



CITY PLANNING COMMISSION

September 19, 2012 Calendar No. 6

C 120267 PPM
CORRECTED

IN THE MATTER OF an application¹ submitted by the New York City Department of Citywide Administrative Services (DCAS), pursuant to Section 197-c of New York City Charter, for the disposition of two (2) city-owned properties located at 22 Reade Street (Block 154, p/o Lot 23) and 49-51 Chambers Street (Block 153, Lot 1), pursuant to zoning, Community District 1, Borough of Manhattan.

The application (C 120267 PPM) was filed on April 6, 2012 by the New York City Department of Citywide Administrative Services (DCAS), Division of Real Estate Services (DRES) for the disposition of two city-owned properties located at 22 Reade Street (Block 154, p/o Lot 23), and 49-51 Chambers Street (Block 153, Lot 1), Community District 1, Borough of Manhattan.

BACKGROUND

The New York City Department of Citywide Administrative Services (DCAS), Division of Real Estate Services (DRES) proposes the disposition of two city-owned properties, located within a C6-4 zoning district, including 22 Reade Street (Block 154, p/o Lot 23) and 49-51 Chambers Street (Block 153, Lot 1), in Manhattan Community District 1, pursuant to zoning. DCAS intends to dispose of the subject properties to the New York City Land Development Corporation (NYCLDC), which will dispose of the subject properties to the New York City Economic Development Corporation (EDC) or any successor thereto. EDC intends to dispose of the properties to the private sector pursuant to a Request for Proposal (“RFP”). In addition, a third building, 346 Broadway (Block 170, Lot 6), also proposed for sale, was approved for disposition in September, 1998 (C 980458PPM). 346 Broadway is a New York City landmark and is zoned C6-4A.

¹ An “(A)” application was submitted by the New York City Department of Citywide Administrative Services, pursuant to Section 197-c of the New York City Charter, for the disposition of 49-51 Chambers Street (Block 153, Lot 1). References in this Report to the application shall mean application C 120267 PPM and the (A) application - C 120267A PPM.

The proposed disposition of these three city-owned buildings is a part of a broader initiative by the City to reduce the amount of office space used by the City, better utilize its portfolio of city-owned and leased buildings, and allow for reinvestment by the private sector to save substantial rehabilitation costs to the City due to the existing building conditions .

49-51 Chambers Street, also known as the Emigrant Industrial Savings Bank, was designated as a New York City landmark by the New York City Landmarks Preservation Commission (“LPC”) on July 9, 1985. Both properties which are the subject of this report, 22 Reade Street and 49-51 Chambers Street, are located within the African Burial Ground and the Commons Historic District, designated by the LPC on February 25, 1991. 22 Reade Street is bordered on the north by the African Burial Grounds National Monument and to the west by the approximately thirty-story Ted Weiss Federal Building. 49-51 Chambers Street, which includes an adjacent parking lot, is located across from City Hall Park and the Tweed Courthouse, and is bordered to the west by 280 Broadway, a 7-story landmark building with retail on the ground floor, municipal offices above.

22 Reade Street, 49-51 Chambers and 346 Broadway contain a total of seventeen city agencies and not-for-profit organizations. 49-51 Chambers Street and 346 Broadway, for example, currently contain offices for the Board of Corrections, NYPD, Department of Education and Manhattan Community Board One. 22 Reade Street is solely occupied by the central office of the NYC Department of City Planning and the City Planning Commission. These buildings are

inefficient, underutilized and aging. In order to ensure the orderly relocation of City personnel and related uses from these three buildings, the City intends to convey each building subject to an interim pre-relocation lease benefitting the City as tenant.

ENVIRONMENTAL REVIEW

This application (C 120267PPM ²) was reviewed pursuant to the New York State Environmental Quality Review Act (SEQRA), and the SEQRA regulations set forth in Volume 6 of the New York Code of Rules and Regulations, Section 617.00 *et seq.* and the City Environmental Quality Review (CEQR) Rules of Procedure of 1991 and Executive Order No. 91 of 1977. The designated CEQR number is 12DME006M. The lead is the Office of the Deputy Mayor for Economic Development.

After a study of the potential environmental impacts of the proposed action, an Negative Declaration was issued on April 19, 2012.

UNIFORM LAND USE REVIEW

This application (C 120267 PPM) was certified as complete by the Department of City Planning on April 23, 2012 and was duly referred to Community Board 1 and the Manhattan Borough President in accordance with Title 62 of the Rules of the City of New York, Section 2-02(b).

