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Gale A. Brewer, Borough President

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Testimony of Manhattan Borough President Gale A. Brewer to City of New York City Planning Commission

Cal. No. 3 - Special Garment Center Zoning Text Amendment: ULURP Application N 180373 ZRM by New York City Department of City Planning and New York City Economic Development Corporation

Good morning Chair Lago and Commissioners of the New York City Planning Commission. I am Manhattan Borough President Gale A. Brewer and I am here to make a statement in support of our plan for preserving a significant core of garment manufacturing in the Garment Center. The application for a zoning text amendment to the Special Garment Center District which is before you today is a component of our plan. However, the success of the plan depends on the success of all the components, including the purchase of a building for permanent manufacturing use and an IDA tax abatement program.

Fashion is one of New York's most iconic and historic industries. The core of this industry has long been Manhattan's Garment Center. It is vital to the New York fashion industry that the ecosystem of businesses that exists in the Garment Center be preserved.

In May 2017, the Department of City Planning, along with the Economic Development Corporation, proposed to lift the manufacturing preservation requirements of the Special Garment Center District to allow the development of more office space in the area. In exchange, the City offered to cover some of the moving costs for garment manufacturers to relocate to Sunset Park in Brooklyn, where some garment manufacturers are currently located. It is no secret that I was appalled at this plan.

The garment manufacturing industry provides good jobs to skilled workers, who are vital to the industry. My office spoke to hundreds of these garment workers as well as garment businesses in an effort to better understand the situation in the Garment Center. What became clear is that the core of the fashion industry should remain in the Garment Center in order to preserve the ecosystem of garment businesses. Without that ecosystem, the New York fashion industry is at risk.

My office then got to work securing the future of the Garment Center. In the summer of 2017, Council Speaker Corey Johnson and I formed the Garment Center Steering Committee,

which includes elected officials, Community Boards 4 and 5, EDC, and representatives of manufacturers, unions and real estate. For months, the Steering Committee debated the issues pertaining to the Garment Center in order to provide recommendations for a more comprehensive proposal that would allow for new office development while also protecting the valuable ecosystem of garment manufacturing businesses in the Garment Center.

We have come a long way since the City's initial proposal. I am pleased to see that this application—and the critical package of incentives that come with it—will help achieve that goal. I cannot stress enough how important these EDC commitments are. First, they ensure that affordable manufacturing space will be preserved in the Garment Center by committing \$20 million in City funding toward the acquisition of a garment manufacturing building. That building will be selected through a Request for Expressions of Interest (RFEI) process. The building will also be purchased with a not-for-profit partner, who will also manage the building as a permanent, affordable, garment production space.

Second, EDC, through its IDA program, will provide incentives for landlords who provide 15-year leases with affordable rents of \$35 per square foot or less to manufacturing tenants. These landlords will be able to access property tax benefits in the amount of \$1 per square foot for every 25,000 square feet of manufacturing that are preserved.

Together, the building acquisition and IDA program will provide stability to the garment companies that have more recently had to deal with the uncertainty that comes with escalating rents and evictions so landlords can illegally convert their spaces. Without these two commitments, the future of the Garment Center would be greatly at risk. Already, my office has begun to hear anecdotally of firms having difficulty renewing their leases and facing rising rents.

But as great as these programs are, they will not be effective without participation from the area's landlords. As it stands, we need to secure more affordable manufacturing space. I strongly encourage EDC and landlords to work together to ensure that the fashion industry—which brings vitality and economic activity—can stay in the Garment Center.

The proposed package also provides for other improvements to the Special Garment Center. Among them are:

1. Allowing manufacturing buildings that are west of 8th Avenue and larger than 70,000 square feet to convert to commercial use;
2. Establishing a Special Permit requirement for any new hotels, which will be a welcome change in light of the proliferation of hotels in the area;
3. Requiring street walls throughout the entire Special District;
4. Standardizing the signage requirements throughout the entire Special District; and
5. Prohibiting Use Group 18 in areas that are zoned M1-6

These improvements will ensure that the fabric of the Garment Center is preserved and that it remains a distinct New York City neighborhood—something that is so valuable as neighborhoods start to look more and more the same.

