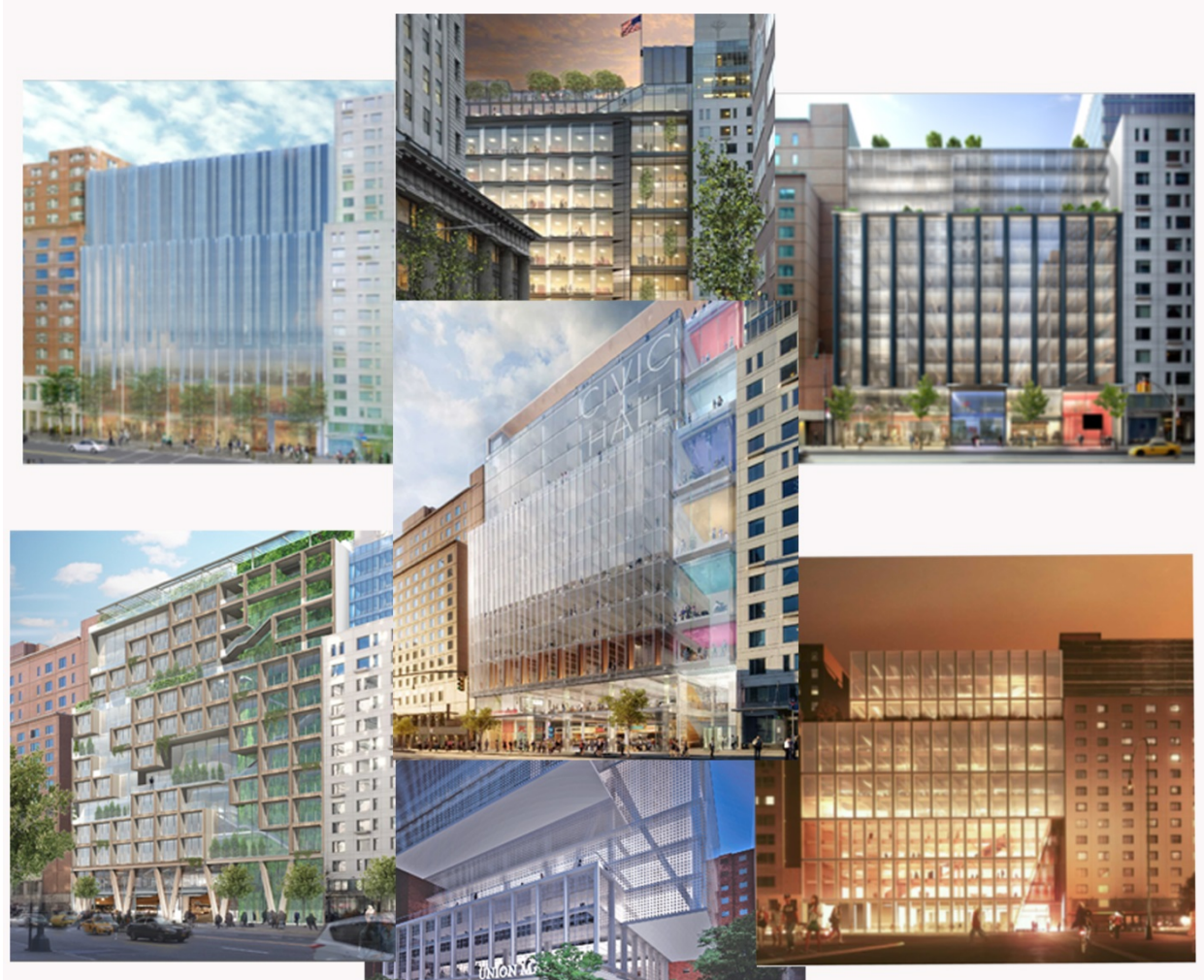


Picking Favorites: The 14th Street Tech Hub



**How Were Donors to the Mayor's
Campaign for One New York
& Presidential Campaign**

**Chosen to Develop an Incredibly Valuable
Publicly-Owned Site on Union Square?**

A Report by

GREENWICH
VILLAGE SOCIETY
FOR HISTORIC
PRESERVATION
**VILLAGE
PRESERVATION**

On November 2015, the New York City Economic Development Corporation (NYCEDC) released a call for proposals to develop the city-owned property at 124 East 14th Street.

Over a dozen parties submitted proposals.

RAL Development and Suffolk Construction were the ultimate winners, and their controversial plan involving a commercial upzoning for a 21-story office tower was approved by the City Planning Commission and the City Council.

But RAL Development and Suffolk Construction originally submitted an as-of-right proposal that required no upzoning, and included vastly more “community facility” space than what was finally approved.

Questions remain about how and why RAL and Suffolk were selected and how their proposal dramatically changed from an as-of-right proposal to one that included a massive commercial upzoning once in the Mayor and NYCEDC’s hands.

To help find answers, through Freedom of Information requests, we examined all the proposals submitted.

What follows are the results.

How did NYCEDC pick donors to the Mayor's Campaign for One New York and his presidential campaign to develop a city-owned property at 124 East 14th Street?

After months of research and Freedom of Information Requests, Village Preservation has exposed the terms of the Mayor's 14th Street Tech Hub deal and upzoning, and the results are not pretty.

We discovered that:

- The developer of the planned 21-story office tower on the site will actually be paying less in rent to the City for the first three years than the 2-story PC Richards store which operated there for decades. After 3 years RAL will pay the City \$2.3 million in rent, only \$600,000 more than P.C. Richards was paying, but for a building 19 floors taller. Figure 1 and 1A.



Figure 1: Emails between RAL Development Financial Director and NYCEDC Chief of Staff revealing that "P.C. Richard's rent is \$1.7 million a year."

WHEREAS, The Lessee shall make an initial \$5,000,000.00 payment upon closing; thereafter, commencing in the fourth year lease the annual rent shall be \$2,300,000, with 2% annual escalations beginning in the ninth lease year. Periodically the rent shall be reset based on a fair market value appraisal of the land as encumbered by the lease; and

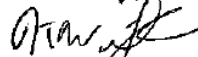
Figure 1A: Manhattan Borough Board Resolution indicating rent schedule for RAL Development.

- The City had absolutely no written records – no notes, no scoring sheet, no criteria for evaluation – of why the developer who was selected was chosen over other, less controversial and less impactful plans. While other bidders did not ask for or require the controversial upzoning for the site which allowed a large increase in the amount of purely for-profit commercial office space to be developed on the site, and which increases development pressure upon the surrounding neighborhood, this one did.

This correspondence is in further response to your request addressed to the New York City Economic Development Corporation (“NYCEDC”) received on April 10, 2018, pursuant to Freedom of Information Law (“FOIL”), Article 6 of the Public Officers Law, requesting the scoring sheet or ratings and notes for all of the applications submitted for the RFP for 124 East 14th Street and all relevant notes and ratings, grades and sheets that informed the determination of who was selected.

NYCEDC has diligently searched its files and has located no responsive records. With provision of this information, NYCEDC considers your FOIL request to be complete. Any appeal with respect to this determination should be addressed in writing to Judy Fensterman, New York City Economic Development Corporation, 110 William Street, New York, New York 10038, within thirty (30) days from the date of this letter.

