A. INTRODUCTION

This chapter assesses whether the proposed action and resultant reasonable worst-case development scenario (RWCDS) would result in significant adverse impacts to the socioeconomic character of the area within and surrounding the proposed rezoning area. As described in the 2014 *City Environmental Quality Review* (CEQR) *Technical Manual*, the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly affects any of these elements. Although some socioeconomic changes may not result in environmental impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area.

As discussed in Chapter 1, "Project Description," the proposed action would consist of two discretionary actions subject to City Planning Commission (CPC) and City Council approval: a Zoning Map Amendment and Zoning Text Amendment. The zoning map amendment would change the rezoning area zoning from an M3-1 district to R7A, R7D, and R8A districts with a C2-4 commercial overlay covering most of the project area. The zoning text amendment would designate the rezoning area as a Mandatory Inclusionary Housing (MIH) area, with a maximum MIH FAR based on the required provision of at least 25 percent of the residential floor area allocated to affordable housing units. The purpose of the proposed action is to facilitate a new predominantly residential mixed-use development on the two-block-project-area owned by the applicant.

The RWCDS associated with the proposed action would result in the development of a maximum of approximately 1,147 dwelling units, of which a minimum of 344 dwelling units would be affordable, approximately 64,807 gross square feet (gsf) of local retail space, and accessory parking on a two-block development site (also referred to as the "project area") bounded by Walton Street, Harrison Avenue, Gerry Street and Union Avenue in Brooklyn Community District 1 (CD1). In accordance with *CEQR Technical Manual* guidelines, this analysis considers whether development of these uses could result in significant adverse socioeconomic impacts as a result of: (1) direct displacement of residential population from the project area; (2) indirect displacement of residential population in a ½-mile study area; (3) direct displacement of existing businesses from the project area; (4) indirect displacement of businesses in a ½-mile study area; and (5) adverse effects on specific industries.

B. PRINCIPAL CONCLUSIONS

This analysis finds that the proposed action and associated RWCDS would not result in significant adverse socioeconomic impacts. The following summarizes the conclusions for each of the five CEQR areas of socioeconomic concern.

Direct Residential Displacement

The project area is currently zoned M3-1 and does not contain any existing residential units. Accordingly, per the *CEQR Technical Manual*, the proposed action would not exceed the screening threshold for direct residential displacement. Therefore, further analysis related to direct residential displacement is not warranted and there would be no significant adverse impacts from the proposed action/RWCDS due to direct residential displacement.

Indirect Residential Displacement

According to the *CEQR Technical Manual*, indirect displacement of a residential population most often occurs when an action increases property values, and thus rents, making it difficult for some of the existing residents to continue to afford to live in the area. A screening assessment found that the proposed action and associated RWCDS would warrant further analysis. The proposed action and RWCDS would introduce a residential population whose average incomes would be higher than the overall income in the ½-mile study area. The results of the preliminary assessment found that the proposed action and associated RWCDS would not result in significant adverse impacts due to indirect residential displacement.

Although the proposed action/RWCDS would add a sizeable amount of residential development to the two-block project area, this would be in keeping with existing trends in the surrounding areas of Williamsburg and Bedford Stuyvesant. The neighborhoods of Williamsburg and Bedford Stuyvesant, which are included in the study area, have been transitioning from underutilized industrial uses to more residential and mixed-use areas. The construction of new residential buildings in Brooklyn has accelerated noticeably in recent years, and there is a substantial amount of new housing planned for the study area by the proposed action's build year, 2019, which will add an estimated 1,659 dwelling units.

According to the *CEQR Technical Manual*, a population increase of less than 5 percent of the total study area population would generally not be expected to change real estate market conditions in a study area. The RWCDS associated with the proposed action would result in a maximum increase of approximately 1,147 residential units, of which 344 housing units would be affordable units, compared to the No-Action condition. Assuming that the units would be fully occupied and would have the same average household size as the census tracts within a ¼-mile radius of the project area (3.55 persons per household, according to the 2010 Census), this is expected to increase the residential population by approximately 4,072 people. This equates to an approximately 5.4 percent increase as compared to No-Action conditions in the ½-mile study area. Therefore, the proposed action and RWCDS would introduce a substantial new population that could potentially affect residential real estate market conditions in the study area.

However, while the proposed action/RWCDS could result in some upward pressure on rents within the study area, it is not expected to result in significant indirect residential displacement of the study area's potentially vulnerable population. A large portion of the existing housing inventory consists of publicly assisted housing whose low-and moderate-income tenants are protected and would not be in danger of potential secondary displacement. Furthermore, by adding new housing units, the proposed project could serve to relieve, rather than increase, market pressure in the study area. There is already a trend in the study area toward more costly housing and an influx of a more affluent population that is anticipated to continue in the future without the proposed action, as demonstrated by a decline in the persons below the poverty level, increase in households earning more than $100,000 and rising rental rates and home values. Therefore, the proposed action and RWCDS would not introduce a new trend or accelerate an existing trend of changing socioeconomic conditions in a manner that would have the potential to substantially change the socioeconomic character of the neighborhood. In addition, the proposed action and RWCDS would add up to 344 affordable housing units to the study area, which would help ensure housing opportunities for lower-income residents and would encourage a more diverse demographic composition within the study area.

Direct Business and Institutional Displacement

The proposed action and resultant RWCDS would not directly displace any businesses, as the project area is not occupied by any permanent uses. As noted in Chapter 1, the two blocks are used on a temporary basis for equipment/vehicle storage and would be expected to remain vacant under No-Action conditions. The activities currently utilizing the project area are subject to short-term rental agreements consistent with the applicant's intent to redevelop the project area pursuant to the proposed action. Therefore, further analysis related to direct business and institutional displacement is not warranted and there would be no significant adverse impacts from the proposed action/RWCDS due to direct business displacement.

Indirect Business and Institutional Displacement

The proposed action/RWCDS would not result in significant adverse impacts due to indirect business and institutional displacement. In most cases, the issue for indirect business and institutional displacement is whether an action would increase property values and thus rents throughout the area, making it difficult for some categories of businesses to remain. According to the 2014 *CEQR Technical Manual*, commercial development of less than 200,000 square feet (sf) would typically not result in significant socioeconomic impacts. For projects exceeding this threshold, an assessment of indirect business displacement is appropriate.

The proposed action/RWCDS would not introduce commercial development exceeding this *CEQR Technical Manual* threshold. Commercial uses are common in the study area and are largely concentrated along portions of Broadway and Flushing Avenue. According to 2016 PLUTO data, the ½-mile study area includes approximately 1.58 million gross square feet of retail space and within a more immediate ¼-mile area surrounding the project area is approximately 266,971 gsf of retail. The RWCDS would introduce approximately 64,807 gsf of local ground floor retail along two street frontages of the project area, which equates to about a 4.1 percent increase in retail space within the ½-mile study area and about a 24.3 percent increase in the ¼-mile radius. The proposed

retail is expected to support the existing and project-generated populations, as well as the consumer demand that would be added to the study area in the future without the proposed action and as a result of the proposed action/RWCDS. Therefore, further assessment of indirect business displacement is not warranted and there would be no significant adverse impacts from the proposed action/RWCDS due to indirect business displacement.

Adverse Effects on Specific Industries

The proposed action/RWCDS would not have the potential to have a significant adverse impact on specific industries or any category of business in the study area. The proposed action/RWCDS would not directly displace any existing business, nor would it have significant adverse indirect effects on businesses in the study area. Therefore, further assessment of specific industries would not be warranted and there would be no significant adverse impacts on specific industries with the proposed action/RWCDS.

