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THE CITY OF NEW YORK

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Gale A. Brewer, Borough President

March 7, 2018

Recommendation on

**ULURP Application Nos. C 180127 ZMM, N 180128 ZRM, and C 180129 ZSM;
N 180128A ZRM, C 180129A ZSM – 601 West 29th Street
By DD West 29th LLC**

PROPOSED ACTIONS

DD West 29th LLC (the “applicant”) is seeking a zoning text amendment, a zoning map amendment, and a special permit pursuant to the Zoning Resolution of the City of New York (“ZR”) Section 89-21 in order to facilitate the development of the property located at 601-613 West 29th Street, 391-315 Eleventh Avenue, and 600-602 West 30th Street in Manhattan (Block 675, Lots 12, 29, and 36) (the “Development Site”) with a mix of residential and commercial uses, including a potential lease of space for the New York City Fire Department Emergency Medical Services (the “Proposed Project”). The Proposed Project would have approximately 740,615 zoning square feet of floor area, including affordable and market-rate housing, retail, and up to 198 permitted accessory parking spaces.

Zoning Text Amendment (N 180128 ZRM)

The applicant is seeking a zoning text amendment to create a Map in the Appendix to the Special Hudson River Park District Regulations (ZR Section 89-00) to define Piers 59, 60, and 61 and their associated headhouses, which are located in a portion of Hudson River Park, as a “granting site” and the Development Site (Block 675, Lots 12, 29, and 36) as a “receiving site” and to modify the bulk regulations applicable in a C6-4X district when the City Planning Commission (“CPC”) grants a Special Permit pursuant to ZR Section 89-21. The zoning text amendment would also map a Mandatory Inclusionary Housing (“MIH”) designated area on the Development Site, per Appendix F of the Zoning Resolution.

In evaluating the text amendment, this office must consider whether the modifications and new special permit are appropriate and beneficial to the community in which the eligible sites and proposed project are situated.

Zoning Map Amendment (C 180127 ZMM)

The applicant is seeking a zoning map amendment to rezone the Development Site from an M2-3 manufacturing district to a C6-4X commercial district, which would permit residential and commercial uses at a Floor Area Ratio (“FAR”) of 10.0. It would also map the Special Hudson

River Park District over the Development Site and Piers 59, 60, and 61 and their associated headhouses.

Any changes to the zoning map should be evaluated for consistency and accuracy, and given the land use implications, appropriateness for the growth, improvement and development of the neighborhood and borough.

Special Permit Pursuant to ZR Section 89-21 (C 180129 ZSM)

The applicant is seeking a special permit to allow the transfer of 123,437.5 square feet of floor area from Piers 59, 60, and 61 and their associated headhouses to the Development Site, and to permit height and setback, tower lot coverage and street wall location waivers.

The CPC may grant the transfer of floor area from the granting site, Hudson River Park, to the receiving site, and any associated bulk modifications, provided that:

1. such transfer of floor area will facilitate the repair, rehabilitation, maintenance and development of Hudson River Park, including its piers, bulkheads and infrastructure; and
2. the transfer of floor area will support the completion of improvements to Hudson River Park as identified in the statement submitted to the Commission by the Hudson River Park Trust ("HRPT") as part of this application; and
3. for the receiving site:
 - a. the proposed configuration and design of buildings , including any associated structures and open areas, will result in a superior site plan, and such buildings and open areas will relate harmoniously with one another and with adjacent buildings and open areas;
 - b. the location and quantity of the proposed mix of uses will complement the site plan;
 - c. the proposed transfer of floor area and any modification to bulk regulations will not unduly increase the bulk of any building on the receiving site or unduly obstruct access of adequate light and air to the detriment of the occupants of users of buildings on the block or nearby blocks, or of people using the public streets and other public spaces;
 - d. such transferred floor area and any proposed modifications to bulk are appropriate in relation to the identified improvements of Hudson River Park; and
 - e. any affordable housing, as defined in Section 23-90 (Inclusionary Housing), that is provided as part of the project will support the objectives of the Inclusionary Housing Program.

The City Planning Commission shall receive a copy of a transfer instrument legally sufficient in both form and content to affect such a transfer of floor area. Notices of the restriction upon further development, enlargement or conversion of the granting site and the receiving site shall be filed by the owners of the respective zoning lots in the Office of the Register of the City of New York (County of New York). Proof of recordation of the notices shall be submitted to the Chairperson of the City Planning Commission, in a form acceptable to the Chairperson.