Sincerely,



Kurt Wintje
Records Access Officer

Figure 2: Letter from NYCEDC in response to FOIL request for any notes and ratings, grades and sheets that informed the determination of who was selected stating they “located no responsive records.”

As reported in the NY Daily News: Figure 3

“EDC spokeswoman Stephanie Baez said it is “typically the case” that agency staffers deliberate over bidders orally and that a paper trail of deliberations wouldn’t have been created necessarily.”

The good government group Citizen Union [called the revelations](#) of how the Mayor handled this selection process *“really bad,” “not above board,”* and part of *“a pattern”* of favoring campaign donors by the Mayor.



Figure 3: Headline of NY Daily News Sunday, May 5, 2019.

What was *previously known*:

As had been widely reported, the NYCEDC's selected respondent, RAL Development, made at least \$10,000 in contributions to Mayor de Blasio's disbanded "Campaign for One New York" at the time that they were seeking selection, and other partners in the project made significant contributions to the Mayor's campaign (*see Appendix A, Item 1*).

Lobbyists hired by RAL Development, including Capalino & Associates, were reported to have been paid nearly \$300,000 for working on this project as of last year (*see Appendix A, Item 2*). Retainer Agreements indicate payments will continue through the end of 2019, increasing that number significantly (*see Appendix A, Item 3*.)

For the election year cycle 2017 Citywide Elections, James Capalino as an *Intermediary* bundled \$44,940 for Mayor Bill de Blasio's campaign (*see Appendix A, Item 4*).

In 2018, Capalino paid a \$40,000 settlement to the state's ethics watchdog (*see Appendix A, Item 5*).

Mayor de Blasio's defunct fundraising group faces an ongoing state ethics probe (*see Appendix A, Item 6*).

Head of Suffolk Construction threw a \$5,000 /head fundraiser for the Mayor's Fairness PAC (see Appendix A, Item 7).

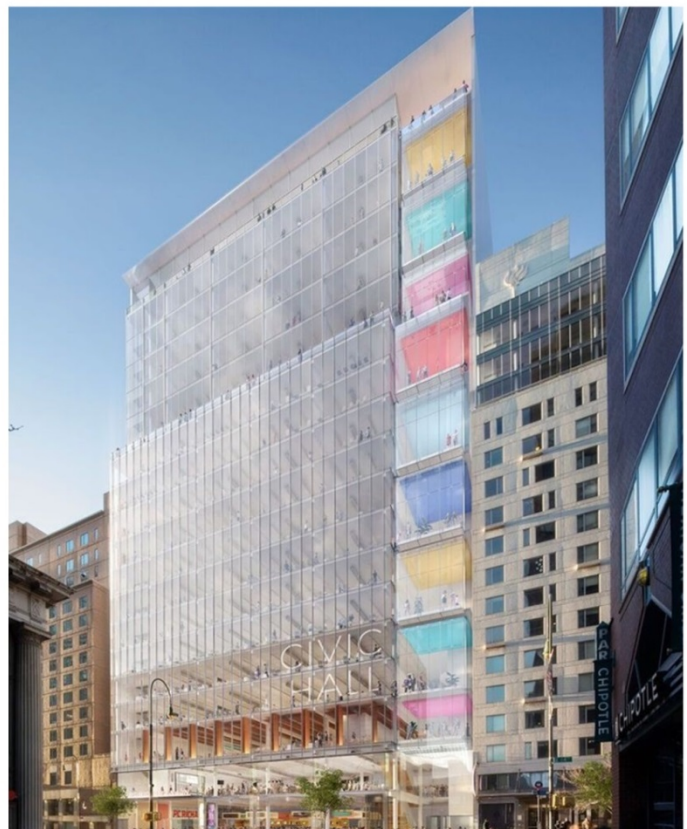
RAL Development principals, spouse of RAL chief (Ronny Levine), and the head of Suffolk Construction (John Fish) each donated to Mayor's presidential campaign. (see Appendix A, Item 8).

What is *new*:

RAL Development and Suffolk Construction originally submitted an as-of-right proposal to the NYCEDC that required no upzoning, and would have included vastly more "community facility" space than what was ultimately submitted as part of the approved final project. Why did it change?

At right, 21 story office tower as upzoned and finally approved by the NYC Council.

Below left is the original proposal submitted to NYCEDC for as-of-right development with no market rate office space.



In this report we analyzed over 1,300 pages of proposals. We found that a number of as-of-right responses by several developers and educational institutions were passed over. Instead, a higher impact development with much more market rate commercial space and less space benefitting the public, submitted by donors/fundraisers of the Mayor's, was selected.

We share how each of the RFP respondent's described in their own words their proposal and what they looked like. Included is a chart with financial offers, purchase options and job creation estimates when provided. (Much of what we obtained was heavily redacted.)

Only the Comptroller or the City Council can obtain unredacted versions and agency communications to thoroughly review the proposals and process by which RAL was selected and how their proposal was changed to include a significant commercial upzoning with 8 floors of purely market rate office space that was never referenced in their original proposal.

While some proposals projected approximately \$1 billion in revenue for the city over time, there were no notes of calculations and written evaluations of the relative merits of each proposal made by NYCEDC.

As compared to the chosen project, some projects offered more money or a stronger educational and technology partnership --an ostensible priority of the city-- with partners like the 14th Street Y, the New School, Tesla and others.

Some respondents requested to be able to add or change their submission if different zoning or financial arrangements would be considered by the City.

RAL Development and Suffolk Construction were selected.

Project Timeline: Background and Status

History and Status

- | | |
|-----------------------------|---|
| ▪ November 5, 2015 | RFP Issue Date |
| ▪ December 13, 2016 | Developer Selection Date |
| ▪ January 29, 2018 | ULURP Certification |
| ▪ February 7, 2018 | CB 3 Joint Committee Hearing & Vote |
| ▪ February 27, 2018 | <i>CB3 Full Board Vote (Approval w/ Conditions)</i> |
| ▪ May 3, 2018 | <i>Borough President Vote (Approval w/ Conditions)</i> |
| ▪ May 9, 2018 | CPC Hearing |
| ▪ June 27, 2018 | CPC Vote & Approval |
| ▪ July 10, 2018 | City Council Zoning & Franchises Sub-Committee Hearing |
| ▪ August 2, 2018 | City Council Zoning & Franchises Sub-Committee Approval |
| ▪ August 8, 2018 | <i>City Council ULURP Approval</i> |
| ▪ September 20, 2018 | Manhattan Borough Board 384(b)(4) Hearing |

What was submitted and what was approved:

- RAL and Suffolk along with seven other different respondents submitted as-of-right proposals for a 170' building
- Originally "Civic Hall", the section of the building intended for community use, was to occupy up to 90,000 sq feet in an as-of-right 170' tall building. What was ultimately approved included far less space for "Civic Hall", though the building grew by 8 additional floors of 100% market rate office space.
- In original proposal, RAL indicated the taxes they would pay would add up to \$735,300,000 in projected 99 year value (see figure A). But in the approved plan, RAL will instead only make unspecified Payments In Lieu of Taxes (see figure B).

