LR Attachment 3 - Project Description

Starrett-Lehigh and Terminal Warehouse Rezoning

April 22, 2021

I. Introduction

This application ("Application") is made on behalf of RXR SL Owner LLC and Terminal Fee Owner LP (collectively, the "Applicants"), the owners, respectively, of the properties located at 601 West 26th Street (Block 672, Lot 1; the "Starrett-Lehigh Building"); and 261 11th Avenue (Block 673, Lot 1; "Terminal Warehouse") in Manhattan. Each lot comprises an entire block and both blocks comprise the "Project Area." The proposed actions would expand the uses permitted in the Project Area and modify applicable bulk, loading and signage regulations to facilitate the long-term adaptive reuse of the Starrett-Lehigh Building and Terminal Warehouse (the "Existing Buildings") and their integration into the neighboring West Chelsea and Hudson Yards neighborhoods.

The Project Area is located west of the Special West Chelsea District ("WCh") in Manhattan Community Board 4. It is bounded by West 26th Street to the south, West 28th Street to the north, 11th Avenue to the east, and 12th Avenue to the west. The underlying zoning district is M2-3 and the Project Area is located within the West Chelsea Historic District.

This Application seeks a zoning map change and zoning text amendment. The zoning map change would rezone the Project Area from M2-3 to M2-4. The zoning text amendment would: extend WCh (Article IX, Chapter 8) over the Project Area, create a new subarea in WCh, permit additional community facility and commercial retail uses, modify the signage regulations (Section 98-15), and modify the loading requirements (Section 44-52). The use changes would not permit residential or community facility uses that provide living or sleeping accommodations of any kind, or hotels. The purpose of the Application is to establish a framework for the long-term manufacturing and commercial viability of the Project Area that promotes a modern economy and integration into the Surrounding Area.

II. Background

The west side of Manhattan has evolved from the late 19th and early 20th Centuries, when it was a major port, shipping, and industrial center. In the mid-20th Century, waterborne shipping and manufacturing declined and many buildings were repurposed or went vacant. Now, in the 21st Century, the area is being revitalized. Original building stock and structures are being repositioned for new uses, such as art galleries, cultural institutions, offices, restaurants and dwellings. The High Line, originally constructed as an elevated freight line in the 1920s, has become one of the most popular parks and tourist attractions in New York.

The Starrett – Lehigh Building and the Terminal Warehouse were constructed in the late 19th and early 20th Centuries to serve shipping and warehousing needs, each in a unique way. The zoning applicable to them hasn't changed since 1961 and it constrains their participation in the revitalization of the area and in the new economy.

The Starrett-Lehigh Building

Designed by Yasuo Matsui and built in 1931, the Starrett-Lehigh Building was one of the first full-block freight terminals of its kind. A novel intermodal solution to freight distribution, the Starrett-Lehigh freight terminal, warehouse and office building was built directly over the Lehigh Valley Railroad Company's working freight yard, adjacent to the piers. Its unique construction enabled railway freight cars that were loaded onto the piers to move seamlessly into the building for unloading and storage.

In 1986, CPC approved the landmark designation of the Starrett-Lehigh building (N 870352 HKM, November 26, 1986, Cal. No. 79). In 2008, CPC incorporated it in the West Chelsea Historic District between 10th and 12th Avenues and West 25th and West

28th Streets (N 090044 HKM, September 10, 2008, Cal. No. 11). In 2001, the Starrett-Lehigh Building received approval of a special permit for a physical cultural establishment (245-01-BZ, January 8, 2002).

RXR SL Owner LLC acquired the Starrett-Lehigh Building in 2015. Since 2015, a robust capital improvement program has been in place that seeks to modernize the building to appeal to the creative class of businesses that call Starrett-Lehigh home. Within these past six years, capital investments and renovations include, but not limited to, replacement of exterior windows, lobby renovation, installation of retail/food hall/expo spaces at the ground floor, secondary building entrance on 11th Avenue, common area renovations on multiple floors, additional elevators, infrastructure upgrades, flood resiliency upgrades, and expanded interior loading dock at 12th Avenue.

