Manufacturing District: The Narrows, Staten Island

Table c: Yield with 100% participation

Potential	Current	FAR	3.0	FAR	4.0	FAR	5.0	FAR	6.0	FAR	7.0	FAR
Current Buildout	14,221,394	GSF	14,221,394	GSF	14,221,394	GSF	14,221,394	GSF	14,221,394	GSF	14,221,394	GSF
Potential Buildout	50,571,678	GSF	149,849,392	GSF	187,311,740	GSF	224,774,088	GSF	262,236,436	GSF	299,698,784	GSF
Difference	36,350,284	GSF	135,627,998	GSF	173,090,346	GSF	210,552,694	GSF	248,015,042	GSF	285,477,390	GSF
Current Commercial	3,313,192	GSF	3,313,192	GSF	3,313,192	GSF	3,313,192	GSF	3,313,192	GSF	3,313,192	GSF
Potential Commercial	3,313,192	GSF	37,462,348	GSF	37,462,348	GSF	37,462,348	GSF	37,462,348	GSF	37,462,348	GSF
Difference	-	GSF	34,149,156	GSF	34,149,156	GSF	34,149,156	GSF	34,149,156	GSF	34,149,156	GSF
Current Residential	8,336,658	GSF	8,336,658	GSF	8,336,658	GSF	8,336,658	GSF	8,336,658	GSF	8,336,658	GSF
Potential Residential	40,169,713	GSF	95,528,987	GSF	127,371,983	GSF	159,214,979	GSF	191,057,975	GSF	222,900,971	GSF
Difference	31,833,055	GSF	87,192,330	GSF	119,035,326	GSF	150,878,321	GSF	182,721,317	GSF	214,564,313	GSF
No. Units (Market)	18,569	Units	50,862	Units	69,437	Units	88,012	Units	106,587	Units	125,163	Units
No. Units (120-180% AMI)	3,351	Units	9,178	Units	12,530	Units	15,882	Units	19,234	Units	22,586	Units
No. Units (60-120% AMI)	3,638	Units	9,965	Units	13,604	Units	17,243	Units	20,882	Units	24,522	Units
No. Units (<60% AMI)	3,979	Units	10,899	Units	14,879	Units	18,860	Units	22,840	Units	26,821	Units
Total No. Affordable Units	**10,968**	**Units**	**30,042**	**Units**	**41,013**	**Units**	**51,985**	**Units**	**62,956**	**Units**	**73,928**	**Units**
Total No. New Units	**29,537**	**Units**	**80,904**	**Units**	**110,451**	**Units**	**139,997**	**Units**	**169,544**	**Units**	**199,090**	**Units**

Phasing	Current	FAR	3.0	FAR	4.0	FAR	5.0	FAR	6.0	FAR	7.0	FAR
Phase 1: 2006-2010	2,215	Units	6,068	Units	8,284	Units	10,500	Units	12,716	Units	14,932	Units
Phase 2: 2011-2015	4,431	Units	12,136	Units	16,568	Units	21,000	Units	25,432	Units	29,864	Units
Subtotal	**6,646**	**Units**	**18,203**	**Units**	**24,851**	**Units**	**31,499**	**Units**	**38,147**	**Units**	**44,795**	**Units**
Phase 3: 2016-2020	6,646	Units	18,203	Units	24,851	Units	31,499	Units	38,147	Units	44,795	Units
Phase 4: 2021-2025	7,384	Units	20,226	Units	27,613	Units	34,999	Units	42,386	Units	49,773	Units
Phase 5: 2026-2030	5,169	Units	14,158	Units	19,329	Units	24,500	Units	29,670	Units	34,841	Units
Phase 6: 2031-2035	3,692	Units	10,113	Units	13,806	Units	17,500	Units	21,193	Units	24,886	Units
Subtotal	**22,891**	**Units**	**62,701**	**Units**	**85,599**	**Units**	**108,498**	**Units**	**131,396**	**Units**	**154,295**	**Units**
Grand Total	**29,537**	**Units**	**80,904**	**Units**	**110,451**	**Units**	**139,997**	**Units**	**169,544**	**Units**	**199,090**	**Units**

O. Addendum

i. Addendum 1: Technical issues

Distinctions between market and affordable units

Distinctions between market and affordable units can be maintained. Market units would probably be larger, with better finishes and better amenities designed and constructed into the apartments. Affordable units would be smaller in total apartment area and with finishes that are less desirable and costly. The integration factor would be maintained.

