



A BAD DEAL

The Proposal for a Mega-Mall on
Parkland and the Willets Point
Redevelopment

A Report by



September 2013

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BAD

DEAL

The Proposal for a Mega-mall

and the Willets Point Redevelopment

A Look at How

Private Corporations Will Profit

From Public Land and Taxpayer Subsidies

INTRODUCTION

The site for the proposed development of “Willets West” is public mapped parkland that forms a portion of Flushing Meadows Corona Park (FMCP). “Willets West” is one of three development proposals for the park that the Bloomberg administration has announced in its last eighteen months. The name “Willets West” is misleading; the proposal seeks to develop a 1.4 million square foot mall on public land that is located completely outside the actual Willets Point, on the other side of CitiField. Proposed to be developed by the Queens Development Group (QDG), a partnership between the Wilpon family’s Sterling Equities and the Related Companies, many have dubbed the proposal the “Mets MegaMall” as a more accurate descriptor.

This report summarizes the results of a community opinion survey of more than 1,200 residents, compares and contrasts the “Mets MegaMall” proposal to the original plan for Willets Point and makes recommendations about what would make development that consumes public resources and public land appropriately accountable to neighborhood needs. These recommendations are informed both by the original process for considering the future of Willets Point as well as recent experiences with the proposal for the U.S. Tennis Association to expand its footprint within FMCP and the proposal for Major League Soccer to site a new, private stadium within FMCP. Prepared by the Fairness Coalition of Queens, it represents the input of member organizations and individuals from the Corona, Flushing, East Elmhurst, Jackson Heights and Elmhurst communities.

KEY RECOMMENDATIONS

Any development project in the area that receives the level of investment of public investment that is being offered as part of the “Willets West” proposal should ensure:

- 1. Equitable economic development** that combines protections for existing workers and local small businesses with assurances that new jobs will pay a living wage.
- 2. Park investment and open space access** that includes an up-front and ongoing contribution to the maintenance of FMCP, at a formula of 2% of annual revenues of the development and the Mets organization, as well as and the creation of new, permanent and free active recreational opportunities.
- 3. Permanent Affordable Housing** on a guaranteed, accelerated timeline that meaningfully addresses the housing crisis in surrounding communities. At a minimum this would adhere to the income levels agreed upon as part of the 2008 Willets Point project , which were all affordable to families earning 60% of AMI or less and comprised no less than 35% of the total units created.
- 4. Mitigation of Transportation Impacts** by requiring significant and ongoing City and developer contributions to mass transit that will address 7 train, LIRR, local bus, station crowding and pedestrian dangers.

	2008	2013
 Total Years to complete	9 years by 2017	17 years by 2028
 Amount of land to develop	61 acres	70.9 acres
 Amount of contaminated land to be cleaned-up	61 acres	23 acres
Clean-up responsibility and total costs 	City Responsible Estimated at \$400 million	Developer Responsible Costs exceeding \$40 million trigger a renegotiation of terms
 Retail space	1.7 million sf	1.375 million sf
 Amount of Public Parkland Given Away	0 acres	30.7 acres
 Years until housing can be occupied	9 years	15 years
Guaranteed permanent affordable housing units	1,925 units or 35 % of total	0
 Proposed # of housing units	5,500	2,500
 City taxpayer contribution to land acquisition and infrastructure	\$0	\$400 million for original estimate plus \$100 million for ramps
 Highway ramps that are necessary to build housing and schools	City guarantees to fund and build	Developer has option to fund and build; if ramps do not get built, developer escapes obligation to build housing and schools

	2008	2013
 City taxpayer revenue forgone because of development on free parkland	\$0	\$235 million*
 Public taxpayer contribution to the developer's project (subsidies in the form of cash grants, tax abatements, value of free land)	Not wholly disclosed but known estimates include: • A full recovery of costs laid out for land acquisition, business relocation, and infrastructure provision, then estimated at \$400 million	Not wholly disclosed but known estimates include: • \$173 mil. land acquisition • \$235 mil. estimated forgone purchase payment for land • \$100 mil. direct grant • \$20 mil. in construction costs not adjusted for inflation • \$100 mil. for the Van Wyck ramps
 Traffic impact	Required new parking of 6700 spots is accommodated within the Willets Point Special District.	A net increase of 11,095 parking spots in addition to the 6700 spots would be created.
 Space for elementary and middle school	Up to 130k square feet	Up to 230k square feet **but loophole allows for this to be evaded if ramps are not built
 Relocation for existing businesses in Willets Point	Promise that all businesses would be relocated with allocated City funds	10 of 165 eligible businesses have successfully been relocated through City assistance; No group relocation assistance

*estimate based on conservative value of \$95 / square foot land cost, a low-mid-level value in the average of transactions in the area.

