

Lower Grand Concourse

Brownfield Opportunity Area (BOA)

Steering Committee Meeting

Wednesday, November 19, 2014, 10:30am

SoBRO Center
555 Bergen Avenue, Third Floor
Bronx, New York 10454

Administered &
Executed by:



Funded by:



Consultants:



Agenda

Welcome

- Introduction to the SoBRO BOA Team
- Introduction to SoBRO
- Brief Review of the Lower Grand Concourse BOA Scope
 - Community Engagement Update
- Introduction of Steering Committee Members and Affiliations

Final Review of the Waterfront Study

Petr Stand, Principal, Magnusson Architecture and Planning
Overview of Study, w/ resiliency focus

AKRF Presentation – Market, Feasibility, Financing

Christian Michel, Technical Director, AKRF

Discussion



SoBRO BOA Team

Jamila Diaz, *Assistant Vice President of Business Services* at SoBRO, has over six years of experience managing the organization's business assistance and commercial revitalization services, including the Entrepreneurial Assistance Program, Industrial Business Zone (IBZ) Program for all five Bronx IBZs, and merchant organizing. In addition, Ms. Diaz oversees manufacturer real estate placements, and has successfully secured over 1 million sqft of industrial space for Bronx based businesses.

Ms. Diaz is a graduate of New York City's prestigious Coro Leadership Program and specializes in Industrial Business Zone land use and development.

Ms. Diaz holds a Bachelor of Arts degree in Political Science with minors in Sociology and Economics from John Jay College of Criminal Justice, and holds a Certificate in Business Management from Fairfield University.

Michael C. Brady, *Director of Special Projects, Strategic Initiatives & Governmental Relations* at SoBRO. Prior to joining SoBRO in 2013, Mr. Brady served as Executive Vice President of Development of the Long Island LGBT Services Network where he expanded the organizational budget by 45% in two years by diversifying the agency's development portfolio. In 2007, Mr. Brady served as Managing Partner for Brady & Company, a governmental relations, development, and strategy firm based in New York where he focused on land use, and policy maker education for the EPA's Brownfield Remediation Program.

Mr. Brady serves as an active member of Community Board 1, a member of the NYCEDC's Industrial Relation's Council, Chairman of the Legacy Fund for Catholic Education, Founder and Secretary of the Mott Haven Merchants Association.

Mr. Brady holds a Bachelor of Arts degree from Manhattan College, and a Master of Public Administration from New York University, where he serves as a Senior Clark Fellow. Additionally, he holds certifications from Harvard University and Columbia University.

Neil W. Pariser, is a *Senior Special Projects Consultant* with SoBRO. Prior to his retirement from SoBRO, Mr. Pariser served as Senior Vice President of the South Bronx Overall Economic Development Corporation (SoBRO). During his 30 years of service at SoBRO, Mr. Pariser directed the planning, acquisition, financing and construction of over 30,000 square feet of retail space and 120,000 square feet of industrial space; oversaw the financing and development of 500 units of affordable housing in the South Bronx; and supervised the planning, financing and implementation of ten commercial revitalization projects. Mr. Pariser is the founder of the Port Morris Local Development Corporation, a member of board of CREDIT, Inc., SoBRO's in-house CDFI, and Vice Chair of the New York City Brownfield Partnership.

Mr. Pariser holds a Bachelor of Arts degree from New York University and a Master of Urban Planning and Public Administration, also from New York University.



About SoBRO

Our Shared Mission

The mission of the South Bronx Overall Economic Development Corporation (SoBRO) is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic, housing, educational and career development programs for youth and adults.



SoBRO by the numbers...

SoBRO's Real Estate Division

boasts **19 SoBRO owned / managed buildings**, manages **5 properties** owned by the City of New York, and **a public plaza**.



- SoBRO adds over \$700 million dollars annually to the economic vitality of the Bronx
- SoBRO impacts the lives of more than 200,000 Bronxites annually
- SoBRO manages all five (5) Industrial Business Zones (IBZ) in the Bronx – Port Morris, Hunts Point, Zerega, Bathgate, East Tremont
- SoBRO administers five (5) City and State Brownfield sites.
- SoBRO currently has 15 development projects in the pipeline that will bring 700 units of affordable housing

SoBRO Mission Snapshots

SoBRO's Youth Services Division

has impacted over 40,000 Bronx youth since its inception in 1996.



SoBRO Youth Services Division provides young people, ages 3-24, with a safe space, to learn, develop, and grow. SoBRO's after-school programs are offered at ten (10) elementary, middle, and high schools in the Bronx.

SoBRO Center-based programs for out-of-school youth combine academic skills and career training with leadership development activities while exposing participants to new ideas, culture, and entrepreneurial skills.

SoBRO created NYC's first business incubator 12 years ago:

The Venture Center



The Venture Center currently houses 40 start up businesses with plans for expansion.

SoBRO leads the Bronx in CDFI lending, MBE certifications, and positioning for financing and procuring federal contracts for Bronx-based businesses.



Lower Grand Concourse

Brownfield Opportunity Area (BOA)

About SoBRO Consultants



For nearly three decades, Magnusson Architecture and Planning (MAP) has pioneered outstanding building design and urban revitalization projects as the foundation for vibrant and sustainable communities. MAP's top priority is to assist non-profit groups, municipalities, and developers to reshape neighborhoods to improve their residents' quality of life. Decades after the firm was founded in 1986, MAP continues to push the envelope for urban housing and mixed-use design and invent new ways of planning urban neighborhoods.



AKRF offers creative environmental, planning, and engineering solutions for public and private clients. With services across a range of technical specialties, AKRF provides a single-point resource for the most complex, controversial, and time-sensitive projects.

AKRF's scientists, planners, engineers, and technical specialists have worked side by side for decades to help hundreds of clients quickly uncover and solve critical issues. The firm identifies potential challenges early on, ensuring that their projects are completed as smoothly and cost-effectively as possible.



BOA Overview to Date

Phase 1

Consultant: MAP

Visioning Study – maximum development to the right of zoning

- Zoning, bulk, and massing studies
- Waterfront access and open space
- Climate Resiliency

Product: Phase 1 Study Report

Complete / Release: November 2014

Phase 2

Consultant: AKRF

Market and Feasibility Study

- Real Estate Development Feasibility
- Economic and Market Analysis
- Transportation Infrastructure
- Marketing to the area

Product: Phase 2 Study Report

Complete / Release: In progress



Lower Grand Concourse BOA Footprint

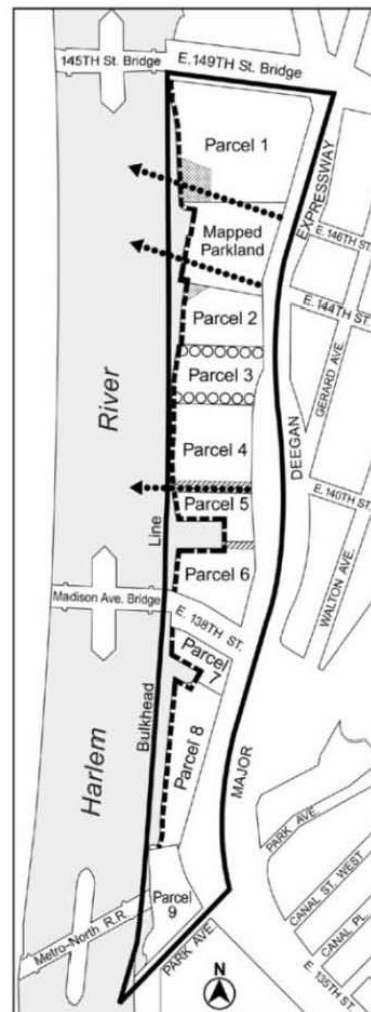




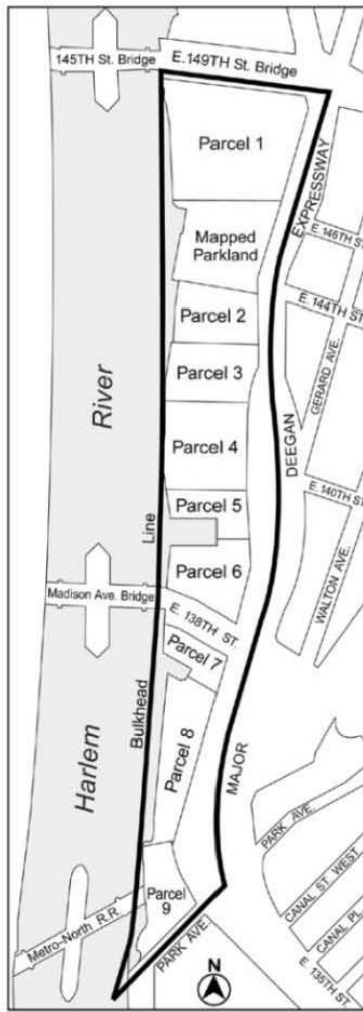
Lower Grand Concourse BOA Harlem River Waterfront *Phase 1 - Vision*

Petr Stand, Principal
Magnusson Architecture and Planning





- Special Harlem River Waterfront District
- - - Shore Public Walkway/ Waterfront Yard
- ◀ Visual Corridor (Designated Location)
- Upland Connection (Variable Location)
- ▨ Upland Connection (Designated Location)
- ▩ Supplemental Public Access Area (Designated Location)



- Special Harlem River Waterfront District











Existing Conditions

15



Existing Conditions

16



Existing Conditions

17



Existing Conditions

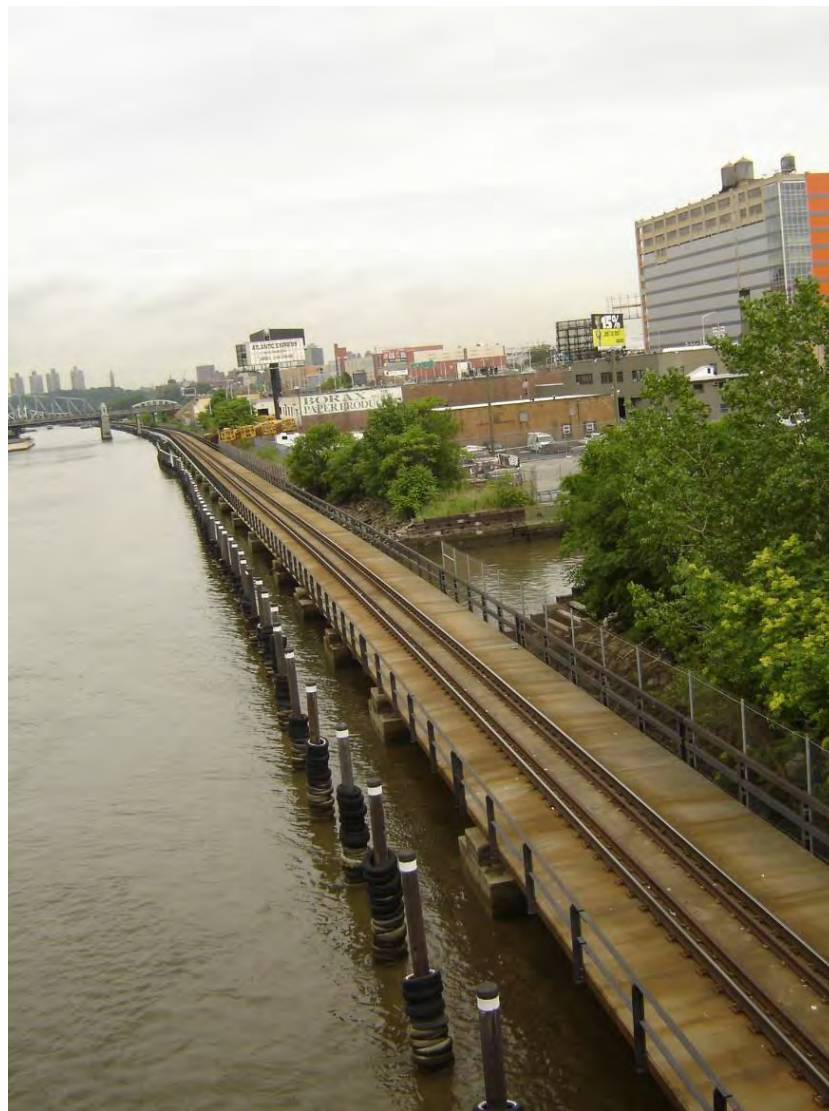
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Existing Conditions



