The Many Ways de Blasio’s SoHo/NoHo Plan Encourages Developers to Build Without ANY Affordable Housing ...

... and could result in millions of square feet of additional development without A SINGLE UNIT OF AFFORDABLE HOUSING

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Introduction

The de Blasio SoHo/NoHo Upzoning plan would give developers a huge amount of new and incredibly valuable real estate development potential. The City predicts 3.8 million sq ft of development (the equivalent of an Empire State Building and a Chrysler Building), but the plan would actually allow more than 10 million sq ft of development to take place, or nearly three times that amount, the majority of which the city fails to take into account.

The City predicts nearly all new construction will take the form of new residential development with 20-30% affordable housing included on site, creating 330-498 units of affordable housing in ten years (“projected” development sites), and possibly an additional 293–446 units in the years that follow (“potential” development sites). But this ignores that the de Blasio plan (which won’t produce new development until long after Mayor de Blasio leaves office, and is no longer responsible for its results) actually gives developers many ways to build on those sites without including any affordable housing whatsoever — ways which are often significantly more profitable than the development with affordable housing that the City predicts.

In fact, in every one of the “projected” and “potential” development sites where the City claims affordable housing will be built, their plan actually strongly incentivizes building with NO affordable housing, and
in every case allows developers to build more market-rate space if they DON’T include affordable housing than if they do.

The main loopholes to providing affordable housing in the de Blasio plan are:

- Any development with less than 25,000 sq ft of residential spaces is exempted from the affordable housing requirement
- This includes not only new residential buildings of 25,000 sq ft or less, but significantly larger mixed-use buildings with residences along with retail, commercial/office, or community facility space, so long as the residential component doesn’t exceed 25,000 sq ft.
- There is no affordable housing requirement for commercial space.
- If a development site consists of multiple zoning lots, as do the sites upon which the majority of affordable units are projected to be built, the plan allows construction of separate buildings on each lot, with up to 25,000 sq ft of residential space each, with no affordable housing. Thus on a projected development site with five zoning lots (such as 174 Centre Street, the Edison Parking lot where the city predicts 124,146 sq ft of residential development with 24,825 to 37,328 sq ft or 29 to 43 units of required affordable housing), the plan would actually allow up to 125,000 sq ft of residential space in five separate buildings with NO affordable housing.

Between all of these exemptions and loopholes allowing developers to sidestep affordable-housing requirements, the Mayor’s plan actually allows construction of more market-rate space when NO affordable housing is included than when it is on every single “projected” and “potential” development site in the City’s plan, thus strongly incentivizing development with no affordable housing.

An analysis by zoning subdistrict within the de Blasio plan follows.
M1-6/R-10 ‘Housing Opportunity Zones’

Maximum allowable FAR
- 12 FAR residential (8.4 to 9.6 FAR market-rate residential, 2.4 to 3.6 FAR affordable, depending upon version of MIH, UNLESS < 25,000-sq-ft residential)
- 10 FAR commercial

What can be built WITH NO AFFORDABLE HOUSING
1. 2,083-sq-ft lot (70 x 30) — 25,000-sq-ft building: all residential. 12 FAR, NO affordable housing
2. 2,083-sq-ft lot (70 x 30) — 25,000-sq-ft building: 1,900-sq-ft retail, 23,100-sq-ft residential. 12 FAR, NO affordable housing
3. 4,167-sq-ft lot (83 x 50) — 50,000-sq-ft building: 25,000-sq-ft residential, 25,000-sq-ft commercial, 12 FAR, NO affordable housing
4. 8,333-sq-ft lot (100 x 83) — 100,000-sq-ft building: 9,000-sq-ft retail, 66,000-sq-ft commercial, 25,000-sq-ft residential, 12 FAR, NO affordable housing
5. 12,500-sq-ft lot (125 x 100) — 150,000-sq-ft building: 11,500 retail, 113,500 commercial, 25,000-sq-ft residential 12 FAR, NO affordable housing

An FAR of 12 can be achieved with NO affordable housing on lots of up to 12,500 sq ft.

