

UC Berkeley

IURD Working Paper Series

Title

Case Studies on Property Development - BOERUM HILL COOPERATIVES

Permalink

<https://escholarship.org/uc/item/9mb6t0jj>

Journal

Institute of Urban and Regional Development

Authors

Dowall, David E.

Shiver, David

Publication Date

1983

Case Studies on Property Development*

BOERUM HILL COOPERATIVES

David E. Dowall

David Shiver

Working Paper No. 396

January 1983

Institute of Urban and Regional Development

University of California, Berkeley

*Financial support for the research on and writing up of this case study was provided by the Education Committee of the Urban Land Institute, Washington, D.C.

BOERUM HILL COOPERATIVES

David E. Dowall and David Shiver

INTRODUCTION

In the summer of 1982, Jacqueline Petrowski was seriously considering the purchase of a unit in "Boerum Hill Cooperatives." The 40-unit tax-sheltered cooperative conversion located in Brooklyn, New York, was being offered by a real estate development firm called Brooklyn Investment Resources.

Events over the past few years accounted for Ms. Petrowski considering a plunge into real estate ownership. She had recently obtained a master's degree in Public Policy from Columbia University and worked as a financial analyst for the Port Authority of New York and New Jersey. More importantly, her parents had died two years ago, leaving her their house in Forest Hills as well as designating her as beneficiary of a family trust. As a result of the employment and trust income, her taxable income had been pushed into the 50 percent marginal tax bracket.

Over the past several years, a number of her working friends had used savings to buy cooperative shares in order to take advantage of favorable tax treatment and capital gains potential. Those who had bought early had realized substantial gains, especially in the heady residential real estate market of the late 1970s. Friends who bought

units at the market's peak in 1980 or later, had been disappointed. In the last nine months, the cooperative market had begun to weaken. Developers were cutting prices significantly and offering interest rate buy downs to stimulate sales and clear inventories. Resale prices were moving downward, echoing this trend. The weak market for cooperatives reflected general market conditions: the residential real estate market was in the throes of the deepest recession since World War II.

Despite the gloomy picture painted in newspaper articles and by real estate industry observers, Ms. Petrowski figured that the housing market was at, or nearing, its bottom. She was confident that real estate would, in the long run, continue to be an excellent inflation hedge. She was willing to assume a fair measure of risk. She felt that since she was only thirty-one years old, and had no significant outstanding debt, she could easily bear a loss, should her investment sour. Of course, this attitude did not mean that she would make an investment decision recklessly. She wanted to buy a quality unit with higher than average capital appreciation potential and was willing to spend some time and dollars searching for one.

Within the last month, she had viewed several units in Manhattan, and believed that, although prices were softening due to the poor economic environment, Manhattan cooperatives were still generally overpriced. She then turned her attention to Brooklyn. Many younger individuals and families who could not afford either Manhattan rents or housing prices had been moving across the East River to Brooklyn--particularly into the Brooklyn Heights, Carroll Gardens, Cobble Hill, and Park Slope neighborhoods. As a result, real estate prices had been

moving up steadily until just a few months ago. A friend, who was aware of her high tax bracket had told her about the Boerum Hill Cooperative project, and Ms. Petrowski decided to look into the possibility of investment.

The Boerum Hill project seemed particularly attractive for two reasons. First, until very recently, the real property in the Boerum Hill neighborhood had not participated significantly in the real estate boom experienced in Brooklyn Heights, Park Slope, and other nearby neighborhoods. An acquaintance in the City of New York Brooklyn Planning Office had remarked that "Boerum Hill would be the next Park Slope," since it was conveniently located near public transit and had many handsome, older brownstones which had proven quite popular in other Brooklyn neighborhoods. If the planner was right, the project would probably meet her requirement of higher than average capital appreciation.

Also attractive to Ms. Petrowski was the substantial tax advantage conferred to investors who participate in the restoration of historically certified structures. A year before, Congress had enacted a special 25 percent tax credit for historic preservation, and the Boerum Hill project qualified for this preferential tax treatment. The credit could be used in addition to the regular tax deductible depreciation and interest expenses.

Project Description

The project consisted of a five story, 40 unit apartment building located at the northeast corner of Smith and Bergen Streets, about one block to the west of the Boerum Hill Historic District (Exhibit 1). The

property was an irregularly shaped parcel, composed of the following known and identified parcels:

115 Smith Street
117 Smith Street
79 Bergen Street
81 Bergen Street

The approximate dimensions were 123.23' along Bergen and 80.02' along Smith Street. The structure was situated on a 10,046.67 square foot lot.

Brooklyn Investment Resources had purchased the original building and land for \$573,750 and rehabilitated it as cooperative units. The structure had been built in 1884 in the "Federal" style. Working with the Brooklyn Historic Preservation Society, the developer successfully lobbied the City Landmarks Preservation Commission to designate the building as a historic structure which "significantly contributes to the nineteenth century commercial character of the area." The designation also allowed Brooklyn Investment to make a facade easement donation to the non-profit Brooklyn Preservation Corporation, an affiliate of the Brooklyn Historic Preservation Society.

There were seven unit types available in the structure. Units included:

- 17 two-bedroom units
- 15 one-bedroom units
- 3 studio units
- 2 two-bedroom lofts
- 1 one-bedroom loft
- 2 commercial units on ground floor

(Floor plan configurations are shown in Exhibit 2.) Sizes of residential units ranged from a 625 square foot studio to a 1,780 square foot two bedroom unit. Most units were between 1,000 and 1,100 square feet. The ground floor retail space totaled 1,870 square feet. There were two patios, one at the bottom of an air shaft in the center of the building, and another in the northwest corner of the site.

The interior of the building contained exposed brick walls, wood joists, wood or iron posts, and oak flooring. The heating system was oil fired. Laundry facilities were provided in a portion of the basement area. The developers had used high quality construction in the building rehabilitation. Kitchens and bathrooms had been completely renovated and had ceramic tile counter-tops, baths, and showers. Each kitchen was all gas, equipped with General Electric dishwashers, disposals, and refrigerators. An intercom had been added to the electronic security system.

There were two principals behind Brooklyn Investment Resources. Donald Copello was head of Copello Construction, a firm with diversified interests in real estate, construction, and scrap metal operations. The firm had a joint venture interest in Trans-equity Associates, which had

previously developed and marketed over 500 single and multiple family homes in Long Island. Breton Harris, Esq., an attorney and investor, specializes in real estate law and maintains an office at Court Street in downtown Brooklyn.

The principals' Brooklyn experience consisted of three rehabilitation and cooperative conversion projects, all in Brooklyn Heights. Two projects were brownstone conversions on Orange Street, and the third was a former hotel on Montague Street. Ms. Petrowski felt that the firm had done an excellent job renovating these buildings.

Neighborhood Analysis

The area known as Boerum Hill is situated near Manhattan. It is bounded by Schermerhorn Street on the north, Wyckoff Street on the south, Fourth Avenue to the east, and Court Street to the west (Exhibit 3). The neighborhood itself lies between Brooklyn Heights, an expensive and fashionable area to the west, and Park Slope, a well maintained district consisting mainly of brownstones, to the east. Downtown Brooklyn, a somewhat seedy looking commercial area with Borough offices, the King's County courthouse, and other government offices is to the immediate north. South of Boerum Hill is the Gowanus Canal district, a generally deteriorated mixed residential and industrial area which runs along the heavily polluted Gowanus Canal.

The project is close to public transportation. The BMT/IND A, E, and RR subway lines stopped at Pacific Street and 4th Avenue; the A, E, and GG lines stopped at Hoyt and Schermerhorn Streets. Mid-town Manhattan was about 20 minutes away, and Wall Street less than 10 minutes.

Boerum Hill consists mainly of row houses which had originally been built for middle-class residents in the mid-19th century. Over the years, however, the area had steadily declined, and for most of the previous decade, the Boerum Hill District had been occupied by low income and working class families. Ms. Petrowski stopped by the Brooklyn Planning Office to get a neighborhood profile for the area. The planning office only had information for the Community Planning District #2, of which Boerum Hill was a part.

The profile contained information which confirmed what Ms. Petrowski knew of the area already: the total population had declined, the number of persons receiving public assistance was substantial, there was a high proportion of multiple dwellings, and high minority enrollment was evident in the public schools. The problem was, of course, that conditions in Boerum Hill would be different from those of Community District #2. Her friend in the Brooklyn planning office had noted that Boerum Hill was beginning to attract younger, middle income households and families. As evidence of her theory, she mentioned that eight months earlier, a 30 unit cooperative had been successfully sold out at Bergen and Bond Streets.

Financial Analysis

Ms. Petrowski had obtained from Brooklyn Investment Resources sales information oriented to investor purchasers. A sales agent explained to her how the tax credit worked and outlined other tax benefits associated with the project. Under the Tax Reform Act of 1981, a first-user/investor could claim an investment tax credit amounting to 25

POPULATION AND LAND USE PROFILE

POPULATION CHARACTERISTICS *

	1970		1980	
Total Population	110,221	100.0%	93,350	100.0%
White			36,591	39.2%
Black	48,220	43.7%	45,393	48.6%
Indian			294	.3%
Asian			2,045	2.1%
Other			9,027	9.7%
Hispanic	21,478	19.5%	16,280	17.4%

In the above table the specific racial categories include persons of Spanish/Hispanic origin or descent who reported themselves as that race.