The Queens Development Group's plan to build a 1.4 million square foot Mega Mall on public parkland has sought expedited approval by linking itself to the original proposal for Willets Point. Yet an analysis of the scheme proposed in 2013 as compared to the 2008 plan reveals a substantially altered vision and set of broken promises. Because of the significant departure from the original terms of the agreement, our analysis compares the outcomes of the original Willets Point Plan with the Queens Development Group proposal, which only seeks to develop a portion of Willets Point. The numbers compare the 2008 plan to Phases 1A and 1B of the currently proposed plan. The so-called Phase 2 would be implemented by new terms and a new developer. It is so distant and hypothetical that we do not deem it a fitting point of comparison.



BACKGROUND

On June 15th, 2012, the Daily News published an editorial on the proposal for the “Mets MegaMall” and this was the first that many in the community learned of the proposal; additional surprise came with the realization that this proposal was being advanced under the guise that it would realize the original vision for Willets Point.

The proposal for the shopping mall benefits in multiple ways from its association with Willets Point, a 61-acre area bounded by the Flushing River and 126th Street, also known as the “Iron Triangle.” By its association, it avoids the full set of review processes to which a “new” proposal would be subject, including a full and distinct environmental review. To illustrate just one way this special association plays out in review, consider that the proposed mall is located in Community Board #3 while Willets Point is located in Community Board #7. Yet in the approval process, Community Board #3 was denied an official vote on the proposal. This is only possible because the project is being portrayed and administratively advanced as though it were part of the original Willets Point project.

