

ERZULIE PLAZA

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CAPSTONE PROJECT | SPRING 2025

MASTER OF SCIENCE IN REAL ESTATE DEVELOPMENT

COLUMBIA UNIVERSITY



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GSAPP

REAL ESTATE
DEVELOPMENT

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EXECUTIVE SUMMARY

AFFORDABILITY, CARE, AND CULTURE **CONNECTED BY TRANSIT.**

With an increasingly large and diverse population generating the need for a more sustainable, hybrid, and equitable urban environment, **affordability** and **transit connectivity** in New York City are more important than ever. Prioritizing spatial **locality** and temporal **longevity** as its key long-term goals, **Erzulie Plaza** seeks to pioneer the positive impact of mixed-use developments on existing variegated and disconnected neighborhoods.

Located in East Flatbush, Brooklyn, Erzulie Plaza hybridizes **grocery-**

anchored affordable housing with a 9,000 SF **child care center**, 11,000 SF **healthcare clinic**, and 14,000 SF **job training and adult education center**. A node within a circuit of uses and users, and integrating a larger infrastructural, residential, and transportation network, the project incorporates the IBX as part of an inclusive, regenerative, and **community-led system**, extending and inviting users of both the transit platform and the public space adjacent and below to interact with each other and enact the **transit-to-community connection**.

PROFIT

\$95,799,139

LEVERED IRR

6.24%

EQUITY MULTIPLE

2.35

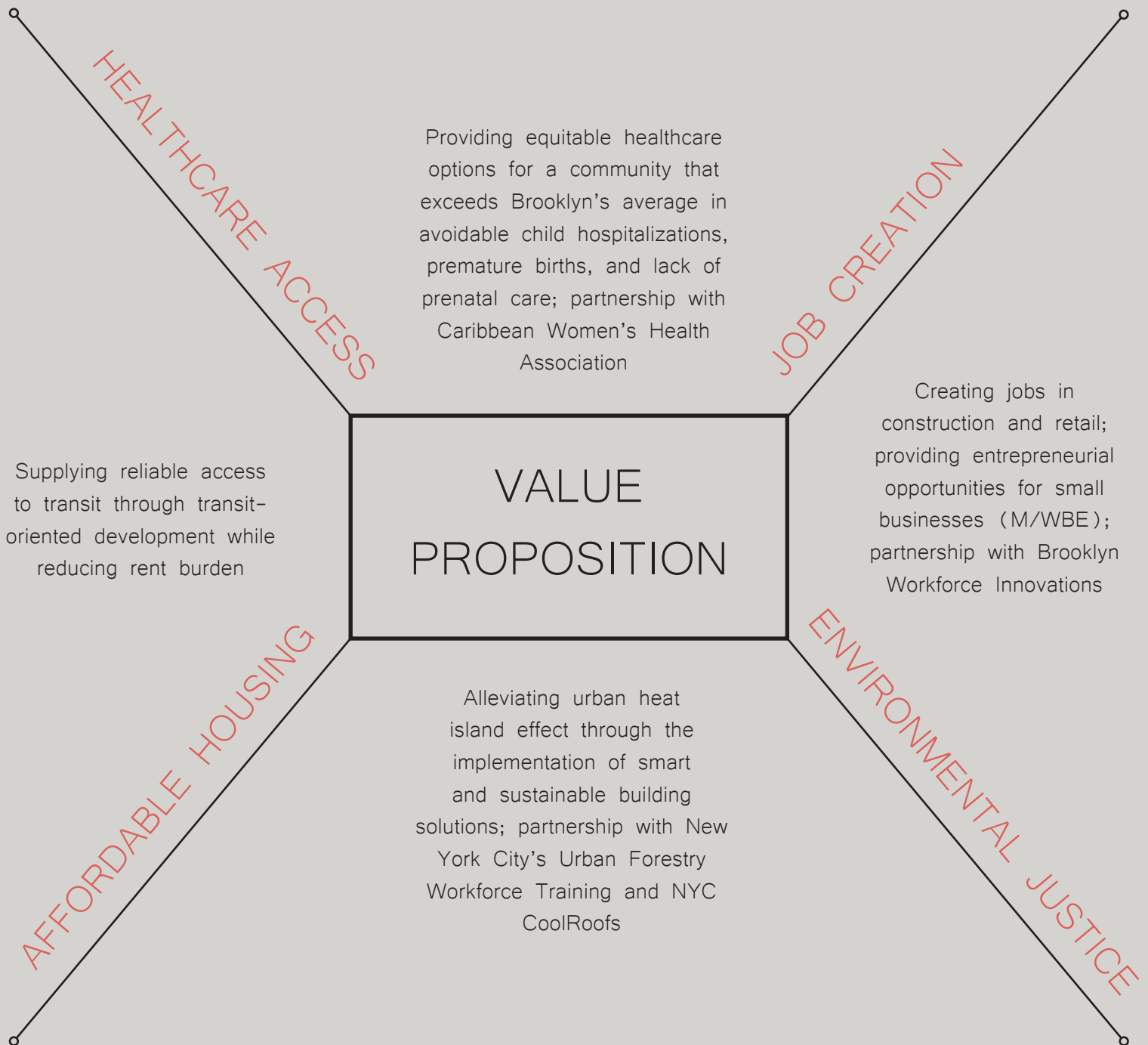
YIELD ON COST

6.71%

Erzulie Plaza will be financed through a combination of **debt, tax credits, equity contributions**, and a **deferred developer's fee**, blending public incentives with private debt and equity to maximize affordability while preserving financial feasibility. With a **\$7.6 million** acquisition cost and **\$95.8 million** profit at sale, the project returns a **6.24%** levered IRR, **2.35** equity multiple, and **6.71%** yield on cost, making it a highly productive investment.

VISION AND CONTEXT

Drawing its name from the Haitian spirit associated with womanhood, Erzulie Plaza embraces East Flatbush's **Caribbean cultural heritage**, inviting residents and workers from both within and outside of the community district to cooperate in the project's **housing**, **retail**, and **transit**-based opportunities.



The upcoming implementation of the 14-mile **Interborough Express (IBX)** line, a light-rail project aiming to connect underserved areas of Brooklyn and Queens, promises to significantly reduce travel times and enhance accessibility for up to **900,000** residents and **260,000** workers along the corridor, as well as provide growth of **41,000** residents and **15,000** jobs by 2045; however, it is the spaces that will intersect and be built around this new transit line that will determine its success and sustainability. Attracting approximately **115,000** daily weekday riders, the IBX will be an impetus for the development of uses that not only cater to commuters, but also supply residents and businesses in surrounding areas with a sustainable living and working infrastructure that feels simultaneously **expansive** and **local**.

Erzulie Plaza represents a mutually wide range of stakeholders in its partnership structure, working in concert with community development corporation (CDC) and land trust **Brooklyn Level Up (“BKLVLUP”)** to maximize access and build community through the project. As part of its mission to “build grassroots wealth and power,” BKLVLUP prioritizes partnerships with entrepreneurs who “have a personal stake in the health of the block”; when developers’ profits respond to rather than obscure the needs of local residents, local activity — which, by virtue of the project’s connection with the IBX, becomes regional activity — can flourish. As a CDC, BKLVLUP brings local knowledge, community relationships, and expertise in navigating local regulations and accessing funding sources to the partnership which, when paired with Erzulie Plaza’s development team’s expertise in real estate financing, the development process, and market demands, allows for mutual benefits that make the project significantly more sustainable and successful. The partnership includes:



Proposed IBX line.

1. A **development agreement**, which will formally outline the roles, responsibilities, and benefits of each party, including project scope and timelines;

This is of particular importance given the site’s major risk of a potentially shifting IBX delivery timeline.

2. A means by which Erzulie Plaza’s development team can gain knowledge on and acquire **subsidies**, given the CDC’s knowledge of locale-specific government funding;

This includes Low-Income Housing Tax Credits (LIHTC) and New Market Tax Credits (NMTC), among others.

3. A focus on **affordable housing development**, as the allocation for affordable housing subsidies is a highly competitive process and requires the knowledge and experience of local stakeholders; and,

Maintaining full affordability is critical for securing the requested subsidies and government support.

4. An emphasis on **social services**, which comprise a majority of the project’s non-residential activities, and the provision of programming that invites both local and external users to engage with the project.

This is imperative to ensuring long-term engagement with the space and a steady revenue stream that supports both our financial investors and those investing time in the project — whether they work in the grocery store, child care center, healthcare clinic, or job training center or live in or near the project.



The ground-level light rail platform is designed for seamless pedestrian access, integrating with the surrounding buildings to enhance walkability, promote connectivity, and ensure maximum accessibility. Sheltered waiting areas with seating, lighting, and transit displays improve visibility, while designated pedestrian crosswalks increase safety, making a previously precarious urban setting a conduit for safe urban flow.