Terminal Warehouse

Designed by George B. Mallory and Otto M. Beck and constructed in the 1890s, the Terminal Warehouse was one of the first full-block, multi-floor freight terminals built in West Chelsea. It was used by large department stores and private individuals for the storage of goods, including cold storage. The building's large arched main entrance, in the middle of the 11th Avenue façade, and corresponding interior hall, allowed trains to pass through the center hall of the building, pausing for loading or unloading. The south, west, and north facades of the building were punctuated by 34 exterior openings for loading, some with elevated loading platforms. Trucks backed up to the loading openings, blocking the sidewalk apron and the street. There was no internal parking or loading area.

In the last 20 years, there have been a series of conversions in Terminal Warehouse from self-storage to manufacturing and offices uses. In recent history, the Terminal Warehouse building was known as a storage building with the Tunnel nightclub located on the ground floor and cellar. In 2008, it was incorporated into the West Chelsea Historic District.

In 2018, when Terminal Warehouse came under Terminal Fee Owner LP ownership, a comprehensive plan to reposition the asset was introduced. The Terminal Warehouse is currently being redeveloped on an as-of-right basis under the current zoning; it received Landmarks Preservation Commission ("LPC") approval on January 21, 2020. Approximately 500,000 square feet of storage will be converted into new office space. In addition, the ground floor will be repositioned to include food and beverage retail uses. As part of this full-building repositioning, approximately 200,000 square feet will be carved out of the building to create double height spaces and a courtyard and the square footage will be added back as an office penthouse on the western portion of the building. The re-allocation of floor area will not result in an increase in zoning floor area. The owner will also undertake a major restoration of the building—including façade repairs, window replacement, cornice repairs, fire escape removal, and reintroduction of historic details, such as window shutters.

III. **Description of the Surrounding Area**

The Surrounding Area is located within a 600-foot radius of the Project Area. The Special West Chelsea District is in and beyond the Surrounding Area.

Existing Land Use and Zoning in the Surrounding Area

The Surrounding Area contains a variety of built forms and land uses, including low- to mid-rise manufacturing buildings, mid-rise commercial buildings, mixed-use buildings with commercial use on the lower floors and residential use on the upper floors, community facilities, municipal buildings, private recreation spaces, and public open spaces.

The land use in the Surrounding Area east of the Project Area is predominantly residential and commercial. With the High Line, art galleries, and cultural institutions, this area has become a major tourist destination. The pedestrian activity generated by these uses currently does not extend west of 11th Avenue. The zoning in this portion of the Surrounding Area is C6-3 (WCh Subareas B and C), with a base FAR of 5.0, C6-4 (WCh

Subarea A) with a base FAR of 6.5, and M1-5 (no subarea) with an FAR of 5.

The land uses in the Surrounding Area, north of the Project Area, include industrial/manufacturing (Con Ed facilities and warehouses) and residential. The zoning in this portion of the Surrounding Area is M2-3, M1-6, and C6-4X within the Special Hudson River Park District ("HRP"). M2-3 has a base FAR of 2.0. Both the M1-6 and C6-4X/HRP districts have a base FAR of 10.0.

The land uses in the Surrounding Area, south of the Project Area, include sanitation and postal facilities, warehouses and offices in M2-3 and M1-5 districts. Hudson River Park is located west of the Project Area.

Special West Chelsea District Zoning

Partially within and partially beyond the Surrounding Area, the Special West Chelsea District (WCh) is located on the east side of 11th Avenue, and the area between West 16th and West 30th Streets, 10th and 11th Avenues, outside the Surrounding Area.

WCh was created in 2005 (C 050162 (A) ZMM, May 25, 2005, Cal. No. 29) in order to foster new residential and commercial development, facilitate the reuse of the High Line, and enhance the neighborhood's art gallery district.

In 2009, CPC amended the Zoning Resolution (N 090243 ZRM, September 9, 2009, Cal. No. 14) to allow, on zoning lots partially in M1-5 and partially in C6-3 zoning districts in Subarea C of the Special West Chelsea District, up to 7.5 FAR (the maximum FAR allowed in the C6-3 district in West Chelsea via a transfer of development rights from the High Line). The text amendment was intended to facilitate the development of a contextual commercial building on a site located within the C6-3 zoning district and the M1-5 zoning district and fronting on 11th Avenue between West 26th Street and West 27th Street. (N 090243 ZRM, September 9, 2009, Cal. No. 14).

