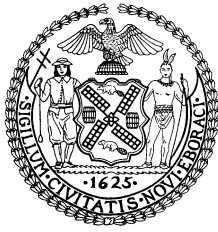


James G. Clynes
Chairman

Latha Thompson
District Manager



505 Park Avenue
Suite 620

New York, N.Y. 10022
(212) 758-4340
(212) 758-4616 (Fax)

www.cb8m.com Website
info@cb8m.com - E-Mail

The City of New York
Manhattan Community Board 8

Joint Meeting of the Housing and Small Business Committees
Stanley Isaacs Neighborhood Center
415 East 93rd Street
Dining Room A & B
Monday, April 24, 2017, 6:30 p.m.

Minutes

CB8 members present: Sarah Chu^, Ed Hartzog*, Rita Popper*, Barbara Chocky

Members of the Public: Richard Almond, Stephen Cavallo, Luis Cisneros, Kara Collins, Mike Garofalo, Sheri Greenstein, Miguel Jauregui, Marie Kopp, Nancy Meher, Nancy Mendelsohn, Steve Mendelsohn, Shallini Mehra, Chetan Mishra, Kim Selway, Nancy Tongue, Barbara Williams

Excused Absence: Loraine Brown

*Housing Committee member

^Co-Chair, Small Business Committee

The Meeting was called to order at 6:35 p.m.

1. **A discussion of the impact(s) of the Second Avenue Subway on commercial and residential rents. Specifically, those effecting small businesses along and close to Second Avenue, as well as, the impact on maket rate and rent stabilized apartments – including the impact on and potential loss of affordable housing.**

According to a study released in March 2013, by the American Public Transportation Association (APTA) and the National Association of Realtors (NAR), residential property values performed 42 (41.6) percent better on average if they were located near public transportation with high-frequency service. NAR Chief Economist Lawrence Yun stated that “higher home values reflect greater market demand for areas near public transportation.”

The study investigated how well residential properties – located in a half-mile proximity to high-frequency public transportation or in the “public transit shed” – performed in holding their value during the recession, compared to other properties in a given region. While residential property values declined substantially between 2006 to 2011, properties close to public transit showed significantly stronger resiliency. High frequency public transportation includes subway (heavy rail), light rail and bus rapid transit.

In April 2016, The New York Times reported that people living in apartment buildings between Third and York Avenues, as well as those developing new ones, were already enjoying new attention and price premiums. According to an associate broker for Douglas Elliman Real Estate, “the subway has totally changed things.” The Azure, a 128 unit condos at 333 East 91st Street and First Avenue, was selling units for approximately \$1,600 a square foot.

However, measuring the precise effect of the subway construction on property values was difficult, because the construction had caused inconveniences and coincided with a massive housing downturn. According to brokers working on the Upper East Side, the area had been falling out of favor for years, anecdotal evidence suggested that prices for co-ops and condominiums had dropped about 20 percent – although that discount was long gone at the time of the article. “Moreover, the prices of many apartments now reflect a subway bonus of about 10 percent.” “The post-subway premium was already in effect,” according to Itay Gamlieli, the owner of GZB Realty.

The Kent, a 30-story, 83 unit (104 unit when affordable units are included) brick, limestone and metal-paneled condo from Extell Development, at 200 East 95th Street (at Third Avenue) had two to five bedroom units for sale beginning at \$2.4 million, or \$2,500 a square foot. The average price for condos in Yorkville – was about \$1,700 a square foot in late March 2016, according to StreetEasy.com.

Extell’s president, Gary Barnett noted that the subway expansion “gave [them] confidence that [they] could invest and do a beautiful product, and that people would pay for it.” More market rate Extell projects are planned for the area according to Mr. Barnett. If the Kent, at \$2,500 a square foot building tested the ceiling of the market, the Carnegie Park, a 30-story brick rental-to-condo conversion at 200 East 94th Street and Third Avenue, from the Related Companies, was a sign of the market’s velocity. In about 15 months, the condo had sold 85 percent of the 277 one- to four –bedroom units. Average price was \$1,700 a square foot, with one-bedrooms starting at \$980,000. A one-bedroom co-op at 301 East 87th Street and Second Avenue was selling for \$815,000 with a \$50,000 premium for the future subway stop around the corner.

