

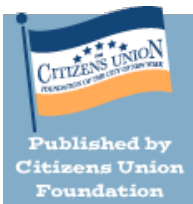


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Albee Square: When the Mall's No Longer Home

by Allison Lirish Dean
July, 2007

To strangers unfamiliar with Downtown Brooklyn's history, the Albee Square Mall at the intersection of Fulton Street and DeKalb Avenue appears unimpressive. But to locals, the mall is a landmark. People remember how early hip-hop artists like Biz Markie hung out there in the 1980s. [Biz Markie](#) even had [a song](#) about the Albee Square Mall in which he proclaimed, "So when I come in the Mall, and then I start to roam, you wouldn't think it's a store, you would think it's my home." Older generations reminisce about the ornate [Albee Square Theater](#), which was demolished in 1977 and replaced by the mall.

Brooklyn's African-American community has a collective memory of this lively slice of downtown. But now this sense of shared past is threatened by a new development proposal for the site that would remake what is now an urban, discount-oriented mall into a sleek new tower with upscale retail and apartments.

The [latest vision for the Albee Square site](#) is just one of a slew of new development proposals prompted by the [Downtown Brooklyn Plan](#) (in pdf), a major rezoning approved by the city in 2004. Since then, development downtown has proceeded on a site-by-site basis, and so have the struggles to ensure that it happens equitably. When the proposal for the Albee Square site emerged early this year, advocacy groups and locals rushed to obtain information about who owns the land, what policies are shaping its future, and how purported benefits or drawbacks could potentially be distributed among different stakeholders.

The 2004 rezoning sharply raised land values by allowing much higher structures to replace the mostly low-rise buildings typical of Brooklyn's 19th and early 20th-century past. This has encouraged landlords to begin demolishing swaths of older buildings in order to assemble parcels of land large enough for high-rise towers. To some people, this may appear as simply market forces at work, producing winners and losers. But the city's decision to rezone in 2004 abetted the process, accelerating developers' plans to transform Downtown Brooklyn from a "marginal commercial environment" into a 24/7 hub of upscale housing and consumption.

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The Topic

Land Use refers to the ways the city's built environment is used, preserved and developed. City planning is a discipline concerned with the present and future use of land and the quality of urban life. Zoning refers to a set of regulations that determine such matters as which areas will be deemed residential, commercial or industrial, how tall buildings can be in a specific area, how much open space will be required. The law governing zoning, New York City's Zoning Resolution first passed in 1916 and was substantially revised in 1961.

The Context

New York City has over 200,000 acres of land, and we fight over every square foot. The city's land use policies set the stage for that fight. Will there be parks? And where? How high can Donald Trump build? All these questions and

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RESHAPING DOWNTOWN BROOKLYN

The principal goal of the rezoning was to encourage office construction to help New York City compete with New Jersey for back office jobs. This was nothing new. In the 1980s, the move to attract investment bank back-office jobs to Downtown Brooklyn led to construction of [MetroTech](#), the controversial suburban-style office complex built by [Forest City Ratner](#).

Companies that made commitments to MetroTech received substantial subsidies. For instance, what was then Chase Manhattan was awarded \$51,000 in tax breaks for every employee it moved to Brooklyn. Critics charge the MetroTech did not generate jobs for people in nearby public housing and that the subsidies were excessive or unnecessary.

Twenty years later, the initial fear that the Downtown Brooklyn Plan would repeat the mistakes of MetroTech has shifted. Amid a boom in luxury housing, community leaders are worried because developers are constructing condos instead of offices in the area. Condos, once they are built, do not bring jobs.

For its part, the city points out that the Downtown Brooklyn Plan was designed to encourage both residential and commercial development in a "24/7" community. According to this line of reasoning, more people living downtown in luxury condos will make the area more attractive to business, and, in turn, drive the creation of office buildings.

Undoubtedly eager to deflect attention away from critics' accusation that the Downtown Brooklyn Plan is failing, the [Downtown Brooklyn Partnership](#), a private group that works closely with the city, has begun touting downtown as a new magnet for the "creative class," including media, publishing, design, and entertainment workers. The partnership's latest rhetoric also emphasizes "retail diversity." A recent brochure released by the developer of Albee Square touts the project as the "center of the new, redefined downtown Brooklyn," promising "a retail experience that will finally attract the affluent surrounding populations of Brooklyn Heights, Fort Greene, Carroll Gardens, Boerum Hill, Cobble Hill, DUMBO, Park Slope and others."