IBX x INCREASED CONNECTIVITY

Catalysts

- + Expanding affordable transit options for working-class residents
- + Supporting the existing informal transit economy in the neighborhood
- + Improving accessibility for seniors, students, and essential workers traveling across Brooklyn and Queens

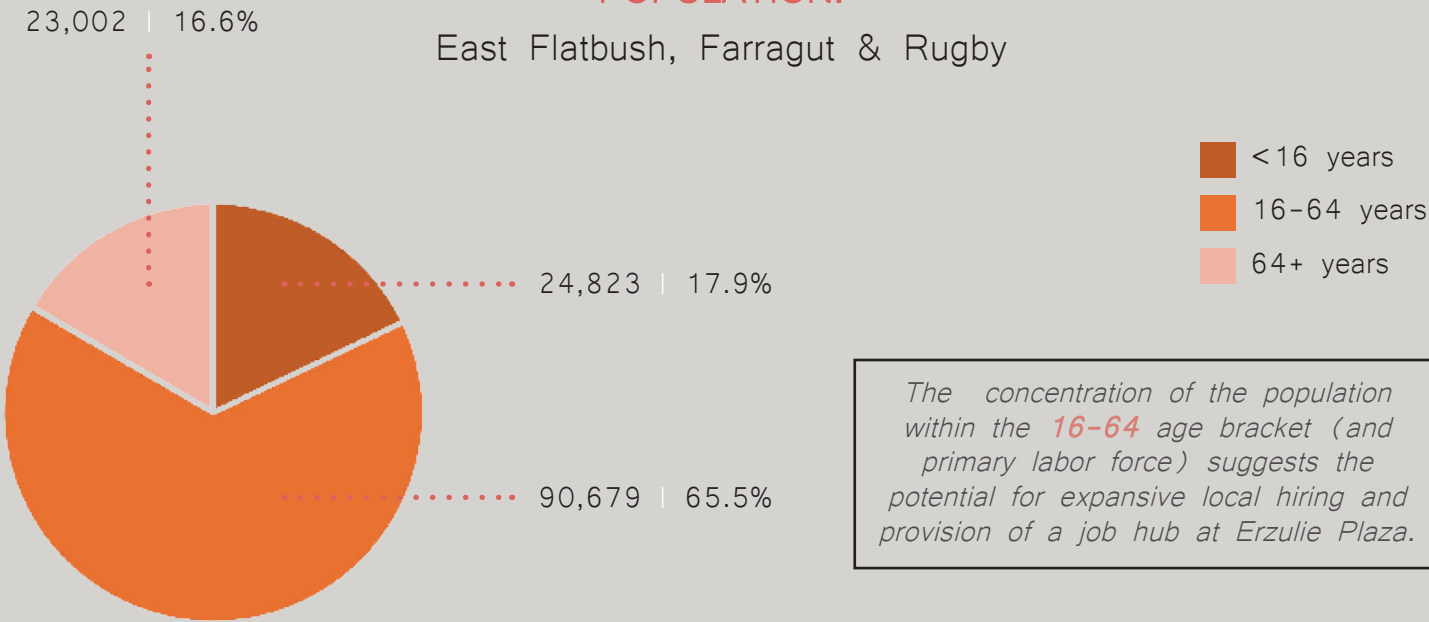
Impacts

- + Attracting small businesses and retail in and around the transit hub, providing new job opportunities, and activating vacant and underutilized space
- + Encouraging foot traffic, which benefits existing neighborhood businesses
- + Incorporating affordable and accessible commercial spaces for local entrepreneurs and customers, ensuring that long-time business owners are not priced out

MARKET ANALYSIS

POPULATION:

East Flatbush, Farragut & Rugby



*The concentration of the population within the **16-64** age bracket (and primary labor force) suggests the potential for expansive local hiring and provision of a job hub at Erzulie Plaza.*

ACCESS TO OPPORTUNITY:

ACCESS TO JOBS

Total jobs within 30 minutes 57,050

ACCESS TO TRANSIT *

Residents living within 1/4 mile of Select Bus Station or subway station 34.7%

Residents living within 1/4 mile of ADA accessible subway stations 19.0%

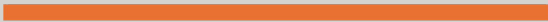





COMMUTE

	ACS PUMS, 2008-12	ACS PUMS, 2017-21
Total workers 16 years and over	63,789	64,195
Drove or carpooled to work	17,911	16,888

*The region has experienced a slight **(0.6%)** increase in total workers and a decrease **(5.7%)** in individuals who drove or carpooled to work over the last decade, suggesting a potential augmented demand for additional and improved commuter infrastructure in the area in tandem with the development of the IBX. This is particularly important to consider when anticipating the influx of new jobs and employee draw that Erzulie Plaza will create, as well as the added population that will be commuting through the project on their way to other jobs. Erzulie Plaza also enhances current access to transit conditions by providing a new transit node and safe transportation hub in a previously poorly-connected and hazardous area.*

HOUSEHOLD ECONOMIC SECURITY:

Households where the income is:

less than 30% of the AMI		11,280 22.7%
between 31% – 50% of the AMI		8,272 16.6%
between 51% – 80% of the AMI		10,578 21.3%
between 81% – 120% of the AMI		9,367 18.9%
between 121% – 165% of the AMI		5,580 11.2%
over 165% of the area median income		4,612 9.3%

Approximately **20%** of Erzulie Plaza's 150 total residential units are within the 40% AMI band, **20%** are within the 60% AMI band, and **60%** are within the 80% AMI band, catering to the above household economic demographics.

LABOR FORCE:

73.4% of the region's population aged 16 to 64 years old are in the labor force.

The civilian employed population aged 16 to 64 years primarily falls into the following occupations:

Service jobs		21,643 34.5%
Sales or office jobs		14,349 22.9%
Production, transportation, or material moving jobs		5,695 9.1%
Management, business, science, or arts jobs		16,120 25.7%
Natural resources, construction, or maintenance jobs		4,849 7.7%

Management, science, business, and arts jobs increased by **20.7%** from the previous census recording whereas sales and office jobs decreased by **13.7%**, indicating a favorable environment for Erzulie Plaza's provision of jobs at its healthcare center and retail facilities.

The submarket also experienced a notable **38.5%** decrease in manufacturing activity and a **35.8%** increase in wholesale trade activity, suggesting that:

1. The rezoning of the site from **M1-1** to **R7-D** is appropriate and favorable, and
2. The project's plethora of retail spaces can benefit from wholesale trade and other business-to-business (B2B) activity.

* IBX MTA Transit Connections:

Subway: Up to 17 subway lines (N/R/D/B/Q/2/5/L/3/J/Z/A/C/M/7/E/F)

Bus: 51 current bus routes

Long Island Rail Road: Connection at Atlantic Ave/East New York Station

SENSITIVITIES

OPERATING COSTS

Operating costs are important to sensitize given the project's mixed use and potentially variable timeline. This timeline will both inform and be informed by vacancy rates, which are particularly critical to consider in the case that the IBX delivery timeline changes and influences the integration of the project's mixed uses.

Residential Vacancy Rate	Commercial Vacancy Rate					
	3.0%	4.0%	5.0%	6.0%	7.0%	
	7.0%	\$ 3,127,414	\$ 3,123,900	\$ 3,120,386	\$ 3,116,871	\$ 3,113,357
	6.0%	\$ 3,130,303	\$ 3,126,789	\$ 3,123,274	\$ 3,119,760	\$ 3,116,246
	5.0%	\$ 3,133,192	\$ 3,129,677	\$ 3,126,163	\$ 3,122,649	\$ 3,119,135
	4.0%	\$ 3,136,080	\$ 3,132,566	\$ 3,129,052	\$ 3,125,537	\$ 3,122,023
	3.0%	\$ 3,138,969	\$ 3,135,455	\$ 3,131,940	\$ 3,128,426	\$ 3,124,912

CAPITALIZED VALUE

Rapidly changing market dynamics will influence assumptions driving the project's capitalized value, as well as its potential risks and returns.

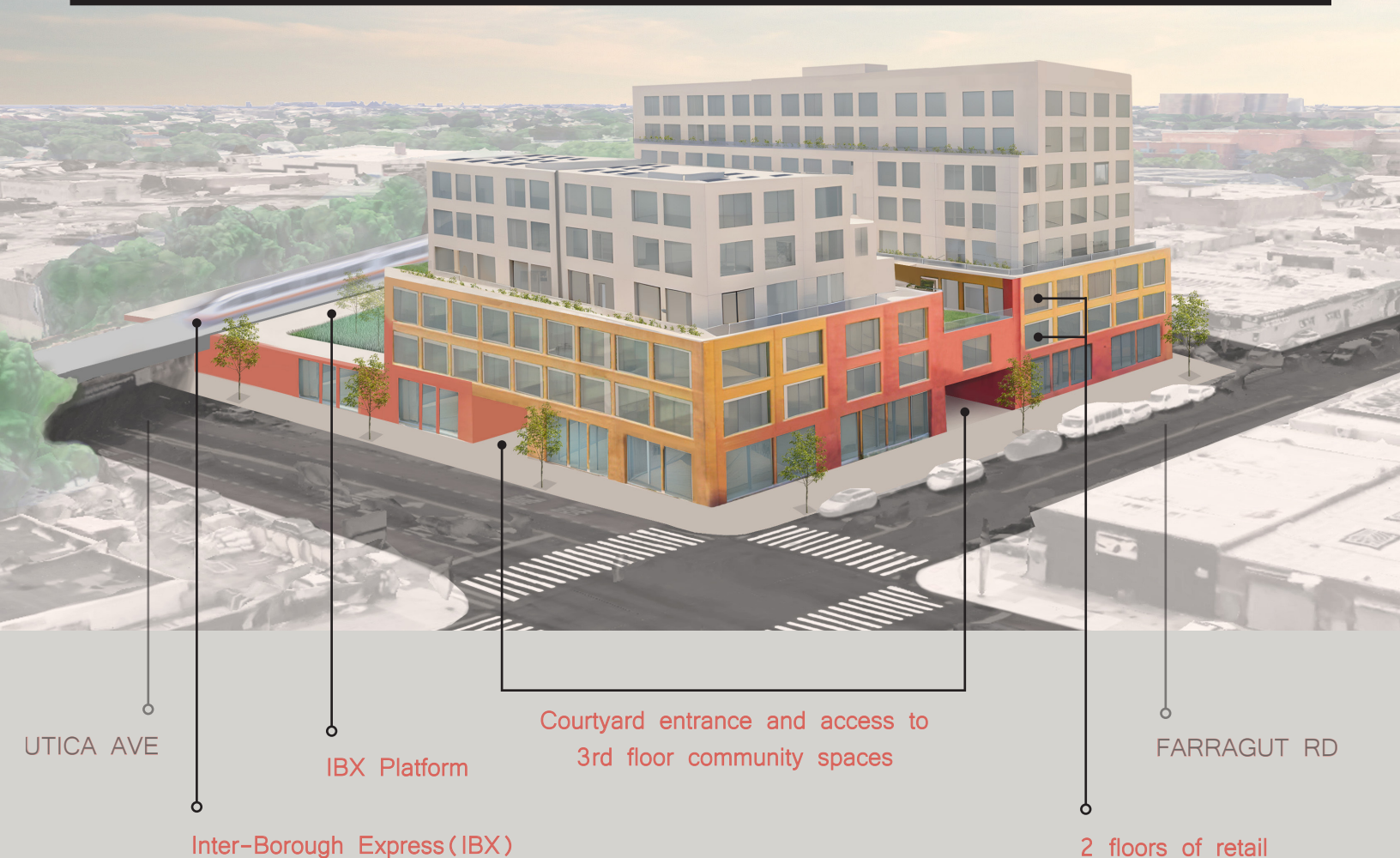
		Residential Cap Rate				
		4.0%	4.5%	5.0%	5.5%	6.0%
Commercial Cap Rate	7.4%	\$155,390,614	\$150,155,912	\$145,262,403	\$140,677,782	\$136,373,696
	6.8%	\$163,018,524	\$157,266,791	\$151,907,099	\$146,900,686	\$142,213,738
	6.2%	\$171,433,980	\$165,084,644	\$159,188,827	\$153,699,613	\$148,576,344
	5.6%	\$180,765,588	\$173,720,419	\$167,203,809	\$161,158,424	\$155,534,937
	5.0%	\$191,171,564	\$183,309,562	\$176,068,672	\$169,378,088	\$163,177,371

