



5

Mitigation

In accordance with the *2020 City Environmental Quality Review (CEQR) Technical Manual*, where significant adverse impacts are identified, mitigation measures to reduce or eliminate the impacts to the fullest extent practicable are to be developed and evaluated.

Introduction

In accordance with the *2020 CEQR Technical Manual*, where significant adverse impacts are identified, mitigation is developed and evaluated in order to reduce or eliminate the impacts to the fullest extent practicable.

As discussed in **Chapter 3, Socioeconomic Conditions**, the Proposed Action ~~has the potential to~~would result in significant adverse impacts to socioeconomic conditions. The scale of lost rooms and resulting loss in visitors has the potential to substantially affect the ability of the hotel and tourism industries to grow and meet future anticipated demand.

~~Between publication of this Draft Environmental Impact Statement (DEIS) and Final EIS, the New York City Department of City Planning will continue to explore measures that could reduce the unmet hotel demand under the With-Action condition, thereby mitigating (or partially mitigating) the significant adverse impact on socioeconomic conditions identified in this DEIS. Categories of mitigation could include limiting applicability of the special permit, vesting a larger proportion of the hotel pipeline, promotion of City attractions, and increased funding for programs to encourage regional visitors to stay overnight.~~

Principal Conclusions

As detailed in **Chapter 3, Socioeconomic Conditions**, the Final EIS, Proposed Action would result in significant adverse impacts on the hotel and tourism industries. Potential mitigation measures for the identified significant adverse socioeconomic impacts were explored by the NYC Department of City Planning. Potential methods to limit the applicability of the Proposed Action include the Geographic Exclusion Alternative, the Size Exclusion Alternative, and the implementation of a sunset provision. Another potential mitigation would be to delay the onset of the Proposed Action and implement a sunrise provision to allow for additional growth of the hotel inventory to promote economic recovery before the Proposed Action takes effect. Overall, the Geographic Exclusion Alternative, the Size Exclusion Alternative, a sunset provision, or a six-year sunrise provision, if implemented, would partially mitigate the adverse socioeconomic impact.

The Geographic Exclusion Alternative and Size Exclusion Alternative have the potential to partially mitigate the adverse socioeconomic impact to the hotel and tourism industries by lessening the anticipated gap between future supply and demand. However, as discussed in **Chapter 6, Alternatives**, there are ways in which both Alternatives would not meet the intended purpose and need of the Proposed Action by allowing for continued hotel development without site specific review. Furthermore, the Geographic Exclusion Alternative has the potential to result in other adverse impacts to socioeconomic conditions such as direct or indirect displacement, and unmitigated impacts in other analysis areas associated with the induced development in Exclusion Districts.

The potential sunset provision would allow for the Proposed Action to be revisited by the CPC in the future given the uncertainty of market conditions due to the COVID-19 pandemic. If implemented, a sunset provision would eliminate the adverse socioeconomic impact to the hotel and tourism industries, but there would still be a temporary adverse impact. There would be lost opportunity cost from growth in the industries, but unless the Proposed Action is renewed, the market would revert to the No-Action condition and eventually be able to satisfy demand when the Proposed Action sunsets.

Two sunrise provision scenarios are examined - a one-year sunrise and a six-year sunrise. The one-year sunrise would have minimal mitigation to the identified significant adverse impact, while a six-year sunrise would partially mitigate the impact if implemented. A six-year sunrise would not induce growth that would not occur under the No-Action condition, but given the uncertainty surrounding market conditions for hotels, it is possible that a sunrise provision could lead to more rapid growth in the near future, which would be counter to the stated purpose and need.

Socioeconomic Conditions

As described in **Chapter 3, Socioeconomic Conditions**, the Proposed Action would result in significant adverse impacts on the hotel and tourism industries. The DEIS noted that the New York City Department of City Planning will (DCEP) would continue to explore measures that could reduce the unmet hotel demand under the With-Action condition, thereby mitigating (or partially mitigating) the significant adverse impact on socioeconomic conditions

identified in this the DEIS. ~~Categories~~ The DEIS identified the following categories of mitigation ~~could include~~: limiting the applicability of the ~~special permit~~, Special Permit and vesting a larger proportion of the hotel pipeline. The DEIS also identified the promotion of City attractions, attraction and ~~increased~~ the increase in funding for programs to encourage regional visitors to stay overnight. ~~as potential mitigation measures.~~ Because these are measures that are independent of the Proposed Action and would not affect the overall number of hotel rooms developed, they are not discussed further in this chapter.

This section examines in more detail potential mitigation measures that would exclude certain geographies from the Area of Applicability, apply the Special Permit only to hotels of a certain size, introduce a sunset provision to the Proposed Action, or delay the onset of the Proposed Action.

Geographic Exclusion Alternative

DCP identified a Geographic Exclusion Alternative as a potential mitigation measure that would limit the applicability of the Special Permit by excluding certain areas within New York City from the Area of Applicability. As discussed in more detail in **Chapter 6, Alternatives**, because of the number of parcels where hotel development would remain as-of-right in Excluded Districts, this mitigation measure is projected to partially satisfy demand and lessen the gap between supply and demand projected for 2035. However, as discussed in the **Chapter 6, Alternatives**, it could potentially lead to unmitigated impacts in other analysis areas. Since the Geographic Exclusion Alternative has the potential to further concentrate new hotel development in these limited geographies, it would create an incentive for an irrational and more concentrated distribution of hotels in a more limited geography. A smaller subset of neighborhoods in the city would absorb a disproportionate share of the demand for new hotel rooms, and the limited as-of-right allowance would create an artificial incentive for hotels to locate on less optimal sites. Consistent regulations citywide would avoid this incentive for irrational distribution of new hotels.

