Project Description (LR Item 3)
Project ID: 2020R0348

541-545 Bay Street

March 2023

1. Introduction

Epsilon Enterprises Realty, LLC (the "Applicant") seeks a series of actions to facilitate a new mixed-use development in the Stapleton neighborhood of Staten Island Community District #1. The Applicant seeks a zoning map amendment and zoning text amendments that would facilitate a new mixed-use development at 541-545 Bay Street (Block 490, Lot 1) located along the east side of Bay Street between Sands and Prospect Streets (the "Development Site").

The Applicant discretionary actions including (1) a zoning map amendment to the Development Site and surrounding properties from C4-2 to R6/C2-3; (2) a zoning text amendment to make the affected area part of the Special Bay Street Corridor; (3) a zoning text amendment to make the affected area part of a Mandatory Inclusionary Housing area; (4) amendments to bulk provisions of the Special Bay Street Corridor affecting primary street frontage and height regulations for this particular block. The details of these actions (the "Proposed Actions") are further outlined below.

The Proposed Actions would facilitate the development of a new 8-story mixed-use building (shown in the attached presentation), with commercial use at the ground floor, and 81 apartments, of which 24 with be affordable (the "Proposed Development"). The Proposed Development would contain 88,484 zoning square feet of zoning floor area (3.6 FAR) with ground floor commercial space in approximately 10,000 gross square feet (gsf). 42 accessory parking spaces would be provided as attended parking on a surface lot.

It should be noted the affected area includes the Development Site and the adjacent parcels on the (Block 490, Lots 1, 4, 19, 22 & 47; Block 489, portions of Lots 22 & 30) to the extent of the Staten Island Rapid Transit elevated right-of-way for a comprehensive proposal (the "Project Area"). The Development Site is Applicant-controlled, while the remaining Project Area is not under Applicant control and is not anticipated to be materially affected by the Proposed Actions.

2. Background

The Project Area was zoned C4-2 in 1961 with the inception of the current Zoning Resolution. At that time, the area immediately to the north was largely zoned M1-1. The Development Site was improved with a two-story commercial building in the 1930s, which remains to this day.

The adjacent M1-1 district was subsequently amended to R3-2 in 1985 as part of a private rezoning application that affected an area along Van Duzer and Bay Streets (050075 ZMR) by the Board of Estimate. The amendment was sought and approved as the area was not expanding under the manufacturing district and the area contained a high concentration of residential uses. The affected area extended from Grant Street in the north to Prospect Street in the south between Bay Street and Van Duzer Streets.

Later that same year, the Stapleton, Clifton, Fox Hills, and Rosebank North Shore Rezoning was approved (850531 ZMR) which amended R6, R5 and R4 districts to R5, R4 and R3-2 districts for those neighborhoods, which extended to an area four blocks south of the Project Area. The rezoning was undertaken in response to a North Shore Study from 1983, which found that the underlying districts were predominantly older one- and two-family homes, despite the multi-family nature of the present zoning districts. As such, they were amended to lesser density districts to recognize that character.

Subsequently in 2003, a large area to the north and west of the Project Area was amended under the Staten Island Borough President/Northeast North Shore Rezoning (C 030001 ZMR), which was a large-scale rezoning initiated by the Staten Island Borough President's Office in response to community concerns that ongoing development was not consistent with the existing character of predominantly detached existing housing. The rezoning affected a 186-block area from R5, R4, R3-2, and R3-1 to R3A and R3X. Specifically, the areas to the northwest of Prospect Street were amended to R3X, which remains to this day.

The area immediately to the east of the Project Area was amended in 2006 as part of the Special Stapleton Waterfront Development (060471 ZMR). This rezoning intended to facilitate the redevelopment of the former U.S. Navy Homeport and surrounding area on the north shore of Staten Island in response to recommendations made by the Mayor's Task Force on Homeport Redevelopment. The rezoning also included amendments to the City Map and dispositions of real property, as well as the establishment of the o establish the Special Stapleton Waterfront District. The proposal amended M2-1 and M3-1 districts to C4-2A with special district controls in eight subareas encompassing the 35-acre waterfront site: the esplanade and public spaces, six development parcels (subareas A, B1 to B5) and the area west of Front Street which includes eighteen lots that are mostly privately-owned (subarea C). To keep the scale of the Stapleton town center and retain upland views of the water, the special district text prescribes a lower maximum

