Testimony before the Subcommittee on Zoning & Franchises, New York City Council Special Clinton District Theater Bonus Zoning Text Amendment

January 26, 2009

Good Morning Chairs Avella and Katz, my name is Dominick Answini, city planner in the Manhattan Office. Today I will be presenting the proposed amendments to the text of the Special Clinton District that describe the theater bonus. These amendments were first proposed by DCP, with a lot of input from Manhattan CB4, in Nov. 2007 and were originally part of the Hudson Yards amendment package eventually passed by City Council in September of 2008. Due to concerns raised in the public review process, however, in June of 2008 the theater bonus portion was split from the Hudson Yards amendment package for further review. In October 2008 the theater bonus amendments were reintroduced with further changes and passed by the CPC on Dec. 17, 2008. Both the CB and the MBPO issued letters recommending approval subject to their comments which I will describe. I'd first like to describe for you the original proposed theater bonus amendments and then the revised October 2008 amendments and the reasons for and results of the revisions.

Looking at the first two maps in your package you can see that the theater bonus is available to sites in a block-and-a-half area between W. 42nd & 41st Streets and Dyer and 11th Ave. It is in a C6-4 district which means that the as-of-right FAR is 10.0 for residential or commercial. It is bonusable up to 12.0 with inclusionary housing and up to 15.0 with the theater bonus. The theater bonus was promulgated in 2005 as part of the amendments creating the SHYD and works as follows: Three square feet of additional floor area (which includes the theater space) can be obtained for each one square foot of new legitimate theater space.

The amendments introduced in 2007, and part of this new package include:

- Clarifying the 3 to 1 ratio.
- Permitting a bonus to be received for the provision of "non-profit performing arts use" as well as legitimate theater. This would expand the potential performance space capable of generating the bonus.
- Including rehearsal space as a use that generates the bonus but limiting uses not specifically listed in the text to 25% of the space that generates the bonus. This would expand the uses that could generate the bonus to include rehearsal space, while limiting the overall amount of floor area used for purposes accessory to the performance space that can generate a bonus.
- Limiting the performance space to at least 100 seats and no more than 299. This would set a size range that would be similar to what currently and historically has been the range of theater sizes for this portion of 42nd Street, known as "Theater Row".
- Prohibiting the use of the performance space for "adult uses".
- Creating a role for the Commissioner of NYC Dept. of Cultural Affairs (DCA) to consult with the Chair of the CPC as to the qualifications of the proposed operator of the theater and the sufficiency of the proposed theater design and to supply a letter certifying that:

- i. A lease has been provided from the operator or owner that the space will be used as legitimate theater or non-profit performing arts use for at least five years pursuant to a plan and program.
- ii. The proposed operator of the performance space has the fiscal and managerial capacity to operate the space successfully.
- iii. Preliminary design plans have been provided detailing aspects of the performance space construction that are necessary for its operation.
- iv. A written commitment has been provided ensuring sufficient financial resources available for the timely completion of the work.
- v. The operator will have a program of regularly scheduled presentations. This amendment would take advantage of the expertise of the DCA to determine the sufficiency of the performance space and its operator.

In early 2008 DCP received an application for the theater bonus from the Related Companies for a site between Dyer and 10th Avenues shown on your map. The site is approximately 69k SF and the proposed development would be a mixed use building of approximately 1.1 MSF with two towers, one residential and one hotel. Related proposed to build the theater space for a theater operator to be established for purposes of occupying the space. However, during the early part of 2008 Related, encouraged by DCA, began discussions with Signature Theater Company for Signature to be the occupant of the space. Signature is a theater company that has been located on 42nd Street in the neighborhood for 20 years and is well respected by the community. However, this proposal presented some difficulties. Signature had very specific requirements as to the fit out of the theater space and it became apparent to Related and Signature that the theater space would not be usable by the time the building would be ready to obtain its TCOs for the bonused residential space. This was a problem because the theater bonus text states that the TCOs for the bonused space cannot be obtained until the theater space is "substantially complete" which is defined in the text as "usable by the public". The lag between when Related would need their TCOs and the theater space's completion was estimated at between 4 & 10 months, a delay that would be unacceptable to Related's lenders. Eventually DCP and DCA created an alternative method to ensure that the theater space would be completed and useable by the public, while allowing Related to obtain TCOs in a manner consistent with its construction schedule. In order for a developer to obtain TCOs under this alternative:

- i. the Commissioner of the DCA must have certified that the "core and shell" of the performance space has been completed in accordance with a core and shell agreement between the developer/applicant and the theater operator that has been accepted by the DCA Commissioner; and
- ii. ownership of the performance space must be transferred to the prospective operator.

