

New Buildings Rise in Flood Zones

One in eight new residential units in New York is being built along the riskiest waterfront. The buildings may be resilient, but what about the neighborhoods?



Stefano Ukmar for The New York Times



By Stefanos Chen

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When Hurricane Sandy lashed the southern coast of Brooklyn in October of 2012, the neighborhood of Sheepshead Bay, with its quaint bungalows and low-slung buildings, was buffeted by up to 10 feet of rushing seawater.

Last week, sunbathers lounged on a pool deck high above the bay here, on a block that was devastated by the storm. They were some of the first residents of 1 Brooklyn Bay, the recently completed 30-story condo and rental tower that is the tallest building in this part of Brooklyn. It is also in one of the riskiest flood zones in the city.

“This was built specifically with Sandy in mind,” said Jason Muss, one of the developers, on a tour of the new luxury tower, where units range from \$995,000 for a two-bedroom to \$3.71 million for a four-bedroom penthouse — prices that rival more expensive Brooklyn neighborhoods, testing the limits for the area. About two-thirds of the 56 condos have sold since last June, he said.

In addition to an outdoor bocce court, a dog run and poolside cabanas, there are less obvious comforts. The mechanical systems are above ground to prevent power and heating malfunctions in the event of flooding, and the lobby was built far above the flood plain — luxuries most of the homes in the area can neither adopt nor afford.

Rather than retreating from flood-prone neighborhoods after Hurricane Sandy, some developers are wading deeper into waterfront markets, especially in Queens and Brooklyn, where they are finding large parcels of land close to mass transit. These are calculated risks, bolstered by years of flood-zone price growth and unwavering demand.

Whether these new apartment buildings can endure another major storm does not seem to be a concern for most residents, who are glad to have new options in inventory-starved markets. Critics, though, ask whether the neighborhoods can withstand the surge of new development and the stress it will add to an already strained infrastructure. These new buildings might remain unscathed in a flood, they say, but what about the damage caused by the torrent around them?

Waterfront building has continued apace since Hurricane Sandy, and it could soon accelerate. As of January, there were roughly 12,350 new apartments under construction or planned in the city's worst flood zones, according to [Localize.city](#), a real-estate data website. That means 12.4 percent — or roughly one in eight new apartments — will be built in a high-risk flood zone, up from 10.7 percent in 2014, said Tal Rubin, the company's vice president of research. And last year, 2,362 flood-zone units were completed — nearly double the number delivered in 2014, she said.

The largest share of these buildings is on the southern tip of Brooklyn, in areas like Brighton Beach, Coney Island and Gravesend, where a total of 45 projects — about a third of all flood-zone buildings — are rising. They represent a combined 1,571 units. Pricier precincts near Manhattan, like Long Island City in Queens, and Greenpoint and Williamsburg in Brooklyn, had the most units overall, with a total of 5,561 apartments in 20 buildings, accounting for 45 percent of new flood-zone units.

Localize.city used Department of Buildings records and the Federal Emergency Management Agency's 2015 preliminary map to identify flood-zone projects with four or more units. The most serious flood zone is known as the 100-year flood plain, which has a 1 percent chance of flooding in

any given year. That may sound low to home buyers, but over the course of a 30-year mortgage, that means there is a 26 percent chance of having at least one flood.

The Water's Lure

“I think we have short-term memory,” said Patrick W. Smith, an agent with Stribling & Associates who lives and works in Long Island City.

“Home buyers still ask about the flood zone, but it hasn't stopped anyone from buying,” he said, adding that the Hunters Point area of Long Island City, much of which lies in FEMA's high-risk flood zones, has increased its population by 90 percent — from 3,979 households in 2010 to 7,553 in 2016. With 5,900 more apartments in the works, Long Island City also has the city's biggest residential pipeline, according to a [May report](#) from the city's planning department.

And every year since 2012, when Hurricane Sandy prompted evacuations in parts of the neighborhood, the average sales price has risen, from about \$732,700 in 2012 to \$1.1 million in 2017, Mr. Smith said. Even in buildings like the Powerhouse, a luxury condo built in 2008 [that reportedly](#) had flooding and lost electricity, there were 20 sales the following year, double the number sold in 2012. And the median sales price per square foot rose 20 percent.

