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Gale A. Brewer, Borough President

September 1, 2021

Recommendation on ULURP Application No. N210439ZRM
250 Water Street
by 250 Seaport District, LLC

PROPOSED ACTIONS

250 Seaport District, LLC (the “Applicant”) is seeking a number of zoning text amendments to the New York City Zoning Resolution (“ZR”), modifications, authorizations, certifications, and a special permit by the City Planning Commission (the “CPC”) to facilitate the redevelopment of Manhattan Block 98, Lot 1 in Lower Manhattan that is bounded by Water Street, Beekman Street, Pearl Street, and Peck Slip (“Zoning Lot A”). Zoning Lot A is located within the South Street Seaport Subdistrict of the Special Lower Manhattan District and the South Street Seaport Historic District in Manhattan Community District 1 (“CD1”).

The Proposed Actions would facilitate the development of Zoning Lot A into a new mixed-use residential, community facility, and commercial development containing 550,000 zoning square feet (the “Proposed Development”). The Applicant proposes to transfer floor area from the Seaport Development Rights Bank to Zoning Lot A, and modify the boundaries of the “Large-Scale General Development” (“LSGD”) to include Zoning Lot A and the intervening demapped streets (“Zoning Lot B”), distribute development rights from Pier 17 (“Zoning Lot C”) to Zoning Lot A, and modify bulk regulations to accommodate the proposed building envelope. Additionally, these actions would allow the service road on Pier 17 (the “Access Drive”) to be used for passenger pick-up and drop-off instead of only for loading and deliveries.

The Applicant is requesting approval the following actions:

- Zoning text amendments to the South Street Seaport Subdistrict regulations, including:
 - ZR Section 91-62 to modify the definition of “receiving lot” to include Zoning Lot A;
 - ZR Section 91-68 to allow the demapped portions of Fulton, Front, and Water Streets to be defined as a “zoning lot” for purposes of the ZR 12-10 definition of the LSGD; and
 - ZR Article IX, Chapter 1, Appendix A, Map 6 to designate Zoning Lot A as a receiving site.
- Modifications to the South Street Seaport/Pier 17 LSGD to update the LSGD site plan and zoning calculations, and to include two additional zoning lots: the Demapped Street Portion (Zoning Lot B) and the project site (Zoning Lot A);
- Modifications to the restrictive declaration to update the previously approved LSGD site plan and zoning calculations and to modify the Pier 17 Traffic Management Plan;

- A CPC special permit pursuant to ZR 74-743(a) to allow:
 - the distribution of floor area without regard for zoning lot lines or district boundaries; and
 - the location of buildings without regard to applicable height, setback, or street wall regulations.
- A CPC authorization pursuant to ZR 13-441 to modify ZR 13-241(c) to allow a 20-foot wide curb cut to be located on Pearl Street, a wide street. The new curb cut would serve as an entrance to an as-of-right accessory attended off-street parking facility with a maximum capacity of 108 spaces;
- A CPC authorization pursuant to ZR 62-822(b) to modify the requirements within the Pier 17 Waterfront Public Access Area (the “WPAA”) to allow for security bollards to be located within the upland connection of the WPAA and allow them as permitted obstructions within the required pedestrian circulation path;
- A CPC certification pursuant to ZR 62-12(c) that the proposed design changes to the WPAA would not increase the degree of non-compliance or would result in a greater level of compliance with the waterfront zoning regulations, as modified by the proposed authorization under ZR 62-822(b) and previously approved authorizations (N130056ZAM, N130057ZAM, and N170054ZAM, collectively the “WPAA Authorizations”); and
- A CPC certification pursuant to ZR 91-65 to transfer development rights to Zoning Lot A.

BACKGROUND

Area Context

The South Street Seaport neighborhood includes a range of land uses and building types. The block containing Schermerhorn Row includes ground-floor retail uses and other commercial uses as well as space for the existing South Street Seaport Museum. Other blocks include low-rise residential uses and ground-floor restaurant and retail uses, with other scattered uses including hotel uses and a Con Edison substation along South Street between Peck Slip and Dover Street. Across from Zoning Lot A are two schools: the Blue School across Water Street and P.S. 343 across Peck Slip. Along Fulton Street is the Fulton Market Building, with restaurant, retail, and entertainment uses.

The area along the waterfront contains the East River Esplanade and Piers 16 and 15 that are in use as recreational and cultural/entertainment spaces. Pier 16, which is leased by the City to the South Street Seaport Museum, is also used to dock historic ships and other vessels. Pier 15 has been reconstructed as publicly accessible open space and contains a pavilion with rooftop open space.