Both the transfer instrument and the notices of restriction shall specify the total amount of floor area transferred and shall specify, by lot and block numbers, the granting site and receiving site that are a party to such transfer.

On a receiving site, for any development or an enlargement that is subject of a special permit granted by the CPC pursuant to ZR Section 89-21, the Department of Buildings shall not:

1. issue a building permit until the Chairperson of the Commission has certified that the owner of the receiving site and the HRPT have jointly executed documents sufficient to facilitate a payment schedule associated with the transfer of floor area; or
2. issue a temporary certificate of occupancy until the Chairperson of the Commission has certified that the HRPT has submitted a letter to the Chairperson confirming that payment of all required funds has been made by the owner of such receiving site to the HRPT, and that all required funding tools and/or payments are in satisfactory compliance with the executed payment schedule.

The Commission may prescribe additional appropriate conditions and safeguards to improve the quality of the development or enlargement and minimize adverse effects on the character of the surrounding area.

Chairperson Certification

The applicant is also seeking, pursuant to a separate application, a certification by the chairperson of the CPC pursuant to ZR Section 89-21 to allow the issuance of a building permit for the Proposed Development on the basis that the Applicant and the HRPT have jointly executed a purchase and sale agreement for the amount of the required funds associated with the transfer of floor area and that the required funds have either been irrevocably paid to HRPT or will be paid in accordance with a payment schedule and secured by a cash equivalent, such as a letter of credit, in accordance with such purchase and sale agreement.

PROJECT DESCRIPTION

The Development Site is located on the west side of Eleventh Avenue between West 29th Street and West 30th Street, and between the neighborhoods of Hudson Yards to the north and West Chelsea to the east. The Development Site consists of Lots 12, 29, and 36 of Block 675, which will constitute a single zoning lot. It is currently improved with five buildings and contains a gas station, an artist studio, a New York City Department of Sanitation facility, and a surface parking lot over which the Port Authority of New York and New Jersey (“PANYNJ”) has a temporary surface easement.

The applicant is seeking a zoning text amendment, a zoning map amendment, and a special permit pursuant to ZR Section 89-21 to allow for transfer of floor area from Hudson River Park in order to facilitate the development of a 62-story mixed use building.

Background of Hudson River Park

Hudson River Park (“Park”) spans four miles in and along the Hudson River waterfront just north of Chambers Street to West 59th Street. The Park serves as a regional public space and a neighborhood park serving the Tribeca, Greenwich Village, Hudson Square, Chelsea, Hell’s Kitchen and Clinton neighborhoods which border the park.

The Park is the result of City and State long-term efforts to transform the formerly industrial Hudson River waterfront into publicly accessible open spaces connected to a pedestrian esplanade and bike path. From that process, the Hudson River Park Act was created in 1998 which identified the park’s boundaries, permitted uses of each pier, the Park’s operating framework and established the HRPT as a public benefit corporation 501(c)(3) with the mandate to design, construct, operate and maintain the Park. As required by the Act, a Multi-Purpose General Project Plan was adopted which together, set forth the regulations that govern the Park’s use and development.

Uses not permitted in the park include residential, manufacturing, hotel, casino, riverboat gambling and office uses (with the exception of Pier 57). Some of the permitted uses include water-dependent transportation, entertainment, retail, restaurant, media studios, commercial recreational uses and amusements, performing arts, and educational facilities. Commercial development is limited to Piers 40, 57, 59, 60, 61, 81, 83, and 98. Pursuant to the Act, passive and active public open space uses are not subject to zoning and land use laws and regulations of the City.

The State and City own the underlying Park property. Through the Department of Parks and Recreation, the City owns the piers and upland areas from West 35th Street to the northern boundary of West 59th Street. Through the Office of Parks, Recreation and Historic Preservation, the State owns the piers and upland areas south of West 35th Street to the northernmost border of the Battery Park City seawall as extended to Route 9A. The Department of Environmental Conservation owns the land under water throughout the Park. Within these boundaries are piers that are excluded from the Park: Pier 76 is currently excluded and is operated by the City Police Department as a tow pound; Pier 78 is privately owned; Piers 88, 90, 92 and 94, are owned and operated by the City.

Transfer of Development Rights of Pier 40

In 2013, New York State adopted an amendment to the Hudson River Park Act allowing the transfer, by sale, of unused development rights generated by the Park to properties one block east of the Park as permitted under local zoning law. The amendment further stipulates that any revenue generated from the sale of unused development rights must first be used to rehabilitate Pier 40’s infrastructure, including pier piles and roof (Chapter 517 of the Laws of New York, 2013).