building height of 50 feet (approximately five stories), which is reduced from the 70 feet maximum building height permitted in C4-2A zones. Within the special district, the space used for non-residential uses on the ground floor of a building with residences do not count as floor area. The special district also requires pedestrian connections to the waterfront esplanade at regular intervals and unobstructed visual corridors to the water from upland Stapleton. Overall, the special district promotes residential and commercial uses along the waterfront, while attempting to re-establish waterfront access and visual corridors

Most recently in 2019, the area immediately to the north of the Project Area was amended under the Bay Street Corridor Neighborhood Plan (190113 ZMR) which sought to facilitate the creation of additional opportunities for affordable housing through the Mandatory Inclusionary Housing (MIH) program, as well as to foster a vibrant and walkable mixed-use corridor that connects the surrounding communities, facilitate commercial development and align investments in infrastructure, public open spaces and services. The Bay Street Corridor is generally bounded Victory Boulevard to the north, Van Duzer Street to the west, Staten Island Rapid Transit (SIRT) right-of-way to the east and Sands Street to the south. An important goal of the plan was to link The Stapleton Waterfront with St. George with pedestrian activity spurred by a retail/commercial corridor.

According to the CPC report, the Bay Street Corridor is an approximately 14-block corridor in Downtown Staten Island that includes portions of the neighborhoods of St. George, Tompkinsville, and Stapleton. The Corridor was once home to a thriving maritime industry that supported a range of businesses and residents along the waterfront. Because zoning in the area had not changed since the 1961 ZR, the range of existing uses is limited to those reflective of land use patterns established decades ago. The Corridor's location and proximity to the St. George Ferry Terminal and multiple Staten Island Railway (SIR) stations is such that it should be a vibrant and active destination, but the current conditions and land uses along the Corridor do not adequately connect or serve the surrounding communities, and the underlying zoning did not provide a framework to facilitate the community's vision for the Corridor.

The plan rezoned 20 blocks comprising approximately 45 acres along Bay Street, including the Canal Street Corridor which is non-contiguous with the Bay Street Corridor. The actions also included the disposition of City-owned property located at 55 Stuyvesant Place, intended to be redeveloped for office use, as well as the designation of a UDAA and UDAAP and zoning text amendments to establish the SBSCD and modify ZR Section 116-00 (Stapleton Waterfront) and Appendix F to map the Bay Street Corridor and Canal Street Corridor as MIH areas.

A R6/C2-3 district was mapped along Bay Street, with a C2-3 commercial overlay concentrated along areas lining the southern portion of the special district. An R6B district was also created for sites along Van Duzer Street to allow for lower height and density, and a transition to adjacent

lower-density neighborhoods. Use, bulk, and parking regulations were modified by the new Special Bay Street Corridor District (SBSCD). The R6B/C2-3 district was primarily proposed for the area near the Project Area that allows for slightly higher-density residential, and retail uses than were currently permitted, and encourage a retail connection between the Stapleton Waterfront and St. George, while also promoting a pedestrian-friendly environment with a retail/commercial corridor.

It should be noted the underlying R6 district bulk provisions were modified through special district controls, which were made possible by creation of the SBSCD. The SBSCD provides tailored urban design controls that respond to the unique context of the Bay Street Corridor. The R6 and special district regulations facilitate additional residential developments that would support existing and future commercial development in the area, take advantage of the area's existing public transportation, and match similar densities in the areas surrounding the Bay Street Corridor. Where commercial overlays are present, ground floor use requirements of the SBSCD require ground floor non-residential spaces within 50 feet of Bay Street for any development on a zoning lot greater than 5,000 square feet and is optional in other locations. The SBSCD also modified the underlying use, setback, height, bulk, and parking regulations; view corridors; and street wall and vehicular access provisions of the R6 district in this area.

Despite the Project Area being located along the Bay Street corridor at a critical juncture linking the town center of Stapleton and the Stapleton Waterfront, it was not included in the Special Bay Street Corridor District.