The larger nearby area includes portions of the Financial District, generally to the south and west of the Brooklyn Bridge and the Two Bridges neighborhood. The Financial District, historically the city’s primary commercial center with shopping and office uses, has recently undergone significant redevelopment with residential, retail, and entertainment uses. There is some modern infill construction, which generally includes residential and retail uses.

The inland area to the south of Fulton Street contains the traditional high-density center of the Financial District. This area includes large office towers along Water Street, South Street, and further inland. The area also contains several recently built residential towers and residential conversions.

The area north of Fulton Street and west of Zoning Lot A contains Southbridge Towers, a large housing cooperative built under the Mitchell-Lama housing program that was completed in 1969. Southbridge Towers are on a superblock between Gold and Pearl Streets and include approximately 1,641 residential units within four 27-story buildings and five low-rise buildings. In late 2014, by a margin of 10 votes, residents of Southbridge Towers voted to exit Mitchell-Lama, effectively terminating the below-market affordability of all units on-site. This portion of the neighborhood also contains the New York-Presbyterian/Lower Manhattan Hospital and facilities for Pace University, both of which are located along Spruce Street west of Gold Street, as well as 8 Spruce Street, a residential tower further to the northwest.

The area to the north of the Brooklyn Bridge in the Two Bridges neighborhood contains the New York City Housing Authority Governor Alfred E. Smith Houses. Completed in 1953, the complex contains approximately 1,931 residential units in 12 buildings that are between 15 and 17 stories tall, as well as open space and a public school (P.S. 126). This area also contains Murry Bergtraum High School, the Urban Assembly Maker Academy, and the Manhattan Early College School for Advertising, all located northwest of the Smith Houses across Pearl Street.

The surrounding area is well served by public transit. The Fulton Street Subway Station is six blocks to the northwest of Zoning Lot A and provides service for the A, C, J, Z, 2, 3, 4, and 5 trains, as well as transfers to the E, N, R, and W trains at the World Trade Center/Cortlandt Street Subway Station. The M15, M15-SBS, and the Free Downtown Connection buses have a bus stop one block to the west of Zoning Lot A. In addition, Zoning Lot A is eight blocks to the northeast of the Wall Street/Pier 11 ferry terminal, which has access to the Astoria, East River, Rockaway, Soundview, South Brooklyn, and Governors Island routes. Further down South Street is Whitehall Terminal which has access to the Staten Island Ferry.

According to Census data, from 2010–2020, Manhattan Community District 1 grew in population by 28.6%. The district's Black, white, Asian, and Latinx populations have increased 14.2%, 20.8%, 34.5%, and 42.6% respectively. The total number of housing units has increased 23%, while the vacancy rate has increased 20.4%.

Site Description

The Project Area is comprised of the LSGD. The existing LSGD is comprised of parts of Lots 8 and 10 and all of Lot 11 on Block 73 and part of Marginal Street. It currently includes the Pier 17 building, a three-story retail structure, the Tin Building, an approximately 60,000 square foot market structure on Pier 17, and is served by an access drive in Zoning Lot C, described below. Buildings within the LSGD currently comprise 302,074 square feet of zoning floor area.

Under the proposed modifications, the LSGD would consist of the Pier 17 Zoning Lot, the demapped portion of Fulton Street between South Street and Water Street, the demapped portion

of Water Street between Fulton Street and Beekman Street, the demapped portion of Front Street between Beekman Street and John Street (collectively the “Demapped Street Portions” or “Zoning Lot B”), and Zoning Lot A. As modified, the LSGD will have a total lot area of 336,601 square feet and be permitted a maximum floor area of 1,117,698.5 square feet. Buildings within the LSGD currently comprise 302,074 square feet of zoning floor area.

Zoning Lot A (Block 98, Lot 1)

Zoning Lot A, comprised of 250 Water Street and 304 Pearl Street, is owned by the Applicant and is located in Manhattan CD1 to the southwest of the Brooklyn Bridge in lower Manhattan. It is an irregular, full-block site with approximately 333.03 feet of frontage on Water Street, 108.24 feet of frontage on Beekman Street, 323.84 feet of frontage on Pearl Street, and 189.69 feet of frontage on Peck Slip. Zoning Lot A has a lot area of 48,057 square feet.

Zoning Lot A is located within a C6-2A zoning district, which is a medium-density district that permits a wide range of residential, community facility, and commercial uses. The maximum FAR permitted for residential use is 6.02, 6.0 for commercial use, and 6.5 for community facility use. Residential portions of buildings in a C6-2A district are required to have a base height that is between 60 feet and 85 feet, and are allowed maximum overall building height of 120 feet. After the base height, a 10-foot setback is required from a wide street, and a 15-foot setback is required from a narrow street.

