

REHABILITATION

Except for the currently vacant buildings at 13 East Third Street and 71 East Fourth Street, virtually all of the rehabilitation proposed as part of the overall plan for the Cooper Square Area must be accomplished with tenants in place. This is a particularly difficult and expensive way to rehabilitate residential buildings, especially given the extensive scope of work required in most of the tenement buildings.

Assuming that the vacant land on Sites 1A and 2 produces sufficient revenue, a developer may be induced to rehabilitate the residential buildings in advance as a condition of the sale of Sites 1A and 2. Such an arrangement would benefit the community in several ways.

It would create a more efficient mechanism for the rehabilitation, avoiding an extra step in the administration of the cash flow generated by the linkage program. The money from Sites 1A and 2 would be locked in to the rehabilitation effectively and therefore would stay in the community. Because the developer must do the rehab in order to begin new construction, there is built into the process a strong incentive for the developer to finish the rehabilitation as quickly as possible.

The overall rehabilitation strategy is to first renovate the two vacant buildings noted above, so that the two dozen or so apartments thus created can be used as an interim and/or permanent relocation resource for tenants effectively displaced from their apartments by the construction work being undertaken in their buildings. It is intended that this kind of hardship and inconvenience be kept to an absolute minimum. Nevertheless, experience has shown that there is an inevitable need for at least temporary relocation housing for a minimum of percent of the households in place during any moderate rehabilitation project of this type and size.

Even though 13 East Third Street will be used for temporary relocation purposes, the former tenants of this building retain the right to return.

For the most part, the 19 occupied tenement buildings within the Cooper Square Urban Renewal Area are in habitable but not necessary code-complying condition (e.g., only about 20 percent of the 370 apartments contain functioning three-piece bathrooms). Furthermore, in order to provide an assured useful life of at least 15 years (a minimum standard for buildings proposed for sale to tenants-in-place), virtually all the 19 tenement buildings will require major systems upgrading or replacement (including new plumbing, wiring and heating systems) as well as new roofs and windows. In addition, those apartments without three-piece bathrooms will require some additional work including, in some cases, changes in the room layouts of the

apartments to accomodate the new bathroom configuration. Furthermore, the SRO (Single Room Occupancy) building at 26 East First Street will require substantial rehabilitation work in order to assure its continued habitability.

Finally, based on preliminary inspections, the occupied loft buildings, especially those on the Bowery frontage below Houston Street, are expected to require somewhat more costly repair work than their tenement counterparts. This is due in part to the costs of bringing these formerly commercial buildings up to the code standards for loft apartments. However, the net cost of making the dwelling units within these buildings legally and functionally acceptable will be reduced by the amount of improvements which might be made to the individual loft units by many of the artist-residents. Most of the major work remaining is necessitated by code requirements affecting the security of public hallways, provision of sprinklers and/or means of egress for fire safety, etc.

Costs

Although firm cost figures for any given building will only be arrived at as buildings are actually inspected by contractors bidding on the rehabilitation work, conservative estimates have been derived based upon inspection by professional architects during the past year. For convenience and ease of comprehension, the costs are listed below in the same building categories as discussed above.

Vacant Tenement Buildings (Substantial Rehabilitation)

24 Dwelling units @ \$60,000	\$1.44 Million
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Occupied Tenement Buildings (Moderate Rehabilitation)

70 Dwelling units @ \$20,000 (This reflects buildings already equipped with three-piece baths)	\$1.40 Million
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300 Dwelling units @ \$25,000 (This reflects the additional cost of providing three-piece baths)	\$7.50 Million
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20 SRO Dwelling units @ \$20,000	\$0.40 Million
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Occupied Loft Buildings

