HR&A Analyze. Advise. Act.



NYBC PROPOSAL EVALUATION

JULY 2020

PREPARED BY:

HR&A Analyze. Advise. Act.

AND

URBANISM ADVISORS

PREPARED FOR:

New York Blood Center

Executive Summary

HR&A Advisors, Inc. (HR&A) and Urbanism Advisors (together, the Team) were engaged by New York Blood Center (NYBC) to evaluate the organization's proposal for the rezoning and development of 310 East 67th Street (Block 1441, Lot 40, referred to going forward as the Project). The Team evaluated the appropriateness and merits of the Project based on information provided by NYBC and their consultant team, including basic site information and land use and zoning application documents, and on its own independent assessment of the urban context in the surrounding area and the consistency of the proposal with citywide economic policy.

The proposed development, referred to as Center East, will provide world-class facilities for medical professionals, researchers, and entrepreneurs as well as newly built, state-of-the-art facilities for NYBC. Center East will replace the existing NYBC facility, a 90-year-old repurposed trade school, with new, purpose-built space designed for cutting-edge research and to accommodate the most modern instrumentation and techniques. The new partner space will be modular, creating adaptable space for tenants that may want to occupy full, half, or quarter floors. This flexibility will allow start-ups and other small companies to grow in place by tailoring their own space to their evolving use and space requirements. It will also accommodate research teams who seek to have their own space while being co-located within the same floor as collaborators.

Center East will be a state-of-the-art facility that is designed to advance NYBC's pioneering vaccine, cell therapy, hematology, and therapeutics research, allowing NYBC to continue to play a vital role in pandemic response. It will also attract tenants that are working to improve health outcomes through the pursuit of these and other high-growth research areas such as cellular biology and gene therapy.

Given its footprint and other architectural constraints, NYBC's existing building cannot accommodate renovation to incorporate either these uses or the type of space they require. However, the size and shape of its site, its location, and its historic non-residential use offer a uniquely appropriate opportunity to replace its existing, obsolete facility with a purpose-built, 21st century building. The new building will create the conditions for NYBC to continue to thrive. It will expand New York City's stock of space for Life Sciences by adding properly sized and shaped square footage – all at a location that is close to some of the city's leading medical and research institutions and is easily accessible by mass transit.

Center East is within easy walking distance of several significant medical and research facilities. Memorial Sloan-Kettering (MSK) is a six-minute walk from the site, while Rockefeller University, the Hospital for Special Surgery, and Weill Cornell are each a seven-minute walk. The area is also well-served by mass transit, including the Q and F stops at 63rd Street and 3rd Avenue, 6 subway stop at 68th Street and Lexington Avenue, the 2nd Avenue Bus Rapid Transit, and the M66 crosstown bus. The site is also easily accessed from Franklin D. Roosevelt East River Drive (FDR Drive), connecting it to the Alexandria Center for Life Science to the south and providing easy north-south access to Westchester and Connecticut, both of which are home to Life Sciences complexes that house large pharmaceutical and public-health institutions like Regeneron and AmeriCares.

NYBC expects to work with a financially established partner that is also a specialist in lab and Life Sciences development to develop Center East. Center East is proposed to include 596,000 gross square feet (GSF) of space in a 17-story, 334-foot tall building. With an estimated 2,510 Life Sciences workers on-site, 2,300 more than in the existing NYBC facility, Center East provides necessary new space to accommodate New York City's growing Life Sciences demand, helping the city keep pace with national leaders like Boston and San Francisco.

While the NYBC site is currently mapped R8B, a mid-density residential district, it has historically been used as a non-residential medical and research facility. The Project would maintain NYBC as a community medical facility and create Center East by adding much-needed space for expanded and enhanced research opportunities for both NYBC other organizations. Both uses are in keeping with the preponderance of medical and Life Sciences research facilities in this part of the Upper East Side.

The Team recommends mapping a C2-7 zoning district in the mid-block portion over the NYBC site and extending C2-8 zoning along the adjacent 2nd Avenue frontage (Blocks 1441 and 1421). These changes are consistent with the bulk and density of the surrounding mixed-use neighborhood, including the apartment buildings that line the north-south avenues and the institutional buildings, such as the MSK Koch Center for Cancer Care and the Weil Cornell research facility on 62nd Street that occupy many mid-block sections. They will also expand the range of permitted uses, allowing for both the uses proposed at Center East, a wider range of commercial and retail uses on the ground floors of the two existing residential buildings on 2nd Avenue between 66th and 67th Streets, and for as-of-right status for the existing movie theater on the west side of 2nd Avenue, which currently operates pursuant to a special permit.

Additionally, the proposed bulk and height of Center East is in keeping with many institutional buildings in the area, including others that are in mid-block locations such as the Manhattan Ear, Eye, and Throat Hospital and Memorial Sloan-Kettering's Urgent Care facility. The proposed bulk and height are also similar to those of nearby residential buildings.

As the ongoing COVID-19 crisis brings about a renewed emphasis on public health at all levels of government, the research and work of NYBC and other tenants of Center East will be increasingly essential to help fight future pandemics. New York City has borne the brunt of U.S. COVID-19 cases, further highlighting the need for Center East to exist adjacent to Manhattan's premier medical assets, a proximity that allows for increased communication, collaboration, and productivity. Center East will allow NYBC to positively impact and save lives at the local, national, and global levels by commercializing groundbreaking research at a vastly enhanced facility. Government, civic organizations, research institutions, and philanthropies are all expected to increase funding and resources for medical research, meaning that it will be particularly important for New York City to provide modern laboratory space like Center East to contribute to national and local efforts in support of this pursuit. Center East would signal the City's readiness to contribute to this effort and make progress toward its goal of becoming a leader in Life Sciences.

In addition to making contributions to public health research and innovation, the Project will advance the goals of the City's 2016 LifeSci NYC initiative. It also has the potential to generate significant positive economic impacts through both its construction and stabilized operation.[1] The Project is expected to have construction impacts over the proposed 41-month construction period (excluding design and demolition) that include 1,570 full-time equivalent jobs, $450 million in labor income, and $1.1 billion in total economic output.[2] Once completed, it is projected to generate 2,630 permanent jobs (of which 2,510 jobs are anticipated to be in the Life Sciences sector) on-site – 2,400 more than the existing facility. Net-new full-time equivalent jobs, including indirect and induced jobs, are estimated to total 5,100. The Project is also estimated to generate $475 million per year in net-new labor income and $1.1 billion in total net-new economic output each year.

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[1] The Life Sciences industry is defined as industries including NAICS codes that include Biopharmaceuticals (325411, 325412, 325413, 325414), Medical Devices (333314, 334510, 334516, 334517, 339112, 339113, 339114, 339115, 339116), Research, Testing, and Medical Laboratories (541380, 541713, 541714, 541715, 621511, 621512, 621991), Agricultural Feedstock & Industrial Biosciences (311224, 325193, 325199, 325311, 325314, 325320), and Bioscience-Related Distribution (423450, 424210, 424910). Data is sourced by EMSI

[2] The model assumed projected construction costs from NYBC cost estimates.