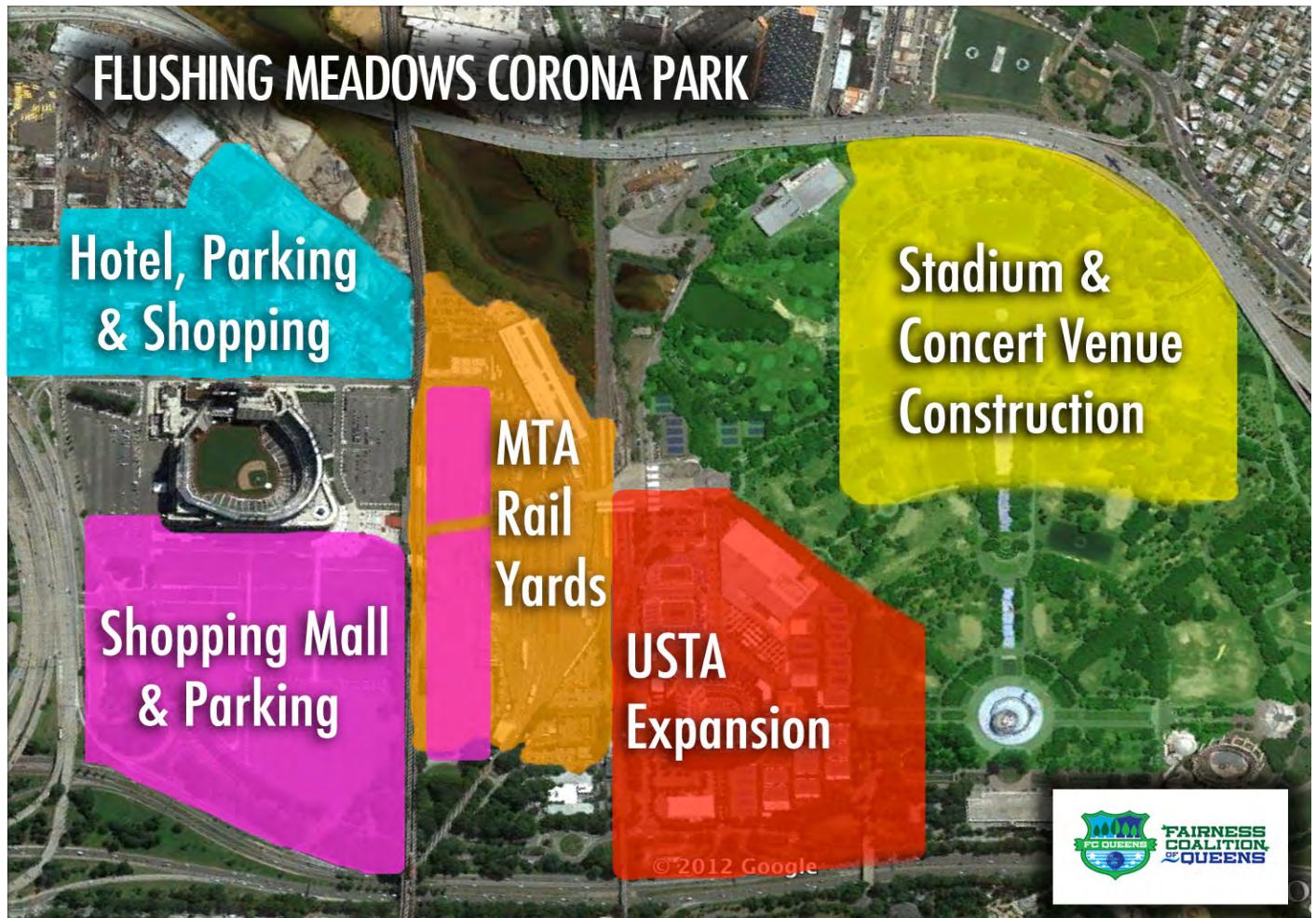
QDG’s insistence on the tenuous connection to Willets Point also allows them to administratively seek permission for the mall proposal as though it were simply seeking a special permit for new surface parking. The proposal also relies on a daring and creative interpretation of the 1961 law that defines which uses are allowed on parkland. Finally, many terms of the agreement are defined by the Mets’ renegotiation of its lease with the City, a process to which the public is not a party.

Yet the greatest advantage of association the “Mets MegaMall” proposal with the original Willets Point project comes because the redevelopment of Willets Point has been a top priority of the Bloomberg administration. The area was rezoned by a controversial and contentious City Council vote in 2008. The original rezoning called for environmental remediation and infrastructure investment in advance of retail, hotel, school and housing development that would displace existing industrial uses and manufacturing businesses.

The neighborhoods that will be impacted by changes at Willets Point and by the proposed “Mets MegaMall” include Flushing /Whitestone, Corona/Elmhurst, and Jackson Heights. People who live in these areas are overwhelmingly immigrant and people of color, with rates of foreign-born populations at 57%, 63%, and 70% respectively. 40% of households in Flushing/Whitestone, and Jackson Heights earn less than \$40,000 a year, while nearly a quarter of all households in Corona and Elmhurst earn less than \$19,000 a year. The median rent burden for low-income renters in these communities ranges from 49% to 55% -- meaning that tenants are paying that percentage of their total income on housing alone. Federal standards define a rent burden of greater than 30% to be unaffordable.

BACKGROUND

During the land-use review process leading up to the 2008 Willets Point vote, many questioned the ability of the proposal to meet needs identified through community planning processes. These needs included: fair treatment of workers, responsible labor standards and jobs that pay living wages, affordable housing that would meaningfully address the local overcrowding and high rent burdens, a thorough environmental remediation, and improved transportation and access to open space. As a partial response to the organizing of local community groups, before City Council approval, the 2008 plan was changed to include a promise of 35% of affordable housing at levels that would be affordable to local families, defined in a promise of percentages to be made available at specific income tiers.





COMMUNITY SURVEY

The Fairness Coalitions of Queens administered a community survey, in person and online, in English and Spanish, to gather the opinions of more than 1,200 local residents about neighborhood needs, priorities, and the proposed “Willets West” mall project. The findings demonstrate deep and widespread concerns about the proposal.