Fourteen out of 16 or 87.5% of the sites on which affordable housing development is projected in this zone are less than 12,500 sq ft, and thus developers can build the full allowable 12 FAR of entirely market-rate development with no affordable housing, including lucrative luxury condos — considerably more than the 8.4 to 9.6 FAR of market-rate housing they can build under the city’s plan when affordable housing is included. Thus these 14 sites are very likely to be developed with NO affordable housing.
The two remaining sites actually consist of multiple zoning lots, which allow an exemption for affordable housing of 25,000 sq ft each if separate buildings are developed — a fact the City ignores (the city’s analysis assumes all multiple zoning lots development sites will merge lots rather than keep them separate to attain a broader exemption from affordable housing requirements — a far-fetched hypothesis). The sites are:

**Site 10** (Edison Parking, 174 Centre Street, 13,830-sq-ft site on five zoning lots): Two separate buildings could be built on two or three of the existing zoning lots of 12 FAR on both sites, with a total of 50,000 sq ft of market-rate housing, without including any affordable housing. If five buildings were constructed, one on each zoning lot, they could build a total of 125,000 sq ft of market-rate residential space out of a total of 165,960 sq ft, without including any affordable housing. They could also build one building on the 13,830-sq-ft site of 138,300-sq-ft commercial/retail and 25,000-sq-ft residential for an 11.8 FAR completely market-rate building — just slightly below the maximum allowable 12 FAR, but well above the 8.4 to 9.6 FAR of market-rate housing that could be built here if affordable housing were included, thus making construction with NO affordable housing much more likely.

**Site 9** (239 Canal Street at Centre Street): All but one of the three zoning lots comprising the projected development site are less than 12,500 sq ft. Thus the lots could be built separately with NO affordable housing, with two of the three lots built to 12 FAR and the third larger lot (13,388 sq ft) built to 133,880 sq ft of commercial/retail space and 25,000 sq ft of residential, for a total of 158,880 sq ft or 11.89 FAR. This would actually be a combined FAR for the three lots of 11.92 of entirely market-rate development, as opposed to the 8.4 to 9.6 FAR of market-rate development that could be built if affordable housing were included, thus making affordable housing development on this site very unlikely.

Even if built just one building on combined zoning lots (21,348 sq ft) were built here, it could include a total of 213,480 sq ft of commercial/retail space and 25,000 sq ft of market-rate residential space for a 238,480 sq ft or 11.2 FAR building with NO affordable housing — still much more market-rate square footage than the 8.4 to 9.6 FAR market-rate residential building which could be built here if affordable housing were included.

*Therefore, on every one of the projected development sites in this zone, the de Blasio rezoning plan is structured to actually offer stronger incentives to building with no affordable housing whatsoever, and is likely to result in little or no affordable-housing production.*
M1-5/R9-X ‘Broadway Corridor’/‘NoHo North’

Maximum allowable FAR

- 9.7 FAR residential (6.79 to 7.76 FAR market-rate residential, 1.94 to 2.91 FAR affordable, depending upon version of MIH, UNLESS < 25,000-sq-ft residential)
- 6 FAR Commercial

What can be built WITH NO AFFORDABLE HOUSING

1. 2,575-sq-ft lot (75 x 35) — 25,000-sq-ft building: all residential, 9.7 FAR, NO affordable housing
2. 2,575-sq-ft lot (100 x 26) — 25,000-sq-ft building: 2,300-sq-ft retail, 22,700-sq-ft residential, 9.7 FAR, NO affordable housing
3. 5,155-sq-ft lot (100 x 52) — 50,000-sq-ft building: 25,000-sq-ft commercial, 25,000-sq-ft residential, 9.7 FAR, NO affordable housing
4. 5,155-sq-ft lot (100 x 52) — 50,000-sq-ft building: 4,500-sq-ft retail, 20,500-sq-ft commercial, 25,000-sq-ft residential, 9.7 FAR, NO affordable housing
5. 6,760-sq-ft lot (100 x 68) — 65,540-sq-ft building: 40,540-sq-ft commercial, 25,000-sq-ft residential, 9.7 FAR, NO affordable housing
6. 6,760-sq-ft lot (135 x 50) — 65,540-sq-ft building: 6,000-sq-ft retail, 34,540-sq-ft commercial/25,000-sq-ft residential, 9.7 FAR, NO affordable housing

An FAR of 9.7 can be achieved with NO AFFORDABLE HOUSING on lots of up to 6,760 sq ft.