YIELD ON COST

The impact of expense and cap rate assumptions are particularly important in assessing the project's potential profitability and the feasibility of the underwritten project metrics.

		Expense Escalator				
		1.0%	1.5%	2.0%	2.5%	3.0%
Blended Cap Rate	6.75%	\$90,693,460	\$85,881,917	\$81,070,374	\$76,258,831	\$71,447,288
	6.25%	\$96,660,593	\$90,565,596	\$84,470,598	\$78,439,592	\$73,421,514
	5.75%	\$108,577,447	\$102,146,352	\$95,715,256	\$89,284,160	\$82,853,064
	5.25%	\$116,341,259	\$110,792,094	\$105,242,930	\$99,693,765	\$94,144,601
	4.75%	\$120,920,903	\$115,056,845	\$109,192,788	\$103,328,730	\$97,464,672

DESIGN

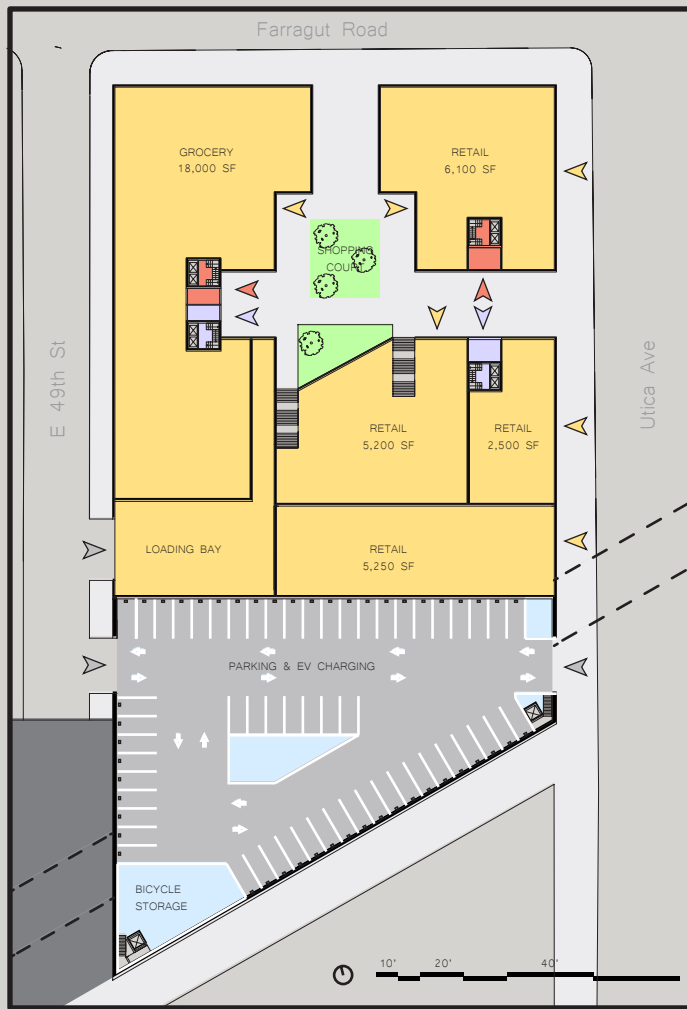


VERTICAL CONNECTIVITY x PUBLIC ACCESS

The project's program is informed by two major forces on the site: **locality**, which drives the presence of neighborhood-led community spaces, and **mobility**, which encourages non-local users to engage with the space via its integration with the IBX. The site is positioned to serve both Utica Avenue and Farragut Road, two high-traffic streets with dense pedestrian activity.

Two floors of **retail** line Utica Avenue and Farragut Road, with ground-level entrances on both streets to enhance pedestrian permeability and flow to the central connected courtyard, terrace, and IBX platform. The third floor is designated for **community space**, atop which sit four floors of **affordable residential** units. With a dozen IBX stations set to open around Brooklyn, Erzulie Plaza will serve as a model for future transit-oriented development projects.

LEVEL 1



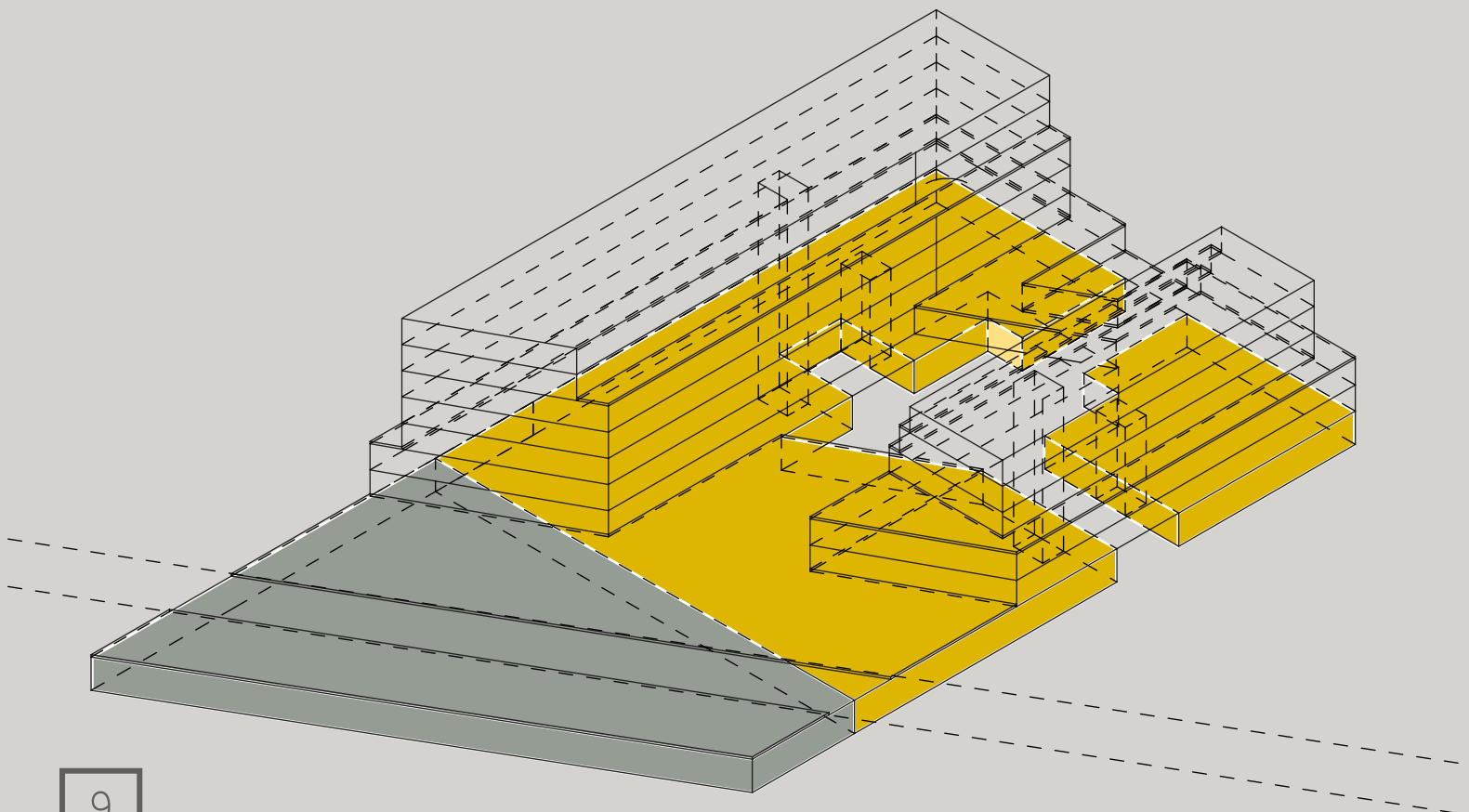
Commercial (Retail, Grocery)

38,000 SF

Garage (Vehicle Parking, Bicycle Storage, and EV Charging)

28,000 SF

The ground level hosts primarily commercial grocery and retail activity, with an emphasis on local businesses. Vehicle parking, bicycle storage, and EV charging stations are provided underneath the IBX platform, expanding the transit hub's reach to accommodate a broader last-mile transportation system. Due to its width and proximity to industrial warehouses, East 49th street hosts the loading zone and parking access. The building's ground-level openings invite passersby into the plaza and shopping court, connecting the commercial ground plane to the IBX transit platform above.



