

FOR CONSIDERATION

February 17, 2022

TO: The Directors

FROM: Hope Knight

SUBJECT: City of New York (Borough of Brooklyn, Kings County) –
Utica Crescent Mixed Use Project (“Proposed Project”)
(a Land Use Improvement and Residential Project)

REQUEST FOR: Adoption of Findings Pursuant to Section 10 of the New York State Urban
Development Corporation Act of 1968, as Amended (the “UDC Act”);
Authorization to Adopt the Proposed General Project Plan (“GPP”);
Authorization to Hold a Public Hearing on the GPP, Pursuant to the UDC Act
and in Accordance with Other Applicable Law; Determination of No
Significant Effect on the Environment under the State Environmental Quality
Review Act (“SEQRA”); and Authorization to Take All Related Actions

I. PROJECT SUMMARY

A. Background

In November 2018, New York State Homes and Community Renewal (“HCR”) released a Request for Proposals (“RFP”) to develop 8 sites in Central Brooklyn with new affordable housing and ancillary facilities to advance the objectives of the Vital Brooklyn Initiative, a comprehensive community development program that addresses chronic social, economic, and health disparities in Central Brooklyn. One of those sites, located in the East Flatbush section of Central Brooklyn, was identified in the RFP as “Site K” (the “Project Site”) and is the subject the proposed GPP. (The proposed GPP is annexed hereto as **Exhibit 1** and the **Project Site Location Plan** annexed to the GPP as **Exhibit A.**)

In July 2020, ESD, in partnership with HCR, selected the following development team as the conditionally designated developer (the “Developer”) for the Project: VB Crescent JV LLC, a joint venture entity consisting of CB-Emmanuel Realty LLC, JLJ VB Crescent LLC, and Monadnock Development LLC. The Developer proposes to acquire fee title to the Project Site and to construct new affordable housing, supportive housing, commercial space, and community facility space, as more fully described below in **Section II, “Project Description.”**

The Project Site is located within a socioeconomically disadvantaged area of New York State that has long suffered from disinvestment and marginalization. Residents endure wide economic disparities from unemployment, poverty, high crime rates, and a shortage of affordable and supportive housing. They also experience measurably higher rates of health problems, which is exacerbated by inadequate access to high quality health care and limited opportunities for active recreation.

The proposed project, which will be known as the Utica Crescent Mixed Use Project (the “Proposed Project”), will seek to ameliorate these disparities by providing approximately 322 new housing units on

the Project Site, consisting of affordable and supportive housing together with open space and other recreational, wellness, and social service amenities. As part of the Vital Brooklyn Initiative, the Proposed Project will leverage State programs and resources to improve individual, family and community wellness and health and provide economic opportunities benefiting the surrounding Central Brooklyn neighborhood.

B. Project Site

The Project Site currently is owned by Kingsbrook Jewish Medical Center (“Kingsbrook”), an affiliate of One Brooklyn Health System (“OBH”), and is located at 832 Rutland Road, Brooklyn, New York 11203 (a/k/a Kings County Tax Block 4603, Lot 1). It comprises a land area of approximately 62,624 square feet (sf) and is currently used as a surface parking lot by Kingsbrook. The Project Site is subject to a mortgage in favor of the Dormitory Authority of the State of New York (“DASNY”). DASNY will release the Project Site from the mortgage prior to the Developer’s acquisition of the site from Kingsbrook.

C. ESD Investment

ESD will not be providing any financing or grants for the Proposed Project. The Developer will pay all ESD third party costs associated with the Proposed Project.

D. Public Benefits

The Proposed Project will facilitate the reuse of unused and underutilized property to provide affordable housing to the significantly underserved East Flatbush neighborhood of Central Brooklyn, including supportive housing and housing for senior citizens, and improve wellness and economic opportunities for building residents and the surrounding community. The Proposed Project also will improve economic opportunities in East Flatbush more broadly, which is located within one of the most socioeconomically disadvantaged areas of New York State, and create a health-based community that provides open space walkable access to on-site and neighborhood commercial destinations. Furthermore, the Proposed Project will prevent underutilization of the Proposed Project Site, which currently is only used for surface parking, and provide space for job-creating operations that also will support community health and well-being.

E. Project Evaluation

The redevelopment of this underutilized property as a new mixed-use, health-focused community providing affordable and supportive housing will generate long-term economic benefits for the surrounding community and beyond. Real estate initiatives such as this one may not have easily measurable short-term economic benefits, in which case a benefit-cost analysis (“BCA”) does not apply.

F. Project Schedule

Developer will commence construction of the Proposed Project promptly after the closing, with an anticipated construction of twenty-four months.