Size Exclusion Alternative

DCP identified a Size Exclusion Alternative as a potential mitigation measure that would limit the applicability of the Special Permit by excluding hotels under 150 rooms from being required to seek the Special Permit. As discussed in more detail in **Chapter 6, Alternatives**, a size exclusion alternative could lead to approximately 14,260 additional hotel rooms in hotels with under 150 rooms to be developed over the With-Action condition, or to an inventory of 141,920 hotel rooms in 2035. This would lead to a future gap between supply and demand of 32,810 rooms, partially mitigating the socioeconomic impact identified in the EIS. However, as discussed in **Chapter 6, Alternatives**, 64 percent of new hotels built between 2010 and 2019 were less than 150 rooms. The proposal is intended to address concerns with the rapid development of hotels of all sizes in a wide range of neighborhoods across the city. Excluding small hotels would result in a continuation of existing patterns, precluding the CPC from assessing the appropriateness of such development based on the future use and development of the local neighborhood context.

Sunset Provision

DCP identified a sunset provision as a potential mitigation measure that would limit the applicability of the Special Permit by phasing out the Special Permit by a certain date, proposed to be 6 years from the date of adoption, or fall of 2027. This provision would allow for a reassessment of the assumptions of the Proposed Action made within the EIS, and for the CPC to revisit the proposal in the future, given the uncertainty of market conditions due to the COVID-19 pandemic.

There would be a temporary adverse socioeconomic impact to the hotel and tourism industries in the form of deferred development that would lead to lost opportunity cost from growth in the industries. However, it is expected that, unless the Proposed Action is renewed, the market would revert to the No-Action condition and eventually be able to satisfy demand at some point after the Proposed Action sunsets.

A sunset provision would allow the Proposed Action to take effect but would not satisfy the purpose and need, which is to allow for site-specific review of new hotel development in the long term. Upon sunset, if the Proposed Action is not renewed, it is likely that the land use conflicts associated with rapid hotel development would persist.

Sunrise Provision

DCP identified a sunrise provision as a potential mitigation measure that would allow a larger proportion of the hotel development pipeline to vest. A sunrise provision would delay the onset of the Proposed Action, allowing more time for hotel developers with active projects to meet the City's vesting requirements, or with a longer sunrise, allowing additional time for hotel development to occur once the City recovers from the effects of the COVID-19 pandemic.

Two sunrise scenarios were explored: A One-Year Sunrise Provision and a Six-Year Sunrise Provision.

One-Year Sunrise

In the One-Year Sunrise scenario, the Proposed Action would be modified such that it would take effect one year from the date of adoption of the text amendment. This scenario was explored to examine the effect of allowing more time for hotel developers with active projects to meet the City's vesting requirements. With the COVID-19 pandemic, market conditions and development timelines have been very unpredictable, and it is possible that a one-year sunrise could allow for more predictability and assurances such that more of the pipeline can vest. Therefore, this scenario considers a sunrise one year from the date of adoption in the fall of 2022.

The Proposed Action includes Recovery Provisions that are aimed at limiting the effect of reductions in supply when visitation and hotel demand recovers from the COVID-19 pandemic. The Recovery Provisions include provisions to allow hotels in the pipeline more time to gain approvals and undergo construction given the market conditions during the pandemic. Therefore, this sunrise scenario is not expected to markedly change the inventory from the With-Action condition but could allow additional time for active projects to gain zoning approvals and vest given the continued uncertainty in the market.

Therefore, overall, the one year sunrise would not mitigate the identified significant adverse impact.

Six Year Sunrise

In the Six-Year Sunrise scenario, the Proposed Action would be modified such that it would take effect six years from the date of adoption of the text amendment.

The purpose of exploring this mitigation option is to understand what the effect may be of delaying implementation of the Proposed Action until after the City is projected to recover from the effects of COVID-19. As detailed in **Chapter 1, Project Description**, current projections estimate recovery in 2025; the Six-Year Sunrise scenario considers implementation of the Proposed Action two years after the anticipated economic recovery.

Under this sunrise scenario, it is expected that the entire pipeline and known projects undergoing City Review that would otherwise be excluded from the Proposed Action under the With-Action condition would be built. In addition, some future hotels would also be built after recovery and before 2027 when the sunrise would take effect. These assumptions would result in an estimated hotel inventory of 138,900 hotels in 2027.¹ Therefore, the Special Permit would affect an estimated 35,830 hotel rooms by 2035. Under the With-Action condition, it is assumed that 4,210 hotel rooms would be facilitated through projects seeking the proposed Special Permit. Therefore, there would be a shortfall of between 31,620 and 35,830 hotel rooms in 2035. This would lessen the gap between supply and demand under the Proposed Action by between 11,240 to 15,450 rooms. Therefore, a six year sunrise would partially mitigate the significant adverse impact to the hotel and tourism industries.

This mitigation provision would not induce growth that would not occur under the No-Action condition and would allow for greater recovery of the inventory from the impacts of the pandemic. However, given the uncertainty surrounding market conditions for hotels, it is likely that a sunrise provision could lead to more rapid growth in the near future, which would be counter to the stated purpose and need.

¹ Assumes Leisure demand 79% of total demand and grows 3.7% per year. Assumes Business demand 21% of total demand and grows 0.957% per year.