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## **Community facility floor area bonus can add a financial bonus to a project**

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Did you ever wonder why the city is giving floor area incentives for community facilities? City planning decided to encourage medical facilities to move into undeserved areas, thereby taking a load off of over-burdened hospitals and clinics. They created zoning laws that give developers extra floor area if they provide a community facility in their developments. Each project is different, but in essence, the floor area for community facilities do not count in the FAR which means that adding a community facility increases the maximum permissible floor area. For example, if a project is maxed out at 100,000 s/f without a community facility, adding a 10,000 s/f maxes the project at 110,000 s/f. Considering the construction cost of \$200 per s/f and a sale price of \$400 per s/f , a developer can make \$200 per s/f or \$2 million by using the Community Facility Bonus.

This is exactly what happened with a community facility condominium I designed in Kew Gardens for Dr. Larry Blum's eye care center at 116-24 Grosvenor Ln. The space is located on the second floor above a bank and below a residential deck and mechanical area. The space takes the foot-print of the bank so there was no additional foundation work and the mechanical/plumbing/electrical risers were used from the bank below at a minimal additional cost. The heat from the bank was also captured and used so heating costs were reduced. The best news for the developer was that the \$2 million asking price for the 10,000 s/f space was found money.

The city benefited tremendously by allowing this in many ways. This facility provides additional medical treatment for needy New Yorkers without having to travel very far. It created additional jobs. Construction revenues and tax income was also generated. Dr. Blum benefited by having a new, clean space to work in. The facility can be worth many times the original price in the future. Best of all, the developer was able to make a profit from this additional space which made the entire development viable. The income from the sale of the community facility was the financial windfall that allowed them to close out the project.

Since the medical and residential markets are independent of each other and since Obama Care has boosted the medical and drug market significantly, including a medical community facility in a residential project can give the developer a financial parachute in case of a weakening residential market. A successful formula for residential development in N.Y.C. usually includes retail on the ground level, some commercial on the second floor and a community facility on the second or third floor with a tower above. Adding a laundry room and gym is also necessary. Parking and storage is required in some areas. Adding a sun deck and outdoor amenities boosts the sale cost and value of the units.

The best advice I can give you is to separate the entrance of the medical center from the other entrances. Be careful not to mix the two because owners who pay top dollars for their apartments do not want to intermingle with screaming kids getting their teeth pulled, or worse, people off the street

coming to create havoc. Create an attractive, ample lobby for the medical center on the ground floor with a separate elevator to the medical center. The elevator is necessary to comply with handicapped accessibility requirements. You should also add handicapped accessible bathrooms in the medical center from the start. This will cut down the build-out cost and attract more buyers.

Be very careful in constructing a roof deck above the medical center. You don't want any leaks and mold problems. The public roof should be designed very carefully to protect puncture and leaks from maintenance crews and the public. Why do some roofs leak? The superintendent decides to install a fence on the roof deck and drives screws into the roof without sealing it, for example. There are no codes and laws preventing this, just common sense.

Consider a community facility for all your projects. The floor area bonus can make a big difference for a financially feasible development. Remember to have a separate entrance for the medical offices, provide handicapped accessibility and protect the roof from damage. Feel free to contact me if you have any questions or comments.

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