

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

SUBCOMMITTEE ON ZONING AND FRANCHISES

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October 22, 2013  
Start: 10:23 a.m.  
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HELD AT: Council Chambers  
City Hall

B E F O R E:  
MARK S. WEPRIN  
Chairperson

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Daniel R. Garodnick  
Robert Jackson  
Jessica S. Lappin  
Diana Reyna  
Vincent M. Ignizio  
Ruben Wills  
Rosie Mendez  
Gale A. Brewer  
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Project Manager  
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Robert K. Steel  
Deputy Mayor for  
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Amanda Burden  
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Mark Page  
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Real Estate Board of New York

Anthony Malkin  
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Michael Gruen  
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The City Club of New York



2                   CHAIRPERSON WEPRIN:   Okay.   Alright,  
3 we're gonna get started.   Good morning everybody.  
4 Thank you.   My name's Mark Weprin; I'm the Chair of  
5 the Zoning and Franchises Subcommittee; I am joined  
6 by the following members of the Subcommittee, Council  
7 Member Robert Jackson, Council Member Dan Garodnick,  
8 Council Member Jessica Lappin, Council Member Ruben  
9 Wills and Council Vincent Ignizio.

10                   We have... I know everyone's here for the  
11 main event, which we'll get to in a little while, but  
12 we have a couple of items to do before that; the  
13 first one will be quick; we have Land Use Number 944,  
14 which is a café in Speaker Quinn's district called  
15 The Quarter.   And on that one we have a motion to  
16 File, so that will be incorporated so we don't have  
17 to have a hearing on that.

18                   We do have one item in Queens and I see  
19 members of the Queens Office of City Planning are  
20 here; that is Land Use Number 947, I believe.   Yes.  
21 And I'd like to call up Fred Lee, who's already in  
22 place, and John Young, from Queens City Planning.  
23 Gentlemen, whenever you're ready; you'll please get  
24 started.   Don't take your time on my account.   'Kay.  
25 Thank you.

2                   JOHN YOUNG:   Good morning Chair Weprin,  
3 ladies and gentlemen.   My name is John Young and I'm  
4 Director of the Queens office of The Department of  
5 City Planning.   I am very pleased to be here this  
6 morning -- popular morning to be here -- to present  
7 the Department's efforts to comprehensively update  
8 zoning designations for 127 blocks in East Elmhurst  
9 and for 14 blocks along Roosevelt Avenue in Corona.  
10 I'm joined by Frederick Lee, who's the Project  
11 Manager and he'll present the details of the rezoning  
12 proposal to you.

13                   The rezoning proposal that is before you  
14 today culminates a remarkable two-year effort to work  
15 with a broad spectrum of neighborhood residents and  
16 community stakeholders to develop a zoning framework  
17 that would more closely match building patterns and  
18 ensure more orderly, sustainable development.

19                   The Department's rezoning proposal seeks  
20 to curb out-of-character development on East Elmhurst  
21 residential blocks while supporting new business  
22 location opportunities and expanding areas for mixed-  
23 used development along Astoria Boulevard, the  
24 neighborhood's main shopping street.

2 As summarized in the packages that you  
3 should have received -- these -- and as certainly  
4 Fred will explain, this proposal includes replacing  
5 two general zoning districts that have been in place  
6 in most of East Elmhurst since 1961, with eight  
7 lower-density or contextual districts whose  
8 boundaries have been carefully tailored to match  
9 existing building patterns.

10 Commercial zoning would be similarly  
11 updated to strengthen business locations along the  
12 area's two primary corridors, Astoria Boulevard and a  
13 portion of Roosevelt Avenue in Corona, while  
14 preventing commercial uses from intruding onto  
15 adjacent residential areas.

16 The East Elmhurst Rezoning Plan has been  
17 produced through an extensive collaboration between  
18 City Planning and area officials and community  
19 stakeholders, led by Council Member Julissa Ferreras...

20 [background comment]

21 JOHN YOUNG: As I said, we've been  
22 working closely with Council Member Julissa Ferreras  
23 and the Land Use Committee of Community Board 3. It  
24 has been a privilege to work closely with them, as  
25 well as Queens Borough President, Helen Marshall, who

1 resides in the neighborhood and has represented it in  
2 elective offices, including the City Council.

3  
4 We believe we've developed a rezoning  
5 proposal that respects the distinct character of the  
6 neighborhood and I wanna thank the area's residents,  
7 clergy, civic advocates; everyone who's attended  
8 numerous meetings and provided valuable input to the  
9 plan.

10 Following the June 3rd certification  
11 proposal the East Elmhurst Rezoning Plan received  
12 strong support from Community Boards 3 and 4, the  
13 Borough President and the Queens Borough Board. The  
14 City Planning Commission voted unanimously to support  
15 the rezoning on September 23rd and we hope that you  
16 too will support this carefully crafted initiative to  
17 reinforce the build character and development patters  
18 of East Elmhurst. And now Fred will review the  
19 details of it.

20 CHAIRPERSON WEPRIN: Thank you. Before  
21 you get started I just want to announce, if anyone is  
22 in the room for the Landmark Subcommittee, that'll be  
23 meeting in the next room over in the Committee Room,  
24 so I know that some people came in for Landmark, so

1  
2 that's gonna be meeting at 11:00 next door; sorry  
3 'bout that.

4 FRED LEE: Good morning; I'm Fred Lee;  
5 I'm the Project Manager for this rezoning. The  
6 rezoning, which Mr. Young mentioned, is located in  
7 East Elmhurst and is also comprised of some block  
8 fronts on Roosevelt Avenue.

9 East Elmhurst is basically bounded by the  
10 Grand Central Parkway to the north and east and to  
11 the south, 32nd Avenue and then a stepped line  
12 proceeding northward reflecting the Council boundary  
13 for this district.

14 East Elmhurst has two basic existing  
15 districts which have not been changed since 1961.  
16 These are general residence districts and allow many  
17 building types. As a result the majority of lots  
18 within the R3-2 District are developed with detached  
19 residences; these are facing development with  
20 attached out-of-character new buildings. As a result  
21 The Department and as a result of community concerns  
22 of these issues, The Department is recommending eight  
23 overlay districts as a part of this rezoning.

24 The R3-2 District currently to the east  
25 and north of 32nd Avenue would be replaced by these

1 contextual districts R3A, R3X that reflect one- and  
2 two-family existing homes.

3  
4 To the R4 District, located predominantly  
5 south of Astoria Boulevard we are proposing a mixture  
6 of both R3A and R4B Districts that also reinforce the  
7 one- and two-family development character of the  
8 community.

9 Noting the land use issues regarding the  
10 existing zoning are out of character residential  
11 development, eroding the detached residential  
12 neighborhood character, commercial overlays that fail  
13 to distinguish residential from commercial use and  
14 existing retail use on Astoria Boulevard and  
15 Roosevelt Avenue on sites that lack commercial  
16 overlays, to resolve these issues the rezoning  
17 proposes contextual districts that reinforce the  
18 built residential character, strengthen mixed-use  
19 development on Astoria Boulevard by allowing a  
20 moderate density increase for block fronts on Astoria  
21 Boulevard and prevent commercial encroachment onto  
22 residential lots by reducing the depth of overlays to  
23 match the existing land use pattern.

24 CHAIRPERSON WEPRIN: You all done? No?

25 FRED LEE: Pretty much... [interpose]

2 CHAIRPERSON WEPRIN: 'Kay.

3 FRED LEE: To be more refined...

4 [crosstalk]

5 CHAIRPERSON WEPRIN: I got confused by  
6 the pause.

7 FRED LEE: the... the... the... we... we  
8 basically sculpted the proposed residential districts  
9 to fitting into the areas to match the existing  
10 housing patterns.

11 CHAIRPERSON WEPRIN: Right.

12 FRED LEE: R3X is for wide lots with  
13 detached one- and two-family homes. R3A is basically  
14 designed for also detached one- and two-family homes,  
15 but allows a narrower lot width. The R3-1 District  
16 provides one- and two-family homes again, but allows  
17 semi-detached configuration.

18 We noted that there were two very  
19 excellent block fronts that had detached single-  
20 family homes in the R4 District and we propose making  
21 those R2A, which is a single-family development sites  
22 to preserve and protect the built character of these  
23 homes. For also the R4 District currently zoned R4,  
24 many of the lots have a very typical building type  
25 for Queens, which is attached buildings with parking

1  
2 easement on the rear yards for the buildings; for  
3 this we are applying an R4B District on these lots.

4 Noting also that the R3-2 District has  
5 densities that exceed R3-2; R3-2 allows .6 FAR,  
6 whereas most of the housing within the R3-2 District  
7 south of Astoria Boulevard have higher densities; we  
8 are proposing both R4 and R4-1. R4-1 is almost  
9 identical to the R3-1 District, but it allows a  
10 higher density; this recognizes semi-detached  
11 development on these lots.

12 Lastly, we are proposing an increase in  
13 density on Astoria Boulevard. The current  
14 development of Astoria Boulevard consists of  
15 commercial new uses. The older... the mixed-use  
16 buildings would allow... that have commercial and  
17 residential were built prior to the 1961 Zoning  
18 Resolution.

19 Under the existing zoning, both R4 and  
20 R3-2 combined with commercial overlays on Astoria  
21 Boulevard makes the development of mixed-use  
22 buildings not practical, as most of the FAR is  
23 dedicated to retail or commercial use.

24 And lastly, we are... on East Elmhurst we  
25 are reducing the depth of existing and proposed



2   commercial overlays so as not to impact residential  
3   lots that face the side street -- and we have one  
4   other board -- focusing again is the second part of  
5   our study, which was to address the need for  
6   commercial uses on Roosevelt Avenue; these are lots..  
7   these are lots which have... many of them have  
8   commercial use, existing commercial use but lack  
9   overlays; as a result we are proposing C1-4 and C2-4  
10  overlays on the majority of these lots, allowing them  
11  to comply and conform with the existing uses and  
12  encourage new mixed-use and commercial development.  
13  Thank you.

14                   CHAIRPERSON WEPRIN:   Thank you, Mr. Lee.  
15  I wanna point out that the Community Board  
16  unanimously approved this and we actually have one  
17  member of the Community Board here today who's gonna  
18  testify briefly; also Council Member Ferreras is in  
19  support.  Any members of the panel have any  
20  questions?  I don't see any.  So gentlemen, we thank  
21  you very much.

22                   We are gonna call up Christina Long from  
23  Community Board 4.  Ms. Long, if we can try to limit  
24  you to two-minute testimony... I don't know where you  
25  are... oh here you are... I apologize.  And this is the

1 only person we have signed up on this matter; no one  
2 else is here for the East Elmhurst project, I assume.  
3 Ms. Long, whenever you're ready... try to do it within  
4 two minutes if you could... [crosstalk]

5 CHRISTINA LONG: Actually...

6 CHAIRPERSON WEPRIN: uh you know, 'cause  
7 you can only... you only blow it from here I want you  
8 to know, okay. [laughter]

9 CHRISTINA LONG: I just have a brief  
10 statement that was written by our District Manager.

11 "The rezoning of East Elmhurst and  
12 portions of Corona proposal was discussed at the  
13 ULURP and Zoning Committee on Tuesday, June 4th,  
14 2013. At this meeting the Committee approved the  
15 proposal; the application was then sent to the next  
16 Full Board meeting for discussion and a vote.

17 At June 11th, 2013 Community Board 4  
18 meeting the Board heard a presentation from  
19 Mr. Frederick Lee, Project Manager, and his colleague  
20 from the New York City Department of City Planning  
21 Queens office. By a unanimous vote of 27 in favor, 0  
22 opposed with 0 abstentions, the Full Board approved  
23 this application.  
24

2                   Some of the reasons included but were not  
3 limited to Elmhurst Avenue and 114th Street will be  
4 zoned for commercial purposes; currently on the north  
5 side is for merchant use. It will legalize retail  
6 that is currently on the strip and make it easier for  
7 business owners to update their buildings. The  
8 rezoning changes commercial overlays to reflect  
9 current neighborhood uses; this will prevent  
10 businesses from infringing on residential blocks.  
11 The new zoning will protect the character of the  
12 neighborhood. The area continues to grow, but zoning  
13 has not changed for more than 50 years.

14                   Thank you for the opportunity to address  
15 the City Council in this matter."

16                   CHAIRPERSON WEPRIN: Well done. Thank  
17 you very much Ms. Long. Anybody have any questions?  
18 I don't see any, so thank you very much.

19                   We are now gonna move to close this  
20 hearing and then we have to take up a couple of votes  
21 that we have outstanding on our agenda; just give us  
22 one minute and we're gonna cast that vote and then  
23 we'll move on to the item that most people are here  
24 for. [pause] Okay. Alright, so we're gonna now  
25 vote on the following items; the East Elmhurst

2 Rezoning that we just heard of, from Council Member  
3 Ferreras' district; we are also gonna couple that  
4 vote along with some of the items we had hearings on  
5 earlier before us; Land Use Number 944, which was the  
6 motion to File on the café. Land Use Number 936 and  
7 937, which was the micro units presentation we had  
8 last meeting, Land Use Numbers 929 to 933, which was  
9 the Charleston project in Council Member Ignizio's  
10 district, I believe. And... [pause] Alright, I'd like  
11 to call on Council Member Mendez who has a statement  
12 she wants to make.

13                   COUNCIL MEMBER MENDEZ: Thank you,  
14 Mr. Chair. We will be voting on a project in my  
15 district known as the micro units, a full building of  
16 teeny, tiny apartments and since the last hearing  
17 we've made a lot of changes to this project;  
18 Community Board 6, which originally voted against  
19 this has been informed of all the changes and are  
20 happy with the changes, as am I; the 20 percent of  
21 the affordable units will be made... which were  
22 supposed to be affordable for 20 years will now be  
23 made permanently affordable. The other 20 percent of  
24 the higher so-called affordable units have now been  
25 split up to be 15 percent for veterans, to be

2 permanently made available to veterans with what is  
3 called, VASH, Veterans Assistance Supportive Housing  
4 Vouchers and the other 5 percent will remain at 130  
5 percent of the area medium income and will...  
6 eventually will lose those units after 20 or 30  
7 years.

8                   So 35 percent of these units in these  
9 buildings, which would be 19 units out of the 55,  
10 will be made permanently affordable in this building,  
11 which is a much better place than a few weeks ago,  
12 and we've gotten a commitment from the development;  
13 not to have 20 percent of MWBE contractors and so I  
14 think we are in a much better place and in  
15 consultation with my community we would like to move  
16 forward to approve this project.

17                   CHAIRPERSON WEPRIN: Thank you very much.  
18 Alright and just to be clear, I'm gonna now announce;  
19 again, these items are coupled, Land Use Numbers 929  
20 to 933, Land Use Numbers 947, 936, 937 and we have a  
21 motion to withdraw 944. So with that in mind I'm  
22 gonna call on Counsel to please call the roll.

23                   COMMITTEE COUNSEL: Chair Weprin.

24                   CHAIRPERSON WEPRIN: Aye.

2                   COMMITTEE COUNSEL: Council Member  
3 Jackson.

4                   COUNCIL MEMBER JACKSON: I vote aye.

5                   COMMITTEE COUNSEL: Council Member  
6 Garodnick.

7                   COUNCIL MEMBER GARODNICK: Aye.

8                   COMMITTEE COUNSEL: Council Member  
9 Lappin.

10                  COUNCIL MEMBER LAPPIN: Aye and I really  
11 wanna congratulate Councilwoman Mendez for making  
12 significant changes to what I think is a very  
13 interesting proposal and I vote aye.

14                  COMMITTEE COUNSEL: Council Member Wills.

15                  COUNCIL MEMBER WILLS: I vote aye.

16                  COMMITTEE COUNSEL: Council Member  
17 Ignizio.

18                  COUNCIL MEMBER IGNIZIO: I'd just like to  
19 explain my vote if I man. With... with regards to the  
20 project in Charleston, I wanna thank Deputy Mayor  
21 Steel and his office, who worked closely with the  
22 community to strike the right balance; we have an  
23 opportunity here to create additional retail so that  
24 people can stay and shop on Staten Island and take  
25 the very quick outer bridge literally within... not

1 even a quarter-of-a-mile away from this site over.  
2 We also ensured that the community had a return on  
3 their investment, both in the form of additional  
4 parks, a school, K-8 school, additional funding for  
5 parks, the Deputy Mayor's office has committed to  
6 adding an additional \$1.5 million so that we got it  
7 to a level we can actually build Fairview Park to  
8 \$1.8 million and I thank his office for that,  
9 particularly Eugene Lee. We are also adding a  
10 library, which is sorely needed in the community and  
11 overall senior housing and additional infrastructure  
12 in terms of roadways.

14 So this was the public's land that is  
15 ultimately being utilized in large measure for the  
16 public and the retail that we are getting out of it  
17 will also produce both construction jobs and jobs for  
18 the community and I think overall Mr. Deputy Mayor  
19 and Chairman, we struck the right balance and I'm  
20 proud to vote yes.

21 CHAIRPERSON WEPRIN: Thank you.

22 COMMITTEE COUNSEL: By a vote of 6 in the  
23 affirmative, 0 abstentions and 0 negatives, Land Use  
24 Items 929 to 933, 947, 936; 937 are approved and  
25 referred to the Full Land Use Committee and the

1 motion to File for Land Use 944 is approved and  
2 referred to the Full Land Use Committee.  
3

4 CHAIRPERSON WEPRIN: Thank you. And we  
5 will leave the rolls open for the rest of the  
6 Committee meeting for the people who may show up  
7 later.

8 So now, now we're gonna move onto Land  
9 Use Number 945 and 946, which is the East Midtown  
10 Rezoning, which people are here for and we are... you  
11 know, know a lot of people are very interested in.

12 This, as you know, is a project that  
13 covers a 73-block swap of Manhattan that is  
14 significant to the entire city and you know every day  
15 thousands of New Yorkers commute from outer boroughs  
16 and places like Queens, like where I live and so this  
17 is obviously an issue that affects us all in New York  
18 City and in the Metropolitan Area; it's not something  
19 that affects just one local area; obviously it's  
20 something that we all care about, as East Midtown is  
21 the reason so many of us live in the area and New  
22 York City is such an important thing, so we are all  
23 very interested in this discussion; obviously the  
24 project is hoping to renew a building stock that is  
25 over 70 years old; for commercial buildings in a



1 competitive marketplace updated office facilities are  
2 often pivotal for attracting large employers and  
3 creating permanent jobs.

4 Of course this proposal does have...  
5 because it's so dense, it does require careful  
6 analysis and a number of concerns have been raised,  
7 many of which we will hear today, of course to do  
8 with financing and public spacing and transportation  
9 options, and we look forward to addressing those  
10 issues today. We have a lot of people here to  
11 testify, so let me just give you a little overview on  
12 what we're gonna have happen.

13 We have a detailed presentation to be  
14 made by City Planning and the City Budget office on  
15 the project and the financing of the project; that  
16 will take approximately an hour just to hear the  
17 actual presentation; we'll then turn to the panel for  
18 questions, which could take a while as well, so we're  
19 talking about two hours before we then get to people  
20 testifying both in opposition and in favor of this  
21 project and we'll try to alternate panels of people  
22 against and then people in favor.

23 We're gonna have to limit people to two  
24 minutes apiece, so if you're in the audience and have  
25

1 testimony, please in your head try to burn that down  
2 to two minutes, because that's how much you're gonna  
3 have. You know I try to be... give a little leeway,  
4 but if I give too much it throws the whole system  
5 off, so two minutes; we're gonna have a really  
6 annoying buzzer that goes off and bell that rings, so  
7 you'll know when your two minutes is up, but please  
8 try to do that. We will get to every one who wants  
9 to testify today, this afternoon and maybe this  
10 evening. So we will be here, but we would like that  
11 very much to try to be as concise as possible.

12 So with that in mind... [pause] Alright.

13 So, as I mentioned, this panel is gonna come in two  
14 separate segments, first I'd like to call up Deputy  
15 Mayor Robert Steel, Commissioner City Planning,  
16 Amanda Burden, Edith Hsu-Chen and Frank... is it  
17 Ruchala?

18 And now, do you want me to call the other  
19 names as well and that way you just... we'll call you  
20 as you come up, budget people? Well, we do have Mark  
21 Page here, Fredericka Cuenca... messed that one up...  
22 Carolyn Grossman from City Planning and Bill Picoli;  
23 they will come up [background comment] after the  
24  
25

1 first panel as completed their part of the  
2 presentation.  
3

4 We thank you for being here; we look  
5 forward to hearing your testimony and having you hear  
6 our questions, so whenever you're ready.

7 ROBERT STEEL: Good morning, Chairman  
8 Weprin, Councilman Garodnick and Members of the  
9 Subcommittee. My name is Robert K. Steel, Deputy  
10 Mayor for Economic Development.

11 On behalf of Mayor Bloomberg it's a  
12 privilege to be here this morning to provide  
13 introductory comments about the Mayor's holistic  
14 proposal to refresh and renew East Midtown, which we  
15 believe is critical not only to the future of this  
16 neighborhood, but to the entire New York City  
17 economy.

18 One of the key elements of Mayor  
19 Bloomberg's economic development strategy has been to  
20 prepare all of New York City for the economy of the  
21 21st century. This is why Mayor Bloomberg created  
22 the Applied Sciences Competition to double the number  
23 of engineer and graduate students and faculty in our  
24 city. But to succeed in the 21st Century and beyond  
25 New York will not only need the talent that companies

1                   demand, it will also need the infrastructure they  
2                   demand as well.

3                   New York's commercial stock is aging with  
4                   greater than 65 percent of a Class A space more than  
5                   50 years old. This is particularly true in East  
6                   Midtown where in the last two decades just one new  
7                   major building has been built. Today companies  
8                   seeking headquarter space with open floor plans, high  
9                   ceilings and other modern amenities simply cannot  
10                  find that space in East Midtown.

11                  The challenge we have identified is not  
12                  new and the Bloomberg administration is not the first  
13                  to attempt to address it. This area was rezoned two  
14                  decades ago and even then there was the hope that  
15                  this would spur redevelopment of the buildings and  
16                  the area around Grand Central, but that did not  
17                  happen.

18                  And so in 2010 the Department of City  
19                  Planning began work on a study of East Midtown, as  
20                  study grounded in three key principles. First,  
21                  transit-oriented development, two, contextually  
22                  appropriate development, third, pairing this with  
23                  private development with new investment in mass  
24                  transit infrastructure and the public realm.  
25

1                   The Administration's proposal for East  
2 Midtown will make adjustments to the neighborhood  
3 zoning that would encourage the development of a  
4 handful of new buildings over the next decade and  
5 then we believe another handful in the decade  
6 thereafter. Participation in the rezoning is limited  
7 to qualifying full avenue frontage sites that we  
8 believe will producing cutting edge, architecturally  
9 significant new buildings. The largest of the  
10 potential buildings, which require additional public  
11 review, is comparable in height to the Bank America  
12 building on Bryant Park, which was completed in 2009.

14                   Over this 20-year period new development  
15 would add only 5 percent more density to the  
16 neighborhood and that modest additional density would  
17 generate \$500 million or more for new investment in  
18 the City's infrastructure and public realm. This  
19 investment would be made possible by the proposals  
20 earned as-of-right framework. Projected development  
21 is expected to generate \$1 billion in new net tax  
22 revenue to our city and create more than 65,000  
23 construction jobs. Let me repeat that, a handful of  
24 new buildings, qualifying sites only, 5 percent more

1                   density, \$500 million for investment, \$1 billion of  
2 tax revenue and 65,000 jobs.

3                   Our proposal has undoubtedly been  
4 improved by stakeholder input over the last two-and-  
5 a-half years and we have made a number of key  
6 adjustments in response to feedback and suggestions  
7 since the ULURP process began in April and we would  
8 like to thank Speaker Quinn, Councilman Garodnick,  
9 Borough President Stringer, Community Boards,  
10 preservation advocates, the real estate community and  
11 labor for their engagement and suggestions.

12                   A northern landmark subdistrict has been  
13 added to facilitate the preservation of some of  
14 Manhattan's most important historic resources, as was  
15 an allowance for residential open space in response  
16 to specific feedback about the importance of  
17 encouraging a vibrant mix of uses in the  
18 neighborhood. The City has committed to prefunding a  
19 portion of the infrastructure and public realm  
20 investment before new development takes place and as  
21 will be described in greater detail shortly by Budge  
22 Director Page, the City will discuss potential  
23 financing mechanisms to ensure that proceeds remain  
24 in East Midtown.  
25

1  
2 And finally, last Thursday the  
3 Administration released a comprehensive plan to make  
4 East Midtown a great 21st century neighborhood by  
5 reclaiming, reimagining and rebuilding public spaces.  
6 Put simply, to improve the quality of civic life,  
7 this administration believes you must improve the  
8 quality of public space.

9 We hope you will see in this morning's  
10 presentations, thanks to important public input, that  
11 a plan that began with an ambition to modernize a  
12 business district has been broadened to become a  
13 vision to reimagine East Midtown as a 21st century  
14 neighborhood in every sense. This proposal has been  
15 significantly improve with your input and we're  
16 committed to working with the Council to finalize it  
17 in the coming weeks.

18 But let me stress, we believe this  
19 proposal is the very best way to ensure East  
20 Midtown's best days are still ahead of it.

21 Thank you for the opportunity to appear  
22 before you this morning; let me now turn the  
23 microphone over to City Planning Commission  
24 Chairwoman, Amanda Burden and her team, who can  
25

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   32  
2     answer any of your questions on the Mayor's proposal.  
3     Thank you so much.

4                   AMANDA BURDEN:   Thank you Mr. Deputy  
5     Mayor and good morning Chairman Weprin, Council  
6     Member Garodnick and City Council Members.   It is  
7     indeed a pleasure to be here today with you to  
8     present our rezoning proposal for East Midtown.

9                   The proposal is an essential step to  
10    ensure that this iconic area remains a world-class,  
11    highly competitive business district for decades to  
12    come.   East Midtown holds a critical position in the  
13    City's economy, in the region's vast transit system  
14    and in the identification of New York as a world  
15    capital of commerce.

16                  It is the densest of the City's job  
17    centers, with over 200,000 workers doing business in  
18    70 million square feet of office space with,  
19    importantly, the largest tax space supporting our  
20    municipal services throughout all of the boroughs of  
21    the City and it is home to some of the most prominent  
22    buildings of aspiration architecture, including the  
23    Chrysler Building, Seagram and the Lever House.

24                  The strength of East Midtown as a  
25    business district is inextricably linked to its



1                    unsurpassed transit access. East Midtown is home to  
2                    the majestic Grand Central Terminal and the adjoining  
3                    subway station complex. Already one of the nation's  
4                    busiest transit hubs, the Grand Central network is  
5                    undergoing significant ongoing investment with two  
6                    major public infrastructure projects already  
7                    underway; East Side Access and the Second Avenue  
8                    Subway.  
9

10                   For most of the past century, as East  
11                   Midtown became we could say the best business address  
12                   in the world, there was always a continuous  
13                   replenishment of the best in new office spaces,  
14                   ensuring that this district provided a full spectrum  
15                   of commercial space for the array of firms that  
16                   comprise New York's diverse economy. However, in the  
17                   past 20 years the replenishment of a newly  
18                   constructed Class A office space in East Midtown has  
19                   virtually come to a halt. Of its 400 buildings, 300  
20                   are more than 50 years old. Decades old zoning lies  
21                   at the root of this problem. Let me explain.

22                   In the 1980s East Midtown was downzoned  
23                   to encourage investment to the west of Sixth Avenue.  
24                   While this downzoning served the purpose of spurring  
25                   development on the West Side, it had also the effect

1 of freezing development in East Midtown. In fact, as  
2 the Deputy Mayor just reminded us, the last major  
3 office building development in the district was  
4 constructed in 1999.

5  
6 If we are to continue to have a world-  
7 class district with top tier state-of-the-art office  
8 space, we need to change the zoning, but carefully.  
9 This proposal promotes a modest but strategic amount  
10 of new Class A office space, but only on qualifying  
11 sites that are large enough to deliver significant  
12 new office buildings. Except for those few sites,  
13 the underlying zoning will be kept in place. Most of  
14 the urban fabric will remain untouched by this  
15 rezoning. At the same time as the building stock is,  
16 let us say refreshed, it is critical that  
17 improvements to both the pedestrian realm and transit  
18 network are made. The plan therefore requires that  
19 any new development on these select sites must first  
20 make an upfront payment into a fund to pay for new  
21 public investment in transit and pedestrian  
22 improvements, thereby coupling any development with  
23 public realm improvements.

24 Further, in order to implement critical  
25 infrastructure improvements before development takes

1 place, before development takes place, the Mayor has  
2 worked with OMB over the past many months to enable  
3 the city to be able to advance a significant  
4 proportion of these anticipated funds.  
5

6 These improvements will focus on the  
7 Lexington line at Grand Central Station. This  
8 commitment provides an extraordinary opportunity for  
9 priority capital improvements to be implemented  
10 immediately upon adoption of this rezoning, thereby  
11 setting the stage for future development and bringing  
12 the benefits of the plan to the public in the near  
13 term.

14 So, over the past three years our  
15 deliberations on this proposal have been informed by  
16 a consistently high level of engagement from a wide  
17 array of stakeholders. Our approach here is exactly  
18 the same as it had been for the 122 rezonings that we  
19 have together passed over the past 12 years,  
20 carefully targeting zoning changes to create limited  
21 opportunities for growth while preserving  
22 neighborhood character and ensuring that new  
23 development is tied to improvements to the public  
24 realm and always, always working with a community to  
25 listen and improve the plan.

1  
2           Significant refinements have been made to  
3 the East Midtown proposal as a result of this  
4 process, incorporating changes requested by Community  
5 Boards, elected officials and other stakeholders.  
6 These changes include encouraging a better mix of  
7 uses requiring groundbreaking sustainability  
8 standards that keep pace with advances in green  
9 building, providing the area's most famous iconic  
10 landmarks a wider selection of sites to transfer and  
11 sell their unused development rights and requiring a  
12 hotel special permit on qualifying sites.

13           We have also heard from many participants  
14 and particularly from Council Member Dan Garodnick  
15 about the need for a comprehensive framework for  
16 greening this district and for improvements to its  
17 public realm. Therefore since June a team of urban  
18 design consultants has been working with community  
19 stakeholders through a series of workshop to develop  
20 an area-wide plan for pedestrian improvements. This  
21 public realm vision plan, which was released last  
22 week, includes opportunities for dramatic new public  
23 spaces, greening and beautifying streets and  
24 providing targeted improvements at subway entrances.

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   37  
2       This is a giant step forward in reimagining East  
3       Midtown public spaces for the 21st century.

4                   The plan for East Midtown is a long-term  
5       plan if we are to unlock a necessary but limited  
6       amount of top tier new office development in the next  
7       decade which will also provide funding for much  
8       needed improvements to the area's pedestrian and  
9       transit-related networks; it is essential to put the  
10      zoning in place now.  If we are to set the stage for  
11      jobs and investment in this area for the next  
12      generation and take advantage of the Mayor's  
13      extraordinary commitment to advance a significant  
14      proportion of the anticipated funds so that capital  
15      improvements to Grand Central Subway Station can  
16      begin soon, the plan needs your support.  It will  
17      allow East Midtown to usher in the next generation of  
18      state of the art and competitive office space and  
19      ensure that the district maintains its vital role in  
20      support of the city's economy.

21                  Thank you very much and I'm gonna turn  
22      the microphone over to Edith Hsu-Chen, the Director  
23      of the Manhattan office of City Planning and Frank  
24      Ruchala, the Project Manager, who will explain the  
25      proposal in more detail.  [crosstalk]

CHAIRPERSON WEPRIN: Thank you.

AMANDA BURDEN: Thank you, Mr. Chairman.

EDITH HSU-CHEN: Yes. Thank you, Amanda.

Good morning, Chair Weprin, Council Member Garodnick and all Council Members. The Deputy Mayor and Commissioner Burden have gone through some very key fundamental, the key fundamentals to this proposal; allow me to go through some more background with facts and graphics on East Midtown and the need for this rezoning and then I will turn to my colleague Frank Ruchala, who will walk us through the Subdistrict proposal and then after Frank speaks we will then turn to Mark Page, the City's Budget Director, then we will hear from the MTA's Fredericka Cuenca and then from DCP's Carolyn Grossman on the public realm and then from our consultant, a representative from Landauer, Bill Picoli. After the City panel, the project team finishes speaking, Frank and I will be happy to field any questions or direct you to the best person to respond to your question. Okay, so let me note to Terry.

The area we are talking about today is bounded generally by East 39th Street on the, East 57th Street to the north, aligns shy of Fifth Avenue,

1 just a 150 feet east of Fifth Avenue and aligns down  
2 Third Avenue and one block of Second Avenue. East  
3 Midtown contains over 70 million square feet of  
4 office space and approximately a quarter million  
5 jobs. It is a powerhouse of a tax base for the City  
6 of New York.  
7

8 As the Deputy Mayor and Commissioner  
9 Burden noted, East Midtown is the City's premier  
10 business district; it is a veritable headquarter of  
11 headquarters, home to over a dozen Fortune 500  
12 companies among thousands of other businesses, large  
13 and small.

14 The foundation of the area's strength as  
15 a central business district, as a CBD, is that it is  
16 so accessible. Grand Central, of course, is a major  
17 regional transit hub with over 700,000 trips and  
18 transfers coming in and out of the terminal and  
19 adjacent subway stations on a daily basis.

20 Of course, the public sector is  
21 continuing to invest billions of dollars in the  
22 infrastructure in East Midtown; we have two major  
23 infrastructure projects underway. One on the left,  
24 The East Side Access project will bring new tunnels  
25 and a concourse below the terminal and will give Long

1  
2 Island Rail Road commuters a one-seat ride to East  
3 Midtown and completion is expected in 2019. There's  
4 also the Second Avenue Subway project; while it does  
5 not come directly into East Midtown, it will give  
6 East Side commuters an option to the 4, 5, 6 Lex  
7 line, thereby relieving some of the congestion on  
8 that line and completion of the Second Avenue  
9 Subway's first phase is expected in 2016.

10 Throughout most of the past century East  
11 Midtown has flourished as a business district, with  
12 continued growth with new commercial building. The  
13 area is home to some of the City's; indeed the  
14 nation's and the world's most iconic office towers,  
15 including this very small sampling right here, The  
16 Chrysler Building from the 20s, The Seagram from the  
17 50s and the AT&T and Sony building from the 80s.

18 However, this rejuvenation of office  
19 towers has come to a near standstill. You've heard  
20 the statistic from us and from others; the average  
21 age of buildings in East Midtown is almost 75 years.  
22 Of course it's not the age of the buildings; it's not  
23 the number that's the problem, it's the bones of  
24 these buildings; these buildings have very low floor-  
25 to-ceiling heights and numerous interior columns;



1 they also cannot offer the best in sustainability.  
2 Tenants today want higher floor-to-ceiling heights  
3 and open-floor place and they want the best in new  
4 green building technology. Older buildings have  
5 higher vacancy rates and they're more likely  
6 candidates for conversation and in fact it's worth  
7 noting that in the last slide we saw the AT&T  
8 building; that is slated to be converted to a  
9 predominantly residential hotel, uh excuse me, as a  
10 residential building with hotel.  
11

12 So as was noted earlier, in the past 20  
13 years there's only been one major new building  
14 constructed in East Midtown and this graphic shows it  
15 right here, 383 Madison, located at Madison and 46th  
16 Street.

17 At the heart of the problem is existing  
18 zoning. You can see here in the this map that the  
19 as-of-right density is about 15 and 12 FAR and this  
20 was, as Commission Burden noted, due to a downzoning  
21 in 1982. It is this as-of-right density that acts as  
22 a disincentive to redevelopment. So many buildings  
23 in the area are already at this FAR or well above it,  
24 so there is simply no incentive for a property owner  
25 developer to take down a building and rebuild a new

1  
2 one if the new building is required to be smaller  
3 than what exists today.

4 By way of example we have here a 17 FAR  
5 building shown in the corner and if that were to be  
6 taken down it could only be rebuilt at 15 FAR.

7 In 1992 the City tried to facilitate  
8 development around Grand Central Terminal, where we  
9 all believe density does belong at the transit hub,  
10 through the creation of a special permit that allowed  
11 up to 21.6 FAR through the transfer of development  
12 rights from a landmark, notably the Terminal. But  
13 that special permit process proved to be too costly,  
14 unpredictable, time consuming and it was only used  
15 once in the past 20 years and there are still  
16 leftover nearly 1.5 million square feet of unused  
17 floor area sitting atop Grand Central Terminal.

18 Now every world-class business district  
19 deserves a world-class public realm, a world-class  
20 neighborhood, but there are pedestrian realm and  
21 transit network challenges in the area as well. We  
22 all know the experience of commuting or going into  
23 the area by the 4, 5, 6 line; many people have  
24 compared it to the daily salmon run, it's very  
25 congested to get off the train onto the platform, up

2   the stairs to the mezzanine, up to the concourse; to  
3   the street. There are also many moments of  
4   congestion on the sidewalks in East Midtown.

5                   Without taking action now we will not see  
6   new construction of new office buildings and what  
7   happens is the needs of the Class A tenants go unmet  
8   and the dynamic and strong market begins to break  
9   down and tenants begin to look elsewhere to look for  
10   office product that meets their needs. At the same  
11   time, the transit and pedestrian network challenges  
12   that are in the area will not be addressed and what  
13   happens then is the City, we are going to fail to  
14   maximize the full potential of the huge public  
15   investment we have put into the infrastructure and we  
16   will not maximize our full potential for jobs and tax  
17   base.

18                  So what our rezoning is doing, over  
19   arching goal, is to ensure a better future for East  
20   Midtown by encouraging, by incentivizing for a  
21   handful of new development. This is a strategic but  
22   limited amount of new office construction and we  
23   would couple new office construction with  
24   improvements to the public realm. And we would do  
25   all this also with provisions that ensure the new

1  
2 development in East Midtown compliment ongoing office  
3 construction elsewhere in the City. So the time is  
4 now and it is imperative that we take action on this  
5 rezoning.

6 I will turn now to Frank Ruchala, who  
7 will walk us through the Subdistrict proposal and  
8 again, after Frank speaks, we will turn to the second  
9 part of the City panel. Thank you.

10 FRANK RUCHALA: Good morning, Council.  
11 So more of the technical aspects of this proposal and  
12 then questions for it.

13 What the proposal at its core is is a new  
14 Subdistrict, shown here in red, in the Special  
15 Midtown District. In this District -- and this is  
16 not typical of most of our rezonings -- most existing  
17 zoning rules stay in place, but instead what this  
18 zoning is focused on is a new special type of site,  
19 what we have called a "Qualifying Site." And that  
20 site would be required to have a minimum of 25,000  
21 square feet of lot size and a full avenue frontage  
22 and the point of that is that this was what we  
23 believe to be the minimum necessary to construct a  
24 new Class A commercial building in Midtown.

1                   So if you have a site like this in the  
2  
3 area you would be able to use a new incentive zoning  
4 mechanism, just like others we have in other parts of  
5 the Zoning Resolution; this called a District  
6 Improvement Bonus. And as the Deputy Mayor  
7 described, this is effectively an earned as-of-right  
8 provision, but this would allow the sites that meet  
9 those qualifying site requirements the ability to use  
10 a District Improvement Bonus through per square foot  
11 contributions into a District Improvement Fund for  
12 improvements to the area's pedestrian realm and  
13 transit network.

14                   The maximum FAR for the sites would be  
15 different in different areas of the Subdistrict. The  
16 highest densities would be permitted around Grand  
17 Central Terminal; this to the point that we believe  
18 the highest density should be located where the best  
19 transit access is located, right around the Terminal.  
20 From there densities would drop further down, 21.6 in  
21 the area just beyond the Terminal and also along Park  
22 Avenue and then further to 18 and 14.4 along northern  
23 Madison, Lexington and Third Avenue.

24                   The rate for use of the District  
25 Improvement Bonus, the per square foot rate, which is

1 included in the text and we'll talk about more in a  
2 bit, is \$250 per square foot for commercial use and  
3 \$360 per square foot for residential floor area. On  
4 average, when you add it up, each site, depending on  
5 their overall size and maximum FAR, would contribute  
6 approximately \$15 million into the District  
7 Improvement Fund.  
8

9 And on the right what we show are those  
10 sites that we believe would actually be the most  
11 likely to utilize this new zoning. In total over the  
12 long-term we identified 12 sites that would actually  
13 use this zoning, predominantly focused on southern  
14 Madison really, between 39th and 49th, with some more  
15 limited development along Park Avenue and beyond.

16 In total, adding all of those sites up,  
17 this would generate, as the Deputy Mayor said, more  
18 than half-a-billion dollars for improvements to the  
19 pedestrian realm and the transit network in East  
20 Midtown. The rates are adjusted annually through a  
21 mechanism that's incorporated into the text, intended  
22 to actually make sure that these rates adjust over  
23 time based on market conditions in Midtown and also  
24 one of the things that the Commission added, looking  
25 at this based on community input, was the idea that

1 we should check in on these numbers every so often to  
2 determine that they continued to actually track  
3 market rate and so there is a requirement that these  
4 numbers be reappraised every three to five years.

5 To give a sense of scale of buildings at  
6 these densities, 21.6 FAR; this is scales of  
7 buildings that we actually already have in East  
8 Midtown today, 383 Madison is that density already; a  
9 building downtown comparable to that is 200 West,  
10 which is the Goldman Sachs building; 24 FAR is  
11 actually comparable to the One Bryant Park building,  
12 which is located just to the west of the Subdistrict.

13 You can see here in scale, actually  
14 looking at these densities, 18, 21.6 and 24, modeled  
15 in comparison to buildings that we've built recently  
16 in the City, other existing commercial skyscrapers,  
17 both in Midtown and in Lower Manhattan, and you can  
18 see that the scale of these buildings, again, are  
19 really in the sale of Midtown, these are not  
20 buildings of any larger size; we're actually looking  
21 at densities comparable to what we are already seeing  
22 today.

23 So if you have a Qualifying Site and you  
24 contribute into the District Improve Fund, there are  
25

1  
2 a series of other requirements that one has to meet  
3 and the intention of these are actually to make sure  
4 that the development that we're looking for in the  
5 area is actually provided in these new buildings.

6 First, permitted uses, where the original  
7 proposal required only commercial uses and in zoning  
8 that meant office, hotel and retail use. One of the  
9 things that we heard a lot of testimony on was the  
10 idea of modifying this to incorporate a greater mix  
11 of uses, including residential, but also focusing on  
12 whether hotels were the appropriate uses as-of-right  
13 for these sites and so the proposal was modified.  
14 What we allow is a minimum of 80 percent of the new  
15 building must be office or retail use and then the  
16 remaining maximum of 20 percent can be a mix of  
17 either hotel or residential use. And this is  
18 important, any more hotel use, if one was trying to  
19 for example build a full hotel on one of these sites  
20 would require a special permit that's included in the  
21 proposal. So the intention of this is to make sure  
22 that we are focusing on as-of-right office  
23 development, which we believe is necessary for this  
24 area's long-term success, but allowing for  
25



1 flexibility of other uses through that special permit  
2 process.  
3

4 There are a series of other requirements;  
5 again, speaking to the goals of the proposal. First,  
6 for the first time in zoning, actually requiring  
7 buildings out-perform the New York City Energy Code  
8 by a minim of 15 percent and the idea of this is that  
9 these buildings have to achieve higher standard. And  
10 looking at this what we looked for was the highest  
11 standard that we could find and we... what we utilized  
12 was One Bryant Park, which is to date the best-  
13 performing recent building in the City and our  
14 requirement would actually track that performance of  
15 One Bryant Park.

16 In addition and something we spoke about  
17 before, making sure that what we're doing in East  
18 Midtown compliments what's going on in Hudson Yards  
19 as well as Lower Manhattan. A requirement that  
20 building permits for this new development through  
21 this rezoning are only able to be utilized starting  
22 in July 2017; that was five years from when we  
23 actually began discussing the proposal publicly.

24 The point of that is it gives those other  
25 areas of the City time to anchor; Hudson Yards is at

1 the point where actually the subway opens next year  
2 and also Lower Manhattan, with the first of the  
3 office buildings actually beginning to be tenanted at  
4 the Trade Centers site.  
5

6 One of the things we heard a lot of  
7 testimony on at the Commission was whether there was  
8 any flexibility in that requirement, and you'll hear  
9 testimony today about whether buildings of smaller  
10 sizes in East Midtown actually compete against any of  
11 the development in Hudson Yards and Lower Manhattan.  
12 So the Commission modified the proposal to allow  
13 sites of less than 30,000 square feet to actually use  
14 the District Improvement Bonus upon enactment;  
15 anything larger than that would be required to still  
16 wait till July 2017.

17 And finally, buildings that have more  
18 floor area than permitted today, what we've been  
19 calling overbuilt buildings, have the ability to  
20 maintain their overbuilt floor area in a new  
21 development for a discounted rate of the District  
22 Improvement Bonus set at 50 percent. So if the rate  
23 is \$250 for commercial; 50 percent, \$125 per those  
24 square foot; any additional amount would be through  
25 the full rate.

