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Gale A. Brewer, Borough President

**MANHATTAN BOROUGH BOARD
RESOLUTION**

RECOMMENDING APPROVAL WITH CONDITIONS OF AN APPLICATION BY THE NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION AND DEPARTMENT OF CITY PLANNING PURSUANT TO SECTION 201 OF THE NEW YORK CITY CHARTER FOR AN AMENDMENT TO THE ZONING RESOLUTION: APPLICATION NUMBER (N180373ZRM) – SPECIAL GARMENT CENTER TEXT AMENDMENT

WHEREAS, The City's Economic Development Corporation (EDC) and Department of City Planning (DCP) seeks a text amendment to the Special Garment Center provisions of the Zoning Resolution (N180373ZRM) to, among other things, remove a preservation requirement that prohibits the conversion of manufacturing space in two designated areas of the Garment Center (currently P1 and P2) unless an equal amount of floor area for manufacturing use is maintained in perpetuity; and

WHEREAS, The Administration originally circulated this proposal approximately 18 months ago but the proposal was met with concerns that lifting the restrictions that preserve garment manufacturing space in the Garment Center could result in the destabilization and break-up of the eco-system of manufacturers, designers, wholesalers and garment-related institutions that form the backbone of New York City's fashion industry; and

WHEREAS, The Manhattan Borough President, together with the local Council Member and now Council Speaker convened a Garment Center Steering Committee comprised of the City's Economic Development Corporation, representatives of garment manufacturers, the Council for Fashion Design Association, fashion designers, the Garment Center Alliance (the Business Improvement District of the Garment Center), Community Boards 4 and 5, the Real Estate Board of New York, representatives of unions representing garment workers and costume-maker workers, the other State and federal elected officials representing the Garment District and other stakeholders to discuss and make recommendations on supporting garment manufacturing and the garment industry's continued long-term presence in the historic garment center and the transition of the area to a mixed-use neighborhood that includes the garment center; and

WHEREAS, The Steering Committee spent the vast majority of its three-month existence attempting to craft a solution to the issue of maintaining a core of affordable space for garment manufacturers in the historic Garment Center; and

WHEREAS, The Steering Committee Report, issued in August, 2017 recommended: (1) A custom Industrial Development Agency (IDA) program offering property tax abatements to maintain a substantial core of manufacturing space in the Garment Center; (2) A framework for a public-private partnership for

the purpose of purchasing a building dedicated to garment manufacturing in the district; (3) a mechanism to ensure the zoning restrictions requiring preservation of manufacturing space are not lifted before preservation goals are substantially met; and (4) Support the role of a not-for-profit to assist in the preservation of long-term manufacturing space; and

WHEREAS, Following the issuance of the report, the City's EDC focused its efforts on creating a custom IDA tax abatement program to preserve manufacturing space in the Garment Center created a 15 year program and received letters of intent from owners willing to preserve approximately 300,000 square feet of manufacturing space in the context of the program and were hopeful that additional space could be signed up once the program was announced; and

WHEREAS, The Manhattan Borough President and Council Speaker acknowledged that EDC had made a significant effort to persuade property owners in the Garment Center to commit to the preservation of manufacturing space through an IDA program but were adamant that 300,000 square feet of space preserved through the IDA program was insufficient to satisfy the recommendations of the Steering Committee and urged EDC to commit to the purchase of a building; and

WHEREAS, EDC subsequently agreed with the Manhattan Borough President and Council Speaker and brought a proposal to the Garment Center Steering Committee (referred out by the City Planning Commission on June 11, 2018) that includes: (1) the creation of the custom IDA tax abatement program to preserve garment manufacturing space for 15 years with a maximum rent of \$35 per square foot (gross) with escalations, while exploring the possibility of further extending the program at the request of property owners; (2) the commitment by the City of up to \$20 million to purchase a building in partnership with a not-for-profit to be used for garment manufacturing which will also contain an affordability requirement akin to that in the IDA program; (3) a partnership between the Council of Fashion Designers of America, the Garment District Alliance (BID), and the City offering programs to support garment manufacturers in the Garment District and citywide including workforce development, technical assistance and technology investments; and (4) a lifting of the preservation requirement in the preservation areas of the Garment Center; and

WHEREAS, On July 12, 2018, Manhattan Community Board 5 adopted a resolution recommending denial of the Special Garment Center Text Amendment unless certain conditions, including the following, were met: (1) the City make a concerted effort to sign up more owners for the IDA program so that at least 500,000 square feet of permanently affordable fashion manufacturing space remains in the Garment Center; (2) the lease renewal options for garment manufacturers in the IDA program be made permanent so that the preserved space is permanent; (3) real time accessible data be made available to ensure adequate monitoring and enforcement of the IDA requirements and leases; and (4) EDC and the City partner with additional workforce pipelines, institutions, and community organizations to increase vocational training, education and job placement in the Garment Center; and

WHEREAS, On July 25, 2018, Community Board 4 adopted a resolution acknowledging that it supports the IDA program and building purchase but also recommending disapproval of the Special Garment Center Text Amendment unless certain conditions, including the following, were met: (1) a total of 500,000 square feet of manufacturing space be preserved through the IDA tax abatement program; (2) the 180,000 square feet of garment manufacturing space already preserved between 1987 and 2011 pursuant to the preservation requirement be maintained as garment manufacturing space; (3) funding over and

above the committed \$20 million be made available by the City to purchase a building if needed; and (4) that these conditions be accomplished prior to the adoption of the text amendment eliminating the preservation requirement; and

WHEREAS, The Manhattan Borough Board acknowledges that work that EDC has done and their continuing efforts to work with property owners to sign up additional space for the IDA program, even entering into discussions with owners who may not initially meet all of the requirements to see if they can nevertheless be included in the program; and the Borough Board stresses the importance of owners and their representatives making every effort to maximize commitments to the program in order for this program to be effectuated; now,

THEREFORE, BE IT RESOLVED, The Manhattan Borough Board recommends approval of application (N180373ZRM), Special Garment Center Text Amendment, but lists the following conditions which it believes must be met before the final adoption of the text amendment:

1. That the 300,000 square feet of garment center manufacturing space be the subject of approved applications for IDA tax abatements or the subject of applications for IDA tax abatements awaiting final approval by the IDA, prior to the final approval of the text amendment; and
2. That the building purchase be as close to realized as possible by the final approval of the text amendment, including a commitment on the part of the City to add a reasonable amount of additional resources (above the \$20 million) if that is necessary to accomplish the purchase;
3. That the total amount of garment center manufacturing space preserved through the IDA program and building purchase or other mechanism combined not be less than 500,000 square feet; and
4. That EDC, IDA and the City ensure that adequate monitoring and enforcement of the lease terms and tax abatement program is occurring consistently throughout the term of the program and that EDC and the City partner with additional workforce pipelines, institutions, and community organizations to increase vocational training, education and job placement in the Garment Center

BE IT FURTHER RESOLVED, That the Department of City Planning work with Community Boards 4 and 5 on the zoning issues discussed in their respective resolutions, including, but not limited to, those relating to the hotel special permit, demolition and anti-harassment restrictions, illuminated signage requirements and street wall and building heights.

Adopted by the Manhattan Borough Board on the 26th day of July 2018.



Gale A. Brewer
Manhattan Borough President
Chair of the Manhattan Borough Board