Real Estate Taxes	
The property would pay real estate taxes to New York City at the prevailing tax rate. Due to the location of the site and the fact that it is a ground up development, the project is not eligible for an ICAP abatement. Below is our estimate of the real estate tax benefit to the City.	
Projected Ten Year Value	\$29,500,000
Projected Ninety Nine Year Value	\$735,300,000

Figure A above: From RAL Development/ Suffolk Construction original proposal to NYCEDC.

WHEREAS, the Lessee shall make Payments In Lieu of Taxes ("PILOT") as established by NYCEDC; and
--

Figure B above: From Manhattan Borough Board Resolution, September 20, 2018.

- "Scholarship" program of \$200,000 actually comes from a *reduction* in the rent paid by RAL, not an additional amount of public benefit (See figure C).

WHEREAS, commencing at such time that the Workforce Development Space is fully occupied, the Lessee is obligated to, in lieu of an amount in rent equal to \$200,000, subject to annual escalations based on increases to the Consumer Price Index, pay to fund the programmatic elements of the Workforce Development Space; and

Figure C above: From Manhattan Borough Board Resolution, September 20, 2018

Comparison of as-of-right Tech Hub proposals submitted

(Created by Village Preservation where information provided and not redacted.)

Respondent	Height	Rent offer for 1 st Year (\$)	Rent offer for last year (\$)	Total rent (\$)	Up front Payment (\$)	Purchase Option (\$)	Jobs	LEED	MWB % goal (Minority & Women Business hiring)
ClearRock Properties	170	1,250,000	2,947,435			60,000,000	1,760	Gold	20-35
Dynasty Management	170	1,000,000	4,076,954			60,000,000	2,700	Gold	35
IBK Construction Group	170	1,500,000	10,444,991					Gold	30
Kushner Companies	170	3,500,000	9,280,314	587,311,723		50,000,000 TBD			20-35
Midtown Equities LLC	170	750,000	2,533,811		7,500,000			Gold	20
RAL/Suffolk original	170	500,000	1,975,745	106,285,959	25,000,000	\$1 (at end of lease)		Gold	20-35
RAL/Suffolk Proposal B	170	300,000	1,185,447	63,771,575	12,000,000	\$1 (at end of lease)		Gold	20-35
Simon Baron Development	170	2,000,000	13,926,655		5,000,000		747	Gold	35
Trinity Place Holdings Inc.	170	625,000	8,894,857					Silver	

As-of-Right Respondents to NYCEDC Request for Proposals For Tech Hub

None were selected, and NYCEDC indicates they have no written record of how they rated the proposals, the criteria they based their evaluations on, or why they picked RAL Development and Suffolk Construction and gave them a large commercial upzoning not required by their original proposal.

IRVING **YARD**



“On behalf of Trinity Place Holdings and McKissack & McKissack (McKissack), we are pleased to present Irving Yard – our exciting proposal to develop an innovation and lifestyle center along East 14th Street. Our two companies have come together as co-developers for this project and are committed to creating a destination that is focused on fostering the jobs and businesses of the new economy.

Irving Yard will be a special place. First, we have joined with The New School, who will create a new and substantial graduate center: The Center for the Design of Human Experience. Collaborating with the Massachusetts Institute of Technology (MIT) and India’s Shiv Nadar University, The New School will be focused on training and investing in entrepreneurs for hightech jobs in the 21st-century economy within its space. Second, we have committed to creating the specific type of office space required for today’s “step up” firms that struggle to find lease terms that work for their rapidly growing businesses. We will also bring a best-in-class retail program to the neighborhood, with a curated food market (GreenYard) at its centerpiece, along with an affordable fitness center and play space for children. We are also committed to developing new open space for residents of the Genesis Apartments, and creating new opportunities for local residents through our HIRE NYC Program.

We have turned to the award-winning Annabelle Selldorf Partners to design the thoughtful spaces that Irving Yard warrants. They have created a richly textured LEED Silver building that lauds the City’s vision for the space, the history of the site, and its visibility along one of Manhattan’s busiest corridors.

To execute our vision, we have created a team of highly accomplished real estate, construction, engineering and design firms that reflect the talent and diversity of New York City. Trinity Place Holdings Inc., a publicly-traded real estate development and investment company, is formed of seasoned real estate executives who have decades of experience building and financing complex mixed-use public-private developments in New York City. McKissack, the oldest M/WBEconstruction firm in the country, headquartered in New York City, will co-develop this project and bring its extensive experience building complex urban projects to lead our construction services.

As New York's traditional business districts expand to accommodate a new model of work – one in which firms, their employees, and their customers prize a 24/7 urban environment that mixes business, recreation, culture, and education – Irving Yard is the logical progression for the entrepreneurial young firms that thrive on Downtown's energy and require easy access to the city's most exciting residential neighborhoods. With approximately over 90,000 square feet of rentable office space designed specifically for these small but growing users, Irving Yard will attract hundreds of new jobs to the area, and preserve smaller-scale office spaces for users that the city needs but that commercial landlords tend to overlook.

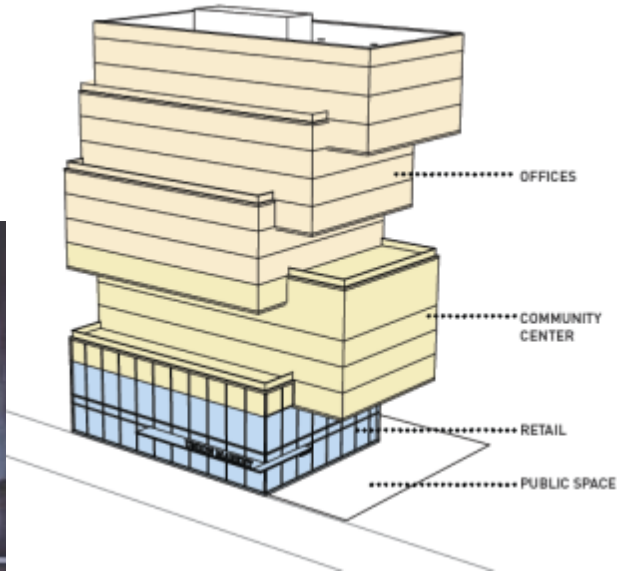
With The New School's graduate-level innovation center and strong business partnerships, seven floors of modern office space, and varied retail spaces that will invigorate the building and serve the community, our project celebrates the City's vision as laid out in your RFP. We can't wait to meet with you to discuss our proposal in person."

