

N.E.R.V.E

NUEVO EL BARRIO
REHABILITACIÓN DE
VIVIENDA Y ECONOMÍA, INC.
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East River Plaza Planning Comments Submitted by NERVE, Inc.

Excerpters compiled from various reporting instruments available online...

East Harlem is a neighborhood renowned for its unique history, culture, and people infamously connected with hardship and poverty because of its role as a haven for immigrants and principally low income families looking for affordable rentals. The low lying flatlands northeast of Carnegie Hill is topographically East River estuarial marsh mudflats deemed undesirable to early pioneers until dredging and landfilling along with the Park Avenue Harlem & Hudson rail system and NYC Second and Third Avenue elevated lines and the later Lexington Avenue Interboro subway paved the way for the city's speculative housing stock of old law tenements to expand uptown into East Harlem.

Today, East Harlem continues to experience rapid demographic changes, but not exclusively at the hands of new immigrants. Instead, East Harlem has begun to see the effects of gentrification through the arrival of affluent mostly Caucasian residents and businesses. Young adventurous professional have shown an interest in moving to East Harlem because they like East Harlem's convenient public transportations and location. Constant numbers of higher income non-Hispanic Whites are moving into East Harlem, which has pushed East Harlem's gentrification process pressuring community low income residents into a precarious economic squeeze and out of the neighborhood.

Because East Harlem is experiencing gentrification in a time of an economic recession notwithstanding the Federal Reserve Bank providing cheap money in order to stimulate the economy; causing a problem for low-income community residents such as those who cannot afford to keep their housing if pricing is raised to make the area more appealing to outside buyers, which continues to be a large factor in the future of East Harlem. This exclusionary displacement is directed against our targeted community low income households.

New luxurious residential apartments are being built to encourage gentrification in the neighborhood. The increase in higher income residents is causing real estate developers to plan more accommodations. Commercial developers also wait to build new office buildings, shopping centers, and entertainment areas, in the neighborhood, driving real estate property values up in East Harlem which in turn drives up real estate taxes for small building owners burdened by increasing operating expenses in NYC. Some developers even believe that it will be profitable to convert rent stabilized apartments into market rate apartments which now stands in the way of completely gentrifying the area- affordable housing.

A majority of East Harlem's residential apartments are in public affordable housing. Since a large number of poor households, immigrants and undocumented families live in this area, these public complexes have been essential. However, recent legislative changes to NYCHA property regulations have begun to allow for market rate expensive developments to occur within public housing.

What is the housing preservation plan for El Barrio? What will be the mechanism for low income affordable housing development for East Harlem? Let's be real and view this as another example of the one per cent (1%) squeezing the community for even more money- we need to stop them.

East Harlem real estate developers have long sought to focus on the culture and history of the area as a way to recreate its image. Rezoning and plans for new commercial buildings is bringing the word gentrification feared by most locals in poor neighborhoods as well as fierce opposition to end this vision of it being the latest up-and-coming neighborhood of New York City.

Though it is possible that developers will forget about East Harlem and move on to other New York City neighborhoods for another decade; especially if retailers don't begin to show an interest in moving into the area, it is likely that new commercial real estate will once again surface in East Harlem sooner rather than later. This is especially true granted more members of the middle and upper class move into the neighborhood. An influx of higher incomes will provide increased demand for more commercial services, which will be able to move into the neighborhood exasperated with the projected return of a healthy real estate market once the economy turns around.

The commercial development of East River Plaza is enormous boasting over 485,000 square feet of retail space and a total of 1248 parking spaces violating the Federal Clean Air Act in an area with the highest asthma hospitalization in the nation, contrary to the Civil Rights Act of 1964. Located just off the FDR Drive and within walking distance of the 6 subway line and several buses the development certainly draws in both neighborhood residents and nonresidents alike. The project was redesigned to gain NYC Planning Commission approval with significant modifications in urban design and incorporates improved vehicular access and movement to and within the project, improved garage design and operation, safer and more convenient pedestrian improvements, and additional landscaping in adjacent neighborhoods. A predominantly masonry facade and an expanded outdoor seating area with views of the river were also incorporated into the revised project. These oversights by the developers illustrate their desire to overlook the community by offering the least to profit by the difference.

The site, which has been developed by both Edward Blumenfeld and his son David of the famous and storied Blumenfeld Development Group (BDG), who worked with Canyon Capital Realty Advisers of Calif., to buy the six-acre site; which stretches from 116th Street to 119th Street, for \$3.1 million at a foreclosure auction. Later, the project was approved by the City Council and Canyon Capital sold its interest to Forest City Ratner. The developers got a big shock when Bernie Madoff, the Blumenfelds' close family friend, was arrested and accused of a multibillion-dollar fraud. Edward Blumenfeld's personal guarantee for the East River Plaza loan was collateralized by his investment with Mr. Madoff. The current NYC Planning Commission Chairperson- Mr. Carl Weisbrod is a partner at HR&A Advisors, who includes Forest City Ratner Companies as a client. An obvious conflict of interest with any NYC Planning Commission decision pending on East River Plaza. How do we benefit out of this?

