Borough President Recommendation

Applications: C 190065 HUM and C 190064 HDM

IN THE MATTER OF an application submitted by the Department of Housing Preservation and Development (HPD), pursuant to Section 505 of Article 15 of the General Municipal (Urban Renewal) Law of New York State and Section 197-c of the New York City Charter, for the First amendment to the Waterside Plaza Urban Renewal Plan, Borough of Manhattan, Community District 6.

COMMUNITY BOARD NO: 6 BOROUGH: Manhattan

RECOMMENDATION

☑ APPROVE

☐ APPROVE WITH MODIFICATIONS/CONDITIONS (List below)

☐ DISAPPROVE

☐ DISAPPROVE WITH MODIFICATIONS/CONDITIONS (Listed below)

EXPLANATION OF RECOMMENDATION – MODIFICATION/CONDITIONS (Attach additional sheets if necessary)

See Attached

BOROUGH PRESIDENT: [Signature] 10/10/2018 DATE
Recommenation on ULURP Applications No. C 190065 HUM and C 190064 HDM—Waterside Plaza URA Extension
By New York City Department of Housing Preservation and Development

PROPOSED ACTIONS

The New York City Department of Housing Preservation and Development (the "Applicant") seeks an amendment to the Waterside Urban Renewal Plan ("URP") to extend the length of affordability for 325 residential units in the Waterside Plaza development (the "Project Site"). The Applicant also seeks to dispose of City property in the form of the renewal of an existing 99 year lease of the Project Site. The Project Site is comprised of five buildings located at 10, 20, 25, 30, and 40 Waterside Plaza (Block 991, Lots 60 and 61) and is located in a C2-7 zoning district within the Kips Bay neighborhood of Manhattan Community Board 6.

Pursuant to Section 505 of the Urban Renewal Law, the applicant seeks an amendment to the Waterside URP. While Section 505 of the Urban Renewal Law does not specify any findings under which an Urban Renewal Plan can be amended, it does list the following criteria for approval of such plans:

(a) The area is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality.

(b) The financial aid to be provided to the municipality is necessary to enable the project to be undertaken in accordance with the plan.

(c) The plan affords maximum opportunity to private enterprise, consistent with the sound needs of the municipality as a whole, for the undertaking of an urban renewal program.

(d) The plan conforms to a comprehensive community plan for the development of the municipality as a whole.

(e) There is a feasible method for the relocation of families and individuals displaced from the urban renewal area into decent, safe and sanitary dwellings, which are or will be provided in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities, at rents or prices within the financial means of such families or individuals, and reasonably accessible to their places of employment.
Section 197-c of the New York City Charter mandates that the disposition of all City-owned real property be subject to the Uniform Land Use Review Procedure ("ULURP"). While no specific findings must be met to make a property eligible for disposition under Section 197-c, Section 1801 paragraph J of the Charter limits the New York City Department of Housing Preservation and Development to the disposition of residential real property.

BACKGROUND

The Waterside Plaza Urban Renewal Area is located between East 23rd and East 30th Streets and the FDR Drive and the East River. The portion of the URA that runs between East 23rd Street and East 25th Street is a portion of the East River Esplanade.

The Waterside Plaza Urban Renewal Plan was approved by the City Planning Commission on April 12, 1967. That approval included five related actions that would later allow for the redevelopment of the site:

1. Modifying the Master Plan to include the Waterside Plaza development
2. Designating the URA appropriate for urban renewal
3. Approving the Urban Renewal Plan for the Waterside Plaza development
4. Approving a plan for the redevelopment of the URA
5. Rezoning the Site from M2-3 to C2-7

The Waterside URP stated that “the cleared land will be redeveloped for residential use, local retail, and local service commercial uses accessory to residential use, and related public and semi-public uses.” The plan also noted that some of the new residential units would be for “families of moderate income”.

In 1970, HPD entered into a 99 year ground lease with the Waterside Redevelopment Company. Pursuant to the Urban Renewal Plan, the Project Site was developed in 1974 through the Mitchell-Lama program. A total of five buildings containing 1,470 units were constructed.

The site is managed by Waterside Plaza LP, which in the late 1990s sought to facilitate the buildings’ exit from the Mitchell-Lama program. In 1999, Waterside Plaza tenants sued the landlord, arguing that their units should be subject to rent stabilization. An agreement was reached in 2001 between the landlord and tenants ("Settling Tenants") that allowed the development to exit Mitchell Lama while also imposing rent restrictions on 325 units. Under the agreement, the settling tenants would not see their rents increase more than 10 percent a year.

The Waterside URP is currently set to expire in 2069. At that point, without any action from the City or the landlord, the property would be returned to the City, which would be tasked with managing the 1,470 unit complex.
Site Description

The Project Site encompasses 267,000 square feet and sits on the East River between East 23rd and East 30th Streets. 10, 20, 25, 30, and 40 Waterside Plaza, which are located on the Site, are all between 34 and 40 stories in height and collectively contain 1,470 residential units. The site also includes small commercial spaces that provide services to tenants and a supermarket. The East River Esplanade, an open space that provides clear views of the East River, runs along the eastern portion of the site.