Existing Conditions



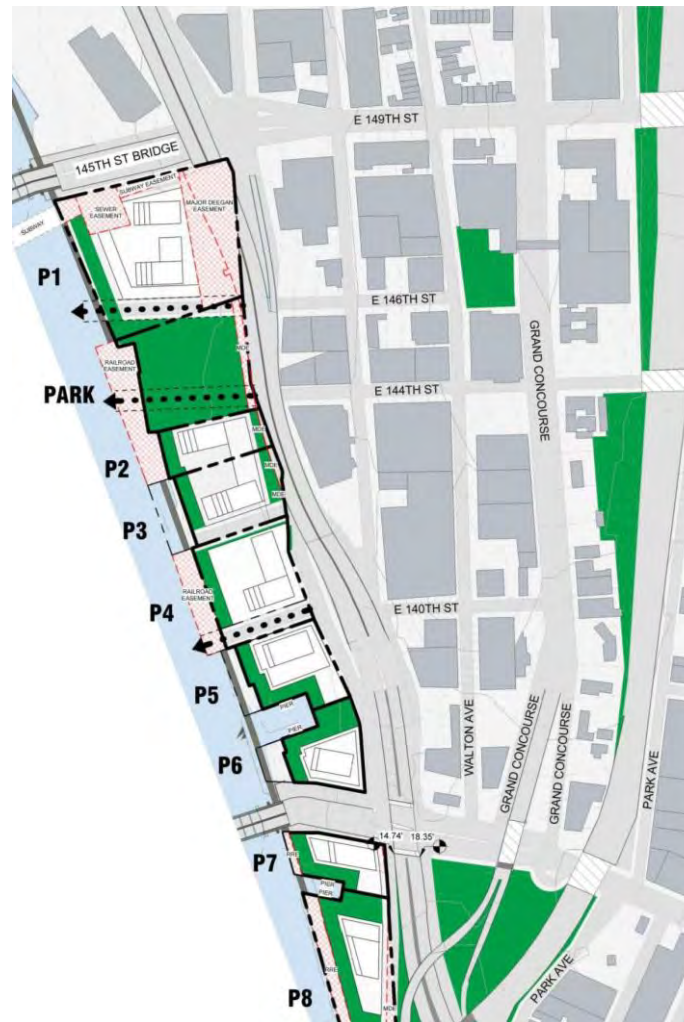
Existing Conditions



Existing Conditions



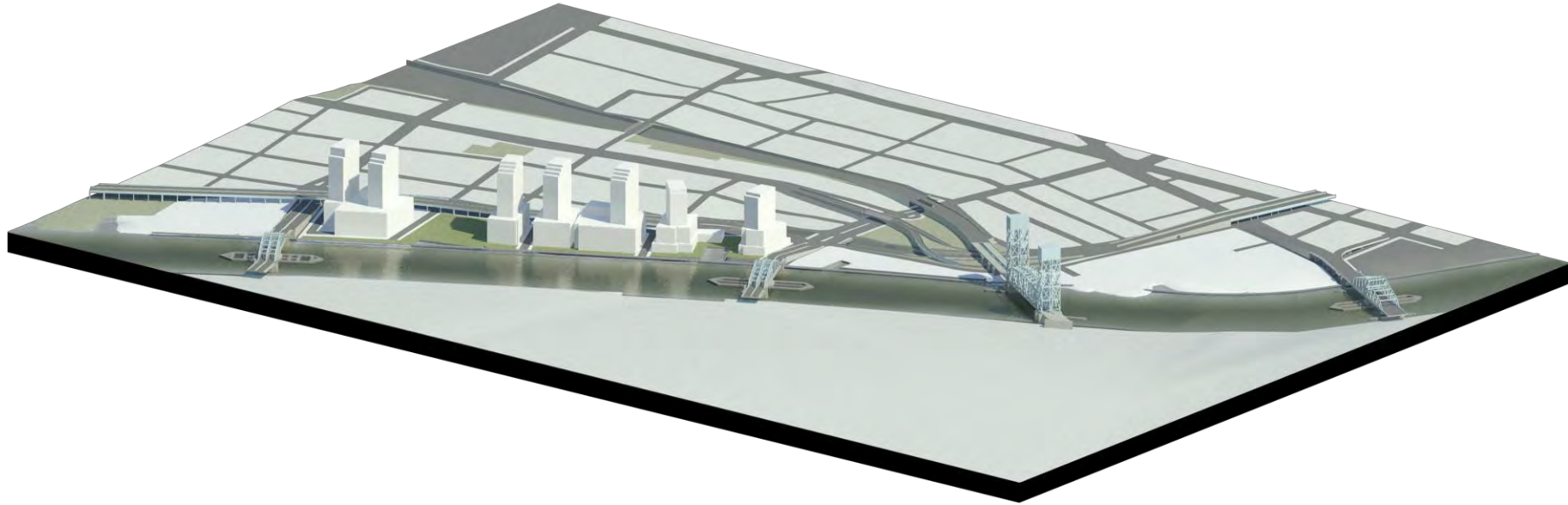
Existing Conditions



Proposed Site Plan



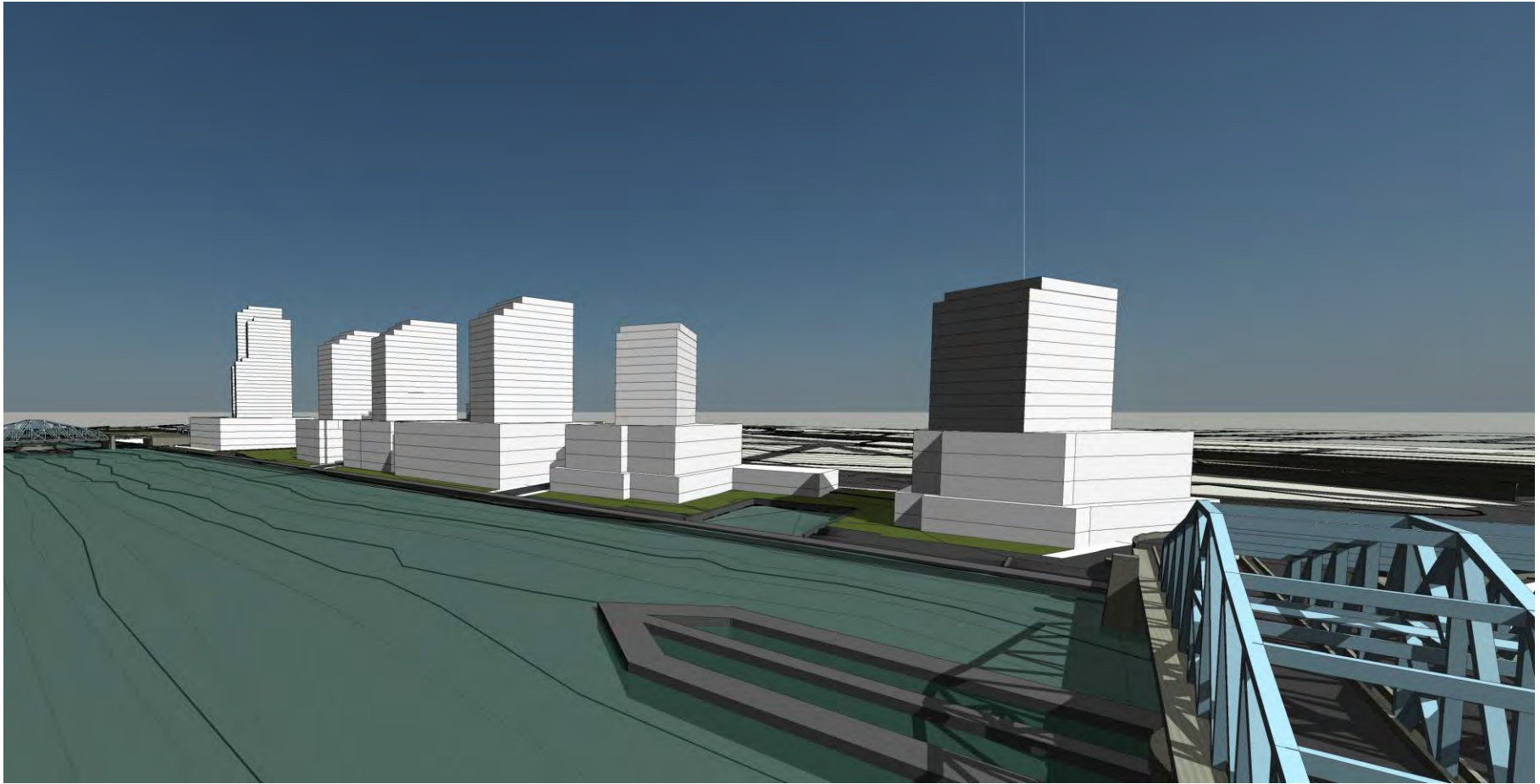
Proposed Site Plan



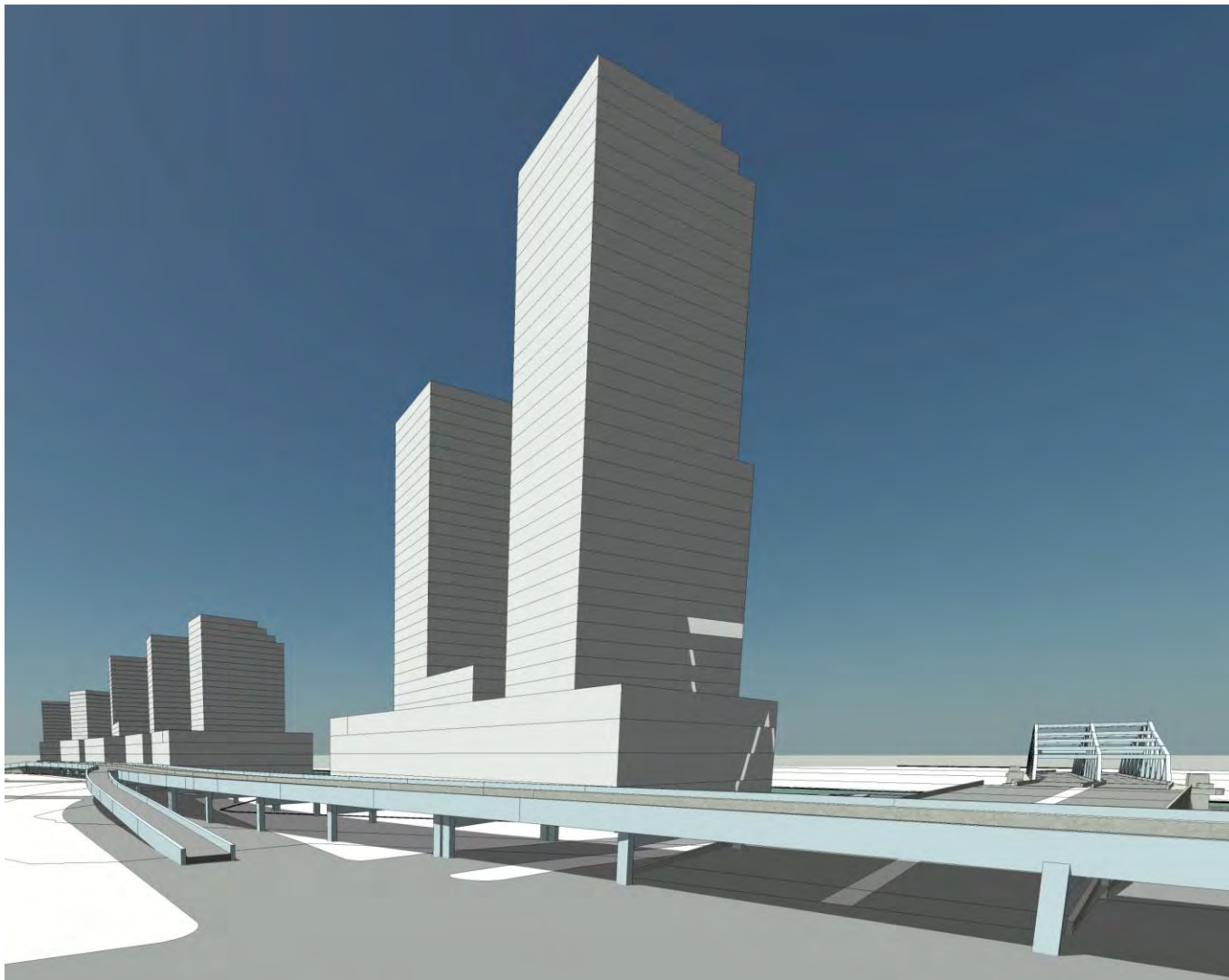
