

24 August 2015

The Empire State Development Corporation Board
The Brooklyn Bridge Park Development Corporation Board

Proposed Modification of the General Project Plan

Each of the undersigned neighborhood organizations has joined in this letter to ensure that you are aware of our uniform opposition to the pending proposal to modify the General Project Plan for Brooklyn Bridge Park (the “Park”). In addition, all of our local elected officials have joined in opposing the proposal, including City Councilmen Levin and Lander, State Senator Squadron, Assemblywoman Simon, and Congresswoman Velazquez.

This letter highlights our positions, but we intend to separately submit more detailed comments by the August 31 deadline. This letter summarizes many of the comments provided by the public at the lengthy public hearing on the proposed modification to the General Project Plan held on July 30. As you may know, despite the scheduling of that hearing during the mid-summer vacation period, the St. Francis College auditorium was filled to capacity and many more people were unable to enter. Significantly, more than 90 people signed up to speak that evening and all but a handful articulated some or all of the views described in this letter.

A. The ESD and the BBPDC Must Reject the Modification

While a decade ago some of us accepted the plan for potential housing on Pier 6 in the original General Project Plan (“GPP”) and some of us did not, none of us ever supported housing on Pier 6 that was not needed to support the Park financially. Nearly every individual and group involved in the creation of this Park, including the Boards of the Empire State Development Corporation (the “ESD”) and the Brooklyn Bridge Park Development Corporation (the “BBPDC”) at the time, agreed from the outset that as much of the available land as possible should be made into parkland. The agreement to accept housing in the Park by some of us was made with the clear understanding that only the minimum amount of real estate development needed to support the Park financially would ever be built. That understanding was a foundational principle of this Park, a principle that ESD and BBPDC incorporated in the GPP, the SEQRA Findings and the Final Environmental Impact Statement. ESD purposefully confirmed that commitment in court papers it submitted in response to a lawsuit brought by the Brooklyn Bridge Park Defense Fund in 2006 challenging the extent of commercial development in the Park permitted by the GPP.

Opposition to the two proposed towers during the environmental review process was not only about avoiding the loss of needed parkland. It was also about protecting the integrity of the Brooklyn Heights and Cobble Hill Historic Districts, promoting access to the adjacent waterfront, enlivening the Atlantic Avenue Commercial strip, improving the

Park itself with a park-appropriate entrance and minimizing the negative impact of over-development on our communities.

From the beginning, our communities did not want the waterfront to be marred by two huge and out-of-context towers. We did not want a high, residential barrier along our shoreline. The proposed 315-foot tower would be the largest building on the waterfront between Red Hook and North Williamsburg, towering over the adjacent Brooklyn Heights and Cobble Hill neighborhoods, which have a 50-foot height limitation. At the same time, we wanted the Atlantic Avenue entrance to be a grand gateway to this Park with expansive views of the water, not more urban development. During the environmental review process, then-Councilman de Blasio explicitly opposed a 30-story building on Pier 6, stating it needed to “decrease in height”, and called for an open and inviting Atlantic Avenue entrance to the Park.

We also opposed unnecessary housing in 2005 because of our concern about the impact of additional housing on our neighborhood. We voiced our concerns about school overcrowding. We voiced our concerns about traffic. We voiced our concerns about large numbers of people using Joralemon Street, a narrow, cobble stoned, residential street, to enter the Park if Atlantic Avenue was not turned into an attractive gateway entrance. All of those concerns have proven to have been well-founded. Our local K to 5 school, P.S. 8, is now at 140% capacity (700+ students in a building meant to hold 500) and is turning away kindergarteners. Pedestrian and vehicular traffic has over-whelmed our neighborhood, particularly Joralemon Street, which has become the Park’s front door in the absence of creating the planned Atlantic Avenue access.

The proposed modification to the GPP appears to be based on the Mayor’s stated policy goal of building a substantial number of affordable housing units. In pursuit of that policy goal, however, the modification would violate the fundamental principle underlying the Park’s creation that any real estate development be limited only to that needed to financially support the Park. The modification takes open land that could become parkland for a policy goal that has nothing to do with financial support for the Park. While none of the groups in our coalition are opposed to affordable housing in our communities, we all believe that there are equally laudable public values as well, including parks, responsible waterfront development, and sufficient school seats for our children.