C. METHODOLOGY

Under CEQR, the socioeconomic character of an area is defined by its population, housing, and economic activities. The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of an area's residents and businesses. However, proposed action(s) affect either or both of these segments in the same ways: they may directly displace residents or businesses or they may alter one or more of the underlying forces that shape socioeconomic conditions in an area and thus may cause indirect displacement of residents or businesses. The objective of the CEQR analysis is to disclose whether any changes created by the proposed action and associated RWCDS would have a significant impact compared with what would happen in the future without the proposed action (i.e., the No-Action condition).

Direct displacement is defined as the involuntary displacement of residents, businesses, or institutions from the actual site of (or sites directly affected by) a proposed action. Examples include proposed redevelopment of a currently occupied site for new uses or structures, or a proposed easement or right-of-way that would take a portion of a parcel and thus render it unfit for its current use. Since the occupants of a particular site are usually known, the disclosure of direct displacement focuses on specific businesses and employment and an identifiable number of residents and workers.

Indirect or secondary displacement is defined as the involuntary displacement of residents, businesses, or employees in an area adjacent to, or close to, a project site that results from changes in socioeconomic conditions created by a proposed project. Examples include rising rents in an area that result from a new concentration of higher-income housing introduced by a project, which ultimately could make existing housing unaffordable to lower income residents; a similar turnover of industrial to higher-rent commercial tenancies induced by the introduction of a successful office project in an area; or the flight from a neighborhood that can occur if a proposed project creates conditions that break down the community (such as a highway dividing the area). Unlike direct displacement, the exact occupants to be indirectly displaced are not known. Therefore, an

assessment of indirect displacement usually identifies the size and type of groups of residents, businesses, or employees potentially affected.

Even if projects do not directly or indirectly displace businesses, they may affect the operation and viability of a major industry or commercial operation in the City. An example would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries. In these cases, the CEQR review process may involve the assessment of the economic impacts of the project on the specific industry in question.

Determining Whether a Socioeconomic Assessment is Appropriate

According to the *CEQR Technical Manual*, a socioeconomic assessment should be conducted if a project may be reasonably expected to create socioeconomic changes in the area affected by the project that would not be expected to occur in the absence of the project. The following screening assessment considers threshold circumstances identified in the *CEQR Technical Manual* and enumerated below that can lead to socioeconomic changes warranting further assessment.

1. ***Direct Residential Displacement: Would the project directly displace residential population to the extent that the socioeconomic character of the neighborhood would be substantially altered? Displacement of fewer than 500 residents would not typically be expected to alter the socioeconomic character of a neighborhood.***

The project area is zoned M3-1 and does not include any residential uses, and therefore, the proposed action and resultant RWCDS would not directly displace any residents. Therefore, the proposed action/RWCDS would not result in significant adverse impacts due to direct residential displacement and an assessment of direct residential displacement is not warranted.

2. ***Direct Business Displacement: Would the project directly displace more than 100 employees, or directly displace a business whose products or services are uniquely dependent on its location, are the subject of policies or plans aimed at its preservation, or serve a population uniquely dependent on its services in its present location? If so, assessments of direct business displacement and indirect business displacement are appropriate.***

The *CEQR Technical Manual* defines direct business displacement as the involuntary displacement of businesses or institutional uses from the site of (or a site directly affected by) a proposed action. The proposed action/RWCDS would not directly displace any existing businesses or institutional uses. Since Pfizer ceased all operations in the project area in the late 1980s, the project area has remained largely vacant. Both blocks are currently occupied by temporary activities pursuant to short-term rentals and do not include any permanent structures, or support active uses. The Northern Block is temporarily being used as vehicle/equipment/container storage by two companies based nearby and the Southern Block is temporarily being used for storage of construction vehicles, equipment and supplies, including assembled sidewalk sheds/scaffolding equipment. As noted in the Chapter 1, given the transient nature of these activities, this description represents a "snapshot in time" and these conditions may change to other temporary activities or the blocks may be unoccupied as the proposed action proceeds through the public review process. Given that new buildings have not been constructed on these sites for over two decades and

occupancy has been for short-term activities, for analysis purposes it is conservatively assumed that the project area would remain vacant under No-Action conditions. Therefore, the proposed action/RWCDS would not result in significant adverse impacts due to direct business displacement and an assessment of direct business displacement is not warranted.

3. Indirect Displacement due to Increased Rents: Would the project result in substantial new development that is markedly different from existing uses, development, and activities within the neighborhood? Residential development of 200 units or less or commercial development of 200,000 square feet (sf) or less would typically not result in significant socioeconomic impacts. For projects exceeding these thresholds, assessments of indirect residential displacement and indirect business displacement are appropriate.

The proposed action and associated RWCDS would introduce approximately 1,147 DUs, would exceed the 200 unit CEQR threshold; therefore, an assessment of potential indirect residential displacement is warranted.

The proposed action and associated RWCDS would introduce approximately 64,807 gsf of commercial development, which would not exceed 200,000 gsf CEQR threshold; therefore, an assessment of potential indirect business displacement is not warranted.

4. Indirect Business Displacement due to Retail Market Saturation: Would the project result in a total of 200,000 sf or more of retail on a single development site or 200,000 sf or more of region-serving retail across multiple sites? This type of development may have the potential to draw a substantial amount of sales from existing businesses within the study area, resulting in indirect business displacement due to market saturation.

As described above, the proposed action and associated RWCDS would introduce approximately 64,807 gsf of local ground floor retail on portions of two blocks along Union and Harrison Avenues, which is well below the 200,000 sf *CEQR Technical Manual* threshold warranting assessment of indirect business displacement due to market saturation.

5. Adverse Effects on Specific Industries: Is the project expected to affect conditions within a specific industry? This could affect socioeconomic conditions if a substantial number of workers or residents depend on the goods or services provided by the affected businesses, or if the project would result in the loss or substantial diminishment of a particularly important product or service within the city.

As noted above, the project area is vacant and currently used for interim storage uses, and therefore the proposed action/RWCDS would not directly displace any existing businesses or employees. Moreover, the proposed action/RWCDS is site-specific, and does not include any citywide regulatory changes that would adversely affect the economic and operational conditions of certain types of businesses or processes. Therefore, the proposed action/RWCDS would not result in significant adverse effects on specific industries, and no further assessment is warranted.

Based on the screening assessment presented above, the proposed action/RWCDS warrants analysis of indirect residential displacement.

Analysis Format

Based on *CEQR Technical Manual* guidelines, the analysis of indirect residential displacement begins with a preliminary assessment. The objective of the preliminary assessment is to learn enough about the potential effects of the proposed action and resultant RWCDS to either rule out the possibility of significant adverse impacts or determine that a more detailed analysis is required to fully determine the extent of the impacts. A detailed analysis, when required, is framed in the context of existing conditions and evaluates the changes to those conditions in the With-Action condition as compared with the changes that would be expected in the No-Action condition. In conjunction with the land use task, specific development projects expected to occur by the build year of the proposed development are identified. These projects are described in terms of the possible changes to socioeconomic conditions that they would cause, including potential population increases, changes in income characteristics of the affected area, changes to the rents or sale prices of residential units, new commercial or industrial uses, or changes to employment or retail sales. Those conditions are then compared with the future with the proposed action to determine the potential for significant adverse impacts.