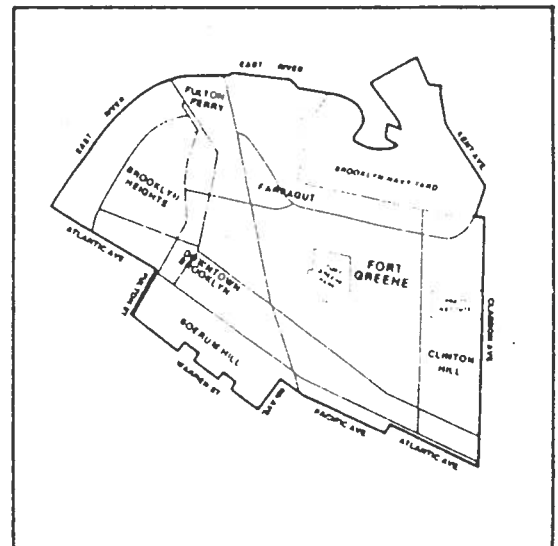
PUBLIC ASSISTANCE, 1980

Type	Number of persons
Public Assistance (AFDC, Home relief)	15,643
Supplemental Security Income	4,783
Medicaid only	955
Percent of the district population assisted:	22.9

LAND USE, 1980	No. Lots	% Total
Residential		
1-2 Family	2,526	32
Multiple Dwellings	3,124	39
Commercial	615	8
Industrial	448	6
Vacant Land	749	9
Other	531	7

PUBLIC SCHOOL ENROLLMENT

	1970	1976	1980
Elementary Schools			
Total enrollment	12,405	8,709	7,250
Black	61.0 %	68.6 %	70.1 %
Spanish	31.0 %	25.5 %	24.0 %
Other	8.0 %	5.8 %	5.9 %
Junior High Schools			
Total enrollment	6,103	2,627	2,094
Black	74.0 %	81.5 %	85.3 %
Spanish	24.0 %	17.7 %	13.3 %
Other	2.0 %	0.8 %	1.4 %



* Source: 1970 Census Fourth Count, 1980 Census Public Law File

The accuracy of the 1980 Census Data for New York has been challenged by the City and State of New York. The United States District Court for the southern district of New York has held that these results are inaccurate and has ordered an adjustment, but the decision has been appealed by the Census Bureau. Depending on the final outcome of the lawsuit, these figures are subject to change.

percent of the costs of rehabilitation of a cooperative unit certified as historically significant. The base for computing the tax credit excluded the purchaser's pro-rata allocation of raw building and land cost of \$573,750. The credit would not affect the depreciable basis nor would it be a tax preference item. A final feature of the tax credit was that it minimized recapture penalties: if Ms. Petrowski held the property for over 5 years, the tax credit and straight line depreciation would not be subject to recapture. The tax consequences on disposition would, therefore, be levied primarily at capital gains rates.

In addition to the historic preservation tax credit, each unit would qualify for a "facade easement donation" to the Brooklyn Historic Preservation Corporation, a non-profit corporation. Each first user cooperative owner would share pro-rata in this donation on the basis of his or her purchase price in relation to the aggregate published purchase prices of the project. The value of the facade easement was subtracted from the basis prior to determining the depreciable basis of the project.

Exhibit 4, Exhibit 5, and Exhibit 6 had been prepared by Brooklyn Investment Resources. Exhibit 4 listed the type, size, and sales price for each unit in the project. The aggregate sales prices would be \$3,660,000, plus \$341,125 in purchase money mortgages. The sum of the aggregate sales price and purchase money mortgages constituted the total sales price to investors of \$4,001,125. Exhibit 5 showed the projected total return upon sale of all units to equal \$2,693,589. This amount consisted of two elements: the cumulative cash after tax return of \$793,233 and net sale proceeds of \$1,900,356. The sales agent had told

her that her pro-rata share of the return (based on sales price) would be approximately \$67,356, assuming purchase of a unit with an average price of \$100,028, including a \$9,150 down payment, a \$8,528 purchase money mortgage, and sale of the unit in the fifth year for an average price of \$134,444.

Exhibit 6 showed Ms. Petrowski how the annual net investment figured was derived. In year one, the largest outlay would be the cash deposit, followed by \$117,120 in interest payments, \$21,000 in lease up expenses, and additional closing costs and normal operating expenses. Offsetting these cash outflows would be \$49,410 in interest earned from deposited monies and \$56,583 in rental income (for three months only). In subsequent years, the net required investment would be the difference between the sum of mortgage interest and operation expenses, and rental income received.

The projections assumed an average annual increase in value of 8 percent, as well as 8 percent annual increases in rental income and operating expenses. In their rental income analysis, Brooklyn Investment figured that first year gross rent would be \$251,481. It further assumed a 10 percent first year only vacancy factor, yielding \$226,333 in effective gross income. In years 2 through 6, the vacancy factor would be 5 percent. The rental income schedule was computed as follows:

1982 - 1st year (three (3) months) =	\$ 56,583
1983 - 2nd year	258,019
1984 - 3rd year	278,661
1985 - 4th year	300,954
1986 - 5th year	325,030
1987 - 6th year	351,032

In the operating expense schedule shown to Ms. Petrowski, the only item not increasing by 8 percent per year was real estate taxes which had been abated by the city for 20 years. Operating expenses included:

Real Estate Taxes	\$13,600
Comprehensive Insurance	16,150
Rental Management	13,200
Rental Fee & Advertising	2,590
Trash	2,040
Elevator Maintenance	2,040
Utilities (Common area electric)	2,040
Water & Sewer	2,550
Repairs & Maintenance	8,500
Maintenance man + costs (1/2 day)	5,100
Supplies	1,020
Legal	1,020
Miscellaneous	<u>1,700</u>
	\$72,000

The expense schedule showed total expenses as \$76,672 in 1983, \$81,718 in 1984, \$87,167 in 1985, \$93,053 in 1986, and \$99,409 in 1987. Net operating income was thus estimated as follows:

NET OPERATING INCOME

	<u>Income</u>	<u>Expenses</u>	<u>Net</u>
1982 (3 mos.)	\$56,583	18,000	38,583
1983	258,019	76,672	181,347
1984	278,661	81,718	196,943
1985	300,954	87,167	213,787
1986	325,030	93,053	231,977
1987	351,032	99,409	251,623

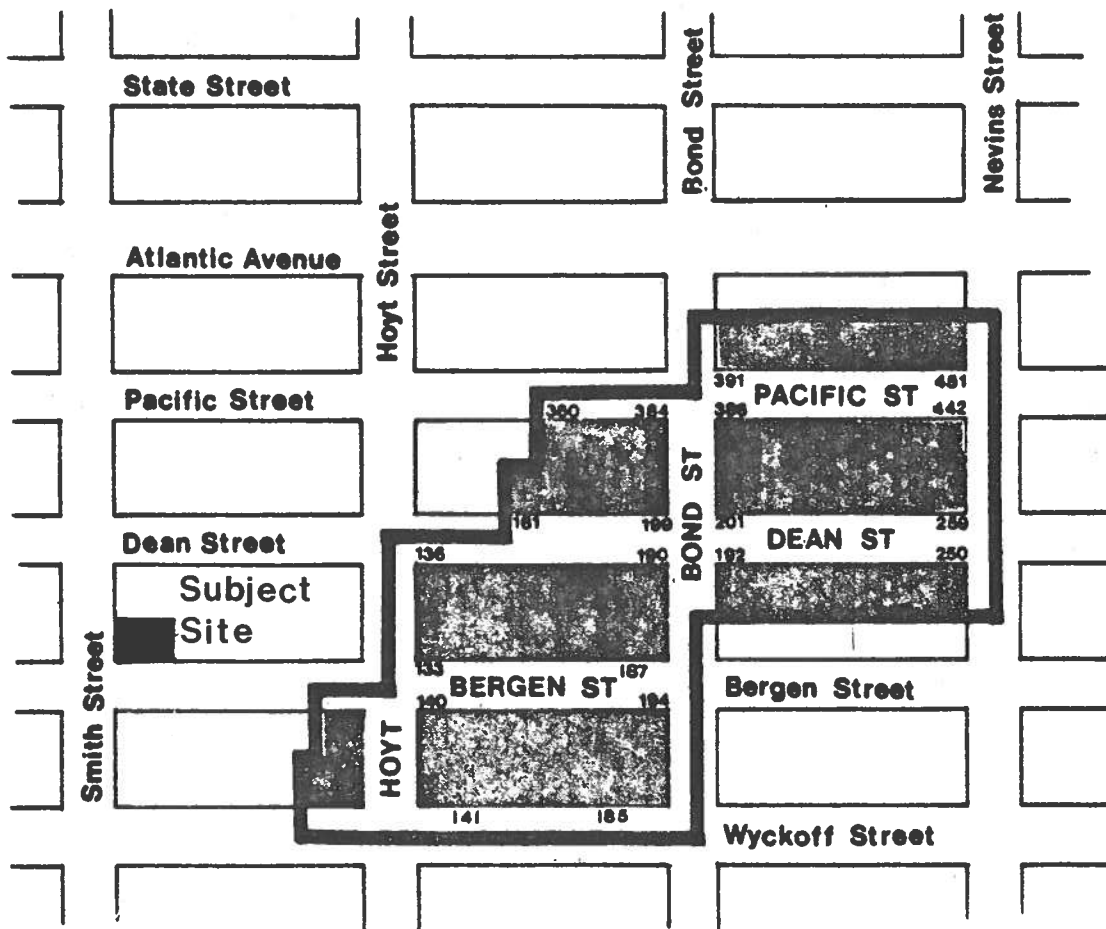
Ms. Petrowski thought that the project appeared to offer a high return to equity at first glance, but was not impressed by the sales agent's representations. First, she thought that the return to an investor might differ by the type of unit purchased, and that it was misleading to base a projected return on an "average selling price." Second, she was concerned whether the assumptions underlying the financial statements were reasonable. Did market conditions justify selling prices at the levels proposed by Brooklyn Investment? Would the rental market support the level of rents required for the projected return? Would there be sufficient demand in the future for the units to justify the annual eight percent appreciation factor? To assist her in answering these questions, she decided to spend a bit of her investment funds to have a marketing study done for the project.

