



OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN
THE CITY OF NEW YORK

1 Centre Street, 19th floor, New York, NY 10007
(212) 669-8300 p (212) 669-4306 f
431 West 125th Street, New York, NY 10027
(212) 531-1609 p (212) 531-4615 f
www.manhattanbp.nyc.gov

Gale A. Brewer, Borough President

**Recommendation on ULURP Application
C 180201 ZMM, N 180202 ZRM, C 180203 ZSM – East 14th Street and Irving Place
By Fourteenth at Irving, LLC and the NYC Economic Development Corporation**

PROPOSED ACTION

New York City Economic Development Corporation (EDC) and Fourteenth and Irving, LLC (“the applicants”) seek multiple land use actions to facilitate the redevelopment of a City-owned site (“the Development Site”) located at 124 East 14th Street (Block 559, Lot 16) with a new 21-story mixed use office and retail commercial building containing approximately 209,246 square feet of zoning floor area partially within the Special Union Square District of Community Board 3, Borough of Manhattan. The project will be a 21-story, multi-use, commercial development to support the development of 21st century workforce skills in the technology sector. It would include: two floors of retail space -- one for a market hall leased to tenants who operate no more than five locations in Manhattan; six floors for Civic Hall, an organization whose mission is to advance the use of technology for the public good; space for workforce development for digital skills training by various technology training organizations dispersed over three floors; two floors for a collaborative work center; step up space dispersed over five floors for technology and creative companies that are growing but not yet big enough to find their own space; and six floors of commercial office space at the top.

The land use actions include: 1) a zoning map amendment to rezone the development site from a C6-1 zoning district to a C6-4 zoning district, a C6-2A district to a C6-4 district, and a C6-3X district to a C6-4 district; 2) a zoning text amendment to map Mandatory Inclusionary Housing (MIH) over the development site; 3) a zoning text amendment to modify ZR §74-721 to allow bulk waivers on the development site; and 4) a special permit pursuant to ZR §74-721 to modify the rear yard regulations of §23-53 and the height and setback regulations of §33-43.

Zoning Map Amendment and Text Amendments

In evaluating these land use actions, the office of the Manhattan Borough President must consider if the proposed language meets the underlying premise of the Zoning Resolution of promoting the general health, safety and welfare of the neighborhood in which this project is being proposed and whether the development would be appropriate to the neighborhood. 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. In evaluating the text amendment, this office must consider whether the amendment is appropriate and beneficial to the community and consistent with the goals of the Mandatory Inclusionary Housing (“MIH”) program.

Special Permit for Rear Yard Regulations, Height and Setback Regulations

Pursuant to ZR §74-721(a), the City Planning Commission (“CPC”) may permit the modification of the height and setback regulations, including tower coverage controls, for developments or enlargements located on a zoning lot having a minimum area of 40,000 square feet or occupying an entire block. The CPC may also modify yard and court regulations, and regulations governing the minimum required distance between buildings and or the minimum required distance between legally required windows and walls or lot lines, provided that the CPC finds that such modifications:

- 1) Provide a better distribution of bulk on the zoning lot;
- 2) Result in a better relationship of the building to open areas, adjacent streets and surrounding developments; and
- 3) Provide adequate light and air for buildings on the zoning lot and neither impair access to light and air to legally required windows in adjacent buildings, nor adversely affect adjacent zoning lots by unduly restricting access to light and air to surrounding streets and properties.

BACKGROUND

On December 7, 1983 a Uniform Land Use Review Procedure application was approved to dispose of the Development Site, a City-owned site, with no-end user specified. At the time of the Special Union Square District designation in 1985, approximately 15 feet of the western portion of the Project Site zone was rezoned from a C6-1 district to a C6-4 district. In 1993, the existing two-story P.C. Richard building was built fronting East 14th Street. In 1994, the Genesis building located on the southern portion of the Project Area was built fronting East 13th Street. In 1995, the remainder of the Project Site was rezoned to a C6-3X district and the southeastern portion of the Project Area was rezoned to a C6-2A zoning district.