2 So if that is the overall intent of the  
3 as-of-right density zoning framework, we in addition  
4 included a new special permit for particular parts of  
5 this Subdistrict to allow greater densities in  
6 exchange for great proposals and that's why we call  
7 this a Superior Development Special Permit.

8 The allowance for Qualifying Sites  
9 directly around the Terminal and along Park Avenue to  
10 the north have the ability to obtain higher overall  
11 densities through provision of on-site public  
12 amenities, both above-grade and below, as well as  
13 going through the full public review process of  
14 ULURP. This would through that process determine the  
15 maximum densities permitted on the site that could  
16 then be obtained through the District Improvement  
17 Bonus or transfer some landmarks. The maximum would  
18 be allowed to be up to 30 FAR in the green square  
19 around Grand Central Terminal and up to 24 FAR along  
20 Park Avenue.

21 To give a sense of scale there, again, 30  
22 and this is something the Deputy Mayor pointed out,  
23 again, 30 FAR really is in scale here, talking about  
24 buildings that are similar to One Bryant Park, given  
25

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   52  
2     the site size and the densities we're talking about  
3     in East Midtown.

4                   Two specific subareas are in the proposal  
5     also and they actually include special rules for  
6     transfers from area landmarks, as well as some urban  
7     design requirements that really fit the existing  
8     character of those portions of the Subdistrict.

9                   I'll start with the Grand Central  
10    Subarea. Today in the zoning, as Edith actually  
11    mentioned, there is an existing Grand Central  
12    Subdistrict in blue and that allows for broader  
13    transfers where typically transfers are only  
14    permitted across the street or adjacent of firm  
15    landmarks; this allowed for transfers to the entire  
16    blue area. The proposal expands the area where  
17    transfers were permitted and also allows those  
18    transfers to the qualifying sites as-of-right,  
19    allowing for a broader range of transfers from this  
20    area's landmarks.

21                  For Qualifying Sites to use this  
22    provision a minimum use of the District Improvement  
23    Bonus of 3 FAR, after which additional density could  
24    be obtained either through the District Improvement  
25    Bonus or through transfers from landmarks.

2                   We think in total by broadening the area,  
3 by making for an as-of-right transfer, improves the  
4 opportunities for landmarks in this portion of the  
5 Subdistrict to transfer their unused development  
6 rights.

7                   In addition, in the Grand Central Subarea  
8 we actually focused a lot on the actual urban design  
9 requirements so that new development both meets the  
10 existing character of the area and actually improves  
11 the character of the area. We require, actually for  
12 the first time in Midtown, sites of this subarea  
13 provide transit entrance easements. The point of  
14 this is to connect to the below-grade transportation  
15 network of Grand Central Terminal and allow  
16 opportunities for on-street access.

17                   Additionally, along Madison and Lexington  
18 Avenue, on the bottom left, we actually require  
19 sidewalk widenings for new developments; the point  
20 there being, to deal with some of the narrow  
21 sidewalks on those streets, some of the narrowest in  
22 Midtown, and actually require new buildings in fact  
23 improve the pedestrian realm in front of their  
24 buildings.

1  
2 We also focus a lot on the streetwall  
3 requirements of buildings, making sure that new  
4 development is in character with the surrounding  
5 buildings and also for the first time actually  
6 require retail on side streets, given one of the  
7 things we found a lot of, was the great deal of  
8 retail and pedestrian character on those side  
9 streets.

10 So with the original proposal had this  
11 Grand Central Subarea, one of the things we heard a  
12 lot of testimony on was the point about the northern  
13 landmarks and whether they too should have a similar  
14 opportunity to transfers similar to the Grand Central  
15 Subarea.

16 The northern area contains some of the  
17 City's most iconic landmarks, definitely in Midtown,  
18 St. Patrick's, St. Bart's, Central Synagogue, as well  
19 as some other more modernist iconic landmark office  
20 buildings, including Lever House. And so the  
21 proposal includes a Northern Subarea similar in many  
22 respects to the Grand Central Subarea and this allows  
23 transfers throughout that broader area, from those  
24 areas' landmarks, to the Qualifying Sites as-of-  
25 right; again, above minimum required use of the

1  
2 District Improvement Bonus; the point being that each  
3 new development comes with improvements of the  
4 pedestrian realm through the Fund.

5           Now let's talk about the Fund and we'll  
6 talk about this I think a great deal over the next,  
7 but just to give a series of introduction slides; one  
8 of the things that we looked at a great deal at were  
9 what were the needs of this area and the MTA has been  
10 looking at the needs of the area's subway stations in  
11 particular for a number of years. The focus of what  
12 they will talk about is really that as of today the  
13 main issues of this Subdistrict are focused at the  
14 Grand Central Subway Station, at like up the  
15 Lexington Line.

16           And so the MTA has identified and we'll  
17 go through it today, a series of improvements that  
18 could be funded through the District Improvement Fund  
19 that actually improves the overall Station, not only  
20 for users today, but also for the users throughout  
21 the existing Lexington Line, both in the Bronx and in  
22 Brooklyn.

23           They also have looked at each of the  
24 other stations, so in the long-term improvements  
25 through the Fund could actually be made.

1  
2           And then above-grade, and we'll talk  
3 about this separately, looking at the above-grade  
4 public realm, and one of the things that we spent a  
5 lot of time on was below-grade, was looking at the  
6 subway network, but as part of this process, saw that  
7 a great deal of discussion wanted to be focused on  
8 the above-grade pedestrian realm; what were the  
9 improvements and issues there, and we'll talk about  
10 this in a bit, but looking at the plan that was  
11 produced for that public realm, looking at specific  
12 improvements there.

13           We'll talk about early funding; important  
14 to remember, in July the Mayor announced that the  
15 City would advance a significant portion of funds for  
16 improvements to this area and the zoning text allows  
17 for this through creating an option for use of the  
18 District Improvement Bonus' monies to pay back any  
19 use of an early funding mechanism and the point of  
20 this is important to remember, as we've said, is to  
21 actually allow people in this area to see the  
22 benefits of the rezoning before development itself  
23 actually takes place.

24           And the proposal spent a great deal of  
25 time looking at that after early funding,



1 specifically about how the funds of the District  
2 Improvement Fund should be utilized and creates a  
3 District Improvement Fund Committee to do so; we can  
4 talk about questions about that moving forward.

5  
6 So finally, before we move to the next  
7 series of panel; why we need to put rezoning in place  
8 now. What we think this does is it ensures that East  
9 Midtown remains an economic engine for the entirety  
10 of the City and produces revenue and taxes and jobs  
11 that the City overall needs. Second, it sets the  
12 stage for the new development in the area by  
13 providing early funding for improvements to the area.  
14 Third, it unlocks a limited but necessary amount of  
15 new office space over the long-term for this area's  
16 continued overall office stock and then finally,  
17 through that allows for the creation of an overall  
18 fund to make improvements to the area over the long-  
19 term and lastly, allows for new opportunities for  
20 landmarks in this area to transfer their unused  
21 development rights.

22 So that is the first half of our  
23 proposal.

24 CHAIRPERSON WEPRIN: Right. So what we  
25 have now; why don't we have the second panel come up,

1 switch places. We're gonna wait on questions  
2 [background comment] until after the second panel,  
3 the finance panel. Gentlemen... is it all... and lady,  
4 please come up and you could state your name when you  
5 get up there. It's gonna be a little unwieldy 'cause  
6 we'll have questions for both panels, so you guys  
7 will play a little bit of musical chairs; I hope you  
8 don't mind. But Mr. Page and your team, come on up  
9 and you can describe for us the financing and the MTA  
10 improvements.  
11

12 [background comments]

13 Okay. Okay Ms. Grossman, you're in  
14 charge of figuring out who goes first. Okay.  
15 Alright. And make sure to state your name for the  
16 record when you speak and proceed with you're ready.

17 MARK PAGE: Good morning, I'm Mark Page,  
18 Director of Management and Budget, New York City and  
19 I'm here to talk about how the new revenue resulting  
20 from the use of the proposed new zoning will actually  
21 flow and be made available for improvements in this  
22 district.

23 I think it's worth noting that the full  
24 capacity for building in the district will require  
25 the payment of a DIB revenue; the actual timing of

1           that payment for any particular property is required  
2           as a precondition do the property obtaining a  
3           building permit so that as time goes on the money  
4           actually comes in before the actual construction of a  
5           new building so that it will in fact be available  
6           ahead of whatever additional stress on the area might  
7           be created by building a new building.  
8

9           We have spent a fair amount of time  
10          thinking about the mechanism to make certain that  
11          these revenues will in fact be kept separate from  
12          city revenues in general and therefore will be  
13          available for improvements and mitigation in this  
14          district as a specific source with this defined  
15          purpose and not able to be diverted to other purposes  
16          in the City.

17          The additional structural piece here that  
18          has been referred to in other testimony this morning  
19          is a sense that it would be appropriate to spend some  
20          amount of this future resource upfront, basically, as  
21          the zoning authorization is put in place. We've  
22          spent a considerable amount of time and thought over  
23          the summer on considering the best structure to  
24          enable us to achieve that; we have established a  
25          local development corporation under the New York

1 State Not-for-Profit Law, known as EMIC, which we see  
2 as the structural vehicle to enable us basically to  
3 borrow some amount of money upfront that will be  
4 payable from DIB revenue as it comes in over time.  
5 It's really just a mechanism to realize the value of  
6 the expected revenue stream ahead of when the revenue  
7 comes in and then to use the initial portion of the  
8 revenue as it comes in to pay back that initial sum  
9 spent for improvements in the district.  
10

11 We have a number of sort of possible  
12 mechanical ways of doing this using EMIC and I would  
13 expect that in the next days really we probably could  
14 come to a conclusion as to which option looks like  
15 the most cost-effective and reliable of the ones that  
16 we're looking at. Thank you. [crosstalk]

17 CHAIRPERSON WEPRIN: Alright, uh  
18 Mr. Page; uh next. Please state your name.

19 FREDERICKA CUENCA: Good morning, I'm  
20 Fredericka Cuenca; I'm Director of Corporate  
21 Initiatives at the MTA and I'm pleased to be here  
22 this morning to talk with you about transportation  
23 infrastructure in East Midtown, what's here now,  
24 what's coming and what could be. Okay.  
25

2                   So as the other representatives from the  
3 City have talked about, the transit is the life blood  
4 of East Midtown, it's essential; no one's gonna argue  
5 that. We have 700,000 trips that come out of these  
6 Midtown stations; that's over 10 percent of the  
7 subway and rail customers that we carry every day; 80  
8 percent of the workforce arrives on transit. And  
9 just looking at the busiest hour of the A.M. rush,  
10 29,000 City residents make their way from Brooklyn,  
11 Queens, Bronx; other parts of Manhattan exit at Grand  
12 Central and make their way to work; 15,500 exit at  
13 53rd and 51st Lex Station. In addition, there are  
14 neighborhood residents who use these stations to go  
15 to work in other parts of the City and commuters of  
16 course who come from all over the region.

17                  These New Yorkers have travelled on a  
18 system which thanks to the MTA Capital Program is  
19 very reliable. And for the first time in a  
20 generation we are going to expand, which will impact  
21 the way people travel to and through the area.

22                  The 7 extension will serve the far West  
23 Side and New York City Transit is also upgrading the  
24 signal system that will increase reliability and line  
25 capacity.

1  
2 Phase I of the Second Avenue Subway will  
3 give people on the Upper East Side a great way to  
4 travel to the West Side and because of this it  
5 decreases congestion on the Lex Line by over 10  
6 percent. East Side Access will provide tremendous  
7 benefits for people who travel to East Midtown.

8 Right now half of Long Island Rail Road's  
9 customers make their way to work on the East Side by  
10 subway, by taxi, by bus; East Side Access is gonna  
11 take them right where they wanna go.

12 We're also creating new pedestrian spaces  
13 with a concourse, new exits and connections into  
14 Grand Central Terminal; it's going to add  
15 significantly to the pedestrian network that we  
16 already have in the area.

17 So the bottom line is there's tremendous  
18 public investment in transit infrastructure that's  
19 going on to make East Midtown even easier to get to.

20 CHAIRPERSON WEPRIN: Could you give us  
21 the timeframes -- go back one slide -- just tell us  
22 [crosstalk]

23 FREDERICKA CUENCA: Sure.

24 CHAIRPERSON WEPRIN: what the timeframes  
25 are now on the 7th Avenue, 7 train? [crosstalk]

1  
2           FREDERICKA CUENCA: The 7 is coming in at  
3 the middle of next year, Second Avenue Subway is in  
4 2016 and East Side Access 2019.

5           CHAIRPERSON WEPRIN: Thank you.

6           FREDERICKA CUENCA: But we know we can do  
7 more to improve the area's transit network. The  
8 City's proposal incorporates important improvements  
9 that will benefit our customers that travel to and  
10 from East Midtown every day.

11           Let's take a close look at Grand Central.  
12 So right now, as you travel through Grand Central  
13 Subway Station at rush hour you'll probably encounter  
14 a series of choke points; there are stairs that are  
15 very crowded from the platforms to the mezzanine; you  
16 many come up to the top of the stairs on the  
17 mezzanine and you're facing a wall, you're not sure  
18 where you are and then you'll encounter another crowd  
19 as you move from the mezzanine to the street. And on  
20 the platforms of course it's very crowded; can't give  
21 you a crowded picture here, 'cause then you won't be  
22 able to see the infrastructure, but these very wide  
23 columns around the staircase make it hard to get to  
24 the stairs or to move along the platform; where there  
25 are open spaces, people use them. So this picture

2   here on the bottom shows a guy making his way through  
3   a very narrow space 'cause it's provided a new  
4   pathway for him.

5                   And this platform congestion has  
6   repercussions up and down the line.   Since people  
7   can't get on and off the train, the train stays in  
8   the station longer than it's scheduled to and that  
9   delays the trains behind it.   We schedule 29 trains  
10  an hour during the A.M. rush, but we can only get 26  
11  trains through.

12                  So let's go through how these problems  
13  play out in this drawing of the Lexington Avenue  
14  mezzanine.   Now here I'm gonna do a little Vanna  
15  White, but I might be a little short, so... so...

16                  CHAIRPERSON WEPRIN:   You just gotta keep  
17  the mic as close to you as possible... [crosstalk]

18                  FREDERICKA CUENCA:   Okay.   Alright, I  
19  think this... [crosstalk]

20                  CHAIRPERSON WEPRIN:   unless you can  
21  recruit a new Vanna White.   'Kay.

22                  FREDERICKA CUENCA:   Uh well maybe I'm  
23  gonna... I'll get a... I'll get somebody to help me here  
24  so I can stay with the mic.   Okay, so this is Gina  
25  McLean [phonetic] from New York C Train.   So again,



1                   here's the main entrance to the subway, the station;  
2                   this is the escalator and stairs that go up and down;  
3                   I'm sure if any of you have been... come into the  
4                   station from Grand Central you're gonna be familiar  
5                   with this area; it's very crowded with people coming  
6                   out of the station and people going in. And the  
7                   mezzanine past the turnstile, people coming in are  
8                   mixing with the people coming off of the 7 escalators  
9                   and the people who are using the two stairs on the  
10                  south end of the platform. Yeah, those two.

12                  So these two stairs are among the most  
13                  crowded in the station, because everyone at the south  
14                  end of the train uses them to go up and everyone  
15                  coming into the station, because of the configuration  
16                  of the turnstile, is directed, funneled right to  
17                  those two staircases.

18                  And at... now, at the other end of the  
19                  platform these two stairs here are very narrow and so  
20                  they get very crowded, as is the stair that goes up  
21                  to Lexington Avenue.

22                  Finally, the closed-off area in the  
23                  middle makes the station hard to navigate; you can't  
24                  really see where you are and you're not sure how to

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make a transfer and as I said, of course the platforms are crowded too.

So the good news is that through a series of phased, discreet projects targeted at these very congested areas, we can make the station work much better for people.

So let's go down to that southwest end of the station. We can add two new stairs from the platform up to the mezzanine; now there are four stairs where there use to be only two stairs. We can also add another stair from Grand Central Terminal down to the mezzanine. Now people who are entering the station can come down that stair and people exiting can use the other side. We can also reconfigure the turnstile area so that people are directed to all four stairs rather than just the two.

At the other end of the platform, those very crowded stairs, we can add more stairs; that area in yellow, and open up a new mezzanine space and we can also widen the stair to Lexington Avenue.

Now down on the platform we can also replace those big concrete stairs with narrower, open steel stairs like we've used in other stations. This change makes more room on the platform and makes it

1  
2 easier for people to get on and off the train. As a  
3 result, the train stays in the station for less time,  
4 which has benefits up and down the line, with more  
5 reliable service and increased capacity.

6 So what's the sum total of all this? In  
7 the end we've increased stair capacity by 40 percent,  
8 we've added new mezzanine space and made it easier  
9 for people to move through the station; we've  
10 directed people away from the congested areas. We  
11 estimate these improvements require an additional  
12 \$100 million in funding, as we've included funding  
13 for some of these projects in our current capital  
14 program.

15 We've been studying these improvements  
16 for a while and we know a lot about them and what's  
17 involved, so we're eager to move them along.

18 Now, new staircases in an existing subway  
19 station may not grab everyone's imagination as the  
20 most exciting new investment, but these kinds of  
21 improvements are the best way to relieve congestion  
22 in the station and get it ready for future growth.  
23 Increasing these numbers of stairs will be noticeable  
24 to the 100s of thousands of people who use these  
25

1 stations every day and to the people on the lines who  
2 go through these stations.

3  
4 We also have additional ideas that can  
5 accommodate growth over the long-term. We'll be  
6 looking at the timing of these improvements and  
7 assessing them against overall ridership and the  
8 City's employment growth, development in East  
9 Midtown, Metro North and East Side Access ridership  
10 and those travel patterns and development along the 7  
11 line. So let me share some of this with you.

12 We're gonna create... we can create an  
13 entirely new way of moving through Grand Central  
14 Terminal, East Side Access and the subway station.  
15 The goal of these improvements is to move people away  
16 from the congested areas by giving them a new way to  
17 travel through the space. So we can extend the end  
18 of that Long Island Rail Road concourse and create a  
19 new passageway for Metro North's lower level trains  
20 into a new subway mezzanine where people would be  
21 able to transfer to all of the lines in Grand Central  
22 Subway Station.

23 And we can improve the connections off of  
24 the west end of the 7 platform by reconfiguring the  
25 space. So we can add two more escalators and a

1                   stair; these would connect up to that mezzanine that  
2  
3                   I just showed you and two would come up into the  
4                   shuttle passageway, there, which as you can see from  
5                   the picture, there's quite a bit of room in that area  
6                   and it would take those seven escalators out of that  
7                   very congested mixing bowl. So the sum total of  
8                   these projects is a much better Grand Central  
9                   Station.

10                   We also have thoughts for other stations,  
11                   so again, taking the same kind of approach, looking  
12                   at where there are key points of congestion, we would  
13                   address those specifically. So anyone who's  
14                   transferred between the E and M and the 6 train knows  
15                   that there's a lot of congestion there, so we can  
16                   widen that, that staircase and maybe add another  
17                   stair going back to the platform; also, on the E M  
18                   platform there's... we can widen some of the escalators  
19                   or speed up the escalators. So again, taking that  
20                   same kind of choke point approach of strategic  
21                   investments.

22                   So what I've shared with you is our  
23                   approach for making the robust transit network in  
24                   East Midtown work even better. As the City grows and  
25                   changes it's vital that we find ways to accommodate

1 growth in the transit system and that we have two new  
2 types of revenue streams to support investment.

3 MTA'S improvements both in new services and in the  
4 existing system will bring great benefits for people  
5 who travel to East Midtown and to travelers in the  
6 region as a whole.

7  
8 CHAIRPERSON WEPRIN: Okay. Carolyn, are  
9 you next?

10 CAROLYN GROSSMAN: Good morning Council  
11 Members. I'm just gonna talk very briefly about... My  
12 name is Carolyn Grossman; I'm Director of Government  
13 Affairs for the Department of City Planning. I'm  
14 gonna talk briefly about the Public Realm Vision  
15 report which was released last week and which you  
16 have a copy on your desks this morning. [background  
17 comment] Great.

18 So in the spring of this year, in  
19 response to requests from the local Community Board,  
20 the local Council Member and others, the City  
21 embarked on a Public Realm Vision process; the City  
22 team being City Planning, The Department of  
23 Transportation, the Mayor's office, as well as a  
24 private team of Jonathan Rose Companies; is a local  
25 architectural and planning firm, Jan Gehl Architects,

1 and international urban design firm that has  
2 significant experience in New York City and Skanska,  
3 an engineering firm.  
4

5 This team was brought on to help the City  
6 really come up with a comprehensive vision for what  
7 kinds of public realm improvements mattered most to  
8 East Midtown and to lead a community visioning  
9 process to identify those projects which would be  
10 most catalytic and important to really refreshing the  
11 public realm in the same way that we are proposing to  
12 refresh the building stock.

13 The area of East Midtown does not have  
14 significant public space, unlike other areas, like  
15 Bryant Park, so the goal here was really to take  
16 what... what East Midtown has, which is its streets,  
17 sidewalks and public spaces and to reimagine them for  
18 public use in a 21st century environment.

19 The consultant team went through a  
20 significant public outreach process, both identifying  
21 sort of all of the needs that the area had, the areas  
22 of importance, doing initial designs, design hunches,  
23 as they were, and then bringing the community through  
24 that process to really refine and prioritize which  
25 projects rose to the top; that included three

1  
2 workshops that were held throughout the spring and  
3 summer and punctuated by the release of the report  
4 last week.

5           The consultant team also did a  
6 significant amount of data research of its own, as  
7 well as building upon research that had been done by  
8 the City teams, really looking at how people are  
9 using the space in East Midtown today, where they're  
10 walking, where the congestion points are, what spaces  
11 they're using and where people are really stopping.  
12 So I think one key objective that came out of the  
13 report is that people move a lot through East  
14 Midtown, but what's been missing is the places to  
15 stop to enjoy East Midtown and to really envision it  
16 as a place unto itself.

17           So emerging from that work were three  
18 major themes which are the organizational principles  
19 of the report in front of you. One was to create a  
20 grand entrance for New York City; many other transit  
21 centers around the world are situated in public space  
22 and really have an identity unto themselves. The  
23 idea here, really coming from community input, was to  
24 give Grand Central that same kind of identity by  
25 locating it within a grand carpet of public spaces.



1  
2           Additionally, this is an area that has  
3 lots of people on the move to really strengthen the  
4 circulation patterns and connections, both on an  
5 east/west and north/south basis and then really  
6 refreshing the streetscape and looking throughout the  
7 district for opportunities to create greeting, sort  
8 of beautification and 21st century amenities that  
9 support both the business district and the local  
10 neighborhood.

11           Some of the projects which emerged here;  
12 again, looking at Grand Central, really encapsulating  
13 it with grand new public spaces surrounding the  
14 Terminal -- this is Pershing Square South -- building  
15 upon work the Department of Transportation has  
16 already been doing on the western side from 41st to  
17 42nd; the plan proposed to extend that plaza for an  
18 additional block south as well to the east, combining  
19 both the airport buff sort of interim location today,  
20 Library Way, which is a connector street on 41st  
21 heading towards the New York Public Library, and  
22 these two streets to really create a place of majesty  
23 to appreciate the Terminal, to sit, grab a coffee,  
24 have a meeting and really just improve the  
25 circulation in the area.

1  
2 Moving to the west of the Terminal the  
3 plan considers a partial pedestrianization for  
4 Vanderbilt Avenue, particularly focusing on 42nd to  
5 43rd Streets, but also allowing for a flexible space  
6 that includes pedestrianization and vehicle drop-offs  
7 on blocks farther north, as well as really  
8 considering creating a majestic public walkway on the  
9 viaduct itself; this is something that really  
10 emanated from community considerations; people have  
11 been able to access this space after Summer Streets  
12 and we heard a real desire to be able to look at  
13 Grand Central in this area from a different vantage  
14 point, much like the High Line experience further  
15 south.

16 To the east of the Terminal the plan  
17 contemplates using Grand Central Market as a focal  
18 point to draw people farther east, as well as to  
19 alleviate some of the congestion that occurs right in  
20 front of the Terminal on the Lexington Avenue side by  
21 creating additional pedestrian space.

22 In terms of circulation patterns the plan  
23 considers both improvements to Park Avenue, creating  
24 a pedestrian amenity in the Park Avenue median and  
25 really putting the park back in Park Avenue, as it

1 historically once stood, as well as the potential for  
2 creating bike access, which currently does not exist  
3 on a north/south basis within this area, as well as  
4 creating world-class [phonetic] street on 53rd  
5 Street, connecting the two subway spaces there.  
6

7 And in terms of the overall district  
8 amenities, really looking at opportunities to create  
9 a better experience, particularly at congestion  
10 points like subway entrances -- this image to the  
11 bottom here shows you the ability to create bold outs  
12 [phonetic] on major congested streets that are  
13 coupled with pedestrian amenities, way-finding  
14 measures and ability to make the subway entrances  
15 more visible and more beautified.

16 I'll hand it over to Bill Picoli, who's  
17 going to speak briefly about the appraisal method for  
18 the District Improvement Contribution rates.

19 WILLIAM PICOLI: Good afternoon, my name  
20 is William Picoli; I'm a Senior Managing Director  
21 with the Landauer Valuation and Advisory appraisal  
22 and consulting firm. I've been appraising commercial  
23 real estate primarily in Manhattan for 28 years. I'm  
24 a state-certified appraiser and I hold professional  
25 membership designations awarded by the Appraisal

1  
2 Institute, Counselors of Real Estate and the Royal  
3 Institute of Chartered Surveyors.

4 Landauer Valuation and Advisory was hired  
5 by EDC do prepare two market study reports to  
6 determine an approximate average value for  
7 Development Improvement Bonus floor area for  
8 development of Qualifying Sites under the proposed  
9 East Midtown rezoning. I'm a co-author of the  
10 Landauer Valuation and Advisory Reports. The intent  
11 of the DIB is to promote development of new  
12 competitive office product.

13 Given that the rezoning proposal provides  
14 for a mix of commercial and residential redevelopment  
15 uses, the two reports reviewed the provisions of the  
16 proposed rezoning as of April 22nd, 2013 and as  
17 amended on July 17th, 2013, along with relevant  
18 market data to determine approximate average  
19 Development Improvement Bonus values for these two  
20 use categories.

21 The values of the commercial and  
22 residential Development Improvement Bonuses were each  
23 determined by two methods.

24 The first method used a direct method of  
25 valuation that examines actual sales of excess

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   77  
2   development rights. The relevance of the direct  
3   method is that it is based on what buyers and sellers  
4   in the market have paid for development rights. This  
5   method is most typically used by appraisers.

6                   Landauer's market research identified  
7   five commercial and 12 residential sales of excess  
8   transferrable development rights relevant to the East  
9   Midtown rezoning study area. The commercial  
10   valuation appropriately considered commercial sales  
11   only; likewise the residential valuation looked at  
12   residential sales only. This is because a valuation  
13   of land or transferrable development rights requires  
14   the selection and analysis of similar use  
15   comparables; otherwise the analysis and value  
16   conclusions are likely to be flawed. The sales were  
17   adjusted for appreciation over time to arrive at a  
18   current value indication.

19                   The second method used in the report is  
20   in an indirect method of valuation. The method was  
21   appropriate to use in combination with the direct  
22   method because it offers an alternate value  
23   indication based on the relationships between  
24   developers purchases of transferrable development  
25

1 rights and the fee land in their assemblages of the  
2 development sites.  
3

4 In this method we have examined 46 site  
5 assemblages found in the market to extract the ratios  
6 of what developers separately paid for their  
7 purchases of transferrable development rights and fee  
8 land in their assemblages. The data indicated a 60  
9 percent ratio of transferrable development rights to  
10 fee land value for commercial uses and a 70 percent  
11 ratio for residential uses.

12 Next in this process there was an  
13 examination of fee land sales within and from areas  
14 surrounding East Midtown that were adjusted for  
15 changes in market conditions over time to arrive at a  
16 current fee land value indication. Eight land sales  
17 were identified as relevant for the all-commercial  
18 analysis, 28 land sales were identified as relevant  
19 for the residential analysis.

20 Having determined an appropriate  
21 transferrable development right to fee land value  
22 ratio for the data, the ratios were then applied to  
23 the commercial and residential use fee land value  
24 indications to obtain indirect value indications of  
25

2   the Development Improvement Bonus pricing for the  
3   commercial and residential uses.

4                   The findings of the Landauer reports  
5   indicate that approximately average value for  
6   Development Improvement Bonuses to be sold by the  
7   City of New York for commercial office development of  
8   Qualifying Sites in East Midtown could be expected to  
9   approximate \$250 per square foot of FAR.  
10  Alternatively, the approximate value for Development  
11  Improvement Bonuses to be sold by the City for  
12  residential development in Qualifying Sites in East  
13  Midtown could be expected to approximate \$360 per  
14  square foot of FAR. Thank you.

15                  CHAIRPERSON WEPRIN: Thank you.

16                  EDITH HSU-CHEN: Thank you. [background  
17  comment, crosstalk]

18                  CHAIRPERSON WEPRIN: 'Kay. Uhm-hm.  
19  You're gonna close the panel here, right? Okay.  
20  [crosstalk]

21                  EDITH HSU-CHEN: Chair Weprin...

22                  CHAIRPERSON WEPRIN: Beautiful.

23                  EDITH HSU-CHEN: I would just like...  
24  [clearing throat] excuse me... We are here for your  
25  questions; Frank and I are happy to answer any of

2   your questions; we also have many other  
3   representatives from the project team in addition to  
4   those who have spoken today that may be the best  
5   person to answer your questions.

6                   CHAIRPERSON WEPRIN:   Okay.   Alright,  
7   great.   I know we have a number of questions from the  
8   panel.   Let me... Mr. Page, while you're here, let me  
9   ask you a couple of questions about the financing,  
10   'cause you know I'm not sure I understand it  
11   completely, but you talked about the local  
12   development corporation, EMIC; it's the East Midtown  
13   Infrastructure Corporation, right?   And this is  
14   created and will finance improvements for Grand  
15   Central Terminal by issuing bonds; is that correct,  
16   just to get that straight?

17                  MARK PAGE:   Probably, although... I mean  
18   issuing bonds is one way to do it; I mean you... you  
19   need a credit rating to issue bond; it... but a bond is  
20   just a way of getting a loan from somebody and  
21   whether at the end of the day that's the best way to  
22   do this; I mean we're talking about a one-time  
23   financing of some amount of money in anticipation of  
24   this particular revenue stream of the DIB payments



2   that are going to be collected from buildings taking  
3   advantage of this new zoning authority... [interpose]

4                   CHAIRPERSON WEPRIN:   Do you anticipate  
5   enough upfront cash that we won't be taking... be  
6   having to have bonds, issue bonds?

7                   MARK PAGE:   No and maybe bonds are the  
8   answer; I'm just not absolutely certain at this  
9   moment; I mean... [interpose]

10                  CHAIRPERSON WEPRIN:   Right.

11                  MARK PAGE:   a bond... you know, we need  
12   somebody to give us the use of their money upfront;  
13   we don't have upfront money [background comment] in  
14   this structure and [background comment] and what  
15   we're looking at is, who's the best person to do  
16   that... [crosstalk]

17                  CHAIRPERSON WEPRIN:   Right.   Well...

18                  MARK PAGE:   it's conceivable that it's a  
19   bank; it might be the public market of people buying  
20   bonds; that's something we're very use to as New York  
21   City, maybe it's a private placement; I mean it could  
22   be a number of different possibilities and that's  
23   what we're waiting on... [crosstalk]

24

25

1  
2 CHAIRPERSON WEPRIN: At... at what point...  
3 Sorry. At what point do you anticipate knowing which  
4 one of these options is gonna work and... [crosstalk]

5 MARK PAGE: I think...

6 CHAIRPERSON WEPRIN: which one would be  
7 best?

8 MARK PAGE: It's really a question of  
9 which one would be best and I would think in the next  
10 week or two.

11 CHAIRPERSON WEPRIN: Another week or two.

12 MARK PAGE: Yeah.

13 CHAIRPERSON WEPRIN: I understand. Well  
14 let me ask this; you know, what advantages are there  
15 to establishing... why are we establishing this local  
16 development corporation; I apologize for not knowing  
17 the answer, but you know, what are the legal  
18 advantages, economic advantages, oversight or  
19 accountability; what other issues that we had to  
20 create this group instead of just putting any money  
21 we get in a bank, you know, or something or having  
22 the money out there; what are the advantages? Keeps  
23 our options open?

24 MARK PAGE: It's just a mechanism to get  
25 a loan that will be paid back from the DIB revenue

1 collected in the district. You have to have some  
2 enterprise that borrows the money and pays it back.

3  
4 CHAIRPERSON WEPRIN: Uhm-hm.

5 MARK PAGE: And in this structure we're  
6 trying to keep the revenue and the purposes it's paid  
7 for separate from the City as a whole and this is  
8 just a mechanical way of doing it.

9 CHAIRPERSON WEPRIN: Is this a vehicle  
10 that we've used in other places, in other parts of  
11 the City?

12 MARK PAGE: This... we've used similar  
13 structures to this one; we haven't actually used  
14 EMIC, we created it for this, but one similar  
15 structure was how we financed the improvements in  
16 Hudson Yards, in fact. [interpose]

17 CHAIRPERSON WEPRIN: And what did... what  
18 wa... what was established there?

19 MARK PAGE: The Hudson Yards  
20 Infrastructure Corporation, which is a similarly  
21 created legal entity that has issued several billion  
22 dollars in debt secured by payments derived from new  
23 development in the Hudson Yards District.

24 CHAIRPERSON WEPRIN: So in the Hudson  
25 Yards case, the issuing of those bonds; how do they

1  
2 compare to like general obligation bonds as far as  
3 costs and setup?

4 MARK PAGE: The costs are very marginally  
5 higher than general ob... [interpose]

6 CHAIRPERSON WEPRIN: Higher in Hudson  
7 Yards case, yeah.

8 MARK PAGE: Yeah, because the credit  
9 isn't seen as exactly the same as New York City  
10 general obligation credit; on the other hand, it gave  
11 us a specific source of money for the improvements in  
12 Hudson Yards which was not in direct competition with  
13 using City money for all the other things that  
14 compete for capital resources in this town, as a  
15 practical matter.

16 CHAIRPERSON WEPRIN: I see. You also  
17 mentioned, I believe you... they're called DIBs; was it  
18 DIBs you mentioned, District Improvement Bonuses?

19 MARK PAGE: Yes.

20 CHAIRPERSON WEPRIN: Right. Now how much  
21 money are DIBs likely to bring in each year; do we  
22 have any way to gauge that?

23 MARK PAGE: I think that the number that  
24 City Planning is using is \$500 million over some  
25 period... [interpose]

CHAIRPERSON WEPRIN: Is how much?

MARK PAGE: over 20 years.

CHAIRPERSON WEPRIN: How much was that?

MARK PAGE: \$500 million over 20 years.

But in terms of every year it's very uncertain, because in fact, we're not talking about, you know, 500 different transactions, each of which is gonna pay a million dollars; we're actually looking at a comparatively limited number of building sites that we expect will take advantage of the rezoning in this period of time so that it's kind of spotty in terms of when you might expect this revenue to be realized, as was... is true of Hudson Yards. The structure we're looking at here would need a city commitment to pay interest on the bonds to the extent in a given year there wasn't DIB revenue available to pay the interest and the final payment date on the debt, although technically we currently contemplate something that would probably have a final maturity about 10 years out from when we borrow the money; our expectation would be that the principal would be paid down as the DIB revenue came in and we would expect that it would all be paid off significantly before that 10-year period.

1  
2 CHAIRPERSON WEPRIN: Given the  
3 unpredictability of the revenues and coming in  
4 piecemeal, do we... you know, do we anticipate having  
5 to pay back some of these loans with actually tax  
6 dollars, with tax revenue?

7 MARK PAGE: I would like to avoid that; I  
8 don't think so.

9 CHAIRPERSON WEPRIN: 'Kay. When might we  
10 know that aspect of this; like is that something  
11 that's also a couple weeks or is that months and  
12 years away that we would know if that could happen?

13 MARK PAGE: I think the question is how  
14 to structure and market this credit that is an  
15 opportunity for you to invest your money with us and  
16 you'll get interest and you'll get your money back  
17 and you can reasonably expect it in a period of time.  
18 You know, I think that we basically have no  
19 expectations that the City will be amortizing the  
20 principal out of general funds; the principal would  
21 be paid back out of the DIB revenue.

22 CHAIRPERSON WEPRIN: I see. And why are  
23 we looking at two separate, both East Midtown  
24 revenues and the improvement costs, like separate  
25

1                   pots; why are those separate; why aren't they  
2  
3 together as one?

4                   MARK PAGE: I'm not sure I'm seeing them  
5 as separate, so I'm not sure I'm understanding your  
6 question, exactly what it is.

7                   CHAIRPERSON WEPRIN: I mean we have one...  
8 as opposed to like having the DIBs and the bonding,  
9 this is all gonna be incorporated into one pot or is  
10 it separate pots for improvements to the district as  
11 well as for, you know, other improvement costs?

12                   MARK PAGE: The improvement costs we're  
13 talking about are all in the district.

14                   CHAIRPERSON WEPRIN: Right; I mean wha...  
15 [interpose]

16                   MARK PAGE: and they are in the district...

17                   CHAIRPERSON WEPRIN: Right.

18                   MARK PAGE: that's all... it's all...

19 [interpose]

20                   CHAIRPERSON WEPRIN: But...

21                   MARK PAGE: in the district. The DIB  
22 revenue will... [interpose]

23                   CHAIRPERSON WEPRIN: Uhm-hm.

24                   MARK PAGE: all be dedicated to  
25 improvements in the district. What we're talking

2    about now is kind of a substructure here, which is a  
3    way of, if you can expect over a period of time  
4    you're gonna have DIB revenue, but as a practical  
5    matter you'd like to make some improvements upfront,  
6    along with the zoning authorization; how do you get  
7    the cash that would otherwise come in in the future  
8    to spend now?

9                   CHAIRPERSON WEPRIN:   Right.

10                  MARK PAGE:   Answer; you basically need to  
11    borrow it from somebody and then on a deal whereby it  
12    will... the first... after you borrow money and you spend  
13    it on improvements in the district... [interpose]

14                  CHAIRPERSON WEPRIN:   Right.

15                  MARK PAGE:   the first thing that future  
16    DIB revenue is going to be paid for is... [crosstalk]

17                  CHAIRPERSON WEPRIN:   Pay back the debt.

18                  MARK PAGE:   to pay back that money.

19    [crosstalk]

20                  CHAIRPERSON WEPRIN:   'Kay.   And I'm just  
21    curious about this sub... you know this substructure;  
22    why wouldn't it take just one structure that borrows  
23    money, pays back money and altogether, but you're  
24    saying they're being treated separately; I just  
25    didn't know why.



1  
2 MARK PAGE: I'm not sure it's all that  
3 separate, frankly... [interpose]

4 CHAIRPERSON WEPRIN: Okay.

5 MARK PAGE: and in... the expectation here  
6 is that there'll be a determination upfront as to  
7 what to spend the upfront money on; that'll be set,  
8 it'll get spent; then there's a period of time when  
9 the DIB revenue goes to pay back the loan and after  
10 that period of time you have a board or a new  
11 mechanism that's gonna choose what are the priorities  
12 to spend the ongoing DIB revenue on, so that's a kind  
13 of continuation of... [interpose]

14 CHAIRPERSON WEPRIN: I understand.

15 MARK PAGE: this.

16 CHAIRPERSON WEPRIN: I'm gonna wrap up on  
17 this one, but the \$500 million over 20 years; I... I'm  
18 not sure you can answer this question, but do you  
19 have an idea of how that money would be spent  
20 specifically, what we would spend it on... [crosstalk]

21 MARK PAGE: Do I? No.

22 CHAIRPERSON WEPRIN: Yeah. Okay.

23 [crosstalk]

24 MARK PAGE: No. I mean, I think in terms  
25 of improvements in the district...

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CHAIRPERSON WEPRIN: Uhm-hm.

MARK PAGE: I mean you've obviously heard from the MTA; they... they... [crosstalk]

CHAIRPERSON WEPRIN: Right.

MARK PAGE: they would love to have as much money I think as they could get from whatever source they could get it to... [crosstalk]

CHAIRPERSON WEPRIN: Generally.

MARK PAGE: to improve and there's some sense that it makes... it's logical to spend upfront money on their immediate purposes to make the transit access work better in this district through Grand Central; I mean that seems to be a purpose upfront. But I think that what we're looking for now is to identify how much upfront money is gonna get spent on what and then that done, in the future the purposes that the DIB money will go for will be determined in the future.

CHAIRPERSON WEPRIN: Okay; that's fine.

Let me turn it over; I'm gonna ask... do you wanna add to that before I move... okay. [crosstalk]

EDITH HSU-CHEN: Just for a moment I would like to elaborate if that's alright [crosstalk]

2 CHAIRPERSON WEPRIN: No; no problem; go  
3 ahead.

4 EDITH HSU-CHEN: We are working with the  
5 Council Member, the MTA and the community to  
6 determine the right package of improvements that  
7 would come out of this advance funding. With respect  
8 to the transit investments, we are guided by three  
9 principles. Number one, we wanna address priority  
10 improvements that have been identified by a broad  
11 array of stakeholders. Two, we're focusing on  
12 projects that the MTA has identified as having a high  
13 margin investment and benefit, based on their top to  
14 bottom review of Grand Central Subway Station. And  
15 third, we're focusing on projects that can be  
16 completed consistent with a timeframe for projected  
17 early developments to come into the rezoning area.  
18 So that's our focus for the transit improvements.

19 In terms of at-grade public realm  
20 improvements, we're looking forward to continuing the  
21 participatory framework, working with you and with  
22 the local community and going to the vision plan that  
23 was generate many months of a community-driven  
24 process. We would extend that collaboration with the  
25 community and we would eventually arrive at the

2   appropriate upfront improvement projects and move  
3   towards implementation. May I just also take another  
4   moment to address the 20-year, I believe Mark had  
5   addressed as a certain spottiness of the incoming  
6   District Improvement Funds. Of course, we don't have  
7   a crystal ball, so we can't say you know, at what  
8   year how much money we will get, although...

9   [interpose]

10                   CHAIRPERSON WEPRIN: How much would one  
11   of those cost?

12                   EDITH HSU-CHEN: Maybe over a hundred...  
13   \$500 million dollars.

14                   CHAIRPERSON WEPRIN: \$500 million over 20  
15   years?

16                   EDITH HSU-CHEN: Yeah. So while we don't  
17   have this perfect crystal ball, we do know that there  
18   is great interest and momentum that's been generated  
19   by this rezoning and I think you will hear today from  
20   developers who are interested in participating in the  
21   District Improvement Fund. And as Frank had  
22   mentioned earlier, our analysis showed that over the  
23   course of 20 years we may get let's say 12 projected  
24   sites; each one of those sites on average can deliver  
25   about \$50 million; some projects maybe a little less

2   and some projects a great deal more.  So while we  
3   don't have this perfect, you know timeline of every  
4   year and every dollar amount that we would get in, we  
5   have confidence that the District Improvement Fund  
6   will generate a significant amount of funds to  
7   deliver improvements to the public realm.  Thank you.

8                   CHAIRPERSON WEPRIN:  Okay.  Thank you.  
9   We are gonna to move onto some other questions; we've  
10  been joined by Council Member Brad Lander who's here,  
11  from Brooklyn.  I would like to call on Council  
12  Member Garodnick, who does represent almost all this  
13  area, although a small piece of it is also  
14  represented by Speaker Christine Quinn, so Mr.  
15  Garodnick.

16                  COUNCIL MEMBER GARODNICK:  Thank you, Mr.  
17  Chairman and we'll start with the panel that we have;  
18  I realize that we are a bit afield of the nuts and  
19  bolts of the rezoning and that we're talking about  
20  the infrastructure investments -- MTA, public realm,  
21  et cetera, but that's also very important for this  
22  process as we all have discussed frequently, so let  
23  us... we'll kick it off there.

24

25

2                   Mr. Page, let me just start with you and  
3 we appreciate your testimony about the various routes  
4 that might be present for upfront expenditures.

5                   The first question that I have for you  
6 is, the City is embarking here on trying to satisfy a  
7 need that arguably should be paid for by the MTA; do  
8 you have concerns about the City plugging in these  
9 gaps on an ongoing basis or do you think that this is  
10 just, you know, the course that we need to be doing  
11 as a matter of just basis functionality?

12                   MARK PAGE: I mean there's a very large  
13 potential transit investment in New York City that I  
14 think would be good for all of us; I mean you could  
15 say that about a bunch of other things too; I mean,  
16 police precincts and schools and -- endless list.  
17 Historically; I mean, before the MTA existed the City  
18 owned the transit system and provided all of the  
19 capital investment for it; on an ongoing basis we do  
20 put city capital into transit annually, in a moderate  
21 amount. We just put a big amount into transit  
22 because we financed the Number 7 extension and I  
23 think that the public benefit that the contemplated  
24 investment in Grand Central here in terms of the  
25 upfront piece would be of significant value to the

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   95  
2   general public and significant value to this district  
3   and therefore I think that there's considerable sense  
4   in using a piece of this resource for that purpose.

