



CITY PLANNING COMMISSION

July 15, 2015/Calendar No. 5

N150356 BDK

IN THE MATTER OF an application submitted by the Department of Small Business Services on behalf of the METROTECH Business Improvement District pursuant to Section 25-405(a) of Chapter 4 of Title 25 of the Administrative Code of the City of New York, as amended, concerning an amended Plan for the METROTECH BUSINESS IMPROVEMENT DISTRICT Borough of Brooklyn Community District 2.

On May 4, 2015 on behalf of the METROTECH Business Improvement District, the Department of Small Business Services (SBS) submitted an amended district plan for the METROTECH Business Improvement District, Borough of Brooklyn, Community District 2.

BACKGROUND

In 1991, the Commission and the City Council approved an application (N910209 BDK) to establish the METROTECH Area Business Improvement District (the BID). This current application would extend the existing METROTECH BID east along Flatbush Ave to include 10 new blocks centered around the Brooklyn Academy of Music, other cultural facilities and the Atlantic Center Mall. The enlarged existing BID would provide maintenance and advocacy services for the blocks that encompass the area known as the Downtown Brooklyn Cultural District.

The BID, as originally established, centered on the City sponsored METROTECH Office Development in Downtown Brooklyn. The BID's main focus at its creation was to provide services to the office development and on the blocks that surrounded the complex. In 2004, the Commission approved a new plan for Downtown Brooklyn. The plan created a series of zoning map and zoning text amendments, new public open spaces and pedestrian and transit improvements. One provision of the plan was to create a cultural district that centered around the area of the Brooklyn Academy of Music. The plan's components included new performance and rehearsal spaces, office space for a diverse group of local arts organizations, public plazas for the community, a library, a cinema and housing. Most of these developments are presently underway. The extension of the existing METROTECH BID to this new area is requested by property owners, cultural groups and the City to provide services to the businesses, cultural and

arts organizations on the blocks that surrounded Brooklyn Academy of Music.

The existing METROTECH BID has a budget of \$2.6 million. It is one of 8 business improvement and special assessment districts that operate in the Downtown Brooklyn Area. Three of the BIDS/Special Assessment Districts, Court/ Livingston, Fulton Mall Special Assessment District and METROTECH are operated by the Downtown Brooklyn Partnership a not-for profit local development corporation. This application filed by the Department of Small Business Services, at the request of the Downtown Brooklyn Partnership, would extend the existing METROTECH BID to include blocks east along Flatbush Ave from DeKalb Ave to 4th Ave, Times Plaza.

One block within the proposed BID expansion area is located with the larger Brooklyn Academy of Music Historic District. That included block contains the cultural facility as well as 1 Hanson Place the former Williamsburgh Saving Bank Building.

The area that is proposed for the BID expansion contains approximately 73 retailers including 41 in the Atlantic Center Mall. Retail rents can be as high as \$100 to \$125 per foot with minimal vacancies. Stores in the Atlantic Center Mall have some of the highest grossing stores for their chain in the United States. There are also a number of office spaces in the district with office tenants including Bank of New York Mellon and HSBC bank. Rents for office average \$35 to \$40 per foot. A conversion of a ministorage facility to office space is expected to create about 250,000 square feet of new office space at 41 Flatbush Ave. There are 12 small buildings that have ground floor retail with residential above and 34 small commercial buildings that are occupied by retail and community facilities.

The newly expanded BID would be divided into two subareas. Each subarea would have their own budget and assessment formula. The existing BID area will become the North Sub Area with a budget in the first year of \$2,624,492. The new BID expansion area would be the South Sub Area with a budget of \$553,183 in the first year. The South Sub Area budget is projected to rise to \$1 million after its fifth year as a result of new development planned or already under

construction. The total budget for the entire BID area would \$3,177,675 in year one and up to \$3,624,492 in year five. The BID will also receive revenue as a result of funds that have been established to maintain public plazas in the district. This is about \$208,000 per year. A first year voluntary contribution from cultural organizations in the district of \$10,000 per year is also projected.

The existing BID which will become the North Sub Area, has a complex formula which assesses the METROTECH office property at a different rate than other property in the district. The new expansion will comprise the South Sub Area, which will assess all property at a rate of approximately 0.0023 per dollar of assessed value. In both BID sub areas residential property will be fully assessed paying at the same rate as commercial property.

The South Sub Area contains a mix of building types.

There are 4 large mixed rental and commercial complexes that will contain over 1000 residential units. The average assessment per property is projected at about \$38,000 per year in their first year assessment.

There are 12 small mixed use properties that contain about 35 residential units and 18 ground floor commercial spaces. The projected average assessment for these properties is projected at \$489 per year in the first year assessment.

There are 6 large commercial properties. The projected average assessment per property is about \$54,000 per year in the first year assessment.

There are 34 small commercial properties with a projected average assessment of \$1388 per year in the first year assessment.

There are 248 residential owner occupied units with a projected average assessment of \$118 per year in the first year assessment.

