



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD FOUR

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COREY JOHNSON
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District Manager

August 9, 2013

Mathew Wambua, Commissioner
Dept. of Housing Preservation and Development
100 Gold Street
New York, NY 10007

**Re: 546 West 44th Street
Inclusionary Housing—Lower Income Housing Plan Application**

Dear Commissioner Wambua:

The Lower Income Housing Plan Application (the “Application”) for CREF 546 West 44th Street LLC’s¹ (the “Applicant”) development at 546 West 44th Street (the “Project”) was discussed at the July 25, 2013 meeting of Manhattan Community Board 4’s (CB4) Housing Health and Human Services (HH&HS) Committee. CB4 voted to recommend **denial** of the Application **unless the conditions enumerated below are met**, some of which have already been agreed to by the Applicant (see attached letter dated July 31, 2013).

The Project: An Overview

The project site is located on a through block site from West 43rd Street to West 44th Street between 10th and 11th Avenues. This site is located in Western Subarea C2 of the Other Areas of the Special Clinton District. The site is zoned R9 with a 135 foot height limit. This R9 District has a maximum residential Floor Area Ratio (FAR) of 6.0 which is bonusable to 8.0 via the NYC Inclusionary Housing Program. The Applicant has elected to pursue this Inclusionary Housing bonus.

The Project has 150’ of frontage on West 44th Street and 125’ of frontage on West 43rd Street. The building consists of two 14-story buildings with a common cellar separated by a landscaped courtyard with a breezeway. The Project is approximately 265,000 square feet. As there is not a midblock commercial overlay, this building will not contain retail space. The Project includes 280 units of which 62 are permanently affordable for low income individuals and families. Those 62 units include 24 studios, 25 one-bedrooms, and 13 two-bedrooms. The main entrance to the building will be on West 43rd Street and will be staffed with a 24/7 doorman. There will be a secondary entrance, accessible via keycard, on West 44th Street.

¹ CREF 546 West 44th Street LLC includes USAA Real Estate Company, DHA Capital, and Crimson Real Estate Fund, L.P.

Housing Program

The Project will be privately financed without the use of 80/20 tax-exempt bonds, common to so many of the development projects presented to CB4 in the last 8 years. However, the Applicant will seek a 421(a) Tax Exemption and will provide affordable units to meet the requirements of that exemption. Beyond the 35 year requirement of the tax exemption, the low income units in the Project are made permanently affordable through a deed restriction under the New York City Inclusionary Housing Program. The Application, as submitted to the New York City Department of Housing Preservation and Development (HPD) by the Applicant, will govern the 62 apartments to be created under the Inclusionary Housing program, 56 of these units will be made available to those at or below 60% of Area Median Income (AMI) and 6 units to those at 80% of AMI. Common Ground will be the Administering Agent for the Project. CB4 is pleased that all of the Inclusionary units for the Project will be developed on-site. CB4 supports and appreciates its diversity and the Project, if fully integrated, will celebrate that diversity. CB4 particularly appreciates the Applicant's willingness to market the 6 units which are not covered by the 421-(a) to individuals and families at up to 80% of AMI. Since the majority of the Inclusionary projects in this neighborhood are also 80/20's, they only reach tenants at up to 60% of AMI. These 80% of AMI units will be affordable to working individuals and families at slightly higher incomes.

Environmental

The project has an (E) designation on the site. An (E) designation provides notice of the presence of an environmental requirement pertaining to potential hazardous materials contamination, high ambient noise levels or air emission concerns on a particular tax lot. Before any new construction or change in land use can take place on the property, the environmental requirements of the (E) designation must be satisfied. The Applicant will be participating in a clean-up to resolve the environmental issues. The Applicant plans to install a concrete slab with vapor barrier, a passive under-slab ventilation system, laminated glass windows, and trickle vents.