We categorically reject those who criticize our opposition to the proposed plan for Pier 6 as motivated by a NIMBY-ist attempt to exclude affordable housing from our neighborhoods. We opposed the out-of-context massive towers for Pier 6 a decade ago when the apartments were to be exclusively luxury, market-rate units. Our position has not changed; it is the modification that seeks to change the understandings arrived at by the State, the City, community groups, and the members of the boards tasked with carrying out the vision for Brooklyn Bridge Park in 2005.

As the creators, and now stewards, of the General Project Plan, ESD and BBPDC must protect the Park and the commitment to minimize housing in the Park that the

Brooklyn Bridge Park Corporation (the “BBPCorp”) now seeks to eliminate. As the “lead agency” under SEQRA, the ESD has a continuing obligation to enforce the GPP and protect our community from negative impacts. The ESD cannot avoid its obligations by stating that the City is responsible for infrastructure planning since it is the ESD that has the obligation to evaluate environmental impacts of projects developed under its authority and to demand their mitigation. As the entities that created this public-private partnership, it is imperative that you make clear to the public that commitments made during the creation of such partnerships will not be cast aside simply because the policy winds may shift.

B. The ESD Must Enforce the GPP and Reject the Building of Any Housing that Is Not Necessary to Financially Support the Park

In addition to rejecting the proposed modification, it is incumbent upon the ESD as the lead agency under SEQRA to ensure compliance with the existing GPP and to review whether the Park needs additional revenue from Pier 6 in light of the huge rise in real estate values since 2005 and the resultant increased revenue stream from existing projects within the Park’s boundaries. Permitting real estate development on Pier 6 would violate the GPP if the revenue it would generate is not needed to support the Park. If, after such a review, the ESD determines that some revenue from Pier 6 is needed, it must order a new environmental review given the far greater environmental impact that any housing on Pier 6 would have on our community than was anticipated in 2005 and the need to explore potential alternatives to mitigate those impacts.

1. The ESD should determine whether any revenue is needed from Pier 6 through an open and transparent process

It is the conclusion of many financial experts in our community that the Park is amply funded without any development on Pier 6 and that the Park will become a huge cash generator for the City if Pier 6 is developed. The BBPCorp has presented a series of “evolving” models over the past 18 months and hired a purportedly “independent” economist to demonstrate the opposite. You should conduct an open and transparent process to assess these different conclusions and independently determine what revenue, if any, is actually needed from development at Pier 6. In doing so, you should consider the following:

a) The BBPCorp has already selected a proposal for Pier 6 in which 35% of the units to be built are affordable, thus providing no revenue to the Park. In addition, that proposal in all likelihood applies some part of the revenue from the remaining 65% of the market rate units to subsidize the construction of the affordable component. So, at the outset, we know from the BBPCorp’s own actions that at least 35% of the development presently proposed for Pier 6 is not needed to support the Park. Therefore, without scrutinizing a single number or any other aspects of the Park’s financial model, the proposed housing on Pier 6 could be dramatically reduced.

b) Real estate values in the Park have increased from a projected \$700 per square foot in 2005 to over \$2,000 per square foot today. Revenue to be generated from the completed or nearly completed projects at One Brooklyn Bridge Park, Pierhouse, John Street, Empire Stores and other commercial projects in the Park must be multiples higher than was projected a decade ago when the two towers were first conceived for Pier 6.

c) The driver of the BBPCorp's claimed need for the immediate cash to be generated by Pier 6 development is its staff's recent recommendation to alter the method of pile repair to a "preventative" approach that requires an apparent expenditure of \$90 million in 2016 as opposed to a "reactive" approach that funds repairs as they become necessary, and accordingly, spreads the cost of pile repair over the coming 50 years. This recent conversion to a new approach certainly raises many questions, including: whether moving such a large capital expenditure into one year is necessary or advisable, whether \$90 million could even be efficiently spent in a single year, whether it makes sense to lock in existing technology rather than preserve the flexibility to adopt future, potentially better repair techniques, and whether it makes sense to act now when by the BBPCorp staff's own admission current demand for the handful of suppliers of this type of work right is high and has driven up prices (see July 9th Financial Model Update, p. 9).