Center East fulfills the LifeSci NYC initiative's goal of unlocking new sites by addressing regulatory and zoning hurdles and adapting land-use policy that lowers the barrier to Life Sciences development. With a site that allows an industry-appropriate and flexible building design, a private development partner, an anchor institution, and a prime, easily accessible location at the center of an existing Life Sciences and medical cluster, the new Center East is uniquely suited to address the City's Life Sciences ambitions.

The following report provides an overview of the Project, as well as a detailed evaluation of the key considerations and recommendations regarding the potential rezoning and future development of the NYBC site, including the local planning context for this proposal and its potential local and citywide economic impacts.

Project Overview

A rezoning of the site to C2-7, coupled with an extension of the C2-8 district to the 2nd Avenue frontages of the site's block (Block 1441) would accommodate the proposed Center East while preserving the character of the surrounding neighborhood. The Project is an evolution of NYBC's 2018 response to a New York City Economic Development Corporation (NYCEDC) Request for Expressions of Interest (RFEI) to create an Applied Life Sciences Hub using a $100 million City contribution as part of the City's 2016 LifeSci NYC initiative, which also features $300 million in tax incentives as part of a $500 million program. NYBC has revised its proposed program since its RFEI response, and this report focuses only on the current proposal.

The 596,200 GSF Center East facility includes 17 stories of office and medical and research laboratory space to be constructed on NYBC's current lot after the existing building is demolished. In addition to replacing NYBC's existing facility with 206,400 GSF of cutting-edge labs and support space, the development would add over 389,800 GSF of Life Sciences space to the New York City market, including flexible wet lab space that can adapt to allow Center East to remain competitive in the future as the needs of Life Sciences tenants evolve. As an example, the building's design on a flexible lab module would allow lab space at Center East to be readily adapted into specialized computational Life Sciences research spaces, allowing for reconfiguration of laboratory spaces to respond to changing technology and the specific research needs of individual tenants.[3]

In addition to creating much-needed new space for other Life Sciences tenants, the new Center East is essential for NYBC itself to continue to conduct cutting-edge research and otherwise operate in Manhattan. The current NYBC space, built as a trade school in 1930, is dated and is not purpose-built for the current uses. Compared to its current 159,000 GSF facility, the new development will provide 206,400 GSF of research, core lab facilities, and support spaces for NYBC to advance its research and operations.[4]

The ongoing COVID-19 crisis has highlighted the importance of rapid research and seamless collaboration to develop life-saving innovations. In this context, Center East will provide the right platform for NYBC and other tenants to lead new treatments and public-health advances and to help ensure that New York City remains at the forefront of advanced research in combating both established illnesses and emerging diseases. The need to support and grow institutions such as NYBC and to deliver facilities such as Center East, especially in NYC's Upper East Side medical corridor, has never been greater.

[3] Wet lab space is office space designed to accommodate the handling of chemicals and other liquid or gaseous substances. Wet labs require lab benches, sinks, hoods, safety equipment, and sophisticated ventilation and piping infrastructure. Computational space is more like conventional office space, but with elevated capacity for computing and processing power through fiber optic networks.

As a longtime leader in research and innovation, NYBC is equipped to support in-building tenants grow and advance their own research and development. NYBC and other tenants will have shared spaces that foster collaboration and innovation, as well as shared laboratory resources and programming to strengthen relationships between Center East tenants, NYBC, and the surrounding institutions. As a result, the Center East development will enrich the local and NYC life science cluster considerably.

New York City Life Sciences Economy Overview

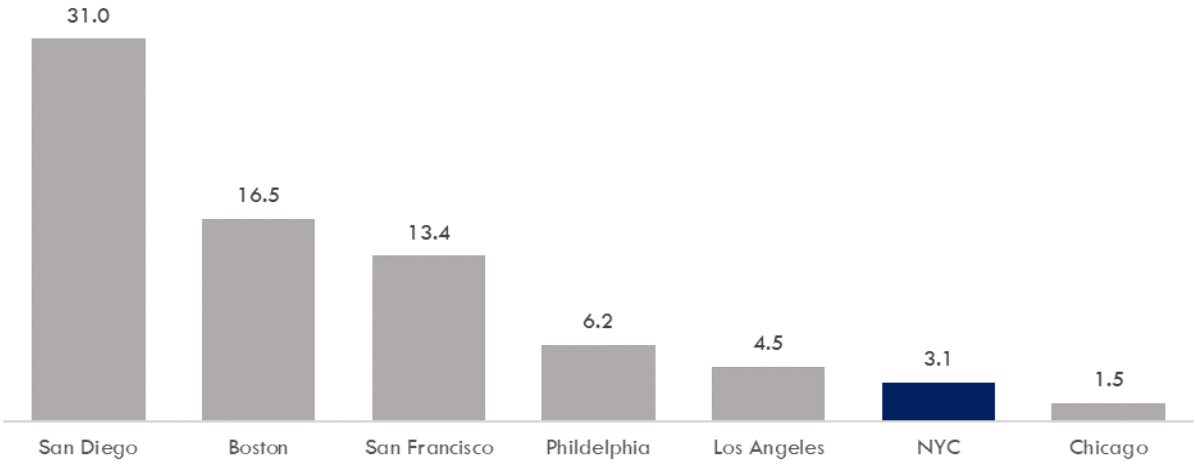
New York City has a notably lower concentration of Life Sciences employment than that of other cities that are national leaders. In 2016 and again in 2018, NYCEDC reported that the lack of appropriate space in Manhattan hinders companies from moving to or expanding in New York City. There is ample demand for Life Sciences space in New York City but strict zoning and permitting requirements as well as high construction costs have made it difficult for developers to satisfy growing demand.[5]

Life Sciences space—including wet labs and computational space—is significantly more expensive to build or remodel than traditional office space and does not comport with the types of parcels that are predominant in Manhattan. Life Sciences tenants require wider and squarer spaces than those typically found in New York City, which makes reusing or adapting the city's more common narrower, rectangular floorplates unsuitable for these tenants.

In addition, permissible zoning for Life Sciences space in New York City is a remnant of historic zoning laws that only permitted lab spaces within manufacturing zoned areas (M Zones), though very recent changes in interpretation now permit labs in C districts as well. While the City has granted variances for some City-owned properties, the lack of zoning flexibility combined with high construction costs has discouraged developers from expanding the New York City Life Sciences inventory.[6] Most NYC developers have also lacked the experience required to build functional, reusable lab buildings.

These factors mean that while New York City has 26,000 Life Sciences jobs, the second highest total in the country, its per capita concentration of Life Sciences jobs remains lower than that of national leaders, many of which have a higher share of dedicated Life Sciences lab and office spaces.