Four of six or 67% of projected development sites are under 6,760 sq ft, and could achieve the maximum allowable FAR (9.7) without including any affordable housing.
Of the two remaining sites

Site 2 (Edison Parking, at 375 Lafayette Street/30 Great Jones Street) consists of three zoning lots.

- One (2,567 sq ft) could be built to full FAR with no affordable housing.
- The second, at 7,947 sq ft, could be built to 47,682-sq-ft commercial/retail and 25,000-sq-ft residential, or a total of 72,682 sq ft or 9.15 FAR, with no affordable housing, as compared to the 6.79 to 7.76 FAR of market-rate residential development that could be built if affordable housing was included.
- The third, at 9,261 sq ft, could be built to 55,566-sq-ft commercial/retail and 25,000-sq-ft residential, or a total of 80,555 sq ft or 8.7 FAR, with no affordable housing, as compared to the 6.79 to 7.76 FAR of market-rate residential development that could be built if affordable housing was included.
- If combined into a single zoning lot and just one building constructed, they could build 123,162 sq ft of commercial/retail and 25,000 sq ft of market-rate residential space, or a total of 148,162 sq ft or 7.22 FAR, with no affordable housing (vs. the 6.79 to 7.76 FAR of market-rate residential development that could be built if affordable housing was included).

Site 12, the 8,906-sq-ft parking lot at 410 Lafayette Street, has 53,436 sq ft of commercial/residential space and 25,000 sq ft or market-rate residential space for a total of 78,436 sq ft or 8.8 FAR that could be built with no affordable housing, compared to the 6.79 to 7.76 FAR of market-rate residential development that could be built if affordable housing was included.

Thus, for 100% of the projected development sites in this subzone, the de Blasio plan actually provides multiple loopholes and stronger zoning incentives to build without affordable housing than with, and thus is likely to produce little or no affordable housing.

Among the 15 potential development sites with affordable housing identified by the City, 13 or 87% are on lots of under 6,760 sq ft, and therefore the development could achieve the full allowable FAR of 9.7 without any affordable housing.

Of the two remaining sites

Site EEE is a 12,424-sq-ft lot at 403 Lafayette Street. Here 74,544 sq ft of commercial/retail space and 25,000 sq ft of market-rate residential space could be built in a 99,544-sq-ft or 8.01 FAR all market-rate building with no affordable housing, as compared to the 6.79 to 7.76 FAR of market-rate residential development that could be built if affordable housing is included.
Site PP is an 8,423-sq-ft lot at 558 Broadway. Here 50,538 sq ft of commercial/retail space with 25,000 sq ft of market-rate residential space could be built for a 75,538-sq-ft or 9.0 FAR all market-rate building with no affordable housing, as compared to the 6.79 to 7.76 FAR of market-rate residential development which could be built if affordable housing was included.

Thus, for 100% of the projected and potential development sites in this zone where the city predicts affordable housing will be built, the plan would actually allow developers to build more market-rate space if they don’t include affordable housing, thus actually incentivizing construction with no affordable housing.
M1-5/R9-X ‘Canal Subdistrict’

Maximum allowable FAR
- 9.7 FAR residential (6.79 to 7.76 FAR market-rate residential, 1.94 to 2.91 FAR affordable, depending upon version of MIH, UNLESS < 25,000-sq-ft residential)
- 5 FAR Commercial

What can be built WITH NO AFFORDABLE HOUSING

1. 2,575-sq-ft lot (75 x 35) — 25,000-sq-ft building: all residential, 9.7 FAR, NO affordable housing
2. 2,575-sq-ft lot (100 x 26) — 25,000-sq-ft building: 2,300-sq-ft retail, 22,700-sq-ft residential, 9.7 FAR, NO affordable housing
3. 5,155-sq-ft lot (100 x 52) — 50,000-sq-ft building: 25,000-sq-ft commercial, 25,000-sq-ft residential, 9.7 FAR, NO affordable housing
4. 5,155-sq-ft lot (100 x 52) — 50,000-sq-ft building: 4,500-sq-ft retail, 20,500-sq-ft commercial, 25,000-sq-ft residential, 9.7 FAR, NO affordable housing

An FAR of 9.7 can be achieved with, **NO affordable housing** on lots of up to 5,155 sq ft.