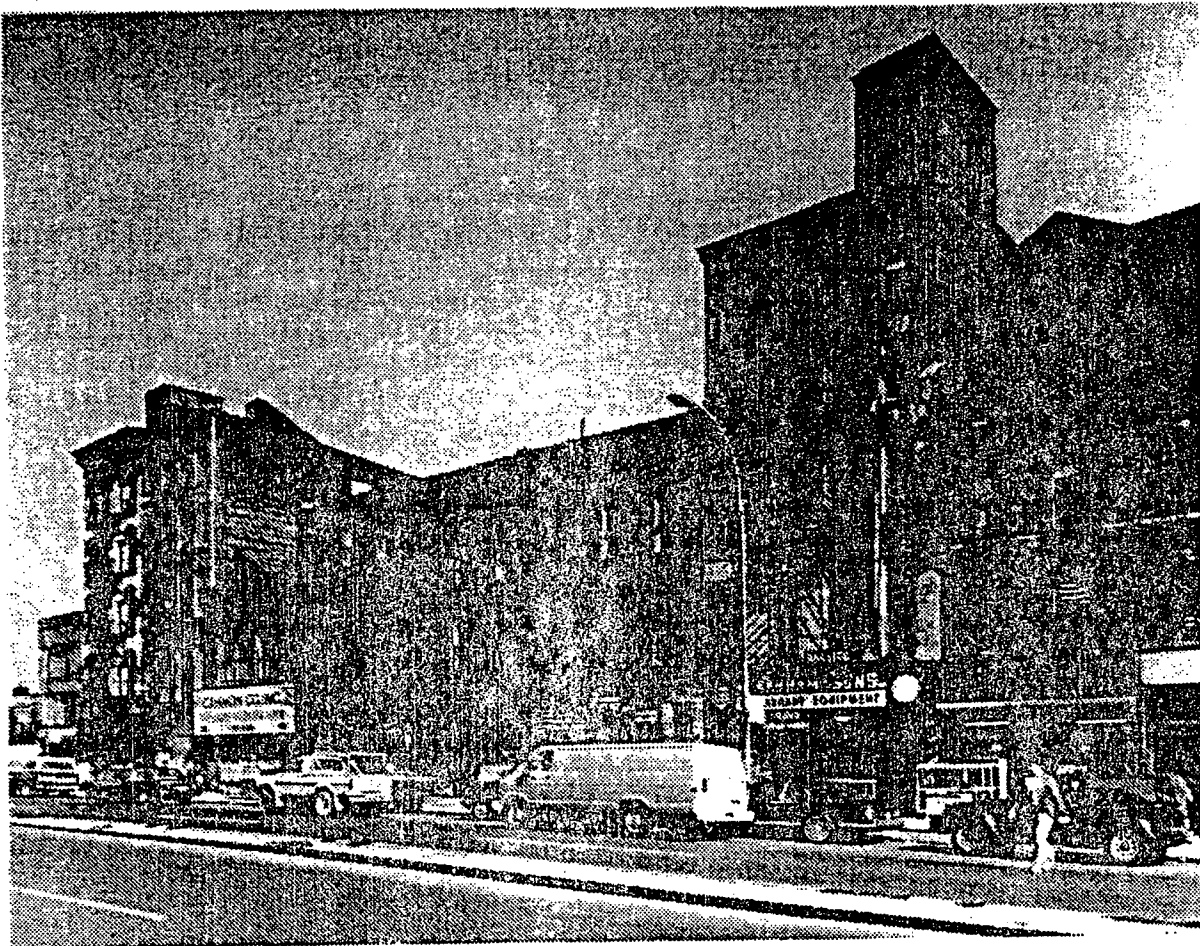
17 Dwelling units @ \$35,000 (This reflects work in public areas to meet code requirements. Total may be reduced by amounts attributable to individual loft tenant improvements)	\$0.60 Million
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Total	\$11.34 Million
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The \$11.34 million figure represents a preliminary but informed estimate as to the total rehabilitation costs to be

Cooper Square Urban Renewal Area up to current code standards and assuring their long term physical viability.

N.B. The only buildings not included in the above are the two loft buildings, one located at 5 East Third Street--aka the Wyoming building--and, one at 61 East Fourth 4th Street--a mixed-use building currently housing the offices of the Cooper Square Committee. Both are expected to need structural repair work. They are currently being assessed by a registered architect/civil engineer retained for that purpose.



Brian Rose

The Bowery loft frontage on Site 1A

LONG-TERM OWNERSHIP AND MANAGEMENT

In order to accommodate the range of tenant preferences and capabilities for ownership and self-management, it is proposed that the following two-tiered approach be used:

First, on an interim basis, all currently occupied buildings in the Urban Renewal Area should be managed by a nonprofit "Community Management" office established by the Cooper Square Committee. This office (which may even be separately incorporated if deemed appropriate) will bear the major responsibility of coordinating the completion of all the required rehabilitation work in all the occupied buildings. This task, which includes mediating between tenants and contractors among other things, is critical to the success of this phase of the plan. Furthermore, this interim manager will have the responsibility of restructuring the rents within each building as required by the operating economics of that building. This process includes assisting eligible tenants in applying for and obtaining in-place rent subsidies as needed.

Secondly, a Mutual Housing Association (MHA) should be formed to act as an umbrella organization for all the occupied buildings within the Urban Renewal Area. Depending upon the needs and desires of each building's tenants, the MHA may simply act as a conduit for the purchase of fuel and other goods and services obtained at volume discounts, or in instances where more intensive assistance is required, may even act as the paid manager for one or more buildings on a short- or long-term basis. In addition, if it develops that, for whatever reason, some tenants elect not to pursue individual cooperative ownership of their building, the MHA should be legally empowered (under Article XI of the Private Housing Finance Law) to accept title to such property and operate it as rental housing until such time as the tenants-in-place are willing and able to take responsibility for their own buildings.

