

Brooklyn CB7 Land Use/Landmarks Committee
Meeting Date: October 5, 2020
(notes filed October 16, 2020)

Notes by: John Fontillas

737 4th Avenue – Totem Development
Brooklyn Block 652, Lots 1 and 7

On October 5, 2020, the Land Use/Landmarks Committee conducted a Zoom call meeting to discuss Totem Development/Tucker Reed's rezoning proposal for a site located at 737 4th Ave. This was the second informational meeting on the project conducted by the Land Use Committee, with a previous meeting held via Zoom on August 4, 2020. Totem received certification for the rezoning in late September, committing the Board to review and vote on the application within its sixty day ULURP review timeframe.

The site is currently occupied by a parking lot and (2) one story commercial buildings of which one contains a Dunkin' Donuts. The site is located one block west of the main entrance of Green-Wood Cemetery on 25th Street and sits above the 25th Street Subway Station on the R line. Totem is applying for a ULURP change in the Zoning Map to convert the site from a M1-1D to R8A/C2-4 district and change in the Zoning Text to establish a Mandatory Inclusionary Housing (MIH) area on the site. The existing R8A district currently ends at 24th Street, one block north. There is an existing 12 story hotel building on midblock of 4th Avenue between 25th and 26th Streets, catty-corner from the site. No residential uses are permitted on the site per current zoning.

Mr. Reed presented exhibits showing the scope of the proposed project. Totem is projecting a 14 story building reaching a maximum height of 145' to the roof (excluding mechanical bulkheads and projections), comprising a fully underground Cellar parking level, a ground floor retail and residential lobby level, and 13 residential unit floors above. The building will contain 8,585 zsf of commercial use, no community facility uses and 99,534 zsf of residential use. Totem is projecting 142 dwelling units of which 25% will be affordable per MIH.

Mr. Reed reiterated his support for the Board's goal to increase the number of affordable units in the district, at AMI household income levels that are appropriate to the Sunset Park population. They intend to provide additional levels of income diversity down to 30% AMI. They also intend to provide larger units with 2 or 3 BR's to meet the need for families in the district. Totem is not planning to include Studio (0BR) apartments in the project. Totem presented estimated rents per AMI band as shown on the attached exhibit. The units designated as affordable will be in perpetuity, with minimal year to year increases based on federal AMI adjustments.

Totem has engaged Fifth Avenue Committee to assist in marketing affordable units within CB7 with the aim to designate up to 50% of the units to local families. Totem is committed to extensive outreach in the district and promises to prioritize CB7 seniors and families through multi-lingual advertising.

The following questions were asked by the Board:

1. If the building height were lowered to 10 stories, how would that affect the number of affordable units? Totem noted per MIH, the number of affordable units is a direct percentage of the number of total units, or 25%. Reducing the height by four floors would reduce the overall building square footage and total number of units, which would reduce the number of affordable units accordingly.
2. When will we know the final number of units available? Totem noted that the building documents have only progressed to a Schematic Design level due to the need to secure the rezoning first. After site entitlements are approved through ULURP, Totem will finalize the drawings and determine a final unit count. The Board will be notified of the count as soon as the design is complete.
3. What is the possibility of 100% affordable housing on this site? Totem noted that they have already purchased the land and are trying to develop affordable housing within the existing MIH regulations and available subsidies. With the Covid-19 crisis significantly affecting city budgets, it is highly unlikely that the Department of Housing Preservation and Development (HPD) will be able to offer subsidies that would enable 100% affordable unit development over the next few years. As a private developer, Totem must use the value of the market rate units to balance the public good of affordable units while ensuring a reasonable return. However, they believe their cost factors will allow them to moderately set market rate unit prices for family households within the 80-120% AMI range, with 1 BR units at \$1500-1900 and 2 BR units at \$1700-2200.
4. Totem introduced several development partners that will assist them in reaching community participation goals. Crescent Consulting will provide outreach and planning to track local and diverse hiring and contracting. Brooklyn Workforce Innovations will assist in fostering employment access training, job placement and career development support for young adults in the community. Oonee, a community-based startup that specializes in secure bike parking will install a modular storage pod on site to encourage mobility. Lastly, Totem has reached an agreement with 32BJ to provide property management and building services.
5. What is the projected construction cost of the development? Totem noted that there are approximately 110,000 sf of development rights at \$600-700 construction cost per square foot, or \$65-80M in costs, with land and financing costs in addition.
6. Several neighborhood residents are concerned with the number of homeless shelters that have developed in the neighborhood. In particular, they are concerned that this development will follow in the footsteps of two projects at 4th Ave and 15th Street, which were sold during construction to HPD and will be used as shelters when they are completed. Totem reassured the Board that they have no intention of selling to HPD. Given the amount of predevelopment work they have invested to date in the rezoning, the project has more value to them as a rental apartment building than to flip it to HPD. Totem is willing to commit in writing that they will not sell the project to HPD during or after construction.

7. Is the site in an Opportunity Zone? The site is mapped within an Opportunity Zone, however, the tax benefits only accrue to the developer when the project is sold, and only if held for at least 10 years. Totem does not see this as a significant advantage to their development proforma.
8. Will there be a difference between the way the affordable units and market rate units are finished? No, affordable housing requirements determine that there can be no significant differences between the level of finishes between units. Also, affordable units must be distributed throughout the building and cannot be segregated or isolated onto particular floors.

Committee Chair John Fontillas reminded those on the call that Totem committed to attending these optional informational sessions prior to certification. These sessions have been helpful in getting across the Board's priorities, allowing the developer to understand the reasoning behind them and providing an opportunity for Totem to respond in kind. Chair Fontillas thanked Totem for their interest in working with the Board and said that he hoped that this engagement process would serve as a precedent for any developer looking to receive the Board's consent on a future land use application.

The official Public Hearing for this matter is scheduled for October 26, 2020, with a Land Use Committee meeting to be scheduled soon after. A final vote by the full Board is expected at the November 18, 2020 meeting.