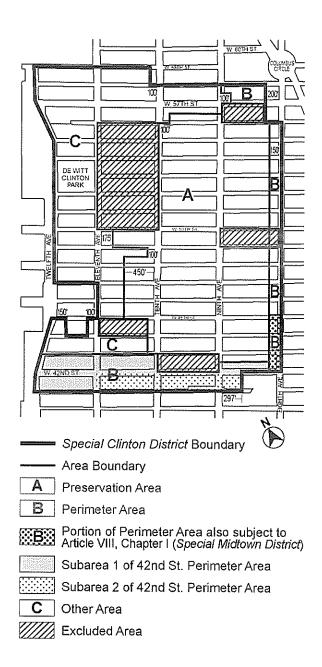
Other amendments were also added to respond to the Community's comments on the original proposed amendments, and these include:

• Nonprofit performing arts could be provided to earn the bonus but only if a development contains at least two legitimate theaters.

- The map of the SCD in the Appendix of the SCD text is modified to clearly show where the theater bonus applies. The third map in your package shows that.
- Inspection and ongoing maintenance reports on the performance space must be sent every five years from a licensed engineer or architect to not only the Chair of DCP, as under the current text, but also to the Commissioner of DCA and the Community Board.
- To help ensure the continuing viability of the theater space, when there is a change in the operator of the performance space the new operator must obtain a new letter from the Commissioner of the DCA certifying that relevant standards, e.g., the existence of a lease; that the operator has the requisite financial and managerial capacity to operate the space, are met. And the proposal for change in an operator must be referred to the CB4 for comment before the DCA Commissioner makes a decision.
- require a referral to Community Board 4, the local Council Member and the Borough President of any application for the Clinton District theater bonus, for a period of forty-five days; and

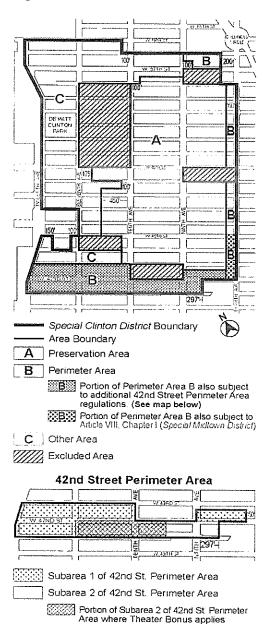
The CPC received comments from the CB and the MBPO not only on the original theater bonus but also on the revised October 2008 package recently approved by CPC. We believe that the proposed text addresses virtually all the CB & MBPO's concerns. The CB and MBPO did, however, make one recommendation that was not adopted. They recommended that the the new text governing the alternative method for obtaining TCOs specifically itemize the mechanical systems and other elements that should be included in the core and shell agreement. The CPC, however, determined that the language of the proposed text amendment requiring that core and shell work be performed under a Core and Shell Agreement acceptable to the Commissioner of the DCA provides assurance that the core and shell work will be substantial and promote final completion of the space, while allowing for flexibility to meet specific project needs and requirements.