In 2016, the CPC approved a text amendment that created a mechanism for the transfer of development rights by special permit from “generating sites” within the Hudson River Park to “receiving sites” within a newly created Special Hudson River Park District (ZR Section 89-00). An April 2016 appraisal report valued the transfer of 200,000 square feet of development rights from Pier 40 at \$114.9 million dollars, but discounted the value for the provision of affordable housing and the scarcity of receiving sites, a final appraised value of \$74.7 million, or \$373 per

square foot. The developer of 550 Washington Street agreed to pay the Trust \$100 million for the development rights, or \$500 per square foot (C 160310 ZSM).

Area Context

The Development Site is located between the high-rise Hudson Yards neighborhood to the north and the significantly lower-slung West Chelsea neighborhood to the east. The blocks immediately adjacent to the Development Site are zoned M2-3 to the south, C6-4 within the Special Hudson Yards District to the north, C6-4 within the Special West Chelsea District along the avenues and along West 30th Street, and C6-3 on the midblocks south of 30th Street.

The Development Site is mapped within the M2-3 district. M2-3 districts are typical of historically industrial areas located on the waterfront, and Piers 59, 60, and 61 and their associated headhouses are also mapped in M2-3 districts. M2-3 districts allow for moderately heavy industrial uses and limited commercial uses and do not permit residential uses, and have a maximum FAR of 2.0.

The Special Hudson Yards District to the north was designed to encourage high-density, transit-oriented business and residential development over the West Side Yard and the surrounding industrial neighborhood, with maximum FARs up to 33.0. The No. 7 subway line was extended westward to provide public transit, and more than 17 million square feet of mixed-use development is planned. The High Line also runs along the block directly north of the Development Site.

The Special West Chelsea District was established in 2005 to encourage mixed uses in the West Chelsea neighborhood, including residential and arts-related uses. It was also intended to create and provide a transition to the Hudson Yards neighborhood to the north. It is located in an M1-5 zoning district and a C6-3 zoning district. The maximum FAR in the M1-5 zoning district is 5.0, and the maximum FAR in the C6-3 zoning district is 7.5.

In terms of transportation infrastructure, the Development Site is served by Twelfth Avenue (Route 9A), a major north-south arterial highway, and Eleventh Avenue, a major southbound arterial road. The closest subway station is the 34th Street/Hudson Yards station on the No. 7 line. The M12 bus runs southbound on Eleventh Avenue, and northbound on Twelfth Avenue. The M34 crosstown bus runs eastbound and westbound on West 34th Street. The area is also served by multiple CitiBike stations, including at West 27th Street and Eleventh Avenue and at West 28th Street and Tenth Avenue.

Open space resources in the area include the High Line, and Hudson River Park, which offer a bikeway, walkways, lawns, landscaped areas, a skate park, a carousel, a rock garden, restrooms, café, and dining tables in the vicinity of the Development Site. Chelsea Park is located on Tenth Avenue between West 27th Street and West 28th Street, and Chelsea Waterside Park is located east of Twelfth Avenue between West 22nd and West 24th Streets. Hudson Park is located along Hudson Boulevard East between West 33rd and West 36th Streets.

Community facility uses in the area include P.S. 33 Chelsea Prep on the west side of Ninth Avenue at 26th Street, the Church of the Holy Apostles on the east side of Ninth Avenue at 28th

Street, the Church in New York City on West 34th Street between Ninth Avenue and Tenth Avenue, and the Church of Saint Michael next door to it. The Jacob K. Javits Convention Center is located between West 34th and West 40th Streets and Eleventh and Twelfth Avenues. A new school is proposed for the Western Rail Yards site to the north of the Development Site.

The Landmarks Preservation Commission designated the West Chelsea Historic District in 2008, which borders the Development Site to the south. This District serves as “a rare surviving example of New York City’s rapidly disappearing industrial neighborhoods,” and contains examples of simple brick facades, horizontal banding, and corbelled brick cornices typical of industrial architecture from the turn of the twentieth century. It also demonstrates later building techniques that characterized industrial architecture such as steel building frames, terra-cotta tile floors, and reinforced concrete.

