



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD No. 4

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Chair

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District Manager

January 5, 2007

Ms. Arden Sokolow
Director, Inclusionary Housing/421-a Affordable Housing Program
Division of Housing Incentives
Department of Housing Preservation and Development
100 Gold Street, Room 9-P17
New York, NY 10038

Re: Proposed Inclusionary Housing Project at 601 West 41st Street – River Place II

Dear Ms. Sokolow:

Thank you for attending the meeting of the Board's Clinton/Hell's Kitchen Land Use Committee on December 14, 2006, at which this application was considered, along with the Rockrose application, as the first Inclusionary Housing applications since the Hudson Yards rezoning in 2005. We are pleased that these projects will provide permanently affordable units under the Inclusionary Housing program, and are grateful for your personal attention to the progress of these applications.

However, for the reasons discussed in this letter, at the recommendation of the Clinton/Hell's Kitchen Land Use Committee, Manhattan Community Board No. 4, recommends disapproval of this Lower Income Housing Plan Application unless it is resubmitted with changes. The vote was unanimous.

THE PROJECT

The applicant, an affiliate of Silverstein Properties, is developing River Place II on the east side of Eleventh Avenue between 41st and 42nd Streets, adjacent to River Place I which Silverstein Properties completed in 1999. River Place II, which will complete the development approved when the entire block was rezoned in 1995, is planned to consist of two 57-story residential towers (the "80-20 Towers") and the 12-story residential building that is the subject of this application (the "Inclusionary Building").

The Inclusionary Building is planned to contain 83 units (24 studios, 15 one bedroom units and 44 two bedroom units), all of which will be permanently set aside for lower income households earning up to 80% of area median income. The application seeks to qualify these units as inclusionary housing to generate a 2 FAR bonus for the 80-20 Towers in accordance with Sections 23-90 and 96-21(b)(1) of the Zoning Resolution. (This bonus is locally referred to as the "Clinton Bonus.")

The Inclusionary Building is planned to be located at the southeast corner of the development site, on the northwest corner of Eleventh Avenue and 41st Street, with an entrance on West 41st Street, opposite

the MTA's Quill bus garage. The building's Eleventh Avenue frontage will be occupied by retail space that will be separately owned and operated, presumably by the owner of the 80-20 Towers. The main entrance to the 80-20 Towers will be from 42nd Street via a through-block drive from 42nd to 41st Streets. There will be no access to the Inclusionary Building from the through-block drive.

Phipps Affordable Housing Development Fund Corporation, an independent not-for-profit organization with extensive experience in owning and managing affordable housing, will act as Administering Agent. The application does not indicate who will manage the Inclusionary Building.

Silverstein Properties plans to submit a separate application under the Inclusionary Housing Program for the lower income units in the 80-20 Towers, making those units permanently affordable and generating an inclusionary housing bonus that may be used on another (and as yet unidentified) development project in Community District 4.

OUR COMMENTS

1. This separate and unequal housing abuses the intent of the Inclusionary Housing Program.

With its entrance "around back" opposite the blank wall of the bus garage and its oddly-shaped apartments, the Inclusionary Building appears to be an after-thought, designed to fill in the least desirable portion of the development site after the plans for the 80-20 Towers had been laid out. As planned, it will look and feel like the maids' quarters for the rest of the project, defeating the goal of "inclusion" for which this bonus program is named. On behalf of the building's future residents, the Board finds this truly insulting.

Despite these overwhelming disadvantages, we recognize that having the inclusionary units in a separate building offers the advantages of securing 80 more permanently affordable units in our community, and affordability to households making up to 80% of AMI, as opposed to the usual 50% of AMI that would otherwise be applicable. For those reasons, we do not oppose the separate Inclusionary Building, but request the following changes to make it closer to equal for its residents:

- The main entrance should be located on the through-block drive or on Eleventh Avenue, so that residents may enter and leave in the same manner as the residents of the 80-20 Towers or at least on an active street.
- Some of the odder shaped units should be combined to create more practical living spaces. In general, we strongly prefer fewer and bigger units, appropriate for families. A healthy neighborhood needs families and families need bigger apartments. We are pleased that the building already includes so many 2 bedroom units (53% of the total), but would like to see even more.
- The quality of construction, fixtures, equipment and building services must be comparable to the 80-20 Towers, as would be required if the inclusionary units were considered on-site.

2. This project shortchanges our community.

The applicant wishes to qualify the Inclusionary Building as off-site development, which generates the inclusionary floor area bonus with less lower income housing than would be required in an on-site development. An off-site development generates 4 bonus square feet for each square foot of lower income housing, while an on-site development generates only 3.7 bonus square feet. In River Place II, it would take an additional 6,354 square feet of lower income housing to generate the maximum bonus if the inclusionary housing were considered on-site.

In fact, this inclusionary housing is on-site, since it is all part of the same development site, being developed at the same time by the same owner with an architectural design intended to “make the complex feel like one,” according to the architect.

We urge HPD to prevent this shortchanging of our community. The difference of 6,354 square feet, which would amount to approximately 8 lower income units (or 10% more than the 80 units now planned), is simultaneously embarrassingly insignificant to the entire River Place II development and enormously valuable to the 8 additional households that could be served and to our fight to preserve and increase affordable housing in our community. The amount of lower income housing in the Inclusionary Building should be increased by 6,354 square feet.

3. Project Management and Financial Security.

We urge HPD to ensure that the Inclusionary Building will be properly managed and that its finances are secure.

Management. It would be preferable if Phipps, in addition to acting as Administering Agent, also served as manager of the building. Indeed, since the building must be permanently restricted to lower income housing, its future would be best assured if Phipps also owned the building. Phipps is well known for the quality of its management and ownership of affordable housing. Silverstein Properties is not.

Management services in the Inclusionary Building should be equivalent to the services in the 80-20 Towers. In particular, we note that the proposed operating expenses include only 3 full-time security staff, which means that the building will be without security staff the equivalent of two full days a week. This is inadequate and unacceptable for this neighborhood.

Financial Security. We question the advisability of removing the building’s commercial space from the operating budget. To ensure that the budget includes adequate revenue to support the building’s operations, all revenues derived from the building should be used to support the building’s operations, and should not be diverted to other budgets in River Place II.

In conclusion, this application demonstrates the aggressive use developers will seek to make of the Inclusionary Housing Program in this overheated post-Hudson Yards development environment. While the applicant’s creativity in using both the Clinton Bonus and the commoditized inclusionary housing bonus is to be admired, we must ensure that the policies underlying the Inclusionary Housing Program are not compromised, and that quality affordable housing is produced of which we can all be proud.

Sincerely,



J. Lee Compton
Chair
Manhattan Community Board 4



Anna Hayes Levin
Chair
Clinton/Hell's Kitchen Land Use

cc: Applicant/Representative
Assistant Commissioner Colon, HPD
Electeds