

Community Benefits Agreement Q&A
March 3, 2021

Acronym Key

AMI: Area Median Income
BWI: Brooklyn Workforce Innovations
CBA: Community Benefits Agreement
CBO: Community Based Organization
CB: Community Board
FAC: Fifth Avenue Committee
HPD: New York City Department of Housing Preservation and Development
MIH: Mandatory Inclusionary Housing
OBT: Opportunities for a Better Tomorrow
SBIDC: Southwest Brooklyn Industrial Development Corporation
ULURP: Uniform Land Use Review Procedure

Housing & Economics

1) Q: What is the estimated timeline the building should be complete?

A: If the project is approved in the ULURP, we will enter a 18-24 month design process, followed by approximately 18-24 months of construction. In total we anticipate it taking about 3-4 years.

2) Q: Can you clarify the number of deeply affordable 1,2, and 3 BR units in the proposal (not in terms of percent but raw count of units)?

A: Of the 33 affordable units, 40% - or 12 to 13 units - will be reserved for 30% AMI at the deep affordability levels.

3) Q. How many apartments are being set aside for mobility impaired residents?

A: The entire building is handicapped accessible. It will specifically have 5% housing set aside for mobility impaired units and 2% housing set aside for vision and hearing impaired. Mobility residents will have space for wheelchairs and other accessible features while visual residents will have flashing lights and braille among other elements. Handicapped accessibility will be required in the regulatory agreement with the city.

The questions below refer to the following slide:

4) Q: In the slide with the percentages of market rent, in the red outlined rectangle on the right, what was the meaning of the 30% column and the 60% column?

5) Q: Can you explain the 46% of AMI slide again? I was unclear if you were referring to all units, or just the MIH units.

Housing: Inclusion of Family-Sized Units

Unit Type	Market Rate**	Option 1 Rents (Avg of 60% AMI)		737 4 th Avenue (Avg of 46% AMI)	
		40% AMI	80% AMI	30% AMI	60% AMI
0 BR	\$1,650	\$732	\$1,528	No Studios	
1 BR	\$1,750	\$781	\$1,634	\$503	\$1,207
2 BR	\$2,000	\$931	\$1,955	\$598	\$1,443
3 BR	\$2,200	\$1,067	\$2,250	\$683	\$1,658

*Assumes tenant pays electricity, no electric stove. Rents are approximate and have been calculated at 30% of annual gross income of the target 2020 AMI. For low-income bands, rents are based on 30% of 27%, 37%, 47%, 57%, 67%, and 77% of AMI. All rents are subject to program requirements.

**Based on January 2021 rental numbers - http://www.mns.com/pdf/brooklyn_market_report_jan_21.pdf

A: The pink outline on this slide shows the affordable commitment for this project. This project is more deeply affordable than what is required by the mandatory inclusionary housing program shown in the middle by Option 1. To our knowledge, it is the first time that a developer has agreed to bring the average AMI down to 46% AMI with no public subsidies. That means in this building, families making 30% AMI would be paying between \$500 - \$700 a month for a 1, 2, and 3 bedroom apartment, while families at 60% AMI would pay between \$1200 - \$1700 for a 1, 2, and 3 bedroom apartment. All rents represent no more than 30% of the household's income.

6) Q: How do we apply to these apartments?

A: The lottery begins about 6 months before the building is anticipated to be complete. Fifth Avenue Committee will be hosting multiple community information sessions in multiple languages as a part of a marketing effort to ensure local residents know about the lottery.

7) Q: What is the expected construction cost for this project? Once it is completed, what is the expected total monthly operating cost for the project (including all expenses, such as mortgage payments, operating expenses, and debt service)? What is the total projected monthly rent to be brought in by the project, assuming all rental spaces are generating rent at expected rates? How much additional subsidy would Totem require for the project's current MIH levels to be extended to 50 percent of the units in the project?

A: With the partnership of FAC, the project team connected with HPD to see if it was possible to offer additional affordability, but they did not have the resources to do so. Unfortunately, HPD does not currently have a program to bridge the gap between 25% to 100% affordable. To cover the cost of construction, each additional unit is about \$500,000 to build; providing an additional 25% for the building would require \$17-20 million dollars of additional city subsidy. At this stage in the project it is impossible to accurately arrive at project costs as the building is not designed and variables around

construction, financing, and other costs are impossible to lock in at this stage. That said, some basic assumptions that guide budget projections are discussed further below.

8) Q: Can Totem explain how much they expect to make from this project in profit? Has it provided that detailed financial analysis with CM Menchaca?