[View proposal here.](#)



Partner:

RealWorks



Summary: Being at the nexus of NYC and in proximity to Union Square Park, the site has the potential to be converted into a destination for New Yorkers, catering to their various needs. We propose a modern development that gives back to the community with its public spaces, provides flexible layout offices for the growing number of technology firms and offers active day-time retail with its food hall and court. On the urban scale, the site is in the intersection of the green axis, southbound starting at Gramercy Park and eastbound to Stuyvesant Park. The pedestrian movement coming through the axis will be absorbed at our site. An outdoors public space is proposed, aligned with Irving Place, absorbing the high level of commute towards the building. This outdoors space will act as an extension to Union Square Park, providing more activity spaces seating to its daytime users. Being close to New York University dormitories, it is also an urban foyer for students and their creative discussions. We bring the outdoors interaction indoors by bringing local and artisanal food hall and court at the ground and second level of our development. As local New Yorkers, we realize know the lack of indoors, permanent local food markets and wish that there were everyday farmer markets or food fairs. Taking the concept of coworking, we apply it to co-retail, allowing the community to have everyday access to variety of local food vendors and grocers. In summertime the entire ground floor will open

up, and along with the outdoors public space, this 15,450 sqft will transform into a major public destination for the people of NYC, with potential of daytime activities and entertainment. The community facility use is spread out within the proposed development, welcoming embedding the public welcoming in to the building site. A premier community center is proposed on five levels of the new building, emphasizing the site's commitment to give back to the building tenants and neighborhood community. At the core of our proposal is a high-tech office space program that will support the exponential growth of "Silicon Alley". On 7th floor and up, our proposed development has ready to move in office spaces with open, flexible layouts that are ideal for technology companies and creative studios that do modeling and prototyping. The amenities envisioned within the community space will bring great convenience to the companies and their employees.

Other info: Community Facility Program We have decided to take advantage of the 40,000+ square feet community facility zoning bonus with the main goal of providing premier office space for educational-based organizations at a below-market rent. Open Space for Genesis Building Our proposal for the building design retains open space for the residents of the Genesis Building and provides additional open space with a 5,000 square foot public space concept that will envelop the subject property. Commit to hiring: Crescent Consulting

[View proposal here.](#)



“The consideration proposed by Midtown is based upon the premise that no component of the Project is developed as residential and no upzoning or relief from the zoning code is obtained to increase the size of the building envelope. The Project is assumed to be built as-of-right.”

“Midtown would gladly welcome the opportunity to increase the density, height or other components of the Project, but based upon our discussions with land use counsel and experience, obtaining any variances from current zoning code comes with substantial risk and would delay the project for some time. We of course remain open to entering into a dialogue with the City to expand the envelope of the Project.”

Summary: The primary program objective for the Project is the development of a 21st Century work environment that encourages and enables new and maturing creative startup enterprises to flourish in the City, all within a building envelope that will set a precedent for sustainable design. Unlike their predecessors, new creative work environments are open, flexible, and encourage the interaction of people and sharing of ideas. The Project will consist of a ground floor and lower level retail market, small to mid-size office space for high growth companies on upper floors, and a rooftop garden / farm-to-table restaurant on the top floors. The site is situated in a unique location on 14th Street as it sits at the intersection of Irving Place, opposite

Gramercy Park. Using Irving Place as a corridor, our design creates a dialogue with Gramercy Park, acting as an extension of the park and expanding it vertically. Our proposal envisions a “vertical park” by building a living green wall in an atrium that extends from the lobby to the rooftop. This design relates itself to the neighborhood and connects larger ideas such as sustainability with programmatic elements, including the rooftop garden and farm-to-table restaurant. Based upon our concept and plan, tenants representing over 80,000 square feet have already expressed interest in occupying our facility. Additionally, the leading company on energy innovation-- Tesla Motors--is partnering with us to create a ground breaking development that will serve as an example for sustainable design. Through this proposal, Midtown hopes to provide a much needed space for companies to increase Silicon Alley’s presence, foster a relationship with the Other: The primary program objective for 124 East 14th Street is the development of a 21st Century work environment that encourages and enables new and maturing creative startup enterprises to flourish in the City. Unlike their predecessors, new creative work environments are open, flexible, and changing that encourage the interaction of people and sharing of ideas Other major program elements that compliment this creative work environment include a destination food hall--Irving Market-- at ground floor and cellar levels, and a restaurant on the building’s top floor integrated with a rooftop greenhouse for growing produce –enabling true farm-to-table dining experience in the heart of the City.

[View proposal here.](#)

SIMON BARON
OWNER . DEVELOPER



124 East 14

The fundamental goal of our project is to create responsive and affordable work space options that will contribute to the creation of a new tech hub in Union Square; we will capitalize on the substantial academic and transportation infrastructure in the neighborhood and its proximity to the Flatiron District's tech/innovation ecosystem, Silicon Alley. Our **124 East 14** project is geared towards the City's tech-startup-fueled future, as it will provide work spaces for emerging companies, primarily targeting recent startups that outgrow incubators and basic co-working spaces and require an affordable next step to allow them to further grow/evolve.

Other: "NYU filed a restrictive declaration in 1997, agreeing to close its windows between floors 6 to 19 on the lot line with the Site if a building is constructed less than 60' from these exterior openings. This proposal assumes that NYU will comply with its obligations under the restrictive declaration." Noting Manhattan Community Board #3 concerns, we are proposing a food market space that will be oriented primarily for day-time users and will be programmed to be respectful of its residential neighbors in terms of noise and immediate street crowding. We will create enhanced street frontage, which announces our retail and office presence while activating the street but that is also sensitive to noise and congestion generation. Our residential concept is directly informed by our commercial concept and our targeted tenants. Should we proceed with a residential component, our residences will be designed, constructed, and managed to provide a new residential alternative that is affordable, flexible, and, like our commercial concept, responsive to needs that are not currently being met in the area. The residential portion will provide affordable and efficiently-designed apartments for our work-space tenants (live - work) and/or others of a similar demographic who are currently priced out

of the area. Adding these affordable living space helps ensure the continuing vibrancy of the Union Square neighborhood with the presence of more diverse full-time residents in the area. Such a population helps to counterbalance the growing secondary resident population in the Union Square area, with its growing preponderance of luxury housing that sometimes remains unoccupied. With the help of Leeding Builders Group, we will encourage, where economically and technically feasible, the formation of joint ventures, partnerships, or other similar arrangements among contractors to maximize the chances of M/WBE's being selected. Where economically and technically feasible, we will divide the work into smaller portions to enhance participation by M/WBEs. Hiring Goal: Fill fifty percent (50%) of all new permanent jobs created in conjunction with the project with members of the Target Population

We will partner with local community-based and workforce development organizations such as Manhattan Community Board #3, Lower East Side Employment Network (LESEN), NYCHA Office of Resident Economic Empowerment and Sustainability, among other groups, to assist in meeting our HireNYC goals;

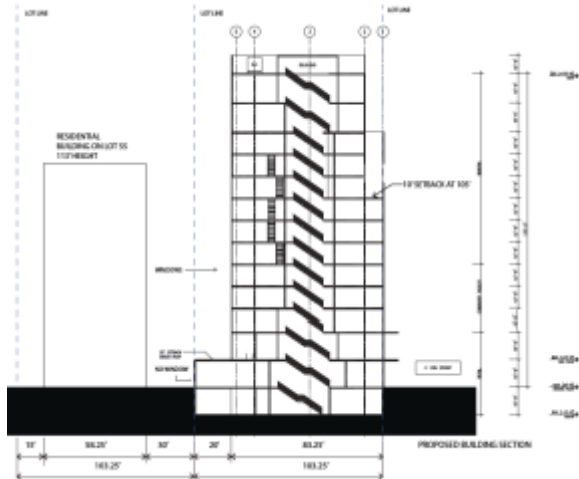
[View proposal here.](#)

Educational Museum (Confidential)



The project team has engaged a nationally recognized Manhattan-based museum to lease the community space floors for the purpose of relocating its museum into the building. The project team has had preliminary discussions with the museum's real estate team and have commenced with negotiations. The project has been identified as an ideal solution for the museum's future space needs given the flexibility of layout and optimal foot traffic location. With strong capital backing, the museum, along with the project team, will develop an exceptional and iconic public presence on 14th Street that will tie the building's inhabitants in with the greater Union Square community. Summary: Irving PL.U.S will not only provide the City with a new template for office space, it will also absorb the tranquility of Irving Place and energy of Union Square into one unique public experience. It will be a highly sought locale for technology and creative workers to collaborate and network with fellow community members. From the Market Hall to the co-working space, Irving PL.U.S. is dedicated to providing companies with an environment that fosters innovation; a place where companies can envision their next step and future growth.