Contextual Axonometric



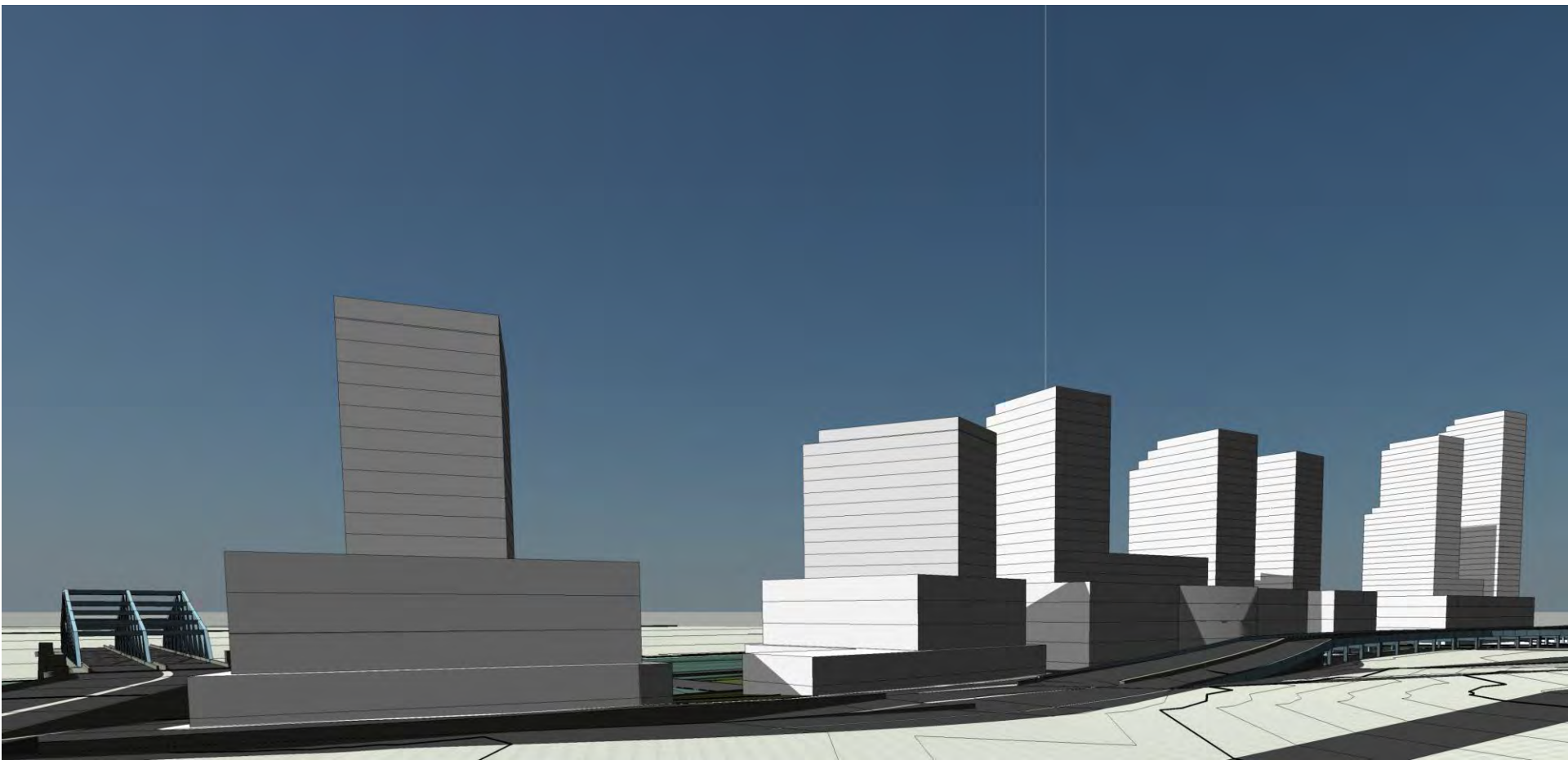
Waterfront View Facing South



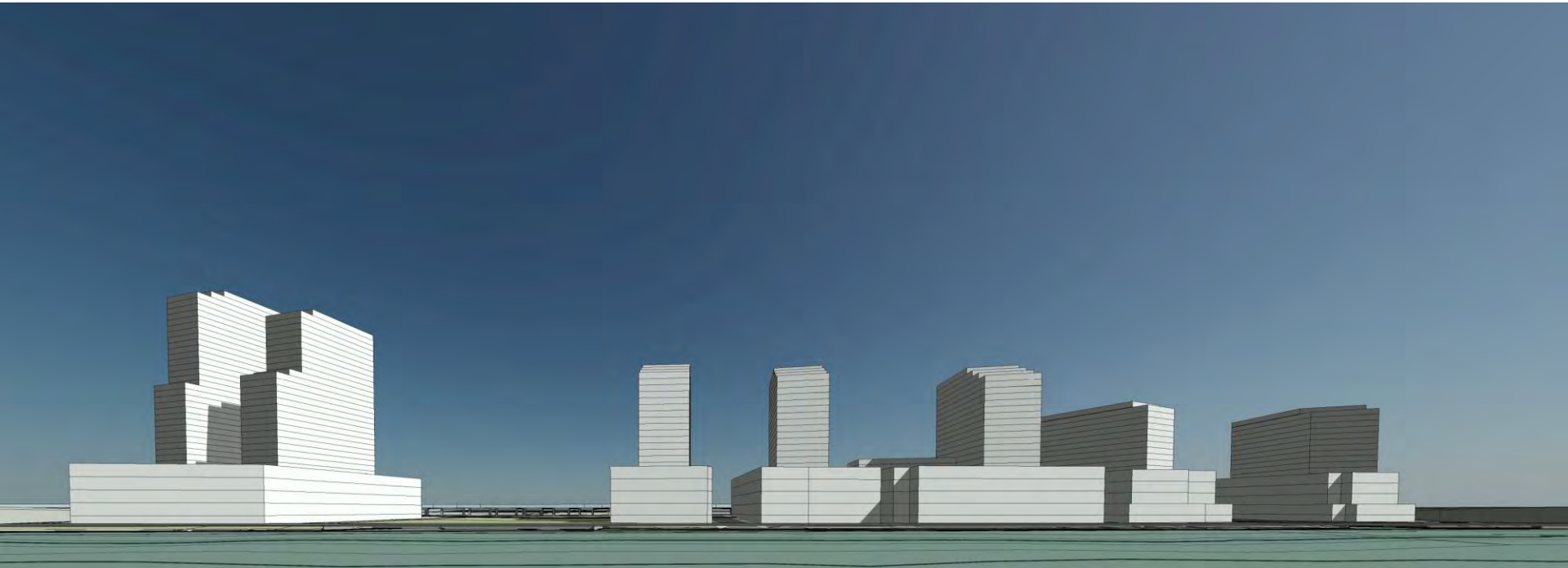
Waterfront View Facing North



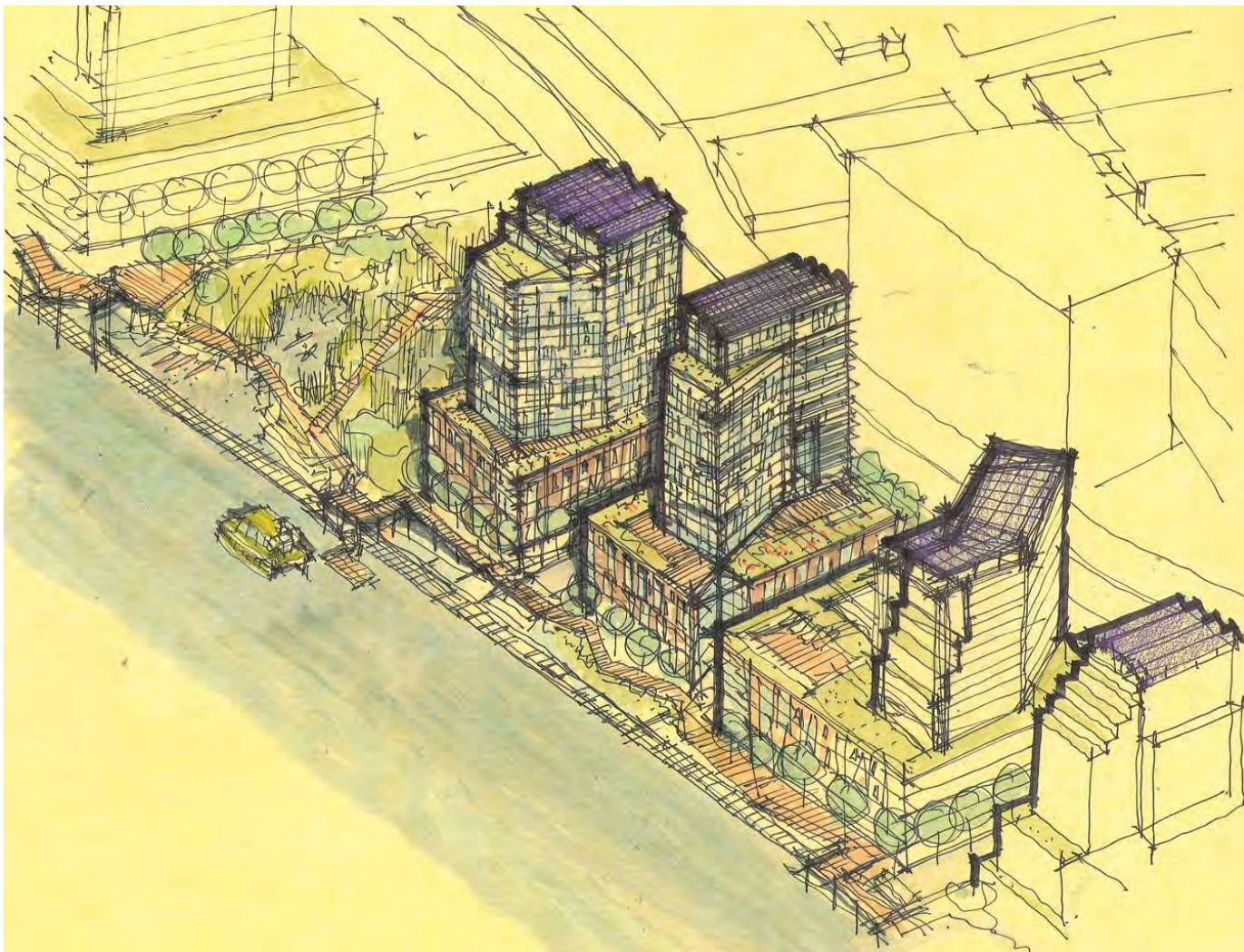
Major Deegan View Facing South



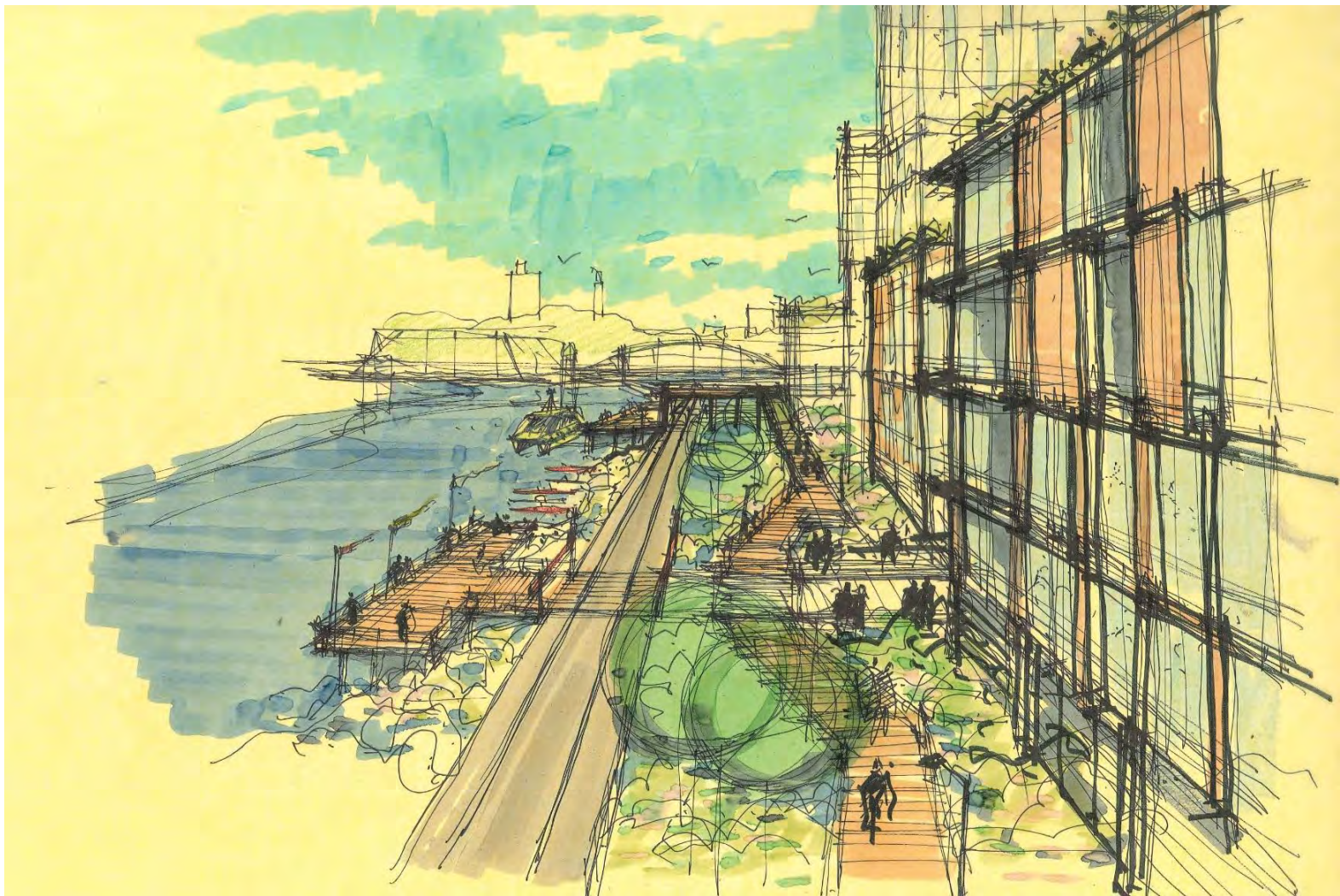
