

960 FRANKLIN AVENUE REZONING

Chapter 3: Socioeconomic Conditions

A. INTRODUCTION

This chapter assesses whether the Proposed Actions would result in significant adverse impacts to the socioeconomic character of the area within and surrounding 960 Franklin Avenue. As described in the 2020 *City Environmental Quality Review (CEQR) Technical Manual*, the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Although some socioeconomic changes may not result in impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area. In some cases, these changes may be substantial, but not adverse. The objective of a CEQR analysis is to disclose whether any changes created by the action would have a significant adverse impact compared to what would happen in the future without the action.

As described in **Chapter 1, “Project Description,”** the Proposed Actions involve zoning map and text amendments and special permits that would facilitate the construction of an approximately 1.369 million gross square-foot (gsf) mixed-use residential, commercial, and community facility development consisting of two towers on an approximately 2.76-acre site (“Development Site”) in the Crown Heights neighborhood of Brooklyn Community District (CD) 9. The incremental (net) change between the No-Action and With-Action conditions that would result from the Proposed Actions would be a net increase of 1,060 dwelling units (DUs), 9,678 gsf of community facility uses, and 21,183 gsf of local retail uses. The proposed development would be completed by 2024.

Pursuant to the *CEQR Technical Manual*, the five principal issues of concern with respect to socioeconomic conditions are whether a proposed action would result in significant adverse impacts due to: (1) direct residential displacement; (2) direct business and institutional displacement; (3) indirect residential displacement; (4) indirect business and institutional displacement; or (5) adverse effects on specific industries. As discussed below, the Proposed Actions would not result in any direct residential displacement or direct business displacement, and therefore, would not result in significant adverse impacts due to direct residential or business displacement.

B. PRINCIPAL CONCLUSIONS

The Proposed Actions would not result in any significant adverse impacts to the five socioeconomic areas studied under *CEQR* including direct residential, direct business/institutional displacement, indirect residential displacement, indirect business/institutional displacement, and adverse effects on specific industries, in accordance with *CEQR Technical Manual* guidance.

Direct Displacement

An initial screening determined that the Proposed Actions would not directly displace any residents as the Development Site does not contain any existing residential units. In addition, while a portion of the Development Site currently supports an existing business operation, the Applicant has an accepted

purchase agreement and the existing business would vacate the property regardless of the Proposed Actions. Moreover, the Development Site is anticipated to be redeveloped irrespective of the Proposed Actions, and therefore, the Proposed Actions would not directly displace any existing businesses or workers. As such, the Proposed Actions would not result in significant adverse impacts due to direct residential or direct business/institutional displacement.

Indirect Residential Displacement

The Proposed Actions would not result in significant adverse impacts due to indirect residential displacement. According to the *CEQR Technical Manual*, indirect displacement of residential population most often occurs when an action increases property values, and thus rents, making it difficult for some of the existing residents to continue to afford to live in the area. Under CEQR the objective of the indirect residential displacement analysis is to determine whether a project may either introduce a trend or accelerate a trend of changing socioeconomic conditions that may potentially displace a vulnerable population to the extent that the socioeconomic character of the neighborhood would change. Based on *CEQR Technical Manual* guidance, a vulnerable population is defined as renters living in privately held units unprotected by rent control, rent stabilization, or other government regulations restricting rents, and whose incomes or poverty status indicate that they may not support substantial rent increases.

The Proposed Actions would introduce 1,060 additional DUs to the study area (compared to the No-Action), of which 789 DUs are expected to be developed as affordable housing units. The Proposed Actions would introduce a residential population whose average income is expected to be higher than the existing average household income in the study area, but similar to the average income of the new population expected to reside in the study area in absence of the Proposed Actions. A preliminary assessment of indirect residential displacement shows an observable trend towards increasing rents and property values in the study area. The residential units generated by the Proposed Actions would not result in indirect residential displacement by introducing a trend or accelerating a trend that may potentially displace a vulnerable population to the extent that the socioeconomic character of the neighborhood would change. The affordable housing units added by the Proposed Actions would maintain a diverse demographic composition within the study area and would further expand the supply of affordable housing for current and future residents. The affordable housing units would help to ensure that a considerable portion of the new households would have incomes that would more closely reflect the incomes of existing households in the study area and help ensure that the neighborhood continues to serve diverse housing needs. Therefore, the Proposed Actions would not introduce a new trend or accelerate an existing trend of changing conditions in a manner that would have the potential to substantially change the socioeconomic character of the neighborhood.

Indirect Business Displacement

As the Proposed Actions would not generate commercial development that would exceed the 200,000 sf CEQR threshold, a preliminary indirect business displacement analysis was not warranted. Therefore, there would be no significant adverse impacts due to indirect business displacement.

Adverse Effects on Specific Industries

The Proposed Actions would not result in significant adverse impacts on any specific industries. The Proposed Actions would not affect conditions within a specific industry, nor would they result in the loss or substantial diminishment of a particularly important product or service within the City.

C. METHODOLOGY

Under CEQR, the socioeconomic character of an area is defined by its population, housing, and economic activities. The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of an area's residents and businesses. However, proposed actions can affect either or both of these segments in similar ways: they may directly displace residents or businesses; or they may alter one or more of the underlying forces that shape socioeconomic conditions in an area and thus may cause indirect displacement of residents or businesses. The objective of the CEQR analysis is to disclose whether any changes created by the proposed actions would have a significant impact compared with what would happen in the future without the proposed actions (i.e., the "No-Action condition").

Direct displacement is defined as the involuntary displacement of residents, businesses, or institutions from the actual site of (or sites directly affected by) a proposed project or action. Examples include the proposed redevelopment of a currently occupied site for new uses or structures, or a proposed easement or right-of-way that would take a portion of a parcel and thus render it unfit for its current use. Since the occupants of a particular site are usually known, the disclosure of direct displacement focuses on specific businesses and employment and an identifiable number of residents and workers.

Indirect or secondary displacement is defined as the involuntary displacement of residents, businesses, or employees in an area adjacent to, or close to, a project or development site that results from changes in socioeconomic conditions created by a proposed project or action. Examples include rising residential rents in an area that result from a new concentration of higher-income housing introduced by a project, which ultimately could make existing housing unaffordable to lower income residents; a similar turnover of industrial to higher-rent commercial tenancies induced by the introduction of a successful office project in an area; or the flight from a neighborhood that can occur if a proposed project or action creates conditions that break down the community (such as a highway dividing the area). Unlike direct displacement, the exact occupants to be indirectly displaced are not known. Therefore, an assessment of indirect displacement usually identifies the size and type of groups of residents, businesses, or employees potentially affected.

Even if projects do not directly or indirectly displace businesses, they may affect the operation and viability of a major industry or commercial operation in the City. An example would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries. In these cases, the CEQR review may involve the assessment of the economic impact of the project on the specific industry in question.