The South Sub Area will have a projected BID budget in its first year of \$553,183. It projects to spend with BID assessment funds, \$165,873 for Sanitation, \$58,500 for landscaping, \$47,550 for maintenance and \$40,000 for programming. General Administration for the BID and a reserve is projected at \$241,260.

There are four public plazas in the district. Two of the plazas, Fox Square and The Arts Plaza are completed. Two other plazas, South Site Plaza and Times Plaza are in design or construction. The BID will maintain and program these plazas using BID funds as well as funds that will be transferred as a result of funds dedicated by the City from former parking lot revenue. Area cultural groups will also help program the plazas as an in-kind contribution to the BID.

When the METROTECH BID was established in the early 90s, the area had few residents. The BID assessment formula was created anticipating receiving almost all revenue from commercial property. Since the BID was established, approximately 3400 residential units have been created in the district. The newly proposed South Sub Area has an additional 885 residential units with approximately 1300 more units under construction. The North Sub Area (the existing BID) is projecting about 825 additional residential units in the next few years.

All residential property in the district pays the full BID assessment. Many BIDs do not assess residential property or have residents pay a reduced rate. The assessment formula proposed by the BID results in smaller older properties usually with ground floor commercial space that contain residents paying a modest assessment. Large residential and commercial properties will pay a substantial assessment.

Most of the new residential units constructed in large buildings are rental and are subject to rent stabilization. Rent stabilization does not allow for the passing through of BID assessments. There are 248 condo units in the South Sub District. Each residential owner unit would be required to directly pay a surcharge on their property tax bill for their BID assessment.

The MetroTech Expansion Steering committee undertook an extensive and transparent outreach process. To educate local businesses (almost entirely independent retailers along DeKalb Avenue) representatives went door to door, almost weekly, speaking with owners, managers and employees of these establishments. It also worked with property owners to inform their tenants when owners could not be reached directly. In regards to the national chain stores that populate the Atlantic Mall & Center, the committee not only went door to door but worked directly with the landlord, Forest City, to connect with store management. Since the vast majority of these tenants are public companies, the onsite managers were unable to sign letters of support but “sent the information up the chain” to their various headquarters. For commercial tenants, working both with landlords and direct outreach proved most beneficial. Finally, the committee worked diligently to educate local residents in the expansion area, both owners and renters. These efforts included presenting to building wide meetings of One Hanson Place and 96 Rockwell, on December 17, 2014 and January 12, 2015, respectively. A meeting was also held with residents of 1 Rockwell on September 25, 2014. In addition to the in-person meetings, representatives made themselves available digitally, over the phone and in person to answer any questions building residents might have. Materials were emailed to all building residents and printed materials were posted in public spaces. For the smaller rental buildings along DeKalb printed materials were posted in the lobbies and put under tenants doors. All of this was in addition to the required district wide mailing and public meeting that was held on November 19, 2014.

Commercial property owners have overwhelmingly supported the BID with 90% of the assessed value signing ballots in favor of the district. Commercial tenants have not responded to requests for support, with only 15% of the businesses responding in favor. No business responded negatively. Residential property owners also failed to significantly respond to requests to express an opinion about the BID being expanded. Only 10% of 283 owners responded in favor of the BID. Only 1% responded negatively.

To ensure that the needs of residents are represented, the BID has agreed to establish a residential advisory committee. The Downtown Brooklyn Partnership envisions that this committee would regularly meet prior to BID Board meetings. The group would be able to bring

to the attention of the BID board, issues and concerns about the neighborhood and the operation of the BID.

ENVIRONMENTAL REVIEW

The district plan was reviewed pursuant to the New York State Environmental Quality Review Act (SEQRA) and the SEQRA regulations set forth in Volume 6 of the New York State Code of Rules and Regulations, Section 617.00 et seq., and the New York City Environmental Quality Review (CEQR) Rules of Procedure of 1991 and Executive Order No. 91 of 1977. The designated CEQR number is 155SBS005K. The lead agency is the Department of Small Business Services.

After a study of the potential environmental impact of the proposed action, a Negative Declaration was issued on May 1, 2015.

LAND USE REVIEW

On May 4, 2015, the Department of Small Business Services submitted an amended district plan for the METROTECH Business Improvement District (BID) to the Department of City Planning. The plan was then transmitted for review to the Office of the Mayor, Office of the Brooklyn Borough President, City Council Speaker, City Council Members for Council Districts 33 and 35 and Brooklyn Community Board 2

COMMUNITY BOARD PUBLIC HEARING

Community Board 2 held a public hearing on this application on May 2, 2015, and on May 13, 2015, by a vote of 31 in favor, 1 in opposition with 2 abstentions adopted a resolution recommending approval of the establishment of the BID with the condition that the BID's Board of Directors restore the community board's seat on the BID Board.

CITY PLANNING COMMISSION PUBLIC HEARING

On June 3rd 2015 (Calendar No. 5), the Commission scheduled June 17th 2015 for a public hearing on the district plan. On June 17th 2015 (Calendar No 19), the hearing was duly held.

