



Gentrification and Rezoning Williamsburg-Greenpoint

Community Development Studio

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EXECUTIVE SUMMARY

The 2007 Spring Community Development Studio worked with the New York Community Council, a coalition of advocacy organizations, that is concerned about the rapid pace of gentrification and development. The coalition asked for our assistance to develop a report about development subsidies, affordable housing, commercial and industrial change, and residential displacement in Williamsburg-Greenpoint. We 1) examined housing development subsidy programs 2) explored how much select developments receive in subsidies and how much affordable housing is produced and for what income groups 3) compared the affordable housing developed with the average income of the community in which it is built 4) examined the extent to which local residents are displaced from these neighborhoods, and 5) examined change to commercial and industrial areas.

Williamsburg-Greenpoint

In the 1960s and 1970s Williamsburg-Greenpoint suffered severe disinvestment. The Brooklyn Queens Expressway sliced through the communities and waste transfer sites and sewage treatment facilities brought noxious uses to the waterfront. Industrial businesses disappeared as deindustrialization took its toll, and residents and commercial businesses fled. Residents believed that the city too had walked away, focusing resources on other communities. Since then gentrification and more recently rezoning have been transforming Williamsburg and Greenpoint.

A mere one stop away from the Lower East Side on the L train, the Northside and Bedford Avenue was the initial epicenter of gentrifying Williamsburg. As the 90s wore on, bohemian Williamsburg became an ever more alluring neighborhood drawing hipsters and developers who are transforming the neighborhood from a community of

predominantly low rise houses to one marked by thin high rise condos locals refer to as “fingers” with units in the million dollar range. These same forces have rapidly increased housing prices, reduced housing vacancy to less than 2 percent, transformed the commercial corridors, and packed the “L” trains. Locals worry that they have also displaced residents, businesses, and culture.

Recognizing the changes in their communities, residents worked together to craft 197-a community plans that established priorities for neighborhood redevelopment. Their plans focused on increasing the availability of affordable housing, improving access to open space, and redeveloping the waterfront for public access. In May 2005, the city approved a comprehensive rezoning of Greenpoint-Williamsburg which meant increasing density on the waterfront and reducing density upland.

As Williamsburg-Greenpoint and other neighborhoods around the city were being considered for rezoning, community and housing advocates lobbied for the creation of a mandatory Inclusionary Zoning (IZ) program. New York City opted for voluntary model instead and implemented it with a few twists in Williamsburg-Greenpoint. The inclusionary zoning program allows developers to increase their FAR, or floor area ratio, or to receive height bonuses in exchange for building affordable housing. Sites on the waterfront have special regulations for height, bulk, floor area distribution, street scape, and waterfront access. Depending on the district, developers are given a 27%, 13% or 33% density bonus. Generally, between 7.5% and 20% of floor area must be affordable for households at 80% of area median income (AMI) (New York City Department of Planning, 2005). Upland, developers are given a 10% or 33% density bonus and developers must provide 20% of floor area affordable for households at 80% AMI. Upland, affordable units can be located on-site or off and via new construction or preservation of existing affordable units (NYC DCP & HPD, 2005).

The City sought to make an inclusionary housing program that would be attractive to private developers. There are five essential differences between the City’s

old inclusionary program and the new one. First, affordable units do not need to be spread evenly throughout the buildings and affordable units may be built off site. Second, developers can use other subsidy programs in combination with the inclusionary program such as the low-income housing tax credit and tax-exempt bond financing. Third, developers may fulfill their inclusionary housing commitments by preserving existing units of affordable housing. Fourth, the City expanded its 421-a tax exemption exclusion area to the Greenpoint-Williamsburg waterfront. This means that to get the 20 to 25 year exemption, developers must build affordable housing (Salama, Jerry, Michael Schill, and Jonathan Springer, 2005). Fifth, the City created an Anti-Harassment program.

New Development

To better understand the pace, type, and location of new development, we gathered information on the number of units and stories, building type, affordability level, size of units, and location of the development.

- A total of 3,800 units have or will soon enter the market in 84 new construction or rehabilitated developments.

- Developers are building for upper-income single or couple households. New developments have larger numbers of smaller one and two bedroom units that are generally priced between \$199,000 and \$2.37 million.
- Developers range from large national players, such as Toll Brothers, to smaller locally-based operations. Multi-developer partnerships are common to leverage financing.
- Research on new development and rehab site histories shows a shift from industrial to residential uses.
- As part of the rezoning, New York City committed to facilitating construction of 3,548 affordable units through the IZ Program, other subsidy programs, non-profit and community partners, and the use of city-owned land. As of March 2007, the City estimated that it was 57% complete towards meeting its affordable housing goal. We suggest that may be a bit optimistic.

Commercial Change

Commercial establishments and street-level offices reflect the community's complexion and character as they are designed to serve the residents of a community. We conducted a study of change over time of two commercial corridors and a set of scattered sites. We found:

- The number of upscale commercial establishments has increased, while the neighborhood still lacks some basic amenities such as a full-service grocery store.
- The number of nightlife venues—bars, clubs, and restaurants—has increased.
- Rising commercial rents and changing retail tastes of the neighborhood population resulted in higher prices for goods and services.
- Street activity has increased and helped create a greater feeling of safety.

- Light industry, including wholesaling, distribution, and goods and services, had prospered in the neighborhood through adaptive reuse of older manufacturing structures.
- Illegal residential conversion and weak zoning enforcement contributed to, as well as was a symptom of, the hot housing market.
- The 2005 rezoning increased land value mainly through speculation. The pressure of higher profit residential development has driven out manufacturing development from mixed-use zones.
- The loss of industry has meant a loss of employment opportunities for lower wage employees and a loss of the 'walk to work' culture of the neighborhood.

Residential Displacement

To understand how residents are affected by the changes we've discussed, we examined whether, how and why people are displaced. We interviewed residents and community based organization staff to get a better understanding of the processes that produce displacement and found that people are displaced by rising housing costs, demolition, structural damage to existing buildings caused by new construction, and harassment.

Conclusion

Gentrification and rezoning are transforming Williamsburg and Greenpoint. Increased land prices mean higher housing costs, higher commercial rents, and increasing pressure to turn industrial properties into residential ones. Long time residents are finding it difficult to stay. Community activists successfully fought to ensure that the rezoning produced affordable housing and their efforts paid off. Although they were not successful in getting a mandatory IZ program, they fought to

make the most of the voluntary IZ. The expansion of the 421-a exclusionary zone to the waterfront was an important factor in the production of affordable housing there. That the city also allowed developers to combine IZ density bonuses with other subsidies was also important. Unfortunately the story has not been as positive upland where developers receive the 421-a as-of-right, a policy which will change July 1, 2008. This suite of subsidies has produced affordable housing for people with very low incomes. We wonder though about the other alternatives for affordable housing production. Using so many subsidies to produce affordable housing in this context may reduce opportunities in other areas of the city.

ACKNOWLEDGMENTS

Phil DePaolo and the New York Community Council provided invaluable guidance, showed us the many communities of Williamsburg and Greenpoint (wearing out sneakers in the process) introduced us to important contacts and data sources, and tirelessly answered our nearly endless stream of questions. Anna Sawaryn, Chairperson of the Coalition to Save the East Village, and Rob Hollander, Director of the Lower East Side Residents for Responsible Development, shared their neighborhood, experiences with gentrification and concerns about rezoning.

We extend our gratitude to the residents, community organization staff members, officials, and developers who shared their stories and experiences with us. We cannot thank everyone by name because of confidentiality agreements. Many community members told us their stories and shared their thoughts about neighborhood change: Adam Forest Huttler, Keep the Arts in Williamsburg; Robert Elmes, Galapagos Art Space; David Pagan, Los Sures; Rabbi Niederman, United Jewish Organizations of Williamsburg; Frank Lang, St. Nicholas Neighborhood Preservation Corporation; Marty Needleman, Brooklyn Legal Services; Jack Bikowski, People's Fire House; Brad Lander, Pratt Institute for Community Economic Development; Michael Freedman-Schnapp, New York Industrial Retention Network; Paul Parkhill, Greenpoint Manufacturing and Design, and Winifred Curran, DePaul University in Chicago. Susan and Regina of Kline Realty generously shared their experiences and contacts.

Staff from New York City Housing Preservation and Development, New York City Department of Planning, and Housing Development Corporation provided us with data, insights into the city's view of development, neighborhood change, the production of affordable housing, and promptly responded to our FOIA requests.

Finally, we thank the reference librarians at the Science Industry and Business Library of New York who cheerfully located Coles Reports visit after visit.

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WILLIAMSBURG-GREENPOINT

The 2007 Spring Community Development Studio worked with the New York Community Council, a coalition of advocacy organizations, that is concerned about the rapid pace of gentrification and development. The coalition asked for our assistance to develop a report about development subsidies, affordable housing, commercial and industrial change, and residential displacement in Williamsburg-Greenpoint. We 1) examined housing development subsidy programs 2) explored how much select developments receive in subsidies and how much affordable housing is produced and for what income groups 3) compared the affordable housing developed with the average income of the community in which it is built 4) examined the extent to which local residents are displaced from these neighborhoods, and 5) examined change to commercial and industrial areas.

Williamsburg and Greenpoint are two distinct communities of Community Board 1 located in North Brooklyn. Connected to Manhattan by the Williamsburg Bridge and the subway, Williamsburg and Greenpoint quickly become home to thriving ethnic enclaves. Southern Italian immigrants primarily from the town of Nolani settled on the Northside,¹ a Hasidic community grew on the Southside, and a Polish community settled in Greenpoint (See Map 1). More recently, Latino communities expanded on the South and East Side and new immigrants from Europe, Latin America, and Asia are moving to the communities. Williamsburg was known as a walk to work community as it was home to a concentration of industry located on the waterfront and throughout the residential communities. Pfizer Pharmaceuticals, Corning Ware, Domino Sugar, and Standard Oil all had facilities there.

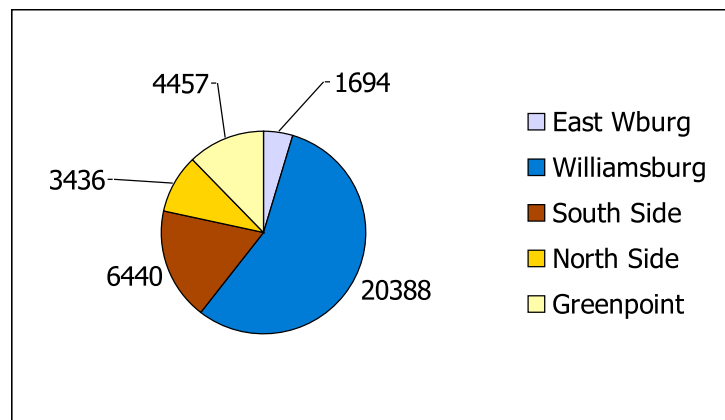
¹ Today, more than 100 years later, the Northside Italian community continues to celebrate the two-week long Festa del Giglio which has become a part of the Williamsburg culture and attracts people from all over.



Source : NYC DCP PLUTO 2007; NYC MTA 2007

In the 1950s the Brooklyn Queens Expressway sliced through the communities and waste transfer sites and sewage treatment facilities brought noxious uses to the waterfront. Industrial businesses and jobs disappeared as deindustrialization took its toll and residents and commercial businesses fled. Between 1960 and 1980 the population decreased from 179,357 to 142,942. East Williamsburg lost half of its residents and the North and South Sides each lost 30 percent (See Figure 1). The percentage of renter-occupied units increased especially on the South Side and vacant units increased 43 percent with the most significant increases in East Williamsburg and on the North and South Sides. In 1980, 8 percent of housing units were vacant (See Table 1). Residents believed that the city contributed to neighborhood decline by shifting services away from Williamsburg during the 1970s financial crisis and towards other neighborhoods.

Figure 1. Population Loss 1970-2000



Source: Geolytics, Neighborhood Change Database

Table 1. Housing Occupancy by Tenure and Vacancy Rate

	East Williamsburg	Williamsburg	South Side	North Side	Greenpoint	Greenpoint- Williamsburg
1970						
Total Occupied Housing Units	992	31,887	6,200	4,395	13,539	57,013
Renter Occupied	949	22,694	2,665	3,863	10,890	41,061
Owner Occupied	43	9,193	3,535	532	2,649	15,952
Total Vacant Housing Units	48	1,536	502	277	513	2,876
Housing Vacancy Rate	4.62%	4.60%	7.49%	5.93%	3.65%	8.34%
1980						
Total Occupied Housing Units	508	27,685	5,000	3,747	13,566	50,506
Renter Occupied	484	24,200	4,747	3,156	10,874	43,461
Owner Occupied	24	3,485	253	591	2,692	7,045
Total Vacant Housing Units	146	1,959	874	425	711	4,115
Housing Vacancy Rate	22.32%	6.62%	14.88%	10.19%	4.98%	5.16%
% Change						
Total Occupied Housing Units	-48.8%	-13.2%	-19.4%	-14.7%	0.2%	-11.4%
Renter Occupied	-49.0%	6.6%	78.1%	-18.3%	-0.1%	5.8%
Owner Occupied	-44.2%	-62.1%	-92.8%	11.1%	1.6%	-55.8%
Total Vacant Housing Units	204.2%	27.5%	74.1%	53.4%	38.6%	43.1%
Housing Vacancy Rate	17.7%	2.0%	7.5%	4.3%	1.3%	-3.2%

Source: Geolytics Neighborhood Change Database

The severity of Williamsburg's decline left the neighborhood with undervalued real estate, devastated commercial corridors, and vacant lots and buildings presenting an opportunity for groups seeking affordable spaces. Williamsburg offered artists an inexpensive alternative to the increasingly pricey West and East Villages. Williamsburg was close to the familiar art districts of Lower Manhattan but free of the commercialization of the downtown art scene. Artists moved into the neighborhood in the 1970s increasing their presence over the years producing their own bohemian community with galleries, shops, and networking spaces.

Gentrifying Williamsburg

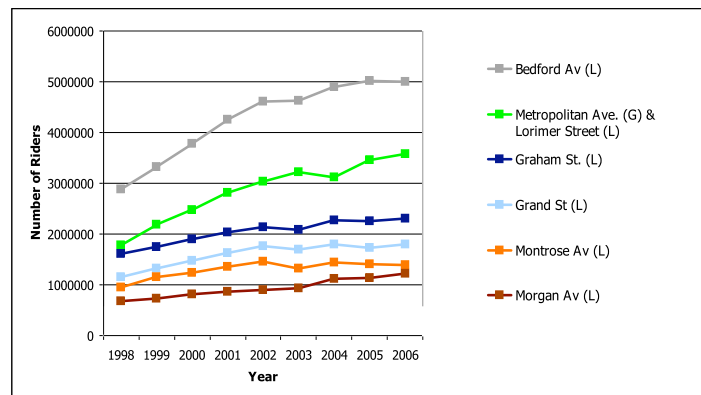
The proximity, price, and culture were irresistible. The "hipsters" (young people who reject mainstream culture and gravitate toward the arts) followed the artists helping to fuel the neighborhood's transformation. A mere one stop away from the

Lower East Side on the L train, the Northside and Bedford Avenue became the epicenter of gentrifying Williamsburg. The area surrounding the Bedford Avenue subway stop quickly became home to restaurants and community spaces that drew new residents. Bedford Avenue thrived with the Bedford Cheese Shop, Internet Mall, a bookstore, and coffee shops. Gentrification expanded outward from Bedford Avenue towards the waterfront, North into Greenpoint, into East Williamsburg along the “L” line and into South Williamsburg.



Data on entrances to the subway system show a dramatic increase in usage between 1998 and 2006. The stops closest to Manhattan (Bedford Avenue and Lorimer Street) have larger total ridership and the greatest change in annual ridership between 1998 and 2006. Annual ridership from the Bedford Avenue Station increased 72 percent and from the Metropolitan Avenue (G) and Lorimer Street (L) Station increased 81 percent (New York City Transit, 2007; See Map 2 and Figure 2).

Figure 2. Change in Subway Ridership





Source : MTA NYC Transit 2007; NYC DCP PLUTO 2007

Developers emerged in force in the early 2000s. Old industrial buildings were demolished or revived as lofts and lofts emerged on narrow low rise residential streets leading residents to refer to them as “fingers.”



Developers are selling Williamsburg as a bohemian oasis that is apart from Manhattan but is also close enough to access via a “refreshing” ferry ride across the East River.

Halsted Property describes Williamsburg:

“Williamsburg pulsates with art, culture, and nightlife.

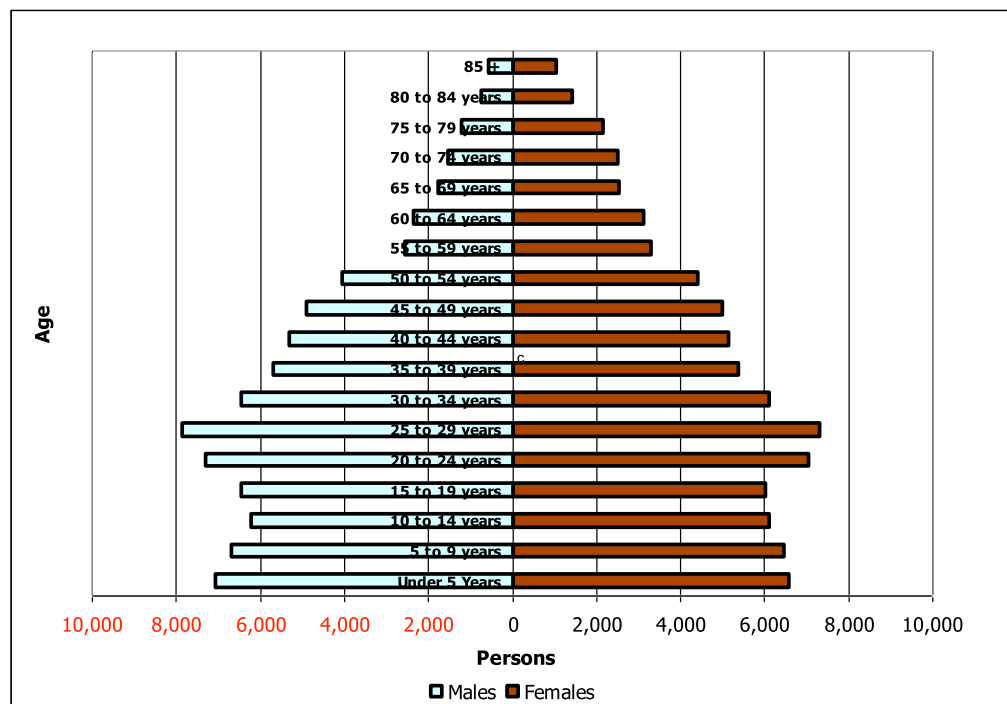
Holland Tunnel, Pierogi 2000, and Ch’i Art Space are just a few of the many galleries that command center stage in today’s progressive art scene. Pete’s Candy Store hosts weekly poetry readings and literary discussions.

After hours, the neighborhood sizzles.” (Halsted

Property, 2007 <http://schaeferlanding.com/galleries.html>). Presumably people are moving to appreciate neighborhood culture but they are also no doubt moving for many of the reasons that drew artists in the first place - an eclectic and comparably affordable neighborhood in close proximity to Manhattan. Certainly the prices are high but it is possible to buy more house in Williamsburg than in most of Manhattan.

Gentrification has transformed the neighborhood bringing new residents, galleries, cafes, bookstores, restaurants, bars, condos, and more and more hipsters. But does Williamsburg “sizzle” for everyone? These same forces have rapidly increased housing prices, reduced housing vacancy to less than 2 percent, transformed the commercial corridors, and packed the “L” trains. Locals worry that they have also displaced residents, businesses, and culture. A new younger wealthier population is calling Williamsburg home. The percentage of residents between the ages of 20 and 29 has grown (See Figure 3).

Figure 3. Age-Sex Pyramid - Williamsburg, Brooklyn 2000



It would be hard to miss the changes in Williamsburg-Greenpoint today. The neighborhoods are awash in new residential construction. Between 1998 and 2004 building permits authorized 4,695 new units, almost a six fold increase from the previous period (NYCHANIS). Some might suggest that the new construction offers some optimism to relieve overcrowding, but the new construction, with condos that sell in the millions, are a far cry from the needs of many of the neighborhood's existing residents. In addition to rising rents, Williamsburg has also experienced rising roofs with an explosion of new development. Between 1990 and 2000, the total number of housing units increased 7.8 percent to 58,995 units (U.S. Census, 2000) (See Table 1). Since 2001 building permits for one- and two-unit buildings has stayed the same at approximately three permits per year, while permits for 5+ unit buildings increased from 33 in 2001 to 96 in 2003.

The 2000 Census microsample data² provide some additional insights into the changing demographics. The education level has increased. The percentage of people with bachelor degrees who moved into units between 1995 and 1998 (10.6 percent) is more than twice the percentage of people with bachelor degrees who moved into their units before 1980 (approximately 4 percent). Furthermore, 19.8 percent of those who moved into their units in 1999 or 2000 had a bachelor degree.

While it is difficult to draw conclusions from occupation data, given the changes in New York City's population and economy, it provides an interesting snapshot of the numbers of people employed in different job types based on the date they moved into their unit. There was an influx of artists and related positions during the 1980s and 1990s and 1,075 people identified themselves as artists in 2000. Of these only 24 indicated they had moved into their unit before 1969. Many more artists moved into their unit between 1990 and 1998 (717) and 180 artists moved in 1999 or 2000. There are similar increases for artist-related fields, such as designers (719 moved between 1995 and 1998 compared to 41 prior to 1969) and musicians (113 moved 1995 to 1998 compared to 24 between 1980 to 1989). Occupations typically defined as "professional" also increased. For example, only 64 financial managers moved into their units between 1980-1989 compared to 166 between 1995-1998. Thirty-eight people listing their occupations as "marketing and sales managers" moved into their unit between 1980-1989 compared to 86 between 1995-1998 and 122 in 1999 or 2000.

The increase in the number of professionals is offset by a decrease in the number of blue collar workers. For example, 101 printing machine operators moved into their units before 1970 compared to only 54 in 1995-1998. More than 100 automotive service technicians and mechanics moved into their unit prior to 1970 or between 1980-1990 compared to a total of 75 1990-2000.

² We analyzed data in the public use microsample area (PUMA) that encompasses Greenpoint and Williamsburg. PUMA areas are not organized based on neighborhood boundaries. Therefore, the data does not include a few Census tracts that we included as part of Williamsburg for other parts of our analysis.

The average family size also appears to be decreasing among those who moved to the neighborhood more recently. More than 40 percent of respondents who moved to their unit in each of the periods between 1970-1998 were married-couple family households. Only 31 percent of those who indicated moving in 1999 or 2000 were married couple households. Offsetting the decrease in married-couple households is an increase in single-person households—individuals living alone and with roommates. Of people who indicated moving 1970-1979, only two percent were male householders or female householders not living alone (2.0 and 2.2 percent, respectively). In contrast, 12.4 percent of women and 13.8 percent of men moving in 1999 or 2000 indicated they were living with roommates.

Conclusion

While the population growth and development has revived Williamsburg, it raises new problems and concerns for residents. Manufacturing jobs have left the area, requiring residents to commute to other parts of the City for employment. The growing numbers of residents strains public services such as transit and social services. There is increasing upward pressure on rents and housing prices. Many Williamsburg community members are particularly concerned about the neighborhood's ability to maintain its diverse mix of racial, ethnic, and income groups given these changes. The next section provides a more in-depth analysis of how these changes have impacted housing and the neighborhood's housing needs.

HOUSING NEED

In this section we analyze housing needs and how they have been affected by gentrification and rezoning. First, we examine the general definition of housing need and how need is measured. Next we discuss housing need in New York City to provide context for Williamsburg. Finally, we provide a more detailed look at housing need in Williamsburg.

Defining and Measuring Housing Need

Housing need is multidimensional and includes affordability, availability, and quality. Secondary considerations include demand for housing assistance, unmet demand, and incidence of homelessness (See Table 2).

New York City

While in many parts of the country the air has come out of the housing bubble, the New York City housing market is still going strong. Many factors have fueled New York's tight housing market. Home loans have become increasingly accessible due to historically low interest rates; mortgage brokers have expanded offerings to potential buyers through a range of new, adjustable rate mortgage products, and New York has a growing class of wealthy young professionals, supported by enormous Wall Street bonuses, high starting associate salaries at large law firms, and a strong regional economy. Housing production has not kept up with housing demand. The gap between rental housing supply and rental housing demand in 2005 was estimated to be 100,000 units (Been, et. al., 2005). While these annual calculations also estimate that the gap is declining by approximately 9,000 units per year, if population growth rate and housing production rates remained constant it would take 11 years to eliminate this gap.

Table 2. Overview of Measures of Housing Need

Measure	Definition	Implications
Affordability	No more than 30% of household income	Measure typically does not include full cost of ownership or rental, for example it does not include transportation costs to jobs or utilities.
Availability	Number of units vacant at rent levels affordable (see above) to households at various income levels.	Overall vacancy rate and by unit type and rent (or price) amount. Vacancy rates are usually much lower for lower priced units.
Quality <ul style="list-style-type: none"> Unit Quality Overcrowding 	<ul style="list-style-type: none"> Unit meets code requirements; free from peeling paint, leaks, mold Defined by the U.S. Census as exceeding 1 person per room. 	<ul style="list-style-type: none"> Unit quality is particularly a concern for families with children. Given the high percentage of housing stock built before 1978, lead-based paint hazards can be a significant problem. Families might only be able to afford poor quality housing stock. This seems to be an overlooked measure of housing need. With increasing rent burdens, many families have been forced to double and triple up.
Unmet Need for Housing Assistance	1) Length of waiting lists to receive housing assistance. Shelter use 2) Amount of time on waiting list to receive housing assistance	<ul style="list-style-type: none"> The demand for housing assistance nearly always exceeds the supply. Developments opting out of the Mitchell Lama and Project-Based Section 8 programs Loss of units from rent regulation status due to: <ul style="list-style-type: none"> High Income Decontrol—Apartments renting for more than \$2000 may be rent destabilized if the renter's income is greater than \$250,000 for two consecutive years. Vacancy Decontrol—Vacated apartments may be deregulated if they are rented for more than \$2000 per month. Substantial rehabilitation—Units may be deregulated if owners substantially rehabilitate (replace at least 75 percent of) building-wide and unit systems. Conversion—Units will be deregulated if a building is converted into condos or co-ops. (NYC Rent Guidelines Board, 2006) LIHTC expiring
Homelessness	Number of people without housing.	The New York City Department of Homeless Services tracks daily shelter usage.