She contacted a former professor at Columbia who directed her to faculty at New York University specializing in real estate. One faculty member she spoke to at NYU advised her that one of his graduate business school students, David Nisbet, was working his way through school by

serving as a free lance real estate consultant. She met with Nisbet and discovered even a graduate student's services do not come cheap. She told Nisbet the kind of information she wanted and agreed to pay him a fee of several hundred dollars to collect market data in tabular form but without text. After two weeks, Nisbet presented Ms. Petrowski with his information. His work is shown in Exhibit 7. Ms Petrowski sat down to review the data and make a final decision.

EXHIBIT 1

BOERUM HILL HISTORIC DISTRICT
BROOKLYN



DESIGNATED NOVEMBER 20, 1973

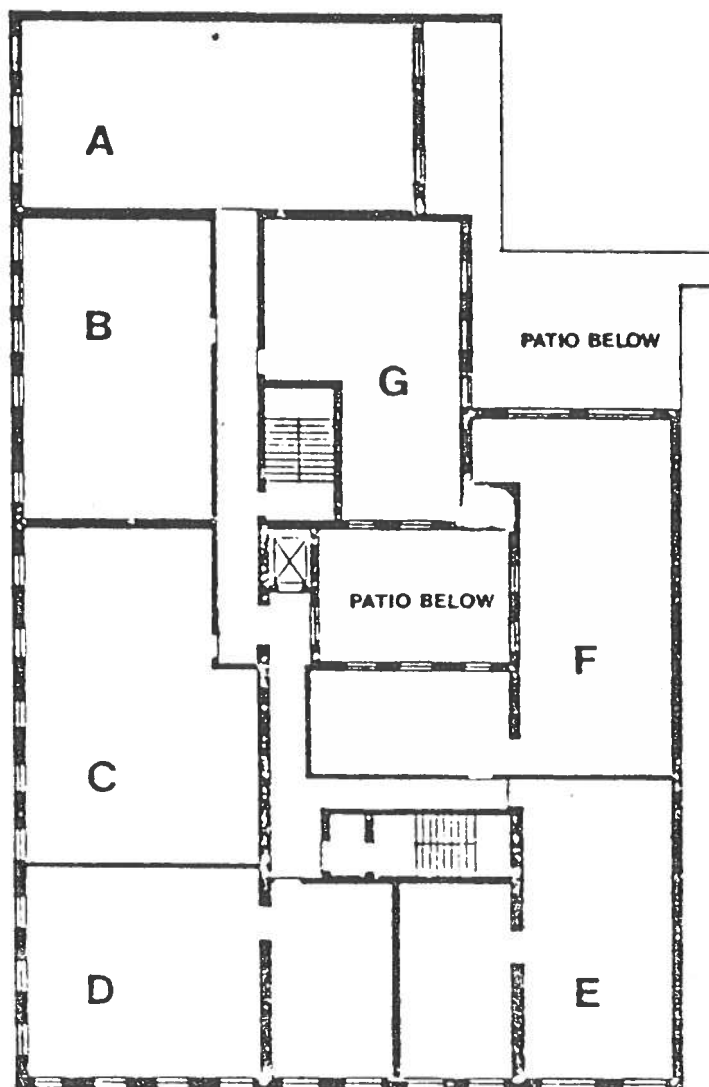
Numbers show buildings inside boundary of district

BOERUM HILL COOPERATIVE

Brooklyn Investment Resources 175 Atlantic Ave. Brooklyn, N.Y.



EXIHIBIT 2 con't



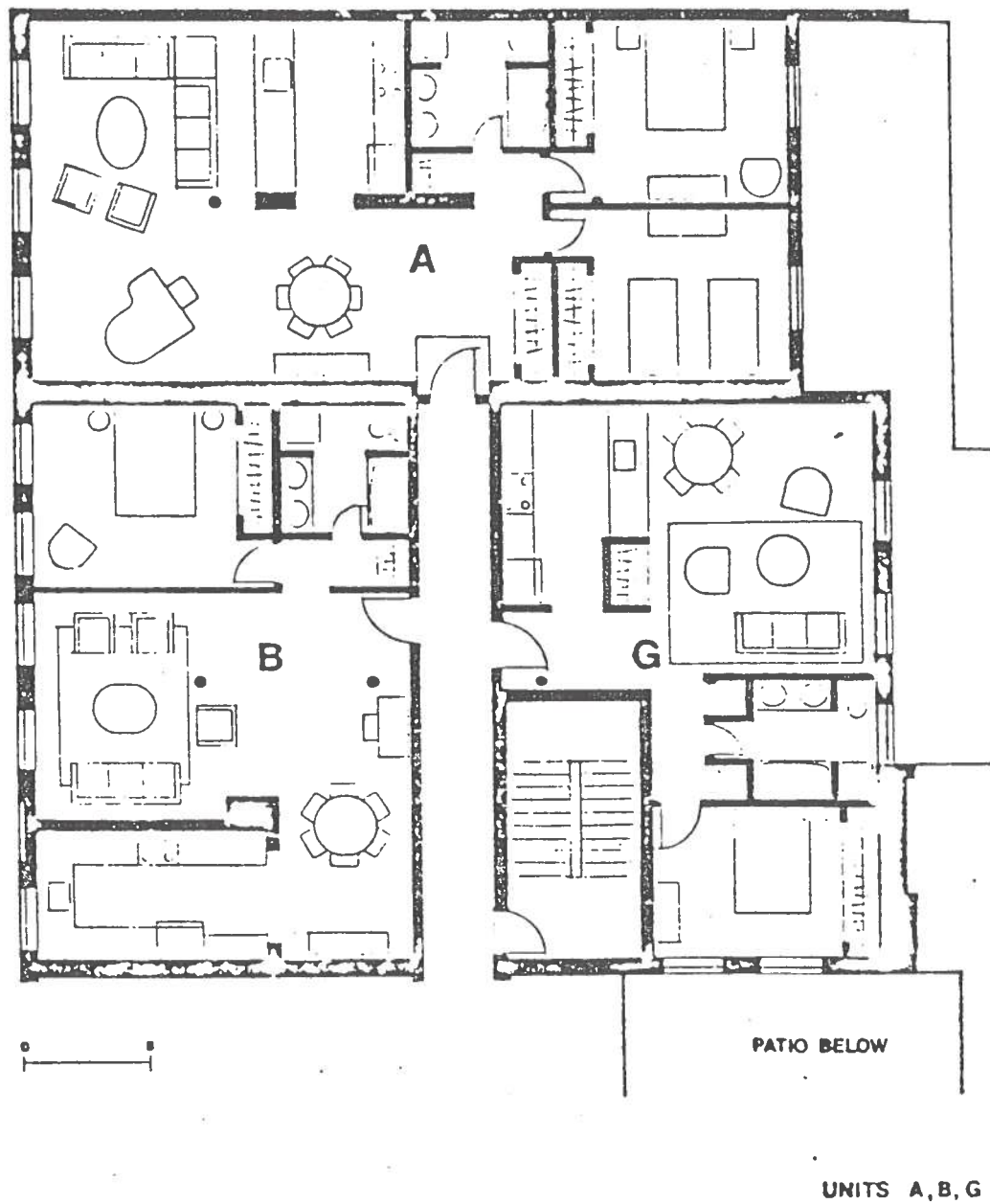
		5th	2,3,4
A	2 BR	1200	1090
B	1 BR	835	835
C	2 BR	1335	1100
D	2 BR	1075	1075
E	1 BR	1225	1015
F	2 BR	1230	1125
G	1 BR	685	685

