



THE CITY OF NEW YORK  
**OFFICE OF THE PRESIDENT**  
BOROUGH OF MANHATTAN

**SCOTT STRINGER**  
BOROUGH PRESIDENT

July 18, 2012

**Recommendation on**  
**ULURP Application Nos. N 120142 ZRM and C 120143 ZMM**  
**Chelsea Market Expansion**  
**by Jamestown Premier Chelsea Market, LP**

**PROPOSED ACTIONS**

Jamestown Premier Chelsea Market, LP (“the applicant”) seeks an amendment of the Zoning Map, Section No. 8b, by establishing a Special West Chelsea District bounded by West 16<sup>th</sup> Street, Ninth Avenue, West 15<sup>th</sup> Street and Tenth Avenue, Borough of Manhattan, Community District 4. Further, the applicant seeks a zoning text amendment to the Special West Chelsea District to increase the maximum permitted floor area ratio for the site from 5.0 to 7.5 in exchange for a contribution to the High Line Improvement Fund and the construction of High Line amenities. The zoning text amendment would also establish specific height, setback, and other building envelope controls that would govern development on the project site. The City Planning Commission (“CPC”) issued a negative declaration for this application on April 9, 2012.

**PROJECT DESCRIPTION**

The applicant seeks a zoning text and map amendment to facilitate the expansion of the Chelsea Market at 75 Ninth Avenue. As certified by the CPC on April 9, 2012, the proposed expansion consists of three components: (1) an approximately 240,000-SF office addition to the westernmost portion of Chelsea Market alongside 10<sup>th</sup> Avenue; (2) an approximately 90,000-SF addition above the portion of the complex at 9<sup>th</sup> Avenue and West 16<sup>th</sup> Street; and (3) High Line amenities, including restrooms, a freight elevator and support space, as well as a contribution to the High Line Improvement Fund.

**Existing Chelsea Market**

The Chelsea Market complex consists of 18 individual buildings with origins in New York City’s industrial past. The complex was originally assembled by the National Biscuit Company (later Nabisco) beginning in 1898. The baking company expanded to nearby sites, which were

ultimately connected by pedestrian bridges. Although Nabisco incrementally redeveloped the entire block, a significant transformation took place in 1934 with the replacement of buildings at the western edge of the site with a new structure that enabled an elevated freight line (now the High Line) to pass through the building. Following Nabisco's departure in 1959, the complex continued to house light manufacturing until it was redeveloped in the 1990s as an office and retail complex. Due to the site's history, Chelsea Market is in the State and National Registers-designated Gansevoort Market Historic District.

Chelsea Market is located on a 165,200-SF lot (Block 713, Lot 1) and is bounded by 9<sup>th</sup> and 10<sup>th</sup> avenues, and West 15<sup>th</sup> and 16<sup>th</sup> streets. The lot constitutes an entire city block. The project site currently houses approximately 164,755 SF of retail, wholesale and production space on the ground level, 751,042 SF of office space on upper floors and 165,000 SF in the basement level. Existing structures are built to an approximate 5.4 floor area ratio ("FAR"). The entire lot is in an M1-5 zoning district, which permits a maximum 5.0 FAR.

The Chelsea Market complex now consists of a diversity of uses. The first and cellar levels are predominantly occupied by retail and wholesale businesses. The ground floor of the complex features an internal "concourse" or arcade that connects 9<sup>th</sup> and 10<sup>th</sup> avenues with concourse-facing shops and restaurants. Roughly 85% of the concourse space is food-related, including retail, restaurant, wholesale and production space. The remaining 15% of the area is non-food related retail and service space for office tenants. Additionally, there are four avenue-facing retail spaces that are excluded from these calculations. The upper floors of Chelsea Market consist of offices and television studios occupied by technology, media and software development firms.

### **Proposed Action**

The application proposes an alteration of the zoning map to extend the Special West Chelsea District ("SWCD") southward to include Block 713. The proposal maintains the existing underlying M1-5 district designation over the entire project site. The associated zoning text changes propose to:

- create "Subarea J" in the Special District to govern the Chelsea Market block;
- increase the permitted floor area ratio of Subarea J from 5.0 FAR to 7.5 FAR by making the site eligible for the High Line Improvement Bonus;
- establish height, setback and building envelope controls in Subarea J;
- require a contribution to the High Line Improvement Fund in the amount of \$58.08 per square foot of added floor area, which shall be adjusted annually proportionate to the Consumer Price Index;
- require the provision of High Line Support Easement Volumes within the Tenth Avenue Zone to include: male and female public restrooms, 2,400 to 3,000 SF of support space adjacent to the High Line, 800 to 1,000 SF of support space in the cellar, and a freight elevator;
- offer an optional additional 7,500 SF space for the High Line at fair market value, which if exercised, would be deducted from the High Line Improvement Fund contribution;
- allow museums and non-commercial art galleries (from Use Group 3) as-of-right, although the applicant does not include such uses as part of the application; and

- exclude Subareas H, I and J from the requirement to provide an easement volume for pedestrian access to the High Line.