5                   As I understand it there's a commitment  
6   from the MTA that they will also be putting some  
7   amount of their own money into this kind of  
8   improvement and I don't see us making a decision now  
9   in terms of future DIB revenue after this initial  
10   installment; you know, what we're gonna spend it on;  
11   I see that as subject to the future priorities  
12   identified as the money comes in as to whether it  
13   should be going for, you know the best use in this  
14   district has to do with the MTA and rapid transit or  
15   something else comes up that seems to be more  
16   compelling at a given time.

17                  COUNCIL MEMBER GARODNICK: Do you think  
18   that the improvements at Grand Central are important  
19   enough for the City to be contemplating doing  
20   separate and apart from any district improvement  
21   financing mechanism? You know this is rezoning which  
22   is, you know to deal with one issue, but as you point  
23   out, there are circumstances -- a police station, a  
24   school or many, many other areas in which we would  
25   say it is important enough for the City to invest

2 here and to back it up the way we back up all those  
3 other types of bonds; do you think that this is  
4 important enough to do that?

5                   MARK PAGE: I think the problem with the  
6 MTA is that the potential City contribution is almost  
7 infinite and where do you draw the lines? I think  
8 that here, when you're talking about the Grand  
9 Central need, as opposed to other rapid transit  
10 needs, it has a certain geographic focus and I think  
11 that using the Midtown East zoning district and the  
12 resources derived from development in that district  
13 for Grand Central is an appropriate and serviceable  
14 model for us in how to draw lines in terms of where  
15 resources are going to be spent and where they're  
16 gonna be derived from as a practical matter.

17                  COUNCIL MEMBER GARODNICK: Okay, well  
18 then, maybe I should phrase the question a little  
19 differently, because obviously we have a broad  
20 rezoning proposal that covers 70 blocks with earned  
21 as-of-right development the opportunity to buy air  
22 rights and we are, you know at this point in the  
23 process struggling with those very concepts. So I  
24 guess my question for you is; if the Council were to  
25 modify this proposal in a way that either just



1 changed the zoning or added additional process  
2 whereby developers would need to come back to the  
3 Council at various points in the process; would that  
4 impact your thinking at all or is this investment  
5 important enough from a budgetary perspective to do  
6 regardless?  
7

8 MARK PAGE: We obviously go through an  
9 elaborate budget process on an annual basis and it's  
10 often amended on the way through each fiscal year;  
11 the fact of the matter is that in that process we  
12 have not allocated general city capital resources for  
13 these particular purposes and the competition; I mean  
14 this one hasn't come out on top. I think that the  
15 proposed zoning structure with... I mean, some building  
16 volume as-of-right you don't have to pay for it; you  
17 don't have to make a contribution relating to it and  
18 then an additional as-of-right you do have to make a  
19 contribution relating to it; adjust it as it has been  
20 to try to get a specific revenue for improvements in  
21 the district, but not make it so expensive and  
22 subject to negotiation building by building that it  
23 will undermine the basis purpose here, which is to  
24 get redevelopment in this district. I think it's...  
25 you know the... it's all a balance, but I think as

1  
2 proposed it makes a good deal of sense. I think that  
3 the contribution required for the incremental as-of-  
4 right building works better when it's being driven by  
5 the expenditure of that contribution for improvements  
6 in the district where the contribution comes from. I  
7 think that that nexus actually makes the whole  
8 proposal work better.

9 COUNCIL MEMBER GARODNICK: Some have  
10 criticized the proposal by saying that it's a  
11 dangerous path for the City to be going down to be  
12 using air rights that are created out of nothing to  
13 fund infrastructure improvements. Do you see any  
14 pitfalls with that; do you have any concerns about  
15 that?

16 MARK PAGE: You know, as usual you kind  
17 of hope that people will keep their heads screwed on  
18 as they make decisions along the way, but this is not  
19 a wholly new practice; I mean it goes back at least  
20 into the Board of Estimate, that I can recall, where  
21 specific land use and zoning decisions were made in  
22 the context of improvements, actually often to local  
23 subway stations in fact, that were paid for as a part  
24 from the potential profit of the new development as a  
25

2 part of the whole package of authorizing a particular  
3 project as ultimately being in the public interest.

4                   COUNCIL MEMBER GARODNICK: I think that's  
5 absolutely right; in fact I think that's the way we  
6 usually do it, where we would define within the  
7 context of a special permit exactly what is required  
8 for you to be granted that discretionary approval by  
9 the Council or by the Department of City Planning.  
10 Here it's a slightly different model, which is, you  
11 know... you know was perhaps used in Hudson Yards, but  
12 also this is, at least as far as I can tell, the  
13 first time it is being used in a built environment,  
14 so I think that it's just a point that's out there  
15 that we are looking at and saying, you know, is this  
16 a path that, you know, future administrations would  
17 look at as an opportunity when there are holes in the  
18 City budget to say, well let's just upzone and sell  
19 air rights; what are the potential challenges that  
20 may exist that we're not even really seeing today? I  
21 think that those are some of the worries that we  
22 have.

23                   Let me just move onto the question about  
24 the upfront expenditure that you anticipate making;  
25 there have been some reports about that, but... and

1 also the MTA has, you know cited a lot of needs in  
2 the area, maybe up to \$400 million in needs; do you  
3 have a sense of how much of an upfront infrastructure  
4 investment that you are prepared to make to deal with  
5 the issues that the MTA has outlined here?  
6

7 MARK PAGE: I think that in the testimony  
8 this morning the MTA mentioned a number of \$100  
9 million, but that the MTA was prepared to contribute  
10 toward that sum. I think that the bigger the upfront  
11 payment that is wanted here the larger the borrowing  
12 you have to make out of the DIB revenue. The more  
13 stress you put on people's credit analysis and how  
14 much they're gonna charge you to give them the use of  
15 their money because how much risk they perceive in  
16 the picture, and I think that there's also the  
17 dimension that to the extent you spend the money  
18 upfront -- the more you spend upfront the more  
19 there's gonna be a time gap before you get back to a  
20 current revenue stream that you can start making new  
21 decisions about the appropriate priorities for  
22 spending it.

23 COUNCIL MEMBER GARODNICK: So are we...  
24 should we perhaps be thinking about other bonding  
25 mechanisms other than requiring on the revenue from

1 the District Improvement Fund to pay for these  
2 improvements? You know one of the questions -- and  
3 maybe -- I don't know if you're prepared to answer  
4 this at this moment, but what the different was  
5 between the spread of the Hudson Yards bonds and  
6 general obligation bonds at the time that they were  
7 issued and whether or not we would have been better  
8 off issuing general obligation bonds at that point?  
9 And I don't mean to put you on the spot on that;  
10 that's not necessarily readily available to you, but  
11 the question here is; should we be looking at other  
12 bonds structures that may create less risk or more  
13 certainty that we actually are able to do what we're  
14 talking about?

16 MARK PAGE: As I've said, I think there's  
17 considerable value in scaling the investment for  
18 these specific improvements in the context of what  
19 resource you think you can get out of the DIB  
20 revenue. The question of the risk; I'm already  
21 proposing that the City would pick up the interest on  
22 this debt to the extent you didn't have current DIB  
23 revenue to cover it in a given year; that's likely to  
24 be true for some period of time at the front and then  
25 it's sort of the timing of when development happens.

1  
2 Whether it would make sense for in some way the risk  
3 here to be mitigated further by the City; I mean I... I  
4 don't think we've got a final answer on that. But I  
5 think there are two separate questions; one is, how  
6 much do you actually borrow and do you keep that in  
7 scale with the DIB revenue in the district; how do  
8 you perceived risk in dealing with potential lenders  
9 and therefore how high a rate you have to pay them to  
10 use their money? And I think you can separate the  
11 two as a practical matter.

12 COUNCIL MEMBER GARODNICK: Okay, let me  
13 just turn to the MTA for a moment, because I just  
14 wanna make sure that we have clarity, because when I  
15 asked the question to Mr. Page about \$400 million I  
16 just wanna make sure that everybody know where I'm  
17 comin' up with that number and it may not be  
18 precisely that number and you can correct me as to  
19 what exactly it was. But the MTA, in support of this  
20 proposal went out to Community Boards and other  
21 places and expressed a significant need for the MTA  
22 in the East Midtown area, which came out to -- and  
23 you can fill in the gap there for me... [interpose]

24 FREDERICKA CUENCA: Right. We estimate  
25 the total package at about \$465 million.

2                   COUNCIL MEMBER GARODNICK:   \$465 million.

3   Okay, so that's where my number was coming from. Can  
4   you talk about what the... whether you believe that all  
5   of the projects that you identified or took us  
6   through just there would be covered by, you know the  
7   upfront investment that Mr. Page outlined?

8                   FREDERICKA CUENCA:   So what we've laid  
9   out in that presentation and with... as we've gone out  
10   and told people about these improvements, is a long-  
11   term strategic plan. So these improvements would be  
12   implemented over time, as development occurs and  
13   growth occurs. But what we have identified as up in  
14   front, with our priority being the improvements on  
15   the Lexington Avenue mezzanine subway that I went  
16   through at length, and those we see as what we would  
17   propose for upfront investments. And again, keeping  
18   in mind what Edith was talking about in terms of the  
19   highest priority, the biggest impact; you know,  
20   looking at those very, very specific congested areas,  
21   so you know, adding two stairs in an area where there  
22   are only two, you're doubling capacity; adding the  
23   staircase from the terminal down to the mezzanine,  
24   those very, very specific strategic target  
25   investments to the Lexington mezzanine are the ones

1 that we see as having the biggest impact and that can  
2 have a significant affect within the five-year or a  
3 very short timeframe to be in advance of any new  
4 buildings being there. So that's what we focused on  
5 for the upfront and so it's on those Lexington Avenue  
6 mezzanine improvements.  
7

8 COUNCIL MEMBER GARODNICK: You wanna add...  
9 go ahead.

10 MARK PAGE: Yeah. I just... I would say in  
11 passing; this question of city contribution to MTA  
12 capital needs, and I think it's a significant ongoing  
13 question, but you need to notice how large the MTA's  
14 appetite for capital is. If you look at the amounts  
15 spent on the Fulton Street development on east side  
16 access, on the Second Avenue Subway, I mean you could  
17 dump the City's entire capital program into those  
18 needs and you wouldn't have covered. So it's an  
19 obvious tension, but just I think something that one  
20 needs to be extremely thoughtful about how you get  
21 into it.

22 COUNCIL MEMBER GARODNICK: I think that's  
23 a fair point. And before I turn it over to my  
24 colleagues; I know they have questions too, I just  
25 wanted to see if the MTA could give us some clarity



1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   105  
2   on two points here.  One is, of all the thing that  
3   you showed us, what the total cost is to actually  
4   accomplish those staircases, columns, platforms,  
5   42nd, 51st; 53rd and also, Director Page noted that  
6   the MTA was planning to put money directly into  
7   those, which would be separate and apart from any  
8   funds that would be fronted by the City and as  
9   contemplated, paid back through the District  
10  Improvement Fund.  Can you give us clarity on the  
11  costs and what exactly the MTA intends to do?

12                   FREDERICKA CUENCA:  'Kay.  Okay.  So the  
13  Lexington Avenue improvements that we focused on the  
14  beginning of the presentation, we estimate those at  
15  about \$125 million; the MTA currently has \$25 million  
16  in its capital program to advance some portion of  
17  those projects.  As Mr. Page... if we can just digress  
18  for a moment... Mr. Page mentioned that we have an  
19  enormous capital program and we make investments  
20  throughout the region and throughout the city through  
21  our capital program and we are perennially  
22  constrained and constantly juggling various  
23  priorities.  So what the DIB does is dedicate funding  
24  to these projects and will be able to advance these  
25  projects in a way and in a timeframe that we would

1 not be certain of without that dedicated funding  
2 source. So it provides a significant benefit to East  
3 Midtown, but so back to the improvements themselves.  
4 So 125 for the Lexington mezzanine improvements of  
5 which there are 25 already in our capital program.  
6 We estimate the other sort of long-term improvements,  
7 the intermodal connections and the improvement off of  
8 the 7 at about \$250 million and 90 for the other two  
9 stations in the East Midtown area.  
10

11 COUNCIL MEMBER GARODNICK: Okay, so just  
12 to be clear, the 51st and 53rd Street... [crosstalk]

13 FREDERICKA CUENCA: Right.

14 COUNCIL MEMBER GARODNICK: improvements  
15 that you presented, that's part of the \$90 million..  
16 [interpose]

17 FREDERICKA CUENCA: Correct.

18 COUNCIL MEMBER GARODNICK: not part of  
19 the \$125 million?

20 FREDERICKA CUENCA: Correct.

21 COUNCIL MEMBER GARODNICK: Okay. Last  
22 question from me, I think maybe for Edith; this is  
23 about the public realm, and I just want to, you know  
24 express appreciation to the Administration for taking  
25 steps to put together a vision plan; obviously we

1 regard the concepts of how exactly you create a  
2 vibrant district to be as important as you know the  
3 individual buildings. But one question that remains  
4 for me and for members of the community that I  
5 represent is, how many of the items that are in this  
6 plan or vision plan are actionable here? You know we  
7 have... there are some pretty interesting concepts,  
8 whether it's partial closing of Vanderbilt Avenue or  
9 closing 40th to 41st Street or even a partial, during  
10 certain days of the week, closing of 43rd Street  
11 between Lexington and Third, as I'm looking at over  
12 here, just a half-block away from my district office;  
13 the question is, how many of these items are actually  
14 fully vetted by the Department of Transportation or  
15 the overlook of Grand Central has the Landmarks  
16 Commission considered that; where... are we at a place  
17 where we actually can say yes to any of these, you  
18 know, most significant public realm improvements?

20 EDITH HSU-CHEN: DOT, our partner on  
21 commissioning the Public Realm Vision Plan, is very  
22 excited about all these improvements. A number of  
23 them certain have been further vetted with additional  
24 work done in recent weeks to determine their  
25 actionability and you know they will require some

1 additional analysis, but what we do have before us is  
2 a very exciting vision plan and from this vision plan  
3 we, with you and the community in a collaborative  
4 process, in a participatory process, will identify  
5 the key ones that move forward.  
6

7 COUNCIL MEMBER GARODNICK: Alright. Well  
8 thank you and I think that... you know what I take from  
9 that is that we're at... it's at the beginning of the  
10 process for public realm and that continues to be a  
11 concern for a lot of us; I think you... you know, again  
12 you made strides and we appreciate it very, very much  
13 that you undertook to do that, because that was a  
14 direct request from me, from the community; other  
15 Council Members to do that and yet that continues to  
16 be one of the largest challenges for us in thinking  
17 about this entire district as to how to deal with,  
18 you know, any opportunities that we may have to  
19 enhance the streetscape and also to deal with the  
20 fact that Lexington and Madison Avenue sidewalks are,  
21 you know, a real problem; the infrastructure issues  
22 where, you know anybody's experienced the 4, 5, 6  
23 line at really almost any point of the day knows that  
24 those platforms are crowded well beyond their  
25 capacity; in fact even dangerous, so we need to make

2   sure that we have a clear handle on all of these  
3   things, but on public realm it sounds like we're at  
4   the beginning stages but not quite ready to pull the  
5   trigger.

6                   JEFFREY MANDEL:   Hi, good morning, or  
7   afternoon.   A couple of quick observations; one is a  
8   vocabulary item; I think you've used the word that  
9   we're at the beginning of the process and I think  
10   that we would rephrase that; I think there's been  
11   substantial work that's been done from a feasibility  
12   and an analytic perspective; there has been  
13   substantial work that's been done from a stakeholder  
14   and community discussion perspective; it's not  
15   sufficient to show up tomorrow with shovels, nor  
16   would the constituents and stakeholders who have  
17   participated and will be the beneficiaries and the  
18   trader offers of the various aspects of the projects  
19   wishes to do so, so what we've tried to do is to  
20   propose a vision that has projects that the  
21   Administration has carefully thought about with  
22   colleagues and others so that we will be in a  
23   position with you and with the community following  
24   the rezoning to move these forward.   There are  
25   projects that range in their level of further

1 engagement, to take the example, Park Avenue, where  
2 there is a very active and robust discussion about  
3 whether it's just fine as it is or whether there  
4 should be a substantial new ambition for it, to more  
5 day to day types of projects that the departments and  
6 the City agencies have longstanding and ample  
7 experience in implementation quickly and effectively  
8 and collaboratively, like district-wide amenities,  
9 including greening, seeding; other types of things,  
10 and certainly the viaduct project has had an ample  
11 engineering traffic review that we discussed;  
12 there'll be more, and it'll involve further  
13 discussion with the various stakeholders, but these  
14 are projects that, you know, consistent with the  
15 Administration's record have taken very seriously any  
16 public statements about opportunities like these that  
17 we have not put forth lightly with the idea that they  
18 are [background cough] just pictures or images; quite  
19 the contrary.

21 COUNCIL MEMBER GARODNICK: Okay, I'll  
22 accept your rephrase that maybe we're not at the  
23 beginning of the process anymore, but I think it's  
24 also worth our acknowledging that we're not yet where  
25 we need to be, at least as far as I'm concerned, to

2   be able to say that we know precisely what it is that  
3   is on our menu of options here; maybe we will get  
4   there, but we're not there at this moment in time and  
5   I supposed that's the point that I was really trying  
6   to make.

7                   JEFFREY MANDEL:   And I would just wanna  
8   provide assurances from our offices as to the extent  
9   that the vocabulary may be still part of the  
10  conversation; that we are highly confident that  
11  between now and the period of concluding the rezoning  
12  and concluding the year when all the other  
13  arrangements that we've been describing are gonna be  
14  undertaken that you will surely, as will your  
15  colleagues and other members of the community feel  
16  that the "maybe" is not part of our vocabulary.

17                  CHAIRPERSON WEPRIN:   Okay.   I'm gonna  
18  just jump with two quick questions I think for  
19  Mr. Page, 'cause I know how much he loves hearing  
20  from us and answering questions.   So I... I just... I'm  
21  not sure if you know the answer to this, but the --  
22  EMIC, currently in the Hudson Yards Infrastructure  
23  Corporation there's a Council representative, Speaker  
24  Quinn in this case, do we know if the Board of EMIC

2    would include council representation, as  
3    representatives of the people?

4                   MARK PAGE:  As initially set up, it has a  
5    three-member board; their ex officio is the head of  
6    City Planning, it's the head of the Budge Bureau and  
7    the Deputy Mayor for Economic Development.  It has  
8    the capacity to reconstitute its board, but its  
9    upfront function is basically one borrowing for  
10   purposes that I don't think EMIC is thinking it's  
11   going to define and determine; it's discussion that's  
12   been going on here that will determine what EMIC's  
13   borrowed initial money will go for.  What it's... how  
14   EMIC might be used in the future perhaps as a  
15   facilitating vehicle for making this whole thing  
16   work, I don't know, but I think has a very...  
17   [interpose]

18                  CHAIRPERSON WEPRIN:  Well...

19                  MARK PAGE:  narrowly defined upfront  
20   purpose here, at least as I see it... [crosstalk]

21                  CHAIRPERSON WEPRIN:  Alright, well if we  
22   go ahead and go forward with this and EMIC does exist  
23   and they... is an opportunity to reconstitute that  
24   board, we would appreciate having someone from the  
25   Council involved in that as well.



1                   One last question for me and I'll move  
2  
3 onto some others.

4                   So I wanna get this straight; the  
5 District Improvement Bonuses, you've mentioned how  
6 the pot money will come and go at different times; if  
7 there's money there and we pay off our obligations,  
8 our debts, what happens to the money that might still  
9 be there; is that money that's used for more  
10 improvements or does it go to the General Fund; what  
11 happens? [crosstalk]

12                  MARK PAGE: No. No. As I tried to say  
13 to begin with, the... [interpose]

14                  CHAIRPERSON WEPRIN: It's not you; it was  
15 me I'm sure.

16                  MARK PAGE: DIB... no, I'm sure I wasn't  
17 clear, but the DIB revenue can only be used for  
18 improvements in this district.

19                  CHAIRPERSON WEPRIN: Right.

20                  MARK PAGE: and that remains true -- if  
21 it's accelerated revenue; you have this machine that  
22 borrows against future revenue -- so that gets spent  
23 for improvements in the district, you pay off the  
24 loan on any ongoing DIB revenue similarly; it's only  
25 improvements in the district.

2 CHAIRPERSON WEPRIN: Right. Okay. Let  
3 me... before I go to the next question I wanna  
4 acknowledge we have two Council Members who actually  
5 made it out of this place who are still Council  
6 Members and are here with us today, Tish James, a new  
7 public advocate-to-be, we assume and Gale Brewer, the  
8 new Manhattan Borough President; they both have  
9 joined us today. I already acknowledged his presence  
10 and I'm gonna even go a step further and ask him if  
11 he has any questions, Council Member Brad Lander.

12 COUNCIL MEMBER LANDER: Thank you very  
13 much, Mr. Chairman and thank you to the panel. I'm  
14 gonna ask questions that in some ways follow up on  
15 the ones that have been asked and I'll say I... in a  
16 certain way I feel sort of the... it ghost of Robert  
17 Moses hanging in the room; I think these questions  
18 about how you finance infrastructure and what happens  
19 with the revenue and when it's moved off budget, how  
20 are we thinking about that are some of what motivate  
21 us here and I'll come back to those in a minute,  
22 because my first question relates to the harm that he  
23 did more broadly in failing to provide us public  
24 transit to our airports and I know that's not  
25 something that's been discussed yet and I understand

1  
2 it's not in the vision plan and that... but I guess my  
3 broad question is; if we don't think about a long-  
4 term plan from meaningful public transit access from  
5 Midtown to La Guardia when we are upzoning East  
6 Midtown, are we just saying we'll never have it? And  
7 if not... help me understand why there isn't some  
8 thinking here about -- I guess; was there thinking;  
9 have we decided we can't afford it and we're not  
10 going to achieve it and if not -- anyway, help me  
11 understand where -- you know, I would've thought that  
12 was something that we would see at least discussed,  
13 anticipated, imagined; planned for somewhere in the  
14 East Midtown rezoning.

15 FRANK RUCHALA: Hi Council Member. So I  
16 think what we started with was looking at the needs  
17 of this area. The way that we think about this in  
18 zoning is we have things like subway bonuses that  
19 work in specific areas and looking at the broad needs  
20 of East Midtown and it's public realm and its subway  
21 stations and looking to see what can be done through  
22 zoning to actually improve the situation and tie that  
23 to new development.

24 When we look at the scale of improvements  
25 that can be done -- and the scale of the needs of the

1 area, I think as Council Member Garodnick was  
2 discussing with the MTA before, and the actual amount  
3 of development that we expect to occur in this area,  
4 those types of improvements are in scale; we're  
5 talking, as part of this District Improvement Bonus,  
6 hundreds of millions of dollars, whereas I think what  
7 you're talking about are larger citywide issues and  
8 perhaps in some respects region-wide issues. So...  
9 [interpose]

11 COUNCIL MEMBER LANDER: So I... If what  
12 you're saying is, we couldn't possibly pay for public  
13 transit access from Grand Central to La Guardia with  
14 a DIB structure purchased out of the air rights of  
15 East Midtown, that's obviously true; I mean it's  
16 clear... but... so that's the reason; we didn't consider  
17 this as a moment to plan for and move towards some  
18 kind of public transit access between Grand Central  
19 and La Guardia because we couldn't afford it out of  
20 the air rights. [interpose]

21 FRANK RUCHALA: I think what we started  
22 with, with what's going on in the area today, which  
23 is the largest infrastructure project in the country,  
24 to get people from Long Island to Midtown with a one-  
25 seat ride...

1 COUNCIL MEMBER LANDER: Amen.

2 FRANK RUCHALA: agree -- and second, to  
3 get people from the Upper East Side who go from... take  
4 on the Lexington line and now would be able to use  
5 the Second Avenue Subway to improve conditions in  
6 this area. So I think using that, and to be fair,  
7 the billions of dollars of existing infrastructure  
8 that exists at Grand Central Terminal and elsewhere  
9 as a starting point. I think the larger planning  
10 needs of transportation infrastructure; those are  
11 larger questions that aren't the focus of this  
12 rezoning.  
13

14 COUNCIL MEMBER LANDER: So I don't wanna  
15 dwell on this 'cause there's so many things to dwell  
16 on, but I have to say, it does feel to me like a  
17 failure of our planning enterprise if the moment that  
18 we are doing the largest scale upzoning that we're  
19 gonna do in the foreseeable future around Grand  
20 Central is not a moment when we're thinking about how  
21 to plan for public transit access from Grand Central  
22 to the airport; I think we all know that that was a  
23 core planning... anyway, so let me not dwell on it, but  
24 I think it... well I... again, of course we can't pay for  
25 it from the air rights and yet I have trouble even

2   approaching a planning project for Grand Central and  
3   East Midtown that didn't ask and think about what are  
4   the core planning and infrastructure questions the  
5   City's facing; I mean it's not an East Midtown  
6   neighborhood issue, but it obviously is a core  
7   planning and infrastructure issue fundamentally  
8   related to Grand Central and the fact that it's  
9   nowhere here even being contemplated feels backwards  
10  to me. So I'm done; I'm happy to have one more  
11  comment on it, I'm done talking about it, but I... it...  
12  it... I find it troubling. [crosstalk]

13                   EDITH HSU-CHEN: Thank... thank you for  
14  your question, Council Member. I actually wanted to  
15  address a comment that you just made; you stated that  
16  this rezoning was the largest upscale... largest  
17  upzoning and I just wanted to point out that in fact  
18  it is not; it in fact is quite a modest rezoning in  
19  that the incre... first, if I could uh just uh... the  
20  increment in the rezoning is 4.5 million square feet  
21  of new office space in an area that has currently 70  
22  million square feet, the density... [crosstalk]

23                   COUNCIL MEMBER LANDER: I... I'll be glad  
24  to amend my comment. [interpose]

25                   EDITH HSU-CHEN: Okay.

1  
2 COUNCIL MEMBER LANDER: It's a  
3 substantial upzoning of the area around Grand  
4 Central; certainly the largest that we have seen in  
5 our time on the Council and my point is; this was the  
6 moment to think about and plan for public transit  
7 access from Grand Central to La Guardia and it's  
8 missed and our quibbling about what percent density  
9 increase it is doesn't change that what to me,  
10 thinking citywide was a core planning question for  
11 the City presented by this rezoning hasn't been  
12 considered is a bit missed planning opportunity. So  
13 I'm happy to withdraw and say... I'll even... if you  
14 don't want substantial; 4.5 percent. So I don't  
15 wanna quibble about this, there's too many things in  
16 this that need conversation, but I just need to put  
17 on the record that I feel like this was a big... a big  
18 miss, but I... I'd like to come back to the financing  
19 questions, which are really what this panel's mostly  
20 about and maybe I'll end with just an observation or  
21 two on the planning.

22 So Director Page, I guess I'd like to  
23 understand a little better why this is an appropriate  
24 place to us this mechanism and where wouldn't be,  
25 because every time that we look at an upzoning and

1 increasing residential capacity in a neighborhood, we  
2 -- almost every time -- we tax the infrastructure; we  
3 need new schools, we need new sewers, we need new  
4 transportation investments; it almost always requires  
5 new investment and should every one of those  
6 upzonings that creates a need for need school seats  
7 or new sewers involve the creation of a new borrowing  
8 authority, a new pilot, a new board to pay for them?  
9 I mean... and if not, how are we to distinguish as the  
10 City Council what we're supposed to do with the  
11 capital budget and new tax revenues brought in by  
12 development, which is the way I think we like to  
13 approach paying for our infrastructure and addressing  
14 development, and when we zone for dollars.

16 MARK PAGE: As has been said earlier  
17 here, there is a very longstanding practice of  
18 deriving some mitigation dollars from the sort of  
19 zoning dimension of new development; it's not in  
20 general at a scale that is going to get you to La  
21 Guardia or do major infrastructure work in a given  
22 area, but it does generally have the scale of  
23 incremental improvements in a neighborhood. I think  
24 that is the thinking behind the DIB structure in this  
25 upzoning. The... [crosstalk]



2 COUNCIL MEMBER LANDER: I was imprecise,  
3 because the DIB I am uncomfortable with... [interpose]

4 MARK PAGE: Okay.

5 COUNCIL MEMBER LANDER: It's the creation  
6 of a new entity funded by the DIB and pilots outside  
7 of the capital budget, outside of the Council's  
8 oversight, having there be some payment for those  
9 development rights that over time would come in and  
10 pay us back if we did it from GO debt I think is  
11 entirely sensible under circumstances where there's  
12 large-scale development to be had, but the creation  
13 of a new borrowing authority that involves some  
14 additional risk, that may involve some incremental  
15 expenses, the Chair said, that's outside out  
16 oversight that's essentially off the capital budget  
17 -- we did it in Hudson Yards; it's proposed to do  
18 again here -- I don't think it makes sense every time  
19 we do a new rezoning, but it feels like this pushes  
20 us further down that path.

21 MARK PAGE: You know the only purpose to  
22 be served by this entity is to provide a mechanism to  
23 accelerate the use of this DIB revenue. It's set up  
24 with the sole purpose of one borrowing to fund what  
25 we expect will be an agreed upon list of improvements

2   in this district.  When the debt is paid back by  
3   future DIB revenue, this enterprise ends.  We have  
4   created and I guess killed a number of enterprises of  
5   this kind, at least during my career here; I would  
6   expect that if this follows the normal model, the  
7   incremental expense of running it is extremely low;  
8   it would be, I would imagine, staffed by OMB's  
9   existing finance staff at very nominal ongoing cost.  
10  [crosstalk]

11                   COUNCIL MEMBER LANDER:  And we should be  
12  sanguine that we don't have any oversight of it?

13                   MARK PAGE:  The only... I don't think that  
14  you should be overly concerned with that issue; we  
15  are talking about one borrowing.  I appreciate your  
16  concern for how much the money might cost; certainly  
17  I share that concern rather intensely, as you might  
18  have noticed about my... [crosstalk]

19                   COUNCIL MEMBER LANDER:  I'm aware, which  
20  is why I'm surprised... [crosstalk]

21                   MARK PAGE:  And you know, how best to do  
22  it; we're working on the fine points to pare that  
23  down to an absolute minimum, quite honestly, in terms  
24  of the overall cost.  I don't see this as opening up  
25  a new borrowing kingdom -- literally, this is one

2    borrowing; it's paid off by the DIB revenue that  
3    comes in the door after the borrowing and it's gone,  
4    as far as I'm concerned.

5                   COUNCIL MEMBER LANDER:   So I'll conclude  
6    my questions, but let me just I guess make a couple  
7    of observations.  I mean I appreciate those answers,  
8    but I just have to tell you, I don't understand any  
9    better why this is better to pay it this way than to  
10   pay it from general obligation debt and the capital  
11   budget and have the City receive the DIB and the tax  
12   revenue.  I don't understand what distinguishes this  
13   from every other rezoning that requires  
14   infrastructure investments, except that it's bigger  
15   and that therefore we might look at financing many  
16   more things than one like this and I am deeply  
17   uncomfortable with the Council surrendering its  
18   budget oversight of choices around infrastructure  
19   which are fundamental to the future of the City.  So  
20   let me just... let me conclude and if that... and I'll...  
21   [crosstalk]

22                   MARK PAGE:   And I don't... I don't think  
23   you're surrendering anything here, as a practical  
24   matter, because... [crosstalk]

2 COUNCIL MEMBER LANDER: Well sure, if we  
3 are, if we pay the... [crosstalk]

4 MARK PAGE: Hold on just a second. This  
5 thing... in order for this thing to work the Council's  
6 gonna have to authorize a City agreement to support  
7 the interest costs on this debt; doesn't work without  
8 it, but more to the point, I would imagine that in  
9 the Council's zoning action the Council would be  
10 authorizing the use of the DIB revenue for the  
11 purpose of paying back a defined amount of money that  
12 could be... would be borrowed by this entity and this  
13 entity would have a claim on the DIB revenue to pay  
14 back the debt, period, under this zoning resolution,  
15 as I would see it.

16 You've listed what it's gonna pay the  
17 money for, you've determined how much money is going  
18 to be taken out through this mechanism upfront,  
19 you've authorized the repayment and I think you have,  
20 in terms of your control, a pretty exact box that you  
21 would be setting up upfront and I don't see a  
22 discretionary function here as an ongoing basis. But  
23 I mean, we... obviously we can dis... [crosstalk]

24 COUNCIL MEMBER LANDER: I know, you've  
25 basically described... I feel like you've described to

2   me a guarantee that I don't believe you would sign if  
3   someone asked you to... to come sign it, so...

4   [crosstalk]

5                   MARK PAGE:   A guarantee...

6                   COUNCIL MEMBER LANDER:   but I don't... I  
7   don't wanna go back and forth; I... I'm not... I still  
8   don't understand why it's better than general  
9   obligation debt, a capital budget expenditure and a  
10   commitment that the DIB revenue and tax revenue come  
11   to the City of New York and we pay... [crosstalk]

12                  MARK PAGE:   I think...

13                  COUNCIL MEMBER LANDER:   for our  
14   infrastructure.

15                  MARK PAGE:   I think that the question of  
16   the DIB revenue being paid to the City of New York,  
17   and I'm not the greatest expert and I don't think  
18   we're probably gonna resolve this issue this  
19   afternoon, but there are issues about revenue derived  
20   from upzoning being utilized as general revenue for a  
21   city which then turns around and basically uses them  
22   for its general purposes, which by definition is what  
23   GO debt does.   I mean, there... I... as I say, I don't  
24   think we're gonna resolve it this morning, but I

2   think that there might be future discussion with you  
3   on that score.

4                   COUNCIL MEMBER LANDER:   Okay.   I'm... I'm...  
5   and I guess... I just feel both about the financing,  
6   but I have to tell you, in some ways about the  
7   project in general that the approach to both planning  
8   and financing here feels backwards to me; that the  
9   planning should start from a look at what  
10   infrastructure is needed in public transit, in the  
11   public realm to support and sustain the growth we  
12   want and it feels to me here like we said, how much  
13   FAR does the development community want and what has  
14   to be given along the way to placate the community  
15   and the elected officials to get there and you know,  
16   I think the fact... again, I recognize good work has  
17   been done and my respect for the local Council Member  
18   and this Committee is immense and the work that he  
19   has done and the fact that he's praising the work  
20   that has been done to get there is meaning to me and  
21   maybe it gets there, but it... it... just both in how  
22   it's financed and how it's planned really feels  
23   fundamentally backwards from the task that we're  
24   supposed to do and it's frustrating to get that at  
25   this late stage with so much still open and

2   uncertain; just it... it... it doesn't feel like how  
3   we're supposed to do... to do business, so I appreciate  
4   all the time you've put into it; I really appreciate  
5   the leadership of my colleague and I thank the Chair  
6   for his indulgence.

7                   CHAIRPERSON WEPRIN:   Thank you, Mr.  
8   Lander.   We're gonna turn to a couple more questions  
9   on the financing and then we're gonna go back to  
10   Council Member Garodnick on the more broad plan, so  
11   I'd like to call on... Council Member Gale Brewer has a  
12   question... [crosstalk]

13                  COUNCIL MEMBER BREWER:   Like... I have a  
14   question; I mean I think like all my colleagues, we  
15   spend a great deal of time on capital issues; luckily  
16   it's not the MTA, but it's... I think it makes Mr.  
17   Page's hair even grayer, but it certainly includes  
18   parks; you get hours and days; we spend the same  
19   amount of time with the School Construction Authority  
20   and NYCHA and so on and you know, five years you're  
21   still working on a project, et cetera.   Now maybe  
22   that never happens from the MTA; you always have  
23   enough money and it's always perfect.   But my  
24   question is... I mean I know that that the IBO just did  
25   a study; I'm sure you saw it on Hudson Yards and as

1 they said, it hasn't worked out as planned in terms  
2 of the dollars that are coming in and the needs that  
3 exist. So what happens if you have your... I don't  
4 know, your \$100 million, you need 465, but you  
5 actually need more than a 100; how does that all work  
6 out? In other words, it doesn't work out with NYCHA,  
7 it doesn't work out with Parks and it doesn't work  
8 out, God knows, with the School Construction  
9 Authority. I mean literally, we have one person  
10 full-time on capital projects in the six council  
11 districts shuffling money around, trying to make  
12 these projects get done. So how... who makes that  
13 decision that we have a 100, we have a 150; these  
14 buildings aren't ready yet, they're not coming; how  
15 does that all get sorted out with the projects that  
16 have to get done? I don't know.

18 MARK PAGE: I think that... in general, if  
19 you focus on any particular area where we, whether  
20 the City, the MTA; whatever the public entity,  
21 invests capital, you can identify needs which will  
22 exceed any available... [interpose]

23 COUNCIL MEMBER BREWER: Right.

24 MARK PAGE: resource that you can get  
25 your hands on. I think that we're talking about a...



2 we think that appropriately in structuring the zoning  
3 change that we are proposing there is an amount of  
4 resource to be derived from property owners who take  
5 advantage of this zoning change and that... it's not an  
6 enormous amount of money, but it's a significant  
7 amount of money and appropriately and consistent with  
8 the principles that govern how you can require  
9 contribution in connection with a zoning change, the  
10 money needs to be spent in this geographic  
11 [background comment] area. It's not a resource that  
12 can carry everything that might appropriately happen  
13 in this area or be connected with it; access to other  
14 parts of the City, but it's an amount. You can, if  
15 you chose to, wait for the resource to come in and  
16 spend it as it comes in. If... [crosstalk]

17                   COUNCIL MEMBER BREWER: Well that doesn't  
18 **02:42:48** projects though.

19                   MARK PAGE: if you believe that it makes  
20 sense to spend a piece of it upfront; then you just  
21 need some mechanism that will enable you to spend now  
22 and pay that back out of the money as it flows in.  
23 It's... it's... I mean you could choose not to do that;  
24 you could choose to do it.

1  
2 COUNCIL MEMBER BREWER: I understand  
3 that; I mean, the IBO report a couple of weeks ago  
4 gave me... no, it just said it wasn't operating  
5 according to the plan, believe... [interpose]

6 MARK PAGE: Hudson Yards? I... I think  
7 Hudson Yards is actually... [interpose]

8 COUNCIL MEMBER BREWER: Okay, but the  
9 IBO...

10 MARK PAGE: doing extraordinarily well as  
11 a practical matter... [crosstalk]

12 COUNCIL MEMBER BREWER: Okay, the IBO had  
13 concerns; they're laid out here and you may agree or  
14 disagree, but I read it very carefully and as they  
15 said, it hasn't gone as planned in terms of what  
16 you're describing. So then when I read that it makes  
17 me worried about what's gonna happen here. You can  
18 agree or disagree, but it does represent questions,  
19 because I just know that every time I plan something  
20 the Parks Department says x, we put x in the budget  
21 and then it costs y. And so, you know, the same  
22 issue here, so you've got a \$100 million worth,  
23 you've gotta make sure there's another building  
24 coming in to be sure that it's going to produce what  
25 you need, otherwise it's taxpayer money, MTA money;

1 is that gonna be there? It just never goes according  
2 to what I find to be the plan and that's what the IBO  
3 said about Hudson Yards; just throwing that out. So  
4 you can uh... [crosstalk]

5 MARK PAGE: I...

6 COUNCIL MEMBER BREWER: you can disagree.

7 MARK PAGE: I would just say that it's  
8 very difficult to predict the future, but Hudson  
9 Yards is well within the bounds... [interpose]

10 COUNCIL MEMBER BREWER: 'Kay.

11 MARK PAGE: of ranges that we identified  
12 at the beginning and certainly that we forecast in  
13 the second bond issue of Hudson Yards and I think  
14 that we have every prospect at this point of that  
15 debt being paid off within... [interpose]

16 COUNCIL MEMBER BREWER: Okay.

17 MARK PAGE: its structured bounds and I  
18 would rate that one as, you know, having a good  
19 prospect for success. Here I agree with you,  
20 circumstances change all the time and needs change  
21 and costs change and we're not talking about a very  
22 large scale resource; it's a useful resource; how  
23 would you best spend it in this geographic area;  
24 you're certainly... you're not even going to pick up  
25

2    what the MTA sees as the need in this area; you  
3    don't... it's not a strong enough resource to do that..  
4    [crosstalk]

5                   COUNCIL MEMBER BREWER:   Okay, but if...

6                   MARK PAGE:   all we're talking about is a  
7    contribution.

8                   COUNCIL MEMBER BREWER:   Say for instance  
9    there's a project that's midway that needs more  
10   funding, will it be expected for the MTA to pick it  
11   up even though they may not have the capital budget;  
12   they would have to shift it from somewhere else?  I  
13   mean the IBO says; I know you don't like this, giving  
14   up tax revenue that would have come from the..  
15   whatever project it was means the City's tab will  
16   continue to grow, so I assume if that happens here,  
17   it may not, and you could agree that it is or is not  
18   happening at Hudson Yards, but that means the MTA's  
19   gonna have to supplement.

20                  MARK PAGE:   Well, it is the MTA's capital  
21   program at the end of the day and as... [crosstalk]

22                  COUNCIL MEMBER BREWER:   With uhm...

23                  MARK PAGE:   as was discussed earlier in  
24   this hearing, the question of how the City  
25   contributes and how much the City contributes to the

1 MTA's capital needs is obviously an ongoing question;  
2 we pay... we... we paid for the 7 extension, we pay for a  
3 certain amount of routine capital year after year; I  
4 mean it's sort of an ongoing... [interpose]

5 COUNCIL MEMBER BREWER: 'Kay.

6 MARK PAGE: negotiation and probably  
7 always will be.

8 COUNCIL MEMBER BREWER: Okay. Thank you,  
9 Mr. Chair.

10 CHAIRPERSON WEPRIN: Thank you, Ms.  
11 Brewer; I'd like to call on Council Member Tish  
12 James, Letitia James.

13 COUNCIL MEMBER JAMES: Thank you, Chair.  
14 Director Page, there's been a number of audits that  
15 were performed by Comptroller John Liu, basically  
16 critical of EDC regarding its lack of transparency  
17 and accountability and here we are creating an  
18 additional financing mechanism for the purposes of  
19 infrastructure improvements, as well as public realm  
20 in this development and I too share the concerns that  
21 were expressed previously with respect to this new  
22 entity. I'm also concerned that selling off valuable  
23 air rights on the cheap and/or a contribution to this  
24 fund are insufficient to meet the infrastructure  
25

2   needs within this district. Do you believe that \$500  
3   million is sufficient to address the public realm as  
4   well as the infrastructure needs for Midtown  
5   Manhattan?

6                   MARK PAGE: I don't think there's any  
7   equation between the \$500 million and the needs; the  
8   question is, what you might realistically expect over  
9   the next 20 years to earn from the contributions  
10  required of developers who seek to use the maximum  
11  as-of-right size in the zoning proposed here in the  
12  district. It's not equated with a need; you said in  
13  your opinion this wasn't an appropriate price for the  
14  development and there's been testimony from Landauer  
15  earlier in this session; the effect that they do  
16  think it's appropriate. You need some balance here  
17  in terms of how much money you can ask from a  
18  developer that they will pay and still develop,  
19  because if they don't develop you don't get any money  
20  from and there's obviously some... [interpose]

21                  COUNCIL MEMBER JAMES: No, I understand  
22  that there's a...

23                  MARK PAGE: judgment applied.

24                  COUNCIL MEMBER JAMES: No, I understand  
25  that there's a balance, but this is probably the most

1           expensive property in the City of New York, I would  
2 argue. And so giving the value of the air rights, I  
3 just believe that \$500 million is just really  
4 inadequate and notwithstanding your concerns that  
5 they would not build, I think those fears are  
6 baseless, particularly in this area. Let me also go  
7 on to say... let me also... if you could address the  
8 argument that was raised earlier by my colleague,  
9 Council Member Lander, and that is that EDC is a  
10 public-private partnership which unfortunately does  
11 not have much... does not have any oversight by this  
12 body and unfortunately does not have any sunshine,  
13 which should be required by law, and that there has  
14 been criticism by this body as well as others in  
15 regards to the lack of transparency within EDC and  
16 here we are creating an additional financing  
17 mechanism and if I'm not... if my memory serves me  
18 correct, there's only two financing... there's one  
19 previous example where we created a financing  
20 mechanism; that was over Hudson Yards and it's  
21 primarily because you want a dedicated stream of  
22 funds for a specific area and I've not seen this  
23 dedicated fund in any other part of New York City  
24 other than in Manhattan. Are there any other  
25

1                   examples that you can cite other than Hudson Yards  
2                   and this particular zoning where we have a dedicated  
3                   fund for the purposes of infrastructure improvements  
4                   as well as the public realm outside of Manhattan?

