



BROOKLYN BRIDGE PARK

- CASE STUDY

URBAN REGENERATION KSB



WORLD BANK GROUP

Urban, Disaster Risk Management, Resilience & Land



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SUMMARY

PROJECT & LOCATION	Brooklyn, New York City, USA
LAND-BASED FINANCING INSTRUMENT USED	Ongoing operations & maintenance of public amenities funded by PILOT (Payment in lieu of property taxes); out-lease of excess government-owned land
TOTAL PROJECT COST	US\$355 million
LAND AREA	85-acre (34 hectares) of former industrial waterfront land along 1.3 miles of the Brooklyn side of the East River
BENEFITS TO THE CITY	Creation of an iconic park with resilient, world-class design and construction standards, serving locals and visitors; increase in land value and therefore property taxes in adjacent neighborhoods; enhance the quality of life in surrounding neighborhoods in the borough; financially self-sustaining (i.e., maintained at no cost to the city)
ANNUAL O&M BUDGET	US\$16 million (2016)

In the early 1980s, the Port Authority of New York and New Jersey (PANYNJ) decided to cease all cargo ship operations along Brooklyn's Piers 1 to 6 due to a decline in use, as cargo was increasingly going to other ports. As a result, the piers became a barren, post-industrial site with little activity. Even so, the area had significant potential for reuse, in part due to its panoramic views of the Manhattan skyline across the East River. In the 1990s, PANYNJ announced plans to sell the land for commercial development. Local community and non-governmental organizations lobbied to preserve the open-air quality of the site and prevent the construction of high-end, high-rise developments that would block views from the Brooklyn Promenade. In 1998, the Brooklyn Waterfront Local Development Corporation (LDC) was created to lead a public planning process to propose alternative public uses for the site.

By 2005, the governments of the States of New York and New Jersey, and the City of New York had reached an agreement to establish the Brooklyn Bridge Park along the six former PANYNJ-owned piers. The memorandum of understanding between the parties dictated that the park must retain a financially self-sustaining model for

maintenance and operations through the not-for-profit Brooklyn Bridge Park Development Corporation (BBPDC).

In March 2010, the first sections of the park were opened to the public, and by July 2019 development of the overall site was 90% complete. Brooklyn Bridge Park has since become one of the most popular attractions in New York City. Millions of people go to the park every year to attend festivals and other recreational, artistic, and educational events.

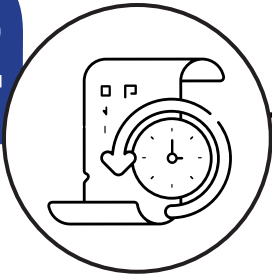


FIGURE 1
Brooklyn Bridge Park
site at Piers 5 and 6
before development

PHOTO CREDIT:
Wikipedia Commons



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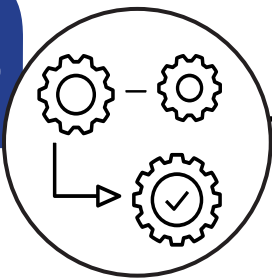


BACKGROUND

The Port Authority of New York and New Jersey, New York State, and New York City signed a memorandum of understanding (MOU) in 2005 to transfer Piers 1 to 6 along the East River to New York City for the purpose of creating a public park. The MOU outlined the conditions for creating and operating the park, including the need for it to be financially self-sufficient. The maintenance and operating costs of the park were to be financed out of the annual revenues from the commercial and residential developments on the site.

The City of New York provided US\$162 million in initial capital towards infrastructure and other initial construction costs; the Port Authority contributed US\$85 million in addition to transferring the land to the development corporation. The MOU stipulated that the parcels reserved for private development were not to exceed 20% of the project area. The 2005 General Project Plan (GPP) affirmed this requirement and identified five sites within the site's footprint — occupying less than 10% of the total project area — that could be developed to provide revenue for the maintenance and operations of the park. The GPP also set height limits and allowable uses for these development sites. The MOU formed the Brooklyn Bridge Park Development Corporation (BBPDC) and tasked it with the development and operation of the park. The BBPDC is governed by a 17-member board of directors appointed by the Mayor of New York City, eight of whom are nominated by the Governor of New York State, and local elected officials.

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THE PROCESS

The financial sustainability model is based on two pillars. The smaller contribution for operations and maintenance funds comes from permits and concessions. But the lion's share of the revenue is generated from ground lease payments by development sites within the project's footprint. The development sites are mapped out in Figure 2. The financial sustainability model is based on two pillars: ground lease payments and payments in lieu of taxes (PILOTs). The five development sites pay directly to fund the park. The PILOTs are administered and collected by the New York Department of Finance.