II. PROJECT DESCRIPTION

The Proposed Project will consist of a single building with 2 towers that will range in height from 9 to 12 stories. The new development will contain approximately 322 residential units for seniors, formerly homeless persons, low- to moderate- income families, and the building superintendent. The Proposed Project also will provide approximately 3,190 gross square feet (gsf) of community facility space that is anticipated to be operated by a local service provider, approximately 22,546 gsf of commercial space, and approximately 10,000 gsf for ambulatory medical facilities and offices. The building will include elevators, laundry rooms, multi-purpose community rooms, exercise and activity rooms, bicycle storage, and free wi-fi for all residents. A roof-top green space is also planned with an interior roof terrace overlying the first floor between the senior building and the back building. Parking space will be provided for approximately 314 vehicles, approximately 284 of which will be reserved for the use of Kingsbrook employees. (See **Project Site Location Plan**, annexed to the attached GPP as **Exhibit A.**)

To facilitate the Proposed Project, ESD must override the New York City Zoning Resolution in accordance with the UDC Act and as further discussed in **Section VII** of the attached GPP. As also discussed in **Section VII**, the GPP incorporates design controls (“Design Guidelines”) that specify the parameters for permitted development of the Proposed Project in lieu of zoning or other local laws or requirements that are inconsistent with the Proposed Project.

III. Summary of Essential Business Terms

A. Property Acquisition and Disposition of the Project Site

Upon completion of the UDC Act processes, Developer will acquire the Project Site from Kingsbrook.

B. Restrictive Declaration

ESD and the Developer will enter into a restrictive declaration that will be recorded against the Project Site and run with title to the land.

C. Financial Terms

1. Developer will pay Kingsbrook a purchase price (“Purchase Price”) for the fee simple interest in the Project Site. The Purchase Price will be based on a restricted use appraisal and paid on a schedule agreed upon by the Developer, Kingsbrook, and HCR.
2. DASNY will release the Project Site from its mortgage in consideration of the public benefits to be realized from the Proposed Project. Because the mortgage covers multiple sites, DASNY has determined that there is sufficient collateral in the remaining properties subject to the mortgage to cover the outstanding balance.
3. Developer will fund all out-of-pocket, third-party expenses incurred by ESD in connection with the Proposed Project. Developer has executed a cost agreement (“Cost Agreement”) with ESD committing to fund these expenses and has maintained an imprest account with ESD per the Cost Agreement.

Additional business terms can be found in **Section V** of the GPP.

IV. UDC Act Section 10(c), 10(a) and 10(g) Findings

Upon the recommendation of ESD staff, the Directors are hereby requested to make the statutory findings for the Proposed Project that are required under the UDC Act and are set forth in the attached Resolution. The justification for each finding is set forth in **Section VI** of the GPP (attached hereto as **Exhibit 1**).

V. Zoning Overrides and Design Guidelines

In order to implement the Proposed Project, ESD will override the New York City Zoning Resolution and other local laws and requirements, as applicable, in accordance with the UDC Act and establish Design Guidelines for the Proposed Project that will apply in lieu of zoning and other local laws and requirements.

The Design Guidelines will govern development of the Project Site including site planning, land uses and densities, and will establish design controls for the Proposed Project's buildings, open space and other features. All components will be consistent with the Proposed Project's goals and objectives while being similar to, and compatible with, the uses in the surrounding neighborhood.

The City, through the Department of City Planning, has been advised of and has provided input on the Proposed Project, pursuant to UDC Act Section 16(1).

VI. Environmental Review

Pursuant to SEQRA, HCR, as the SEQRA lead agency for the Proposed Project, has determined that the Proposed Project is an "Unlisted" action under SEQRA and has prepared an Environmental Assessment ("EA") that evaluates whether the Proposed Project may have any significant adverse impacts on the environment. HCR issued a Negative Declaration on January 27, 2022 determining that the Proposed Project will not have any significant adverse environmental impacts and as a result, an Environmental Impact Statement need not be prepared. ESD staff reviewed the Negative Declaration and supporting materials and concurs. Therefore, pursuant to SEQRA, ESD staff recommends that the Directors make a Determination of No Significant Effect on the Environment for the Proposed Project.

VII. Non-Discrimination and Contractor and Supplier Diversity

HCR's Office of Economic Opportunity & Partnership Development will be the central entity managing compliance of goals on this project related to utilization of Minority and Woman-Owned Business Enterprises ("MWBE") and Service-Disabled Veteran-Owned Businesses ("SDVOB"). Additional details can be found in **Section IX** of the GPP.