LEVEL 2



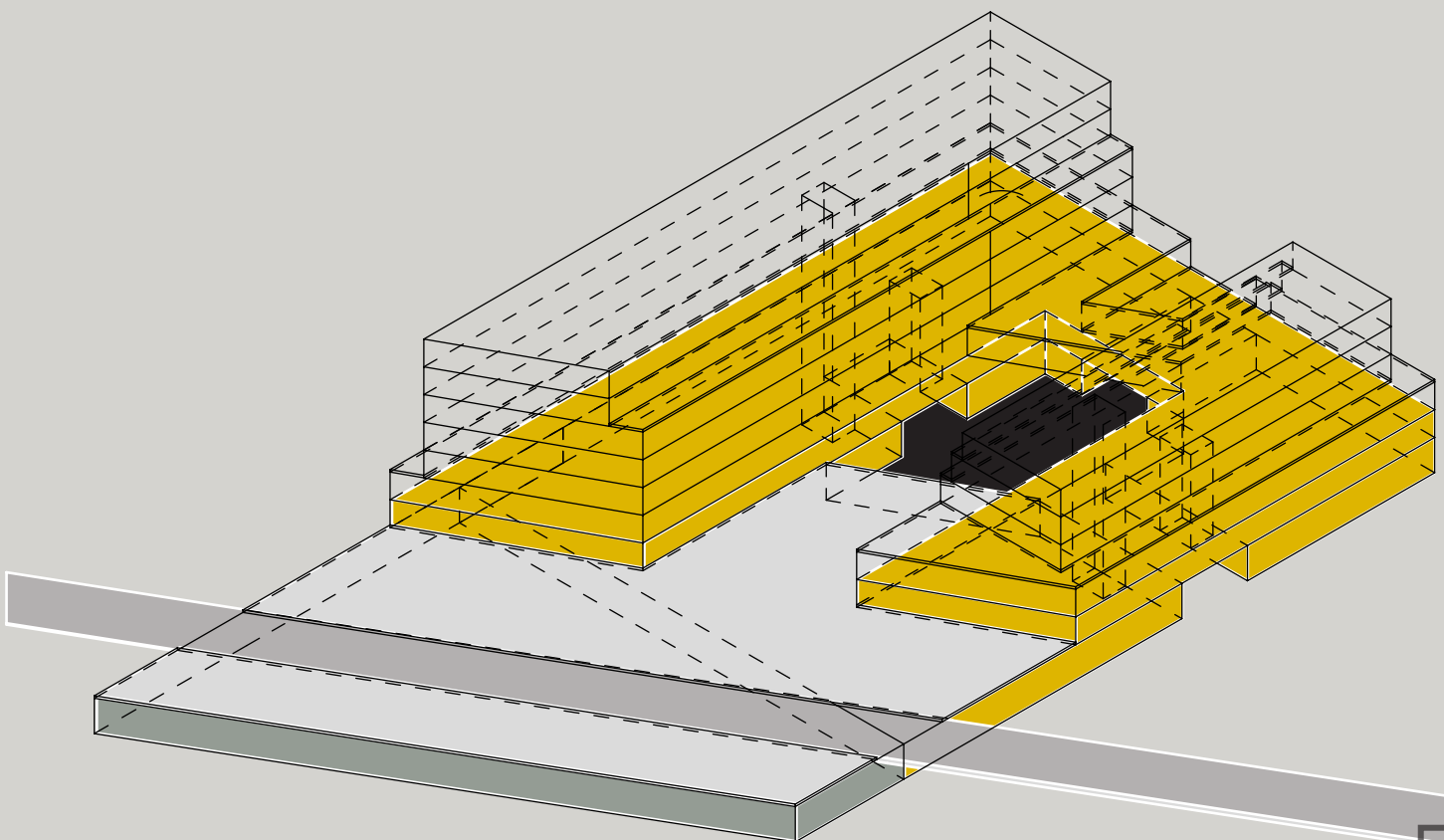
Commercial (Retail, Grocery)

34,000 SF

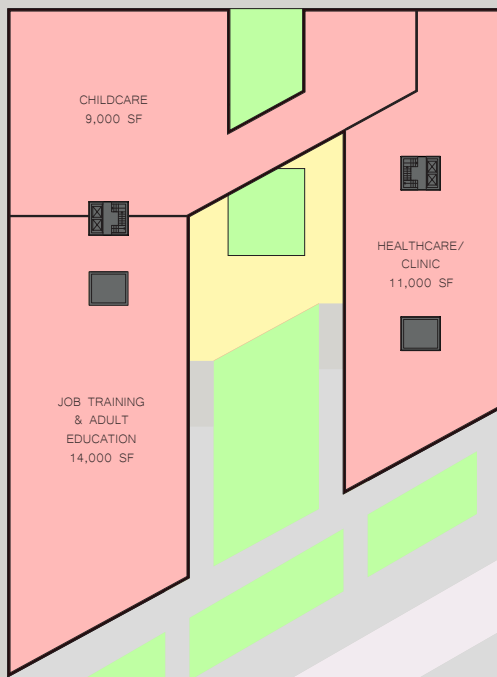
IBX Platform and Plaza

25,000 SF

Further economic activation is generated on the second level, where local businesses are positioned around the transit platform and plaza. The abundance of green space provides a soft transition between transit and business uses, as well as surrounding industrial activity.



LEVEL 3



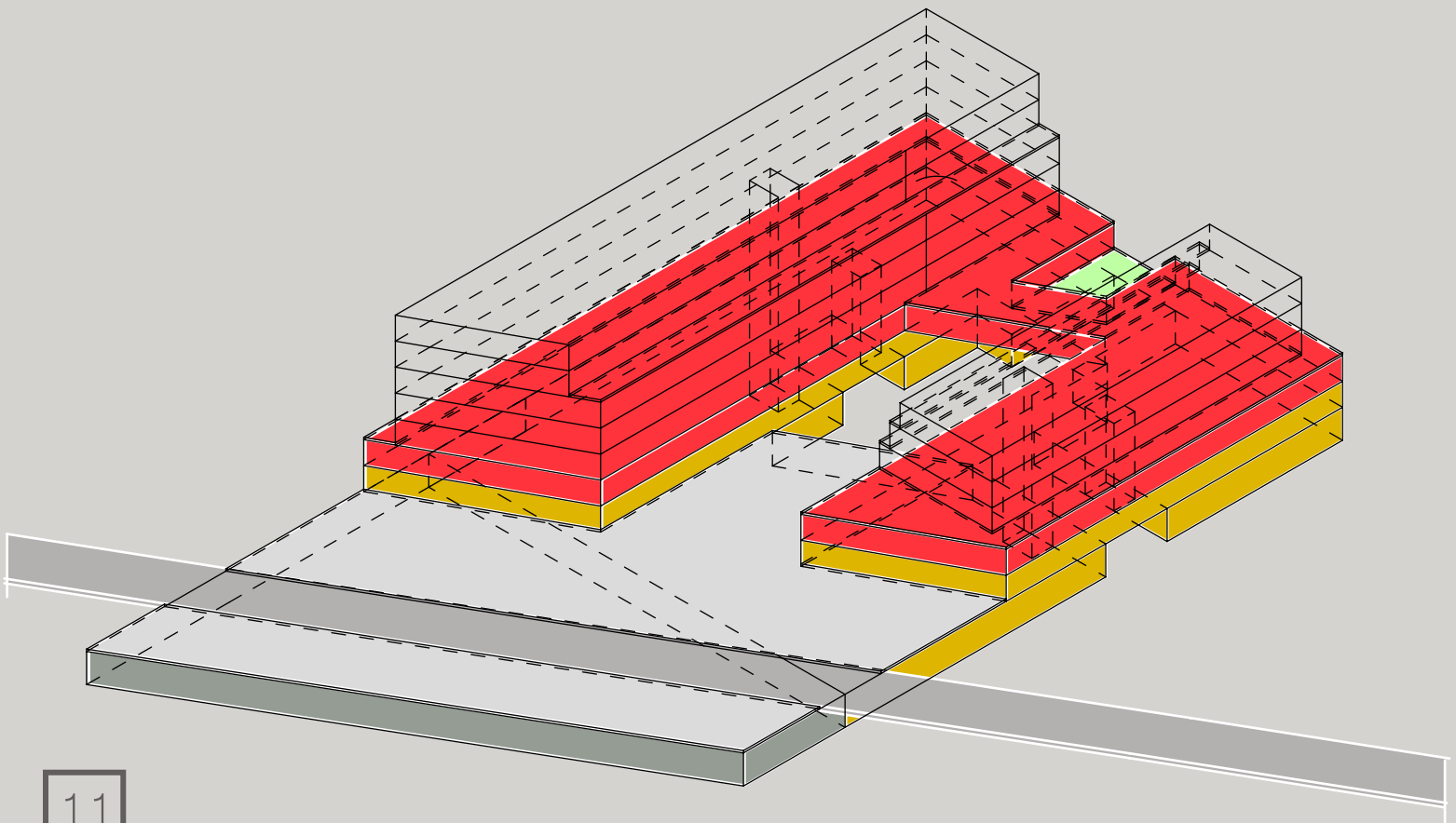
Community Facility (Healthcare Clinic, Job Training, Daycare)