Community Board Public Hearing

² A typo regarding the ULURP number is corrected to C120267 PPM

Community Board 1 held its public hearing on this application (C 120267PPM) on June 7, 2012, and on June 26, 2012 by a vote of 39 in favor, 0 opposed and 0 abstaining, adopted a resolution recommending disapproval of the application unless the following conditions and modifications are satisfied:

- 1) “A new K-5 school with 1,200 seats and a middle school with preference for local residents are constructed within the CB 1 District, either within one of the three Civic Center Plan Properties or in another CB 1 District space;
- 2) EDC reissues the RFP as a restricted sale RFP for the Civic Center Plan Properties, requiring the inclusion of affordable and middle income housing, school seats (if K-5 school referenced above is not built elsewhere within CB 1), a senior services center and affordable commercial space for not-for-profit use;
- 3) The reissued RFP includes, as part of its selection criteria, the impact of the proposed uses on the CB 1 community, including mitigation of adverse impacts; and
- 4) The reissued RFP clarifies the status of the parking lot adjacent to 49-51 Chambers Street, which is part of the same tax lot at 49-51 Chambers Street, as either being included within, or excluded from the disposition.”

Borough President Recommendation

This application (C 120267PPM) was considered by the Manhattan Borough President, who issued a recommendation disapproving the application on July 30, 2012 subject to the following conditions:

- 1) “The application is modified to include publicly-oriented uses rather than an unrestricted sale pursuant to zoning;
- 2) The application is modified to allow sale only to a local development corporation or the environmental review is modified to adequately provide for disclosure of any potential impact of residential uses and development of the parking lot;
- 3) The RFP is immediately modified to require community-oriented uses and to provide developers additional time to bid on the modified RFP; and

- 4) The City creates a community and elected officials taskforce to review applications and provide feedback on proposals received.”

City Planning Commission Public Hearing

On July 25, 2012 (Calendar No. 2), the City Planning Commission scheduled August 8, 2012 for a public hearing on this application (C120267PPM). The hearing was duly held on August 8, 2012 (Calendar No. 20). There were three speakers in favor of the application and four opposed.

The Chief Asset Management Officer from the Department of Citywide Administrative Services, (DCAS), Division of Real Estate Services (DRES) spoke in favor of the application and gave an overview of the Civic Center Plan and the City’s initiative to consolidate and improve the efficiency of the City’s portfolio of city-owned and leased properties. She stated that the three buildings proposed for disposition are not appropriate to today’s office needs. She further stated that DCAS intends to renovate 270,000 square-feet in City-owned buildings and 200,000 sq. ft. of leased buildings in order to reduce capital and operating expenditures, lower energy consumption and improve City employees’ physical working environment. The proposed sale of the three subject buildings would save the City \$100 million over the next twenty years in maintenance and rehabilitation costs. DCAS further stated that there are ongoing collaborative discussions with Community Board 1, the Borough President and the Council Member of the District regarding future uses within these buildings.

The second speaker in favor was a Senior Vice President from the New York City Development Corporation (EDC) who gave additional background information. He stated his belief that the proposed disposition is similar to EDC's disposition of the commercial space at 210 Joralemon Street in the Brooklyn Municipal Building and that one of the goals of the Request For Proposals (RFP) is to compensate the City for the full value of the three buildings. He stated that further reinvestment by the private sector of the three buildings would have a positive economic impact for the City. He explained that prior to the sale, the Borough Board, pursuant to New York City Charter Section 384(b)4 would review the terms of the sale. A third speaker, the consultant who prepared the Environmental Assessment Statement (EAS), also appeared in favor.

The first speaker in opposition was the Director of Land Use of Community Board 1.

He gave an overview of the history of the 1965 Civic Center Plan which was to demolish the three buildings proposed for sale, demolish Elk Street and create a "super-block" development.

He further stated that it was never the intention of the City to refurbish the three buildings, but the fiscal crisis in the 1970s prevented the City from pursuing its original plan.

The second speaker in opposition was the Chairperson of Community Board 1, who stated that the RFP should have considered Community District 1's needs. The CB 1 Chair stated that Manhattan CD 1 has one of the fastest growing populations of all the community districts in the

city. The CB 1 Chair further stated that releasing the RFP at the same time as the application was certified had not been done before. The CB 1 Chair then read the formal recommendation of Community Board 1.

The third speaker in opposition was the Director of Land Use and Planning from the Borough President's Office. He stated that the City should not consider only the highest dollar amount as its goal, but that the district also needs affordable housing and not-for-profit community groups' space. He further stated that the RFP be modified to include community uses, update the EAS or restrict sale to an LDC and create a task force of elected officials and community board members to review the RFP responses.

The fourth speaker in opposition was the Council Member representing the 1st District. She stated her support Civic Center Plan but has strong concerns regarding disposition of the three buildings. The Council Member stated that there had been no community input in the RFP, and that, although there has been a precipitous increase in new dwelling units constructed since 2000, the disposition offered an opportunity to provide needed affordable housing. The Council Member also stated the need for new school seats since there are currently 100 students on "wait lists," and that the proposed Peck Slip school will already be full when it opens in 2015. The Council Member encouraged a disapproval of the disposition in its current form.