Obviously, many issues remain to be resolved regarding the exact structure and responsibilities of the Mutual Housing Association (for example, how it would relate to the "Community Management" office and how individual buildings would make the transition from interim management to cooperative ownership as part of the MHA federation). But the necessity of designing the most flexible legal and financial structure possible for the MHA is clear. The exact nature of the MHA's role will not be determined until relatively late in the implementation of the overall plan, i.e., when the tenants are finally faced with the realities of ownership and the responsibilities of managing the day-to-day affairs of their own buildings. In the long run, however, the effectiveness of the MHA may be the single most important factor in maintaining a sense of community among the many disparate elements that make up the Cooper Square neighborhood.

Since one of the important precepts of the New Cooper Square Plan is the continued affordability of the housing in the area, it is necessary that the buildings be sold strictly as limited-equity co-ops. Moreover, the city is not likely to agree to a nominal per apartment sale price unless the units are maintained as a low-income housing resource into the future. All city and state laws governing the resale of limited-equity co-ops will apply, and if desired, the by-laws of the co-ops or the Mutual Housing Association can be written so as to require stronger resale restrictions.

THE MUTUAL HOUSING ASSOCIATION (MHA)

There are two general kinds of Mutual Housing Associations that are applicable to the New Cooper Square Plan. They are:

1. The integrated Mutual Housing Association.

All the residential buildings comprise a single cooperative, which is the Mutual Housing Association. The tenants in each building elect a representative to the board of the MHA. These board members will set the policies and regulations for all the participating buildings.

2. The federated Mutual Housing Association.

Each building is established as a separate cooperative, which sets its own rules and regulations. Each co-op elects a representative to serve on the MHA board. The MHA board sets the policies and regulations that apply to the overall association. These representatives report back and forth between the MHA and the individual cooperatives.

NEW CONSTRUCTION

There are two sites within the Cooper Square Urban Renewal Area that are available for new construction. They are designated as Sites 1A and 2. Both sites contain large areas of vacant land as well as existing structures. Site 1A includes the nine existing loft buildings fronting on the Bowery. The rest of the land is used as a parking lot and a restaurant supply business. Site 2 includes several loft buildings, an SRO hotel, two tenement buildings and a large cultural/recreational facility. The vacant land is used primarily for parking, and there is a garden on the corner of the Bowery and Houston Street which is maintained by a nonprofit organization.

There are several goals associated with the new construction component of the Cooper Square Plan. One is to generate enough money to allow for the rehabilitation of the existing residential buildings on the Sites 2, 4 and 5. Another goal is to create a substantial number of additional units of low-income housing within the market-rate buildings built on vacant land.

If both sites are developed fully, almost 400 units of housing can be built on 157,500 square feet of available land. Approximately 43,000 square feet of commercial space would be located along Houston Street and the Bowery. If 30 percent of the 400 units were reserved for low-income tenants, more than 100 units of low-income housing would be included within the buildings. Integrating the low-income units with the market-rate units is preferable to isolating these units in a separate building. Separate buildings presuppose a necessity to keep classes of people apart. This is neither in the best interest of low-income residents, nor in the best interest of the society as a whole. Recent mix-income housing projects of similar ratios have been proven successful.

The vacant part of site 1A is 61,600 square feet and if the northernmost building (271 Bowery) on the row along the Bowery is removed, which is not used for residential purposes and has no architectural significance, Site 1A totals 65,600 square feet. The zoning designation for the area is C6-1, which is equivalent to R7, or a floor area ratio of 3.44 for residential development. A building with at least 150 units could be constructed as-of-right on the cleared section of Site 1A. The remaining eight loft buildings would be retained by the present tenants.

Site 2 has always represented more of a problem for effective development because the various vacant parcels of land within it are small and irregular in shape. If no attempt is made to consolidate these vacant lots into larger buildable parcels, then Site 2 is of very limited value for development. Small sites

will not likely produce the income needed for the rehabilitation of the urban renewal tenements, nor will they produce enough low-income housing units (as 30 percent of new structures) to meet the community's goals.

Two options have been put forward for Site 2 as solutions to this problem. Both involve de-mapping First Street in order to create more buildable space and more open space.

Option I would not require any demolition of existing structures, but it would have only a limited amount of Bowery frontage, which reduces commercial potential significantly. The development thus created along the Bowery would probably be too small to justify maximum land valuation, without which there is no workable linkage program.