Major Deegan View Facing West



Waterfront View Facing East

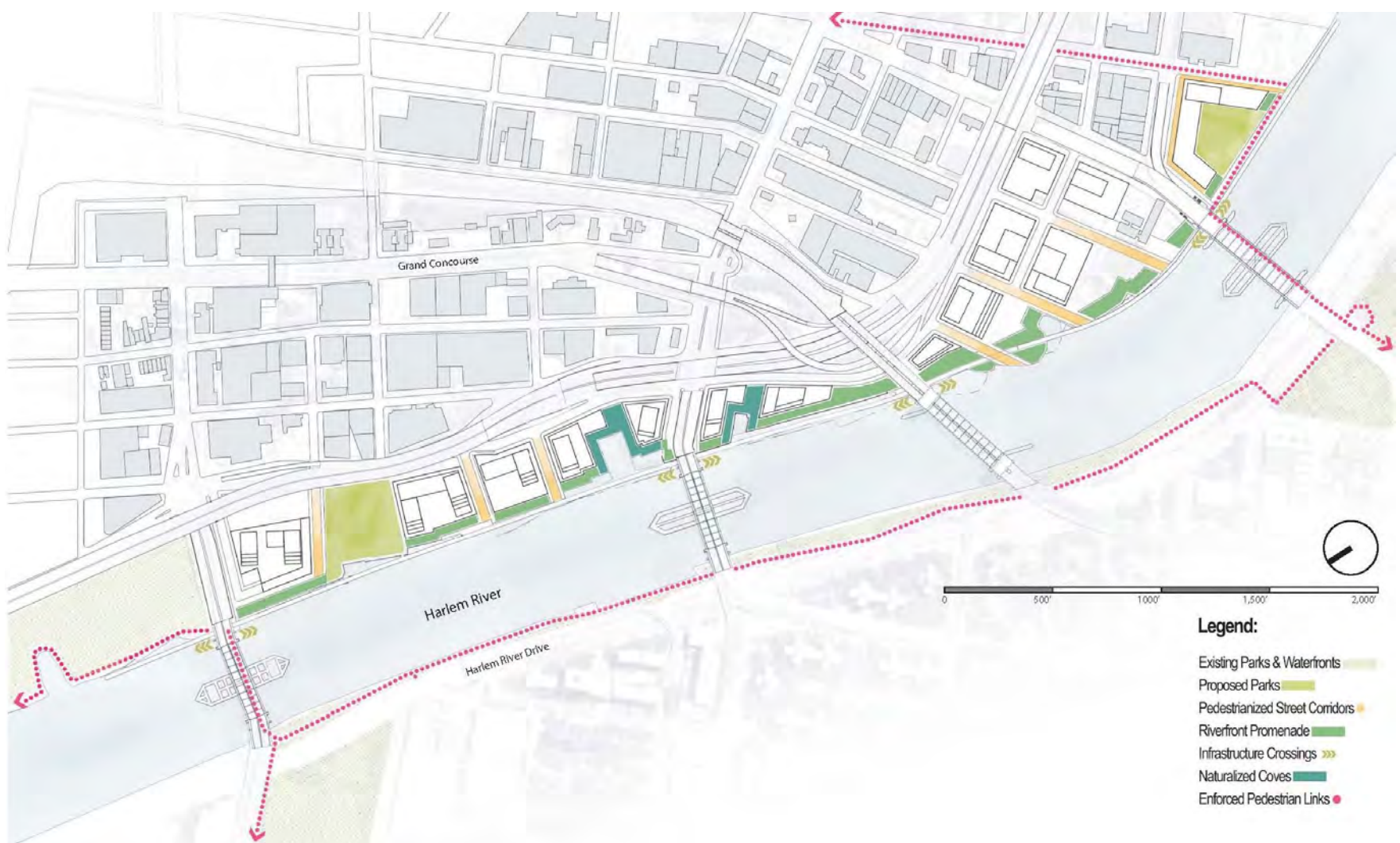


Parcels P1, P2, P3 Conceptual Rendering

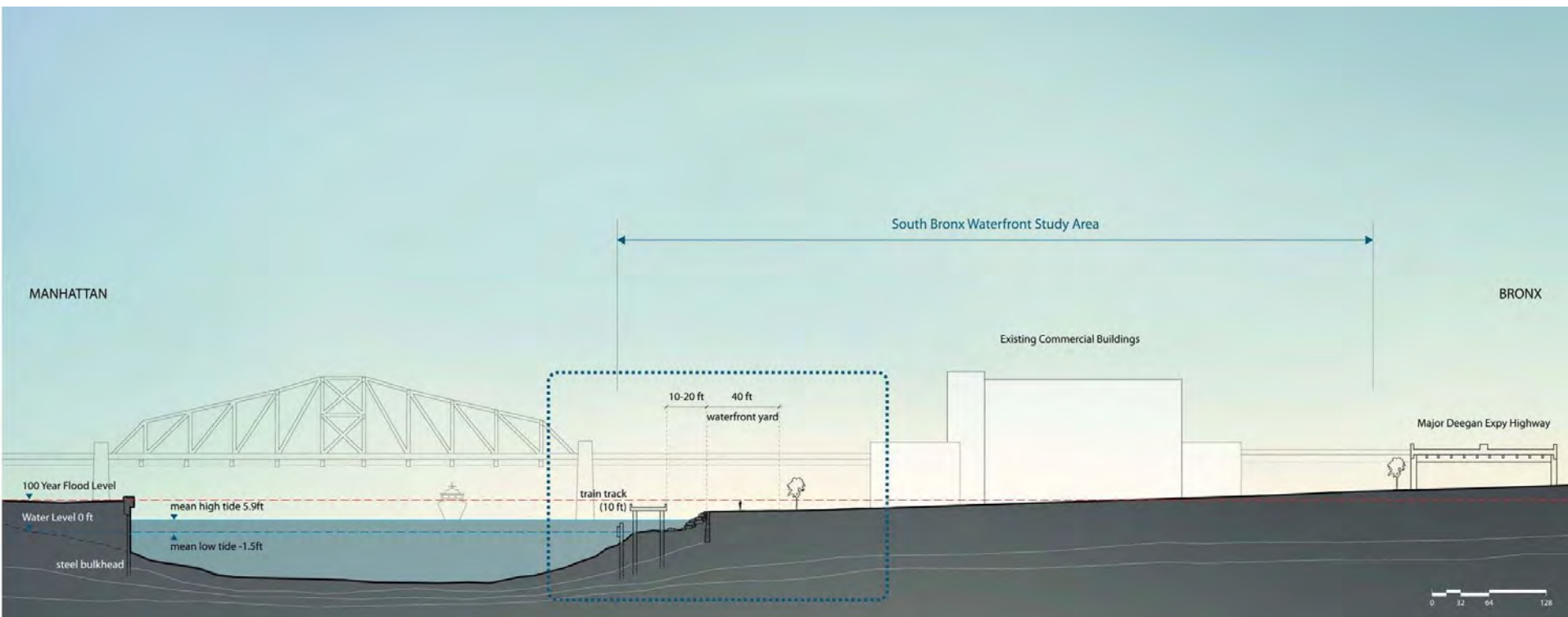


Conceptual Rendering Showing New Accessible Pier

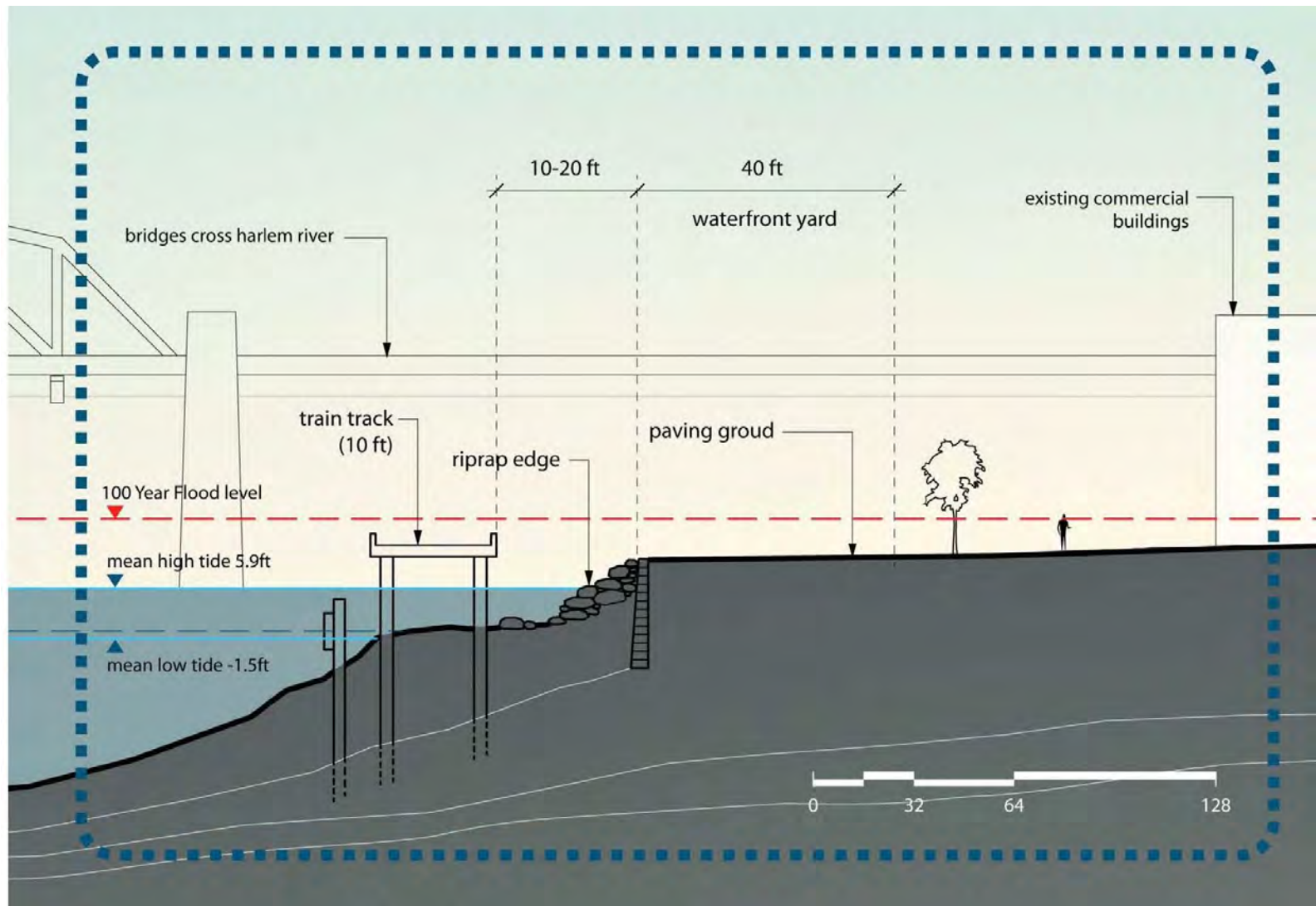




