

SLAM DUNK OR AIRBALL? A PRELIMINARY PLANNING ANALYSIS OF THE BROOKLYN ATLANTIC YARDS PROJECT

EXECUTIVE SUMMARY

Since its unveiling in December 2003 by developer Forest City Ratner Companies (FCRC), the proposed Brooklyn Atlantic Yards (BAY) project has been an emotionally charged topic for Brooklynites. Depending upon who you talk to, which website you visit or press conference you attend, the project is either Brooklyn's finest hour since the long-mourned departure of the Dodgers, or an apocalyptic reprisal of the dark days of Robert Moses' urban renewal programs.

Forest City Ratner Companies presented a large-scale, mixed-use real estate development that would consist of a 19,000-seat Arena, 4,500 units of housing, over 2.4 million square feet of office and retail space, six acres of open space and parking for 3,000 cars. Since the initial proposal, several changes by the developer have been discussed. The developer has been negotiating a community benefits agreement (CBA) with a group of stakeholders, covering especially affordable housing and local hiring. The project footprint may change slightly, to reduce the need for property takings through eminent domain. Most recently, it was suggested that much of the office space would be curtailed, or changed to housing. On March 3, 2005, the City and the State signed a memorandum of understanding (MOU) with the developer.¹

For supporters, the BAY project would bring jobs, housing, a world class sports and entertainment complex (FCRC CEO and Chairman Bruce Ratner led a team of investors that purchased the New Jersey Nets in 2003), and economic development to the neighborhoods and the borough. Mayor Michael Bloomberg has declared that, "This project complements our Administration's vision for dramatically redeveloping Downtown Brooklyn."² For opponents, it is an ill-conceived, out-of-scale proposal that would squander taxpayer dollars, displace existing residents and businesses, bring few benefits to the area, and swamp adjoining neighborhoods with traffic.

A CHANGING NEIGHBORHOOD

The site of the proposed project is located in the heart of Brooklyn, at the intersection of the neighborhoods of Fort Greene, Prospect Heights, Park Slope, and Boerum Hill. It is adjacent to Atlantic Terminal, the third-largest transportation hub in New York City, where nine different subway lines and the Long Island Railroad converge.

Between 1990 and 2000, the Study Area (a half-mile radius surrounding the site) experienced a dramatic demographic shift. Higher income, better educated, younger, and predominantly white households from other parts of the City have moved here. In 2000, approximately 65 percent of the households in the Study Area earned more than the median income for Brooklyn, compared to 45 percent in 1990. In most other respects, the area's housing characteristics and socio-economic trends reflect an overall pattern of neighborhood change in which larger, lower income households have been gradually replaced by smaller, higher income households.

In spite of these gentrification trends, over 8,000 residents, or almost 15% of the Study Area's population live below the poverty level. Home ownership increased by 12.8% to 24.7% between 1990 and 2000, but still lags behind the borough and New York City. The area includes public and subsidized housing, as well as rent-regulated and unregulated units that still house low-income families. In addition, while the immediate neighborhood has seen significant gentrification, many view BAY as a regional project within a borough, which continues to have poverty and unemployment rates far above the national average.

PRELIMINARY ASSESSMENT OF BROOKLYN ATLANTIC YARDS

The proposed project would likely have profound impacts on the adjoining neighborhoods and on the fiscal condition of the borough and New York City well into the future. The Metropolitan Transportation Authority (MTA) would need to transfer site control, and a platform would have to be constructed over the railyards. Assemblage of the site would likely require eminent domain, and the relocation of hundreds of households. Several thousand new residents would move to the area. Traffic impacts are likely to be dramatic. And substantial public subsidies would likely be required – the City and the State have agreed to provide \$100 million each for site preparation and infrastructure development - and we estimate that total direct and indirect subsidies, including various tax breaks, could top \$1 billion. Given these substantial impacts, it is essential that the project be thoroughly reviewed.

The Pratt Institute Center for Community and Environmental Development (PICCED) believes that large-scale development projects – especially those that involve public subsidies, land and discretionary actions – should achieve growth that is equitable, sustainable and meets community needs.

Judged against these goals, the desirability of the proposed BAY project unfortunately varies significantly depending on which stakeholders one considers. Residents and businesses in the immediate vicinity have expressed major concerns about displacement, increased traffic, and impact on neighborhood services, such as schools and public safety. From this perspective, the project as proposed does not meet or address the needs of the immediate community. For many in the adjoining communities that will not face these issues directly, however, the promise of jobs and affordable housing outweighs specific neighborhood concerns.

Notwithstanding the challenge of weighing differential impacts on different stakeholders, we offer the following preliminary assessment of the BAY project:

First, the process through which this development has been advanced has not been sufficiently fair or accountable. It should be opened up for consideration of real alternatives, to ensure that the public is getting the best deal for its land and money.

Planning for the project was initiated by the developer, considering the best site for a basketball team he was purchasing, and a large-scale mixed-use development. No officially-sanctioned public planning took place in advance to consider various alternatives for use of the site, or to collect input from area residents.

Rather than fostering inclusiveness and building community consensus, the developer's approach has been perceived as divisive, with residents being played against each other. While there have been numerous meetings organized by

supporters and opponents to advance their respective agendas, these have not enabled an informed discussion of the project.

Moreover, little clear information has been provided about the review process that the project would undergo. The City's Unified Land Use Review Process (ULURP), which provides substantial opportunities for public input, has been effectively rendered irrelevant. Essentially, the developer has been allowed to choose the path of least public review and comment.

