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Gale A. Brewer, Borough President

September 7, 2021

Recommendation on Non-ULURP Application Nos. C210408ZMM and N210409ZRM Starrett-Lehigh and Terminal Warehouse By RXR SL Owner LLC and Terminal Fee Owner LP

PROPOSED ACTIONS

RXR SL Owner LLC and Terminal Fee Owner LP (the "Applicants") seek approval for the following actions:

- A zoning map amendment to extend the Special West Chelsea District, including adding a new Subarea K to the District;
- A zoning text amendment to modify use, loading, and signage requirements as well as sidewalk café regulations; and
- A change in zoning for the Project Area from M2-3 to M2-4.

The actions would apply to the Starrett-Lehigh building, located at 601 West 26th Street (Block 672, Lot 1) and the Terminal Warehouse building located at 261 Eleventh Avenue (Block 673, Lot 1) (collectively, the "Project Area"). The Project Area is located in the Chelsea neighborhood in Manhattan Community District 4.

Changes to the zoning map should be evaluated for consistency and accuracy. Appropriateness for growth, improvement, and development of the neighborhood and borough should also be considered. Amendments to the Zoning Resolution should be evaluated based on appropriateness and benefits to the affected communities.

BACKGROUND

The Project Area is part of the West Chelsea Historic District, which was designated by the Landmarks Preservation Commission (LPC) in 2008. That designation noted area's significance as an industrial neighborhood that was home to several prominent companies in the nineteenth and twentieth centuries. The Terminal Warehouse is a contributing building within the historic district, while the Starrett-Lehigh building received an individual designation from the LPC in 1986.

The Special West Chelsea district was established in 2005 with the purpose of guiding development and the activation of the High Line—specifically, encouraging residential and commercial development. In 2012, the special district was expanded to facilitate an office and hotel expansion in the Chelsea Market building. In 2013, the Department of City Planning (DCP) completed a study of three additional areas that could be annexed to the special district. In 2015, one of those areas, bounded by West 14th and West 15th Streets and Ninth and Tenth Avenues, was added to the District. Another one of the areas, which the report recommended further study

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of, was an area bounded by West 24th and West 30th Streets and Eleventh and Twelfth Avenues—an area that includes the project Area.

The 2015 action, which was undertaken by DCP, also included a provision to allow sidewalk cafes on wide streets within the District.

PROPOSED DEVELOPMENT

Area Context

The Project Area is located within a mixed-use district that includes new residential development alongside older manufacturing buildings as well as commercial and mixed-used buildings. The High Line is located to the north and east of the Project Area, while Hudson River Park is located to its west. While new development spurred by the creation of the Special West Chelsea District has brought more traffic and pedestrian activity, little pedestrian activity has made its way to the area immediately surrounding the Project Area.

Site Description

The Project Area includes two blocks bounded by West 26th and West 28th Streets and Eleventh and Twelfth Avenues. The two blocks in that area are each occupied by a building: the Starrett-Lehigh building on the block to the south, and the Terminal Warehouse on the block to the north. Both buildings are currently in an M2-3 zoning district and exceed the district's maximum FAR of 2.0. The Starrett-Lehigh Building is 19 stories and 269 feet in height with an approximate FAR of 14.8. The Terminal Warehouse is 9 stories and 85 feet in height and an approximate FAR of 7.3. The Starrett-Lehigh building includes some light manufacturing uses, storage and warehousing, as well as office spaces. While the Terminal Warehouse includes some office and eating and drinking establishments, the building is mostly vacant. That building is currently undergoing capital work that includes converting approximately 500,000 square feet into office space.

Buildings in M2 zoning districts may also be required to provide additional loading berths if they have a change in use. The Starrett-Lehigh building includes 10 loading spaces along West 26th Street. However, these spaces do not meet the loading berth requirements set forth in the Zoning Resolution. The Terminal Warehouse has removed all of its exterior loading spaces and created a single, indoor loading area that has access from West 28th Street.