6925
3
7585 + 20 775

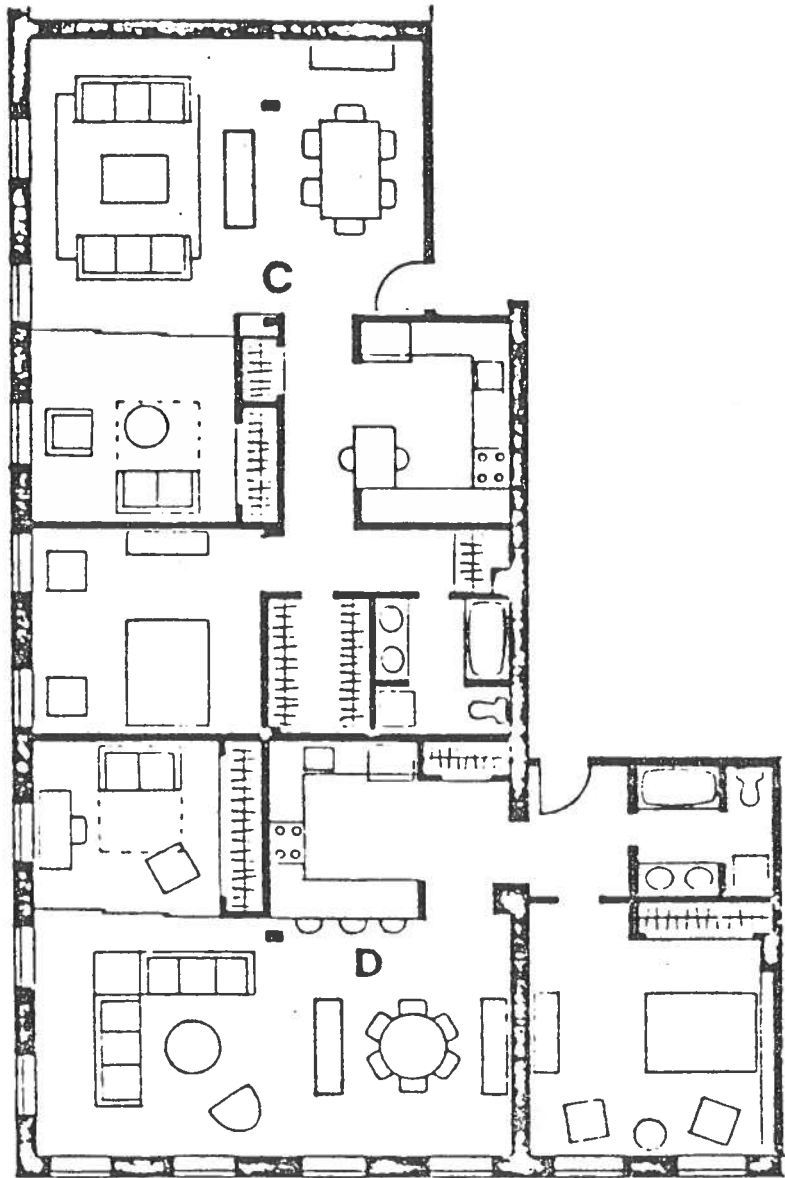
0 16

PLAN-TYPICAL FLOOR

EXIHIBIT 2 con't



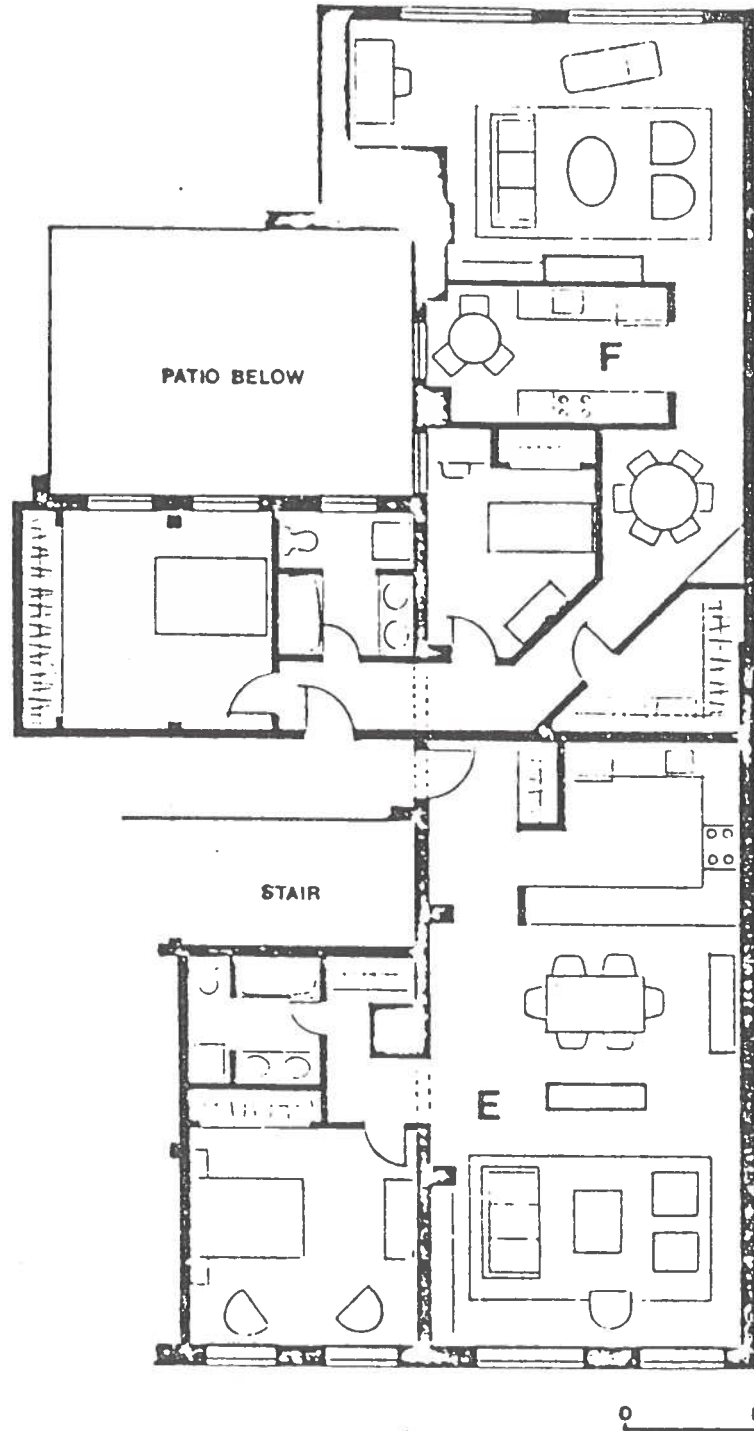
EXIHIBIT 2 con't



0 8

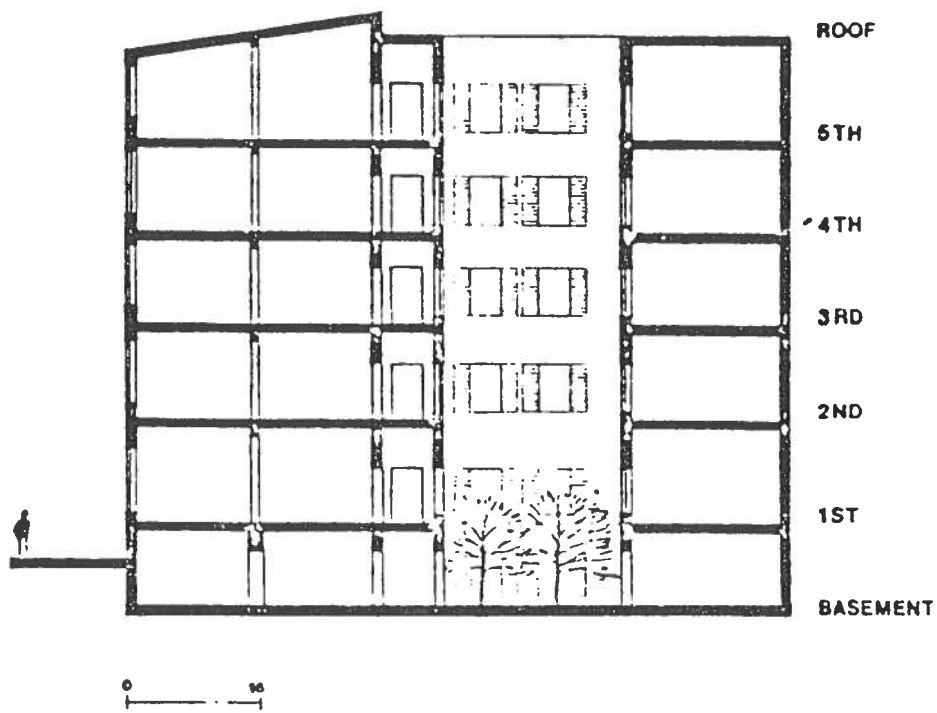
UNITS C & D

EXHIBIT 2 con't

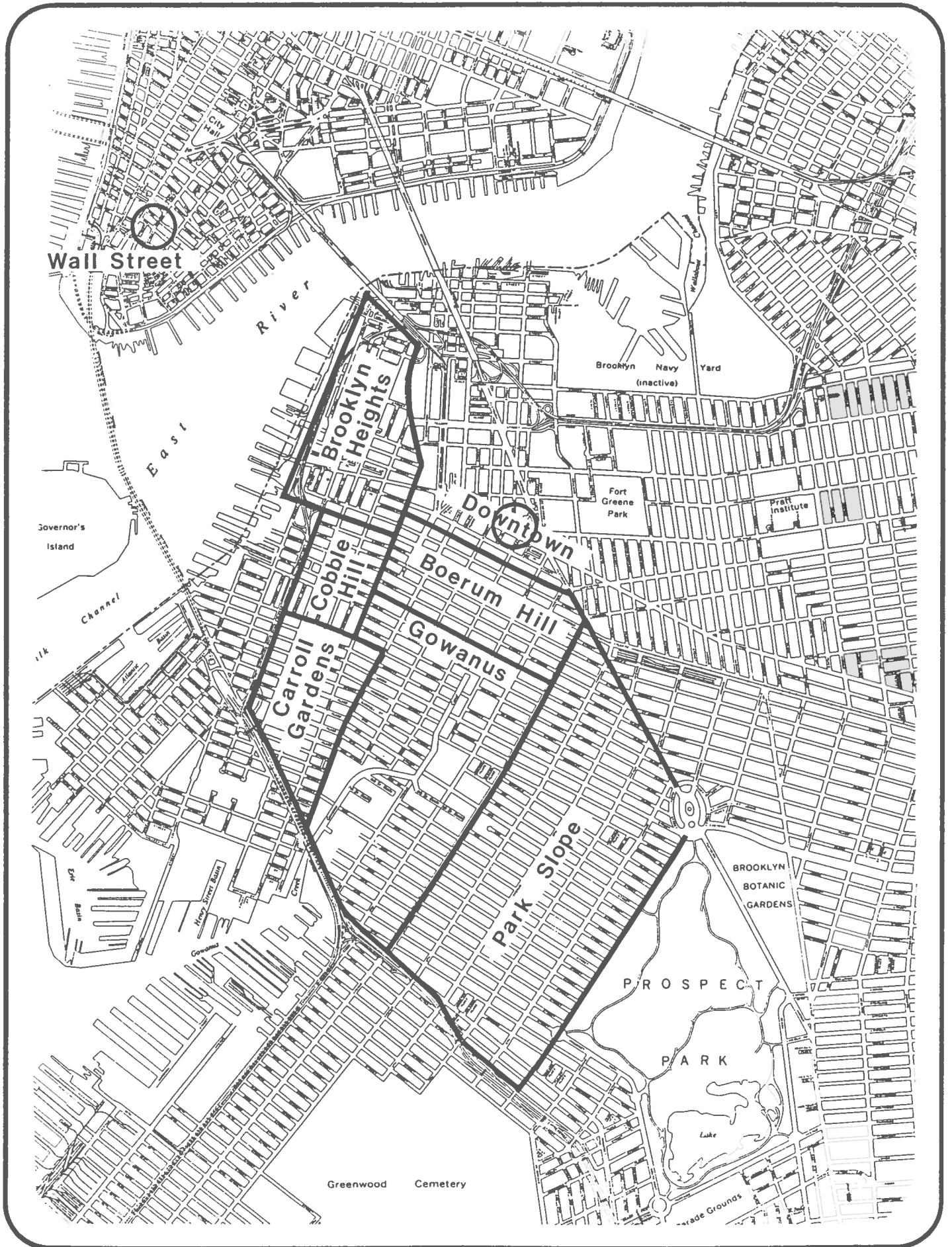


UNITS E & F

EXHIBIT 2 con't



SECTION THRU LIGHTWELL



Location of Boerum Hill Neighborhood

Exhibit 4

BOERUM HILL COOPERATIVE

SALE PRICE SCHEDULE

	<u>UNIT</u>	<u>SQ. FT.</u>	<u>TYPE</u>	<u>SALE PRICE</u>	<u>PURCHASE MONEY MORTGAGE</u>	<u>TOTAL SALE PRICE TO INVESTOR</u>
Lower Level	L-N	1040	1-Br	\$78,500	\$7,500	\$86,000
	L-F	1175	1-Br	76,500	7,225	83,725
	L-G	695	1-Br	47,000	4,000	51,000
	L-H	700	Studio	46,500	4,000	50,500
				\$248,500	\$22,725	\$271,225
1st Level	1-A	1065	2-Br	\$89,000	\$8,500	\$97,500
	1-H	625	Studio	49,500	4,500	54,000
	1-C	1780	2-Br	129,000	12,500	141,500
	1-F	1095	2-Br	92,000	8,500	100,500
	1-G	685	1-Br	54,000	5,000	59,000
	1-J	1240	Commer.	57,500	5,500	63,000
	1-K	670	Studio	49,000	4,750	53,750
	1-L	530	Commer.	42,000	4,000	46,000
				\$562,000	\$53,250	\$615,250
2nd Level	2-A	1070	2-Br	\$100,000	\$9,250	\$109,250
	2-B	790	1-Br	76,500	6,500	83,000
	2-C	1100	2-Br	103,000	9,750	112,750
	2-D	1040	2-Br	102,750	9,750	112,500
	2-E	1015	1-Br	90,500	8,500	99,000
	2-F	1095	2-Br	102,000	9,750	111,750
	2-G	695	1-Br	62,000	5,500	67,500
				\$636,750	\$59,000	\$695,750
3rd Level	3-A	1075	2-Br	\$107,000	\$10,500	\$117,500
	3-B	790	1-Br	81,000	7,750	88,750
	3-C	1100	2-Br	111,000	10,250	121,250
	3-D	1045	2-Br	113,000	10,750	123,750
	3-E	1025	1-Br	97,000	9,000	106,000
	3-F	1110	2-Br	105,000	10,000	115,000
	3-G	685	1-Br	83,000	6,000	89,000
				\$697,000	\$64,250	\$761,250
4th Level	4-A	1090	2-Br	\$112,500	\$10,650	\$123,150
	4-B	790	1-Br	85,250	8,000	93,250
	4-C	1130	2-Br	120,000	11,250	131,250
	4-D	1045	2-Br	120,000	11,250	131,250
	4-E	1055	1-Br	104,500	9,750	114,250
	4-F	1125	2-Br	111,000	10,250	121,250
	4-G	695	1-Br	70,000	6,800	76,800
				\$723,250	\$67,950	\$791,200
5th Level	5-A	1090	2-Br	\$122,000	\$11,500	\$133,500
	5-B	800	1-Br	93,000	8,900	101,900
	5-C	1335	2-Br+Loft.	133,000	12,500	145,500
	5-D	1060	2-Br	126,500	11,900	138,400
	5-E	1235	1-Br+Loft.	122,000	11,500	133,500
	5-F	1200	2-Br+Loft.	120,500	11,250	131,750
	5-G	695	1-Br	75,500	6,400	81,900
				\$792,500	\$73,950	\$866,450
TOTAL		39,280		\$3,660,000	\$341,125	\$4,001,125

Exhibit 5

BOERUM HILL COOPERATIVE UNIT MASTER 100

Year	Net Deductions	Tax Recovery Savings @ 50%	Net Cash Outlay Tax Recovery	Net Cash Return After Tax Recovery	Cumulative Cash Return After Tax Recovery
1982	1,803,400	901,700	850,127	51,573	51,573
1983	792,422	396,211	287,133	109,078	160,651
1984	797,468	398,734	271,537	127,197	287,848