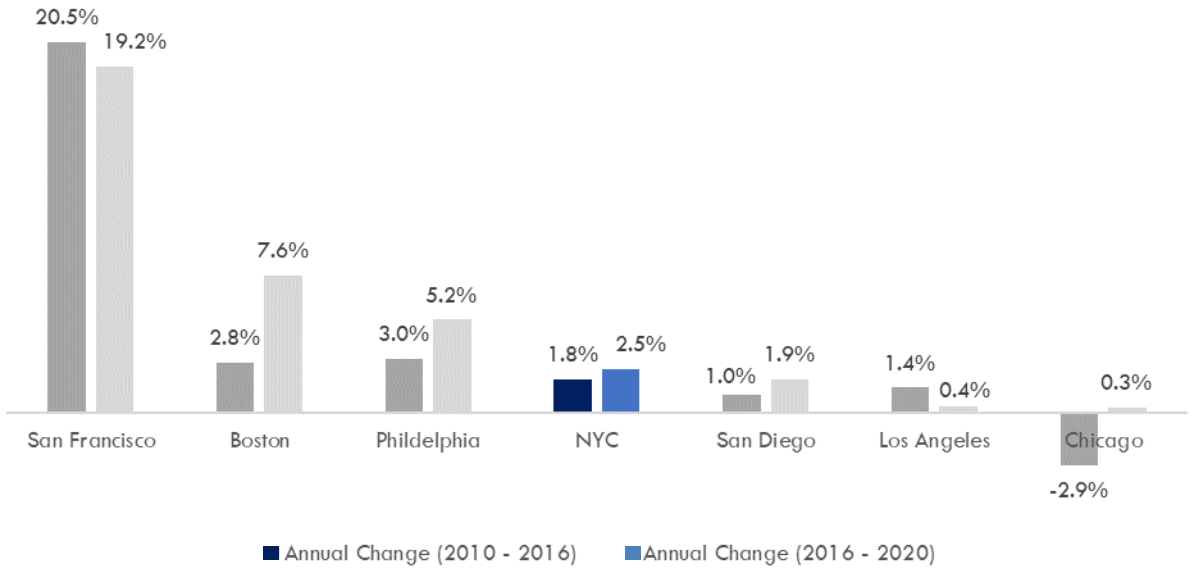
Figure 1: Life Sciences Employment per 1,000 Residents: New York City vs. Peer Cities



[5] "New York's Next Big Industry: Commercial Life Sciences", Partnership Fund for New York City, July 2016.
[6] New York City Life Science Market, Transwestern, Mid-Year 2017 [Link to PDF].

Over the past decade, while cities such as Boston and San Francisco have steadily increased the number of Life Sciences jobs, New York City's employment in this sector has grown more slowly, even with the introduction of the LifeSci NYC Initiative in 2016. New York City's Life Sciences employment grew by 1.8% per year between 2010 and 2016, and by only 2.5% per year between 2016 and 2020.

Figure 2: Life Sciences Employment Growth: New York City vs. Peer Cities



The New York City metropolitan area has the largest bioscience workforce in the country, the world's largest concentration of academic institutions, and is a world-class hub for biomedical research and technology. With national Life Sciences employment expected to grow by 11% over the next decade, New York City has a strong foundation to build upon the region's strengths and capture an outsized portion of that growth if adequate lab supply such as Center East can be brought to market.

Life Sciences firms have a strong preference to cluster around other medical and research institutions as well as other industry peers, which allows for fluid interaction among small biotech start-ups, publicly traded pharmaceutical companies, hospitals, and other entities within the ecosystem.[7] This highly-localized demand underscores why investment in new space should be concentrated in certain neighborhoods such as the Upper East Side, which features existing medical and institutional research anchors. New York City's existing Life Sciences clusters represent its strongest opportunity to capture a disproportionate share of national growth and its corresponding economic development benefits in the future. Consequently, recent Life Sciences-oriented developments supported by the City and State have been in such neighborhoods, as summarized in the following table.

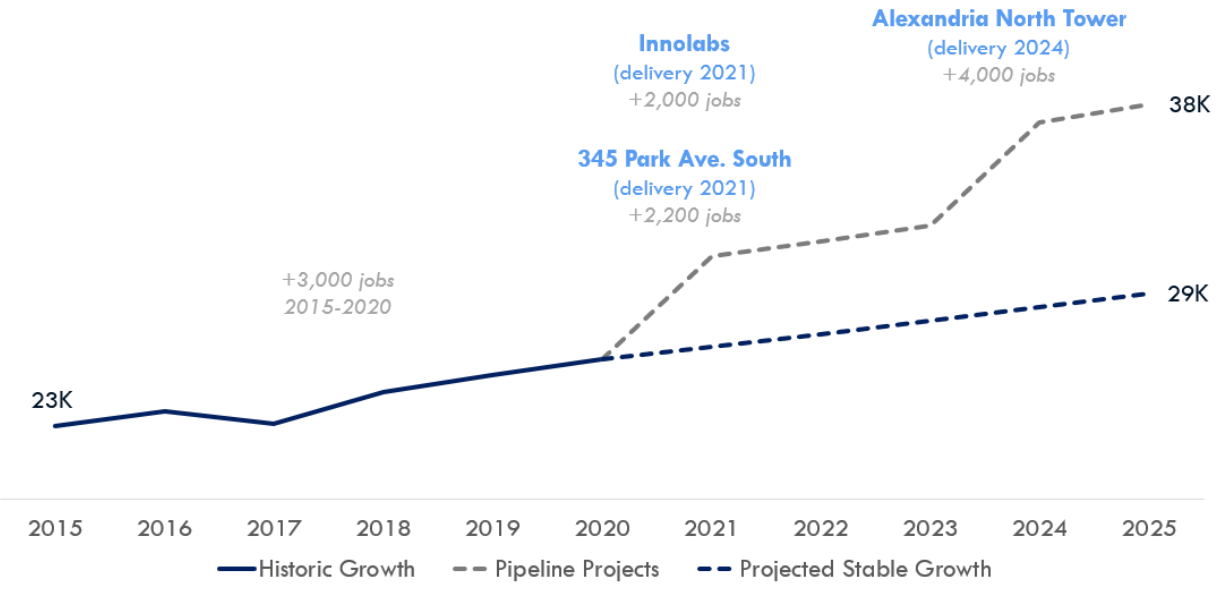
[7] 2019 Life Sciences Outlook, JLL, 2019 [Link to PDF].

Figure 3: Recent and Planned New York City Life Sciences Developments

	Year Delivered	Square Footage	Public Funding
Alexandria Center for Life Science (North Tower)	2024	550,000	NYCEDC: tax incentives
Innolabs	2021	267,000	New York State: $7.5 million in tax incentives
345 Park Avenue South	2021	300,000	NYCEDC: $92 million in tax incentives New York State: $12.7 million in tax incentives
JLABS	2018	30,000	New York State: $17 million
BioLabs @ NYU Langone	2017	50,000	NYCEDC: $5 million New York State: $2 million

Together, these projects will add nearly 1.2 million SF to New York City's Life Sciences market, helping to partly accommodate the industry's demand for New York City space, but will still not provide enough to accommodate the supply growth seen in nation-leading cities such as Boston and San Francisco. The delivery of Alexandria's North Tower, Innolabs, and 345 Park Avenue South will add approximately 8,200 Life Sciences workers to the city's economy, more than double the city's overall Life Sciences employment growth over the past five years.