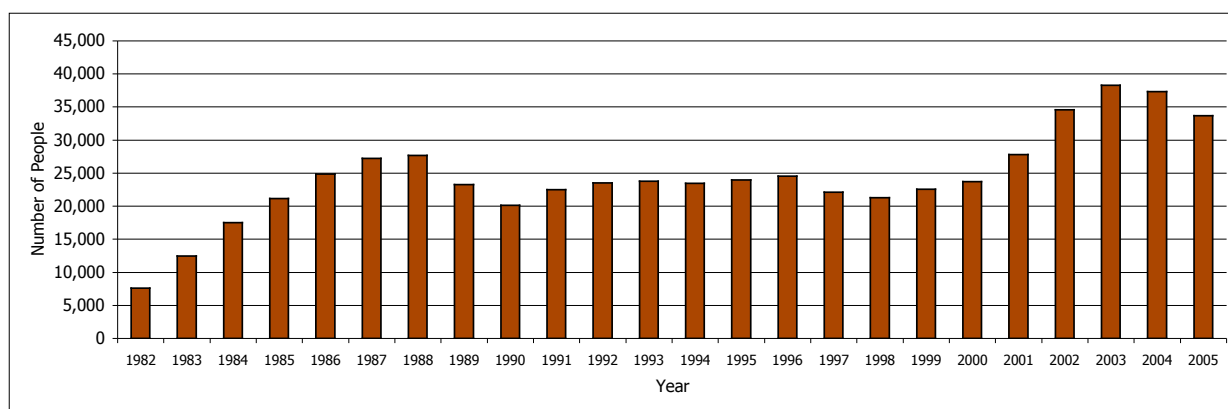
Vacancy rates less than five percent suggest a housing crisis and in 2005, the City's vacancy rate was 3.1 percent (NYCHVS, 2005). In 2002, the vacancy rate in Williamsburg-Greenpoint was one percentage higher than in New York City; however, the 2005 Williamsburg-Greenpoint rate was about half New York City's rate. Vacancy rates are lower for lower priced housing. In 2002, the vacancy rate was 1.54 percent for units with rents less than \$500 and 1.42 percent for units with rents between \$500 and \$699. In contrast nearly 10 percent (9.25 percent) of units renting for more than \$1,750 were vacant (Housing First, 2005). The lack of housing availability creates substantial problems for low- to moderate-income households. Between 1975 and 1999 inflation adjusted renter incomes increased by three percent; inflation adjusted rents increased by 33 percent. Between 2002 and 2005, real median income declined by 6.3 percent, but real median rents increased by more than 8 percent (Housing First, 2005).

When households cannot find affordable housing many are forced to double and triple up. The percentage of City households with a severe affordability or crowding problem in 2005 (21.9 percent) is four percentage points higher than in 2002 (17.8 percent) (NYCHANIS/NYCHVS, 2002,2005). Anecdotal evidence suggests that doubling up is a growing trend that is not fully captured by the Housing and Vacancy Survey. Many elderly residents of smaller rental properties are displaced when landlords sell the property. According to the executive director of an organization working with seniors, there is a growing trend of seniors moving in with other family members because their landlord either raised the rent or sold their apartment building. This situation is particularly true among the Hispanic and Asian communities on the South Side (Interview, 2007).

The City has experienced an increase in the homeless population. The Mayor's Five-Year Plan projected there would be fewer than 7,400 homeless families in February 2007. The actual number was 25 percent higher—9,287 families (Coalition for the Homeless, 2007). As of March 1, 2007, approximately 35,000 people were in homeless

shelters, including 14,251 children (NYC Department of Homeless Services, 2007). While this figure represents a point in time count and is slightly lower than the annual averages in 2003 and 2004, there has been an overall upward trend in the homeless population since 1998 (See Figure 4). The number of single adults in shelters is declining, but the number of families with children in shelters has grown. These numbers are indicative of the increasing inability of lower income families to find affordable housing in New York.

Figure 4. Annual Average Number of Homeless in New York City, 1982-2005



Source: New York City Department of Homeless Services Historical Data

In addition to a lack of shelter space, there is also a lack of assistance to support those who need housing. As of April 2005, 12,763 households were on the New York City Housing Authority Section 8 voucher waiting list (Housing First, 2005). The City has only recently reopened its Section 8 waiting list, which had been closed for several years. Another indicator of future challenges to assisted housing is the percentage of units with contracts expiring in the next few years. In 2004, New York City had 121,341 multifamily housing units with active project-based Section 8 contracts. According to the 2004 data, 44 percent of these contracts were set to expire between 2004 and 2007.

An additional 28 percent of contracts were scheduled to expire between 2008 and 2013 (HUD Multifamily Section 8 Database). These figures represent the potential loss of nearly 75 percent of the federally-assisted multifamily units. When the Section 8 contracts expire, the owners have the option to leave the program, unless the government intervenes. If the City government is diverting resources to save existing affordable housing, for example by buying out owners or exchanging City-owned vacant lots, it has fewer resources to devote to increasing the overall supply of affordable housing to meet the growing need.

Williamsburg

The diversity of Williamsburg's population creates a diversity of housing need. Some ethnic groups, such as the Hasidim, traditionally have large families and need larger units. Young families need affordable "starter homes." The elderly, who are a growing segment of the Williamsburg population numbering more than 20,000, need handicapped accessible units located close to stores and services. And all residents need housing that is affordable relative to their incomes.

The members of Community Board 1 identified housing as a top priority in the FY2008 community needs assessment. The board is concerned about the City's efforts to meet the needs of the current population: "these residents who have invested sweat equity in our community when others chose to stay away must not be forgotten" (NYC CB 1 Statement of Needs FY2008, 2006: 4). Examining Williamsburg's housing stock using the housing need factors described earlier suggests that the existing stock and proposed units are not meeting all of the community's needs. The affordability gap is evident in 2004, a year for which we have rental and income data. According to Kline Realty records, the average rent of a unit on the market in 2004 was \$1,276 (Kline Realty data, 2004). Using the commonly accepted guideline that no more than 30 percent of

income should be spent on housing, the typical household would need to earn \$49,840 to afford the average-priced market unit comfortably. In fact, the median income in Williamsburg is much lower. The 2004 average median income of renters was \$31,200, only two-thirds of the income required to afford the average, market rate apartment (NYCHVS, 2004).

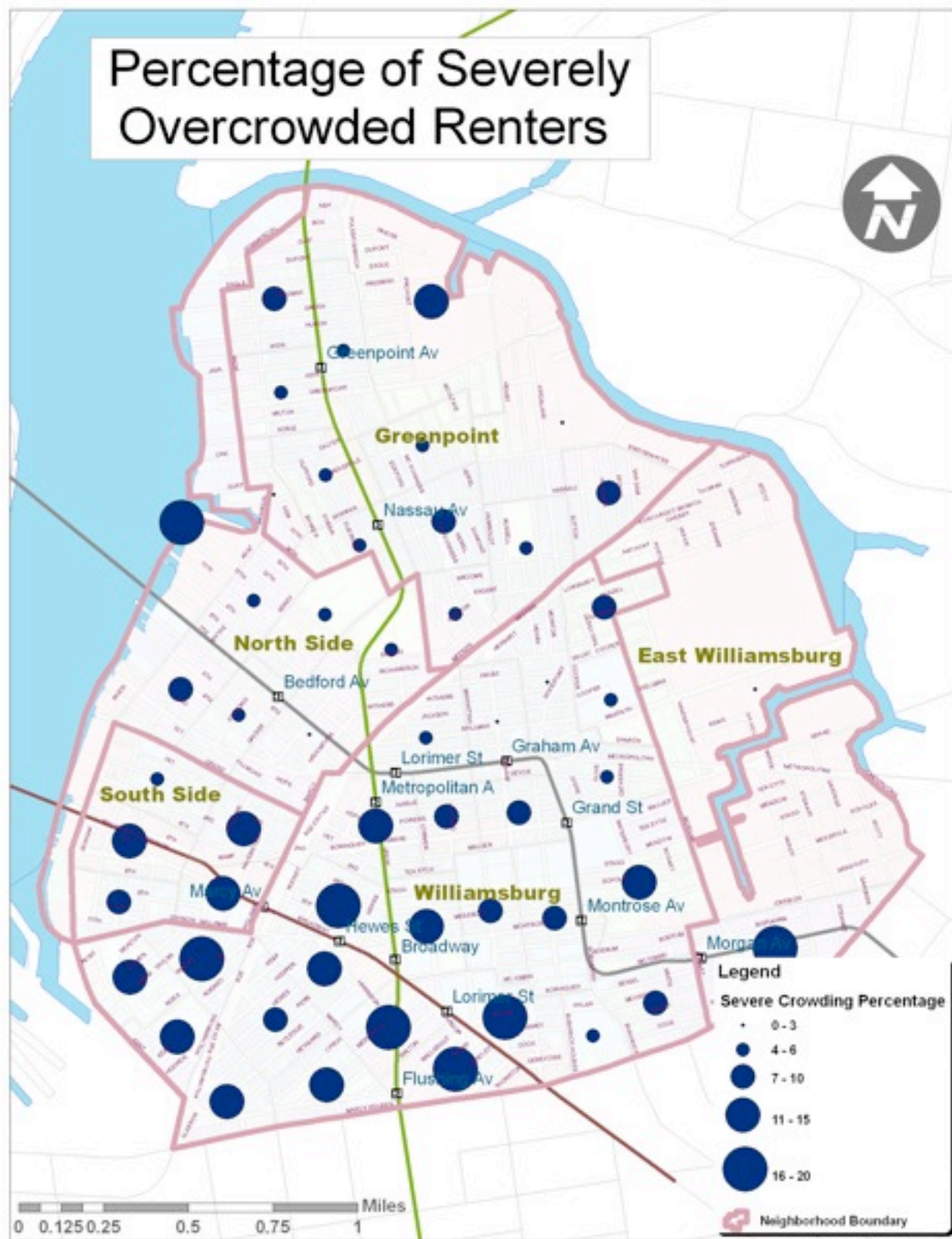
In terms of severe rent burden, defined as households spending more than 50 percent of their income on rent, Williamsburg fairs slightly better than other parts of New York. Twenty-two percent of Williamsburg households have severe rent burdens. Slightly higher percentages of households in New York City (23.7 percent) and Brooklyn (26.5 percent) can be described as severely rent burdened. Looking at the distribution of households with severe rent burdens by neighborhood shows greater numbers of households with severe rent burdens are located on the Southside (See Map 3). This neighborhood is home to most of the neighborhood's public housing units. The pressure of high housing costs also affects homeowners in Williamsburg. In 2005, 35 percent of Williamsburg homeowners spent more than 60 percent of their income on housing costs (NYCHVS, 2005). In contrast, only 19.1 percent of owners in Brooklyn and 16.5 percent of owners in New York City had housing costs greater than 60 percent.

The demand for housing outpaces the supply. The vacancy rate in Williamsburg declined from 3.8 percent in 2002 to 1.7 percent (Been et al., 2005).³ Other data help illustrate the lack of housing in the neighborhood. Between 2002 and 2005, the number of housing units in the sub-borough declined by 588 units from 55,000 to 54,412. However, during 2002, 2003, and 2004, 1,118 certificates of occupancy were issued (Been et al., 2005). These figures suggest that the number of units being created is not offsetting the number of units falling out of the market.

³ The report indicates that these numbers are based on a small sample size and should be treated with caution.



Source: U.S. Bureau of the Census 2000; NYC DCP PLUTO 2007; NYC Transit 2007



Overcrowding is a major part of the housing need story in Williamsburg and in the City. In 2000, approximately 19 percent of housing units were crowded (NYC DCP Brooklyn CD 1 Profile, 2005).⁴ The percentage of crowded renters is over two times greater than owners. Map 4 illustrates overcrowding rates in Williamsburg by Census tract. As with the proportion of rent-burdened households, high numbers of overcrowded households are located in the Southside and Williamsburg sub-neighborhood areas. The rate of severe overcrowding shows an even greater disparity. The proportion of severely crowded renters is three times greater than their owner counterparts in 2000 (3.0 percent and 9.5 percent respectively).

CONCLUSION

While changes in Williamsburg over the past few years have brought new residents and new developments, the aggregate data on affordability, availability and quality suggest that it has become more difficult for households at the lower end of the income scale to find decent and affordable places to live in the neighborhood. Rents increased, vacancy rates decreased, and wages remained stagnant. Meanwhile, the local manufacturing base that anchored the neighborhood has lost jobs. These conditions have created a very difficult housing market for long-time renters as well as people looking to move into the neighborhood. In the continuing sections we provide an in-depth analysis of the affordability of the new developments, the resulting business transformation, and the impact on neighborhood residents.

⁴ Crowding is defined by the U.S. Census Bureau as greater than 1.0 occupant per room; severe crowding is defined as 1.5 occupants per room or more.

REZONING

In May 2005, the city approved a comprehensive rezoning of Greenpoint-Williamsburg which was part of a city-wide effort to increase housing opportunities and revive New York's waterfronts as an economic asset. The rezoning increased allowable densities on the waterfront and reduced allowable densities upland. The City differentiated two areas of Greenpoint-Williamsburg: waterfront and upland (See http://www.nyc.gov/html/dcp/pdf/greenpointwill/incl_housing_web.pdf). Before the rezoning, the waterfront was zoned for manufacturing and industrial use and residential use was generally prohibited within a few blocks of the East River. Now, dense residential development is the norm. Upland, manufacturing, residential, and commercial uses had long coexisted in mixed-use districts. Some of these areas were replaced by residential districts where new industrial uses are prohibited. In other cases, upland industrial districts were replaced by mixed-use districts where residential uses are now allowed. In general, the amount of space zoned for industry decreased while the amount of space zoned for residential use increased. Within the new residential districts, commercial overlays promote the commercialization of corridors such as Bedford Avenue.

While tall high-rises are now permitted on the waterfront, "contextual zoning districts" were mapped onto upland areas. The City promoted contextual districts as protective of neighborhood character, with height and bulk limits lower than the old zoning and consistent with the low-rise street wall of the neighborhood. The contextual districts are located on the North Side of Williamsburg and part of Greenpoint. Residential districts on the South Side and in East Williamsburg are not protected by contextual zoning, which allows developers to build higher than the existing building heights. In addition, taller buildings have been built within the contextual districts because they were grandfathered.

Zoning regulations changed in four principal ways: new residential districts, contextual zoning in existing residential districts, removal of existing mixed use zoning districts, and new mixed use zoning districts. Some areas previously zoned as manufacturing and commercial were rezoned for residential use. Low and medium-density commercial districts generally allow for residential use, while manufacturing districts generally exclude residential use. Rezoning these areas as residential districts reduced the availability of manufacturing and commercial space, and more broadly legalized much of the already-occurring conversion of industrial space to residential use. The manufacturing district along the waterfront extending north of North 3rd Street to Manhattan Avenue was entirely rezoned as a number of medium (R6, R6A, R6B) and high-density (R8) residential districts. This resulted in a de facto upzoning of the waterfront by making medium and high-density residential construction possible where it was previously not.

Some residential districts were changed from “height-factor districts” (R6) to “contextual districts” (R6A and R6B). When the City adopted its master zoning resolution in 1961, almost all residential zoning in Greenpoint and Williamsburg was zoned R6. However the types of buildings that these zoning codes encourage (tall, thin towers surrounded by green space and parking) are unlike those of the existing low-rise street scape in Greenpoint and Williamsburg. The R6A and R6B districts were created to shape new architecture that fits in to the context of the neighborhood. Theoretically, R6A and R6B districts require more-compatible development in upland. With mounting development pressures however, projects such as the “finger building” on North 8th Street in Williamsburg (previously R6, now R6B) have been grandfathered despite community opposition. Currently, the development is zoned in an area that does not allow buildings over 50 feet. Williamsburg was starting to see higher buildings in low-rise residential neighborhoods, as portrayed by the “finger building” example. The rezoning will not permit buildings of this height in the future.

All existing mixed use districts were removed and new mixed use and overlay districts were added. The “Special Northside Mixed Use District” and “Special Franklin Street Mixed Use District,” which allowed R6 residential development and M1-2 manufacturing uses, were replaced by R6A and R6B districts. Within these districts, a C1-4 commercial overlay extends the length of Bedford Avenue in Williamsburg’s North Side and a C2-4 overlay is on Green Street in Greenpoint. Because manufacturing and residential uses cannot typically exist in the same zoning districts (except in special cases such as artists’ live/ work spaces), these districts were previously some of the only legal areas where the two uses coexisted. Rezoning these mixed industrial-residential districts as residential districts with small commercial overlays reduces the availability of manufacturing and commercial space.

New Mixed Zoning Districts were created to allow residential development in some of the former industrial-only districts. Between Kent Avenue and Berry Street, some manufacturing was maintained. The manufacturing district between North 9th Street and Guernsey Street remains. Below North 9th Street, a new MX zoning district replaces parts of the former M1-2 and Northside Special Zoning Districts.

Inclusionary Zoning

To ensure affordable housing in the rezoning of several New York City neighborhoods, the New York City Campaign for Inclusionary Zoning formed as a coalition of more than 70 community organizations. Inclusionary Zoning (IZ) programs generally require developers to produce a certain percentage of affordable housing units in return for specific benefits such as density bonuses, zoning variances, and expedited permits (PolicyLink, 2006). New York City has had an inclusionary housing program in the highest-density residential districts of Manhattan since the 1980s, allowing developers to increase the height and bulk of their buildings, and thus their profitability,

in exchange for providing affordable units but the program has not produced many units (Salama, Schill, and Springer, 2005).

Community advocates campaigned for mandatory inclusionary housing throughout the rezoning process (North Brooklyn Alliance, 2005). The North Brooklyn Alliance, a coalition of local businesses, religious institutions, and community-based organizations, fought for a mandatory 40 percent of new units to be affordable.⁵ Instead, Greenpoint-Williamsburg's Inclusionary Housing Program is voluntary and incentive-driven. Developers may provide affordable housing in return for a floor area ratio (FAR) bonus which allows them to build greater density or taller bulkier buildings. Affordable units may be constructed on-site or off; on-site units carry a better bonus. Program rules differ for the waterfront and upland areas.

Upland, developers receive a 33 percent FAR in zones R6A, R6 (on wide streets), and R7A districts if they provide 20 percent affordable housing to low-income households. Upland sites that receive the inclusionary housing bonus must create one square foot of low-income housing for every 1.25 square feet of bonus floor area. The affordable units can be built on the same site or off-site through new construction or preservation of existing affordable units. Table 3 shows FARs and height limits for the zoning districts in the upland area (NYC DCP, 2005).⁶

⁵ Civic and community organizations involved in the rezoning process include: NYC DCP, Department of Housing Preservation and Development (HPD), Brooklyn Community Board 1, the North Brooklyn Alliance, Los Sures, Neighbors Against Garbage, St. Nicholas Neighborhood Preservation Corporation, the Greenpoint Clergy Cluster, and Churches United for Fair Housing.

⁶ FAR is defined as "total floor area on a zoning lot divided by the area of that zoning lot. Each zoning district classification contains an FAR control which, when multiplied by the area of the zoning lot, produces the maximum floor area allowable on that lot" (City of New York, 2005: 3). For example, if a lot is 5,000 square feet, a total of 10,000 square feet can be built with an FAR of 2.0.

Table 3. Zoning Districts (Upland)

District	Max FAR without Bonus	Max FAR with Bonus	Max Base Height	Max Total Height
R6B, M1-2/R6B	2	2.2	40 feet	50 feet
R6, M1-2/R6 (narrow street)	2.2	2.42	45 feet	55 feet
R6A, M1-2/R6-A, R6, M1-2/R6 (wide street)	2.7	3.6	60 feet	70 feet
M1-2/R7A	3.45	4.6	65 feet	80 feet

Source: Department of City Planning, 2005

Waterfront sites have special regulations for height, bulk, floor area distribution, street scape, and waterfront access. Table 4 shows maximum FARs and heights for a variety of zoning districts (NYC DCP, 2005). Developments on sites within both R6 and R8 zones must provide either 20 percent of floor area affordable to low-income households below 80 percent of Area Median Income (AMI), or 10 percent of floor area affordable to low-income households below 80 percent AMI plus 15 percent of floor area affordable to moderate-income households below 125 percent AMI to receive the inclusionary housing bonus (NYC DCP, 2005). Developments on sites located only within an R6 zone must provide either 7.5 percent of floor area for low-income households below 80 percent AMI, or 5 percent of floor area affordable for low-income households below 80 percent AMI plus 5 percent of floor area affordable to moderate-income households below 125 percent AMI in order to receive the inclusionary housing bonus (NYC DCP, 2005).

Table 4. Zoning Districts (Waterfront)

	Without Bonus		With Bonus	
District	Max FAR	Max Height	Max FAR	Max Height
Blended R6/R8	3.7	150, 230, 300 feet	4.7	150, 300, 400 feet
R6	2.43	150 feet	2.75	150 feet
R8	4.88	230, 330 feet	6.5	300, 400 feet

Source: Department of City Planning, 2005

Affordable units can be new affordable units developed on-site or off or substantial rehabilitation or preservation of existing affordable units off-site.⁷ The off-site affordable units have to be located in the same community district as the site receiving the bonus or within half a mile of the development in an adjacent community district in Brooklyn (NYC DCP, 2005). The preservation of these units will be counted as the creation of “new” affordable housing; however, the units are not newly created, but rather are preserved affordable units.

The City sought to make an inclusionary housing program in Greenpoint-Williamsburg that would be more attractive to private developers (See Table 5). There are five major differences between the City’s old inclusionary program and the new one in Greenpoint-Williamsburg. First, affordable units do not need to be spread throughout the buildings. This allows developers to place affordable units on lower floors or in a separate unit which means they can charge more for market-rate units increasing the cross-subsidy for the affordable units. Affordable units may also be built off-site. Second, developers can use other subsidy programs in combination with the inclusionary program such as the Low Income Housing Tax Credit (LIHTC) and tax-exempt bond financing. Third, developers may fulfill their inclusionary housing commitments by preserving existing units of affordable housing.

⁷ The city’s original inclusionary housing program did not include the preservation of existing affordable units as a component of the program.

Table 5. Old versus New Inclusionary Program

Inclusionary Housing Program in R10 Districts (1987)	Williamsburg-Greenpoint Inclusionary Housing Program (2005)	
	Waterfront (Blend R6/R8)	Upland (R6A)
Increases FAR from 10.0 to 12.0 (20% density bonus)	Increases FAR from 3.7 to 4.7 (27% density bonus)	Increases FAR from 2.7 to 3.6 (33% density bonus)
For every four additional square feet of market rate housing, one square foot of housing must be affordable to 80% of AMI	For every five square feet of market rate housing, one square foot of housing must be affordable	
	Either 20% of floor area must be affordable to 80% of AMI, or 10% of floor area must be affordable to 80% of AMI and 15% of floor area must be affordable to 125% of AMI	Either 7.5% of floor area must be affordable to 80% of AMI, or 5% of floor area must be affordable to 80% of AMI and 5% of floor area must be affordable to 125% of AMI
Cannot be paired with other subsidies	Can be paired with other subsidies, including tax-exempt bond financing and 421-a tax exemptions	
Affordable units must be in same Community District or within ½ mile away in another Community District	Affordable mandate can be met on-site, off-site within CB#1, or through preservation of existing units	
If affordable units are built on-site, they must be evenly distributed throughout the development	If affordable units are built on-site, they do not have to be evenly distributed throughout the development	
Rents from affordable units can only be used to pay for improvements to affordable units, not the principal or interest for the debt incurred for their construction	Rents can be used to pay the principal and interest on debt, as long as they are within rent guidelines	
Only available in R10 Districts, which have high land costs and no vacant land	Required for use of 421-a tax exemptions within exclusion area	
Not-for-profit developer acts as "Administering Agent" to handle affordable component	For-profit developers may be approved by HPD and HPD may assign them an agency to ensure compliance with the requirements of the program	

Source: Compiled from the Furman Center's Inclusionary Chapter (11), HPD, and DCP guides

Fourth, the City allows developers to use the 421-a tax exemption and the IZ density bonus. The 421-a program, named because it is explained in Section 421-a of the Real Property Tax Law enacted in 1971, grants developers property tax savings to encourage the development of housing in New York City (Office of the New York City Comptroller, 2006). At the time the program was created, New York City was in

desperate need of multi-family housing, and it was created to provide incentives to spur developers to build within New York City. Under the original 421-a program, owners of new housing developments that have three units or more, are exempt from paying any increase in property taxes that may result from the new construction; essentially, the tax rate is frozen. For example, vacant land may be valued at one million dollars, while the new property is worth \$10 million after construction; in spite of this increase in value, the property owner will not be taxed during the exemption period for the \$9 million increase in value that resulted from the new construction (Pratt Center for Community Development and Habitat for Humanity, n.d.).

During the 1980s, an exclusion zone was created between 14th and 96th Streets in Manhattan. In the exclusion zone developers are eligible for 421-a tax incentives only if they agree to build affordable units for low-income families. Developers have a choice of making one-fifth of their units affordable (in an 80/20 development) or purchasing negotiable certificates that are used to build affordable housing at other locations in New York City. Between 96th and 110th Streets and in Lower Manhattan market rate buildings are only exempt for 10 years. Market rate buildings above 110th Street and in the outer boroughs receive a 15 year exemption. In all other areas, developers receive an as-of-right exemption. However, if 20 percent of affordable housing is included on-site, developers are eligible for an additional 20 to 25 year tax exemption (Pratt Center for Community Development and Habitat for Humanity, n.d.).

When the Greenpoint-Williamsburg waterfront was rezoned for residential use, the Inclusionary Housing Program expanded the 421-a tax exemption exclusionary zone to the waterfront to ensure that affordable housing was included with the new market-rate housing that would be developed after the rezoning. Waterfront developments are eligible for a 25-year 421-a exemption if 20 percent of the on-site units are provided for low-income households or if 25 percent of the on-site units are provided for low and moderate-income households. Therefore, when developments

meet the inclusionary housing program requirements on-site, they also meet the 421-a eligibility requirements. On the waterfront, on-site eligibility for 25 year benefits includes the “development parcel,” which means that affordable units do not need to be located in the same building as the market rate units that receive the benefits. Also, 200 off-site affordable units can receive 15 year 421-a tax benefits for developments on the waterfront (NYC DCP, 2005). Upland developments can receive 15 year as-of-right benefits. If at least 20 percent of units are affordable to low-income households, the building can receive 25 year 421-a benefits (See Table 6).

