

APPROVED DOZ PROJECTS IN DOWNTOWN NEW ROCHELLE

The Downtown Overlay Zone offers developers as-of-right permitting and approval within 90 days if their proposal follows the DOZ's rules. So far the city has approved 17 projects at 15 sites.

1. 587 MAIN STREET

This RXR project was the first to receive site plan approval. It is almost ready for occupancy.

2. 251 NORTH AVENUE

This project will preserve a portion of the historic Standard Star building for new retail space.

3. 14 LECOUNT PLACE PHASES 1 AND 2

Phase 1 of this development includes 379 residential units, with 20 percent of them affordable.

4. 26 DIVISION STREET TOWERS A AND B

Another RXR project; this one includes a new downtown public plaza.

5. 17 LOCUST DORMITORY

This project is being developed in partnership with Monroe College.

6. 64 CENTRE AVENUE

7. 500 MAIN STREET

This new residential tower will be built in partnership with the Covenant Church, which will occupy a portion of the building.

8. 277 NORTH AVENUE

This residential building and retail space is across the street from the train station.

9. 393 HUGUENOT STREET

10. 10 COMMERCE DRIVE

11. MILLENNIA: 22 BURLING LANE

12. NEW RO STUDIOS: 11 BURLING LANE

Ten of the 73 studio apartments will be reserved for artists; the building will also have work space and an art gallery.

THREE PROJECTS FALL OUTSIDE THE CORE DOWNTOWN AREA:

13. 583 NORTH AVENUE

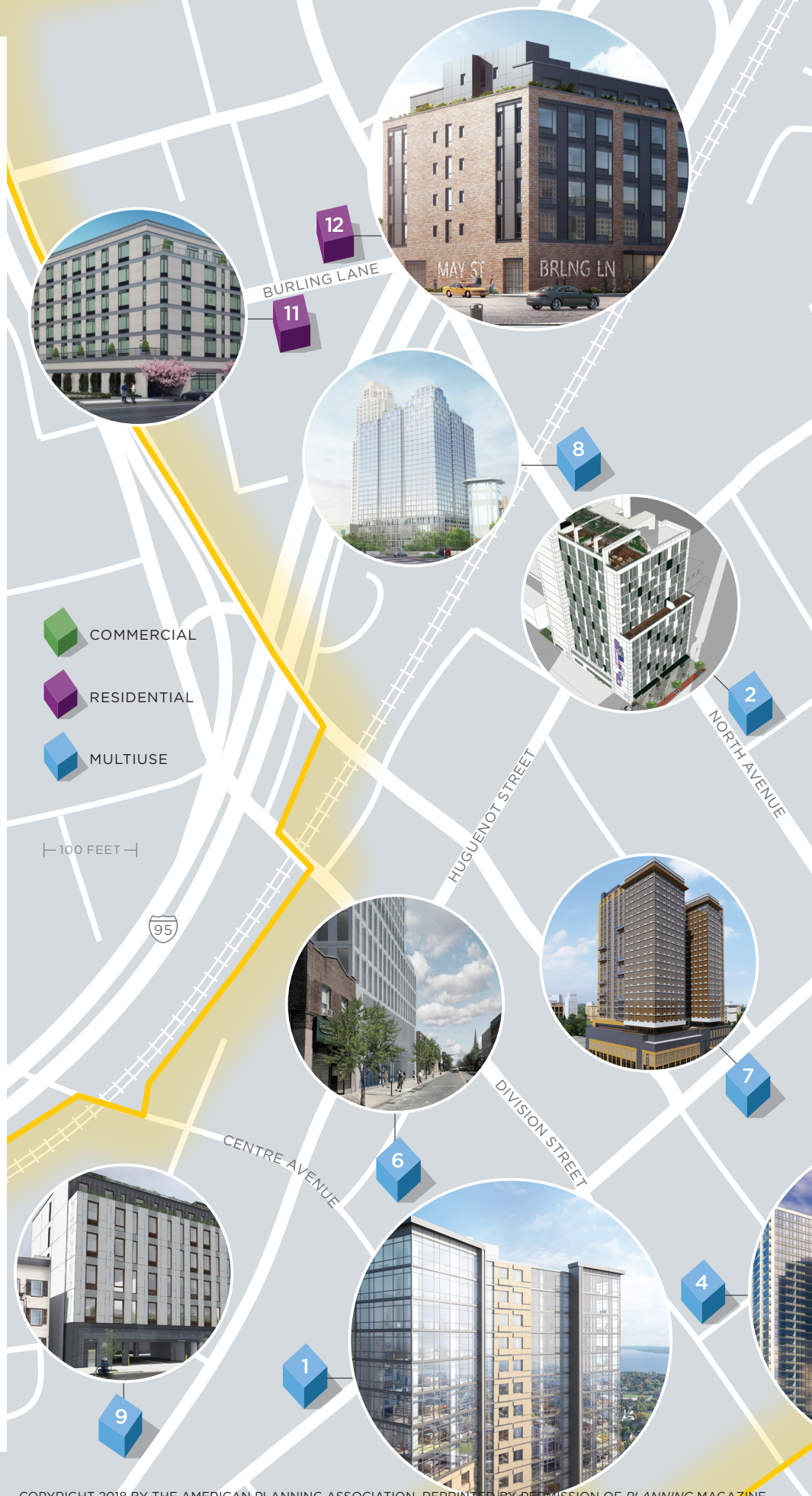
The first of two projects that will transform an underused section of North Avenue has a large retail component.