While the existing zoning has no height limits, the proposed zoning map change and text amendment create specific zoning envelopes to control building form. Within 200 feet of 10<sup>th</sup> Avenue, buildings will be required to have a 15-foot tall recess above the existing buildings. The 10<sup>th</sup> Avenue building may then rise to 185 feet without setback, 200 feet after a 10-foot setback, and 230 feet after a second 25-foot setback. Within 150 feet of 9<sup>th</sup> Avenue, buildings may rise to 130 feet without setback and reach 160 feet after a 5-foot setback on 9<sup>th</sup> Avenue and a 15-foot setback on West 15<sup>th</sup> and 16<sup>th</sup> streets. In the mid-block, the zoning envelope permits a maximum streetwall of 130 feet without setback and a maximum height of 150 feet after a 20-foot setback. While not yet reflected in application materials, Community Board 4 received an e-mail dated June 7, 2012 from the applicant stating a commitment to reduce the 9<sup>th</sup> Avenue maximum building height to 140 feet and reduce the mid-block maximum streetwall and building heights to 100 feet and 130 feet respectively.

The proposed project, however, only anticipates development in two areas. The first addition is proposed on the northeast corner of the block, which currently includes two buildings that measure 26 feet and 51 feet in height and is often referred to as the “missing tooth” in the complex. This corner is proposed to be filled in by an approximately 90,000-SF, 11-story addition above the existing one- and three-story buildings, which would produce a 160-foot height after setback at 130 feet, equal to 12 stories.<sup>1</sup> The second addition is proposed for the western 200 feet of 10<sup>th</sup> Avenue. The nine-story structure would be built over the existing 84-foot tall structures to reach 16 stories. The proposed addition would add approximately 240,000 SF and reach 230 feet after required setbacks at 185 and 200 feet.<sup>2</sup> The zoning envelope also requires a 15-foot tall recess between the original building and extension along much of 10<sup>th</sup> Avenue. No structures are currently proposed in the mid-block where heights range from 86 to 112 feet. The application does not propose any accessory parking.

The 10<sup>th</sup> Avenue addition is proposed to house additional office space, potentially for the expansion of existing tenants. The 9<sup>th</sup> Avenue extension was intended for hotel use in the original application materials; the applicant has since committed to prohibiting hotel use and proposes office use instead.<sup>3</sup>

### **Background to the Special West Chelsea District**

Adopted by the City Council in 2005, the Special West Chelsea District was designed to promote residential and commercial development, facilitate the transformation of the elevated rail structure into the High Line park and fortify the area’s art gallery district. It is generally bound by 10<sup>th</sup> and 11<sup>th</sup> avenues, and West 16<sup>th</sup> and 30<sup>th</sup> streets. Through both building envelope controls and incentive mechanisms, the SWCD was designed to move bulk away from the High

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<sup>1</sup> May 31, 2012 renderings by the applicant show the 9<sup>th</sup> Avenue expansion totaling 77,240 SF with a streetwall and building height of 123’ and 135’ respectively.

<sup>2</sup> July 10, 2012 renderings by the applicant show the 10<sup>th</sup> Avenue expansion totaling 232,000 SF with a streetwall of 184’, a height of 197’ after setback and a building height of 226’ after a second setback.

<sup>3</sup> Letter from applicant to Community Board 4 dated June 6, 2012.

Line to afford views, light and air to and from the park. The Special District introduced several zoning mechanisms to preserve the High Line and foster a superior open space. Specifically, the text creates the High Line Transfer Corridor and the High Line Improvement Bonus. The High Line Transfer Corridor allows development rights from properties beneath and to the west of the rail structure to be transferred to designated areas within the district. The High Line Improvement Bonus permits density bonuses on certain sites in exchange for monetary contributions to a dedicated capital improvement fund and the provision of amenities related to operations of the park.

### **Area Context**

The subject site is at the threshold of the Meatpacking District to the south and Chelsea to the north. Chelsea Market shares in the Meatpacking District's industrial history, particularly as a hub for food production and distribution from the late 19<sup>th</sup> century to the 1950s. The Meatpacking District, which includes the historic Gansevoort Market, maintains a low-rise character with many decades-old industrial buildings still intact yet repurposed. The blocks south of Chelsea Market to Gansevoort Street include a mixture of commercial and manufacturing uses including boutique retail, restaurants, bars, hotels, office space, creative studios, parking lots and garages, a lumber yard, and gas stations.

The Chelsea neighborhood to the north is distinctly more residential. The four blocks to the north of the project site are largely occupied by the Robert Fulton Houses, an apartment complex managed by the New York City Housing Authority. The Caledonia, a 250-foot tall apartment building across West 16<sup>th</sup> Street, was built pursuant to SWCD envelope regulations and the High Line Improvement Bonus. Blocks to the east consist of a more finely grained building stock of row houses, apartment buildings and schools, with the exception of the Port Authority Commerce Building, a 2.8 million square foot office building across 9<sup>th</sup> Avenue. The blocks between 10<sup>th</sup> Avenue and the Hudson River are also occupied by industrial warehouses with large footprints that have been converted to offices and mini storage.

Open spaces nearest Chelsea Market include the High Line elevated park, which passes through the project site, 14<sup>th</sup> Street Park on a trapezoidal block southwest of the site, and the Dr. Gertrude B. Kelly Playground between West 16<sup>th</sup> and 17<sup>th</sup> streets just west of 8<sup>th</sup> Avenue. The shadow analysis in the Environmental Assessment Statement (EAS) associated with this application found that the proposed project would cast incremental shadows on the High Line for a maximum of four and half hours on December 21<sup>st</sup>. The area in shadow during this time includes the 10<sup>th</sup> Avenue Viewing Square to the north of the project site. Additionally, the study found that the proposed development would cast incremental shadows on smaller areas of the High Line and 14<sup>th</sup> Street Park during other days of the year. These incremental shadows were found to not constitute significant adverse impacts.