5                   MARK PAGE: I think if you look back  
6                   there have been any number of real estate  
7                   transactions approved in terms of land use by New  
8                   York City that had an infrastructure payment as a  
9                   part of the overall package.  
10

11                   COUNCIL MEMBER JAMES: Will they have a  
12                   public authority which is housed in EDC for the  
13                   purpose of borrowing funds?

14                   MARK PAGE: This is not... I mean, I don't...  
15                   no, but this is not a public authority and it's not  
16                   housed in EDC; it's actually a local development  
17                   corporation... [interpose]

18                   COUNCIL MEMBER JAMES: Created by EDC,  
19                   correct?

20                   MARK PAGE: No; as a matter of fact it  
21                   would be created I guess with the... I mean, by New  
22                   York City; it would be housed in OMB, which currently  
23                   houses the Water Authority, Hudson Yards, TSASK  
24                   [phonetic], which was a tobacco revenue  
25                   capitalization for the general, support of the



2 capital budget, Transitional Finance Authority..  
3 [interpose]

4                   COUNCIL MEMBER JAMES: Can you cite... can  
5 you again cite any other zoning, or any other  
6 development project in recent memory, besides Hudson  
7 Yards where we're created a separate financing  
8 mechanism, a dedicated financing mechanism?

9                   MARK PAGE: I... I... I... [crosstalk]

10                  COUNCIL MEMBER JAMES: Okay.

11                  MARK PAGE: I may just be ignorant; I  
12 don't think so, but the only financing mechanism... the  
13 purpose for this financing mechanism is to as cheaply  
14 and simply as possible enable us to spend on  
15 improvements in the district now some amount of the  
16 resource expected to come in over time from this DIB  
17 revenue.

18                  COUNCIL MEMBER JAMES: Okay. Okay. Let  
19 me... again, I don't understand why this... we can't fund  
20 this out of the General Fund, out of the capital  
21 budget, but let me move on.

22                  In the testimony of Deputy Mayor Steel,  
23 he talked about a handful of new buildings; can you  
24 identify those new buildings within this project?

2 MARK PAGE: I can't, but I... I... City  
3 Planning... [crosstalk]

4 COUNCIL MEMBER JAMES: Is there anyone  
5 who can identify... [crosstalk]

6 [background comment]

7 COUNCIL MEMBER JAMES: all of the new  
8 buildings?

9 MARK PAGE: It...

10 COUNCIL MEMBER JAMES: and the density  
11 involved? How did you come to the conclusion that it  
12 would only generate 5 percent more density?

13 EDITH HSU-CHEN: As part of our rezoning  
14 study and part of our environmental review that we do  
15 as part of all rezonings, we arrived at what we  
16 deter... we arrived at a scenario in which we project  
17 developments, future developments and these sites are  
18 depend... and we'll just get to the slide... this slide  
19 shows projected development sites, sites that would  
20 use our proposed rezoning and our criteria for  
21 determining these sites involved how old are these  
22 buildings, what is the size of these buildings; is it  
23 a landmark, 'cause certainly if it is a landmark it  
24 is not on a soft site... it's not considered a soft  
25 site, and as mentioned already, whether or not these

1 sites have full avenue frontage. As you know, our  
2 Qualifying Sites, pursuant to our rezoning, says that  
3 the site must be 25,000 square feet, minimum size,  
4 and have full avenue frontage. So if you do not have  
5 these criteria you are not considered a potential  
6 site for future development.  
7

8 COUNCIL MEMBER JAMES: And all of these  
9 sites would... the height of these sites would be  
10 comparable to the height of the Bank of American  
11 building on Park Avenue?

12 EDITH HSU-CHEN: No.

13 COUNCIL MEMBER JAMES: No?

14 EDITH HSU-CHEN: Our rezoning has  
15 different areas with new as-of-right densities that  
16 again, can only be earned through contribution to the  
17 District Improvement Fund. Around Grand Central  
18 Terminal the as-of-right density would be 24 FAR and  
19 that is about comparable with the Bank of America  
20 building; that building's about 25 FAR. And then  
21 further from the Terminal you have 21.6 FAR and then  
22 along Park Avenue, a very wide avenue in Midtown, the  
23 widest avenue in fact, you have 21.6 FAR and then the  
24 yellow areas we have a 20 percent increase, up to 18  
25 and 14.4.

2 COUNCIL MEMBER JAMES: And the northern  
3 landmark Subdistrict; is that individual buildings or  
4 blocks or is that a... the district that you would be  
5 creating; is that individual buildings or an entire  
6 district?

7 EDITH HSU-CHEN: The northern subarea is  
8 a subarea within the East Midtown Subdistrict and  
9 within that area there are a number of individual  
10 landmarks. These landmarks, some of them have unused  
11 development rights. Right now the development rights  
12 of these landmarks are trapped and they cannot be  
13 sold to a receiving site; number one, there may not  
14 be a receiving site or there may not be a prospective  
15 buyer in the receiving site, which today must be  
16 immediately adjacent or across the street.

17 Under our rezoning proposal we are  
18 creating an area-wide transfer district so that the  
19 northern landmarks, landmarks within this area can  
20 transfer to receiving sites within the district as  
21 opposed to directly next door or across the street.

22 COUNCIL MEMBER JAMES: And the... the 20-  
23 year period, this would be a 20-year development  
24 period where you would add the 5 percent more  
25

2   density; that \$500 million would be over 20 years; is  
3   that correct Director Page?

4                   FRANK RUCHALA:   We... we... [crosstalk]

5                   EDITH HSU-CHEN:   We can answer that  
6   question, yes.

7                   FRANK RUCHALA:   That... that's correct.   So  
8   when we look over the long-term, in this case 20  
9   years, to try to identify the maximum amount of  
10   development that would occur through the rezoning,  
11   conservative amount of development, and found those  
12   sites to be those that would be most likely to use it  
13   when you add up how much additional density and how  
14   much the contributions to the District Improvement  
15   Bonus would be; that adds up to just around half a  
16   billion dollars.

17                  COUNCIL MEMBER JAMES:   Okay.   Thank you.

18                  CHAIRPERSON WEPRIN:   Thank you Miss  
19   James.   I'd like to call on Council Member Lappin.

20                  COUNCIL MEMBER LAPPIN:   Thank you very  
21   much.   So I'm not sure exactly who this question is  
22   addressed to, who can best answer it and I know that  
23   the MTA walked through generalities about  
24   improvements that would be made in terms of  
25   stairwells and ways to add capacity, but I guess my

1 question in a clear and concise way is; do we have a  
2 list of exactly which projects will be done to  
3 increase capacity, how much each one would cost, in  
4 what order and how much money will be advanced before  
5 building is allowed to begin so that we are adding  
6 the capacity and addressing the infrastructure needs  
7 before we're creating the demand?  
8

9 FREDERICKA CUENCA: From the MTA,  
10 Fredericka Cuenca. The Lexington Avenue improvements  
11 are very, very specific with discreet projects and we  
12 have a sense in totality for \$125 million for the  
13 Lexington Avenue improvements. Those improvements  
14 have to be phased, you can't shut down the station;  
15 we have to add a stair before we can take one out to  
16 reconstruct it, so we will be laying out a schedule  
17 of projects that we can do within the five years and  
18 I think that is one of the conversations, as Edith  
19 referenced, that is ongoing with City Planning, with  
20 the Council and with the City in general as to  
21 exactly the subset... [crosstalk]

22 COUNCIL MEMBER LAPPIN: These are...

23 FREDERICKA CUENCA: of projects.

24 COUNCIL MEMBER LAPPIN: So these... so  
25 that's where you kinda lose me; I'm not involved in

2   those discussions, so when you say the Council, who  
3   in the City Council are you discussing this with?

4                   FREDERICKA CUENCA:   Well I'm having the  
5   conversations with the City team and they are the  
6   ones that are actually speaking with the Council.

7                   EDITH HSU-CHEN:   As we do with every  
8   rezoning, we work very closely with the local Council  
9   Member.

10                  COUNCIL MEMBER LAPPIN:   So you and  
11   Council Member Garodnick are gonna develop a list of  
12   projects that would be funded and in the order that  
13   they would be funded?

14                  EDITH HSU-CHEN:   The list of improvements  
15   is arrived at through a collaborative process.   The  
16   community has been very much involved; the local  
17   Council Member, other elected, City Planning, other  
18   agencies at the City; this is an incredibly important  
19   proposal with an incredible important opportunity to  
20   deliver improvements to the infrastructure.   There is  
21   citywide impact here, so we are not taking any of  
22   this lightly; we have looked at these improvements  
23   very closely; we are very... we're delighted that the  
24   MTA has done extensive work already identifying

1  
2 improvements to the subway infrastructure that we can  
3 implement right away, right away... [interpose]

4 COUNCIL MEMBER LAPPIN: You know what, I  
5 understand. I mean I guess there's sort of different  
6 layers I'd like to dig deeper on and some of my  
7 colleagues have expressed frustration about setting  
8 up a mechanism where we can't control funding,  
9 certainly the MTA is not an entity where we can  
10 control funding. So anything that's sort of put  
11 together in an MTA capital budget we have really zero  
12 control over, despite great intentions or promises.  
13 But even setting that aside, the things you had  
14 identified even prior to this rezoning, or maybe you  
15 did this because you knew the rezoning was happening,  
16 those things that you would do on your own no matter  
17 what... let's say this fails; are you going to move  
18 forward anyway with the improvements to stairwells  
19 and escalators that have been creating a major  
20 bottleneck in the entire system?

21 FREDERICKA CUENCA: So as was alluded to  
22 earlier, we have responsibility for a massive  
23 infrastructure; covers 5,000 square miles, we carry 8  
24 million people every day; we have to be continuously  
25 investing in that infrastructure. So we're



2                   constantly juggling priorities; we're gonna have  
3                   subway cars that are over 50 years old before we  
4                   retire them... we have a... [crosstalk]

5                   COUNCIL MEMBER LAPPIN:    See that's where  
6                   I get... that's where I get... yeah, constant...  
7                   [crosstalk]

8                   FREDERICKA CUENCA:    So we... what I'm... what  
9                   I'm... excuse me...

10                  COUNCIL MEMBER LAPPIN:   Go ahead... no, you  
11                  can finish.

12                  FREDERICKA CUENCA:    What I'm saying is,  
13                  these are important improvements, but we cannot  
14                  guarantee any specific timeframe or where they would  
15                  fall out in a prioritization process without knowing  
16                  our funding envelope for the next capital program, so  
17                  what the District Improvement Fund does is say these  
18                  are funds that are available to make improvements in  
19                  this area and so what it does is put these projects  
20                  on a separate track for implementation that is  
21                  separate from the overall prioritization process that  
22                  occurs in the MTA capital program.

23                  COUNCIL MEMBER LAPPIN:    Right.  No,  
24                  'cause I understand they may be important for you  
25                  today, as you're sitting here, but not important for

2   you next year when there are other competing demands,  
3   which is an argument for setting up this kind of  
4   mechanism.  So then going back to this mechanism,  
5   before I would wanna vote on something, I would wanna  
6   know... and I'm an elected official who does represent  
7   certainly the Community Boards and part of the area  
8   that's in the rezoning and I haven't been part of the  
9   discussions, which if you're talking to others is  
10  appropriate, but a list of what would be done on a  
11  specific timeframe before we are overwhelming the  
12  system; if the monies weren't there, how we would  
13  deal with that or if the monies are going to be there  
14  because they're being advanced, well then how much is  
15  that gonna be?  But it sounds like you're working to  
16  develop that?

17                   EDITH HSU-CHEN:  Correct.

18                   COUNCIL MEMBER LAPPIN:  And that will be  
19  released at some point?  Okay.

20                   CHAIRPERSON WEPRIN:  Someone just say  
21  yes.

22                   FREDERICKA CUENCA:  Yes.

23                   COUNCIL MEMBER LAPPIN:  They... [laughter]  
24  Okay, thank you.

2                   CHAIRPERSON WEPRIN:   Okay, thank you very  
3 much.   Alright, we're now gonna shift gears, I think;  
4 we're gonna go back to Council Member Garodnick and  
5 then you guys try to figure out who's gonna come back  
6 up to answer these questions, depending on what the  
7 question is.

8                   COUNCIL MEMBER GARODNICK:   Thank you Mr.  
9 Chairman and by the way, I do wanna note; I think  
10 Council Member Lappin is definitely onto a key point  
11 here, which is... [background comment] good, thank you  
12 -- oh, that's very nice -- which is that we need to  
13 have clarity for the Council and for the community as  
14 to what exactly we're dealing with here and need to  
15 go, you know, far beyond the... you know, the  
16 preliminary presentation that we have today and of  
17 course, when you do all this with a very, very short  
18 time horizon of, as I understand it, November 13, if  
19 we are to modify or November 14, if we were to take  
20 any other actions.   So those are some of the  
21 challenges that I think we have and that, you know is  
22 one of the reasons why I think many of us had  
23 requested a six-month delay in this process so we  
24 would be able to sort out some of those things  
25 without dealing with them at the 11th hour.

1  
2 But let me go into some of the  
3 fundamentals of the rezoning proposal; we've been  
4 talking a lot about infrastructure, public realm and  
5 financing, but there is a specific detailed rezoning  
6 proposal before us today and we wanna talk a little  
7 bit about that too.

8 Let me just start with a very basic --  
9 you know, one of the elements of this proposal is to  
10 essentially grandfather on overbuilt buildings and  
11 you know, give them a chance to go back to where they  
12 are today; it's also my understanding that may be  
13 where the proposal originated here, but can you give  
14 us a sense as to how many buildings in this rezoning  
15 area that actually applies to; you cited 575 Madison  
16 Avenue in the intro; how many buildings does this  
17 actually apply to?

18 FRANK RUCHALA: Whether something applies  
19 or it would be used maybe are two different things,  
20 but I think when we looked at all the -- you know  
21 there's 400 buildings in this area -- looked for the  
22 buildings that were overbuilt, I think it came down  
23 to something around 40. But... [interpose]

24 COUNCIL MEMBER GARODNICK: 40 you said?  
25

1  
2 FRANK RUCHALA: 40. Now in reality,  
3 taking down... emptying the building, taking it down  
4 and rebuilding it is an onerous process and the idea  
5 that that would happen to any large number of them we  
6 think is actually quite rare. But I think what this  
7 does is it gives an opportunity for those sites to  
8 actually do something where today they're actually  
9 locked. Alright, this gives a new opportunity to  
10 use... it's a new... to fix and correct an issue in  
11 zoning; it doesn't mean that everyone will actually  
12 utilize it.

13 COUNCIL MEMBER GARODNICK: Well this  
14 argument I have found to be the most persuasive of  
15 all arguments that I've heard from the  
16 Administration, which is that if there are buildings  
17 that are currently locked in and overbuilt..  
18 [interpose]

19 FRANK RUCHALA: Uhm-hm.

20 COUNCIL MEMBER GARODNICK: and therefore  
21 have no incentive or ability even to go back up to  
22 where they are, then you're essentially targeting  
23 them for no upgrade essentially ever until such  
24 changes are ever approved. So I think that that's an  
25 important point.

1                   Let's talk about the absence of  
2  
3 development in this core. You cited the fact that  
4 the last major development was in 1999; that there  
5 have been only a couple of mid-sized office buildings  
6 in the past, I guess a decade or more and you know,  
7 some in the real estate world have noted that this  
8 perhaps is not just an East Midtown phenomenon; that  
9 this is an issue about commercial development in New  
10 York City. Can you address that and give us a sense  
11 as to where East Midtown really stands relative to  
12 other commercial development, particularly other  
13 commercial development that is not enjoying tax  
14 breaks or other subsidies as a result of, you know,  
15 city action that is looking to prompt or promote  
16 development, like Hudson Yards or Lower Manhattan?

17                   EDITH HSU-CHEN: There is certainly aging  
18 building stock throughout the City; that is true, but  
19 why we must do something here right away on the  
20 zoning is because East Midtown is this incredible job  
21 center, as is incredible tax base; it's already... it  
22 has a lot of density in terms of buildings, existing,  
23 certainly and jobs and you know, to not address the  
24 issue here means that we are allowing the commercial  
25 core of our city to freeze, to freeze in time; that

1 doesn't make any sense. So you are asking about  
2 relative to other districts; the other commercial  
3 districts in the City are enjoying growth and we're  
4 seeing Hudson Yards about to anchor next year, Lower  
5 Manhattan has a number of buildings that are being  
6 spoken for; it's very exciting. We have other  
7 regional commercial business districts that serve a  
8 vital role in the City's economy, but they are not  
9 necessarily the City's center core. It's important  
10 that we have a diversity of business districts  
11 throughout the City. We have an incredible array of  
12 businesses throughout the City; they have different  
13 needs, they have different office space needs, they  
14 have different transit needs; they want to go to  
15 different types of spaces, different neighborhoods;  
16 it's important that we provide that diversity of  
17 business districts. But above all, we must keep our  
18 commercial core healthy, where we have the most jobs  
19 and we have incredible investments in the  
20 infrastructure.

21  
22 COUNCIL MEMBER GARODNICK: Okay,  
23 certainly agree with all that, except it's not at all  
24 clear to me that the current zoning doesn't  
25 adequately deal with that particular problem, which

1 is the reason why I asked the question about other  
2 areas and... 'cause other areas without subsidy -- so  
3 put aside Hudson Yards and Lower Manhattan -- were  
4 booming on their own and there was this incredible  
5 appetite for commercial office space and it was not  
6 actually being... it was being developed elsewhere, but  
7 not in Midtown Manhattan; I think that that would be  
8 one point. But some in the real estate world have  
9 made the observation that if, even under existing  
10 zoning, if there were the demand to actually do this;  
11 building owners would actually go ahead and take all  
12 of the risk, attendant with emptying buildings and  
13 getting to the place where they need to get to be  
14 able to build new building stock, so it sounds like  
15 you may wanna add.

17 EDITH HSU-CHEN: There is a particular  
18 demand for office stock in Midtown and the Cushman &  
19 Wakefield Study, which the City relied upon with  
20 respect to 2007 Hudson Yards work, stated that we  
21 needed 70 million square feet of office space in  
22 Midtown. So you know; Hudson Yards can deliver some  
23 of that, current Midtown, West Midtown can handle  
24 some of that, but East Midtown is not providing its  
25 share of the growth of the needed supply of new



1 office space in Midtown. Even with this added  
2 increment of 4.5 million square feet in East Midtown  
3 that we hope to see through the rezoning, there will  
4 actually still be a shortfall of office space that we  
5 need to deliver in the Midtown area.

7 COUNCIL MEMBER GARODNICK: Okay, let's  
8 talk about the earned as-of-right number... [interpose]

9 EDITH HSU-CHEN: Sure.

10 COUNCIL MEMBER GARODNICK: because as you  
11 have on... the actual... over on the right slide, where  
12 you have the opportunity to go in that core from 15  
13 to 24 or in the Grand Central Subdistrict from either  
14 12 or 15 up to 21.6, those were numbers which were  
15 obviously carefully considered and promoted by the  
16 Administration, by the Department of City Planning;  
17 can you help us understand why you feel that we are  
18 certain that those are the right numbers to actually  
19 spur the development that... you know, that Cushman &  
20 Wakefield Study suggests that we need here...

21 [interpose]

22 EDITH HSU-CHEN: Uhm-hm.

23 COUNCIL MEMBER GARODNICK: and whether or  
24 not all of that additional density should be, or must  
25 be as-of-right?

[background comment]

EDITH HSU-CHEN: With every rezoning we deliberate... we agonize over the appropriate as-of-right densities; it is a very, very important thing that we do. In East Midtown we believe it is absolutely essential to increase the as-of-right density to these densities that we propose; we believe they're sufficient and not excessive. We need these to incentivize for some new development, 'cause as we have shown, we have demonstrated, the zoning has essentially just frozen development here; the 15s and the 12s don't work, you know, we need to get something sufficiently above what is already on the ground today and so many buildings in the area are already well above 15. You know, I think there's broad consensus that density belongs at a transit hub. We looked at comparable FARs, buildings with FARs of 24, 21.6; these are very familiar densities to all New Yorkers in central business districts. The 21.6 is already there, the building 383 Madison, the 25 we've talked about, Bank of America building. Just a matter of comparison, the... you know, One World Trade Center building, on its footprint is a 50 FAR building. The Empire State Building is a 33 FAR

1 building, the Chrysler building is a 27 FAR building,  
2 so the densities that we're proposing, which is as-  
3 of-right up to 24, is certainly not even at those  
4 levels; it is at a higher level certainly, but not at  
5 the highest level that we see in the City.  
6

7 How we arrived at 24 is actually very  
8 simple. We relied upon the Midtown Special District  
9 bulk regulations that have been in effect for the  
10 past 30 years and the Midtown bulk regulations are a  
11 widely praised and acclaimed set of bulk regulations  
12 that essentially dictate a shape, they help shape the  
13 buildings in Midtown; they provide for light and air  
14 to the streets and sidewalks of our busy Midtown  
15 area. You know, the Midtown bulk envelope, we tested  
16 it out and we saw that it could fit comfortably 24  
17 FAR, comfortably, with contemporary floor-to-ceiling  
18 heights with contemporary core needs, so this is how  
19 we arrived at the 24 FAR.

20 Now we had tried a special permit 20  
21 years ago to try to induce new development; that was  
22 a special permit up to 21.6 FAR; it only got used  
23 once; it just didn't work... [interpose]  
24  
25

2 COUNCIL MEMBER GARODNICK: That was in  
3 the... that's in the core, in the Grand Central Core.  
4 [crosstalk]

5 EDITH HSU-CHEN: That's in the core,  
6 correct; that's correct.

7 COUNCIL MEMBER GARODNICK: Have you  
8 tried... had the City tried a special permit which  
9 would bump the 15s which go now up to the 21.6 or 18  
10 up in the northern territories over here; has that  
11 been something that the City has tried?

12 EDITH HSU-CHEN: Could you ask me that  
13 question one more time?

14 COUNCIL MEMBER GARODNICK: So in the  
15 areas just north of the Grand Central Subdistrict...  
16 [interpose]

17 EDITH HSU-CHEN: Uhm-hm.

18 COUNCIL MEMBER GARODNICK: where it goes  
19 from either 15... from 15 to either 18 or 21.6; has the  
20 City attempted to add a special permit with an  
21 upzoning in those areas previously?

22 EDITH HSU-CHEN: Actually a special  
23 permit already exists, we have special permits today...  
24 [crosstalk]

2 COUNCIL MEMBER GARODNICK: So you... if  
3 you... if... if you needed... if you wanna go beyond 15...  
4 [interpose]

5 EDITH HSU-CHEN: Uhm-hm.

6 COUNCIL MEMBER GARODNICK: you have the  
7 ability to ask for a special permit to go bigger than  
8 15?

9 EDITH HSU-CHEN: Correct, there are  
10 special permits today that deal with landmark  
11 transfers; that deal with subway improvement bonuses;  
12 they have not been utilized in East Midtown, they've  
13 not been utilized.

14 COUNCIL MEMBER GARODNICK: Okay, let's  
15 talk about the caps, because you have added a  
16 proposed cap of the overall density in the Park  
17 Avenue district -- what do we call the Park Avenue  
18 area, to the north?

19 EDITH HSU-CHEN: The Park Avenue area it  
20 is... [interpose]

21 COUNCIL MEMBER GARODNICK: Right, Park  
22 Avenue area. [laughter] So the Park Avenue area,  
23 with a special permit you can go to 24 and in the  
24 Grand Central core you can go up to 30 with a special  
25

1 permit. Can you give us a sense as to how you landed  
2 on those numbers too?

3  
4 EDITH HSU-CHEN: Certainly. Well first,  
5 just as a matter of principle; this is East Midtown  
6 and this is a place of global distinction. We  
7 believe there should be an opportunity for developers  
8 to go above and beyond, provided that there be an  
9 extraordinary building, an extraordinary,  
10 extraordinary building; again, this is the... this is  
11 the Midtown of the Seagram, of Chrysler, of the  
12 Citigroup building, of AT&T building, so we think  
13 it's important to provide the opportunity to go above  
14 and beyond even our as-of-right framework. However,  
15 we think that there must be a very high bar and that  
16 developers who are going for this additional FAR must  
17 include on-site public amenities, they must be, for  
18 example, around Grand Central Terminal there must be  
19 direct and generous connections to the underground  
20 network, there must an on-site public room, like a  
21 winter atrium, a public atrium, and to the north, the  
22 same thing; there must be on-site public amenities.  
23 These buildings, this additional FAR up to 24 and 30,  
24 these are FARs that will pierce the... excuse me, in  
25 particular, the 30 FAR around Grand Central, 30 FAR

1 on 40,000 square foot sites, which is the minimum  
2 required for that special permit, these will result  
3 in buildings that do get above the forest line, the  
4 tree line some like to say, of Midtown Manhattan  
5 building. So we think it's very important that those  
6 buildings go through a special permit, a full  
7 discretionary review process.  
8

9 COUNCIL MEMBER GARODNICK: Okay, I think  
10 one of the questions that we are struggling with is  
11 where and under what circumstances in this rezoning  
12 should there be special permits on an ongoing basis?  
13 And you guys draw the line in your proposal at 21.6  
14 for the Park Avenue area or 18 in the other areas or  
15 21.6 in the Grand Central Subdistrict or 24 in the  
16 core, but you know, when we think about public  
17 interests here and certainly public process, we are  
18 hesitant to relinquish all of that, but we also  
19 recognize the fact that if this district is stuck we  
20 wanna make sure that we give it the necessary bump.  
21 But it is not readily apparent to me that anybody  
22 actually will take advantage of the 21.6 in the Park  
23 Avenue area with or without a special permit; I mean  
24 we don't know who is actually going to opt to buy for  
25 the earned as-of-right; we don't know if they would

2   opt to do that even if they did have a special permit  
3   requirement somewhere between 15 and 21.6. This is  
4   all really based on some level of speculation as to  
5   what the real estate world ultimately will do with  
6   this; isn't that accurate?

7                   FRANK RUCHALA: I think one of the people  
8   who we see in the audience today is an owner of a  
9   site on Park Avenue; I think might actually be able  
10   to talk about this issue as to whether a special  
11   permit for any densities above, or below 21.6 are  
12   feasible to them. But I think our understanding and  
13   our sense is that these densities are appropriate  
14   from a planning perspective; they generate funding  
15   that actually helps improve the overall area at that  
16   above this; there is this opportunity, but again, it  
17   comes to the full special permit review; whether or  
18   not the use of that for lower densities would  
19   actually be true, I think that's a question that's  
20   actually worth asking.

21                   CHAIRPERSON WEPRIN: Council Member  
22   Garodnick, I'm just gonna interrupt one second. I  
23   promised Director Page... he really wants to stay, but  
24   I know he has an appointment that he has to go to, so



1  
2 it's okay that we... we excuse him for now. It's  
3 always a pleasure, Mr. Page...

4 MARK PAGE: Thank you.

5 CHAIRPERSON WEPRIN: always an adventure  
6 too. Thank you. [laughter]

7 MARK PAGE: Thank you, Mark.

8 COUNCIL MEMBER GARODNICK: Let's talk  
9 about the air rights for a moment and we have not  
10 gotten into that before and the City is proposing  
11 setting a single air rights price for the district to  
12 be indexed over time and reappraised periodically; I  
13 think... what is it, three or five?

14 FRANK RUCHALA: Every three to five.

15 [background comment]

16 COUNCIL MEMBER GARODNICK: Three to five?

17 FRANK RUCHALA: Right.

18 COUNCIL MEMBER GARODNICK: So... so  
19 question for you all is to the appropriateness of our  
20 setting a single price for an entire 70-block  
21 district and what the obstacles necessarily would be  
22 for us to do site by site appraisals closer to the  
23 time of development here; that certainly is a place;  
24 I mean we have, you know folks who are arguing that  
25 the appropriate price here should be \$150 a square

1 foot; we have folks who are saying that \$400 should  
2 be the appropriate square foot pricing; we've got the  
3 City that's coming at \$250 and obviously there's...  
4 everybody's gonna be a little bit wrong here; there's  
5 no answer to this specific question that we could set  
6 today and say with certainty for every block in East  
7 Midtown on an ongoing basis -- even for three or five  
8 years -- that we can have comfort that we've hit the  
9 right mark. So what's the problem with doing an  
10 ongoing appraisal where a developer says, I wanna buy  
11 air rights now for this site and I wanna know what  
12 the value is of air rights on this block at this time  
13 are; doesn't that give the City the necessary  
14 protection to ensure that it's infrastructure dollars  
15 are protected; doesn't that give the seller of air  
16 rights the protection to know that they haven't been  
17 undervalued; doesn't that give everybody the  
18 certainty to know that they didn't actually pick the  
19 wrong price in 2013? What's the problem with doing  
20 it that way?

22 FRANK RUCHALA: I think what we saw were  
23 there are a number of issues; I'll try to go through  
24 each of them. Number one, we always have felt, based  
25 on our experience in places like Hudson Yards; having

1 a clear and some single number actually allows  
2 predictability and it's actually in two ways. Number  
3 one, it allows for predictability for actual  
4 developers, development to actually occur, but two,  
5 it actually allows for predictability from the  
6 planning side and the public sector side how much  
7 funding would actually be generated by buildings over  
8 time. If one was to never be able to actually truly  
9 assess the actual amounts of funding that could be  
10 developed coming from any single building, it's  
11 actually hard to do the kinds of planning that we're  
12 actually talking about as part of this proposal and  
13 attempt a prioritization of projects over time.

14  
15 Second, I think one of the things that  
16 we've noted, and actually the Borough President noted  
17 in their recommendation, is just what we're having  
18 today, which is this continual debate about whether  
19 it's too high or too low or just right, would be  
20 continuous for every single building and so the  
21 concern that the Borough President recommendation  
22 raised and I think we share is that what happens then  
23 is that actually that negotiation occurs and the  
24 price overall would actually be lower for the City  
25 because there would be effectively a negotiation.

2   Where here, by actually abstracting it to the overall  
3   area and attempting to understand and set market  
4   rate, we're actually able to obtain a more  
5   appropriate and effectively market rate price where  
6   our concern is that the negotiation itself would  
7   actually lower the rate for the individual building.

8                   COUNCIL MEMBER GARODNICK:   Explain the  
9   concern; I get the point about clarity...

10                  FRANK RUCHALA:    Sure.

11                  COUNCIL MEMBER GARODNICK:   and certainty,  
12   that has a great appeal to I think a lot of people...

13                  FRANK RUCHALA:    Uhm-hm.

14                  COUNCIL MEMBER GARODNICK:   and I think  
15   that we in government should try to endeavor to set  
16   those rules... keep the rules so that people can work  
17   with them and plan accordingly.   But the issue about  
18   a negotiation, I think that's worth... or exploring a  
19   little further as to what exactly you envision  
20   happening if there were to be a site by site  
21   consideration here.   You know, there are ways to do  
22   this in which, you know. you set the bar as a... the  
23   City or other seller of their rights comes out with  
24   an appraisal, the buyer comes out with an appraisal  
25   and if they cannot agree on what the proper price is,

2   then they jointly pick a third appraiser who actually  
3   chooses one or the other which actually gets it  
4   pretty close to what the market likely is there.

5                   What's the problem with setting forth an  
6   ongoing process here to bet able to get... to get us  
7   closest to the market rate at the moment in time  
8   where we're interested in having it?

9                   FRANK RUCHALA: I think I'll just  
10   actually read the Borough Presidents' statement,  
11   'cause I think it actually does a pretty clear job of  
12   this. "A negotiated sales press can result in one  
13   developer receiving a preferential price over another  
14   due to their respect in negotiating prowess or  
15   personal relationships. The process described in  
16   this scenario is not a transparent one and therefore  
17   cannot guarantee that the City's long-term interest  
18   and public benefits are maximized."

19                   I think that actually tests at the core...  
20   [interpose]

21                   COUNCIL MEMBER GARODNICK: Okay, so then...  
22   then take a different approach; what if you did an  
23   appraisal not every three to five years, but every  
24   six months; any problem?

1  
2 FRANK RUCHALA: I think given the  
3 limited, as Budget Director Page represented, the  
4 limited number of transactions that we're talking  
5 about here, you would effectively be spending the  
6 City's hard-earned money to undertake continual  
7 appraisals.

8 COUNCIL MEMBER GARODNICK: Okay. Well I  
9 guess what I'm tryin' to highlight here is that we're  
10 not yet at a place where I think that we have sorted  
11 this one out and I don't know the answer as I sit  
12 here today, but the single price for a whole district  
13 for a three- to five-year period I think may not be  
14 precise enough for us and also there's a... I'm  
15 concerned about setting a specific price because I  
16 know that whatever we do today is inevitably going to  
17 be wrong in a year or two or three before that next  
18 appraisal comes due. So I think this is worth a  
19 further conversation and despite the appeal of the  
20 certainty of knowing what it is, there's also the  
21 appeal of knowing that you priced it right at the  
22 moment where it's actually gonna be used, so I think  
23 that we should talk about this one further. Go  
24 ahead.

1  
2 FRANK RUCHALA: Just one last thing; I  
3 think in the interims -- I think this is important to  
4 note -- in the interims between those appraisals  
5 every three to five years, the numbers themselves are  
6 adjusted annually and we tried to find an adjustment  
7 that actually made sense in Midtown and actually  
8 track Midtown market value; Hudson Yards we used  
9 inflation in the CPI Index, which is what we found  
10 was actually too low in relation to Midtown values;  
11 Midtown actually increases in value faster than the  
12 nation's inflation rate, so we looked for things that  
13 actually worked and actually track that better and  
14 the... so the text actually requires annual  
15 readjustments based on those indexes. So what we're  
16 trying... and I appreciate the point... trying to just  
17 make sure that even in those interim three years or  
18 five years we're actually still tracking and that  
19 really those... those reappraisals are effectively  
20 checkings again, just to make sure we're right.

21 COUNCIL MEMBER GARODNICK: Okay, let's  
22 move on to the District Improvement Fund Committee,  
23 and this is the committee, for those who are not  
24 familiar with it, which would ultimately have the  
25 ability to decide where those dollars got spent; this

1  
2 is not a matter of an edict coming from either City  
3 Planning or from the Council Member; what you have  
4 proposed is a structure whereby there's a committee  
5 to allocate funds for needed infrastructure in the  
6 area, however, it is significant weighted toward an  
7 executive membership on that committee; I wanted to  
8 see if you could give us your best explanation for  
9 why that is, why it should stand; certainly, you know  
10 why we shouldn't be endeavoring to add more community  
11 or Council input to this committee, maybe similar to  
12 what the Hudson Yards Infrastructure Corporation has  
13 or other precedents that exist out there.

14 EDITH HSU-CHEN: We do have other zoning  
15 fund committees in existence and they are mayoral,  
16 majority mayoral controlled, so we really just  
17 borrowed from precedent, but of course we are open  
18 and we expect further discussion on the composition  
19 of the East Midtown DIB Committee.

20 COUNCIL MEMBER GARODNICK: Okay, let's go  
21 to the sustainability question for a second. You  
22 know, you noted that this is pegged to, I think the  
23 2011... [interpose]

24 FRANK RUCHALA: That's correct.  
25



2 COUNCIL MEMBER GARODNICK: 2011 code; did  
3 we consider any other standards here, lead standards,  
4 other, and you know, does it makes sense for us to  
5 tie this to a standard where we know that there's  
6 gonna be a new code that will be adopted even  
7 eminently?

8 FRANK RUCHALA: Just to the point; we  
9 actually spent a lot of time thinking about what was  
10 the appropriate thing to base this on; lead is of  
11 course out there, it's a national standard. We  
12 actually... when we try to do these things, we try to  
13 look for what we have here in New York City, or at  
14 least in New York state; here we have the New York  
15 City Energy Code, which offers tests... since every  
16 building already has to undertake this process, it's  
17 something DOB is use to actually, assessing; this  
18 seemed to us an actual good model. What we tried to  
19 do though is take that energy code and understand  
20 what was the appropriate rate better that these  
21 buildings should be higher than that existing energy  
22 code through the use of this District Improvement  
23 Fund.

24 Studied a lot of buildings in the city  
25 that have been developed over time and assessed where

1 they sat in relation to the 2011 code itself and  
2 found the building of the most recent era that  
3 actually was the best performing was One Bryant Park;  
4 that was set at 17 percent of the 2011 energy code or  
5 it beat the existing code by that and so we set our  
6 proposal at 15 percent over the existing energy code.  
7 We're also aware that over time the codes change;  
8 that's true of lead also; this is... these change as  
9 technology improves over time and sort of created a  
10 process in the text and tried to improve through the  
11 process of making sure that as those codes change the  
12 actual provision is updated to reflect it. Alright,  
13 so... and one of the things that I think there was a  
14 great deal of testimony that we heard on, was trying  
15 to make sure that the standard would be changed when  
16 the code itself changed and put in requirements that  
17 the Department actually report on the changes to the  
18 Commission and modify that requirement by rule so  
19 that over time this tracks any changes to the New  
20 York City Energy Code.

22 COUNCIL MEMBER GARODNICK: So it actually  
23 would require a rule change by City Planning..  
24 [crosstalk]

25 FRANK RUCHALA: Requires the... if...

2                   COUNCIL MEMBER GARODNICK:   Is there any  
3 way to bake that into this so that it actually would  
4 not require rule change and where it actually would  
5 be where we're setting the parameters here and not  
6 have to require, you know, some entity or next City  
7 Planning or future City Planning Commissions to  
8 actually do that?

9                   FRANK RUCHALA:   We could think about it  
10 more; I think just the way that we think about this  
11 is; this is a long-term zoning proposal and so these  
12 changes will occur numerous times, right; the energy  
13 code will update generally every three to... I think  
14 three or four years, and so this will happen often,  
15 so what we're trying to do is create a process so  
16 that when those changes occur every three to four  
17 years the text can reflect that. We can think about  
18 it more.

19                  COUNCIL MEMBER GARODNICK:   Okay, my last  
20 question and then -- I know there's lots of people  
21 here to testify, so I will... I will leave it here --  
22 is about the entire framework of buying the air  
23 rights from the City here, because I think one of the  
24 questions that my colleague, Council Member Lander  
25 asked of Mark Page was, you know whether there are

1  
2 circumstances in which this would not be appropriate  
3 and whether we are perhaps on a path, if we were to  
4 approve this particular structure, toward allowing  
5 for there to be the, you know, the whole creation and  
6 sale of air rights that actually could fund  
7 infrastructure in a way that is completely different  
8 from the way we have ordinarily dealt with these  
9 problems in the zoning text through special permits  
10 in the past. Do you not view any pitfalls here or  
11 any alarms with the concept that you're proposing,  
12 and if you're not concerned, explain to us why you're  
13 not concerned about that?

14 EDITH HSU-CHEN: This concept that you  
15 talk about, it's not new; this is... what we're  
16 proposing in East Midtown is a new iteration of  
17 incentive zoning; it's been in place for 50 years,  
18 over 50 years and through incentive zoning we  
19 leverage private development to help delivery  
20 amenities to the public. We have a number of public  
21 spaces that were created this way, we have a number  
22 of plazas throughout the City that were delivered  
23 through incentive zoning; we have affordable housing  
24 that's delivered through incentive zoning as part of  
25 the Inclusionary Housing Project, we have... a newer

2   model of incentive zoning is the Fresh Program where  
3   we're incentivizing for grocery stores in areas that  
4   are not well served, but... [interpose]

5                   COUNCIL MEMBER GARODNICK:   Okay, but let  
6   me just stop you for a second...

7                   EDITH HSU-CHEN:    Sure.

8                   COUNCIL MEMBER GARODNICK:   because I  
9   completely understand that, incentive zoning, that's  
10  kinda what happens... [interpose]

11                  EDITH HSU-CHEN:    Yeah.

12                  COUNCIL MEMBER GARODNICK:   but sale of  
13  air rights is what I wanna focus you on, and I know  
14  that there is precedent at Hudson Yards, but what I'm  
15  tryin' to understand is, is there any reason why this  
16  would not become a future, or much more likely  
17  scenario in other areas of the City where we have  
18  difficult budgetary moments or where we wanna spur  
19  development where we go ahead and, you know, and just  
20  create air rights to be able to generate those  
21  dollars and is there any risk to doing that?

22                  DAVID KARNOVSKY:   David Karnovsky,  
23  General Counsel to City Planning.   I think the way  
24  that we look at... [interpose]

1  
2 COUNCIL MEMBER GARODNICK: I can't  
3 believe it took us this long to get you up here.

4 [laughter, background comments]

5 DAVID KARNOVSKY: And here I am. I think  
6 the way that we look at this is that where you have  
7 what we think of as an integrated land use plan which  
8 combines zoning and infrastructure, that this can be  
9 an appropriate mechanism; we're not here to say that  
10 it would only be used here forever and for the  
11 future, but the point is that this East Midtown  
12 rezoning has been conceived as an integrated plan,  
13 recognizing that the combination of zoning changes  
14 and infrastructure changes are necessary to achieve  
15 the goal.

16 If zoning were simply used to fund  
17 infrastructure without that kind of integrated  
18 planning, thinking underlying it, that would be  
19 problematic, but that is not the case here; that's  
20 why we believe that this is an appropriate use of  
21 incentive zoning and why it is not, as some people  
22 say, a form of zoning for sale. Zoning for sale, if  
23 you will, is the idea of simply generating  
24 development rights in order to fund the General Fund  
25 for any number of purposes; that is not what's going

2   on here; this is, as it's been describe today, is an  
3   integrated land use development plan and if it's  
4   conceived of that way it can be an appropriate  
5   mechanism; we think that's true here.

6                   COUNCIL MEMBER GARODNICK:   Okay, well  
7   that's extremely helpful and I do see the distinction  
8   between just simple sale of air rights as opposed to  
9   sale of air rights as part of an integrated, broader  
10  plan and I just will note... and I really don't have  
11  anymore questions, Mr. Chairman; I will note that  
12  when we think over the next couple of weeks about  
13  that broader plan we still have a variety of things  
14  that we need to work out as to, you know what that  
15  plan is or should be on public realm or  
16  infrastructure and things like that and I think that  
17  there are some gaps here which, you know we certainly  
18  will do our very best to try to address.   But I agree  
19  with you that there is a distinction to be made, but  
20  if we're going to adopt a broad plan it will need to  
21  be complete by the time that we are actually voting  
22  on it, so thank you all very much for your time.

23                   CHAIRPERSON WEPRIN:   Okay, thank you  
24  Council Member Garodnick.   We have one more question;

1 Council Member Lappin has one more follow-up  
2 question.

3  
4 COUNCIL MEMBER LAPPIN: Thank you; it's...  
5 well it's a separate... it's a special permit question  
6 for City Planning... [interpose]

7 CHAIRPERSON WEPRIN: 'Kay.

8 COUNCIL MEMBER LAPPIN: and because I  
9 wanna make sure... I think I misunderstood, so I wanna  
10 be clear when a special permit is needed for hotel  
11 use and when it is not.

12 FRANK RUCHALA: So I'll just go through,  
13 okay. So... and just let me get to the slide... so when  
14 you have one of these Qualifying Sites and you're  
15 using the District Improvement Bonus up to these  
16 higher densities, in addition to actually making that  
17 contribution you're required to meet a certain series  
18 of other standards, whether that be about  
19 sustainability, as we described before, but also  
20 about use. And the proposal as the Commission  
21 approved it required that a maximum of 80 percent of  
22 the building be office or retail and then allow the  
23 other 20 percent as-of-right to be a mix of hotel or  
24 residential use.



1                   On sites, and that's on the right-hand  
2 bar here, if you had a site today that actually had  
3 an existing hotel, that actually had more square  
4 footage than that 20 percent cap would be; they would  
5 have the ability to build back that amount of square  
6 footage they have today as-of-right. Beyond that...  
7 beyond that, any other site that was looking to build  
8 one-square-foot more of hotel, for example, more  
9 residential or any other permitted use for commercial  
10 zoning would require a special permit.

11                   COUNCIL MEMBER LAPPIN: So... and... so I  
12 understand that is for properties that are seeking to  
13 build more than they are entitled as-of-right and  
14 that's... but for buildings that are not... that want to,  
15 say tear down and rebuild, but just to their existing  
16 height and bulk.

17                   FRANK RUCHALA: The... Sorry; I think I  
18 should've just said those that are just doing that  
19 also... and basically, once you use the DIB you're  
20 required to follow those use provisions. So to your  
21 example, a building that was overbuilt and was  
22 rebuilding again to its existing FAR and that be it,  
23 you still have to follow those same use provisions.  
24

2                   COUNCIL MEMBER LAPPIN:    Meaning they  
3 would still need a special permit to do more than...

4                   FRANK RUCHALA:    The 20 percent.    That's  
5 correct.    That's correct.

6                   COUNCIL MEMBER LAPPIN:    Okay, so any... I  
7 just... I'm... I wanna just be clear... any property  
8 anywhere within the zone that is torn down and  
9 rebuilt is going to have to follow these same  
10 provisions for use?