Determining Whether a Socioeconomic Assessment Is Appropriate

According to the *CEQR Technical Manual*, a socioeconomic assessment should be conducted if an action may be reasonably expected to create socioeconomic changes in the area affected by the action that would not be expected to occur in the absence of the Proposed Actions (i.e., No-Action condition). The following initial screening assessment considers threshold circumstances identified in the *CEQR Technical Manual*, and bulleted below, that can lead to socioeconomic changes warranting further assessment.

The Proposed Actions include zoning map and text amendments affecting an approximately 2.76-acre area in Crown Heights, Brooklyn. The reasonable worst-case development scenario (RWCDs) assumes that the Proposed Actions would result in the incremental (net) increase of approximately 1,060 DUs (884,367

gsf), including 789 affordable DUs, approximately 21,183 gsf of local retail uses, and approximately 9,678 gsf of community facility uses, as well as a net decrease of approximately 131 accessory parking spaces on a single approximately 2.76-acre Development Site.

- *Direct Residential Displacement: Would the proposed actions directly displace residential population to the extent that the socioeconomic character of the neighborhood would be substantially altered? Displacement of fewer than 500 residents would not typically be expected to alter the socioeconomic character of a neighborhood.*

The Development Site does not currently contain any residential units. As such, the Proposed Actions and associated RWCDs would not result in any direct residential displacement, and therefore, would not result in significant adverse impacts due to direct residential displacement.

- *Direct Business Displacement: Would the proposed actions directly displace more than 100 employees, or directly displace a business whose products or services are uniquely dependent on its location, are the subject of policies or plans aimed at its preservation, or serve a population uniquely dependent on its services in its present location? If so, assessments of direct business displacement and indirect business displacement are appropriate.*

Irrespective of the Proposed Actions, the Development Site is anticipated to be redeveloped by 2024. While a portion of the Development Site currently contains the Morris J. Golombeck, Inc. Importers spice company operations, the Applicant has an accepted purchase agreement and the spice company's operations would vacate the property regardless of the Proposed Actions. As such, the Proposed Actions and associated RWCDs would not result in any direct business or institutional displacement, and therefore, are not expected to result in significant adverse impacts due to direct business or institutional displacement.

- *Indirect Residential and/or Business Displacement due to Increased Rents: Would the proposed actions result in substantial new development that is markedly different from existing uses, development, and activities within the neighborhood? Residential development of 200 units or less or commercial development of 200,000 sf or less would typically not result in significant socioeconomic impacts. For projects exceeding these thresholds, an assessment of indirect residential displacement and indirect business displacement is appropriate.*

The Proposed Actions and associated RWCDs would introduce approximately 1,060 DUs as compared to the No-Action condition, which would exceed the 200-unit *CEQR Technical Manual* threshold. Therefore, a preliminary assessment of potential indirect residential displacement is warranted, and is provided in Section D.

The Proposed Actions and associated RWCDs would introduce approximately 21,183 gsf of commercial space, which would not exceed the 200,000 gsf *CEQR Technical Manual* threshold. Therefore, an assessment of potential indirect business displacement is not warranted.

- *Indirect Business Displacement due to Retail Market Saturation: Would the proposed actions result in a total of 200,000 sf or more of retail on a single development site or 200,000 sf or more of regional-serving retail across multiple sites? This type of development may have the potential to draw a substantial amount of sales from existing businesses within the study area, resulting in indirect business displacement due to market saturation.*

An assessment of indirect business displacement due to market saturation (i.e., competition) is not warranted based on *CEQR Technical Manual* guidance. As described above, the Proposed Actions and

associated RWCDs are expected to result in a net increase of approximately 21,183 gsf of local retail compared to the No-Action condition, which is well below the 200,000 sf *CEQR Technical Manual* threshold warranting assessment of indirect business displacement due to market saturation.

The Proposed Actions and associated RWCDs are not expected to add to, or create, a retail concentration that may draw a substantial amount of sales from existing businesses within the study area to the extent that certain categories of business close and vacancies in the area increase, thus resulting in a potential for disinvestment on local retail streets.

- *Adverse Effects on Specific Industries: Are the proposed actions expected to affect conditions within a specific industry? This could affect socioeconomic conditions if a substantial number of workers or residents depend on the goods or services provided by the affected businesses, or if the project would result in the loss or substantial diminishment of a particularly important product or service within the City.*

As noted above, the Proposed Actions and associated RWCDs would not directly displace any existing businesses or employees. Moreover, the Proposed Actions are site-specific, and do not include any Citywide regulatory changes that could adversely affect the economic or operational conditions of certain types of businesses or processes. Therefore, the Proposed Actions would not result in significant adverse effects on specific industries, and no further assessment is warranted.

Based on the initial screening assessment presented above, the Proposed Actions warrant analysis of indirect residential displacement, which is provided in Section D.

Analysis Format

Following *CEQR Technical Manual* guidance, the socioeconomic analysis of indirect residential displacement begins with a preliminary assessment. The purpose of the preliminary assessment is to learn enough about the effects of the Proposed Actions and associated RWCDs to either rule out the possibility of significant adverse impacts, or determine that a more detailed analysis is required to fully determine the extent of the impacts. A detailed analysis, when required, is framed in the context of existing conditions and evaluates the changes to those conditions in the future without the Proposed Actions and the future with the Proposed Actions by the analysis year. In conjunction with the land use analysis, specific development projects that are expected to occur in the area in absence of the proposed actions are identified, as well as the possible changes in socioeconomic conditions that would result, such as potential increases in population, changes in the income characteristics of the study area, new residential developments, possible changes in rents or sales prices of residential units, new commercial or industrial uses, or changes in employment or retail sales. Those conditions are then compared with the future with the Proposed Actions to determine the potential for significant adverse impacts.

In accordance with *CEQR Technical Manual* guidance, a preliminary assessment was sufficient to conclude that the Proposed Actions and associated RWCDs would not result in any significant adverse socioeconomic impacts due to indirect residential displacement.

Study Area Definition

To assess the Proposed Actions' potential for indirect residential displacement, information was gathered regarding the surrounding area's demographic and socioeconomic characteristics, housing inventory,

and real estate market trends. Typically, the socioeconomic study area boundaries are similar to those of the land use study area. The study area generally encompasses the area affected by the proposed actions (i.e., directly affected area or primary study area), and an adjacent area (study area) within ¼-mile or ½-mile, depending on project size and area characteristics. The socioeconomic assessment seeks to assess a project's potential to change socioeconomic character relative to the study area populations (i.e., a project that would result in a relatively large increase in population may be expected to affect a larger study area).