Figure 4: New York City Life Sciences Employment Growth with Known Pipeline Projects



Even after planned large-scale Life Sciences developments come to market, pent-up demand for Life Sciences space will remain, in addition to induced demand for spaces where tenants from these projects can

grow and feed ancillary companies eager to locate nearby.[8] New York City has seen investment in and growth of Life Sciences start-ups and other companies, including Sema4, IndieBio, Magnolia Neurosciences, Rgenix, and Gotham Therapeutics. Successful biotech startups typically don't exceed 100,000 SF in the first 10 years. Thus, each significant space addition will be able to accommodate multiple startups, seeding long-term growth for the industry in New York City.

In addition to providing financial support for certain projects, LifeSci NYC introduced strategies to encourage the production of additional dedicated space to accommodate demand, many of which are still relevant today. As part of this initiative, the Department of City Planning, Department of Buildings, and NYCEDC issued a memorandum to the Deputy Mayor for Housing and Economic Development which clarified the zoning implications of Life Sciences research, testing, and development in commercial zoning districts. This memorandum identified the districts in which such research and testing are permitted; how such research and testing can comply with City regulation; what representative facilities and operations may entail; and the scope of principal use.

The clarification memorandum sought to unlock new sites by addressing regulatory and zoning hurdles and by lowering land-use policy barriers to Life Sciences development.[9] With proximity to hospitals and other Life Sciences institutions, excellent mass transit; contextually and programmatically diverse neighborhoods; and a large, regularly shaped, combined site that has historically been used for non-residential purposes; the NYBC site is particularly well suited to put these recommendations into practice.

Key Assets

The established cluster of influential research and medical institutions in the immediate area is critical to New York City's economy. Leading medical and research institutions such as MSK, Weill Cornell, and Rockefeller University as well as hubs for clinical research and trials such as New York-Presbyterian and the Hospital for Special Surgery not only fulfill an essential public health service for New York City; but they are also anchors for the broader constellation of Life Sciences companies, smaller institutions, and other medical services in the region. Such a cluster is especially important in light of Mayor Bill De Blasio's April 14, 2020, announcement on the importance of New York City's self-sufficiency in medical equipment, testing, and related efforts stemming from the COVID-19 pandemic.[10] Center East will efficiently and conveniently serve and complement the needs of those institutions' patients and nearby commercial partners while also filling an important need for additional wet-lab space in this area and in the city as a whole.

Locating Center East within a short distance of these notable institutions will enable researchers and entrepreneurs to travel between Center East and nearby institutions and to monitor their experiments and staff daily. The location of Center East is also essential for NYBC and prospective building tenants to attract, retain, and train skilled scientists and lab technicians, to maintain strong relationships with neighboring medical and research institutions, and to fuel research and development collaborations that will accelerate scientific progress.

Furthermore, the site's location near stops for the 6, N, Q, and F subway lines, and close to the Roosevelt Island Tram and FDR Drive facilitates both north-south connections (e.g., to NYU Langone, Bellevue, and the Alexandria Center for Life Science in Kips Bay) as well as east-west connections (e.g., to Roosevelt Island's Cornell-Tech and Long Island City's growing innovation economy, which includes Life Sciences).

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[8] 2019 Life Sciences Outlook, JLL, 2019 [Link to PDF].

[9] "Key Findings from NYCEDC Commercial Life Sciences Infrastructure Initiative", NYCEDC, May 2018.

[10] City of New York, Office of the Mayor, "Transcript: Mayor de Blasio Holds Media Availability on COVID-19" [Link to Web page, accessed April 14, 2020].

The NYBC site is also one of few sites in New York City that can provide the square, large floor plate areas that laboratory functions require to maximize efficiency of operations, flexibility of utilization, and functional adjacencies. The large floor plates will allow research groups to co-locate to collaborate and access shared resources; provide full-, half-, or quarter-floor space for companies and organizations of different sizes; and allow tenants to expand within the building as they grow.