No further land use approvals have occurred in the surrounding area since the inception of the 1961 ZR.

3. Description of the Surrounding Area

The Project Area consists of the western portion of a tax block (Block 490) and a small portion of the adjacent block to the north (Block 489) bound by Bay Street to the east, Sands Street to the north, Prospect Street to the south and the Staten Island Railway right-of-way to the east. Bay Street is a 'wide' (80') north-south mixed-use arterial that connects St. George with communities to the south. Sands and Prospect Streets are 'narrow' streets with 45' in mapped width. The street to the east of the subject block is Front Street (50'), which is last public roadway before the Stapleton Waterfront.

In terms of surrounding development and built form, the immediate area is diverse in uses and building types. In terms of uses, the immediate area contains mix of older warehouse, low-rise commercial and manufacturing uses, as well as newer mixed-use and residential buildings. For example, the block immediately to the south contains a recently constructed mixed-use building

with 92 dwelling units and ground-floor retail space. Moreover, the Urby Development is present a block to the northeast and rises to 5-stories and comprises 571 dwelling units with supporting commercial retail space (7 Navy Pier Court; Block 487, Lot 7501). In addition to the above, several mid-rise apartment buildings are under construction in the underlying C4-2 district, including 560 Bay Street (8-stories) and 80-88 Prospect Street (6-stories) with building permits filed with the Department of Buildings (DOB).

In terms of zoning districts in the surrounding area, the block immediately to the north is zoned R6/C2-3 and is in the Special Bay Street Corridor District. The block to the east is zoned C4-2A, which is the contextual district equivalent of the C4-2 district, with mandatory quality housing regulations for residential buildings. To the west are R3-2 and R3-2/C1-2 districts and to the south is a large C4-2 district.

C4-2 districts are typically mapped in regional commercial centers outside central business districts and allow commercial uses at a maximum FAR of 3.4. Residential uses are permitted in C4-2 districts at a maximum FAR of 3.0. Typical uses found in C4-2 commercial zoning districts include specialty and department stores, theaters, and other commercial and office uses serving a larger region.

The R6/C2-3 district immediately to the north is in SBSCD and permits a range of FARs between 2.0 and 4.6 for residential and community facility uses, depending on location and configuration of sites. The SBSCD provisions allows the maximum base height before setback to range between 40 and 65 feet, with a maximum building height that would range between 55 and 145 feet, depending on site configuration and location. The Quality Housing Program are mandatory, and the Height Factor regulations typically applicable in a non-contextual R6 zoning district are not permissible. Within R6 Quality Housing developments citywide, off-street parking, which is not permitted in front of a building, is required for 50 percent of unregulated dwelling units and 25 percent of affordable units. These underlying citywide parking regulations are applicable to new developments in the SBSCD.

The C4-2A district to the east in the Special Stapleton Waterfront District (SSWD), is a contextual district that allows commercial and residential uses at a maximum FAR of 2.0. A C4-2A overlay within the SSWD permits development at a maximum building height of 50 feet, however, where the ground floor level of a building provides a qualifying ground floor in accordance with ZR 35-652, the maximum height may be increased to 55 feet. The SSWD rules include street wall requirements and building heights that, at the time, were intended to respect the scale of Stapleton's upland area. Pedestrian connections to the waterfront esplanade and unobstructed visual corridors are required at regular intervals as extensions of the Stapleton Town Center streets, such as Prospect Street and Bay Street in the Project Area.

The area to the west is predominantly lower scale residential and is zoned R3-2 and R3-2/C1-2, as noted above and is also in a Lower-Density Growth Management Area (LDGMA). R3-2 zoning districts are general residence districts that permit a variety of single- and two-family houses, as well as small multi-family buildings. The maximum FAR for R3-2 districts is 0.5 and can be increased by 20% with an attic allowance; the maximum building height is 35 feet. One off-street parking space is required per each dwelling unit. R3-2/C1-2 districts permit 1.0 FAR for commercial uses and mixed-use developments and permit Use Group 6 in addition to residential and community facility uses. Off-street parking is increased in the LDGMA, and special regulations govern building bulk, lot sizes, yards, open space, and landscaping, as well as qualifying attic allowances.