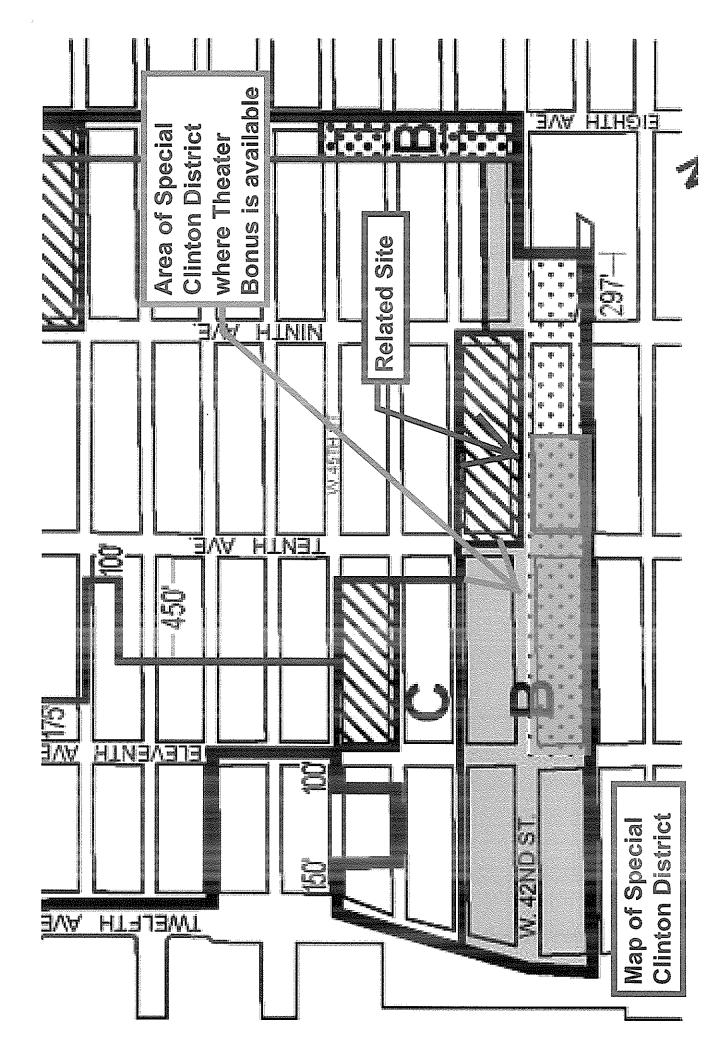
EXISTING MAP Special Clinton District

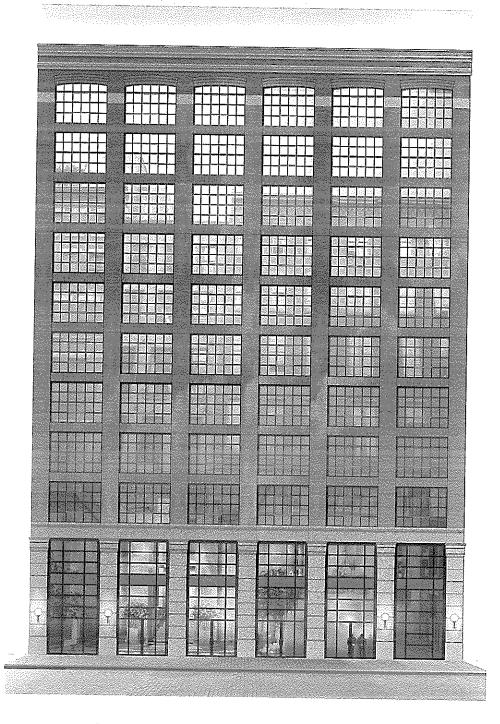


PROPOSED MAP Special Clinton District

Special Clinton District







CROSBY STREET HOTEL

Stonehill & Taylor Architects

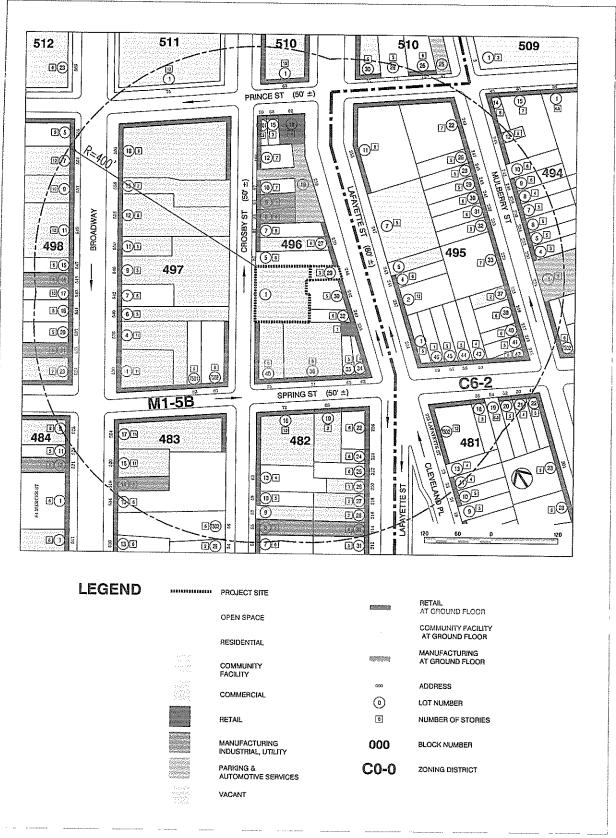
79 Crosby Street/ 246 Lafayette Street, Manhattan ULURP No. 080505 ZSM

The application seeks a special permit pursuant to Zoning Resolution Section 74-781 to allow modification of the use regulations of Zoning Resolution Section 42-14.D(2)(b) to permit the location of Use Group 5 hotel and Use Group 6 retail uses below the floor level of the second story in a new, small, full-service hotel being constructed at 79 Crosby Street/246 Lafayette Street, Manhattan, in an M1-5B zoning district. Thus far, the application has been approved by Manhattan Community Board #2, the Manhattan Borough President and the City Planning Commission.

The hotel will have 11 stories above grade and is planned to contain 86 hotel rooms. It is being constructed as-of-right in compliance with all applicable use and bulk regulations, except the regulations pertaining to uses below the second story, which are the subject of the special permit application.