Option II, which calls for the demolition of the two Bowery loft buildings, 291/293 and 295, would create a site along the Bowery that is large enough to be feasible economically. It satisfies other important goals as well.

Relocation

If 291/293 and 295 Bowery were to be demolished, on-site relocation for residential tenants should be guaranteed and the commercial tenant should be offered relocation on-site if possible. Existing vacant loft buildings on the Bowery should be used for relocation of the residential tenants and the cost of this rehabilitation should be paid for by the developer in exchange for demolishing the original buildings. The newly rehabilitated spaces should contain approximately comparable space and after rehabilitation and relocation, the tenants should be given the same option to buy offered to the tenants of the other urban renewal loft buildings.

If necessary, the garden on the corner of the Bowery and Houston Street should be relocated within the public space created on Site 2.

Design Guidelines

Sites 1A and 2 should be approached as one development linking both sides of Houston Street. From a design and marketing point of view, these two sites should reinforce each other to create a sense of neighborhood.

The corner of Houston Street and the Bowery has great potential as a focus for residential and commercial development. To achieve this, the new buildings on either side of Houston Street should be oriented to the corner so as to focus activity and create visual coherence, or sense of place.

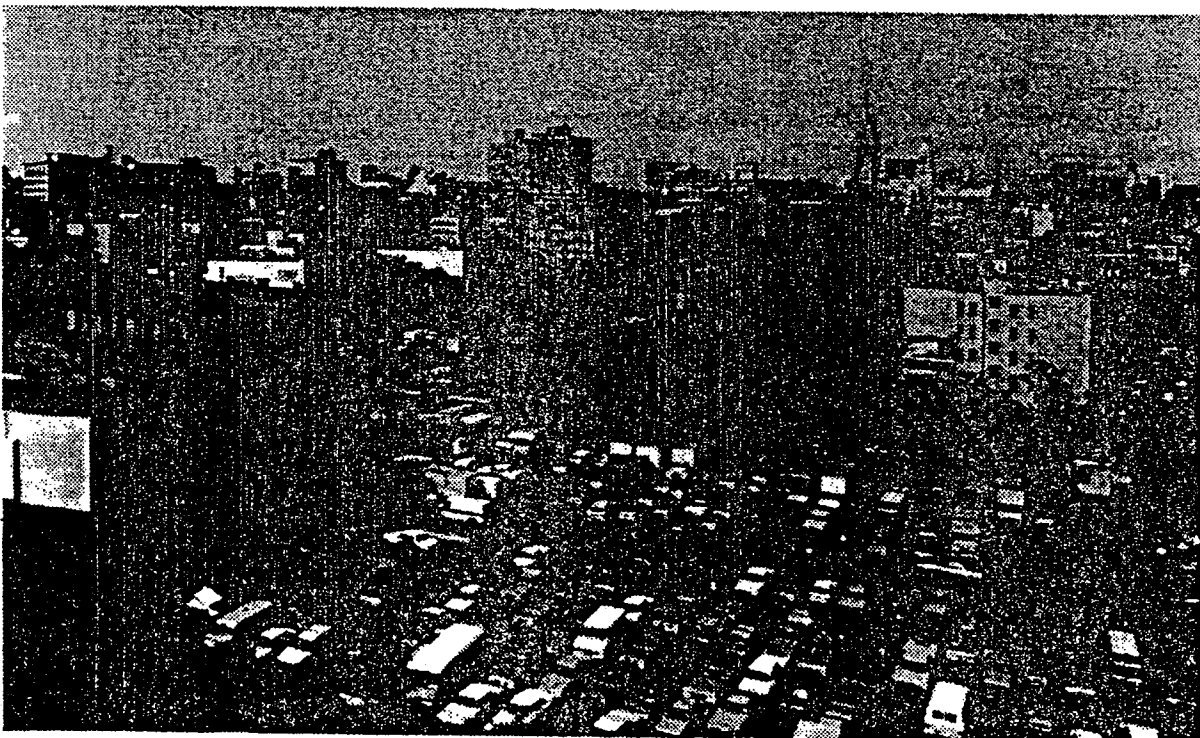
It may be appropriate for building heights to be greater at this corner, perhaps with distinctive roofs or cornices. By orienting the massing and design elements to this corner, the two

sites would be linked visually across Houston Street. A tower of 10 to 14 stories at the corner of Site 1A would produce the best views for apartments, particularly those facing north up the Fourth Avenue corridor which leads to the Empire State Building and other midtown skyscrapers. Except for one or two taller sections, however, the buildings on Sites 1A and 2 should be carefully integrated with the streetscape of the surrounding area, which is dominated by 19th-century loft buildings.

