

Michael Blaise Backer Statement on Proposed Flatiron Expansion
Before City Council Finance Committee
May 27, 2021

Good morning Chair Dromm and members of the Finance Committee. I am Michael Blaise Backer, Deputy Commissioner of Neighborhood Development at the Department of Small Business Services (SBS). I am joined by Roxanne Earley and Stephen Lee, Director and Senior Program Manager for the Business Improvement District (BID) program. I wish to express the administration's support for the local law authorizing expansion of the Madison/23rd/Flatiron/Chelsea Business Improvement District (BID), more commonly known as the Flatiron Partnership in Manhattan.

At SBS, we are working hard to open doors for New Yorkers across the five boroughs – focusing on creating stronger businesses, connecting New Yorkers to good jobs, and fostering thriving neighborhoods. Even through the pandemic, SBS has been a key provider of programs, services, and critical information to small businesses and commercial corridors alike. Specifically, my team is in regular communication with BIDs and community partners- hosting weekly open-calls to coordinate response and recovery across agencies and BIDs, sending out updates on new city and state guidelines and regulations, and providing business resources to help those impacted by the crisis. We have also pivoted to virtual trainings for BIDs and our community partners on topics such as Economic & Legal Assistance for Businesses, Best Practices for Business Continuity & Promotion, Adjusting to Remote Operations, and Planning Ahead for Recovery. We believe that these efforts are central to supporting our community partners like BIDs, who are valuable and proven partners in fostering the vitality of the City's neighborhoods and commercial districts.

In addition to our role overseeing and supporting the City's existing network of 76 BIDs, SBS also supervises the BID formation and expansion process, serving as an advisor and resource for communities interested in planning or expanding BIDs. We are careful to ensure that each steering committee we work with adheres to our planning process and policies, solicits robust community input, and performs

extensive outreach to demonstrate broad-based support across all stakeholder groups.

We are cognizant of the unique nature of each community we assist and empower local stakeholders to make determinations on proposed (1) supplemental services, (2) boundaries, (3) budget size that best suits their community's needs, appetite, and ability to pay assessments, and (4) the formula that distributes the assessment in an equitable manner. While we impart strong planning principles and share our data and best practices from across the BID network when working with any BID formation and expansion effort, we recognize that the power and effectiveness of BIDs rests in their unmatched understanding of local needs and issues.

Like other BID expansions in recent years, the Flatiron expansion effort involved numerous meetings with local stakeholders. After extensive outreach and close coordination with key stakeholders, SBS determined that the documented support among all stakeholder groups – including over 50% of the area's total assessed value signing in favor – was sufficient to submit before the City Planning Commission. The proposed amendments to the district plan were presented before the City Planning Commission on January 20, 2021 and were subsequently approved. Further, this BID expansion effort has received the written support from Speaker Corey Johnson and Council Members Carlina Rivera and Keith Powers. They have also received support from Manhattan Community Boards 4 and 5.

During the initial shut down, when many parts of the City were closed and outreach efforts for formations ground to a halt, the Flatiron Partnership provided crucial support to the expansion area including providing PPE, commercial tenant legal guidance, and marketing support as businesses adjusted their business models or began to reopen.

In light of COVID, SBS requested that the Flatiron Partnership conduct additional outreach above and beyond the traditional requirements. Specifically, we requested that the committee send notifications to all stakeholders in the district and provide them an opportunity to give feedback or withdraw support due to any impacts from the pandemic. Before beginning the formal legislative process, the Partnership conducted additional mailings and outreach in the expansion area and was able to confirm continued majority support for this expansion in the form of new statements of support as well as re-affirmed ballots. No stakeholders withdrew their support for this expansion.

The proposed amended district plan will first extend the boundaries of the BID to provide supplemental services including sanitation, security, marketing, public space management, and social services to an expanded area. The existing district includes properties generally bound from 21st Street to 29th Street between Third and Sixth Avenues. The proposed expansion will extend the boundaries to generally include properties south to 20th Street and north to 32nd Street. The district will nearly double in size by adding an additional 327 tax lots, going from 405 assessable tax lots to a total of 732 assessable tax lots.