Section 74-781 permits hotel and retail use below the floor level of the second story if the City Planning Commission finds that the owner of the space has made a good faith effort to rent such space for a permitted use at fair market rentals. In the case of buildings occupying more than 3,600 square feet of lot area, this effort must have been pursued for at least a year. Crosby Street Hotel LLC has made such an effort, including listing the space with a real estate broker familiar with marketing in SoHo, who sent "Listing Alerts" to approximately 2,300 individual brokers and real estate professionals on a weekly basis. Advertisements were placed on a weekly basis in several newspapers including The New York Times and The Village Voice and alternating biweekly advertisements were placed in two Chinese language newspapers, Sing Tao and The World Journal. In addition, regular notifications were sent to citywide industry groups, including the Industrial Space Bank at the New York City Economic Development Corporation. These marketing efforts proved unsuccessful.

Crosby Street Hotel LLC has made numerous efforts to reach out to the local community about the application and has been praised by the community for these efforts. The concerns raised by the community had to do with possible noise and pedestrian traffic generated by the hotel rather than the basis for the special permit's findings. In response to these concerns, Crosby Street Hotel LLC has agreed to various operating limitations, which are memorialized in the City Planning Commission's favorable report on the special permit and in Community Board #2's resolution relating to the pending liquor license application. The presiding officer at the January 6, 2009 State liquor license hearing indicated that these limitations will be included as conditions to the license.