Home ownership versus rental occupancies

It is the intention of Strategy One that the bulk of the units be developed for ownership, under the terms of ownership/acquisition described above. In this respect, all three tiers of affordable-housing ownership would enable families to benefit from the prospective investment value of monthly mortgage as opposed to rental payments establishing for them a growing capital equity base. It will be the subject of further study to determine the market structure for the future sale of these units, the realization of open or controlled capital gains by their owners, and the oversight or regulatory mechanism that would be required to administer such a resale program.

Structural models exist, however, for how this could be effected, and they can be tailored to address this specific situation. Such resale models might incorporate, among other conditions:

- a limit on the amount of profit or resale value that the unit could accumulate within a given time period--or ever;
- a distinction between the market appreciation of the value of the down-payment investment (for Tier Two and Three families) and a structured appreciation, perhaps tied to COLA allowances plus a percentage gain, for the portion of the apartment that was financed;
- the creation of controlled sales structure where the unit, in order for it to be sold, would have to be returned to a special pool of available units reserved for future families within the same average percentage-of-median-income bracket as the original purchaser; and
- a reserve pool of public dollars established for bridging the dollar difference between adequate-resale- prices/investment return-levels for the selling-side with the income limitations of the buying-side.

The public benefits of such a structure include:

- the retention of the original units as affordable to a similar tier family within the next generation;
- the original investment is retained within a pool of available affordable units within the same buildings and the same neighborhoods;
- the original public purpose of the public investment in developing the administrative structure of the program is repaid on a long-term basis through the retention of affordability;
- the program presents no excessive initial or long-term complications for the developer.

The Institute acknowledges that the problems of resale coupled with the goal of long-term retention of affordability is a complicated issue within a for-sale model. However, while complicated, such controlled-market conditions can be designed and implemented, are no more complex in actuality than other semi-controlled ,specialized-market conditions, can be administered by a variety of community or for-profit agencies, and create over the long-term a base for ongoing retention of affordable units within an ownership framework that will bring the benefit of ownership-housing and capital investment and accumulation to future lower- and moderate-income generations.

Demographic compatibility with pre-rezoned neighborhood conditions

The responsiveness of the model to the existing income and housing cost pattern within neighborhoods throughout the city requires a consideration of what privilege should be granted to a community's "existing" conditions, including levels of density and historic land patterns of use, as the City as a whole evolves and higher density requirements emerge. What does the word compatibility mean in this context? Is it a replication of existing income and physical patterns? Or does it have a breadth of accommodation to new conditions, and if so, what are its elastic limits?

Designing such an investigation will be incorporated into the ongoing analysis and investigation of Strategy One and its impacts described in section O.

ii. Addendum 2: Technical issues: Problems with the proposal

Beyond the urban design/community impact issues lies two fundamental technical questions in regard to density:

1. What level of density is required to attract on a sustained basis the strengths of the private sector in implementing this proposal? The pro formas in this investigation allude to certain levels of cash return on equity invested and internal rate-of-return performance. Are they correct? Excessive? Inadequate?

2. At what point does the balance of density tip against the quality-of-life interests of outer-borough communities? Quantifying this issue is exceedingly difficult and at root deeply contextual and circumstantial. It may, in the end, be unanswerable.