Amenities

The Project features 20,245 square feet of recreational space. Building amenities include coffee bar/library, club room, storage lockers, a screening room, demonstration kitchen, rooftop open space, a laundry room, gym, children's play area, game lounge, and bike storage with direct sidewalk access. All of the outdoor space, the coffee bar/library, club room, screening room, and children's play room will be open to all residents of the building at no cost. There will be a fee for a bundled package the gym, demonstration kitchen, and game room. While final fees for these amenities have not yet been set, the Applicant expects to charge \$50-\$75/month for this package. Residents of the affordable units would receive a 20% discount. Bike storage will be approximately \$10/month. Additionally, there is a washer, dryer and dishwasher in every unit in the building.

NOW, therefore, be it resolved that Manhattan Community Board 4 recommends denial of the Application for 546 West 44th Street, ***unless the following conditions, which have been agreed to by the Applicant, are included in the Lower Income Housing Plan executed by HPD:***

Permanent Affordability

- A Restrictive Declaration be filed that requires development of 56 units of housing in the Project, affordable *in perpetuity*, to those earning less than 60% of AMI and 6 units of housing in the Project, affordable *in perpetuity*, to those earning less than 80% of AMI.

Marketing

- The Inclusionary units will be subject to a 50% community preference.

Amenities

- CB4 is pleased that the rooftop outdoor space, club room, coffee bar/library, children's play room and screening room are open to all residents free of charge in order to allow tenants of the building to interact in order to form a fully integrated community. The Applicant has stated their intention to charge the low-income tenants in the building 80% of the cost of the fee-based amenity space. Given the large volume of free amenity space in this building, CB4 believes the proposed monthly rate for the demonstration kitchen, gym and game room is affordable with the 20% discount.

Apartment Distribution

Within Floors

- According to the plans, affordable units are distributed amongst all of the building exposures. However, the bulk of the affordable units are in the north building while there are only two units per floor on the south building. At the Committee meeting, CB4 requested that the Applicant move one unit per floor from the northern tower to the south tower. CB4 is pleased the Applicant has agreed to convert the street-facing "K" line units in the north building to market-rate units and the courtyard-facing "K" units in the south building to affordable units. This will allow for more units in the south building and also more courtyard-facing affordable units.

NOW, therefore, be it further resolved that Manhattan Community Board 4 recommends denial of the Application for 551 Tenth Avenue, ***unless the following conditions, which have been not yet been agreed to by the Applicant, are included in the Lower Income Housing Plan executed by HPD:***

Apartment Distribution

Among Floors

- CB4 acknowledges that HPD only requires apartment distribution throughout 65% of the floors. Currently, the Applicant has distributed apartments across 71% of the floors. CB4 requests that the Applicant redistribute the units so that affordable units are located on at

least 80% of the floors. However, CB4 reiterates its longstanding position that apartment distribution should be among 100% of the floors.

Apartment Finishes

- CB4 is pleased that all of the appliances in the units will be the same and that the affordable units include washers, dryers and dishwashers. However, the Applicant has stated that the majority of the apartment finishes will not be the same. The Applicant has stated that all of the units will have engineered wood floors, no units will have parquet flooring, however this engineered wood flooring will differ between the market-rate and affordable units. Additionally, the kitchen cabinetry will differ and the affordable units will have laminate kitchen and bathroom countertops. CB4 reiterates its requested that HPD and elected officials work together to achieve parity in all finished in Inclusionary projects.

Jobs

- Applicant will apprise CB4 of job opportunities the can be filled by community residents so that CB4 may post those opportunities on its website.

Thank you for the opportunity to provide comments and submit recommendations on this important Application.

Sincerely,



Corey Johnson
Chair



[signed 8/9/13]
Barbara Davis, Co-Chair
Housing, Health &
Human Services Committee

Joe Restuccia, Co-Chair
Housing, Health &
Human Services Committee

cc: All Local Electeds
RuthAnne Visnauskas, Beatriz de la Torre, Thehbia Walters – HPD
Alisha Ozeri, Sara Levenson – HPD
CREF 546 West 44th Street LLC
Common Ground
Seiden & Schein, P.C.