[View proposal here.](#)



Kushner Companies in collaboration with WeWork is very pleased to submit a proposal for the redevelopment of 124 East 14th Street. We are proposing a unique commercial development that will activate an underutilized site in an exciting and rapidly growing neighborhood. 124 East 14th Street will be a 13-story building consisting of 75,210 gross square feet of WeWork office space, 37,350 gross square feet of academic community facility space and 42,545 gross square feet of prime retail, for a total of 155,105 gross square feet.

We responded to the request of the City to create a hub for creative and technologically based firms and listened to the recommendations of community leaders from both the Union Square Partnership and Manhattan Community Board #3 to create a space that can be utilized by the local community and offer unique services.

We have received a commitment from the New York City Foundation for Computer Science Education (CSNYC) who is interested in leasing space for a handful of their member organizations that are focused on the development and implementation of computer science curriculum in New York City public schools.

We have also had extensive conversations with the New York City public high school, the Academy of Software Engineering, about finding ways for their students to utilize this innovation hub. CSNYC hopes to be able to operate a high-tech educational space and/or lab

for the high school that would serve as a learning lab for New York City public school teachers in the evening.

Additionally, we have received interest from local university partners who are interested in taking space in the building to operate an innovation lab for their students. WeWork would operate this “University Hub” and offer the space to the universities at a discounted rate—a model proven successful at our Soho West location, where Columbia University has created an independent lab.

Flatiron School

Flatiron School brings together people with diverse perspectives and backgrounds who are passionate about technology—from investment bankers and spinal surgeons to cartoonists and skydiving instructors. Flatiron School graduates now work as software developers in companies like The New York Times, Kickstarter, Etsy, and Google.

Flatiron’s web and iOS Immersive courses are 12 weeks, full-time, and train people for careers in software development. They have partnered with New York City to launch the NYC Web Development Fellowship and provide free training to underrepresented groups in the tech community. They also offer part-time courses, corporate training, and a Pre-College Program for high school students.

We have partnered with Urbanspace to design a food hall with a variety of local culinary vendors that would help to activate the space and offer an amenity to the local community. The food hall would be fashioned after City Kitchen in Times Square and occupy the 2nd floor of the building.

[View proposal here.](#)



A mixed use space, with retail, office incubator space and 133 units of corporate housing.

DEVELOPMENT PLAN The overall development program is a mixed use approach with retail at the lower levels, incubator space at the middle levels and corporate housing in the upper levels. This mix of uses, specifically the amenities associated with corporate housing, is to serve the incubator space by providing an attractive and interactive facility that is focused on knowledge, creativity and collaboration. On top of the first floor retail spaces, we propose an elevated landscape terrace for the residents of the Genesis Building. The rooftop terrace will serve to enhance the retail as well as provide additional sustainable features for the building. An additional planted terrace is provided on the uppermost roof surface of the residential tower...

PROPOSED USE & QUALITATIVE SUMMARY As noted in the RFP, economic development is a top priority for the Union Square community. Therefore, we have proposed that incubator and shared office space be located on the next three levels above the retail and commercial floors, allowing for multiple opportunities and configurations for startup companies. Architectural partners, VOA Associates, have vast experience in the design and implementation of corporate and incubator/startup workplace facilities similar to those we are proposing. They have designed a space with flexibility in mind, and the proposed design configurations for 124 East 14th Street will provide tenants with the ability to grow and collaborate with other startup companies, either formally or informally. The amenity area located on the sixth floor, and the potential coffee shops and communal spaces in the commercial space below offers additional places for collaboration outside of the office. Total square footage for the incubator space is 37,125 SF. The sixth floor amenity area will be a shared space to serve the incubator space and

the proposed corporate housing on the uppermost floors. This amenity area will serve as recreational, meeting and “living room” space. The total area of this floor is 9,300 SF. Serendipity Labs, a nationally-recognized operator of shared coworking space, has expressed interest in becoming tenants. Their national reputation will contribute to the strength of the proposed uses for this development, and will attract emerging companies and top talent. Their letter of interest can be in Section 4. Project Financial Information. Floors 7-15 are reserved for corporate housing, which will be designed to an international standard, allowing for living and working in an elegant space with a target area of 400 SF per unit. The number of residential units would be between 129-135 total units at an average of 400 SF per unit. While modern technology allows for collaboration electronically, face to face communication still prevails and its benefits and efficiency remains unmatched. The residential use of the corporate housing units supports this sort of vital, humanistic collaboration and innovation by allowing teams to be in the same place at the same time. This provision affords employees working in the incubator/startup space below or elsewhere in the neighboring community a place to live. Our proposed combination of uses will achieve the economic development goals of the City by attracting top talent, both from within New York City, as well as globally, contributing to a thriving, diverse and culturally robust community. By providing a convenient, robust hub where users, can live, work, collaborate, relax and play, 124 East 14th Street will be a distinguished destination property in the City that will be a vibrant and vital contribution to the community for many years to come.

[View proposal here.](#)

Addendum:

Original

[RAL Development/Suffolk](#)

[Construction redacted](#)

[proposal link](#)

as submitted to NYCEDC

with comparisons to

final proposal as approved

by Mayor and NYC Council

14th @ Irving



[From the original proposal](#), emphasis added:

“The project is anchored by Civic Hall, a unique organization on the forefront of civic innovation occupying the top *four* floors of the 13 story building in our “Proposal A” but within our “Proposal B,” Civic Hall and a consortium of key partners it has assembled will occupy the top *seven* floors of the development.

Under “Proposal B” the project will benefit from the economies of scale and synergies that are realized when young digitally-savvy workers are paired with civic innovators, community organizers, social entrepreneurs and problem-solvers who are already flocking to Civic Hall.

The team believes that the intrinsic value of bringing this consortium of partners together under “Proposal B” measured in direct and indirect economic value of the jobs created, the businesses started and the industries transformed as a result of its existence is worth more than the monetary gain generated from the disposition of the property.”

(Other partners below.)

Capalino+Company



Davis Brody Bond



Cosentini
A TETRA TECH COMPANY



Upfront Payment, Ground Rent Payments & Other Consideration

The 14th @ Irving project is a tremendous opportunity to deliver a comprehensive development plan that will meet existing and projected needs including 21st century skills training and jobs as well as supporting next generation companies that are integral to the New York City economy. Along with achieving the skills training goals set forth in the RFP, our proposal will provide significant financial incentives to the City through an upfront land payment together with ongoing lease and tax payments.