The greatest concentration of stores also should be placed on the corner of Houston and the Bowery, and a widening of the sidewalk along Houston with a buffer of trees might help to create the sense of an avenue instead of a crosstown freeway. In addition, the city should consider a redesign of the intersection that would better accommodate the increased foot traffic created by the new development. The current situation is anarchic even by New York standards.

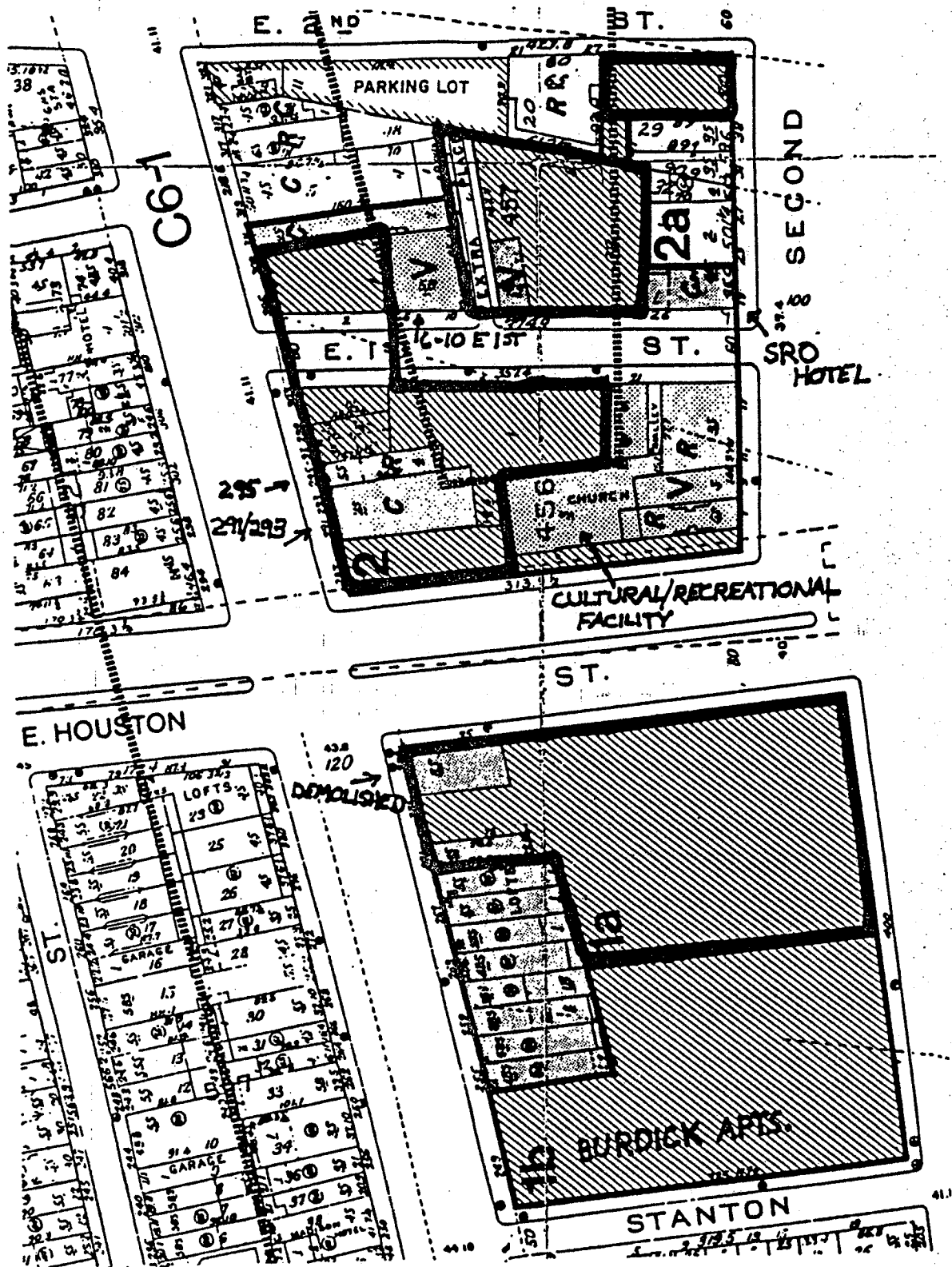
The interior of Site 2, now occupied by East First Street, could be converted into public space, assuming that the street is de-mapped. Because there are existing buildings along the street, it is probably best to maintain the outline of the street as a pedestrian mall closed to traffic except for emergency vehicles. New construction should therefore be oriented to the street so that the street grid is preserved.

Furthermore, if East First Street is de-mapped, the new construction along the Bowery could continue across what is presently the street bed, and the pedestrian mall could pass through the building to the Bowery, therefore encouraging the flow of pedestrians through the center of Site 2.