11                  FRANK RUCHALA:    That utilizes... right,  
12 that utilizes the District Improvement Bo... I mean  
13 maybe... we're saying the same thing, but when we think  
14 of it, it's that once you elect to use the District  
15 Improvement Bonus it comes with a series of other  
16 requirements; use restrictions are effectively one of  
17 them and they come... and I think it's important; it  
18 speaks to what the proposal is intended to do, which  
19 is create new office space; allows for mixed use and  
20 allows for the option through discretionary means to  
21 allow a broader range of use... [interpose]

22                  COUNCIL MEMBER LAPPIN:    Right, but I'm  
23 saying, you don't want to pay into the DIB and you  
24 don't want the extra added FAR, you just want to tear  
25 down and rebuild.

1  
2 FRANK RUCHALA: Then they're not using  
3 this zoning and the existing underlying zoning  
4 applies.

5 COUNCIL MEMBER LAPPIN: Okay. Thank you.  
6 Last follow-up... [interpose]

7 FRANK RUCHALA: Sure.

8 COUNCIL MEMBER LAPPIN: Are there  
9 properties within this area that you think are going  
10 to be turned into hotels?

11 FRANK RUCHALA: That are rebuilding and  
12 using the DIB and would be... I'm not sure... [crosstalk]

13 COUNCIL MEMBER LAPPIN: Using the DIB or  
14 not using the DIB?

15 FRANK RUCHALA: If so... if a site was to  
16 use the DIB, they follow the use provisions we set  
17 up... [crosstalk]

18 COUNCIL MEMBER LAPPIN: Got that, right.

19 FRANK RUCHALA: Right.

20 COUNCIL MEMBER LAPPIN: Right.

21 FRANK RUCHALA: So and I think it speaks  
22 to the whole proposal, which is actually quite  
23 limited; it affects these Qualifying Sites; beyond  
24 that, existing zoning stays in place. So I guess if  
25 in your scenario, if a building wasn't rebuilding,

2   wasn't using the DIB; existing zoning would continue  
3   to apply. And so ab... [interpose]

4                   COUNCIL MEMBER LAPPIN: And your argument  
5   would be that would be the case no matter what,  
6   whether this failed... [interpose]

7                   FRANK RUCHALA: That's correct.

8                   COUNCIL MEMBER LAPPIN: whether it  
9   succeeded.

10                  FRANK RUCHALA: That... that's correct.

11                  COUNCIL MEMBER LAPPIN: Okay, thank you.

12                  CHAIRPERSON WEPRIN: Alright. Well, I  
13   think we're gonna excuse this panel; we shared all  
14   your supplement panels. We thank you very much;  
15   you're welcome to stick around. We are now gonna  
16   move to the panel phase of our hearing; I wanna  
17   remind you, 'cause it's been quite some time, that  
18   we're gonna call up alternate panels, opposed...  
19   starting with opposed and then in favor; we're gonna  
20   limit people to two minutes on the clock, so in your  
21   minds, please put together that two-minute testimony.

22                  And our first panel in opposition's a  
23   little complicated; we're gonna leave all these  
24   chairs here, 'cause I wanna call up the five  
25   Community Board Members who have been most active in

2    this discussion, Lola Finkelstein, Terry O'Neal,  
3    Wally Rubin, Joseph Hagelman and Vikki Barbero. We  
4    also are delighted to have Senator Brad Hoylman here  
5    and also Community Board 4 Member, Corey Johnson, who  
6    happens to be the democratic nominee for the Council  
7    District 5... 3... Council District 3 and will be a new...  
8    so why don't you guys come up and sit in the chairs  
9    here. Garodnick didn't wanna have you come up,  
10   Corey; I just wanna be clear about that, but I  
11   insisted... just be clear about that. Just kidding.  
12   Just kidding.

13                   [pause]

14                   CHAIRPERSON WEPRIN: So I don't know how  
15   you're gonna sort this out, but here's how we're  
16   gonna do it; again... Senator, do you wanna go first or  
17   doe you wanna... yeah, let's make it easier. 'Kay...  
18   shh... could we have quiet please; I apologize for  
19   ruining decorum a little bit, so... yes; whenever  
20   you're ready Senator you start us off.

21                   SENATOR HOYLMAN: Thank you Council  
22   Member Weprin and all the members of the Subcommittee  
23   on Zoning and Franchises for this opportunity to  
24   testify. My name is Brad Hoylman and I am the State  
25   Senator representing approximately two-thirds of the

1 East Midtown Rezoning Area; I'm here on behalf of  
2 myself and State Senator Liz Krueger, who represents  
3 the other third, and together we've submitted a joint  
4 letter to the City Council on this very consequential  
5 proposal. The letter is self-explanatory, I believe,  
6 but I would like to focus on two points that we make  
7 in the letter.  
8

9 The first, Mr. Chair, is what we believe  
10 is a lack of clarity on the transit capital  
11 improvements. The plan continues to be marketed, as  
12 we've heard, by the Administration as the only  
13 solution to raise needed capital for funding for  
14 improvements in East Midtown's transit infrastructure  
15 and particularly, the already over-capacity Lexington  
16 Avenue line. The Administration has repeated told us  
17 that the proposed District Improvement Fund in this  
18 plan was the only way to raise revenue for the needed  
19 project; we believe that this argument is incorrect  
20 and actually disingenuous.

21 Receipts from the DIF may enable an  
22 acceleration of portions of the work, but necessary  
23 means necessary. As state elected officials we are  
24 both confident that the lion's share of the needed  
25 work would nonetheless be included in the MTA's

1 capital plans over the coming two decades. Money  
2 raised through the one-shot creation and sale of new  
3 air rights by the City should be used for new and  
4 transformational projects that cannot otherwise be  
5 budgeted, in our opinion; not for what are essential  
6 subway station upgrades. That notwithstanding the  
7 Administration's position, we are certain would be  
8 budgeted in normal capital plans.  
9

10 Moreover, the Administration's private  
11 suggestions to us and other elected officials, that  
12 about \$100 million for transit and public realm  
13 improvements could be bonded up front does little to  
14 address our concerns; in the context of MTA capital  
15 budgeting, this really is a drop in the bucket and  
16 about \$500 million worth of work in East Midtown has  
17 already been identified as necessary in the coming  
18 years, even without any increase in buildings or area  
19 population due to rezoning.

20 Second point, Mr. Chair, is I'd like to  
21 contrast this proposal in the context of the public  
22 review process. With two previous rezonings that  
23 have taken place within my own State Senate district,  
24 one even larger, one much smaller, but both of which  
25

1                   went through a longer and more meaningful period of  
2 public review.  
3

4                   First the Hudson Yards rezoning, an  
5 admittedly monumental rezoning spanning a large swath  
6 of Western Manhattan was first laid out by the  
7 Department of City Planning in a framework released  
8 in December 2001. The final proposal to rezone the  
9 Eastern Rail Yard was approved by the City Council in  
10 January 2005, just over three years after the  
11 community was approached by DCP. The final proposal  
12 to rezone the Western Rail Yard was approved in  
13 December 2009.

14                   Now on Hudson Square, at the other end of  
15 my district, with a rezoning area of just 20 blocks,  
16 it took over two years, from Trinity Real Estate's  
17 first presentation to Community Board 2 in February  
18 2011 to the City Council's approval in March 2013.  
19 In both the case of Hudson Yards and Hudson Square,  
20 local elected officials and Community Boards were key  
21 players in shaping the proposals that were ultimately  
22 approved. There were many public meetings,  
23 meaningful negotiations and changes in the proposals  
24 to address community concerns as they moved through  
25 the process. This, Mr. Chair, has not been so in the



1 case of East Midtown, whose 73-block rezoning is home  
2 to 250,000 daily workers, 14 Fortune 500 companies,  
3 Grand Central Terminal and nearly 80 million square  
4 feet of commercial office space. Detailed community  
5 feedback, questions and recommendations have largely  
6 been ignored. I'd like to acknowledge that many  
7 hotel trades, Council Members, here today, and other  
8 constituency whose concerns have not been adequately  
9 addressed, despite the support of elected officials  
10 in the affected Community Boards. Yet we are here  
11 today on the cusp of the City Council voting on this  
12 proposal just 16 months after the Department of City  
13 Planning first gave presentations to Manhattan  
14 Community Boards 5 and 6, contract that with Hudson  
15 Yards and Hudson Square rezoning. I can't help but  
16 think the Administration's timeline is dictating the  
17 speed of the proposal more than the needs of the  
18 area.  
19

20 That said, I wanna commend the hard work  
21 of our Council Member, Dan Garodnick and the  
22 Subcommittee on Zoning and Franchises and the entire  
23 Council for taking on the tough questions that many  
24 of my fellow panelists have for you, plus all the  
25 advocacy on the part of the local community boards,

2    which has put together a really phenomenal job and a  
3    Multi-Board Task Force led by Lola Finkelstein and  
4    some of the other folks sitting with me today. Thank  
5    you so much, sir.

6                   CHAIRPERSON WEPRIN: Thank you, Senator.  
7    Now we're actually gonna start the two-minute clock;  
8    it's just... it's impossible... State Legislators, you  
9    can't get them to do two minutes... [interpose,  
10   background comment] not matter what you try, so we  
11   didn't wanna put a clock on the Senatory. But we're  
12   gonna do that from now on, alright? So we're gonna  
13   try to... you guys have done this before, so we're  
14   gonna try to keep it at two minutes; who wants to go  
15   first? Thank you.

16                   [background comment]

17                   CHAIRPERSON WEPRIN: Just make sure  
18    there's a microphone... yeah, you gotta move the mic  
19    closer to the light. [background comment] Make sure  
20    it's on for her and as close to your mouth as  
21    possible.

22                   LOLA FINKELSTEIN: [background comment]  
23    Weprin and members of the Council; I'm Lola  
24    Finkelstein; I'm the former Chair of Community Board  
25    5 and I'm presently the Chair of the Multi-Board Task

2 Force 1, 4, 5 and 6, very strongly supported by 2, 7  
3 and 8 and with great assistance from all of our...  
4 mostly all of our elected officials; local, state and  
5 national who have lent their expertise and their  
6 insights to help us in analyzing this proposal. If  
7 you had come in at 11:30 you might've thought, my  
8 god, this is as good as white bread, but if you'd  
9 stayed a little longer you would've begun to see it  
10 looks a little bit more like Swiss cheese.

11                   So we started the process by doing a line  
12 by line, word by word, almost... you might call it an  
13 exegesis of the zoning proposal. And after  
14 consultations with land use lawyers, unions,  
15 religious institutions, developers, the MTA, the  
16 Department of City Planning, and if I've left out  
17 anybody that we consulted with, it's my error; we  
18 just felt that this proposal came up short.

19                   I'd like to quote to you from the  
20 statement of the Commissioner to the Department of  
21 City Planning representing the Manhattan Borough  
22 President, if I can find the quote exactly. From the  
23 beginning this proposal [bell] seemed... my two minutes  
24 are up?  
25

2 CHAIRPERSON WEPRIN: Yeah, but you wanna  
3 just do one quick statement, 'cause you couldn't find  
4 it there? Okay.

5 LOLA FINKELSTEIN: Okay. So at the end  
6 of the day we realize that this proposal short-  
7 changes the public and offers much more  
8 predictability to the development community. We  
9 would like to work with our Council Member, Dan  
10 Garodnick to see that perhaps it's still possible to  
11 craft a more perfect zoning resolution.

12 CHAIRPERSON WEPRIN: Thank you. We're  
13 always trying to get more perfect. Next please.

14 TERRENCE O'NEAL: I'm Terrence O'Neal,  
15 Chair of the Land Use and Waterfront Committee of  
16 Community Board 6 and a member of the Multi-Board  
17 Task Force; I'm also a license architect here in  
18 Manhattan, in independent practice for quite some  
19 time.

20 City Planning first presented this plan  
21 to Community Board 6 and Community Board 5 in July of  
22 2012. Ever since then, Community Board 6 and  
23 subsequently the Multi-Board Task Force have been  
24 asking for a public realm plan; how will the existing  
25 infrastructure be affected and how to mitigate these

1 affects as a result of this plan? Month after month  
2 after month the Department of City Planning, to their  
3 credit, returned to present to us as they developed  
4 the plan. Month after month after month the Multi-  
5 Board Task Force and elected officials representing  
6 the area requested a public realm plan. The City  
7 finally relented over one year later, after the ULURP  
8 application was certified and began the process to  
9 develop a plan in June of this year.  
10

11 We met with the urban planners that were  
12 working on this plan and we were disconcerted when we  
13 suggested tying in their plan to the underground  
14 network. They responded; "The underground network is  
15 not in our scope." How can you responsibly design  
16 the elements of the public realm for the number one  
17 business address in the world and not consider how  
18 the underground network ties in with element proposed  
19 on the surface? There are many possibilities of  
20 vistas from underground to above-ground, innovative  
21 techniques to enhance and improve the underground  
22 network; none of which were in the scope for this  
23 talented group of urban planners. The charge that  
24 the designers were given was all wrong from the  
25

1 beginning; this is nowhere near good enough for the  
2 number one business address in the world.

3  
4 I comment the Administration for  
5 proposing this much, much needed study of East  
6 Midtown; the Multi-Board Task Force agrees that the  
7 goals of the rezoning are worthy of consideration,  
8 but not this plan, not this way and not based on a  
9 political calendar, it is too important. Thank you.

10 CHAIRPERSON WEPRIN: Thank you; you get a  
11 gold star, very well done. Next please.

12 WALLY RUBIN: My name is Wally Rubin; I'm  
13 the District Manager of Community Board 5. I would  
14 like to talk about the sale of air rights in East  
15 Midtown.

16 Under the City's current plan, the money  
17 from these air right sales will be going into a fund  
18 to pay for vital infrastructure improvements below-  
19 ground and public realm improvements above-ground.  
20 In other words, these funds are going to just the  
21 kind of projects that are the public sector's job,  
22 the government's job to accomplish. Further, despite  
23 what the Administration says, these are the  
24 improvements far more than shiny glass towers that if  
25 comprehensive and smartly designed and well executed

1 will truly make East Midtown a Class A business  
2 district for the 21st century, yet instead of  
3 maximizing the income that will be derived from the  
4 sales, the City has set a price that undercuts its  
5 goals and short-changes the public; it sets one price  
6 for 73 blocks when every real estate broker in the  
7 world over knows the first mantra of real estate  
8 appraisal is location, location, location. I'm not  
9 even sure if my next door neighbor's apartment is  
10 worth as much as mine, let alone some property 73  
11 blocks away. Who here would disagree with me?

12  
13 The Administration's strategy might give  
14 developers reliability, but at the unacceptable price  
15 of undercutting the public interests and the public  
16 good, not to mention common sense. Luckily there is  
17 an easy solution. The Administration makes the claim  
18 that it expects only between 2 and 12 new buildings  
19 to be constructed due to this rezoning; not a very  
20 large number and all the more reason to maximize the  
21 City's return. Let there be an independent appraisal  
22 at the time of each transaction as there is when the  
23 City sells its property, then we, the citizens of New  
24 York will know we have gotten the fairest [bell] and

2 best price from each sale. Thanks so much for your  
3 consideration.

4 CHAIRPERSON WEPRIN: Thank you, sir.  
5 Make sure to state your name when you testify.

6 JOE HAGELMAN: My name is Joe Hagelman;  
7 I'm a member of Community Board 5. The topic of my  
8 testimony today addresses the issue of historic  
9 landmarks in the East Midtown Study Area.

10 While preservationists applaud the  
11 creation of a Northern Landmark Transfer Area, the  
12 Task Force remains concerned with protection of the  
13 buildings identified by the Landmarks Preservation  
14 Commission as possible landmark designations. Unless  
15 something is done immediately, the remaining non-  
16 designated historic resources are in danger of being  
17 altered or demolished.

18 According to the EIS, of the 56 eligible  
19 resources in the area, 14 are in projected or  
20 potential development sites; of these, 11 are LPC  
21 eligible and 3 are New York State eligible -- a list  
22 of the 11 LPC eligible buildings is annexed to my  
23 testimony -- only one of these has been calendared  
24 for hearing by LPC; the EIS states that these  
25 buildings could be partially or completely demolished



1 and will not be protected under the proposed  
2 rezoning. Simply by stating these buildings in the  
3 EIS, the problems have already started. One of  
4 endangered resources, the American Encaustic Tile  
5 Company building at 16 East 41st Street has already  
6 had its façade ripped off. We've also lost the Frank  
7 Lloyd Wright designed Hoffman Auto Showroom at 430  
8 Park Avenue.  
9

10 We are urging the following of the  
11 Landmarks Preservation Commission. One, to  
12 immediately calendar the remaining 9 buildings it  
13 considered for possible designation; number two, to  
14 consider using stand-still agreement to protect the  
15 remaining 10 buildings; such agreements provide that  
16 the owner agrees not to alter or demolish the  
17 building and LPC agrees not to calendar the building  
18 during the term of the agreement. In the past LPC  
19 has successfully used this method to provide  
20 continuing protection for possible eligible  
21 buildings. And thirdly, to work with the Department  
22 of Buildings to prevent the issuance [bell] of  
23 building permits for the remaining 10 buildings that  
24 would alter the exterior and also alert LPC of such  
25 applications. We would also urge that LPC reconsider

2   the remaining 40 buildings that were listed by the  
3   Landmark Conservancy Historic District's Council, the  
4   Municipal Art Society as potential landmarks in the  
5   proposed rezoned area. Thank you.

6                   CHAIRPERSON WEPRIN: Okay. Thank you  
7   very much. Mr. Johnson. They're gonna make room for  
8   you there? Okay, perfect; that's fine. Make sure  
9   the mic is on...

10                  COREY JOHNSON: Sure.

11                  CHAIRPERSON WEPRIN: and whenever you're  
12   ready.

13                  COREY JOHNSON: Good afternoon Chair  
14   Weprin and Members of the Committee, my name is Corey  
15   Johnson; I am Chair of Manhattan Community Board 4.

16                  Manhattan Community Board 4 has worked  
17   with Community Boards 1, 5 and 6 for months now as  
18   part of the Multi-Board Task Force and continues to  
19   support the principles enunciated in the Multi-Board  
20   Task Force Resolution on the application for the  
21   proposed East Midtown Rezoning.

22                  When Manhattan Community Board 4 voted on  
23   this proposal we recommended denial of this  
24   application unless those principles are addressed

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   195  
2           during the public review process. We feel these  
3           principles need more time to be addressed.

4                   Of primary interest to Community Board 4  
5           is the proposed effective date of the rezoning, the  
6           so-called sunrise provision. The Sunrise Provision  
7           was crafted to ensure the proposed Midtown rezoning  
8           does not conflict and compete with development  
9           contemplated under the Hudson Yards Rezoning and the  
10          Lower Manhattan redevelopment projects. I know that  
11          the Department of City Planning and the City Planning  
12          Commission feels that the sunrise provision is an  
13          appropriate response to this concern; however, we  
14          still disagree.

15                   As it relates to the Hudson Yards area,  
16          instead of setting a hard date of 2017 for the  
17          sunrise provision, Board 4 proposes that the trigger  
18          be based on a set of milestones in the Hudson Yards  
19          development; such milestones can include building  
20          permits issued, coupled with actual construction  
21          starts and C of O's issued for a quantified amount of  
22          both commercial and residential square feet of  
23          development. The applicable agencies, such DOB, HPD,  
24          Parks and SCA would certify to the CPC when these

1  
2 milestones have been met and thus trigger the sunrise  
3 provision of the proposed East Midtown Rezoning.

4 We believe that by including milestones  
5 the City can ensure successful and balanced  
6 development in both Hudson Yards and East Midtown and  
7 I would finally say, in my own personal capacity,  
8 separate from Community Board 4, I think it's very  
9 important that special permits be required [bell]  
10 throughout this rezoning area without any exceptions  
11 for hotel use. Thank you very much.

12 CHAIRPERSON WEPRIN: Thank you, Mr.  
13 Johnson. Sir, are you the last name I called?

14 STEFANO DRAVISANO [phonetic]: Yeah; I'm  
15 gonna read for Vikki Barbero.

16 CHAIRPERSON WEPRIN: Okay. Okay.  
17 Alright. Okay, fine. [clearing throat] Excuse me.

18 STEFANO DRAVISANO [phonetic]: My name's  
19 Stefano Dravisano; I'm here to read the testimony for  
20 Vikki Barbero, Chair of Community Board 5.

21 "My name is Vikki Barbero and I am the  
22 Chair for Community Board 5; I have been on the Board  
23 for 20 years and over that time I've seen this Board  
24 grapple with some of the biggest issues facing the  
25 city. As we demonstrated in the case of the Madison

1 Square Garden special permit process, our Board is  
2 more than capable of performing a thorough and  
3 thoughtful analysis of complex planning issues and  
4 working collaboratively with stakeholders to achieve  
5 a goal. That is why we are particularly disappointed  
6 by the Administration's unwillingness to heed our  
7 concerns and work with us. Community Boards play  
8 vital role in the development our city's future. The  
9 community's engagement on such large land use  
10 decisions is indispensable in improving these  
11 projects and ensuring that they provide a public  
12 benefit. Instead of partners working together to  
13 secure a successful Midtown, the City elected to view  
14 us as obstacles to be overcome or simply ignored and  
15 strive to get... anything passed.

17 In the case of East Midtown, after  
18 thorough analysis and numerous attempts to improve  
19 the proposal, we have come to the same conclusion  
20 that so many other stakeholders have; this proposal  
21 is simply not good enough. New York deserves better;  
22 we stand with more than half of Manhattan Community  
23 Boards, State Senators Liz Krueger and Brad Hoylman,  
24 Council Members Garodnick, Lappin and Brewer, transit  
25 advocates, preservationists, environmental advocates,

2   the Hotel Trades Council, the New York Times and more  
3   in demanding better for New York. Thank you for the  
4   opportunity to speak today."

5                   CHAIRPERSON WEPRIN: Thank you very much.

6                   COUNCIL MEMBER GARODNICK: And the  
7   Chairman allowed me to jump in here just to say a  
8   particular thank you to all of you and Senator  
9   Hoylman and future Councilman Cory Johnson and  
10  particularly, the Multi-Board Task Force for all of  
11  the work that you have done to bring this discussion  
12  and debate to a place where it really belongs and we  
13  know how hard you have worked to make that happen and  
14  so I think on behalf of this Committee and the  
15  Council, we just wanted to say thank you.

16                  STEFANO DRAVISANO: Thank you.

17                  CHAIRPERSON WEPRIN: Thank you all on our  
18  behalf as well. Okay... [interpose]

19                  COUNCIL MEMBER BREWER: Me... me too; thank  
20  you.

21                  CHAIRPERSON WEPRIN: Anyone else? Uh...  
22  [interpose]

23                  COUNCIL MEMBER LAPPIN: Me three.

24                  [background comments]

2                   CHAIRPERSON WEPRIN:   Okay, rhetorical  
3 questions.   Okay.   Uhm, no.   Alright.   I'd like now  
4 call up the following panel in favor of this project,  
5 Kathy Wylde from the Partnership for New York; Tony  
6 Malkin -- is he here -- uh-huh, so... Bob Lieber from  
7 Urban Land Institute, Steve Spinola from the Real  
8 Estate Board of New York, Marc Holliday from SL Green  
9 and David Levinson, L&L Equities, so that's a big  
10 group, but we kinda wanna start off on even turf  
11 there.   So if there's not enough seats, someone could  
12 use the folding chair or sit behind them and we'll...  
13 you guys like each other, right?   Okay, once, twice,  
14 three, shoot; who goes first, you guys decide.   'Kay,  
15 whenever you're ready.   Okay.   Kathy, you gonna go?  
16 Okay.   You start off; I'm gonna keep you to two  
17 minutes, okay, so let's try to do that as much as  
18 possible.

19                   KATHY WYLDE:   Kathy Wylde, the President  
20 of the Partnership for New York, we're the City's  
21 business leadership group and represent the City's  
22 largest private sector employers; we're here today to  
23 testify in favor of the Midtown East rezoning; there  
24 are a couple of reasons.

1  
2           Number one, we think that the 20 billion  
3 plus investment in public infrastructure  
4 transportation system serving this area is only  
5 justified if we in turn plan for the build-out of  
6 additional space for job-creating activities and get  
7 additional jobs in there and that that piece of... in  
8 terms of the return on investment of our major public  
9 commitment to the transportation infrastructure there  
10 is incredibly important; can't be done without the  
11 upzoning contemplated in this proposal.

12           Number two, we've worked with Aon on  
13 studies of sort of what the future of attracting  
14 talent to New York City and what we found is that we  
15 have to have a different configuration of our basic  
16 office space; the office space in Midtown East is  
17 increasingly obsolete, designed for another  
18 generation, another work culture and really requires  
19 substantial upgrading which is possible only through  
20 the rezoning plan.

21           Finally, development in the city takes a  
22 long time, as you know; we're really talking now  
23 about planning for the next generation of activity in  
24 the city; we don't find it's competitive with  
25 existing plans and that it's important to lay this



1 out because as the City goes through its ups and  
2 downs, it's economic cycles, it's really important to  
3 have a clear plan for a future that can begin to  
4 attract investment early in this long-term objective.  
5 So with that we'd like to urge your support for the  
6 rezoning.  
7

8 CHAIRPERSON WEPRIN: Thank you,  
9 Ms. Wylde. Mr. Holliday, try to be as good.

10 MARC HOLLIDAY: Okay; I'm gonna try;  
11 Kathy is tough to follow. Good afternoon, my name is  
12 Marc Holliday; I'm CEO of SL Green Realty Corp.,  
13 largest owner of commercial properties in Manhattan,  
14 with over 30 million square feet owned. It's  
15 important to note that while we own that amount of  
16 building stock, we have not undertaken large-scale  
17 ground-up office development projects in Manhattan,  
18 preferring instead to focus our time and resources on  
19 redevelopment of older properties in New York's most  
20 desirable commercial submarkets. We haven't  
21 developed new ground-up buildings in the past for one  
22 simple reason; the numbers generally don't work at  
23 market rents and they rarely support the  
24 extraordinary costs associated with the speculative  
25 new construction.

1  
2           As a case in point, many of the new  
3 developments during the last decade have been built  
4 with either significant public subsidy or for  
5 identified users and projects that have had neither  
6 of these benefits have often been met with  
7 significant challenges.

8           The East Midtown zoning will allow for  
9 the requisite, both in density, futures to justify  
10 new construction, but only in limited instances, as  
11 the pool of eligible sites for large-scale  
12 development is relatively small and the total costs  
13 of development are among the highest in the world.

14           As an example, SL Green owns a site that  
15 would be eligible for development of a new 1.6  
16 million square foot office building across the street  
17 from Grand Central. On top of the requirement to pay  
18 \$250 per square foot into the District Improvement  
19 Fund, SL Green will incur additional site costs of  
20 assemblage, possession, abatement, demolition,  
21 mandatory underground transit improvements, and all  
22 of this before putting a shovel in the ground to go  
23 vertical in 2017. It is because of these substantial  
24 costs that we would likely intend to seek a  
25 discretionary special permit for this project,

1  
2 notwithstanding the upzoning, due to our belief that  
3 the development would not meet our targeted minimum  
4 return hurdles under the as-of-right zoning.

5 We are [bell] full supportive of the  
6 proposed rezoning to keep Grand Central competitive  
7 and attracting the world's leading companies; this  
8 proposal puts density where density belongs and this  
9 implementation we believe should not be delayed; it  
10 should be done now for three reasons.

11 First, we're talking to tenants today who  
12 are planning for their space requirements five to  
13 seven years in advance of their actually need and  
14 they demand a sense of certainty and surety or else  
15 they're gonna be forced to look outside of East  
16 Midtown; that's a reality.

17 Second, the badly needed transportation  
18 improvements will not be funded until the zoning is  
19 passed and these infrastructure improvements must  
20 precede the development of new large-scale buildings...

21 [interpose]

22 CHAIRPERSON WEPRIN: Mr. Holliday, I'm  
23 gonna ask you a question after the panel's done; so...

24 MARC HOLLIDAY: Okay.  
25

2                   CHAIRPERSON WEPRIN:   maybe you oughta add  
3 this in the answer, okay?   Just gonna cut you off  
4 there though, if I could... [crosstalk]

5                   MARC HOLLIDAY:   You got it.

6                   CHAIRPERSON WEPRIN:   Okay, gonna do that...  
7 [crosstalk]

8                   MARC HOLLIDAY:   'Kay.

9                   CHAIRPERSON WEPRIN:   you'll have that  
10 opportunity probably.   Keep going.

11                  DAVID LEVINSON:   Good afternoon... is my  
12 microphone on?   There we go.   Thank you.   Good  
13 afternoon; I am David Levinson, Chairman of L&L  
14 Holding Company, the developer of 425 Park Avenue;  
15 that will be the first new office building built on  
16 Park Avenue in 47 years.

17                  In May of 2013 the New York League of  
18 Conservation Voters honored me as their Environmental  
19 Champion of 2013.   In 2010 the Preservation Group,  
20 Friends of the Upper East Side, awarded me their  
21 Ambassador for my preservation activities.   I'm also  
22 on the Board of The Municipal Art Society, although I  
23 am speaking on my own behalf today.

24                  I tell you this because I want my remarks  
25 to be seen not as just a developer, but as an active

1 member of the community who cares deeply about the  
2 public realm and our environment.

3  
4 Commencing in 2015 L&L will build as-of-  
5 right its building on 425 Park Avenue under the  
6 current zoning regulations. Many of you have already  
7 seen our superior design by Norman Foster; we are  
8 moving forward with that design and have already  
9 filed our foundation plans. L&L however believes  
10 that the City would be better served if it could  
11 utilize the provisions of the proposed zoning to  
12 redevelop 425 Park Avenue. Doing so would allow us  
13 to tear down 100 percent of the existing structure,  
14 give us more construction flexibility and in addition  
15 have the potential to add 14 percent larger building  
16 of 90,000 zonable square feet. By the way, that  
17 90,000 zonable square feet, based upon the \$35  
18 million that we would be paying, is \$375 in FAR, so  
19 the whole \$250 in FAR number is something for  
20 discussion.

21 So importantly, the City could get \$35  
22 million if it passes the zone from us or get nothing  
23 and we will build our building under the current  
24 zoning. We are eager for the rezoning in this  
25 proposal and this rigorous framework.

1                   The monies from 425 Park Avenue and those  
2                   from other sites like Marc's and perhaps an MTA site  
3                   would add up to at least \$100 million coming forward  
4                   now in 2014, 15 and 16. 425 Park will be built  
5                   regardless of whether or not we make this  
6                   contribution and perhaps these other buildings will  
7                   as well. Why not take advantage of this and collect  
8                   this \$100 million plus dollars and make New York City  
9                   a better place? With East Side access coming down  
10                  the line, 150,000 new people getting here a lot  
11                  quicker and the potential of these three new  
12                  buildings regardless of whether zoning passes would  
13                  make a lot of sense to us if you guys collected the  
14                  \$100 million. Thank you. [crosstalk]

16                 CHAIRPERSON WEPRIN: 'Kay, I'm gonna...  
17                 thank you very much, I... clock malfunction a little  
18                 bit there. Mr. Lieber, we missed you at Willets  
19                 Point.

20                 ROBERT LIEBER: It's great to be back;  
21                 thank you very much... [crosstalk]

22                 CHAIRPERSON WEPRIN: Thank you.

23                 ROBERT LIEBER: and I... I do; I'm very  
24                 honored to be here today and today I'm speaking on  
25                 behalf of the Urban Land Institute; I'm the current

1 Chairman of the New York City District Council of  
2 ULI; I'm also a trustee, the secretary and a board  
3 member of ULI globally and for those of you who  
4 aren't aware, ULI is a member-based not-for-profit  
5 organization that includes over 35,000 real estate  
6 professionals, which includes land planners,  
7 architects, economists, transportation experts,  
8 landlords, capital providers, and others that... and  
9 ULI really tries to pride itself on being the trusted  
10 source for land use policies, both at the local, at  
11 the regional and at the national levels. And when we  
12 look at this, when I look at this particular, the  
13 proposal in front of us, East Midtown has clearly  
14 been one of the most sought after office markets in  
15 the world, with over 200,000 workers and many  
16 different Fortune 500 companies and has really served  
17 as the premier central business district for New York  
18 City's economy, particularly historically.

19  
20 But in order to remain competitive these  
21 days, CBDs, including East Midtown, must have the  
22 ability to continue to attract and increase the  
23 economic development in their areas, including  
24 providing a wider range of office space alternatives,  
25 not only layouts, but price points and different

1 kinds of uses, as well as concentrate that  
2 development where you have proximity to transit that  
3 gives companies access to a larger, more diverse  
4 labor market and conversely makes the area more  
5 attractive to a broader, more diverse labor market  
6 that wants to work there as well.  
7

8 New York City needs a thriving and  
9 diverse marketplace of many different kinds of space  
10 alternatives if we are gonna remain what I call the  
11 center of the universe today and into the future; we  
12 need to be able to adapt the physical footprint if  
13 we're gonna remain competitive and prosper; it's  
14 critical if we're gonna try and retain jobs going  
15 forward here.

16 The East rezoning is a great way through  
17 the financing; well let's recognize that public  
18 funding for infrastructure is not the same as it once  
19 was; the local, municipal and state budgets just  
20 don't have the capacities [bell] they did and I  
21 think, broadly speaking for New York City, the  
22 Darwinian principles apply and that the survival of  
23 the species as well as the survivals of the City's,  
24 it's not that the biggest or the strongest which  
25 survive, but those that are most adapt to change and



1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   209  
2    this plan is incredibly important to the future of  
3    this great city and its ability to remain competitive  
4    attracting jobs.

5                   CHAIRPERSON WEPRIN:   Thank you very much.  
6    Those committee board people are much mused used to  
7    working under this two-minute timeline and I know you  
8    guys are new at this, so [laughter] give you a little  
9    break.   Mr. Spinola.

10                  STEVE SPINOLA:   Hi, my name is Steve  
11   Spinola, President of Real Estate Board of New York;  
12   obviously we support this plan; we're talking about  
13   infrastructure improvements.   You know, the office  
14   space in the City of New York, the nearly 500 million  
15   square feet, is just as important and part of the  
16   infrastructure to New York as our sewers, our roads;  
17   our transportation, member in the industry are  
18   prepared to put billions of dollars to restore that  
19   important infrastructure in Midtown Manhattan and at  
20   the same time provide hundreds of millions of dollars  
21   in terms of improvements, and at the same time  
22   generate 75,000 construction jobs in the City of New  
23   York, 1500 office building workers, hotel workers;  
24   this is a... as well as the public improvement of the  
25   area, East Side access coming into the East side,

1 nobody has mentioned the fact that how many thousands  
2 of people are gonna be taken off of the subways. We  
3 have... we have... 80 percent of the properties in  
4 Midtown East are now 50 years or older. During the  
5 past... since 2000 we've been averaging 1.5 million  
6 square feet of new office space a year; London has  
7 been averaging 4.5 million square feet. We have to  
8 do what is necessary to take Midtown East, the most  
9 important business address in the world, and maintain  
10 it. We have provide the most important tenants in  
11 the world, the kind of space that they want to  
12 occupy, the kind of space that is modern, clean,  
13 efficient, green; that's what our members want to do.  
14 Second, the issue here is how do we... we end up  
15 generating -- and I will complain about this when it  
16 happens -- but the City is going to raise the taxes  
17 for all of Midtown East because of the buildings, the  
18 magnificent buildings that are going to be put up by  
19 some of the people sitting at this table, and as a  
20 result the City of New York will have greater revenue  
21 to be able to provide the services, whether that's  
22 education, whether it's transportation, whether it's  
23 police and so this is a wonderful plan and there's no  
24 time to wait and we do not need special permits,  
25

2   because as the City identified, it does not work;  
3   it's proven that it has not worked.

4                   CHAIRPERSON WEPRIN:   Thank you Mr.  
5   Spinola.   Mr. Malkin.

6                   ANTHONY MALKIN:   Thank you very much,  
7   Committee Chair, Council Members; beautiful room;  
8   delighted to be here.   Anthony Malkin, Chairman,  
9   President; CEO of Empire State Realty Trust here to  
10  speak in favor of the East Midtown Rezoning.

11                   Midtown must continue to be one of the  
12  world's premier business addresses and the key job  
13  center for New York City and the region; Grand  
14  Central Terminal, the East Side Access Project and  
15  the subways connected to them are critical capital  
16  investments in New York City.   The multi-billion  
17  dollar East Side Access Project will increase its  
18  importance with an expected 24 more trains per hour,  
19  delivering a projected 162,000 additional commuter  
20  trips per average working weekday.   To have this  
21  critical asset underutilized because of inadequate  
22  and archaic office, retail and amenities diminishes  
23  the city's potential.   Why invest all this money for  
24  people to go into Midtown just to have them move  
25  through it to go someplace else?   This is the least

1  
2 expensive place, from an impact of quality of life  
3 perspective to add density. Under today's zoning,  
4 the City does not have potential to maximize revenue  
5 from real estate, corporate and income taxes. Under  
6 today's zoning the increases in the capacity of Grand  
7 Central will be to increase congestion on the  
8 sidewalks, streets and subways through and outside  
9 the proposed district as commuters move outside of  
10 the district rather than stay in the district.

11           The Grand Central submarket has the  
12 highest vacancy rate of all the Midtown submarkets  
13 today; people are walking past those vacancies to go  
14 to work in other buildings and that will not change.  
15 We are the experts at adaptive reuse of existing  
16 properties; at the Empire State Building we've  
17 created the City's landmark, the world's most famous  
18 office building, into a vibrant economic hub. We've  
19 approached the older assets the same way in our  
20 portfolio. Keep in mind, the property at One Grand  
21 Central Place is no Empire State Building, it's  
22 design will not satisfy larger high-density tenants  
23 which otherwise would be attracted to its superb  
24 location.

2                   One Grand Central Place has nearly double  
3 the floor area that is permitted by current zoning;  
4 it will never be redeveloped under the current zoning  
5 law. The proposed Midtown East zoning text that is  
6 the subject of today's public hearing would provide  
7 targeted zoning incentives that would allow  
8 noncomplying buildings on qualifying sites to retain  
9 their existing area; we strongly support it. [bell]

10                  CHAIRPERSON WEPRIN: Wow, that's  
11 impressive. [laughter] That was impressive, I gotta  
12 say. Well done. [background comments, applause]  
13 Look at that; I inspired applause -- don't... no, no  
14 applause though.

15                  Mr. Holliday, at least ask this question,  
16 'cause Mr. Levinson kind of alluded to it, but what  
17 happens, hypothetically, don't get panicked, if we  
18 didn't approve this; we decide to vote it down; what  
19 happens to your development and also, as Mr. Levinson  
20 said, the City and what we would get?

21                  MARC HOLLIDAY: Well, if this doesn't go  
22 forward; you can look at past practice, I think as a  
23 good predictor of the future; I mean there's... nothing  
24 is being built in this East Midtown district right  
25 now, there's been no subsidies in that area; 21.6 is

1 not... the 21.6 times FAR ratio is not economic to  
2 build to; you have to build to a development yield to  
3 about 7 percent; in order to get there you need about  
4 a \$100 net rents; that's gross rents of about \$140 a  
5 foot, and you're not gonna get there building these  
6 downzoned buildings of 15 times FAR, which is what  
7 our site would be zoned, with all sorts of special  
8 permit and subsidy bonuses getting to 21.6, it just  
9 wouldn't happen; it hasn't happened. We wouldn't go  
10 forward with that project unless we'd get the full 30  
11 times FAR bonus, in which case that project is  
12 marginally feasible, because of extraordinary costs  
13 totally about \$1,500 a foot in 2018 to 2020 dollars.  
14 I don't know if there's appreciation fully for the  
15 costs above and beyond the DIB price of \$250 a foot;  
16 David said that on his site that his \$250 a foot was  
17 closer to \$375 a foot; you know, the same with us.  
18 We have \$200 million circled for our development  
19 going either into the DIF or going into mandatory  
20 subgrade transit improvements and public room  
21 improvements and East Side Access improvements.  
22 That's \$200 million from one of the projects of I  
23 think the 12 or 14 projects that were identified by  
24 City Planning in their prior presentation.  
25

2 CHAIRPERSON WEPRIN: Understood. And  
3 just... your particular site though, if we didn't  
4 approve it, you would do what instead?

5 MARC HOLLIDAY: Well, these sites are not  
6 land and that's why the comparative to Hudson Yards  
7 is not really a proper comparative. My site happens  
8 to be occupied by buildings and those buildings  
9 happen to be occupied... [interpose]

10 CHAIRPERSON WEPRIN: Right.

11 MARC HOLLIDAY: so they'll continue to be  
12 occupied... [interpose]

13 CHAIRPERSON WEPRIN: So we'll just leave  
14 it alone.

15 MARC HOLLIDAY: we're just gonna leave  
16 'em, we're not gonna go through the extraordinary  
17 costs of possession, abatement, demolition, and  
18 everything else needed to create land before you can  
19 even go vertical.

20 CHAIRPERSON WEPRIN: Council Member  
21 Garodnick.

22 COUNCIL MEMBER GARODNICK: Just to follow  
23 up on those questions and also for Mr. Holliday, I  
24 heard you say a couple of times that the 24 earned  
25 as-of-right or a 21.6 earned as-of-right would not be

2    enough for SL Green to want to develop the building  
3    that you're planning at One Vanderbilt; question for  
4    you is the same question that I asked the Department  
5    of City Planning, which is; have they proposed the  
6    right density numbers here; do you think that there  
7    is the proper incentive for anybody to want to move  
8    forward if there were an FAR bump from 15 to 21.6 or  
9    from 15 to 18 or from 12 to 14.4; is this of any real  
10   consequence if the world is as you describe it, where  
11   it would be unlikely that that would generate  
12   enthusiasm?

13                   MARC HOLLIDAY:   Well again, there's two  
14   ways to look at the zoning; one's as-of-right and  
15   one's with special permit, so if your question Dan is  
16   primarily about the as-of-right numbers... [crosstalk]

17                   COUNCIL MEMBER GARODNICK:   Let's talk  
18   about the as-of-right first.

19                   MARC HOLLIDAY:   Let's talk about the as-  
20   of-right first.   I think the as-of-right numbers are  
21   low and I would say that... you know, we've run the  
22   numbers at 24 times... again, I can get to 21.6 today  
23   with subway bonuses and landmark transfer bonuses and  
24   those numbers just don't pencil and that's why we've  
25   been running the building as occupied office.   So I



1 think the numbers are low, one; two, I think it's an  
2 extraordinary missed opportunity, because you're only  
3 dealing with maybe a dozen sites; I would argue that  
4 that's maybe a bit ambitious, I don't even know if  
5 you'll get those dozen sites, maybe over 20 years,  
6 but not within the next 10 years and this is the  
7 number one commercial district, arguably, in the  
8 world; this is where tenants wanna be, they wanna be  
9 right on top of the number one transit hub in the  
10 City, Grand Central Station, East Side Access is  
11 coming with a 164,000 new commuters in 2018, 19, 20;  
12 whether or not this gets passed, they have to be  
13 serviced and serviced properly and I don't think the  
14 monies are there to do that without something  
15 innovative and creative like what the City has  
16 proposed to. So I think the as-of-right numbers are  
17 low; I don't... you know, if they were reduced further  
18 I would argue, at least from our perspective; it  
19 would make it uneconomic, other people may have  
20 different tolerances for what they will or will not  
21 build to; my 7 percent may be someone else's 6  
22 percent. But I would say to you that the lower you  
23 make those numbers the less likely it is that you'll  
24 see any significant as-of-right development.  
25

2                   COUNCIL MEMBER GARODNICK: Right, okay.

3 But to the point of if you are going to do it, you  
4 and others would likely go and seek a special permit  
5 to make it happen... [interpose]

6                   MARC HOLLIDAY: Well...

7                   COUNCIL MEMBER GARODNICK: when we can...

8                   MARC HOLLIDAY: Yeah, I mean, I would  
9 because again, I only think that this works at the  
10 max density and I think that 30 is too low; all  
11 around the world they've figured out how to go to 33  
12 times and we've done it in our city and those are  
13 some of our best buildings, you mentioned earlier,  
14 that have been built higher than 30 times; they are  
15 the notable, prominent buildings of the city, so 30  
16 times is at least economically feasible and we would  
17 build to that, although I believe that there should  
18 be the ability to go higher, because I think your...  
19 you know, in an age where urbanization and  
20 densification of our major cities is what everybody  
21 wants and is focused on, eliminating sprawl and you  
22 know, putting density in a scarce resource  
23 environment; why limit new construction to 30 as  
24 opposed to 31, 2 or 3 times; question for a different  
25 issue. The 30 is economic in our mind, even though

2 we think the DIF price is high, because the DIF price  
3 doesn't take into account all these other factors  
4 which go on top of the DIF price to create an  
5 extraordinary land base.

6                   COUNCIL MEMBER GARODNICK: Okay, so let's  
7 move to that, and this is a question for anybody on  
8 the panel, about the price itself, whether or not  
9 that process should be done differently than the way  
10 the City has proposed it; help us sort this out here.  
11 You all know what they have proposed, the critique of  
12 it is of course that it's not specific enough to time  
13 or geography that perhaps it locks into a, some would  
14 say, it under values the air rights, but you know,  
15 others would say that it over values the air rights;  
16 how do you actually get it to a place where it is  
17 right and evolves to the marketplace when it actually  
18 is being exercised?