Second, the proposed amended district plan will change the method of assessment by creating a mixed-use class. When the BID was formed in 2003, neighborhood leaders determined commercial square footage was the most equitable means of assessing properties given the concentration of commercial uses. Since the BID's formation, the neighborhood has becoming increasingly mixed-use. In order to maintain the current level of services, and to meet the growing needs of all stakeholders in Flatiron, the steering committee determined it was necessary to create a new, mixed-use property class to assess residential square footage of large mixed-use buildings above 200 thousand square feet. Buildings within this class will be assessed at the Class A commercial rate for its total retail, commercial, or professional square footage and 40% of the Class A commercial rate for its total residential square footage. The proposed change will result in a more equitable distribution of the assessment and we believe will result in a fair assessment of district properties.

Finally, the proposed amended district plan will authorize an increase in the amount to be expended annually in the district from \$3,250,000 to \$6,000,000, as the extended district boundaries will require the Flatiron Partnership to provide its supplemental services to the expanded geography.

As required by law, the Flatiron Partnership mailed the summary of the City Council Resolution, no less than 10 days and no more than 30 days before today's hearing, to the following parties:

- To each owner of real property within the proposed district at the address shown on the latest City assessment roll,
- To such persons as are registered with the City to receive tax bills concerning real property within the district, and
- To tenants of each building within the proposed district.

Furthermore, SBS arranged for the publication of a copy of the summary of the Resolution at least once in the City Record.

I would like to acknowledge that the BID expansion effort is also represented here today by James Mettham, Executive Director of the Flatiron Partnership, and other members of the steering committee, who will also be providing testimony and answering questions.

At this time, I am happy to take any questions. Thank you.

Testimony of James Mettham
Executive Director, Flatiron 23rd Street Partnership Business Improvement District (BID)
To the City Council Finance Committee
Re: Proposed Expansion of the Madison/23rd/Flatiron/Chelsea BID
Res. No. 1616

May 27, 2021

Good Afternoon, Chair Dromm and honorable members of the City Council Finance Committee. My name is James Mettham, Executive Director of the Flatiron 23rd Street Partnership. Thank you for considering our proposed expansion of the Madison/23rd/Flatiron/Chelsea Business Improvement District this morning. Since its formation in 2006, the Partnership has been a dedicated steward of a dynamic business district and mixed-use neighborhood around Madison Square Park in Midtown South. We do this through reliable community engagement & trust, on top of our “day-in-day-out” deployment of supplemental quality of life services, homeless outreach, district marketing, public realm management, and business support & advocacy.

While the Partnership has played an important role in the Flatiron area’s ongoing growth and vibrancy over the past 15 year, the greater neighborhood around the BID has changed in character and uses as well. An increasing number of businesses and residents in NoMad, 6th Avenue, and the Ladies Mile Historic District have regularly asked the Partnership for the same level of consistent support and services that are provided inside the BID boundaries.

So, in 2016, a steering committee composed of local property owners, businesses, residents and not-for-profits was formed to guide the exploration of an expanded Flatiron BID. Over the past four years, this Steering Committee, in close coordination with SBS, has openly debated boundaries and budgets, culminating in a revised district plan that we believe can be successfully and sustainably executed across a larger district from day one. The key components of this plan include:

- Extending the current BID’s boundaries South to 20th Street and North to 31st Street, with 6th Avenue and Park Avenue South respectively serving as our West and East borders.

- This nearly doubles the size of today's district, including an additional 1,384 expansion area properties of which 344 are commercial in nature.
- The expansion offers BID programs consistent with those provided in the current boundaries: supplemental sanitation, public safety, homeless outreach, streetscape planning & beautification, retail marketing, advocacy, and maintenance of the improvements we install.
- Underwriting these services is a proposed \$6 million per year assessment budget for the fully expanded BID area.
- And we are proposing a Large Mixed-Use Building Assessment Class to more equitably integrate income-producing owners of residential towers that contribute to greater pedestrian density and curb congestion.

Across a multi-year community engagement process, the steering committee has completed needs assessment surveys, door-to-door ground floor canvassing, condo & coop board meetings, social media awareness campaigns, public information sessions, and multiple informational mailings to thousands of expansion area addresses. Throughout the pandemic, we reoriented this outreach to also include business advocacy and support services to demonstrate our value and commitment to the neighborhood's resiliency and recovery.

These collective efforts have been widely embraced by expansion stakeholders. To date we have received written support from over 56% of the total Commercial Assessed Value of the expansion area, with a support rate of 99% from the 1,230 responding properties, business, and residential tenants.