Table 6. 421-a Benefits

	Waterfront 421-a Benefits	Upland 421-a Benefits
No Affordable	0 years	15 years
On-site Affordable	25 years, on same development parcel	25 years, in same building

In December 2006, the New York City Council passed a measure to reform the 421-a program. This new measure intends to shift from encouraging real estate development (its original goal and focus) towards the creation of affordable housing. Under the new measure approved by the Council, developers in many areas of Manhattan and Brooklyn will receive the 421-a property tax exemption only if one-fifth of the apartments in the new project are affordable, and a fund will also be created to finance affordable housing (Burd and Robinson, 2007). The new measure expands the exclusion area to include all of Greenpoint-Williamsburg, effective July 1, 2008. This means it will be mandatory for developers to include affordable housing in new developments to receive the 421-a tax exemption. Additionally, the new measure approved by the Council requires developers to build affordable housing on the site of the development for which they receive the exemption.

Finally, an Anti-Harassment program complements the Rezoning. In response to the concerns of Community Board 1 and the City Council, current residents are protected through anti-harassment provisions. Tenant harassment is an attempt by property owners to drive out tenants in order to raise rents for future tenants or to sell the property to developers. It may include failure to make repairs, respond to complaints, and protect the area from drug dealers. The Department of Housing Preservation and Development will not issue permits for construction or demolition to a landlord with a history of tenant harassment. Within the anti-harassment area, landlords making major renovations or demolition are required to submit a Certification of No Harassment to the New York City Office of Housing Preservation and Development (HPD). Anti-harassment provisions included in the rezoning were modeled after those of the Special Clinton District in Manhattan. The City is seeking a local community-based organization to educate tenants on their legal rights in Greenpoint-Williamsburg and within the anti-harassment area.

The rezoning provided a voluntary Inclusionary Housing Program that allows for a density bonus in exchange for affordable housing. The Program allows developers to couple the density bonus with other funding mechanisms to help finance affordable housing development. With the proposed changes in the 421-a, the Program benefits can be combined with a tax-exemption in all of Greenpoint-Williamsburg (See Map 8).



RESIDENTIAL DEVELOPMENT

Greenpoint-Williamsburg has experienced significant changes in the nature and character of residential development because of rezoning and gentrification. In this section, we discuss the type, affordability, location, and size of new residential development. Next, we discuss the 421-a and inclusionary housing programs on the waterfront and upland. Finally, we profile several waterfront developments to show how the inclusionary housing program works.

New Development

To better understand the pace, type, and location of development, we conducted an Internet search of new construction and significant rehabilitation projects.⁸ For each we gathered the number of stories, type, price, size of units, and location. This allowed us to understand the change in the nature of development and to determine whether the development scale, unit type, and housing cost match the needs of current residents.

⁸ We initiated our search for new developments in Williamsburg by looking at The Real Deal website (www.therealdeal.net). Many of the developments were found at http://www.therealdeal.net/issues/November_2004/1099358113.php and http://www.therealdeal.net/issues/JANUARY_2007/1167672063.php. In addition, many of the developments were taken from a list on The Real Deal website, found at <http://www.therealdeal.net/pdf/Brooklyncondoinventory.pdf>. We specifically searched for any developments that have been built or rehabbed in the past 5 years, since upzoning has begun to have a significant effect on developments in Williamsburg. After compiling a list of 84 developments, we proceeded to search for information (such as number, type, and price of units) on the developments by googling the name and address of the development. Frequently, information was taken from the websites of developers or entities that provide services to developers, such as <http://www.thedevelopersgroup.com/>. When little information was found, we searched the address using the New York City Department of Buildings Building Information System (BIS) (<http://a810-bisweb.nyc.gov/bisweb/bispi00.jsp>). This search engine lists basic property information, violations against the property, and any issued certificates of occupancy (COs). In addition, a limited amount of information was found on blogs, such as www.curbed.com and www.brownstoner.com, and some information on specific developments was found on The Real Deal website. Information on several specific developments, which contain an affordable component, was found at the following websites: <http://schaeferlanding.com> (Schaefer Landing), www.dunndev.com (Palmer's Dock), http://www.nyc.gov/html/hpd/html/developers/low_income.shtml (Palmer's Dock), <http://douglastondevelopment.com/projects/current/williamsburg.shtml> (The Edge). Information on these developments was also obtained from press releases found on the New York City Department of Housing Preservation and Development website: <http://www.nyc.gov/html/hpd/html/pr/pr.shtml>.

Using this process, we gathered information on 84 new, rehabilitated, or upcoming developments (See Map 6).⁹ We estimate that a total of 3,800 units have or will soon enter the market. This underestimates the total number because data was not yet available on many projects, primarily because many of these developments are still in the predevelopment phase. Many buildings include one or two penthouse units and stress their luxurious character.

Building heights ranged from four to sixteen stories; most were less than six stories. The shorter buildings may blend in better with existing neighborhood structures; however, the renderings and photos found on development websites suggest that many will have modern out of context façades. Maps 7 and 8 show new residential developments based on number of stories and number of units. Many of the new residential developments are clustered in the South Side.

Buildings are marketed to younger, well-to-do individuals. Several developments are loft style or multi-story duplexes. Of the developments for which we were able to identify unit size, 51 percent of the units have two-bedrooms and 43 percent have one-bedroom (See Table 7). Housing in newly created and upcoming developments is costly and unaffordable to many current residents. Market rate units range in price from \$199,000 to \$2.37 million.¹⁰ Many developments offer units at various price points, sizes, and amenities. Prices per square foot range from \$300 in Greenpoint to \$1,200 on the waterfront.

⁹ We were unable to find extensive or detailed information for seven developments. However, these developments had partial or full stop work orders on the property. Sixteen other developments did not have certificates of occupancy (COs), indicating that they are still under construction. Projects may not yet be completed or may still be under construction. Others may be completely leased or rented, eliminating the need for information targeted at potential residents.

¹⁰ It is difficult to make a general statement on pricing, as the asking price is not often the selling price. It is also difficult to compare prices as location, amenities included, and other factors contribute to an individual development's pricing.



Source : 2000 Census; Site visits; NYC DCP PLUTO; NYC Transit 2007

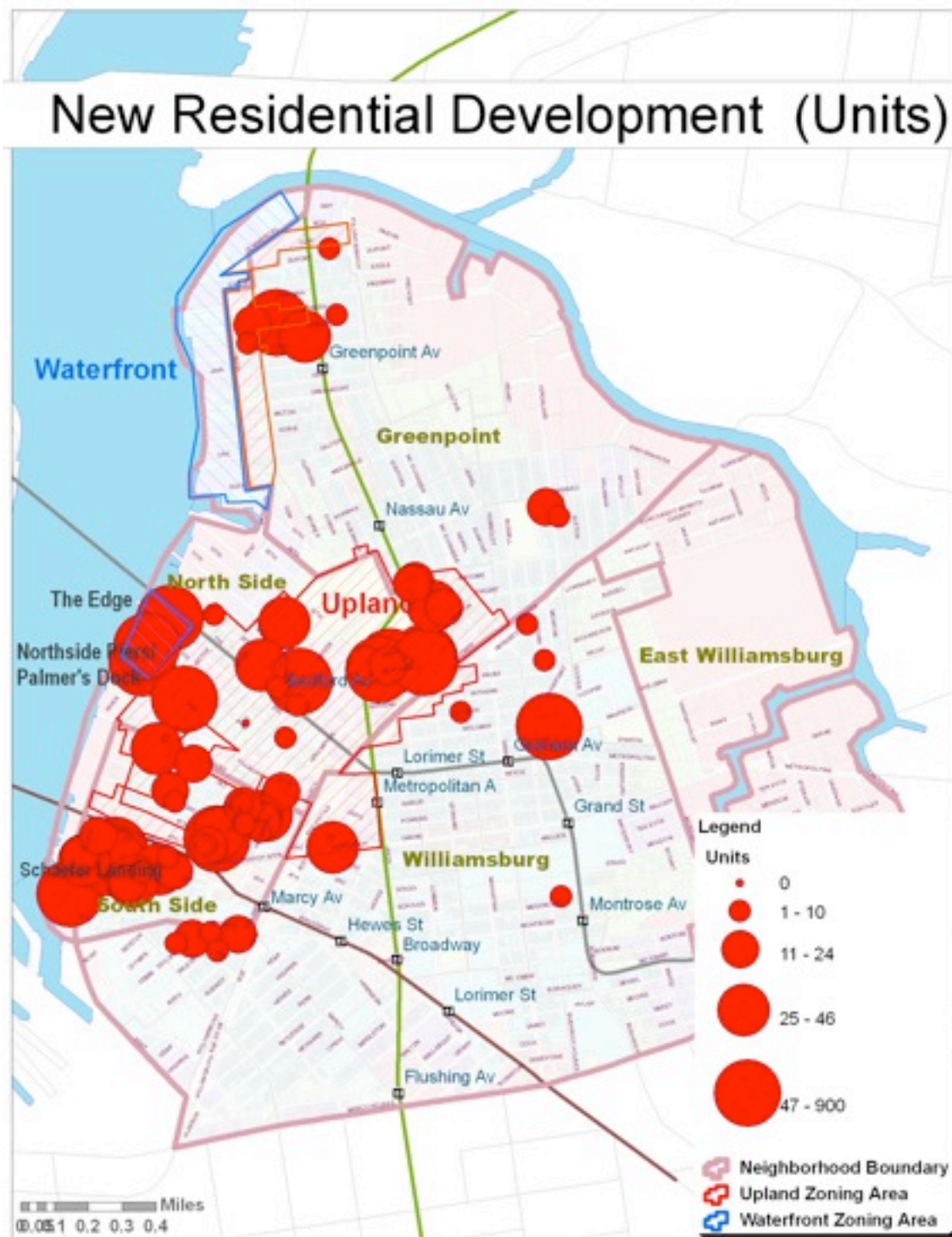
Table 7. Summary of New Construction/Significant Rehab Projects 2007

	Williamsburg	Greenpoint
Developments with Ownership Units	30	8
Developments with Rental Units	6	0
Developments with Ownership & Rental Units	2	0
Developments with Unknown Tenure	37	1
Developments with 1-3 Stories	0	0
Developments with 4-6 Stories	19	5
Developments with 7-10 Stories	6	0
Developments with More Than 10 Stories	4	0
Developments with Unknown Number of Stories	46	4
Developments with 1-10 Units	19	3
Developments with 11-30 Units	20	4
Developments with 31-50 Units	14	0
Developments with 51-100 Units	8	0
Developments with More Than 100 Units	5	1
Developments with Unknown Number of Units	9	1
Upland Developments	73	6
Waterfront Developments	2	3

New Residential Development (Stories)



Source : 2000 Census; Site Visits; NYC DCP PLUTO 2007; NYC Transit 2007



Source : 2000 Census Data; Site Visits; NYC DCP PLUTO 2007; NYC Transit 2007

Developers

Larger developers may be inclined to pursue larger projects, while smaller nonprofit developers may be inclined to pursue a different type of project. Understanding who is engaging in development may enable advocates and the City to more effectively target subsidy programs. Several large developers, such as Toll Brothers, have built large residential developments, including Northside Piers. Almost all of the developers building market rate housing are for-profit developers, and many of the developers are represented by The Developers Group. The Developers Group is listed as the developer for many of the newly completed and planned developments. It represents developers and acts as an agent for a large number of small developers linking them to resources and allowing them to gain publicity. It offers developers marketing and promotional services via their website, <http://www.thedevelopersgroup.com> enabling developers to market their developments more extensively than may otherwise be possible. The website features pictures of developments, pricing, details about units, real estate tax information, and information about open houses. In addition, The Developers Group offers real estate services to buyers and property developers, essentially providing technical assistance.

Several small nonprofit developers are developing affordable housing, which often consists of preservation units, not new residential affordable housing. Many developers are partnering with other developers. Specifically, larger developers partner with smaller for-profit or nonprofit developers to develop affordable housing. For example, Dunn Development Corporation is developing the affordable component of Northside Piers, while L&M Equity, RD Management, and Toll Brothers are developing the market rate portion. Toll Brothers is often most prominently featured on development materials for Northside Piers. In a similar manner, Kent Waterfront

Associates, comprised of three partners, L&M Equity, BFC, and Allstate Realty, developed Schaefer Landing.

Displacement

In our conversations with our client and community residents, many mentioned that new residential buildings were displacing older businesses, homes, and manufacturing centers. To better understand these processes, we used the Coles Reports (reverse yellow pages) to identify what was previously located at the addresses of the new, under-construction, or pending developments in 1971, 1981, 1991, 1995, 1999, 2003, and 2007. In the majority of cases, developments are located on sites that were already residential. However, in some cases, businesses occupied those places previously. Based on business name, we categorized businesses by type (See Table 8). Especially notable is the decrease in industrial businesses from 55 in 1971 to just nine in 2007. Only 19 were residential in 1971. Other notable changes include the steady increase in services, the peak of galleries in 1999, and the introduction of medical facilities in 2007.¹¹

¹¹ Businesses that were not identifiable by type based on the name were classified as "N/A."

Table 8. Business Change by Type, New Residential Developments

	2007	2003	1999	1995	1991	1981	1971
Bakery	0	1	1	1	1	2	2
Chain Services	0	1	0	0	0	0	0
Collectibles	0	1	0	0	0	0	0
Design Services	14	9	15	3	3	2	10
Developer	1	1	2	1	1	0	0
Education	0	1	1	0	1	1	1
Eyeglasses	1	0	0	0	0	0	0
Furnishings	0	1	2	2	1	0	0
Grocery	0	0	0	2	0	0	0
Gallery	3	4	15	0	2	0	0
Industrial	9	23	29	23	42	29	55
Internet	0	2	0	0	0	0	0
Medical	8	0	0	0	0	0	0
N/A	62	104	96	120	110	149	101
Nonprofit	1	0	0	0	0	0	0
Pharmacy	0	0	0	0	0	0	1
Residential	45	21	21	23	24	15	19
Restaurant	2	2	0	0	0	0	2
Services	56	21	20	17	17	4	11

Source: Cole's Report

The following descriptions of change highlight the trends within our findings and are representative of overall trends.

55 Berry Street

From 1971 through 2003, 55 Berry Street housed a variety of stores, presumably in a complex. In the 1970s and 1980s, these stores included a lighting store and other stores whose trade cannot be determined via the name of the store (such as “Berkoff and Sons, Inc.”). By 1991 and 1995, the names of these stores include Davidson Additional Textile, Harvey Company, Inc., and La Rosa USA. Almost every store name is different in 1995 than in 1999, with stores in 1999 including Bravo Pedro, Canterbury Lampshades, Davidson Adelphi Textile, and Nissims Custom Furniture. Almost every store name changes again from 1999 to 2003, with stores including La Taylor & Upholstry, Oplus Networks, and Standard Architects. Currently, this address is the site of a proposed residential development that is expected to have 46 condominium units.

20 Broadway

In a similar manner, 20 Broadway changes from residential in 1971 and 1981 to commercial in 1991, with stores such as Artists Canvas Manufacturing and Eastern Plumbing and Glass. In 1999, Artist Canvas Manufacturing is still there, but other store names have changed to businesses such as Music First Production, Paganakis, Aris Studios, and Ross Christopher Studio. In 2003, many of the businesses were the same as 1999. As at 55 Berry Street, frequent turnover of business occurred from 1971 through 2003, showing that the nature of businesses changed during that time, potentially to reflect the demographics of the community. Additionally, the fact that these businesses, including retail, are now being displaced for new residential units is significant because the services and stores once available to the community are being reduced by the new developments.

184 Kent Street

184 Kent Street has experienced constant change and turnover of businesses from 1971 to the present. For example, in 1971, stores such as American Paper Goods, Champion Envelope, Federal Business Products, and Jewel Paper Store were located at the address. By 1991 184 Kent housed more arts-related businesses. Virtually every store name changed, to include stores such as Americorp Equities, Artbrass Metal Prodcuts, Belle Knitting Mill, and Jam Knits Associate. In 1999, approximately half of the store names were the same. New stores included Betterwear Manufacturing Company, Crosstown Aluminum and Glass, and Home Essentials. By 2003, many of the store names had changed again to include Kentco NY, Neva William Foundation, Plaza Carrier, and Star City Sportswear. In 2007, it appears as though many property management firms are located there, including 184 Kent Avenue Associates, Fortis Property Group, and GN Capital Group; presumably, the new residential developments are also located on the same site. Not only have businesses experienced displacement by new residential developments, but also the businesses that are now housed at that location are almost entirely related to real estate.

Unlike the properties detailed above, some locations housed the same businesses for a long period of time. These addresses now or soon will contain new residential developments. For example, from 1971 through 1999, 60 Bayard Street was Lutz Machinery Corporation. From 1971 to 2003, 285 Driggs Avenue was an auto repair store. From 1971 through 2003, Creative Bakers was located at 242 North 1st Street. New residential developments are planned for each of these addresses. In other cases, an address where a residential development is now built or planned to be built was previously residential, thus remaining residential. However, it is possible that the scale of the new residential development will exceed the scale of the previous residence. It is impossible to make this determination via this specific data.

Waterfront

The waterfront has experienced some of the most significant changes as it has shifted from industrial to residential. Housing has been stimulated by the IZ and 421-a programs. As discussed earlier, the 421-a program allows the owners of newly produced developments to receive tax abatements for a period of either 15 or 25 years. Developers must build affordable housing on the waterfront to receive the 421-a tax abatement; although the 421-a tax abatement is currently as-of-right upland, affordable housing will be required at the end of 2007. Developers have a strong incentive to receive the 421-a abatement because it allows them to market their properties for a higher price (because individuals will not have to pay property taxes).

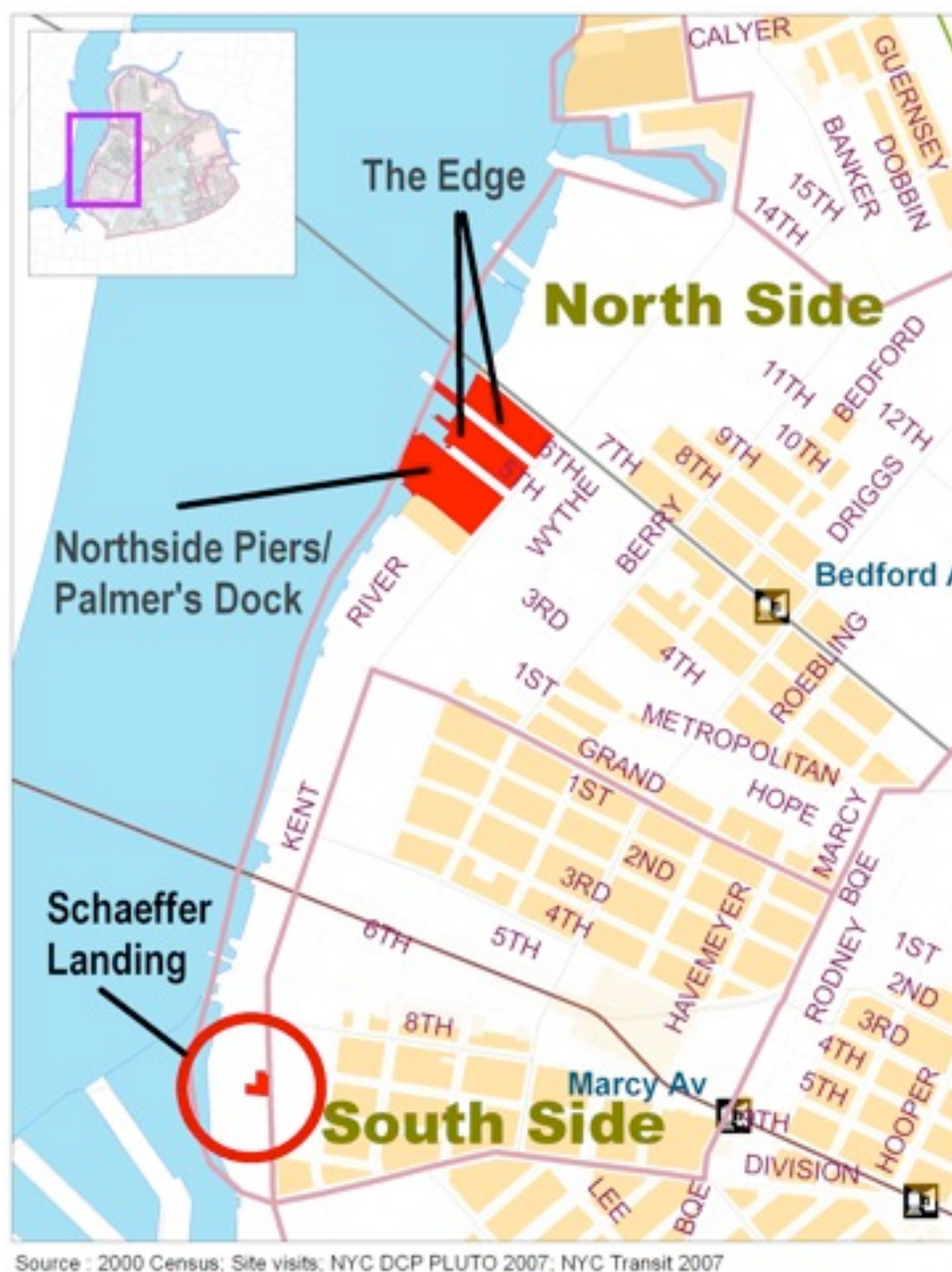
Schaefer Landing and Northside Piers/Palmer's Dock are the only developments currently located in the waterfront. Schaefer Landing was built prior to rezoning and was one of the first to use Mayor Bloomberg's strategy of redeveloping industrial land as residential (NYC 2007, "Developers..."). Northside Piers will receive the 421-a tax abatement in exchange for building affordable units via the Palmer's Dock development. The Palmers' Dock/Northside Piers project is currently under construction and will include three market rate towers and one 113-unit building with affordable rental units. The Edge, the third waterfront project, has yet to break ground.¹² Information about subsidized units and tax abatement subsidy packages has not yet been released for The Edge. The location of these three developments is shown on the map below.

The waterfront developments are larger because the land parcels are bigger. Much of the upland development is in-fill on much smaller sites. The incentives and subsidies available to developers of waterfront properties under the rezoning were designed with these larger sites in mind. According to the Inclusionary Housing Guide

¹² The construction loan for The Edge was approved in March 2007.

published by the City, they were also designed for phased development (NYC November, 2005). Because of the affordability requirements attached to the inclusionary bonus and tax incentives, several developers are often involved in these projects adding to their complexity. Separate development companies may be responsible for the market rate and affordable components such as with Palmer's Dock/Northside Piers.

Map 12. Waterfront Developments



The former Domino Sugar Factory is located between Kent Street and the waterfront and is expected to become the fourth waterfront development. Located just South of 3rd Street, the complex lies outside of the waterfront Inclusionary Program Area and is not currently subject to the same requirements. Neighborhood advocates have pressured the City to mandate an affordable housing component and require preservation of several of the existing structures. The current owner, CPC Resources, has not yet announced plans for the development. However, the spokesman for CPC Resources recently stated that more than 20 percent of the units would be affordable housing (Clancy, 2007).

Schaefer Landing, Palmer's Dock, and The Edge are highlighted below.

Schaefer Landing

Kent Waterfront Associates, comprised of BFC, L & M Equity and Allstate Realty developed Schaefer Landing. The development is located on the Williamsburg waterfront, on the site of the former Schaefer Brewery, at 450 Kent Avenue. None of the original brewery structures were incorporated into the development; thus all of the structures are new

construction. Market rate and affordable components are located on-site. The development consists of 215 owner-occupied luxury units and 140 rental units affordable to families earning up to 60 percent of AMI, which is



\$37,680 for a family of four. The affordable units are in a separate 15-story building from the luxury condos, which are housed in two buildings (15 and 25 stories).

The development cost \$160 million and was financed by the New York Community Bank, New York State Housing Finance Agency, \$4.1 million in LIHTC, and a 40 percent reduction in land cost given by the City in exchange for affordable housing (NYSHFA, 2005). The building received a 25-year tax abatement through the 421-a program. This subsidy is not mentioned in press releases from the City but is used in advertising the market rate units (Halstead Property, 2007, "440 Kent Ave"). Eight million dollars for environmental clean-up was given by former mayor Giuliani (Vitullo-Martin, 2005). The non-profit United Jewish Organization is paid to oversee the lottery allocating the apartments and reinvested its developer's fee back into the development, adding to the feasibility of including 40 percent affordable units.

The development includes access to the waterfront via a public esplanade and private courtyard. The public esplanade is pictured below. The courtyard is accessible by a gate from the esplanade and is locked after hours. All residents of Schaefer Landing have access into the courtyard from the buildings. Watertaxi service is



provided from the Schaefer Landing dock. Condominium owners receive free service for one year; other riders must pay. Non-residents may access the watertaxi from Schaefer Landing.

Schaefer Landing was developed prior to rezoning and is located outside of the 421-a geographic exclusion area which ends at South 1st

Street. The developer did not have to provide any affordable units to qualify for the 421-

a tax benefits which the developer received as-of-right. However, the Williamsburg community effectively lobbied for the inclusion of affordable units.

According to the development's website (<http://schaeferlanding.com/index2.html>), Phase I is sold out and 19 units of Phase II are still available. Fourteen condominium units are available with asking prices ranging from \$825,000 for a 1,246 square-foot two-bedroom unit to \$1,875,000 for a 1,859 square-foot three-bedroom unit. The advertising for these units states that financing for up to 90 percent of the asking price is available (Halstead Property 2007, "Search Results"). Using ACRIS, the City's online register, we looked up purchase information for 14 units. Assuming that asking prices are dependent on view – waterfront, street, or in between – and story location, we selected units to reflect these variables. Units "A" and "B" face the waterfront, "C" and "F" are located in the middle of the buildings, and "E" and "D" look out onto Kent Avenue. We looked at units on the second, 22nd and 25th floors. The units on the 25th floor are penthouse units. Five units are available for rent, ranging from \$3,800 per month for a 1,560 square-foot three-bedroom unit to \$5,850 per month for a 1,800 square-foot three-bedroom (Halstead Property, 2007). The affordable units were first opened in Spring 2006 (See Table 9).