Chelsea Market is accessible by public transit, with several major MTA subway stations along West 14<sup>th</sup> Street, including the A, C, E, L trains at 8<sup>th</sup> Avenue; the 1, 2, 3 trains at 7<sup>th</sup> Avenue; and F, M, L trains at 6<sup>th</sup> Avenue. There are several nearby NYC Transit bus routes, including the M11 that stops in front of the complex on 9<sup>th</sup> and 10<sup>th</sup> avenues and the 14<sup>th</sup> Street M14A/D. There is also a dedicated bike lane on 9<sup>th</sup> Avenue from West 14<sup>th</sup> to 30<sup>th</sup> streets. The EAS found

that the addition of up to 359,000 SF of commercial space at the project site will not result in significant adverse impacts on public transit given the distribution of riders among West 14<sup>th</sup> Street subway stations and vehicular trips would not exceed the threshold necessary to warrant additional impact analyses.

## COMMUNITY BOARD'S RECOMMENDATION

At its Full Board meeting on June 6, 2012, Community Board 4 ("CB4") recommended conditional disapproval of this ULURP application by a vote of 26 in favor and 14 opposed. Following a series of Board-led public forums, deliberations by the Chelsea Preservation and Planning Committee and a public hearing on May 2, 2012, the Board's vote represents a culmination of informed reflection, intensive analysis and transparent debate.

In its resolution, CB4 formulated a threshold condition of two tiers.

First, the Board recommended denial of the project as it does not create affordable housing equal in floor area to 27% of the floor area of any additions. Second, if mitigation is found on the affordable housing, Community Board 4 recommends disapproval unless the following conditions are met:<sup>4</sup>

- Ninth Avenue Zone: the proposed text is amended to reflect a maximum streetwall height of 123 feet and maximum building height of 135 feet with setbacks of 5 feet on 9<sup>th</sup> Avenue and 15 feet on West 15<sup>th</sup> and 16<sup>th</sup> streets;
- Tenth Avenue Zone: the proposed text is amended to reflect a maximum streetwall height of 170 feet and a maximum building height of 184 feet with a 35-foot setback, obstructions other than those in ZR § 33-42 are allowed in the recess to mitigate the "floating" effect of the addition over the existing building, and a written commitment from the applicant to further discuss façade and recess treatments;
- Mid-Block Zone: the proposed text is amended to reflect a maximum streetwall height of 110 feet and a maximum building height of 130 feet with a 20-foot setback;\*
- The restrictive declaration requires that 60% of ground floor space, excluding the four corners, be used for food-related uses;
- The restrictive declaration prohibits hotel and outdoor eating and drinking establishments;\*
- The applicant does not oppose efforts to landmark the building, provided stipulated conditions are met;\*
- The applicant uses best efforts to conform to, at minimum, LEED Silver standards when constructing the proposed additions;\*
- The applicant agrees to comply with the Department of Environmental Protection Draft Rule to detain storm water and to use best efforts to retain storm water for at least one inch of rainfall over the entire site;
- The applicant agrees to form a Construction Task Force; and
- The applicant agrees to fund a Technology Jobs Training Center in the Chelsea Market

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<sup>4</sup> In a letter to Community Board 4 dated June 6, 2012 and e-mail to Robert Benfatto dated June 7, 2012, the applicant committed to several of CB4's conditions, as indicated by an asterisk (\*).

complex for neighborhood residents and work with local public schools to provide aid and internship opportunities; and

- The applicant agrees to support a Jobs Program for Chelsea Market and to work with CB4 in its implementation.

The Board further seeks a commitment from the city to study the expansion of the SWCD to four stipulated areas to preserve neighborhood character and to expand the New York City Gansevoort Market Historic District to include the Chelsea Market complex, 85 10<sup>th</sup> Avenue and 99 10<sup>th</sup> Avenue.

## **BOROUGH PRESIDENT'S COMMENTS**

Over the last several decades, New York City has experienced a rapid expansion of its technology and new media sectors. Silicon Alley, which includes neighborhoods like Chelsea, the Flatiron District, SoHo and Tribeca, has become competitive on a national and global scale. The continued expansion of these industries is critical to allow the city to compete against its national and world-wide counterparts and New York must create conditions that ease the challenges of finding space for new and growing firms to locate. These industries will not only diversify the local economy, but also spur innovation in all sectors, attract new companies and assist in attracting the best and brightest to New York City.

The existing Chelsea Market office space has become a desirable location for technology and new media sectors. Chelsea Market has undoubtedly succeeded in part because of its proximity to a concentration of creative sector offices; easy access to lower Manhattan and Midtown through mass transit connectivity; and the cultural status the ground level market has achieved since the 1990s. The success of Chelsea Market has resulted in a low vacancy rate and the proposal seeks to expand on this demand. The applicant expects the proposed development will result in benefits to the overall citywide economy of \$311 million from the design and construction of the project and \$660 million annually from ongoing operations.<sup>5</sup>

Further, the applicant will contribute approximately \$19 million to the High Line Improvement Fund as well as provide additional amenity space. The High Line Improvement Fund is managed by the city and used for capital projects to maintain the rail structure and safeguard the park. Since its opening in 2009, the High Line has become one of the most heavily trafficked destinations in New York City by both local residents and tourists. It sees 1.5 million visitors each year, a number that far exceeds the anticipated 300,000 visitors when it was conceived.<sup>6</sup> The five-acre park is more than a meeting place – the High Line runs over 350 public programs each year, commissions and produces public art, and hosts mentoring and youth programs for local teens. While the original mapping of the Special District created the conditions necessary to preserve the rail track and provided funding for the park, the scale of the High Line's success brings with it a new set of needs and considerations.