The *CEQR Technical Manual* explains that for projects that would increase the residential population by more than five percent as compared to the population expected to reside in the ¼-mile study area in the No-Action condition, a ½-mile study area is appropriate. As detailed in **Chapter 1, "Project Description,"** the RWCDs associated with the Proposed Actions would result in an incremental (net) increase of 1,060 DUs, which would increase the population of the ¼-mile study area by more than five percent as compared to the No-Action condition.¹ Therefore, in accordance with *CEQR Technical Manual* guidance, the study area for socioeconomic conditions approximates a ½-mile perimeter around the directly affected area (or rezoning area).

The boundary of the socioeconomic study area was modified to match the census tracts that most closely define a ½-mile perimeter surrounding the rezoning area (i.e., are at least 50 percent within the ½-mile perimeter around the rezoning area), including census tracts 213, 217, 219, 321, 323, 325, 327, 798.01, 798.02, and 800 (**Figure 3-1**). Given the location of the proposed rezoning area, which is located directly to the east of the 526-acre Prospect Park, only census tracts located to the north, east and south of the proposed rezoning area are included within the study area. The park itself is excluded from the study area. By conforming to census tract boundaries, the socioeconomic analysis more accurately applies Census data to depict the demographic characteristics of the surrounding area. In addition, in accordance with *CEQR Technical Manual* guidance, the indirect residential displacement analysis considers an area "near" the study area (i.e., within a ½-mile radius of the study area) to examine real estate market trends and ascertain whether the surrounding area has experienced a readily observable trend toward increasing rents and the likely effect of the Proposed Actions on such trends.

Data Sources

Information used in the socioeconomic analysis of indirect residential displacement includes data from the U.S. Census Bureau's 2000 Census, 2006-2010 Five-year American Community Survey (ACS), 2013-2017 Five-year ACS, and the New York City Department of City Planning's (NYCDCP's) Map PLUTO Data. NYCDCP's Population FactFinder online mapping tool was used to determine the reliability of Five-Year ACS data presented for the study area.²

Land use and parcel data were collected from the City's Primary Land Use Tax Lot Output (PLUTO™) data files, field visits to the study area by PHA staff in 2018, online Geographic Information Systems (GIS) databases including the New York City Open Accessible Space Information System (<http://www.oasisnyc.net>) and NYCityMap (<http://gis.nyc.gov/doitt/nycitymap/>). Study area market-rate

¹ Assumes 100 percent occupancy and an average household size of 2.62 persons, which is based on the average household size of Brooklyn Community District (CD) 9 according to the 2010 Census.

² In this case, the reliability of data is based on the margin of error (MOE). MOEs describe the precision of an estimate within a 90-percent confidence interval and provide an idea of how much variability (i.e., sampling error) is associated with the estimate where the larger MOE relative to the size of the estimate, the less reliable the data. The MOE is partially dependent on the sample size because large sample sizes result in a greater amount of information that more closely approximates the population.

asking rents were researched using real estate market reports and online real estate listing sites, including Trulia, Zillow, and Streeteasy. Rent stabilized buildings were identified using the New York State (NYS) Housing and Community Renewal (DHCR) building registrants list available through the New York City Rent Guidelines Board and rent-stabilized units were identified using New York City Department of Finance (DOF) property tax records.³ DOF individual property tax assessment roll data identifies the presence of rent stabilized units at a property.

D. PRELIMINARY ASSESSMENT

Indirect Residential Displacement

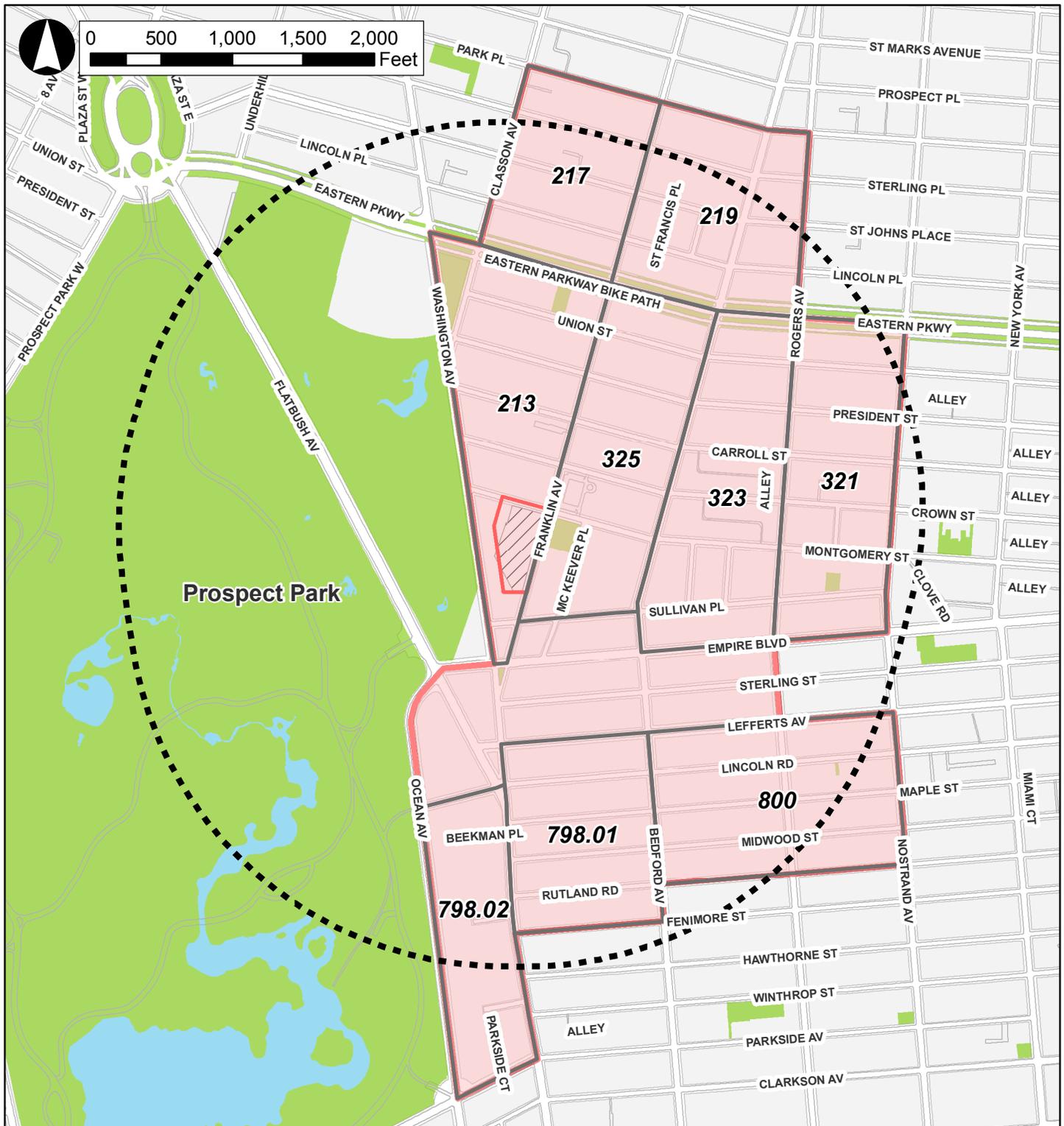
As described in the *CEQR Technical Manual*, indirect residential displacement usually results from substantial new development that is markedly different from existing uses and activity in an area and that causes increased property values in the area. Increased property values can lead to increased rents in non-regulated rental units, which can make it difficult for some existing residents to afford to stay in their apartments. The indirect residential displacement assessment aims to determine whether the Proposed Actions would either introduce a trend or accelerate an existing trend of changing real estate market conditions that may have the potential to displace a vulnerable residential population and substantially change the socioeconomic character of the neighborhood. Per *CEQR Technical Manual* guidance, the vulnerable population is defined to include renters living in privately-held housing units unprotected by rent control, rent stabilization, or other government regulations restricting rents, and whose incomes or poverty status indicate that they may not be able to support substantial rent increases. Residents who are homeowners, or who are renters living in rent-regulated rental units are therefore not anticipated to be vulnerable to rent pressures.