WCh was expanded in 2012, to include Block 713 the block bounded by West Street, West 18th Street, 10th Avenue, and West 17th Street (N 120142 ZRM, September 5, 2012). The application for the expansion was filed by Jamestown Premier Chelsea Market, LP, and to facilitate the development of an office and hotel expansion in the Chelsea Market complex.

In 2013, DCP issued a "Study for the Potential Expansion of the Special West Chelsea District." This study analyzed the potential expansion of WCh into three new areas, including: (i) Area A, which included the south side of West 15th Street between 9th and 10th Avenues, as well as the north side of West 14th Street from 10th Avenue to a point 325 feet easterly thereof, to the south of WCh; (ii) Area B, which contained West 15th Street to West 17th Street, between 10th and 11th Avenues, located to the southwest of WCh; and (iii) Area C, which encompassed West 24th Street to West 30th Street between 11th and 12th Avenues, west of WCh, including the Project Area.

The study noted that the buildings located in the Project Area were, at the time, occupied by "vital commercial uses with active office spaces that are increasingly sought after in Chelsea." Although the study suggested that a follow-up study be prepared to address rezoning the blocks between West 24th Street and West 25th Street and West 29th and 30th Streets, there was no follow-up. In 2015, Area A was included within WCh, (C 150101 ZMM, December 17, 2014, Cal. No. 9).

Major Thoroughfares and Transportation

The Surrounding Area includes one major thoroughfare, 12th Avenue, which is the western boundary of the Project Area. It runs north and south and is an "arterial highway" in the Zoning Resolution.

The Surrounding Area is in the Manhattan Core and the Transit Zone. There are no subway stations in the Surrounding Area. The M12 bus runs southbound on 11th Avenue and northbound on 12th Avenue. Outside the Surrounding Area, the M23 crosstown bus runs east-west on 23rd Street. The M12 provides connections to the 34th

Street #7 stop in Hudson Yards (just outside the Surrounding Area) and to 23rd and 14th Streets, where there are subway lines and crosstown bus lines.

A private shuttle bus operated by the Starrett-Lehigh Building provides service to Penn Station, the Port Authority Bus Terminal, Grand Central Terminal, and West 23rd Street (at 8th Avenue and 6th Avenue).

Eleventh Avenue, east of the Project Area, runs southbound only and is not considered a major thoroughfare. The Department of Transportation is studying the possibility of changing it to a two-way street. A dedicated bike lane was recently established on the south side of West 26th Street between 11th Avenue and 12th Avenue.

Vehicular traffic and pedestrian circulation on 26th to 28th Streets between 11th and 12th Avenues has been hampered by the historic loading arrangements for each of the buildings in the Project Area. Improvements in the loading arrangements have been made and others are currently underway.

Educational, Cultural and Community Institutions

There are very few community facilities in the Surrounding Area. There are no public elementary, middle or high schools and no colleges or universities. There are also no child daycare services, ambulatory care health facilities, or major philanthropic organizations. The Rush Arts Gallery, an annex of the Rush Philanthropic Arts Foundation, is located at 526 West 26th Street, one block east of the Project Area.

Outside of the Surrounding Area, West Chelsea has become populated by small cultural and performance venues and commercial art galleries. The High Line, described below, displays artwork and terminates in the Meatpacking District by the recently relocated Whitney Museum.

Parks and Open Space

There are two public parks in the Surrounding Area: Hudson River Park, one block west of the Project Area; and Chelsea Waterside Park, two blocks south of the Project Area.

Chelsea Waterside Park occupies a 2.5-acre triangle between 12th Avenue, 11th Avenue and West 24th Street and contains passive and active recreation areas.

Hudson River Park extends from Chambers Street to West 59th Street. At 550 acres, it is one of the largest public open spaces in Manhattan. The park can be accessed at five cross streets, including one at West 26th Street opposite the Project Area.

Just beyond the Surrounding Area, the recently completed High Line is a celebrated public open space that extends north and south, parallel to 10th Avenue. The once abandoned elevated rail line is now a major tourist attraction that connects Hudson Yards and the Meatpacking District, both of which have grown in popularity and number of visitors. This 1.45-mile-long elevated park is a pedestrian corridor with multiple points of entry, including one at West 26th Street. Thus, the Project Area sits between access points for Hudson River Park and the High Line.