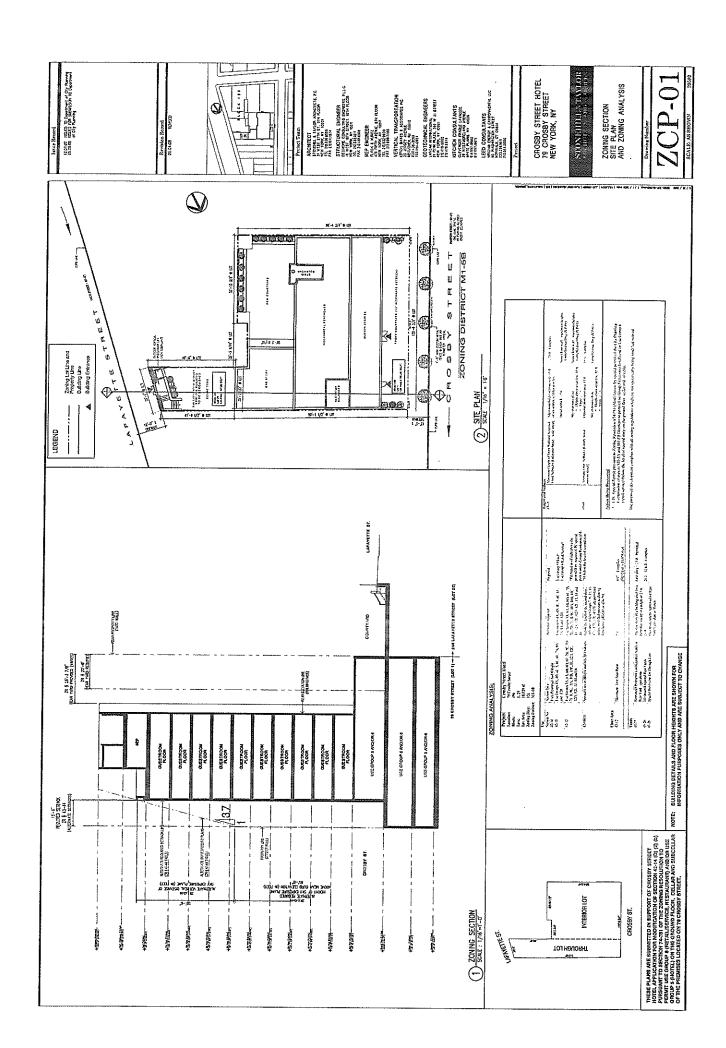


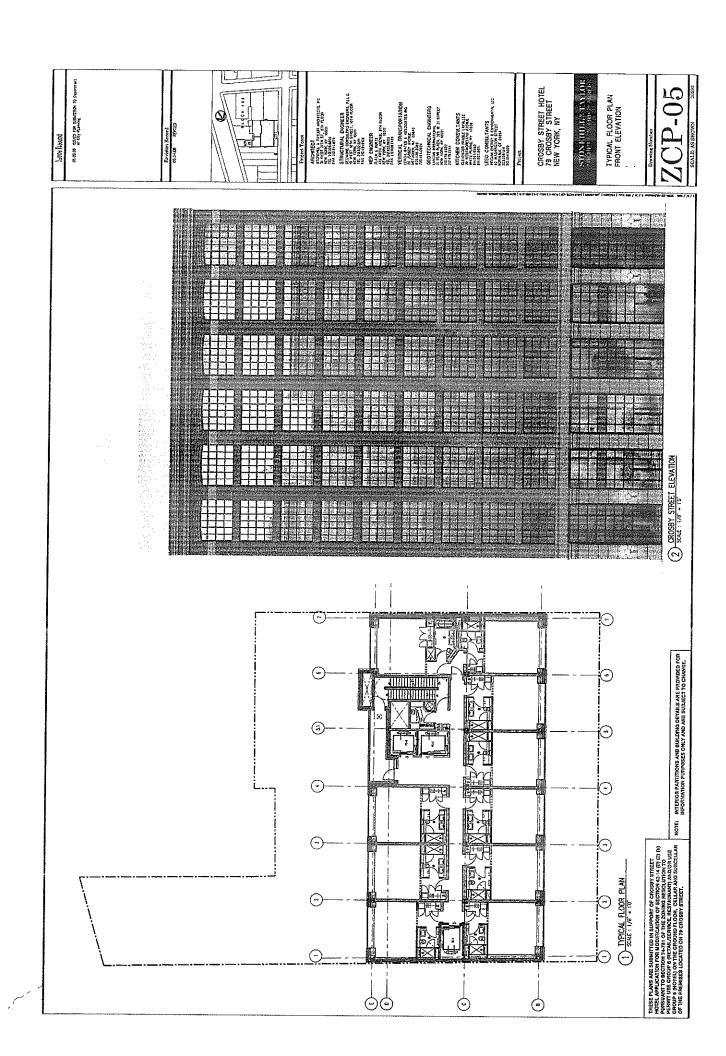
AREA PLAN

Scale 1":50"0"

CROSBY STREET HOTEL

Stonehill & Taylor Architects November 20, 2007





Description Crosby Street Hotel

Property Overview

The Crosby Street Hotel will be a luxury boutique lodging facility containing 86 units of varying sizes, a screening room with support meeting facilities, restaurant, terrace, good size library, exercise room and appropriate back of the house facilities.

The property is being developed by Firmdale Hotels which under the leadership of its owners, Tim and Kit Kemp have developed a number of quality hotels and are presently operating 6 top class Boutique hotels in London. The most recent development in 2007 was the prestigious Haymarket Hotel which was awarded The Crown Estates Urban Business Award for the regeneration of a local area. It also received accolades from both Condé Nast Traveler and Travel and Leisure

Design and Configuration

The improvements will consist of one 11 story rectangular tower which is set back 20 feet on Crosby Street.

It is proposed that the main entrance will be located on Crosby Street and that most of the hotel's public space will be located at cellar and the first floor levels. The back of house space will be situated at sub cellar level.

The property interior has been designed by Kit Kemp, co owner of Firmdale Hotels. Kit Kemp has received The European Design Award for best Interior and Lobby design and the International Designer of the year 2008 for the recently completed Haymarket Hotel, London. The Crosby Street Hotel will feature all the signature facilities of Firmdale Properties which have positioned the company as the leading developer and operator of boutique hotels in London.

The first floor will feature the arrival lobby, reception and concierge desks and a 90 seat restaurant and 12 seat traditional bar to service guests of the hotel and the local neighborhood. The restaurant will be connected to the arrival lobby and it will feature a separate entrance on Lafayette Street through a garden patio with 40 seats.

The first floor will contain two administrative offices and a Library which is one of Firmdale's signature facilities featuring selected pieces of art and an honesty bar for hotel guests. This design supports the Firmdale experience of ensuring the guests have a feel of staying in a private home.

Two elevators will connect all eleven above ground floors and each floor will house a maximum of ten units which additionally supports the high end boutique product.