1985	802,917	401,458	254,693	146,765	434,613
1986	808,802	404,401	236,503	167,898	602,511
1987	815,158	407,579	216,857	190,722	793,233

SALE PRICE:	\$ 3,660,000	Cumulative Cash Return After Tax Recovery	\$ 793,233
Down Payment (20%)	732,000	Sale of Unit (8% yearly increase without including PMM in basis	5,377,741
Closing Costs	68,000	less: Mortgage	2,928,000
Cash as Closing	800,000	less: Purchase Money Mortgage and Interest	549,385
MORTGAGE AMOUNT:	\$ 2,928,000	Net Proceeds from Sale	1,900,356
		Projected Return from Operations and Sale	\$ 2,693,589

Exhibit 6

BOERUM HILL COOPERATIVE

SUMMARY OF CASH INVESTMENT

	<u>1982*</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Cash deposit - 20%	\$732,000					
Mortgage Interest**	117,120	468,480	468,480	468,480	468,480	468,480
Lease Up	21,000					
Operations	18,000	76,672	81,718	87,167	93,053	99,409
Cash - Closing Cost	68,000					
Total	\$956,120	545,152	550,198	555,647	561,533	567,889
Less:						
Rental Income	56,583	258,019	278,661	300,954	325,030	351,032
Interest-Deposit***	49,410					
<u>Net Investment</u>	<u>\$850,127</u>	<u>\$287,133</u>	<u>\$271,537</u>	<u>\$254,693</u>	<u>\$236,503</u>	<u>\$216,857</u>

* 1982 - Three months

** Permanent Mortgage of \$2,928,000 (80% of \$3,660,000) at 16%. No amortization. Balloon-six (6) years.

*** Deposit: 18% interest - Based on \$366,000 (10% deposit) for 9 months.

David Nisbet Associates

*37 West 12th Street
New York, New York 10011
(212) 243-2555*

August 27th, 1982

Jacqueline Petrowski
Office of the Controller
Port Authority of New York and New Jersey
Suite 4015
New York, New York 10048

Dear Jackie:

Pursuant to our agreement, I am happy to submit to you the following:

- (1) EXHIBIT A --Locational Map of Boerum Hill Neighborhood.
- (2) EXHIBIT B --Housing Stock Characteristics. The number of year round units, tenure, unit type, age, and condition are shown for Brooklyn and selected neighborhoods. Data is from the 1980 Census of Housing.
- (3) EXHIBIT C --Ethnic Composition 1970 and 1980. Shows total 1970 and 1980 population broken down by white, black, and spanish origin categories, and by neighborhood.
- (4) EXHIBIT D --1982 Median Household Income. Income data is broken down by borough and by income interval.
- (5) EXHIBIT E --Non-Agricultural Employment by Sector 1970-1980; Percent Change. This indicates changes in employment levels for New York City only.
- (6) EXHIBIT F --Comparable Cooperative Projects Currently for Sale. Indicates the number and features of new cooperative projects in the primary market area only (MAP included).
- (7) EXHIBIT G --Comparable Rental Units. Shows current market rents by unit type in primary market only (MAP included).