On behalf of the Flatiron 23rd Street Partnership, the Expansion Steering Committee, and our many neighborhood partners, we thank you for considering our proposal and look forward to getting to work supporting our greater community. Thank you.

Jordan Barowitz City Council Testimony on ULURP number: N210199BDM
5/27/2021

Good Morning, my name is Jordan Barowitz, and I am the Vice President of Public Affairs at The Durst Organization

I testify today in support of the ULURP application to expand the Flatiron/23rd Street BID.

The Durst Organization owns 855 Avenue of the Americas at 31st Street which is within the boundaries of the expanded BID.

855 is a true mixed-use building. It is composed of 55,000 square feet of retail, 120,000 square feet of office space and 375 units of rental housing of which, 25% are income restricted and reserved for people earning a fraction of New York's AMI.

855 is part of the Large Mixed-Use Assessment Class and will pay an assessment on its commercial and residential square footage. We believe mixed-use buildings benefit from services for the BID and support contributing to the much-needed supplemental services of the BID along 6th Avenue via the BID assessment.

We have heard concerns that assessments on residential space will translate into increase in rent. BID assessment will be absorbed by the building owner, not the tenants. This will not happen for two reasons.

All units, even the market rate units, built under the 421a program are rent stabilized and all rent increases are governed by the Rent Guidelines Board.

Even if a unit is not rent-stabilized, rents are determined by the demand for the apartments, not expenses. Case in point, Manhattan rents are down by 17.3% year-over-year, despite an increase in taxes, insurance costs and other operating expenses.

Additionally, the proposed BID expansion area is at the nexus of Nomad, Midtown South, and Flatiron. It is a heavily trafficked and dense mixed-use district with large office, residential and retail corridors that attract many visitors including a considerable population of non-domiciled individuals. The proposed expansion area strains under the burden of the need for increased sanitation, homeless outreach, and advocacy. The expanded BID will improve the streetscape, make residents and visitors safer and increase the services for those suffering from addiction and mental health challenges.

Thank you.

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**Testimony on behalf of the expansion
of the Flatiron / 23rd Street Partnership district**

Michael Bierut
May 27, 2021

My name is Michael Bierut, and I am an owner of the New York City design firm Pentagram, where I have worked for more than 30 years. I am here to support the expansion of the Flatiron / 23rd Street Partnership district.

Pentagram's first office was on the 17th floor of 212 Fifth Avenue, on the corner of 26th Street. We began in 1980 with a dozen people. By the end of the decade, we had tripled in size and began looking for a new home. We found it just a few doors down the same block, in a four-story former bank turned shuttered nightclub at 204 Fifth. The neighborhood then was not great: dirty and dangerous. It was dark after business hours, and abandoned on weekends. It was risky to take a shortcut across Madison Square Park.

Yet we thrived there, and soon our neighborhood would too, thanks to a new organization called the Flatiron / 23rd Street Partnership. As business owners (and, eventually, landlords) we joined this coalition early — and enthusiastically, too, designing its logo, annual reports, maps and street banners. And the Partnership saw results from the start: cleaner sidewalks, safer streets, increasingly diverse and vibrant retail. What was once a nameless area was increasingly a destination. From our perch overlooking what had become the most beautiful park in the city, we viewed the transformation with wonder and satisfaction.

We tripled in size again, and our building could no longer hold us. Reluctantly, and with great internal debate, we decided to move. We looked at dozens of spaces all over Manhattan and Brooklyn, but inevitably found ourselves drawn back to the area we knew and loved. So it was with much happiness that we signed a lease for a beautiful space on the top two floors of your handsome building at 250 Park Avenue South.

Our new home is perfect in almost every way but one: it's just barely outside the borders of the Flatiron / 23rd Street Partnership. We all still get the benefit of the Partnership's work, just steps away from our side door. But we miss being an active participant.

Now we have an opportunity to extend the boundaries of the district to include our address and many of the wonderful homes, businesses, stores and restaurants that surround this extraordinary area. Take our word for it: there's nothing better than being part of the best neighborhood in New York. We'd love to be — officially! — a part of it again.

Coming out of a once-in-a-lifetime pandemic, we are at a delicate moment in this great city. Moving ahead will demand energy, imagination and grit from all of us. Fortunately, those attributes are in great supply at the Flatiron / 23rd Street Partnership. The momentum is on our side. For our neighborhood, for our community, and for our city, I strongly support the expansion of this district. We need it more than ever.