14. 600 NORTH AVENUE

The second project in this section of North Avenue will include 50 public parking spaces on the ground level.

15. 2 HAMILTON

This four-story overbuild uses mass timber construction above an existing structure to preserve the historic facade.



SKIN IN THE GAME

The New Rochelle Model is an innovative market-based redevelopment process. And it's working.

By LUIZ ARAGON, DANIEL MARSH, AND SETH PINSKY

NEW ROCHELLE IS A CITY OF 80,000 in Westchester County—an amenity-rich, family-friendly, yet relatively affordable place to live very close to New York City. (Fans of classic 1960s TV will recognize it as the home of Dick and Laura Petrie in the iconic *The Dick Van Dyke Show*). Although it is just 30 minutes by train to Manhattan, the city struggled for years to revitalize its downtown. Uncertainty in the development process caused large-scale redevelopment efforts to be delayed.

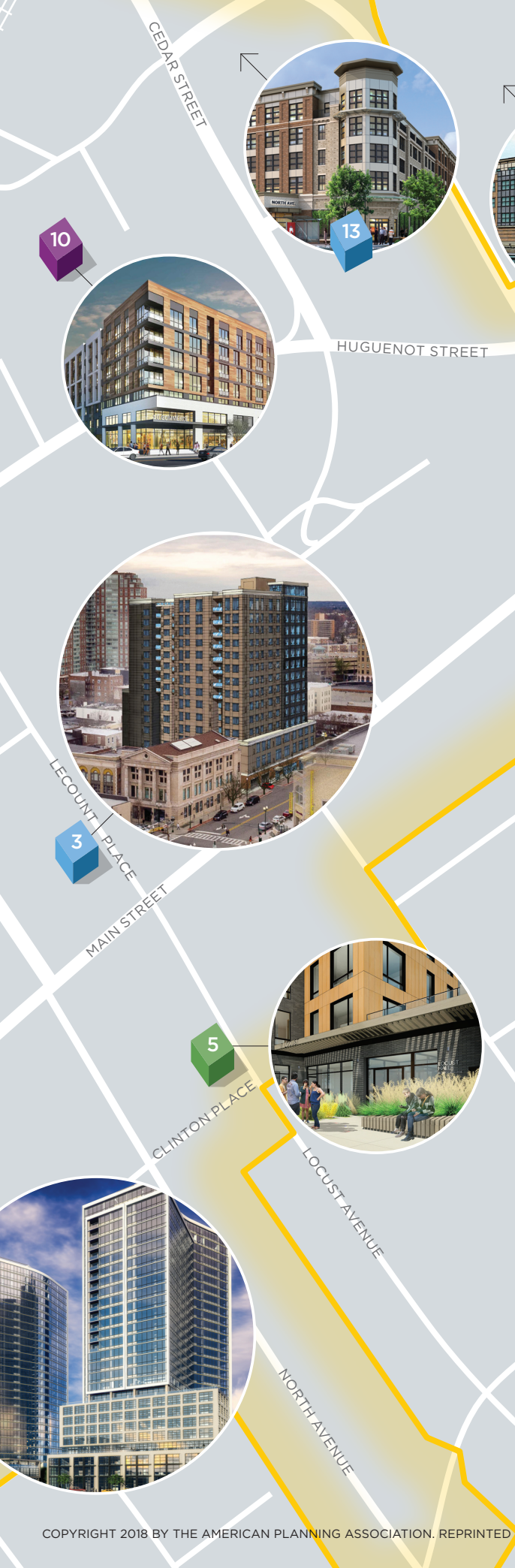
But the story is very different today.