34,000 SF

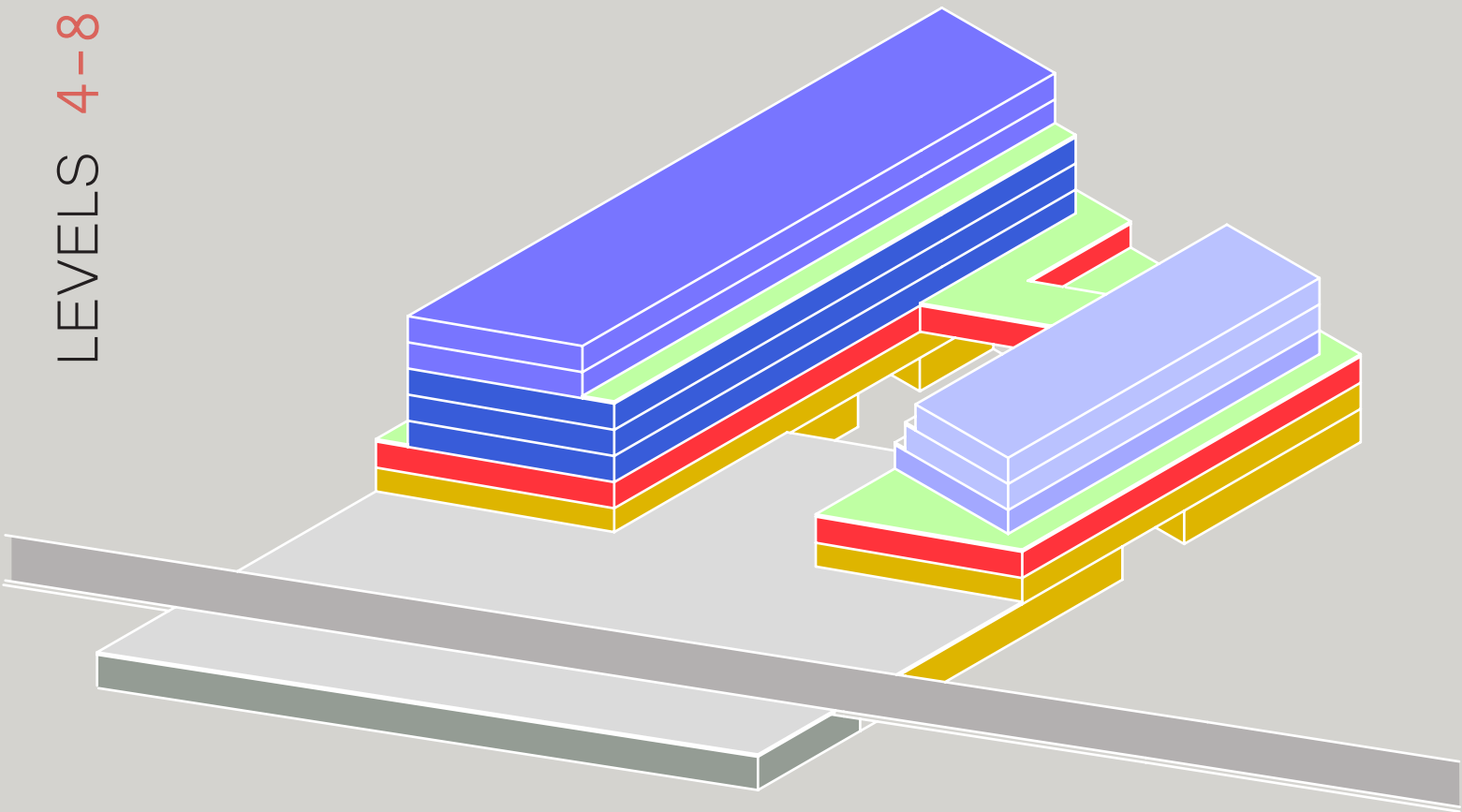
Terrace Space

1,200 SF

The third level comprises entirely community facility spaces, bridging the public and private dimensions of the project. By providing adult education, job training, clinic space, and childcare, Erzulie Plaza not only provides uses catered to the community's needs, but also generates new definitions of community and collaboration.



LEVELS 4-8



Residential (Studio to 3-Bed Units, 30% to 80% AMI)

96,000 SF

Terrace Space

13,000 SF

RENTAL ASSUMPTIONS

40% AMI

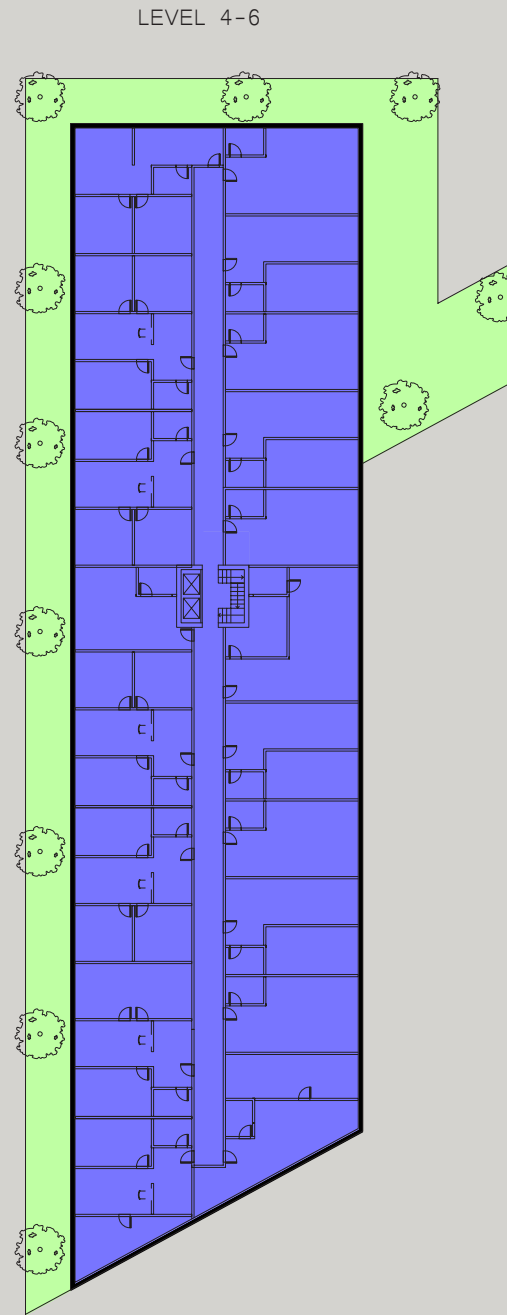
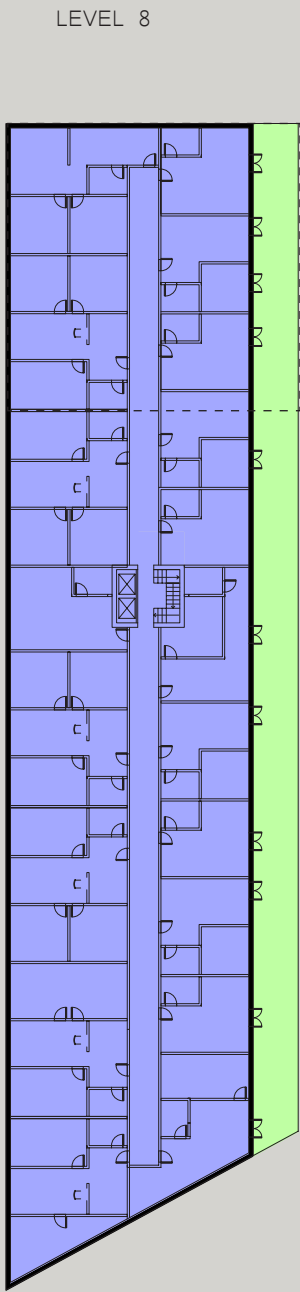
60% AMI

80% AMI

STUDIO	\$815	\$1,630	\$2,174
1 BED	\$1,165	\$1,747	\$2,330
2 BED	\$1,398	\$2,097	\$2,986
3 BED	\$1,615	\$2,422	\$3,230

LEVELS 4-8

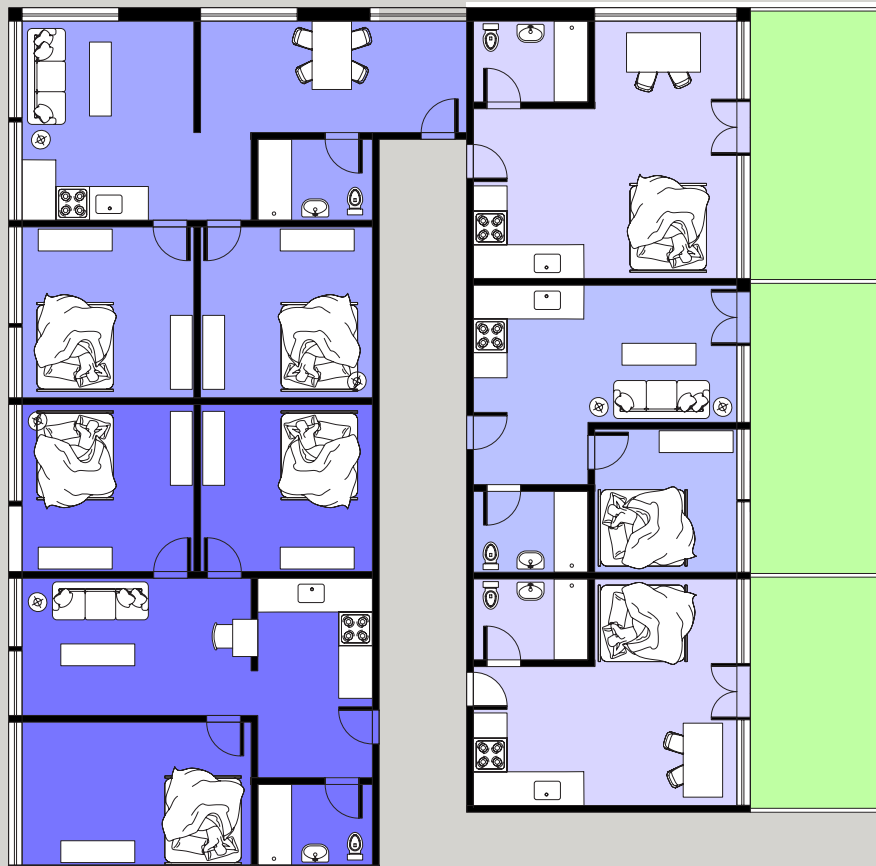
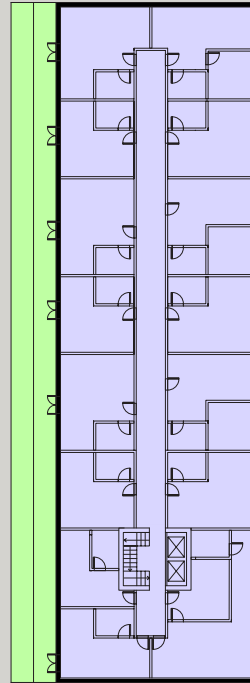
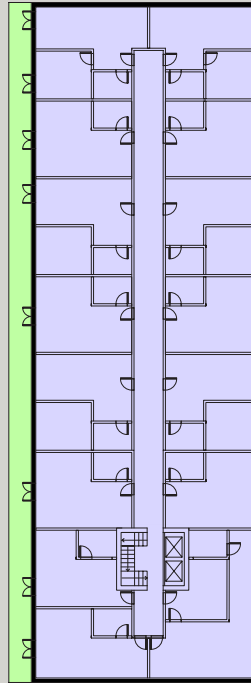
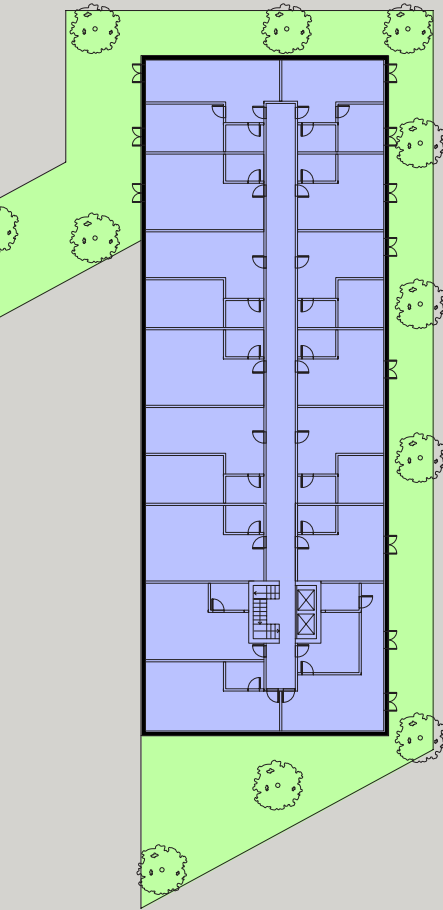
The fourth level and above are reserved for high-quality, 100% affordable housing, a significant community need. Double-loaded corridors and ample terrace space allow for breathable units that benefit from natural light and air.