The surrounding area is located outside the Transit Zone and is located in the Coastal Zone Boundary. The Project Area is also located inside a FRESH area and qualifies commercial developments for tax incentives for the provision of a FRESH use.

The Project Area is well served by transit with the SIR present immediately to the east, with the Stapleton stop a block to the southwest of the Project Area. In addition, numerous bus lines service the immediate area, with the S51, S74, S76 and S86 making stops at Bay Street and Prospect Street, connecting the Project Area with St. George and points south.

4. Description of the Proposed Project Area

The Project Area consists of the western portion Block 490; Lots 1, 4, 19, 22 & 47; as well as Block 489 portions of Lots 22 & 30. This area is bound by Bay Street to the east, Sands Street to the north, Prospect Street to the south and the SIR right-of-way to the east. The Project Area is zoned C4-2. The Development Site is Applicant-controlled, while the remaining Project Area is not under Applicant control.

Block 490, Lot 1 (541-545 Bay Street) consists of the Development Site and is improved with a two-story commercial building. The parcel is described in greater detail below.

Block 490, Lot 4 (533 Bay Street) is improved with a recently constructed (in 2017) six-story mixed-use building and 67 senior residences and community facility uses (social services) in 61,326 square feet (3.96 FAR) on a 16,500 square-foot lot.

Block 490, Lot 19 (12 Sands Street) is a 3,050 square-foot lot with a two-story 5,000 square foot warehouse (1.63 FAR) present that was developed in 1977.

Block 490, Lot 22 (no mapped address) is a 5,289-square foot parcel that is utilized as a right-of-way for the elevated SIR.

Block 490, Lot 47 (no mapped address) is a 2,054-square foot parcel that is utilized as a right-of-way for the elevated SIR.

Block 489, Lot 22 (no mapped address) is a 5,280 square-foot parcel that is mapped as Sands Street and is located underneath the elevatored SIR. The property is owned by the MTA. Only a small portion of this property would be affected by the Proposed Actions

Block 489, Lot 30 (no mapped address) is part of mapped street area (Sands Street) that partially serves as right-of-way area for the SIR.

5. Description of the Proposed Development Site

The Development Site (Block 490, Lot 1) consists of a single tax and zoning lot that improved with a two-story commercial building with 24,579 square feet of lot area, constructed in approximately 1931. It should be noted that a 20-foot-deep portion of the existing building is located within the street bed of Bay Street, resulting in a reduction in width of the 80-foot mapped street in this segment. The building currently contains a convenience store and catering facility. The parcel is irregular in area and contains approximately 50 feet along Bay Street (80' wide), approximately 290 feet along Prospect Street (45' wide) and approximately 89 feet along Sands Street (45' wide) which is a dead-end roadway at this location from Bay Street. The Development Site is Applicant-controlled.

6. Description of the Proposed Development

The Proposed Actions would facilitate the development of a new mixed-use building with commercial use at the ground floor and 81 apartments above (of which 24 with be affordable). The development would contain 88,484 square feet of zoning floor area, which equates to an FAR of 3.6, the maximum FAR that would be permitted under a newly enlarged area of the SBSCD, Subdistrict F. The 24 affordable dwelling units would preliminarily comply with MIH under Option 1, which requires 25% of floor area to be made affordable for incomes averaging 60% AMI.

The proposed new building would demolish the existing building, a portion of which lies in the bed of the mapped street bed of Bay Street and would realign with the street's 80 feet in width. The Proposed Development will rise to 8-stories, and 81 feet in height and would be oriented in

an L-shape, with the maximum of 8-stories being achieved along both Bay and Prospect Streets and a maximum of 5-stories along the Sands Street frontage (narrow). This would effectively wrap around rear and side of the recently constructed 6-story building at the corner of Sands and Bay Street. The bulk includes a 10-foot setback along Bay Street (a wide street), as well as a permitted dormer and a 65-foot street wall. Along Prospect Street (a narrow street), a 15-foot setback above the sixth would be provided. A maximum of 85 feet and 8-stories would be permitted in Subdistrict F of the SBSCD, where the Proposed Development rises to 81 feet, as noted above.