While the potential economic impact of the Chelsea Market expansion will undoubtedly provide a financial benefit to New York City, it must co-exist with, not overwhelm, the local

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<sup>5</sup> Appleseed. "The Economic Impact of the Proposed Chelsea Market Expansion." 8 September 2011.

<sup>6</sup> Humm, Andy. "Crowds, Development and Concerns." *The Villager*. 4 July 2012.

neighborhood. This principle is essential not only for local residents but for the city at large. People are drawn to New York not only for economic opportunity but also for the quality of life found in living in distinctive, historic neighborhoods, such as Chelsea.

Over the last several months, the community has expressed concern regarding the potential addition of 330,000 SF of commercial space. Specifically, neighborhood residents are troubled by the project's potential to exacerbate traffic conditions, create crowded sidewalks, increase subway congestion, and compromise general quality of life. Community members see the rapid expansion of new businesses and office tenants as tipping the balance of a chiefly residential community to a high-profile commercial and tourist district.

Specifically, neighborhood residents have expressed concerns about:

- the shadow and view corridor impacts from the additional height and bulk over the Chelsea Market buildings, specifically over 10<sup>th</sup> Avenue and the High Line;
- the project failing to adhere to the SWCD principles;
- the potential loss of existing ground floor uses in the Chelsea Market, which remain unprotected;
- the potential impacts from a new hotel in the neighborhood;
- the potential nuisance from new rooftop eating and drinking establishments;
- the lack of protection for the historic Chelsea Market buildings, which could be demolished;
- the compatibility of the proposed design, as reflected in renderings presented by the applicant, with the Chelsea Market complex and surrounding buildings;
- the project's limited community integration or benefit beyond the High Line improvements; and
- the potential precedent of the proposed project and the vulnerability of nearby sites to out-of-context development.

## **Height**

### *Appropriateness of Tenth Avenue*

The majority of the proposed expansion of Chelsea Market is sited in the Tenth Avenue Zone. Currently, the proposed text amendment will allow an addition of approximately 240,000 SF over the westernmost buildings in the complex with a maximum height of 230 feet after two setbacks and the inclusion of a 15-foot high recess between the existing structures and the new construction above.

The applicant's proposed height is intended to be a reflection of surrounding buildings. Notably the applicant cites 85 10<sup>th</sup> Avenue (180 feet) immediately across the street from the project site; 99 10<sup>th</sup> Avenue (160 feet) catty-corner from the site; and the Caledonia (250 feet) directly north of the site. Two of the buildings cited above, however, are grandfathered, non-complying building forms and the Caledonia was specifically designed to have a low streetwall in the SWCD to reflect 85 and 99 10<sup>th</sup> Avenues and the existing Chelsea Market building.

Furthermore, no consideration is made in the proposed envelope to meet the context of the block immediately to the south of the site, which consists of one- to eight-story buildings and a public park located across 10<sup>th</sup> Avenue between 14<sup>th</sup> Street and 15<sup>th</sup> Street. Intuitively, an enlargement of nine stories (146 feet) over an existing seven-story (84 feet) building contradicts the logical distribution of bulk. The addition, as rendered by the applicant, echoes the bulk of the building below, but is taller, which creates a visual imbalance.

The proposed height on 10<sup>th</sup> Avenue contradicts many of the goals of the SWCD and the principles that prompted the Caledonia's design. SWCD bulk regulations generally require that building frontages nearest the High Line rise no higher than the level of the park, and that higher portions of buildings are set back at a minimum distance. The 2005 CPC report creating the SWCD not only identifies a building form that positions height and mass away from the High Line, but also creates mechanisms to transfer density away from the open space. The proposed development would be the only structure approved in the SWCD that shifts the majority of bulk towards, not away from, the High Line.

While the Caledonia was allowed to rise to 250 feet at its highest point, the frontage nearest the High Line is 120 feet tall and the 250-foot tower is set back towards the middle of the block on the south side of West 17<sup>th</sup> Street, away from the High Line. The 2005 CPC report describes the consideration that allowed the building form for the Caledonia (Subarea I of the SWCD):

“The Commission believes that the proposed base height of 120 feet adjacent to the High Line is appropriate and is consistent with the loft buildings that occupy the other three corners of the West 16<sup>th</sup> Street intersection with Tenth Avenue. At the same time, the Commission believes that an addition to the base height along West 16<sup>th</sup> Street would, in combination with the very high streetwall of the Chelsea Market building on the south side of 16<sup>th</sup> Street, compromise the pedestrian experience.”

This excerpt makes two statements about Chelsea Market's height in relation to surrounding buildings and the prospective development on the north side of West 16<sup>th</sup> Street. First, the CPC acknowledges that Chelsea Market, 85 10<sup>th</sup> Avenue and 99 10<sup>th</sup> Avenue present a benchmark for new construction and suggest an appropriate height relative to the High Line that they surround. Second, the CPC recognizes Chelsea Market's already high streetwall and uses the streetwall height to determine appropriate nearby building forms. Altering Chelsea Market's streetwall on 10<sup>th</sup> Avenue and West 16<sup>th</sup> Street undermines the original planning rationale for the Caledonia.