IV. Description of the Proposed Project Area

The Project Area comprises two blocks, each with a single tax lot. 601 West 26th Street (Block 672, Lot 1; “Development Site 1”) is improved with the Starrett-Lehigh Building; and 261 11th Avenue (Block 673, Lot 1; “Development Site 2”) is improved with the Terminal Warehouse.

The Project Area is zoned M2-3, a medium manufacturing district that permits manufacturing and a limited number of commercial uses. The maximum FAR is 2.0 and

the maximum base height is 60 feet or four stories, whichever is less, above which a sky exposure plane is applied.[1]

M2 districts require loading berths for a change of use at the rate required for such use if it were new construction.

Sidewalk cafes are permitted on all wide streets in the M2 district.

Signage is permitted in M2 districts. The signage regulations for the Project Area restrict signage (i) within 200 feet of an arterial highway (i.e., 12th Avenue), (ii) within 500 feet of a Commercial District boundary (the centerline of 11th Avenue), and (iii) opposite a residential use (none here). Specifically, the regulations limit the angle of signage within 500 feet of a Commercial District boundary to 90 degrees and they limit the height of indirectly-illuminated signage to 58 feet. (Non-illuminated signs are permitted to 75 feet and directly-illuminated signs are permitted to 40 feet.)

Development Site 1 / the Starrett-Lehigh Building

Development Site 1 is the entire block bounded by West 27th Street, 11th Avenue, West 26th Street, and 12th Avenue. It is a trapezoidal lot with an area of approximately 124,100 sf (approximately 652 feet along West 27th Street, 197 feet along 11th Avenue, 607 feet along West 26th Street, and 203 feet along 12th Avenue). The bounding streets are “narrow streets” and the bounding avenues are “wide streets.”

Development Site 1 is improved with the Starrett-Lehigh Building, which is 19-stories (plus bulkhead), 269-foot tall, with 1,835,150 sf. At 14.8 FAR, it is legally non-complying.[2] It is leased to a wide variety of tenants and businesses, including light manufacturing uses, including several fashion designers’ studios (Use Group 9; total of 93,676 sf), and storage/warehouse spaces (Use Group 16, total of 307,000 sf).[3] It has an auto service establishment and truck terminal (Use Group 17, total of 76,000 sf). The building also contains offices, a fitness center, a gallery, and a food court primarily serving the employees of the tenants (Use Group 6, total of 1,357,873 sf).

The main entrance is located at the middle of West 26th Street, across from the Department of Sanitation’s building and the B&O Building. West of the entrance on West 26th Street are 10[4] loading spaces (recently reduced from 14) that access an elevated loading platform just inside the face of the building. The trucks that utilize these spaces back up to the loading platform over the sidewalk apron.

There are four service entrances along 12th Avenue, including three loading spaces and an entrance ramp at the corner of West 26th Street that leads to upper floor tenant parking with approximately 30 parking spaces. There are no ground floor establishments along 12th Avenue.

A portion of the ground floor along West 27th Street, near 12th Avenue, is open and recessed similar to an arcade with 12 parking spaces for building tenants. From 12th Avenue to the mid-block on West 27th Street, there are six large service entrances with roll down metal grills providing vehicular access to a tenant space (Verizon) and a new loading berth inside the building. There are glass retail windows on West 27th Street, from the midblock to 11th Avenue.

Along 11th Avenue, there is a new entrance to the food court. Large ventilation grills occupy the bays north of the entrance; retail windows occupy the two bays south of the entrance.

The eastern portion of the building on West 26th Street, between the main entrance of the building and 11th Avenue, has 11 bays. Three bays have entrances that access the

[1] 2.7:1 for narrow streets and 5.6:1 for wide streets Under the alternate setback (15 feet on narrow streets and 10 feet on wide streets), the sky exposure plane is steeper: 3.7:1 on narrow streets and 7.6:1 on wide streets.
[2] All square footage of floor area and floor area ratios (FAR) reported herein are approximate.
[3] The same uses also may be considered “medium” manufacturing uses, depending on performance standards.
[4] [Anticipated as of certification of the application; if they are not so configured, we will change the LR3 accordingly.]

food court, one bay has visual access to the food court's bakery (no doors), six bays access a retail space, and one bay has a ventilation grill.