d) Equally important, even if spending \$90 million in capital repairs in 2016 would otherwise make sense, BBPCorp has not advanced any reason why it should depart from what every well-managed government or private enterprise typically does when it confronts a mismatch between a large immediate expense required to repair or purchase a long-term asset and the future revenue that will be available over that same long term: borrow against the future revenue to fund the current expense and spread the cost over the life of the repair or item purchased. Surely it makes no sense to permanently burden this Park, our waterfront and our community with two inappropriate towers simply because of a cash flow issue. This is particularly the case if the immediate massive expenditure is entirely discretionary.

In that regard it should be noted that BBPCorp's July 9th Financial Model Update shows cash surpluses as early as 2037 if the housing on Pier 6 is built, soaring to nearly \$400 million in 2064 (at p. 31). Similarly, the report of the allegedly "independent" economist hired by the BBPCorp Board shows cash surplus skyrocketing past \$200 million by 2056 even with her questionable "conservative" assumptions. These cash surpluses are not available to the Park but instead are "swept" to the City as general revenue for whatever purpose it wishes. This diversion constitutes a reversal of the fundamental paradigm on which the Park was created, in which the Park was obligated to engage in the minimum real estate development to fund its operations to spare the City from having to support the Park's financial needs. This paradigm is turned upside down if ESD permits BBPCorp to develop Pier 6 to fund the City's needs.

e) At a minimum, there is no need for immediate development on Pier 6. The Park does not run a deficit for many years and, as such, there is no rush to act. It presently has \$47 million in surplus. The BBPCorp's own numbers reveal that there is no need for additional cash until 2029 using a perfectly viable pile repair approach (July 9th Financial

Model Update at p. 23). In addition, by January 2016, major variables in future Park cash flows will be resolved with the release of initial Department of Finance assessments for the Empire Stores, John Street, and the Pier 1 development sites. There simply is no need to make any decisions on the basis of dueling economists' estimates when real revenue data will emerge long before any cash shortfall. If nothing else, you should place the land designated for these buildings on "hold" until that data is available.

f) The report of the "independent" economist hired by the BBPCorp, Barbara Byrne Denham, is patently flawed. Among other examples, anyone who has any familiarity with Brooklyn Heights would know that her selection of comparable properties to determine the reasonableness of the BBPCorp's estimated PILOTS revenue lacks any modicum of credibility – or is, more likely, outcome-driven. In fact, her reliance on non-comparable properties that are far inferior to the valuable waterfront real estate in the Park makes clear that the BBPCorp has seriously underestimated its long-term PILOTS revenue. Additionally, Denham dwells on the inadequacy and unreliability of job growth in Brooklyn, but that has limited relevance to the many Manhattan employees who will reside in the multi-million dollar condos in the Park. She implies that possible market volatility could negatively impact future PILOTS but admits that tax assessments, the valuations that determine PILOTS, are subject to statutory limits that result in a far more regular tax income stream than the real estate market itself. This report has every appearance of having been prepared to reach a pre-determined result.

g) The BBPCorp should be ordered to reveal publicly its underlying financial data regarding revenues, expenses and projections before any further development decisions are made. City Controller Stringer, all of our local elected officials, the Park's Community Advisory Council, the Brooklyn Heights Association, the People for Green Space Foundation and the 11 member community coalition of the Brooklyn Bridge Park Defense Fund have all called for greater financial transparency. FOIL requests have been filed and ignored. Most recently, several of us asked to be provided with the same information that was provided to the economist hired by the BBPCorp; that request was similarly refused. Although several journalists were given Denham's report on July 29th, it was not available to the community until July 30th, a few hours before the July 30th hearing. In fact, representatives of our organizations were barred from the press conference presenting the report. Powerpoint models containing the conclusions of the BBPCorp or an evidently one-sided report of a paid-for expert cannot substitute for the underlying data and documents that were the basis for those models or that report.