VIII. Requested Actions

For all the foregoing reasons, the Directors are requested to: (a) adopt Project findings pursuant to Section 10 of the UDC Act; (b) adopt the proposed GPP; (c) authorize a public hearing on the proposed GPP pursuant to the UDC Act and other applicable law; (d) based on the recommendation of ESD staff, make a Determination of No Significant Effect on the Environment for the Project in accordance with SEQRA; and (e) authorize all related actions.

The public hearing on the proposed GPP, which will be conducted virtually, will inform the public about the Proposed Project and give all interested persons an opportunity to provide comments on the proposed GPP, pursuant to Section 16 of the UDC Act. All substantive comments on the proposed GPP that are received at the public hearing and during the subsequent public comment period will be presented to ESD's Directors for consideration, and at such time, ESD staff will request that the Directors consider whether the proposed GPP should be affirmed, affirmed with modifications or withdrawn.

IX. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

X. Attachments

Resolutions

Exhibit 1: Proposed General Project Plan

February 17, 2021

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – City of New York (Borough of Brooklyn, Kings County) – Utica Crescent Mixed Use Project (a Land Use Improvement and Residential Project) - Adoption of Findings Pursuant to Section 10 of the New York State Urban Development Corporation Act of 1968, as Amended (the “UDC Act”); Authorization to Adopt the Proposed General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the GPP, Pursuant to the UDC Act and in Accordance with Other Applicable Law; and Authorization to Take All Related Actions

BE IT RESOLVED, that on the basis of the materials presented at this meeting pertaining to the Utica Crescent Mixed Use Project (a Land Use Improvement and Residential Project) (the “Project”), a copy of which materials is hereby ordered filed with the records of the Corporation (the “Materials”), the Corporation hereby makes the following findings pursuant to Section 10 of the New York State Urban Development Corporation Act of 1968, as amended (the “UDC Act”):

Land Use Improvement Project Findings: UDC Act Section 10(c)

- (1) The area in which the Project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area, and tends to impair or arrest sound growth and development of the municipality.
- (2) The Project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
- (3) The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

Residential Project Findings: UDC Act Section 10(a)

- (1) There exists, in the area in which the project is to be located, or in an area reasonably accessible to such area, a need for safe and sanitary housing accommodations for persons or families of low income, which the operations of private enterprise cannot provide.
- (2) The project has been approved as a project of a housing company pursuant to the provisions of the private housing finance law.

UDC Act Section 10(g) Findings

The Project Site currently is used as a parking lot and there are no residential occupants on the site. Consequently, no residential relocation is required under UDC Act Section 10(g); and be it further

RESOLVED, that on the basis of the Materials, and substantially on the terms and conditions described in the Materials, the Corporation does hereby adopt, subject to and pursuant to, and for the purposes of a public hearing required by Section 16 of the UDC Act, and as may be

appropriate pursuant to other applicable laws, the proposed General Project Plan (the "GPP") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer Designate of the Corporation or her designee(s) may deem appropriate, a copy of which GPP, together with such changes, is hereby ordered filed with the recent record of the Corporation; and be it further

RESOLVED, that the GPP shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable law in connection therewith have been satisfied; and be it further

RESOLVED, that the President and Chief Executive Officer Designate, or her designee, be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to take such actions as may be considered necessary or appropriate in connection with the holding of a public hearing on the proposed GPP as required pursuant to Section 16 of the UDC Act and other applicable law, including without limitation, the providing, filing or making available copies of the GPP or a digest thereof and the findings required by Section 10 of the UDC Act relating to the Project, the fixing of a date for such hearing, the publication of a notice relating to the GPP and such hearing in accordance with the UDC Act, other applicable law, and the procedures heretofore approved by the Corporation with respect to similar hearings, and the making of a report or reports to the Directors on such hearings, written comments received, and any local governmental recommendations respecting the GPP; and be it further

RESOLVED, that the President and Chief Executive Officer Designate of the Corporation, or other officer of the Corporation, or his or her designee be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as may be considered necessary or appropriate in connection with carrying out the public hearing(s) and to effectuate the foregoing resolutions.

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February 17, 2021

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT –
City of New York (Borough of Brooklyn, Kings County) – Utica Crescent Mixed Use Project (a Land
Use Improvement and Residential Project) - Determination of No Significant Effect on the
Environment under the State Environmental Quality Review Act (“SEQRA”)

RESOLVED, that based on the Materials submitted to the Directors and the recommendation of
ESD staff, the Corporation hereby determines, in accordance with the State Environmental
Quality Review Act (“SEQRA”), that the proposed Utica Crescent Mixed Use Project will not have
a significant effect on the environment.

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