

MAS Comments on 250 Water Street, CEQR No. 21DCP084M, New York, NY

July 6, 2021

The Municipal Art Society of New York (MAS) has long engaged with the South Street Seaport's evolution since the conceptualization of the South Street Seaport Museum in 1965. With regard to the recent proposal to develop the parking lot at 250 Water Street by the Howard Hughes Corporation (250 Seaport District LLC), MAS has extensively analyzed and followed the proposal's evolution at the Landmarks Preservation Commission (LPC) and appreciates the design improvements that have been made since the initial development proposal.

The Howard Hughes Corporation seeks a special permit, modifications to the South Street Seaport/Pier 17 Large Scale General Development (LSGD), zoning text amendments, and authorizations from the City Planning Commission (CPC) to facilitate the development of a 395-foot-tall mixed-use building that would contain approximately 680,500-gross square foot (gsf) of market-rate and affordable housing, retail, office, and community facility spaces at 250 Water Street. In addition to the land use actions outlined above, the proposal would also facilitate the restoration, reopening, and potential expansion of the South Street Seaport Museum (the museum) by providing an undisclosed amount of funding.

Building affordable housing in Lower Manhattan, as the project proposes, is significant and commendable. However, the full array of project benefits, the scope of each individual benefit, and the reliability of them, remains obscure. At its root, we object to the transfer of City-owned development rights to a private party without clear disclosure of what agencies, institutions, and projects ultimately benefit. The original intent of the Seaport Subdistrict was to have the development right transfers benefit the South Street Seaport Museum, not a city agency or private developer. We urge the City not to depart from the City's historic zoning intent of the Seaport. As we continue to advocate for sound planning, policy, and transparency in the land use process, we recommend Manhattan Community Board 1 disapprove this proposal.

Land Use, Zoning, and Public Policy

Among the many actions the applicant seeks is the modification to the South Street Seaport/Pier 17 LSGD, which would consolidate the existing Pier 17 LSGD, the pedestrian streets (Fulton, Water, and Front Streets), and 250 Water Street into a single large-scale general development. The applicant also seeks a LSGD special permit to facilitate the transfer of 208,000 square feet of unused development rights from Pier 17 to 250 Water Street. Moreover, the applicant is also seeking zoning text amendments to designate 250 Water Street as a receiving site and a certification to transfer the remaining 30,216 square feet of development rights from the Development Rights Bank to 250 Water Street.

From a policy perspective, MAS is fundamentally opposed to allowing the transfer of a City asset to a private developer through this triad of city discretionary actions. The City could achieve many of the benefits through more direct mechanisms than the one contemplated. In essence, the City is currently transferring development rights to EDC and HHC with *some* funding ultimately benefiting the South Street Seaport Museum, instead of having the sale of development rights fully benefit the museum. Throughout the CEQR process, we have urged

the City not to depart from the historic zoning intent of the Seaport. The Draft Environmental Impact Statement (DEIS) states the distribution of the development rights from Pier 17 to 250 Water Street have been justified by preserving the low-scale character of the waterfront by “moving new development inland near more similarly scaled buildings.”¹ However, this proposal undermines the original intent of the Special South Street Seaport District, dating back to 1972, which was to maintain the historic context and facilitate the transfer of development rights *outside* the district to benefit the Seaport Museum. 250 Water Street was originally included in the district but was not designated as a receiving site. With this proposal, 250 Water Street would become a receiving site and the development rights transfer would benefit a private developer first, then City, and finally the museum. Moreover, the Seaport Subdistrict was rezoned in 2003 at the behest of Community Board 1 to adjust the underlying zoning to be more consistent with the South Street Seaport Historic District. We continue to support the intent of the 2003 rezoning and maintain that the City’s historic zoning policy for the Seaport be respected. MAS would support an appropriately scaled development at 250 Water Street while transferring the balance of development rights outside the South Street Seaport Historic District.

Therefore, the Final Environmental Impact Statement (FEIS) must include the existing LSGD plan, proposed amended LSGD plan, and visuals of Pier 17 with the modifications proposed. As for the proposed transfer of development rights, MAS maintains that the FEIS must disclose the City-owned development rights value, the legal process of facilitating the development rights transfer, in addition to any other anticipated disposition actions and development rights transfers as part of this proposal.

Funding for the Seaport Museum

Although it is claimed that the proposed funding for the Seaport Museum is not part of the land use process, we believe this is an integral component of the 250 Water Street development proposal and more details must be disclosed about this process. According to the DEIS, the survival of the museum is contingent on the proposal moving forward; however, as of the June 14th Community Board 1 Land Use Committee meeting, HHC still did not provide the public any details about the funding proposal. At this point, there is no guarantee that the original \$50 million will be offered to the Seaport Museum, despite the DEIS stating the “funding provided to the museum would stabilize and strengthen its finances, setting the stage for its potential expansion.”

