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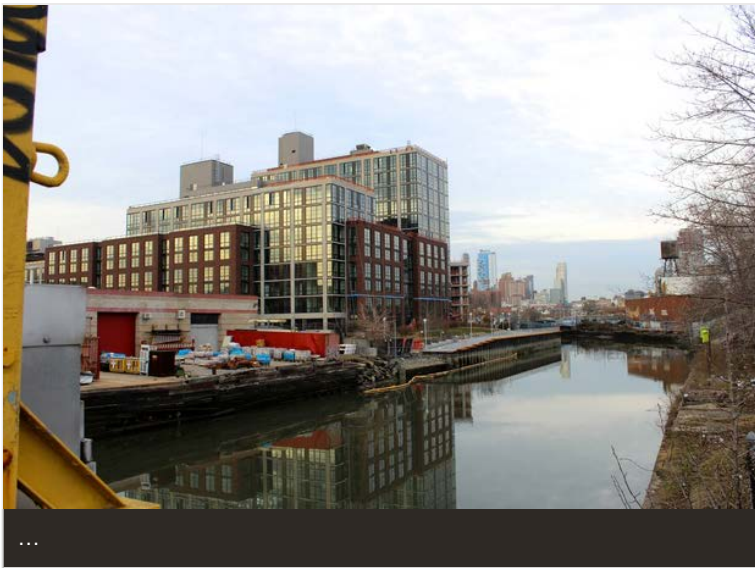
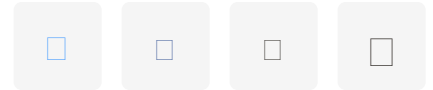
PARK SLOPE, WINDSOR TERRACE & GOWANUS Real Estate

How Contaminated Land on the Gowanus Became a Luxury Housing Development



By [Leslie Albrecht](#) | May 3, 2016 7:10am

[@ReporterLeslie](#)



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GOWANUS — The gleaming 12-story apartment building that opened to renters last month at 365 Bond St. counts a rooftop lounge, 24-hour concierge, spin studio and boat launch among its deluxe amenities.

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But you won't find these waterfront tenants dipping their toes in the water or digging a vegetable garden in the soil. That's because 365 Bond St. sits along the heavily polluted Gowanus Canal on a brownfield site — land where industrial use left contaminants in the soil.

Industrial pollution is common in Gowanus, but with proximity to brownstone Brooklyn, an expanding restaurant scene and growing interest from [tech companies](#), the neighborhood is among the borough's hottest real estate markets.

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Building on its contaminated land comes with several caveats, and 365 Bond St. — the first residential development on the Gowanus Canal — is a prime example of the unique challenges developers face when they put down stakes on the banks of a Superfund site. Though current zoning doesn't allow new housing (365 Bond St. required [a spot rezoning](#)) that's [expected to](#)

change relatively soon.

Some locals say new residents lured by the prospect of luxury waterfront living in a neighborhood that still feels off the beaten track are in for a surprise.

"I can understand the appeal of it, but I don't think the people moving in understand the Gowanus," said Bri Hansen, who works at a nearby moving company that floods on rainy days, as **much of the neighborhood does**.

"We're used to it, but I don't think they realize how dirty it is. They just see it as the next up-and-coming neighborhood."

The property's developer, Lightstone, cleaned up 365 Bond St. under the state's Brownfield Cleanup Program, which gives developers financial incentives to sanitize and then build on polluted lands. The state certified the cleanup as complete in October 2015 and Lightstone declared the site **"100 percent clean."**

But that doesn't mean the property is pristine.

NO VEGETABLE GARDENS

The state's Brownfield Cleanup Program doesn't completely rid properties like 365 Bond St. of pollutants. As is the case with many developed brownfields, some contaminants still remain on the 2-acre site and there are now a host of measures in place to ensure their

presence won't affect 365 Bond's residents.

State environmental laws prohibit digging vegetable gardens and using the property's groundwater for drinking water. The site also has an underground system of fans and vents that sucks contaminants out of the ground and moves them away from the building. Inspectors will regularly test the air and report the results to the state.

Those controls are just for the land. The polluted canal — a onetime dumping ground for industrial businesses that is still regularly flooded by raw sewage — has its own issues.