Ms. Petrowski --Page Two

- (8) EXHIBIT H --Affordability Analysis. This estimates the number of households in the primary and secondary market areas which can carry the annual costs of cooperative units in a selected price range.

As we agreed two weeks ago, I defined the primary market area as the census tracts which comprise the Boerum Hill, Brooklyn Heights, Carroll Gardens/Cobble Hill, Gowanus, and Park Slope neighborhoods. Census tract boundaries are approximately coterminus with the neighborhood boundaries set forth in the City of New York Planning Department. In some cases, however, 1980 census tract level data were not available, and I use the borough of Brooklyn as the primary market area. The secondary market area was defined as the City of New York (all five boroughs).

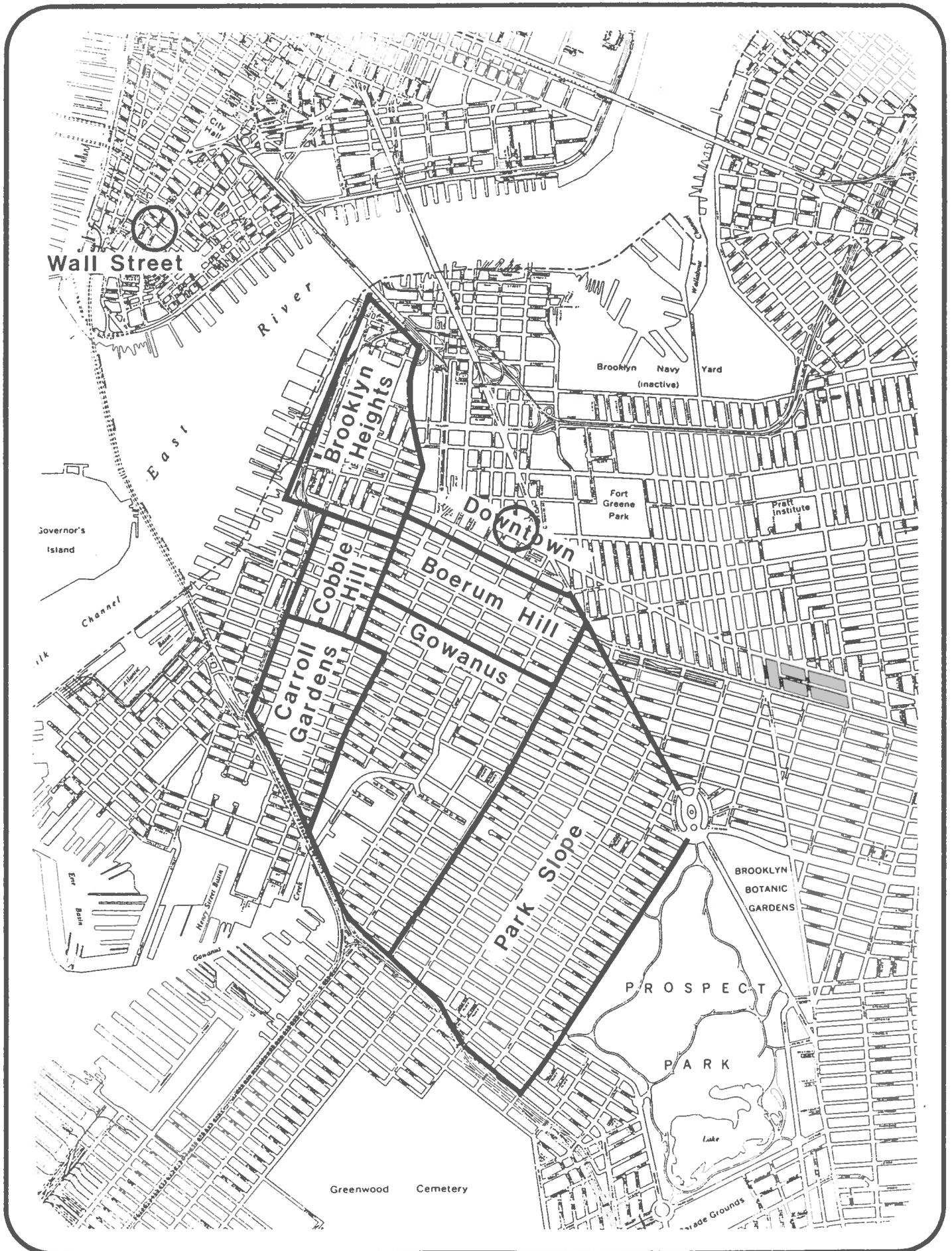
If you have any questions or need further assistance, please do not hesitate to call. Good luck!

Cordially,

David Nisbet

David Nisbet

EXHIBIT A



Location of Boerum Hill Neighborhood

Exhibit B

HOUSING STOCK CHARACTERISTICS, 1980

	Brooklyn (King's County)		Carroll Gardens/ Cobble Hill		Boerum Hill		Brooklyn Heights		Gowanus		Park Slope	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total Year Round Housing Units 1982	828,257	100.0	8,958	100.0	3,594	100.0	12,368	100.0	9,907	100.0	27,868	100.0
<u>Tenure</u>												
Owner occupied	140,977	17.0	1,322	14.8	493	13.7	1,879	15.2	1,783	17.9	4,877	17.5
Renter occupied	634,697	76.6	6,562	73.3	2,796	77.8	9,805	79.3	7,465	75.4	20,986	75.3
Current vacancy	52,583	6.4	738	8.2	305	8.5	684	5.5	659	6.7	2,012	7.2
Vacant for rent	16,131	1.9	332	3.7	55	1.5	214	1.7	179	1.8	427	1.5
2 months												
Vacant for sale	1,561	0.2	4	--	24	0.7	19	0.2	25	0.3	61	0.2
6 months or more												
<u>Housing Type</u>												
Single-family	72,887	8.8	268	3.0	160	4.5	335	2.7	379	3.8	1,319	4.7
Multi-family												
2-9 units	575,136	69.4	7,553	84.3	2,386	66.4	2,849	23.0	7,118	71.9	18,850	67.6
10 or more	172,629	20.9	1,137	12.7	1,018	28.3	8,564	69.2	2,340	23.6	7,389	26.5
Condominium	7,605	0.9	--	--	30	0.8	620	5.0	70	0.7	345	1.2
<u>Year Built</u>												
1970-1982	7,345	0.9	328	3.7	--	--	189	1.5	1,089	11.0	94	0.3
1960-1970 (March)	87,297	10.5	119	1.3	16	0.4	1,148	9.3	402	4.1	484	1.7
1940-1959	161,000	19.4	501	5.6	356	9.9	1,566	12.7	1,530	15.4	2,176	7.8
1939 or earlier	572,615	69.1	8,010	89.4	3,222	89.6	9,465	76.5	6,886	69.5	25,143	90.2
<u>Condition</u>												
Boarded up units	12,255	1.5	9.2	1.0	79	2.2	17	0.1	113	1.1	223	0.8

Sources: U.S. Department of Commerce 1980 Housing Census; City of New York Planning Department; David Nisbet Associates.

Exhibit C

ETHNIC COMPOSITION OF POPULATION 1970 AND 1980

	<u>1970</u>		<u>1980</u>	
<u>Brooklyn (King's County)</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
TOTAL	2,602,012	100.0	2,230,936	100.0
White	1,905,788	73.2	1,249,486	55.9
Black	655,707	25.2	722,812	32.4
Spanish origin*	385,098	14.8	392,118	17.6
<u>Carroll Gardens/Cobble Hill</u>				
TOTAL	25,074	100.0	22,313	100.0
White	23,834	95.1	18,113	81.2
Black	788	3.1	592	2.7
Spanish Origin	5,025	20.0	5,320	23.8
<u>Boerum Hill</u>				
TOTAL	10,007	100.0	7,760	100.0
White	7,608	76.0	3,997	51.5
Black	1,905	19.0	1,719	22.2
Spanish Origin	4,325	43.2	3,015	38.9
<u>Brooklyn Heights</u>				
TOTAL	22,333	100.0	21,550	100.0
White	21,006	94.1	18,963	88.0
Black	906	4.1	1,422	6.6
Spanish Origin	1,808	8.1	1,577	7.3
<u>Gowanus</u>				
TOTAL	28,035	100.0	26,345	100.0
White	21,502	76.7	15,556	59.0
Black	5,827	20.8	5,193	19.7
Spanish Origin	9,633	34.4	9,859	37.4
<u>Park Slope</u>				
TOTAL	74,770	100.0	61,311	100.0
White	64,288	86.0	43,347	70.7
Black	7,842	10.5	9,258	15.1
Spanish Origin	16,674	22.3	14,224	23.2

*Spanish origin population overlaps with counts for whites and blacks.