Project Description

The proposed zoning text amendment would allow both of the buildings in the Project Area to convert up to 25% of their square footage into the new uses as part of a new, proposed Subarea K. Subarea K would not permit residential, hotel, or other sleeping accommodations. The following use groups would be allowed in the Subarea:

- Use Groups 3 and 4 (with the exception of those that include sleeping accommodations);
- Some Use Group 6A uses larger than 10,000 square feet;
- Use Groups 6C, 9A, and 12B; and

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• Some Use Group 10A uses, with restrictions on size. – only 15% of the building's floor area

The Starrett-Lehigh building contains a total of 1,835,150 gross square feet, with a maximum 458,787 square feet permitted for conversion. The Terminal Warehouse contains a total of 1,140,387 gross square feet, with a maximum 285,096 square feet permitted for conversion.

Currently, the Special West Chelsea District allows sidewalk cafes only on wide streets. The proposed zoning text would also allow them on West 27th Street. The Applicants have represented that they are in discussion with the Department of City Planning to determine whether the agency's Open Restaurants text amendment application would achieve the same goal as their proposed text provision, and whether it could be withdrawn from the application.

The Applicants also propose to modify certain requirements, including:

- Eliminating the need for new loading berths for changes of use that would require it;
- Allow for the placement of signage on the chamfered corners of the Starrett-Lehigh building and increase the maximum height of any illuminated signage from 58 feet to 75 feet¹;

The proposed new M2-4 zoning district would reduce the degree of noncompliance for both buildings by increasing the maximum FAR from 2.0 to 5.0.

Neither building would include a public parking garage. Additionally, collectively, they would provide 800 bicycle parking spaces.

COMMUNITY BOARD RESOLUTION

At its July 28, 2021 meeting, Manhattan Community Board 4 (MCB4) voted to recommend approval of the Application but listed conditions under its approval, including that the Applicants:

- Reduce proposed Use Group 10A uses or designate a minimum area (square feet) for specific uses to preclude big box retail, and encourage local employment and neighborhood scale uses. Such uses might include light manufacturing with showrooms, incubator space, special education programs, and art production/retail sales;
- Provide solution(s) to improve pedestrian safety on West 26th Street;
- Involve MCB4 in the study of delivery operations to develop plan to minimize conflicts between trucks, pedestrians and cyclists;
- Involve MCB4 in discussions with Hudson River Park Friends to connect the Hudson River Park to the project site;
- Mitigate adverse impact for pedestrians on West 25th Street between Eighth and Ninth Avenues:
- Install outdoor restaurants and cafes only in parking lanes, not on sidewalks;

¹ Placement of such signage would still require approval form the Landmarks Preservation Commission.

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- Place bike racks on parking lanes, not sidewalks; consider opening bike storage rooms to the public; and
- Install street trees on east end of West 26th Street and on Eleventh Avenue.

In a letter dated June 18, 2021, the Applicants noted that they were working to address some of these concerns, including working with the Department of Transportation (DOT) to determine the feasibility of a midblock crossing and discussing the placement of street trees and bike parking with the LPC.

BOROUGH PRESIDENT'S COMMENTS

I believe that this application presents a good balance between honoring and preserving West Chelsea's manufacturing history while facilitating new uses that are harmonious with the area. West Chelsea has seen significant change since the 2005 rezoning, and this project will bring that change—and greater activity—farther west.

While I support this project, I believe that it should also plan for the increase in traffic and pedestrian flow. I understand that the Applicants have been in conversation with DOT regarding the loading berths on West 26th Street. However, Manhattan Community Board 4 has thoughtfully pointed to the fact that when trucks are loading into the Starrett-Lehigh building, they not only block the sidewalk and force pedestrians to cross West 26th Street; they also make it difficult for pedestrians to see oncoming traffic before crossing the street. While this may be a small issue now, the proposed actions would increase street activity on these two blocks, and I believe that the Applicants should work with the DOT to provide a safe solution for pedestrians. A good example is a mid-block crossing on West 65th Street between Broadway and Amsterdam Avenue that was created by Lincoln Center in order to address pedestrian safety between two sites on their campus. This crossing allows people a more direct route than going to the end of the block to cross the street, and then walking back to the midblock.