The Starrett-Lehigh Building currently[5] contains 14 loading spaces, including 10 exterior and four interior loading spaces. The exterior loading spaces are located along West 26th Street between the main entrance and 12th Avenue and they do not meet the standards for loading berths set forth in the Zoning Resolution. Trucks back up to the loading dock, crossing the sidewalk and extending into the street, causing conflicts with traffic and pedestrians on West 26th Street. It is not feasible to recess the loading dock so that the trucks do not cross the sidewalk. To ameliorate this condition, the Applicant recently established a policy that these loading spaces are for shorter trucks. The interior loading berths, located on 12th Avenue (three berths) and on West 27th Street (one berth), are for longer trucks.

Development Site 2 / the Terminal Warehouse

Development Site 2 (Block 673, Lot 1) has a lot area of approximately 136,000 sf, with 666 feet along West 27th Street, 197.5 feet along 11th Avenue, 711.25 feet along West 28th Street and 202.67 feet along 12th Avenue. The bounding streets are "narrow streets" and the bounding avenues are "wide streets."

Development Site 2 is improved with a 9-story, 85-foot tall building (Terminal Warehouse) with 1,129,200 sf. It is a contributing building within the West Chelsea Historic District (LP-2302) but is not individually designated. At 7.3 FAR, it is legally non-complying. Terminal Warehouse is currently primarily vacant with some tenants including eating and drinking establishments, and offices. There are several storefront windows and doors to access ground floor retail and other building sections.

The Terminal Warehouse is currently undergoing a redevelopment that is as-of-right under the current zoning. The plans received LPC approval on January 21, 2020 and the project is proceeding separately from the proposed rezoning action. Approximately 500,000 square feet of storage will be converted into new office space. In addition, the ground floor will be repositioned to include food and beverage retail uses. As part of this full-building repositioning, approximately 200,000 square feet will be carved out of the building to create double height spaces and courtyard and will be added back as an office penthouse on the western portion of the building. The re-allocation of floor area will not result in an increase in zoning floor area. The owner will also undertake a major restoration of the building—including façade repairs, window replacement, cornice repairs, fire escape removal, and reintroduction of historic details, such as window shutters.

V. Description of Proposed Development

The Starrett-Lehigh Building is substantially occupied and the effects of the proposed rezoning are expected in the mid- to long-term (five to ten years). As leases are turned and spaces vacated, other tenants would be relocated within the building and vacant spaces could be consolidated. These larger spaces could be leased to academic institutions, "innovation economy" research, design and production studios, stores displaying and selling products only available on-line or designed or produced in the building, and larger format stores not currently allowed in the M2 district.

The approval of the proposed zoning changes would expand the scope of potential tenants of the Terminal Warehouse in the immediate and long-term future. The Terminal Warehouse is substantially vacant and being renovated and restored through an as-of-right redevelopment. It is anticipated that the renovation will be completed prior to or around the same time this application is approved. Therefore, the Terminal Warehouse would begin to explore leasing to potential tenants who would not be able to occupy the building under the current zoning. The likely type of tenants who would occupy the Terminal Warehouse under the proposed zoning include: creative and technology office

[5] See footnote 3.

tenants with experiential retail presences, maker spaces, food and beverage establishments, and “Clicks-to-Bricks” retailers.

VI. Actions Necessary to Facilitate the Proposal

This Application seeks to extend the WCh to the Project Area and change the existing zoning from M2-3 to M2-4. The extension of West Chelsea would create a new subarea, “Subarea K,” expanding the uses permitted in the M2 district to complement and reinforce the manufacturing uses. The change from the M2-3 to M2-4 district would permit 5 FAR, instead of 2 FAR, bringing the permitted FAR into closer alignment with the FARs in the vicinity and reducing the degree of non-compliance with respect to floor area of each building in the Project Area. While retaining the existing framework for manufacturing -- an important component of the city’s economy-- the proposed WCh Subarea K use regulations would allow new community facility and commercial uses that would be synergistic with the manufacturing uses, enhance the vitality of the buildings, and activate the Project Area.

To facilitate the Proposed Development, this Application seeks:

A change to Zoning Map 8b, rezoning the Project Area from M2-3 to M2-4

The Starrett-Lehigh Building, built in the 1930s, and the Terminal Warehouse, built in the 1890s, are non-complying with respect to floor area, height and setback. The proposed M2-4 rezoning would increase the permitted FAR from 2.0 to 5.0 and raise the height and setback elevations to a maximum base height of 85 feet and 6 stories (whichever is less), an increase of 25 feet (or 2 stories) over the existing M2-3 district. It would decrease the degree of noncompliance of the Existing Buildings.