19                   DAVID LEVINSON: Dan, I think that...  
20 obviously there are a couple of issues; there's price  
21 and there's certainty. If you are a developer and  
22 you wanna buy a building to redevelop it and take  
23 advantage of the zoning and you don't know what the  
24 air rights cost, you're either not gonna buy it or  
25 you're gonna lower the value to protect yourself, so

2 I think it has the potential to actually lower the  
3 value of buildings that have the potential to be  
4 redeveloped; think about it. I mean just... just... you  
5 know, it's kind of common sense, if you're gonna buy  
6 something that's gonna cost a \$1,000 a square foot  
7 and empty it out and not know whether you're gonna be  
8 able to go back, you're not gonna be able to finance  
9 it, you're not gonna be able to do anything, so you  
10 need to have certainty. And by the way, when we talk  
11 about how many of these sites are gonna happen, 425  
12 Park Avenue is gonna take 14 years to do; that's how  
13 long this project has been underway, so this is not  
14 all of a sudden we're gonna have dozens of buildings  
15 popping up and SL Green's owned their site for quite  
16 a while and it takes a number of years. So in terms  
17 of pricing, certainty is paramount.

18                   The way we value the FAR, it's pretty  
19 simple math; we can get up to 90,000 square feet,  
20 that would be the maximum, takin' us to 21.6, and we  
21 have to pay about \$35 million, just under \$35  
22 million; that's \$375 a foot. So this whole idea that  
23 it's \$250 is really not correct from when you analyze  
24 the numbers. We bought a building that was 18, it  
25 was built legally to be 18 and now we have to pay a

2 toll to get to the other FAR, so it's real simple  
3 math, I don't care how you slide it, what you call  
4 it, 90,000 feet times \$375 is \$33,750,000 and that's  
5 what we have to pay the City to build the 90,000  
6 feet.

7                   STEVE SPINOLA: Okay, if I... if I can add;  
8 the fact that... [interpose]

9                   CHAIRPERSON WEPRIN: Steve Spinola.

10                  STEVE SPINOLA: in... in term... in terms of  
11 SL Green's building and the cost of any other  
12 building, they have to first of all, buy out tenants,  
13 they have to relocate tenants, they have to tear down  
14 the building; there is a significant cost factor to  
15 that that Marc implied that's part of in effect the  
16 air rights cost decision, and so you know, we looked  
17 at the City's appraisal at \$250; we thought that the  
18 fact that they utilized a luxury rental, residential  
19 building nearby as a legitimate comparable was  
20 inappropriate and that was the only way they got over  
21 the \$200 number, by including that. And so on the  
22 other hand, the certainty of whether it's SL Green or  
23 Malkin or anybody else who's saying, alright, I'm  
24 gonna do this; that means I have to quietly begin to  
25 end my leases with tenants; I've gotta make some

1 decisions on where I can relocate them; it's going to  
2 be a 5-, 10-, 15-year process in terms of doing that,  
3 and that's cost through that period. So you wanna  
4 increase the numbers for what will be the DIF  
5 payment; that may be nice and you can put on a chart  
6 somewhere, well now we're gonna get 50 percent more  
7 money because all of a sudden we increased that  
8 number, when in fact you're gonna get 50 percent  
9 fewer dollars because other than the extremely  
10 valuable sites that happen to be wonderfully located,  
11 all but a few of them will have the ability to.. will  
12 not be able to go ahead. So the price issue is  
13 something, I think there's the certainty; remember  
14 this will be adjusted under the City's proposal,  
15 whether it makes sense to be tied to commercial  
16 asking office rents or not, it's an idea, it's  
17 probably not very strange from just tying it to some  
18 other index that's there. But it's there and anybody  
19 who wants to plan this has to plan based on a  
20 ballpark number of what they're going to have to pay,  
21 but it is not \$250 a foot; it is not ga... David's  
22 point is he's already paid for a good part of his  
23 FAR, so he now has to pay for half that's already up  
24 there that when he bought the building he's already  
25

2   paid.  And so these are the factors that everyone  
3   else so far really has not identified or addressed.

4                   CHAIRPERSON WEPRIN:  Thank you; we good?

5   Gentlemen, thank you very much.  And Ms. Wylde who  
6   had to leave, I know.  Okay.  We're now gonna move to  
7   the next panel in opposition, but before we do that...  
8   [background comment] we've been joined by Council  
9   Member Reyna who wanted... we wanna cast a vote on the  
10  coupled items we had voted on before which she's now  
11  been briefed on; correct?  Correct.  So counsel,  
12  please call Council Member Reyna's name.

13                  COMMITTEE COUNSEL:  Council Member Reyna  
14  on all previously adopted items.

15                  COUNCIL MEMBER REYNA:  I vote aye on all.

16                  COMMITTEE COUNSEL:  The vote now stands  
17  on all previously adopted items 7 in the affirmative,  
18  0 abstentions, 0 negatives.

19                  CHAIRPERSON WEPRIN:  Great.  Thank you.

20  We're now gonna call up a panel in opposition, Josh

21  Gold, New York Hotel Trades, Brian Gaffney, Juana

22  Velez, Arnis Serhati, Sandro Sherrod and Simeon

23  Bankoff.  We're gonna stick with the six panel; makes

24  it move a little... people keep comin' up.

2                   So thank you all for your patience; I  
3 know it's a long day. I wanna let people know that I  
4 understand people sometimes have to leave, they  
5 actually have lives to go to and so we will read  
6 every name of a person who submitted testimony; we  
7 will let them know their position... we'll announce  
8 their position on the bill... on the proposal; we also  
9 will take any testimony and add it to the record for  
10 anyone who does have to leave; we understand that has  
11 happened on occasion. So but we will get to...  
12 everyone who stays and wants to testify will get a  
13 chance to speak. So who wants to go first? There  
14 you go. [background comments]

15                   SANDRO SHERROD: Sure. Hi. Good  
16 afternoon, Chairman Weprin; Members of the Council,  
17 my name is Sandro Sherrod and I have the privilege of  
18 being Chair of Manhattan Community Board 6. I am  
19 here today to speak against the special Midtown  
20 District items before you; I suspect that you have  
21 heard a good deal amount before today and will again  
22 hear later today why this approach is shortsighted  
23 and fails to actually improve one of the City's  
24 greatest business venues; arguably the best.



1                   Since my time is limited I would like to  
2 draw your attention to two points about the plan.  
3 Today, not in some future forecast, the district is  
4 in dire need of infrastructural improvements and is  
5 growing less attractive to businesses because of the  
6 current overcrowding of pedestrian and vehicular  
7 traffic on the streets.

8                   Below the IRT platforms are dangerously  
9 overcrowded during rush hours and straphangers jostle  
10 to board subway cars as they enter stations that are  
11 already filled to capacity.

12                   As Miss Cuenca, from the MTA actually  
13 testified earlier, some \$465 million is currently  
14 needed to address the overburdened system and with  
15 growth at its current rate, yet this proposal doesn't  
16 even begin to address this; instead it promises to  
17 deliver more straphangers, pedestrians and cars to  
18 East Midtown in exchange for improvement funds, funds  
19 that will likely amount to just a couple of new  
20 staircases. The public realm or the look and feel of  
21 the sidewalks, plazas and open spaces is perhaps even  
22 worse underserved. I like many others hoped this  
23 would be an opportunity for our best urban planners  
24 to outline a comprehensive blueprint for future use  
25

1  
2 and expansion in a way that invokes both the unique  
3 corporate and architectural history of East Midtown's  
4 past for the ever-expanding business needs of the  
5 district, yet this proposal doesn't lay out a design  
6 for an interwoven set of public spaces that  
7 communicate together as a single healthy functioning  
8 district to improvement movement within and better  
9 the quality of life for those that traverse it.  
10 Instead it carves out less travelled side streets to  
11 turn them into fragmented islands of pedestrian  
12 refuge. Worse than that, it provides [laugh] little  
13 to no guarantee that any of the public realm [bell]  
14 improvements will ever be implemented because of  
15 loosely constructed framework, yet it does guarantee  
16 that developers will be able to raise our city's  
17 architectural history for even more densely packed  
18 towers, and although I am normally use to the two  
19 minutes, I'll stop it at that. [interpose]

20 CHAIRPERSON WEPRIN: You ruined the whole  
21 community board motion there. [laugh] But thank  
22 you, I... again, I apologize about the two minutes;  
23 it's just the only way we're gonna get through it  
24 all. Mr. Gold.

1  
2 JOSH GOLD: Josh Gold from the hotel  
3 workers. This is probably the 10th time I've  
4 testified about this half-baked proposal over the  
5 past 18 months. Additionally, over 5,000 hotel  
6 workers have participated in various hearings who've  
7 testified again and again about the 40,000 middle  
8 class hotel workers whose middle class jobs, free  
9 family health care and retirement security are  
10 threatened by this rezoning. We thought in a city  
11 struggling with income inequality; a city that has  
12 lost over 100,000 middle class jobs over the past  
13 decade, people would listen; unfortunately we were  
14 wrong, as the proposal has gone through a series of  
15 modifications, giving wealthy real estate developers  
16 who hired the right lobbyists, concessions at every  
17 turn.

18 For example, we now have easy passes for  
19 L&L and SL Green to pass the sunup provision. We  
20 have the ability to build more for buildings under  
21 30,000 square feet; we now have residential  
22 development included in the rezoning. We have  
23 limited landmarking, if any at all and we have an  
24 appraisal process that severely undervalues air  
25 rights.

1  
2           Meanwhile, hotel workers, Midtown East  
3 residents and commuters are left to deal with the  
4 consequences, with little to no benefits. Earlier  
5 this week we heard about free wi-fi in balconies and  
6 today we... about a fifth of the needed transportation  
7 is gonna be funded by another off-balance entity that  
8 the City proposes to create.

9           If you pass this rezoning the legacy will  
10 be simple; a few more dollars... let me rephrase... a lot  
11 more dollars in the pockets of developers, a strained  
12 transportation network and the loss of 40,000 more  
13 middle class jobs. The process here has been flawed  
14 from the beginning; it's been about a legacy, not  
15 about planning; let's restart it and do it right. In  
16 fact, we actually have four years until the sunup  
17 provision expires anyways, so we have the time to do  
18 that. Thank you.

19           CHAIRPERSON WEPRIN: Thank you. Next  
20 please. [applause] We're gonna have... [applause] far  
21 be it to limit Josh Gold's applause, but we're gonna  
22 have to limit applause 'cause we don't wanna start  
23 down that road, but I let you get yours in anyway. I  
24 know you need this for yourself right now.

1  
2 BRIAN GAFFNEY: Ladies and gentlemen,  
3 Mr. Weprin, fellow Council Members, Hotel Trade  
4 Council Members and my beloved World Trade Center  
5 coworkers in the audience, my name is Brian Gaffney  
6 and I currently reside in Glendale, Queens, formerly  
7 born and raised in a Brooklyn Dodgers 32BJ union  
8 household; it was a time when our father worked as a  
9 doorman on Park Avenue and mom took care of four kids  
10 on one income.

11 I have worked in the hotel industry for  
12 close to 29 years, 17 of those years I was proudly  
13 employed full-time down a block at the Vista  
14 International/Marriott World Trade Center Hotel and  
15 part-time at the Regent 55 Wall Street Hotel. I'm  
16 currently employed at the Waldorf-Astoria, New York  
17 Hilton, New York Palace and Grand Hyatt Hotels as a  
18 banquet bartender. I have served many of you  
19 throughout the years at numerous functions at my  
20 hotels. I'm also a 10-year colon cancer survivor and  
21 because of my excellent health coverage that my union  
22 provides me as a Hotel Trade Council member I had  
23 zero out-of-pocket expenses for both my operations  
24 and 18 chemotherapy treatments.

1  
2 Any rezoning of Midtown East without  
3 special permits for hotels is a major threat to our  
4 union and our great health benefits. Making matters  
5 worse, the lack of special permits might tempt  
6 developers to purchase and tear down existing union  
7 hotels in the Midtown East area and replace them with  
8 non-union hotel properties.

9 Since this plan does not include adequate  
10 special permits for hotels, I am asking you to vote  
11 it down. East Midtown is an important hotel district  
12 with 29 hotels that employ 17 percent of the New York  
13 Hotel industry's employees; this is approximately  
14 7500 hotel workers. The majority of these hotels are  
15 large full-service hotels with meeting and event  
16 space and almost all are union. Allowing the  
17 rezoning to go through without a board special permit  
18 for hotels threatens my job and that of 32,000 other  
19 union members in the city. We need to control the  
20 spread of [bell] limited service, non-union hotels to  
21 protect middle class jobs like me. We are here today  
22 to ask every Council Member to be empathetic to our  
23 cause and reciprocate our service to the 52 million  
24 visitors who visit our great city every year.

2                   I plead here today that the City Council  
3 be as loyal to our union hotel workers' cause and  
4 reject the current City Planning proposal. Thank  
5 you.

6                   CHAIRPERSON WEPRIN: Thank you;  
7 appreciate it. [applause] Please don't applaud; I'm  
8 sorry, I know. Sorry. Go ahead.

9                   ARNIS SERHATI: Good afternoon, Chair  
10 Weprin, my name is Arnis Serhati; I'm here to testify  
11 on behalf of Congresswoman Carolyn Maloney.

12                   While I strongly support, first to ensure  
13 East Midtown remains New York City's premier business  
14 center; I recognize its importance to our success in  
15 competing with other cities, both nationally and  
16 internationally; I believe the current proposal, even  
17 as modified, continues to fall short.

18                   I acknowledge the City has made a number  
19 of crucial improvements to its initial proposal,  
20 giving priority to all landmark buildings in the  
21 zone, allowing both hotel and residential components  
22 be part of a larger building and committing to invest  
23 in infrastructure improvement in advance of  
24 contribution to a District Improvement Fund.

2                   Nonetheless, the speed which the City has  
3 been moving through the rezoning process hasn't given  
4 us adequate time to fully consider the problems that  
5 these enormous changes will create. The effects of  
6 the rezoning will be permanent and will affect New  
7 Yorkers for generations to come and I urge the City  
8 Council to take whatever measures are available to  
9 slow it down and take adequate time to evaluate the  
10 impact of this massive rezoning and all its many  
11 implications.

12                   I know that the Multi-Board Task Force in  
13 East Midtown representing Manhattan Community Boards  
14 1, 4, 5; 6 continues to express grave reservations  
15 about the rezoning and that 8 out of 12 Manhattan  
16 Community Boards have come out against the proposal.  
17 In my many years in government I do not believe I've  
18 ever seen a proposal so uniformly rejected. I urge  
19 the City Council to reconsider objects carefully.  
20 Some of the issues that have not been issued yet I'll  
21 go over quickly.

22                   The effects of other neighborhoods,  
23 Independent Budget Office forecasts the City will  
24 need 52 million square feet of office space by 2040;  
25 however, it believes it may need as little as 30



2 million square feet or as much as 87 million square  
3 feet, depending on the economy and how employers use  
4 office space. Such estimates are entirely  
5 speculative and we could easily find that too much  
6 new development in East Midtown [bell] means empty  
7 office space elsewhere.

8                   As I mentioned... [crosstalk]

9                   CHAIRPERSON WEPRIN: Somebody is pending.

10                  ARNIS SERHATI: I feel this proposal is  
11 too important and too complex to be approved with  
12 such haste; I propose the City Council to postpone  
13 this until all other concerns have been addressed.  
14 Thank you in advance for your consideration.

15                  CHAIRPERSON WEPRIN: Thank you and please  
16 send the Congresswoman mine and Mr. Garodnick's  
17 regards. Ms. Velez.

18                  JUANA VELEZ: Hi, good afternoon. Thank  
19 you for allowing me to testify. My name is Juana  
20 Velez and I work at the Westin Grand Central Hotel;  
21 this is the area that is proposed to be rezoned. I  
22 work to support my four children; I am originally  
23 from the Dominican Republic; I work in Housekeeping  
24 Department; I've been a member of the New York Hotel  
25 Trade Council for 15 years and I also proud delegate

1           for my coworker. The good middle class wage that I  
2           make as a union hotel employee allow me to purchase  
3           my home for my family 10 years ago. Thank you to my  
4           union and the strong contract I have a steady  
5           schedule and I am able to plan my life. When my  
6           husband was deployed to Iraq I was able to continue  
7           to work while also taking care of my four children by  
8           myself, since I could plan ahead of time. Thanks to  
9           the union I am able to control over my life and now I  
10          can travel across the country with my daughter for  
11          her national soccer tournament.

13                       East Midtown is an important hotel  
14          district with 29 hotels that employs 70 percent of  
15          the New York hotel industry's employees. That is  
16          approximately 7,500 hotel workers, including myself.  
17          The majority of these hotels, like the one I work,  
18          are large full-service hotels with meeting and event  
19          space and almost all are union. This Midtown  
20          rezoning plan should not pass unless it's modified to  
21          allow hotels only by a special permit throughout East  
22          Midtown district, not just qualified site; if it's  
23          not, I believe you should oppose the rezoning.

24                       Allow the rezoning to go through without  
25          a board special permit for hotels; it threaten my job

1 and 32,000 other union members in the City [bell].

2 We need to control to spread the limit service, non-  
3 union hotels to protect middle class jobs like mine.

4 Thank you.

5 CHAIRPERSON WEPRIN: Thank you.

6 [applause]

7 SIMEON BANKOFF: Good afternoon Council  
8 Members; I'm Simeon Bankoff, Executive Director of  
9 the Historic Districts Council. HDC is a citywide  
10 advocate for New York's historic neighborhoods and  
11 buildings.  
12

13 I would like to thank, first thank the  
14 Council and our elected representatives and  
15 especially congratulate and thank all the community  
16 boards and civics who've done such a fantastic job in  
17 really bringing up these very important questions  
18 about this plan which is in front of now.

19 I mean it's certainly a dynamic plan and  
20 it will transform an iconic section of Manhattan,  
21 vibrant changes, part of New York City's character  
22 and should be encouraged appropriately; in this case  
23 we question both the cost of such a change and  
24 whether its possible benefit will actually emerge.  
25 While we have heard several times that this plan will

1  
2 only produce a few buildings of the tallest allowable  
3 heights, it is effectively an upzoning for the entire  
4 area; that should not be downplayed. Any block where  
5 there is enough street footage to be assembled could  
6 cost a building far taller than what currently exists  
7 and the inclusion of special provisions for retaining  
8 noncomplying floor area and allowing residential use  
9 will further spur new construction as those uses are  
10 more profitable than the office space the proposed  
11 proposal claims the city needs so badly.

12 Let me just say frankly that this is an  
13 assault on public oversight and the community's  
14 interaction with the future of our city. This plan  
15 looks to remove what the people of New York, how they  
16 determine the future of it. It is sort of an axiom  
17 that special permits are deadly to development of the  
18 city and I've never known anyone to die of a special  
19 permit. We could believe that removing all notion of  
20 that oversight is a very dangerous thing.

21 Furthermore, the give-back is just not  
22 enough. When I say the give-back, I'm saying what  
23 the city, the Council, what we are getting, we as New  
24 York is getting in return for this enormous giveaway  
25 to the real estate industry is not enough. If we're

2   being asked to sell our future we should not do it  
3   cheaply. Surely we deserve better than a couple of  
4   concrete planters and some boldouts on Vanderbilt  
5   Avenue. [bell] I will conclude very quickly. But  
6   HDC does have a list of buildings that should be  
7   landmarked... they should be landmarked and finally,  
8   what is the rush of this? As has been told, we have  
9   a lot of time to talk about this; this plan has been  
10  getting better and better the more we talk about it,  
11  so we shouldn't rush into it. Thank you.

12                   CHAIRPERSON WEPRIN: Thank you all very  
13  much. Thank you. Now I'm gonna call up a panel in  
14  favor of this project; I assume they're all here, but  
15  we'll read their names regardless, Lou Coletti,  
16  Building Trades, Jim Korein, Nicholas... Nicolas  
17  Ronderos from the Regional Plans, from RPA, David  
18  Brown from the Archdiocese, Joe Rosenberg isn't here,  
19  right? No. Okay. Rick Bell from AIA and Andrew  
20  Hollenback... weck. How many did we end up with that?  
21  Alright, we've got a panel; look at that. Gentlemen,  
22  whenever you're ready; figure out who wants to go  
23  first and we're gonna put you on a two-minute clock;  
24  we do appreciate that you keep within that two  
25  minutes.

1  
2 RICK BELL: Alright, well since the red  
3 light is on here I'll go first... [interpose]

4 CHAIRPERSON WEPRIN: Alright.

5 RICK BELL: thank you very much. Rick  
6 Bell representing the American Institute of  
7 Architects New York Chapter and its 5,000 members.  
8 Pleased to testify today, because we think that the  
9 ultimate goal of the proposed rezoning is the  
10 development of nothing less than a world class  
11 business district that could rival those we see in  
12 many other cities around the world; it would be  
13 characterized by the design of the next generation of  
14 great buildings.

15 We agree that it is sound planning to  
16 have first class commercial space and added densities  
17 linked to transportation. It must done carefully,  
18 replacing outdated buildings with sustainable  
19 structures that contribute to the public realm while  
20 at the same time protecting the character of the  
21 neighborhood and Park Avenue in particular.

22 We have a long list of many reasons why  
23 we are favoring the proposal and will submit the  
24 testimony in writing in deference to the minutes

1  
2 allotted. But I'd like to list at least the first  
3 three or four of them if time permits.

4           The first is the new development itself,  
5 replacing about 10 million square feet of aging  
6 commercial space and adding 4.5 million square feet  
7 in addition. This new modern office space will  
8 ensure the area's continuing role as a premier  
9 business district and economic engine.

10           Second, transit-oriented development --  
11 it's sound planning for the city's future to have  
12 first class commercial space and added density linked  
13 to transportation in the network that already exists  
14 and can be augmented.

15           Third, energy efficiency -- the plan  
16 requires new buildings that utilize the zoning  
17 incentives to obtain a higher standard for  
18 efficiency, ensuring that new office towers in East  
19 Midtown will be some of the city's most sustainable.

20           And fourth, the public realm. The study  
21 that's currently underway led by Gehl Associates and  
22 Jonathan Rose Companies we have high aspirations for;  
23 we look forward to the outcomes that will talk about  
24 place-making in East Midtown for the future.

1  
2 I'd like to conclude by saying that we  
3 commend the Department of City Planning for this  
4 effort and their outreach and we urge approval of the  
5 rezoning. I'll submit our longer testimony in  
6 writing. Thank you.

7 CHAIRPERSON WEPRIN: Thank you. Thank  
8 you very much, Mr. Bell. [bell] See that; he's  
9 showin' off now; look at that. [laughter, background  
10 comments] Yeah, go ahead.

11 ZACHARY BERNSTEIN: I'm Zachary  
12 Bernstein, delivering the testimony of David Brown on  
13 behalf of the Trustees of St. Patrick's Cathedral.

14 As one of the oldest structures in East  
15 Midtown, St. Patrick's has seen well over a century  
16 of change in this neighborhood; continued  
17 revitalization is critical if the area is to prosper  
18 and we are persuaded that the proposed rezoning and  
19 the public improvements it will generate are  
20 essential to attracting new development.

21 In particular we wish to highlight  
22 provisions of the proposed zoning which directly  
23 affect St. Patrick's and other landmark structures in  
24 East Midtown. While St. Patrick's has a substantial  
25 amount of unused air rights that it cannot use on-



1 site; has not been able to transfer any of them, nor  
2 given its location is there any likelihood that it  
3 will be able to do so under existing zoning. As the  
4 cathedral has undertaken a \$175 million restoration  
5 program, the absence of an outlet for these  
6 development rights imposes a significant burden.  
7

8 The proposed rezoning seeks to remedy  
9 this shortcoming of existing zoning by giving  
10 landmarks like St. Patrick's the opportunity to  
11 transfer air rights to a larger number of potential  
12 development sites; this will make it possible some  
13 day for St. Patrick's and other landmarks to realize  
14 on some of the locked in value of their landmark  
15 sites. As these much needed benefits cannot be  
16 realized unless the updated zoning is approved and  
17 new development occurs, we urge the Council to  
18 balance the competing interest and finalize this  
19 initiative.

20 In your review of the rezoning we believe  
21 it is critical to make the real estate development  
22 process as clear and predictable as possible. In  
23 particular, the pricing of the air rights and the use  
24 of the special process should be designed to reflect  
25

1  
2 the risks inherent to commercial office building  
3 development.

4 In closing I want to reiterate the vital  
5 importance of the proposed rezoning for the  
6 cathedral. We are grateful that the City has  
7 recognized the need to provide some relief for the  
8 East Midtown landmarks and we are grateful to the  
9 community boards and the civic groups for their  
10 support. In conclusion, we do urge the City Council  
11 to approve the East Midtown Rezoning. Thank you.

12 CHAIRPERSON WEPRIN: Thank you very much.  
13 Andrew.

14 ANDREW HOLLWECK: Good afternoon; I'm  
15 Andrew Hollweck with the New York Building Congress;  
16 I'm here to offer the Building Congress' emphatic  
17 support for the rezoning of East Midtown. The  
18 Building Congress supports the rezoning and we urge  
19 you to approve this plan; two key reasons.

20 East Midtown is anchored by Grand Central  
21 Terminal which will soon house the MTA's East Side  
22 Access Project, providing a direct rail link between  
23 Long Island and Manhattan's East Side for the first  
24 time, bringing tens of thousands of new commuters to  
25 the neighborhood, which you are well aware of, I

1 acknowledge, but we should look at that as an  
2 opportunity. Failure to capitalize on this multi-  
3 billion dollar infrastructure investment will be to...  
4 not to overstate it; will be a missed opportunity for  
5 the city. Right now zoning guidelines for the  
6 neighborhood discourage creation of new office  
7 buildings and typically prevent useful increases in  
8 bulk on many key sites. The Administration's  
9 proposals enables builders to assemble sites, tear  
10 down existing large structures and erect larger  
11 modern buildings to house this growing workforce.

12  
13 You know I just wanna emphasize that; I  
14 think it's a... for the discussion today, that's how  
15 our city continues to thrive and grow and we should  
16 acknowledge that this effort is helping propel that.

17 Second, I'll reiterate what Rick said  
18 about the age of these buildings; we need to  
19 recognize that the workforce is changing and this  
20 proposal will allow one of the city's premier office  
21 districts to adapt to those changes.

22 Finally, we should support intelligent  
23 amenities for the public, including a proposal that  
24 my boss, Dick Anderson, particular likes a pedestrian  
25 or bike passageway on the Park Avenue circuit around

1 Grand Central. And finally, encourage very prudent  
2 application to the city's landmarking power to  
3 protect only those buildings with clear architectural  
4 value; this will ensure that the full benefits of the  
5 rezoning are realized.

6  
7 In closing [bell], we urge the Council's  
8 support for this plan.

9 JIM KOREIN: Thank you. I'm Jim Korein,  
10 CEO, Omnisperspective, a family-owned business. My  
11 grandmother, Sarah Korein, was one of the first women  
12 in New York's real estate industry. We're the owners  
13 of Lever House, a landmark since 1982. Lever House  
14 has in excess of 300,000 square feet of unused  
15 development rights; the building is leased to an  
16 unrelated third-party.

17 Currently, the owner of the building that  
18 is not landmarked may demolish the building or build  
19 a new one as-of-right, using all its development  
20 rights. But the building of a building landmarked  
21 for the public good is essentially precluded from  
22 using its unused development rights on the landmark  
23 site. While the original proposal made matters far  
24 worse for existing landmarks, the amended proposal  
25 provides a clear defined landmark air rights transfer

1 mechanism analogous to that proposed for Grand  
2 Central's air rights.  
3

4 We hope this will allow us to structure a  
5 plan to continue to maintain and improve Lever House,  
6 as we have done before. By 1998 the steel and  
7 spandrel glass of the Lever House curtain wall had  
8 severely deteriorated; we provided the new lessee  
9 favorable ground rent for its first 20 years on the  
10 condition that it renovate the curtain wall, which  
11 cost approximately \$15 million.

12 We are committed to the long-term  
13 preservation and improvement of landmark buildings in  
14 New York. Between 2005 and 2007 we undertook a major  
15 renovation of 240 Central Park South, another  
16 landmark, at a cost of over \$20 million and were  
17 awarded a Lucy G. Moses Landmarks Conservancy  
18 Restoration Award.

19 The purpose of the East Midtown rezoning  
20 is to ensure that this district remains competitive.  
21 In its current amended form the rezoning proposal  
22 addresses both new buildings and landmark buildings;  
23 we believe that'll put us in a good position to make  
24 further capital improvements to Lever House within  
25 the next decade. Lever House will belong to our

2 family for generations to come and we are committed  
3 to ensuring that it remains an iconic and competitive  
4 building, which is in our long-term economic  
5 interest. We fully support the rezoning proposal and  
6 urge that the Council adopt in its current form.

7 [bell]

8                   NICOLAS RONDEROS: Chair Weprin and  
9 Councilman Garodnick, my name is Nicolas Ronderos and  
10 I'm New York Director for Regional Plan Association.

11                   This proposal isn't as much as about  
12 adding more office space as it is about ensuring that  
13 the district continues to evolve and adapt in a  
14 rapidly changing world. East Midtown already has  
15 several unremarkable and outdated structures whose  
16 low ceilings and interior columns deter potential  
17 activities and tenants. Businesses are moving for  
18 open floor plans and amenities that these structures  
19 don't provide. Under current zoning, the district  
20 will continue to age and gradually decline. The  
21 proposed rezoning would enable the district to  
22 replenish its building stock to respond to changing  
23 market dynamics.

24                   Just as important is how to address the  
25 transportation and public space needs of the area.

1  
2 Mayor Bloomberg's commitment to provide upfront  
3 capital to improve the Lexington Avenue line and  
4 other needs will not only help mitigate increases in  
5 congestion, but will also address a long-standing  
6 transportation bottleneck, one that needs to be  
7 solved regardless of the rezoning.

8 Building a discussion here today we hope  
9 a plan from the City and Council will accompany the  
10 rezoning and specify the structure of financing for  
11 these investments. It also must be acknowledged that  
12 new office construction in East Midtown will compete  
13 with locations elsewhere in the city, but this  
14 competition should be minimal. If the city forecasts  
15 are accurate, the rezoning will result in only 4.5  
16 million square feet of net new office space. In  
17 addition, there's a differentiation among office  
18 districts that both mitigates the competition and is  
19 healthy for the city and the region. Whether we  
20 create too much office space for now or one or two  
21 business district cycles is less of a concern that  
22 whether we will have the flexibility to respond to  
23 the demand over several decades.

24 For these reasons Regional Plan  
25 Association supports the proposed rezoning to help

2   ensure New York's continue competitiveness. Thank  
3   you.

4                   CHAIRPERSON WEPRIN: [bell] Thank you  
5   very much. Mr. Garodnick, see none. Gentlemen,  
6   thank you very much.

7                   I'd like to now call up the next panel in  
8   opposition, Andrew Penson, Jerry Hanes, Paul Selver,  
9   Carl Weisbrod or Olivia Moss and Phil Bowman; they  
10   still here? Was I okay on the Carol Weisbrod or  
11   Olivia Moss? You're Olivia Moss? I guess we... we ran  
12   out the clock on him huh? No problem. Everyone  
13   alright out there? Everyone awake? Good. So you  
14   know the drill; we're gonna keep you to two minutes.  
15   Seems like confusion. Okay, as he comes up he'll get  
16   in... online; we can start, whenever... whoever wants to  
17   go first, go ahead. Please state your name for the  
18   record. Here he comes. Okay. And... oh you can  
19   start, go ahead, whenever you're ready.

20                  ANDREW PENSON: Chairman, Council Member;  
21   my name is Andrew Penson; I'm the managing member of  
22   Midtown Trackage, the owner of the land underneath  
23   Grand Central Station and the 1.3 million square feet  
24   of unused development rights associated with that  
25   land. Midtown Trackage shares the City's goals of a



2   vial East Midtown CBD marked by rejuvenated stock of  
3   office buildings and an improved public transit  
4   system. Within the appropriate regulatory framework  
5   these conditions are good for both us and the City.  
6   However, the rezoning proposal before you today falls  
7   short for providing such a framework in many critical  
8   respects.

9                   First and most importantly, the proposal  
10   is not structured to maximize the funds for  
11   infrastructure improvements. The undervaluation has  
12   been the key reason why elected officials, the  
13   affected community boards and many of the City's most  
14   thoughtful civic groups have criticized the DIB and  
15   why the community boards chose to reject the zoning  
16   in its entirety. The city is leaving a tremendous  
17   amount of money on the table for the benefit of a  
18   couple of developers. As Tommy Craig from Hines, the  
19   co-developer of One Vanderbilt testified at the City  
20   Planning Commission, air rights create the top of the  
21   building, the most valuable part of the building.  
22   Our appraisers and the City's appraisers agree that  
23   around \$500 a foot is the average value of land in  
24   this district. If the developer will pay that much

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   250  
2     for the worst part of the building, of course they  
3     will pay at least that much for the best part of it.

4                   Furthermore, 425 Park and One Vanderbilt,  
5     whose owners were represented on the back panel just  
6     a few minutes ago, both were happening, they didn't  
7     need the incentive from the city government. They  
8     were going forward; the City is essentially bestowing  
9     a gift upon them at the expense of the public and  
10    landmarks. The profits here are potentially  
11    enormous; as a matter of fact, I recently sat with  
12    the developer of 432 Park Avenue, which is on the  
13    corner of 56th and Park; the numbers are off the  
14    charts. They anticipate a sell-out... it's a  
15    residential building of an average of \$6,000 per  
16    square foot, which creates gross [bell] condo sale  
17    proceeds of \$3 billion at a cost of a billion-and-a-  
18    half and it doesn't include the retail; they're  
19    looking at \$1.5 billion to \$2 billion profit. 432  
20    Park is directly across the street from 425 Park;  
21    they are in the same neighborhood, but the owner of  
22    432 Park could easily pay over \$1,000 per square foot  
23    for the air rights. [interpose]

24

25

2                   CHAIRPERSON WEPRIN:   Okay, I got the  
3 point, but thank you very much; sorry to cut you off.  
4 Next gentleman, just make sure the mic's on.

5                   PHILIP BOWMAN:   My name is Philip Bowman;  
6 I am a partner with the law firm Boies, Schiller &  
7 Flexner; I'm testifying today on behalf of our  
8 client, Midtown Trackage Ventures, the owner of the  
9 land beneath Grand Central Terminal and the over one  
10 million square feet of unused development rights  
11 associated with that land.

12                   My firm, Boies, Schiller & Flexner, has  
13 litigated some of the most important constitutional  
14 cases in recent history, including the Bush v. Gore  
15 election case and the Perry case that recently  
16 overturned California's prohibition on same-sex  
17 marriage.   Currently we are pursuing challenges under  
18 the Takings Clause of the Constitution to the  
19 government bailouts of AIG, Fannie Mae.

20                   We have been asked to examine the  
21 legality of the proposed rezoning for the Midtown  
22 East Subdistrict.   We believe that if passed into law  
23 in substantially its current form the proposal would  
24 be unconstitutional.   The Constitution prohibits the  
25 government from taking property from a citizen

1 without just compensation. The proposal would do  
2 just that to our client. Specifically, the proposal  
3 would substantially diminish the value of development  
4 rights, our client's property, by allowing developers  
5 to essentially purchase the equivalent development  
6 rights from the City at \$250 a square foot,  
7 substantially below the market rate for those TDRs.  
8 In fact, because the options available to developers  
9 under the proposal are more attractive than buying  
10 TDRs; my client would be forced to sell at a  
11 substantial discount, even to that steeply discounted  
12 price.  
13

14 The City's proposal would thus in effect  
15 force our client to bear the cost of incentivizing  
16 development. The Supreme Court of the United States  
17 has held that imposing on a single citizen the cost  
18 of a public improvement that in all fairness should  
19 be borne by the public at large is the quintessential  
20 wrong, prohibited by the Takings Clause.

21 We respectfully urge the City Council not  
22 to pass this unconstitutional proposal [bell] and to  
23 take the time to develop a new proposal that balances  
24 the Council's public policy goals and can pass muster  
25 in the courts. Thank you very much.

2 CHAIRPERSON WEPRIN: Thank you. 'Kay.

3 JEROME HAIMS: I am Jerome Haims,  
4 President of Jerome Haims Realty; my firm has been in  
5 existence for approximately 50 years; we've appraised  
6 many of the East Midtown properties during this  
7 timeframe, Madison Avenue, Park Avenue and Lexington  
8 Avenue. We appraised the World Trade Center,  
9 connection with the damage of 9/11. We've appraised  
10 the Empire State Building; we're currently the  
11 appraisers for the MTA connection for the Second  
12 Avenue Subway and we also are appraising the Columbia  
13 University expansion.

14 In this assignment we were asked to value  
15 the commercial development rights pursuant to the  
16 East Midtown Rezoning. We believe that absent the  
17 specific site analysis at a minimum the valuation of  
18 the East Midtown TDRs should be divided into Grand  
19 Central, Park Avenue, other east and other west  
20 subareas consistent with the subareas of the zoning.  
21 Setting a single price for a 70-block area is simply  
22 wrong.

23 We have analyzed sales of land with the  
24 appropriate commercial zoning and in analyzing the  
25 just of these sales in these subareas this results in

1 land values from \$500 to \$555 for Park Avenue  
2 subareas. Since the development rights we are  
3 appraising are floating, we analyzed floating  
4 development rights sales; we concluded a TDR value  
5 ratio of 80 percent resulting in the following  
6 values: Park Avenue \$445 a square foot, Grand  
7 Central, \$415 a square foot, other west, that's  
8 Madison Avenue, \$430 per square foot, other east,  
9 \$400 a square foot. These values appropriately  
10 reflect the subareas of the East Midtown Subdistrict.  
11 [bell] We believe that the floating development  
12 rights are a special category in comparison to zoning  
13 lot merger development rights, where marketability is  
14 severely limited to adjoining properties and their  
15 analysis uses these development rights, the zoning  
16 lot development rights, which are infected by a  
17 different type of analysis.

18  
19 CHAIRPERSON WEPRIN: Thank you very much.

20 OLIVIA MOSS: Good afternoon, my name's  
21 Olivia Moss and I'm delivering testimony for Carl  
22 Weisbrod, Partner at HR&A Advisors, a real estate and  
23 economic development consulting firm.

24 I'm here to testify in opposition to one  
25 element of the rezoning proposal before you today;

1                   that is regarding the appropriate price and the  
2 mechanism for determining the proposed price of the  
3 District Improvement Bonus or the DIB. As we  
4 understand it, the price of the DIB is intended to be  
5 roughly equal to the value of transferrable  
6 development rights, TDRs, within the proposed East  
7 Midtown Subdistrict in order to assure that the  
8 property rights of TDR owners within the proposed  
9 subdistrict would not be significantly eroded.

11                   We represent Midtown Trackage Ventures,  
12 the owners of Grand Central Terminal and the holder  
13 of substantial TDRs that would be available for  
14 purchase on a competitive basis with DIBs by  
15 receiving sites within the proposed subdistrict.

16                   Under the rezoning proposal the price of  
17 the DIB is apparently based on a study completed by  
18 Landauer Valuation & Advisory earlier this year.  
19 That study, based on a handful of inapposite  
20 comparables concluded that TDRs within the proposed  
21 district should be valued at 60 percent of the land  
22 value within the district or a value of \$250 per  
23 square foot. The Landauer conclusion relied almost  
24 entirely on examples where TDRs were acquired through  
25 zoning lot mergers, where sellers of TDRs had limited

1 options and thus limited leverage in their  
2 negotiations with the receiving sites and we disagree  
3 with the Landauer study's conclusions.  
4

5 HR&A was engaged by Midtown Trackage to  
6 undertaken an independent analysis of the values of  
7 TDRs in relationship to underlying land value and we  
8 concluded that in a true marketplace where TDRs are  
9 allowed to float and where there are numerous  
10 potential buyers, the unit value of TDRs approximates  
11 the underlying value of the land. We undertook a  
12 detailed study of TDR transactions in two Manhattan  
13 zoning districts that are now against the proposal  
14 before you today where TDRs are permitted to float  
15 and therefore close to the true marketplace of  
16 willing TDRs buyers and sellers exist, the Special  
17 West Chelsea District and the Theatre Subdistrict.  
18 Our work compared the average price paid for a TDR  
19 transaction with the average price of a developable  
20 square foot [bell] obtained for a land purchased in  
21 that district, a New York transaction; we determined  
22 that in these development rights marketplaces where  
23 buyers and sellers have close to equal power, the  
24 unit value of TDRs approaches a 100 percent and in  
25



1  
2 some instances TDRs traded values even higher than  
3 the price of underlying land.

4 I have submitted our detailed analyses  
5 for you today and our conclusion aligns with Jerome  
6 Haims Realty's appraisal, that Landauer's methodology  
7 does not accurately reflect the value of TDRs within  
8 the East Midtown Subdistrict. Thank you.

9 [crosstalk]

10 CHAIRPERSON WEPRIN: Thank you. We  
11 would've cut Mr. Weisbrod out, so it's a good thing  
12 you were here.

13 PAUL SELVER: Mr. Chairman, Members of  
14 the Committee; Paul Selver, Kramer Levin Land Use  
15 counsel to Midtown Trackage Ventures.

16 You've heard from Midtown about why, and  
17 its advisors, about why it feels this rezoning is  
18 just too fraught with problems to be adopted in its  
19 current form and the most significant of those  
20 problems is that the structure within which the  
21 District Improvement Bonus is authorized and the way  
22 in which it is calculated are fundamentally flawed.  
23 These flaws could cost the City and the public  
24 literally hundreds of millions of dollars.

1                   The current proposal, as you know,  
2  
3 provides that both DIB and landmark development  
4 rights can be used to increase permitted floor area  
5 ratio in East Midtown so long as the initial increase  
6 is generated by DIB. This structure puts the City in  
7 competition with landmark owners and it can assure  
8 only that the City will be able to derive revenue  
9 from the legally mandated DIB purchase. The impact  
10 of this limit in real dollars is exacerbated by the  
11 under-pricing of the DIB currently.

12                   Midtown has consistently argued that  
13 everyone is better off where the interests of the  
14 City, the public and landmark owners are aligned;  
15 this can be done by requiring that additional floor  
16 area be generated in part by the DIB and in part with  
17 landmark development rights. To ensure that the DIB  
18 price would not be, as it is now, under-valued,  
19 Midtown believes that a properly instructed appraisal  
20 should be prepared for each transaction. Let's look  
21 briefly at what this difference means in practice.

22                   Assume that three full blocks, each with  
23 a nominal area of 40,000 square feet would be  
24 redeveloped, two blocks would be redeveloped at 30  
25 FAR, one would be redeveloped at 20 FAR. Under the

1 current proposal the City would be assured of  
2 receiving a total of no more than \$90 million; under  
3 Midtown's proposal, based on an equal sharing of the  
4 sale of this bonus core area and Haims' valuation of  
5 the DIB, the City would receive \$323 million. In the  
6 end the difference to the City and the public,  
7 between getting it right and getting it wrong, is  
8 enormous. Midtown urges you [bell] not to rush a  
9 decision just so you can say you've put something  
10 into place; we urge you to proceed with the care  
11 that's needed to ensure that all of the stakeholders  
12 of East Midtown benefit properly from your actions.  
13 Thank you.

14  
15 CHAIRPERSON WEPRIN: Thank you. Paul,  
16 thank you. Mr. Garodnick had a question.

17 COUNCIL MEMBER GARODNICK: Thank you.  
18 And I think that this question could be really almost  
19 for anybody on the panel, but it stems from the legal  
20 commentary about takings here. First question is  
21 whether it is the existence of a \$250 price or the  
22 introduction of city as a competitor here, which  
23 makes it a taking from your perspective and... or both.  
24 And the other question is whether there is the same  
25 concern if we were to redo the way you think about

1  
2 the sale of air rights, the concern that the Borough  
3 President had expressed about the negotiation at the  
4 time of sale and that was cited to me by the City  
5 Planning Commission, as to whether you think that  
6 presents a problem or how you would do this different  
7 so as to respect the need for independent objective  
8 standards here. Give us what you think the ideal  
9 should be. So I'm gonna pose those two questions and  
10 however you all wish to deal with them [background  
11 comments] is fine.

12 PHILIP BOWMAN: So... so I'll take a crack  
13 at the first one. I think it's a combination of not  
14 so much that the City's a competitor, but that this  
15 is action by the City, so a government actor, and the  
16 fact that it's \$250 a square foot and there's no  
17 magic to the number; the point is, you've heard the  
18 testimony that we believe the values... the true market  
19 values are substantially higher than... double that or  
20 more and so at different times the price could be  
21 different; the point is, at the present time this  
22 represents a diminution in value of well over 50  
23 percent and so that combined with the fact that it's  
24 city action is what makes it unconstitutional in our

1 view. In terms of what the proposal should look  
2 like, I'll turn that over to Paul.