There were no other speakers and the public hearing was closed.

CONSIDERATION

The City Planning Commission believes that this application by DCAS for the disposition of two city-owned properties is appropriate.

The Civic Center Plan benefits the City's goal of diminishing its portfolio by over 1.2 million square feet. The Commission acknowledges that the Plan will relocate seventeen agencies from three underutilized buildings to facilitate the disposition of the buildings through a competitive RFP process. The Plan is expected to save the City \$85 million dollars in capital costs and provide additional net annual benefit of \$4.6 million dollars. DCAS has stated that it would cost the City approximately \$14.6 million dollars per year to operate the three buildings and that the City would have to spend \$53 million dollars to fix critical building components, and an additional 200 million dollars to bring the three buildings to a state of good repair over a twenty-year period. The Commission believes that the Plan will save the City an estimated \$85 million dollars in one-time capital costs and provide a net benefit of \$4.6 million dollars annually.

The Commission acknowledges the concerns raised by Manhattan Community Board 1, the Manhattan Borough President and the City Council Member of the 1st District regarding the analysis found within the Environmental Assessment Statement, the need for publicly assisted and affordable housing and greater involvement in the final development proposal. In a letter dated August 20, 2012 to the Commission, DCAS stated that "...all three buildings in the Plan were purchased by the City in the late 1960s to be demolished in order to build a second Municipal Building and expand the Civic Center. They were never intended to be long term City assets in their current form. The Plan will also generate significant revenue and cost savings for

the City, saving \$2.3 million annually in electrical costs alone and generate millions of dollars in new tax revenue. Additionally, the Plan will facilitate private investment to create construction and permanent jobs and also restore these buildings to their historic grandeur.” The Commission believes that a public purpose is served by these goals.

Community Board 1 and the Borough President raised concerns regarding the unrestricted nature of the RFP, and that the needs of the community were not considered. DCAS stated that it was the City’s intention to allow development flexibility and to insure that the sale of these properties would cover both the costs of moving City employees and the cost of renovating their new space. In DCAS’s letter to the City Planning Commission dated August 20, 2012, DCAS stated that it will continue to have an ongoing and collaborative dialogue with Community Board 1, the Borough President and the Council Member regarding their vision for future uses within the three buildings proposed for sale. The Commission encourages continued dialogue going forward.

The Community Board and Borough President also raised concerns regarding the Environmental Assessment Statement (EAS). The Commission notes that the Deputy Mayor for Operations for the City of New York stated in a letter to the City Planning Commission, dated September 13, 2012 that, “to ensure that the selected uses for 22 Reade Street and 49-51 Chambers Street and associated environmental impacts are reviewed under the City Environmental Quality Review (CEQR) process, DCAS commits to disposing of these buildings through a Local Development Corporation pursuant to New York City Charter [Section] 384(b)4.” The Deputy Mayor’s letter

further states that, “In order for the City to dispose of property by negotiated disposition through a Request For Proposals, the Manhattan Borough Board must approve the terms of the sale, pursuant to Charter 384(b)4. As with all discretionary land use actions, approval of sale under 384(b)4 requires an assessment of the environmental record to confirm whether a proposed project is consistent with the environmental impacts that were previously considered. ”

The Commission believes that disposition, pursuant to zoning, is appropriate.

RESOLUTION

RESOLVED, that the City Planning Commission finds that the action described herein will have no significant impact on the environment, and be it further

RESOLVED, by the City Planning Commission, pursuant to Sections 197-c of the New York City Charter that, based on the environmental determination and the consideration described in this report, the application submitted by the Department of Citywide Administrative Services, pursuant to Section 197-c of the New York City Charter, for the disposition of two (2) city-owned properties, located at 22 Reade Street (Block 154, p/o Lot 23 and 49-51 Chambers Street (Block 153, Lot 1), pursuant to zoning, in Community District 1, Borough of Manhattan, is approved.

The above resolution (C 120267PPM), duly adopted by the City Planning Commission on

September 19, 2012 (Calendar No. 6), is filed with the Office of the Speaker, City Council and the Borough President, in accordance with the requirements of Section 197-d of the New York City Charter.

AMANDA M. BURDEN, FAICP, Chair
KENNETH J. KNUCKLES, ESQ., Vice Chairman
ANGELA M. BATTAGLIA, RAYANN BESSER, IRWIN G. CANTOR, P.E.,
ALFRED C. CERULLO, III, BETTY Y. CHEN, MICHELLE R. DE LA UZ,
MARIA M. DEL TORO, RICHARD W. EADDY, ORLANDO MARIN, Commissioners

ANNA HAYS LEVIN, Commissioner, Voted No