LEVEL 4

LEVEL 5

LEVEL 6



4'

8'

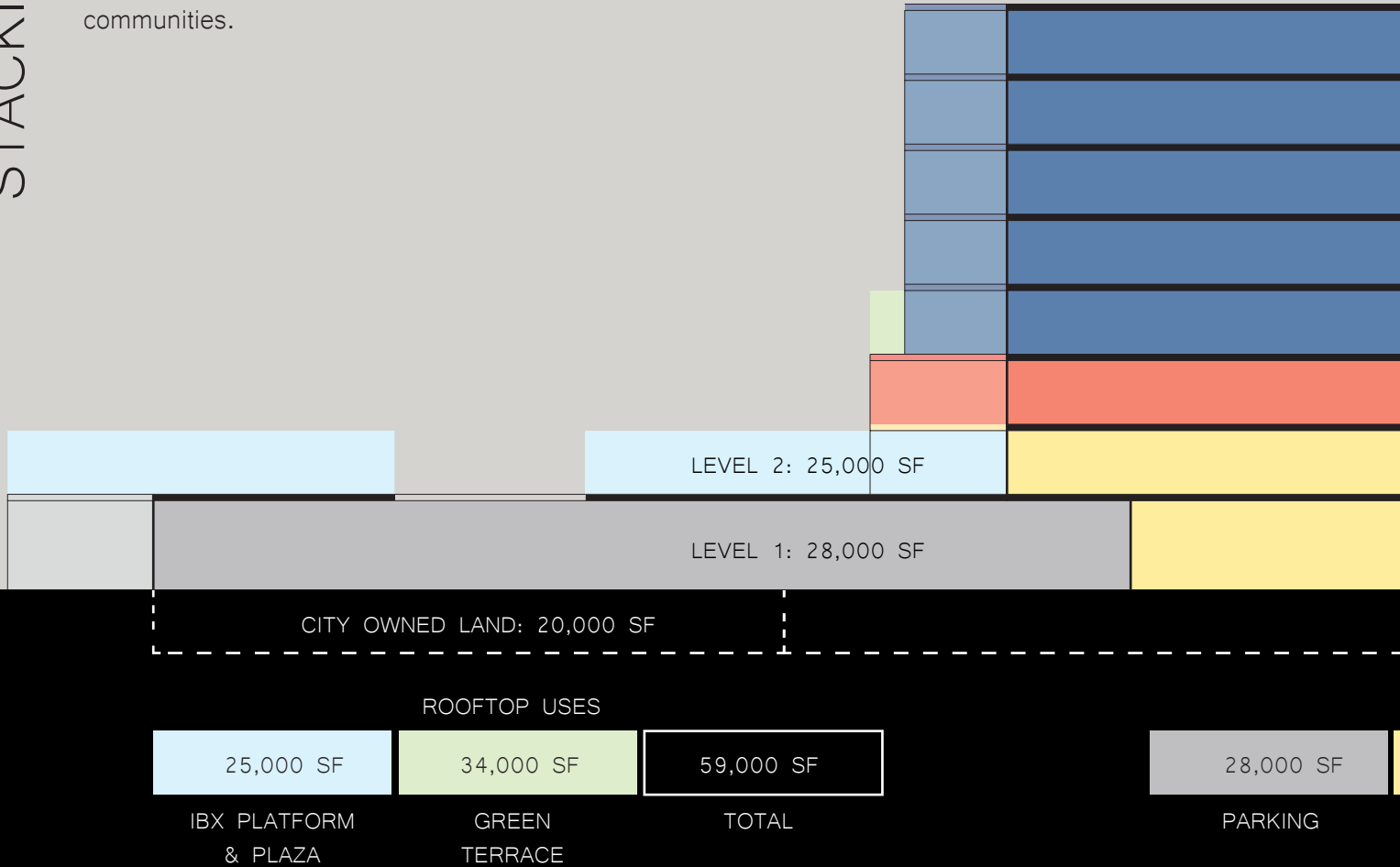
16'

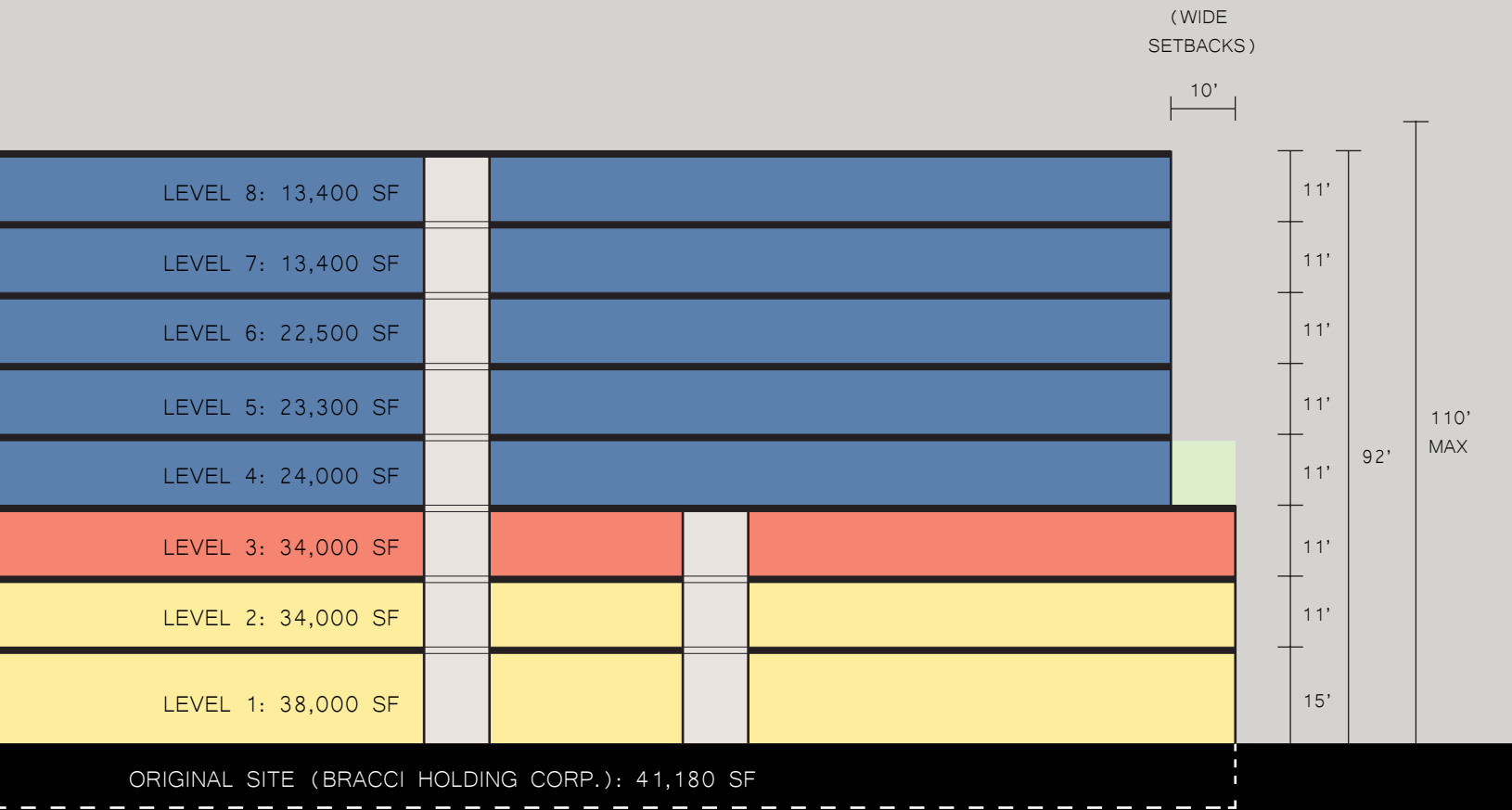


STACKING DIAGRAM

The rezoning of the site from **M1-1** to **R7-D** permits a significant increase in buildable area, allowing for a total of **230,600 SF** — only 8 SF under the zoned limit.