The M2-4 district also would bring the floor area ratio for Subarea K into closer alignment with the base maximum FARs for commercial and manufacturing uses in the Surrounding Area. They are 5.0 FAR (M1-5, C6-3/WCh/Subarea C, and C6-3/WCh/Subarea B), 6.5 FAR (C6-4/WCh/Subarea A) and 10 FAR (M1-6). A rezoning to any of these commercial and manufacturing districts would increase the base maximum FAR above 5.0, decreasing the degree of the Existing Buildings’ respective non-compliances even more than would the M2-4 district, but these districts do not allow the full range of manufacturing uses allowed in the current M2-3 district. Thus, the M2-4 district (with the special Subarea K use regulations) offers the best balance of floor area and uses, to meet the project goals.

A change in the zoning map extending WCh over the Project Area and a text amendment to create a new Subarea K in WCh, comprised of the Project Area, with special use, signage, and sidewalk café regulations, and a certification for loading.

The extension of WCh to the Project Area would facilitate the creation of Subarea K and the special use, signage, sidewalk café and loading regulations necessary to achieve the project goals. The proposed Subarea K regulations include:

Use Regulations

The proposed Subarea K regulations would expand the as-of-right uses permitted in the M2-4 district to include a wide variety of community facility and commercial uses, similar to the uses permitted east of 11th Avenue in the Surrounding Area. The Subarea K uses would complement the manufacturing uses permitted in the M2-4 district, supporting traditional manufacturers and “innovators,” alike. The addition of community facility uses, such as a college or university (Use Group 3A), as well as a broader range of commercial uses, would allow for cross-collaboration among academics, creators of new products, manufacturing and business tenants, stimulating the Innovation Economy. The addition of retail uses not currently permitted, such as those in Use Group 6C, would enable manufacturing tenants, such as clothing designers, to sell their projects in the building. The addition of health clubs, medical offices (Use Group 4A), clothing stores, and variety and grocery stores (without floor area limitation, Use Group 10A) would make the Existing Buildings more convenient for tenants and their employees (or students).

Such uses also would be convenient for residents and visitors of the Surrounding Area and WCh, where there is a need for community facility and retail services.

There would be restrictions on the new community facility and commercial uses, however. The Subarea K regulations would limit the new Subarea K uses to 25% of the floor area of each Existing Buildings; with an additional limitation on Use Group 10A uses to 15% of the floor area of each Existing Building. These percentages were based on traffic studies and the desire avoid a shopping mall environment. The new Subarea K would not allow residential use, community facilities with sleeping accommodations, dormitories or hotels.

Sidewalk Cafes

Sidewalk cafes are currently permitted on all streets in the Project Area under M2 zoning, but are not allowed on narrow streets in WCh. This proposal contracts where sidewalk cafes are generally allowed in M2 districts, by barring them from West 26th and West 28th Streets. The proposal expands where they would be allowed in WCh, by allowing them on West 27th Street. These adjustments will help to draw pedestrians to West 27th Street where new retail activity is planned, diverting them from West 26th Street, to avoid conflicts with trucks, cars, and pedestrians.

Signage

The M2 signage regulations would remain in effect for the entire Project Area except with respect to the height of indirectly-illuminated signs and their angle, relative to the Commercial District boundary, in the area within 15 feet from the intersection of a street line, or its prolongation, and 11th Avenue. This area covers the chamfered corners of the Starrett-Lehigh Building.

The M2 signage regulations require an illuminated sign within 500 feet of a Commercial District to be positioned at an angle of more than 90° away from the district boundary line. There is a Commercial District boundary line at the centerline of 11th Avenue. Therefore, a complying sign mounted on the chamfered corner of the Starrett-Lehigh Building is not practical. To allow a more practical positioning of the sign and design flexibility, the proposed text would remove the limitation on the angle of projection only on the corners of 11th Avenue. To enhance the visibility of the sign from the Surrounding Area and the High Line, the maximum permitted height for indirectly-illuminated signs would be 75 feet, the same height as non-illuminated signs. All signage would remain subject to approval by the Landmarks Preservation Commission.