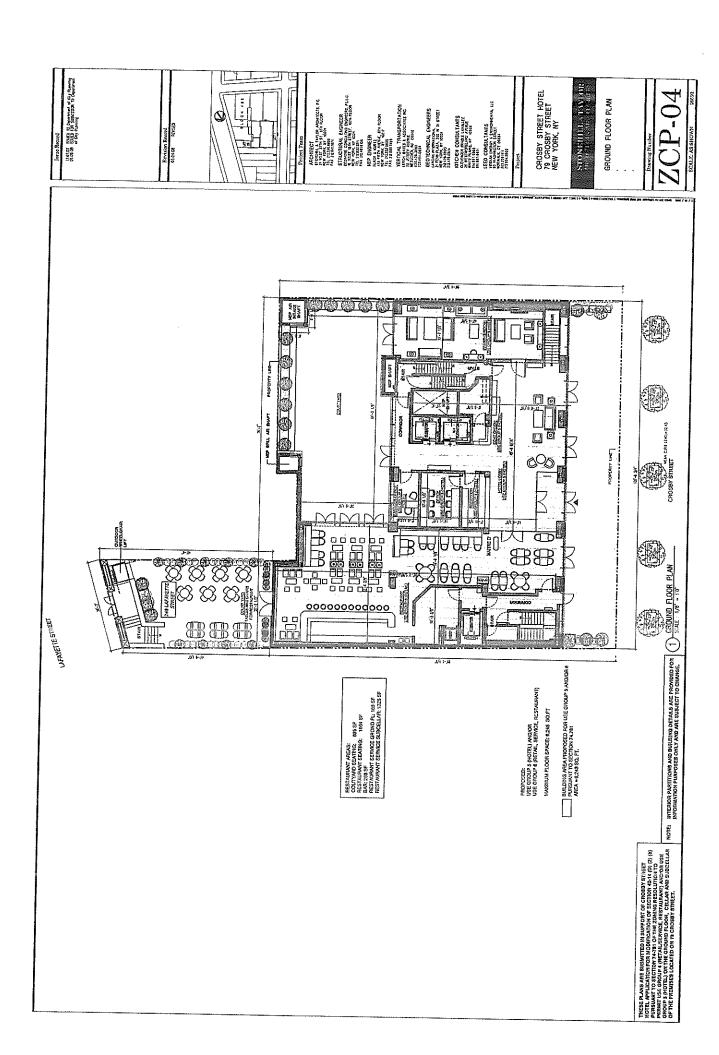
The guest rooms range in size from 300 to 900 square feet and feature five fixture bathrooms and the luxurious design for which Firmdale has won many coveted awards.

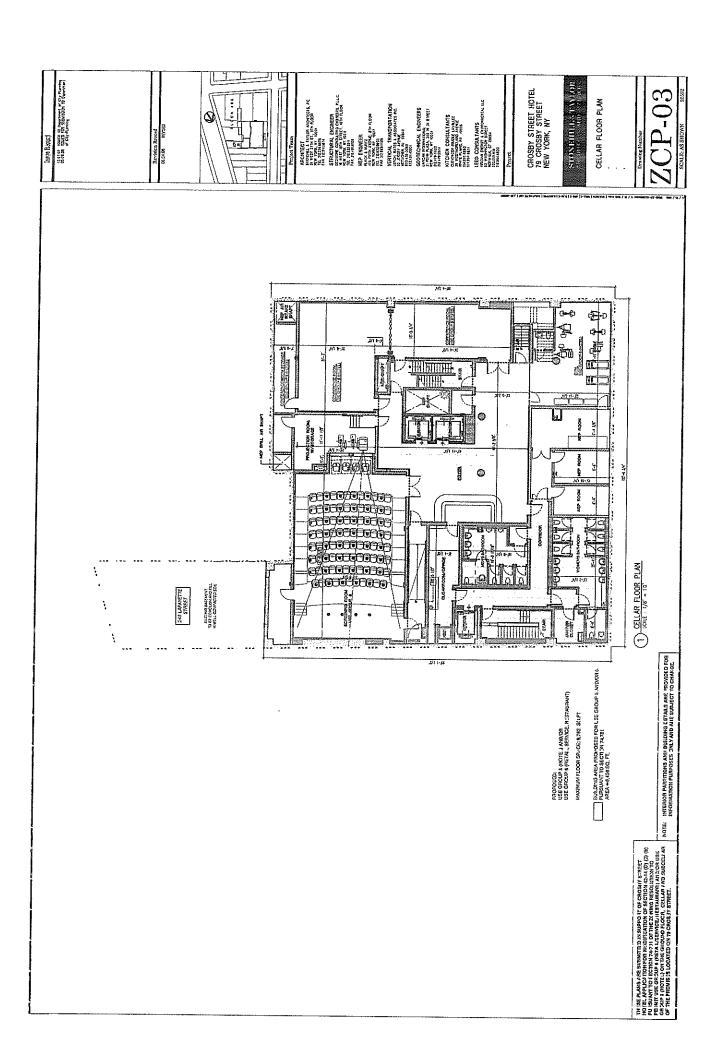
The cellar floor will feature a fully equipped screening room another signature item of Firmdale hotels which will be used for private screenings and presentations.