Figure 5: Center East Institutions

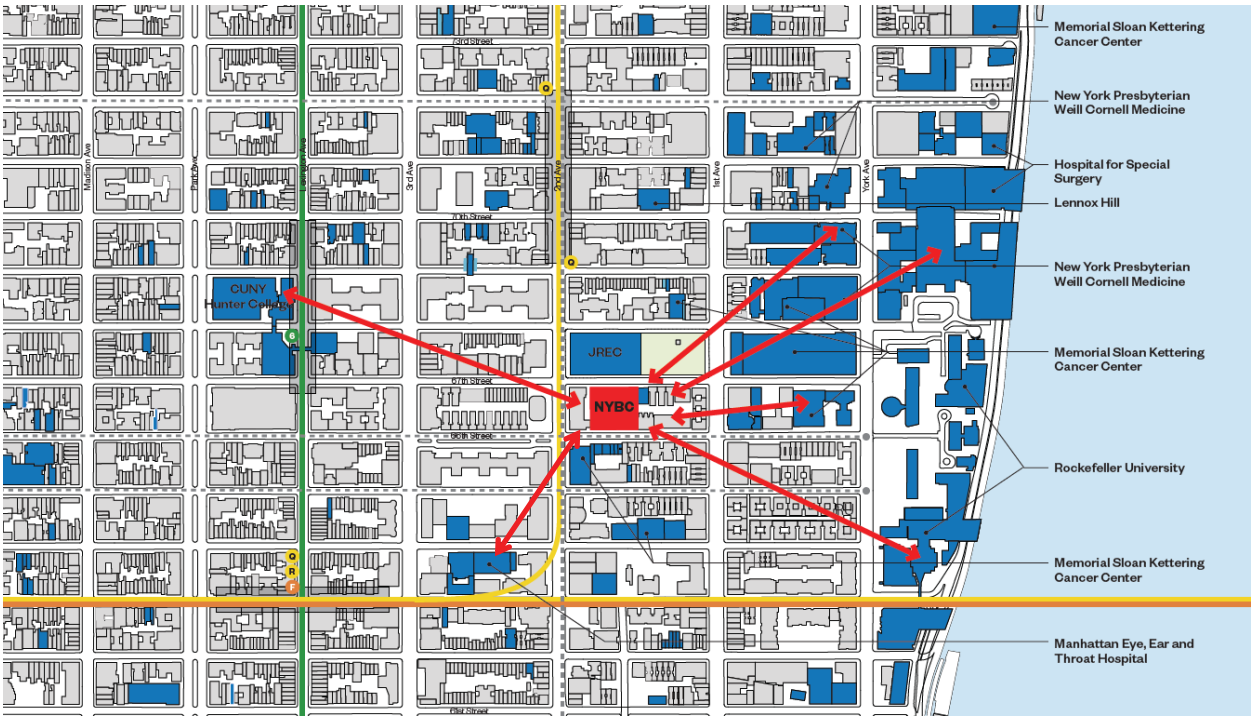


Figure 6: Ecosystem of Medical and Research Institutions



Zoning and Planning Considerations

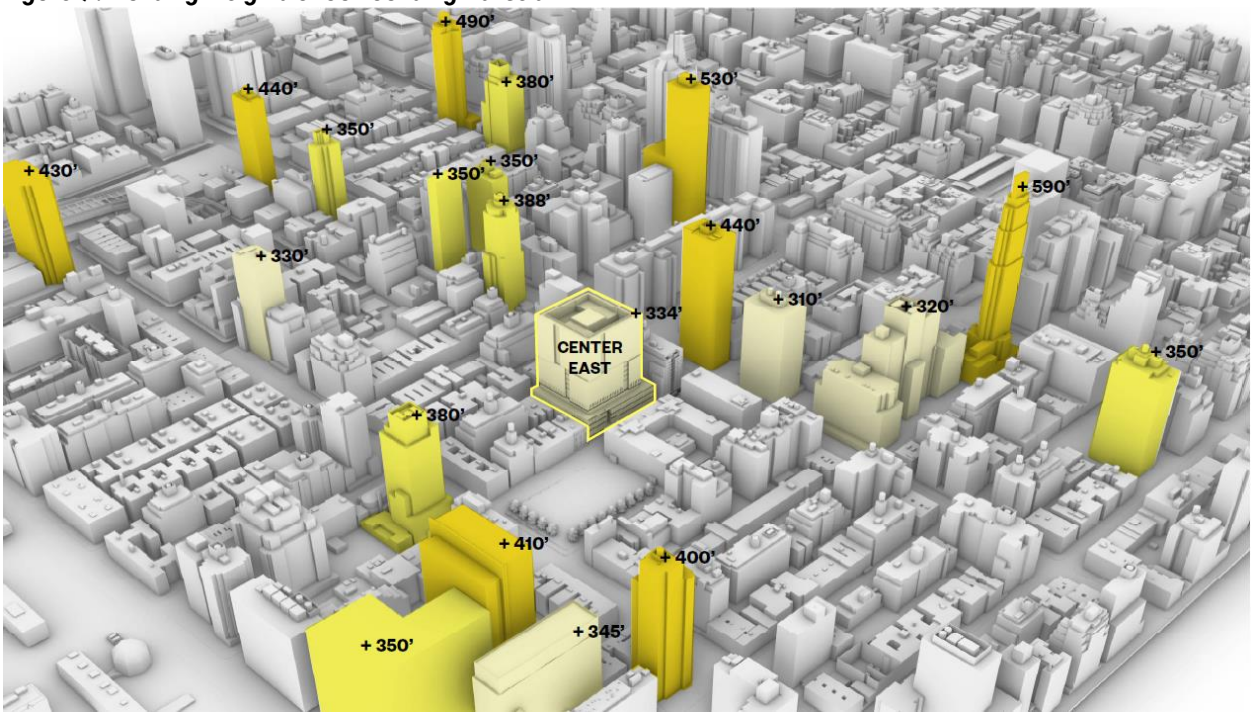
Neighborhood Context

The Upper East Side neighborhood surrounding NYBC's proposed development has a strong mixed-use character. The area is a hub for medical research and education, with medical and scientific research institutions such as Weill Cornell, Rockefeller University, and Memorial Sloan-Kettering as well as major hospitals like New York-Presbyterian and the Hospital for Special Surgery, which are themselves home to substantial clinical research and trials.

Nearby residential uses include predominantly mid- and high-rise buildings, ranging from five-story walk-ups to a 45-story tower. Some are of historic nature, such as the 214-foot (20-story) landmarked Manhattan House. Nearby high-rise residential buildings, with ground-floor retail and commercial space on the avenues, include the 490-foot (45-story) building across 2nd Avenue from NYBC, 215 East 68th Street, a 308-foot (32-story) mid-block building, the aforementioned full-block Manhattan House across 2nd Avenue to the south, and the 340-foot (31-story) building at 235 East 67th Street located diagonally across 2nd Avenue to the north.

Major hospitals nearby have been expanding in recent years, including the recent completion of New York-Presbyterian's 320-foot (17-story) David H. Koch Center on York Avenue and East 68th Street, which opened in May 2018, and planned expansions such as Lenox Hill's campus on the Upper East Side between Park and Lexington Avenues and 76th and 77th Streets. The area's medical and research facilities also occupy buildings that are in line with, or taller than, the proposed Center East facility, including a 380-foot (30-story) Weill Cornell building at 400 East 67th Street across 1st Avenue; a 260-foot (19-story) MSK building on York Avenue between East 67th and 68th Streets; and MSK's 424-foot (23-story) Mortimer B. Zuckerman Research Center at 425 East 68th Street. In addition, directly across East 66th Street from NYBC is a 230-foot (15-story) MSK building.

Figure 7: Building Heights of Surrounding Parcels



Source: Ennead Architects

Zoning Considerations

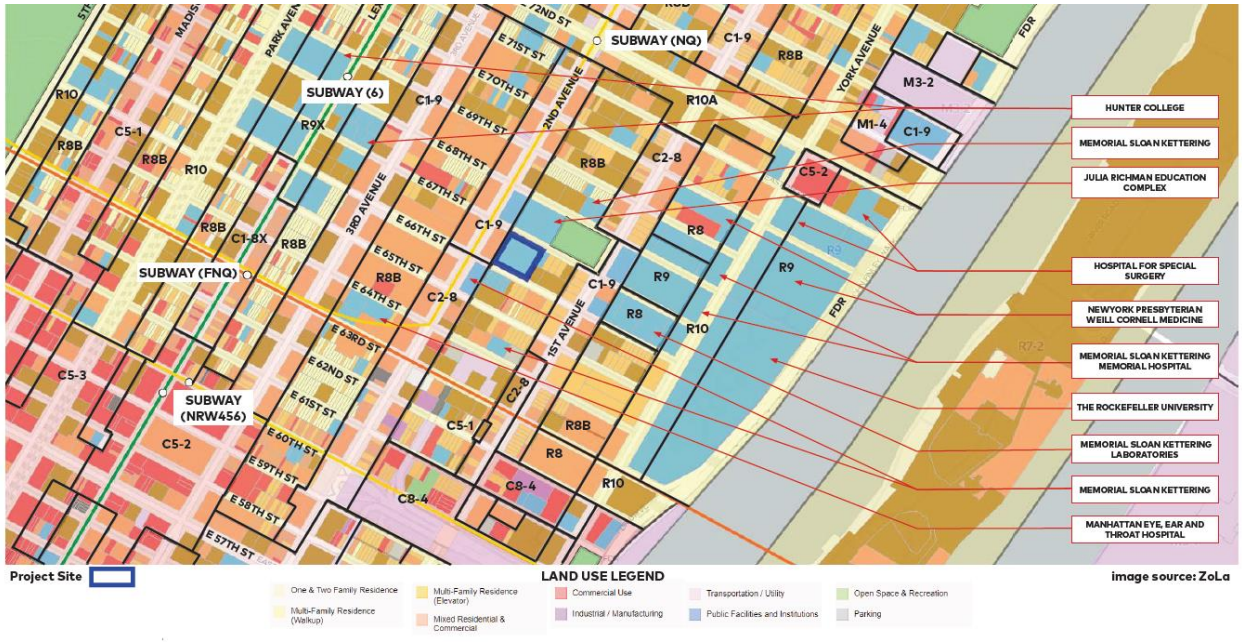
NYBC has been located on its current mid-block site since 1964. The building it occupies was constructed as a trade school in 1930 and is not well-suited for use as a modern biomedical lab and research facility. The proposed Center East facility would be constructed on the site of the current NYBC building with no residential or commercial displacement. Center East's proposed scale and bulk are consistent with other medical facilities and taller neighboring buildings as well as with the fabric of this mixed-use neighborhood. Although NYBC and the adjacent blocks have an R8B designation in the mid-blocks, the historic land-use patterns on the subject block and the adjacent blocks have included a diverse mix of uses. The block immediately to the north of Center East site is entirely non-residential, consisting of the Julia Richards Education Complex which houses several public schools, and a public park.