This preliminary assessment follows the three-step preliminary assessment criteria described in Section 322.1 of the 2020 *CEQR Technical Manual*. As shown in **Figure 3-1**, the ½-mile study area is within central Brooklyn located just to the east of the Brooklyn Botanic Garden and Prospect Park and includes the eastern portion of Crown Heights, which extends beyond the study area and is generally bounded by Atlantic Avenue to the north, Washington Avenue to the west, Empire Boulevard to the south, and Ralph Avenue to the east, as well as most of Prospect Lefferts Garden, which is largely defined by Empire Boulevard to the north, Ocean Avenue/Prospect Park to the west, Clarkson Avenue to the south, and East New York Avenue to the east.

Step 1: Determine if the proposed actions would add new population with higher average incomes compared to the average incomes of the existing populations and any new population expected to reside in the study area in the future without the proposed actions.

Household income characteristics for the study area are described using both the mean (or average) and median household incomes, as well as a distribution of household income levels. The median household income represents the mid-point of all household incomes in a study area, whereas the average household income is calculated by dividing the study area's aggregate income by the total number of households in

³ It should be noted that a building can appear on DHCR's registry even if it only has one rent-stabilized unit remaining within a building.



Legend

-  Development Site
-  1/2-Mile Radius
-  Socioeconomic Study Area
-  Rezoning Area
-  Study Area Census Tracts
-  Open Space

a study area. The presence of higher-income households in a study area raises the average income of an area, sometimes substantially higher than the median (mid-point) of household incomes in a study area.

As shown in **Table 3-1**, the 2013-2017 ACS Five-Year data estimates the mean annual household income within the study area to be approximately \$76,628, which is higher than the area's median household income (\$57,995), indicating the presence of higher-income households in the study area. In comparison, the mean household income in Brooklyn is approximately \$80,782, and is roughly \$93,196 in New York City. Since 2000, the mean household income in the study area has increased, which is consistent with trends experienced in the larger borough and City as a whole (refer to **Table 3-1**).

The median household income in Brooklyn increased by approximately eight percent between 2006-2010 and 2013-2017. Based on 2013-2017 ACS Five-Year data, the median household income in the study area is approximately \$57,995, as compared to a median household income of approximately \$53,405 in Brooklyn, and approximately \$57,782 in New York City.

TABLE 3-1
Household Income Characteristics in the Study Area, Brooklyn, and New York City-2006-2010 and 2012-2016¹

	Total Households (2013-2017)	Median Household Income			Mean Household Income		
		2006-2010	2013-2017	Percent Change	2006-2010	2013-2017	Percent Change
½-Mile Study Area	19,978	\$45,030	\$57,995	N.A.	\$59,017	\$76,628	Increase
Brooklyn	944,650	\$49,250	\$53,405	8.4%	\$70,592	\$80,782	14.4%
New York City	3,142,405	\$56,724	\$57,782	N.A.	\$87,757	\$93,196	6.2%

Source: Bureau of the Census, 2006-2010 Five-Year Estimates and 2012-2016 Five-Year ACS Estimates, as reported on DCP's Population FactFinder (<https://popfactfinder.planning.nyc.gov>)

Notes: ¹ The statistical reliability of the data included in this table has been vetted using DCP's NYC Population FactFinder and by following guidance provided by DCP. For the study area, only the directionality of change over time was statistically reliable for the mean household income. For both median and mean household income in Brooklyn and for the mean household income in New York City, the rate of change and the directionality of change were statistically reliable and therefore reported. For the study area and New York City, the directionality of change and percent change over time for median household income were not statistically reliable and therefore not reported.

Table 3-2 provides the household income distribution in the study area, Brooklyn and New York City. Based on 2013-2017 Five-Year ACS data, the household income distribution in the study area is similar to that of the larger borough and City as a whole, which are skewed towards a greater proportion of lower-income households and a smaller proportion of high-income households. In the study area, approximately 44 percent of households earn less than \$50,000 per year, about 51 percent earn between \$50,000 and \$200,000, and nearly five percent earn \$200,000 or more.

As shown in **Table 3-3**, apartment rental rates in the study area, as well as in the larger borough and in the City as a whole have increased since 2006-2010. According to Five-Year ACS estimates for 2006-2010 and 2013-2017, the mean gross rents in the study area, Brooklyn and New York City have increased considerably, by nearly 28, 17 and 11 percent, respectively, between 2006-2010 and 2013-2017. As shown in **Table 3-3**, apartments in the study area have a median gross rent of approximately \$1,319 and an mean gross rent of approximately \$1,419. Consistent with Citywide trends, the gap between how much households are earning and how much households are paying for housing is growing in the study area, as household income levels are largely rising at slower rates as compared to rent increases. Households throughout the City are struggling to adjust to higher rents.