So the construction continues. Along the Anable Basin, an artificial inlet on the East River, a 14.7-acre swath of industrial waterfront could soon be rezoned to include up to 5,000 residential units, an esplanade and 335,000 square feet of light industrial space (think breweries and furniture fabricators).

The developer, [Plaxall](#), a local plastics company and longtime landowner, has yet to receive approval for the project, which may include an off-site public school, retail space and, among a number of potential buildings, a 695-foot residential tower.



A rendering of the proposed Plaxall rezoning of Anable Basin in Long Island City. Credit WXY architecture + urban design

“New York is desperate to find more places for people to live,” said Matt Quigley, an owner of the site, noting that 25 percent of the units, up to 1,250, would be reserved for affordable housing with below market-rate prices. Some portion of the residential space could also be shifted to commercial use, he said, depending on the market. And post-Sandy building requirements will make the area more resilient to storms, he added, because Plaxall’s project will create a buffer against storm surge, and the proposed green space will help absorb and redirect water.

Some longtime residents, however, are unconvinced. Ernie Brooks, 68, a musician and a member of the Long Island City Coalition, a neighborhood group, who has rented near the proposed site for 41

years in an industrial loft conversion, said he believed flooding has become a greater threat. During Sandy, his unit lost power for three weeks and the basement flooded at least four feet.

“It was like the early days of loft living, when the heat would go off,” said Mr. Brooks, the original bassist for the Modern Lovers.

More recent, less severe storms have also been troubling, he added: “Whenever there is rain, the storm drains back up. You often have to wade through a foot of murky water to get to the car.”

Two months ago, at least one early-learning center in the area temporarily closed during heavy rain because the toilets backed up from storm-water surges. And recently, [city officials](#) started a campaign warning residents not to flush their toilets during storms.

Thomas Paino, an architect and also a member of the Long Island City coalition, [raised his own house](#) three and a half feet to prevent flooding, although it was not flooded during Sandy. “The density and height are absurd,” he said of the Plaxall proposal, which he believes would not create a buffer, and could push water farther inland in a storm.

Jonathan Drescher, who is managing the Plaxall project, said the group would create a new drainage plan to account for added stress on the sewage system, and that the site will be engineered to mitigate flooding, not exacerbate it.

Changing Course

In Rockaway Park, on a peninsula in southern Queens, Mark Caller is building an 86-unit condo and townhouse project less than a block from the Atlantic Ocean. The project was unusual for Mr. Caller, the chief executive of Marcal Group, which specializes in medical and commercial real estate. The company originally envisioned a similar use for this site, a former catering hall that it bought for \$5 million in 2016.



A rendering of One Sixteen, an 86-unit condo and townhouse project under construction in Rockaway Park. Credit: Dimitris Stasis

Then Mr. Caller and his colleagues looked at the condo market. “Pricing had literally gone up 60 to 70 percent in the last two years, and there was very little inventory available,” he said. From 2013 to 2017, gross residential sales in the flood zone of the Rockaways increased by 167 percent, to \$392 million from \$147 million, according to Localize.city.

Now the company’s new eight-story building, called One Sixteen, is under construction, and more than 300 prospective buyers have expressed interest, Mr. Caller said. He expects to sell the luxury

apartments for about \$600 a square foot — or \$350,000 for a one-bedroom, ocean-view apartment. It may still be a struggle to convince buyers to travel so far from Manhattan, he said, but the building's proximity to the subway and a new [ferry stop](#) that will connect the area to Manhattan should help. "This is just phase one," he said, adding that the company bought another site across the street where it may build rental apartments.

Similar conditions brought Muss Development to Sheepshead Bay, where sales at 1 Brooklyn Bay are underway. "Land like this is just very difficult to find," said Mr. Muss, who bought the two-and-a-half-acre former parking lot 2014. Apartments started at \$525,000 for one-bedrooms, roughly 35 percent less than trendier Williamsburg. The building qualified for the 421a tax abatement program, which subsidizes buyers' property taxes for most of a 15-year window.