PROCESS

The survey found that the future of Flushing Meadows Corona Park is of extreme concern for the community and that there is widespread disapproval of the way that the plans for fundamentally changing the character of the park have been advanced. Respondents expressed that the failure to meaningfully engage community or to address pressing neighborhood needs in development proposals are the sources of that dissatisfaction.

- 89% of survey respondents indicated that Flushing Meadows Corona park is very important to them and their family.
- 71% of respondents feel that there has not been sufficient consultation with the community in the decision-making process of whether or not to build the projects associated with the U.S. Tennis Association, Major League Soccer, and a new 1.4 million square foot shopping center referred to as “Willets West.”
- 70% of respondents disapprove of the “Willets West” plan to give away public parkland without a guarantee of affordable housing.

IMPACT ON LIVELIHOOD OF LOCAL RESIDENTS

Respondents expressed major concerns about the multiple ways that the proposed “Mets MegaMall” project would impact the ability of residents to thrive economically through the way it would affect local jobs as well as the way it would restrict access to jobs outside the neighborhood that are reachable through public transit.

- 81% of survey respondents are concerned about the impact that building “Willets West” will have on small businesses in this area
- 74% of respondents feel that economic development projects in the area should offer full-time, living wage jobs with decent benefits
- 83% of survey respondents do not feel another mall is needed in this area
- 80% of respondents are concerned about the impact that “Willets West” will have on access to transit, and the 7 train in particular, which, along with local buses, is a critical way that residents get to work outside the neighborhood

MALL LANDSCAPE of NORTHERN QUEENS

**Proposed
Willets West Mall
1,400,000 Sq. Ft.**

College Point Mall
330,000 Sq. Ft.
5 Leasable Units
0 Vacancies
0% Unit Vacancy Rate

Queens Place Mall
538,265 Sq. Ft.
16 Leasable Units
1 Vacancy
6% Unit Vacancy Rate

Queens Center Mall
967,840 Sq. Ft.
148 Leasable Units
35 Vacancies
24% Unit Vacancy Rate

Sky View Mall
1,855,394 Sq. Ft.
51 Leasable Units
29 Vacancies
57% Unit Vacancy Rate

Atlas Park Mall
523,000 Sq. Ft.
121 Leasable Units
45 Vacancies
37% Unit Vacancy Rate

Atlas Park Mall
523,000 Sq. Ft.
121 Leasable Units
45 Vacancies
37% Unit Vacancy Rate

Rego Park Mall
1,035,000 Sq. Ft.
35 Leasable Units
7 Vacancies
20% Unit Vacancy Rate



An examination of shopping centers in Northern Queens revealed that there are seven malls within a three mile radius of the site, each of which has substantial vacancies. This suggests that the need for additional mall retail is not as great as the City or QDG contend. This area has 50% more big box retail space per person than Queens as a whole, which itself has 4 times as much retail space per person when compared to Brooklyn. Furthermore, Queens malls are among the top recipients of the ICAP (formerly ICIP) tax abatement – with five malls receiving more than \$30 million in tax breaks annually. This further indicates that without massive give-aways, a market does not exist to support further development of this type. Job quality at these establishments is also infamously poor. A 2009 survey conducted at various stores at Queens Center Mall found that there were few fulltime jobs and most jobs paid at or slightly above the \$7.25 federal minimum wage, with some jobs paying below the legal minimum wage.

Small, locally-owned businesses in these areas – the entrepreneurs along Roosevelt Avenue and in Flushing, Corona and Jackson Heights – are highly vulnerable to unfair competition from national, formula-based chains benefiting from corporate welfare in publicly subsidized space. At the same time, these local businesses are critical sources of employment for immigrant entrepreneurs and have little chance of operating in mall space. The average rent at Skyview Mall is \$75 per square foot, which for a small shop of just 500 far exceed what most small businesses can afford. Indeed, even rents on local commercial strips are difficult for immigrant entrepreneurs to meet, as affirmed by a survey of business owners on Roosevelt Avenue and 37th Avenue in Queens that revealed high rents to be the top problem experienced. Rates of immigrant entrepreneurialism are high and growing: over a decade, the number of self-employed foreign-born Queens residents increased by 55.2%, representing more than 25,500 individual small business owners in the borough. Despite this, a 2011 City study showed that a smaller proportion of immigrants than native-born New Yorkers own businesses that operate longer than 42 months. These businesses deserve a fair playing field and public support.