In December 2015, the city's legislature unanimously approved a comprehensive Downtown Overlay Zone that entitled more than 11 million square feet of development. (That's more space than is planned for the World Trade Center site in Lower Manhattan.) Since then, New Rochelle has approved site plans for 17 projects, totaling more than 3,000 residential units and about 150,000 square feet of commercial space.

What made the difference? An innovative planning process—the only one of its kind and scope, as far as we know—that is gaining recognition as the New Rochelle Model. Designed to remove uncertainty in the development process, the New Rochelle Model is a market-based approach to planning in which all stakeholders are at the table from the beginning with skin in the game.

The results have prompted the Regional Plan Association, the oldest planning organization in the country, to highlight the New Rochelle Model in a recent report as “Development Done Right.”

“New Rochelle provides a case study for engaging the public and private sectors in a collaborative approach,” said Tom Wright, president of RPA, via email. “Together they figured out how to move forward with an ambitious plan that provides housing located close to transit, while allowing



The engine driving New Rochelle's downtown revitalization is the as-of-right permitting process that guarantees development approval within 90 days—warp speed in municipal terms—so long as the proposal conforms to the DOZ rules.

for meaningful public input. At RPA we hope to see more communities follow this innovative model.”

Several pieces had to fall into place to make this work, but an essential component was the collaboration between the city, the master developer, and a nonprofit economic advisor. The coauthors of this article represent each of those critical players: Luiz Aragon, the city's director of economic development; Seth Pinsky, executive vice president with RXR Realty, a private developer; and Daniel Marsh, CEO of the National Development Council, an economic development nonprofit. Here's a look at how it worked, and some advice on how it might work for you.

A design-build approach to planning

The city-led vision began with a competitive RFP process seeking a master developer. The RFP stipulated that the master developer would provide up-front resources for the city to develop a comprehensive downtown master plan in exchange for control of a few key downtown development sites. While the master developer participates in the development of the plan and provides real-time market-based feedback, the city controls the process. RXR Realty—a New York-based real estate owner,

manager, and developer in the tristate region, led by a management team with government redevelopment experience—won the RFP.

While the selection of the master developer was under way, New Rochelle engaged its nonprofit financial advisor, the National Development Council, which has worked with local governments to realize economic development projects since 1969. NDC collaborated with New Rochelle to analyze and update tax incentives and test real-time development scenarios given current market conditions. This information helped the city negotiate with the master developer from a position of strength. Real estate tax incentives—always a touchy subject—have been updated in the city's uniform tax exemption policy to establish predictability, and are right-sized to induce early entrants into the market—with reductions anticipated as development conditions improve.

As these components were under way, the city engaged the public to articulate community priorities. This important outreach process resulted in two types of guaranteed community givebacks.

The first is the Fair Share Mitigation program that funds social and traditional infrastructure, such as increased school capacity and transit improvements.

THE NEW ROCHELLE MODEL: THREE DIFFERENCES

1 AN ENLIGHTENED DEVELOPER (preferably with previous government or development agency experience) is involved from the beginning with an up-front investment for the master plan, which must succeed in order for that investment to pay off. This incentivizes the master developer to collaborate with the city's political leadership and listen carefully to public input so the entire process doesn't get derailed after a lot of time and money has been expended. The master developer's involvement, however, is key to implementing a successful market-based action plan.

2 A NEUTRAL, THIRD-PARTY ADVISOR to the city is critical to untangling existing zoning, tax, and permitting regulations in order to test the impact of various changes to these rules of the road. (Given current market conditions, how would certain density bonuses and tax breaks impact city revenue and development profits?) Most cities, particularly mid-sized and smaller ones, do not have the financial expertise on staff to evaluate the complicated incentives and

disincentives that can make or break development scenarios. The city should not be in a position of relying solely on the master developer for this input.

3 FINALLY, THIS MASTER DEVELOPER APPROACH must be a transparent feedback loop, with each component guiding the framework simultaneously. This sounds messy but it turns out to be more effective and efficient compared to the traditional linear planning process, which goes something like this: The city announces broad-based goals, the public is engaged in community outreach, and a plan is written without input from the development community (or worse, input is given behind the scenes) while the specifics of zoning, tax incentives, land use, and permitting get hashed out on the back end. Those specifics need to be decided and codified as part of the process, otherwise the action plan is at risk of devolving into horse trading that undermines the plan's legitimacy, or worse, is entirely unworkable as market conditions did not inform the plan as written.