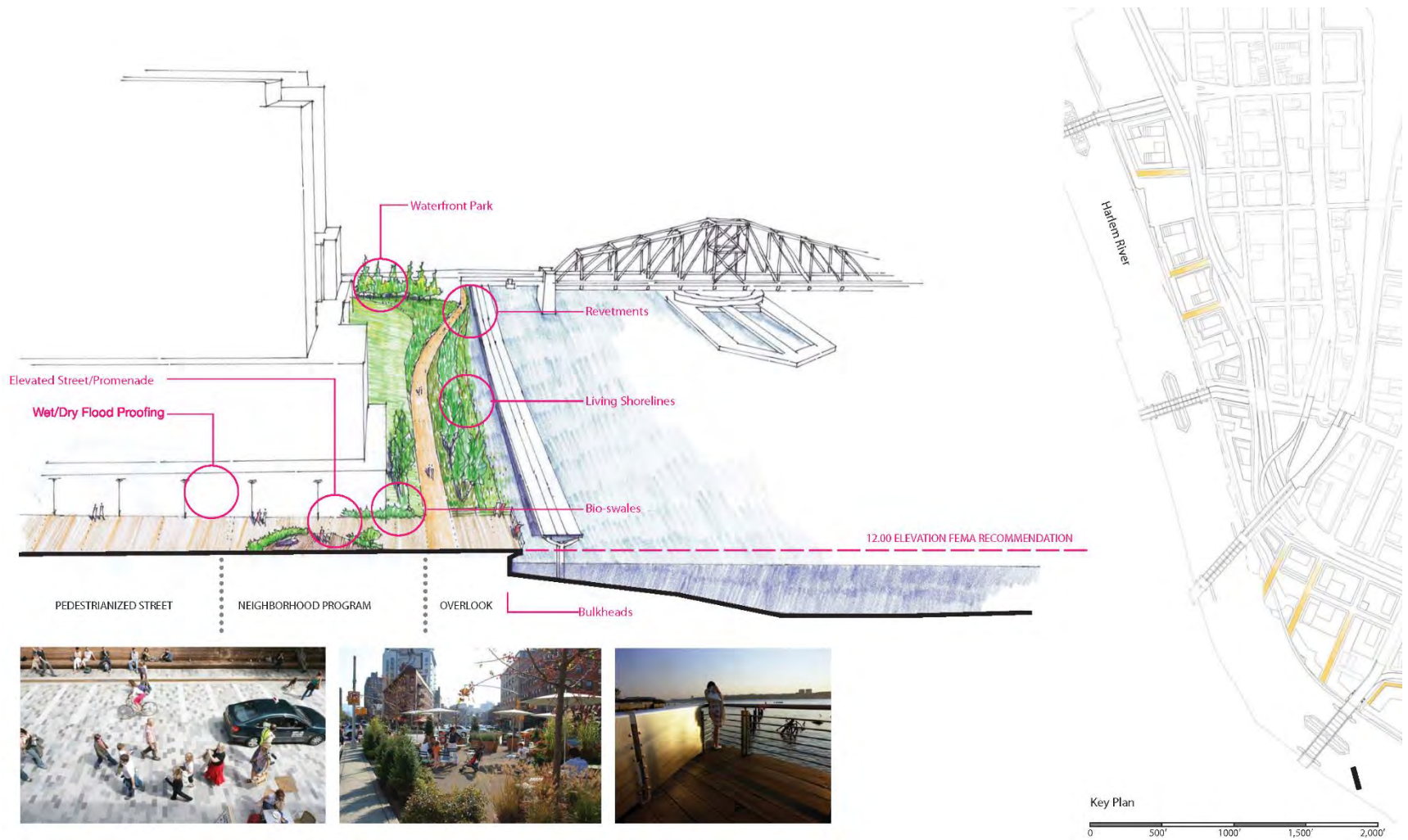
Site Plan



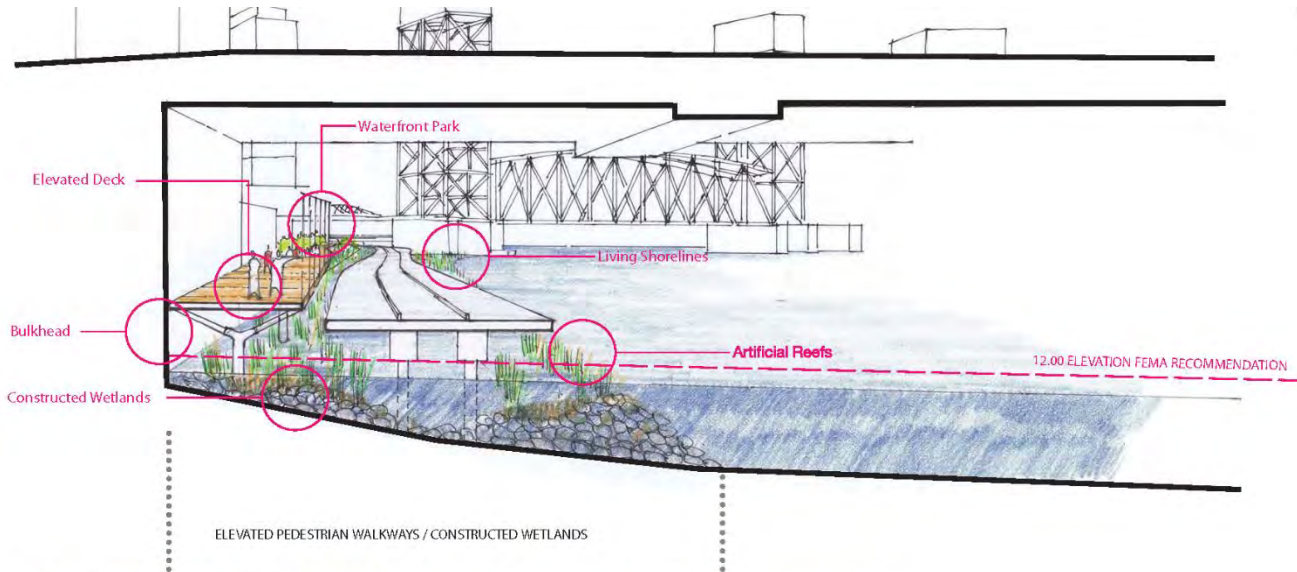
Existing Condition - Cross Section through Harlem River and Project Study



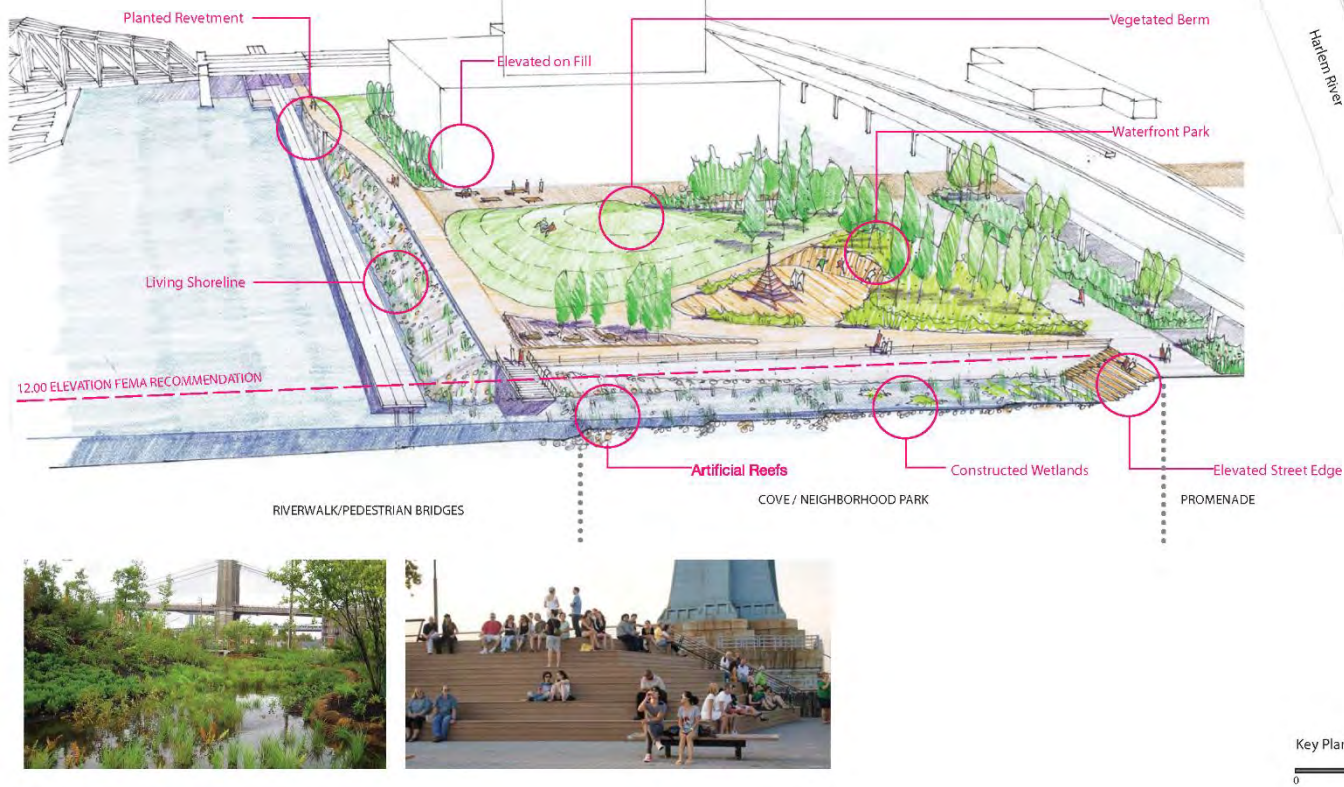
**Existing Condition – Zoom Cross Section
through Harlem River**