There were ten speakers in favor of the proposal and none in opposition. Those who testified included the President of Downtown Brooklyn Partnership (DBP) the BID sponsor, DBP staff, representatives of business and property owners, a representative of Community Board 2 who lives in the BID area, the Director of BID Development at the Department of Small Business Services, and a staff member at Small Business Services who manages the establishment of BIDs.

The President of the DBP Board spoke about the organizing of the expansion of the METROTECH BID. He stated that the Partnership had difficulty in obtaining written support from commercial tenants and residents even though they had met with them many times and had verbal support from them for the establishment of the BID. The president also spoke about the challenges of maintaining public spaces and providing sanitation services as the areas residential, visitor and office population grows. A representative of a major property owner spoke about the makeup of the BID Board. Other business and property owners stated that they fully supported the BID and that it would be good for the area. A representative of Community Board 2 said that the Board supported the BID and that they are comfortable that the Community Board would now be included on the BID Board. A representative of an area cultural institutions stated that they would be contributing both funds and in-kind programming to the BID. The staff person from DBP stated that the areas existing cultural groups were working positively together to help the BID. The representatives from the Department of Small Business Services (SBS) addressed the BID's outreach to property owners and residents and stated that there was considerable efforts made to reach all constituents. The representatives from SBS also stated that the existing BID's Board represented all facets of the district.

There were no other speakers and the hearing was closed.

CONSIDERATION

The Commission believes that the proposal to amend the METROTECH Business Improvement District, is appropriate.

As an emerging and evolving area of the City, Downtown Brooklyn is becoming a thriving and growing cultural district. Extending the METROTECH BID to include 10 new blocks will foster a multiuse urban environment that will serve the residents, businesses, academic institutions and cultural institutions of Downtown Brooklyn and its surrounding communities. As the City's third largest central business district, Downtown Brooklyn is an important City asset that is experiencing new residents, increased commercial activity and tourism. In coming years, it is expected that thousands of new residential units, new public spaces, new cultural institutions and additional commercial development will be created. These were the goals of the Downtown Brooklyn Plan. They are coming to fruition. While Downtown Brooklyn and the City will benefit from these developments, increased foot and vehicular traffic, and development and construction will strain existing sanitation resources, heighten wear on the physical environment, and introduce significant operational challenges to the district. The Commission believes that the BID expansion will bring new needed services, such as increased area sanitation, area maintenance and programming of public spaces. The expanded BID will leverage the collective resources of the entire district to proactively meet the challenges ahead.

The Commission is pleased that the BID plans to create a new subcommittee of residents in order to ensure that residents who live in the BID boundaries have a voice in the BID's policies.

The Commission also believes that the Cultural Organizations of Downtown Brooklyn are an important part of the Brooklyn community. The Commission is pleased these groups are actively involved in the METROTECH BID, contributing both funds and in-kind services. It hopes that as new cultural groups are established or move into the area, that they also will be involved with the BID. Once the expanded BID is fully established, the Commission believes that the Cultural Groups should further expand their commitment to the BID and the surrounding community. The BID should work with the City and its Department of Cultural Affairs along with the area's cultural institutions to increase their support for BID services.

The Commission believes that questions concerning Board representation of neighborhoods residents and the Community Board are governance issues to be decided by the interim BID Board, and ultimately the BID Board. By state and City law, the BID Board requires representation of elected officials including the City Council and the Borough President. The Community Board should also be represented on the BID Board. The Commission is pleased that, in a letter dated May 5, 2015, the BID representatives have made a commitment that the Community Board will be included on the Board and that the current BID Board amended the bylaws on June 17 to formally include it. The Commission would also be pleased if residents who live in area buildings were also on the BID Board. Those representatives along with an area residents subcommittee should be able to guide the BID to ensure that community concerns are addressed. The subcommittee will ensure that the BID takes positions that are appropriate and that there is outreach to stakeholders.

The Commission has carefully reviewed the documents that the BID sponsor submitted regarding notification of stakeholders about the proposed BID and believes that these outreach efforts for the BID were satisfactory. The Commission believes that the BID sponsors made the best effort and continues with efforts and outreach to get in touch with as many property owners, residents and businesses as reasonably possible.

BIDs are important to the City because they promote healthy economic development for the communities they serve and help retain and attract businesses, visitors and residents to the district. The expansion of the METROTECH BID will help manage this dynamic existing downtown and provide guidance for growth in the future.

The Commission enthusiastically supports the expansion of the METROTECH BID.

RESOLUTION

The Commission supports the proposed BID plan and has adopted the following resolution:

RESOLVED, that the City Planning Commission certifies its unqualified approval of the amended district plan for the METROTECH Business Improvement District.

The above resolution duly adopted by the City Planning Commission on July 15, 2015 (Calendar No. 5) is filed with the City Council and the City Clerk pursuant to Section 25-405 of the Administrative Code of the City of New York.

CARL WEISBROD, Chairman

KENNETH J. KNUCKLES, ESQ., Vice Chairman

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