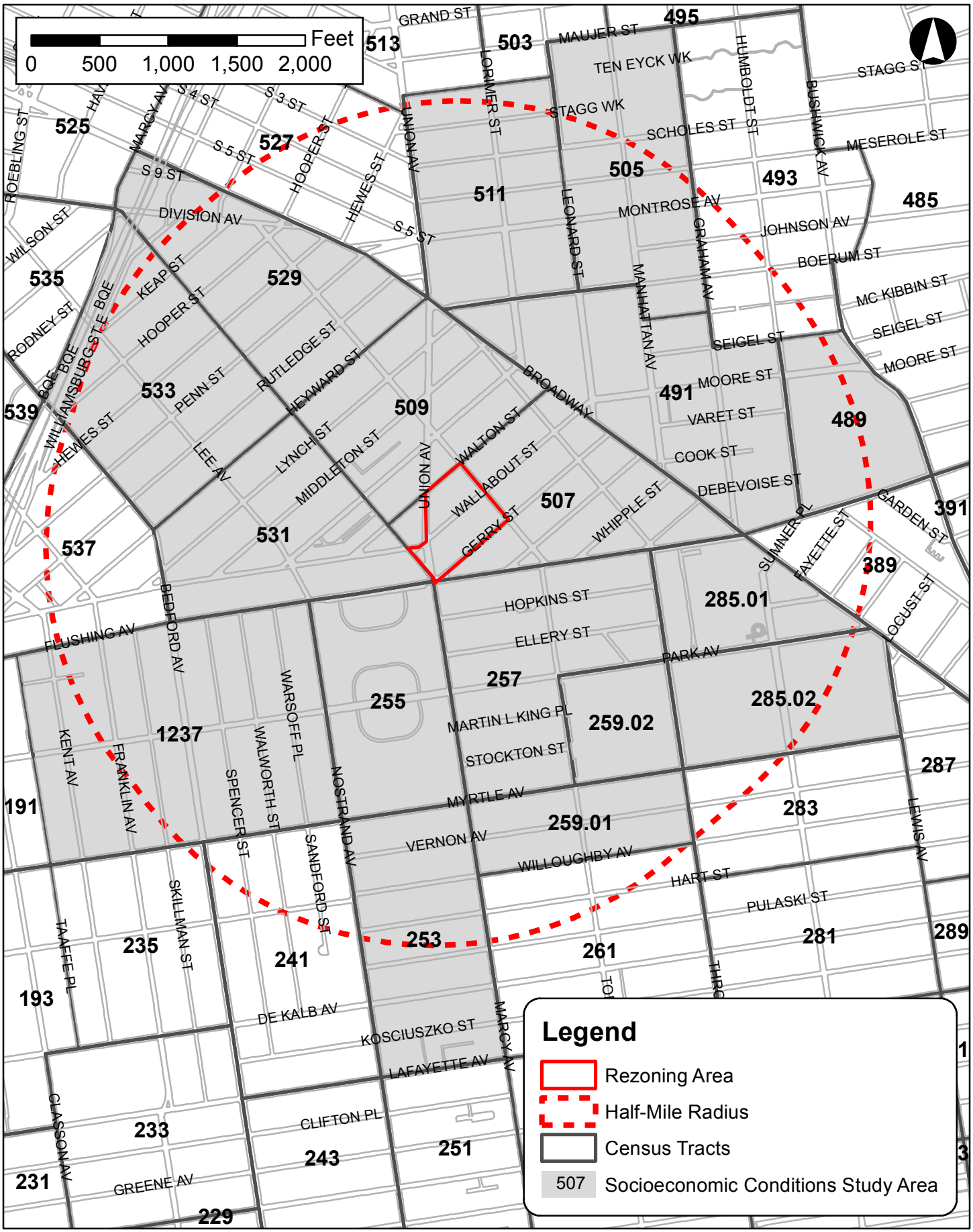
A preliminary assessment was sufficient to conclude that the proposed action and resultant RWCDS would not result in any significant adverse socioeconomic impacts due to indirect residential displacement.

Study Area Definition

According to the *CEQR Technical Manual*, the socioeconomic conditions study area typically reflects the land use study area and should reflect the scale of the project relative to the area's population. In the case of the proposed action, the land use study area is a ¼-mile radius adjusted to include full blocks that lie only partly within the radius. However, the *CEQR Technical Manual* also explains that for actions that would increase the residential population by more than 5 percent as compared to the population expected to reside in the ¼-mile radius area in the future No-Action condition, a ½-mile study area is appropriate. The estimated incremental population (4,072 residents)[1] introduced by the proposed action and associated RWCDS would exceed the 5 percent CEQR threshold increase of the ¼-mile area residential population in the future No-Action. Therefore, following *CEQR Technical Manual* guidelines, the study area for the socioeconomic assessment of indirect residential displacement comprises an area within an approximate ½-mile radius of the project area. The socioeconomic study area includes the 17 census tracts that most closely reflect (i.e., are geographically at least 50 percent within) the ½-mile perimeter around the project area, including: census tracts 253; 255; 257; 259.01; 259.02; 285.01; 285.02; 489; 491; 505; 507; 509; 511; 529; 531; 533; and 1237 (see Figure 3-1).

[1] Assumes an average household size of 3.55 persons, which is the average household size of the five census tracts within an approximate ¼ mile radius of the proposed rezoning area according to the 2010 Census.

Socioeconomic Conditions Study Area



Data Sources

Data related to residential conditions, including population, housing, and income data, were obtained from the U.S. Census Bureau's 2000 Census and the 2010-14 Five-Year American Community Survey (ACS), real estate data sources, and field visits to the study area by PHA staff throughout 2014-2016. In addition, land use and parcel data were collected from the City's Primary Land Use Tax Lot Output (PLUTO™) data files, online Geographic Information Systems (GIS) databases including the New York City Open Accessible Space Information System (http://www.oasisnyc.net) and NYCityMap (http://gis.nyc.gov/doitt/nycitymap/). Real estate data were obtained from the Real Estate Board of New York (REBNY), MNS Real Impact Real Estate, the New York Times online, Streeteasy.com, and Trulia.com.

D. PRELIMINARY ASSESSMENT

Indirect Residential Displacement

Indirect residential displacement usually results from substantial new development that is markedly different from existing uses and activity in an area, which causes increased property values in the area. Increased property values can lead to increased rents, which can make it difficult for some existing residents to afford their homes. The indirect residential displacement assessment aims to determine whether the proposed action and subsequent development would either introduce a trend or accelerate an existing trend of changing real estate market conditions that may have the potential to displace a vulnerable residential population and substantially change the socioeconomic character of the neighborhood. This preliminary assessment follows the step-by-step preliminary assessment guidelines described in Section 322.1 of the *CEQR Technical Manual.*

Step 1: Determine if the proposed project would add new population with higher average incomes compared with the average incomes of the existing populations and any new population expected to reside in the study area without the project.

The ½-mile study area comprises portions of two neighborhoods in Brooklyn Community Districts 1 and 3, including southeastern Williamsburg and northern Bedford Stuyvesant. Williamsburg lies generally to the north of Flushing Avenue, and Bedford Stuyvesant comprises the area to the south.

Bedford Stuyvesant is bounded by Flushing Avenue on the north, Broadway and Saratoga Avenue on the east, Atlantic Avenue on the south, and Classon Avenue on the west in Brooklyn Community District 3. It is a predominantly residential neighborhood in central Brooklyn that is distinguished by its brownstones, row houses, churches, and neighborhood institutions. Williamsburg is a large diverse neighborhood in northern Brooklyn within Community District 1 that is bounded by the East River to the west, North 12th Street and McCarren Park to the north, the borough of Queens on the east, and Flushing and Kent Avenue to the south.