FIGURE 2
Development sites
within the Brooklyn
Bridge Park project

PHOTO CREDIT:
Brooklyn Bridge
Park Development
Corporation



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PROJECT OUTCOMES

The renowned landscape architecture firm Michael Van Valkenburgh Associates, Inc (MVVA) took the lead in designing the site, applying state-of-the-art landscape design to the park's goals of preserving the "monumental character" of the formerly industrial waterfront and its dramatic views, reintroducing self-sustaining ecosystems, and catalyzing new social and recreational possibilities. The effort won the American Planning Association's 2014 National Planning Excellence Award for Urban Design. The landscaping features environmentally sustainable designs such as green roofs and stormwater recycling facilities. The design proved its resilience by withstanding Hurricane Sandy in 2012. In addition to the park itself, the site includes:



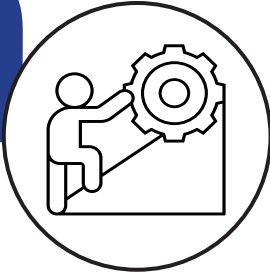
1. **ONE BROOKLYN BRIDGE PARK:** A 440-unit residential condominium complex with 80,000 square feet of ground-floor retail space, and 500 parking spaces.
2. **PIER 1:** A 200-room hotel, approximately 100 residential units, 16,000 square feet of restaurant space, 2,000 square feet of retail space, a 6,000-square-foot fitness center, and 300 parking spaces.
3. **EMPIRE STORES:** 80,000 square feet of restaurant, retail, and event space and 300,000 square feet of office space. West Elm, a design and furniture retailer, anchored the building by leasing both office and retail space. In addition, the [Brooklyn Historical Society](#) committed to occupy 3,200 square feet of exhibition space as part of a project to celebrate the rich cultural history of the borough of Brooklyn.
4. **JOHN STREET:** 50 residential units comprising a total of 96,000 square feet, plus 2,600 square feet of ground floor retail space, and 1,750 square feet of cultural space that includes the Brooklyn Children's Museum.
5. **PIER 6:** Two residential buildings including affordable housing units.



FIGURE 3
View of the
Brooklyn Bridge
Park Playground

PHOTO CREDIT:
Caroline Culler via
Wikipedia Commons

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CHALLENGES

COMMUNITY-BASED SUPPORT

The Brooklyn Heights Association (BHA), an activist group representing Brooklyn Heights, one of New York City's wealthiest neighborhoods, has waged various legal battles against the project over the years. Brooklyn Heights abuts the project site, with multi-million-dollar homes located along the Brooklyn Heights promenade having views directly onto the site. This particular community preferred that the Piers be redeveloped into solely a park, without any – or as little as possible — commercial uses or private development. The founding MOU required that the park must be 'financially self-sustaining' in order to, among other reasons, not add costs to the already lean operating budget and capacities of the City's Department of Parks and Recreation. Nevertheless, the BHA lobbied heavily against the inclusion of private development within the park's footprint.

FINANCIAL SUSTAINABILITY

In 2015, the BBPDC released additional land, at Pier 6, for development. Part of the reason given by the BBPDC was that the park required more funds than originally anticipated for capital expenses to shore up existing infrastructure (sizeable sections of the park are built atop hundreds of wooden pylons left over from 100-plus years of maritime activities on the piers and that are built into the East River). Also, land values – and the associated property taxes – for the private development on the site and surrounding communities had risen, yet the New York City Department of Finance, which administers PILOTs, supposedly had not adequately incorporated such increases into the assessments. The purported need for more development, in order to generate funds to support ongoing operations and anticipated capital upgrades, raised questions about how appropriate PILOTs are as a tool of financial sustainability. Some opponents of PILOTs claimed that use of the tool strips the city's general budget of the share of property taxes that would otherwise flow to other public services, including to other city parks.

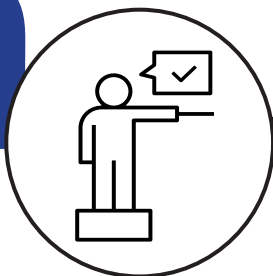
FIGURE 4
Brooklyn Bridge Park
2016 Budget

SOURCE:
Brooklyn Bridge
Park Corporation
Financial Statement

OPERATING REVENUES	2016
Permits and fees	\$1.6
PILOT Payments and ground lease rents	\$8.2
Total Operating Revenues	\$9.8

OPERATING EXPENSES	
Personnel costs	\$4.3
Utilities, repairs, and maintenance	\$2.6
Professional fees	\$1.0
Depreciation and amortization	\$6.6
General and administrative expenses	\$1.0
Other	\$0.22
Total operating cost	\$15.52

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LESSONS LEARNED

PLACEMAKING AND PROGRAMMING AS CRITICAL TO PARK SUSTAINABILITY

Brooklyn Bridge Park is more than a green area: the vibrant park and public spaces hum with thoughtfully curated activities and recurring events such as Shakespeare in the Park, Movies with a View, and Books Beneath the Bridge. These events have been vital for promoting the park's appeal and attracting millions of new and returning annual visitors.

PEOPLE-CENTERED DESIGN CREATES VALUE

The architects incorporated the park's industrial past into clever, user-friendly designs. For example, granite from the demolition of the Roosevelt Island Bridge was used to make tiered seating for Pier 1, and the tall light poles that the Port Authority had originally installed on the piers in the 1950s were reused throughout the park.

FINANCIAL SUSTAINABILITY SHOULD BE CONSIDERED FROM PROJECT INCEPTION

The park's financial sustainability, with clear emphasis on operations and maintenance costs, was considered from project inception, given initial concerns about a large new park putting additional pressure on the city Parks Department's already strained capacity and annual operating budget. The BBPDC had the political independence and institutional capacity to tap-into innovative financial tools can be challenging to administer. New York City has a robust urban economy and efficient governance structure, including sophisticated administrative capacity to handle the kinds of taxes, professional appraisals, and development procedures utilized in the construction and ongoing operations of the park.

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