As noted above, the overall building would be set back 20 feet from the existing 80 feet in street width along Bay Street, to employ a widened 20-foot sidewalk, and would include new street furniture. The rear area of the parcel would contain a surface parking lot with 42 cars, which would be attended and accessible via a new 12-foot curb cut along Sands Street, which is a dead-end street at this location, as noted above. An existing curb cut along Prospect Street would be removed to promote pedestrian continuity between Bay Street and Front Street, where the Staten Island Railway (SIR) is present and connects the block to the Stapleton Waterfront. The area of the surface parking lot abutting Prospect Street would be also screened by fencing and other materials, to obscure the ground-floor parking from the roadway.

As noted above, 81 dwelling units would be facilitated, 24 of which would be affordable pursuant to MIH (Option 1) for incomes averaging 60% AMI. This would consist of 25% of the total residential floor area for the Proposed Development. The ground floor of the development would contain supporting commercial retail use in 10,000 square feet, which would be wet flood-proofed, as the Development Site is in a flood zone (AE). Accordingly, no habitable residential space would be located on the ground floor along Bay Street nor Prospect Street, per SBSCD ground-floor rules, which will be established under the Proposed Actions.

7. Actions Necessary to Facilitate the Project

The Proposed Actions consist of a zoning map amendment and zoning text amendments (the "Proposed Actions") to make the Project Area applicable as a Mandatory Inclusionary Housing (MIH) area, as well as make the Project Area part of the Special Bay Street Corridor District (SBSCD).

Proposed Zoning Map Amendment (R6/C2-3)

The proposal includes a zoning map amendment that would amend map 21c by extending the R6/C2-3 district present immediately to the north to include the Project Area. This would encompass Block 490 from Bay Street to the SIR right-of-way and include small portions of Block

489, Lots 22 and 39. This would also enable the application of SBSCD regulations under R6/C2-3, as further outlined below.

Proposed Zoning Text Amendment (Mandatory Inclusionary Housing Area)

The proposal includes a text amendment to Appendix F of the Zoning Resolution to include the Project Area under Options 1 and 2 which would require 25% or 30% of residential floor area to be made affordable to incomes averaging 60% and 80% AMI, respectively. In addition, a Workforce Option is included to be mapped along with Options 1n and 2, which also requires 30% of residential floor area but for incomes averaging 115% AMI. The Proposed Development would preliminarily comply with MIH under Option 1.

Proposed Zoning Text Amendments to the Special Bay Street Corridor District (SBSCD):

Four amendments are proposed to the text of the SBSCD under Article XIII, Chapter 5 (Special Bay Street Corridor District). This includes amendments to the maps of the SBSCD (Appendix A) as well as establishing a maximum floor area (ZR 135-21), special street wall and height regulations (ZR 135-24 & 135-25) and establishing ground floor rules for Prospect Street (ZR 135-11) as further outlined below:

- ZR §135-00, Appendix A, Maps 1 and 2 (*Special Bay Street Corridor District*) would be amended to include the Project Area on the maps of the SBSCD. Map 1, which illustrates the Special District's subdistricts and subareas will be amended to include the Project Area as "Subdistrict F". Map 2, which illustrates the location of visual corridors, will also be amended to reflect the new SBSCD boundaries and subdistrict.

- ZR §135-11 (*Ground Floor Use Regulations*) would be amended to apply a specific non-residential ground floor requirements to the Project Area. This section would be amended to make Prospect Street apply as a primary street for frontage, thereby requiring that street frontage to comply with SBSCD non-residential ground floor requirements, in addition to Bay Street.

- ZR §135-21 (*Special Floor Area Regulations*) would be amended by applying maximum floor area regulations for the new Subdistrict F, as noted above**.** The section would be amended to include maximum of 2.0 FAR for commercial use, 3.6 FAR for uses including MIH and community facility uses, and 3.9 FAR for affordable senior units and/or long-term care facilities.

- ZR §135-24 (*Special Street Wall Location Regulations*) would be amended to make Prospect Street apply to the special street wall regulations of the SBSCD.

- ZR §135-25 (*Special Height and Setback Regulations*) would be amended to apply maximum height and setback regulations for Subdistrict F**.** The section would be amended to indicate a minimum base height of 40 feet, a maximum base height of 65 feet and a maximum height of 8-stories or 85 feet.