ENVIRONMENTAL IMPACTS

The supplemental environmental impact statement performed for the proposal identifies that regardless of actions that the developer or the City take, the “Mets MegaMall” will cause significant adverse environmental impacts that cannot be mitigated. The environmental review does not address the natural historic role that the Flushing River and surrounding lowland areas have played in managing flooding and ensuring resiliency, nor does it examine opportunities to capitalize on and enhance that natural orientation. These findings were echoed in respondents’ concerns:

- 82% of respondents are concerned about the impacts that Willets West will have on parking and traffic in the area
- 85% are concerned about the impact of new development in the park and wetlands surrounding historical wetlands areas



Flushing Meadows-Corona Park was massively flooded for weeks after Hurricane Sandy. The proposed mall site, in the FEMA flood zone, is extremely vulnerable for extreme weather events.

RECOMMENDATIONS

Any development project in the area that receives the level of investment of public investment that is being offered as part of the “Willets West” proposal and causes adverse impacts on open space and transportation should meet the standards described below. The developer of “Willets West” is the beneficiary of direct grants, infrastructure improvements, tax breaks and subsidies known and unknown, and the use of public parkland and publicly acquired land.

1. **Equitable economic development** combines protections for existing workers and businesses with assurances that new jobs will support a family.

Job Quality

Every job should pay a minimum living wage of \$11.50 and the equivalent rate adjusted for inflation for jobs that are created far into the future.

All employers and sub-contractors should guarantee labor neutrality.

Developers, contractors, and employers should be required to ensure that **50% of workers hired come from the local area, and job placement and training programs should be supported.**

Fair Treatment of Existing Workers

The existing workers and businesses who are dependent upon each other and who are threatened with displacement should be offered the option for group relocation.

Support for local, small businesses

Economic development projects in the area should reserve at least **25% of the square footage created to local, independent retailers** and offer eligible businesses an affordable rent rate that levels the playing field with national chains.

2. **Park Investment and Open Space Access** should be ensured through a contractually obligated through a(n):

Direct, up-front contribution to FMCP that can be used for capital or maintenance improvement

Contribution into perpetuity of an annual investment in FMCP maintenance

Acceleration of the creation the components of the project that create open space and recreational opportunities. These should be made permanent and free to the public.

RECOMMENDATIONS

3. **Affordable Housing** must meaningfully address the housing crisis in surrounding communities by the:

Requirement that the housing will be affordable permanently, that it will be 35% of the total units created and that the subsidized housing is affordable at levels that are realistic for local families, specifically:

- 10% of the total units are affordable for families earning up to \$45,000 per year
- 15% of the total units are affordable for families earning up to \$38,400 per year
- 5% of the total units are affordable for families earning up to \$30,370 per year
- 5% of the total units are affordable for families earning up to \$23,000 per year

Closing of the loopholes in the developer's contract that allow for the delay or failure to build affordable housing, related to the construction of highway ramps, clean-up costs, and changing market conditions.

Prioritization the housing development to synch it with economic development in a guaranteed timeline

4. **Transportation** is a vital lifeline for job access that is already compromised in the area. Development should:

Address significant adverse impacts identified in environmental reviews by **requiring significant and ongoing City and developer contributions to mass transit** that will accomplish:

- Increased capacity of the 7 train and by bringing LIRR to Flushing at a fare level that is affordable to local residents
- Increased service on the Q19, Q48, Q66 bus lines
- Widen station staircases to ensure pedestrian safety

It is clear that the “Mets MegaMall” proposal represents a work-around of fair and normally required planning processes. It is a far cry from a realization of the original Willets Point plan, and it introduces a new proposal with many negative impacts on the community. The next mayoral administration should initiate a new, fair, and inclusive process that fully contemplates impacts and community needs and any development in the area should address the needs described above.

For More Information:
www.ProtectThePark.org

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