Proposed Development

The Proposed Development would include a total of 740,615 zoning square feet of floor area, for a total of 12 FAR, in a 62-story building. The building would measure 655 feet in height excluding the bulkhead, and would contain up to approximately 990 dwelling units. The building would also include the maximum number of accessory parking spaces permitted as-of-right based on the number of dwelling units, which would be 20 percent of 990, or 198 spaces.

There are three options for how the ground floor along West 29th Street would be used. The space could be used for (1) retail, (2) a reconfigured and expanded parking area for the accessory parking spaces, and (3) an EMS facility.

Under option (1), the building would include up to 14,550 zoning square feet of commercial floor area (approximately 9,000 square feet of retail floor area at West 30th Street and Eleventh Avenue and approximately 5,000 square feet of retail floor area along West 29th Street). Under option (2), the building would include up to 8,927 zoning square feet of commercial floor area, all located at West 30th Street and Eleventh Avenue. Under option (3), the building would include approximately 9,000 square feet of retail floor area at West 30th Street and Eleventh Avenue and approximately 12,000 square feet of floor area in the EMS facility.

Pursuant to MIH, approximately 25 percent of the residential floor area (or between approximately 179,797 and approximately 182,917 zoning square feet) would be provided as permanently affordable housing, resulting in approximately 247 affordable housing units. In accordance with Option 1 of MIH, the affordability breakdown will be 10 percent of the units at 40 percent of Area Median Income (AMI), 10 percent at 60 percent of AMI, and 5 percent at 100 percent of AMI. The residential space for all units would be accessed from a lobby at the corner of Eleventh Avenue and West 29th Street.

The massing of the building is comprised of three sections. The base section maintains the streetwall condition along Eleventh Avenue, West 30th Street, and the eastern portion of West 29th Street, with a terrace at the western portion of West 30th Street that approximates the height of the High Line across the street. The approximately 400 foot middle section of the massing is located on the southeast part of the Development Site and is intended to measure up to the new buildings along Tenth Avenue, Eleventh Avenue, and West 30th Street under the Special West

Chelsea District zoning. The 660 foot tower section along Eleventh Avenue is intended to interact with the high-rise towers of Hudson Yards to the north.

In order to guide the determination of the value of the transfer of development rights from Hudson River Park, HRPT commissioned Appraisers and Planners, Inc. (API) as an independent appraiser. Based on their conclusions, the applicant has entered into a contract with HRPT to pay \$300 per square foot, or \$37 million, for the development rights.

Proposed Actions

The applicant is proposing the following land use actions:

Zoning Text Amendment (N 180128 ZRM)

The applicant proposes to create a Map in the Appendix to the Special Hudson River Park District Regulations (ZR Section 89-00) to define Piers 59, 60, and 61 and their associated headhouses as a “granting site” and the Development Site (Block 675, Lots 12, 29, and 36) as a “receiving site.” The text amendment would also apply the M2-3 use and bulk regulations but permit an overall maximum FAR of 12.0 in a C6-4X district when the CPC grants a Special Permit pursuant to ZR Section 89-21. Defining the granting site and receiving site allows for a floor area transfer that would further the goals of the Special Hudson River Park District by providing funds to the Park to support much-needed infrastructure improvements.

Zoning Map Amendment (C 180127 ZMM)

The applicant is seeking to rezone the Development Site from an M2-3 manufacturing district to a C6-4X commercial district. The proposed map amendment would also map the Special Hudson River Park District over the granting site and receiving site to allow the transfer of floor area from Hudson River Park.

The proposed C6-4X district is intended to provide a transition between the density permitted by the M2-3 district to the south and the nearby blocks at the southern edge of the Special Hudson Yards District. The C6-4X district permits a wider range of commercial uses than the M2-3 district, as well as residential and community facility uses. It allows a base height of 60 to 85 feet, and building height and setback above the base is governed by a sky exposure plane and the tower regulations.

Special Permit Pursuant to ZR Section 89-21 (C 180129 ZSM)

The applicant is requesting a special permit to allow a transfer of 123,437.5 square feet of floor area to the Development Site, and to modify bulk regulations to allow for the following waivers:

1. Street walls – Pursuant to ZR Section 35-651(b)(1), the street wall fronting on Eleventh Avenue must be located along the street line and must extend to at least the minimum base height specified in ZR Section 23-622(a). Approximately 30 linear feet of the westernmost portion of the West 30th Street streetwall will have a height of 23 feet, or 37 feet below the minimum base height, for which a waiver is requested. ZR Section 35-

651(b)(1) also requires a street wall on a wide street or on a narrow street within 50 feet of a wide street to be located on the street line. The Proposed Project includes an articulated residential lobby that is recessed 16 feet within 80 feet of the corner along Eleventh Avenue and within 70 feet of the corner along West 29th Street. A waiver is requested for the Eleventh Avenue frontage and the easternmost 50 feet of the West 29th Street frontage.