Both neighborhoods have undergone varying degrees of transformation in recent years; areas that formerly accommodated predominantly industrial uses have increasing transitioned to desirable residential neighborhoods. Williamsburg especially has undergone a significant change, which is

most pronounced in areas along and near the waterfront. The Greenpoint-Williamsburg rezoning in 2005 and increased housing demand has resulted in the redevelopment of underutilized and vacant sites with new predominantly residential rental apartment and/or condominium buildings and the renovation of a number of former industrial warehouses and garages into modern residential loft spaces. As a result, residential rental rates and sales prices in Williamsburg have increased considerably with limited inventory, which has led to spillover demand in adjacent inland neighborhoods, such as Bedford Stuyvesant. With its diverse housing stock, including a large stock of intact brownstones, Bedford Stuyvesant has also become a highly sought neighborhood.

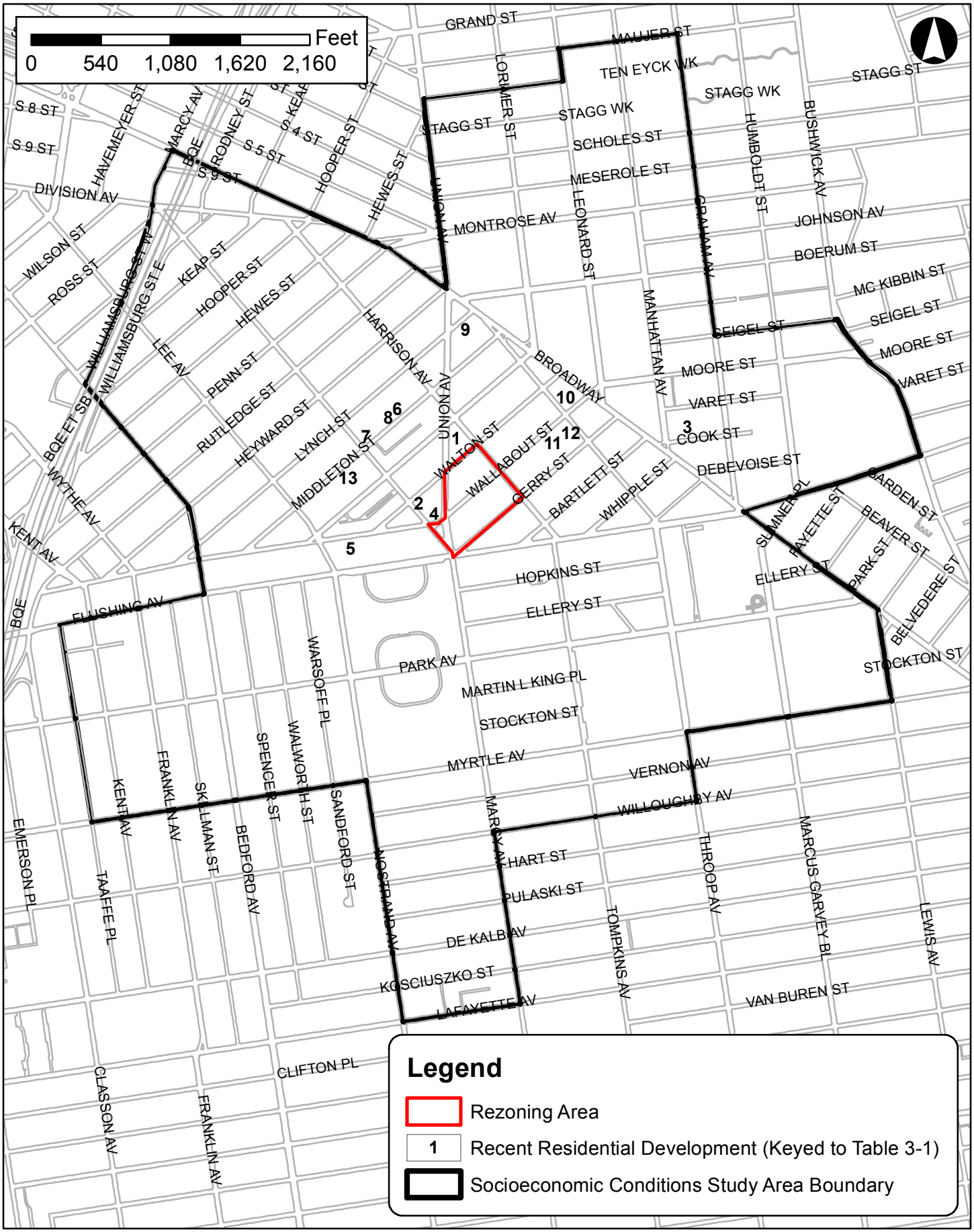
According to 2016 PLUTO data, since 1990, more than 5,600 new residential units have been added in the ½-mile study area, which comprise a quarter of the overall housing stock in the study area. Half of this new residential development (about 2,750 dwelling units) has been constructed within the last decade since 2006. Much of this new residential development consists of smaller low-to mid-rise apartment buildings containing between 3 to 25 housing units that have been developed largely as a result of several recent rezonings in the surrounding area.

Directly north of the project area lies a small, trapezoidal-shaped block that was rezoned as part of the Broadway Triangle rezoning and subsequently redeveloped in 2013 with several multi-family residential buildings at 70 to 88 Union Avenue, which include a total of approximately 35 dwelling units. Also within the Broadway Triangle rezoning area, a 7-story, approximately 39-unit residential apartment building was constructed at 246 Lynch Street in 2013 to the north of the project area, and seven 3-family row houses were constructed at 386-398 Wallabout Street in 2014 to the east of the project area. Further to the east, a 4-story, approximately 8-unit apartment building at 45 Throop Avenue was completed in 2014, and Cook Street Housing (aka, Rev. Donald J. Kenna Court), an 8-story, two-building apartment complex at 9 and 21 Cook Street/40 Varet Street, containing approximately 152 affordable housing units 6,345 sf of retail space, and 94 public parking spaces was completed in 2009, as a result of the Cook Street rezoning in 2007. Directly west of the project area, three 7-story buildings containing a total of approximately 43 dwelling units were constructed at 24, 32, and 42 Walton Street in 2008, and a 6-story apartment building at 23 Union Avenue/439-441 Marcy Avenue containing 23 dwelling units was completed about 2010. Further to the west of project area, an approximately 28-unit apartment building was completed about 2010 at 248 Wallabout Street and a 5-story approximately 14-unit apartment building at 135 Middleton Street was completed in 2013. These and other recent residential developments are listed in Table 3-1 and their locations of these developments are shown in Figure 3-2; although this list is not comprehensive it is reflective of the trend of recent residential development trend in the vicinity of the project area.

This increase in residential development is anticipated to continue in the future without the proposed action.

As shown in Table 3-2, the project area is within a predominantly low-income area. Between 2010 and 2014, the median household income for the ½-mile study area was $30,336, considerably lower than median household incomes in both Brooklyn ($47,733) and New York City ($53,607). Similar to Brooklyn, the median household income in the study area grew between 1999 and 2010-2014. However, the median household income has been growing at a much faster rate in the study

Recent Study Area Residential Developments



area (11.6 percent) than in Brooklyn (2.8 percent). The median household income level in New York City declined by approximately 3.1 percent during the same time period. There is considerable variation in the median household incomes among the census tracts in the study area. The lowest is $19,024 in census tract 259.02 (bounded by Park Avenue, Myrtle Avenue, Throop Avenue, and Tompkins Avenue), which encompasses the NYCHA Tompkins Houses, and the highest is $98,686 in tract 285.01 (bounded by Flushing Avenue, Broadway, Park Avenue, and Throop Avenue), which has a relatively small population of 377 and as such the income data is based on a small sample size that would be subject to a higher margin of error than larger census tracts (Woodhull Medical Center occupies a large portion of this tract).