Brian Rose

View towards the corner of Houston Street and the Bowery, with Site 1A in foreground



Proposed Development Sites, Option 2



The zoning for the urban renewal sites:

Site	Zoning	Res. FAR	OSR
Site 1A	C 6-1 (R 7 equivalent) + TA	2.88/3.44	
Site 2	R 7-2 (C 6-1 on the Ave) + TA	2.88/3.44	18/22
Site 4	R 7-2	2.88/3.44	18/22
Site 5	R 7-2	2.88/3.44	18/22

Notes:

TA: Special Purpose Zoning District.

A special Transit Land Use District, Section 95.00 of the Zoning Resolution, overlays the intersection of Chrystie Street/Second Avenue and Houston Street.

It should be noted that a Rapid Transit easement tunnel located NW/SE bisects the site from Houston to Chrystie Streets. Transit Authority Standard Notes apply.

THE FINANCING OF THE NEW COOPER SQUARE PLAN

The basic concept behind the financing of the plan is the linkage of vacant land development with the rehabilitation of existing buildings. To make the linkage mechanism work for the rehabilitation of the existing residential buildings and for the creation of new low-income units, it is necessary to consider Sites 1A and 2 as one developable site.

If Sites 1A and 2 are developed to the fullest extent possible (without major demolition), a private developer may be induced to rehabilitate the existing residential buildings in advance as a condition of the sale of the vacant property. The cost of this rehabilitation should be deducted from the price of the land.

In order to achieve this result, buildable sites on Sites 1A and 2 must allow for sufficient density, street frontage and design efficiency. Otherwise, the land cannot be valued at the \$40 to \$45 per square foot of Floor Area Ratio (FAR) needed to finance a full rehabilitation program. It is clear that Site 1A can be valued at this level because it is a large area of vacant land. Without joining the smaller lots on Site 2, it is unlikely that this site will provide the level of income desired. In addition, these fragmented lots may not attract a developer in the short-term market, and consequently, the community may lose the benefit of Site 2 development because of the delayed sale of the property.

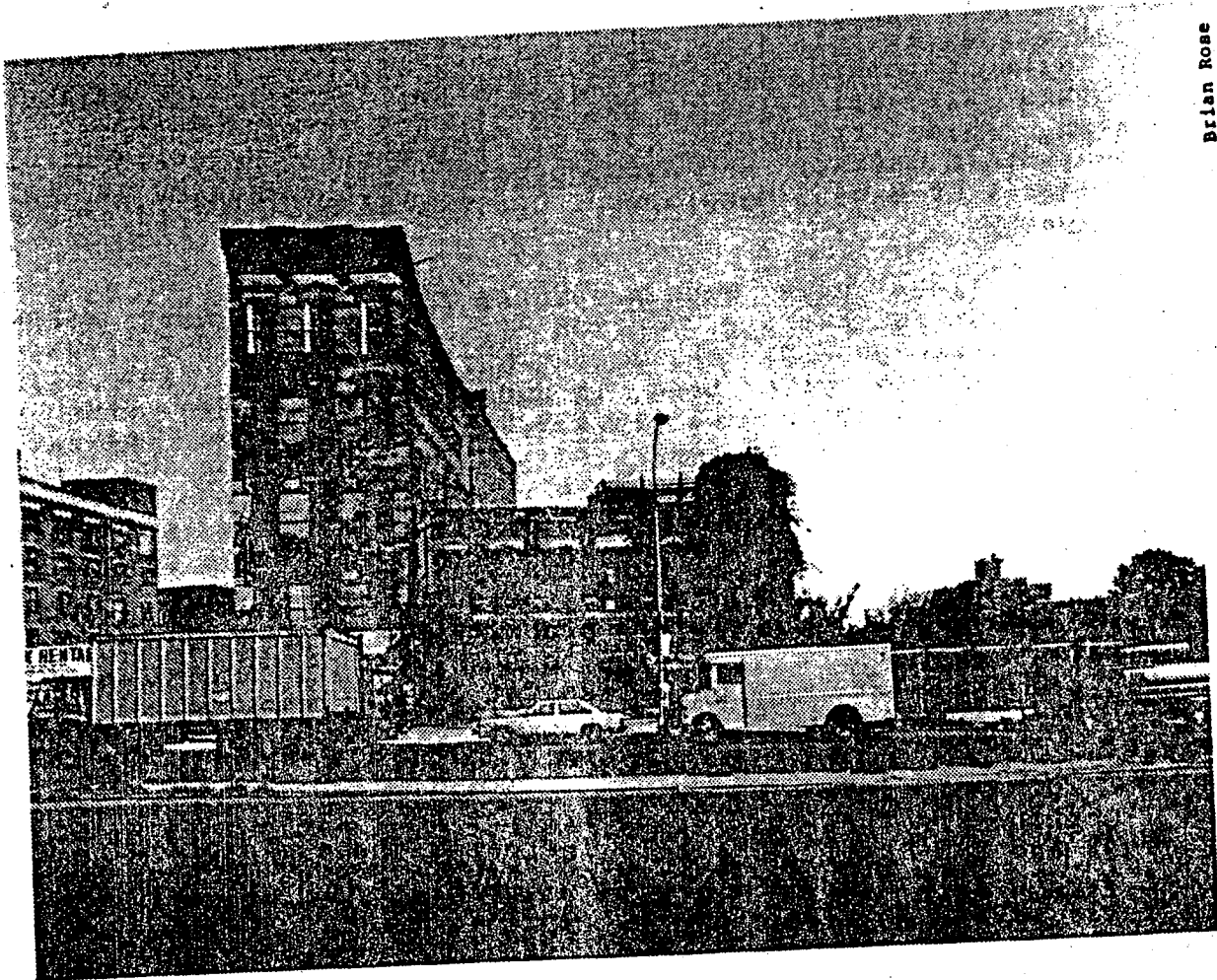
Two options have been presented for Site 2 that create larger buildable parcels. Option 1, which does not require demolition (except for the vacant building at 12 East First Street), combined with Site 1A could create total revenues ranging from \$13,574,000 to \$15,535,900. This option leaves a substantial lot of 15,000 square feet undevelopable on the corner of Houston Street and the Bowery. Therefore, the revenues projected in this option may be rather optimistic. It is doubtful that a developer may be willing to pay the \$40 to \$45 per square foot FAR market price if there is no control over such an important location. In addition, the economics of developing a smaller site are not necessarily proportional to the economics of developing a larger site. In other words, the ratio of revenues/development costs is less for a small building than it is for a large building, assuming that all other factors remain constant.