Though 365 Bond St.'s [marketing materials](#) highlight canoers and the property's boat launch, [the U.S. Environmental Protection Agency advises](#) people to minimize direct contact with the canal's [toxin-laced waters](#).

Still, the property's environmental challenges haven't stalled interest in 365 Bond St.

More than [56,000 people applied](#) for the building's 86 affordable units. Real estate reporters have hailed 365 Bond — where market-rate one-bedrooms [are renting](#) for \$3,000 and up — as a model for [high-end living](#) that will help usher in the neighborhood's transformation to the Venice of Brooklyn.

Locals, however, are skeptical that tenants could actually enjoy living there.

Anthony Russo, a 44-year-old lifetime area resident, said he was impressed by the building's "beautiful" interiors and amenities such as the rooftop lounge, but he was scratching his head over what renters will think of Gowanus.

"I find it kind of insane to pay that kind of money to live on one of the most polluted bodies of water there is," Russo said. "I wonder if the people looking at renting these places now, in the winter and spring, know what it smells like in the summer. But if they clean [the canal] up like they say they will, it's all well and good."

Meanwhile, the real estate industry is embracing the 430-unit 365 Bond as a welcome new chapter in Gowanus.

"It will send a message to the neighborhood and the city that hopefully [Gowanus] does work as a residential neighborhood as well as a commercial neighborhood," said Winfield Clifford, director of investment sales at Cushman & Wakefield, who [recently sold an empty lot in Gowanus for a record-setting price](#).

Other developers are lining up behind Lightstone.

Brownfield cleanups are now underway at several high-profile sites, including the former Brooklyn Rapid Transit powerhouse that's

being turned into an [arts center](#) at 322 Third Ave. and [the 774-unit Gowanus Green housing complex](#) slated for Fifth and Hoyt streets. The [Whole Foods](#) on Third Avenue and Third Street is a cleaned up brownfield, and so is the [Lowe's on Second Avenue](#).

"That's the nature of New York City," said environmental attorney Larry Schnapf, co-chair of the New York State Bar Association Brownfields Task Force. "There's been a lot of residential development on brownfields. In fact, in the city there's a real push to put affordable housing on contaminated properties because oftentimes those are the properties that are left."

'AFRAID' TO BUILD

Years ago developers were "afraid" to build on brownfields because even mildly polluted sites were treated the same way as heavily contaminated ones, Schnapf said. It was common practice to remove all the dirty soil and treat the groundwater, a costly and time-consuming process, Schnapf said. But in 2003, New York state unveiled its [Brownfield Cleanup Program](#), which gave developers more leeway when building on contaminated land.

The program allows developers to tailor a cleanup — and its price tag — depending on the type of contaminants in the ground and how the land will be used.

Developments where people don't spend as much time, such as shopping malls, don't have to be as clean as land where housing is built.

The land beneath 365 Bond St. was cleaned up enough for what's called "restricted residential use" — meaning that only apartment buildings, not single-family homes, can be built there.

That's because apartment residents are thought to be less likely to come into direct contact with contaminated soil than people who live in a single-family home, who might tend gardens or lawns, Schnapf said.

How much will the renters who move into 365 Bond St. know about all this? That's hard to say.

There's no law requiring renters to be notified that they're living atop a former brownfield, but they must be told that the building has an underground fan system that prevents indoor air contamination, a DEC spokesman said.

Prospective tenants can request the results of any air quality tests performed at the property, [according to the DEC](#).

Given the Brownfield Cleanup Program's stringent controls, contamination-related health risks at developed brownfields are "minimal, if any," Schnapf said. New York State uses "very conservative" numbers when calculating cleanup standards, and they're designed to prevent one additional instance of

cancer in a population of 1 million people, Schnapf said.

The cleanup standards are based on the assumption that residents live in a building 24 hours a day, seven days a week for 70 years — something very few people do, he noted.

Lightstone's spokesman declined repeated requests to discuss details of the cleanup at 365 Bond, saying in an email, "We feel the environmental story has been written several times and there's nothing new here except for all the positive improvements as a result of public/private collaboration."

Records on file with the state Department of Environmental Conservation, which oversees the Brownfield Cleanup Program, show the breadth of the cleanup process at 365 Bond, which **reportedly cost \$350 million** to build.