TABLE 3-2
Household Income Distribution, 2013-2017¹

	Total Households	Households Earning Less than \$25,000		Households Earning \$25,000 to \$49,999		Households Earning \$50,000 to \$99,999		Households Earning \$100,000 to \$199,999		Households Earning \$200,000 or more	
	Number	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
½-Mile Study Area	17,526	4,169	23.8%	3,561	20.3%	5,537	31.6%	3,404	19.4%	855	4.9%
Brooklyn	944,650	259,243	27.4%	192,494	20.4%	244,923	25.9%	180,193	19.1%	67,797	7.2%
New York City	3,142,405	798,441	25.4%	607,919	19.4%	811,918	25.8%	634,187	20.2%	289,940	9.2%

Source: Bureau of the Census, 2013-2017 Five-Year ACS Estimates, as reported on DCP's Population Factfinder (<https://popfactfinder.planning.nyc.gov/profile/10650/economic?comparator=3&reliability=true>)

Notes: ¹The statistical reliability of the data included in this table has been vetted using DCP's NYC Population FactFinder

TABLE 3-3
Median and Mean Gross Rent- 2006-2010 and 2013-2017

	Median Gross Rent			Mean Gross Rent		
	2006-2010 ACS	2013-2017 ACS	Percent Change ¹	2006-2010 ACS*	2013-2017 ACS	Percent Change ¹
½-Mile Study Area	\$1,092	\$1,319	20.9%	\$1,109	\$1,419	27.8%
Brooklyn	\$1,150	\$1,314	14.3%	\$1,182	\$1,344	17.0%
New York City	\$1,207	\$1,340	11.0%	\$1,310	\$1,416	11.2%

Source: The median gross rent values were obtained from 2006-2010 and 2013-2017 Five-Year ACS Estimates, as reported on DCP's Population Factfinder (<https://popfactfinder.planning.nyc.gov/profile/10650/economic?comparator=3&reliability=true>). The mean gross rent values obtained from 2006-2010 and 2013-2017 Five-Year ACS Estimate from U.S. Census Bureau American Factfinder.

Notes: *Mean gross rent values reflect inflation adjusted 2017 dollars based on U.S. Department of Labor, Consumer Price Index for the New York metro area.

¹ The statistical reliability of the data has been vetted using DCP's NYC Population FactFinder and by following guidance provided by DCP.

U.S. Census data on median gross rent are useful to provide a broad view of changes in housing availability and affordability. However, for a detailed look at conditions in a specific New York City neighborhood, Census data must be supplemented by current real estate market reports and consideration must be given to distinguishing between housing units that are subject to market rate rents and those units under some form of rent regulation.

Table 3-4 provides housing market data from March 2019 on average rental prices in the two Brooklyn neighborhoods (including Crown Heights and Prospect Lefferts Gardens) that largely encompass the study area, as compared to Brooklyn as a whole. As shown in **Table 3-4**, consistent with U.S. Census data, the current average rents in Crown Heights and Prospect Lefferts Gardens are lower than the overall borough indicating more affordable residential neighborhoods in Brooklyn. However, current market trends indicate that average rental rates in Crown Heights and Prospect Lefferts Gardens are higher than the data presented by the U.S. Census. As also shown in **Table 3-5**, average rental rates are higher in Crown Heights than in Prospect Lefferts Gardens. Based on listings reported by Streeteasy.com (accessed in May 2019), these average rental rates roughly correspond to a survey of current asking rental rates for market-rate residential dwelling units in Crown Heights and Prospect Lefferts Gardens, which indicated that studios have an average asking rent of \$1,960, one-bedrooms \$2,100, and two-bedrooms \$2,470. While average rents in Brooklyn have generally increased over the last year, prices have generally remained constant or decreased slightly within Crown Heights and Prospect Lefferts Gardens. Average rents in Crown Heights experienced a 0.5 percent decrease and nearly a three percent decrease in Prospect Lefferts Gardens.

TABLE 3-4
2019 Average Rental Prices in Crown Heights and Prospect Lefferts Gardens, as compared to Brooklyn

	Studio Units	One-Bedroom Units	Two-Bedroom Units
Crown Heights	\$1,863	\$2,209	\$2,576
Prospect Lefferts Gardens	\$1,659	\$1,962	\$2,426
Brooklyn	\$2,282	\$2,782	\$3,527

Source: MNS Real Estate, Brooklyn Rental Market Report, March 2019; http://www.mns.com/brooklyn_rental_market_report

TABLE 3-5
Average Asking Rents in the Study Area

	Studio Unit	One-Bedroom Unit	Two-Bedroom Unit
Study Area	\$1,960	\$2,100	\$2,470

Notes: Average asking rents are based on real estate listings of 171 DUs located within the study area. Of the 171 DUs, 44 DUs are studios, 63 DU are one-bedroom units, and 64 are two-bedroom units.

Source: Streeteasy (<http://streeteasy> accessed May 2019)

According to average asking rents in the study area, studio apartments in the study area have an average rental rate of approximately \$1,960, one-bedroom apartments an average rental rate of roughly \$2,100, and two-bedroom units an average rental rate of approximately \$2,470, respectively. The U.S. Department of Housing and Urban Development (HUD) defines families that pay more than 30 percent of their income on housing as rent burdened. **Table 3-6** provides estimates for the annual incomes of households living within the market-rate units in the study area based on the average asking rents in the study area and the assumption that residents pay 30 percent of their income on housing. While a significant number of renters in New York City are rent burdened,⁴ the imputed household income estimates provided in **Table 3-6** show that most market rate units in the study area require incomes that are at or exceed 2019 AMI levels. As shown in **Table 3-6**, the household income required to rent a studio unit in the study area is estimated to be approximately \$70,400 annually, a one-bedroom unit an estimated \$83,600 annually, and a two-bedroom unit an estimated \$100,000 annually. Except for households in studio units, these household income figures are generally higher than the median and average household income levels of the study area (refer to **Table 3-1**) and, as such, the current average asking rents of apartments in the study area are not affordable to many of the current residents in the study area, or affordable to lower income households.

TABLE 3-6
Imputed Household Income by Unit Type

	Studio Units	One-Bedroom Units	Two-Bedroom Units
Study Area Average Rent	\$1,960	\$2,100	\$2,470
Imputed Household Income ¹	\$78,400	\$84,000	\$98,800

Source: Study area average rental rates derived based on MNS Real Estate, Brooklyn Rental Market Report for Crown Heights and Prospect Lefferts Gardens, March 2019.

Notes: Household incomes were imputed using the HUD 30 percent guideline described above.

In absence of the Proposed Actions, a sizable amount of residential use is planned in the study area. As detailed in **Chapter 2, "Land Use, Zoning, and Public Policy,"** within an approximate ½-mile radius of the

⁴ According to the 2017 *New York City Housing and Vacancy Survey* conducted by the New York City Department of Housing Preservation and Development (HPD), an estimated 42 percent of New York City renters pay more than one-third of their income on rent and utilities, and about 23 percent of renter households in the City are "severely rent-burdened," paying 50 percent or more of their household income for rent.

area to be rezoned, approximately 2,276 DUs are anticipated to be built by the 2024 analysis year. Some of these developments will contain a mix of uses in addition to residential, including retail and community facility space. A few of these planned developments are anticipated to include affordable housing units, however, the majority of new housing units would be market-rate and are anticipated to be priced at the higher end of the market. Roughly 34 percent (771 DUs) of the planned housing units in the study area are anticipated to be affordable units that would be rent regulated. The remaining 66 percent would be market-rate and likely would continue to introduce higher income households into the study area. Given the trend toward increase housing incomes and increased rents, maintenance of the mixed-income demographic as it current exists in the study area would likely depend in part on the introduction and preservation of affordable housing.