2. Height and setback – ZR Sections 35-653 and 23-663(a) require developments to be set back 15 feet from a narrow street and 10 feet from a wide street above the initial setback. The Proposed Project is set back five feet from both Eleventh Avenue, a wide street, and West 29th Street, a narrow street. A waiver of the setback requirement is necessary to allow sufficient floorplate depth for an efficient residential unit organization. ZR 35-653 and 23-663(b) requires towers to provide at least 33 percent lot coverage between the height of 85 feet and 40 feet from the top of the tower. At a height of 85 feet, the Proposed Project provides 26.4 percent lot coverage, and above a height of approximately 400 feet, the Proposed Project provides 14.3 percent lot coverage.

The transfer of 123,437.5 square feet of floor area from Piers 59, 60, and 61 and their associated headhouses will increase the maximum permitted floor area on the Development Site from approximately 617,187.5 zoning square feet to approximately 740,615 zoning square feet, or to a total of approximately 12.0 FAR. Piers 59, 60, and 61 and their associated headhouses are zoned to allow for a maximum floor area of approximately 1,118,792 zoning square feet, of which approximately 374,888.5 zoning square feet would remain unused. Taking into account the concurrent application for 606 West 30th Street, which seeks to transfer 29,625 square feet from the Park, there would remain approximately 345,263.5 zoning square feet unused.

In order to effect this transfer, a Transfer Instrument and Notice of Restrictions will be recorded against Piers 59, 60, and 61 and their associated headhouses and the Development Site, permanently reducing the floor area available on Piers 59, 60, and 61 and their associated headhouses and increasing it on the Development Site. The amount of floor area transferred would equal 20 percent of the maximum floor area otherwise permitted on the receiving site, which is the maximum percentage permitted by Section 89-21(b).

(A) Applications (N 180128A ZRM, C 180129A ZSM)

On February 14, 2018, the applicant filed (A) applications for the Proposed Project. This version of the applications reflects amended zoning text in order to permit:

1. the exemption from floor area on the receiving site of the proposed EMS facility, which will replace the existing FDNY EMS Station 7 at 512 West 23rd Street; and
2. an increase in the maximum number of accessory parking spaces for EMS employees.

All other waivers requested under ZR Section 89-21 remain unchanged, as does the amount of floor area proposed for transfer from the granting site.

ANTICIPATED IMPACTS

Pursuant to City Environmental Quality Review (CEQR) and to the rules of the State Environmental Quality Review Act (SEQRA), amongst others, a Draft Environmental Impact Statement (DEIS) was prepared for the Proposed Project, together with another project on the same block, 606 West 30th Street.

On April 14, 2017 a Positive Declaration and Draft Scope of Work (DSOW) were issued. The DSOW identified a number of analysis tasks for the DEIS to consider for further analysis and established an analytical framework for the following analysis categories:

- land use, zoning and public policy,
- socioeconomic conditions,
- community facilities and services,
- open space,
- shadows,
- historic and cultural resources,
- urban design and visual resources,
- natural resources,
- hazardous materials,
- water and sewer infrastructure,
- energy,
- transportation,
- air quality,
- greenhouse gas emissions and climate change,
- noise,
- neighborhood character, and
- construction impacts.

The DSOW was further refined following a public scoping meeting held on May 17, 2017, with written comments accepted until May 30, 2017. The Final Scope of Work (FSOW) was issued on November 20, 2017.

The Draft EIS (DEIS) and Notice of Completion, issued on November 20, 2017, found that significant adverse impacts were identified in the areas of publicly-funded child care, open space, shadows, transportation, and construction.

Existing child care facilities in the 2-mile study area have a total capacity of 213 slots and an enrollment of 178 children (83.6 percent utilization). The Proposed Project, together with 601 West 29th Street, are anticipated to increase the demand for child care facilities by 29 children to 395 children. Compared to a capacity of 213 slots, this would create a deficit of 182 slots. Assuming this demand is accommodated at existing child care facilities, the facilities would operate at 185.4 percent, which represents an increase in the utilization rate of 13.6 percent over the No Action condition.