A: The building is not fully designed yet which means we do not have construction drawings, and the costs are unclear around construction, labor, financing etc, hence the flipped process we go through on ULURP where we are asked to evaluate a building before it is fully designed. But that is the system we are confronted with. Nonetheless, the ballpark all-in development costs are approximately \$100 million (construction, land use, etc). Typical development projects in the city estimate 7-9% returns over the life of the project. Here, because we brought down the AMI level to an average of 46% AMI, the project team is forecasting development returns in the low single digits currently. The 33 units of affordable units are permanently affordable with no tax payer dollars to preserve those 33 units. The depth of affordability impacts returns.

9) Q: How much is the library costing FAC right now? It looks like Totem will make \$3 million/year, and I know the library was going to cost closer to \$15 million, so why would 737 4th Avenue cost so much more?

A: The library project is 49 units; 737 4th Avenue will be nearly triple the size of the library project. The residential portion and exterior of the library will cost about \$38 million, so it's in line with what the development team has outlined.

10) Q: Can we have justification as to why a demand in the contract was for the new site to not have a homeless shelter?

A: This was a Community Board request. The neighborhood has had several hotels in the area converted to shelters, and the CB had concerns about how many shelters there were. However, it is important to make a distinction here that the request was to create permanent affordable housing here which is different from temporary housing found in a shelter. The letter signed was about the property becoming a homeless shelter, not about affordable housing for formerly homeless individuals.

11) Q: How do we get more projects like this, when the city won't step up and provide subsidies?

A: The more clear that the Community Board can be up front about what the neighborhood would like a project to deliver is key. In this case deeper affordability and housing was clearly the priority we heard, and the CB's decision to work with the developer to come to a solution was important. Sunset Park has also had a great amount of engagement with this project, and other developments in the area. To replicate this model, the community should continue to organize and advocate for what the community needs and wants. To have privately funded projects deliver additional public benefits, it's necessary for the city to think outside the box, and it is important for community groups to let the city know what they want and need.

12) Q: Has Totem addressed the community's concern surrounding gentrification? How can Totem be held accountable for the displacement of thousands of families?

A: No one is being directly displaced by this project. Secondary displacement in the neighborhood is the result of a lack of enough affordable housing in the area, and a recent report by FAC shows a net loss in housing for the area while the population is growing. There is a need to build housing and permanently affordable housing. This project will add more housing utilizing one of the three of the options to create affordable housing FAC outlined in their recent housing report (which can be accessed [here](#); a panel discussion by citywide experts discussing the recommendations is available [here](#)). In addition to the two projects being built by FAC, this really is the only form of new affordable housing being added to the area in the foreseeable future.

Employment and Small Businesses

13) Q: Will there be training and professional development and growth opportunities for these jobs? As we know, many of these projects hire entry level positions, but is there a guarantee that they will receive growth and development opportunities?

A: With regard to construction jobs, although there is no guarantee that workers on one site will be carried over to future jobs, the workforce organizations will work hard to identify the right candidate for all job opportunities and see that the training they receive on this project helps them to become competitive on future jobs in the City. The resources of OBT, SBIDC, FAC, and BWI remain for placed candidates. With respect to the permanent jobs, the inclusion of 32BJ provides a built-in pipeline for future and more permanent jobs. Additionally, the project has committed to identifying small local businesses for the commercial spaces, and the workforce groups are hopeful to identify good matches for long-term employment with those companies.

14) Q: Will these jobs be provided for non-English dominant folks such as our first generation immigrant Latinx members and our mostly Chinese members?

A: Yes. Both OBT and FAC have speakers of other languages programs. FAC specifically has a Bridge program where FAC works with New Yorkers who have limited language skills to identify jobs for them, teach them English, and provide training for those job opportunities. BWI and OBT serve and recruit a significant portion of non-native speakers for job training opportunities.

15) Q: How did they come to the 35% benchmark for local hiring? Is affordable commercial rent for businesses written into the agreement?

A: 35% is a standard target in affordable housing projects across the City. An ask of 50% or 60% might encumber the contractor and prevent them from delivering the work on time. This is the norm utilized across other CBAs and is the norm in affordable housing infrastructure.

16) Q: As a small business owner, how can we apply to take one of the commercial spots in this development?

A: We're a few years out, but we would love to identify small businesses in the community to extend those opportunities. We will also rely on the CBO network to target those small businesses and organizations in the area. If you would like to stay in touch with us about leasing opportunities, should the project be approved and proceed to development, please do.

17) Q: We want to keep the Dunkin' Donuts because it offers jobs and opportunities. Can we keep the Dunkin' Donuts onsite?

A: During the construction, they would need to move and once the development is complete, we would prefer to target small businesses, not a national chain. However, if Dunkin' Donuts would like to return as a tenant in the permanent building, we are open to the discussion.