It was possible to determine where six buyers are moving from by looking through the mortgage and/or deed documents.¹³ Four are most recently from Brooklyn, two are from Manhattan and two from greater New York. Mortgage information was available for 10 of the units we researched. Two units did not have deed information, suggesting that they are not yet sold. The other two had deed documents but no mortgage information. The information found in the mortgage documents suggests much about the type and availability of capital in Williamsburg.

¹³ To obtain this information, we used the ACRIS website (<http://www.nyc.gov/html/dof/html/jump/acris.shtml>). This website allows individuals to search for information on specific properties, including deeds, violations against the property, building plans, certificates of occupancy, and other documentation.

Nine are 30-year mortgages; one is 15. Three units have second credit line mortgages that were taken out on the same day; two are twenty year and one is 30 year. The 15-year mortgage is for \$1,000,000 with a loan to value (LTV) ratio of 74 percent. A second unit was purchased with a \$1,000,000 first mortgage and a \$500,000 second mortgage for a total LTV of 80 percent. Four mortgages have LTVs greater than 75 percent; the highest is 80 percent. Three units have second mortgages; when these are considered in the ratio, two are at 90 percent and the other is at 80 percent.

Table 9. Mortgage Summary, Schaefer Landing

Location	Bed-rooms	Bath-rooms	Square-Footage	Price/SF	Deed Price	Deed Date	Previous Address Location
waterfront	2	2	1,270	768	\$975,000	11/7/06	Brooklyn
waterfront	3	2	1,460	682	\$995,000	11/6/06	Not given
middle	2	2	1,175	\$604	\$710,000	11/17/06	Not given
middle	1	1.5	860	\$523	\$450,000	10/23/06	Brooklyn
back	2	2	1,246	\$538	\$670,000	10/25/06	Not given
back	3	2.5	1,650	\$521	\$860,000	10/25/06	Brooklyn
waterfront	3	2.5	1,790	\$866	\$1,550,000	10/27/06	Manhattan
waterfront	3	2.5	1,850	N/A	N/A	N/A	N/A
middle	3	2.5	1,780	\$801	\$1,425,000	11/16/06	Manhattan
back	3	2	1,790	\$754	\$1,350,000	1/8/07	Greater New York
front	3	2.5	1,870	\$1,005	\$1,880,000	11/29/06	Brooklyn
front	3	2.5	1,995	\$940	\$1,875,000	11/29/06	Not given
middle	3	2	1,910	N/A	N/A	N/A	N/A
back	3	2	1,859	\$699	\$1,300,000	9/22/06	Greater New York

Many of the loans have adjustable interest rates with initial rates that range from 6 to 6.625 percent. Resetting policies vary. All have caps set for the first increase. Three are

around 11 percent and one is at 8 percent. The loan with the initial eight percent cap has a total cap of 12 percent. The others will increase by no more than two percent annually. Additionally two loans are interest only until the first reset. One of these loans is for \$780,000 and the other is the \$1,000,000 fifteen-year mortgage.

Palmer's Dock/Northside Piers

Palmer's Dock, located at 164 Kent Avenue between North 4th and North 5th Streets, is the affordable component of the Northside Piers waterfront development, also located on Kent Street. Palmer's Dock is developed by Dunn Development Corporation. The affordable component will include 113 studio, one-, two-, and three-bedroom units in a six story building. The affordable housing will meet the 421-a and



inclusionary benefits for the first two towers of the Northside Piers development. Affordability is divided into five income tiers, starting with families of four earning as low as \$21,300 up to those earning \$56,700. In response to concerns about displacement, fifty-one percent of the units are reserved for residents of Community Board 1 (Ryan, 2005). Eleven units will be set aside for adults with developmental disabilities. Tenants will be selected via a lottery process established by HPD (See Table 9.5).

Table 9.5. Palmer's Dock Affordable Units

Palmer's Dock Affordable Units					
Level of Affordability	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI
Income Limit (Family of 4)	\$18,840	\$25,120	\$31,400	\$37,680	\$50,240
Number of Units	11	18	25	41	18

Source: Ryan, 2005

The remaining 76 affordable units will be developed off-site as part of a project that is currently in the pre-development stage; these units will be built in exchange for the 421-a and inclusionary benefits received by the third tower. This project will contain 152 units, with half serving Northside Piers and half sold to other developers looking to fulfill their inclusionary requirements.¹⁴

Northside Piers will include more than 900 units in three towers. The first tower is 29 stories tall and offers views of Manhattan that are heavily promoted in marketing materials. The two other towers will be built between this tower and the waterfront, decreasing the view of the New York City skyline. The first tower is currently under construction and has an expected occupancy date of October 2007 (Toll Brothers 2007, "Northside Piers").



The market-rate units will be housed in three different towers on the immediate waterfront; Palmer's Dock faces the street.

¹⁴ The inclusionary housing requirements give developers the option of locating units on- or off-site; however, affordable units that service waterfront developments that receive the 421-a tax exemption must be built on-site or on the same development parcel (with the exception of an aggregate of 200 units that can receive a negotiable certificate).

Townhouse units will be constructed along the side of the lot. The development is being constructed in three phases. Palmer's Dock is part of the first phase along with another high-rise building and the townhouses. Table 10 illustrates the square-footage for each phase and the percentage of the public waterfront that will be completed during each phase.

Table 10. Palmer's Dock/Northside Piers Phased Development

	R-6	R-8	% of Total Floor Area	% of Public Waterfront
Phase 1	135,000 SF	185,000 SF	32%	45%
Phase 2		280,000 SF	28%	40%
Phase 3		404,000 SF	40%	15%
Total Square-Footage	135,000 SF	869,000 SF	100%	100%

Source: NYC DCP. 164 Kent Avenue FOIA documents

Palmer's Dock is expected to cost \$30.4 million. The development cost for the Northside Piers component is unknown. Documents show that \$109,158,200 in mortgages has been taken out on the property (ACRIS, 2007). This figure likely includes site acquisition and development costs. The financing for Palmer's Dock was provided by \$14 million in LIHTC allocated by the New York State Division of Housing and Community Renewal, \$6.5 million in LIHTC from HPD, \$8 million in other HPD funds, inclusionary housing bonus, and a \$3.7 million construction loan from Citibank Community Development (Dunn Development, 2007 and NYC, June 26, 2006). Seventy-six additional affordable units will be developed off-site to meet requirements set by the subsidies used in the other two market rate towers.

Palmer's Dock/Northside Piers appears to have taken the floor-area bonus under the Inclusionary Housing program. Land use plans show that the total floor-area

ratio of the project is 4.7, which is over the maximum of 3.7 without taking the bonus. We were unable to find how much height may have been taken as a part of this bonus; however, based on the ordinances for the inclusionary housing program, Northside Piers can increase its height from 230 feet up to 300 feet. Table 11 illustrates the floor area as it relates to the zoning, with and without the inclusionary bonus.

Table 11. Palmer's Dock/Northside Piers Floor Area and Zoning Requirements

	R-6	R-8	Combined
Lot Area	101,076	111,730	212,806
Maximum FAR w/o Bonus	2.43	4.88	3.7
Maximum FAR w/ Bonus	2.57	6.5	4.7
Proposed Floor Area	135,000	869,000	1,004,000
Proposed FAR (Total FAR/Total Lot)	1.34	7.78	4.7

Source: NYC DCP. 164 Kent Avenue FOIA documents (ACRIS and NYC IZ housing doc).

Developers are effectively able to double-count units to receive 421-a and inclusionary housing benefits, such as in the case of Northside Piers/ Palmer's Dock. Developers receive the 25 year 421-a tax exemption by providing 20 percent of on-site units affordable to low-income households or 25 percent of on-site units affordable to low and moderate-income households. However, developers receive inclusionary housing benefits by providing 20 percent of floor area affordable to low-income households or 10 percent of floor area affordable to low-income households and 15 percent of floor area affordable to moderate-income households. Thus, depending on the size of units, a developer may fully satisfy the inclusionary housing requirements by satisfying the 421-a program requirements, since one program is based on unit numbers and the other program is based on floor area. In the case of Northside Piers/ Palmer's

Dock, it is not clear if the inclusionary housing requirements were fully satisfied by meeting the 421-a program requirements.

Palmer's Dock shows that the inclusionary housing program in Greenpoint-Williamsburg is effectively creating very affordable housing, specifically on the waterfront. The developers of Northside Piers/ Palmer's Dock took advantage of the inclusionary housing bonus in the combined R6/R8 zones. Nevertheless, deep subsidies are necessary to make the inclusionary housing program work, thus causing developers to seek multiple subsidy sources, including LIHTC.

The Edge

The Edge is located on the waterfront along Kent Avenue, between North 5th and North 7th Streets. The project is being developed by Douglaston Development and will include a total of 892 units. The Edge will consist of five buildings, 2, 4, 6, 30, and 40 stories, built in two phases; four of the buildings will be residential and one will be commercial. The project will contain a mix of residential and retail spaces (Douglaston Development, 2005).

In March 2007, the construction loan for The Edge was approved. Because The Edge is located on the waterfront, the developer must build affordable housing to receive the 421-a tax abatement and can receive the inclusionary bonus by meeting additional affordable housing requirements. The affordable units will account for 20 to 25 percent of the total units, although the exact number of affordable units has not been determined. It is likely The Edge will build affordable units on-site to receive the 421-a tax abatement. In addition, it currently appears as though The Edge will be using the inclusionary housing bonus because the project is currently proposing a total floor area of 1,455,858 square feet. The allowable floor area without the bonus is 1,158,957 square

feet, while the allowable floor area with the bonus is 1,485,859 square feet. The Edge is building more than the allowable square footage without the bonus, thus signifying that they will be utilizing the inclusionary housing bonus. The Edge will be the third development to be built on the waterfront, following Schaefer Landing and Northside Piers.

Upland

There are currently only three waterfront developments that have been built, are being built, or are in the planning process; in contrast, our search for new residential development yielded many upland developments.¹⁵ Approximately 3,405 market rate units have been developed or are planned upland. The rezoning set different rules and requirements for developments in each location. These differences, zoning rules that dictate maximum height and bulk, and the current market rate housing market help explain this imbalance.

We determined whether developments used the 421-a or other tax abatement incentives by searching individual units on the NYC.gov property search engine¹⁶ which allows users to view tax information for properties and individual units. Approximately 14 of the 81 upland developments receive some form of property tax reduction or exemption. Several developments have been rehabilitated. Developments must be newly constructed, not rehabbed, to receive the 421-a tax abatement. According to the Inclusionary Housing Program upland developments are eligible for a 33 percent floor area bonus for designating 20 percent of units as affordable to households earning

¹⁵ Maps of developments show Schaefer Landing, Northside Piers/Palmer's Dock, and The Edge. The supposed development at the Domino Sugar Factory is not included because the developer has yet to formally announce the intention to develop that site.

¹⁶ To use this search engine, a specific unit number must be entered. Therefore, it was too time consuming to check every unit of every development to see if it received a tax abatement. One or two unit numbers per building were entered; if these units received tax abatements, we assumed that every unit in the building received tax abatements.

80 percent or below AMI. These affordable units can be built on- or off-site (NYC DCP, 2005). Because many of the sites upland are smaller, developers are less inclined to seek a floor area bonus because the size of the site makes accommodating this extra footage difficult.

Interviews with City officials and developers working in Williamsburg shed light on why none of the upland developments have taken the subsidies. To make affordable units work upland, the lot may need to be rezoned. All of our interviewees speculated that receiving 421-a as-of-right is a significant reason why the inclusionary bonus has not been taken. However, the exclusion zone for the 421-a program will be expanded beginning on July 1, 2008, so that developers who want to take advantage of the tax abatements for developments within the exclusion zone will be compelled to include affordable housing in that development. The effect of this pending change is that developers are rushing to move their projects forward to receive the 421-a benefits without building affordable housing.

The City's Promise

To reassure the community that rezoning would benefit existing residents, the City committed that 3,548 units of affordable housing would be produced or preserved. In March 2007, the Department of Housing Preservation and Development presented the status of the rezoning to Community Board 1 and stated that more than 2,000 affordable units were planned or under construction on inclusionary and publicly owned sites meaning that the city was 57 percent towards meeting its expected affordable housing goal. The City expects that more than 1,000 units will be produced through the inclusionary housing program: 459 new units will be constructed on the waterfront and an additional 500 are expected on the waterfront but developers have not yet been named. Upland, 9 new units will be constructed and 237 existing

affordable housing units will be preserved. Finally, more than 800 units will be built on publicly-owned sites (HPD, 2007).

We estimate that 309 waterfront inclusionary units are being produced or are planned. Palmer's Dock will produce 189 units: 113 are on-site; the remaining 76 are being constructed off-site on an upland public site. We estimate that 196 affordable units will result from The Edge. We based this number on the fact that 20-25 percent of The Edge's units will be affordable. Though the City has stated that 346 affordable units will result from The Edge, we think this number was based on a previous total unit count which has since decreased. Nine new construction affordable units have been produced upland. We also identified 152 new construction units on upland public sites. At least half of these units will be used to satisfy inclusionary housing requirements.

Currently, construction for two affordable housing projects, Palmer's Dock and 157 Graham Street, is underway. Of the projects listed below, Palmer's Dock and The Edge are part of market rate developments, and the unit numbers listed represent the affordable component of those market rate developments. In addition, construction is expected to begin on an additional 7 projects, as stated in the presentation made to Community Board One (HPD, March 2007)(See Table 12).

The City is counting planned units towards its goal and in some cases project start dates are years away. For example the City's presentation shows that The Edge will contain 346 affordable units; however, the construction loan for The Edge was not approved until after that meeting and there was a possibility until that time that the project would not even occur.¹⁷ Therefore, the affordable housing numbers that HPD is

¹⁷ It is also unclear if the number of affordable housing units that will be built as a part of The Edge development is an up-to-date number. The scale of The Edge has been reduced, and it is likely that the number of affordable units provided in The Edge will likewise be reduced. We have tried to contact The Edge on several occasions to get an interview with an individual at The Edge. However, phone calls were not returned, and we only spoke to a secretary. We were told that the construction loan for The Edge was approved during the third full week of March. HPD's presentation to Community Board 1 occurred during the second full week of March. In addition, the bond documents for The Edge were released in March 2007. These documents show that bonds will be issued to finance The Edge, which will cost \$25.9 million.

putting forth for specific projects may experience significant changes in the future as projects are or fail to be finalized.

Table 12. Underway and Pending Affordable Housing Projects

Project Name	Developer	Number of Units	Area	Type	Status
Palmer's Dock	L&M/ Dunn	113	Waterfront	New Construction	In Construction
Williamsburg Edge	Douglaston Development	346	Waterfront	New Construction	April 2007 Construction Start
157 Graham	Progress of Peoples	77	Upland	Preservation	In Construction
319 Broadway	319 Development	9	Upland	New Construction	March 2007 Construction Start
301 Hooper Street	M. Lax	68	Upland	Preservation	March 2007 Construction Start
306 Union Avenue	St. Nicholas NPC	21	Upland	Preservation	March 2007 Construction Start
586 Morgan Avenue	St. Nicholas NPC	16	Upland	Preservation	Summer/ Fall 2007 Construction Start
383 Hewes Street	Los Sures	22	Upland	Preservation	Late 2007 Construction Start
28-34 Kingsland Avenue	Neighborhood Women	33	Upland	Preservation	2008 Construction Start

Source: NYC HPD. "Greenpoint-Williamsburg Progress Briefing." March 2007

In the City's progress report, they state that 840 units are scheduled to be built on public sites. Of these units, 659 are still in discussion, developers have not been chosen, or HPD has issued Requests for Proposals. We estimate that of the 1,205 "active inclusionary" units reported by the City, 190, or 16 percent, are under construction. Of the 840 "active public" units, 0 are under construction. Given this information plus what we have learned about the development process, it is optimistic to state that the City is 57 percent of the way toward meeting its commitment.

The Inclusionary Housing program is producing affordable housing in Greenpoint-Williamsburg. The private market is developing the affordable housing but they are doing so with significant government assistance. In addition to the density bonus, developers receive a variety of subsidies including land, tax exemptions, tax credits, and other forms of assistance. Developing affordable housing in this model is not a purely private market affair. It has required considerable subsidy which in turn has made the housing affordable to very low-income households.

While we do not agree that the city is 57 percent of its way towards meeting its affordable housing goal, we did find that some affordable housing is currently being produced as a result of rezoning and more is on the way and perhaps even more importantly, at least some of this housing will be affordable to very low-income households. We still however have a few concerns.

First, much of the affordable housing is being created using a few mechanisms that may not be easily replicated in other areas of the city. On the waterfront developers have more space to meet density requirements for affordable housing plus they receive additional tax exemption benefits and assorted development subsidies which allow them to partially offset the cost of affordable housing. This may not be replicable in areas with smaller lot sizes, in less dense areas, where the 421-a is allowed as-of-right, or where additional subsidies are not provided.

Second, the City has dedicated a considerable amount of public land and subsidies to produce affordable housing to meet its commitments in Williamsburg. Public and partner sites account for 1,345 units of affordable housing meaning that much of the City's commitment is not met through the IZ but rather through the city dedicating land, buildings, and resources (HPD, March 2007).¹⁸ Moving forward, less city-owned land will be available for these purposes. As the cost of land rises, it will be

¹⁸ Prior to the rezoning, affordable housing units were already planned for many of these sites. Thus, the rezoning process did not necessarily act as an impetus for the creation of affordable housing on each of these sites. Many of the units on public sites are preservation units, not newly created affordable housing units.

difficult for the city and developers to put together affordable housing projects. As the City seeks to replicate the upzoning / IZ in other parts of the city, it may be difficult to produce affordable housing if there are few city owned sites. Additionally, this model of affordable housing development may be more difficult in the future because of a limited availability of development subsidies as well as potential caps and or subsidy reductions. HPD has been able to meet the majority of the demand for tax credits, but if more developers seek tax credits in the future, it will become harder to meet that demand especially if the number of tax credits is reduced. Given all these issues, it is unclear whether the production of affordable housing via a voluntary inclusionary housing program is replicable in other parts of the City without additional deep subsidy.

Table 13. Public Sites of Affordable Housing

Public Sites	Developer	Number of Units	Development Program	Status
112 Siegal, 59 Java Street, 239 Grand Street	JF Contracting	13	New Foundations	Pre-development
280 and 303 Grand Street	Neighborhood Housing Services	2	StoreWorks	In-development
43 Herbert Street	North Brooklyn Development Corporation	12	New Foundations	Pre-ULURP
Cook Street Municipal Lot	Dunn Dev/ L&M Equity/ Churches United	152	TBD	Pre-ULURP

Source: NYC HPDevelopment. "Greenpoint-Williamsburg Progress Briefing." March 2007

Barriers to Affordable Housing

The development of affordable housing is a complex process that involves an interplay of various factors. For example, an interviewee stated that the primary intent of IZ is to induce a market rate developer to effectively pay for the land on which the

affordable housing will be built. Market rate developers would, in some cases, give land to affordable housing developers in exchange for producing affordable housing units. These affordable units satisfy the market rate developer's inclusionary housing requirement so that they may get a bonus to build more square feet of housing. In this way, market rate developers partner with affordable housing developers. Market rate developers provide land and affordable housing developers provide affordable units so that market rate developers may increase their buildable square feet. However, it is challenging for affordable housing developers to assess the market rate developers' demand for units to satisfy their inclusionary needs. For example, if the housing market declines, market rate developers are not willing to pay as much for inclusionary housing units.

Developing affordable housing in this environment is riskier than conventional affordable housing projects, where there is always demand for affordable housing. In the rezoned areas, where land is very expensive, affordable housing projects are feasible if market rate developers enter into an agreement to purchase inclusionary units (unless developing on City-owned land). The demand for inclusionary units fluctuates with the demand for market rate or luxury units.

The process of developing affordable housing in the rezoned areas involves borrowing against the potential future sale of the units. Market rate developers who are interested in purchasing affordable units to achieve a bonus typically pay a deposit to the affordable housing developer. The affordable housing developer promises to build units for the market rate developer. Once this is done, the market rate developer may not be contractually obligated to purchase the affordable units if their market rate deal was unsuccessful. In this way, affordable housing developers face the risk that the high costs may not be returned.

Other factors in the housing development market make affordable housing production more challenging. The price that investors are willing to pay for the tax

credits obtained by developers has dropped, which decreases the developer's return. The costs to operate and maintain buildings have increased. These changes combined with rising construction and land costs, plus interest rate increases for construction loans, have created a more difficult development environment. Tax incentives and bonuses may or may not be enough to encourage developers to build affordable housing, depending on where in Greenpoint-Williamsburg one is proposing to build. On the waterfront, there is incentive because market rate developers can take height bonuses and sell the units on the highest floor at a higher cost. The market rate developers' benefit is large enough that they are typically willing to partner with an affordable housing developer and participate in the inclusionary housing program. The height restrictions upland make market rate and luxury development less attractive. Additionally, the 421-a tax abatement is given as-of-right until July 1, 2008. These factors have not yet provided sufficient incentives for market rate developers to build any significant amount of affordable housing upland.

The current political context suggests that partnering with private entities is the most efficient way of producing affordable housing but the complexities and cost of producing it in Williamsburg-Greenpoint all within the context of what is supposed to be a market based IZ program suggests a need to evaluate affordable housing choices. While inclusionary housing is stimulating affordable housing on the waterfront, the effects of the program are not yet clear upland; in addition, changes in the 421-a program that will go into effect at the end of year will likely have an effect on the creation of affordable housing.

COMMERCIAL CHANGE

Commercial change is a critical component of our study of gentrification in Williamsburg. Changes in retail and services can greatly impact community character, depending on whom the changes are designed to serve. In the case of gentrification, the targeted consumer is of higher income, resulting in availability of higher priced goods and services. This shift in consumer product can result in inaccessibility of goods and services to long-term residents and displacement of shops catering to that existing population. Retail establishments and street-level offices reflect the community's complexion: shops cater to the needs of the residents. Retail also defines the public spaces created by dining establishments, cafes and shops for browsing such as bookstores and gift shops.

The gentrification Greenpoint-Williamsburg has experienced since the early 1990s manifests itself in a number of ways through the private and public sphere with respect to commercial activity. Commercial change first became evident with the shift from private to public consumption from the 1980s to the present. Jason Patch¹⁹ explains that, in his experience living in the neighborhood, consumption was entirely contained within residences: parties and social engagements were strictly inside residents' homes in the 1980s. The only exception was what one of his interviewees called "drug bodegas," or shop "fronts" for drug sales. Gradual commercial investment began in the 1990s with the opening of unlicensed bars and side street galleries by early gentrifiers. Patch describes the evolution of private to public gentrification: "The slowly building community of gentrifiers began to have a presence outside their studios. From 1996 onward, a thicker flow of new residents arrived" (Patch, 2005: 47). This shift

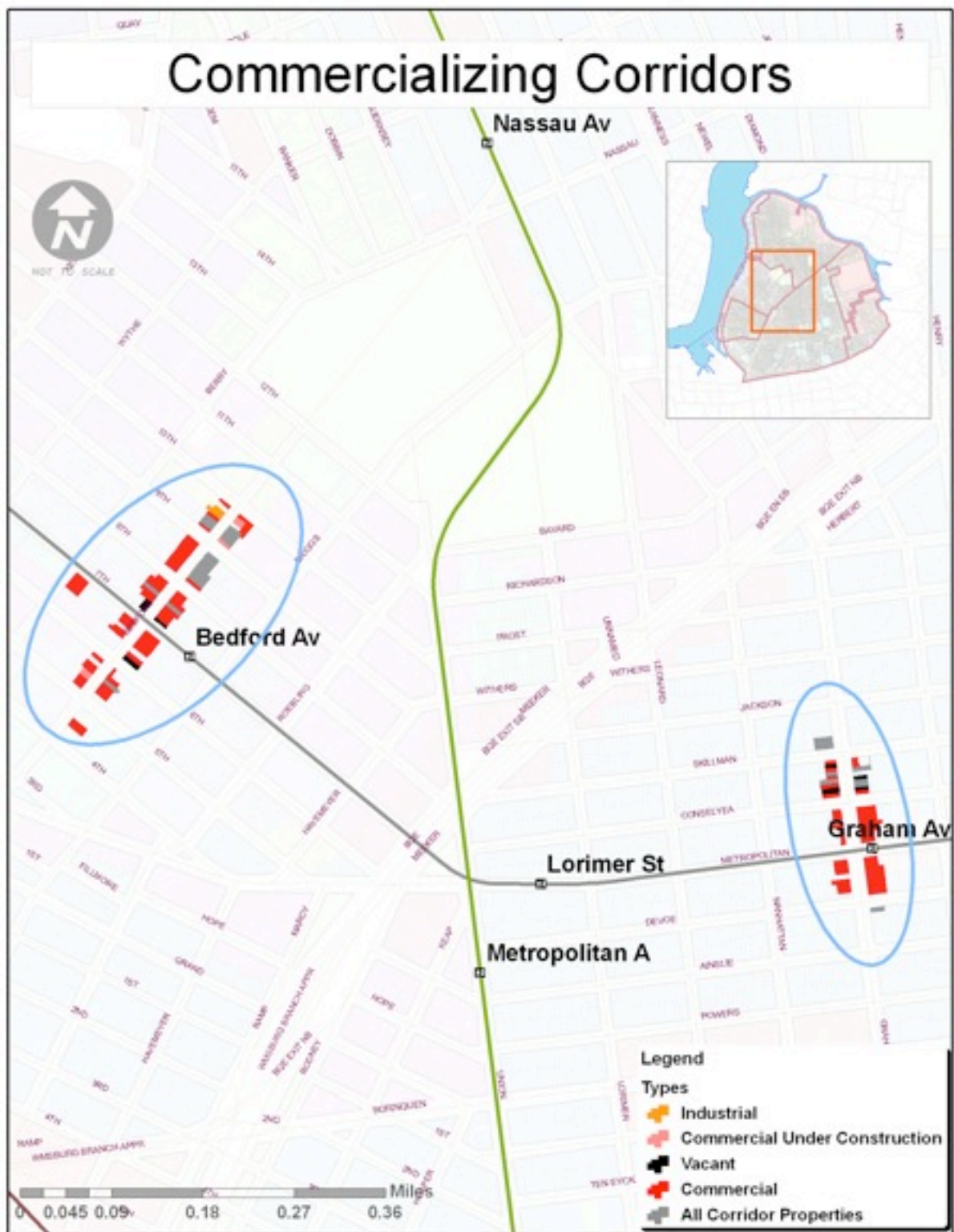
¹⁹ Jason Patch, who wrote his dissertation for New York University Department of Sociology entitled *Fashioning Gentrification: The New Role of Women in Neighborhood Change*, lived in Williamsburg from the late 1990s until the time of writing (2005). His research is based on interviews over time with Williamsburg residents, long-term and new gentrifiers, and with Williamsburg shop owners. He also bases much of his analysis on daily observation and participation in daily life as a resident himself.

moved people from their homes and others' homes to the streetscape as greater numbers of shops, dining establishments and bars opened.