Source: U.S. Bureau of the Census, 1980 Population Census; David Nisbet Associates.

Exhibit D

1982 Median Family Income

	<u>1982</u>
New York City	
Bronx	17,408
Brooklyn	18,570
Manhattan	20,765
Queens	24,254
Staten Island	25,408

Source: 1980 Population Census; City of New York Planning Department; David Nisbet Associates.

Number of Households by 1982 Household Income Interval

Income Interval	City of New York	Brooklyn
Under \$3000	253,965	82,453
\$3000 to \$4,999	176,877	53,179
\$5000 to \$7,999	261,930	78,964
\$8,000 to \$9,999	173,962	53,761
\$10,000 to \$14,999	483,763	141,928
\$15,000 to \$24,999	945,800	231,572
\$25,000 to \$49,999	972,476	162,401
\$50,000 and up	242,927	19,542
TOTAL HOUSEHOLDS	3,511,700	822,800

Source: 1980 Population Census; City of New York Planning Department; David Nisbet Associates.

Exhibit E

NON-AGRICULTURAL EMPLOYMENT BY SECTOR 1970-1981; PERCENT CHANGE 1970-1981

City of New York

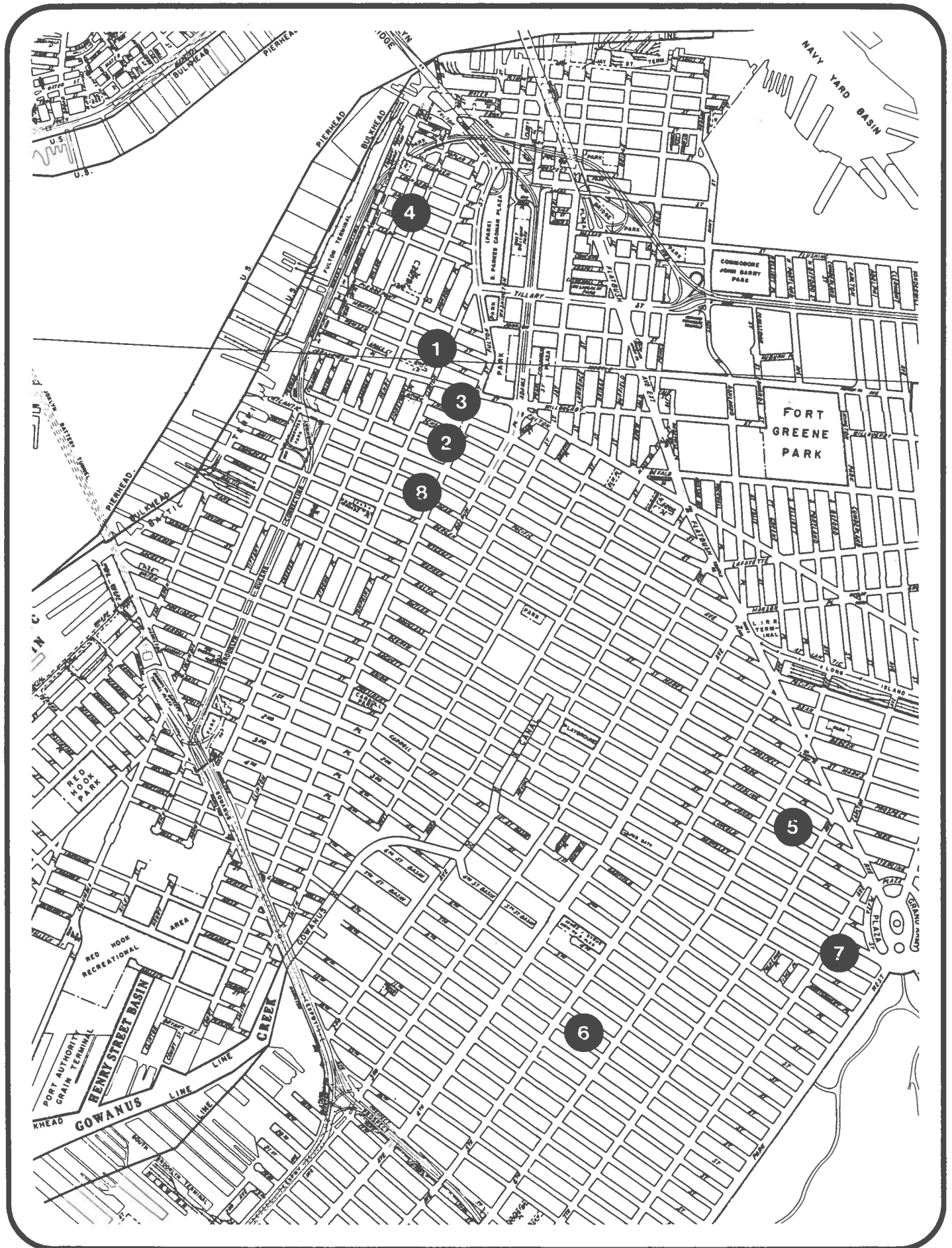
(thousands)

<u>Year</u>	<u>Constr_uction</u>	<u>Manufacturing</u>	<u>Transportation</u>	<u>Wholesale/ Retail Trade</u>	<u>F.I.R.E.</u>	<u>Services</u>	<u>Total</u>
1970	111.7	766.0	323.3	735.4	458.2	785.8	3,180.4
1971	112.6	702.2	299.2	704.1	450.1	771.9	3,040.1
1972	105.0	675.8	297.8	694.9	445.6	779.7	2,998.8
1973	107.6	652.8	293.6	685.5	434.6	789.2	2,963.3
1974	101.9	602.1	282.9	664.7	425.2	784.2	2,861.0
1975	80.0	536.9	269.5	633.9	420.1	770.6	2,711.0
1976	66.8	541.1	263.7	628.8	416.3	769.1	2,685.8
1977	64.2	538.6	258.2	620.1	414.4	783.5	2,679.0
1978	65.0	534.8	258.2	620.0	416.6	816.7	2,711.3
1979	69.7	521.5	259.3	620.3	428.0	855.9	2,754.7
1980	70.8	505.7	258.8	600.8	439.9	881.4	2,757.4
1981	71.3	489.1	257.6	595.4	440.7	884.1	2,738.2
Percent change	-36.2	-36.1	-20.3	-19.0	-3.8	12.5	-13.9

Source: U.S. Bureau of Labor Statistics, Employment and Earnings, States and Areas 1979, City of New York Planning

Department; David Nisbet Associates.

Exhibit 7 con't
EXHIBIT F



Comparable Cooperative Projects Currently Selling

Exhibit F

COMPARABLE COOPERATIVE PROJECTS CURRENTLY SELLING

Map Ref	Development	Developer	Unit Type	Unit Size	Price per Sq.ft.	Selling Price	Maintenance Fees	Amenities
1	161 Remson (Brooklyn Heights)	Time Equities, Inc.	Elevator Bldg. 18 total studio 1 bed-1 bath 2 bed-1 bath 3 bed-2 bath	610 870 1020 1031	\$143 124 142 191	\$87,000 108,000 145,000 197,000	\$202 311 425 468	Renovated, gas kitchens, oak floors, fireplaces, private greenhouses and terraces, river views, video inter- com. Close to tran- sit and shopping.
2	The Towers 96 Schermerhorn St. (Brooklyn Heights)	ABDA Realty	Elevator Bldg. 65 total studio-1 bath 1 bed-1 bath 1 bed-1 1/2 bath 2 bed-1 1/2 bath	487 604 657 789	\$128 127 127 126	\$62,750 76,800 84,000 99,500	\$371 482 555 640	Completely renova- ted. Gas kitchens, parquet floors. parking. Close to subway and shop- ping. Lots of closet space.
3	66 Court St. (Brooklyn Heights)	Goldstein Equities	Elevator Bldg. 80 total studio 1 bed-1 bath 1 bed-1 1/2 bath 2 bed-1 bath 2 bed-2 bath 3 bed-2 bath	670 790 953 1045 1100 1250	\$129 129 126 121 123 120	\$86,400 101,900 120,000 126,500 135,250 150,000	\$200 270 350 425 480 520	Some views of Man- hattan. Gas kit- chens, some oak floors, carpeting, video security sys- tem, Near shopping. 10 minutes to Wall Street.
4	40 Pineapple St. (Brooklyn Heights)	Time Equities, Inc.	Elevator Bldg. studio 1 bed-1 bath 2 bed-1 1/2 bath 3 bed-2 bath	734 925 1053 1222	\$122 122 127 126	\$89,540 113,500 134,000 153,900	\$225 325 425 475	Completely renova- ted. Some views of Manhattan and water. New gas kitchens, new baths, oak floors, high ceil- ings. Some exposed brick walls. One stop from Wall St. Discount offstreet parking available.