I am pleased to learn that RXR, the owner of the Starrett-Lehigh building, works with local artists and nonprofit groups to promote their work through various short-term events. Artists in our city need space but are often not able to afford it—especially in Manhattan. I believe that the availability of vacant space as both buildings go through their lease-up processes offers a great opportunity to attract short-term users. These users could include artists who need work and exhibit space, but it could also include nonprofits that need short-term programming and even storage space. Volunteers of America runs Operation Backpack, a program to provide students with grade-specific school supplies and uses different spaces within the Starrett-Lehigh building every year to do their work. I am hopeful that the Applicants can replicate this model wherever possible, including at the Terminal Warehouse, where most of the building is vacant.

Finally, I also hope that the Terminal Warehouse does not opt to implement a shuttle bus system for its building tenants. I believe users of both of these buildings should walk and make use of the hundreds of bike parking spaces and the bike concierge program that the Terminal Warehouse proposes to offer. There is also a Citibike station located at 11th Avenue and West 27th Street and the M23 and M12 buses, which take passengers to across Manhattan and north and south, respectively. Offering a private shuttle option would negate some of the benefits of

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revitalizing these two buildings. Our city needs more people to walk, bike, and take public transportation and patronize businesses, galleries, and public spaces.

BOROUGH PRESIDENT'S RECOMMENDATION

I therefore recommend approval of the application with the following conditions:

- The Applicants agree to work with DOT to plan for and implement a midblock crossing at West 26th Street;
- The Applicants commit to providing space to artists and nonprofits, both on an ongoing basis for events, but also to make available untenanted vacant space in both buildings while the Applicants are going through their lease-up processes;
- The Terminal Warehouse agree not to offer bus shuttle service to its tenants, and that Starrett-Lehigh reduce or eliminate its service.

Gale A. Brewer Manhattan Borough President

Public Testimony from Paul Devlin

Co-Chair Chelsea Land Use Committee, Community Board 4 DCP Public Hearing for Starrett-Lehigh and Terminal Warehouse Rezoning Wednesday, September 21, 2021

Good morning, my name is Paul Devlin. I'm Co-Chair of the Chelsea Land Use Committee of Community Board 4. The Chelsea Land Use Committee has reviewed this application, we held a public hearing on the Zoning Text Amendment application at our January 6, 2021 Full Board Meeting, and have submitted written documents detailing our position. We have enjoyed working with the development team over the years and appreciate their considerations of our issues.

The proposed rezoning would add two blocks to the Special West Chelsea District, which was originally adopted in 2005. CB4 had requested these two blocks – in addition to others north and south of these blocks – be included in the original creation of the District, and, we remain consistent in our support of these blocks being a part of the District.

The goals of the West Chelsea District are to facilitate an appropriate integration of industrial, commercial, and residential uses in the area surrounding the reuse of the High Line. These two blocks between the High Line and the Hudson River play in important role in linking these uses in our community.

However, in our numerous conversations with the applicants and with the community, there remains a consistent problem that needs to be addressed. To be clear, the board has offered our approval with conditions. It is notable that this morning's presentation from the applicant does not adequately address the condition I will discuss.

The proposed rezoning would allow commercial uses for Use Group 10A, which allows "destination retail," and the applicant is proposing a maximum of 15% of total floor area in Group 10A. We think 15% of total floor area is too high given the total square footage of these buildings.