Table 3-1, Recent Study Area Residential Developments

ID (see Figure 3-2)	Address	Dwelling Units			Completion Year; Other Uses[1]
		Total	Market Rate	Afford-able	
1	70-88 Union Av.	35	35	0	2013
2	24, 32, 42 Walton St.	43	43	0	2008
3	9, 21 Cook St./40 Varet St.	152	0	152	2009; 6,345 sf retail, 94 parking spaces
4	23 Union Av./ 439-441 Marcy Av.	23	23	0	2010
5	248 Wallabout St.	28	28	0	2010
6	155 Middleton St.	4	4	0	2011
7	383 Marcy Av.	3	3	0	2012
8	135 Middleton St.	14	14	0	2013
9	246 Lynch St.	39	39	0	2013
10	45 Throop Av.	8	8	0	2014
11	386-398 Wallabout St.	21	21	0	2014
12	68-72 and 78-82 Throop Av.	18	18	0	2015
13	78-80 Middleton St.	8	8	0	2015

Note: Total not provided as this is not a comprehensive list, but provided as an indication of trends.

Table 3-2, Population Income Characteristics in the ½-Mile Study Area, Borough of Brooklyn and New York City- 2000 and 2010-14

Census Tracts	Median Household Income[2]			Percent of Persons Below the Poverty Level (%)		
	2000	2010-14	Percent Change (%)	2000	2010-14	Percent Change (%)[3]
Study Area[1]	$27,120	$30,336	11.6%	45.6	44.1	-3.2%
Brooklyn	$46,419	$47,733	2.8%	25.1	23.4	-6.8%
New York City	***$55,314***	***$53,607***	-3.1%	***21.2***	***20.6***	***-2.8%***

Notes:

[1] Median household income for the study area was estimated based on a weighted average of median household incomes for the 17 central tracts in the ½-mile study area.

[2] The American Community Survey (ACS) collects data throughout the period on an on-going, monthly basis and asks for a respondent's income over the "past 12 months." The 2010-2014 ACS data reflects incomes over 2010-2014. Census 2000 reflects income data over the prior calendar year (1999). The median household income is presented in 2016 dollars.

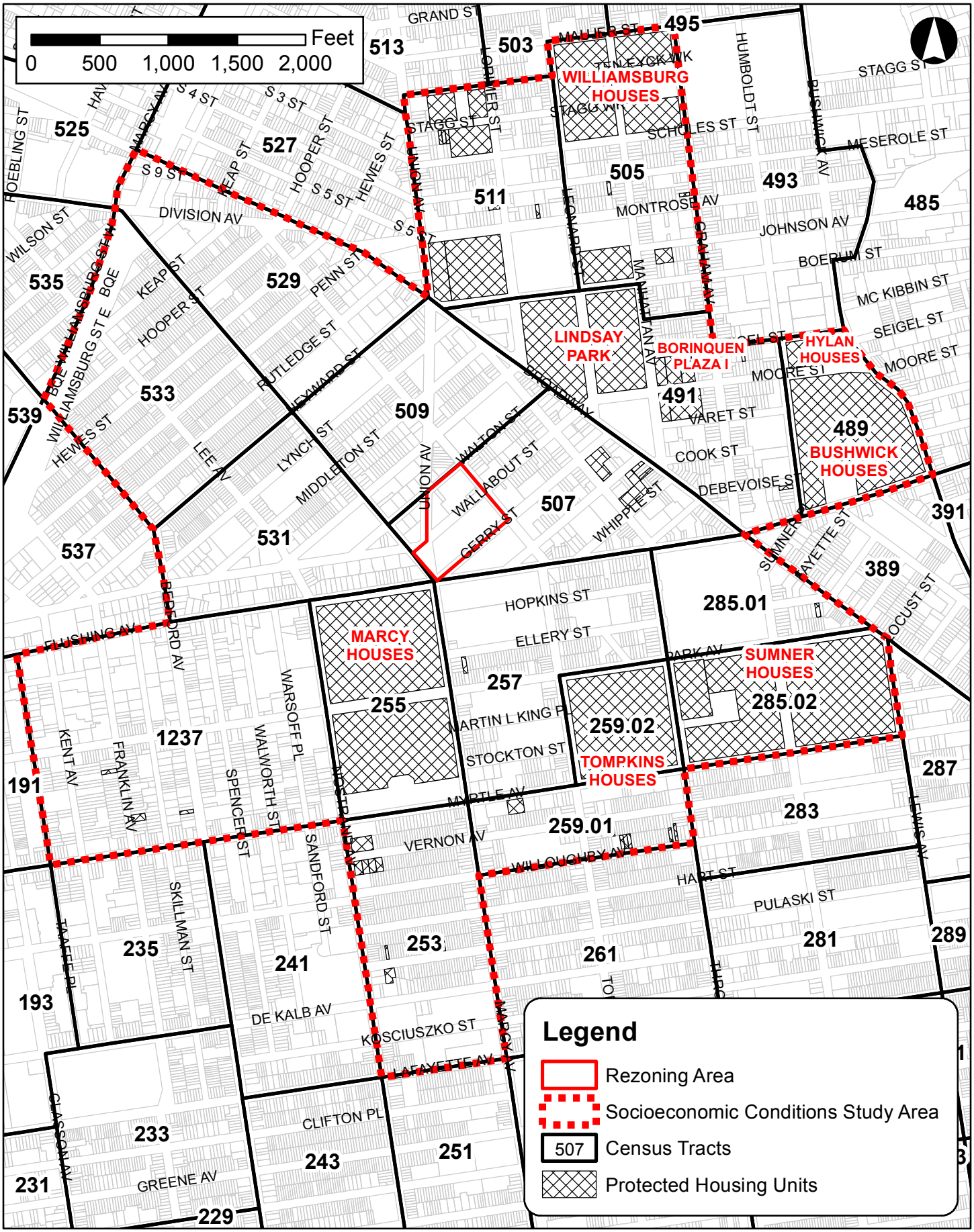
[3] For poverty status, the percent change reflects the percentage change in the number of people with incomes below the poverty level between 2000 and 2010-2014.

Sources: U.S. Department of Commerce, Bureau of the Census, 2000 Census Summary File 3, and 2010-2014 Five-Year American Community Survey (ACS).

The lower median household income in the study area is likely at least partially attributable to the concentration of a number of publicly assisted housing complexes. As shown in Figure 3-3, the ½-mile study area includes the campuses of seven New York City Housing Authority (NYCHA) public housing developments, which are located in the northern, eastern, and southern portions of the study area. In the north, the study area includes Part III of NYCHA's Williamsburg Houses, which are bounded by Leonard, Maujer and Scholes Streets and Graham Avenue, and include more than 670 units. The eastern portion of the study area includes: the Bushwick Houses, which consist of eight high-rise buildings housing more than 1,220 apartments bounded by Humboldt and Moore Streets and Flushing and Bushwick Avenues; the Hylan Houses, a single high-rise building containing 210 units, which is bordered by Bushwick Avenue, Moore, Humboldt and Seigel Streets; and four of the eight buildings of the Borinquen Plaza I development, which are bounded by Graham and Manhattan Avenues and Varet and Seigel Streets. In the south, the study area includes: the Tompkins Houses, which consist of eight buildings with 1,048 apartments bordered by Park, Myrtle, Throop, and Tompkins Avenues; the Sumner Houses, which include 13 buildings housing 1,098 apartments bounded by Park, Lewis, Myrtle, and Throop Avenues; and the Marcy Houses, which consist of 27 mid-rise buildings on an approximately 29-acre campus bounded by Flushing, Marcy, Myrtle, and Nostrand Avenues housing 1,705. Combined, these NYCHA developments contain more than 5,950 housing units, approximately 27 percent of all housing units within the study area. In addition, there are a number of other subsidized housing developments in the study area, including Lindsay Park, which is a Mitchell-Lama housing development, containing more than 2,700 cooperative units in seven buildings generally bounded by Union, Montrose and Manhattan Avenues, Monroe Street, and Broadway.