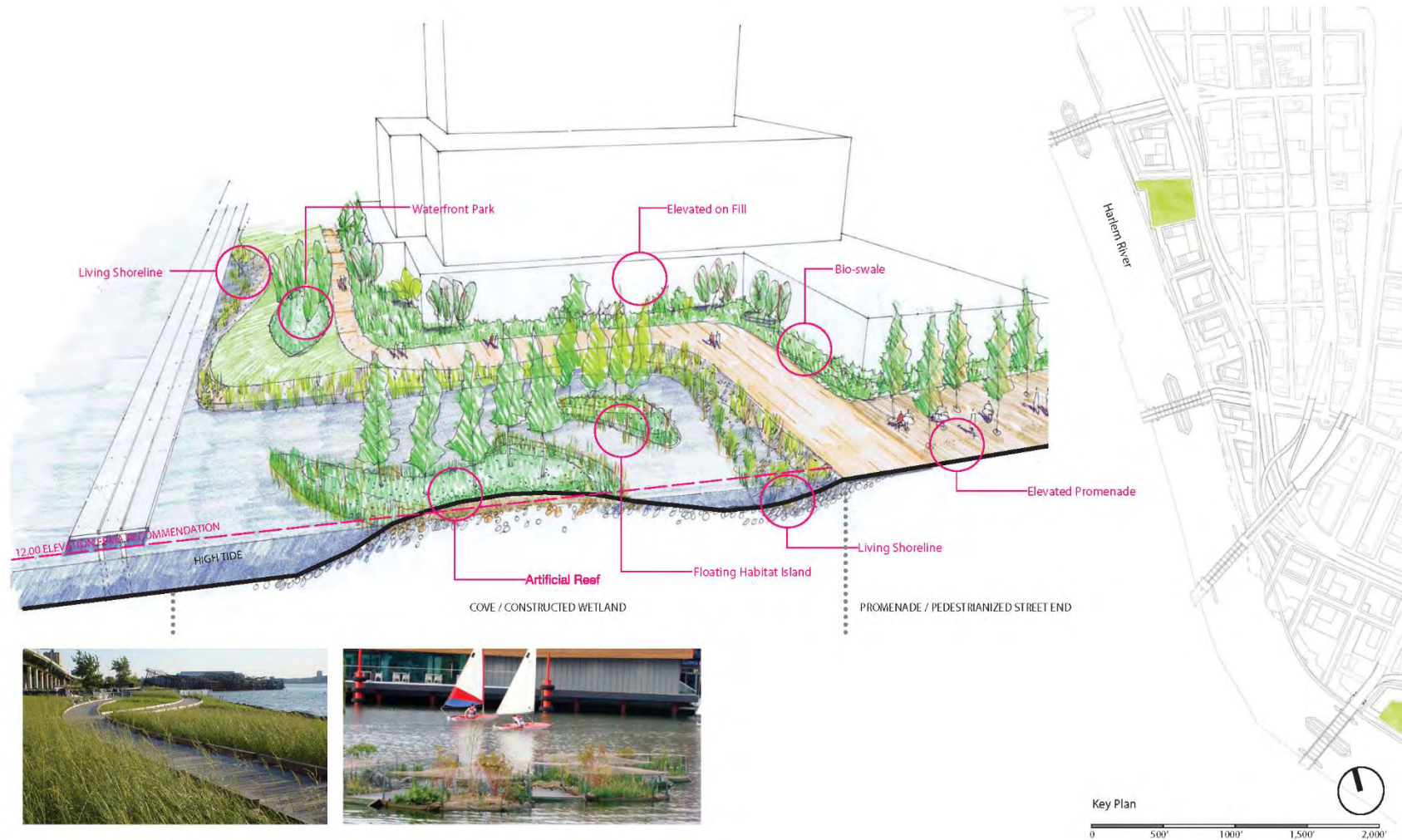
Edge Strategy – Bulkhead with Elevated Overlook



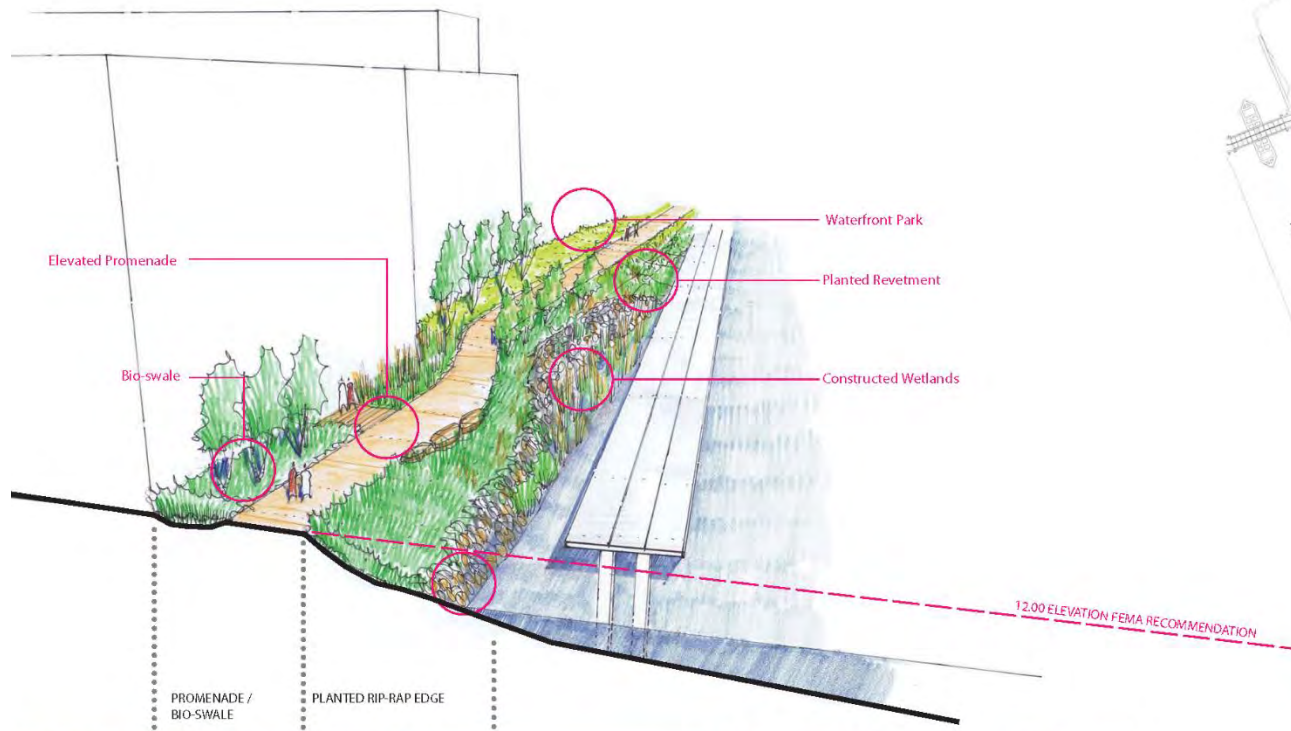
Edge Strategy – Elevated Pedestrian Connections



Edge Strategy – Constructed Wetlands / Pedestrian Platforms



Edge Strategy – Constructed Cove / Habitat Islands



Key Plan

0 500' 1000' 1500' 2000'

Edge Strategy – Soft Edges / Planted and Rip-Rap and Riverwalk

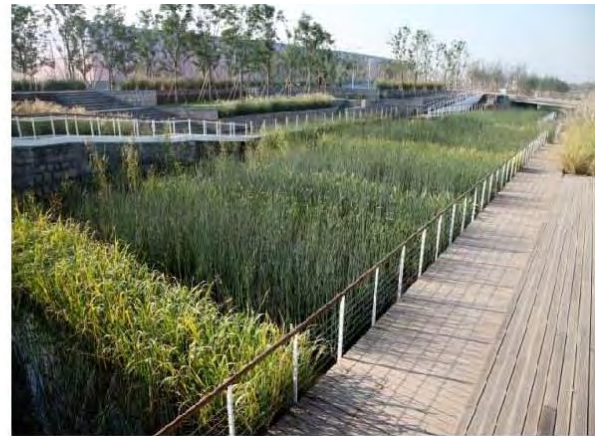
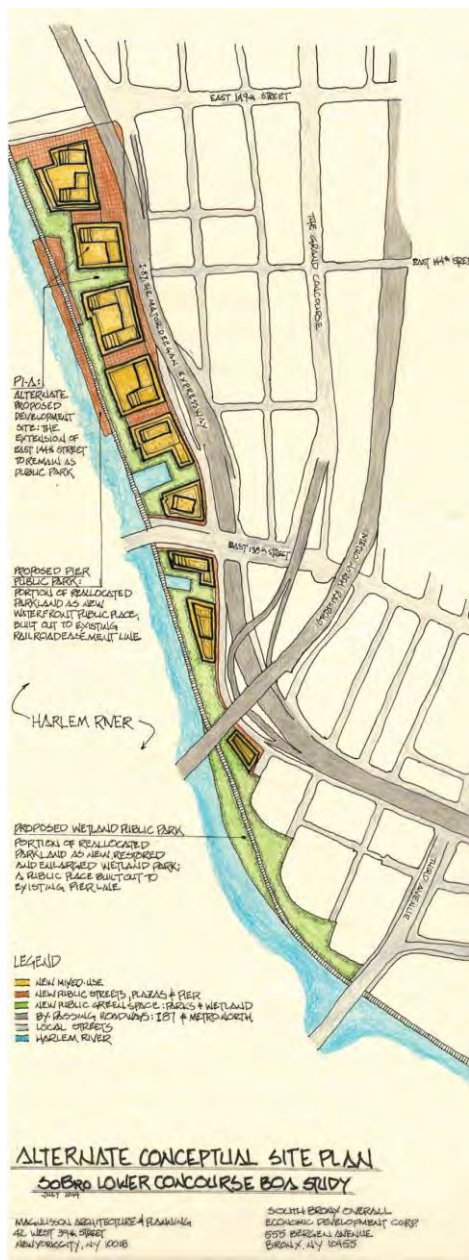