Activating both the immediate site and the neighborhood around it, Erzulie Plaza aesthetically and programatically reflects the character of the community. Simultaneously supporting current community goals and anticipating the future IBX line and related transportation needs, the project facilitates a long-term approach to transit planning and design that is reinforced by diverse living and working communities.





PROGRAM USES				
72,000 SF	34,000 SF	96,600 SF	230,600 SF	230,608 SF
COMMERCIAL	COMMUNITY FACILITY	RESIDENTIAL	TOTAL	ZSF MAX

CASH FLOW ANALYSIS

INCOME

	UNIT TYPE	NO. OF UNITS	MONTHLY RENT/UNIT	
40% AMI	Studio	5	\$815	
	1 Bedroom	7	\$1,165	
	2 Bedroom	10	\$1,398	
	3 Bedroom	9	\$1,615	
60% AMI	Studio	5	\$1,630	
	1 Bedroom	7	\$1,747	
	2 Bedroom	10	\$2,097	
	3 Bedroom	9	\$2,422	
80% AMI	Studio	19	\$2,174	
	1 Bedroom	19	\$2,330	
	2 Bedroom	29	\$2,986	
	3 Bedroom	21	\$3,230	
TOTAL RESIDENTIAL INCOME				\$3,466,431
	TENANT	SF	RENT/SF	
GROCERY	Grocery	18,000	\$65.00	
RETAIL	Local Business 1	6,078	\$57.00	
	Local Business 2	8,375	\$57.00	
	Local Business 3	2,530	\$57.00	
	Local Business 4	5,242	\$57.00	
	Local Business 5	12,000	\$55.00	
COMMUNITY FACILITY	Job Training	10,000	\$40.00	
	Clinic	20,000	\$40.00	
	Daycare	4,000	\$30.00	
TOTAL COMMERCIAL INCOME				\$4,104,177
LAUNDRY	150 units * \$17.20 per month			
PARKING	56 spaces * \$1,000 per month			
17	TOTAL OTHER INCOME			\$787,315

EFFECTIVE GROSS INCOME

\$8,357,924

Incl. vacancy and credit loss.

EXPENSES

MANAGEMENT AND ADMINISTRATION	\$1,305,106	
UTILITIES BY OWNER	\$592,091	
REPAIRS AND MAINTENANCE	\$1,206,900	
INSURANCE	\$243,000	
RESIDENT SERVICES	\$29,160	
REPLACEMENT RESERVE	\$44,550	
TOTAL OPERATING EXPENSES		\$3,420,806

STABILIZED YEAR NOI

\$4,937,117

ANNUAL CASH FLOW AFTER DEBT SERVICE

Hold Period (Years 1 through 15)
For visualization purposes; see page 22 for full numerical analysis.

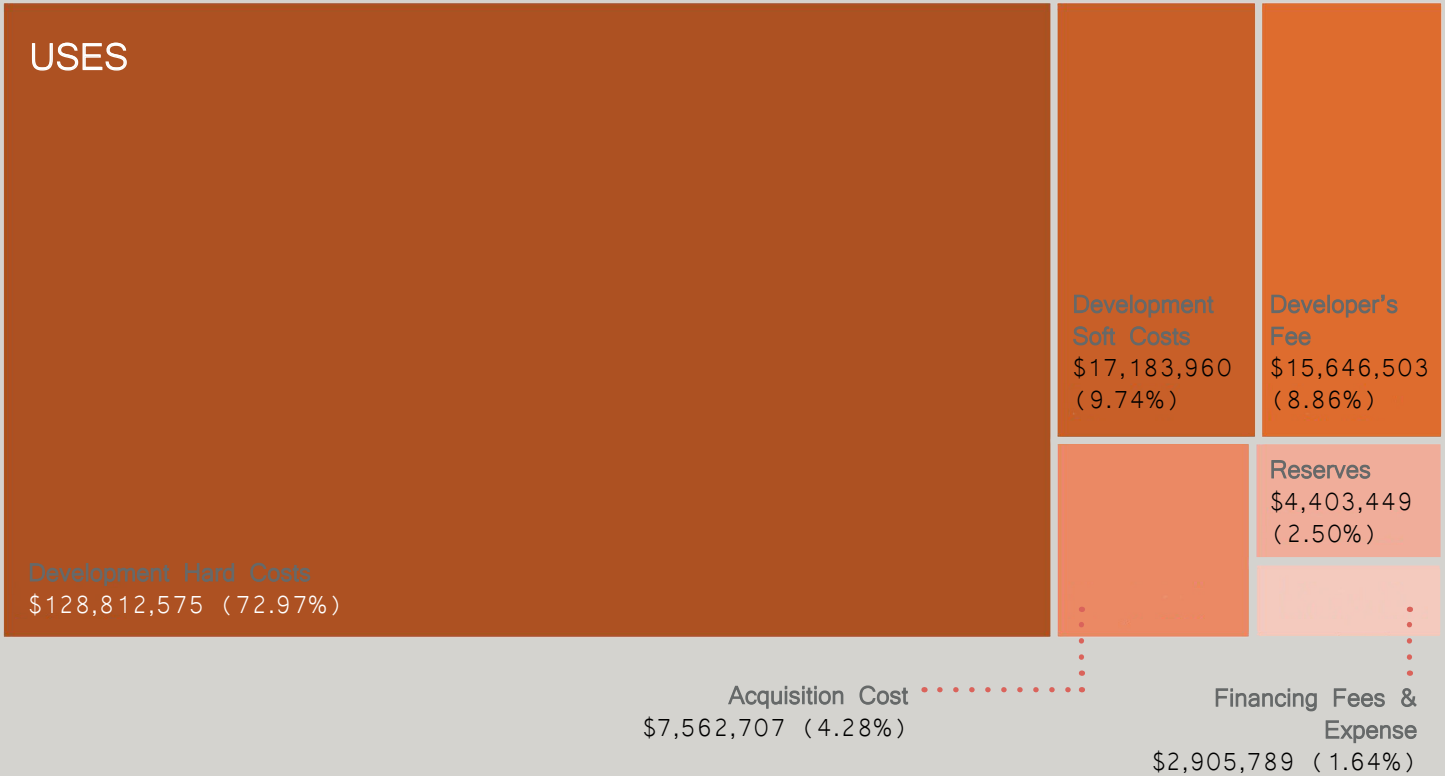
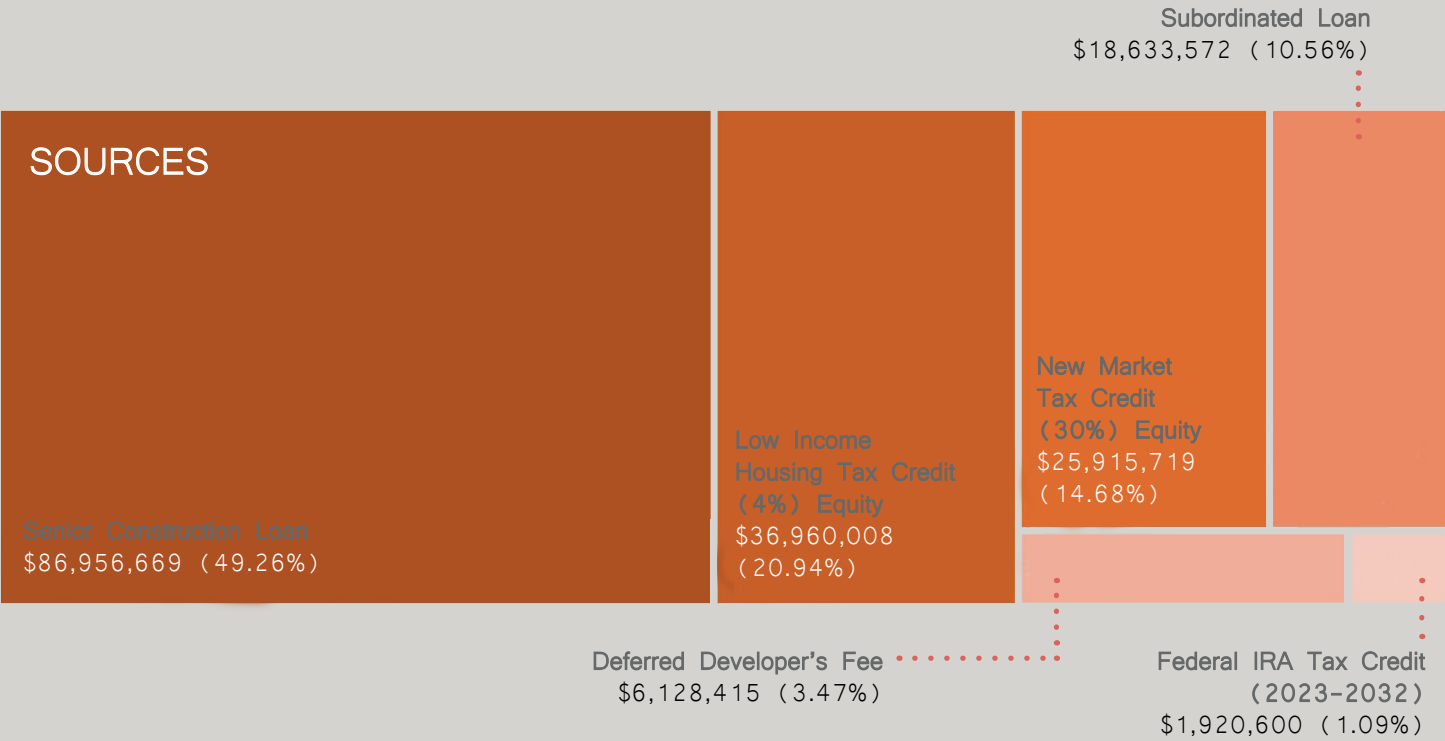


RISKS AND MITIGANTS

Below are four primary risks that the project could encounter — **the delivery timing of the IBX, the project's commitment to 100% affordable housing, detrimental peripheral traffic conditions resulting from the implementation of the IBX, and the possibility of a rejected rezoning** — as well as propose potential mitigants.