Several nearby medical facilities are located in mid-blocks and in both residentially and commercially designated areas. These include Block 1456 (between East 61st and 62nd Streets and 1st and York Avenues), which is mapped C8-4 (with the exception of the York Avenue frontage) and contains a cinema, self-storage facility, office tower, landmarked historical building that serves as a museum; and the Weill Cornell medical research building. Diagonally across 1st Avenue to the north of the Project site, Block 1462 is zoned as R9 in the mid-block and is home to Memorial Sloan-Kettering facilities of different heights with some reaching 19 stories. Further north, Blocks 1484, 1485, and 1486 between East 73rd and 75th Streets and York Avenue and FDR Drive are zoned M1-4, M3-2, and C1-9. These blocks contain the 453-foot (23-story) MSK Koch Center for Cancer Care and the site of a proposed Hunter College Science and Health Professions Building, along with walk-up residential buildings with ground-floor retail, a car repair facility, and a ConEd power station.

Current Zoning

The site is currently mapped R8B, a mid-density residential district with a 4.0 FAR for residential and 5.1 FAR for community facility use. Commercial uses are not permitted in R8B districts. Block frontages on 1st and 2nd Avenues are mapped with C1-9 commercial districts with 2.0 FAR for commercial use, 10.0 FAR for residential, and 10.0 FAR for community facility uses, though participation in the Inclusionary Housing Program could increase residential FAR to 12.0. Surrounding districts present a diversity of zoning in the frontages and mid-blocks. These uses include: C2-8 on the 2nd Avenue frontages south of this site, which feature high-rise residential buildings with ground-floor retail; C2-5 commercial overlays in the blocks between 2nd Avenue and 1st Avenue and between 61st and 65th Streets which include medical facilities such as dialysis and mental-health clinics; R9 zoning between 1st and York Avenues and between 67th and 68th Streets which is home to Memorial Sloan-Kettering facilities; and a cluster of commercially zoned blocks (including C4-7, C6-2, and C8-4) by the Queensboro Bridge ramp and directly to the north with a variety of uses as noted above. Further northeast, the York Avenue frontages are zoned R10 and the Rockefeller University campus is zoned R9.

Figure 8: Zoning Uses of Surrounding Parcels



Source: Ennead Architects

R8B is a contextual residential district, with a base height of 55 to 65 feet and a maximum building height of 75 feet. C1-9 districts are high-density districts with a residential equivalent of R10 and a maximum residential and community facility FAR of 10.0. Commercial uses are permitted at 2.0 FAR. On wide streets, building mass is governed by tower-on-the-base zoning regulations, requiring a base height of 60 to 85 feet and a maximum tower footprint of 30% to 40% of lot size. Although the subject block currently has a R8B residential zoning in the mid-block, this site has historically been used as a medical facility (Use Group 4).

Figure 9: NYBC East 67th Street Entrance



Figure 10: East 66th Street and 2nd Avenue facing East



Figure 11: MSK Zuckerman Research Center (417 East 68th St)



Figure 12: Residential Building Across 1st Avenue (400 East 67th Street)



City Policy – Health, Life Sciences, and Economic Development

Special zoning approvals for medical and Life Sciences buildings have a long history in New York City and in this part of Manhattan in particular. In 2013, the City Planning Commission and the City Council approved applications for rezoning and Special Permits by MSK and the City University of New York (CUNY) to facilitate the construction of two medical facilities at 520-540 East 74th Street. The resulting MSK project, the David H. Koch Center for Cancer Care building, rises to a height of 453 feet (23 stories) and occupies the easternmost part of the block between East 73rd and East 74th Streets and York Avenue and FDR Drive. CUNY's proposed Hunter College Science and Health Professions Building would rise to 346 feet (16 stories) and occupy a mid-block portion of the same block, adjacent to the Koch Center for Cancer Care, with the Hospital for Special Surgery and New York Presbyterian just two and four blocks to the south, respectively.[11]

In 2001, the City Planning Commission approved an application by Memorial Sloan-Kettering Cancer Center to rezone the mid-blocks between 1st and York Avenues and between East 66th and 69th Streets to R9 from R8 to permit development of a large-scale community facility (the Zuckerman Research Center noted previously is one of the buildings located on this site). The application also included modifications to height and setback requirements, which were approved.[12]

Also in 2001, the City Planning Commission approved two separate applications by the New York University School of Medicine and NYCEDC as part of the East River Science Park project to allow the development of a scientific research and development facility on the blocks between 1st Avenue and FDR Drive and East 28th and 30th Streets that eventually became part of the Alexandria Center for Life Science. The approved actions included a special permit pursuant to Section 74-48 of the Zoning resolution, and the rezoning of the project area from an R8 district to a C6-2 district.[13] Alexandria Real Estate applied for a modification to the previously approved site plan, which the City Planning Commission approved in 2010.[14]

In 2004, the City Planning Commission and the City Council approved special permits for Columbia University's Audubon IV development in Washington Heights.[15] This approval consists of a 181-foot (12-story) research laboratory building within the Audubon Research Park. The City Planning Commission and City Council approved this application for grant of a special permit pursuant to Section 74-48 within a C6-2 zoning district to allow modifications to height and setback regulations.

Recommended Zoning

Rezoning the NYBC site to a C2-7 designation, along with additional requested actions as discussed in the following paragraph, and extending the C2-8 zoning over 2nd Avenue frontage would accommodate the continued presence of clinical and research facilities at the current site and allow for new Life Sciences labs and offices in a modernized and expanded form. These rezoning measures would also preserve the residential bulk and density of avenue frontages and make an existing use which is currently permitted through a Board of Standards and Appeals special permit an as-of-right use.

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[11] City Planning Commission, C 130216 ZSM, August 21, 2013, Calendar No. 14 [Link to PDF]; Memorial Sloan-Kettering Cancer Center, details on the David H. Koch Center for Cancer Care [Link to Web page, accessed March 16, 2020].

[12] City Planning Commission, C 010547 ZMM, November 28, 2001, Calendar No. 1 [Link to PDF] and City Planning Commission, C 010548 ZSM, November 28, 2001, Calendar No. 2 [Link to PDF].

[13] City Planning Commission, C 010712 ZSM, November 21, 2001, Calendar No. 25 [Link to PDF] and City Planning Commission, C 010709 ZSM, November 21, 2001, Calendar No. 24 [Link to PDF].