Both the angle and the increased height of indirectly- illuminated signs would enhance the visibility of the Project Area along 11th Avenue at the corners of West 26th Street and West 27th Street, encouraging people to visit the revitalized Project Area's historic buildings, retail shops and sidewalk cafés, and signaling the route between West Chelsea and Hudson River Park.

Loading

Under the current zoning, new loading berths may be required when a use in a building is changed. This requirement could thwart the ability to implement the changes of use within the Existing Buildings that would be permitted as-of-right under the proposed rezoning. Therefore, the proposed text provides that no new loading would be required for any change of use. The Starrett-Lehigh Building's loading areas were designed and built prior to the 1961 Zoning Resolution and do not comply with current size and location standards. The Terminal Warehouse is being renovated and will have five loading berths inside the building.

In 2020, the Applicants commissioned a loading study (the "Loading Study") performed by Vanasse Hangen Brustlin (a/k/a VHB) to address the existing and potential loading needs for the Starrett-Lehigh Building and Terminal Warehouse. The Loading Study identified the Existing Buildings' uses as well as potential changes of use (assuming approval of this Application) and determined the maximum number of loading

berths that would be required for building operations. The Loading Study concluded that only 5 loading berths for the Terminal Warehouse and 11 berths for Starrett-Lehigh Building would be needed to accommodate current and future potential uses, which are the same or fewer than exist today. Accordingly, the proposed text eliminates any requirements for new loading berths in conjunction with a change of use.

VII. Summary of Land Use Rationale and Conclusion

The Project Area has been zoned M2-3 since 1961, with use, bulk, signage and loading regulations geared toward the types of manufacturing uses that were prevalent in the early 20th Century. This Application proposes a tailored approach to bring this long-standing manufacturing district into the 21st Century economy.

The new 21st Century economy is often referred to as the "Innovation Economy." The Innovation Economy integrates research and design with technology, manufacturing and marketing. It utilizes computers and other high-tech operations, such as light weight electronics, 3D printing, 3D modeling, coding, and robotics, to shrink the size of equipment needed for small-scale and niche manufacturing, making it compatible with an office environment. The products can be immediately available for sales in a retail format. In the Innovation Economy, the traditional lines between academic research and development manufacturing, office and retail are blurred.

Retail, itself is evolving. Consumer-facing street front retail is being challenged by online sales. Yet, (prior to Covid-19) some producers of goods that are sold only online sensed the need for a consumer-facing option, "clicks-to-bricks," as it were, giving consumers the opportunity to experience the products before purchasing them online.

Thus, flexibility in the use regulations is key to the role of real estate in the Innovation Economy. According to *New York Works: Creating Good Jobs* (Office of the Mayor, 2017) "by ensuring that [land use] regulations are versatile enough to meet a range of work space needs, and by providing capacity for commercial growth in appropriate areas, the city can unlock space for jobs and support the ability of businesses to adapt to evolving economic conditions."

Addressing the need for such flexibility, uses, the Proposed Actions would create a fertile environment for the Innovation Economy in the Project Area, without sacrificing the opportunity for traditional M2 activity. With the M2 district as a base (the rezoning from an M2-3 to M2-4 does not no change the permitted Manufacturing uses) medium and light manufacturing uses may continue to be located in the Project Area, as well as the new small-scale and niche manufacturing generated by high-tech equipment. (The modest increase in FAR and height and set back occasioned by the zoning change decreases the degree of non-compliance of the Existing, making their full reconstruction more feasible in the event of a catastrophic casualty.) Extending the Special West Chelsea District to the Project Area and introducing the Subarea K uses ensures the variety of uses that will stimulate the Innovation Economy, especially in a post-Covid-19 economic climate.

The diversity of uses allowed pursuant to the Proposed Actions will also activate the Project Area and integrate it into the Surrounding Area. With sidewalk cafes on 11th Avenue and West 27th Street, improved retail opportunities, new corner signage, and a rationalized loading program, the Project Area would be enlivened, drawing people from the Surrounding Area and beyond. It would link Hudson Yards to the north with portions of West Chelsea to the south and, figuratively, pave the way between Hudson River Park and the High Line; 11th Avenue would no longer be perceived as a barrier. The revitalized Project Area would knit the Surrounding Area and beyond into a cohesive, well planned whole. Thus, from economic, real estate and land use perspectives, the approval of the Proposed Actions would contribute to the public health, safety and welfare.