Zoning Lot A is currently used as a surface parking lot with a capacity of approximately 400 parking spaces and is served by a kiosk structure. It is located one block west of the Brooklyn Bridge. Zoning Lot A currently has a curb cut on Pearl Street that provides access to and from the parking lot, located approximately 60 feet east of Beekman Street.

Zoning Lot B (Demapped Street Portions)

Across South Street is the Demapped Street Portion (Zoning Lot B), which has a lot area of 60,570 square feet and is located within a C5-3 zoning district and a C6-2A zoning district. The Demapped Street Portion originally contained City-owned streets. Those streets were demapped in 1983 pursuant to C830356MMM (the “Map Change Resolution”) in order to accommodate a pedestrian plaza and spur economic development. All floor area generated by the demapped streets has been transferred to the Seaport Development Rights Bank. No floor area remains on the demapped street. Although demapped, the former streets within the Demapped Street Portion are considered “streets” for purposes of applying Zoning Resolution regulations, pursuant to ZR 91-62 and 91-68.

The Demapped Street Portion also contains an existing Use Group 6, open-air eating and drinking establishment (the “Garden Bar”). The existing Garden Bar is approximately 72.50 feet by 20.50 feet, and includes seating near the corner of Fulton Street and Front Street.

Zoning Lot C (Pier 17 Zoning Lot)

Pier 17, which is located within a C4-6 zoning district, has a lot area of 227,974 square feet. Underlying zoning regulations permit a maximum floor area of 775,111.6 square feet (3.4 FAR). Approximately 302,074 square feet of floor area (1.33 FAR) are currently being used on Pier 17.

Pier 17 includes public open space and a mixed-use building comprising retail, restaurant, entertainment, and office uses as well as a multipurpose rooftop space with areas for public access, concerts, and other events. Pier 17 underwent a redevelopment pursuant to the 2013 actions, which were modified by the 2016 modifications.

The “Tin Building” is an approximately 60,000 square foot market structure on Pier 17, being developed by SSSLP pursuant to the 2016 modifications, and is slated to open in late 2021 or early 2022. The Tin Building will feature a culinary marketplace offering fresh and prepared foods. Surrounding the Tin Building to the southwest, southeast, and northwest is the Access Drive.

The Access Drive has a one-way entrance on South Street opposite Fulton Street and a one-way exit back to South Street as a prolongation of Beekman Street. Pursuant to the restrictive declaration, the access drive may only be used for loading and deliveries to Pier 17 and the Tin Building.

The existing New Market Building on Pier 17, adjacent to the Tin Building, is currently being demolished by the City. The site is currently owned by the NYC Department of Small Business Services and is expected to be redeveloped into a commercial and community facility building.

On May 5, 2021, the Landmarks Preservation Commission (“LPC”), by a 6-2 vote, granted a Certificate of Appropriateness (LPC application No. 21-03235; certificate No. 21-03235) for the proposed design of the residential tower at 250 Water Street. The Certificate expires on May 4, 2027.

Project Description

The LSGD is comprised of three zoning lots: Zoning Lot A, the Demapped Street Portion (Zoning Lot B, which includes an open-air eating and drinking establishment), and the Pier 17 Zoning Lot (Zoning Lot C). Zoning Lot A would be developed into a new, mixed-use building.

Zoning Lot A - 250 Water Street

The Proposed Development would be developed into a mixed-use building containing 550,000 square feet of zoning floor area (the “Building”). The Building would include approximately 376,300 square feet of residential floor area, 153,000 square feet of office floor area, 15,900 square feet of retail, and 4,800 square feet for community facility use.

The Building would include approximately 75,260 square feet – 20% of the total residential floor area – as “affordable” floor area at an average of 40% of the area median income (“AMI”). The Building would consist of a 74.33-foot tall, five-story base with office, community facility, and retail uses. Above the base, the Proposed Development would set back 10 feet from Beekman Street, five feet from Peck Slip, and 15 feet from Water Street. The residential portion of the building (the “Residential Portion”) would rise above the base and reach a total height of up to 324 feet. The Building would comply with flood zone regulations of Article VI, Chapter 4 of the Zoning Resolution, and may incorporate resiliency measures and zoning deductions available pursuant to the Zoning for Coastal Flood Resiliency text amendment.