The proposed R6/C2-3 zoning district would not result in a significant change in the underlying C4-2 district, as R6 is the residential equivalent of the existing C4-2 district. This district was chosen as it serves as the special zoning designation along Bay Street and the established SBSCD (one block to the north) and would enable the Development Site and larger Project Area to be consistent with the remainder of the SBSCD. In terms of the district's new boundaries, the Project Area fronts a hub of pedestrian destinations along Bay Street and Prospect Street, with the nearby Urby Development oriented along Prospect Street. The centralized hub/retail area of that development fronts Prospect Street nearby and the proposed new district's boundaries would connect that development with Bay Street, supporting the intent of the SBSCD, which intends to promote pedestrian activity along retail/commercial corridors. Moreover, the SBCD's special bulk rules would further encourage a pedestrian-friendly corridor with a required non-residential ground floor requirement along both Bay and Prospect Streets, as well as Quality Housing bulk requirements, that require a more uniform street wall with a maximum permitted height.

The R6 district in this location would permit 3.6 FAR under MIH and 2.0 FAR for commercial uses, as well as 3.9 FAR for senior units and/or long-term care facilities. A maximum street wall of 65 feet would be required, with the building overall maximum height capped at 8-stories or 85 feet, consistent with recently constructed mid-rise mixed and residential building in the immediate area, such as the Urby Development, the adjacent 25 Sands Street development (6-stories) and 40 Prospect Street (6-stories). It should be noted that the underlying C4-2 district has no maximum height limit and permits 4.8 FAR where community facility uses are included. As such, the proposal would cap the maximum bulk of the Proposed Development at 8-stories or 85 feet and 3.9 FAR (with the inclusion of senior housing or long-term care uses or nursing homes), consistent with intent of the SBSCD at a critical location linking that corridor with the Stapleton waterfront and nearby transit, including the SIR station.

The proposed text amendments to make the Project Area applicable to the SBSCD would also ensure an active streetscape with an enlarged sidewalk along Bay Street with pedestrian furnishings and required non-residential uses along both Bay Street and Prospect Street. The Project Area is in a critical hub, adjacent rail and bus transit and would promote a more active pedestrian environment between the town center of Stapleton, the Special Stapleton Waterfront District and the recently established SBSCD. The Proposed Actions would serve to promote a new development that recognizes this critical hub and provides new supporting ground-floor retail, as well as more uniform street walls that would complement recent development in the immediate

area, thereby improving the urban design and pedestrian environment of this segment of Bay Street.

In addition to the above, the Proposed Development would provide 81 new dwelling units, including 24 income-restricted dwelling units through MIH under Option 1, a demonstrated need for Staten Island, especially within a walkable environment and near transit. Absent these actions, a less unform street wall would be permitted at 7-stories and only 51 dwelling units would be permitted – without any affordable units.

8. Conclusion

The Proposed Actions would enlarge the Special Bay Street Corridor by a block in a strategic location, where the main street of Stapleton and the Special Stapleton Waterfront District intersect. This critical juncture also includes immediate access to bus and rail transit, linking the affected area with St. George and communities further south and west in Staten Island. The Proposed Actions would make the Project Area applicable to the Special Bay Street Corridor District and would apply contextual maximum building heights and mandatory income-restricted dwelling units, where no such requirement exists. Furthermore, the Proposed Development would result in a mixed-use development that would complement other recent mid-rise developments in the immediate area and would be consistent with the overall intent of the Special Bay Street Corridor, which envisions new development linking the center of Stapleton with St. George, including additional density near transit.

As such, the resulting development of an 8-story mixed-use building along Bay Street to contain 81 dwelling units and 24 dwelling units would be appropriate for this area, with immediate transit access – linking the core of Stapleton, the Special Stapleton Waterfront District and St. George. Moreover, the building would set back along Bay Street, providing a wider sidewalk with new street furniture, an improvement when compared to the otherwise as-of-right development, which would set back after 2-stories, create fewer dwelling units (with no income-restricted units), and still rise to 7-stories. Therefore, it is believed the Proposed Actions and resulting development would improve this intersection, as well as the overall Bay Street Corridor.