By December 2016, The New York Times reported that people living near the 72nd, 86th and 96th Street stations could face rent increases as high as \$46 a month, according to a report by StreetEasy, a real estate website. Dina Zingaro and her roommate paid \$2,400 a month for a two-bedroom apartment on the fifth floor of a walk-up building and according to her, an increase of \$200 a month would make her consider moving.

Yorkville’s median rent is about \$2,700 a month, lower than Manhattan’s rate of about \$3,300, according to StreetEasy and there are clusters of rent-stabilized and rent-controlled apartments. While local businesses – restaurants and shops – eagerly awaited the return of foot traffic, they were also bracing for steep rent increases. According the The Times, the last five years have seen median rents near Second Avenue increase by 27% to about \$2,520 a month.

The Times quoted Thomas Wright, the president of the Regional Plan Association, an urban policy group, as saying, “when you increase the values in areas like this, you need to do things to protect affordable housing and retail.” He said that officials should consider a host of policies to keep the neighborhood within reach, including securing affordable housing as part of any zoning changes. In the same article, Council member Ben Kallos “said there was little he could do to slow rising rents.” “Where I have to place much of my focus is on helping rent-regulated tenants stay in their apartments and exercise their rights.”

The Times did an analysis of rent increases on and/or near Second Avenue in the past five years and found that between 2011 and 2016 average rent along Third Avenue had increased 14% to \$2,873 a month; First Avenue 19% to \$2,554 a month and, along Second Avenue, 27% to \$2,526 a month.

Notwithstanding the projections of increased rents and potential vacancies, a recent article (April 18, 2017) by buzzbuzzhome.com noted that Crain’s New York Business had done an analysis that found an increase in rents had not occurred along the Second Avenue corridor. Based upon the rents of 71 apartments near the three new stations on the Second Avenue line, Crain’s found that 50% had rent decreases – between April 2016 and January 2017.

In trying to assess why rents did not increase, the article noted that, “the new line [wasn’t] much of a line.” “It’s only three stations, and two miles of track.” According to the article, the new line was dubbed the “Q-tip” and any real usefulness of the Second Avenue line would not be seen until future phases come to fruition. Another assessment came from Kobi Lahav, the managing director at Modern Residential – a brokerage – who noted that, “I think the subway opening got swallowed up in the pushback from tenants against inflated prices.”

With that context, the meeting was opened for discussion from the public. Among the concerns expressed was the extent to which available units – both market rate and affordable – had kept up with population growth. Indeed, there was a belief that the impact of the subway would be felt by businesses over a longer term.

To that point, it was suggested by Barbara Chocky that the community board really couldn’t do anything about rents, but that it should focus more on supporting Dan Garodnick’s efforts to amend the Commercial Rent Tax, that is currently 6% for businesses with rents over \$250,000 a year. Council member Garodnick has proposed increasing that amount to \$500,000 a year in order alleviate the burdens on small businesses in Manhattan. Indeed, it was noted that the commercial rent tax only applied to businesses in Manhattan and, only those in a limited portion of Manhattan. Sarah Chu noted that the Small Business committee had already passed a resolution supporting Council member Gardonick’s bill.

On a related note, one of the members of the public had expressed concern about application fees for affordable housing – specifically, the Masaryk Towers on Delancey Street. Apparently the building was charging potential renters an application fee of \$200 - \$50 for a background check by HPD and another \$150 for the building. If the applicant wished to be removed from the list they would receive only \$150 back, with \$50 being non-refundable.

Aside from anecdotal accounts of rent increases or concerns about potential rent increases the public and committee members were not able to point to any specific policies or actions that could be pursued in the immediate future to address their concerns. Nevertheless, it was agreed that continued pressure and focus needed to be directed toward our elected officials – both locally and borough wide – to help maintain the integrity and livability of our community.

2. Review of the developer’s answers to those questions submitted by the committee and public after the March 20 meeting, regarding the Section 421-a Application for 200 East 95th Street, Block 1540 Lot 2 (formerly Lots 2, 3, 4, 45, 46, 47, 48 & 49)

The applicant and/or its attorneys were not able to submit answers to the committee and public’s questions prior to the meeting – as such, a motion to table the matter was unanimously approved and the item was re-scheduled for consideration at the May 23rd Housing Committee meeting.

Old Business.

There was no old business.

New Business.

There was no new business.

The meeting was adjourned at 7:30 p.m.

Respectfully submitted,

Ed Hartzog and Loraine Brown, Co-Chairs, Housing Committee

Matt Bondy, Sarah Chu, Co-Chairs, Small Business Committee