3  
4 PAUL SELVER: I'm not... I'm not sure I'm  
5 going to answer your question precisely, because I... I  
6 hope I understood it right, so if I... if I don't get  
7 it right, by all means ask me... ask me... [crosstalk]

8 COUNCIL MEMBER GARODNICK: It was poor...  
9 it was poorly expressed; let me just... let me try  
10 again, because it was an add-on. What I have been  
11 questioning other panels about is how we can better  
12 get to a place of market value at the time that  
13 somebody actually wants to develop a building, as  
14 opposed to say setting a fixed price today;  
15 reevaluating it in three to five years; what is a  
16 better model to be able to establish what the market  
17 value actually is?

18 PAUL SELVER: Well I think the best  
19 example of how to do it is the way the City does it,  
20 which is that when the City sells property, through  
21 say EDC, it conducts an appraisal; it gives  
22 instruction to the appraiser to make sure that the  
23 City receives the proper value for the property,  
24 whether it's land or development rights; I've been  
25 through development rights appraisals with the City,

2   and those appraisals are good for six months and if  
3   the transaction isn't closed within six months, then  
4   you have to go through the whole thing all over  
5   again. So I think in terms of establishing a current  
6   value, the process is already there; it just hasn't  
7   been applied... it just hasn't been thought of as being  
8   applicable or hasn't been applied in this context.

9                   COUNCIL MEMBER GARODNICK: Well let me  
10   just make sure I understand it; if the City were to  
11   do it every, say six months... [interpose]

12                  PAUL SELVER: No, it's not... the argument...  
13   the point is, you would do the appraisals on a  
14   transaction by transaction basis. I don't think  
15   there are that many transactions here that you  
16   couldn't afford to do it that way, even if...  
17   [crosstalk]

18                  COUNCIL MEMBER GARODNICK: So then... so  
19   how do you respond to the... to the rebuttal which Kate  
20   and the panel before you, by others in the real  
21   estate world, who said, you know we need to have  
22   certainty here; we need to be able to empty  
23   buildings; we need to be able to plan ahead; we need  
24   to be able to know exactly what we are buying when we

2   are buying it and there's a lot of risk involved; how  
3   do you respond to that?

4                   PAUL SELVER:   I think there... I think  
5   there are two pieces to that answer.   Number one,  
6   developers; with all due respect to the people who  
7   were on the prior panel, developers live with  
8   appraisals; when they do business... when the Ci... with  
9   the City, when you buy development rights from the  
10   City, you're buying it through an appraisal process;  
11   it's that simple, and they live with the uncertainty  
12   of knowing when they go out and talk to a potential  
13   seller that they're gonna have to pay whatever the...  
14   if they wanna do a deal, they're going to pay the  
15   price that that seller demands, unless it renders the  
16   building uneconomic and that's... that's the intention  
17   in these transactions... [crosstalk]

18                  JEROME HAIMS:   In the mar... in the  
19   marketplace the developer never knows with certainty  
20   he has... even when he's buying TDRs from the guy next  
21   door, he doesn't have certainty, he has to negotiate  
22   with the party next door.   So why should we give  
23   certainty when they never really have certainty in  
24   the market?   And the other thing is, the nature of an  
25   appraisal, the appraisal is the most probable selling

1 price; it's not the highest and it's not the lowest,  
2 so the issue that was raised earlier; well if they  
3 have to negotiate, maybe you might get less, but the  
4 appraisal is somewhere... and statistically, it's the  
5 most probable selling price, so it's not necessarily  
6 the highest. It may go up from there, but it's not  
7 gonna go down.  
8

9 COUNCIL MEMBER GARODNICK: Is it fair  
10 conclude that by doing this or setting a particular  
11 price district-wide we are giving more certainty to  
12 the real estate world than it ever has in any other  
13 context... [crosstalk]

14 JEREMY HAIMS: Yes, that's true...

15 COUNCIL MEMBER GARODNICK: Is that... is  
16 that a fair statement?

17 JEREMY HAIMS: That... that's true, because  
18 the market is always... you know you wanna buy from the  
19 guy next door; you wanna buy from the guy behind you;  
20 you know, you wanna buy a piece of property; you have  
21 to negotiate, so there's never... never cer... you know  
22 the range though. These developers; I mean they're  
23 not inexperienced, they know the range of value  
24 before they step into the marketplace, so if somebody  
25 wants too much they wouldn't buy; if somebody wants



2   to offer too little, they'll grab it, you know, so  
3   they're in the marketplace, but they don't have  
4   certainty.

5                   PAUL SELVER:   In terms... again, I would  
6   simply point out that in terms of certainty the only  
7   other place that I know developers have this level of  
8   certainty is in Hudson Yards, where there was a price  
9   established for development rights that was designed  
10  to incentivize development in fact; now one can argue  
11  about whether, you know the price was set much lower  
12  there in order to incentivize it and in the higher  
13  number that they're asking here; you know, City would  
14  argue it is an appropriate number, but the point is,  
15  that the only other place where that exists is in a  
16  place where the City has chosen to incentivize  
17  development, so presumably... you know, or not  
18  presumably; it's not an unreasonable inference to  
19  suggest that that level of certainty in this  
20  particular case is also designed to incentivize  
21  development.

22                  ANDREW PENSON:   I'd just like to add; in  
23  the case of the SL Green building, One Vanderbilt,  
24  they've already cleared out a good number of the  
25  tenants there; they've spent that money; they were

2   doing that before this proposal was ever floated. So  
3   developers are accustomed to dealing with this kind  
4   of uncertainty every single day. I know; I'm a  
5   developer, my other hat; that's what I do.

6                   CHAIRPERSON WEPRIN: Okay. Gentlemen,  
7   thank you and lady, thank you; appreciate it; we'll  
8   now... well, we'll call up Steven Lefkowitz from SL  
9   Green and Gene Kohn from SL Green and Jamie von  
10   Klemperer from SL Green and Tommy Craig, Howard  
11   Hornstein from real estate and Danielle Frani...  
12   [phonetic Frani; she still here still? Freni. Okay.  
13   Six of you; let's see if they're all here or not.  
14   Thank you all for your patience; I know it's been a  
15   long day. [pause] Okay, whenever you're ready.  
16   Perfect. Just... we've just gotta get a microphone on  
17   the gentleman. Yes, good afternoon unfortunately is  
18   appropriate. Just put it as close to him as you can  
19   get.

20                  HOWARD HORNSTEIN: Good afternoon; my  
21   name is Howard Hornstein; I'm here to testify today  
22   in favor of this proposal. By way of background, I  
23   have served both on the City Planning Commission and  
24   the Board of Standards and Appeals; I've taught law  
25   for 12 years. I'm not here for a client; I've spent

2   the entire day here because I believe how important  
3   this legislation is. I think it has to be passed if  
4   we're going to keep the business district of New York  
5   the world capitol. There may be some flaws in this  
6   legislation that can be worked out, but I think  
7   you've gotta move; you gotta move now. I have  
8   written testimony that's much more in depth; if you  
9   have any questions I'll be happy to answer them.

10                   CHAIRPERSON WEPRIN: Thank you.

11                   HOWARD HORNSTEIN: Just one point I  
12   wanted to make... [crosstalk]

13                   CHAIRPERSON WEPRIN: 'Kay, you're under  
14   two minutes; go ahead.

15                   HOWARD HORNSTEIN: In your prior... in your  
16   prior discussion, Dan, about air rights, there is no  
17   certainty in development; developers take risk every  
18   day.

19                   CHAIRPERSON WEPRIN: 'Kay, thank you.  
20   Don't have private conversations with Mr. Garodnick;  
21   I wanna be clear; it's for all of us to hear. Thank  
22   you. Next.

23                   GENE KOHN: Hi, I'm Gene Kohn of Kohn  
24   Pedersen Fox Architects and our firm is working now  
25   currently in 26 countries throughout the world,

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   268  
2   having worked in 41 and we get a chance to see what's  
3   happening in other cities, which are competitors to  
4   New York; New York is a global city as we know and it  
5   competes with cities like London and Shanghai, with  
6   Beijing and Hong Kong and Tokyo and many others and  
7   the tenants it also competes for go to those same  
8   countries as well. In Shanghai, just a statistic, in  
9   the last... in 17 years built the equivalent of New  
10  York City, 17 years. In London today, in its core,  
11  the City of London, with narrow streets and historic  
12  contents, it is building over 10 major towers because  
13  it wants to hold onto major tenants and remain the  
14  financial center of the world.

15                   So New York is facing also a similar  
16  challenge, although Hudson Yards is adding about 26  
17  million square feet of new space, it is not the same  
18  as building in the core of the city. This is the  
19  core, this is the heart of New York, where Grand  
20  Central is, where major transportation is and that's  
21  where you need major development. If you look at  
22  what has happened over the last 43 years, the area  
23  that we're discussing has had seven new office  
24  buildings, seven; in the last 23 years just two, and  
25  there must be a reason for that, because it's the

2    core and it's because of the costs, the replacement  
3    aspect and the fact that the sites cannot have larger  
4    buildings than they've had. So this new zoning,  
5    which we're obviously in favor of, does provide the  
6    opportunity now to build major new towers.

7                   New Yorkers cannot be afraid of tall  
8    buildings; we're the city that started the tall  
9    building and we do need them and do wanna be  
10   competitive. So I... and a quick summary, 'cause I  
11   have a few seconds... the... [cough] excuse me... the  
12   proposal I think is bold, it's creative and it's  
13   important to the success of New York that this  
14   development happen and these major buildings take  
15   place. And the SL Green site, by the way, has four  
16   buildings on it [bell] and is being re... all small  
17   floor plates that will be replaced by a new building  
18   with major floor plates to attract the kind of  
19   tenants we need in Manhattan.

20                   CHAIRPERSON WEPRIN: Thank you.

21                   [cough]

22                   JAMIE VON KLEMPERER: Hello, I'm Jamie  
23   von Klemperer, Design Partner at the architecture  
24   firm, Kohn Pedersen Fox and I wanna talk briefly  
25   about some of the qualities of urban design, which we

1  
2 feel very strongly that this Department of City  
3 Planning proposal promotes.

4           First of all, we see it, as Gene  
5 explained, as a surgical approach; not a broad brush  
6 approach; it's really a fine pencil, because there  
7 are specific sites that are potentially in play and  
8 we can understand, as we start to read through the  
9 map of the area, what might happen.

10           So the premises of course is that density  
11 is the right kind of urban design, urban strategy to  
12 take at a transit hub, we all know that, so the  
13 accompaniment to density is porosity; how do people  
14 get through that dense space; what does this program  
15 offer in our view, and I think in yours too, as you  
16 examine it; wider sidewalks; Vanderbilt Plaza is a  
17 big concept and I hope that goes through as part of  
18 this, public space inside buildings that could be  
19 publicly accessed for 18 hours a day, bulk volume  
20 improvements; the envelope could be a smarter  
21 envelope because of the kind of zoning that would be  
22 applied rather than some of the existing cubic  
23 buildings such as the ones occupying the One  
24 Vanderbilt site, which go straight up. And then  
25 finally, the connection to public transit, below-

1  
2 grade and I think there have been many discussions  
3 about this, the MTA spoke very clearly detail; there  
4 are sky-lit walkways that will be opened up below-  
5 grade to allow concourse to go west, to open up to  
6 grade; East Side Access is opening up in 2019, we  
7 hope it will, and what if these buildings are  
8 delayed; it's not just if, it's when, that's  
9 critical; a smart city has to put together its  
10 infrastructure, its architecture; its planning at the  
11 same time and if governmental bodies somehow, even  
12 through the best of will and fine management of  
13 community issues, misses the big picture; the City  
14 cannot make these nodes in pieces, they are  
15 megastructures; they happen at one time.

16           Finally, architecture; there was a lot of  
17 discussion and description of Lever House, one of the  
18 great modern high-rises of our time, or of our  
19 century; this proposal allows for the creation of  
20 some incredible new buildings, not dozens, not six,  
21 not five; probably one or two and these are the kinds  
22 of buildings that lead New York, lead the world in  
23 architectural design, which is designed for people;  
24 it's about public space at the base of high-rise  
25 buildings. Thank you.

1  
2 TOMMY CRAIG: I'm Tommy Craig and I'm  
3 responsible for the New York office of Hines; I'm  
4 also an adjunct professor at Columbia University,  
5 where I teach a real estate development course at the  
6 Business School.

7 My testimony today is to speak in favor  
8 of Midtown East zoning as a student and practitioner  
9 of the real estate market and urban patterns in New  
10 York. We have studied this matter in real detail as  
11 a result of our work as a development manager with SL  
12 Green at One Vanderbilt. This is one of four  
13 projects we have underway in New York right now; two  
14 others under construction, 7 Bryant Park, which is  
15 also in Midtown East and 56 Leonard, as well as the  
16 MoMa project, which we hope to start next year.

17 I wanna speak in particular today about  
18 two aspects of the proposed zoning; why here and why  
19 now?

20 Why here? Two things seem eminently  
21 mismatched from our perspective. One is there's  
22 great demand in the core and there's an absence of  
23 supply. We have developed or owned three of the most  
24 recent buildings in the Grand Central Subdistrict;  
25 developed 450 Lex, where Davis Polk is, we developed



2   383 Madison Avenue where Bear Stearns and now J.P.  
3   Morgan are and we owned for the last 10 years until  
4   earlier this summer, 425 Lex. Those three projects  
5   combined with this project I think give us a very  
6   specific insight into this subdistrict.

7                   What's notable from our perspective is  
8   that in the three buildings we've done, Davis Polk,  
9   Simpson Thacher and J.P. Morgan, as a successor to  
10  Bear Stearns, are all the original tenants; they have  
11  occupancy periods that extend to 40 years and more.  
12  We see a direct correlation between the term of  
13  occupancy and the quality of space. This is the best  
14  way to achieve a sustainable urban core with economic  
15  vitality.

16                  As to why now. [bell, laughter] Maybe  
17  if I get a question I'd be happy to answer that.

18                  CHAIRPERSON WEPRIN: Don't beg.  
19  [laughter, back comment] Yes, next please.

20                  DANIELLE FRENI: Hi, good afternoon; I  
21  first need to thank you so much for this chair; this  
22  is a chair. Good afternoon, my name is Danielle; I'm  
23  the Director of Communication at Central Synagogue  
24  and I'm here on behalf of the congregation.

1                   Central Synagogue has been part of the  
2  
3 East Midtown community since 1870; our current  
4 sanctuary, located at the corner of East 55th and  
5 Lexington Avenue was dedicated in 1872. Our  
6 congregation comprises over 2,000 households and more  
7 than 6,000 individuals, many of whom work and/or live  
8 in East Midtown. Our institution is deeply committed  
9 to our city's welfare.

10                   We appear at this hearing to encourage  
11 your full-fledged support of the East Midtown  
12 Rezoning. We treasure the landmark status of our  
13 sanctuary, which was one of the earliest designated  
14 New York City landmarks in 1966. While our religious  
15 and educational missions will forever be our first  
16 priorities, we are immensely proud of our landmarked  
17 sanctuary building.

18                   Our sanctuary has approximately 110,000  
19 square feet of unused development rights. Current  
20 zoning provisions for the transfer of development  
21 rights on landmarks however do not provide adequate  
22 opportunities for us to transfer and sell these  
23 development rights to advance our mission.

24                   We therefore welcome the proposed  
25 modifications to the East Midtown Rezoning that will

1 allow us and all owners of landmarks owned in the  
2 northern subarea of East Midtown, whether religious,  
3 non-profit or private, a broader opportunity, often  
4 on an as-of-right basis, to transfer unused floor  
5 area to development sites in East Midtown. This is  
6 an important and highly innovative land use  
7 refinement to the transfer mechanism in the zoning  
8 resolution. We thank you for proposing to  
9 incorporate this broader landmark transfer mechanism  
10 in response to our concerns and those of our sister  
11 religious institutions. We appreciate the  
12 complexities that your Council faces in balancing the  
13 many diverse issues before you and we wish you the  
14 wisdom of Solomon in completing this exercise and  
15 respectfully and enthusiastically ask for your  
16 support.  
17

18 CHAIRPERSON WEPRIN: Great. Do you have  
19 anything you wanna add, briefly? Would you like to..  
20 add something very briefly you may do so.

21 TOMMY CRAIG: Thank you so much. Look, I  
22 would just like to say, real estate I think is often  
23 understood to be about location, but in fact in New  
24 York, the commercial market, it's really about timing  
25 and it's the timing of matching capital that's global

1 capital in global markets with local real estate  
2 conditions; it is an extraordinary hard proposition  
3 to do that and we know, because the rate of current  
4 speculative development is quite low. This is a very  
5 unique proposal because it allows those sites in this  
6 district to get to a position where they're ready to  
7 go so that conditions in the private market really  
8 allow users to sponsor [background comment]  
9 development, capital to fund it; that the City will  
10 have the opportunity; it's really a generational  
11 opportunity to put forth employment drivers that  
12 ultimately are part of a virtuous cycle with the  
13 residential and the tourist industries that really  
14 create the foundations in the local economy. Thank  
15 you. [crosstalk]

17 CHAIRPERSON WEPRIN: 'Kay, great; thank  
18 you very much. Okay, we thank you; no more questions  
19 for this group. Uhm, yes. [coughing, background  
20 comments] Okay. Finally, there's a panel in  
21 opposition, Barbara... I can't read the last name very  
22 well, Barbara Muttel, M u t t... Mutterbel... Murtabural...  
23 [phonetic] 'kay, Andrea Goldwyn, John Arbuckle, Ellen  
24 Imbimbo, Mark Diller, and Stuart Parrots [phonetic]...  
25 Pertz. There's Mark Diller. Did I... [background

2   comment] not yet; I'm sorry, Miss... [background  
3   comments] no, no, no, no. No, this is in opposition;  
4   we have more... hey, how are you? [background comment]  
5   There's Mark Diller; [background comment] I didn't  
6   see you.

7                   MARK DILLER: Hiding in the back, sir.

8                   CHAIRPERSON WEPRIN: Now you heard what I  
9   said about, you know community board types; that  
10   you're good at keeping under the two minutes, so make  
11   sure... don't make me look bad.

12                  MARK DILLER: No pressure. [background  
13   comments] I... if I... I didn't mean to say final, if I  
14   said final, this is not the final panel. It might've  
15   been my wife who said that; I don't know. No.  
16   [background comment] Wait... guys, settle down; let  
17   them sit down first, 'cause we wanna hear you  
18   properly. [background comment] Okay. Ma'am,  
19   whenever you're ready.

20                  ELLEN IMBIMBO: Good afternoon. My name  
21   is Ellen Imbimbo; I'm a Vice Chair of Community Board  
22   6, as well as a member of the Multi-Board Task Force.  
23   The opportunity for its citizens to speak here today  
24   vividly illustrates that the public process, which  
25   enables participation in the great debates of the

1 day, is an inherent part of the vitality and strength  
2 of this great city of ours. It is therefore of great  
3 concern that the East Midtown zoning plan eliminates  
4 certain special permits and allows for the  
5 administrative granting of the right to purchase air  
6 rights, resulting in an intended dilution in the role  
7 of ULURP and an undermining of the Zoning Code, no  
8 matter how idealistic the stated goals. There is no  
9 recommended substitute provided in the plan for the  
10 role that public process currently plays in these  
11 actions. Our democratic government is founded on the  
12 inclusion of transparency as a fundamental goal so  
13 that its citizens may be informed and may thereby  
14 participate in a discussion of the important issues  
15 of the day. This plan diminishes and/or eliminates  
16 that participation and along with it the role of  
17 public input in shaping our city. There is no  
18 substitute for the priceless commodity provided by  
19 the intellectual capital of citizens who care  
20 mightily about the destiny of our city. In my view,  
21 the reduction in the public process is a fundamental  
22 issue requiring study beyond that provided by the  
23 current plan. Thank you for the opportunity to  
24 comment here today.  
25

2                   CHAIRPERSON WEPRIN:   Sorry.   Mr. Diller.

3                   MARK DILLER:   I think you wanted to reset  
4 the clock.   The clock is still running.

5                   CHAIRPERSON WEPRIN:   Oh, it's... Okay, I  
6 lost my clock-keeper.   Alright.

7                   MARK DILLER:   You do.

8                   CHAIRPERSON WEPRIN:   You could... [bell]  
9 you can't take a hint is the problem.   [laughter]  
10 Thank you, Mr. Diller.   Next please.   [laughter]  
11 We're gonna start in a second; hold on.   Go ahead;  
12 we're ready to start, but thank you for being so  
13 attentive... [crosstalk]

14                  MARK DILLER:   Thank you... thank you for  
15 sticking us out and hearing us here.   My name is Mark  
16 Diller; I'm the Chair of Community Board 7; I'm term-  
17 limited, so I'm extra grateful for the opportunity to  
18 speak.   I'm proud to serve the Upper West Side of  
19 Manhattan and I'm not here... I'm here not just in  
20 solidarity, although who wouldn't wanna stand in  
21 solidarity with the East Midtown team and Lola  
22 Finkelstein; I'm here because we are one city and it  
23 has become manifest that a crisis in transit anywhere  
24 in our system is a crisis in transit everywhere in  
25 our system; I don't think it's an exaggeration to say

1                   that the attempts to fix the G train have  
2                   repercussions in the Upper West Side of Manhattan  
3                   when all is said and done. So it's incredibly  
4                   important that we get this right and that means that  
5                   it's crucial that the infrastructure precede, not  
6                   follow the development and the sale of these air  
7                   rights; it's especially true where that upzoning is  
8                   as-of-right; it eliminates the opportunity for us to  
9                   have meaningful input at a time when it's needed.  
10                  And there is a slipper slope here, both in terms of  
11                  relieving the MTA of its obligations and its need to  
12                  fund the improvements that are needed; ask any PTA in  
13                  our district about what happens with PTA raises  
14                  funds, the Department of Education then reduces the  
15                  allocation. The fear here is that exactly the same  
16                  thing would happen and it's also particularly  
17                  concerning because it would also cut the Council out  
18                  of some of those discussions and that's very  
19                  troubling to us.

21                         Briefly, with respect... we also share  
22                         concerns about landmarks and in particular, while  
23                         it's been adequately and more eloquently stated  
24                         elsewhere, the unfair price competition coupled with  
25                         the unfair streamlining puts historic structures and



1 especially non-for-profits at a competitive  
2 disadvantage. And finally, I'll note that our  
3 district has had more than its share of problems with  
4 illegal hotels and the idea that a special permit  
5 could make sure that all hotels are what they should  
6 be and provide the services they should, is one that  
7 merits consideration. Thank you so much for this  
8 opportunity to speak.  
9

10 CHAIRPERSON WEPRIN: Thank you, sir.

11 [background comments]

12 JOHN ARBUCKLE: Good afternoon Chairman  
13 and Council Members; I'm John Arbuckle, President of  
14 DOCOMOMO New York/Tri-State, local chapter of an  
15 international organization working in over 50  
16 countries to identify and document building sites and  
17 neighborhoods of the Modern movement. The proposed  
18 rezoning would put many historic buildings in Midtown  
19 East, including those of the Modern movement, at  
20 risk, while the iconic Seagram building and Lever  
21 House, which was mentioned several times before, are  
22 protected as New York City designated landmarks.  
23 Many of the undesignated Modern movement neighbors  
24 and brethren, which together with them define the  
25 distinctive character of this area, would be

1  
2 threatened by a proposed rezoning. Significant works  
3 of Modern architecture which would be endangered  
4 include Park Avenue's first post-war office building,  
5 the Universal Pictures Building by Kahn & Jacobs, the  
6 Union Carbide Building designed by Gordon Bunshaft  
7 and Natalie de Blois of Skidmore Owings & Merrill,  
8 along with additional buildings by SOM and other  
9 leading architects of the era, such as William  
10 Lescaze, Max Urban and Emery Roth and Sons.

11 DOCOMOMO New York/Tri-State has requested  
12 that the New York City Landmarks Preservation  
13 Commission evaluate a list of 15 significant Modern  
14 movement buildings within the boundaries of the  
15 proposed rezoning for potential designation; they  
16 responded that certain of those buildings who may  
17 merit designation will be further considered, however  
18 we regret that no Modern movement buildings were  
19 among those that the LPC has recently calendared in  
20 response to a request for evaluation from DOCOMOMO,  
21 various other preservation organizations and  
22 concerned citizens.

23 DOCOMOMO New York/Tri-State respectfully  
24 requests that the City Council oppose the proposed  
25

2   Midtown East Rezoning unless greater protection for  
3   our architectural heritage can be assured.

4                   CHAIRPERSON WEPRIN:   Thank you.

5                   STUART PERTZ:   Hi, thanks for staying.

6   My name is Stuart Pertz; I'm a professor of planning  
7   and urban design and I'm a former member of the  
8   Planning Commission, some time ago.   The zoning  
9   proposal before you is designed for essentially two  
10  reasons; to give relief to owners of older overbuilt  
11  buildings in Midtown and to pave the way for large  
12  iconic buildings yet to be designed, with payments to  
13  the City of \$250 per square foot in excess of the  
14  zoning in exchange for mostly unknown and completely  
15  uncertain urban design improvements.

16                  The first... the relief could be seen by  
17  some as a give-away, but in fact I see little damage  
18  done giving someone the right to rebuild what the  
19  City has long accommodated; no problem there.

20                  But the second combines a reasonable  
21  guess with ass backwards planning paid for, in our  
22  view, illegally.

23                  The City Club feels that it's a  
24  reasonable guess that given the opportunity to build  
25  in Manhattan developers will do their best to attract

1 tenants and with attractive, even iconic buildings,  
2 but we can't accept that the building be built first  
3 and only then the planning be done. What if the best  
4 way to improve Midtown is to connect below-ground in  
5 the building base? What if letting light and air in  
6 the pedestrian tunnels were a good idea and the best  
7 place was in the building footprint? What if the  
8 plan suggested coordinated construction among a  
9 number of buildings; how do you do that later?  
10

11 I understand the dilemma; I understand  
12 that planning takes time and that the City hasn't the  
13 money to improve the public realm, so it charges for  
14 the upzoning to get the funds to improve it later.  
15 Aside for the unproven process for ensuring that what  
16 needs to get done will get done, the sale of zoning  
17 is proposed, as the City Club has repeatedly warned,  
18 is illegal. The City can't sell zoning and 70 blocks  
19 [bell] is not for those who know a nexus. City  
20 Planning suggestion otherwise it's illegal and those  
21 who ox is being gored by the price set for the  
22 upzoning will sue and the deep pockets are likely to  
23 prevail, leaving the City with the burden of a  
24 rezoned Midtown and none of the funds for relief.  
25

1                   Don't approve this bill for zoning, wait,  
2                   let's plan; there is no rush; don't take the risk  
3                   that the funding key to the entire project will  
4                   evaporate, leaving us all with a more crowded Midtown  
5                   and nothing gained.

7                   CHAIRPERSON WEPRIN: Thank you.

8                   ANDREA GOLDWYN: 'Kay. Good afternoon  
9                   Chair Weprin and Council Member Garodnick; I'm Andrea  
10                  Goldwyn speaking on behalf of The New York Landmarks  
11                  Conservancy. As a preservation group, the  
12                  Conservancy has substantial concerns about the plan;  
13                  we believe it has the potential to gut and destroy  
14                  the very character of this area, encouraging  
15                  demolition of landmark-quality buildings on sites  
16                  that City Planning have identified as prime for  
17                  development -- there are several images attached to  
18                  your copy of the statement. These buildings are an  
19                  essential part of the mix that makes New York such a  
20                  special place, but this proposal ignores some; it  
21                  also ignores the tech firms rejuvenating the City's  
22                  economy are flocking to its older buildings in  
23                  historic districts, such as Chelsea and Flatiron,  
24                  which feature a unique sense of place. London did

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   286  
2     not tear down its historic architecture to build The  
3     Shard, neither should New York.

4                   The Landmarks Commission is reviewing a  
5     list of buildings for designation, but the rezoning  
6     is racing towards an artificial deadline out of sync  
7     with the Commission at exactly when they should be  
8     working together.

9                   Our concerns go beyond the landmarks  
10    issue. The community boards have issued a thoughtful  
11    analysis of the proposal, but here we are moving  
12    along toward the final vote without satisfying  
13    answers. Why is the City cutting out the public and  
14    this Council, out of a review process that has  
15    yielded new construction across the five boroughs?  
16    City Planning has stated that the rezoning will  
17    result in just a few buildings; shouldn't the public  
18    ULURP process be able to handle them? We agree with  
19    critics who say the City is selling itself short by  
20    setting one price for air rights across 70 very  
21    different blocks, and although the plan rewards  
22    energy efficiency, it supports demolishing pre-war  
23    buildings which have built-in efficiency measures.

24                   If these questions and the many more that  
25    the Community Board has requested cannot be resolved,

2 we ask the Council to reject this plan; we ask you to  
3 help clear the way toward a new vision for Midtown  
4 East that protects the best of our architectural  
5 heritage and allows the public [bell] a voice in the  
6 area's development. Thank you.

7                   CHAIRPERSON WEPRIN: Thank you. You're  
8 back again. Are you professionally doing this,  
9 representing other people and... [crosstalk]

10                  STEFANO DRAVISANO: Yeah, I actually... I  
11 actually charge a fee. Uhm... [crosstalk]

12                  CHAIRPERSON WEPRIN: Okay.

13                  STEFANO DRAVISANO: No; did you call  
14 Barbara Murtabural?

15                  CHAIRPERSON WEPRIN: I did.

16                  STEFANO DRAVISANO: Okay. Yeah, I'm  
17 gonna speak for her, if that's alright.

18                  CHAIRPERSON WEPRIN: Okay. I'm not  
19 getting punked, am I? Okay. [laughter] Alright, my  
20 pleasure.

21                  STEFANO DRAVISANO: "Thank you for the  
22 opportunity to speak here today. Though I live on  
23 the Upper East Side, this proposal will have a  
24 profound impact on my life. I depend on the 4, 5, 6  
25 train line to get around the City; current

1 overcrowding has made simply leaving the neighborhood  
2 an ordeal. During rush hour the conditions go beyond  
3 unpleasant and become dangerous; with such  
4 overcrowding I serious challenge the wisdom of adding  
5 yet more workers and residents.

7 What the area's transit system needs is  
8 not tinkering, but a serious overhaul. A rezoning  
9 might be able to provide such a transformative  
10 change, but this proposal falls far... falls short --  
11 sorry 'bout that.

12 As of this morning, with the ULURP clock  
13 almost up, we still have no details of what the  
14 commitment infrastructure funding will be; we still  
15 have no idea what public realm initiatives will be  
16 undertake and how much they will cost. Even if the  
17 City is willing to guarantee payment for the entire  
18 list of improvements the MTA has identified, we are  
19 only mitigating current over-capacity. We need  
20 longer-term solutions to these persistent problems.  
21 As the population of New York swells and our city  
22 becomes denser and denser, we must think ambitiously  
23 about how to accommodate this density.

24 Rather than adjusting a stair here or  
25 moving a column there, the City should be looking at



1  
2 dramatic interventions, like committing funds to the  
3 Second Avenue Subway, improving select bus service or  
4 connecting Grand Central to Penn Station and a one-  
5 stop ride to the airports. Unfortunately what you  
6 have before you confronts none of these long-term  
7 opportunities and instead focuses on providing a  
8 sweetheart deal for the developers as an  
9 administration leaves office. New Yorkers deserve  
10 better and we demand better." Thank you very much  
11 again.

12 CHAIRPERSON WEPRIN: Thank you. I swear  
13 you changed your voice a little bit for that last  
14 one, but there you go. [laughter] Well thank you  
15 all very much. That's it then? Thank you and we're  
16 gonna call the next panel, which is a panel in favor,  
17 if... [pause] yeah, when I call your name if you could  
18 acknowledge you're here so I know you are, Peter  
19 Lempin; still here, Peter? Nancy Ploeger, who's not  
20 here, is she? No? I don't see her. Carol Willis...  
21 excellent, Kenneth Jackson, come on up... if I call  
22 your name, come on down... Bob Fox [background  
23 comment], alright Mr. Fox, Bill Browning... Bill  
24 Browning. How many do we have? Yeah... 'kay, three or  
25 four... great. I'm gonna call a couple more names

2    anyway; Chris Garvin... excellent, and Jordan  
3    Eisenstat... [phonetic] Jordan here?  Alright, we'll...  
4    alright, gonna stop there.  [background comments,  
5    pause]  Sorry.  So what did we end up with here, four  
6    only?  Okay, we'll do four; let's... it's too difficult  
7    to go back to the pile.

8                   So next... whoever wants to go first, just  
9    start right in; we're gonna put you on the two-minute  
10   clock remember.

11                  BILL BROWNING:  Terrific.  Good  
12    afternoon; thank you Councilman.  My name is Bill  
13    Browning; I'm a Partner in Terrapin Bright Green; we  
14    are a research and consulting firm based here in New  
15    York and Washington D.C.  Our work is in the green  
16    building realm; we've worked on a number of  
17    properties in New York City, including One Bryant  
18    Park and the Empire State Building.  We have done  
19    historic preservation work for the National Trust for  
20    Historic Preservation and have even worked on the  
21    White House.

22                  In Midtown there are more than a 100  
23    buildings that were built in an era from 1958 to 1973  
24    and a similar number of those buildings in Lower  
25    Manhattan.  These are the first generation of single-

1  
2 glazed, curtain wall buildings and as an  
3 environmental consultant we undertook to try and  
4 determine what could we do with these buildings and  
5 how you would retrofit them and bring them up to meet  
6 the standards that are proposed by the City in PlaNYC  
7 and at the same time deal with the increase in a  
8 million people by 2030 in the fabric of the city.

9           What we discovered was that you could  
10 retrofit potentially these buildings to achieve as  
11 much as 40 percent energy savings, but the time for  
12 payback on these would be more than 43 years and many  
13 of these buildings have ceiling heights of less than  
14 eight feet and column spacing of 20 feet on center.  
15 So you would spend the money and still have a Class B  
16 building and not have the income to support that  
17 renovation.

18           So we ask... the question is; if you  
19 replace the building, could you replace the building  
20 and have less environmental impact or the same  
21 environmental impact as what's standing there today?  
22 And what we discovered was that a 40 percent larger  
23 building, using current building standards, like you  
24 see on the Bank of America and other buildings being  
25 built in the City today, would actually use less

1 energy than the partially occupied buildings that  
2 stand there today; they'd use as much as 35 percent  
3 less energy per square foot and in fact less energy  
4 total than what's standing there today and about half  
5 the water of the buildings that are standing there  
6 today.

7  
8 And so as a conclusion, these Class B  
9 buildings, and we're not talking about the named  
10 buildings of this era, which tend to be much better  
11 built, should probably be replaced. Thank you.

12 CHAIRPERSON WEPRIN: Thank you. 'Kay.

13 BOB FOX: Council Member Weprin and  
14 Members of the Council, my name is Bob Fox; I'm a  
15 partner in Cookfox Architects; I came to New York in  
16 1966, 47 years ago, eager to learn all I could about  
17 high-rise buildings. I was fortunate to get a job  
18 working at Emery Roth and Sons, then the most  
19 prolific firm in the City producing high-rise  
20 buildings and in fact, the very buildings that Bill  
21 Browning was talking about are the ones that I worked  
22 on.

23 Emery Roth had a very carefully defined  
24 formula in their approach to high-rise buildings,  
25 resulting in a very repetitive form. They designed

2    them for the largest floor plates possible that  
3    followed zoning-defined envelopes leading to the  
4    familiar wedding cake buildings. They were simple  
5    steel frame buildings, columns about 20 feet apart,  
6    pretty close together, and lightweight concrete  
7    floors. They were single-glazed exterior curtain  
8    walls, then a fairly new technology, and had operable  
9    windows for building maintenance. They were  
10   commodity buildings, so all thinking went to  
11   maximizing floor sizes while minimizing costs. As  
12   most of these were pre-energy crisis buildings, no  
13   thought was given to energy consumption; fast  
14   construction results a priority, as Manhattan was  
15   growing rapidly and new office space was in high  
16   demand.

17                   To be fair, some of these buildings are  
18   still pretty good, but many, perhaps most, have  
19   outlived their useful lives. The column spacing does  
20   not readily accommodate the floor layouts of today,  
21   the mechanical systems have long passed their  
22   expected life and these buildings all consume a lot  
23   more energy than they should. The exterior walls  
24   both leak air and water and because they were  
25   designed before today's wind code, would be unsafe in

1  
2 even a Category 3 hurricane. I fully support the  
3 Midtown East Rezoning and that will encourage  
4 building owners to replace some of the worst  
5 offenders with new state-of-the-art buildings LEED  
6 Platinum, of course. [bell] The rezoning and the  
7 construction of beautiful and sustainable buildings  
8 will help New York City maintain its world class  
9 status. Thank you.

10 CAROL WILLIS: [background comments] Yes,  
11 okay. Good afternoon remaining Council Members. My  
12 name is Carol Willis and I'm the Founder, Director  
13 and Curator of the Skyscraper Museum, although I  
14 speak here today as an individual. I'm also an  
15 academic, an architectural and urban historian who's  
16 published widely on the history of skyscrapers and on  
17 the New York Zoning Law.

18 I speak today in favor of the City  
19 Planning Commission East Midtown Rezoning proposal  
20 because it serves the best interests of the City as a  
21 whole. In my view this is based on two key premises.

22 First that the commercial buildings of  
23 Midtown are urban infrastructure, they are not... this  
24 is not a conventional definition, but we should be  
25 thinking of buildings collectively rather than as

1 individual private properties. The gross rentable  
2 area in the business core is currently a fixed asset  
3 that is aging and like our tunnels and our railroads,  
4 requires continuous reinvestment.  
5

6 Second, density is vitality and the Grand  
7 Central District can easily support greater density  
8 due to its extraordinary mass transit infrastructure.  
9 Over the past century the transportation nexus of  
10 Grand Central has afforded East Midtown advantages  
11 that have created an area of unparalleled prestige  
12 and accessibility for all sorts of workers and  
13 consumers. Within the decade the system will  
14 enormously enhanced by the investment in East Side  
15 Access.

16 The Commission's proposal for moderate  
17 upzoning and air rights transfers will make room for  
18 productive density and incentivize reinvestment in  
19 older buildings that are egregiously inefficient and  
20 enormously expensive to modernize. East Midtown  
21 market will then continue to compete effectively with  
22 other areas of new construction.

23 The issues of historic preservation and  
24 the mechanics of landmarking are important and  
25 certainly part of the planning process in this

2    district; I have a lot to say about the high-rise  
3    buildings that I think should be designated and  
4    protected as landmarks, but there's limited time, so  
5    in my written testimony I will submit the 10 names of  
6    the buildings that I think... that are high-rises that  
7    should be [bell] individually protected. I'll skip  
8    to the last short paragraph.

9                    Creating more taxable real estate and  
10   more first class office space for workers who will  
11   arrive from Grand Central, from the urban watershed  
12   of suburban homes intensifies the productive value of  
13   New York's century-long investment in the  
14   transportation and building infrastructure in East  
15   Midtown. It's a win-win for the City and it should  
16   be recognized for what it is, city planning.

17                   CHAIRPERSON WEPRIN: Thank you.

18                   KENNETH JACKSON: My name is Kenneth  
19   Jackson; I do not have a dog in this fight; I  
20   represent no one; I've never... do not own property in  
21   the City; have never received a dime from a  
22   developer, just so that's on the record, and in fact,  
23   my credentials are a little bit better as a star in  
24   as somebody supporting redevelopment up and teaching  
25   and writing about New York my entire life; that's



1  
2 more than 45 years of President of the New York  
3 Historical Society, of Editor and Chief of the  
4 Encyclopedia of New York City and lots of other  
5 stuff, but I speak in favor of the rezoning.

6           People come to New York, as I did,  
7 because it is the dynamic capitol of the world, not  
8 because it has old buildings. In fact I've never  
9 known a person that came to New York because it had  
10 old buildings, there are lots of places you can see  
11 that; there's only a few places where you come to the  
12 capitol of the world.

13           It's the commercial capitol and that  
14 commerce is produced typically in New York by people  
15 working in tall buildings. A half-century ago  
16 Midtown was the most intensely developed spot on the  
17 face of the earth, with twice as much floor space as  
18 any other place in the world; by the way, the only  
19 two that were half as much were Midtown Manhattan and  
20 the Chicago Loop. Now many other cities have as much  
21 office space -- we heard some testimony about China  
22 -- I would say that Midtown and myself is shabby,  
23 unimpressive and dismal. The only real treasures I  
24 think are Grand Central, the Chrysler Building,  
25 Seagram and the Lever House.

1  
2 If those buildings that we talk about  
3 should be landmarks, how come we didn't think of that  
4 40... over the past 40 years of landmark designation;  
5 seems that only we think of it when we're about to  
6 change it.

7 Manhattan we say is too dense; it had 47  
8 percent more people in 1910 than it did in 2010  
9 [bell] and it had less than half as much floor space.  
10 People who think it's too dense; I mean that's why  
11 they come here in the first place. The subways 50,  
12 65 years ago carried a million more passengers per  
13 day than they carry today. Grand Central is not  
14 overcrowded compared to many other places in the  
15 world, that's why we... rush hour is a little bit  
16 different, I grant you that, on the No. 6 train...  
17 [interpose]

18 CHAIRPERSON WEPRIN: I'm gonna have to  
19 have you wrap up.

20 KENNETH JACKSON: Okay. But where else  
21 in the world would you put high density if it were  
22 not over Grand Central Station and nearby or those  
23 great thing. I urge you to adopt this proposal that  
24 I think would keep New York as the greatest city in  
25 the world. Thank you.

2 CHAIRPERSON WEPRIN: Thank you. Duly  
3 noted; anybody? No. Thank you very much. Okay. So  
4 I'm gonna call up these following people in  
5 opposition to the plan; they may or may not be here  
6 still, so I'm gonna call your name... some I may have  
7 called already, 'cause there may be two slips, but  
8 David Golab... did I call David? 'Kay; make sure to  
9 say... let me know you're here. Ron Dwenger, Eric  
10 Stern... he is... Nancy Goshow... Goshow... yes, okay, and  
11 Michael Greeley. Wow, clean sweep. Actually I have  
12 one more, Cathy Thompson. Alright, all of you, come  
13 on up. Oh, it's Michelle. Sorry. [background  
14 comment] Michael... Michael Greeley. Alright, whenever  
15 you're ready. Who wants to go first? You don't have  
16 to all be there.

17 DAVID GOLAB: Hello, my name is David  
18 Golab... [crosstalk]

19 CHAIRPERSON WEPRIN: Okay.

20 DAVID GOLAB: I'm a member of the Multi-  
21 Board Task Force and a member of Manhattan Community  
22 Board 5 Parks Committee. My comments today will  
23 focus on an open space chapter of the Environmental  
24 Impact Statement.

1                   Since 1853, with the establishment of  
2  
3 Central Park, New York City has been a leader in  
4 recognizing that open space is vital to the health  
5 and welfare of our citizens. The Mayor's Plan 2030  
6 is a blueprint that the entire city aspires to; it  
7 states that as a goal the city should increase its  
8 open space, parks and improve the public realm. In  
9 fact, it says the Administration will target high  
10 impact projects in neighborhoods that are underserved  
11 by parks. Well East Midtown is underserved and is a  
12 high... and this high impact proposal does nothing to  
13 improve the situation.

14                   The EIS states that the study area is  
15 deficient in open space. It also states that  
16 attempting to increase open space ratio is not  
17 feasible. Why is an increase in the density of  
18 commercial office space feasible and not open space?  
19 While we are reimagining East Midtown, why not  
20 include a goal to increase the quality and quantity  
21 of open space for residents, students and workers?

22                   And finally, because the a-text  
23 modifications make it likely that residential  
24 demographic will shift upward in this underserved  
25 area, the a-text amendment voids the entire open

2   space chapter of the Environmental Impact Statement.  
3   The rezoning will undisputably have a negative  
4   environmental impact with respect to open space and  
5   the public realm.

6                   RON DWENGER:   Hello, my name is Ron  
7   Dwenger; I'm a Community Board 5 member and have come  
8   here today to voice my concerns about this misguided  
9   plan.

10                  This proposal focuses entirely on the  
11   size and shape of buildings as the preeminent driver  
12   of economic activity in New York City; the reality is  
13   much more complex.

14                  Traditional office development has  
15   changed; the successful business districts of  
16   tomorrow are increasingly different from the canyon  
17   of corporate towers that characterized 20th century  
18   New York.   Around the city we have seen companies of  
19   all shapes and sizes, fluffed areas, like Chelsea,  
20   Flatiron, Dumbo and Williamsburg and why is that?  
21   Well it's certainly not because of their height or  
22   floor plate.   The companies that will drive the  
23   city's future economy choose these areas because they  
24   provide what traditional central business districts  
25   do not; these districts have gracious and generous

2   open spaces to promote social interaction and to  
3   facilitate the exchange of ideas; they feature  
4   distinct architectural marvels from the area's rich  
5   history that lend it a sense of character. They host  
6   a vibrant street life that attract people and make  
7   workers actually want to be there.