Figure 32 – Urban Wetlands, Shanghai Houtan Park

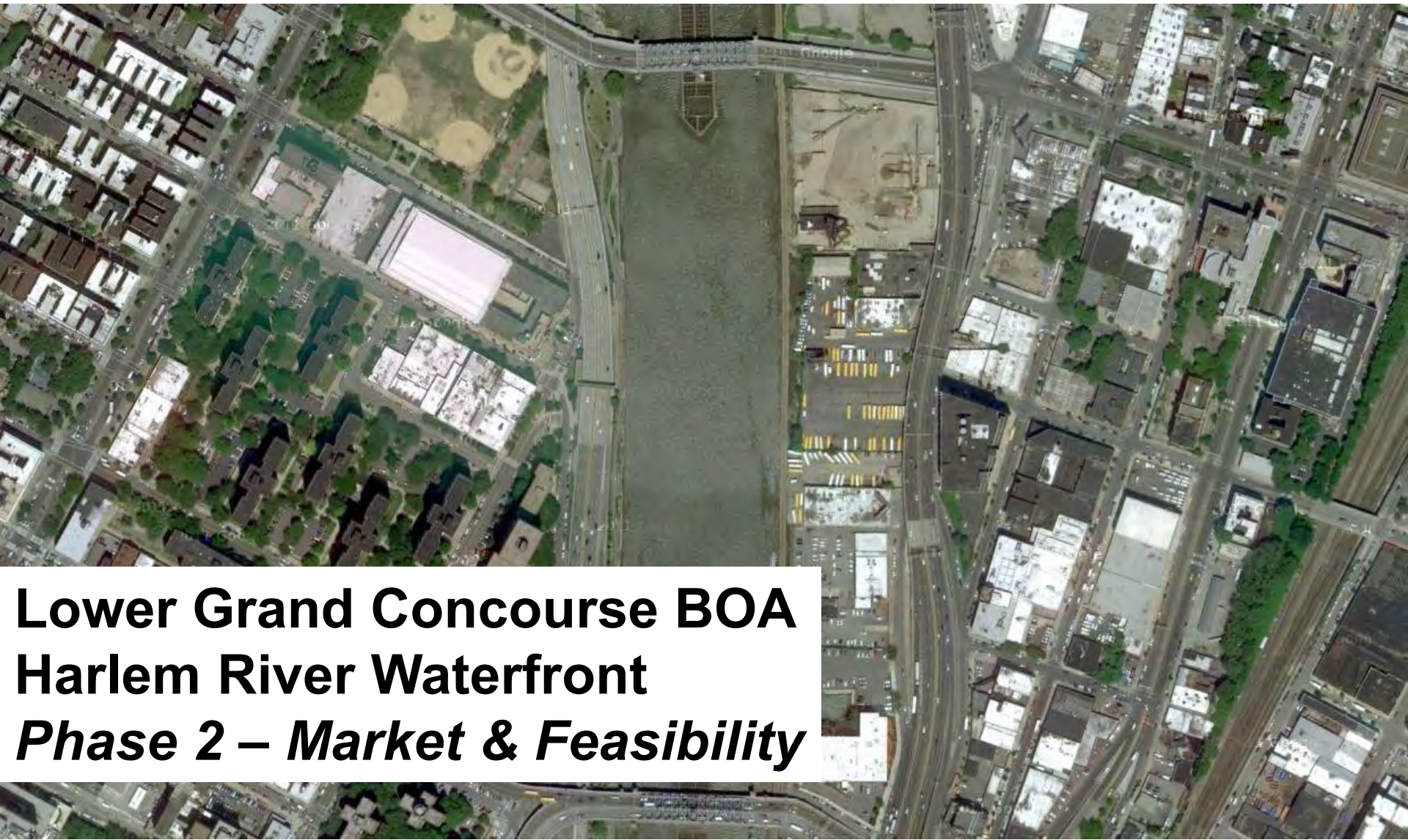


Figure 33 – Shoreline Riprap





Alternate Conceptual Site Plan



Lower Grand Concourse BOA Harlem River Waterfront *Phase 2 – Market & Feasibility*

Christian Michel, Technical Director, AKRF



Study Goals

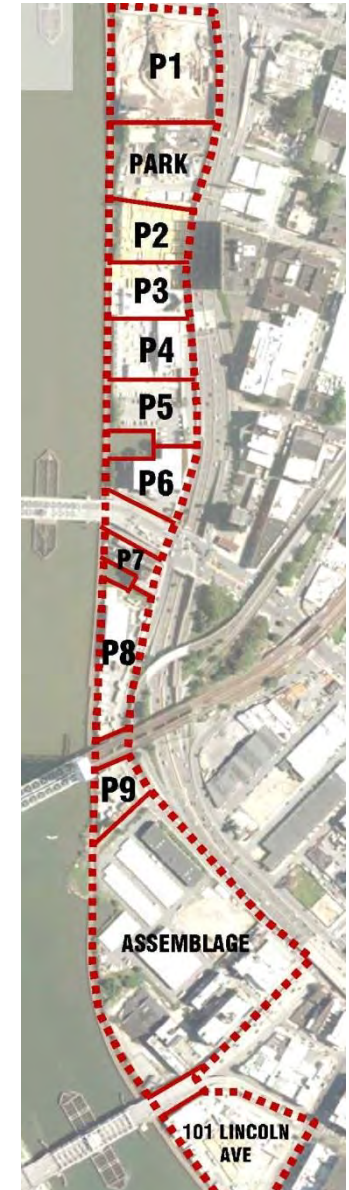
- Test Magnusson's (MAP) assumptions and results from a:
 - Market perspective
 - Financial perspective
- Define connections between waterfront and upland areas:
 - Transportation
 - Open Space
- Provide implementation support
 - Marketing
 - Organization and phasing
 - Solutions to selected design problems

Overall Study Progress

- **AKRF** – market analysis and financial model
 - Draft of market analysis
 - Draft of financial model
- **Metropolitan Urban Design Workshop** – Open space and intersection design
 - Inventory completed
 - Draft of open space plan
- **Ewell W Finley** - Transportation Infrastructure
 - Existing conditions assessment completed

Market Study - Goals

- Test Magnusson's recommendations:
 - **2.8 million** square feet of residential space
 - **2.3 million** square feet of commercial space
 - **1.0 million** square feet of community facility space
- Assess demand for:
 - residential
 - retail/commercial
 - industrial
 - community facility
- Provide inputs for the financial feasibility model



Market Study - Challenges

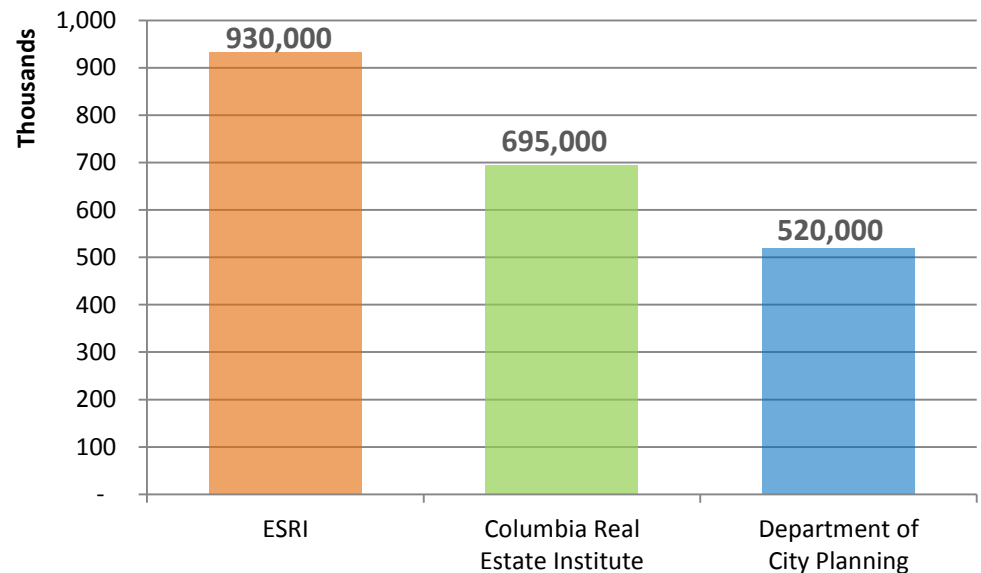
- Redevelopment challenges in the Lower Concourse BOA:
 - Infrastructure improvements
 - Resiliency considerations
 - Environmental cleanup
 - Permitting
 - Assemblage
 - Potentially forming LDC
 - Financing
- The Market Study will assess demand in 2020, 2030, and 2040 in order to provide both near- and long-term recommendations

Market Study – Residential

Overall Demand

- New York City is projected to grow significantly in the coming decades
- Growth is projected by a number sources
- Columbia's projections are the midpoint between NYC's conservative and ESRI's aggressive projections.
- And are basis for the residential market analysis

NYC Projected Population Increase 2014 -2040:



Market Study – Residential

Major growth areas in the Bronx



- Columbia’s estimates that 70% of growth will be accommodated by in-fill development
- The remaining 30% will be accommodated by “hyper-development zones” such as Hudson Yards, Queens West, and Atlantic Yards
- The Bronx houses two hyper-development zones:
 - Sheridan Expressway Area and
 - Larger South Concourse Area
- The Lower Concourse Area is part of the Larger South Concourse Area

Projected No. of New Residents by 2040 (Columbia):	New York City
Absorbed by Infill:	490,000
Absorbed by New Development:	210,000
Total New Growth:	700,000

Market Study – Residential

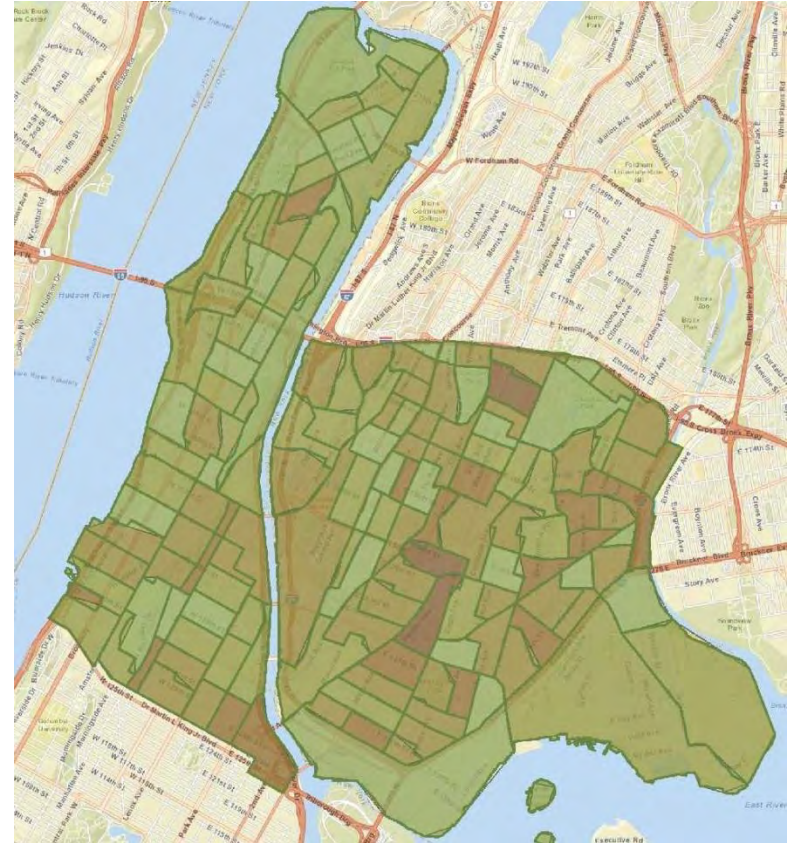
Total Demand for the Lower Concourse BOA

- The **South Concourse Area** is projected to receive between 9% and 17% of the demand not satisfied by ongoing infill development
- This is equal to approximately a total population growth of between 18,000 and 35,000 people
- Based on this distribution the **Lower Concourse BOA** is projected to receive about one half of the residents or between **9,500 and 17,500** residents
- The potential to capture residential demand will depend on a number factors such as:
 - Market Conditions
 - Entry to market
 - Programming