A detailed empirical testing of these conclusions and their potential modification is an important component of ongoing technical work.

iii. Addendum 3: Technical issues: For further study

Strategy One has been set forth in this document within an initial framework for the consideration of its goals and quantification potential within the current actual terms of New York City's geographic and real estate valuation contexts. These current geographic and economic contexts are set forth in an outline fashion in this section and in the Housing Atlas, and the working out of the development model in this section is predicated on these current circumstances.

The detailed exploration of this model, its testing under a number of different housing ratios and economic valuations, and the verification of the geographic data as presented in this report require a much larger investigation than was possible here. The Institute is in the process of drafting a study proposal for the intense modeling, economically and geographically, of Strategy One. This includes a series of presentations and discussions with a wide cross-section of the New York City development community--not only the traditional Manhattan leadership, but the smaller development organizations that specialize in residential development across the boroughs, and the banks that often do the financing for their projects.

This report further advocates that such an extended study of a new structure for the zoning regulation of the housing development in New York City be advanced in which a variety of additional alternative regulatory frames can be modeled and tested against current and future demographic demand, the geographic and land-use structure of the City, the realities of the construction industry, and the standard expectations of economic performance and profitability-against-risk within the housing industry in New York.

Strategies for New York City affordable housing development: Three alternative strategies

4: Strategy two: Government-driven approach for private sites: The Re-creation of a" Mitchell-Lama style" new housing development program

Index: *page:*

4. Strategy two: Government-driven approach for private sites: The Recreation of a 'Mitchell-Lama Style' new housing development program

A. Overview

A second approach to the development of a substantial number of new units would be the recreation of a Mitchell-Lama-style housing program. The Mitchell Lama program was characterized by three sources of subsidy:

1. The acquisition program for the aggregation of sites
2. Special financing programs for construction
3. Tax abatement programs

Arguably, the second and third of these subsidies can yet be brought to bear, utilizing programs or extending programs that are already in place. The key to resurrecting Mitchell Lama is the acquisition of sites. A pool of such sites would arguably be available along both the corridors as well as in the manufacturing districts documented in this report. The acquisition of these sites, by purchase through eminent domain, requires a significant pool of pubic dollars. An estimate of how large a pool would be necessary, and what the costs per unit for acquisition would be, are presented below.

Many of the key features of the original Mitchell Lama could be retained: the limited dividend cooperative structure, the capacity of tenants to realize a portion of investment appreciation. The buyout provisions which were characteristic of the Mitchell-Lama program need not be replicated.

The potential of the Rezoning Program is the creation of a substantial amount of New FAR. Some of this New FAR will be on sites which will be in separate ownership and, to various degrees, under developed. This raises the question of how to encourage the development of the maximum number of affordable units under these circumstances. One means which should be considered is the large scale acquisition, whether through negotiation or eminent domain, of large, contiguous, underdeveloped sites by a public authority, agency or other legally empowered entity. This entity would then clear the land and dispose of the site to appropriately selected developers at negotiated prices or ground rents and on terms restricting the use of the site, including affordability housing ratios. This would follow the spirit if not the exact model of the Mitchell-Lama program whereby the City and State of New York furthered the development of urban renewal areas with thousands of units of affordable housing. Similar polices and procedures also resulted in development of such area as Battery Park City, Queens West and Roosevelt Island.

The most obvious impediment to this approach is the current scarcity of public funds to pay the acquisition costs. Even with constraint, however, this approach should be considered for at least certain sites. In some instances the City may be able to arrange for a "negotiated condemnation" whereby the entity uses private funds provided by the designated developer to acquire and clear the site and then convey it to the developer. In other instances it may be appropriate to utilize whatever limited public funds may be available to acquire and clear a site which has some particular urgency, or for which there are some funds already available, e.g. brownfields.

There is existing legal authority for certain entities in the General Municipal and Private Housing Finance Laws to facilitate these types of transactions. For instance, the New York City Housing Partnership Development Fund which has developed 25,000 home ownership units over the past 25 years could be a conduit for assembling site and developing of same.

B. Geographic options in New Yok City

Text to come.

C. Economics of development

Text to come.