Groups like [Families United for Racial and Economic Equality](#), or FUREE, contend that such a vision ignores the needs of the African-Americans and the Caribbean immigrants who currently patronize the shops and public spaces around [Fulton Mall](#). These communities, FUREE argues, will be priced out of the housing market and are unlikely to be hired by corporate business — even if financial offices do move to the area. The Downtown Brooklyn Partnership, with the city's blessing, is reshaping Downtown Brooklyn at their expense, FUREE argues, deliberately paving the way for affluent newcomers unlikely to frequent downtown's bustling crossroads of working-class social and commercial life.

THE FIGHT FOR THE ALBEE SQUARE MALL SITE

In the minds of many community and policy groups, such as FUREE and [Good Jobs New York](#), the Albee Square Mall deal presented a unique opportunity for the city to redress the shortcomings of the rezoning because it rests on a piece of city-owned land.

The framework of the deal was set by the [New York City Economic Development Corporation](#). In 2001, developer Joseph Sitt of [Thor Equities](#) purchased the ground lease on the Albee Square property from Forest City Ratner for \$25 million. Under the terms of the ground lease, the leaseholder makes regular payments to the city, while the city retains ownership of the land. After the 2004 rezoning inflated the value of the ground lease, Sitt

more are addressed by the city's land use policies and community planning. The City Planning Commission sets land use and planning policies through the Uniform Land Use Review Procedure (ULURP). Community boards may prepare neighborhood plans for approval by the City Planning Commission and the New York City Council.

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decided to sell. The current buyer, a development consortium consisting of the White Plains-based [Acadia Realty Trust](#), [MacFarlane Partners](#) and two smaller entities, agreed to purchase the ground lease from Sitt for \$120 million.

Because the deal involved a lease agreement on a piece of city-owned property, a special public hearing was required before the developer could move forward. The poorly publicized hearing was rescheduled three times, finally taking place on May 25. The lack of notice made it difficult for community groups to organize their constituents. At the hearing, stakeholders were presented with a deal that had already been set without them at the table.

One proposed amendment to the lease agreement involved the terms of the purchase option for the land. During his tenure as leaseholder, Sitt had the option to purchase the land from the city at fair market value. Under the new terms of the lease, the current buyer can purchase the land from the city in 25 years for a drastically reduced price of \$20 million.

FUREE and other groups argue that the city threw away what remaining bargaining chips it had by failing to demand more concessions from Sitt. For example, the city could have kept the purchase option for the land at fair market value. This could have let the city hold on to precious land or receive the land's real value. That, in turn, would have generated money to reinvest into the community for more housing, workforce development, a requirement for living wages in all jobs generated by new development, or compensation for the small businesses that have held down the Albee Square Mall and are now facing displacement.

Instead, after first increasing the value of Sitt's ground lease through the rezoning, the city, with the Albee deal, allowed Sitt to walk away with the capital. Now, Sitt has funds to put toward major development elsewhere, including [Coney Island](#), where he already owns a vast amount of land, and where he plans to build a glitzy resort.

Another proposed amendment to the lease agreement gives the developer an exemption on PILOT payments, which are similar to property taxes, in return for the builder providing that 20 percent of the apartments be priced for moderate-income residents. But under a program to encourage housing construction, now awaiting Governor Eliot Spitzer's signature, the developer would have been likely to build these comparatively less expensive homes anyway.

The new developers plan to replace the current structure at Albee Square with a 1.6-million-square-foot building, and are receiving \$3.2 million in breaks on their city and state sales tax to subsidize the construction of 125,000 square feet of new office space. In addition, the developers plan a mall of about 475,000 square feet, and 650 apartments. At this time there are no further official opportunities for the public to comment on the project, and, barring any future obstacles, it will break ground in 2008.

While not opposed to more office space downtown, Good Jobs New York criticizes the use of [subsidies for its construction](#), arguing that the city could have avoided them through a more creative approach to the rezoning. Instead, the city tied its own hands, forcing itself into a position in which subsidies are necessary in order to accomplish its economic development goals.

If the city was really serious about equitable development on its own land, it could have used a range of tactics at its disposal. For instance, in one of the more dramatic alternative scenarios, the city could have reclaimed the land from Sitt using [eminent domain](#) (which is already being used on other

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properties downtown), initiated a Request for Proposals process to generate ideas for the site and thereby created opportunity for more public input. FUREE was one such group fighting for the possibilities that might have been made possible by such a scenario.

FUREE continues to press its idea for the Albee Square area, working to retain Brooklyn's economic and cultural character. In its view, the Albee Square deal represents the city's role in helping to accelerate the gentrification of Downtown Brooklyn, creating a domino effect that will replace one class of people with another. "It's fat cats getting fatter, that's all it is," says FUREE board member Beverly Corbin.

Allison Lirish Dean is a journalist and urban planner, and is currently producing and co-directing, with Kelly Anderson, a documentary film about the effects of the 2004 rezoning on Fulton Mall.

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