Area Context

The Project Site is located in a C2-7 zoning district in the Kips Bay neighborhood of Manhattan Community District 6. Kips Bay is a mostly residential neighborhood, running from approximately East 23rd to East 34th Streets between Lexington Avenue and the East River. The neighborhood contains a variety of building typologies—from walk-ups to residential high rises that were built in the 1960s and 1970s. The main commercial corridors in the neighborhood are Lexington Avenue and Second Avenue, both of which include restaurants—national chains and local establishments—with Second Avenue including some office uses related to the medical institutions in the area. Commercial zoning districts also run along First Avenue and 34th Street.

Immediately to the west of the Project Site is the Bellevue Hospital Center. Bellevue is one of several medical institutions located along Hospital Row, which extends along First Avenue. Other institutions in the area include New York University Langone Medical Center, which sits to the north of Waterside Plaza, the Arnold and Marilyn Greenberg Hall, the Hunter College Brookdale Health Sciences Center, the Manhattan Department of Veterans Affairs Hospital, and the Alexandria Center for Life Sciences.

The Project Site is equidistant from the 6 Train’s 23rd Street Station and the L Train’s 1st Avenue Station, located on 1st Avenue and 14th Street. Both stations are 0.8 miles from the site. The area is also serviced by the M34 bus line, which stops on West 27th Street and Waterside Plaza, a street that runs to the west of the site.

PROJECT DESCRIPTION

The Applicant proposes to extend the current ground lease by 47 years, ending in 2116. The terms of the amended lease will provide rent restrictions for 325 residential units. These 325 units represent 317 currently occupied by some of the original Settling Tenants and additional 8 units. Under the terms of the lease, households earning 165% of the Area Median Income (AMI) or less will be able to reduce their rents to 30% of their income and obtain a rent freeze. Additionally, tenants who retire on the year that the ground lease is renewed (or before) will have an opportunity to reduce their rent to 30% of their new, re-certified income.

Households earning more than 165% AMI will have annual rent increases of 2.25% or the allowable percentage determined by the New York City Rent Guidelines Board, whichever is
greater. The landlord has agreed that the rent increase will never exceed 4.25%, regardless of the increase allowed by the Rent Guidelines Board.

Under the proposal, once any of the 325 units becomes vacant, they will remain income-restricted and will become available to households earning 120% AMI. This income restriction will apply for the first 75 years of the renewed lease term. Thereafter, the units will phase into market rate units over a period of 5 years.

The landlord has also committed to providing tenants the opportunity to move into smaller or larger units, in accordance with their needs, as well as providing space for residential caregivers to ensure that tenants are able to age in place.

The proposal does not include any development on the site and it will not affect the commercial tenants on the site.

COMMUNITY BOARD RECOMMENDATION

Manhattan Community Board 6 passed two resolutions in response to the Application.

The first resolution, dated September 13, 2018, supports the new 99 year lease, citing its ability to extend the affordability of 325 residential units, and allowing residents to stay in place.

The second resolution, dated September 19, 2018, encourages the Applicant, the landlord, and Waterside Plaza tenants to continue negotiating the terms of the ground lease in order to allow all tenants of the 325 units in question who become rent burdened upon their retirement to reduce their rent to 30% of their new income and obtain a permanent rent freeze.

BOROUGH PRESIDENT’S COMMENTS

Waterside Plaza has provided homes for middle and moderate income households for over 40 years. The site was developed under the Mitchell-Lama Housing Program, a statewide program with the mission of providing affordable housing to middle-income residents. Approximately 105,000 residential units in 269 developments were built—most of which were in New York City and its nearby suburbs. Mitchell-Lama developments across the City faced challenges in the late 1980s and 1990s as landlords sought to exit the program.

The 325 units that will be kept affordable under the proposed actions have survived those turbulent years. The terms of the proposed lease renewal will ensure that tenants earning 165% AMI or less are not rent burdened. It also ensures that those earning more than 165% AMI do not see drastic rent increases, such as those subsequent to the 2005 settlement. Moreover, the affordability of these units, along with commitments made by the landlord, will allow residents to age in place.

The opportunity for retiring tenants to obtain rent adjustments is only available to those who retire by the end of the year during which the lease is renewed. The Manhattan Borough President urges the landlord, tenants, and HPD to work together to ensure that tenants retiring
after the year that the lease is renewed do not become rent burdened. Many of these tenants have lived at Waterside for decades and should be able to age in place. Furthermore, to the extent that these tenants would be eligible for subsidies or vouchers, the Manhattan Borough President also strongly encourages HPD to pro-actively assist tenants to ensure that they are able to stay in their homes while paying affordable rents.

The proposed actions are in accordance with the goals of ensuring the continuation of existing land uses on the Project Site and providing affordability to existing tenants. The Manhattan Borough President is hopeful that all parties will be able to ensure ongoing affordability for all 325 tenants.

BOROUGH PRESIDENT’S RECOMMENDATION

In consideration of the above, the Borough President recommends approval of ULURP Applications No. C 190065 HUM and C 190064 HDM.

Gale A. Brewer
Manhattan Borough President