15% of total floor area would allow over 440,000 square feet of destination retail. This would mean with a 15% cap, this proposed rezoning would allow approximately five large destination retailers on

two blocks – retailers such as Target, Walmart, Home Depot, Lowe's, and Bed Bath & Beyond. This has the potential to turn this area into another 6th Avenue collection of national destination retailers. These large scale retail uses will alter the unique character of West Chelsea and are not consistent with the goals for the Special District.

We have had many conversations with the applicants requesting they offer solutions to address our concerns. We've discussed ideas such as restricting individual maximum square footage per retailer; or, restricting retail only to manufacturers within the building; or, allocating a majority of retail space only to local retailers. They have yet to offer up a specific solution to be included in this amendment. The applicant has told us it isn't their intent to turn this into a destination retail facility, yet without zoning protections in place we have no guarantee that won't happen. And, we don't feel it is incumbent us to figure out an economically viable option for the applicant and figure out what numbers will work, but we know 440,000 SF of retail is simply too much for this neighborhood. As an alternative, as Commissioner Levin points out, we have suggested reducing the overall retail be capped at 10% rather than 15%.

The argument that retail will be limited to street level space might be true today, but we are concerned about multi-level retail spaces in the future. Most destination retailers who build in Manhattan now use multi-level facilities.

In conclusion, with no alternatives proposed by the applicant we are requesting that the rezoning limits Use Group 10A to 10% of total floor area to reduce the impact of big-box stores, and the mitigation necessary to overcome an influx of destination retailers.

We look forward to the repurposing of these buildings which will make a significant positive impact on our neighborhood.

Thank you.

Re. Project: C 210408 ZMM - Starrett-Lehigh + Terminal Warehouse Rezoning

• Application Number: C 210408 ZMM

Project: Starrett-Lehigh + Terminal Warehouse Rezoning

• Public Hearing Date: **09/22/2021**

Borough: ManhattanCommunity District: 8

Submitted by:

Name: Betty Mackintosh

Zip: **10001**

I represent:

• The local community board

Details for "I Represent": I am Co-Chair of the Chelsea Land Use Committee of MCB4. (Note: The Project Details above have a typo: should be Community District 4, not 8.)

My Comments:

Vote: I am other

Have you previously submitted comments on this project? **Yes** If yes, are you now submitting new information? **Yes**

I have attended or will attend the City Planning Commission's Public hearing on this project: Yes

Additional Comments:

Good morning Commissioners. My name is Betty Mackintosh. I'm Co-Chair of the Chelsea Land Use Committee of Manhattan Community Board 4. On July 28th, the Board recommended approval with conditions of the proposed rezoning for the Starrett-Lehigh and Terminal Warehouse Buildings. Both applicants have embarked on thoughtful master plans to preserve these iconic buildings' historic features while updating spaces to accommodate current user demands. Their proposed inclusion in the Special West Chelsea District is a much-welcomed, long-awaited measure that CB4 supports. We do however have major concerns that we ask the applicant to address. We urge the applicant to implement solutions to the dangerous pedestrian conditions on West 26th Street. Parked trucks extend into West 26th Street, blocking the sidewalk. Pedestrians are forced to cross the street mid-block, without seeing the on-coming traffic. There are conflicts between trucks, pedestrians and cyclists in this busy two-block area. The applicant is funding a study of delivery operations to develop a plan to minimize these conflicts. CB4 should be involved with this study. We seek to maximize pedestrian use of sidewalks. So we want outdoor restaurants and bike racks installed only in parking lanes, not on sidewalks. Hudson River Park Friends supports this proposed rezoning, and seeks streetscape improvements to connect

Hudson River Park, the applicants' buildings and the High Line. CB4 looks forward to joining this discussion. CB4 appreciates the important benefits of street trees. We are glad that the Terminal Warehouse Building has four existing street trees that will remain and an approved plan for 22 new street trees. LPC has discouraged street trees on the sidewalks adjacent to the Starrett-Lehigh Building. We urge the applicant to re-visit this issue with LPC. In conclusion, CB4 strongly recommends the approval of this rezoning proposal with conditions. The Starrett-Lehigh and Terminal Warehouse buildings, originally intended for maritime shipping and warehouse uses, have been carefully preserved and are now ready for a broad range of as-of-right uses that would help revitalize West Chelsea. We welcome the opportunity to facilitate this transformation, and to work with the applicant to address a number of local needs.