For open space, it was determined that there would be a significant adverse impact due to the increased user population. Potential mitigation measures are currently being explored by the applicants in consultation with the New York City Department of City Planning and the New

York City Department of Parks and Recreation. Potential mitigation measures for open space impacts may include, but are not limited to, creating new open space within the study area; funding for improvements, renovation, or maintenance at existing local parks and/or playgrounds; or improving open spaces to increase their utility or capacity to meet identified open space needs in the area.

For transportation, it was determined that there would be potential significant adverse impacts to traffic and pedestrians. No significant adverse impacts were identified for parking, transit, and vehicular and pedestrian safety.

For construction, it was determined that there would be temporary significant adverse impacts in the areas of transportation and noise. The potential transportation-related impacts during construction would be similar to or less than the significant adverse impacts identified for the future with the full build-out of the projects considered in the DEIS. The construction of the projects also has the potential to result in construction noise levels that exceed the CEQR Technical Manual noise impact criteria for an extended period of time at 534 West 30th Street, residences near Eleventh Avenue and West 29th Street, and portions of the High Line directly across West 30th Street from the construction area.

COMMUNITY BOARD RECOMMENDATION

At its Full Board meeting on February 7, 2018, Manhattan Community Board 4 (“CB4”) approved a resolution by a vote of 40 in favor, 0 opposed, and 1 abstaining that recommended **denial** of the applications regarding 601 West 29th Street unless certain conditions are met:

Maximum Building Height – CB4 recommended that the maximum height of the proposed project be limited to 550 feet, which would represent a 20 percent increase in height from the maximum of 450 feet in the adjacent Subarea A of the Special West Chelsea District immediately to the east, and a reasonable step down from the 642 feet heights of Hudson Yards Sites 6A and 6B to the north.

Mandatory Inclusionary Housing – CB4 recommended that affordable units be distributed throughout at least 80 percent of the proposed project’s floors, and that there would be identical finishes and fittings between the affordable and market-rate units, and that fee-based amenities be discounted for tenants in affordable units.

Building Services and Other Issues – CB4 recommended that loading docks, trash compactors and dumpsters be located inside buildings except during trash and recycling pickup, that the parking garage accommodate environmentally-friendly vehicles, that full size trees and complete landscaping be planted in sidewalk tree pits and tree planters, that workers be paid living wages with benefits, that the applicant support a Community Jobs Project and if possible rent retail spaces to local businesses, and that the applicant agree to coordinate logistical issues such as construction deliveries and temporary street closings with the adjacent development site.

Mitigation of Adverse Environmental Impacts – CB4 recommended that adverse environmental impacts identified in the Draft Environmental Impact Statement be mitigated through the provision of space for publicly-funded child care, the reconstruction and renovation of a Chelsea recreation park, and standard measures such as signal timing changes, widened crosswalks, window-wall attenuation, quieter equipment and noise barriers for traffic impacts at two intersections, and ways to address pedestrian flow issues at two crosswalks and the effects of construction congestion and noise on nearby residential buildings.

EMS Facility – CB4 recommended that the city relocate the West 23rd Street EMS facility to an enclosed space in the Proposed Project.

Hudson River Park Development Rights Price – CB4 recommended that the \$300 per square foot appraisal of the value of the development rights transfers be reviewed by a party with sufficient expertise in the matter.

Hudson River Park Priorities – CB4 recommended that the capital funds from the sale of development rights be allocated to projects in the following order: Pier 97 Recreation Pier, Chelsea Waterside Park, Pier 97 Upland Area, Gateway/Hudson River Tunnel Project Area, Pier 66a Float Bridge, Pier 98 to 99 Upland Area, Area South of Pier 76, and Piers 79-84 Upland Area.

Inclusion of the Development Site in the Special West Chelsea District – CB4 recommended that the development site be included in the Special West Chelsea District in order to implement the floor area exemption enabling the relocation of the EMS facility.

Despite recommending denial unless these conditions are met, CB4 expressed appreciation for the applicant's willingness to engage with the community over a long period of time to try to resolve the numerous issues associated with this very complex project.