Exhibit 7 con't

Map Ref	Development	Developer	Unit Type	Unit Size	Price per Sq.ft.	Selling Price	Maintenance Fees	Amenities
5	The Atrium at Sterling Place (Park Slope)	Hasley and Gross	Elevator Bldg. 45 total 1 bed-1 bath 2 bed-1 bath 2 bed-2 bath	650 1125 1490	\$75 76 100	\$49,680 85,4550 149,870	\$182 341 549	Gas kitchen and heating, oak floors, TV secur- ity, fireplace. 60 ft. atrium in cen- ter of lobby. Close to Prospect Park and IRT subway lines.
6	Higgins Ink Building 240-8th St. (Park Slope)	Canton Properties Co.	Elevator Bldg. 65 total 2 bed-1 bath 2 bed-2 bath	940 1015	\$68 69	\$64,000 70,000	\$350 393	Historic bldg. con- verted to residen- tial use. Fully equipped custom kitchens, parking, carpeting, some NYC views, subways and shopping close.
7	Weber House (Park Slope)	Fleetwood Investors	Elevator Bldg. 10 total 1 bed-1 bath 2 bed-1 bath 3 bed-2 bath	716 1092 1500	\$75 82 104	\$53,670 90,000 157,000	\$280 300 450	Historic mansion, new gas kitchens, parquet floors, mar- ble baths, high ceilings, parking (extra fee), close to Prospect Park, IRT, and 7th Ave. shopping. Both sim- plex and duplexes available.
8	The Cooperative 505 Court St. (Carroll Gardens)	Recycling Carroll Gardens, Inc.	Elevator Bldg. 1 bed-1 bath 2 bed-1 bath 3 bed-2 bath 3 bed-2 bath Penthouse & terrace	720 925 1325 1605	\$69 70 75 81	\$49,500 64,500 100,000 130,000	\$250 325 400 425	River views, reno- vated electric kit- chens, oak floors, some carpeting. Landscaped garden, 24 hr. doorman. Near IND subway stop and shopping.

[illegible]

Exhibit G

COMPARABLE RENTAL UNITS

<u>Map Ref</u>	<u>Location</u>	<u>Management</u>	<u>Unit Size</u>	<u>Unit Type</u>	<u>Monthly Rent</u>	<u>Utilities</u>	<u>Parking</u>	<u>Amenities</u>
1	402-6th Ave. (Park Slope)	K & B, Inc.	1 bed-1 bath 2 bed-1 bath 3 bed-2 bath	walk-up	\$350 \$425 \$550	water, garbage, and heating paid	on street	Gas kitchen, oak floors, some fireplaces land- scaped yard. Near 7th Ave. shopping.
2	132-1st St. (Park Slope)	owner	3 bed-2 bath	Garden Apt.	\$800	All paid	on street	Newly renovated. Gas kitchen, oak floors, 80' DEEP garden. Near 18T Grand Army Plaza stop.
3	911-8th Ave. (Park Slope)	Gardinier & Moulini	3 bed-2 bath	Brownstone	\$650	water, garbage, and heating paid.	on street	Gas kitchen, some oak floors, fire- place. Adjacent to to IND 7th Ave. Station near Prospect Park.
4	240-6th St. (Park Slope)	owner	1 bed-1 bath	Brownstone	\$375	All paid.	off street available for extra charge	Queen Anne design, gas kitchen, oak floors, fireplace. Near IND 7th Ave. stops and Prospect Park.
5	159 President St. (Park Slope)	owner	2 bed-2 bath	Brownstone	\$675	All paid	on street	Recently rehab- ilitated with all new gas kitchen, oak floors, fire- places, and land- scaped yard. Near 7th Ave. shopping and 18T Grand Army Plaza Station.
6	616-7th Ave. (Park Slope)	K & B, Inc.	3 bed-2 bath 2 bed-1 bath	walk-up bldg.	\$600 \$435	water and garbage paid	on street	Gas kitchen, some oak floors, elec- tronic security

<u>Map Ref</u>	<u>Location</u>	<u>Management</u>	<u>Unit Size</u>	<u>Unit Type</u>	<u>Monthly Rent</u>	<u>Utilities</u>	<u>Parking</u>	<u>Amenities</u>
7	75 Livingston Street (Brooklyn Heights)	Livingston Property Management	1 bed-1 bath	Loft	\$1,300	All paid	off street space available	Views of Lower Manhattan, can convert to 2 bedroom. Gas kitchen, hardwood floors. Close to shopping and several subway lines.
8	147 Ramsen St. (Brooklyn Heights)	owner	3 bed-1 1/2 bath	Brownstone	\$900	water, garbage, and gas paid.	on street	near Promenade. Bldg. historic landmark. Gas kitchen, oak floors, 2 fireplaces, garden.
9	37 Pierpoint St. (Brooklyn Heights)	O'Hare and Son.	2 bed-1 bath	Brownstone	\$1000	water and garbage paid.	off street space available for charge	Landmark structure. Gas kitchen, oak floors, high ceilings, lots of closets, large terrace. Near subways & shopping.
10	52 Clark St. (Brooklyn Heights)	owner	1 bed-1 bath 2 bed-1 1/2 bath	Elevator Bldg.	\$565 \$845	gas and electric paid	garage space extra	building recently renovated. Gas kitchen, some oak floors. Near IRT. Close to shopping.
11	505 Court St. (Carroll Gardens)	Huntington Realty	Studios 1 bed-1 bath 2 bed-1 bath 3 bed-2 bath	Elevator Bldg.	\$570-675 \$625-775 \$750-975 \$900-1125	gas and electric	off street available at extra charge.	Completely refurbished. Gardens in front and back. Gas kitchens with ceramic tile, fireplaces, 12 foot high ceilings, parquet floors, video security system. Some water views of harbor. Some terraces and private gardens.
12	9-4th Place (Carroll Gardens)	Brownstone Management Co.	1 bed-1 bath	Brownstone	\$450	gas, garbage, and water paid.	on street	Newly renovated. New gas kitchen and bath. Garden.

<u>Map Ref</u>	<u>Location</u>	<u>Management</u>	<u>Unit Size</u>	<u>Unit Type</u>	<u>Monthly Rent</u>	<u>Utilities</u>	<u>Parking</u>	<u>Amenities</u> Close to IND and shopping.
13	417 Hicks (Cobble Hill)	Old House Realty	2 bed-1 bath	Brownstone	\$725	All paid	on street	Under renovation. Garden floor thru unit.
14	219 Clinton (Cobble Hill)	Old House Realty	1 bed-1 bath	walk-up bldg.	\$480	gas and electric paid	on street	Efficiency unit. Newly renovated. Parquet floors. Sun room. Close to shopping.
15	374 Pacific St. (Boerum Hill)	Owner- Management Bldgs.	2 bed-1 bath	Brownstone	\$625	gas and electric paid	on street	Floor thru. Some oak flooring.
16	148 Hoyt St. (Boerum Hill)	owner	Loft 1200 sq.	walk-up bldg.	\$707	gas paid	on street	Renovated. Sep- arate bedroom and kitchen, exposed brick, wood floors, fireplace. Near shopping.
17	291 State St. (Boerum Hill)	Fred Hall, R.E.	1 bed-1 bath	Brownstone	\$350	gas and electric	on street	Gas kitchen, carpeting.
18	245 Dean St. (Boerum Hill)	owner	2 bed-1 bath	Brownstone	\$600	gas	off street included	Floor-thru apt. Parquet floors. Historic district.
19	364 Bergen St. (Boerum Hill)	owner	1 bed-1 bath	walk-up bldg.	\$275	gas and electric	on street	Includes den, elec- tric kitchen, wood burning fireplace, air-conditioning. Close to Court St. shopping.
20	25 St. Marks Pl. (Boerum Hill)	Jalbert Management	2 bed-1 bath	Brownstone	\$525	gas and electric	on street	Garden apt. Gas kitchen w/ dish- washer. Carpet- ing, fireplace, landscaped garden. Close to shopping and transit.

Exhibit H

Carrying Costs for Selected Cooperative Units: 1982

Sales Price	\$ 55,000	\$ 85,000	\$ 105,000	\$ 135,000
ANNUAL HOUSING COST:				
Prorated Blanket Mortgage Cost	7,040	10,880	13,440	17,280
Real Estate Taxes (.34%)	187	289	357	458
Prorated Operations Cost	948	1,465	1,809	2,326
TOTAL	8,175	12,634	15,606	20,064
Household Income Required to Support Costs of Housing by Price of Unit (to maintain 30% Housing Costs-to-Income Ratio)	27,250	42,100	52,020	66,880
Number of Eligible Households in Primary Market (Brooklyn)	16,7300	71,500	18,800	12,900
Percent of Eligible Households in Primary Market (Brooklyn)	20.33	8.69	2.28	1.57