On November 5, 2015, NYCEDC issued a Request for Proposal (RFP) to redevelop the PC Richard site at 124 East 14th Street for uses that supported the development of 21st century workforce development skills, high density quality jobs and promoted the formation of next generation companies and industries in New York City. NYCEDC received 13 proposals and considered teams who worked with strong community partners to propose an entirely commercial building with flexible leases and workspaces for emerging startups, short term training for demand driven skills, internships for students, and retail space for new entrepreneurs. In December 2016, NYCEDC announced the applicant as the selected developer to redevelop the site.

Site Description

The Project Area consists of two tax lots, both 150 feet wide and 103 feet deep, situated on a single zoning lot that is divided into four zoning districts. The Project Area is comprised of two buildings: one building is located on the Development Site, a two-story building measuring 25 feet in height and 100 feet wide just recently vacated by P.C. Richard, an appliance and electronic store; the second building is located in the rear of the Project Area and is a 12-story,

111 foot residential and supportive services building called the Genesis and run by HELP USA, a non-profit organization.

Area Context

The Project Area is within four zoning districts: C6-4, C6-3X, C6-2A and a C6-1 district in the Union Square neighborhood of Manhattan Community Board 3. The western portion of the Development Site is within a C6-4 district which is an R10 district equivalent, and permits UG 1 through 12 as well. The C6-4 zoning district has a residential FAR is 12.0 and the commercial and community facility FAR is 10.0. This district extends west and encompasses Union Square Park. The majority of the Development Site is within the C6-3X district which permits Use Groups (UG) 1 through 12 and permits a Floor Area Ratio (FAR) for residential use of 9.0 and 9.7 for affordable independent residences for seniors, a community facility FAR of 9.0, and a commercial FAR of 6.0. This zoning district covers the eastern portion of the Development Site and extends north to East 15th Street. On the southwestern corner of the Project Area is a C6-1 zoning district has an R7-2 district equivalent, permits UG 6-12 and permits a commercial FAR of 6.0 and a residential FAR of 2.0. This zoning district extends two blocks west of Broadway. The remainder of the Project Area is within a C6-2A zoning district which has a residential FAR of 6.02, a 7.2 FAR for affordable independent residences for seniors, a commercial FAR of 6.0 and a community facility FAR of 6.5.

The Project Area is partially within the Special Union Square District which was designated to promote a revitalized mixed-use area around Union Square Park by providing ground floor retail space and improved access, visibility and security at the park. The site is surrounded by high-rise residential and commercial buildings ranging between 17 and 26 stories including: the New York University dormitory immediately adjacent to the site, the Consolidated Edison building immediately north of the site, and Zeckendorf Towers.

The project site is well served by mass transit. Immediately west of the site is access to the 14th Street Union Square station – the fourth busiest subway stop in the city serving over 100,000 riders daily – which is serviced by the N/Q/ R/W, L, and Nos. 4/5/6 subway lines. The area is also served by the PATH train west of the project site at Sixth Avenue at both 9th Street and 14th Street. There are also several bus lines that service East 14th Street including the M14A and M14D; the M101, M102, M103 bus lines can be accessed one block east of the site along Third Avenue. Just west of the site at Fourth Avenue is access to the M1, M2, and M3 bus lines. There are also three Citibike stations located within a one block radius of the site.

Proposed Actions

The New York City Economic Development Corporation and Fourteenth at Irving, LLC collectively propose a zoning map amendment, two zoning text amendments and a special permit to facilitate the development of a 21-story, 209,246 square foot technology hub at 124 East 14th Street, the former P.C. Richards site.

Zoning Map Amendment (C 180201 ZMM)

The applicants propose to rezone the Project Area to a C6-4 zoning district. The Development Site is located partially within a C6-4 zoning district and mostly within a C6-3X zoning district.