The new development arrives at a time when some buyers are turning away from co-ops, which are more common than condos in the area, said Melissa Leifer, an agent with Keller Williams TriBeCa. "Co-ops need a lot more paperwork, and it's a stricter financial profile," she said, noting that many self-employed people and cash buyers are willing to pay a premium to avoid the scrutiny.

"You get really nice amenities" for considerably less than the price of something comparable in Manhattan, said Roman Grinshpun, 40, who bought a one-bedroom at 1 Brooklyn Bay. The risk of flooding didn't discourage him, he said, as he previously lived at Oceana, an older Muss project in Brighton Beach. During Hurricane Sandy, the building's lobby flooded, and the electrical and other systems failed. "To be honest, it was hard," he said, but services were back to normal within a few weeks.

The experience hasn't soured him on the waterfront. "I'm not waiting for the next Sandy," he said. "I don't think it'll ever happen."

Making Waves in the Neighborhood

Although much of the new housing is being bought by those who live nearby, some fear the development has gone too far. “There should have been a moratorium” on flood-zone building, said Steve Barrison, the president of the Bay Improvement Group in Sheepshead Bay, which proposes to reserve waterfront property for water-absorbent landscaping and other flood-diverting measures.

“You can’t go down a street without seeing a house getting knocked down and a big building going up,” said Tom Paolillo, 65, a lifelong resident of Sheepshead Bay, adding that it is making the neighborhood less affordable.

As new development raises property values, longtime residents face another obstacle: mounting insurance costs. The vast majority of homes in the neighborhood were built before stricter building regulations went into effect in recent years, said Elizabeth Malone, a program manager at Neighborhood Housing Services Brooklyn, a nonprofit housing organization. That means their flood risk is significantly higher than that of new buildings, and flood insurance, which is mandated for homeowners with a mortgage in high-risk zones, is poised to jump.

Since raising a house several feet above the flood plain is prohibitively expensive for many homeowners, they would be required to pay far higher insurance premiums once a revised FEMA map is approved, said Zachary Paganini, a student at the Graduate Center of the City University of New York who has studied the topic.

Because of federal subsidies and grandfathered status that are being phased out for these older homes, some owners’ rates could eventually rise from \$400 a year to roughly \$4,000, he said. Neighborhoods where flood insurance could balloon include lower-income areas, like Canarsie in Brooklyn, where many residents are already cost burdened.

“In effect, it’s gentrification by water,” said Jonathan J. Miller, a New York real estate appraiser, who noted that the burden of higher flood insurance could hasten the flight of longtime residents who can’t afford monthly costs.

A Different Model

Not all new development along the waterfront will be luxury apartments. On Coney Island, in a once blighted area near the boardwalk, a nine-story rental project that will house homeless veterans is under construction. “The whole block was vacant,” said Ralph Fasano, executive director of the Concern for Independent Living, which is developing the project with Georgica Green Ventures.



A rental project under construction in Coney Island will house homeless veterans and renters who make up to 60 percent of the area's median income. Credit: Stephen B. Jacobs Group

“Just securing a site where we could do a project this large was very appealing,” he said, and the landowner was patient in allowing them to finance the project.

Out of 135 apartments, 82 will be allotted to homeless veterans, while the rest will be reserved for renters making up to 60 percent of the area’s median income; a single applicant would need to make up to \$43,860 a year to qualify, while a family of four would need to make no more than \$62,580.

Building in a high-risk flood zone did, however, mean higher costs. The project’s investors stipulated that the project must pay for \$5 million additional coverage beyond the standard \$500,000 flood insurance coverage, Mr. Fasano said. And the building will be elevated three feet above the sidewalk.

That market-rate apartments are going up around the project is encouraging, he said, and a boon to his prospective tenants. Above all, though, they will be able to appreciate the water view.

“It’s kind of a healing environment,” he said. “To be able to walk on the beach a block away.”

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