In order to balance the civic and fiscal benefits to the City, we have developed two alternate space allocations within the development that would generate different economic considerations. In each proposal, our tenants will consist of PC Richards, Urbanspace, a TBD event venue, step-up office space, and Civic Hall. The proposals differ, however, with respect to the amount of space allocated to Civic Hall and distribution of the step-up office space. Both proposals include an upfront payment along with annual ground rent payments from RAL to NYCEDC over the course of a 99-year ground lease. RAL will also have a purchase option at the end of the lease term.

PROPOSAL A –

SUMMARY This proposal was developed to achieve the highest fiscal return to the City while also achieving many of the tenancy goals outlined in the RFP. The step-up office space will occupy ~90,000 square feet on floors four through nine with Civic Hall occupying the top four floors of the building. Civic Hall will provide a similar but expanded operation to the one at its current location where it has created a highly motivated and involved community in which diverse innovators work, network, learn and organize to solve civic problems. In this scenario, Civic Hall would occupy ~45,000 square feet with a rent of \$65/sf. While this rent is below market for new class A office space in this location, we believe Civic Hall is the ideal tenant to meet the RFP's goals of creating a technology ecosystem for a 21st century workforce and we have thus made it a staple of our building program. Its tenancy is vital to the creation of the community we are trying to achieve within our development program. In this scenario, we are prepared to make the following proposal.

PROPOSAL B –

SUMMARY In this alternate proposal, we increase the Civic Hall portion of the building to from ~45,000 to ~95,000 square feet. With the additional square footage, Civic Hall would create state of the art workforce development training facilities shared by a consortium of best-in-class New York based skills training development organizations including CSNYC (New York City Foundation for Computer Science Education), General Assembly, Per Scholas, Fedcap, Code to Work, and Coalition for Queens.

(Example # floors for “Civic Hall” from RAL proposal = 7)

SubCellar		9,560	-	12,474	\$	
Cellar		12,952	-	13,876	\$	
1		357	357	357	\$	
1		7,931	7,718	7,928	\$	
1	- Outdoor Terrace	1,894	-	-	\$	
1	Main Lobby	-	1,909	2,001	\$	
1	Service	-	623	918	\$	
2		9,797	10,263	10,680	\$	
7	TOTAL	42,291	20,870	49,636		

Office & Event Space

Units	Type	Rentable Sf	Zoning Area	Gross Area	Annual Rent PSF	Total Annual Rent Value
3	Building Public Event Space w/Prefunction	15,915	11,905	12,342		
4	Step-up Office	15,915	11,910	12,342		
5	Step-up Office	14,474	10,882	11,304		
6	Step-up Office	15,915	11,910	12,342		
18	TOTAL	62,219	46,607	48,330		

Civic Hall

Units	Type	Rentable Sf	Zoning Area	Gross Area	Annual Rent PSF	Total Annual Rent Value
7	Civic Hall	14,474	10,882	11,304		
8	Civic Hall	15,915	11,910	12,342		
9	Civic Hall	14,474	10,882	11,304		
10	Skylobby/Civic Hall -Training/Event Space	13,226	10,042	10,406		
	Outdoor Terrace	1,876	-	-		
11	Civic Hall	12,619	8,707	9,996		
12	Civic Hall	12,619	10,042	10,406		
13	Civic Hall	12,619	8,714	9,996		
R	Accessible Roof/Mechanical/Stair Bulkhead	3,756	1,334	2,845		
UR	Elevator Machine Room/Cooling Towers/EG	-	-	1,538		

Below from Manhattan Borough Board Final Approval Hearing shows far less “Civic Hall” space approved than was originally proposed:

WHEREAS an application to allow NYCEDC and the Lessee a zoning map amendment to rezone the site from a C6-1 zoning district to a C6-4 zoning district, a zoning text amendment to map Mandatory Inclusionary Housing (“MIH”), a zoning text amendment to modify New York City Zoning Resolution Section 74-721 to allow bulk waivers on the Property; a special permit pursuant to New York City Zoning Resolution Section 74-721 to modify the rear yard regulations of Section 23-532 and the height and setback regulations of Section 33-432, was approved by the City Planning Commission, and approved by Resolution of the City Council on June 27, 2018 through the Uniform Land Use Review Procedure (“ULURP”) pursuant to Sections 197-c and 197-d of the New York City Charter; and

WHEREAS, the Lessee proposes to demolish the existing building on the Property and construct a new commercial development of approximately 240,000 rentable square feet, with restrictions on the use of the new development; and

WHEREAS, The Lessee shall make an initial \$5,000,000.00 payment upon closing; thereafter, commencing in the fourth year lease the annual rent shall be \$2,300,000, with 2% annual escalations beginning in the ninth lease year. Periodically the rent shall be reset based on a fair market value appraisal of the land as encumbered by the lease; and

WHEREAS, the lease term is 49 years with two 25-year renewal options; and

WHEREAS, during the first twenty-five years of the lease term, the Lessee is required to cause (1) 71,000 rentable square feet of the commercial development to be used for technology, creative, or innovative companies that are seeking to move from their incubator, temporary, or co-working office space; (2) 10,000 rentable square feet of the commercial development to be used by small food vendors; (3) 44,000 rentable square feet of the commercial development to promote “Civic Hall Uses” which includes an event

Original As-of-Right Proposal from RAL/Suffolk proposal to NYCEDC:

RAL + Davis Brody Bond has included with this submission a preliminary zoning analysis for the team's proposed mixed-use development of the 124 East 14th Street site. Based on the information provided in the NYCEDC site file, the design team has chosen to pursue an As-Of-Right (AOR) solution located on the North side (former Lot 16) of the merged zoning lot. Two proposals have been provided and identified in the two attachments which follow. In both schemes, the development includes both Community Facility and Commercial uses totaling approximately 139,930 ZSF, resulting in a project total FAR of 9.0.

The difference between the two schemes is solely the allocation of floor area to either Community Facility or Commercial use and the ramifications this has on the financial aspects of this submission. The attached preliminary zoning analysis matrix provided for each scheme, which include a representative project stacking and floor area mix allocation, is based on the assumptions provided below:

- The district boundary between C6-2A and C6-3X occurs along the previous East-West lot line boundary between former Lot 16 and Lot 55.
- The district boundary between C6-3X and C6-4 occurs along the Western property line of former Lot 16 and Lot 55.

- Zoning Floor Area of the existing Genesis Housing Development, located on former Lot 55, is based on the project description and dimensions included in the 16 December 1992 Zoning Lot Development Agreement in addition to the existing conditions measurements conducted by the Respondent.

In terms of specific development attributes and administrative actions required by the proposed development, the project has been conceived of as an As-of-Right solution, complying with all existing zoning requirements for a development in the C6-3X district without the need for waivers, permits or variances. With that said, and due solely to existing conditions which cannot be altered, the project will need to seek relief for a non-compliant rear yard equivalent condition generated by Section 35-53/23-532. Even though Commercial districts typically do not require rear yard setbacks or rear yard equivalent separations, the presence of the Genesis Residential Development on former Lot 66 results in one. Specifically, Sections 35-53/23-532 requires, at grade only, a minimum 60' separation between the first floor windows of a Residential development and the nearest point of a Commercial development. The proposed development allows only for a 51.27' separation. We anticipate this being presented to the Bureau of Standards and Appeals for review and approval.