As shown in Table 3-2, the poverty rate within the study area is high (approximately 44.1 percent) as compared to the borough (23.4 percent) and the City (20.6 percent). However, the percent of persons below the poverty level has decreased by 3.2 percent from 2000 to 2010-2014, which is a lesser rate of decline than experienced in the borough (-6.8 percent) but higher than that of New York City (-2.8 percent).

Table 3-3 demonstrates the trend towards increased income in the study area since 1999. The distribution of wealth in the study area has increased in the percentage of households earning higher incomes. While the percentage of households earning less than $24,999 decreased by approximately 23.0 percent, those in each category higher than $25,000 increased between 1999 and 2010-2014. The percentage of households earning between $25,000 and $49,999 increased by approximately 10 percent, those earning between $50,000 and $99,999 went up by approximately 39 percent and households with an income over $100,000 increased by approximately 202 percent in the study area. These changes are somewhat consistent with overall trends in Brooklyn and New York City as a whole; however, the proportion of households earning between $25,000 and $49,999 decreased in Brooklyn and New York City, and while households earning between $50,000 and $99,999 increased considerably more (39.0 percent) in the study area than in Brooklyn (13.4 percent) and New York City (2.7 percent). Among households with an income over $100,000, while this group's share of the study area total was only 9.9 percent, well below the Brooklyn (21.4 percent) and New York City (25.8 percent), its 202 percent growth rate in the study area has significantly outpaced Brooklyn (126.7 percent) and New York City (88.1 percent). Nevertheless, it should be noted that the study area's high income cohort growth rate reflects in part a lower base point.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LINDSAY PARK
BORINQUEN PLAZA I
HYLAN HOUSES
BUSHWICK HOUSES
MARCY HOUSES
SUMNER HOUSES
TOMPKINS HOUSES
Legend
Rezoning Area
Socioeconomic Conditions Study Area
507 Census Tracts
Protected Housing Units

Table 3-3, Distribution of Household Income in the Study Area, Borough of Brooklyn, and New York City (1999, 2010-14)

	Less than $24,999			$25,000 - $49,999			$50,000 - $99,999			$100,000 or more		
	1999	2010-14	Percent Change[1]	1999	2010-14	Percent Change[1]	1999	2010-14	Percent Change[1]	1999	2010-14	Percent Change[1]
½-Mile Study Area	60.3%	46.4%	-23.0%	23.8%	26.4%	10.9%	12.5%	17.2%	39.0%	3.3%	9.9%	202.8%
Brooklyn	40.7%	29.8%	-26.8%	26.5%	22.3%	-15.7%	23.4%	26.5%	13.4%	9.4%	21.4%	126.7%
New York City	34.9%	27.2%	-22.1%	25.7%	20.6%	-19.7%	25.7%	26.4%	2.7%	13.7%	25.8%	88.1%

[1] The percent change for each income grouping reflects the percentage change in the number of households within each income band in 1999 and 2010-2014.

Source: U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 3; 2008-2012 American Community Survey; U.S. Department of Labor Bureau of Labor Statistics.

The proposed action and resultant RWCDS would result in the development of up to 1,147 residential units, of which a minimum of 344 units (approximately 30 percent) would be developed as affordable housing using the incentives of the Mandatory Inclusionary Housing (MIH) program. At this time, the levels of affordability have not been defined, but it is expected that the 344 affordable housing units would be made available to a mix of low- to moderate-income residents. It is expected that the proposed project would give preference for the rental of 50 percent of the affordable units to current residents of Brooklyn CD 1, consistent with and subject to the terms of HPD financing. Therefore, the proposed action/RWCDS is expected to provide opportunities for existing residents to remain in the area and, in this respect, would help to maintain a more diverse demographic composition within the study area.

A total of 803 residential units would be market rate and would be expected to be priced on the high end of the market for the study area with prospective tenants that would have incomes well above the study area's 2010-2014 median household income of $30,336. Therefore, it is expected that the average household income of the total development- including both the affordable and market rate housing- at the project area would exceed the average incomes of the existing population. Based on this finding, the assessment proceeds to Step 2.

Step 2: Determine if the project's increase in population is large enough relative to the size of the population expected to reside in the study area without the project to affect real estate market conditions in the study area.

According to the *CEQR Technical Manual*, a population increase of less than five percent of the total study area population would generally not be expected to change real estate market conditions; however, a population increase of greater than ten percent of the study area would warrant a detailed analysis.

According to census data, the ½-mile study area population was 67,448 residents in 2010-2014 (see Table 3-4). The study area experienced a 21.1 percent increase in population between 2000 and 2010-2014, a rate considerably higher than experienced in the borough (4.3 percent) and New York City as a whole (4.3 percent).

Table 3-4, 2000 and 2010-14 Residential Population

	2000	2010-14[1]	Percent Change (%)
½-Mile Study Area	55,711	67,448	21.1%
Brooklyn	2,465,326	2,570,801	4.28%
New York City	8,008,278	8,354,889	4.33%

Notes:
[1] The ½-mile study area includes 17 census tracts in their entirety (census tracts 253, 255, 257, 259.01, 259.02, 285.01, 285.02, 489, 491, 505, 507, 509, 511, 529, 531, 533, and 1237 [this tract was split into two tracts in the 2000 Census- tract 237 and 239]).
Sources: U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1 and 2010-2014 Fiver Year American Community Survey.

The residential population of Tract 507, which is bounded by Walton Street, Broadway, Flushing Avenue, and Union Avenue, increased from 728 to 2,452 residents between 2000 and 2010-2014 (a 237 percent increase), and tracts 509 and 531, which comprise the area bounded by Heyward Street, Broadway, Walton Street/Flushing Avenue, and Bedford Avenue, had population increases of approximately 108 and 226 percent, respectively. These population increases in tracts 507, 509, and 531 are likely the result of several recent rezonings in the surrounding area, including: the 74 and 204 Wallabout Street Rezonings; the 59 Walton Street Rezoning; and the Broadway Triangle Rezoning (These rezoning areas are depicted in Figure 2-5 in Chapter 2, "Land Use, Zoning and Public Policy). As described in Chapter 2, these rezonings have both reflected and facilitated a land use trend of redeveloping underutilized and vacant industrial property with new predominantly residential and mixed uses. In addition, the residential population of tract 1237, which includes the area bounded by Flushing Avenue, Nostrand Avenue, Myrtle Avenue, and Taaffe Place directly west of the NYCHA Marcy Houses, increased significantly from 1,838 to 6,370 residents between 2000 to 2010-14 (an approximately 247 percent increase). This population increase is likely the result of new residential development facilitated by the City-initiated Flushing-Bedford Rezoning, adopted in 2001, and several zoning variances approved by the NYC Board of Standards and Appeals (BSA).