Market Study – Residential

Area Trends

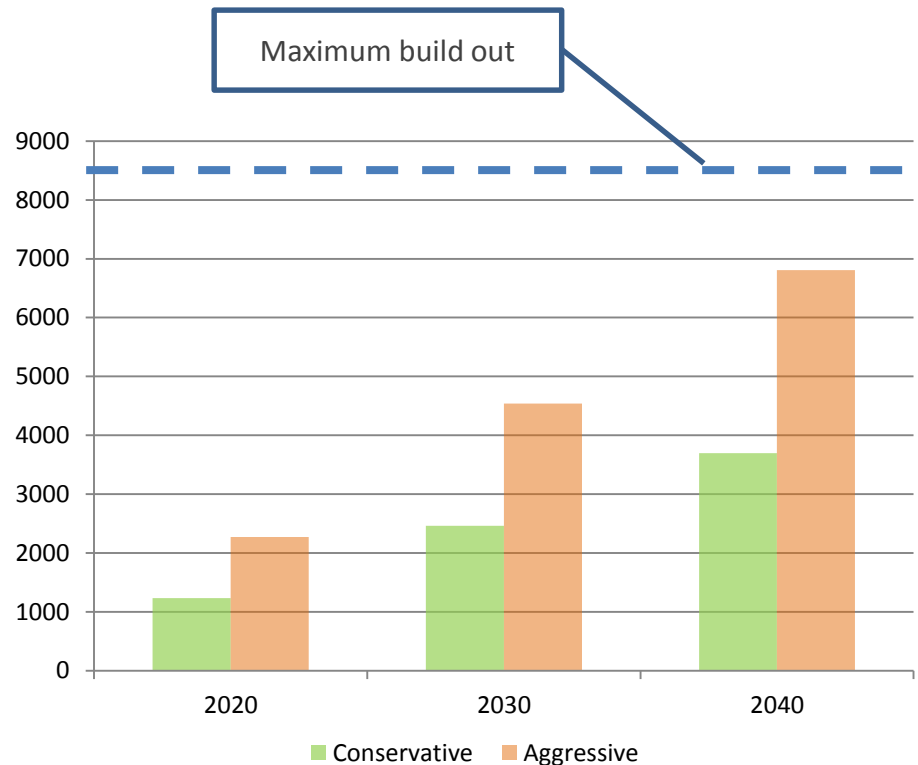
- The Upper Manhattan/South Bronx market is performing well
- ESRI projects that the area will grow by nearly 6% between 2014 to 2020
- This is equal to 100K new residents by 2030 and 150K new residents by 2040
- The Lower Concourse is expected to capture a significant portion of the growth



Market Study – Residential

Demand Ranges

- With an average HH size of 2.57 unit demand is between:
 - 1,200 and 2,200 units by 2020
 - 2,500 and 4,500 units by 2030
 - 3,700 and 6,800 units by 2040
- Based on MAP, the BOA could house theoretically a **maximum** of **8,500** new units if each individual property would be developed individually



Market Study – Residential

Potential Target Segments and Pricing

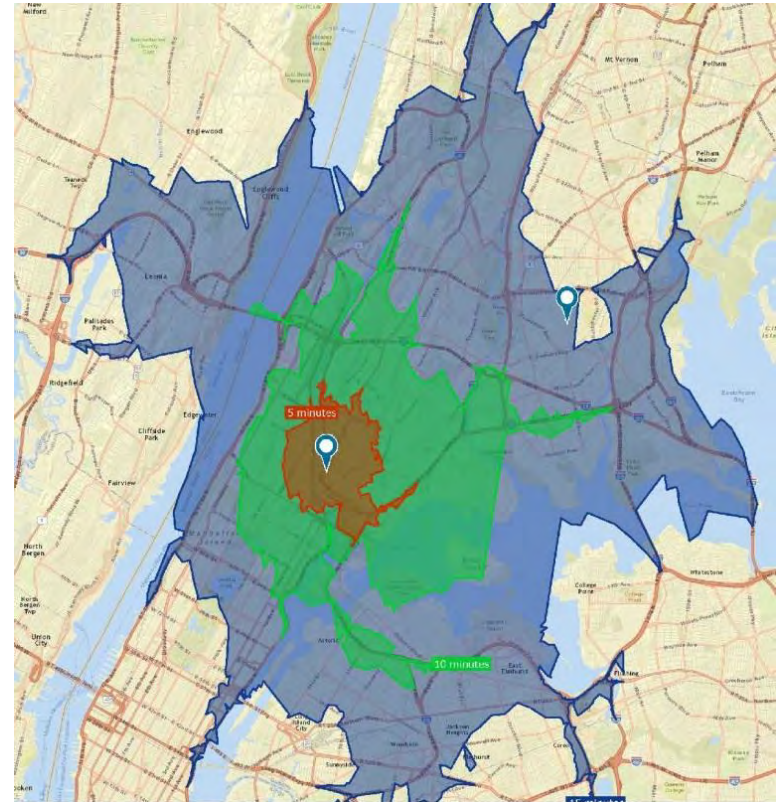
- Area brokers* indicated that new residents are likely to include people unwilling to pay high Manhattan rents and looking for more value/space
 - young families
 - young professionals and
 - empty nesters
- Pricing should reflect current pricing in the South Bronx
 - \$1,500-\$1,800 for 1-bedrooms
 - \$2,000-\$2,300 for 2-bedrooms
 - \$2,500+ for 3-bedrooms

*Friedland Realty Advisors and Halstead Property, LLC (and other data)

Market Study – Retail

Destination Retail

- Potential for destination shopping and restaurants that take advantage of the area's exceptional location
- Trade Area— all of the Bronx, Northern Manhattan, and Northwest Queens
- Destination retailers could include a “Fairway” and waterfront restaurants, and should complement, not compete with, Bronx Terminal Market



Retail Market Study – Retail

Destination Retail

- By 2040 (existing demand +3,700 new units):
 - Shopping Goods: 1.03 million sf
 - Eating and Drinking Places: 167,500 sf
 - TOTAL: 1.20 million sf
- Demand for commercial uses is about 1 million sf less than in design analysis
- Difference can be allocated to residential uses (approximately 1,000 units)

Market Study – Retail

Convenience Retail

- Existing demand for **local convenience goods** (i.e., **health and personal care, florists, supermarkets**) is generally met according to the capture rate analysis and local commercial real estate brokers
- Convenience goods retailers could include supermarkets, pharmacies, and delis to support the new residents (analysis indicates future demand for **up to 25,000 sf by 2030** and **up to 40,000 sf by 2040**).

Market Study – Industrial

- Industrial waterfront development is **not encouraged** in the Lower Concourse BOA (there are some limited exceptions)
- Step 2 report identified Strategic Site 5 at 2568 Park Avenue for industrial use
- MAP's report identified the Assemblage and 101 Lincoln Avenue for mixed use including **high-tech and web design companies, bakers/caterers, artist work space, and professional/incubator space**
- Other suitable industrial sites may be those that not zoned for residential uses, are contaminated, or are in close to industrial uses
- The placement of industrial uses should not conflict with the pedestrian-friendly connections and access envisioned for the waterfront area, and should not conflict with the retail and residential goals for the BOA

Market Study – Community Facilities

- The new residents would be expected to create a significant demand for schools, day care, and open space
- Local developers and real estate brokers suggested that some of the new space could be occupied by institutions like NYU, Cornell, and North Shore LIJ, given the massing potential of the site
- Transportation assets also make the BOA particularly attractive to institutions

Financial Model – Goals

- Translate MAP development parameters into financial model
- Cost individual elements to foster understanding of the magnitude of the task and create awareness of what will need to be involved
- Illustrate that development along the waterfront will be difficult and may require subsidies
- Spur discussion about how successful development can be supported
- Ensure early support from State and NYC agencies

Financial Model - Cost Assumptions

Development

- Residential
 - \$275 per sf
- Retail
 - \$200 per sf
- Parking
 - \$30,000 per subsurface parking spot
- Soft cost 25% of construction costs
- Contingency 5% of construction costs
- Land costs \$40 per buildable sf

Financial Model - Cost Assumptions

Infrastructure

- Costs for infrastructure elements were provided by engineers and subject matter experts
- Parks and Open Space
 - \$125 per sf
- Road construction
 - \$75 per lf
- Utilities
 - Sewer/Water: \$100 per lf
 - Electricity: \$100 per lf
- Resiliency
 - Fill \$25 per sf
 - Sheet piling and bulkhead 1,000 per lf

Financial Model – Revenue Assumptions

Revenues

- Residential (2-bedroom units)
 - Market rate \$2,500
 - Affordable \$1,100 (HUD AMI guidelines)
- Retail \$50/sf, office \$55/sf
- Parking
 - \$250/month residential parking
 - \$300/month metered
 - all revenues to developer/operator
- Rents, revenues and operating expenses escalated by 3%/yr

Financial Model – Financing Assumptions

Subsidies

- Low Income Housing Tax Credits (LIHTC)
 - 4% Program - EQUITY
- No-interest loan (e.g., HOME)
- NMTC - EQUITY

Financing

- Equity contribution \geq 30%
- Loan term: 15-year @ 5% interest
- Construction loan @ 6% interest
- Cost of capital 7%
- Reversion after 15 years at cap rate of 7%

More potential subsidies:

- 9% LIHTC
- NewHOP
- ReHOP
- LAMP
- Housing programs from HPD and HDC
- EB5
- City Capital Budget

Financial Model - Scenarios

- Assess each development site based on the parameters provided by MAP
- Create 4 scenarios
 - No subsidies PLUS a share of the combined infrastructure costs
 - NO subsidies NO infrastructure costs
 - Subsidies (LIHTC & HOME)
 - Subsidies (LIHTC, HOME & NMTC)
- Report NPV and IRR for each development site

Financial Model – Output Parcel P1

PRO FORMA TOOL

Development Details			
Lot Area SF	191,000	FAR	
Residential (Total & FAR)	461,825	2.4	
Avg Unit size	800		
Total Units	577		
Affordable	30%		
Market Rate	70%	FAR	
Commercial (Total & FAR)	334,490	1.8	
Retail	334,490		
Medical Office	-		
Office	-	FAR	
Total SF	796,315	4.2	
Parking (as required by zoning)			
Residential (per unit)	0.5	289	
Retail (1 per x sf)	1000	334	
Office (1 per x sf)	1000	-	
Total		623	
Total sf (@325 per spot)		202,517	
Parking decks		1.3	
Total SF (incl. parking)		998,832	

Output Details				
Development Costs		Infrastructure Costs		
Construction	\$278,937,393	Roads	\$2,444,220	
Land	\$31,852,600	Utilities	\$9,187,200	
Parking	\$18,693,919	Open Space	\$55,935,000	
Development Costs	\$329,483,911	Resiliency	\$17,424,000	
Land Cost (per bsf)	\$40	Total	\$84,990,420	
Development Subsidies		Potential Share %	13%	
LIHTC @ 4%	\$30,520,459	Potential Share \$	\$10,822,113	
No-interest loan (e.g., HOME)	\$29,421,021	NMTC	\$10,000,000	
Results				
	Scenario 1	Scenario 2	Scenario 3	Scenario 4
NPV (15 yrs @ 8%)	\$185,158,631	\$198,214,184	\$222,891,039	\$241,474,700
IRR	16%	17%	19%	22%
Infrastructure Costs		Infrastructure Costs	Infrastructure Costs	Infrastructure Costs
Shared		Not Shared	Not Shared	Not Shared
		LIHTC	LIHTC	LIHTC
		No-interest loan	No-interest loan	No-interest loan
			NMTC	NMTC

Thank you!

Contact:

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