The main goal of the Special Garment Center District when it was created in 1987 was to preserve the production of apparel and the jobs that come with it. I support this application and its complementary incentives package because they maintain that initial goal.

I have made the following additional recommendations to bolster that goal. In my official recommendation dated August 20, 2018, I noted that the following three conditions must be accomplished prior to approval of the zoning text amendment:

1. EDC must demonstrate that it has or expects to receive one or more credible responses to the RFEI and feasible sites must have been identified or EDC must be making any necessary changes to the RFEI to accomplish those goals.
2. The City must also commit to a reasonable amount of additional funding beyond \$20 million should that amount prove inadequate.
3. The IDA must have approved, or have pending before it, applications for the 300,000 square feet of space for which EDC currently has signed letters of intent. Additionally, EDC with the assistance of the Garment District Alliance must make every conceivable effort to obtain as much additional square footage for the IDA program so that at a minimum 500,000 total square feet is preserved.

On September 18th, the IDA Board approved the inclusion of three buildings to its program. These buildings total 200,000 square feet. We have been told that a fourth building, that we expected a vote on in November, may be at risk. We need that additional hundred thousand square feet represented by that building. I know EDC is working hard on this together with the Garment District Alliance but we all need to emphasize to all parties that this is a critical part of this plan.

Next week EDC will release its RFEI, a crucial step toward securing affordable garment manufacturing space. I am hopeful that the City will make available additional resources as necessary to secure the acquisition of a garment manufacturing building.

Furthermore, I made the following additional recommendations:

4. EDC and the Administration should make every effort to preserve an additional 180,000 square feet of manufacturing space in the Garment Center to make up for space preserved under the current zoning restriction, including, but not limited to, seeking to include the portion of the currently preserved space that is still used as manufacturing space in the IDA program.

5. EDC, IDA and the City should ensure that adequate monitoring and enforcement of the lease terms and tax abatement program is occurring consistently throughout the term of the program. The importance of enforcement is not lost on me or on anyone in the Garment Center. Had the original one-to-one manufacturing preservation requirements been monitored and enforced by the appropriate City agencies, we would not be where we are today. According to the Department of City Planning, over 4 million square feet of previously manufacturing space in the Garment Center has been illegally converted to office use. These great programs will be for naught if there is no adequate enforcement to accompany them.
6. The IDA tax abatement—and therefore the affordability of the manufacturing space—should be extendable after the 15 year term if the owners agree.
7. EDC and the City should partner with additional workforce pipelines, institutions and community organizations to increase vocational training, education and job placement in the Garment Center.
8. EDC should file an A-text to grandfather two sites—containing partially demolished buildings which were erroneously granted demolition permits by DOB—from the SGCD Hotel Special Permit requirement and allow residential use below commercial use at these sites in cases where the owner is providing permanently affordable housing. This A-text should address other issues raised by the community boards, including illuminated signage, mid-block plazas, and refined special permit findings.
9. The Landmarks Preservation Commission should begin the process of landmark designation by calendaring the following properties as recommended by Community Board 4: 300 West 38th Street, the Manhattan Opera House, the New Yorker Hotel, and the Sloan House Y. The Community Board has additionally requested that LPC consider the former NY Edison Company Building at 308-312 West 36th Street, the former Barbour Dormitory at 330 West 36th Street, and the Webster Apartments at 419 West 34th Street.

After a thorough process that involved extensive engagement and input from stakeholders, we have arrived at a proposal that lifts the old zoning requirements while addressing the needs of the garment industry. If the EDC programs that are part of that proposal successfully preserve enough manufacturing space—and we'll need a lot more of it—the New York fashion industry and the city as a whole stand to benefit. I urge you to approve the proposal before you today and I urge EDC and the landlords of the Garment Center to enroll more buildings and much more space in the IDA program.

Thank you for giving me the opportunity to testify on this important matter.