Re. Project: C 210408 ZMM - Starrett-Lehigh + Terminal Warehouse Rezoning

• Application Number: C 210408 ZMM

• Project: Starrett-Lehigh + Terminal Warehouse Rezoning

• Public Hearing Date: **09/22/2021**

Borough: ManhattanCommunity District: 8

Submitted by:

Name: Madeleine McGrory

Zip: **10022**

I represent:

• A local community group or organization

Details for "I Represent": The Real Estate Board of New York

My Comments:

Vote: I am in favor

Have you previously submitted comments on this project? If yes, are you now submitting new information?

I have attended or will attend the City Planning Commission's Public hearing on this project:

Additional Comments:

Please see attachement

REBNY Testimony | September 22, 2021

The Real Estate Board of New York to

The City Planning Commission Concerning ULURP Nos. C210408ZMM and N210409ZRM (CEQR No.21DCP103M) - Starrett-Lehigh + Terminal Warehouse Rezoning

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY supports the approval of the ULURP actions (Application Nos. C210408ZMM and N210409ZRM – CEQR No. 21DCP103M) to amend the zoning map in order to change the rezoning area from M2-3 to M2-4, extend the Special West Chelsea Historic District over the project area, and a zoning text amendment to establish Subarea K of the Special West Chelsea District at Starrett-Lehigh and Terminal Warehouse, Community Board 4, in the Borough of Manhattan.

The stated purposes of the West Chelsea Historic District include encouraging and guiding the development of West Chelsea as a "dynamic mixed use neighborhood," at well as ensuring "that the form of new buildings relate to and enhance the neighborhood character and the High Line Open Space." The application supports both of these goals and should therefore be approved by the City Planning Commission (the Commission or CPC).

The application would allow for a more diverse range of tenant types to lease space in the Starrett-Lehigh and Terminal Warehouse buildings, and replace the limited and outdated allowable uses. These outdated uses, such as manufacturing uses prevalent in the 20th century, do not contribute to making the area more dynamic nor cater to the needs of the growing local community as it pertains to required goods and services. The solution the land use application proposes will allow for a broader array of uses that will directly contribute to the mixed-use character of the neighborhood. Additionally, the two blocks comprising the project area importantly link the residential, commercial and viable industrial, use nodes in the neighborhood and can serve as an important transition space Therefore, the creation of a pedestrian connection through these blocks between West Chelsea, Hudson Yards, and Hudson River Park would enhance the character of the neighborhood, by allowing for greater circulation continuity among its mixed uses.

Last year, it was unanimously determined by the Landmarks Preservation Commission that the adaptive reuse and design of this project is appropriate and worthy. It is now the duty of this commission to determine if the application aligns with the goals of the Special West Chelsea Historic District and those of the CPC. This is clearly true as revealed by the project's contributions to the area's

dynamic nature and the way in which the bulk and proposed uses' enhance the neighborhood's character. Additionally, it supports the goals of the Commission to include in its planning efforts adequate space and industry for the future development of the City, by allowing for uses that meet the contemporary needs of both local residents and visitors, which also has the added benefit of aiding in the City's post-pandemic economic recovery.

Thank you for your consideration on these points. REBNY asks that the City Planning Commission approves of the zoning map and zoning text amendments.

CONTACT:

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ⁱ https://www1.nyc.gov/assets/planning/download/pdf/plans-studies/special-west-chelsea/special_west_chelsea_district_report.pdf

ii https://www.connectcre.com/stories/landmarks-commission-signs-off-on-massive-terminal-warehouse-revamp/