

## SUBMITTED TESTIMONY OF THE REAL ESTATE BOARD OF NEW YORK TO THE CITY PLANNING COMMISSION IN OPPOSITION TO APPLICATION NOS. C 200102 ZMM and N 200107 ZRM – Union Square South

January 24, 2020

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 strongly opposes the City's proposed Union Square South text amendment that would significantly limit as-of-right hotel development in the blocks south of Union Square in Community Boards 2, 3 and 5 in the Borough of Manhattan. As stated previously during the consideration of the City's M1 Hotel Text Amendment, it has been the experience of our members that the requirement of a special permit has been a deterrent to new hotel development. That experience remains nearly unchanged, with only one site seeking the special permit despite its existence in a variety of special districts and in M1 Districts over the last decade. This district by district approach continues to raise a number of concerns for the industry, and whether a rational planning basis even underlies the proliferation of the hotel special permit.

The zoning text before the members of the City Planning commission states that: "In order to permit such a #transient hotel#, the Commission shall find that such #transient hotel# is so located as not to impair the essential character of, or the future use or development of, the surrounding area." This nebulous finding does not provide any level of guidance or predictability to the public and is anathema to our City's esteemed zoning guidelines.

The character of the neighborhood is entirely reliant on a vibrant mix of uses and consistent streetscape. Modifying the zoning text to require building facades be built at the street line, discouraging setbacks below the historic height horizon line, is an urban design standard that can be written into the zoning text that would actually protect neighborhood character. A neighborhood such as those blocks found south of Union Square, are punctuated by a rich variety of building type, use and age. Planning by special permit is not planning at all.

It is unclear what the planning rationale is in continuing to limit one particular use on a special permit basis. The Administration continues to implement piecemeal proposals in conflict with statements made in prior studies and proposals all while developing a citywide approach. It is disappointing that thus far the city has failed to undertake a comprehensive study of the impact of recent land use actions on the hotel industry.

As REBNY has previously stated during the public review period for the M1 Hotel Special Permit text, a hotel special permit in Manhattan is unnecessary. The Hotel Study included in that proposal stated that Manhattan has reach a saturation point in hotel development. "The [hotel] development boom is unlikely to continue over the long term...Once supply catches up with pent up demand, demand growth for New York City hotel rooms will return to a more "organic" rate – one that is sustainable, in line with U.S. travel demand growth, and is based on traditional hotel demand drivers." Land for as of right hotel development was already limited by 45% due to the adoption of The City's M1 Hotel Text Amendment. The justification for such a reduction was the ability to construct as-of-right elsewhere. This text amendment undercuts that argument and poses a worrisome inconsistency in environmental review.

Inconsistencies aside, if there is a true planning rationale behind this proposal, it would be better served by considering an alternative based on hotel size and the number of room keys. There is likely some linkage between the number of keys and the effect on neighborhood character, which is touted as the main driver for this particular action.

Secondly, the special permit should be limited to a date certain. As previously stated, the City's Hotel Study states that the current hotel development boom is unlikely to sustain itself over the long term and that the market is displaying signals that supply is on pace to match demand. Once supply and demand reaches equilibrium, hotel growth can be expected to grow at an organic rate. The City should consider limiting the applicability of the hotel special permit with a sunset provision.

The hotel industry is a critical linchpin to our City's tourism economy, and it is vital that hotel development not be constrained. In total, the 60 million tourists a year sustains more than 375,000 jobs across the city. These figures are expected to rise as the City estimates that there will be an additional 1.5 million tourists that visit next year. REBNY also has concerns that this demand will overflow into the residential market and increase the appeal and use of illegal short-term rentals, which takes away residential units in the middle of a housing crisis.

The proposed action is an unnecessary constraint on the rights of property owners to address a market condition that needs no correction, and appears to be motivated by factors unrelated to sound planning. It is unclear why the City is advancing a proposal that will impose heavy restrictions on hotel development. We respectfully request that the City Planning Commission not support this zoning proposal in its current form.

Thank you for the consideration of these points.

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