As detailed in Chapter 2, a number of development projects are expected in the future without the proposed action. Based on information about these planned projects, approximately 1,659 residential units will be built in the ½-mile study area by the 2019 build year. These planned development projects would add an estimated 6,105 residents to the study area. The total estimated population in the future without the proposed action would be 75,259 residents (see Table 3-5).

Table 3-5,
Estimated Residential Population in the ½-Mile Study Area—No-Action and With-Action Conditions

	2010-14	2019 No-Action Condition	2019 With-Action Condition[1]	Percent Change (No-Action to With Action)
½-Mile Study Area	67,448	75,259	79,331	5.4%

Notes:
[1] Population estimates for known developments in the future 2019 No-Action condition assumed 100 percent occupancy, and are based the respective household sizes assumed in associated environmental review documents, or assume an average household size of 3.55 persons (i.e., the average household size for census tracts within ¼ mile radius of the project area based on 2010 Census data). Refer to Chapter 2, "Land Use, Zoning, and Public Policy" and Chapter 5, "Open Space" for a description of future No-Action projects.
Sources: U.S. Department of Commerce, Bureau of the Census, 2010 Census; and DCP

The proposed action and associated RWCDS would add up to 1,147 dwelling units to the project area. Assuming an average household size of 3.55 persons (the average household size of the census tracts within a ¼-mile radius of the rezoning area per the 2010 Census) and 100 percent occupancy, the RWCDS would introduce 4,072 new residents to the study area. As shown in Table 3-5, when compared with the population expected to reside in the study area in the future No-Action condition, the proposed action and associated RWCDS would result in an approximately 5.4 percent population increase in the ½-mile study area. According to *CEQR Technical Manual* guidelines, a population increase of more than five percent within a study area may be large enough relative to the size of the population expected to reside in the study area without the proposed action to potentially affect real estate market conditions in a study area. As the With-Action population change percentage increase is greater than the five percent threshold defined by the *CEQR Technical Manual*, Step 3 of the preliminary assessment was conducted.

Step 3: Consider whether the study area has already experienced a readily observable trend toward increasing rents and the likely effect of the action on such trends. For the purposes of Step 3, "near" is defined as within a half-mile of the study area boundary.

According the *CEQR Technical Manual*, if the study area has already experienced a readily observable trend toward increasing rents and new market rate development, further analysis is not necessary. However, if such trends could be considered inconsistent and not sustained, a detailed analysis is warranted.

As described above, the housing stock within the study area has grown considerably and the area has increasing become a more desirable residential area with a diversified housing stock. Between 2000 and 2010-14, more than 4,400 housing units were added to the study area for an increase of approximately 25 percent, a higher rate than experienced in Brooklyn (8.8 percent) and New York City (6.5 percent) as a whole (see Table 3-6). With the exception of the six census tracts that are either dominated by NYCHA housing developments (including tracts 255, 285.02, 259.02, and 489) or long-time established residential areas (tracts 529 and 533), all of which have little opportunity for new development, the remainder of the study area's census tracts gained more housing units proportionately during this time than either Brooklyn or New York City as a whole.

Table 3-6, Housing Characteristics and Trends, 2000 and 2010-14

Census Tracts	Total Housing Units			Occupancy Status			
	2000	2010-14	Percent Change	Occupied		Vacant	
				2000	2010-14	2000	2010-14
Study Area	17,909	22,357	24.8%	93.2%	92.1%	6.8%	7.9%
Brooklyn	930,866	1,012,536	8.8%	94.6%	91.4%	5.4%	8.6%
New York City	***3,200,912***	***3,407,932***	***6.5%***	***94.4%***	***90.8%***	***5.6%***	***9.2%***

Source: U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1; 2010 Census; U.S. Department of Labor Bureau of Labor Statistics.

The number of housing units increased most dramatically in the central and western portions of the study area, within census tracts 507, 509, 531, and 1237, which encompasses areas recently rezoned to allow residential. These census tracts experienced increases of approximately 151, 70, 154, and 138 percent, respectively.

The study area also has a slightly lower proportion of vacant housing units than Brooklyn and New York City as a whole. According to the 2010-14 Five Year ACS, the vacancy rate in the study area was 7.9 percent in 2010-14, compared to 8.6 percent in Brooklyn and 9.2 percent in New York City. However, similar to both Brooklyn and New York City, the vacancy rate in the study area increased slightly between 2000 and 2010-14.

As noted above, the ½-mile study area includes a considerable amount of publicly assisted housing, including several NYCHA campus that combined include more than 5,900 dwelling units within the study area, and the Lindsey Park Mitchell-Lama development, which accommodates more than 2,700 dwelling units. In addition, the study area also includes a Section 202 senior housing development at 1 Vernon Avenue, which accommodates 60 affordable senior housing units and Section 8 and Section 221 developments at 391 Lorimer Street and 16 Ten Eyck Street, which combined accommodate 215 affordable housing units. In total, these developments comprise approximately 40 percent of the existing housing stock within the ½-mile study area. Assuming an average household size of 3.55 persons and 100 percent occupancy, these housing units accommodate more than 32,600 residents, which account for approximately 48 percent of the residential population within the study area. Low-and moderate income tenants residing these protected residential units, as well as tenants within units protected by rent regulation (either rent control or rent stabilization) would not be in danger of potential secondary displacement.

Table 3-7 provides the current average apartment rental rates in Williamsburg, Bedford Stuyvesant, and in Brooklyn as a whole according to MNS Real Impact Real Estate‘s Brooklyn Rental report in August 2016. As shown in the table, apartment rental rates in Williamsburg are on average approximately 13 percent higher than in Brooklyn as a whole, and average rental rates in Bedford Stuyvesant are approximately 20 percent lower than the borough. A survey of current market-rate rentals in Williamsburg and Bedford Stuyvesant in September 2016 also found that rental rates are generally higher in Williamsburg than in Bedford Stuyvesant. In Bedford Stuyvesant, studio rentals generally ranged in price from $1,400 to $2,250, one-bedrooms from $1,400 to $3,600, and two-bedrooms from $1,600 to $4,000. Apartment rentals in Williamsburg generally ranged from $2000 to $5,500 for studios, $1,750 to $6,000 for one-bedrooms, and $2,200 to $6,500 for two-bedrooms.

Table 3-7, Comparison of Current Average Rental Rates in Williamsburg, Bedford Stuyvesant and the Borough of Brooklyn, 2010 and 2016

	Studio Units			One-Bedroom Units			Two-Bedroom Units		
	2010	2016	% Change	2010	2016	% Change	2010	2016	% Change
Williamsburg	$2,702	$2,914	7.8%	$2,672	$3,104	16.2%	$3,308	$3,586	8.4%
Bedford Stuyvesant	$1,017	$2002	96.9%	$1,346	$2,209	64.1%	$1,507	$2,541	68.6%
Brooklyn	$1,620	$2,246	38.6%	$2,073	$2,714	30.9%	$2,606	$3,490	33.9%

Sources: The Real Estate Group NY Brooklyn Rental Market Report (September 2010) and MNS Real Impact Real Estate’s Brooklyn Rental Market Report (August 2016)

According to MNS Real Impact Real Estate's Brooklyn Rental Market Report in August 2016, apartments in Brooklyn overall are experiencing a positive year-over-year increases in rental rates. Average rental rates for studios within the last year increased by 3.3 percent and average rental rates for one- and two-bedroom apartments each increased by approximately 3.1 and 1.5 percent in Brooklyn as a whole. In Bedford Stuyvesant, average rental rates for all apartment sizes increased 11.5 percent. In contrast average rental rates for all apartment sizes declined by 9.4 percent in Williamsburg.