**Original As-of-Right Proposal from RAL/Suffolk proposal to
NYCEDC:**

PRELIMINARY
PROJECT STACKING:
PROPOSAL A

Potential Building Mix	GSF	ZSF
Retail	30,609	18,338
Community Facility	75,754	71,179
Commercial	35,988	34,702
Base Building (Commercial)	14,343	13,814
Tenant Support	12,474	0
Mechanical/Support	6,703	1,957
Exist. Residential (Genesis)	103,014	100,014
Total	278,885	240,003

STACKING PLAN

Ground Floor

The distribution of program and services on the Ground Floor sets the course for the vertical distribution of cores, services, circulation space and open or flexible plan space that is both central to the floorplate as well as the overarching project concept of community. [REDACTED] forms the activity center for this level, with porous engagement to the sidewalk and pedestrian traffic which totals 60,000 persons in passing per day. A dedicated entry to PC Richard is provided. A separate Service Entrance allows the streamlining of back-of-house flow and the support of primary program spaces on this and other floors. The main lobby provides direct connection to an outdoor terrace or rear yard. Visual access to a lower level playground is visible through the Southeastern portion of the [REDACTED] façade. Escalators and lifts provide direct access to L2.

Second Floor

The Main Entry Lobby is double-height and defined by a great cloud sculpture at ceiling level on this floor. As the escalators rise to this level, one is able to experience the lower level market and penetrate up to a level that provides seating and a quasi, informal restaurant-like experience with open seating. There is also a bar on this level. This entire floor functions to not only support the ground level but also serve as a pre-function space for the event space on the floor above.

Third Floor: Event Space

The Event Space on the third floor is in excess of 5,000SF and can host a variety of functions, such as lecture, musical performance, TED Talk, company-wide presentation, seminar or even dinner ceremony. Three generous conference room spaces form a conference center. A large lounge on this floor offers additional flexible space and can also function as a Pre-function space for events on this level. Collapsible partitions allow the Event Space to be broken down into three distinct zones if required. Collapsible doors that act as shutters, allow for privacy, room darkening, and also present an uplift façade element on the North façade which correlates the program function beyond as a refined layer with material interest. Warm wood clouds populate the ceiling on this level between beams. A kitchenette supports functions on this floor.

Potential Building Mix	GSF	ZSF
Retail	30,609	18,338
Community Facility	75,754	71,179
Commercial	35,988	34,702
Base Building (Commercial)	14,343	13,814
Tenant Support	12,474	0
Mechanical/Support	6,703	1,957
Existing Residential (Genesis)	103,014	100,014
TOTAL	278,885	240,003

Floors 4-9: Step Up Office

Floors 4-9 employ the same strategy of Lounge or "living" room to the west, open plan, Conference Center and Service core with Kitchenette. We envision the open plan to be composed of a hierarchy of work spaces that maximize collaboration while at the same time, maintain the flexibility to accommodate the need for privacy and partially enclosed office space. Ceiling uplighting creates an indirect lighting scenario that is reinforced by natural light during the day in order to achieve a level of comfort without glare. The South façade, along the string of conference rooms, allows light in but also provides enough translucency to ensure that glazed areas can be sealed with internal shading if presentations are required within these spaces, and lower lighting levels are desired. For these floors, at the Western edge of the building, the silhouette of the Chrysler Buildings stands strong as a powerful backdrop and symbol of innovation and modernity. The Step Up office spaces convey a distinct brand and culture.

Levels 10-13: Civic Hall

Like the Step Up Office floors below, these floors are dedicated to a single tenant, Civic Hall. While this floor carries up the language of conference spaces and support and service functions, it has an outdoor terrace created as the result of the building's 10' setback, which provides a wonderful opportunity to experience 14th Street at a higher altitude or alternative perspective. This 10th floor also has a double-height "living" room. Central to this floor, around which all elements are organized, is an Event Space which serves Civic Hall. Similar in concept to the event space at L3, this space can host a variety of events. Scrolling digital supergraphic signage will advertise this tenant.

Roof Level: Garden and Events

The roof provides an amenity for the entire building in the form of terrace space and an urban garden. The garden will be the site of the propagation of herbs and natural spices which serve the market below and act as a culinary laboratory with visual interest.

Basement Level 1:

[REDACTED] is the primary retail tenant for Basement Level 1.

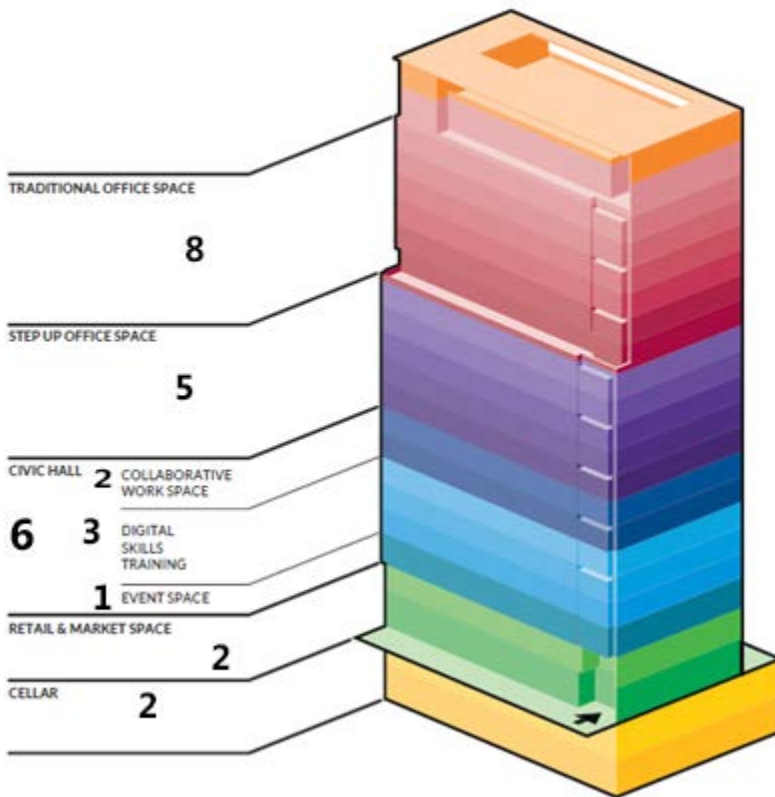
Basement Level 2: Storage

Basement Level 2 has [REDACTED] Tenant Storage, Mechanical and Building Services, and Bike Storage as its primary functions. Service and Public circulation extends down to this level.