Given the CPC's previous position that a new building with a streetwall height greater than 120 feet at the corner of West 16<sup>th</sup> Street and 10<sup>th</sup> Avenue would compromise the pedestrian experience, the proposed 230-foot high building with a 185-foot streetwall is excessive.

While 10<sup>th</sup> Avenue is defined by its proximity to the High Line, the 14<sup>th</sup> Street Park and carefully crafted building forms, 9<sup>th</sup> Avenue has a very different character. Chelsea Market is directly across 9<sup>th</sup> Avenue from the 275-foot tall 111 Eighth Avenue, constructed by the Port Authority, and south of the Fulton Houses, a four-block New York City Housing Authority complex with buildings that rise to 220 feet.



9<sup>th</sup> Avenue is a more appropriate location for density than 10<sup>th</sup> Avenue. However, the maximum height recommended by CB4 for 10<sup>th</sup> Avenue is still appropriate on 9<sup>th</sup> Avenue. CB4 has recommended a maximum building height of 184 feet after a setback at 170 feet. It implies a reduction of 46 feet and approximately three stories from the current 10<sup>th</sup> Avenue addition. A 170-foot streetwall on 9<sup>th</sup> Avenue with a maximum building height of 184 feet will allow the development to step down from the taller 111 Eighth Avenue and Fulton Houses to lower-scale buildings in Chelsea Market's mid-block as well as buildings on the block to the south.

Additionally, shifting the bulk to 9<sup>th</sup> Avenue would protect the High Line's view corridors, improve access to light and air, and reduce the canyon-like effect near popular High Line amenities like the 10<sup>th</sup> Avenue Viewing Square.

While this significant change needs to be evaluated to determine if it is in scope, it should minimize, not increase, impacts. The original application was issued a Negative Declaration; shifting bulk should not result in any additional density-related impacts. Additionally, the proposal moves mass away from two public parks, which should diminish shadows on both. Finally, because the M1-5 district is not subject to height limits, the movement of bulk to 9<sup>th</sup> Avenue should be in regulatory scope. A more detailed analysis should be performed to assess all potential environmental and regulatory impediments.

The applicant is already proposing an addition of one- and three- story buildings on 9<sup>th</sup> Avenue. The recommendation to build an addition only on 9<sup>th</sup> Avenue simplifies the challenges of developing on two segments of the complex.

For all the reasons stated above, the applicant should explore moving density from 10<sup>th</sup> Avenue to 9<sup>th</sup> Avenue. The 9<sup>th</sup> Avenue enlargement better reflects the original intent of the SWCD, respects the low-rise buildings to the south, shifts density away from the High Line, and does not compromise the pedestrian experience. Whether or not the proposed shift to 9<sup>th</sup> Avenue proves to be in scope, the proposed streetwall height should be no higher than 170 feet and the building should rise no higher than 184 feet.

#### *Mid-Block Zone*

Existing buildings in the Mid-Block Zone vary in height from 86 to 112 feet. The proposed text amendment will set height controls with a maximum streetwall at 130 feet with a 20-foot setback and a maximum height of 150 feet. While the applicant does not currently plan any construction in the mid-block, the building envelope is larger than the existing condition.

This discrepancy in proposed and existing building heights could encourage the demolition of existing sound buildings, which would greatly increase the impact of any proposed development. As the applicant is currently only bound by the zoning envelopes and not the site plans, such a demolition will be possible as-of-right without modification to the plan.

The applicant has committed to CB4 to lower the proposed envelopes to a 100-foot streetwall with a 20-foot setback and a 130-foot maximum building height. This envelope is consistent

with the existing conditions and is therefore appropriate to discourage demolition of the existing buildings.

### **Density**

While much of the discussion concerning the appropriateness of the Chelsea Market proposal has been around its height, the massing of the planned additions is a direct result of the proposed increase in permitted density on the project site from 5.0 FAR to 7.5 FAR. The current Chelsea Market occupies one city block and one zoning lot, which is built to 5.4 FAR and already exceeds the permitted floor area.

The proposed density will permit 1,239,000 SF over the Chelsea Market block, which is 477,000 SF greater than Subarea H – one of the highest densities in the district. Moreover, the proposal will yield an additional 120,000 SF more than the two blocks to the north.

A 7.5 FAR over an entire city block is inconsistent with the permitted densities in the Special District and needs to be revisited.

In considering the appropriateness of any proposal to incorporate a new block within the SWCD, it is necessary to understand the objectives of the district. The permitted densities in the SWCD vary along the length of the High Line; many are specific to the conditions in and intentions for the respective Subarea. Generally, the maximum permitted densities are 5.0, 6.0 or 7.5 FARs. Two areas are permitted higher densities— Subarea A, south of the Western Rail Yards, and Subarea H, west of 10<sup>th</sup> Avenue between West 17<sup>th</sup> and 18<sup>th</sup> streets.

Looking more closely at the distribution of high densities in the SWCD, it becomes apparent that the southern Subareas subject to FARs of 7.5 are substantially less than a full city block. Similarly, the highest permitted density in the southern part of the district, Subarea H, is an irregular, small city block with significant bulk controls to keep density away from the High Line. Subarea I, to the north of the site, is comprised of the western halves of two blocks adjacent to the High Line; the eastern halves are occupied by the Fulton Houses, a New York City Housing Authority complex, which are outside of the Special District and subject to a 6.0 FAR.