2. If the ESD concludes that revenue is needed from Pier 6 to sustain the Park, it should order the preparation of a Supplemental Environmental Impact Statement to consider impacts and alternatives

The ESD and the BBPDC prepared the environmental impact statement for this project in 2005, more than 10 years ago. Huge changes have since occurred that would impact the original conclusions. We are in the midst of a school crisis at P.S. 8, which is the only public elementary school serving One Brooklyn Bridge Park, Brooklyn Heights and Dumbo. The Technical Memorandum plays with statistics in a clearly counter-factual

attempt to demonstrate the opposite. Relying on formulas that make little sense, the Technical Memorandum tells us that the more over-crowded a school already is, the less significance additional students will have. Thus, although P.S. 8 is already operating at 140% of capacity and turning away kindergarteners, the additional 125 students that Pier 6 would send to P.S. 8 does not meet the percentage test of these formulas required to trigger a need for mitigation. In addition, Park use is much higher than anticipated during the original environmental review and the resulting negative impact of pedestrian and vehicular traffic on parts of our neighborhood, particularly the streets that lead to the Park, is much greater than anticipated. The Park was flooded during Hurricane Sandy and it has been deemed to be in one of the highest flood risk zones in the City. Surely that risk, and the risk it imposes on emergency services and publicly financed recovery resources, should be explored before building more apartments that would need to be evacuated during a storm and subsequently require repair.

Development in the area around the Park has skyrocketed and the proposed development of the former Long Island College Hospital property within 500 feet of Pier 6 will soon begin. The piers stretching south along the Cobble Hill waterfront may be developed in the very near future. Any development of Pier 6 must be analyzed with all present and future development in mind, development that was not anticipated in 2005. It is ESD's responsibility under SEQRA, not the City's, to assess environmental impact and then demand mitigation. It is ESD's responsibility to end the prevalent segmentation of projects designed to minimize the apparent impact of one project while the cumulative impact of it and other nearby projects wreaks havoc on our communities. If a school that is already over-capacity will have to provide seats for 100 new students it does not matter whether they reside in one project or ten projects.

The Supplemental Environmental Impact Statement must include a thorough review of all possible alternatives to the towers planned for Pier 6, as well as an evaluation of environmental impacts based on today's conditions. It must contain a detailed analysis of both revenue and expenses for the project area to compare to the 61 page analysis prepared for the original Environmental Impact Statement. A serious look at alternatives is a fundamental requirement of any environmental impact statement. Since the Brooklyn real estate market has improved so dramatically, alternatives that were dismissed in 2005 as not economically viable should be reviewed along with other newly available alternatives that might be less environmentally intrusive. In the same way, expenses need to be reanalyzed now that the Park is up and going and new means to maintain it are being considered. Of course our community cannot be in a position to comment upon any such analyses without first receiving the full financial disclosure as to revenue and expenses that we have sought for many months.

C. Conclusion

We request that you carefully consider all of these issues, as well as the more detailed comments that the many residents and representatives of our communities will

be submitting shortly. We stand ready to work with you to develop a plan for Pier 6 that will have the enthusiastic support of our communities and present and future Park users.

We, the undersigned eighteen NYC-wide representative and organizations, and all local community organizations surrounding the park, submit this testimony, August 24, 2015:

Letitia James, NYC Public Advocate

Sandy Balboza, President, Atlantic Ave Betterment Association

Patrick Killacky, President, Brooklyn Heights Association

Judith Francis, President, Brooklyn Bridge Park Defense Fund

Maria Pagano, President, Carroll Gardens Neighborhood Association

Roy Sloane, President, Cobble Hill Association

Doreen Gallo, President, DUMBO Neighborhood Alliance

Richard Norton, Acting Chair, Ft. Greene Association

Marlene Donnelly, Officer, FROGG (Friends and Residents of Greater Gowanus)

Katrin Adam, Vice President, Fulton Ferry Landing Association

Geoffrey Croft, President, NYC Park Advocates

Judith Lief and Gilly Youner, Co-Presidents, Park Slope Civic Association

Martin Hale, Trustee, People for Green Space Foundation

Eric McClure, Founder and President, Park Slope Neighbors

Fred Kent, President, Project for Public Spaces

Ken Baer, Executive Director, NYC Sierra Club

Aldona Viacunas, President, Vinegar Hill Association

Linda deRosa, President, Willowtown Association

(Signature Page Attached)



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