



## DEALS & DEALMAKERS

# Developers pleased with Essex Crossing reception

BY [REW](#) • NOVEMBER 25, 2016

Eastern Consolidated presented the New York Multifamily Summit featuring Peter Hauspurg, chairman and CEO, moderating the keynote panel with the developers of Essex Crossing, who shared the challenges and rewards of creating a 1.65 million-square-foot mixed-use community on the Lower East Side.

The event was held November 15 at the Intercontinental Times Square.

Operating under an umbrella entity called Delancey Street Associates, the developers — Charles Bendit, Taconic Investment Partners; Don Capoccia, BFC Partners; Ron Moelis, L+M Development Partners — were selected by the Bloomberg Administration in September 2013 to develop Essex Crossing, nine sites near the intersection of Essex and Delancey Streets that had largely sat vacant for four decades.

The project includes 1,000 units of new rental and condominium units, of which 50 percent will be affordable.

In addition, a 170,000 s/f retail space called the Market Line will offer three blocks of lower level shopping covered with a 60-foot contiguous glass wall, which will allow natural light to flow into the space.

Moelis said that in addition to accommodating vendors currently operating at the Essex Street Market, 10 new vendors will be added to the retail strip, creating what he hopes will become the Chelsea Market of the Lower East Side.

The team also seeks to encourage small business development in Essex Crossing's 300,000 s/f of office space, which will include amenities such a bike room and outdoor space.

Bendit said he's been delighted by the quality retailers the project has attracted, noting that Trader Joe's announced in October that it would be opening a store at 145 Clinton Street, and the Regal Cinema will open a 14-screen theater at the corner of Delancey and Essex Streets.

Condominium sales at 242 Broome also have been impressive with 25 percent of the 55 units selling in less than a month, he said.

Capoccia said he's been very pleased by the way the community has embraced the project, which includes a community benefits package.

As for challenges, Moelis said the main one is the uncertainty that accompanies any long-term development with a 10-year horizon.

On a separate panel, vice chairman Brian Ezratty led a spirited discussion on the new 421a proposal announced by REBNY and the Building and Construction Trades Council of Greater New York. The panelists included Alvin Schein, Seiden & Schein PC; Nick Silvers, Tavros Capital Partners; Susie Yu, Forest City Ratner; Jules Demchick, JD Carlisle Development; and Salvatore Coco, BHC Architects.

Schein said that the new 421a proposal, which still needs to be approved by the State Legislature, calls for an hourly wage of \$60 for construction workers in buildings with 300 units or more in Manhattan south of 96th Street, and an hourly wage of \$45 for projects in Brooklyn and Queens' Community Boards 1 and 2 within a mile of the waterfront. Affordable rents would remain in place for 40 years, with property tax exemptions extending to 35 years.

Demchick said his last 80-20 development was at 160 Madison Avenue, but that he plans to only look at as-of-right, free market projects to avoid government interference.

Silvers said he assumed that 421a was dead and as a result has pursued ICAP tax abatements in his projects in the boroughs. He's also building smaller, market rate units that are affordable for New York City's workforce.

The panel also spent time discussing HPD's new policy to change the 421a agreements it has negotiated to require developers to set aside 50 percent of a building's affordable units for homeless people. Currently to qualify for potential tenants have to demonstrate a rental history; job history; six months of employment; and go through a thorough vetting process.