BOROUGH PRESIDENT'S COMMENTS

Block 675 is one of the most complex blocks on the island of Manhattan. It is located directly south of Hudson Yards, where there will be a new mini-city with 18 million square feet of residential and commercial space and towers reaching upwards of 1,200 feet in height. But it is also a part of West Chelsea, and must serve as a transition zone to a deeply-rooted low and mid-rise neighborhood of residences, art galleries, and local shops. Meanwhile, it is one of the few blocks eligible for the transfer of development rights from Hudson River Park to provide much-needed capital and expense funding for the Park. With the Hudson Tunnel Project calling for tunneling beneath the block, it must also accommodate infrastructural facilities and construction staging in the near future.

All of this, together with the usual challenges associated with high-rise luxury housing development in an increasingly unaffordable city, makes 601 West 29th Street an especially difficult project. Alongside the concurrent development next door at 606 West 30th Street, it must

fulfill various requirements from a multitude of stakeholders while playing a role in shaping the character of the area for years to come.

We want to express great appreciation for the applicant's willingness to engage with the community and elected officials over a long period of time to work out all the relevant issues. There has been good progress, but there is still much to be done to ensure that the project becomes the best that it can be given all the factors involved.

Maximum Building Height

It is the nature of Manhattan that distinct, even radically-different neighborhoods must coexist next to one another. There is consensus that Block 675 should serve as a transition zone between Hudson Yards and the rest of the much lower-slung West Chelsea. It is true that if one drew a line between the proposed heights of the tallest tower of Hudson Yards and the existing buildings in West Chelsea to the south, the 660 foot height of the Proposed Project would fall somewhere in the middle. However, the buildings on Block 675 will not only stand by themselves but also set a precedent for future development in the area.

Besides the concurrent application for the development of 606 West 30th Street, there is one more project anticipated for Block 675, on the westernmost part of the block that is currently owned by the Georgetown Company. Meanwhile, the block directly south between West 28th Street and West 29th Street contains property owned by Consolidated Edison, and while there are no current plans to develop the site, it will always be a possibility in the future.

Thus, the height of the Proposed Project will play a role in determining the context and character of surrounding developments, and a difference of more than 100 feet in height needs to be addressed with care. CB4 recommended that the Proposed Project should be guided by the 450 foot height of the Special West Chelsea District Subarea A. However, given the addition of 2 FAR from the Park to the 10 FAR allowed in the C6-4X district, a 20 percent increase, CB4 revised their recommendation to allow for a corresponding 20 percent increase in maximum height, from 450 feet to about 550 feet. This would also represent a step down from the 642 foot heights of the proposed residential buildings on the north side of West 30th Street at Hudson Yards Sites 6A and 6B.

We believe that CB4's recommendation of 550 feet is reasonable, and that the proposed height of 660 feet is excessive. We appreciate the design of the Proposed Project, with its tri-part division of gallery level, mid-rise, and tower. However, we believe the bulk should be distributed across the site to lower the height, especially considering that the applicant is asking for additional height, setback, and tower coverage waivers.

EMS Facility

Fire Department of New York (FDNY) Emergency Medical Services (EMS) Station 7 is currently located temporarily at 512 West 23rd Street. It has long been a priority for the community to move the EMS facility from this current location, which is small, unenclosed, and unsuitable given its residential surroundings.

CB4 identified the Development Site as an ideal location for the replacement EMS facility, as it is one block from the West Side Highway and would provide quick north and south access and more space for vehicles. The applicant has been working diligently with CB4, elected officials, and FDNY to include the EMS facility as part of the Proposed Project. The Port Authority of New York and New Jersey (PANYNJ) has identified Lot 1 and part of Lot 12 of Block 675 as temporary construction staging area for the Hudson Tunnel Project; since the applicant has proposed the EMS site on part of Lot 12 designated for tunnel construction staging, they have also been engaging with PANYNJ to resolve these needs.

On February 14, 2018, the applicant filed (A) applications for the Proposed Project in order to permit the exemption from floor area of the proposed EMS facility, and an increase in the maximum number of accessory parking spaces for EMS employees.

We fully support the efforts of all involved to include the EMS facility in the Proposed Project. Given the high profile of this area, with Hudson Yards, the Hudson Tunnel, and numerous other major developments nearby, we hope that the public safety need will be properly met.

Affordable Housing

Pursuant to MIH, approximately 25 percent of the residential floor area would be provided as permanently affordable housing, making approximately 247 affordable housing units. In accordance with Option 1 of MIH, the affordability breakdown will be 10 percent at 40 percent of AMI, 10 percent at 60 percent of AMI, and 5 percent at 100 percent of AMI.