The estimated project cost soon quadrupled from \$150 million in 1999 to \$500 million without further comment - an enormous investment made on behalf of both the BDG as well as the city government of New York, which kicked in nearly \$ 80 million in tax credits and other subsidies to offset the total cost with the help of city big shots and banks. What is the Community Benefits Agreement (CBA) for East Harlem?

The East River Plaza Development has led to a wide number of promised community benefits starting with 2,000 permanent retail jobs and 2,000 construction jobs generated. Over \$19 million in new tax revenue was supposed to be generated from project construction. Retail sales was to generate tens of millions of dollars in annual sales tax revenue, and an eco-friendly community garden was thrown in only a few blocks away. The development was sold as an enormous boon to the East Harlem economy, a community mired in a >17% unemployment rate stipulating that Costco make at least 60% of its hires from the local East Harlem community.

However Costco's promises became a faint memory soon after it laid off 142 of 453 workers in the East Harlem location just two months after its opening. Costco's response was that the vast majority of these workers positions were seasonal. Seasonal what? We expected jobs and received a token payment for our community support. This adds to the fact that Costco, while not legally bound, reneged on its agreement to take 60% of employees from the neighborhood and instead only took 38%. While certainly these facts are not good for the community neighborhood they certainly don't indicate any major sign of trouble for the large commercial developer and its co venture retailers. Lest we forget- an important factor in gaining community support for this mega big box development was the promise that very little displacement would occur in the re use of an obsolete wire manufacturing plant. Now the economic upside of this project is making us community residents obsolete by displacing us.

The biggest sign of Costco's relative success amid this downturn comes from a transcript of its fiscal report. An unnamed Costco executive had this to say of the East Harlem location, "On Manhattan, at the end of the day, we are doing fine. We are probably doing 80 to 90% what have we originally thought sales wise. What we find is that during the week we get a lot of unanticipated local neighborhood traffic. A lot of neighborhood people. What you don't find is people on their way home from work saying hey let's go drive over to Costco on their way home from work. They haven't decided to do that. This is an overstatement to a planning problem this project has discounted. Who brokered this mega deal discounting our community participation??? How did the East Harlem community allow this to happen? How many political campaign donations to politicians were required for their political support?

The local community accounts for more sales than originally expected, while the anticipated out of area commuters for which 1,248 parking spaces were created have not proven to appear. Discounting the local economic input of our community consumers, while pressuring local business' to relocate to have their operational space co-opted for unnecessary parking is a further burden to the East Harlem community that cannot continue to go unnoticed. The community has already paid the price to usher this type of business into our neighborhood at its own expense. How much more is being asked? What will be our return? How do we benefit?

Now East River Plaza is announcing its desire to expand. To what and for whom? Have they worked with the community organizations nearby to consider the impact they have made and continue to make? What about our residents? The face East River Plaza has shown with its failed jobs promise and big box land grab is less than appealing and somewhat disgraceful. We are greatly disappointed by the lax political leadership that has allowed this to happen under our noses. Are we the victims of criminal negligence by politics simply because we are poor?

Our concerns for this area should be noted and incorporated into East River Plaza's master plan by acknowledging the need and requirements for:

1. Affordable housing preservation plan support by the City NYC HPD through the HDLC Article 11 Housing Finance Law. Must a housing development levy be imposed?
2. Increased year round community employment opportunities for our residents through a neighborhood committee instead of by elected officials controlling this mess.
3. Increased mass transit amenities complimenting East River Plaza such as an attractive bus stop terminal with ample seating for visiting shoppers awaiting buses.
4. Construction of FDR Drive pedestrian overpass connecting the Plaza to the East River Promenade allowing access to the NYC waterfront for community residents along with public drinking water fountain service by the developer- BDG.
5. Co-development of the East 117th St. river pier for local merchant participation.
6. Increased community security for the area with foot patrols and cameras.
7. Increased entertainment activities for community residents with programming opportunities for culturally pertinent and vital informative presentations.
8. Evening venues along with seasonal celebrations in the Plaza should be programmed inviting public participation to enjoy this large commercial complex.
9. Youth oriented facilities should be incorporated into expansion plans where ever possible such as a skating (roller/ ice) rink and outdoor entertainment/ movie amphitheater.

Nuevo El Barrio Rehabilitacion Vivienda Economia -NERVE, Inc. was incorporated in 1975 to address these elements forecasted for the East Harlem community. Our community mission is to preserve and expand the dwindling low income affordable housing and economic opportunities afforded to our community residents, and we continue to demand our stake in the decisions being made about our future after more than half a century of service. We will continue to support the efforts of the El Barrio Civic Alliance which calls for stronger measures against this type of community abuse against our families and friends. We refuse to be political pawns during the period in our community history that we should be proud beneficiaries of our struggles and sacrifices. We denounce any East Harlem official(s) who support the developer against the people of East Harlem. We have waited long for this moment- now it's our time.

Support our ideas with your participation. If you do not count yourself in, who will?