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The rezoning will eliminate three existing zoning districts: 1) the C6-3X zoning district roughly bounded by East 14th Street, a line 325 feet westerly of Third Avenue, a line midway between East 14th Street and East 13th Street, and the southerly centerline prolongation of Irving Place; 2) the C6-2A zoning district which covers the majority of the southern portion of the Project Area is roughly bounded by a line midway between East 14th Street and East 13th Street, a line 325 feet westerly of Third Avenue, East 13th Street, and the southerly centerline prolongation of Irving Place; and 3) the narrow C6-1 zoning district on the southwest portion of the Development Site midway between East 14th Street and East 13th Street and centerline of Irving Place, East 13th Street, and a line 475 feet westerly of Third Avenue. The rezoning would permit a total FAR of 10.0. The proposed development commercial FAR would be 6.79 and 3.21 residential FAR.

Zoning Text Amendments (N 180202 ZRM)

The applicants propose an amendment to §74-721 of the Zoning Resolution to permit zoning lots over 30,000 square feet in Manhattan Community 3 to be eligible for bulk waivers. Although the applicant does not propose residential uses at the Project Site, the proposal to increase density at this site requires the site to be mapped as a Mandatory Inclusionary Housing Area.

Special Permit for Height, Setback and Yard Regulations (C 18203 ZSM)

The applicants seek two special permits pursuant to §74-721 of the ZR for height, setback and yard regulations. Pursuant to §33-432, the applicant seeks to waive the sky exposure plane requirements for new buildings in C6-4 zoning districts which require buildings to setback 15 feet after rising to a height of 85 feet. This waiver would allow the applicants to distribute bulk to the north side of the Project Area and would permit larger floor plates on the lower floors of the building. The applicants also seek a waiver for the rear yard requirements pursuant to §23-532 of the ZR which requires an open area 60 feet in depth between the Genesis building and the proposed building. The applicant proposes a 52 foot deep open area and therefore seeks an 8 foot waiver.

PROJECT DESCRIPTION

The applicant proposes to redevelop the Development Site as Civic Hall's Digital Skills Learning and Workforce Development Center, a multi-use, commercial development to support the development of 21st century workforce skills in the technology sector. The proposed development includes a new 21-story building, including a cellar and, and 209,246 zoning square feet divided between six specific uses.

The proposal includes 19,922 zoning square feet for UG 6A (retail use) dispersed over two floors managed by Urban Space. The retail space will include one floor for a market hall leased to tenants who operate no more than five locations in Manhattan or limited to having a location within close proximity to the site. Civic Hall would have a dedicated 6 floors in the building with: 10,263 zoning square feet of UG 6C (community event space) which will be made available to the community 52 times a year for free; 33,282 zoning square feet for workforce development (UG 6B) dispersed over three floors for digital skills training by Per Scholas, Computer Science for All NYC Students, FedCap, AccessCode and General Assembly; and 21,101 zoning square feet for a collaborative work center (UG 6B) on two floors. The applicant also proposes a step-up space (UG 6B) of 55,641 zoning square feet dispersed over five floors

dedicated to technology, creative and innovation companies with employees of 5 to 15 that seek to expand into a larger space with flexible leases. Lastly, 69,037 zoning square feet on the upper 6 floors will be dedicated to traditional office space (UG 6B) for established technology companies at market rate rents.

ENVIRONMENTAL IMPACTS

On January 22, 2018, the Office of the Mayor of the City of New York issued a Negative Declaration, indicating the proposed Development would have no significant effect on the environment. The project is consistent with current land uses in the immediate vicinity and there would be no loss of open space, adverse effects on air quality or shadows on neighboring properties.

COMMUNITY BOARD RECOMMENDATION

On February 7, 2018, Community Board 3 (CB3) held a public hearing on this project. Many of the speakers present expressed support for the project, while others expressed concern for the lack of zoning protection for neighboring areas, specifically along Third Avenue and Fourth Avenue, which are largely residential, and Broadway and University Place.

The board voted to approve the project on February 27, 2018 with significant conditions. Thirty-six board members voted in favor, with 0 opposed and 0 abstentions.