A POLLUTED HISTORY

With an industrial history that dates back to 1886, the property's previous uses included an oil storage facility with above-ground storage tanks, a building materials warehouse, a dry cleaner and an auto repair shop with two 550-gallon underground gas tanks, according to the **DEC**.

Those past businesses left a legacy of contaminants including benzo(b)fluoranthene, trichloroethene, lead, arsenic and mercury,

among others, according to the DEC.

To remove the pollution, Lightstone dug up more than 12,000 tons of dirt and removed seven underground oil storage tanks with the help of an FDNY-certified subcontractor. The dirt was trucked to a facility in Keasbey, N.J., according to the 320-page report on the cleanup that Lightstone submitted to the DEC.

In addition to the massive excavation, the developer installed heavy-duty plastic barriers that bond to poured concrete beneath the building's foundation. The barriers block water, soil and vapor and are designed to prevent lingering contamination in the ground from entering the building.

To further protect residents, 365 Bond is outfitted with a mechanical system to prevent "soil vapor" — contaminants that can escape from dirt or water beneath the building — from seeping into the building's indoor air. Fans, vents and pipes suck the soil vapor from beneath the building and funnel it to the roof so tenants don't inhale it. Regulations require that the rooftop vents releasing the vapor be at least 10 feet from any window, door or other opening into the building or adjacent structures, according to plans on file with the DEC.

For the first year of 365 Bond's life, inspectors will visit every few months to collect samples of the soil vapor from ports in the building's

parking garage. They'll be measured for contamination, and if levels are too high, the vent and fan system will be powered up to better treat potential contamination.

Inspectors will also regularly examine the entire property, zeroing in on details such as whether there are cracks on the paved areas at 365 Bond's waterfront esplanade, according to [the cleanup report filed with DEC](#). If there are too many cracks, the pavers will have to be replaced, because cracks could allow contamination to escape from the dirt below.

'BLACK MAYONNAISE'

While the brownfield cleanup at 365 Bond St. is now complete, another much larger cleanup is starting soon, and 365 Bond tenants will have a front-row seat.

The EPA's \$506 million Superfund cleanup of the canal is slated to start in approximately 2018 and [will last at least five years](#). Workers will dredge parts of the waterway, which means earth diggers atop barges will scoop up toxic sludge known as "black mayonnaise" that coats the canal's bottom.

Under an agreement with EPA, [Lightstone did \\$20 million of work](#) — including building a "state-of-the-art" bulkhead — to ensure 365 Bond won't contribute to future pollution in the canal.

Residential development near a Superfund site isn't unheard of — Lightstone's president Mitchell Hochberg pointed out in a *Wall Street Journal* [interview](#) that the Hudson River is a Superfund site ([from to Hudson Falls to Manhattan](#)) lined with "tens of thousands" of people.

In 2010, the EPA's declaration of the canal as a Superfund site temporarily ended development plans for 365 Bond. Developer Toll Brothers had planned a 447-unit condo project there, but pulled out when the canal was put on the Superfund list.

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Back then, Mayor Michael Bloomberg and then-City Councilman [Bill de Blasio](#) both [opposed the Superfund](#) designation. Some felt the city could do its own cleanup just as well, others worried it would dampen the neighborhood's development and [harm property values](#).

The opposite has happened. The median rent in Gowanus in March 2016 was \$2,900, compared to \$1,925 in 2010, according StreetEasy.

"In a borough known for its post-industrial edge, Gowanus probably has the most post-industrial creds," said StreetEasy data scientist Alan Lightfeldt.

"The canal and old industrial plants are central to the identity of Gowanus, and we're seeing people embrace, rather than scorn, them," he continued. "This is evident in the significant growth in rent and home prices in the area, each of which have far outpaced overall price growth in Brooklyn."

Polluted Canal Can't Slow Gowanus Home Prices

Despite the EPA naming the Gowanus Canal one of the dirtiest waterways in America in 2010, home prices in Gowanus have remained higher than prices borough-wide.

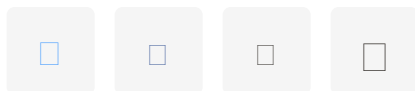
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