MAS stands firm that details of the funding mechanism must be finalized before this project can be approved. The City must disclose details concerning the amount of funding to be dedicated, the legal mechanism by which the museum will secure the funding, a timeline for when the development rights will be transferred and funding will be provided to the museum, and how it will be enforced in the future. Additionally, we urge the City to disclose details about the museum’s current financial outlook, its current budget for the proposed expansion on the John Street lot, and what purposes the funds will be put to by the museum or by others to benefit the museum (whether the funds will go towards a capital campaign or the museum’s endowment). The City should also disclose any vulnerabilities that might affect the disposition of the funds, i.e., any circumstances in which the funding would not be provided if the project is approved.

¹ DEIS Chapter 1: Project Description and Analytical Framework, page 1-6.

Lastly, the City must disclose how the assumed 2026 build year for the museum expansion was calculated.

Affordable Housing

According to Howard Hughes Corporation, the proposed project will bring 70 affordable family units *to follow* the Mandatory Inclusionary Housing (MIH) program at 40 percent AMI (~\$45,000 for a family of four). According to the DEIS, “additional actions to facilitate the Proposed Project and effectuate other changes to the affected area may include...funding decisions and grant of an Article XI Tax Incentive by the Department of Housing Preservation and Development (HPD).” While we believe in the importance of building affordable housing throughout the city, especially in high-opportunity and transit-rich areas such as Community Board 1, since this proposal does not fall under the official MIH program, there are many unanswered questions about the affordable housing component of the proposal.

Accordingly, since there is no guarantee of the proposed affordable housing units at this point, the FEIS must disclose the details of the regulatory aspect of the affordable units, such as the timeline for receiving potential tax incentives, the amount of tax incentives, and what agency will regulate and ensure long-term affordability of the proposed affordable units. Additionally, as stated in our DSOW comments, the FEIS must disclose the official affordability levels and the breakdown of the number of bedrooms proposed for all dwelling units. Lastly, we take issue with the distribution of the market-rate units on the top floors and affordable units in the lower portion of the tower.

Environmental Impacts of the Proposal

Shadows and Open Space

Shadows from the proposed development will have significant adverse shadow impacts on area open space. According to the DEIS, the proposal’s shadow would pass across portions of the Southbridge Towers complex open spaces from “early to late morning in the spring, summer, and fall, covering large areas at times, and significantly altering the use of the spaces for users seeking sun, and potentially impacting the health of the trees and plantings in one limited area.” Therefore, the FEIS should evaluate potential design changes, including different massing and decreases in building height, and alternatives that mitigate shadow impacts on the Southbridge Towers complex open spaces, while still achieving the intended goals of bringing affordable housing to the area.

In addition to concerns about shadows, we question the overall lack of publicly accessible open space and attention to the public realm. We strongly recommend that more open space be provided, and that it be publicly accessible 24 hours per day. We recommend that the FEIS include a detailed site plan showing the proposed layout and amenities of the public open space, particularly at Peck Slip between Water Street and Pearl Street.

Historic and Cultural Resources

As emphasized in our DSOW comments, with its location in the South Street Seaport Historic District, the proposal will have significant impacts on historic and cultural resources. The FEIS must provide a detailed conservation plan for Schermerhorn Row. We also recommend

transparency in archaeological monitoring and testing where possible during excavation of the development site and the area identified for the potential museum expansion. Lastly, we the need for coordination with LPC concerning Construction Protection Plans (CPP) as needed.

Hazardous Materials

We are encouraged that the project has entered the New York State Brownfield Cleanup Program to remediate the significant on-site contamination caused by its prior use as a former thermometer factory and workshop. The City must do its best to inform the public about ongoing remediation work, including, but not limited to, mercury delineation, soil borings, well monitoring, and groundwater sampling. We recommend the FEIS include the link to the State's website² specific to the cleanup at 250 Water Street.

Alternatives

We are disappointed the DEIS did not comprehensively evaluate other alternatives. DCP must include a lower-scaled alternative in the FEIS that would provide affordable housing without using City-owned development rights while still providing a lifeline to the museum. Additionally, as stated in our DSOW comments, the FEIS must include a future in which absent the proposed project, the museum is still able to operate.

Conclusion

MAS recognizes the importance of developing 250 Water Street, especially since the site has remained a vacant parking lot for decades. We also underscore the significance of building affordable housing in high-opportunity and transit-rich areas such as Community Board 1. However, we strongly urge that the principles embodied in the City's zoning policy actions for more than 40 years be respected. If permitted, this proposal would significantly depart from the City's zoning intent and subsequently lead to negative citywide implications in historic districts. Additionally, questions concerning the transfer of development rights to a private entity and the South Street Seaport Museum's funding must be addressed. Therefore, we urge Manhattan Community Board 1 to disapprove this proposal.

² <https://250bcp.com/>.