

REBNY Testimony | July 14, 2021

The Real Estate Board of New York to The Department of City Planning Concerning N 210406 ZRY (CEQR No. 21DCP111Y) - Citywide Hotel Text Amendment

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 proposed text amendment to establish a citywide hotel special permit (N 210406 ZRY; CEQR No. 21DCP111Y) due to the devastating billions of dollars' adverse impact it will have on the city's economy and its complete lack of a land use rationale.

The City Planning Commission's (CPC or the Commission) own Environmental Impact Statement (EIS) predicts that adoption of the text amendment will result in a failure to meet a projected demand for new hotel space by 47,000 rooms, resulting in nearly 28,000 forgone job opportunities and over \$2 billion foregone earnings from hotel operations in New York City.

This is alone is a frank and sobering assessment, and the EIS correctly determines that this would be a significant adverse impact to the hotel industry.

But the EIS severely understates the overall impacts of the text amendment by failing to also consider the potential for significant adverse impacts on the City's construction industry and on the tourism sector overall. The hotel industry is part of a larger hospitality sector and a critical component of the city's economy¹.

At the scoping hearing, REBNY asked City Planning to study these potential impacts, but it has not. For the full and more accurate picture of the total impacts of the text amendment, REBNY commissioned AKRF to do a study that, using standard economic modeling techniques, evaluates the impacts that the EIS does not.

AKRF estimates that the text amendment will cost New York City:

- Over 75,000 permanent job opportunities and forego approximately \$9.9 billion in economic activity that would have resulted from non-hotel spending by 2035, when accounting for jobs within and outside of the hotel sector;

¹ The larger hospitality sector includes various businesses – restaurants, Broadway, retail shopping and other cultural and arts attractions – dependent upon the flow of tourists, visitors and business travelers that patronize hotels. This ecosystem employs roughly 562,0000 people in New York City each year, per <https://statistics.labor.ny.gov/cesemp.asp>, metrics include 'Leisure and Hospitality' and 'Retail Trade,' accessed on July 7, 2021.

- the equivalent of 23,800 people working full time over the ten-year period, between 2026 and 2035, due to the reduction in hotel construction activity; and
- about \$37.8 billion from the loss of construction in the city, from direct, indirect, and induced related economic activity, including labor income.

The EIS also does not consider the impact of the text amendment on City tax revenues; while it can be argued that fiscal impacts are not part of a SEQRA analysis, they are surely relevant for the Commission to consider in deciding whether this text amendment reflects sound planning that will promote the health, growth and vitality of the City. A significant loss in tax revenues necessarily means that the City will have less ability to address the many needs of its residents.

If the text amendment is approved, AKRF estimates that the City would forgo over \$8 billion in tax revenues between 2026 and 2035, and by 2035 the annual recurring cost to the city would be over \$1.2 billion.

The text amendment would stifle multiple industries that have brought jobs, revenue, and growth opportunities to all five boroughs. During a pivotal time in New York City's economic history, the socioeconomic impacts found both in the DEIS and AKRF's further analysis are devastating, and do not support the need for the text amendment nor the goals of this Commission.

The City Planning Commission should disapprove of this action or if it intends to move forward, significantly scale back the scope of this dangerous action so that it applies only to the extent that facts – supported by careful analysis – so warrant. Thank you for the opportunity to provide comments and for consideration of these points.

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