The Proposed Development would include a 108-space, below-grade as-of-right accessory parking facility. Vehicles would enter the parking facility using a curb cut on Pearl Street and exit using a curb cut on Beekman Street. Vehicles would be able to access the lower level for parking facilities by elevators. There would be 10 reservoir spaces on the ground floor. As required by ZR 13-26, the exit to the parking garage on Beekman Street would be equipped with stop signs and speed bumps to slow exiting vehicles. Parking would be primarily for residents and tenants, with a small percentage potentially available to the public depending on the final building program.

To service the retail and office uses of the Proposed Development, two loading berths would be located on Pearl Street. The Proposed Development would also include 187 bicycle parking spaces.

Zoning Lot B - Demapped Street Portion

Located within Zoning Lot B is the Garden Bar, an existing Use Group 6, open-air eating and drinking establishment. The Garden Bar is approximately 72.50 feet by 20.50 feet, and includes seating near the corner of Fulton Street and Front Street.

Zoning Lot C - Pier 17

Zoning Lot C would be modified to allow for the following changes:

- Fixed and retractable bollards are proposed within the Pier 17 Zoning Lot along South Street in front of the Tin Building and Pier 17;
- Three guard booths, with an aggregate area of 105 square feet, are proposed to be adjacent to the access drive. One booth would be located west of the Tin Building and within the portion of the Esplanade surrounded by the access drive. The second booth would be located at the top of the access drive loop. The third booth would be provided to the east of the Tin Building outside of the portion of the Esplanade surrounded by the access drive;
- The building on Pier 17 would add a skylight, which is a permitted obstruction;
- The curb boundaries of the access drive would be realigned to accommodate a Con Edison gas meter for the Tin Building while also maintaining a continuous 10-foot clear pedestrian path along the northern side of the Tin Building; and
- The Traffic Management Plan for the access drive at Pier 17 would be modified to allow for passenger pick-up and drop-off instead of service for loading and deliveries only.

COMMUNITY BOARD RECOMMENDATION

Manhattan Community Board 1 (“CB1”) held a public hearing for the 250 Water Street application on June 14, 2021. On July 27, 2021 at its Full Board meeting, CB1 voted to recommend disapproval of the application unless the Applicant met certain conditions. Thirty-one board members voted in favor of disapproval, 2 members voted in opposition, 1 abstained, and 1 recused.

CB1 recommended denial of the application and outlined their comments on the application, including:

- The Proposed Development would undermine years of carefully crafted zoning regulations meant to guide the orderly growth of the Seaport through modifications proposed by Howard Hughes Corporation which reconfigure the rules to advance a private, profit-driven agenda;
- Given that the 1972 Seaport Transfer Mechanism was created to maintain the very unique low-scale character of this 11-block historic district, where the average building is four to five stories in height, by creating a mechanism to move such development rights to sites *outside* the Seaport Historic District, CB1 opposes the proposed zoning text amendment to make 250 Water Street into a receiving site;
- The Applicant has not committed in writing that they will contribute to the Seaport Museum's endowment or the pledged John Street expansion as a result of this proposal;
- This proposal is not in line with the guiding principles developed by the Seaport Working Group, particularly as it relates to building heights and density;
- The Applicant has not specified whether or not the transfer of development rights from Pier 17 would require an open bidding process;
- The Howard Hughes Corporation would control a greater portion of the South Street Seaport area, and would therefore have greater power over how the Seaport evolves; and
- The proposal to expand the LSGD and incorporate the demapped portions of Fulton Street to allow for the transfer of development rights from Pier 17 to 250 Water Street skirt the long-standing Seaport Transfer Mechanism.

BOROUGH PRESIDENT'S COMMENTS

The South Street Seaport Historic District is a testament to the City's preservation efforts throughout the decades. From its historic cobblestone streets to its Greek Revival buildings, the protection and maintenance of this landmarked area is vital in conserving the history of the nation's first major port and the history of New York City's trade, commerce, and architecture. This application is not just for a new development. It is also a proposal to preserve and revitalize the Historic District and the South Street Seaport Museum – an anchor for the district. In addition, this proposal would bring new affordable housing units to the area.

250 Water Street is one of the last remaining developable lots in the area and is the largest vacant site within a historic district in New York City. The site is a non-contributing site that is currently being used as a parking lot. As written in my testimony presented to the Landmarks Preservation Commission (LPC) on two separate occasions, developing this site would be in line with the 1969 South Street Seaport Museum's Master Plan for the neighborhood. That Master Plan called for the preservation of low-density historic buildings closer to the waterfront and the development of taller buildings further inland. For this particular site, the Master Plan predicted a building with more density that would serve as a transition toward the low masonry buildings closer to the waterfront. The updated project design shows a singular tower, which has already been approved by the LPC for a Certificate of Appropriateness. I reiterate my approval with LPC's determination that the building's design, fenestration, materials, color, and detailing of the building pairs well with pre-existing historic structures in the area.