The significant investments which came with the late 1990s meant that consumption became buyable art, clothing, and alcohol. These new shops were tailored toward a higher income consumer instead of the long-term resident. The public gentrification resulted in the development of businesses serving the new residents. As interviewees indicated, new businesses did not provide basic services such as banking, dry cleaning, and childcare. Bookstores, gourmet coffee shops and record stores served the new clientele interested in browsing, lounging and socializing in their leisure time. The restaurants and bodegas catering to existing residents, meanwhile, reflected a lean and efficient lifestyle of quick service and carry-out food. The new stores provided quasi-public space and appeared in sharp contrast to the existing shops with bulletproof Plexiglas separating customer from vendor (Patch, 2005).

To better understand commercial change and gentrification we conducted a study of change over time in two commercial corridors and a set of scattered sites. We considered affordability (of goods and property), change in uses and the effects of such, effects on the streetscape, and changes in type of service or product offered. We selected two commercial corridors: Bedford Avenue from North 10th Street to North 5th Street and Graham Avenue from Skillman Avenue to Devoe Street because they have the most concentrated commercial activity in the neighborhood and because they represent very different populations (See Map 10).

Despite established storefronts catering to Latino and Polish customers, Bedford Avenue offers a large number of high-end, non-necessity shops such as women's accessories, designer eyeglasses and a gourmet cheese shop. In contrast, many of the Graham Avenue shops appear well-established and cater to a less affluent contingent. Along with the corridors, we canvassed the neighborhood and identified 192 scattered businesses. We selected these sites by identifying what we thought were newer



commercial establishments catering to an upscale clientele. By traversing the entire Williamsburg neighborhood on foot, we documented the stores appearing to serve the newer residents through non-necessary goods such as boutique women's accessories, high-end clothing, and expensive home furnishings. Because the wave of gentrification began with scattered sites such as the galleries and bars mentioned above, we determined that these sites would be crucial to our study. After canvassing, we consulted the Cole's Reports to find historical data on each property.²⁰ We then recorded the name and type of business for the years 1971, 1981, 1991, 1995, 1999, 2003, and 2007. In order to get a fuller picture of properties, we consulted the City of New York's Finance Department and gathered 2003 and 2007 assessed and market values for each property (<http://webapps.nyc.gov:8084/CICS/fin1/find001I>) (See Map 11).

Using these methods and data sources we determined property value changes for each property. We analyzed affordability, type of commercial shifts, use of building shifts, and street level activity changes in order to better understand the commercial component of gentrification in Williamsburg.

Increase in Commercial Use

Throughout and around the Greenpoint-Williamsburg rezoning area, there has been a recent increase in the number of street-level commercial businesses. This phenomenon has steadily developed in the neighborhood's low-density mixed-use areas. We discovered new on-street storefronts under construction and old buildings rehabilitated for new commercial uses. Restaurants, cafes, shops, galleries and other first floor storefronts are starting to dominate streets that were once mixed with industrial and residential. The takeover of commercial businesses also impacts

20 The Cole's Reports are essentially Yellow Pages for major cities. We accessed these through lengthy visits to the public New York Science, Business and Industry Library. Borrowing books for each year from the reference librarians, we noted the history of the business names for the years listed above.

Williamsburg's industrial sector. In our sample of 261 addresses with identifiable



commercial businesses listed in 2007, at least nine of these businesses were industrial in character in 2003 before the rezoning; at least thirty of them were industrial in 1971.

Bedford Avenue serves as an example of how commercial business are increasing in number and concentration in Williamsburg. We identified eighty-two addresses on Bedford Avenue between N. 10th Street and N. 5th Street, immediately adjacent to the Bedford Ave L stop, the first stop in Brooklyn. In 2003 residential and business listings, there were twenty-eight addresses with only residences, forty-two identifiable commercial businesses, one industrial building, six addresses with unidentifiable businesses and five addresses with no business or residential listings. This corridor was slightly more than half commercial in character (51 percent of addresses surveyed).

Since rezoning, the concentration of commercial activity on Bedford Avenue has increased. The area around Bedford Avenue was once designated part of the Special Northside Mixed Use District, which permitted commercial, industrial and residential uses. This designation has been removed, in favor of a commercial overlay district on Bedford Avenue between N. 10th Street and N. 4th Street (Greenpoint-Williamsburg Rezoning Adopted Rezoning Map). The zoning district is designated C1-4, or “local retail,” permitting by-right most shops and eating establishments but excluding large-scale retail (i.e. department stores), automotive, wholesaling and most industrial uses (NYC Zoning Resolution 32-00 to 32-32).²¹ The impact of the rezoning on Bedford Avenue is already evident. In our 2007 site visit of the same eighty-two addresses, we found twenty addresses with no storefronts (residential uses only), one building with an industrial use, fifty-four active and open commercial storefronts, three vacant storefronts, and four storefront businesses currently undergoing construction and/or renovation. This section of Bedford Avenue clearly has a more developed commercial

²¹ Commercial overlay districts were also created for other existing commercial corridors like Grand Street. However, the rezoning also took this opportunity to use commercial overlay districts to carve out new corridors like Kent Avenue, along the new waterfront properties.

character since 2003, with sixty-six percent of the addresses occupied by open shops and restaurants.

With the support of the rezoning measure, Greenpoint-Williamsburg will continue to see an increase in commercial land uses. A significant influx of new residents in the upland and waterfront areas will necessitate additional shops and restaurants.

Increase in Upscale Commercial Development

In addition to an increasing presence of first-floor commercial activity, Greenpoint-Williamsburg is experiencing an “upscaling” in its commercial uses. As gentrification occurs in the neighborhood, it is notable that the neighborhood still lacks basic commercial amenities such as a full-service grocery store. Instead, indicators of gentrification have popped up throughout the neighborhood: boutique clothing stores, upscale restaurants, dance clubs, yoga studios, coffee shops, etc. Jason Patch has stated that the appearance of upscale businesses alongside the existing shops creates an atmosphere for intense real estate reinvestment. New businesses service an upscale clientele and exclude existing residents. These new businesses are driving real estate investment in Williamsburg, amounting to a takeover of the neighborhood as new, wealthier residents move in.

Our site visits indicated dissipation in Patch's finding of the “industrial past ... side-by-side with the new amenities of the neighborhood” (Patch, 2004: 176). Instead, whole streets have been transformed into strips of commercial gentrification, especially in the blocks West of Bedford Avenue but close to the subway. North 6th Street between Bedford and Kent is now a strip of restaurants and specialty furnishing shops. Fashionable boutiques with names like Sleep and 10 ft. Single now dot the landscape. As recently as 2003, half of the restaurants in this strip had an industrial business listing.

We found 2003 listings for businesses such as Action Lighting & Power, A&M Food Distributors and Adams Di Warehouse (See Table 14).

First-floor galleries provide a unique indicator of commercial change. While the neighborhood's galleries may be representative of a "starving artist" class, they are also interconnected businesses that have shaped an actual art scene in Williamsburg. They are more dynamic than art galleries in other neighborhoods (See Map 11). Of the twenty-four first-floor galleries identified in our site survey, twenty-one of these addresses had only a residential listing or no listing at all in the 1990s. The galleries act as a bridge between industrial uses and commercial gentrification. For example, One Sixty Glass on Berry Street is a glassworks studio that offers artist display and amateur instruction (About One Sixty Glass). In 1971, the address was listed as a machine works.

The neighborhood is experiencing an increased concentration of boutique clothing and furnishing shops. We identified thirty-six of these stores, most are concentrated around the Bedford Avenue corridor. Two are still under construction. In 2003's business listings, only eight of these businesses were at the same address. The other twenty-eight locations included ten unlisted addresses, eight residential-only addresses, two industrial businesses, and the remaining were other types of commercial. A representation of how the artist wave of gentrification has evolved, one clothing shop, Brooklyn Industries, has evolved from art project to boutique clothing store to a retail chain with eight shops in Manhattan and Brooklyn. The first shop on N. 8th Street and Bedford Avenue was started by two long-time Williamsburg artists who made clothing and accessories out of recycled materials. The store is now being pushed as a "brand," where the location of the stores will become less relevant as "[the stores have] a reference to Brooklyn [but also] its own identity" (DiLorenzo, 2006). Like American Apparel on N. 6th Street, Williamsburg is developing as a center for a new kind of clothing retail: outlets that advertise cutting edge designs to young urbanites, but are also established brands (See Map 12).

Table 14. Summary of Upscale Businesses

Type of Business	Number	Comments
Bakeries	1	Bagelsmith on Bedford Avenue (cafes have been at this address since 1995)
Bars	18	Several bars also offer live entertainment
Bike Shops	1	
Cafes	18	Notably new and busy cafes include Uro Cafe on Driggs and Roebling Tea Room
Clothing	20	Includes boutiques & chains like Brooklyn Industries
Chain Food/ Services	16	Includes fast food restaurants like McDonalds (listed on Manhattan Avenue since 1981), as well as chain banks and Radio Shack
Collectables	3	A tobacco store, Fugetaboutit, has two locations
Design Services	3	Includes furniture design specialty stores
Furnishings	16	Moon River Chattel on Grand Street close to the waterfront, since 1999
Galleries	24	Only includes "street galleries" that are marked on the first floor
Grocery	6	Polish Deli on Manhattan Avenue now cater to organic customer base
Health & Beauty	12	Includes pharamacies, gyms, spas and upscale hair salons/barbers
Music	4	Only Coyote Recording Studio on N. 6th has a visible street preference
Nightclubs	4	Bar Matchless takes its name from an auto repair sign attached to the building
Realtors	2	
Restaurants	28	Aurora Ristorante, a fine Italian restaurant on Grand Street will be open soon
Tattoo Shops	4	None of these tattoo shops were listed in older business listings
Theaters	1	Charlie Pineapple Theatre Co. on N. 8th Street was established in 2002
Wine Shops	2	Allman Fine Wines is new on Grand Street
Yoga Studios	2	Additional studios may exist on floors other than the ground level
Other	1	(unknown / under construction)
TOTAL	192	

Williamsburg's nightlife increasingly serves incoming residents with new bars, clubs, and restaurants. Of fifty-three selected restaurants, bars, and clubs, only nine



were listed at the same address according to the 2003 business listings (before the



rezoning). However, a sample of twenty restaurants and bars in the Bedford and Graham commercial corridors tell a different story. Eleven of these businesses were listed at their addresses in 2003 before the rezoning. In fact, eight of the twenty restaurants and bar were at their same addresses as early as 1995. These establishments are different in character from the scattered, newer bars and restaurants. They are advertised as taverns, diners, pizzerias and take-out shops.

Affordability

The shift in type of commercial establishment discussed above is the result of many factors. Two factors driving change are the preferences of new residents and increasing real estate prices. The preferences of new, wealthier residents create a new market for specific goods. Many of the goods consumed by newer residents are similar to those of current residents, namely necessities such as food and other basic services. Thus, many current commercial establishments will see an increase in business due to an increasing population and an injection of wealth. However, wealthier individuals demand higher quality and/or more expensive goods and services, as well as other goods and services not historically offered in the neighborhood. Thus, business owners are either forced or choose to change their products, and new businesses open to capture this new market. The changes in product availability and quality often result in higher prices for or even elimination of certain goods and services. Residents, particularly those of modest means, are forced to travel greater distances to acquire those goods no longer available or to find them at lower cost, or must pay the higher prices. Additionally, the presence of new, higher-end businesses reduces the space available to shops providing affordable products.

Rising real estate prices also have a large impact on where businesses choose to locate and what products and services they offer. As this study has made abundantly

clear, real estate prices have risen rapidly over the last decade in New York City. This phenomenon has greatly impacted Williamsburg, and has been augmented by the neighborhood's proximity to Manhattan, superior transportation connectivity, and speculation prior to the rezoning of the waterfront.

The New York City Department of Finance evaluates the market value of all properties each year. Recent data is available on the department's website. We collected market values, as determined by the City, for 334 properties or each address/property included in the commercial change study. The market values were summed to gain a greater understanding of the rate of change in real estate prices. The two commercial corridors were also considered independently (See Table 15).

Table 15. Corridor Property Market Values

	Number of Properties	Total Valuation 2003	Total Valuation 2007	% Change in Valuation
All Properties	334	\$145,435,213	\$398,242,651	174%
Bedford Avenue Corridor	82	\$16,009,200	\$51,812,400	224%
Graham Avenue Corridor	74	\$24,679,600	\$63,689,200	158%

The total market value of all surveyed properties was \$145,435,213 in 2003. In 2007, the total market value for the same 334 properties was \$398,242,651. This represents a 174 percent increase in total market value over four years. As a comparison, inflation, as measured by the Consumer Price Index and published by the United States Bureau of Labor Statistics, increased by 14 percent from January 2003 to January 2007 for the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, Metropolitan Statistical Area.

Gentrification in Williamsburg has occurred in waves. This phenomenon is true with respect to time and space. The major waves of gentrification over time have been discussed at length. Gentrification has also moved geographically from west to east along the L train path. This phenomenon is partially illustrated by the difference in pace of market value appreciation between the two commercial corridors. Between 2003 and 2007, the change in total market value of properties located in the Bedford Avenue commercial corridor, which is located west of the Graham Avenue commercial corridor and included 82 properties, was 224 percent. In contrast, the 74 properties included in the Graham Avenue corridor experienced market value appreciation of 158 percent. Both of these rates are remarkable. However, the higher rate along Bedford Avenue is an indication of greater commercial gentrification activities.

Developers and property owners use the amount paid for a property as the base for calculating rents for commercial tenants. Greater market values for properties translate into greater rents for tenants. In the short term, tenants have three options, or combinations of options, to deal with rapidly rising rents: cut internal costs/ change business practices (such as cutting labor hours or increasing operating hours), increase prices to consumers, or close the business. Many locally-owned commercial stores have relatively few employees, thus raising prices is the only option. Higher prices push the cost of rising rents onto consumers who purchase these goods, thus decreasing the affordability of the neighborhood. Additionally, as rents rise, many locally-owned businesses are pushed out of the market. This void is often filled by chain stores and other higher-end, luxury businesses as they have the resources to pay higher rents. The goods and services offered by such businesses are often more expensive than those displaced or barred from entry due to the high rents, and may reduce overall wealth of long-time residents who no longer own businesses in the neighborhood.

Busier Street Life and Perception of Safety

The increase in commercial activity also results in greater sidewalk traffic and more of what Jane Jacobs calls “eyes on the street.” One resident describes her experience prior to the late 1990s gentrification wave: “Having no one around does not inspire confidence....There were no trees and not even any parked cars. There was just a lot of parked [bins] full of garbage...it was pretty dismal and desolate” (Patch, 2005: 79). In contrast, Patch describes the neighborhood after the initial gentrification wave thusly: “By 2004 Bedford Avenue was so filled with restaurants, cafes, boutiques, record stores and bookstores, which it was hard to distinguish from the East Village....Although residences rest above the line of storefronts, this is a heavily commercialized area. It is a place filled with faces on the street” (Patch, 2005: 125). Gentrification facilitated a level of safety through streetlife formerly missing from the neighborhood.

Along with a more active street life created in part by the processes of gentrification comes a perception of safety as evidenced by the number of pedestrians and shoppers now visible. Walking the streets of Williamsburg today, even on the coldest days of winter, the volume of people frequenting or living in Williamsburg is immediately apparent. The number of those walking indicates an increased security and feeling of general safety.

Conclusion

The new commercial activity creates some benefits, such as producing a more vibrant street life and providing goods and services not previously offered in the neighborhood. However, our study reveals that the increased commercial use, decrease in affordability, and increase in activity generally serves the new population and creates

DISPLACEMENT

Greenpoint-Williamsburg boasts a unique land use pattern in which commercial, residential and industrial uses coexist. But today, that mix of uses, and the character and community that such land use allows, is rapidly disappearing. The rezoning has expanded and accelerated the pace of residential development. Commercial corridors have undergone transformation in response to a growing segment of the population with considerable disposable incomes. Increasing rents have also caused some long-time businesses to close. A palpable tension brews between the existing manufacturing culture and the new residential norms, as illustrated by the often-voiced manufacture's complaint that "police and residents are increasingly intolerant of trucks" involved in industry's daily activity (NAG, 2006). This complaint is symbolic of the way land use changes and cultural changes are synonymous. These changes are felt unevenly by the people and establishments of Greenpoint-Williamsburg. While the new shops, restaurants, bars and housing options are enjoyed by some, others cannot access these expensive amenities. As rents increase and new development puts pressures on building owners to sell their property, displacement occurs. In this section we examine industrial and residential displacement.

Industrial

While the transformation of the neighborhood began before 2005, the rezoning was an affirmation of the growing residential direction, a statement of an upper-class vision, and an undeniable blow to manufacturing. This section will explore the impact of rampant residential growth and residential speculation on industry, a subset of which is manufacturing, in the Greenpoint-Williamsburg neighborhoods. It will discuss the role of the rezoning and a myriad of other housing policy trends that have contributed

to the transition. Finally, it will attempt to explain just a few of the ways that a loss of industrial firms negatively impacts the Greenpoint-Williamsburg community as well as the surrounding region.

'Deindustrialization' Versus Industrial 'Displacement'

Scholars have spun two separate narratives about industry leaving Brooklyn. One, 'deindustrialization,' was a national phenomenon.²² It was no longer viable for most firms to manufacture domestically and businesses were sold, downsized, restructured or lost. The City recalls 1.1 million jobs City-wide in 1947 in manufacturing alone; a number that had fallen 80 percent by 2005 (DCP "G-W Land Use and Waterfront Plan"). In Greenpoint-Williamsburg, about 80,000 manufacturing jobs disappeared between 1960 and 1990 (Brooklyn Public Library).

This basic 'deindustrialization' process, though, is not the same as the concept of industrial "displacement" that is accelerating today (Curran, 2005). Industrial displacement, affecting a variety of manufacturers and other uses like transportation, utilities, wholesalers and more, is a consequence of gentrification – of rising location-based costs rather than labor costs. Despite the widespread consensus that a global economy spells inevitable doom for American industry, the late 1990s boasted a lively industrial sector in which firms found a niche in New York's regional economy.²³ "Although most large-scale manufacturing left the City long ago for suburban or overseas locations, manufacturing still employs 250,000 people in New York City" (PICCED, 2001). "They are firms that are 'flexible, resourceful, and able to

²² The US manufacturing industry, with its large, heavy-manufacturing plants, strong unions and expensive taxation, began to be undermined by cheap labor and production throughout the rest of the world. Competition from foreign producers that created consumer goods at low costs, like automobiles, forced massive downsizing by American firms.

²³ See the Pratt Center 2001 report "Making it in NY: Manufacturing Land Use and Zoning Initiative" in the section "The Status of Manufacturing in NYC" for an account of industry strength in the late 1990s early 2000s

respond quickly to consumer markets” (Curran, 2005: 466). Curran distinguishes the modern Greenpoint-Williamsburg manufacturer as “the ones who need to be there and have a business advantage because of their urban location” (Curran forthcoming: 5). Even after a great period of deindustrialization took its toll, the New York economy in 2006 still included 230,000 industrial jobs including manufacturing, warehousing, transportation, utilities and more (Friedman, 2007).

Between 1991 and 2002 Greenpoint lost 628 manufacturing jobs and 630 industrial jobs; Williamsburg lost 2,802 manufacturing jobs and 2,353 industrial jobs (NYC DCP “G-W Land Use and Waterfront Plan”). While this would be a significant finding on its own, it is even more telling that no other nearby North Brooklyn neighborhood experienced the same kind of loss. This suggests that the industrial sector overall was stable and that something specific was happening in Greenpoint-Williamsburg. The culprit was the strong housing market putting pressure on Greenpoint-Williamsburg.

Residential Momentum Before the Rezoning

Former industrial neighborhoods like Greenpoint-Williamsburg were never simply empty shells awaiting new residential investment. It was not inevitable that only housing would thrive there after the City’s economic lull in the 1960s and 1970s. While Greenpoint-Williamsburg became a target destination for artists and other urban pioneers, the industrial uses that support a growing population - “lighter industrial activity including wholesaling, distribution, and construction” and goods and services like “food, beverages, furniture and apparel as well as construction-related” – also sprung up (DCP “G-W Land Use and Waterfront Plan”). In addition, some industries had not fled these neighborhoods, but had downsized, adapted, reconfigured and

reorganized. There were new households and new businesses laying claim to the landscape, creating a unique mix of uses.

Writing about the Lower East Side, a former manufacturing place which was an increasingly attractive residential destination in the 1970s, Sharon Zukin (1982: 3) clarifies what is lost as residential lofts begin to appear in old industrial spaces:

Lofts changed from sites where production took place to items of cultural consumption. This process annihilates light manufacturing activity. Lofts that are converted to residential use can no longer be used as machine shops, printing plants, dress factories, or die-cutting operations. The residential conversion of manufacturing lofts confirms and symbolizes the death of an urban manufacturing center.

Artists often moved in, taking advantage of the cheap rents which compensated for the inconvenience of living in fringe neighborhoods far from amenities. They used the spaces to produce. After a residential market is realized, however, manufacturing is endangered by the physical transformation of its former spaces. It is no longer the case that they are sites of production, and they are consumed by those seeking a “bourgeois chic” living space (Zukin, 1982: 2).

In Williamsburg legal and illegal tactics were employed to convert buildings with empty spaces under the old zoning regulations. There were many quasi-legal ways to rent to residents without officially applying for a variance to permit residential use. Some landlords knowingly issued “commercial leases, so that the landlords can later claim that they had no knowledge that residential users were occupying the space” (Curran forthcoming: 13). Other landlords used a variety of strategies to secure a variance. If a building owner could claim hardship based on the fact that he or she could not fill even half of the building with industrial tenants, the Board of Standards

and Appeals would likely allow for redevelopment as residential since that market was strong. This tactic was employed by the owner of 184 Kent around the year 2000 so that rehabilitation to create \$3,500 studios could begin (Bowles, 2000). Seeking a variance might have costs associated with application and processing; however, it was relatively painless for the owner of 184 Kent to acquire one from the Board of Standards and Appeals and was considered a cost of business to gain residential development profits (Interview, 2007). The variance process through the Board of Standards and Appeals does not question whether converting an industrial building to residential meets community desires to maintain adequate industrial spaces. Instead, the process focuses on the building itself, often finding them unfilled and producing moderate rents for the landlord that could be higher if residential.

Illegal residential conversion was a major contributor to the hot housing market, as well as a symptom of it. It was also a symptom of weak zoning enforcement. Though hard to quantify, a substantial number of conversions occurred without proper variances and without bringing buildings up to safety codes for habitation. The Department of City Planning (DCP) noted that “many of the conversions occurred illegally,” suggesting degree to which the practice was conspicuous (NYC DCP “G-W Land Use and Waterfront Plan”). There was a definite history of a relative lack of land use enforcement in the Greenpoint-Williamsburg neighborhood (Interview, 2007).

One source estimated that in 2001 121 buildings, mostly in Greenpoint-Williamsburg and having a population of around 1,000 to 2,000, were full of “artists and others seeking places to work and live after being priced out of Manhattan” (Lambert, 2001). The City estimated in 2005 that 100 former industrial buildings in the neighborhood contained residential uses. The City also stated that the rezoning would reflect the way in which these conversions signaled a residential market in those areas (DCP “G-W Rezoning Environmental Impact Statement” hereafter EIS).

Curran offers another perspective about why enforcement of existing land use was loose and why variances that aided development were common even if they threatened industrial firms. She identifies a “shifting geometry of power that favors the role of local governments as enablers of the private market, in which success is measured by the production of potential extra rent” (Curran, 2005: 464). If the responsibility for generating a strong private market shifts to the local government, it makes sense that they will use the economic sectors they can control to bolster economic production. In Greenpoint-Williamsburg, the City can enable high-rent private housing development. But loosening the land use regulations and de facto legalization of evictions for low-rent generating tenants undermines this successful niche industrial economy.

The 2005 Rezoning Affirms Manufacturing Displacement

The rezoning of Greenpoint-Williamsburg was, at least in part, a powerful economic development tool being wielded to increase the land and rent value of the neighborhood. As a result, the average residential price jumped between April and July 2005 from \$538,000 to \$638,000 (Rezoned2006.com, 2006). Speculation about the new ability to add new residential units certainly fueled this jump. But it was price pressure combined with a new legality of residential use in formerly Industrial (M) zoned areas. For manufacturers who own their buildings, there is an “enormous windfall” to be made by selling the property off to a residential developer (Interview, 2007). In addition:

The renters are the ones who really get screwed. Industrial property owners in MX [mixed-use] zones now have huge financial incentive to get industrial tenants out as soon as possible, just as residential landlords

have incentive to clear their buildings of low-income people paying low rents (Interview, 2007).

The key idea is that given the intense real estate market in the neighborhood, industrial firms of all types are endangered if they are located within a zone in which their building can now be made residential. Perhaps this is palatable in some areas, like the waterfront, in which the Greenpoint Manufacturing Design Center and other members of the community felt that rezoning for residential was “reasonable” because industrial use was “pretty modest” (Interview, 2007). But it was a stronger blow for other parts of the neighborhood in which industrial uses were more intense. In total, 6 modest M-only districts are left in the entire rezoned area, while a substantial portion is zoned MX, allowing mixed-use.