Given the recent decision by MTA to use open bidding to determine who wins the rights to the Hudson Yards site on Manhattan's West Side, we believe a similar process is appropriate for Brooklyn Atlantic Yards. The City and MTA should collaborate on a process that:

- Balances the need to maximize value for MTA with community goals and broader public purpose by allowing multiple offers rather than engaging in private negotiations with a single party. The bidding process should be genuine, i.e., there needs to be sufficient time for viable proposals to be developed, refined and submitted, so that it is conducive to thoughtful planning.
- Emerges from community input before rezoning for future development, so that the goals of residents and businesses within the site and its neighbors will be better considered.
- Prioritizes affordable housing and good jobs for Brooklyn residents.

Second, there is insufficient information on two key issues for the proposed Brooklyn Atlantic Yards development: traffic impacts and public subsidies. We find it impossible to render informed judgment on the project until this information is provided.

- Traffic Impacts: The developer has thus far provided no meaningful information on traffic impacts or mitigation plans. Traffic congestion in downtown Brooklyn is already severe and will grow worse in years to come as development in Downtown Brooklyn proceeds (following a recent rezoning). If substantial parts of Brooklyn can expect severe traffic gridlock on a regular basis because of the project, it could be a “no-go” regardless of other benefits. If the project does go forward, FCRC and the City should use this opportunity to engage in “big picture” thinking about Brooklyn’s transit infrastructure – not only traffic calming but also potential light rail, waterfront linkages, and ticket discounts for taking public transit. In any case, the public costs (and ancillary benefits) for mitigating potential traffic impacts from the project should be factored into the fiscal analysis of the project.
- Public Subsidies: Estimates of the potential public subsidy for the project range from \$200 million to more than \$1 billion. Sound decisions about whether this project makes sense for taxpayers depend on a serious cost-benefit analysis of the project, which in turn depends on a clear enumeration of the value of subsidies being contemplated. The value for the development rights over the railyards is a key component of the subsidy equation. The cost

benefit analysis of the project's economic development components (the Arena and the commercial and retail buildings) should be separated from the residential components. By their nature, residential projects involve a completely different set of public policy considerations and their economic and fiscal impacts should not be lumped together with strictly economic development components. The economic analysis backing the FCRC proposal relies on cross-subsidies from the residential units to offset the public subsidy costs of the Arena.

It is impossible for the public to know whether this project is a good deal without knowing how much it will cost (in tax dollars). It is like being asked to buy something without knowing the price. This is one reason why MTA and the City should consider multiple offers. If the proposed BAY project offers good value to the public, it will score well when considered fairly against other proposals.

Third**, despite these fundamental issues of process and threshold information, we still believe it is important to understand the potential impacts – positive and negative – of the proposed BAY project, **which does offer significant benefits – especially affordable housing, some good jobs and a facility to host a wider array of events in the area. For a large-scale, private real estate development project in New York City, it does better than most in making a place for low- and moderate-income people.

- **Affordable Housing:** The developer reportedly intends to set aside nearly 50 percent of the housing, or 2,000 units, at below-market prices for low, moderate, and middle income households. While we note that these units would likely be publicly subsidized (i.e., the affordable units may not be financed through cross-subsidy from the market-rate units, but instead with public funds), this is still a significant commitment for a project of this scale. Given the City's chronic affordable housing crisis, we welcome the creation of these units.
- **Some Good Jobs:** Most of the jobs created by this project are standard for a comparable development (construction jobs at good wages but with relatively limited participation by some communities; high-paying office jobs for skilled professionals; and low-wage retail and arena jobs). However, the developer has agreed that the building service jobs would be unionized, which would not necessarily be standard on a project of this type in the outer boroughs. Setting job quality standards that mandate living wages and standard benefits or unionizing building service jobs are proven ways of improving job quality. We support expanding these to include retail, arena and comparable jobs generated by the project. A substantial portion of these jobs should be geographically targeted for existing low-income households in the surrounding communities.

Fourth, if the BAY project does move forward, agreements surrounding community benefits must be dramatically extended to address critical issues of public schools, public safety, job quality and career ladders, and neighborhood quality-of-life – to make the project a neighborhood center rather than a corporate mall.

- Address Neighborhood Priorities: In a recent survey, residents of Prospect Heights prioritized public schools, public safety, traffic, parking, and neighborhood retail services as the issues they would most like to see addressed through development. None of these appear to be addressed in the community benefits agreement, which is being negotiated. The project’s physical relationship to the surrounding community must also be addressed. Several recent joint-use projects around the country offer models for better integrating transit-oriented housing and retail development with childcare and other community facilities – in ways that make them true community centers rather than corporate malls.
- Improve Area Public Schools: The project would bear a significant responsibility to improve neighborhood public schools. Because it will bring in several thousand new households, the project should make direct contributions to improving the facilities and quality of schools in the area. Innovative strategies should be employed that benefit not simply new residents, but a wide range of existing households as well. Such a strategy should include investments in improving and expanding facilities, attracting and retaining teachers, and supporting innovation and professional development – as well as personal leadership and investment from the developer.
- Enable Upward Mobility: The CBA currently being negotiated does not appear to sufficiently address job quality and career advancement issues. This is a significant weakness, given that a considerable number of the expected permanent jobs will be lower-wage jobs in the retail and service sectors. We would like to see a more innovative approach, including an on-site center – paid for by the developer and tenants, in collaboration with the City – that addresses not only local recruitment, but also job training, promotions and advancement, financial literacy and asset-building strategies for employees and community residents.

In the final analysis, whether the Brooklyn Atlantic Yards project will be a slam dunk or an airball, depends on how various stakeholders, including the developer, relevant government agencies, elected officials and affected communities play the game. We hope that it will be a fair one.

¹ Charles V. Bagli, “Deal is Signed for Nets Arena in Brooklyn,” The New York Times, March 4, 2005.

² Forest City Ratner Companies, <http://www.bball.net/>