The two halves in Subarea I measure approximately 82,000 SF and 76,000 SF, where a 7.5 FAR applies. Similarly, the largest density in the southern part of the Special District, Subarea H, includes a 76,245-SF lot. The applicant proposes a 7.5 FAR across the entirety of the Chelsea Market zoning lot, which is 165,200 SF.

The prescription of floor area to a site of 70,000 to 80,000 SF is different from an equivalent FAR on a site that is 165,200 SF. Therefore, the proposed density should be reduced to lessen impacts, reduce the overall bulk and bring the development in line with the rest of the SWCD.

### **Proposed Uses**

At certification, the applicant's proposed use in the Ninth Avenue Zone included a hotel. A hotel

use is permitted as-of-right in an M1-5 zone. From the outset of the proposal, a hotel use raised significant concern given the high amount of traffic hotels can generate. Residents are concerned that the high number of hotels recently developed in the area risks over-saturating the neighborhood. Further, many hotels have opted to include outdoor eating or drinking establishments on setback and roof areas, which conflicts with residential uses.

Since certification, the applicant has committed not to pursue a hotel use or outdoor eating and drinking establishments. However, under the proposed zoning text, hotel uses will still be permitted as-of-right in the additions or within any portion of the existing complex. To prevent future conversion, the text should be modified to allow hotel uses in this portion of the SWCD only by special permit, as has been implemented in other areas of the city.

## **Historic Preservation**

### *Preserving existing Chelsea Market buildings*

The 2007 designation of the Gansevoort Market Historic District to the State and National Registers of Historic Places (S/NR) identifies the Chelsea Market complex as a contributing resource to the district. The New York City Landmarks Preservation Commission (LPC) also designated the Gansevoort Market Historic District in 2003, but the Historic District covers a smaller area and excludes the Chelsea Market block. Community groups submitted a Request for Evaluation to LPC in 2011 seeking an extension of the New York City historic district to include the complex; this application was denied.

The Historic Resources attachment in the Chelsea Market Expansion EAS states that, “while the proposed project would not remove or substantially alter the existing project site buildings’ historic façade, it would have a substantial effect on the appearance and function of the project site.” In spite of the recognition that the proposed heights are “substantially taller than the historic buildings of the Gansevoort Market area to the south,” the EAS claims the project will not result in significant adverse impacts on historic resources.

However, the EAS does not analyze the potential for the entire site to be demolished and reconstructed under the new zoning envelope. While this scenario may be unlikely under existing zoning as the site is currently overbuilt, the zoning map and text amendments do not secure the existing buildings from substantial change or even demolition. Instead, the zoning creates additional FAR and development potential which could result in the demolition and redevelopment of any portion of the site. Demolition of these sites will have a significant impact with the loss of an S/NR historic resource.

CB4 requests that the applicant not oppose efforts to landmark Chelsea Market’s building exterior and related bridges. The applicant has agreed to this request with a few conditions that protect the planned development from being impeded by the pursuit of landmark status. While LPC designation would protect existing Chelsea Market buildings from substantial alteration or demolition, the LPC has twice before omitted the buildings from the historic district and the application process may take years.

The EAS states that a restrictive declaration will be recorded against the property requiring the CPC Chair to determine that the final design plans for the 10<sup>th</sup> Avenue extension are consistent with the submitted Concept Plan. The EAS, however, offers no protections for the rest of the Chelsea Market.

Therefore, to prevent a significant adverse impact on historic resources, any proposed development on the Chelsea Market site must stipulate preservation protections for all existing buildings that comprise the Chelsea Market complex in the restrictive declaration.

#### *Improving compatibility of additions*

During discussions with the applicant, CB4 was instrumental in fine-tuning the façade treatments of the 9<sup>th</sup> Avenue and 10<sup>th</sup> Avenue enlargements. The 9<sup>th</sup> Avenue façade and building massing dated May 31, 2012 appropriately relate to neighboring buildings. The 10<sup>th</sup> Avenue addition had become more aesthetically acceptable to the Board over time, though both the community and the Board have expressed a need for further refinement of the design, including revisiting the proposed recess separating the existing and the new building.

If the shift of bulk to 9<sup>th</sup> Avenue proves to be in scope, the same consideration should be given to a 9<sup>th</sup> Avenue addition.

As any proposed addition will modify the historic character of the buildings below, finding appropriate treatment of not only bulk but materiality, fenestration and architectural features is essential to prevent any impact on historic resources. As such, the restrictive declaration must make clear the parameters under which development could occur, including the façade treatment of any proposed addition. Further, any addition should not only require certification by the CPC, but should also be referred to and developed in consultation with CB4 prior to issuing any building permits. The referral process would allow for community review of the proposed design.

#### **Affordable Housing**

Affordable housing continues to be a major concern in Manhattan and throughout the city. Market rents in Chelsea currently average \$2,700 for a studio, \$3,600 for a one-bedroom and \$6,300 for a 2-bedroom apartment. The trend of exponentially increasing rents has resulted in the displacement of many long-time residents and prevents new residents from moving into Chelsea and neighboring communities.

The project does not generate residential units and does not have 'secondary displacement impacts' where residents are expected to be displaced by the proposed development. Therefore, affordable housing cannot be required as mitigation as it lacks a nexus with the project. However, as the applicant seeks a bonus to achieve an increase in density, affordable housing could be provided as part of a policy decision to incentivize the development in exchange for affordable housing. As a matter of citywide policy, affordable housing bonuses are not typically applied to manufacturing districts; however, the inclusion of the site in a special district provides the opportunity to subject the site to an affordable housing bonus without setting citywide policy.