Of the four “potential” development sites identified by the City in this subzone, three or 75% are less than 5,155 sq ft, or consist of multiple lots of less than 5,155 sq ft. Thus, these could be developed to the maximum allowable 9.7 FAR with 100% market-rate development, including lucrative luxury condos, with no affordable housing required (vs. the 6.79 to 7.76 FAR market-rate development that could take place if affordable housing is included).
Only one “potential” development site in this zone identified by the City contains a zoning lot larger than 5,155 sq ft:

**Site DDD, 345 and 349 Canal Street/6–10 Wooster Street,** contains one lot of 2,225 sq ft that could be built to the maximum allowable 9.7 FAR of entirely luxury condos, commercial space, or a combination of the two. The second zoning lot of 9,724 sq ft could be built with 48,620 sq ft of commercial/retail space and 25,000 sq ft of luxury condos for a total of 73,620 sq ft of purely market-rate space or 7.57 FAR with no affordable housing, as compared to the maximum 6.79 to 7.76 FAR of market-rate space that could be built if affordable housing is included. Taken together, the two lots would have an FAR of 7.97 of fully market-rate space with no affordable housing — well above the 6.79 to 7.76 FAR of market-rate space that could be developed if affordable housing is included.

If the site were developed as a merged zoning lot and single building, approximately 60,000 sq ft of commercial/retail space and 25,000 sq ft of luxury condos could be built, or 85,000 sq ft or 7.08 FAR market-rate space with no affordable housing, vs. the 6.79 to 7.76 FAR of market-rate space that could be built if affordable housing were included.

Thus, for all of the development sites identified in this subdistrict by the City, it would be possible to achieve the maximum allowable FAR without including any affordable housing (even while building luxury condos as all or part of the development), or to at least build more market-rate space without including affordable housing than could be built if affordable housing were included. This makes the construction of affordable housing on these sites extremely unlikely.
M1-5/R7-X ‘SoHo/NoHo Cores’/
‘Preservation Subdistrict’

Maximum allowable FAR

- 6 FAR Residential (4.2 to 4.8 FAR market-rate residential, 1.2 to 1.8 FAR affordable, depending upon version of MIH, UNLESS < 25,000-sq-ft residential)
- 5 FAR Commercial

What can be built WITH NO AFFORDABLE HOUSING

1. 4,167-sq-ft lot (100 x 42) — 25,000-sq-ft building, all luxury condos or luxury condos with ground floor retail. 6 FAR, no affordable housing

2. 8,333-sq-ft lot (83 x 100) — 25,000-sq-ft commercial or commercial/retail and 25,000-sq-ft luxury condos: 50,000-sq-ft building, 6 FAR, no affordable housing

3. 25,000-sq-ft lot (200 x 125) — 125,000-sq-ft commercial or commercial/retail and 25,000-sq-ft luxury condos: 150,000-sq-ft building, 6 FAR, no affordable housing

An FAR of 6 can be achieved with no affordable housing on lots of up to 25,000 sq ft.

Of the five projected and 38 potential development sites identified by the City in this subdistrict, 100% are less than 25,000 sq feet, even if lots are merged. Thus on 100% of development sites, the plan allows construction of the maximum allowable 6 FAR, including with lucrative luxury condos, with no affordable housing included, and incentivizes the construction of purely market-rate developments.
In fact, for four of five projected development sites and 31 of 38 potential development sites, the sites are less than 4,167 sq ft, and thus a 100% market-rate residential development of 6 FAR could be built with no affordable housing (the City inexplicably projects these sites will chose to include on-site affordable housing and give up 20–30% of their market-rate residential FAR, although not required to). The one remaining projected development site and the 32nd of 38 potential development sites could do the same by merely developing two separate buildings on the two separate zoning lots on the site.

Thus, 100% of the projected development sites and 84% of the potential development sites are not only likely to be developed with no affordable housing, they would not even have to include any commercial or retail space to do so, and could be 100% luxury condos.