[14] Department of Buildings, Letter Regarding Application No. M 010712(A) ZSM, June, 7, 2010 [Link to PDF].

[15] City Planning Commission, C 030229 ZSM, March 24, 2004, Calendar No. 36 [Link to PDF].

C2-7 districts permit up to a 2.0 FAR for commercial use and a R9 residential district equivalent which equates to a maximum allowable residential FAR of 7.52 and a maximum allowable community facility FAR of 10.0. Medical lab uses (Use Group 9A) are permitted as-of-right in C2 districts at 2.0 FAR. Mapping a C2-7 district on the NYBC site would provide the transition down to a lower residential 7.52 FAR from the 10 FAR Avenue district, while permitting medical lab uses needed by the proposed Center East facility. The applicant is seeking a concurrent text amendment to allow by special permit the community facility FAR (10.0) to apply to commercial as well as institutional medical lab uses in C2-7 districts in this area and for bulk modifications to accommodate the floor-plates and floor-to-floor heights needed for a state-of-the-art medical lab facility that has the flexibility to allocate floor space to different research groups and tenants on each floor and allow floor-space usage to change as tenant needs evolve. Similar to the rezoning of the mid-block just east of 1st Avenue between 67th and 68th Streets to R9 in order to accommodate the MSK Cancer Center, the creation of a C2-7 district would appropriately reflect the zoning pattern in this part of the Upper East Side, while accommodating the desired medical and research lab uses at this site.

Extending the C2-8 district over the 2nd Avenue frontages on Blocks 1441 and 1421 would maintain the current residential bulk and density while allowing for a wider range of commercial and retail uses on the ground floors of the two existing residential buildings on 2nd Avenue. C2-8 districts are mapped extensively along avenue frontages on the Upper East Side, including the 2nd Avenue frontage immediately south of the subject block. Extending the C2-8 district would also make the movie theater use at the base of the 45-story, mixed-use building at 265 East 66th Street that was permitted through a Board of Standards and Appeals Special Permit an as-of-right use.

Figure 13: Current Zoning

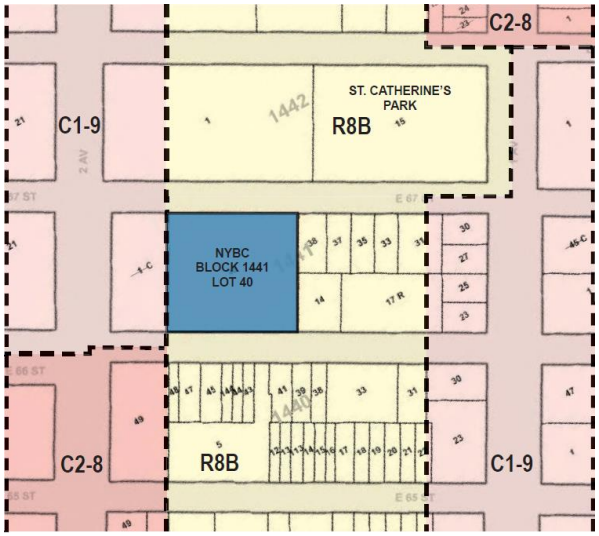
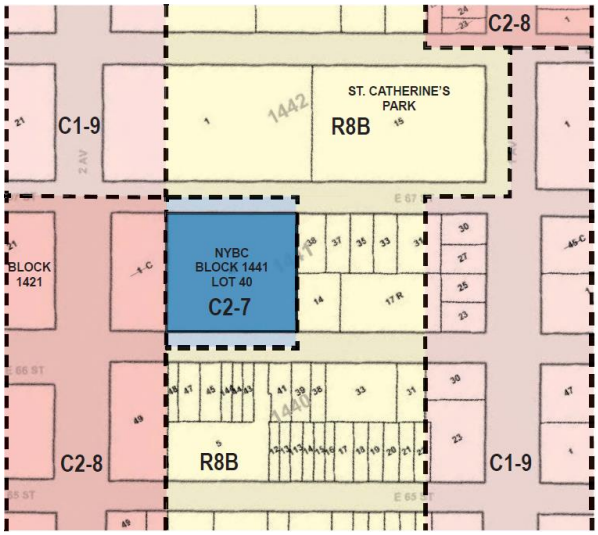


Figure 14: Recommended Zoning



Source: Ennead Architects

Economic Considerations

General Project Impacts

Center East will generate enduring benefits to New York City's Life Sciences ecosystem and the citywide economy. As a self-sustaining development, the Project will not only help bridge the city's existing supply gap but will also accommodate Life Sciences growth by adding flexible space that can be readily converted between laboratory and computational office uses. Space within Center East will adapt to the needs of start-ups as they grow and to the needs of the Life Sciences industry as it evolves.

All space within Center East is designed to be convertible between high-intensity lab space and computational space, which represents a growing share of office space required by Life Sciences companies. Tenants of Center East will leverage this flexibility and optimal location to plant their roots in New York City and generate outsized economic benefits as they are able to evolve and expand in place.

Moreover, an increase in funding for medical and Life Sciences research through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and potential successive legislation will make it increasingly important for New York City to provide modern laboratory space to the innovative institutions and companies looking to pursue cutting-edge public-health and medical research since these firms are competing against other U.S. lab clusters for funds. The CARES Act alone provides more than $100 billion for public health measures, of which $10.5 billion is earmarked for vaccines, therapeutics, and diagnostics.[16] Additional local, state, federal, and philanthropic initiatives that address current public health challenges and prepare for future circumstances will need space, highlighting the need for new facilities such as Center East.

One-Time Construction Impacts

Center East will include about 576,000 GSF of Life Sciences space, a 8,000 GSF ground-floor café, and 12,000 GSF of additional amenities such as shared meeting space. Annual construction impacts for the entire Center East program are calculated over the duration of the construction period, which is assumed to be 41 months (excluding design and demolition) based upon May 2020 estimates.[17]

Construction is projected to generate 1,570 full-time equivalent jobs for the duration of construction, $132 million in annual labor income, and $310 million in annual economic output. Labor income totals $450 million and economic output totals $1.1 billion over the course of the entire Project.[18]

Permanent Impacts

Permanent impacts were modeled for a stabilized year assuming full occupancy of Center East at current growth projections. The COVID-19 pandemic's effects and the resulting economic downturn may affect the Project's construction and stabilization timeline, and in turn how far in the future these impacts would be realized.

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[16] "House Passes CARES Act: Breakdown of the COVID-19 Stimulus Measure," Venable LLP, accessed on March 30, 2020 [Link to PDF].

[17] NYBC's preliminary total construction cost estimates serve as the inputs for IMPLAN, which calculated the estimated jobs, compensation, and total economic impact attributable to the project during each year of construction. IMPLAN (IMpact Analysis for PLANning) is a widely recognized modeling tool developed at the University of Minnesota with the U.S. Forest Service's Land Management Planning Unit. It generates estimates of economic output as well as secondary and induced employment and output based on a series of inputs. Our model used IMPLAN's 2017 New York State Package to estimate impacts.

