

Courtesy LEVENBETTS

LEASING STRATEGY TO REVITALIZE THE GROUND FLOOR



Nearly one in fourteen New Yorkers live in apartments managed or subsidized by the New York City Housing Authority.

But with disinvestment from all levels of government, NYCHA has been unable to keep homes in good shape and to connect residents to community resources and economic opportunities.



"Aggressive action is necessary to deliver to NYCHA's residents the resources and services they have long deserved, and to sustain the Authority for the long term," according to NYCHA Chair Shola Olatoye. Therefore, NYCHA developed a long-term plan to change fundamentally how they operate in order to create safe, clean, connected communities.

In the midst of planning, the non-partisan nonprofit Civic Consulting offered pro bono assistance. And the first area of collaboration has been to develop a ground-floor leasing strategy.

With 328 developments around the city, NYCHA has tremendous space on the ground floor, in fact, 2.5 million square feet that's non-residential. Roughly a tenth is zoned commercial, and those storefronts enjoy very low vacancy. The other spaces are often under-utilized or off line altogether: former laundry rooms, management offices, community centers, storage, and more.

As NYCHA leadership – including the Chair and the Vice President of Real Estate Services – discussed these assets with Civic Consulting, it became clear that NYCHA alone did not have the resources to repair and reprogram these spaces. New partnerships would be needed.

The question is, who has both the interest and the resources to unlock the potential of these spaces?

With the paucity of services near many NYCHA sites, it's imperative that anything new on the ground floor provide services that NYCHA residents want and need – and this became our first project goal.

Secondly, given NYCHA's financial crisis, tenants would need to bring their own resources to renovate the spaces.

Third, historical decisions have separated NYCHA from the surrounding community, with grass "moats" and imposing facades. So we took the NextGen imperative to create connected communities as our third goal: to provide connections to



NYCHA residents are students and seniors, teachers and taxi drivers, police officers and office professionals, and more—hundreds of thousands of people who embody the diversity of our City.
Mayor Bill de Blasio

the broader community.

With these three goals in mind, we needed both a clear scope of work and partners with the right expertise to meet the goals.

BUILDING THE TEAM

As a nonpartisan nonprofit, Civic Consulting helps mayors tackle tough issues by aggregating and managing loaned professionals from top companies. With on-the-ground program management and an action-oriented understanding of the public sector, change can happen from within. And since the work is pro bono (costs are covered by the partner companies who provide volunteers and by philanthropies) taxpayer dollars are not at risk.

Jointly, the NYCHA and Civic Consulting team divided the

challenge into two parts.

The first step is figuring out what's out there: Which ground floor spaces are non-residential? How are they being used today? What condition are they in?

And the second step would be thinking like a potential tenant: Which organizations serve the NYCHA market? What would make these sites compelling locations?

So we needed people intimately familiar with both these types of questions as well as New York City. So we began with Hara Perkins, a real estate lawyer at Goulston & Storrs with extensive experience developing affordable housing. She helped us identify other firms that would appreciate the potential for social impact and embrace the pro bono approach.

real estate managers,
developers & brokers

real estate law

architecture

project management



Without day-to-day leadership from NYCHA, the pro bono team would've been an academic exercise. The daily interaction between NYCHA Real Estate Services and the Civic Consulting lead on site helped the team connect with the right people and data and, really, ask the right questions.

Opening up the ground floors of NYCHA buildings sets the stage for a new era in the way that these buildings, and by extension the Authority, is perceived in the city. A new architectural strategy to open storefront glass, replace brick and metal mesh over windows and create vibrant neighborhoods with new goods and service offerings, could bring these buildings, at their ground floor level, in line and up to date with the way the rest of the city's streetscape has developed in recent years.

David Leven, LEVENBETTS

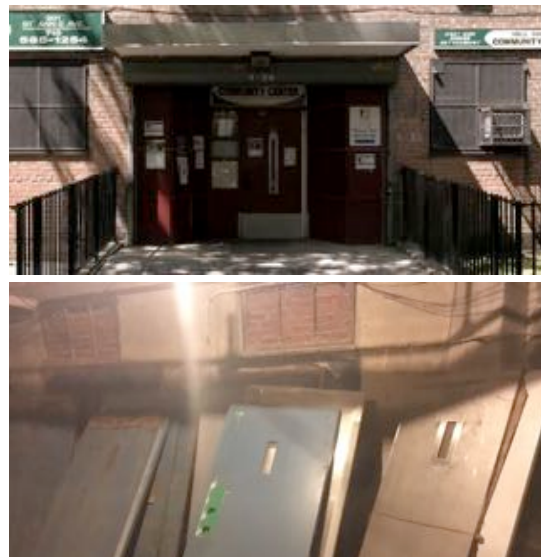
Andy Bernheimer,

Bernheimer Architecture

FIRST HAND EXPERIENCE

What makes Civic Consulting projects successful is applying proven techniques from the private sector with a cultural understanding of the public sector. There are often good reasons why government works as it does – the need for transparency, the complexity of so

many stakeholders, the imperative to be equitable and fair – and business approaches applied willy nilly often do more harm than good. So with this project, the public-private team visited several sites, talking with people there, measuring and photographing the spaces, and walking through the neighborhood.

