

SUBMITTED TESTIMONY OF THE REAL ESTATE BOARD OF NEW YORK TO THE CITY PLANNING COMMISSION IN SUPPORT OF APPLICATION NO. C 190265 ZSM – 503 Broadway (Zara)

December 18, 2019

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY supports the application by FSF SoHo LLC for a special permit pursuant to Section 74-922 of the City of New York Zoning Resolution (ZR) to allow a large retail establishment over 10,000 sf on portions of the cellar, ground floor and second floor of an existing building on property located at 503 Broadway in the SoHo Cast Iron Historic District, Community District 2, Borough of Manhattan.

It is deeply unfortunate that during a time when retail businesses across the city are struggling to adapt to a rapidly changing landscape that the City continues to maintain onerous regulatory roadblocks like the Special Permit under consideration today. The complex regulatory landscape has been detailed in recent reports by the Department of City Planning and Comptroller Stringer. It is surreal that we are here today to review an application for a business that has been in operation for years in a building with decades of retail history.

The applicant seeks to legalize the conversion of 14,005 square feet of floor area on the second floor of the condominium unit occupied by Zara. Zara currently occupies the entirety of one of two condominium units within the building at 503 Broadway. The Zara unit includes the second floor, ground floor, and cellar – the existing Use Group 10A use on the ground floor and cellar is a legal, grandfathered non-conforming use under the M1-5B zoning requirements within SoHo. The Special Permit pursuant to 74-922 would thus allow for the extension of the legal Use Group 10A large retail establishment on the Project Area's ground floor and cellar levels to include the Second Floor. In practical terms, this change would not increase the intensity of use already in practice at the site.

The SoHo-Cast Iron Historic District is a world-renowned architectural heritage and shopping destination. Unfortunately, the zoning in this neighborhood does not reflect the importance of the district to the city's vitality and economy. The district currently generates \$1.2B in tax revenues for the City and State and yet the existing manufacturing zoning does not reflect the mixed-use district and makes ground floor retail illegal. Further, this zoning makes residential units illegal, and makes buying, selling, renting real estate unpredictable and complex. Artists and cultural uses remain an important component of the neighborhood's mixed-use character, but outdated zoning does not address quality of life concerns or support long-term growth.

The site under consideration with this special permit has evolved with the neighborhood. In the 1940s this building was used as a factory and salesroom, and by 2003 the ground floor

and cellar were in use as a large retail space. Granting the special permit would facilitate a use that is consistent with the essential character of, and will not affect the appropriate use of, land in the surrounding area. The portion of Broadway that runs through SoHo is also home to many buildings that span the full depth of their respective blocks and can accommodate large retail uses. These buildings were designed with service and freight entrances on Mercer and Crosby Streets, where such entrances remain in use today. As detailed in the EAS, the Special Permit use is consistent with land uses in the surrounding area, will not introduce new shadows or lengthen shadows and will not increase traffic in the area. The special permit will not have any significant effect on air quality or noise in the surrounding area either.

The Special Permit will not change the bulk or any exterior characteristics of the building at 503 Broadway and will not increase vehicular or pedestrian traffic in the surrounding area. Additionally, as this Commission has opined on in prior special permits, there is little evidence that a single larger store with coordinated deliveries has more of an adverse impact than a series of smaller stores with varied delivery schedules. Zara has been responsive to concerns. Members of the community raised quality of life issues about noise and disturbance created by deliveries and shared video evidence. The President of Inditex North America, who was present in person at the community board hearing, immediately instituted changes in the delivery practices followed by Zara's delivery vendor. Within one week, the company had reformed its SoHo delivery practices.

In closing, this application highlights the need for the City to act on addressing the antiquated zoning in SoHo/NoHo. As a SoHo/NoHo Advisory Group member, REBNY was joined by many others from the community in advocating for zoning changes that bring some rationality and predictability to the district — specifically changes to allow for as-of-right commercial and retail uses. We respectfully request that the Commission approve this special permit as consistent with the framework outlined in the report.

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CONTACT(S):

Paimaan Lodhi
Senior Vice President
Policy & Planning
Real Estate Board of New York (REBNY)
(212) 616-5203
plodhi@rebny.com