A key question about the rezoning is how it contributed to displacement in some of the uniquely mixed areas; specifically the old Northside District and its adjacent zones. Those designated as M(R) or R(M) were mixed-use areas which allowed the coexistence of residential and manufacture uses. The Franklin Street District in the North and its surrounding strips were similar in nature. Yet the rezoning not only outright replaced some of the Northside District’s and Franklin Street District’s mixed areas with residential only regulations, it also added many MX (mixed-use) zones over old M (manufacturing only zones). Within a year of the rezoning, demolitions of former manufacturing sites picked up steam around Roebling, North 10th and 4th, Union and Kent and other areas in these MX zones (Interview, 2007). In all, 4,000 industrial jobs within the new mixed-used districts are facing extinction (Rezoned2006.com, 2006). In their place are residential developments. A report by the Pratt Institute written before the rezoning explains “the primary reason that manufacturing uses have declined in mix-use districts is that an influx of non-manufacturing uses has caused property values to rise, prompting owners of manufacturing buildings to replace manufacturers with

other uses that can generate higher rental revenues” (PICCED, 2001). Zoning in the context of a strong residential market is not enough of a safeguard against residential displacement.

Besides the rezoning allowing the residential market to bulldoze – sometimes quite literally – manufacturing out of desirable blocks, the zoning was indiscriminate in the way it blanketed a very diverse set of sub-neighborhoods. For instance, in 2004 the waterfront was largely abandoned yards and hulking buildings that were testament to the large scale industrial production of anon, while the Bedford corridor was a mostly residential strip with ground level commercial and retail. Thus, one interviewee characterized the zoning of such a large and varied set of 184 blocks covering at least two distinct neighborhoods as “overly ambitious” and said that upland industrial issues are not equivalent to those on the river’s edge (Interview, 2007). Perhaps it is even the case that each industrial building required an evaluation of its viability. But a very detailed picture seems to have been painted with a broad brush.

The rezoning upland included specific measures that deregulated the preservative features of the old zoning, transforming upland into an unmixed neighborhood where residential use would rule and manufacturing would be relegated to Industrial Business Zones (IBZs). One interviewee, citing the fact that DCP rejected some of the regulatory safeguards for mixed-use zones proposed by the Greenpoint Manufacturing and Design Center (GMDC), the New York Industrial Retention Network (NYIRN) and others, added that the City doesn’t “envision a mixed use future for the neighborhoods – City policy has been focused on relocating any remaining industry to IBZs” (Interview, 2007). The regulations proposed by GMDC and NYIRN would have established preventative measures to halt displacement before it started, with the thinking that preventing relocation is better than scrambling to assist dislocated firms in an environment of rapidly shrinking opportunity.

What is Lost When Displacement Occurs?

The strength of the “small, entrepreneurial and nimble” industrial firm that thrives in Greenpoint-Williamsburg is based on its competitive advantage and skilled workforce. The jobs provided are not only superior to other jobs available to people with low to moderate education levels, but have been improving. Wages were up 35 percent in 2005 from 2000 while regional inflation was 20.9 percent. Production-worker jobs also employ a diverse part of the workforce: 78 percent are people of color, 63 percent are immigrants and 24 percent have not finished high school (Friedman, 2007).

Truly, a comparison between the industrial jobs in Brooklyn and the other opportunities for people with low education levels is no contest. When a firm is displaced, it takes these opportunities out of the neighborhoods. If the firm folds the jobs disappear completely. While selling or closing down may make financial sense for the firm and the owner, it is “catastrophic” for employees (Interview, 2007). “Those displaced from industrial jobs suffer long periods of unemployment and lower pay and fewer benefits in the jobs they do find” (Curran, forthcoming: 24).

Moreover, a loss of industrial jobs means a change in culture for Greenpoint-Williamsburg. Residents often boast of a ‘walk-to-work’ culture based on the fact that residential and industrial uses were in close proximity to housing (Rezoned2006.com, 2006). As the neighborhood becomes predominately residential, this is just one of many unique cultural elements that is lost. Another change is that many of the new residents commute to Manhattan for employment, meaning transportation – particularly the “L” train – is strained. A lot of the energy, time and money of the new residents of the neighborhoods is spent in Manhattan rather than locally, which impacts the degree to which a sense of community can be formed. The complex web between local producers and consumers is dynamic and varies case by case, but, when a firm is lost through displacement, “the economic impact is much greater than just the finite jobs at one

particular company” due to base economic multiplier effects (Curran, forthcoming: 7). There might also be deep social and cultural impacts. Is a neighborhood with no industrial jobs a neighborhood of opportunity for all residents?

The Flaws of the Rezoning Continued and Some Fixes

The creation of Industrial Business Zones (IBZ) was an important step towards retaining some industrial uses in Greenpoint-Williamsburg, but not nearly enough to compensate total loss.²⁴ A main IBZ is in the center of Williamsburg just North of the Bedford area, a place where a strong concentration of industries remained for years. Offering a tax-credit incentive of \$1,000 per employee to relocate within the zones, the City offers this haven as a counter to the approximately 1 million square feet of lost manufacturing space that it predicted would be cut during the rezoning (DCP, EIS).

Yet relocation is a challenge for many firms. Advocates and firms frequently claim that the incentives offered are not enough to cancel the losses associated with relocation, the difficulties uprooting from current buildings, damaged connections to labor pools, and other pressures that firms are facing (Interview, 2007). Also indicative of the IBZ inadequacy is that despite their existence, GMDC, which takes in ‘manufacturing refugees’ or those firms that have been displaced because of rising rental and lease rates, has seen its waiting list jump from 20 firms to 70 in the years since the rezoning (Rezoned2006.com, 2006). The encouraging impact of the IBZ, then, is smaller than the displacement impact of the rezoning in total. In addition, relocation has not been extended as an option to firms in the Ombudsman area (Interview, 2007).

Mayor Bloomberg has made a policy commitment to preserving manufacturing, but advocates have demanded that more safeguards be institutionalized; for instance creating an Industrial Employment District designation program that would protect

²⁴ For more details on IBZ, see: <http://www.nyc.gov/html/imb/html/ibz/ibz.shtml>

manufacturing zones from 'big-box' retailers, provide a special permitting process for non-conforming developments, and allow opportunities for continued community input (Zoning for Jobs, 2004). IEZ regulations protect industrial uses from displacement by applying directly to the MX zones where the industries are, not just to the IBZ where they are to be sent. These districts were not included in the MX zones because DCP did not want to include a stringent permitting process (Interview, 2007). In combination with the new zoning, the IEZ would help MX zones stay truly mixed because they limit destabilizing land use changes.

Nurturing and Industrial and Residential Greenpoint-Williamsburg

The City need only make a stronger policy commitment, codified in regulatory actions, to manage the changing landscape equitably, protect jobs and preserve a key component of the regional economy. Best of all, to preserve industry, it does not necessarily have to compromise residential growth in any significant way.

Organizations like GMDC, NYIRN, Neighbors Allied for Good Growth (NAG) and others have developed innovative recommendations and programs to help with assistance, relocation and community participation in these issues. Yet in 2007, after a rezoning process that only increased industrial decline while diminishing a key economic sector, the City has yet to join these leaders in action.

Residential

In this section we discuss how accelerated development and gentrification have resulted in residential displacement in Greenpoint-Williamsburg. Because of the difficulties of measuring displacement suggested by other studies (Newman and Wyly, 2006; Freeman and Braconi, 2004), we examined the processes through which displacement happens, the neighborhood context for displacement and how that has

changed over time, and the communities that are affected. We found that residents are displaced as a result of a variety of processes including increased housing costs, demolition for new construction, construction related structural damage, and harassment.

Nothing But U-Hauls

Interviewees described the scene in East Williamsburg as “nothing but U-hauls.” Increasing prices in the private housing market have made it exceptionally difficult to afford housing. The volume of old residents moving out and new residents moving in has produced a sea of u-hauls. This high rate of turnover follows decades of low homeownership rates and rents and high vacancy rates, but recently that trend has shifted. As discussed earlier, the average home cost and the average rent in Williamsburg have increased dramatically. Average incomes have not increased at the same rate. The average Williamsburg resident would need to spend 51 percent of his or her income to afford housing. It also means that many residents are forced to move out, while only households with higher incomes can afford to move in.

The increase in luxury residential development has increased pressures to find and maintain affordable housing. Increased housing prices are not an entirely new phenomenon. Prices within the area have risen considerably since the 1980s as early gentrifiers moved into the North Side. The steady influx of affluent individuals in search of housing options has all but saturated the North Side’s unregulated housing market. Nevertheless, several long-term residents have maintained residencies in the area due to the “informal housing economy” in which landlords agree to rent apartments to tenants they have long-standing relationships with at below-market rates.

Nevertheless, as gentrification continues to spread outward into East Williamsburg, the Southside and Greenpoint, long-term residents who reside in units

protected under the City's rent regulation laws are finding it increasingly difficult to remain in their homes. Some landlords, eager to attract affluent newcomers, employ legal and illegal tactics to displace existing residents. These tactics will be discussed in greater detail in a later section. Similarly, renters in private unregulated units have few protections against displacement and are unlikely to find comparable affordable housing nearby as rental vacancy is less than two percent. Even though new construction is at its peak, the flood of new units does not appear to be relieving displacement pressures. New housing is largely luxury and often owner occupied. Even though some argue that increased housing production will produce affordable units through a trickle down process, the low vacancy rate and burgeoning demand has prevented that from happening. As previously mentioned, 3,548 units of affordable housing are planned for the neighborhood over the next ten years. For those who have already been displaced and those who are currently threatened with displacement, that new housing is likely to come too late. Additionally, the demand will likely far outstrip the supply.

Some long-term renters in search of homeownership opportunities find it increasingly difficult to find properties they can afford within their community. This form of exclusionary displacement further perpetuates the dislocation of long-term residents from their communities, as many are forced to identify home ownership opportunities in surrounding neighborhoods. Those who are fortunate to own homes may find it extremely difficult to afford increasing taxes. Properties are reassessed yearly increasing an owner's wealth on paper but making homeownership increasingly expensive. This is a particular frustration in a neighborhood in which new residential loft-like housing at the top of the price range is regularly afforded 15 year property tax abatements. As homeowners struggle to pay taxes, they can peer out of their backyards at the looming new luxury buildings and their new neighbors who may not pay property taxes at all.

Construction Related Displacement

The wave of gentrification in Williamsburg from the late 1990s forward has resulted in significant disruption from construction activity. This disruption is apparent from a stroll down any street in the neighborhood, especially near the waterfront. The sounds and tremors of bulldozers, front-loader back hoes and pressurized nail guns pierce the air from 7:00 am until 6:00 pm, or later. Demolition crews work around the clock, often illegally, to make way for the new developments. Noise and air pollution are not the only disturbance, however. Rat traps are set up outside many homes in attempts to stem the rampant rodent problem instigated by construction.

Numerous documented cases of construction related damage to existing buildings have resulted in condemnation and eviction of tenants. Because of the tenuous nature of the housing stock, demolition of row buildings often spells damage to adjoining homes. An interior carpenter in the neighborhood describes much of the housing stock as created “at the turn of the century, to just cram in tenants, into tenements....And the only reason they stood up is because they were slammed up next to each other” (Patch, 2005: 200).

With enough damage, neighboring buildings become unsafe and uninhabitable, thus forcing tenants whose units were not scheduled for demolition to move unexpectedly and unnecessarily. This dangerous situation places people’s homes and their personal well-being in jeopardy. One Williamsburg business owner claimed to be holding the ceiling of her establishment up using two-by-fours since nearby construction had damaged her building, while another man was endangered when a concrete wall from construction on a neighboring lot fell on his house. The rapidly rising property values described above prohibit long-term tenants from finding

affordable rental or ownership properties in the same neighborhood once they are forced to leave.

Harassment and Price Increases

Even though we might expect that most residents are displaced from private market rate housing, community advocates and others suggest that the real problem of displacement is occurring in the regulated housing stock. Even though units under rent regulation or rent control should be protected from gentrification related displacement, the pressure and potential to capture profits have led some landlords to use a variety of tactics to remove tenants from these buildings. Landlords have filed meritless law suits, requested immigration documents, charged higher than allowed rents, used vacancy decontrol, refused to make necessary repairs and/or increased a tenant's rent to cover the cost of housing upgrades that are never made to force tenants to move.

Landlords can also use rent increases as a means of displacing existing tenants. This technique is most commonly seen with new landlords who purchase a building from a previous landlord who charged tenants below-market rents. Upon coming into ownership of a building, a new landlord may break a former landlord/tenant agreement by increasing the tenant's rent from below-market to market rate. This scenario is most prevalent in situations where the tenant and the previous landlord agreed on a monthly rental amount which the new landlord then refuses to acknowledge. As a result, the existing tenant is forced to move if he or she cannot afford the new rent.

Along with sudden rent increases, some landlords refuse to make repairs to a tenant's apartment in hopes that the tenant will become so upset by the deplorable living conditions that the tenant will move. Sometimes, community organizations are successful in helping tenants organize to get the repairs made. For example, seven

tenants from a 20-family building sought the assistance of a local community organization with complaints that included a defective lock on the building entrance door, lack of smoke alarms in the hallways, smell from garbage collection area, inadequate heat, and roach and mice infestation. The organization wrote a letter to the landlord from the newly established tenant association listing the complaints in request that the landlord fix the violations in a particular time frame. To validate the complaints, the community organization made an inspection of the public areas of the building and inspections of individual apartments. Tenants were asked to contact other tenants not present at the preliminary meeting to build support. After the inspections, the organization composed a letter to the landlord. The letter indicated that if the landlord failed to comply with the requests to fix the listed items within 30 days, the tenants would make official complaints to authorities and/or withhold 50 percent of their future rent money until the violations were corrected. Most of the violations were corrected in the first two weeks.

Landlords use harassment techniques to force out long-term tenants; landlords also use legal remedies within rent regulation guidelines to remove tenants. For example, a landlord can file an illegal holdover claim if a tenant refuses to vacate the premises once the lease expires, if the tenant violates any portion of the lease, if the landlord wants to vacate the premises to make long-term repairs or if the landlord decides he wants to use the units within the building for personal use. However, the landlords may ultimately not use the units for their own use and may take an extended period to renovate apartments hoping that tenants will ultimately find alternative housing. This enables landlords to more easily transform the units into higher rent market-rate units.

As a result of these displacement techniques, many long-term residents have been forced from their homes and into neighboring communities such as Bushwick, Bedford-Stuyvesant, and Ridgewood. In addition, many have chosen to relocate

outside of New York to Florida, parts of the South, and Puerto Rico. Others have moved North of the City and East to Long Island in search of affordable housing (Interview, 2007).

Communities Affected by Displacement

While the effects of displacement continue to have a negative impact on many long-term Williamsburg residents, there are four groups in particular whose unique needs and circumstances make them excessively vulnerable to neighborhood redevelopment and displacement. These four groups include artists, the Hasidic community, the elderly and immigrant groups.

Artists

Artists moved to Williamsburg in the 1980s for the affordable live-work spaces and to avoid the commercialism that had overtaken the art scene in Lower Manhattan. During the 1980s and 1990s the critical mass of artists contributed to creating the neighborhood's bohemian character, thus increasing its desirability and drawing newer, wealthier residents and an influx of restaurants, galleries and boutique shops. At the same time that the neighborhood is being marketed as an "artsy" community, artists themselves are now threatened with displacement due to rising housing costs and development related pressure.

As mentioned previously, many artists have used live-work spaces that are converted illegally from industrial to residential/commercial space. These residents

may be evicted for violating fire safety rules. In 2000, an estimated 1,000 to 2,000 residents were in danger of eviction from illegally converted spaces (Lambert, 2000). In 2001, the Metropolitan Council on Housing estimated that 10,000 Brooklyn residents were living in illegally converted space. They found that many of those tenants were being pushed out by the same landlords who had originally welcomed their presence. However, as the space became more valuable, landlords realized that their land and units were worth more than the artists could afford. Industry and artists have been displaced from many of the same spaces to accommodate new residential development.

Artists who are displaced from Williamsburg often move to the South Bronx or Bushwick, but this choice is risky for them. Artists' locational choice is not solely about their residential preferences and capabilities. Artists risk harming their careers if they do not move to a place where they can network with other artists. Some artists have chosen to move out of New York City to Philadelphia, PA; Seattle, WA; Minneapolis, MN or Chapel Hill, NC. One Williamsburg artist said that artists who are displaced often see their inability to remain in their homes and studios as a professional failure. Out of embarrassment, they tend to leave without putting up the same fight that other groups might. Williamsburg artists formed 'Keep the Arts in Williamsburg' to address the problem that "soaring rents are now driving a mass exodus of the very artists who made Williamsburg what it is today" (Huttler, 2006).

The loss of artists from New York City may have considerable negative impacts on the character of the City and its marketability in the global economy. The owner of one art space in Williamsburg explained that the cultural economy is one of the most significant defining characteristics of New York City. He described the City as a place in which creativity is fostered by support of the arts and an atmosphere in which ingenuity is allowed and accepted. The creative economy is a key factor in attracting executives and businesses to New York City. It is possible that such distinctiveness may be lost if artists are unable to reside and work in New York City.

Hasidim

For generations, the Hasidic community in Williamsburg has been one of the largest in the country. The community is social and economically insular and has strong roots in their neighborhood. Like other groups, the Hasidic community has been hit hard by the changing housing market. These changes have had some unique implications for Hasidic households because they tend to have large families. There has been a trend toward constructing units with fewer bedrooms because developers are able to earn a higher profit by selling more units at a higher cost. In the past, large Hasidic households could be accommodated by the housing available in Williamsburg. However, as production of one and two bedroom units increases in accommodation of the new residents, Hasidic families are experiencing increasing difficulty in finding units with enough bedrooms.

According to a member of the Jewish community in Williamsburg, during the late 1990s, the Hasidic community petitioned City Council members to grant their request to build additional housing units in Williamsburg. After the request was approved, developers initially began the construction of four-bedroom condominiums, which would be sold for approximately \$400,000. However, these developers changed their plans once they discovered that other buyers were willing to spend as much as \$500,000 for a one-bedroom condominium. If this is not an isolated incident, long-term Hasidic residents will face extreme difficulty when trying to locate affordable, appropriately sized housing in Williamsburg. The Hasidic community simply has space and cost requirements that are not aligned with the new market-rate properties. This predicament may signal that the Hasidic community in Williamsburg is in danger of exclusion from their own community.

Elderly

The elderly are particularly vulnerable to displacement because of their limited incomes, limited housing opportunities, connections to neighborhood, and challenges involved with relocation. In most instances, senior displacement occurs when a landlord refuses to make repairs to an elderly person's apartment or attempts to impose a rent increase that seniors living on fixed-incomes cannot afford. In addition, landlords also rely on the legal system as a means of harassing and forcing elderly tenants out of their apartments. Landlords have done so by filing merit less lawsuits that allege everything from nonpayment of rent to illegal hold-over and nuisance. For frail seniors who have trouble leaving their apartment, it is extremely difficult to appear in court. Failure to appear results in a default judgment against the tenant and subsequent eviction unless the tenant files for an appeal. For all seniors, especially those who are unable to obtain legal assistance, the threat of legal action is frightening, and as a result many choose not to attend.

Over the years, the most common form of displacement for seniors has been the landlord's decision not to make necessary repairs to the tenant's apartment. While some seniors may choose to live in dilapidated conditions for fear that complaining will result in the landlord filing for eviction proceedings based on a meritless claim, some seniors do attempt to take action.

Recent Immigrants

The groups with the highest representation in Williamsburg include Dominicans, Puerto Ricans, Mexicans, Italians and Polish. Like many others, these groups are threatened by displacement because they are often low-income and cannot afford the rising housing costs in their neighborhoods. The situation is more tenuous for immigrant populations because immigrants in New York City are more likely to experience bad housing conditions and landlord harassment, but are less likely to file

complaints (Stallings, 2007). This may be due to language barriers and cultural misunderstandings. Unfamiliar with the American legal system, immigrants many not fully understand their options or know where to seek out assistance.

Displacement of industry, businesses and residents has implications for the entire community. The physical and cultural landscape of Williamsburg is transformed, with new uses, establishments and people slowly replacing the old. While these changes result in displacement or exclusion for some, what do they mean for those that remain? How does the loss of industry, business and residents affect the character of Williamsburg that is often used in attracting new development and residents? Who is this new Williamsburg for?

WHO IS WILLIAMSBURG FOR NOW?

Williamsburg has undergone significant change in the last 30 years. Each wave of gentrification has brought new residents to the neighborhood. With new residents come new needs for housing, retail and transportation. Increased demand for housing has resulted in higher rents. New luxury residential developments have been constructed in response to the growing middle- to upper-income population and in efforts to attract more of these residents. Commercial establishments have followed suit. With the increasing number of yoga studios, upscale restaurants, coffee shops and doggy daycares, one must ask who Williamsburg is for today.

Physically, the rezoning changed the permissible land uses and the scale and style of residential structures. Along the waterfront, residential development has displaced manufacturing activity. Drawn to this potential customer base, retail establishments are beginning to open along Kent Avenue. Schaefer Landing and The Edge will include commercial establishments in ground-level space. Presumably, these shops and services are primarily for residents of these and surrounding buildings.

The shop Om Sweet Om, was the only establishment open during a site visit in January 2007. As the sign indicates, the store has only been open since 2006. Om Sweet Om sells environmentally friendly “lifestyle and home furnishings.” As the findings of our commercial study suggest, this shop is likely catering to newer residents. Whole blocks have been gentrified, with new culturally-exclusive businesses and upscale shops replacing formerly industrial space and neighborhood establishments.

Williamsburg has and will continue to undergo changes in regard to housing choice. Our study of new residential developments found 84 developments that have recently been constructed or are in the pipeline. The pending change in the 421-a tax abatement has resulted in an accelerated pace as developers rush to take advantage of this incentive while it is still as-of-right. Many developments feature the fact that

owners will not have to pay property taxes due to 421-a abatements in advertising materials. Few of these units are rental and/or affordable to the existing residents of Williamsburg. This suggests that they are not intended for long-term Williamsburg residents. The materials used in marketing these developments support this notion. Marketing materials often conjure up Williamsburg's proximity to Manhattan, restaurants, cafes and shops, and artistic, hip, exciting character of Williamsburg.

The "New Manhattan"

Many of the new developments located in Williamsburg are heavily marketed, with the advertisements geared towards young, chic, urban, well-to-do individuals. Williamsburg is located in close proximity to Manhattan, across the East River, and developers are using this geographical closeness to portray Williamsburg as the "new Manhattan" that offers a quieter lifestyle than the fast-paced Manhattan lifestyle.

Toll Brothers advertises North8 Condominiums, located at 49 North 8th Street, as "Situated on the waterfront of cutting edge, cosmopolitan Williamsburg, Brooklyn, North8 will offer sweeping Manhattan, park, and river views and proximity to all the culture, entertainment, dining and park space of this burgeoning neighborhood" (Toll Brothers, 2007). In addition, the website features a 14 page booklet about the North8 building. The first page of the booklet showcases a young woman reading a book, with a nighttime view of Manhattan in the background. The heading on the second page of the booklet states "It's all about coming home" and "Williamsburg, all grown up" and pictures a young woman with a dog kneeling in the leaves beside a tree. This picture seems to be appealing to young individuals who are seeking to make a home somewhere – perhaps to individuals who may be attracted to Manhattan but cannot afford Manhattan or prefer a quieter lifestyle. This page of the booklet states:

The time has come... To indulge in the comforts of modern, contemporary living, to experience elegance with the latest refinements, to demand the quality provided only by the nation's leading luxury home builder... and to now enjoy it in the cutting edge cosmopolitan neighborhood. Welcome to North8, a new kind of residence in Williamsburg. Williamsburg has arrived and so have you. Recognizing the allure of this evolving, maturing, culturally rich community, Toll Brother City Living brings to life a truly unique residence that blends the utmost in urban sophistication with a host of exciting amenities (Toll Brothers, 2007).

The booklet also pictures a young couple having coffee, the skyline of Manhattan, and young career women. Other page headlines advertise Williamsburg as "Your Own Big-City Hideaway," "The Lifestyle You've Always Wanted in a Place You Only Imagined," "Sit Back and Watch the World Go By From a Corner That's All Your Own," "Precious Greenery, Priceless Views," and, depicted below, "Melding the Edginess of Brooklyn With the Convenience of Manhattan, Williamsburg is the Ultimate Place to Be" (Toll Brothers, 2007).

Similar to many of the other developments in Williamsburg, North8 seems to be targeting young, modern individuals who desire to live in a sophisticated, urban setting. It is likely that these residents will not be the long-term residents of Williamsburg, but rather will be new residents moving from Manhattan or moving to New York City.

The introduction to Schaefer Landing website features a short 10 second video, showing people walking down to the waterfront and a water taxi zipping across the river from Manhattan to Williamsburg. At the end of this video, a short message comes across the screen, which states "Welcome to Schaefer Landing: Williamsburg on the River" (Halstead Property Development Marketing, 2007, "Schaefer Landing..."). This

video seems to be appealing to sophisticated individuals from Manhattan, showcasing Williamsburg as the “new Manhattan.” Again, Williamsburg’s proximity to Manhattan is used to target to those who work in Manhattan but desire greater affordability and livability.

The homepage of Schaefer Landing describes the development:

Once a bustling center of commerce, Williamsburg, Brooklyn is now home to a colorful array of intriguing galleries, eateries, boutiques, and shops. But only recently has what was once industrial become residential, evolving into a community that offers urban sophistication in a quieter, more affordable setting. Today, it is a uniquely vibrant, cosmopolitan neighborhood. Now in the heart of this exciting district, on the same location where the original Schaefer Brewing Company plant once stood, something new, distinctive, and unparalleled is brewing: the first waterfront luxury condominium in all of Williamsburg...Schaefer Landing (Halstead Property Development Marketing, 2007, “Schaefer Landing...”).

This description of Schaefer Landing frames Williamsburg as an up and coming community that caters to the needs of middle and upper class individuals who desire a cosmopolitan lifestyle yet wish to separate themselves from Manhattan.

The website also highlights a variety of amenities that are offered by Schaefer Landing, including a 24/7 concierge lobby, described as a “sophisticated interplay of slate, stone, and wood”; a private courtyard, described as “inviting and lushly landscaped” and offering a “soothing, restorative retreat”; private balconies with “breathtaking river and city views”; a roof deck which is “perfect for relaxing and enjoying breathtaking city views”; and new Water Taxis which “put Manhattan a few refreshing minutes away.”

Apartments are described as having a quality of “ambience, style, and splendor” and are designed for “truly comfortable living on a grand scale” (Halstead Property Development Marketing, 2007, “Schaefer Landing...”).