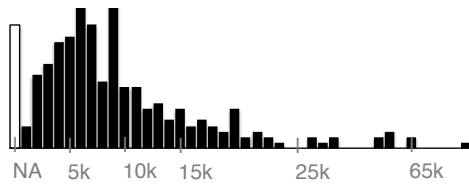


Photos: Parsons students taught by professors Betts and Bernheimer

While the exteriors can be uninviting, with caged windows, small signs, and fences, a paint job and clean up can make some spaces quite pleasant. That said, when pipes and utilities run along the ceiling, not only is it a risk for bumping your head, it can cause leaks and other problems. Because of poor record keeping in prior decades, until you visit the space, it's really impossible to tell which category it falls into.

After each site visit, the architecture team compiled a summary of the spaces on the site, including drawings of each non-residential space and photographs of the insides and exteriors. These detailed site summaries enabled a broader team of NYCHA stakeholders at central office to participate in workshops with the pro bono team and consider new approaches.

distribution of non-residential spaces by size (470 rooms & 2.3 M s.f.)

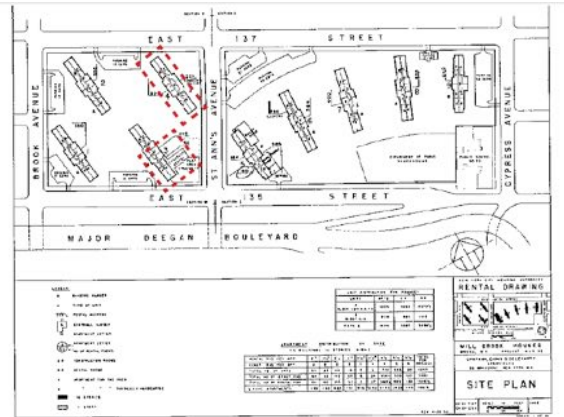


The development of NextGen NYCHA set a precedent for greater and more open communication between residents and management, and this project benefited from the many discussion forums and charettes of that process. We were able to start with residents' own suggestions.

Cities tends to think in terms of departments, not individuals. What if, instead of the alphabet soup of SBS, HHC, HRA, etc., we looked at it from a real person's point of view – access to fresh groceries, healthcare, preK for my children, an affordable home for my family?

Alexander Shermanson
CEO, Civic Consulting

Millbrook site plan & demographic analysis



Site plan: NYCHA
 Analysis: The Shopping Center Group

Thinking like potential tenants, the team analyzed market trends, neighborhood demographics, and the retail assets and gaps near public housing sites. Private sector developers regularly use such tools to make their spaces easier to rent, but the public sector rarely has access to such resources.

As with so much in real estate and government both, myriad legal issues arose throughout, which our legal analyzed in real time, helping us

understand how easy or complex different approaches would be.

Inspired by these different analyses, site visits, and intimate knowledge of the opportunities, the public-private team came up with three-dozen possible new uses, ranging from the mundane (laundry rooms) to the innovative (shared work space for food business entrepreneurs).

COMMITTED TO IMPLEMENTATION

Looking back at the original goals of the project – expand services for residents, generate revenue, connect to the community – we evaluated each idea to see which ones hit the target.

It turns out that only a handful met all

three goals, and then the question was: How do you make this actionable? How can you do it at scale, so that thousands of residents at many sites benefit?

If we are going to figure out how to become a better operating authority and address our \$17 billion of capital deficit, we need to focus on our core business and that's being a better landlord.

Karina Totah

Sr. Advisor to the Chair, NYCHA

The architects' designs and renderings helped bring these ideas to life, so you can see how activating the ground floor could change how the sites look and feel – more energetic, like the rest of New York.



Source:
LEVENBETTS + Bernheimer Architecture

Washington Square Partners was excited to participate as part of a team evaluating how NYCHA can enhance its financial viability by reactivating underutilized ground floor to generate income and maintain affordable housing.

Raffaella Siskind

SVP, Washington Square Partners

There's no shortage of good ideas. Results are the hard part. So we needed to figure out step by step how to bring these ideas to life. How much would it cost to renovate the space? How much rent would a tenant be willing to pay? Which organizations might have both the interest and capacity to sign a lease? Which of these could do so at scale, across several sites to bring the services more quickly to more residents?

As the first phase of this project concluded, NYCHA had a step-by-step plan for bringing new service and retail tenants into the ground floor of their developments.

Our pro bono partners had a new sense of the importance of public housing to our city, as well as a new level of energy from applying their skills for social impact.

Civic Consulting continued to stay involved to support the NYCHA team to implement the new ideas and bring pro bono partners to the next opportunity.

Case study by Laetitia Wolff & Alexander Shermansong, 2016.

You have to go through the exercise to really uncover roadblocks and issues, and then you appreciate the value of Civic Consulting and their pro bono partners' expertise. Prior to the engagement, there was not a careful, thoughtful, complete analysis of the options to take this ground floor portfolio to the next level.

John McCormick
VP Real Estate Services, NYCHA