8                   An internationally competitive business  
9   district is more than just a forest of glass boxes;  
10  if we want to create a 21st century Midtown, we need  
11  to look beyond the floor plates and columns. I urge  
12  you not to limit the scope of your imagination to the  
13  narrowly focused rushed proposal before you; instead,  
14  think for a moment about what New York City really  
15  needs 20, 50 or a 100 years from now. We must think  
16  ambitiously if we are to ensure that East Midtown  
17  remains a Class A office district for the decades to  
18  come. Thank you for the opportunity to speak today.

19                  CHAIRPERSON WEPRIN: Thank you.

20   [background comment] Next please. Don't fight.

21                  ERIC STERN: Chair Weprin; Councilman  
22  Garodnick, thank you so much for listening to my  
23  testimony today. I am on the Manhattan Community  
24  Board 5; I'm the City Services and Budget Chair; I am  
25  on Multi-Board Task Force where I'm the Transit

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   303  
2     Financing Lead; I studied urban planning and  
3     economics at Princeton.

4                   I wanna address a few things today. One  
5     is on alternate financing. On October 2012 the MTA  
6     came to the Multi-Board Task Force and said that they  
7     needed between \$340 and \$465 million for key  
8     improvements over the next few years; many of these  
9     improvements have previously been committed to by the  
10    City in mitigations for the 7 train extension and  
11    East Side Access. Today we're at a place where the  
12    MTA has put aside \$25 million, the City, according to  
13    the New York Times, has set a \$100 million. If we  
14    look at MTA estimates, \$465 at the... you know, I would  
15    say the low end, even thought that was their high end  
16    number, subtract \$125, we're \$340 million that we  
17    don't have right now; that we're depending on the  
18    DIB, the DIF for. The Multi-Board Task Force has  
19    said bonding is key, either through general city  
20    investment or tax assessment district and Council  
21    Member Garodnick and other electives had written to  
22    the Administration, urging them to consider alternate  
23    financing mechanism and on March 13th, Council Member  
24    Garodnick, you said that you would reject a plan that  
25    does not adequately address the transit and public

1 realm needs and I would say that today we are nowhere  
2 close.

3  
4 The assessment district that our Multi-  
5 Board Task Force put forward would take the value of  
6 commercial property in the proposed rezone district,  
7 \$25 billion, take a small sliver of that, less than 2  
8 percent of that value, and put it toward these key  
9 infrastructure improvements that are critical today.  
10 This is all in the recommendation that the Multi-  
11 Board Task Force put forth as kind of multiple  
12 options that could be considered.

13 I wanna talk about a report; the Furman  
14 Center at NYU Law School yesterday released a report  
15 addressing transfer development rights and Vicki  
16 Been, Professor of Law there, said if the City's goal  
17 is to reflect the market value of density bonuses,  
18 our data suggests the proposal may miss the mark by  
19 using a single number... [bell] over-pricing risks,  
20 impeding the goal of encouraging new construction,  
21 possibly by being too high at the northern ends or  
22 elsewhere in the district, and significantly under-  
23 pricing the value at those properties surrounding  
24 Grand Central Station. We're in an age of fiscal  
25 restraints; one of you two will most likely be



1 leading the Council for the next few years and it is  
2 important that we identify and secure funds for the  
3 public interests; this is an incredible opportunity  
4 for us; many of us are very strongly supportive of  
5 development, but it needs to be smart development.  
6 This plan as we have it today is not smart  
7 development; the changes that have been made post-  
8 community board review have not been smart  
9 development; we need a collaborative effort and thank  
10 you very much, in conclusion, for hearing our  
11 thoughts; we have confidence that you'll support the  
12 community and support the City.

14 CHAIRPERSON WEPRIN: Thank you. Thank  
15 you very much. Yes, ma'am.

16 NANCY ABER GOSHOW: I'm Nancy Aber  
17 Goshow, AIA member, a licensed architect and a 10-  
18 year member of Manhattan Community Board 5 and a  
19 member of the Multi-Board Task Force.

20 I live and work in Midtown Manhattan, I  
21 own and operate a woman-owned architectural firm,  
22 Goshow Architects, for the past 25 years; we design  
23 healthy, high performance green buildings for the  
24 public sector for the public good. The provisions of  
25 the proposal could do much more to promote the

1           development of sustainable buildings. Sustainability  
2           is all about a healthy livable city. Zoning  
3           incentives should focus on performance-based and  
4           lifecycle analysis requirements and not simply on  
5           exceeding a New York City code minimum. Seattle is  
6           way ahead of New York City with its sustainable  
7           zoning incentives, incentives that are based upon  
8           performance standards which require actual reporting  
9           of performance of water and energy conservation  
10          systems over the life of the building.  
11

12                 If New York City wants to compete at the  
13          global level with other sustainable cities in the  
14          U.S. and around the world, then it needs to take a  
15          more comprehensive look beyond modestly exceeding  
16          existing energy conservation codes.

17                 Zoning incentives should offer increased  
18          FAR in exchange for a variety of performance-based  
19          building design elements over the life of the  
20          building. Other performance-based building  
21          requirements would include management of waste water  
22          outflows into an already overloaded New York City  
23          combined sewer system and preservation enhancement of  
24          open space.  
25

2                   If New York City is to compete, again  
3 with the sustainable cities around the world, then we  
4 need to do much more with this proposal. This  
5 proposal could be the catalyst for a healthy, livable  
6 21st century world class city for all New Yorkers and  
7 I hope you will help us put that together and revise  
8 this proposal as it stands. Thank you.

9                   CHAIRPERSON WEPRIN: Thank you. Thank  
10 you for your testimony.

11                  FEMALE VOICE: Hi, I'm reading this  
12 testimony on behalf of Michael Greeley, who had to go  
13 back to work. "My name is Michael Greeley; I am a  
14 banquet cook at the Waldorf-Astoria Hotel and a  
15 member of Manhattan Community Board 5 and the East  
16 Midtown Multi-Board Task Force.

17                  There are many reasons to vote this  
18 proposal down; a few are: There is no special permit  
19 for all hotels, no feasible plan for easing sidewalk  
20 congestion on Madison and Lexington, no reliability  
21 funding source for transit improvements, and an  
22 obligation to pay more legal bills, because the City  
23 will be sued over the DIB.

24                  I have testified repeatedly that both  
25 Madison and Lexington need both wider sidewalks and

1 fewer pedestrians. The proposal by DCP started out  
2 with half of an idea; to widen sidewalks one block at  
3 a time. But then they cut back their idea through a  
4 text amendment so that just 75 percent of the block  
5 needs to be widened, while glaringly there is still  
6 no requirement for developers to create building  
7 transit connections wherever possible; something like  
8 the passageways under Rockefeller Center and Sixth  
9 Avenue.  
10

11 Secondly, the DIF is based on the legally  
12 shaky DIB and the even more problematic DIB pricing  
13 formula. The Mayor's office has spoken about  
14 floating \$100 million in bonds of which only \$78  
15 million would go to the Grand Central Subway Station,  
16 the most needed project, which according to the MTA  
17 costs at least \$175 million. Not only do we not get  
18 a greatly improved Grand Central, but we also get  
19 saddled with debt that has an unsecured repayment  
20 mechanism and we will have to wait even longer while  
21 the DIF is paying off the bonds before it can then  
22 finish Grand Central Subway Station and all the while  
23 we get to pay for the DIF's legal defense.

24 Again, I implore you to vote this  
25 proposal down; even this administration does not want

2    their own proposal to go into effect for four more  
3    years. Think how much better a new proposal would be  
4    if we took the time to improve the City's most  
5    important business district so the majority of the  
6    East Midtown stakeholders, the taxpayers and the city  
7    as a whole could all benefit." [bell]

8                   CHAIRPERSON WEPRIN: Alright, right on  
9    time. Questions? No.

10                  FEMALE VOICE: Uh there...

11                  CHAIRPERSON WEPRIN: Oh I'm sorry,  
12    [background comment] almost forgot about you; I'm  
13    sorry.

14                  KATHY THOMPSON: It's okay.

15                  CHAIRPERSON WEPRIN: They got... switch  
16    out, yeah. Please.

17                  KATHY THOMPSON: You ready? Alright, I  
18    was gonna say good afternoon, but it's almost  
19    evening, so good evening to Chair Weprin Council  
20    Member Garodnick. My name's Kathy Thompson and I'm a  
21    member of Community Board 6. Over the past several  
22    months I've listened to a number of the presentations  
23    ran by the City on the proposed East Midtown Rezoning  
24    and I've been an active participant in the negative  
25

2 resolution vote issued by Community Board 6, in  
3 conjunction with the Multi-Board Task Force.

4                   Throughout the presentation process which  
5 resulted in the negative resolution, the community  
6 boards remained concerned over a long list of  
7 questions arising from the proposed rezoning that the  
8 City was unable or unwilling to answer and still  
9 seems to be unable to answer.

10                  In response to the many voices raising  
11 concerns about the rush to push this proposal through  
12 without solid foundations to build upon, Mayor  
13 Bloomberg made a belated offer to advance the funds  
14 that will be needed to alleviate any additional  
15 overcrowding of the already overburdened transit  
16 lines at Grand Central Station. While this officer  
17 is certainly a step in the right direction, it is by  
18 no means definitive. This belated offer from the  
19 Administration is not included in the scoping plan  
20 that is already in effect; so we wonder how this plan  
21 can be enacted if it has been introduced outside of  
22 the realm of the scoping vehicle.

23                  In addition to this gray area, what  
24 assurances are there that the next mayor will have

2   the ability to enforce this vague package of  
3   improvements suggested by Mayor Bloomberg?

4                   A joint public realm study that we've  
5   seen today by City Planning Commission and the  
6   Department of Transportation did not include input  
7   from the Multi-Board Task Force, which had extensive  
8   knowledge of specific concerns to be addressed in the  
9   district. In fact, their ideas and suggestions were  
10  met by the study consultants as not in their scoping  
11  plan. Since... [bell]

12                  CHAIRPERSON WEPRIN: Just quickly finish.

13                  KATHY THOMPSON: Surely. Okay. I think  
14  that the Subcommittee here today has asked far more  
15  questions that they've received answers to and there  
16  are so many large detailed questions that have gone  
17  unanswered and I don't see it being attended to the  
18  Council's satisfaction over the next few short weeks,  
19  so I would again ask for more time and thoughtful  
20  consideration and to not have this proposal put  
21  forward and approved. Thank you.

22                  CHAIRPERSON WEPRIN: Thank you very much.  
23  No questions. Thank you very much, this panel. I'd  
24  like to call up the following panel in favor of this  
25  project, Professor Mitchell Moss, Aditi Sen, Jordan

2   Eisenstat... think I called him earlier... Chris Garvin;  
3   think I called him earlier, Bill Montana; is he here?  
4   Okay. Carey [phonetic] Harris, Roosevelt Hotel... 'kay  
5   [background comment], Russell Unger, 'kay. Michael  
6   Sillerman; [background comment] is he here, Michael  
7   Sillerman? [background comment] Yes, okay. James  
8   Wacht, James. Adam Courtney. Who else? Let me see...  
9   Douglas Woodward and Michael Levine. Anyone else  
10  here... [background comments] anyone else here to  
11  testify in favor of the project that I didn't call  
12  their name? Alright, so this will be our last panel  
13  in favor of the project. Those people all were here  
14  earlier and obviously couldn't stick around into the  
15  night; shocking. Professor, you wanna start us off?  
16  Go ahead.

17                   MITCHELL MOSS: Thank you, Mr. Chairman;  
18  Councilman Garodnick; my name is Mitchell Moss; I  
19  teach at New York University. I wanna emphasize one  
20  point; this is an issue of citywide concern. A 100  
21  years ago we built a system of subways which we are  
22  now about to realign, change or alter in significant  
23  ways. Those subways created neighborhoods where  
24  people live, where 80 percent of New Yorkers live,  
25  but they are connected to Manhattan and every day



2     five million come on those subways to work; more than  
3     2.5 million work in Manhattan.

4                   The map which I provided shows you that  
5     most of the work is done where the subways converge;  
6     they are not... one line; we're multiple lines. Grand  
7     Central is one of the key locations where workers  
8     come from the rest of the city. Just as we have to  
9     recognize office building's age, factory's age, all  
10    kinds of building age, if we don't maintain Grand  
11    Central the neighborhood which are connected to  
12    Manhattan will no longer be as attractive to live and  
13    work. Simply put, having an attractive workplace is  
14    what allows the neighborhoods outside Manhattan,  
15    which are linked by subway, to be important as the  
16    places where families live, where people shop, where  
17    homes and school are located.

18                  I wanna urge that you rezone this area  
19    for one reason; it is essential to maintain the  
20    integrity of the entire city to have a valuable but a  
21    modern workplace; that occurs in Lower Manhattan, it  
22    occurs in Midtown Manhattan; it occurs wherever the  
23    map shows the subways converge. I think it is  
24    important to recognize that a 100 years ago those  
25    decisions were made; today it's our burden to

2 modernize the infrastructure which those subways  
3 connect you to. Thank you very much.

4 CHAIRPERSON WEPRIN: Thank you. Miss...  
5 wanna pass that mic... Professor, you gotta give up the  
6 mic eventually there too. Go ahead.

7 ADITI SEN: Good evening; thank you for  
8 the opportunity to speak today. My name is Aditi Sen  
9 and I'm here today to express SEIU Local 32BJ's  
10 support for the proposed rezoning.

11 32BJ counts amongst its membership of  
12 over 70,000 New Yorkers in the property service  
13 industry, the janitors and security officers that  
14 help keep our flagship commercial offices spotless  
15 and secure. Our members know the office buildings in  
16 New York City better than anybody. They have seen  
17 the industries at the heart of New York's economy  
18 continue to change rapidly and they have seen the  
19 advances in technology that have rewritten the way  
20 that work is done.

21 But Midtown East's older buildings and  
22 outdated zoning laws have not kept in step with the  
23 pace of economic inventiveness. Rather than foster  
24 responsible growth, these rules serve to hold the  
25 area back because as it stands, the neighborhoods\

1  
2 can't come up with the modern, energy efficient  
3 office facilities needed to attract world class  
4 tenants.

5           Increasing the supply of newer office  
6 buildings will foster the creation of quality jobs,  
7 both blue collar and white collar with a real  
8 economic impact, both through direct wages and  
9 benefits for working people and through the greater  
10 tax revenue to be gained for all New Yorkers.

11           In keeping with this vision for the area,  
12 the continued economic engine, we also believe that  
13 hotels can play an important role in the creation of  
14 good jobs when developed carefully; they can  
15 complement commercial uses, support tourism and serve  
16 to create a neighborhood that is not deserted come 5  
17 p.m. But it is as important to hold hotels to high  
18 labor standards, just as we often hold residential  
19 and commercial development to those standards when it  
20 comes to job creation.

21           We believe a district-wide special permit  
22 process would help ensure that the appropriate mix of  
23 hotels is built in the area by responsible  
24 developers. Alongside an emphasis on job creation,  
25 the proposed improvements to the transit

2   infrastructure that are included in this rezoning are  
3   another solid investment in the future of New York  
4   and especially of its ordinary citizens. [bell]  
5   Real quick. Rezoning Midtown East is important in  
6   order to keep this famous business district a global  
7   icon in today's changing economy; at the same time,  
8   new investment in this area of long-standing  
9   significance will be boost the local economy through  
10  the creation of good jobs with quality benefits, the  
11  kind of jobs that needed to patch the city's fabric  
12  and reinstate a New York middle class. Thank you.

13                   CHAIRPERSON WEPRIN: Thank you. Who  
14  wants to go next? Okay.

15                   MICHAEL SILLERMAN: Good afternoon;  
16  Michael Sillerman from Kramer Levin; our firm is  
17  counsel to three separately owned hotels in East  
18  Midtown; The Hotel Benjamin, The Hotel Lexington and  
19  The Marriott East Side Hotel, all located on  
20  Lexington Avenue, between East 47th Street and East  
21  51st Street; each hotel enthusiastically supports the  
22  East Midtown plan; the proposed rezoning is a vital  
23  and concrete step toward ensuring Midtown's future as  
24  a world class business district with state-of-the-art  
25  energy efficient commercial buildings. However, they

1           are concerned that their ability to provide equally  
2           modern energy efficient and attractive hotel rooms  
3           will be significantly impaired if as an unintended  
4           consequence of the rezoning these hotels are  
5           designated as individual New York City landmarks.  
6           All three have been calendared, but no hearing has  
7           been scheduled. The three hotels were built in the  
8           1920s as affordable apartment hotels, notwithstanding  
9           the significant investment in the buildings by their  
10          owners, who are committed to being in the hotel  
11          industry. These hotels are functionally obsolete,  
12          with low ceilings, narrow corridors and small windows  
13          and face serious obstacles in their attempt to  
14          complete both with larger or more modern hotels  
15          nearby or in the rest of Manhattan and landmark  
16          designation will make it impossible to either  
17          rehabilitate and modernize or alternatively to  
18          redevelop. Prior to East Midtown there was never any  
19          landmark attention to these sites; we ask the City  
20          Council to consider this issue carefully; modern  
21          first class offices need modern first class hotels;  
22          it would be ironic if existing hotels in East Midtown  
23          are deprived of their ability [bell] to modernize at  
24          the same time that the City implements a plan to  
25

2 allow office buildings to achieve the same goal.  
3 Thank you.

4                   CHAIRPERSON WEPRIN: Thank you.

5                   BILL MONTANA: Good afternoon Members of  
6 the City Council, thank you for your patience today  
7 and persevering through all this long day; thanks to  
8 everybody on both sides for your commentary.

9                   My name is Bill Montana; I am a real  
10 estate leasing broker that represents office tenants,  
11 and I don't speak today from that position, but just  
12 as a concerned New Yorker.

13                   I strongly advocate the City Council  
14 process with the proposed rezoning of Midtown East;  
15 this is simply good planning for our city's future.  
16 New York City is the global center for commerce; to  
17 remain so it needs modern, new buildings to compete  
18 with other major cities to attract and retain the  
19 large international businesses that provide so many  
20 jobs. New York City has the oldest building stock of  
21 any major city world-wide and the older buildings  
22 simply don't work for large international businesses  
23 who need column-free floor plates.

24                   Allowing for the construction of new,  
25 efficient and environmentally friendly office

1 buildings will create jobs at every level now, but  
2 also going forward. I believe that this area should  
3 remain primarily commercial and not residential; the  
4 rezoning should allow this district to cluster office  
5 buildings exactly where they should be, near the main  
6 transportation hub, allowing people to get to work  
7 efficiently.  
8

9 The rezoning should encourage office  
10 buildings to be built in this area rather than  
11 letting current dynamics of the market dictate  
12 residential development, which is currently in vogue  
13 and the office buildings are really the highest and  
14 best use for this district.

15 Like many, I consider myself to be a  
16 preservationist; however, I think it would be a great  
17 mistake to allow our future to be dictated by well-  
18 meaning, but ultimately misdirected preservationists  
19 who seek to designate ordinary and banal buildings as  
20 landmarks. There are many buildings in this area  
21 that have identified for landmarking that simply do  
22 not merit that distinction, they don't. Rather, you  
23 should support the construction of large, iconic  
24 buildings that will bring vibrance and energy to our  
25 skyline.

2                   Please do not let New York City stagnate  
3 and get surpassed [bell] and marginalized by other  
4 growing international cities that have had the  
5 foresight to replace their older, obsolete building  
6 stock. I'll end my remarks there, but this is too  
7 important not to do and it's too important, now that  
8 we have a momentum to do this, to put it off an study  
9 it further; the time to do this is really now. Thank  
10 you.

11                   CHAIRPERSON WEPRIN: Thank you. And you  
12 can close the panel.

13                   CAROLINE HARRIS: You could also call...  
14 last but not least. My name is Caroline Harris; I'm  
15 with the law firm... Partner in the law firm  
16 GoldmanHarris and we represent The Roosevelt Hotel,  
17 which is owned by RHT Equity, Inc. The hotel is  
18 located on the full block between 46th and 45th  
19 Street, Madison and Vanderbilt Avenues, in the  
20 proposed Grand Central Terminal Core. The lot area  
21 is 43,300 feet and the building is only built now to  
22 approximately 13 FAR, 12-13 FAR.

23                   The hotel is located directly above the  
24 tracks for the East Side Access and it is above a  
25 pedestrian passageway that leads to Grand Central



1 Terminal that currently is closed. The Roosevelt  
2 Hotel supports the rezoning; it supports the  
3 increased floor area ratios proposed; without them,  
4 redevelopment of this site is unlikely due to the  
5 cost of construction, especially the premium costs of  
6 the building over the track. It supports a District  
7 Improvement Fund approach; it's easier and more  
8 practical to implement than the current Subway Bonus  
9 and would prefer to have prices set in advance with  
10 regular increases that apply, certainly to comparable  
11 sites within the area; there are other questions that  
12 are beyond what the hotel is concerned with, other  
13 locations, but they do believe that one needs  
14 certainty when planning, certainty of the cost when  
15 planning a project, when buying the development  
16 rights and if you're doing a special permit, when  
17 going through the special permit process.

18  
19 In particular the hotel supports the 30  
20 FAR that's possible, though it wonders if given the  
21 risks associated with the special permit process such  
22 FAR would ever truly be achievable.

23 As a result of the special permit  
24 requirements, a development on this site could  
25 incorporate a direct connection to the East Side

2   Access and a direct connection to an underground  
3   pedestrian network. These elements are critical to  
4   the future sustainability of the city; we have a  
5   transportation hub... to create [bell] a sustainable  
6   transportation hub you wanna be able to have people  
7   access the terminal. We greatly appreciate... just one  
8   comment... we... it's a hotel; certainly if there's gonna  
9   be a limitation on hotels, it is appreciative that  
10   the a-text revision would allow the full replacement  
11   of the hotel; it would prefer not having a cap; it is  
12   a union hotel. Thank you so much, the hotel commends  
13   everybody involved; City Planning, the Mayor for its  
14   vision, this body for its patience and all the people  
15   involved... [crosstalk]

16                   CHAIRPERSON WEPRIN: Thank you. Hilary  
17   Clinton didn't cause too much trouble last night at  
18   The Roosevelt? No. Okay... (CROSS-TALK)

19                   CAROLINE HARRIS: [laugh] Not that I know  
20   of.

21                   CHAIRPERSON WEPRIN: Alright, good.  
22   Alright, well thank you all very much; we appreciate  
23   it. Now gonna call up a panel in opposition, Gene  
24   Russianoff... someone here for Gene; I don't know... Alan  
25   Dutton from The Yale Club, Judy Gallent or Gallent,

2   Michael Gruen from The City Club; I'm not hearing a  
3   lot of responses, so Judy Richheimer... okay. Howard  
4   Yorrow [phonetic]... hold on; let me... wait... Susan Nial,  
5   okay. Jennifer Carey, and Diana Switaj. Now is  
6   anyone... that's actually my whole list... is anyone else  
7   here who is going to testify whose name I did not  
8   call? Nobody's saying yes; look at that. Alright.  
9   [background comment] I was gonna say, we have all  
10  women, but we didn't; we have one male interloper  
11  huh. Okay, so you guys are gonna be our last panel  
12  for the day. I don't know how you got so lucky.  
13  Alright, but uhm... yeah, go ahead; sit there  
14  comfortable. I apologize for the delay; we  
15  appreciate your patience in staying here the whole  
16  day with us. Who wants to go first? Okay, we're  
17  gonna start on this side, on the right, 'cause you  
18  volunteered quickly; that was good. Thank you.  
19  [background comment]

20                   JUDY GALLENT: Good afternoon Chair  
21  Weprin and Council Member Garodnick; I'm Judy Gallent  
22  from Bryan Cave and I represent The Yale Club, which  
23  is located on Vanderbilt Avenue between 44th and 45th  
24  Street.

1                   The Yale Club thanks the Department of  
2 City Planning and the Commission for working with The  
3 Club to incorporate its concerns into the rezoning  
4 proposal; however certain aspects of the proposed  
5 text will impose a serious burden on The Club's  
6 operations and unless modifications to these  
7 provisions are made, The Club is unable to support  
8 the proposal.  
9

10                   The Club has outgrown its facility on  
11 Vanderbilt Avenue and is in desperate need of  
12 expansion, ideally horizontally, into the new  
13 building to be constructed on the MTA site to the  
14 west. Yale University has likewise expressed  
15 interest in locating a New York City based facility  
16 adjacent to The Club to take advantage of the obvious  
17 synergies that exist among The Club, the University  
18 and its alumni.

19                   Under the current proposal, Use Group 6e  
20 noncommercial clubs, such as The Yale Club, can be  
21 located in new buildings on qualifying sites.  
22 However, Use Group 3, Schools and Universities, are  
23 not permitted in any new buildings on qualifying  
24 sites. This will preclude Yale University from  
25 establishing a New York City presence in any new

1 building on a Qualifying Site within the East Midtown  
2 Subdistrict, where it can currently locate as-of-  
3 right today and force the University to situate any  
4 New York City presence and impractical distances from  
5 The Yale Club and Grand Central Station.  
6

7 Furthermore, although the stacking  
8 regulations of the proposed text permit many  
9 commercial uses to be located on the same story as or  
10 above a residential use in a new building on a  
11 Qualifying Site, they do not grant the same latitude  
12 to Use Group 6e uses. Since The Yale Club's  
13 expansion would require floor-to-floor alignments,  
14 this omission could really hinder The Club's growth.

15 In addition, the proposed rezoning  
16 specifically prohibits existing buildings from  
17 remaining within the minimum site geometry of a  
18 Qualifying Site. Both City Planning and the EIS  
19 assume that the block on which The Yale Club is  
20 located will eventually be cleared of all of its  
21 buildings to permit a 40,000 square foot, entirely  
22 vacant, Qualifying Site on which a 30 FAR building  
23 pursuant to the new special permit for superior  
24 development would be constructed. However, The Yale  
25 Club intends to retain its iconic [bell] clubhouse;

1  
2 consequently, unless the text is amended to allow  
3 existing Use Group 6e buildings to remain on  
4 Qualifying Sites, the anticipated development of the  
5 block can never take place.

6 And a final thought, as detailed in the  
7 submitted testimony of Alan Dutton, The Club's  
8 Manager, who had to leave, The Club objects to the  
9 pedestrianization of Vanderbilt Avenue as  
10 contemplated in the public realm vision plan, which  
11 would have a very serious negative impact on The  
12 Club's operation. Thank you.

13 CHAIRPERSON WEPRIN: Thank you, Mrs.  
14 Gallent; appreciate it.

15 DIANA SWITAJ: Good afternoon; my name is  
16 Diana Switaj; I am the Director of Planning and Land  
17 Use for Manhattan Community Board 1; we're part of  
18 the East Midtown Multi-Board Task Force and I'm  
19 combining my testimony with Michael Levine's, who's  
20 our planning consultant, and couldn't stay.

21 This proposed rezoning would result in a  
22 projected increment of approximately 4.4 million  
23 square feet of space in the next 20 years and it is  
24 this net increase that drives most of the negative  
25 impacts of the proposed rezoning, including increased

1  
2 load on public transit and overcrowded streets and  
3 sidewalks. The 4, 5 and 6 train lines are currently  
4 at 116 percent capacity; it is currently used by many  
5 residents, workers and students and is expected to  
6 draw even more riders after the build-out of the  
7 World Trade Center site.

8 We believe that the City of New York and  
9 the MTA must resolve subway capacity issues in  
10 advance in order to not only correct existing  
11 capacity problems, but also to accommodate the  
12 expected increase in ridership as a result of the  
13 East Midtown zoning change.

14 While CB1 supports the concept that  
15 zoning changes may be necessary to permit the  
16 commercial office space in the East Midtown area to  
17 be upgraded and maintained as 21st century Class A  
18 commercial space, CB1 believes that 4.4 million  
19 square feet net increase in commercial office space  
20 in the East Midtown area would place an unsustainable  
21 and unmitigatable burden on the transportation  
22 infrastructure that serves not only East Midtown, but  
23 Lower Manhattan as well. Accordingly, CB1 strongly  
24 urges that the proposed zoning changes be adjusted  
25 such that development in accordance with the new

1 zoning would not result in a net increase of  
2 commercial office space in the East Midtown area.

3  
4 The rebuilding of Lower Manhattan after  
5 9/11 is a long-term process and is vital to the  
6 restoration and revitalization of our neighborhood.  
7 Currently the redevelopment of the World Trade site  
8 is on track; CB1 wants to make sure that positive  
9 momentum continues.

10 The proposed East Midtown rezoning  
11 contains a sunrise provision under which building  
12 permits could not be issued until July 1st, 2017, but  
13 [bell] the final build-out of the World Trade Center  
14 site will extend beyond 2019, according to the World  
15 Trade Center Campus Security Plan Final Environmental  
16 Impact Statement.

17 CB1 strongly urges that a comprehensive  
18 review of how the proposed East Midtown Rezoning  
19 would affect Lower Manhattan be conducted with a  
20 particular emphasis on the extent to which an  
21 upzoning of office and commercial space in Midtown  
22 would adversely impact the ongoing redevelopment of  
23 Lower Manhattan.

24 Finally, CB1 strongly urges that the  
25 sunrise provision of the proposed East Midtown



1                   Rezoning be extended to a later date on which certain  
2 meaningful World Trade Center site development  
3 milestones could be accomplished, such as completion  
4 of a fixed number of numbers and square feet of space  
5 completed and leased before proposing rezoning is  
6 adopted.  
7

8                   CHAIRPERSON WEPRIN: Thank you, Miss  
9 Switaj. Thank you.

10                  JENNIFER CAREY: Good afternoon; my name  
11 is Jennifer Carey; I'm founder and President of JLC  
12 Environmental Consultants, a testing and consulting  
13 firm here in Manhattan; I'm honored to be here to  
14 witness this discussion, weighing one of the biggest  
15 proposals the City has seen in many decades.

16                  My firm has completed environmental  
17 testing projects from the Battery to the Bronx; from  
18 the Yankee Stadium to the U.S. Customs House and  
19 abroad, as well as in all the five boroughs in the  
20 northeast and I've witnessed an environmental  
21 renaissance in the City over the past decade plus  
22 period of time that I... I've been here for way longer,  
23 but I've been really seeing it more so lately, which  
24 has resulted in things like the great air quality  
25 improvement strides we've made in the recent findings

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   330  
2           that were published in the event of Citibike; love it  
3           or hate it.

4                   The rezoning proposal should do more to  
5           promote sustainability and environmental quality or  
6           it could set us back years in these areas.  As  
7           somebody that loves New York and thinks it's the best  
8           city in the world, I was asked by my colleagues at  
9           Community Board 5 to speak in opposition to the  
10          rezoning in its current form because of its lack of  
11          foresight addressing the environmental issues our  
12          city will face should the proposal go forward as is.  
13          It is not difficult to foresee these problems  
14          occurring with our waste and water infrastructure,  
15          not to mention the other transportation  
16          infrastructure problems that people have talked about  
17          before.

18                   Today I'm focusing on air quality and the  
19          rezoning will cause large increases in the criteria  
20          pollutants in our city and that these issues have not  
21          been given their due in the rezoning plan as it  
22          currently stands.  Increases in the criteria  
23          pollutants, such as nitrous oxide, sulfur dioxides  
24          and other key components which are the cause of acid  
25          rain, greenhouse gas increases and ultimately bad air

2   quality for our citizens, so we wanna urge the  
3   Council to stop, take a breath; no pun intended, and  
4   get this rezoning right.  Whatever happens going  
5   forward it is imperative that the adoption of  
6   numerous green technologies, such as photocatalytic  
7   cements and coatings and alternative energy  
8   technologies be taken seriously and not just given  
9   lip service.  It's imperative that we do this in  
10  order to maintain the enormous strides we've made and  
11  I strongly urge the Council to take the time to make  
12  sure this proposal is the right one and not push it  
13  through for just the old adage, progress for progress  
14  sake.  Without considering these factors to control  
15  our environmental quality, we don't wanna end up  
16  like... people have mentioned Beijing and China... [bell]  
17  Google it and you'll see that the people at the  
18  Chinese Open, like our U.S. Open, were wearing  
19  respirators at the tennis matches; we don't wanna see  
20  that happening here in New York.  Thank you.

21                   CHAIRPERSON WEPRIN:  'Kay.

22                   JUDY RICHHEIMER:  Chairman Weprin, is it  
23  possible, before you run the clock and you count,  
24  that I am representing two separate organizations,  
25  because the person representing [crosstalk]

2 CHAIRPERSON WEPRIN: Okay. How much  
3 extra time are you looking for?

4 JUDY RICHHEIMER: I'm sorry?

5 CHAIRPERSON WEPRIN: How much extra time  
6 are you looking for?

7 JUDY RICHHEIMER: Could I do two and two  
8 separate... [crosstalk]

9 CHAIRPERSON WEPRIN: Well I'd rather... how  
10 'bout you do three; we'll compromise right down the  
11 middle, you could two of 'em. [crosstalk]

12 JUDY RICHHEIMER: I'll do my best. Okay.  
13 I... [crosstalk]

14 CHAIRPERSON WEPRIN: Okay, at three  
15 minutes we'll do it.

16 JUDY RICHHEIMER: Okay. My name is Judy  
17 Richheimer and I am now representing The Chelsea  
18 Reform Democratic Club or CRDC. We are in opposition  
19 to this plan, both in terms of the process leading up  
20 to the Council vote and the very merits of the plan.

21 Regarding the process -- slow it down --  
22 this has been said over and over, but what hasn't  
23 been said is that the evaluation period leading up to  
24 ULURP happened to take place during an unusually  
25 active New York City election season, so civic actors

1                   SUBCOMMITTEE ON ZONING AND FRANCHISES                   333  
2   who might ordinarily pay very close attention to a  
3   plan of this magnitude were and are focused on  
4   electing their favorite candidates, our citizens need  
5   post-election breathing room before they can properly  
6   evaluate how or even whether to radically remake a  
7   great urban space and we're also very concerned about  
8   the fact that residential space is given such short  
9   shrift in this plan.

10                   I am now speaking for [laughter] the... I  
11   am now speaking... [interpose]

12                   CHAIRPERSON WEPRIN:   Right.

13                   JUDY RICHHEIMER:   for the Guides  
14   Association of New York City, or GANYC, who  
15   respectfully... we respectfully object to the current  
16   plan to rezone Midtown East.

17                   We say that while the proposed rezoning  
18   is aimed to enhance economic growth, it fails to  
19   consider the major role played in our city's economy  
20   by the tourism and hospitality industry.   Daily  
21   license guides bring thousands of clients to Midtown  
22   East; we know from everyday experience how densely  
23   populated that district can be.   The rezoning plan  
24   would place even more stress on its already overtaxed  
25   infrastructure; there is no true concrete proposal to

1 deal with the added burden that the plan would place  
2 on Midtown East.

3  
4 Our clients spend a great deal of money  
5 along 42nd Street as they tour Grand Central Terminal  
6 and walk along that historic street viewing The  
7 Chrysler Building, The Yale Club, The Roosevelt  
8 Hotel, Graybar Building, and New York Public Library,  
9 among many other sites. In all likelihood, our  
10 visitors would not find enchantment in the sterile  
11 Midtown East that is currently proposed. The  
12 creation of massive new towers would necessarily mean  
13 the destruction of many of our most venerable  
14 buildings; furthermore, the new towers would block  
15 site lines to those classic structures left unharmed  
16 by the wrecking ball.

17 GANYC supports new architecture, but  
18 before new buildings go up in Midtown East we want  
19 the LPC to study the district and identify buildings  
20 that are worthy of preservation and here, we go  
21 beyond; our sister, Andrea Goldwyn and brother Simeon  
22 Bankoff that is in preservation, we anticipate that  
23 an accurate survey [bell] would list such a vast  
24 number of buildings that the Commission should go  
25 beyond making simple individual designations, but

2    instead declare a portion of Midtown East as a new  
3    historic district.  We're talking 30, close to 40  
4    landmarkable buildings; looks like a duck, walks like  
5    a duck; call it an historic district, brown signs and  
6    all.  Before leaping forward with the proposed plan  
7    we ask you to take the time to consider the long-term  
8    benefits that the economy enjoys from the more than  
9    55 million visitors who come to New York City each  
10   year, 'cause guides... [interpose]

11                   CHAIRPERSON WEPRIN:  Great.

12                   JUDY RICHHEIMER:  just one last sentence...  
13   as guides, we know that they wanna see our city's  
14   historic sites... [interpose]

15                   CHAIRPERSON WEPRIN:  'Kay.

16                   JUDY RICHHEIMER:  and along the way they  
17   are ready to spend money here, but if we do not  
18   endeavor to protect those sites... [crosstalk]

19                   CHAIRPERSON WEPRIN:  More than one  
20   sentence.

21                   JUDY RICHHEIMER:  endanger not only the  
22   specialness of our city, but its economic future as  
23   well.

24                   CHAIRPERSON WEPRIN:  Thank you.  You have  
25   anymore hats in there?  No.  Okay.  [laughter]

2 JUDY RICHHEIMER: At home. Many more at  
3 home... [crosstalk]

4 CHAIRPERSON WEPRIN: Alright, last two.  
5 Thank you. Don't tell anyone I was a nice guy...  
6 [laughter] only be bad for my image.

7 SUSAN NIAL: Good afternoon... you wanna  
8 start the clock? Anyway, my name is Susan Nial and  
9 I'm an attorney and a member of the Landmark West  
10 Board, but today I'm just here speaking as an  
11 interested citizen.

12 After listening to all the presentations  
13 and all of the testimony today, my initial opinion  
14 that this is an ill-conceived, really like a pay-to-  
15 play scheme rather than a reasoned zoning plan has  
16 been confirmed and I certainly urge the City Council  
17 to reject it and to reject it soundly and to reject  
18 it now.

19 The argument has been made that this a  
20 revenue generator for the City; that the City can  
21 sell air rights or that it can take contributions or  
22 extract money from developers so that they don't have  
23 to do a special permit process or they get a special  
24 permit process or whatever; it cannot be... zoning  
25 cannot be used as a revenue-generating process; it is



2   illegal; all you need is one disgruntled person to  
3   attack this process and the City will have an  
4   enormously improperly rezoned area, an area that has  
5   been rezoned without the property planning and it  
6   will not get its money.

7                   I urge you to reconsider, if you are  
8   going to approve this, to reconsider it. This plan  
9   cuts out public input and it suggests that money will  
10  be paid for that public input; we should not be for  
11  sale and zoning for dollars is not right. Thank you.

12                  CHAIRPERSON WEPRIN: Thank you. Sir,  
13  state your name, 'cause you are our last testifier  
14  today. [crosstalk]

15                  MICHAEL GRUEN: I will; I... I'm the  
16  cleanup hitter.

17                  [laughter]

18                  CHAIRPERSON WEPRIN: Yes, you're... well  
19  that's certainly a cleanup hitter; I like your  
20  attitude.

21                  MICHAEL GRUEN: My name is Michael Gruen;  
22  I have one hat; I'm the President of The City Club of  
23  New York. You heard earlier from Stuart Pertz  
24  speaking to planning issues on behalf of The City  
25  Club and I will once again address The City Club's

2 principle interests throughout all of this; the legal  
3 issue of zoning for sale.

4                   It's a little bit difficult to speak from  
5 a script, because obviously you have very kindly;  
6 thoroughly, read our materials and understood them,  
7 for which I'm extremely grateful, and aside from  
8 that, Susan Nial has just said almost everything that  
9 I would say in any event.

10                  What I would like to talk about is that  
11 other speakers today, with perhaps two or three  
12 exceptions, all invariably spoke about a sale... trans  
13 sale; it is a sale transaction. What was interesting  
14 though was that in... from, I believe it was Councilman  
15 Garodnick, about exactly this problem; the Planning  
16 Commission, through... by very esteemed colleague,  
17 David Karnovsky, described it as not a sale; he said  
18 that were it a sale; that would be problematical, but  
19 it is not a sale, it is an integrated land use plan  
20 which includes zoning and infrastructure. It was  
21 conceived as an integrated plan.

22                  Now [bell] we... we... was that for me?

23                  CHAIRPERSON WEPRIN: It was [laughter]

24 but...

25

2                   MICHAEL GRUEN:   We... we filed a document  
3                   which rebuts the opinions expressed in the  
4                   Commission's report; I would only add that... this is a  
5                   new theory, but everything sounds like a sale, but  
6                   aside from that, the Supreme Court opinions on the  
7                   subject make very clear that it doesn't matter what  
8                   you call it, if money changes hands or if there is a  
9                   barter transaction of zoning rights in exchange for  
10                  something given to the owner, that must be judged by  
11                  the Nollan-Dolan cases and... [interpose]

12                  CHAIRPERSON WEPRIN:   Thank you.

13                  MICHAEL GRUEN:   that's what it needs.  I  
14                  thank you and... [interpose]

15                  CHAIRPERSON WEPRIN:   Thank you.

16                  MICHAEL GRUEN:   and on behalf of  
17                  everybody, goodnight.

18                  CHAIRPERSON WEPRIN:   Yes and thank you  
19                  for being our cleanup hitter.  [laughter]

20                  FEMALE VOICE:   You guys have stamina; we  
21                  gotta give you that.  [laugh]

22                  CHAIRPERSON WEPRIN:   Okay.  We actually...  
23                  he had asked to testify earlier and we didn't have  
24                  it, but David Karnovsky actually had something he had  
25                  wanted to add and his name being brought up and... in

2   the context, and so we're gonna give him the  
3   opportunity. David, if you can do it in two minutes.  
4   Is that right? Two minutes is okay?

5                   DAVID KARNOVSKY: Two minutes.

6                   CHAIRPERSON WEPRIN: Okay. Hit the mic,  
7   introduce yourself to us again and you could be the  
8   cleanup hitter after our cleanup hitter.

9                   DAVID KARNOVSKY: As long as you don't  
10   call Michael Gruen after me. My name is David  
11   Karnovsky, general counsel to City Planning; thank  
12   you for having me back; it is unusual I think for  
13   testimony to be offered that a zoning is entirely  
14   unlawful, so I think it's worth discussing that a  
15   little bit more within my two minutes.

16                   I just wanna say first that we believe  
17   that this District Improvement Bonus is a lawful form  
18   of incentive zoning and it really is an application  
19   of principles that have been in New York City zoning  
20   since '61.

21                   As I wanna explain, the position that has  
22   been articulated by The City Club is not just an  
23   attack on the use of the DIB under the East Midtown  
24   zoning; it is in fact a frontal attack on New York  
25   City's use of incentive zoning generally, a form of

1 zoning which has been used in this city to provide  
2 social amenities, such as inclusionary housing,  
3 cultural amenities, such as theatre rehabilitation,  
4 transportation improvements and public open spaces,  
5 among other things.

6  
7 Now in most cases the bonusable amenity  
8 is provided by the developer in the form of a  
9 performance obligation construction, but we know from  
10 Hudson Yards; we know from West Chelsea; we know from  
11 the Chelsea Rezoning, that we have also in the City  
12 adopted models for contributions for floor area which  
13 are used to provide for area-wide infrastructure, and  
14 the reason we do that is because the area-wide  
15 infrastructure is not capable of being performed by  
16 any single developer, and in that circumstance we've  
17 adopted a model which has been used well to allow for  
18 the pooling of the contributions for use to provide  
19 an area-wide amenity, and that's exactly what East  
20 Midtown is.

21 Now The City Club argues that this is  
22 just a revenue-generating scheme, it's just a form of  
23 zoning for dollars; that's plainly not the case; it's  
24 an incentive system, it's designed to produce area-  
25 wide improvements as part of a plan that couples

1           development with improvements to the public realm in  
2           recognition that both are necessary to support the  
3           growth and prosperity of East Midtown. The District  
4           Improvement Fund is a dedicated fund; it is usable  
5           only for amenities within the district and unlike  
6           property tax revenue for example, none of these funds  
7           are simply going into the general fund for general  
8           use; it is not zoning for sale, which I understand to  
9           be the use of zoning to mint development rights to  
10          support general revenue purpose; that is not what is  
11          going on here.  
12

13                       Now one other point here deserves mention  
14          because The City Club also attacks this mechanism on  
15          the basis that it violates constitutional principles;  
16          it does not. There is no case that has decided that  
17          the type of incentive zoning we have here and that  
18          we've had in New York City for over 40 years violates  
19          constitutional provisions. And the recent case  
20          decided by the Supreme Court, which The City Club  
21          cites, is not to the contrary. No court has said  
22          that if a developer has 15 FAR as-of-right and can  
23          develop without conditions, that using a contribution  
24          for higher FARs is somehow unlawful; there is nothing  
25

2   to support that and overall we believe this is lawful  
3   under state and federal law. Thank you.

4                   CHAIRPERSON WEPRIN: Thank you very much,  
5   Mr. Karnovsky. Anybody else here in the room who  
6   wants to testify on this matter? I see no hands. So  
7   I am gonna move to close this public hearing and just  
8   remind to people, we'll be laying this over to  
9   another meeting; also the same is true with St.  
10  George on Staten Island and the Waterfront  
11  Revitalization, 922, have all been put off to our  
12  next meeting. So with that in mind, we're done with  
13  our business today; we thank everyone for their time  
14  and patience and the meeting is now adjourned.

15                   [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date           November 7, 2013