been cleared.
- It is GHHDC's intent to use the proceeds of the sale to pay outstanding debt relating to its properties (and the costs and expenses associated with such payments) and left over proceeds will be used for repair work to its properties that is not eligible under the rehab loan.

GHHDC remains committed to the continued development, preservation and retention of its affordable housing portfolio through the use of its assets and available public funds and welcome and appreciate any future thoughts and comments that you or your office may wish to share.

Sincerely,

Lloyd A. Williams
President

Cc: Hon. Inez E. Dickens, NYC Council Member
Hon. Keith L. T. Wright, NYS Assemblyman
Lucille McEwen, Esq., GHHDC, Senior Consultant
Anthony Chilliest, Esq., GHHDC, General Counsel
Charles Powell, Esq., GHHDC, Senior Consultant

F-LOT DEVELOPMENT LLC

March 27, 2014

Honorable Gale Brewer
Manhattan Borough President
1 Centre Street, 19th Floor
New York, NY 10007

Re: 492 St. Nicholas Ave.
ULURP

Dear Manhattan Borough President Gale Brewer:

During our March 20, 2014 meeting with your Land Use Department along with representatives from the New York City Department of Housing Preservation and Development (HPD) and The Greater Harlem Housing Development Corporation (GHHDC), your office raised concerns regarding the proposed materials of the new mixed-use development project at 492 St. Nicholas Avenue.

In response, I would like to mention that as a local architect who has had an office in the immediate neighborhood for 25 years, we have a unique knowledge and sensitivity of the neighborhood's built environment. For the 492 development we've considered the use of façade materials such as brick and stone veneers in conjunction with a color palette sensitive to adjacent buildings on the block. We will also consider the specific façade suggestions outlined by your Land Use Department. To the extent that final design decisions will be made while balancing the overall finances of the project, we have prioritized the use of contextual materials as a primary goal for the development project.

Please feel free to call me at (646) 225-6672 if you have further questions or comments.

Respectfully Submitted,

Anthony Crusor
Managing Member F-Lot Development LLC

Cc: Maria Bazo/F-Lot

Department of
Housing Preservation
& Development
nyc.gov/hpd

VICKI BEEN
Commissioner
ERIC ENDERLIN
Deputy Commissioner

Office of Development
100 Gold Street
New York, N.Y. 10038

April 21, 2014

Honorable Carl Weisbrod, Chair
Members, New York City Planning Commission
22 Reade Street
New York, NY 10007

Re: 492 St. Nicholas Avenue - Applications 140233HAM and 140238PQM

Dear Chair Weisbrod and Members of the Commission:

The Department of Housing Preservation and Development (HPD) is pleased to continue our efforts, along with Greater Harlem Housing Development Corporation (GHHDC), through this ULURP application to facilitate the 492 St. Nicholas Avenue project. This application will allow GHHDC to sell the vacant lot at 492 St. Nicholas Avenue and infuse the organization with capital to enable GHHDC to carry out their goal of maintaining their portfolio of 117 affordable residential units.

This letter addresses the thoughtful questions that the Commissioners raised during the April 2nd public meeting.

The Commission asked questions related to the value of the property and the sales price that was negotiated between F-Lot Development and GHHDC. HPD is required to order an appraisal when disposing of City-owned property. However, HPD is not required to sell property for an appraised value. In this particular case, F-Lot Development and GHHDC entered into a contract of sale prior to their knowledge that ULURP would be required to facilitate the development of a multi-family building. However, we share the same goal of maximizing the purchase price to support GHHDC in preserving and maintaining their affordable housing portfolio and HPD will assist GHHDC in accomplishing this goal.

The Commission also asked about ways to enhance the contextual appearance of the building façade. HPD has been working closely with the development team, and in coordination with GHHDC, to confirm that contextual materials will be incorporated into the final design. The developer has submitted revised renderings to the Department of City Planning that depict a façade that utilizes contextual materials. The developer has also submitted a letter that further states their commitment to prioritize the use of materials such as stone and brick veneer, which reflect the adjacent buildings. HPD is available to provide design guidance and the development team has agreed to work closely with GHHDC. We are confident that the final design will integrate the Borough President's and the Commission's feedback, and will result in a development that balances both the neighborhood's context and the development team's design concept.

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Thank you for your consideration of these materials and we look forward to finalizing the 492 St. Nicholas Avenue project.

Sincerely,

Eric Enderlin

NYC

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F-LOT DEVELOPMENT LLC

April 17, 2014

Honorable Carl Weisbrod, Chair
Members, New York City Planning Commission
22 Reade Street
New York, NY 10007

Re: 492 St. Nicholas Avenue

Dear Chair Weisbrod and Members of the Commission:

This letter is submitted as a follow-up to the concerns that were raised during the April 2, 2014 City Planning Commission (CPC) Public Hearing. As per our March 27th letter, F-Lot is committed to prioritizing the use of contextual materials in the final design. More specifically, we are considering materials such as stone and brick veneer having a color/hue that are sensitive to and reflective of the adjacent buildings along St. Nicholas Avenue. Subsequent to the meeting, we have been in discussions with Greater Harlem Housing Development Corporation (GHHDC) and HPD to ensure that we satisfy the concerns that have been communicated by Borough President Brewer and the CPC.

F-lot has submitted revised drawings to the Department of City Planning for review. We will also incorporate into our ongoing working structure with GHHDC the review of the building façade materials. We are currently working with GHHDC on issues such as suggestions for commercial tenants within the new development and we are advertising locally for the sale of the residential units.

Again, F-lot is deeply committed to what was previously stated in our March 27th letter to the Manhattan Borough President and we trust that in partnership with GHHDC the facades for the 492 St. Nicholas project will meet the concerns of all stakeholders.

Thank you for your consideration.

Respectfully Submitted,

Anthony Crusor
Managing Member F-Lot Development LLC

Cc: Maria Bazo/F-Lot