BOROUGH PRESIDENT'S COMMENTS

Technology is the fastest growing private sector industry in New York, providing good jobs at high wages. The city's residents are in need of technology training in general, and Community District 3, with higher than average poverty and unemployment rates, is specifically in need of workforce development and skills training that will lead to good paying jobs. Indeed, residents of CB3 have specifically identified technology training as a need. It is for these reasons, laid out in greater detail below, that I have been supportive of this project.

According to the NYU Furman Center's *New York City Neighborhood Data Profiles* from 2017, CB3's poverty rate is approximately 25.5 percent with an unemployment rate of 5.56 percent. According to the most recent United States Census Data, the national poverty rate is 12.7 percent¹. As of March 2018, the national unemployment rate is 4.1 percent². Community Board 3, while ranking as one of the most income-diverse neighborhoods in New York City, has a serious challenge with poverty and unemployment as they far exceed the national average. A survey conducted by this office in 2017 of residents of the Two Bridges Community, located in

¹ Income and Poverty in the United States: 2016. <https://www.census.gov/library/publications/2017/demo/p60-259.html>

² Bureau of Labor Statistics. <https://data.bls.gov/timeseries/LNS14000000>

CB3, two-thirds of the respondents indicated that training programs for local residents for technology jobs was a high priority.

Technology jobs are well regarded as the profession that provides the most opportunities, with high salaries. According to the State Comptroller’s 2017 report on technology in New York City, employment in the tech sector increased by fifty-seven percent between 2010 and 2016, growing three times as much as any other private sector industry.³ According to Dice.com, an established tech career job website, their annual salary report shows that New York State is one of the top three Metropolitan areas for Technology jobs, with an average salary for tech jobs at \$103,941.⁴ These jobs require skills that can be obtained through training courses, but the high tuition costs often place these courses out of the reach of low income households. The need for a space with affordable educational opportunities to prepare New Yorkers for careers of the 21st century is critical in not only retaining technology jobs in our city, but growing the industry by attracting new companies to the area. The tech industry is an opportunity for low-income earners and unemployed residents to find higher paying jobs and provide more stability for their households. As technology continues to advance and “smart cities” such as New York continue to develop, the growth in this industry is expected to continue for some time. At this present rate of growth, it is possible that an additional 50,000 tech jobs may be available by 2022, when this Development would be completed and in operation.

Civic Hall is an organization that has been working with various stakeholders to advance the use of technology for the public good. Civic Hall engages various stakeholders, including entrepreneurs, community organizers, technologists, and government officials, to come up with creative solutions to community problems. They are currently located in Chelsea where they facilitate trainings and events to engage these stakeholders. They also maintain a community space that is open every weekday for over 10 hours, where there is low-cost access to workstations, meeting rooms, and wireless internet.

Civic Hall partnered with developer RAL Companies to submit a proposal to redevelop the Development site to create a space that will “enable New Yorkers from all backgrounds to be full-fledged digital citizens, connecting them with jobs in the technology sector and, in turn, connecting the technology sector with all New Yorkers”⁵. The space will not only encourage technological innovation through collaboration, it will also foster local entrepreneurship of various kinds – from tech start-ups to food and other retail.

NYCEDC will retain ownership of the land and receive ground lease payments from the development team. The lease term will be 99 years and will include use restrictions to ensure the programming will remain in place long term. The restrictions also prioritize small business and workforce development. The Market Space will be required to dedicate 25 percent of its space to new businesses, with the remaining space for businesses with fewer than 5 locations within Manhattan, none being within the immediate vicinity of the Development site. The term of use for this space will be 25 years.