18) Q: Is there any way the community can check in on construction to see which jobs are available and how we can apply?

A: Crescent is the organization that would manage this on the project team. SBIDC and BWI would love to work with anyone selected to be part of the team and will also post job opportunities 6 months in advance of the opportunity.

19) Q: For working with local businesses, rather than large chains, are there any guarantees that the leases will be not raised?

A: The Project will be designing the retail in small footprints so the spaces are available and affordable for local shops and retail. Within the retail leases, there will be guidance for retailers to hire locally and the project team will work closely with the local CBOs to help identify both potential tenants and employees for those retail spaces.

Transportation and Infrastructure

20) Q: Underground parking is expensive, and everyone in the building will own a car. Is it feasible to remove the parking and building more affordable housing? What are you going to do to help the public walk through the area with the construction?

A: We don't expect everyone to have a car, but by law the project is required to provide 40% of the number of market rate units for parking equalling to about 45-50 parking spaces on site. The project will encourage as little vehicular traffic as possible, offering people bike parking and easy access to the subway. The project team will work with local partners and construction managers to pay extra close attention to the pedestrian condition, especially given its proximity to a train station.

21) Q: How does your partnership with Oonee and the bike lockers work with the building?

A: Over the next couple years of construction, Oonee will work with Totem to ensure the bike parking facility for the public is properly implemented and maintained. This parking will be free for the public with a priority for members of the immediate community including the number of essential workers and service workers who live and work in the neighborhood.

22) Q: Are there any plans for further infrastructure, or something non-community members will benefit from?

A: The project will build green infrastructure including bioswales and rain catchment areas. There is significant rain water accumulation in the area, which the infrastructure for the building will help to alleviate. Other improvements include multimodal biking parking and community-oriented retail.

CBA creation and Accountability

23) Q: How are you defining community as it relates to engagement and accountability mechanisms?

Community Board 7 approved the project with specific recommendations. The majority of the content in the CBA came directly from those recommendations. This document's primary focus is CB7 and specifically Sunset Park, which will really benefit from the affordable housing and other improvements. The same preference will be applied to the lottery. A lot of FAC's outreach and marketing surrounding the affordable housing lottery will be focused in Sunset Park.

24) Q: I understand the CBA is a legally binding agreement. Can you explain how that's enforced, and by whom?

A: The Community Benefits Agreement is enforceable through a number of mechanisms. The CBA is a binding contract. Although there has always been a concern that CBAs can't be enforced, this one is different. Since there are four established Community Based Organizations on this CBA, all can hold the developer accountable, individually or collectively. A key paragraph to reference in the CBA is Section 8b. Additionally, this CBA would be a recorded document in the project's approval. The CBA commitments will be a binding requirement of the property, not just the developer. Each organization has the independent authority to go to court and get it enforced. However, the Council member and HPD as well as other city agencies can help enforce this document.

25) Q: What is the frequency of reporting requirements? And to be clear, the only enforcement mechanism is one or more of these small local nonprofits proactively making and taking a case to the court?

A: The CBA calls for formal reporting to the community at least every 6 months. For affordable housing, HPD will be regulating whether all affordable housing commitments made are followed through on, while FAC will be making annual administrative reports on the affordable units. We also will rely on the four established community-based organizations, who have strong ties and reputations in the community, to enforce the CBA. City agencies, in addition to HPD, could be petitioned to engage as well.

26) Q: Can you explain the process behind the CBA and how long it's been in progress?

A: After a nearly two year engagement process with the local Community Board, they voted to approve the project with 9 conditions for the development team to consider in the Fall of 2020. Afterward, the Brooklyn Borough President also rendered a favorable opinion of the project with some additional conditions. These opinions can be found [here](#) on page 17 and on page 22, respectively. In order to demonstrate responsiveness to these community priorities we drafted a legally-binding CBA to ensure that these commitments would be delivered in this project. And we turned to four neighborhood-based non-profits, with expertise in the CBA provisions ranging from affordable housing to jobs to neighborhood infrastructure to sign on to the document and hold the development team accountable for implementation. Along with a few additional requests laid out by the city and MTA, this document is a direct translation of those priorities outlined by the CB and community members during the ULURP process into a legally-binding contract.

Misc

27) Q: What's the difference between helping a small community in Central America and this project?

A: The key difference from this and our project in El Salvador is the land there was publicly-owned and Totem worked as a consultant to the Mayor and city to rethink the use of publicly-owned land. This land in Sunset Park is privately-owned.

Logistics

28) Q: Will this info session be recorded and shared with the community members?

A: It is being recorded and will be shared by Council Member Menchaca's office at this link:
<https://council.nyc.gov/carlos-menchaca/737-4th-avenue-rezoning/>