The Proposed Actions are expected to introduce a higher percent of affordable housing than is expected from planned development in the future No-Action, which are primarily market rate. In the future with the Proposed Actions, the rezoning area would be designated an MIH Area, which would set mandatory affordable housing requirements pursuant to the MIH program and require that at least 25 percent of new housing be permanently affordable. The production of permanently affordable housing would be a condition of residential development in the rezoning area, and is expected to help preserve affordable housing in the area, whereas residential development in absence of the Proposed Actions would not be required to include any affordable housing units. There also would be no expiration to the affordability requirement of these housing units created through MIH, making them a long-term stable reservoir of affordable housing in the area, a key policy to meet the *Housing New York* goal of fostering diverse livable communities.

In the future with the Proposed Actions, the RWCDs would introduce a total of 1,578 DUs (an increase of 1,060 DUs compared to the No-Action), of which 50 percent or 789 units are expected to be affordable according to the Applicant, as compared to the No-Action condition. Although the applicant intends to exceed MIH requirements, given that there is no mechanism for enforcing the proposed affordability programming and ensuring that 50 percent of the housing units would be affordable, the income levels under MIH Option 2 are analyzed for more conservative purposes. Therefore, under MIH Option 2, 30 percent of the housing units (474 DUs), are expected to accommodate families averaging 80 percent of Area Median Income (AMI, \$76,880 for a family of three). While it is expected that the population moving into the new affordable housing units would generally have income characteristics comparable or lower than existing residents in the study area, the number of affordable DUs and corresponding AMI bands for residential development resulting from the Proposed Actions have not yet been determined.

As the proposed development's levels of affordability have not been finalized, the incomes of households who would reside in the affordable housing units cannot be estimated at this time. It is expected that the affordability requirements of the Proposed Development would be defined and ensured through regulatory agreements with HPD. In general, the levels of affordability are based on percentages of the HUD-defined AMI for the region; the 2019 income limits by family size for the New York City region are presented in **Table 3-7**, while **Table 3-8** shows the monthly rents by unit size for each. These levels will change over time, but their future levels cannot conclusively be established at this time.

Irrespective of the levels of affordability that would occur as a result of MIH, the Proposed Actions would result in mostly market-rate housing development, and given existing trends towards higher rents and incomes, are expected to command higher rents and have the potential to bring in a higher income population. For the 1,105 market-rate housing units, the average household income is estimated based on current average monthly asking rents for market-rate units in the study area (as summarized in **Table**

3-4), and the assumption that incoming market-rate renters would be spending 30 percent of their household income on rent. This ratio is based on HUD's definition of cost-burdened families which states that those paying more than 30 percent of their income on housing may have difficulty affording other necessities. Using these assumptions, it is expected that market-rate tenants would have annual incomes ranging from approximately \$78,400 to upwards of \$98,800 and would have household incomes that largely exceed the median and average household income levels of the study area. Therefore, in aggregate, the new population resulting from the Proposed Actions would have higher household incomes than the average household income in the study area. Based on *CEQR Technical Manual* guidance, if the expected average incomes of the new population would exceed the average incomes of the study area populations, Step 2 of the preliminary assessment should be conducted.

TABLE 3-7
2019 New York City Area Median Income (AMI)

Family Size	30% of AMI	40% of AMI	50% of AMI	60% of AMI	80% of AMI	100% of AMI	130% of AMI
1	\$22,410	\$29,880	\$37,350	\$44,820	\$59,760	\$74,700	\$97,110
2	\$25,620	\$34,160	\$42,700	\$51,240	\$68,320	\$85,400	\$111,020
3	\$28,830	\$38,440	\$48,050	\$57,660	\$76,880	\$96,100	\$124,930
4	\$32,010	\$42,680	\$53,350	\$64,020	\$85,360	\$106,700	\$138,710

Source: HUD and New York City Housing Development Corporation (HDC)

TABLE 3-8
2019 New York City Affordable Monthly Rents by Apartment Size

Unit Size	30% of AMI	40% of AMI	50% of AMI	60% of AMI	80% of AMI	100% of AMI	130% of AMI
Studio	\$375	\$535	\$696	\$856	\$1,225	\$1,545	\$2,026
1-Bedroom	\$481	\$681	\$881	\$1,081	\$1,542	\$1,942	\$2,542
2-Bedroom	\$588	\$828	\$1,069	\$1,309	\$1,862	\$2,342	\$3,063
3-Bedroom	\$672	\$949	\$1,227	\$1,504	\$2,143	\$2,698	\$3,530

Source: New York City HPD website: <https://www1.nyc.gov/site/hpd/renters/area-median-income.page>

Notes: Assumes tenant pays electricity, no electric stove. Rents are approximate and have been calculated at 30 percent of annual gross income of the target AMI. For low-income bands, rents are based on 30 percent of 27 percent, 37 percent, 47 percent, and 57 percent AMI. All rents are subject to program requirements.

Step 2: Determine if the project's increase in population is large enough relative to the size of the population expected to reside in the study area without the project to affect real estate market conditions in the study area.

Based on 2010 Census data, the study area has a residential population of approximately 41,256, which is nearly a nine percent decline as compared to 2000 Census, which reported study area population of 45,300 (see **Table 3-9**). In comparison, over the same period, the populations of both Brooklyn and New York City increased by roughly two percent.

TABLE 3-9
Residential Population- 2000 and 2010

	Total Population		Percent Change 2000 to 2010
	2000 Census	2010 Census	
<i>½-Mile Study Area</i> ¹	45,300 ²	41,256	-8.9%
Brooklyn	2,465,326	2,504,700	+1.6%
New York City	8,008,278	8,175,133	+2.1%

Sources: Bureau of the Census, 2000 and 2010 Census

Notes: ¹ The socioeconomic study area geography included census tract 798 as presented in the 2000 Decennial Census; this census tract was divided after 2000 into two separate census tracts, including census tracts 798.01 and 798.02, in the 2010 Census.

As noted above and discussed in further detail in **Chapter 2, “Land Use, Zoning, and Public Policy,”** multiple development projects are anticipated to be added to the ½-study area in absence of the Proposed Actions. Based on information about these planned projects, a total of 20 No-Action developments are anticipated to introduce approximately 2,276 DUs within the study area by 2024. Assuming an average household size of 2.62 persons per DU in Brooklyn CD9 and 2.37 persons per DU in Brooklyn CD8⁵, as well as 100 percent occupancy rates, these planned developments would add an estimated 5,836 residents to the study area. In addition, a residential background growth rate was applied to the existing residential population to account for general background growth anticipated in the study area.⁶ **Table 3-10** shows the total projections in the future without the Proposed Actions by adding the population from the No-Action projects to the 2010 Census population for the study area.