³ *The Technology Sector in New York City* – <https://www.osc.state.ny.us/osdc/rpt4-2018.pdf>

⁴ Dice 2018 Tech Salary Report. https://marketing.dice.com/pdf/Dice_TechSalarySurvey_2018.pdf

⁵ Civic Hall @ Union Square <https://civichall.org/about-civic-hall/civic-hall-union-square/>

The workforce development space, consisting of three floors, is focused on providing digital skills training to underserved communities such as public school students, immigrants, elderly, people of color, and people with disabilities. The educational partners in this space are largely non-profit organizations that provide free or low cost trainings, such as Per Scholas and Computer Science for all NYC Students. All for-profit partners in this space will be required to offer 20 percent of students, scholarships equaling 50 percent of tuition. The workforce development space use term will be in perpetuity, as the space will be permanently dedicated to workforce development in accordance with NYCEDC's lease terms. The space will also be offered to the community 32 times a year at reduced or no cost.

The Development site is not only designed to foster training for those entering the technology industry. The space also includes "Step-Up" space, for new companies focusing on technology, creativity and innovation, to expand into a larger space as they develop their business. This will allow these companies to operate with flexibility to lease office space for short terms at a reduced cost as they strengthen their business model. There will also be space dedicated to established tech companies at market rate on the upper floors.

The opportunity for meet ups and other community-based organizations to have a dedicated, centrally-located space in Union Square, is a great benefit to the broader technology community. The workforce development space will encourage collaboration through sharing of pedagogy and data to solve common problems. The students themselves will benefit from having a wider option of skills trainings to choose from as there will be many organizations under one roof. The businesses in both the "Step-Up" space and the upper floors will have direct access to a workforce that is being trained to enter the industry. The residents of Community Board 3 and New York City will have access to this hub, giving them a venue that will allow for community education and employment opportunity for higher paying jobs -- a significant community benefit.

The Borough President shares the community concerns regarding rezoning of the neighboring streets to the north and south of the Development site. In 2015 and 2017, in letters to the Department of City Planning (DCP), this office raised the issue of rising pressure for development in the area, as evidenced by two large scale projects currently under construction on sites not previously analyzed by DCP for potential redevelopment. The community thinks the Development site could add to these pressures. There is a need to take a holistic approach in addressing land use issues in this area to ensure stability and affordability while allowing for growth and economic opportunity for the community at large. This office supports the community and the local electeds in calling on this administration to commit to actions that result in zoning protections on the avenues including height limits along Broadway and University Place, as well as protections for properties located mid-block on surrounding streets.

BOROUGH PRESIDENT’S RECOMMENDATION

Therefore, the Manhattan Borough President recommends approval of ULURP Application Nos. C 180201 ZMM, N 180202 ZRM, C 180203 ZSM with the following conditions:

- The scholarship programs numbers should be reported out regularly to EDC and Community Board 3 for monitoring. With the understanding that approximately 80 percent of the digital workforce development providers will already be providing completely free services, the Borough President requests that all for-profit digital training companies operating within the Development site offer 20 percent of tuition income as scholarships, offering tuition rates that reflect what low-income CB3 residents can realistically afford. Scholarships must be need based and prioritize underrepresented groups in the technology industry such as but not limited to women, persons of color, and persons with disabilities;
- The basement level--formerly PC Richard space that currently has no assigned use, be programmed for use for one by one or more local nonprofit arts/cultural/theatre groups. It is this office’s understanding that current subsoil conditions do not allow for a theatre space but a space for local arts and culture should be provided;
- The event space should be free for local nonprofit and community groups 52 times per year for the duration of the lease, as opposed to the original 32 times a year proposed;
- Market hall vendor restriction to a maximum of three locations rather than five, with a preference for local merchants within CB3, including the current food trucks located in the immediate vicinity of the Development;
- Rooftop space have no amplified sound or use after 10 PM;
- The project developers must work with the community to ensure that construction and other jobs on the site are prioritized for local residents, as well as explore opportunities for continued collaboration around future workforce needs. Local hiring goals should be set and agreed upon by the community and reported monthly to CB3; and
- **The administration should commit to actions to address building heights and affordable housing needs within the immediate vicinity of the Development site.**



Gale A. Brewer
Manhattan Borough President