Of the remaining six potential development sites, all but one could achieve the maximum allowable 6 FAR with just half the building containing commercial uses and half luxury market-rate residential ones. That one, Site OO, 103 Prince Street, is 10,729 sq ft. There one could build a 6 FAR/64,374 sq ft building of 39,374 sq ft market-rate retail/commercial with 25,000 sq ft of luxury condos above, without any affordable housing (vs. the 4.2 to 4.8 FAR of market-rate housing which could be built if affordable housing was included).

Thus, in 100% of cases in this subdistrict, the construction of affordable housing is extremely unlikely.
In addition to projecting the construction of affordable housing on sites where
the plan actually allows and incentivizes building without affordable housing, the
City's projections fail to account for scores of likely developments that would also
include market-rate residential development with no affordable housing.

About 788 of the 899 buildings in the rezoning area or more than 80% will have
unused residential FAR under the proposed rezoning (none currently do since
residential development is not allowed as of right). This will create a vast array
of opportunities for vertical enlargements to existing buildings for multi-story
penthouse luxury residential additions, which would be particularly lucrative. As
long as those additions are limited to 25,000 sq ft and don't bring the building
above the maximum allowable total FAR and residential FAR, these can be built with no affordable
housing whatsoever (and if they are no more than 12,500 sq ft and 10 units, they don't even have to
pay into the affordable housing fund).

If just 40 or only 5% of the hundreds of buildings in the
rezoning area that would have this unused residential
FAR chose to do this, at 25,000 sq ft per vertical addition,
that would create 1,000,000 sq ft of additional luxury
residential construction in the rezoning area which the
City's analysis completely fails to take into account.
Conclusion

The City’s SoHo/NoHo Rezoning Plan is billed as introducing affordable housing into a high-income neighborhood lacking this much-needed resource. But in fact the plan is structured not only to allow but actually encourage and incentivize construction that contains no affordable housing. In 77 of 84 (92%) of projected and potential development sites identified by the City, the plan would actually allow construction of the maximum allowable size for developments with no affordable housing whatsoever. Developers would naturally be inclined to choose to build in this manner, rather than giving away up to 30% of their floor area to affordable housing (which will make them little or no money), as the City inexplicably claims they will do.

On the remaining seven (8%) of sites, the plan would allow the construction of buildings without affordable housing that are only slightly smaller than the maximum allowable under the rezoning. But even in these cases, the amount of highly profitable market-rate space that could be built exceeds the amount of market-rate space allowable if 20–30% affordable housing is included, as the City projects will happen. Thus here as well, the plan makes building purely market-rate developments without affordable housing considerably more financially appealing than building those with it.

In addition to projecting affordable housing in developments where it will likely never materialize, the Mayor’s plan categorically denies an entire class of 100% market-rate residential developments that the rezoning will undoubtedly enable. The plan will grant unused residential development rights to hundreds of buildings in the rezoning area. In many cases, the most expedient way to exploit that development potential is to add a vertical enlargement of no more than 25,000 sq ft of market-rate residential space, which has no affordable-housing requirement attached to it. This could easily result in the addition of hundreds of thousands or even a million or more square feet of purely luxury, market-rate housing in the rezoning area — development that the City’s analysis completely refuses to account for or even acknowledge.

Because the plan includes the 25,000-sq-ft exemption, a significant allowable commercial FAR with no affordable-housing requirement, and covers an area with relatively small potential development sites or sites that consist of multiple zoning lots, it is structured to make including affordable housing in new developments significantly less financially appealing, and therefore much less likely, than not doing so.

The de Blasio SoHo/NoHo rezoning plan is thus likely to result in little or none of the affordable housing the City predicts being built, and to result in vastly more market-rate residential, commercial, and retail space than predicted. In fact, it will likely almost exclusively produce such types of development.
Addendum: May 27, 2021

When the City certified its SoHo/NoHo rezoning proposal on May 17, there were virtually no substantive changes to the draft plan — certainly none that addressed any of the issues raised by this or our prior report in terms of the how the plan incentivizes development without affordable housing over development that includes it, as well as how the plan vastly increases the likelihood of rent-regulated housing in the area being destroyed and its lower- to moderate-income residents (disproportionately Asian American) being displaced.