Option 2, which would require the additional demolition of 291/293 and 295 Bowery, greatly increases the buildable area of Site 2, and allows the corner of the Bowery and Houston Street to be fully developed for commercial and residential purposes. This option produces a buildable site that is nearly as large as Site 1A, and therefore, one that can be valued at the full \$40 to \$45 per square foot of FAR. Option 2 combined with Site 1A creates total revenues ranging from \$17,341,400 to \$19,509,000. These revenues will ensure sufficient money for the rehabilitation of

existing buildings, and support the creation of low-income units within the overall project.

It is proposed that 30 percent of the new units constructed on Sites 1A and 2 be affordable to low-income people. The subsidies required for this can be produced internally by discounting the sale price of the land. And if needed, further subsidies can be provided by the city and the state in the way of grants or below-market financing. The use of Battery Park City bond revenue money could enhance the viability of the low-income component of the new construction, as could money from the New York State Housing Trust Fund.

Due to changes in the Federal Tax Law, recently enacted, there are questions as to whether "80/20's", or in this case "70/30's", can be financed in the same way as the most recent projects. Deeper government subsidies may be needed to make this mix of high- and low-income housing viable.



Brian Rose

The Bowery loft frontage on Site 2

DEVELOPMENT PROJECTIONS COOPER SQUARE URBAN RENEWAL AREA SITES 1A AND 2.

	Lot Area Sq. Ft.	Gross Bld Sq. Ft.	20% OSR	Net Bld Sq. Ft.	Commerc. Sq. Ft.	Res. Bld Sq. Ft.
Site 1A	65,660	225,880	45,180	180,700	20,000	160,700
Site 2 Option 1	76,870	264,440	52,890	211,550	10,000	201,550
Site 2 Option 2	91,870	316,040	63,210	252,830	23,000	229,830

Gross Bld Sq Ft: Gross buildable square footage has a Floor Area Ratio (FAR) of 3.44

OSR: Open Space Ratio

Res. Bld Sq. Ft.: Residential buildable square footage. Dividing this amount of square footage by 1,000 results in a rough estimate of the number of projected dwelling units.