I am aware that the issues important to the Seaport area are pertinent to this application, notably historic preservation, economic development, and environmental resiliency. My office began

engaging the Seaport community as early as 2014, with the formation of the Seaport Working Group. That group was re-established in 2018 as the Seaport Advisory Group. Participants included elected officials, members of City agencies, Community Board 1, and other vital stakeholders. The South Street Seaport Museum in particular has been a key player and advocate of historic preservation of the Historic District. Seaport residents have all benefitted from the Museum's active and ongoing work, and this project is a one-of-a-kind opportunity to continue aiding the Museum's preservation programs and educational outreach. If we care about preservation, then we must ensure that institutions like the Seaport Museum remain in operation for many years to come. The Applicant has demonstrated that they understand the value of retaining and supporting the museum. However, I remain concerned that at this time, the financial mechanism for approval and delivery of that funding has not yet been established. I am aware that negotiations are continuing over approval of the \$50 million to establish an endowment for the museum, but I await the conclusion of these discussions before I support this application.

I remain concerned that the Applicant has yet to address the ongoing environmental concerns of the Peck Slip School and the Blue School, and Southbridge Towers. The 250 Water Street parking lot sits above a 19th-century thermometer factory and has tested positive for underground contaminants, such as mercury and petroleum. On June 24, 2019, the New York State Department of Environmental Control (NYSDEC) admitted the project into the Brownfield Cleanup Program (BCP). Throughout 2020 and 2021, residents and parents submitted numerous public comments regarding the Remedial Investigation Work Plan. My office helped to negotiate an agreement under which an environmental engineer has been providing analysis of the design and implementation of the clean-up for the community, and this support must continue. I urge that the Applicant maintain transparent and open communication with that contracted environmental consultant, Excel Environmental Resources, Inc. (Excel), and that contaminants and hazardous materials be removed or maintained at safe levels in consideration of the two schools and several day care centers in the vicinity of the site.

A second concern voiced by teachers and parents of the Peck Slip School and the Blue School, as well as residents of Southbridge Towers, pertains to future construction work on the Project Site. Traffic, excavation, pile driving, placement of fill and soil, and other disruptive construction activities must fully protect existing air quality and water and electrical transmission lines and minimize vibration and noise. Regulations for engine emissions, construction waste reduction, and water and sewage infrastructure must be in effect and communicated to both construction companies as well as neighborhood residents and businesses. The Applicants must conduct outreach to all surrounding property owners, residents, and schools with detailed information concerning future and continuing construction and potential impacts, and respond to the questions and concerns of these owners and residents. Like many other projects occurring in the borough of Manhattan, a community construction liaison must be made available 24/7 from pre-construction through the project's completion to serve as a direct community contact via a hotline and email address to be posted prominently on the construction site and social media.

I emphasize that this opportunity to develop a non-contributing site as one of the last remaining sites in the South Street Seaport Historic District is momentous. Bringing new residents into the neighborhood – including the opportunity for more affordable units – the project supports the

economic revitalization of the area, which is sorely needed after the devastating impacts of COVID-19. Furthermore, the project is an opportunity to sustain efforts of the South Street Seaport Museum, which furthers ongoing preservation projects in the community.

250 Water Street is a project that both celebrates the past and effectively plans for the future of the South Street Seaport neighborhood. But the Seaport area will not be successful or honor New York City's history unless the South Street Seaport Museum is able to secure the funding for an endowment.

BOROUGH PRESIDENT'S RECOMMENDATION

Therefore, the Manhattan Borough President recommends that the Applicant ULURP Application No. N210439ZRM agree to the following:

1. Present a legal mechanism that will ensure the Seaport Museum obtains its \$50 million in funding. This mechanism should be in place before the ULURP application receives final approval;
2. Maintain transparent and open communication with the contracted environmental consultant, Excel Environmental Resources, Inc. (Excel), and contaminants and hazardous materials are removed or maintained at safe levels during and after the period of construction;
3. Traffic, excavation, pile driving, placement of fill and soil, and other disruptive construction activities must fully protect air quality and existing water and electrical transmission lines and minimize vibration and noise; and
4. Conduct outreach to all surrounding property owners, residents, and schools with detailed information concerning future and continuing construction and potential impacts and respond to the questions and concerns of these owners and residents.
5. Allocate the space in the Trans-Lux Building to the Fulton Stall Market and/or other greenmarkets that feature locally grown goods and products.



Gale A. Brewer
Manhattan Borough President