Original Suffolk Construction Schedule for an As-of-Right 13 floor Proposal from RAL/Suffolk proposal to NYCEDC:

124 E 14th Street RFP		419
MILESTONES		419
CONTRACT MILESTONES		419
COTIME	CO Timeline	612
NTP	Notice to Proceed (NTP)	0
TCOTIME10	TCO Timeline	582
TCO10	Temporary Certificate of Occupancy (TCO)	0
DOC'S10	Collect & Submit Closeout Documents	20
CO	Certificate of Occupancy (CO)	0
SUFFOLK MILESTONES		149
SUF1	Tower Main Structure Top-Out	0
SUF21	Elevator Machine Room Dry-In	0
SUF10	Building Dry In to Roof	0
SUF51	Permanent Power Distributed	0
SUF31	Elevators On-Line (Construction Use)	0
CONSTRUCTION		399
INITIAL SITE WORK		45
SIT36	General Contractor Mobilization	10
SIT56	Temporary Support of Abutters	30
SIT76	Existing Building Demolition	20
SIT26	Foundations Systems	15
FOUNDATION & SOG		20
FOUNDATIONS		20
FD-B130	Underground MEPs	10
FD-B150	Prep & Place SOG (B2)	5
STRUCTURE		93
SUPERSTRUCTURE (TOWER)		93
STRT-B280	Tower Structure Duration (14 Lvl's)	95
STRT-B100	Tower Structure - Lvl B1 Cellar	10
STRT-B110	Tower Structure - Lvl 1 - Ground	10
STRT-B120	Tower Structure - Lvl 2	5
STRT-B130	Tower Structure - Lvl 3	5
STRT-B140	Tower Structure - Lvl 4	5
STRT-B150	Tower Structure - Lvl 5	5
STRT-B160	Tower Structure - Lvl 6	5
STRT-B170	Tower Structure - Lvl 7	5
STRT-B180	Tower Structure - Lvl 8	5
STRT-B190	Tower Structure - Lvl 9	5
STRT-B200	Tower Structure - Lvl 10	5
STRT-B210	Tower Structure - Lvl 11	5
STRT-B220	Tower Structure - Lvl 12	5
STRT-B230	Tower Structure - Lvl 13	5

Final proposal announced by Mayor and approved by NYC Council:



The floor area of step up office and “Civic Hall” space morphed from the originally submitted proposal. The top 8 floors of pure market rate office space were added entirely and were nowhere referenced or mentioned in the original proposal. Though requested, no documents or communications were provided by NYCEDC to explain how or why this developer was allowed to so significantly alter what was submitted to the NYCEDC RFP originally and if any other respondents were afforded the same opportunity to change or modify their proposals.

Appendix: Items referenced, with hyperlinks.

Item 1:



NYPost headline referring to RAL Development contribution, dated July 17, 2015. <https://nypost.com/2015/07/17/de-blasios-rich-cronies-donate-1-7m-to-his-non-profit/>

Item 2:



Patch article August 28, 2018.
<https://patch.com/new-york/gramercy-murray-hill/lobbyists-got-300k-push-union-square-tech-hub>

Item 3:

Capalino+Company
Government & Community Relations Strategists

New York State Joint Commission on Public Ethics
540 Broadway
Albany, NY 12207

New York City Office of the City Clerk
Lobbying Bureau
141 Worth Street
New York, NY 10013

Please be advised that the Agreement between James F. Capalino & Associates, Inc. and Development Services LLC dated May 5, 2017 has been amended as follows:

The term has been extended to December 31, 2019.


All other terms of the Agreement remain in full force and effect.

Sincerely,

James F. Capalino & Associates, Inc.

RAL Development Services LLC

By: 
Travis Terry
Chief Operating Officer

By: 
Name: ROBERT A. LEVINE

Title: MANAGER

Date: 10/20/18

Date: 10/23/18

Item 4.

New York City Campaign Finance Board

Follow the Money | Matching Funds Program | Candidate Services | Independent Expenditures | Law & Rules | NYC Votes

Follow the Money | NYC | Candidate Contributions | Candidate Expenditures | Intermediaries | Other Transactions

Search Candidate: Intermediaries

For: de Blasio, Bill and/or To: Capalino, James F. Search

Election Cycle: 2017: Citywide Elections Recipient Name: de Blasio, Bill Intermediary: Capalino, James F. Clear all

Show 25 entries PDF Excel Help file

Total Records: 1 Search Total: \$44,940.00

ELECTION CYCLE	Name	Address	Employer/Occupation	Candidate/Office	Amount
2017	Capalino, James F.	New York, NY 10029	Capalino & Company president	de Blasio, Bill Mayor (2017)	\$44,940.00

Showing 1 to 1 of 1 entries

First Previous 1 Next Last

From New York City Campaign Finance Board, Intermediary search.

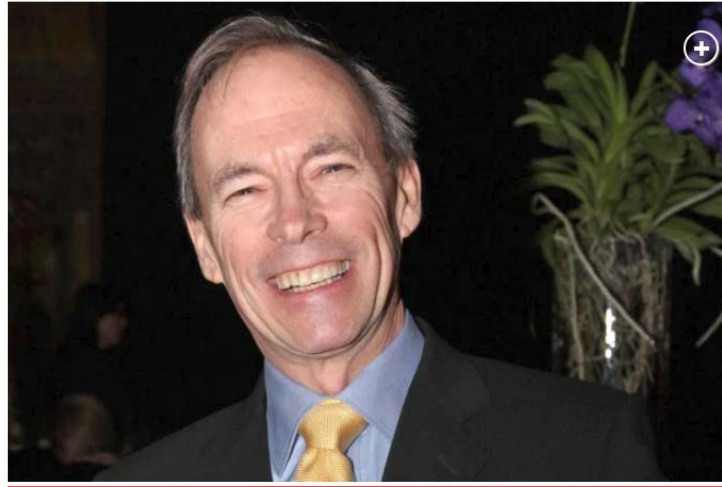
Item 5:

METRO

Top de Blasio lobbyist agrees to \$40K ethics settlement

By Carl Campanile

April 9, 2018 | 5:09pm | Updated



James Capalino

<https://nypost.com/2018/04/09/top-de-blasio-lobbyist-agrees-to-40k-ethics-settlement/>

Item 6:

CONFLICTS OF INTEREST | APR. 19, 2019

MAYOR DE BLASIO'S DEFUNCT FUNDRAISING GROUP FACES ONGOING STATE ETHICS PROBE

By Greg B. Smith and Yoav Gonen



Mayor Bill de Blasio delivers the State of the City address on Jan. 10, 2019. Photo: Ben Fractenberg/THE CITY

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IN CASE Y

1. Eyeing
Avoids
Reform

2. City U
'Parole

<https://thecity.nyc/2019/04/de-blasios-fundraising-group-faces-ongoing-state-probe.html>

Item 7:

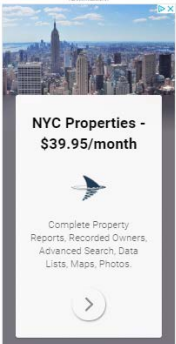



<https://www.nytimes.com/2019/04/04/nyregion/de-blasio-2020-fundraiser.html>

Item 8:

De Blasio's presidential campaign raised a third of its money from donors with city business

By ANNA SANDERS
NEW YORK DAILY NEWS | JUL 17, 2019 | 10:01 PM



New York City Mayor Bill de Blasio arrives at City Hall in New York. (David Wang/AP)

<https://www.nydailynews.com/news/politics/ny-de-blasio-campaign-president-donors-business-before-city-20190718-iymtfwmj5e4xnzse4wwket5cy-story.html>