	IBX DELIVERY	AFFORDABLE HOUSING	TRAFFIC CONDITIONS	REZONING
RISKS	Depending on when the land is purchased, hefty carrying costs — including mortgage payments, property taxes, insurance, utilities, and maintenance — could be incurred, and progress could be stalled if the IBX is not delivered on time.	Within today's sociopolitical context, the project's commitment to 100% affordable housing could be jeopardized by rising construction costs, the potential for gentrification, and difficulties securing funding and navigating regulatory hurdles.	Increased traffic congestion due to a higher commuter volume to and from the IBX could create potentially hazardous street conditions and vehicle flow, which would be exacerbated by both an influx of drivers using the space around the station as a "Park and Ride" and the need for dedicated transit lanes.	Despite clear demographic- and industry-related markers signaling the phaseout of manufacturing activity in East Flatbush, rezoning the district from M1-1 to R7-D could present community resistance, lengthy approval processes, and market saturation if too many new developments enter the market simultaneously.
MITIGANTS	The project might consider a phased approach which both aligns with the confirmed plans of the IBX and anticipates its tentative developments. With a forecasted delivery in 2028, and using 2028 to 2030 as an ambitious-to-conservative range, cost assumptions can be made that consider both ends of the time spectrum.	It will be imperative that the project strike a balance between honoring its commitment to affordability and anticipating areas in which this commitment may threaten its social and economic success.	The project will carefully assess the open space and parking conditions surrounding the site, especially given that despite being a primarily car-centric neighborhood (with almost all residents owning and depending on one for mobility), East Flatbush has a lack of adequate parking.	To identify potential obstacles and ensure transparency, the development team will collaborate with local authorities early in the process, proactively addressing community concerns through open communication and showcasing long-term benefits, as well as calculatedly planning to minimize potential impacts on existing infrastructure and transportation systems.

INVESTMENT STRATEGY



DEVELOPMENT BUDGET

HARD COSTS \$128.8 million

■ EV Charging Installation | \$3,402,000 | 2.64%

■ PV Installation | \$3,000,000 | 2.33%

■ Construction Contingency | \$4,996,350 | 3.88%

■ Contractor Overhead & Profit | \$9,992,700 | 7.76%

■ General Conditions | \$7,494,525 | 5.82%

Construction Hard Costs | \$99,927,000 | 77.58%

SOFT COSTS \$17.2 million

■ Other Soft Costs | \$499,818 | 2.91%

Interim Construction Expense | \$5,655,298 | 32.91%

Architecture & Engineering | \$11,028,844 | 64.18%

RETURN METRICS

PROFIT

\$95,799,139

LEVERED IRR

6.24%

EQUITY MULTIPLE

2.35

YIELD ON COST

6.71%

ALTERNATIVE EXIT STRATEGY

Our primary exit strategy involves a sale in **Year 15**, preferably to a local affordable housing developer in order for the management and legacy of the project to continue at the highest standard. However, should the preferred exit strategy be unsuccessful and we remain unable to liquidate our position completely or all at once, we propose a **phased exit approach**, which would involve selling portions of the development in stages as opposed to all at once. This would be particularly useful for Erzulie Plaza given **1) its scale** and **2) its mixed use types**, and would allow for **better management of cash flow**, more **time to adapt to market conditions**, and the potential to **use proceeds from earlier phases to repay development loans**. This phased approach would also be advantageous in the unlikely but highly detrimental case that IBX delivery is severely delayed to the point where the project is not finished in time, as it would allow for a “piecemeal” approach to phasing out that would not be too financially damaging.

DEVELOPMENT TIMELINE AND CASH FLOW

YEAR

Predevelopment
Period

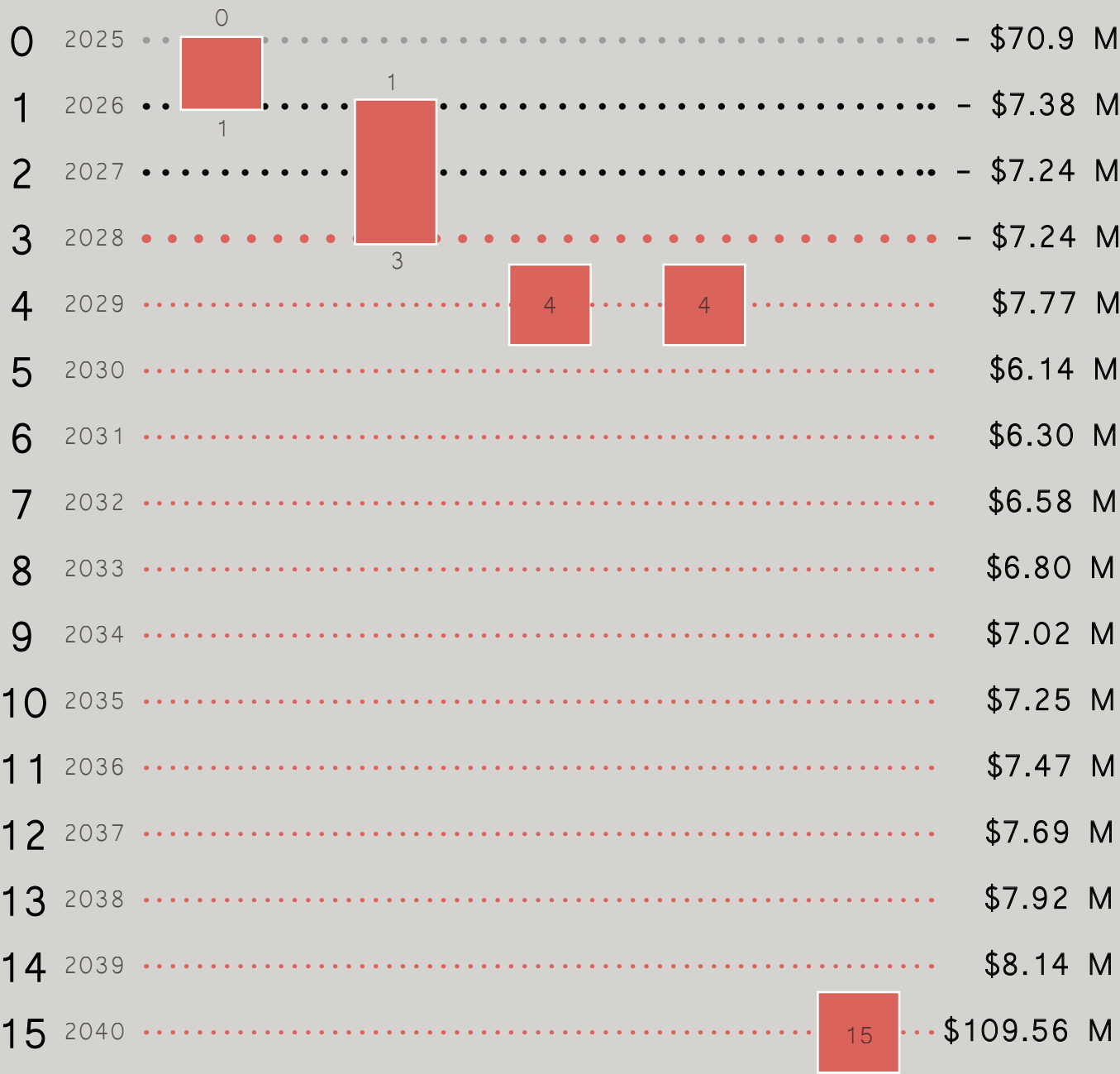
Construction
Period

Stabilization

Refinance

Sale

CASH FLOW AFTER
DEBT SERVICE



- • • • • Commencement of formal environmental review process for the IBX
- • • • • IBX design phase
- • • • • Anticipated IBX and project delivery

PARTNERSHIP AND IMPACT

In partnership with **Brooklyn Level Up**, Erzulie Plaza will fortify the relationship between spaces for living, working, and commuting to transform the urban dynamic in East Flatbush and offer residents, workers, and visitors a well-connected and diverse hub.

1

UNDERSTAND THE ORGANIZATION'S MISSIONS AND GOALS

Community priorities; Partnership goals

2

ENGAGE WITH THE COMMUNITY TO CREATE A PROJECT VISION

Town halls, surveys, focus groups; Affordable housing and mixed-use design; Public-private partnerships

3

PLAN AND DESIGN THE PROJECT

Architectural design; Environmental sustainability; Public amenities

4

SECURE FUNDING AND PARTNERSHIPS

Grants and public funding; Private investment; Tax incentives

5

ESTABLISH A COMMUNITY BENEFITS AGREEMENT (CBA)

Local job creation; Provision of community space; Long-term community engagement

6

IMPLEMENT THE CONCEPT “ON THE GROUND”

Ongoing communication; Local hiring practices; Monitoring and evaluation

7

FOSTER A POST-DEVELOPMENT LEGACY

Long-term community support; Ongoing community partnerships

Catalyzing positive change in its immediate and extended surroundings, Erzulie Plaza offers a model for urban development: Understanding both the responsibilities and challenges Erzulie Plaza might face as a result of its integration with a mass-transit network, the project strikes a balance between **conceiving** of novel design strategies and **conserving** the existing systems in place in the neighborhood. From the immediate provision of jobs and a local community infrastructure to the long-term — and geographically-expansive — benefits of a mass transit-oriented development, Erzulie Plaza **celebrates diversity, promotes sustainability, and creates lasting value and a legacy** for the East Flatbush community and beyond.



ERZULIE PLAZA

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