TABLE 3-10
Projected Incremental Population by 2024 in the Future without the Proposed Actions

	Residential Population Background Growth	No-Action Development Projected Population Increase in the Future Without the Proposed Actions	2024 Population Projections in Future Without the Proposed Actions
½-Mile Study Area	46,122	5,836	51,958

Source: Anticipated No-Build developments gather from NYC DOB New Building Permits; Articles from Curbed New York, YIMBY, The Real Deal, and Brownstoner.

Notes: The estimated number of residents assumes 100 percent occupancy and 2.62 persons per DU for residential units in Brooklyn CD9 and 2.37 persons per DU in Brooklyn CD8 (based on 2010 average household sizes for Brooklyn CD 9 and CD 8).

The RWCDs associated with the Proposed Actions could introduce 1,060 incremental DUs to the development site by 2024. Assuming an average household size of 2.62 persons per DU, as well as 100 percent occupancy rates, these incremental DUs could add an estimated 2,777 new residents. **Table 3-11** shows this new population and its size relative to the population in the future without the Proposed Actions.

TABLE 3-11
Projected ½-Mile Study Area Incremental Population by 2024 in the Future with the Proposed Actions

2024 No-Action Population Projection	Number of Incremental DUs	Projected Population Increase from the Proposed Actions	2024 With-Action Population Projections	Percent Change from 2024 No-Action Condition
51,958	1,060	2,777	54,735	5.3%

Notes: The estimated number of residents assumes 100 percent occupancy and 2.62 persons per DU for residential units (based on 2010 average household size for Brooklyn CD 9)..

By adding an estimated 2,777 residents, the RWCDs associated with the Proposed Actions would increase population of the ½-mile study area by more than five percent. According to *CEQR Technical Manual* analysis thresholds, if the population increase would exceed five percent in a study area, the incremental population may be large enough to affect real estate market conditions, and Step 3 of the preliminary assessment is warranted.

⁵ The study area falls within portions of Brooklyn Community Districts (CDs) 8 and 9. According to 2010 Census data, Brooklyn CD8 has an average household size of 2.37 persons and CD9 has an average household size of 2.62 persons. In absence of the Proposed Actions, No-Action developments would add 1,768 DUs to CB9 and 508 DUs to CB8.

⁶ An annual compounded growth rate of 0.8 percent was applied based 2013-2017 Five-Year ACS data.

Step 3: Consider whether the study area has already experienced a readily observable trend toward increasing rents and the likely effect of the action on such trends within the study area.

The study area has experienced a readily observable trend towards increasing housing prices. Housing costs have increased significantly throughout New York City since 1990, and in some neighborhoods rent growth has been particularly acute, especially areas that historically have been low-to middle-income areas. The residential market of Crown Heights and Prospect Lefferts Garden, which have traditionally been considered outer markets, have changed considerably in the last few years with average asking rents and home sales prices increasing substantially. This is largely due to the increased interest in Brooklyn, and the lack of inventory and escalating price point of housing in highly desirable areas such as Williamsburg, Greenpoint and Downtown Brooklyn. Given their affordability, the Brooklyn neighborhoods of Crown Heights, Prospect Lefferts Gardens and Flatbush are often highly attractive to prospective tenants looking to pay less than in neighborhoods like Park Slope, Prospect Heights and Clinton Hill, which are located to the west and north of Prospect Park. The area is well-served by public transit, close to Prospect Park, and also supports a growing number of restaurants, retail and neighborhood services along Nostrand, Bedford, Flatbush and Franklin avenues.

The New York University Furman Center's *State of New York City's Housing and Neighborhoods in 2015* classified Brooklyn CD 8 (Crown Heights/Prospect Gardens) and Brooklyn CD 9 (South Crown Heights/Lefferts Gardens) as low-income gentrifying neighborhoods that have experienced steep rent increases, which are considerably higher than the median sub-borough area in the City. In addition, according to StreetEasy's *2018 Rent Affordability Report*, both Prospect Lefferts Gardens and Crown Heights experienced some of the highest rental growths between 2010 and 2018 in the City. Both of these Brooklyn neighborhoods are only recently considered to be highly desirable areas. Between 2010 and 2018, rents increased by roughly 45 percent in Prospect Lefferts Gardens, and by about 39 percent in Crown Heights.

As shown in **Table 3-3**, Five-Year ACS data estimates for 2006-2010 and 2013-2017 indicate that the study area's median and mean gross rents have increased between 2006-2010 and 2013-2017, which is consistent trends experienced in the larger borough and the City as a whole. Current market reports also indicate increases in rent for both Crown Heights and Prospect Lefferts Garden.

According to 2013-2017 Five-Year ACS estimates, the study area has approximately 18,800 housing units, of which 17,768 are occupied (with approximately 5.9 percent vacancy rate). Of these, 11.1 percent are owner-occupied and 88.9 percent are renter-occupied.

Residential development in the study area has traditionally largely consisted of single- and multi-family houses, including row houses, and older rent stabilized apartments. According to PLUTO data files, since 2005, nearly 1,440 residential units have been constructed in the study area. The nature of new development in the study area - including density, physical characteristics, and amenities - differs from what has traditionally existed in the study area and has contributed to rents increasing. New development in the study area increasingly consists of larger multi-unit elevator apartment buildings with amenities and upgraded finishes, such as the 12-story, 186 rental unit building at 409 Eastern Parkway, 8-story, 63 rental unit building at 341 Eastern Parkway, 6-story, and 36 rental unit building at 608 Franklin Avenue. Some of these residential developments have included affordable housing units.

Table 3-12 provides a five-year snap-shot comparison of rental housing market data from March 2014 and March 2019 on average rental prices in Crown Heights, Prospect Lefferts Gardens, and in Brooklyn overall. As shown in **Table 3-12**, average rental rates in both Crown Heights and Prospect Lefferts Gardens, as well as the larger borough, have increased for studios and one-bedrooms, and remained relatively constant for two-bedrooms between 2014 and 2019. Additionally, as compared to Brooklyn, average rental prices for studios and one-bedrooms in both Crown Heights and Prospect Lefferts Gardens have increased substantially over the five-year period. The average rental price for studios increased by nearly 16 percent in Crown Heights and almost 29 percent in Prospect Lefferts Garden, as compared to a roughly six percent increase in the borough. The average rental price for one-bedrooms increased by approximately eight percent in Crown Heights and nearly a 14 percent increase in Prospect Lefferts Gardens, as compared to about a three percent in the borough.