There is already an existing trend toward more costly housing in the study area. As shown in Table 3-7, average rental rates in Brooklyn have been increasing within the last few years, especially within the neighborhood of Bedford Stuyvesant. Although average apartment rental rates are lower in Bedford Stuyvesant as compared to the borough overall, average rental rates have been increasing at a considerably higher rate, which is likely attributed to spillover housing demand from people priced out of Williamsburg. As shown in Table 3-7, average rental rates for studio apartments have increased by 96.9 percent between 2010 and 2016, as compared to rental rates in Williamsburg (7.8 percent increase) and Brooklyn as a whole (38.6 percent). Average rental rates for one-bedrooms and two-bedrooms have also increased by 64.1 and 68.6 percent, respectively, during the same time. The proposed action and associated RWCDS are expected to serve to alleviate some of the pressures associated with the increase in demand in this area.

The study area contains a substantial number of rental units within single- and two-family homes such as brownstones and other forms of row houses. These predominantly unprotected units have also demonstrated an existing trend toward more costly housing. According to February 2017 listings on Streeteasy.com and Trulia.com, from real estate brokers such as Citi Habitats, MNS, and MySpace NYC, a monthly rent for a one-bedroom unit within a small home in the Bedford-Stuyvesant portion of the study area ranges from approximately $1,800 to approximately $2,100, while the monthly rent for a two-bedroom unit within a small home in the same area ranges from $2,000 to $2,400. Similarly, a monthly rent for a one-bedroom unit within a small home in the Williamsburg portion of the study area ranges from approximately $2,000 to approximately $2,400, while the monthly rent for a two-bedroom unit within a small home in the same area ranges from $2,300 to $2,800.

Further evidence of the existing trend toward more costly housing are ongoing renovations and alteration work being done on small homes of 1 to 2 units within the study area. According to Department of Buildings (DOB) filings, 18 such buildings have undergone alteration work since 2010. Likewise, 33 slightly larger residential properties, ranging from 3 to 10 units, have undergone alteration work since 2010, while another 70 new buildings of 10 units or less have been constructed since 2010. These renovations and new constructions demonstrate the extent of the existing demand for housing in the study area and that the existing population is already experiencing higher rents.

The existing trend toward more costly housing within Williamsburg and Bedford Stuyvesant is further demonstrated by the high household incomes required to justify the 2016 average rental rates in these neighborhoods as affordable. Based on calculations using 30 percent of household income as a base figure for an affordable rental rate, a household would have to earn a combined $116,560 a year in order to afford a studio unit in Williamsburg, $124,160 for a one-bedroom unit,

and $143,440 for a two-bedroom unit. Similarly, in Bedford Stuyvesant, a household income of $80,080 is needed to afford a studio unit, $88,360 for a one-bedroom unit, and $101,640 for a two-bedroom unit. These incomes far exceed the median household income of the study area and Brooklyn as whole (refer to Table 3-2).

According to REBNY's Second Quarter 2016 residential sales report, average home and median home sales prices in Brooklyn are also increasing, especially within the neighborhood of Bedford Stuyvesant. As shown in Table 3-8, within the last year, average condominium sales prices in Bedford Stuyvesant have increased by approximately 27 percent. This is a substantially greater rate than in Brooklyn overall, where average condominium sale prices increased by approximately 9 percent. In contrast, average condominium sales prices in Williamsburg have decreased by 13 percent; this is largely attributed to a 43 percent increase in total sales (going from 84 sales in the second quarter of 2015 to 120 sales in the second quarter of 2016).

Table 3-8, Comparison of Condominium Sales in Williamsburg, Bedford Stuyvesant and the Borough of Brooklyn, 2015-2016

	Average Condominium Sales Price		
	2nd Quarter 2015	2nd Quarter 2016	% Change
Williamsburg	$1,073,000	$937,000	-13%
Bedford Stuyvesant	$651,000	$823,000	27%
Brooklyn	$844,000	$923,000	9%

Source: REBNY New York City Residential Sales 2nd Quarter 2016.

REBNY's Second Quarter 2016 residential sales report also demonstrated that average and median one to three family dwelling sales prices in Brooklyn have also increased within the last year. As shown in Table 3-9, average one to three family dwelling sales prices in Bedford Stuyvesant have increased by approximately 15 percent, a figure which is also substantially higher than that of Brooklyn overall, which has experienced an increase of 2 percent. Williamsburg has exhibited an 11 percent increase in average sales prices for one to three family dwellings within the last year.

Table 3-9, Comparison of One to Three Family Dwelling Sales in Williamsburg, Bedford Stuyvesant and the Borough of Brooklyn, 2015-2016

	Average Home Sales Price[1]		
	2nd Quarter 2015	2nd Quarter 2016	% Change
Williamsburg	$1,691,000	$1,881,000	11%
Bedford Stuyvesant	$937,000	$1,074,000	15%
Brooklyn	$882,000	$900,000	2%

Notes: [1] Home sales includes all 1-3 family dwelling sales.
Source: REBNY New York City Residential Sales 2nd Quarter 2016.

As described above, the study area has already experienced a readily observable trend toward increasing residential development with increasing rents. The 803 market-rate residential units added by the proposed action and associated RWCDS would represent a continuation of this existing trend. The proposed action is not expected to substantially change the demographic composition or alter real estate market conditions in the study area. Any upward pressure on rent

that could be generated by the project would be limited in scale, and is not expected to go beyond an area immediately surrounding the project site. In addition, the 344 affordable units that would be added by the proposed action and RWCDS would help encourage income diversity in the study area and expand housing options available to lower-income residents in the study area. Therefore, the proposed action/RWCDS would not introduce or accelerate a trend in the residential market that would potentially substantially change the socioeconomic character of the neighborhood, and further analysis is not warranted.

Mandatory Inclusionary Housing

As described above, the proposed action includes a zoning text amendment that would designate the rezoning area as an MIH area. The MIH program was created in response to a need for affordable housing in New York City and is aimed at meeting neighborhood needs by offering a set of income mix options that the CPC and City Council will apply within each area designated an MIH area:

- Option #1: 25 percent of residential floor area must be for affordable housing units for residents with income averaging 60 percent of the Area Median Income (AMI); with 10 percent affordable at 40 percent AMI or
- Option #2: 30 percent of residential floor area must be for affordable units for residents with incomes averaging 80 percent of the AMI.

The main features of the MIH program are that the affordable housing component is mandatory and permanent. This would be accomplished by making the production of affordable housing a condition of residential development, and by mandating no expiration to the affordability requirement of units generated through the MIH program, making them a long-term, stable reservoir of affordable housing.

The requirements of the MIH program would ensure that the proposed project would include an affordable housing component. The RWCDS assumes that Option 2 would apply to the proposed project, requiring the previously mentioned 344 affordable units (approximately 30 percent), which would be designated for households with incomes averaging 80 percent of the AMI.

Conclusion

The preliminary assessment finds that the proposed action and associated RWCDS would not result in significant adverse impacts due to indirect residential displacement of low- or middle-income residents. Though the expected average incomes of the new residential population would be higher than the average incomes of the existing study area population, the study area has experienced a trend toward more costly housing and an influx of a more affluent population that is anticipated to continue in the future without the proposed action. The proposed action and RWCDS would not introduce a new trend or accelerate an existing trend of changing socioeconomic conditions in a manner that would have the potential to substantially change the socioeconomic character of the neighborhood. In addition, the proposed action and RWCDS would add up to 344 affordable housing units to the study area, which would help ensure housing

opportunities for lower-income residents and would encourage a more diverse demographic composition within the study area.