[18] These and the following figures provided are rounded with greater granularity for direct impacts (to the nearest 10 jobs and $1 million) and more conservatively for indirect and induced impacts (to the nearest 100 jobs and $10 million).

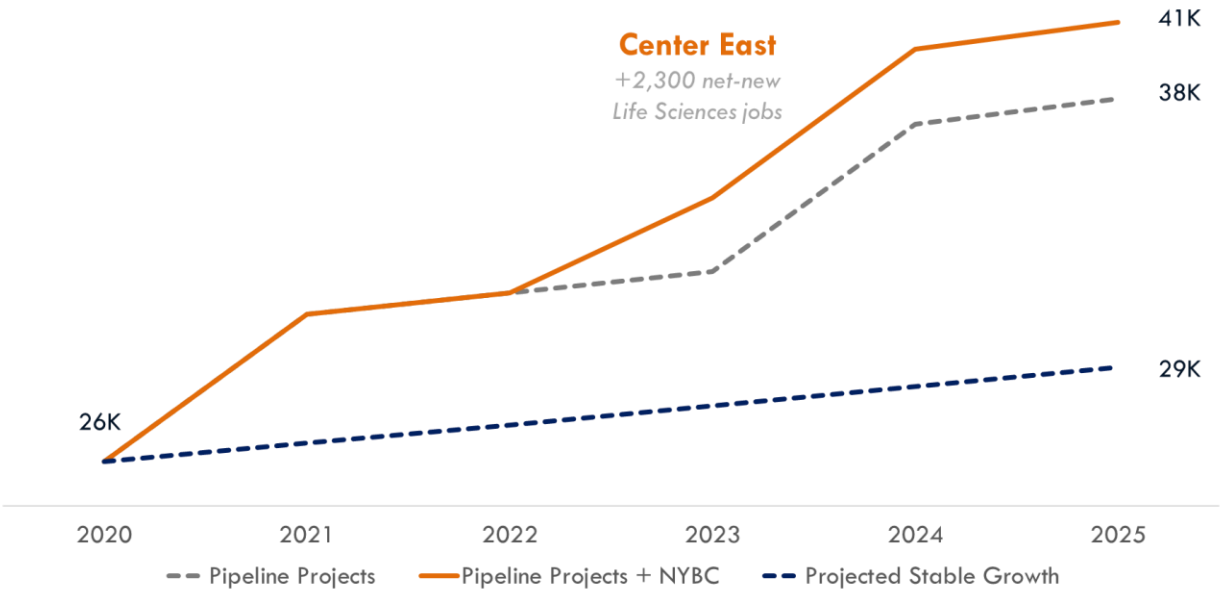
Estimates for direct Life Sciences employment used assumptions for lab and computational square footage per worker from AKRF.[19] The analysis assumed three types of workers: 1) scientific research employees, 2) support workers, and 3) retail workers in the proposed café space on the building's ground floor. Total on-site employment is projected to be 2,630 full-time equivalent jobs.[20]

Figure 15: Center East Employment Impacts (Full-Time Equivalent)

Category	NYBC (Current)	Future Center East	Net-New Impacts
Life sciences workers	210	2,510	2,300
Support services workers	10	90	80
Café	N/A	30	30
Subtotal (Onsite)	*220*	*2,630*	*2,410*
Subtotal (Indirect and Induced)	*300*	*3,000*	*2,700*
Total	**520**	**5,630**	**5,110**

New on-site jobs alone will have a meaningful impact on the trajectory of New York City's Life Sciences sector. The incremental inventory provided by Center East will provide a platform to increase and retain Life Sciences employment within New York City. Of the 2,630 on-site jobs, 2,510 will be in the Life Sciences.

Figure 16: New York City Life Sciences Employment Growth with Known Pipeline Projects and Center East



In addition to the ongoing impact associated with NYBC's continued operations, Center East will generate 5,100 net-new jobs (including 2,300 of the 2,630 total jobs on-site), $475 million in total worker income, and $1.1 billion in total economic output.

[19] Assumptions for gross square feet per worker were 230 for Scientific & Research Services and 6,530 for Support, totaling 2,510 and 90, respectively. Retail workers were calculated based on retail spending patterns, for a total of 30 workers.

[20] The projected employment for each worker type served as the inputs for the IMPLAN model, which calculated the estimated jobs, income, and total economic impact attributable to the Project in a stabilized year.

Ongoing Fiscal Impacts

Fiscal revenue sources include 1) income taxes, 2) business taxes, and 3) sales taxes.[21] At stabilization, Center East is projected to generate annual net-new revenues of $9.1 million in employee income taxes, $5.2 million in tenant business taxes, and $120,000 in sales and use taxes.[22] The sum of annual net-new tax revenue generated for the City of New York is projected to be $14.4 million.

Conclusion

New York City has an opportunity to fundamentally shift the trajectory of its Life Sciences economy. As cities such as Boston and San Francisco continue to attract the country's venture funding and top Life Sciences talent, a lack of affordable space in preferred New York City neighborhoods continues to hamstring the city's competitiveness. Center East is a rare opportunity to advance the city's transformation into a leading center for the Life Sciences by adding a new supply of well-designed and equipped space in an ideal location – one that is close both to mass transit and to other world-class clinical and research institutions.

NYBC's new space will allow it to continue the cutting-edge research that sets the pace for the next generation of Life Sciences innovators to bring new treatments and other medical innovations to market from a base in New York City. Additional space in the building will enhance collaboration opportunities for both NYBC and its institutional neighbors. As the ongoing COVID-19 crisis places a renewed emphasis on public health, the work and research of NYBC and other future Center East tenants will become increasingly essential. Modern laboratory space at Center East will contribute meaningfully to national and local medical research efforts by delivering the necessary infrastructure for NYBC, its peer institutions, and leading biotechnology firms to commercialize vaccines, therapeutic treatments and other life-saving products.

Moreover, Center East will bring substantial economic benefits. It will provide much-needed space for over 2,500 Life Sciences workers, 2,300 more than the current facility and equivalent to New York City's total Life Sciences employment growth since 2015. Center East will generate $1.1 billion per year in net-new economic impact and over $14 million in annual tax revenue to New York City by both tapping into and contributing to the Life Sciences ecosystem of its neighborhood, New York City, and the region.

Finally, and importantly, the Center East project is consistent with the surrounding neighborhood context, which is home to several taller and denser buildings both on avenues and mid-block sites. A rezoning of the NYBC site to C2-7, and of the portion of the block abutting 2nd Avenue to C2-8, will allow for Center East's development while ensuring that surrounding properties retain their character.

[21] This analysis does not account for property tax revenue as the Project is under consideration for property tax abatements or reimbursements. Property tax revenue could represent a meaningful share of Center East's fiscal impact but is conservatively excluded from this analysis until the level of abatement or reimbursement is confirmed. This analysis also does not account for new fiscal revenue associated with indirect or induced spending generated by Center East.

[22] Sales and use tax revenues assume $450 in annual sales per net square foot for 8,000 square feet of ground-floor café space.