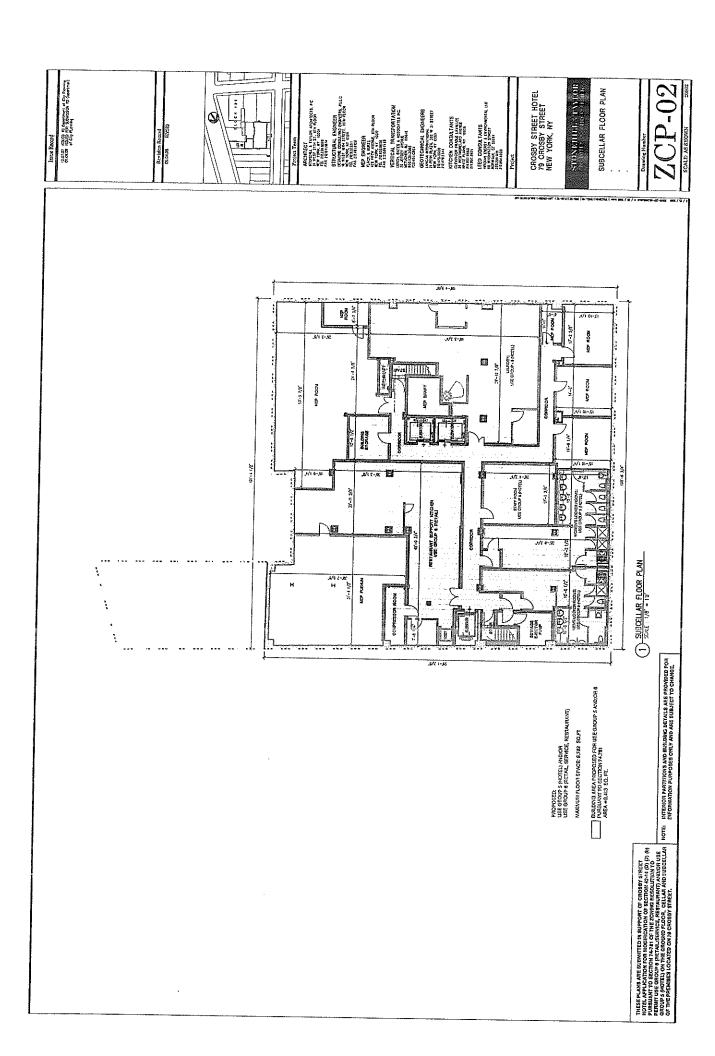
Summary of Facilities

Location	Number	Seating
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Lobby Level	2000	90
•	-	12
	900	40
3 Cellar	1300	40
	1500	99
	2800	
Cellar	600	
	Location Floor 2-11 Lobby Level Cellar Cellar	Floor 2-11 75 8 3 86 Square Footage Lobby Level 2000 900 1200 Cellar 1300 1500 2800

Support Services
Kitchen/ Back of House Sub-Cellar
Office/Administration Cellar/Lobby







SoHo Alliance

PO Box 429 Prince Street Station New York, NY 10012 phone/fax: 212.353.8466 A Volunteer Community Organization

email: info@SoHoAlliance.org www.sohoalliance.org

December 9, 2008

Hon. Daniel B. Boyle, Chair Hon. Jeanique Greene, Commissioner Hon. Noreen Healey, Commissioner New York State Liquor Authority 317 Lenox Avenue New York, New York 10027

Dear Commissioners:

This letter is in support of the application for a liquor license for the Crosby Street Hotel, Manhattan.

The applicant is to be commended for approaching the SoHo Alliance early in the application process, resulting in a series of meetings with the neighbors to listen to any concerns that could result from so grand a project, and then reaching an agreement to mitigate these concerns. The representative, Mr. Paul Underhil, was particularly gracious in this respect.

Both sides have worked out a list of points of agreement regarding the Method of Operation, which should be part of the liquor application: from hours of operation to signage to lighting to sound-control issues. We truly believe that this will be a liquor license for a luxury hotel, not a destination spot for revelers, which types of operations are becoming increasingly prevalent downtown.

As per our standard disclaimer, the SoHo Alliance leaves it to the Authority to determine whether the 'public interest is served'. However, we see no reason to deny this application.

We wish the Crosby Hotel success.

Sincerely yours,

Sean Sweeney, Director

September 7, 2008

September 11 2008

Summary of meeting organized by the SoHo Alliance between Firmdale Hotels (SoHo) and its neighbors - September 3, 2008

Following a presentation by Mr. Paul Underhill, the Firmdale representative, the group adopted the following requests to be incorporated into the Method of Operation regarding the areas where alcohol will be served:

- The "Lafayette Garden" portion of the hotel shall be open air, not enclosed, and have a forty-seat maximum capacity and close by 11:00 p.m. with no music, and this Method of Operation shall be reviewed after a year by the NY State Liquor Authority (SLA) with consultation from the community in order to determine whether it is in the Public Interest to continue its operation as described. Further, to avoid creating a 'scene' of people hopping between licensed premises on Lafayette Street and the Garden, the door to the Garden on Lafayette Street should be for egress only, not ingress, with entry to the Garden solely through the hotel lobby and restourant.
- The Restaurant portion shall have ninety seats and a twelve-seat bar with its last order taken at midnight with doors closing (everyone out) by 1:00 a.m. There shall be no live music, just incidental background music. (However, please note the accompanying email from Crosby Street resident and member of the SLA Committee of Community Board #2 (CB2), Ke-Wei Ma, (who was unable to attend the meeting), regarding a search he did regarding Firmdale restaurant/bar operations in London.)
- The Art Garden, open-air and located within the hotel's interior courtyard, was presented by Mr. Underhill as a quiet contemplative area, and thus we request that it shall have no access from the restaurant, shall have no smoking permitted (to prevent smoke wafting up to the Lafayette Street tenants), shall have no waiter service from the adjacent bar (however, patrons may personally bring their beverages out to the Art Garden), and shall close at 11:00 p.m. Music was not discussed.
- The rooftop of the hotel shall be not be used for eating or drinking.

• There shall be not "events" to be held on the balcony of the two rooms with the patio area.

Additionally, we would request that any exterior lighting be uplighting and not downlighting, and, furthermore, that management arrange to have no whistle blowing by hotel staff when hailing cabs. A method like a blinking light or illuminated "taxi" sign should suffice.

At this time Mr. Underhill seems to have agreed to most of these requests, with the exception of "egress only" for the Lafayette Garden, although confirmation or clarification of any discrepancies by all parties would be appreciated.

Talks will continue in order to iron out details and address any new developments.

Respectfully submitted,

Sean Sweeney, Director

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COMMUNITY BOARD NO. 2, MANHATTAN 3 WASHINGTON SQUARE VILLAGE

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SLA LICENSING COMMITTEE

December 2008

The SLA Licensing Committee of Community Board #2, Manhattan, held its regularly scheduled monthly meeting on Tuesday, December 9th 2008 at 6:45 p.m. in the NYU Silver Building, 32 Waverly Pl. Room 809.

Board Members Present: R. Lee (Chair), R. Stewart (Vice-Chair), C. Booth, L. Rackoff, Dr. Shirley Smith, A. Kriemelman and Carol Yankay and Ke-Wei Ma

Board Members Excused: None

Board Members Absent: None

Public Members Present: None

Public Members Excused: None

Public Members Absent: None

Other Board Members Present: Zella Jones and Sean Sweeney

RESOLUTIONS:



5. Crosby Street Hotel, LLC, 79 Crosby St., NYC (Spring and Prince Streets)

Whereas, the applicant appeared before the committee; and,

Whereas, this application is for an On Premise license for a hotel and ground floor restaurant located in 4,700 s.f. premise (2,800 s.f. interior and 1,900 s.f. exterior) on Crosby Street between Prince and Spring streets, with 90 interior table seats and 40 exterior table seats, 2 bars and 1 service bar with 12 seats and a maximum legal capacity of 142 persons; and,

Whereas, the applicant stated the restaurant hours of operation to be 6:00 a.m. – 1:00 a.m. seven days a week and hotel hours are 24 hours a day; there will not be a sidewalk café application but will include a backyard garden; music will be background only; and,

Whereas, the applicant has reached out to local residents and associations, including but not limited to members of the Soho Alliance; and,

Whereas, the applicant has agreed to not exceed 40 exterior table seats and close the restaurant's exterior space by 11:00 p.m. daily with no Lafayette Street access pass closing hours and no music; and this Method of Operation shall be reviewed following its first anniversary by the NY State Liquor Authority with community input in order to determine if the operation remains in the Public Interest, and

Whereas, the applicant has agreed to not exceed 90 interior table seats and 12 bar seats for the restaurant's interior space and the final order will be taken at 12:00 a.m. with doors closing by 1:00 a.m.

Whereas, the applicant has agreed to prohibit restaurant use and smoking within the hotel's interior courtyard and shall close by 11:00 p.m. daily; and,

Wh ereas, the applicant has agreed to prohibit live music within the establishment; and,

Whereas, the applicant has agreed to prohibit the use of the hotel rooftop for eating and drinking; and,

Whereas, the applicant has agreed to prohibit private events within the restaurant's exterior space; and,

Whereas, a member of the Soho Alliance appeared in support of the applicant; and,

Whereas, no one appeared in opposition from the community; and,

THE REFORE BE IT RESOLVED that CB2, Manhattan recommends denial to the proposed On Premise license for Crosby Street Hotel, LLC, 79 Crosby St., unless those conditions agreed to by applicant relating to the fifth, sixth, seventh, eighth, ninth and tenth "whereas" clauses are incorporated into the "Method of Operation" on the SLA On Premise license.

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