Special districts allow regulations to be created for specific areas without affecting citywide zoning.

The City Council, Mayor's office and city agencies recognized the critical need for affordable housing in Chelsea in 2005 during the original SWCD approvals. The city amended the SWCD to include affordable housing provisions in the form of inclusionary housing, public subsidy programs, development of public sites, an Affordable Housing Fund and preservation measures. Together, these specifications projected that 27% of units resulting from the Special District will be affordable. The Mayor codified the commitment in a letter known as the "points of agreement." For many members of the community and local stakeholders, the inclusion of the affordable housing was a primary consideration in approving the original densities and any new addition in the district should not dilute that commitment.

The Special District text currently includes a bonus structure in which certain sites classified as High Line Transfer Corridor receiving sites are able to add floor area (up to a set amount) in exchange for a contribution to the West Chelsea Affordable Housing Fund, administered by the Department of Housing Preservation and Development and dispersed in Community District 4.

CB4 recommended that the applicant create affordable housing with a floor area equal to 27% of the floor area of any additions to the Chelsea Market. The applicant could meet this goal using the West Chelsea Affordable Housing Fund structure. However, as noted by CB4, if this option is used, the site should be excluded from receiving any additional density from the High Line Transfer Corridor. The High Line Transfer Corridor allows density from under the High Line to be transferred to other sites and the Chelsea Market Proposal is already too dense.

Residential uses are not permitted on the project site and any affordable housing generated by the project would need to be located off-site. As city-owned property is scant, it is essential that the city not simply collect the money for affordable housing and risk not having a place to invest it. If a contribution is made to an affordable housing fund, the city should first identify specific receiving sites prior to granting additional density.

Therefore, the proposed text should be modified to require the applicant to provide funding to the West Chelsea Affordable Housing Fund, provided a receiving site be located in advance of granting any density.

### **Concourse Preservation**

In many respects, Chelsea Market is synonymous with its ground floor concourse. Unlike most New York City office buildings, the complex provides a valuable retail resource, which attracts multitudes of visitors. The motley collection of small, epicurean businesses along the through-block concourse, paired with an idiosyncratic display of art and historic artifacts, lend perfectly to the creative spirit young firms seek in a city like New York.

The potential transformation of Chelsea Market signifies, in many people's minds, the potential loss of the buildings' concourse. Although the subject proposal does not include any modification of the ground level (except for a structural element at the western end of the

concourse), the community, including CB4, recognizes that the concourse itself remains unprotected. As the Chelsea Market concourse has created a unique destination and has become a neighborhood resource, any development proposal should also include appropriate safeguards to prevent its destruction.

#### *Food-related uses*

The concourse refers to the ground floor area of the complex that excludes the avenue frontage, or four corner storefronts, and any miscellaneous office support use. The spaces along the concourse face the interior concourse walkway and West 15<sup>th</sup> and 16<sup>th</sup> streets. Currently, 85% of the concourse floor area is occupied by food-related uses, which include retail, wholesale and production. Thirteen percent of the concourse is restaurant space. Businesses at the site include a lobster supplier, several bakeries, an Italian specialty grocer, a local cheese producer, a butcher, a creperie, a wine shop, restaurants, a florist and a bookshop. With food television studios above, Chelsea Market has become a premier food destination.

The applicant has committed that “at least 50% of the retail establishments fronting only on the concourse be dedicated to food-related uses, with 50% measured both in terms of rentable square feet and linear frontage....”<sup>7</sup> This is 10% less than the commitment requested by CB4. Additionally, CB4 recommends that food-related regional and national chains be prohibited.

While it is appropriate to exclude the avenue corners, service space and office space from the calculation, restricting the calculation of floor area to just stores fronting the concourse means that areas accessed exclusively from West 15<sup>th</sup> and 16<sup>th</sup> streets can be deducted from the eligible floor area. The calculation creates a potential loophole, where the ground floor could be reoriented to provide access from the side streets rather than the interior concourse, thereby reducing the space that is subject to the requirement. Additionally, the commitment does not specifically require retail use on the ground floor and creates the potential for the owner or a future owner to close the market. Without the requirement that a percentage of floor space be dedicated to retail, the market remains unprotected.

In the interest of preserving this unique community resource, food-related uses on the ground floor of Chelsea Market must be preserved. The restrictive declaration should require that at least 50% of the entire ground floor be dedicated to retail. Additionally, 60% of the retail, calculated by square footage, excluding the four corners, should be restricted to food-related uses.

To continue to provide opportunities for unique small businesses, the restrictive declaration should restrict national and regional chain stores. If such a provision proves infeasible, then the city should consider restricting the total number of stores exclusively dedicated to restaurants, which would reduce the number of regional and national chains able to occupy the space. Such a provision would encourage the continued occupation of the space by unique food retailers, wholesalers and manufacturers.

#### *Public art*

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<sup>7</sup> Letter from applicant to Community Board 4 dated June 6, 2012.

The second ingredient in the success of Chelsea Market's concourse is the intermittent display of public art and historic artifacts along the arcade. The pieces vary from photographs, to hanging sculptures, to a small exhibit illustrating the buildings' history. Currently, two retail spaces, including one on 10<sup>th</sup> Avenue, are being occupied by an art gallery and a selection of small, independent craftspeople.

As part of its purpose, the SWCD aims to, "encourage and support the growth of arts-related uses in West Chelsea." While the applicant does not propose to include art gallery space as part of the subject proposal, the existing character of the concourse is defined in part by its public art. To maintain the unique character of the Chelsea Market ground level, it is appropriate that an element of public art is maintained.