In addition, the pictures featured on the website of Schaefer Landing feature large towers beside the river, nighttime views of Manhattan and the Brooklyn Bridge, and large apartments abounding with space and picture windows. A virtual tour of Schaefer Landing can also be taken, which is an artists rendering of Schaefer Landing, not a tour of an actual building. The tour features an individual driving up to the building and going through a gate to enter the building parking lot and drive. The tour highlights a library, lounge, fitness center, esplanade, roof top terrace, and views of Manhattan. These apartments are not being targeted towards the long-term Williamsburg resident whose income is approximately \$30,000.

Williamsburg Lifestyle

The marketing materials suggest that developers are not only selling housing but a hip and exciting lifestyle. LoftS1, located at 242 South 1st Street, uses the following description in selling the neighborhood to newcomers. The establishments, location and “hot” status of Williamsburg are highlighted.

One of New York City’s hottest neighborhoods, Williamsburg is located along the Brooklyn waterfront and is only one subway stop away from Manhattan. Over the last decade, Williamsburg has become the home to some of the best restaurants, bars, galleries and shopping in New York City. The Manhattan skyline serves as the backdrop for this dynamic community situated at the northernmost tip of Brooklyn and along the East River (LoftS1, 2007).

Advertising materials highlight upscale Williamsburg. A 2005 article from the New York Real Estate Journal contains a quote from a principal of Lucky Boy, the developer of the modern Williamsburg (205 North 7th Street), that illustrates why Williamsburg's community, restaurants, businesses and location are used in the selling of luxury units.

We want people to feel that moving to Williamsburg does not mean sacrificing Manhattan-style luxury. Williamsburg is one of the hottest and fastest developing areas in New York City, with destination restaurants, nightlife and all the services necessary for comfortable living right at your fingertips. On top of that, it is only a five minute subway ride to Union Square. We are trying to develop properties which will reflect the artistic and cultural edge of the neighborhood, while at the same time providing the level of quality and luxury that buyers would expect from a high-end building (Wengroff, 2005).

The websites and other materials for many developments feature maps of Williamsburg. These maps frequently illustrate the buildings' proximity to Manhattan, usually via the "L" train or, for waterfront developments, by water taxi. McCarren Park, select shops, restaurants and other businesses are also often depicted. These establishments are sometimes pictured on the websites, usually being enjoyed by young, fit, attractive individuals. In this way, the neighborhood is offered as a place to be consumed by new residents, with restaurants and shops catering to their needs and tastes.

The website and view book for Northside Piers, the market rate component of the first development to be constructed on the waterfront following the rezoning, features "typical" residents and the amenities of the development and Williamsburg as they might be used by these people. The default start page for the Northside Piers

website informs visitors that the development is “anchored on Williamsburg’s revitalized waterfront – just off the ‘L’ train” and “is a vibrant new community in New York’s most talked-about neighborhood” (Toll Brothers, 2007, “Welcome to Northside Piers”). By featuring several residents, Northside Piers offers an answer to the question of who Williamsburg is for.

The view book is organized by time of the day, with each time corresponding to one of these model residents. The “6 am” resident is a middle aged white woman with grey hair. Like all of the model residents, she is thin, attractive and well dressed. An early riser, this woman was drawn to the views offered at Northside Piers. Unlike other developments, the Manhattan skyline and “dazzling Brooklyn cityscape” are featured. Each resident’s page also features a map showing the development’s location to various destinations in Williamsburg that might be of interest to them. This woman’s map shows several art galleries, a museum, and two restaurants. The view book suggests that there is not just one type of resident or one version of Williamsburg to be consumed.

The next resident, representing “9 am,” is a young woman. She values the investment she is creating by living in Northside Piers that comes partly from the brand name of Toll Brothers. She also finds satisfaction in “being one of the first to move to the Williamsburg Waterfront” (Northside



Piers, 2007). Destinations on her map include clothing stores, an Italian restaurant, coffee shop, vintage shop, and day spa. While she is young and a first-time homebuyer, she apparently has a sizeable disposable income.

A young white family of four is featured for “3 pm.” Unlike other model residents, this family is not new to Williamsburg, suggesting that upper-income neighborhood families are potential buyers. Building amenities such as the fitness room, yoga studio, sauna, media room, children’s playroom, rooftop terrace, waterfront pier, storage spaces, enclosed parking and 24-hour concierge are promoted as attracting such families. The family’s map includes the father’s office, a pet store, toy store, video store, “post nap snack” shop, and kids’ clothing store.

A young Asian man represents “8 pm” and, as suggested by the accompanying photos and map destinations, is a true foodie who appreciates the various restaurants and shops in Williamsburg. The other photos and text attest to the style and class of the units, with “finishes that will please even the most discerning gourmet.” The various amenities and appliances available for kitchens and baths are detailed. While the “9 am” woman’s map suggests she rides the “L” train, he arrives home in a cab via the Williamsburg Bridge.

The last resident, who apparently enjoys the nightlife of Williamsburg, is a young, hip looking blonde woman. “It’s just different in Williamsburg: it’s alive, it’s energetic, it’s everything I’ve always wanted and a place to call home. That’s everything my parents ever wanted for me, so we’re both happy” (Northside Piers, 2007). Her map suggests that she is job hunting and, along with the above quote, may be supported by mom and dad. The photos of business cards and magazine clippings suggest that she is a shopper and can consume her new neighborhood.

New York’s destination neighborhood, Williamsburg is home to cutting-edge boutiques that specialize in the emerging designers you ought to

know about, galleries and performance spaces that support the world's most talented and innovative artists, vegan cafes and French bistros, boisterous jazz lounges and hidden-away speakeasies (Northside Piers, 2007).

This last quote precedes a page with a map combining the destinations for all of the residents, categorized by the user and type of establishment. Banks, a pharmacy, dry cleaners and private preschool are also depicted. Community organizations, the other waterfront developments, public schools, the radioactive waste site and religious institutions are not featured (Toll Brothers, 2007).

Besides the built environment, the "artsy" character of Williamsburg is also used in attracting residents. The *modern williamsburg*, which features several galleries on its map, uses this character in selling the neighborhood.

Enter a lifestyle that puts you at the crossroads of luxury and contemporary urbanism. Focuses on design, grounded in comfort and inspired by the creativity of its environs. The modern williamsburg offers an opportunity to experience living unlike anywhere else in the Northside. Live modern...(the modern williamsburg, 2007)

The website for The Mill Building, 85-101 North 3rd Street, offers several sections for visitors to view. The sections on Williamsburg, "Brooklyn's Best," and a map that highlights art galleries are listed before sections on the actual units. Twenty pictures are shown in the Williamsburg section while fewer than five are shown for each component (bathroom, kitchen and living room) of the living spaces. This suggests that the neighborhood is being sold more than the actual housing. The plethora of galleries in the vicinity, parkland and waterfront esplanade are featured in the description of the

neighborhood. The last line of this description appeals to artists or other creative types. “Williamsburg is above all a dynamic neighborhood and has proved a great home for the creative fields that are so entrenched in the spirit of New York” (The Mill Building, 2007). However, with prices ranging from \$715,000 to \$1,600,000 it is unlikely that many artists could afford to live here.

Losing Williamsburg

As discussed, the addition of new residents and commercial establishments sometimes result in the loss of long-term residents and businesses. For those that stay, changes in the physical and cultural landscape are apparent. The Williamsburg that has been home to these residents contrasts with the Williamsburg that is being marketed to new residents. Williamsburg is a diverse neighborhood and has served many different ethnic, racial and other communities for many years. However, interviews with long-term residents, our commercial study and our research on residential displacement suggest that Williamsburg is beginning to disproportionately serve new, upper-income residents.

New Replacing the Old

Having lived in Williamsburg for more than half a century, “Sam” has witnessed the multitude of changes in the evolving neighborhood. He thinks that the Williamsburg community is better off in some respects because the housing stock has increased in value, but worse off in others because the ethnic character has changed. “The new people don’t take care of the neighborhood like the older residents.

“Sam” moved to the neighborhood in 1954 from Italy as a child and his family settled near other families from the same town in Italy. He remained in the neighborhood—raising two children and working, until his retirement from a municipal

agency. He describes the people of his community as blue-collar, hard working, and church-going. In contrast, he describes the people moving into the neighborhood as college-educated, single, non-religious, and from other parts of the United States. Most maps used in the marketing materials mentioned above do not feature religious institutions.

While "Sam" owns his home, he knows firsthand the challenges faced by renters and people trying to purchase homes in the community. He rents apartments in his six-unit house to friends and family at below-market rents. While he has kept his tenant base stable with close friends and family, he knows other landlords who have pushed older residents out so they could collect higher rents from new tenants. Both of "Sam's" children have left the neighborhood for more affordable housing elsewhere. His son would have liked to have stayed in the neighborhood, but bought a house in Maspeth because it was more affordable. "Sam" said his son's friends who do stay in the neighborhood generally stay with or partner with parents because most are shut out of the market. The Williamsburg marketed by the developers is very much targeted at young people but, as in Bill's experience, is often out of reach for many who grew up in the neighborhood.

The rapid pace of land development has accelerated normal generational neighborhood change. "Sam" said that mom and pop grocery, fruit, and bread stores have been replaced by coffee shops, juice bars, and franchises that cater to the newer groups. Social groups have dissolved as some older residents have taken advantage of the market, sold their homes and moved on. Overall, "Sam" said he "feels like he lost his hometown." The Williamsburg being sold to new residents replaces the Williamsburg that has served Bill and other long-term residents.

Marketing for the Ikon, a new luxury condominium located at 50 Bayard Street, asks, "What makes an Ikon? Time enduring beauty and strength. The ability to combine the old with the new and to become a statuesque figure in the

community" (The Developers Group 2007, "Ikon"). Based on "Sam's" experience, this blending of old and new has not been successful. Rather, the new is replacing the old.

"Artsy" Williamsburg Without the Artists?

"Chris", a middle aged man active in the Williamsburg arts community, has also experienced this transformation. He moved to the neighborhood in 1989 because of a girlfriend. While that romance ended, his love of the evolving Williamsburg and its "huge amount of sky" did not. He remained in the neighborhood because of the draw of New York City. "New York was this deep dark space that you could explore things in. In New York you are free, you are totally reinventing yourself." The type of people who live in Williamsburg are "looking for something," he said. "[People are] after some type of thinking they associate with being free and are willing to invest a significant amount of life looking for it and the hope that comes with that."

"Chris" describes the changes in the neighborhood as mirroring larger changes in New York City, and the country as a whole, due to globalization. "New York used to attract the best and the brightest," he said. However, the high costs and barriers to entry are causing people, particularly those in the creative industries, to look at other cities such as Austin and Minneapolis where the barriers are lower. "New York can be cheap or with opportunity," he said. "It's not cheap—if people don't have opportunity they will go elsewhere."

These changes are affecting New York down to the neighborhood level. "[Williamsburg is] at a critical point," he said. "It's losing why it was here and not defining why it is here. There's a bit of confusion sewn into the daily experience." Adding that there are a growing number of people with children, "the neighborhood is stabilizing in another way and people aren't sure how to deal with it."

The “white hot” real estate market has accelerated neighborhood changes that used to evolve over several decades. Artists used to make natural choices over time about where to live and work—moving from the Villages, to Williamsburg and Bushwick—based on tradeoffs between affordability and location. “People were expressing freedom, the ability to express themselves, to work more or work less,” “Chris” explained. Now, due to the high rent burdens, “if you go wrong in the neighborhood you move to, you lose your career.”

“Chris” said he knows artists who have been displaced from Williamsburg because of the real estate market, but they tend to leave town quietly. “They are ashamed because they feel they didn’t make it in New York and it’s a personal detriment to their career.” While “Chris” believes that the City should do more to support emerging artists by using 421-a to subsidize cultural spaces, he does not believe in development caps in Williamsburg. “You can fight the tide if you wish,” he said. “But the million people are coming and the density is going to be there. New York City at one time had 25 people. It is a City that is going to change. It’s a question of managing growth, not stopping it.”

While many of the developments use the artistic character and prevalence of galleries in their marketing materials, the influx of these very developments is pushing out the artists that created this attribute. Not only are artists unable to buy into new buildings, such as The Mill Building, but as “Chris” stated many cannot even stay in the neighborhood. Our commercial study also showed that gallery space is slowly being displaced to make room for residential development. It is possible that, should the pace of development continue, the very character that is sold will no longer authentically exist.

In conclusion, it is clear a different Williamsburg is being crafted through gentrification and sold to new residents as part of this process. Long-term residents are losing the Williamsburg they have known and often cannot access this new

Williamsburg. Certainly, these new residents, developments and businesses exist with the old. However, these new commercial establishments and residential developments largely do not serve and sometimes displace existing residents.

CONCLUSION

Gentrification and the rezoning continue to affect Williamsburg-Greenpoint. IZ is creating very affordable housing units on the waterfront. Even though we often think of IZ as a private market program, the particular variant of IZ used in Williamsburg-Greenpoint heavily relies on public subsidies. This has enabled developers to provide housing to people with very low-incomes but we have to wonder whether it is sustainable and whether it can be replicated given the potential state caps on some program subsidy spending. We also wonder about how the rezoning affected development and land costs. Upland, a frenzy of luxury development occurred before and after the rezoning. The inclusionary program does not appear to be enough of an incentive to encourage the development of affordable housing upland. Here, developers can take advantage of the 421-a tax exemption without providing affordable units. They also find the density bonus to be less valuable on the upland's small in-fill lots.

Gentrification and rezoning have facilitated new commercial activity in Greenpoint-Williamsburg. This creates some benefits in a more vibrant street life and the availability of new goods and services. However there is also a significant disservice to existing residents in the decrease in affordability of goods, and long-term businesses being displaced by businesses to serve the newer population. Finally, gentrification and rezoning have displaced industry and residents through a variety of processes, and industrial jobs are lost when manufacturers are driven out.

APPENDIX A: Housing Development Financing

A variety of programs exist to stimulate the creation of affordable and market rate housing in New York City. These programs include tax exemption or abatement programs (such as the 421-a and J-51 programs) or zoning ordinances (such as the inclusionary housing program). Other programs (such as the Low Income Housing Tax Credit and Liberty Bond programs) are used to stimulate the creation of housing through allowing investors to seek profit while encouraging the development of housing.

Table 16. Housing Development Programs

Program	Description	Type Development	Targets
IZ	Developers receive benefits, such as density bonuses (height and floor area), zoning variances, and expedited permits in exchange for providing a certain percentage of affordable units in a development	Multi-family housing, including apartments and condominiums; mixed-use buildings	Targeted towards developers who are seeking additional height or floor area for their developments
421-a Program	Newly constructed buildings receive tax exemptions and do not have to pay increases in taxes that may result from the developments of vacant land; these exemptions last 15-25 years; certain exclusion zones exist	New housing developments with 3 or more units (units are ultimately owner occupied)	Targeted towards developers seeking tax exemptions for their developments
J-51 Program	Provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated and to residential buildings that are converted from commercial buildings; owners of the units agree to rent stabilize the apartments.	Primarily smaller multi-family housing units (3-4 units); conversion of buildings to multi-family dwellings	Targeted towards owners of multi-family housing who desire to improve their property
Low-Income Housing Tax Credits	Program purpose is to provide tax credit incentives to private developers to develop affordable housing; tax credits reduce the amount of taxes an organization owes to the federal government on a one-to-one basis	Apartment buildings with units occupied by income eligible households	Targeted towards both for-profit and nonprofit developers; targeted towards investors

Inclusionary Zoning

Inclusionary Zoning (IZ), also known as inclusionary housing, has been a part of New York City's zoning policy since 1987. IZ requires that developers make a certain

percentage of housing units in a development affordable to low and moderate-income individuals. For providing the affordable housing, developers receive specific benefits, including density bonuses, zoning variances, and expedited permits that may reduce the construction costs of the developer (PolicyLink, 2006). Essentially, real estate developers are allowed to construct bigger buildings in exchange for allocating a portion of the new housing to people who are low or middle-income. The goal is to expand the availability of affordable housing via private developments and to promote mixed income housing.

Specific variations of IZ programs exist; while some programs are mandatory, others are voluntary or incentive driven. Voluntary programs tend to provide significantly less units than mandatory programs. While sometimes jurisdictions require that affordable units be within the development, others allow the affordable units to be built off-site. In some cases, developers may contribute to an affordable housing fund in lieu of building the affordable units (PolicyLink, 2006).

IZ programs have several elements, including (PolicyLink and PICCED, 2004):

- Set aside requirements require that a certain percentage of units within a project are priced as affordable for low to moderate-income individuals.
- Income targets require that inclusionary units are targeted towards individuals with a specific income, which is generally based on the area's average median income (AMI).
- Project triggers dictate the number of units to which the inclusionary requirements will apply.
- Developer compensations and cost offsets involve compensation to the developer, generally in allowing the developer a density increase, to offset the cost of providing affordable units.
- Development alternatives outline allowable alternatives for the developer, including on-site or off-site affordable housing and contribution of land or in-lieu fees paid in place of development.
- Terms of affordability define the length of time for which the unit must remain affordable.

In 2005, "groundbreaking additions" were made to the New York City IZ program "to promote affordable housing in new residential developments" (New York Department of City Planning, 2006). A floor area bonus is now provided for the construction or preservation of affordable housing. The initial IZ program enacted in 1987 targeted Manhattan's highest density districts. However, in 2005 the program was changed to be applied to medium and high-density residential districts and combines a zoning floor area bonus with other housing subsidy programs. Developers who utilize the full bonus must devote 20 percent of the residential floor area of the development to

permanent affordable housing for low-income people. The new version of the inclusionary housing program has been utilized in the rezonings of Hudson Yards, Greenpoint-Williamsburg, Woodside/ Maspeth, West Chelsea, and South Park Slope (New York Department of City Planning, 2006).

Often the 80/20 program is utilized as a form of IZ. The New York State Housing Finance Agency, the New York City Housing Development Corporation, and the New York City Department of Housing and Preservation Development sponsor the program. Tax exempt bonds are used to finance affordable housing for low-income residents at targeted locations in the city, often financing the cost of residential construction and reducing the cost. In return, the developer must reserve 20 percent of the apartments for low-income tenants who earn less than 50 percent of AMI (New York Department of City Planning, 2006).

However, IZ in New York City does not necessarily provide New York City residents with affordable housing options. It does not always achieve its intended purpose in New York City for several reasons (New York Department of City Planning, 2006):

- IZ in New York City is not mandatory; it is voluntary. Therefore, incentives provided by IZ may or may not be used, and usage is at the sole discretion of the developer.
- IZ rules are established on a case-by-case basis when a zoning proposal is placed in front of community groups. Therefore, housing advocates who desire to promote IZ have to fight to win zoning ordinances in each developing neighborhood on an individual basis.
- IZ relies on market rate development. Therefore, if a market or a section of the city is weak or collapses or lacks developer interest, re-zoning will not occur and developers will not be given incentives to provide affordable housing via IZ.
- Often, 80 percent of housing created under IZ rules is market rate; therefore, as this market rate housing moves into neighborhoods that may have relatively affordable homes, the housing prices and rents in the area may increase. Thus, IZ may “have a net effect of displacing more low-income people than it provides housing for” (New York Department of City Planning, 2006)
- Housing provided via IZ is often not available to people with very low incomes. In addition, since the affordable component of developments may be built off-site, IZ may result in less integrated neighborhoods.

In Fall 2004, PolicyLink and Pratt Institute Center for Community and Environmental Development published a report on IZ called “Increasing Housing Opportunity in New York City: The Case for IZ.” In this report, they state that benefits of IZ include (PolicyLink and PICCED, 2004):

- Promoting mixed income communities.
- Producing affordable housing for a diverse labor force..
- Insuring affordability in a tight housing market
- Utilizing limited public dollars by leveraging market rate construction.

In addition, the report makes several recommendations for IZ, specifically in New York City (PolicyLink and PICCED, 2004):

- The report states that mandatory IZ should be applied to all future neighborhood wide zoning changes. The city should require that developers receiving the benefit of density and land value increases create affordable units, particularly since cities with mandatory IZ programs produce more affordable housing than cities with voluntary IZ changes.
- Offering IZ incentives to high-density residential neighborhoods should maximize affordable housing production. Even in neighborhoods where rezoning is not occurring, developers should be given the opportunity to participate in New York City's voluntary IZ program. Developers in areas with a voluntary IZ program should be allowed a modest density increase if they include affordable housing, and this incentive should be expanded to wide streets and other areas within neighborhoods zoned from R6 to R9 (three to seventeen stories).
- An economically feasible IZ program should be developed to allow developers to create affordable housing to make a profit. Currently, developers benefit through non monetary cost offsets, such as density bonuses. However, a mandatory program may be created to help developers achieve their profit targets.
- Income levels for affordable housing eligibility should be set to reflect community housing needs and eligibility should be broadened by connecting IZ to other affordable housing resources. Many affordable housing subsidy programs exist and these programs could be combined with IZ.
- Permanent affordability of IZ units should be required, and the program can require long-term affordability for IZ units.
- On-site development of IZ units should be required to encourage mixed income communities.
- Clear legislation should be drafted and authorize consistent administrative oversight to manage the IZ program for high quality implementation of IZ programs.

421-a

The 421-a program, named because it is explained in Section 421-a of the Real Property Tax Law enacted in 1971, grants developers property tax savings to encourage the development of housing in New York City (Office of the New York City Comptroller, 2006). At the time the program was created, New York City was in desperate need of multi-family housing, and it was necessary to create incentives to spur developers to build within New York City.

In 2002, the 421-a program cost New York City a total of \$130 million; in 2006, the program cost New York City \$320 million; the cost of the program has grown 150 percent in merely four years. Since its inception, the program has financed approximately 100,000 housing units (Pratt Center for Community Development and Habitat for Humanity, n.d.). In a study in 2003, the Independent Budget Office reported that only 8 percent of these 100,000 housing units are affordable to lower or moderate-income families. In addition, developers in Manhattan have received 78 percent of the value of the tax breaks, while Manhattan projects accounted for only 23 percent of all exemptions in 2003. Thus, 421-a tax exemptions are particularly lucrative for developers within Manhattan (Pratt Center for Community Development and Habitat for Humanity, n.d.).

Under the original 421-a program, owners of new housing developments that have three units or more, are exempt from paying any increase in property taxes that may result from the new construction; essentially, the tax rate is frozen (Pratt Center for Community Development and Habitat for Humanity, n.d.). For example, vacant land may be valued at one million dollars, while the new property is worth \$10 million after construction; in spite of this increase in value, the property owner will not be taxed during the exemption period for the \$9 million increase in value that resulted from the new construction (Pratt Center for Community Development and Habitat for Humanity, n.d.).

However, during the 1980s, an exclusion zone was created between 14th and 96th Streets in Manhattan. In the exclusion zone developers are eligible for 421-a tax incentives only if they agree to build affordable units for low-income families. Developers have a choice of either making one-fifth of their units affordable (in an 80/20 development) or purchasing negotiable certificates that are used to build affordable housing at other locations in New York City. Between 96th and 110th Streets and in Lower Manhattan market rate buildings are only exempt for 10 years. In addition, market rate buildings above 110th Street and in the outer boroughs receive a 15 year exemption. In all other areas, developers continue to receive an “as of right” exemption. However, if 20 percent of affordable housing is included on-site, developers are eligible for an additional 20 to 25 year tax exemption (Pratt Center for Community Development and Habitat for Humanity, n.d.).

On February 23, 2006, Mayor Michael Bloomberg announced the creation of a 421-a taskforce to evaluate the program, its effectiveness, and changes that may be made to the program and “to realign it with today’s real estate market, focusing on increasing incentives for the creation of affordable housing” (New York City Department of Housing and Preservation Development, 2006). In October 2006, the New York City Department of Housing Preservation and Development published the “Recommendations of the 421-a Taskforce,” proposing a variety of changes to the 421-a program (New York City Department of Housing and Preservation Development, 2006). The Taskforce proposed that six programmatic and policy changes be made to the 421-a program:

- The Taskforce recommended that the geographic exclusion area be expanded. In these geographic exclusion areas, developers would be required to create affordable housing in exchange for the tax benefits offered by the 421-a program. Specific areas proposed to be a part of the geographic exclusion area include: Lower Manhattan, parts of Harlem, DUMBO, Brooklyn Heights, and part of the Brooklyn and Queens waterfront areas.
- The Taskforce proposed that automatic extended tax benefits from developments within the Neighborhood Preservation Program (NPP) areas and areas eligible for Rehabilitation Mortgage Insurance Corporation (REMIC) be removed. In a specific and targeted group of neighborhoods, developments can receive 421-a tax relief without creating any affordable housing. However, the Taskforce proposed that incentives for affordable housing should be provided citywide, so automatic extended benefits should be eliminated.
- The Taskforce recommended that a limit be set on the total amount of tax benefits a single market rate unit can receive. Specifically, the Taskforce proposed that a cap of \$100,000 be placed on the assessed value eligible for 421-a benefits. Therefore, units with assessed values above the cap would have to pay taxes on the share of assessed value above the cap.
- The Taskforce proposed that the minimum number of units for 421-a eligibility be increased. They concluded that 421-a tax benefits should be reserved for projects with a minimum of six units (increasing it from three units).
- The Taskforce proposed that the Negotiable Certificate program be eliminated, in the case that a Fund for Affordable Housing is also created.
- Last, the Taskforce recommended that the methods and practices for assessing residential properties should be reviewed because property tax assessments can vary widely between different property types and locations.

The 421-a Taskforce proposed these changes because savings can be generated to expand the city’s affordable housing resources and the city’s tax base will be increased,

which may result in substantial social benefits (New York City Department of Housing and Preservation Development, 2006).

On December 20, 2006, the New York City Council passed a compromise measure to reform the 421-a program. This compromise measure intends to shift from encouraging real estate development (its original goal and focus) towards the creation of affordable housing. Under the new measures approved by the Council, developers in many areas of Manhattan and Brooklyn will receive the 421-a property tax exemption only if one-fifth of the apartments in the new project are affordable, and a fund will also be created to finance affordable housing (Burd and Robinson, 2007). The new measure approved by the Council includes the following:

- Expanding the exclusion zone to upper and lower Manhattan and to areas of Brooklyn, including Park Slope, Carroll Gardens, Williamsburg, and Greenpoint.
- Establishing a commission to review the boundaries of the exclusion zone every two years.
- Requiring developers to build affordable housing on the site of the development for which they receive the abatement.
- Target the affordable units to lower income families.
- Create a \$400 million fund to create affordable housing, specifically in the city's poorest areas.
- Set a cap on the subsidies for building outside of the exclusion zone to limit tax breaks for luxury buildings (Burd and Robinson, 2007).