TABLE 3-12**Five Year Comparison of Average Rental Prices in Crown Heights, Prospect Lefferts Gardens, and Brooklyn**

	March 2014*			March 2019			Percent Change		
	Studio	1-bdrm	2-bdrm	Studio	1-bdrm	2-bdrm	Studio	1-bdrm	2-bdrm
Crown Heights	\$1,609	\$2,042	\$2,583	\$1,863	\$2,209	\$2,576	15.78%	8.20%	-0.30%
Prospect Lefferts Gardens	\$1,289	\$1,723	\$2,407	\$1,659	\$1,962	\$2,426	28.69%	13.89%	0.78%
Brooklyn	\$2,157	\$2,704	\$3,544	2,282	\$2,782	\$3,527	5.77%	2.89%	-0.49%

Source: MNS Real Estate, Brooklyn Rental Market Reports, archived March 2014 & March 2019; www.mns.com/brooklyn_rental_market_report
Notes: * Average rent values reflect inflation adjusted 2019 dollars based on U.S. Department of Labor Bureau of Statistics, Consumer Price Index for the New York Metro Area.

Table 3-13 provides a listing of developments built in the last ten years and asking rents by apartment size indicating a trend of increasing housing prices and market-rate development in the study area. Most of the price points for these new apartments are not affordable to current residents in the study area, given the low median and average household income levels in the study area.

As detailed above, residential development over the past two decades has changed the type of residential development in the neighborhood toward larger, elevator buildings with amenities. Given current market-rate rents, the above-described rent trends, and changing nature of residential development, it is reasonable to conclude that a vast majority of low- and moderate-income households in the study area live in housing that is protected by rent control, rent stabilization, or other government regulations limiting rent increases, and therefore it is not anticipated that these households would be vulnerable to displacement due to increased rents. According to DOF tax assessment roll records and Furman Center data, it is estimated that roughly 11,450 of the study area's 14,900 renter-occupied housing units (approximately 77 percent) are in buildings containing one or more units under some form of rent protection including rent stabilization, rent control, or protected by other government regulations. The remaining approximately 23 percent of study area rental units are market-rate. Based on 2018 PLUTO data, the majority of these housing units (an estimated 65 percent) are unprotected rental housing units located within buildings built before 1974 with six or more units; therefore, these currently unregulated units were once likely rent stabilized, but have subsequently been deregulated. The primary way rent stabilized apartments were legally deregulated, included property owners investing in major capital improvements (MCI) and individual apartment improvements, as well as vacancy decontrol, which is based on the respective apartment's rent (a legal regulated rent of \$2,700 or more) and occupant's income reaching a certain level (i.e., tenant(s) whose total annual household income exceeded \$200,000 for each of the past two years), which are higher than the median rents and household incomes in the study area. Therefore, these unprotected apartments are likely priced at the higher end of the market and are expected to be occupied by tenants that would not be considered a vulnerable population pursuant

to CEQR. Nearly 20 percent of the unprotected units are in buildings constructed since 2000 with more than five units but not old enough to be subject to rent control or rent stabilization and are priced at the higher end of the market, including the Parkline, the Olmstead and Frederick, Lincoln Park Apartments, 409 Eastern Parkway and 510 Flatbush Avenue (refer to **Table 3-13**).

TABLE 3-13
Recent Residential Development and Asking Rents

Development	Total Housing Units	Asking Rents for Market Rate Units
Olmstead & Frederick 564-570 St. Johns Place	193 units (incl. 40 affordable)	Studio: \$2,100 to \$2,900 One-Bedroom: \$2,215 to \$3,918 Two-Bedroom: \$3,083 to \$4,615
615 St. Johns Place	7 units (incl. 3 affordable)	Studio: \$1,850 One-Bedroom: \$1,850 to \$2,750 Two-Bedroom: \$2,950 to \$3,850
500 Sterling Place	77 units	Studio: \$1,900 to \$2,300 One-Bedroom: \$2,375 to \$3,138 Two-Bedroom: \$2,995 to \$4,000
510 Flatbush Avenue	51 units (incl. 16 affordable)	Studio: \$1,714 to \$2,400 One-Bedroom: \$2,207 to \$2,600 Two-Bedroom: \$2,352 to \$3,171
409 Eastern Parkway/ 1535 Bedford Avenue	186 units	Studio: \$2,385 to \$2,425 One-Bedroom: \$2,796 to \$3,095 Two-Bedroom: \$3,665 to \$4,216
341 Eastern Parkway	63 units	Studio: \$2,137 to \$2,350 One-Bedroom: \$2,500 to \$3,200 Two-Bedroom: \$3,250 to \$4,350
The Plex 958 Nostrand Avenue	98 units	Studio: \$1,900 to \$1,950 One-Bedroom: \$2,150 to \$2,495 Two-Bedroom: \$2,850 to \$3,600
Lincoln Park Apartments 33 Lincoln Road	141 units (incl. 27 affordable)	Studio: \$1,800 to \$1,993 One-Bedroom: \$2,357 to \$2,723 Two-Bedroom: \$2,807 to \$3,500
The Parkline 626 Flatbush Avenue	254 units (incl. 54 affordable)	Studio: \$1,950 to \$2,400 One-Bedroom: \$2,515 to \$3,225 Two-Bedroom: \$3,029 to \$3,900
527 Lincoln Place	24 units	One-bedroom: \$2,400 to \$3,300 Two-Bedroom: \$3,200 to \$3,900

Sources: streeteasy.com, trulia.com, and zillow.com; May 2019

The trend of market-rate development is expected to continue in the future without the Proposed Actions. By 2024, planned development will introduce more than 2,276 DUs, of which 66 percent would be market-rate units, to the study area (see **Table 3-10**). Collectively, these recent and planned developments indicate that the study area has already experienced a readily observable trend towards increasing rents.

While the Proposed Actions would result in the introduction of new households with higher incomes as compared to the current averages in the study area, this would occur due to the existing trends outlined above. The Proposed Actions are expected to introduce a substantial amount of permanently affordable housing than in absence of the Proposed Actions. The Proposed Actions would serve to maintain a study area housing stock that is affordable to a wider range of incomes as compared to the No-Action condition. Therefore, the Proposed Actions would not accelerate the existing trend toward increasing housing prices; instead, the Proposed Actions would respond to the trend by promoting a more diverse demographic within the study area providing a range of housing options at different price points affordable to a wider

mix of incomes. There would be no expiration date to the affordability requirement of apartments generated through MIH (i.e., they would not be subject to deregulation due to MCI/IAI and vacancy decontrol), making them a long-term stable reservoir of affordable housing for the study area.

In accordance with *CEQR Technical Manual* guidance, as the study has already experienced a readily observable trend toward increasing rents and new market-rate development and as the Proposed Actions are not expected to exacerbate this trend, further analysis is not warranted. Therefore, based on *CEQR Technical Manual* guidance, the Proposed Actions would not result in significant adverse impacts due to indirect residential displacement.