The restrictive declaration should require no less than 10% of the ground floor internal concourse wall area, excluding areas of doors and windows, be used to showcase art and non-commercial information, such as the display of Chelsea Market's history. Art displayed should regularly rotate and should feature work produced by New York City artists.

### **Economic Development Opportunities**

"The Economic Impact of the Proposed Chelsea Market" report commissioned by the applicant indicates that the planned new office space will be occupied by industries that are among the highest-paid and most productive in the city. Further, employment in technology and media sectors represents a unique opportunity to enter a career with the potential for advancement across multiple fields. While Chelsea is fortunate to attract investment by profitable, cutting-edge firms that provide lucrative jobs, the economic benefits of the jobs are not necessarily available to all residents of the community.

Employment in technology and media companies requires a varied level of training and education, but competition for these jobs remains high. Therefore, it is essential that residents of Community District 4 are provided with the opportunity to compete for these jobs, which requires training, working with local schools, and notifying local residents when jobs become available.

The proposed project should include a technology lab, training programs, and incubator space for small firms. Additionally, the applicant should work with local schools to offer programs and internships that complement the existing technology, media and food related uses. Finally, the Market should create a jobs program, which includes posting job openings to CB4's website, periodic job fairs and continued work with current and future tenants to identify ways to hire employees residing in CB4.

By including residents in the proposed program, the project would not only benefit the larger community but assist in integrating neighborhood residents with the office complex.

### **Construction**

In any large scale project, construction will affect the quality of life of nearby residents. The proposed project presents unique construction impacts as the majority of construction is proposed over a popular public park. While not currently contemplated in the EAS, if construction were to occur over 10<sup>th</sup> Avenue, it could result in the temporary closure of portions of the High Line for safety reasons. Even if a temporary closure was not required, the noise from construction could render portions of the park unusable.

Therefore, it is essential that the applicant creates a careful construction mitigation plan that includes noise, air quality and traffic. Beyond the construction mitigation plan, the applicant must participate in a Construction Task Force prior to and during any construction cycle. Additionally, the applicant should create a single point of contact for residents or CB4 should problems arise during construction. Finally, the applicant should create and maintain a construction website, which would inform the public of upcoming construction-related activities and ensure that residents are not unduly disturbed.

### **Environmental Sustainability and Storm Water Management**

The total impacts of large scale development are often not felt immediately but rather decades later through issues such as storm water, energy consumption, and greenhouse gases. Projects such as the Chelsea Market expansion have the opportunity to lessen these impacts through development of environmentally sustainable buildings. The applicant has agreed that additions to the Chelsea Market will be constructed to meet, at minimum, a LEED Silver certification.

Additionally, as the proposed project is commercial and does not include open space, its impacts on the combined sewage/storm water system will be greater than other similar projects. The applicant should comply with the Department of Environmental Protection Draft Rule to detain storm water, releasing it at a rate of 0.25 cubic feet per second per acre on the site, and use best efforts to retain storm water for at least one inch of rainfall over the entire site. By detaining storm water, the applicant would assist in preventing sewage overflow into the Hudson River.

### **BOROUGH PRESIDENT'S RECOMMENDATION**

**Therefore, the Manhattan Borough President recommends conditional disapproval of ULURP Application Nos. N 120142 ZRM and C 120143 ZMM unless:**

- 1. the applicant explores shifting the proposed addition from 10<sup>th</sup> Avenue to the 9<sup>th</sup> Avenue section of the Chelsea Market complex;**
- 2. any addition, whether constructed on 9<sup>th</sup> or 10<sup>th</sup> avenue, reflects a building envelope with a streetwall no higher than 170 feet and a building height no higher than 184 feet to better reflect the intent of the SWCD and the existing built character;**
- 3. the Mid-Block Zone zoning envelope is lowered to reflect the existing buildings;**
- 4. the proposed density of the project is reduced to better reflect the SWCD;**
- 5. the text is modified to allow hotel uses on the site only by special permit;**
- 6. the existing Chelsea Market buildings are preserved in a restrictive declaration;**
- 7. the restrictive declaration includes specific requirements regarding the materiality, fenestration and architectural features of any proposed extension and the applicant**



- is required to consult the Community Board prior to the issuance of construction permits;
8. the text is modified to require the applicant to provide funding to the West Chelsea Affordable Housing Fund, provided a receiving site is located in advance of granting any density;
  9. the Chelsea Market concourse is preserved by requiring a minimum of 50% of the ground floor is dedicated to retail and 60% of the ground floor retail, excluding the avenue stores, is limited to food-related uses, and no less than 10% of the ground floor internal concourse wall area, excluding areas of doors and windows, is used to display art;
  10. chain retailers are restricted on the site, or the amount of stand-alone restaurant space is restricted to provide continued opportunities for small, independent food retailers, wholesalers and manufactures;
  11. the applicant creates a technology lab to host training and incubator space;
  12. the applicant works with local schools to provide training programs and internships;
  13. the applicant creates a jobs program, which includes posting job openings, periodic job fairs and continued work with current and future tenants to identify ways to hire employees residing in CB4;
  14. the applicant creates a construction mitigation plan, which includes measures for public outreach, and minimizes any potential closure of or impact to public spaces like the High Line; and
  15. the applicant pursues LEED Silver certification and makes best efforts to manage storm water.



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Scott M. Stringer  
Manhattan Borough President