However, to remain in existence, the 421-a program will have to be approved by the New York state legislature at the end of 2007 and several Assembly members desire tighter restrictions.

J-51

The J-51 Program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated. Benefits are also provided to residential buildings that are converted from commercial buildings. By receiving the benefits, owners of the units agree to rent stabilize the apartments, in cases where they are not already subject to rent regulation. Rent stabilization remains in effect until the J-51 benefits expire (NYC Rent Guidelines Board, 2004). In 2002, the J-51 program tax exemptions cost the city \$65.9 million and tax abatements cost the city \$96.5 million. In the same year, 116,803 units and 3,897 buildings received J-51 exemptions and 662,178 units and 12,279 buildings received J-51 abatements (The City of New York Independent Budget Office, 2003). While rental units receive the majority of property tax exemptions

and abatements via the J-51 program, tax exemptions tend to be concentrated in the Bronx, while tax abatements are more evenly distributed. It has been hypothesized that tax exemptions are more heavily concentrated in the Bronx because housing quality in the Bronx tends to be poorer as compared to other areas of New York City and more likely to require rehabilitation work.

In the case of property tax abatement, a reduction in the amount of tax an owner must pay occurs; property tax abatement reduces the amount of taxes owed by the building owner by an amount tied to the cost of the work done. In the case of a property tax exemption, a building's assessed value is frozen for tax purposes, so the owner does not pay increases in property tax due to increases in assessed value that result from the renovation or rehabilitation work done. Property tax abatements tend to be more common than property tax exemptions because, in order to receive an exemption, the assessed value of the property must increase as a result of the rehabilitation work and only significant upgrades on the property will cause the property to appreciate significantly (The City of New York Independent Budget Office, 2003).

Several categories of rehabilitation and renovation work are eligible for J-51 tax benefits (The City of New York Independent Budget Office, 2003). These include:

- Conversion of hotels and lodging houses to multiple dwellings, of the building owner receives substantial government assistance subsidize the conversion.
- As of right conversions of a nonresidential property to a property with multiple dwellings.
- Alterations that are made the exterior of a land marked building.
- Moderate rehabilitation (replacement to one system) that is done to a multiple dwelling building that is at least 60% occupied.
- Alterations that are designed to conserve energy.
- Alternations to eliminate dangerous or unhealthy conditions.
- Conversion of a loft to a multiple dwelling unit.
- Substantial rehabilitation (replacement of four systems) of low and moderate income housing or conversion of a building to low and moderate income housing, if the owner receive substantial government assistance.
- Alterations or conversions of a one or two family home, if the owner receives substantial government assistance.
- Conversion of a building with sleeping accommodations (dormitory) to a multiple unit dwelling, if the owner receives substantial government assistance.

To determine the amount of the specific tax abatement, the city has established a Certified Reasonable Cost (CRC) for each individual type of work that can receive a J-51 abatement. In a given year, taxes are abated based on a portion of the CRC and the abatement may last for up to 20 years, although the maximum allowed abatement is often reached prior to the end of the 20 year period. Increases in assessed value, which result in tax exemptions, receive an exemption period of 10 years and phases out over 4 years, which results in a total exemption period of 14 years. However, moderate rehabilitation and substantial rehabilitation projects can receive a tax exemption for a total of 34 years, a 30-year exemption period with a 4 year phase-out period.

Low Income Housing Tax Credit (LIHTC) Program

The LIHTC program is the nation's largest generator of affordable rental units. Since the program's inception, between 500,000 and 900,000 units of housing have been created, according to an estimate from 2000 (McClure, 2000). Therefore, the past seven years have increased this number substantially. Created under the Tax Reform Act of 1986, the purpose of the program is to provide tax credit incentives to private developers to develop affordable housing.

Each year, the federal government sets the amount of tax credits it will make available and distributes these to the state (and some city) housing finance agencies that administer the program. Tax credits are distributed to developers through a competitive process. The IRS manages program compliance. Corporations either hold tax credits over the life of the investment or trade them on the secondary market. In 2002, returns were typically between seven and eight percent (McClure, 2000).

Total credits are distributed to cover 70 percent of the cost of new construction (or substantial rehabilitation) and 30 percent of the cost of land acquisition. Based on net present value calculations of building depreciation, the credits are distributed on an annual basis at a level of about 9 percent for the construction/ rehab and 4 percent for the land (McClure, 2000).

The credits are applied only based on units occupied by income eligible households and the development must meet the following criteria for the credits to be distributed:

- 20 percent of the units occupied by households with incomes less than 50 percent AMI
- 40 percent of the units occupied by households with incomes less than 60 percent AMI (McClure, 2000).

In New York City, HPD is responsible for awarding tax credits. In September 2006, HPD distributed a total of \$12,467,491 in credits to 24 organizations (with one project per organization).

According to data provided in the LIHTC database (2003 data is the most recent), there is one project each in Census tracts 563 and 579 (from looking at the map, these seems to be Williamsburg / Greenpoint). The 2002 projects are the Huron Street Senior Housing and the North Brooklyn Estates. An overview of these projects is provided below.

Table 17. LIHTC Huron Street and North Brooklyn Estates

Project	Huron Street Senior Housing	North Brooklyn Estates
Number of LI Units	32 (total)	15 (of 18)
Year	2002	2002
Address	148 HURON ST	1134 MANHATTAN AVE
Number of bedrooms	0 (studios)	Not available
Developer	Private	Non-profit
Type of Credit percentage	70% of present value	Not available

Since the program's implementation, there have been numerous studies of its housing portfolios and activities. While the LIHTC program is generally viewed as successful in the number of rental units it has helped create for low- and moderate-income families, there are still some questions about its effectiveness and its efficiency. The following highlights some findings from McClure (2000) relevant to our work in New York City:

- The LIHTC program has not met its goal of producing mixed income housing. While the program has relatively low requirements for occupancy by low-income families, developers are seeking additional subsidies or credits to develop entirely low-income developments rather than including market rate units with the LIHTC units.
- The design of the project favors new construction rather than rehabilitation because it reimburses new construction at a higher rate.
- Projects tend to be small – initially averaged 30 units, that number has increased to 42.
- Nonprofit developers are increasingly using the program.
- The complexity of the syndicated financial instrument makes it difficult to measure the cost/benefit ratio of the credits.

McClure's conclusion is that the tax credit program has been absorbed into the rental housing development process, but not by mainstream developers. The CDC's and specialized developers predominantly using this program are creating developments dedicated to low-moderate income occupancy in areas with already high concentrations of poverty. In addition, the programs are only targeting the highest income families in these poor areas (ie, the wealthiest of the poor) (McClure, 2000).

Development Process

It is essential to understand the various subsidy programs available to residential developers and the process by which these programs are obtained and used so that programs can be more effectively tailored to the needs of developers to encourage the creation of affordable housing. City departments, such as HPD and the Housing Development Corporation (HDC), have a multitude of programs targeted towards developers of affordable housing. HPD is a City agency that is responsible for the development and preservation of affordable housing. HDC is a housing finance agency that gives low-cost loans to developers of affordable housing. Developers apply to HDC for bond financing to build, rehabilitate, or preserve affordable housing. The inclusionary housing program allows various subsidy programs to be utilized in conjunction with it.

The various HPD and HDC programs described below provide financing mechanisms, such as subsidies and tax credits, to developers of affordable housing. Developers must seek each of these subsidy sources from various state and City agencies, resulting in a complex process of applications with various deadlines and requirements, and often multiple programs must be combined to ensure affordability. This process causes the production of affordable housing to be more difficult, and a developer must effectively navigate these programs to gain subsidy. Many of these programs have very specific criteria and require that developers target individuals within certain income ranges. Therefore, developers must meet various guidelines for each individual subsidy that is obtained for a project.

Several difficulties exist in this arrangement, including a slower development process for affordable housing as compared to the development of market rate housing. Time is necessary to arrange subsidies and other sources of financing for affordable housing. Therefore, when a market rate developer is determining whether to utilize the inclusionary housing program and partner with an affordable housing developer, which is a common practice, the construction timelines might not match. This may lead to market rate developers opting to not include affordable housing as part of their project.

In addition, the development of affordable housing is made more difficult as a result of recent volume caps, which limit the amount of money granted to City agencies for specific programs. For example, in the past, HPD has been able to meet the majority of demand for Low-Income Housing Tax Credits (LIHTC); however, if more developers seek LIHTC in the future, it will become harder to meet the requests of developers. The volume cap combined with increased land and construction costs make it difficult for developers to finance affordable housing deals for new construction. In addition, the state has volume-capped HDC's tax-exempt bond financing. Previously, the state annually allocated a per capita amount of tax-exempt bonds to HDC. The state recently decided that they were in the best position to make award determinations, so now developers are applying for tax-exempt bonds from the state. This change has made it more difficult for HDC to approve large deals, as they have a limited pool of resources.

Programs administered by HPD and HDC include the 80/20 Program, the New Housing Opportunities Program (New HOP), the Low-Income Affordable Housing Marketplace Program (LAMP), the Mixed Income Program, and HOME program. The 80/20 Taxable Bond program funds construction or permanent mortgage loans where 20 percent of units are affordable to low and moderate-income households. HDC issues taxable bonds for construction or permanent mortgage loans. New HOP finances multi-family rental housing by the sale of variable or fixed rate taxable bonds by HDC. The LAMP program provides financing for affordable rental housing via loans that HDC provides to developers via tax-exempt bonds. The Mixed Income Program, also known as the 50/30/20 program, results in multi-family rental housing in which 20 percent of the units in a multi-family development are reserved for low-income individuals (below 50 percent of AMI), 30 percent are reserved for middle-income individuals (below 130 percent of AMI), and 50 percent are rented at market rates. Financing is provided via the sale of tax-exempt bonds by HDC and provides a deep level of affordability across various income levels. The HOME program provides affordable housing to low or very low-income individuals by providing grants to state and local governments.

Table 18 displays the income guidelines for several HDC programs. Income guidelines vary based on an individual's income and family size. While the Low-Income Tax Exempt 80/20 Program and Low-Income Affordable Housing Marketplace Program are targeted towards low-income individuals, the New Housing Opportunities Program is targeted towards low- and middle-income individuals and seeks to create mixed income units. The mixed income program targets low-income individuals at 40 percent of AMI, 50 percent of AMI, 175 percent of AMI, and 200 percent of AMI, and also seeks to create mixed income developments through this range of affordability guidelines. In addition, HDC may issue taxable bonds for construction of projects and permanent mortgage loans for projects where 20 percent of units are affordable to low

and moderate-income households that earn up to either 80 percent or 100 percent of AMI. The remaining units can be market rate.

Table 18. Income Guidelines, HDC Affordable Housing Programs

Program/ Family Size	One	Two	Three	Four	Maximum Income
Low-Income Tax Exempt 80/20 Program	\$24,800	\$28,350	\$31,900	\$35,450	Applicant's income cannot exceed more than 50% of AMI, adjusted for family size. AMI in NYC metropolitan area is \$70,900 for a family of four.
Low-Income Tax Exempt 80/20 Program	\$19,840	\$22,680	\$25,520	\$28,360	Applicant's income cannot exceed more than 40% of AMI.
New Housing Opportunities Program (New HOP)	\$30,000-\$117,180	\$40,000-\$124,075	\$48,000-\$124,075	\$48,000-\$124,075	Applicant's income cannot exceed the lesser of seven or eight times the annual rent, adjusted for family size, with an absolute cap of 175% of AMI for 75% of apartments in the building.
New Housing Opportunities Program (New HOP)	\$30,000-\$117,180	\$40,000-\$141,800	\$48,000-\$141,800	\$48,000-\$141,800	Applicant's income cannot exceed the lesser of seven or eight times the annual rent, adjusted for family size, with an absolute cap of 200% of AMI for 25% of apartments in the building.
Low-Income Affordable Housing Marketplace Program (LAMP)	\$29,760	\$34,020	\$38,280	\$42,540	Applicant's income cannot exceed 60% of AMI.

Source: NYC HPD. "NYC Housing Development Corporation Income Guidelines." http://www.nychdc.com/pdf/IncomeGuidelines/80_20_e.pdf; "NYC Housing Development Corporation Income Guidelines Middle-Income New Housing Opportunities Program." <http://www.nychdc.com/pdf/IncomeGuidelines/NewHOP.pdf>

Many of these programs are not being extensively used in the Greenpoint-Williamsburg area. In addition, many of the new developments consist of ownership and not rental units. Often it is extremely challenging for middle- and lower-income individuals to purchase ownership units, rather renting. In addition, the City-wide AMI is \$70,900, while the Williamsburg AMI is \$30,000. Therefore, many individuals do not even qualify for housing built via some of these programs because of the large AMI difference.

HDC previously received a significant number of applications for their 80/20 program, where developers set aside 20 percent of the units for people at or below 50 percent of AMI in exchange for tax-exempt bond financing. These projects tend to be large, as HDC seeks to produce as many affordable units as possible from these deals. As a result of the size, the projects are also more expensive to finance, thus consuming a

larger amount of the volume cap. Therefore, HDC is currently focusing less on 80/20 projects and is instead focusing on providing financing for projects that are affordable to different income levels, such as projects funded under the 50/30/20 program.

Individuals at varying levels of AMI are targeted through the myriad of programs run by HPD and HDC. Each program targets a different segment of the population and utilizes a variety of tools to effectively achieve the goal of the program, taking into consideration the income of the population. Table 19 represents the targeted income range of various assistance programs.

Table 19. Income Served by Affordable Housing Programs

Program/ Percent AMI	40%	50%	60%	80%	175%	200%
Mixed-Income Program	x	x			x	x
New HOP					x	x
80/20 Program	x	x				
LIHTC Program		x	x			
HOME Program		x	x	x		

Source: NYC HPD "NYC Housing Development Corporation Income Guidelines Middle-Income New Housing Opportunities Program" and "NYC Housing Development Corporation Income Guidelines"

HPD allocates new LIHTC to developers who are seeking to build or preserve housing affordable to renters at or below 60 percent AMI. Developers apply to HPD for the tax credits and their applications are scored based on competitive selection criteria. HPD is also responsible for ensuring developers who have been awarded tax credits are complying with the program rules, such as maintaining affordability levels. LIHTC have been effectively used to fund affordable housing in Greenpoint-Williamsburg, as in the case of the Palmer's Dock site. These tax credits, when combined with other subsidy programs, allow a significant level of affordability, with units targeted towards individuals who earn as little as 40 percent of AMI. In Greenpoint-Williamsburg, where the AMI is \$30,000, this deep level of subsidy is necessary to create significant affordability.

Table 20 shows the maximum allowable rents for assistance programs. Rent paid is based on AMI, unit size, and the provision or lack of provision of utility assistance in the unit.

Table 20. 2006 Maximum Rent, 50% Area Median Income

Apt Size	Utilities Included	Gas Included	No Utilities Included	Gas Allowance	Electric Allowance
0 BR	\$620	\$576	\$560	\$16	\$44
1 BR	\$664	\$616	\$598	\$18	\$48
2 BR	\$797	\$743	\$723	\$20	\$54
3 BR	\$921	\$859	\$839	\$20	\$62
4 BR	\$1,027	\$958	\$938	\$20	\$69
5 BR	\$1,134	\$1,065	\$1,045	\$20	\$69

Source: NYC HPD "2006 HOME Rent & Income Limits for NYC"

These programs and income requirements are intended to enable middle and low-income individuals to afford housing. They are intended to aid developers to build affordable housing via these subsidy, tax incentive, and bond programs and to then target those developments towards a specific segment of the population. However, many developers in Williamsburg are not utilizing these programs extensively because they do not want to be burdened by creating affordable housing and prefer to sell their housing at market rates.

In addition, HPD has historically awarded the bulk of its tax credits to projects that were developed on City-owned land. These projects combined tax credit financing with other HPD programs that allowed developers to build their projects on land acquired through foreclosures. Since the City has bid most of its land out, HPD is receiving more tax credit applications from developers who must finance their land costs or who are able to partner with a land owner. HDC also assists developers in restructuring the debt on existing affordable housing developments by leveraging the land appreciation on their site. Essentially, HDC helps developers reappraise their property and refinance in order to rehabilitate the structure and ensure future affordability levels. This has recently been a successful means of providing for affordable housing with the limitations of funding availability for new construction

An Request for Proposals (RFP) for affordable housing projects on City-owned land was issued on February 2nd, 2007, with a proposal submission deadline of April 18, 2007. The RFP seeks to undertake projects to development affordable housing in conjunction with the 2005 rezonings and invites developers to submit proposals for residential and/or mixed-use developments on three separate sites in Greenpoint-Williamsburg (HPD, February 2007). The RFP was issued as a part of the Mayor's New Housing Marketplace Initiative to respond to the housing needs of communities in New York through committing to the new construction or rehabilitation of 165,000 housing

units by 2013. The RFP states, “The proposed Projects serve the initiative’s critical goals of creating needed housing opportunities, maximizing affordability, making City-owned land available for private residential development, and, in turn, enhancing the City’s community revitalization efforts” (HPD, February 2007: 1).

A multitude of financing and subsidy sources exist for projects submitted via the RFP; nevertheless, the RFP states “Proposals that provide the greatest affordability with the least amount of subsidy will be given preference” (HPD, February 2007:1). The RFP states that HDC will consider financing submitted projects through the New Housing Opportunities Program and Low-Income Affordable Market-Place Program and that HPD subsidies may be available through the NYC Housing Trust Fund and the New Construction Participation Loan Program. In addition, developers may apply for the 9 percent LIHTC or federal HOME funds. The developer will be able to purchase the site at \$1 per tax lot (HPD, February 2007).

The RFP outlines permanent affordability restrictions and states that units developed as a result of the RFP cannot satisfy any IZ bonus requirements (HPD, February 2007). The following are the properties available and the housing and affordability requirements developers must include in their proposals:

- Maujer/Ten Eyck, Brooklyn
 - 60 percent of units rented to households with annual incomes between 61 percent and 80 percent of AMI.
 - 40 percent of units rented to households with annual incomes up to 60 percent of AMI.
- Bedford, Brooklyn
 - 100 percent of units rented to households with annual incomes up to 40 percent of AMI.
- Greenpoint Hospital, Brooklyn
 - 10 percent of units rented to households with annual incomes between 81 percent and 130 percent of AMI.
 - 25 percent of units rented to households with annual incomes between 61 percent and 80 percent of AMI.
 - 25 percent of units rented to households with annual incomes between 41 percent and 60 percent of AMI.
 - 40 percent of units rented to households with annual incomes up to 40 percent of AMI.

A significant level of permanent affordability will be required for developments built via the RFP process.

HPD is making significant efforts to meet its affordable housing commitment in the upland area. However, much of the affordable housing created is either occurring on City-owned land or is the result of preservation projects. While any affordable housing that is created is significant, the creation of affordable housing on City-owned land may not be a sustainable process. In addition, the preservation of existing affordable units does not add to the overall availability of affordable units in Greenpoint-Williamsburg.

APPENDIX B. Community Planning and Land Use

In the 1990s residents prepared 197-a neighborhood plan with Community Board 1 and Pratt Institute for Community Development (formerly PICCED) to shape their neighborhoods' futures and guarantee affordable housing.²⁵ The plan prioritized waterfront development that increased affordable housing, preserved manufacturing jobs, maintained the low density character, and increased public access to the waterfront. Community Board 1 approved it in 1998; City Council approved it in 2002.

The process of rezoning extended almost a decade between the original recommendations of the 197-a plans and the final text of the zoning with modifications. During this process, the specifics of the plan were modified with the input of the Department of City Planning, City Council, the Planning Commission, and Community Board 1. During the rezoning process, Community Board 1 formed the Rezoning Task Force to analyze and respond to the City's rezoning plan. The Task Force used the Uniform Land Use Review Process (ULURP) process by holding public sessions and calling on resident feedback.

City officials presented a rezoning plan for the Williamsburg-Greenpoint waterfront to Community Board 1's zoning taskforce in 2003. The New York Times reported that it promised "low-to-middle-income housing, legalization of lofts, extensive public access to the waterfront, and a riverside esplanade with adjacent recreational space. In line with a request to protect existing industry, the plan preserves manufacturing in currently industrial areas" (Bahrapour, 2003). In 2004, Community Board 1 voted against the proposal. Christopher Olechowski of the Board's Rezoning Task Force noted that the plan did not include 40 percent affordable housing, adequate manufacturing retention, or enough open space (Community Board 1 Meeting Minutes, December 2004). Borough President Marty Markowitz voted down the proposal in January of 2005. City Councilmember David Yassky pledged that Council would not pass the rezoning plan unless more affordable housing was included.

City Planning released a Final Environmental Impact Statement (FEIS) which compared a number of affordable housing alternatives developed as a result of public and City Council response during the public review process of the rezoning.

25 Community Board 1 is made up of 50 volunteers, including the local City Council Members, and acts as an advocate for the residents and communities within the Community Board 1 area (bounded by: Newtown Creek on the North; Newtown Creek, English Kills, and the Brooklyn-Queens Borough Line on the East; Flushing Avenue to the South; and Williamsburg Street, Kent Avenue, Division Avenue, and Wallabout Channel East River to the West).

Table 21. Comparison: Income Breakdown Between Different Alternatives

AHZD Alternative Options				
20% of units affordable to households at or below 50% of Area Median Income (AMI)	or	30% of units affordable at 50-80% of AMI, 40% of units affordable at 80-100% of AMI	or	50% of units affordable at 100-120% of AMI
AHBI Alternative Options, Waterfront				
15% of the floor area on the zoning lot must be affordable to households at or below 80% of Area Median Income (AMI)	or	10% below 125% of AMI + 10% below 80% of AMI	or	10% below 80% of AMI + 15% below 175% of AMI
AHBI Alternative Options, Upland				
To receive bonus, must provide affordable housing governed by Quality Housing guidelines: Quality Housing developments providing affordable housing would be eligible for a bonus of between 10 and 20%, depending on the zoning district. For each square foot of affordable housing provided, the development would be eligible for an additional two square feet of floor area, up to the maximum FAR in the following table:				
	District	Base FAR	Max. FAR (w/ bonus)	
	R6B	2.0	2.2	
	R6 (narrow street)	2.2	2.4	
	R6A, R6 (wide street)	3.0	3.6	
	R7A	4.0	4.6	

Source: NYC DCP Greenpoint-Williamsburg Final Environmental Impact Statement

The affordable housing alternatives were developed as a result of public response and that of City Councilman David Yassky during the public review process of the rezoning. The Final Environmental Impact Statement notes that the Affordable Housing Zoning District Alternative, the only alternative to mandate affordable units in all new development, would dampen housing development, and so because it “would not fully meet the purpose and need of the proposed action, it has not been carried forward for detailed analysis” (DCP EIS, 2005: 23-25). Because so many of the plan’s other promises are tied to new private sector, market-rate housing,

A reduction of housing development on the waterfront would reduce the amount of open space provided under the Waterfront Access Plan, which would undermine the goal of replacing an underutilized, inaccessible waterfront with a vibrant neighborhood and public access to the water’s edge (DCP EIS, 2005: 23-26).

The Revised Affordable Housing Bonus and Incentives (AHBI) Alternative was estimated to produce more affordable units than the originally proposed action. The FEIS noted that the alternative would create an additional 1,398 affordable units to mitigate the 830 households that the FEIS estimated to be displaced by the rezoning action; however, the Statement also noted that not all of the new affordable units would be affordable to the displaced households. The New York Daily News noted that Yassky again “vowed to send it back to the drawing board to include more affordable housing” while HPD’s Deputy Commissioner Rafael Cestero commented that an incentive measure was actually a stronger guarantee of affordable housing (Son, 2005).

The Revised AHBI Alternative was ultimately selected. City Council’s Land Use Committee unanimously approved the rezoning on May 3, 2005. Yassky, despite prior opposition, proclaimed, “This is truly a transformative plan for New York City’s waterfront.” Far from being ready to admit defeat, the community continued to push for more affordable housing, relaying to Community Board 1 that the changes of the AHBI Alternative did not go far enough (Community Board 1 Meeting Minutes, 2005). Community Board 1 voted to recommend approval of the rezoning.

Uniform Land Use Review Process (ULURP)

Uniform Land Use Review Process (ULURP) is the public review process for all proposed zoning map amendments, special permits, site selection and acquisition for City capital projects and disposition of City property, and requires review by the affected community boards, the Borough President, the Planning Commission, and the City Council (see Table 22). Actions which require the ULURP Process, as described on the NYC Department of City Planning website: City map changes, zoning district changes; special permits which may modify zoning controls and require approval of the Commission; capital projects site selection; revocable consents and RFPs; housing and urban renewal plans; sanitary or waterfront landfills; and disposition of City-owned property or acquisition of property by the City. The process can take from six months to a year or more. Current research shows that public opinion tends to support ULURP as a positive method of community involvement; however, disagreement does exist regarding this review process.

There is debate over the degree of community involvement, claims that developers hire inside consultants to minimize potential impacts of proposed projects, and contention that there is inadequate time allowed for detailed review of the projects. ULURP in the rezoning process in Greenpoint-Williamsburg resulted in further action regarding tenant protection, affordable housing alternatives, refinements to the Inclusionary Housing Program, and zoning amendments.

Table 22. Uniform Land Use Review Process (Simplified)

Application and Pre-Certification	Community Board	Borough President & Borough Board	Planning Commission	City Council
ULURP application and necessary City Environmental Quality Review documents prepared in draft form and submitted to Department of City Planning Submitted to local community board within 9 days for review and recommendation.	Public hearing, CB solicits public input. CB votes on final recommendation and submits to Commission.	Borough board review, public hearing optional, submits recommendation to Commission.	Public review sessions and public hearings. If denied, process stops here. May also approve with the exception of modifications.	Review of certain items, public hearings optional. Decision is final unless mayor vetoes. City council may override mayor's veto with a 2/3 vote.
No time limit →	60 days →	30 days →	60 days →	50 days
	60 days	90 days	150 days	200 days

Source: NYC DCP <http://home2.nyc.gov/html/dcp/html/luproc/ulpro.shtml>

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