Rather than addressing any of these issues, the one new element in the final certified plan actually makes it worse. The City’s final proposal allows a broad and highly profitable range of university and private-school uses (dormitories, classrooms, administrative space, etc.) known as “community facilities” to locate in the rezoning area, where they are currently prohibited. These uses, like the big-box chain retail, high-end office, expensive hotel, and luxury condo uses of no more than 25,000 sq ft and 25 units per zoning lot, are all exempted from requiring any affordable housing.

It’s no secret that NYU, among other educational institutions, has long sought to locate here. Not only will this add one more profitable option to the menu of choices developers can utilize to avoid having to give away 25–30% of their space to affordable housing, it will actually make it even easier for developers to max out on market-rate space on their sites without triggering any requirements for including affordable housing. That’s because the plan allows these uses at even higher densities than every other allowable use except residential in the entire rezoning area, and in the SoHo and NoHo “cores” (approximately 40% of the rezoning area), it actually allows such development at greater density than residential.

It should be noted that if allowed, this allowance for NYU to expand into NoHo and SoHo would be approved by the same City Council and City Planning Commission that in 2012 approved NYU’s massive 2031 expansion plan, saying that this would be the limits of NYU’s future expansion in the area. That approval was led by City Councilmember Margaret Chin, who will also be key to approval of this plan, as well as Borough President Gale Brewer, who as a member of the City Council at the time voted for the NYU plan. Several members of the City Planning Commission who must also approve the SoHo/NoHo plan were also on the Commission at the
time and voted to approve the NYU expansion plan with this promise, which the City’s certified plan eviscerates.

It should also be noted that university and other private educational facilities are not the only highly profitable "community facility" uses that the final version of the city’s plan allows in the mix for SoHo and NoHo, which will compete with the provision of affordable housing. A broad range of medical offices will also get this generous zoning accommodation, including plastic and cosmetic surgery facilities and other high-end for-profit medical services that will no doubt be drawn to the flood of luxury condos the plan will allow to be built here.

Here’s how this can play out in each of the districts:

### Housing Opportunity Zones

**Allowable FAR:**
- 12 Residential
- 10 Commercial
- 6.5 Community Facility

On all of the identified development sites in this area, even without this new community faculty allowance, one can already build more market-rate space without affordable housing than with, and on most sites developers could already achieve the maximum allowable FAR. For the two sites where they could build more market-rate space but not quite reach the maximum allowable FAR in every configuration, including the lucrative allowable additional 0.5 FAR of community facilities would now allow all these developments in all configurations to reach the maximum allowable FAR without any affordable housing.

### Broadway Corridor/NoHo North

**Allowable FAR:**
- 9.7 Residential
- 6 Commercial
- 6.5 Community Facility

Previously 17 of 21 sites could achieve full allowable FAR with no affordable housing, while four could not but could achieve more market-rate development without affordable housing than with. With the lucrative additional allowable 0.5 FAR of community facility uses, these four sites could all nearly max out on their allowable FAR without including any affordable housing.
**Canal Subdistrict**

Allowable FAR:
- 9.7 Residential
- 5 Commercial
- 6.5 Community Facility

Only one of four sites could not reach the maximum allowable FAR without including affordable housing, though even without community facility use it would be able to include more market-rate space without including affordable housing than by including it. Here the community facility alternative adds an additional 1.5 FAR as compared to other uses, and thus allows the one outstanding site to come even closer to reaching the maximum allowable FAR with no affordable housing, and certainly allows it to exceed the amount of market rate space it could build if it included affordable housing.

**SoHo/NoHo Core**

Allowable FAR:
- 6 Residential
- 5 Commercial
- 6.5 Community Facility

One hundred percent of the development sites were already able to achieve the maximum allowable FAR for residences of 6 with no affordable housing included under the draft plan. With the additional allowance of lucrative community facility uses at 6.5 FAR, developers will simply have even more options to evade the affordable housing requirements, and will in more cases be able to build to 6.5 FAR (which is more than 60% larger than the average building in this area) without including any affordable housing.