PROJECTED TOTAL SALE PRICES FOR SITES 1A AND 2

Option 1

Site 1A (\$40.00/sq.ft) + Site 2 (\$30.00/sq.ft) = \$ 13,574,200
\$ 7,228,200 \$ 6,346,000

Site 1A (\$40.00/sq.ft) + Site 2 (\$35.00/sq.ft) = \$ 14,632,400
\$ 7,228,200 \$ 7,404,200

Site 1A (\$45.00/sq.ft) + Site 2 (\$30.00/sq.ft) = \$ 14,477,700
\$ 8,131,700 \$ 6,346,000

Site 1A (\$45.00/sq.ft) + Site 2 (\$35.00/sq.ft) = \$ 15,535,900

Option 2

Site 1A (\$40.00/sq.ft) + Site 2 (\$35.00/sq.ft) = \$ 16,077,200
\$ 7,228,200 \$ 8,849,000

Site 1A (\$40.00/sq.ft) + Site 2 (\$40.00/sq.ft) = \$ 17,341,400
\$ 7,228,200 \$10,113,200

Site 1A (\$45.00/sq.ft) + Site 2 (\$35.00/sq.ft) = \$ 16,980,700
\$ 8,131,700 \$ 8,849,000

Site 1A (\$45.00/sq.ft) + Site 2 (\$40.00/sq.ft) = \$ 18,244,900
\$ 8,131,700 \$10,113,200

Site 1A (\$45.00/sq.ft) + Site 2 (\$45.00/sq.ft) = \$ 19,509,000
\$ 8,131,700 \$11,377,300

PROJECTED NUMBER OF DWELLING UNITS ON SITES 1A AND 2

Option 1

Total: market-rate/low-income

Site 1A	161	113	48
Site 2	202	141	61
	363	254	109

Option 2

Total: market-rate/low-income

Site 1A	161	113	48
Site 2	230	161	69
	391	274	117

THE IMPLEMENTATION OF THE PLAN

It is difficult to set a timetable for implementing the plan because each step of the way can take longer than is desired. Successful implementation, however, depends on a speedy (though not hasty) approval and negotiating process. Otherwise, momentum is lost and the process could be dragged out for years with the likely result being something much less satisfactory than originally planned.

The first step leading to implementation of the plan involves a further discussion of the concept outlined in this report by the community and by the city government. Assuming interim approval for the concept by city officials and the Cooper Square community, a development and design team should be selected competitively to insure quality of design and construction, to gain the best deal for the community and the city, and to comply with the laws applying to the disposition of city property.

Once the plan is finalized and a developer is chosen, the plan must go through the Uniform Land Use Review Procedure (ULURP), the community and city approval process required before city property can be sold, or before urban renewal status can be changed. ULURP can take between six months and a year to complete.

At the appropriate time, the Cooper Square Committee, or a subsidiary of the Cooper Square Committee, should be established as the manager of the tenement buildings with adequate funding by the city. The rehabilitation of the buildings would commence as soon as the land sale is made, and disposition of rehabilitated property should take place when the buildings are capable of self-sufficiency.

New construction on Sites 1A and 2 should begin as soon as possible after the sale of the land, assuming, of course, that the rehabilitation of tenement buildings is proceeding in a timely fashion. The Cooper Square Committee, as co-sponsor with the developer of both the rehabilitation and new construction projects, should continue to participate in the development process, particularly with respect to tenant selection for the low-income component of the new construction.

THE BENEFITS OF THE PLAN FOR THE URBAN RENEWAL AREA

The Cooper Square Committee has always had as its main goal the preservation and creation of affordable housing for the residents of the urban renewal area and the neighborhoods immediately surrounding it. The rehabilitation and new construction planned for the urban renewal area will achieve these and other goals as well.

It will mean a total upgrading of the neighborhood without the displacement normally associated with such improvements. The vacant lots on Sites 1A and 2 will be replaced by apartments and stores, which will enliven the area and change the rather bleak character of these blocks. Empty and dangerous streets will become filled with people of all different backgrounds and income levels, and the area will become more family-oriented.

As part of the redevelopment, new public spaces and playgrounds will be created. There will no longer be vacant dark areas that invite loitering and drug dealing. The rehabilitation of Third and Fourth Streets will result in neater, friendlier-looking blocks. These areas will become less attractive to drug dealers as well, but unlike other parts of the Lower East Side where the local residents were forced out along with the drug dealers, this area will continue to house the people already in place. The Men's Shelter on Third Street will remain, but with improved physical structures across the street, and small vest-pocket parks, the impact of the shelter on the block will be lessened.

After the rehabilitation of the tenements and loft buildings, tenant co-ops will be formed to take over ownership of the buildings, and the commercial space will be used to help sustain the co-ops. This will lead to more intensive use of the commercial space in the neighborhood, which will result in greater pedestrian traffic and a healthier economic base for the community.

With the improvements in the physical condition of the buildings, the tenants will take more pride in their neighborhood and in their homes. Tenant and community ownership will foster a greater awareness of the value of property and the need for continued maintenance of the buildings. Above all, a stronger sense of community will emerge from the shared responsibility that comes with cooperative ownership.