The second is the Community Benefits program, which calculates a precise value for additional building height that can be paid into the Community Benefits Fund, or as a one-to-one added value for things such as additional affordable units, new cultural amenities, new or improved park space—or any combination thereof. So far, New Rochelle's Community Benefits include a black box theater, a public plaza between two new residential buildings, an art gallery, and improvements to downtown parks.

The engine driving New Rochelle's downtown revitalization, however, is the as-of-right permitting process that guarantees development approval within 90 days—warp speed in municipal terms—so long as the building proposal conforms to the rules of the Downtown Overlay Zone.

The DOZ spells out in precise terms the new form-based code (which provides flexibility rather than proscribing building types and uses at a fixed point in time), tax incentives, the cost of community give-backs, and everything else a developer needs to know. This enables them to finance, design, and build based on current market conditions, as opposed to two, five, or even 10 years later.

Could it work for you?

Given the success of the New Rochelle Model, the article's coauthors figured it was only a matter of time before other communities followed our lead. We get frequent calls from mayors, planners, and development directors who want to talk to us about replicating these efforts. But few have yet to reproduce this approach. The most frequently cited hurdle to implementing a process like this is a lack of necessary resources, both time and money, especially in weaker markets. This could be addressed through the master developer approach coupled with resources from economic development agencies, especially at the state level.

As an example of how state economic development funding can support revitalization efforts, in September the state of New York awarded New Rochelle a \$10 million grant as part of its Downtown Revitalization Initiative. Building on the progress already under way, New Rochelle will use the DRI award to connect its evolving city center with a mile-long transit corridor that contains mixed-income residential housing, a newly renovated hospital, greenspace, a train station, and part of the city's Arts and Cultural District.

While this grant award came after the planning process was complete, imagine, for example, state

economic development agencies holding competitions among cities to demonstrate readiness for a similar planning approach. Winning contenders would be eligible for economic development grants to help them bring in outside expertise to launch and carry through the process.

In weaker markets, a successful master plan—that is, one that gets formally adopted by the city—could trigger additional grant funding to fill gaps for infrastructure that supports increased density. This money would serve multiple purposes, including spurring economic development, expanding the tax base, and creating a new reservoir of workforce housing.

As the DRI award demonstrates, state economic development authorities typically have wide latitude to issue such grants, and they would not have to reinvent the wheel to do so. Foundations, too, have sponsored competitions, such as the Mayors Challenge run by Bloomberg Philanthropies, or Rebuild By Design, a collaboration between the federal government and the Rockefeller Foundation in the wake of Hurricane Sandy.

Of course, hoping for economic development agencies and foundations to undertake grantmaking competitions does not help cities right now. For those communities eager to move forward more quickly, the master developer approach is the surest path to securing upfront resources to get the process started.

Our experience shows that it works, but it requires true public-private collaboration.

The New Rochelle Model succeeds if all parties are willing to communicate—not only explaining their positions, but also listening to and understanding those of others. Though sometimes this can seem tedious and time-consuming, in the long-run, it represents an upfront investment that pays dividends on the back end.

As New Rochelle itself has proven, the upside of such an investment is not just a faster and smoother approval process, but, even more importantly, it results in the kind of economic activity that communities across the country recognize they need to secure their futures. ■

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COMMUNITY BENEFITS BONUSES

New Rochelle offers developers additional building height in return for payments into a community benefits fund or for providing certain benefits. Here's a sampling (the full list and formulas are available at bit.ly/2Az3keT).

HISTORIC PRESERVATION

ELIGIBILITY: 25%, 50%, or 100% of potential bonus.
FORMULA: Permanently preserves all or part of a "historically significant structure" in a "historically appropriate way."

TRANSIT AND PARKING

ELIGIBILITY: Up to 100% of potential bonus, pro rata based on contribution.
FORMULA: Permanently offers a "substantial number" of parking spaces open to the public at costs consistent with the city's public parking.

HOUSING

ELIGIBILITY: 25%, 50%, or 100% of potential bonus.
FORMULA: Provides up to 5% of units at 60% of AMI, 5% of units at 80% of AMI, or 11% to 20% of units at 80% of AMI.

SOURCE: DEVELOPER'S GUIDE TO THE CITY OF NEW ROCHELLE'S DOWNTOWN OVERLAY ZONE



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