CB4 recommended that affordable units be distributed throughout at least 80 percent of the proposed project's floors, and that there be identical finishes and fittings between the affordable and market-rate units, and that fee-based amenities be discounted for tenants in affordable units. The applicant has committed to provide identical finishes and appliances for the market rate and affordable units. They plan to offer certain amenities, such as a children's play room, without fee, and have committed to discounting access fees for other amenities for the residents of the affordable units.

In addition to MIH, the Proposed Development will also use the Affordable New York tax abatement program, formerly known as 421-a. Units built to satisfy the requirements of MIH are also being used to count towards the affordable housing requirements of the Affordable New York program.

The Borough President has consistently opposed this practice of overlapping subsidies, or "double dipping." The original 421-a tax benefit was created to incentivize new construction. The program started in 1971 during a time when many people felt New York City needed to spur real estate development activities to reduce blight. But times have changed, and New York City no longer faces a lack of development. Units built to satisfy the affordable housing requirements of MIH should not be available to be counted toward satisfying the requirements to obtain a tax subsidy under another program.

The Borough President supports CB4's recommendation that affordable units be distributed throughout at least 80 percent of the Proposed Project's floors, above and beyond MIH's

requirement of 65 percent. Similarly, as the Proposed Development counts the same affordable units for both MIH and the Affordable New York tax abatement program, we urge the applicant to explore all feasible options to provide affordable units beyond the 25 percent requirement of MIH.

Hudson River Park Transfer

In order to guide the transfer of development rights from Hudson River Park, HRPT commissioned API to appraise the value of the development rights to be transferred. Based on their conclusions, the applicant has entered into a contract with HRPT to pay \$300 per square foot, or \$37 million, for the development rights.

The proper valuation of development rights has been a problem for our office again and again.

The Greater East Midtown Rezoning included complicated and protracted negotiations over the minimum valuation of development rights and the public contribution rate. Two reputable, experienced firms came up with significantly different appraisals based on the market. It was abundantly clear to all involved that a change in the price per square foot valuation could represent the difference of millions of dollars in private transactions and for the public benefit.

More recently, the West Chelsea Affordable Housing Fund Rule proposed a \$500 per square foot price for sales. Our office, alongside many in the community, felt that this valuation was inadequate, and did not account for recent trends. Thanks to the continuing work of DCP and CPC, the proposed price has since been adjusted to \$625 per square foot.

Even in the case of Pier 40, there was ultimately a disconnection between the appraised value of the transfer of development rights and the actual price paid for them. While the appraisal ended with a valuation of \$74.7 million or \$373 per square foot, the developer of 550 Washington Street agreed to pay HRPT \$100 million for the 200,000 square feet of development rights or \$500 per square foot. That price had been set before the appraisal was even undertaken.

The sales from the transfer of development rights fulfill a vital function and provide HRPT with much-needed capital and maintenance funding. An inadequate valuation would mean the loss of millions of dollars for the Trust and in very tangible open space benefits for the public. We greatly respect the work of API in determining the valuation; however, given our history with development rights appraisals, it is difficult for us to treat that valuation number as authoritative. Instead, it might be better to think of the appraisal as a general guide, and given the long list of community priorities related to the Park that have been enumerated by CB4, we can come back to the proper price for the development rights after first clarifying the outstanding needs of HRPT.

BOROUGH PRESIDENT'S RECOMMENDATION

Therefore, the Manhattan Borough President recommends **denial** of ULURP Application Nos. C 180127 ZMM, 180128 ZRM, and 180129 ZSM unless the following conditions are met:

- That the overall building height is adjusted downward to reflect the transitional and precedent setting nature of the site;
- That the distribution of affordable units exceeds the 65 percent required by the Zoning Resolution and meets Community Board 4's recommendation;
- That the applicant consider the provision of additional affordable units to ameliorate the issue of double-dipping with state tax abatement and permanent floor area bonus;
- That the applicant continue working with all relevant parties to include the EMS facility, with the A-Text modifications as proposed, in the Development Site;
- That the City diligently work to identify and begin the process of procuring child care space and to identify capital improvements for open space mitigation before the close of the ULURP process;
- That DCP reexamine the value of the development rights; and
- That the City follow through on its prior commitment to the Borough President from March 2015 to study the inclusionary housing program and the issue of double-dipping, especially in the context of individual special permits where the Commission may exercise further discretion.

A handwritten signature in black ink that reads "Gale A. Brewer". The signature is written in a cursive, flowing style.

Gale A. Brewer
Manhattan Borough President