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Gale A. Brewer, Borough President

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**Testimony of Manhattan Borough President Gale A. Brewer to
New York City Council – Subcommittee on Zoning and Franchises
Special Garment Center Zoning Text Amendment: Application N 180373 ZRM
By New York City Department of City Planning and New York City Economic
Development Corporation**

Good morning Chair Moya and members of the Subcommittee. My name is James Lloyd, Deputy Director of Land Use for Manhattan Borough President Gale A. Brewer, and I am here to make a statement on her behalf in support of our plan for preserving a significant core of garment manufacturing in Manhattan.

The application for a zoning text amendment to the Special Garment Center District before you today is a component of our plan. However, the success of the Garment Center depends on the success of all the components, including the purchase of a building for permanent manufacturing use, an IDA tax abatement program, and significant financial commitments from the Garment District Alliance and the Council of Fashion Designers of America.

I call the plan “our” plan because the Garment Center Steering Committee, formed by Council Speaker Johnson and the Borough President, has played an instrumental part in the proposal before you today. I would like to thank all the elected officials, Community Boards 4 and 5, EDC, and representatives of manufacturers, designers, unions, and real estate for their continued efforts. Their recommendations have provided valuable guidance for addressing the needs of the garment industry. Through their collective efforts, we have come a long way from the original proposal to lift the zoning restrictions and not provide any accompanying assistance for the garment industry and specifically manufacturers, located in Manhattan’s historic Garment Center.

The EDC programs that accompany the rezoning are a result of the Steering Committee recommendations, which prioritize the preservation of manufacturing space in the Garment Center through a tax incentive program and a building purchase. I would not be supporting this application to lift the current preservation requirements if there were no assurances that manufacturing space would be maintained through these methods. These EDC programs, which incentivize the provision of affordable manufacturing space, are available only within the Garment Center area. An Industrial Development Agency (IDA) incentive will provide property tax abatements for landlords who sign 15-year leases with manufacturing tenants. A second

program designed to assist in the acquisition of a garment manufacturing building will benefit from \$20 million in City funding. Both initiatives will provide garment production space at an affordable rate of \$35 or less per square foot.

Together, the building acquisition and IDA program will provide stability to the garment companies that have recently had to deal with escalating rents and evictions resulting from so many landlords illegally converting their buildings into offices. Without these two commitments, the future of the Garment Center would be greatly at risk. My office has been hearing from firms that are having difficulty renewing their leases and are facing rising rents.

Additionally, financial commitments from the Garment District Alliance and the Council of Fashion Designers of America will provide valuable support to the manufacturers themselves. Such commitments involve incentives to produce in the City as well as programming to foster the fashion industry in the Garment Center.

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 participation of three buildings in its program. These buildings total 200,000 square feet. I know EDC is working hard and is currently in talks with other landlords in the area to get to those 300,000 square feet. We absolutely need to preserve as much manufacturing square footage as possible, and that requires participation not just from the City and the Garment District Alliance, but the real estate industry as well.

EDC released its RFEI in October, which is a crucial step toward securing affordable garment manufacturing space. But if it appears that the \$20 million committed by the City may not be sufficient, or that other forms of support or flexibility are required to make the building acquisition a reality, we need to be committed to pursuing such support or flexibility. I remain hopeful that the City will make available additional resources as necessary to secure the acquisition of a garment manufacturing building.

I strongly encourage everyone to work together to ensure that the fashion industry—which brings incredible vitality and economic activity to our city—can stay in the Garment Center. We very much need participation from the area’s landlords in both the IDA program and the RFEI, as we need to secure more affordable garment manufacturing space to bring this plan to fruition. The Council of Fashion Designers of America and EDC are partnering to commit millions of dollars to incentivize local manufacturing, and we look forward to seeing their programs take off. Additionally, as we stated yesterday to the Finance Committee as it considered an assessment increase for the Garment District Alliance, the BID must make a reasonably long-term commitment to collect and spend 2.5 million dollars each year to improve economic conditions for all businesses in its catchment, particularly garment manufacturing businesses, provided that there continues to be demand for such assistance. Moreover, we have requested that the BID commit to working with our office and the Speaker’s office to ensure that we design programs that will prove effective.

The core of the fashion industry has long been Manhattan’s Garment Center, and it must remain that way. In speaking with members of the Steering Committee and hundreds of garment manufacturers and employees, it became clear that without the central ecosystem of businesses that exists in the Garment Center, the New York fashion industry is at risk.

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. We need the EDC programs and the CFDA and BID programs to be successful for the sake of the New York fashion industry and the city as a whole. I urge that in the remaining month of the land use clock: the landlords in the Garment Center step up to participate in the IDA program, all stakeholders work together to ensure the highest likelihood of a successful building acquisition and that the Garment District Alliance commits to working with us on programs to benefit businesses—and especially garment manufacturers—over the next ten years in order to foster the continued health of the garment industry.

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