

September 13, 2023 07:48 AM

Four neglected parts of Midtown could transform under Adams' rezoning plan

NICK GARBER



in



EDDIE SMALL



in



Buck Ennis

Keith Powers

A state plan to build skyscrapers around Penn Station seems all but dead, and hopes of ambitious new housing construction in New York are stalled by inaction in Albany. But Mayor Eric Adams may yet manage to transform a major chunk of Manhattan through other means: finally discarding the industrial zones that sit in the middle of Midtown and letting them evolve into bona-fide neighborhoods.

If the city rezones the 42 blocks that [Adams laid out last month](#), their transformation might not play out on the street level, but within the walls of the imposing loft buildings that now sit largely empty thanks to the devastating one-two punch of industrial decline and the Covid-19 pandemic. It could result in Midtown looking more like downtown, which underwent a similar transition from offices to apartments starting in the 1990s—or, in another sense, more like SoHo, whose onetime factory buildings were repurposed by creatives after falling into disuse.

With the unusual early support of both local City Council members, the Midtown plan stands a strong chance of getting approved next year. But whether it succeeds in creating housing may depend on factors outside of the city's control, like action from state lawmakers and the appetites of local landlords.

The effort, known formally as the Midtown South Mixed-Use Plan, focuses on four collections of blocks between 23rd and 41st streets, bounded by Fifth and Eighth avenues. They have been zoned for decades to allow only industrial uses. The target area includes the Garment District, as well as less prominent sections of Flatiron and Chelsea lined with offices, hotels and former factories.

The potential is clear—as many as 6,700 apartments could be built in the Garment District alone by converting old industrial buildings, according to the local business improvement district, and untold more homes could arise in the additional blocks proposed for rezoning further downtown. Several Midtown landlords have expressed interest in conversions and others will likely come forward—but they could be deterred by a lack of incentives and other zoning constraints that remain in place.

Dan Garodnick, director of the Department of City Planning, said the rezoning marks an effort to "move past what is an outdated perception of this area to a real study of what's actually happening in the neighborhood."

Midtown makeover

The Adams administration has launched a plan to rezone large swaths of Midtown in an effort to boost the city's housing supply. The plan would encompass 42 blocks and centers on converting empty office buildings into residential ones, an idea that has gained prominence since the onset of the pandemic.



"Let's be clear-eyed here about what is happening in order to foster the type of neighborhood that we actually want to see," he said, "rather than hanging onto historic notions of the area."

Overdue attention

Dan Doctoroff, who reshaped swaths of the city as Michael Bloomberg's deputy mayor, called Midtown South "an area that has, I think, been largely ignored for a long time now."

"This isn't Midtown as classically defined," he said. "It hasn't been rezoned in a material way since, like, 1961."

Indeed, city leaders have struggled in recent years to figure out what to do with Midtown's remaining industrial zones. As recently as 2018, the city **loosened the Garment District's manufacturing-only zoning** to allow for more office use, but it passed up a chance to permit housing. Local officials and business leaders wanted to allow apartments but faced resistance from then-Mayor Bill de Blasio's administration, which wanted to prioritize creating affordable office space, according to people who worked on that effort.

That seems like even more of a missed opportunity now, after the Covid-19 pandemic put to rest any notion that Midtown's future could be commercial-only.

"In 2018, it was such an incredibly different climate—it's just breathtaking," said Barbara Blair, president of the Garment District Alliance, the neighborhood's business improvement district. "Covid recalibrated everything."

The new rezoning was set in motion last year, when Blair's group approached City Council members Keith Powers and Erik Bottcher, as well as Manhattan Borough President Mark Levine, to float the idea. The Alliance was armed with a report it commissioned that found that rezoning could produce 6,700 new apartments through conversions over 25 years—and that garment manufacturing has dwindled to less than 2% of the district's total floor area.

Such advocacy might seem unusual for a BID, which tend to be known more for handling trash pickup and security patrols rather than pushing fundamental changes to their neighborhoods. But Blair said the campaign is in keeping with the Alliance's goals of keeping the area clean, safe and desirable for businesses.

During the pandemic, emptied-out offices gave rise to a feeling of desolation, and Blair argued that the city felt empowered to open unpopular facilities like shelters and syringe exchanges near the Garment District because there were few permanent residents to object. That created new urgency around the idea of transforming the Garment District into a 24/7, "live-work" neighborhood, Blair said.

"We need to animate these streets further into the evening," she said. "Unless you have good users, then not-such-great users can take over."

Although new development is often met with hostility from local lawmakers, Powers, Bottcher and Levine are more open to building than some of their colleagues, and all three were immediately interested in the Alliance's ideas. Bottcher and Powers referred the proposal to City Hall last year, and Adams unveiled the plan in August—focusing not only on the Garment District but also on the two dozen blocks below 31st Street that are confined by the same zoning scheme.

The framework announced in August is still just a concept, and the Department of City Planning is studying the area to determine each building's occupancy levels and current use. By next spring, Adams' administration will detail each block it wants to rezone and the changes being sought, and the roughly seven-month public review will begin in early 2024.

Will landlords bite?

Changing the zoning code will mean nothing unless property owners take the city up on its offer to renovate or build. In interviews, several Manhattan landlords voiced support for the city's plan—but none had any immediate plans to convert their properties into apartments.

Marty Meyer, principal at Meyer Equities, owns several properties in the Garment District. While his firm is not interested in doing conversions, he would be eager to sell to people who are, he said, citing one 10-story building near Penn Station in particular.



260 W. 36th St.

Buck Ennis

"We invested recently in 260 W. 36th St., which is, I think, a good candidate for it," Meyer said. "It's got good floor plates. The building has nice ceiling heights. It's the right size for it, and I think it fits the profile for residential in that sense."

Prospective buyers are also taking notice. Time Equities, a development firm that owns dozens of properties in the city, would likely take a closer look at acquiring buildings in Midtown if a rezoning passed, said CEO Francis Greenburger.

However, office-to-residential conversions have always been an easier sell in theory than in practice. Hilary Spann, executive vice president of the New York region for Boston Properties, noted that one advantage of mounting a strong push for conversions in Midtown is to get a better understanding of how feasible they really are.

"I do think that people should be putting time and effort into it because, unless you do that, it's really hard to create a market for it and to create a clear understanding of what the opportunity set is and what the limits of the opportunity set are," she said.

At least some interest does exist. Blair, the Garment District Alliance leader, said six landlords have accepted her group's offer to send architects from Perkins Eastman into their buildings to analyze whether they could be converted to apartments.

Other uncertainties threaten to undermine any hope of widespread conversions. In this year's state budget fight, Gov. Kathy Hochul proposed measures that would incentivize office conversions through tax breaks and [lift a cap on residential density in the city](#); the cap currently would make it illegal to convert some of Midtown's bigger office buildings into housing.

"We could rezone for residential but it's going to require state action because evidently, in most instances, converting to residential doesn't pencil out economically for many property owners," said Bottcher, one of the two City Council members representing Midtown South. "When we layer on affordability requirements, which we will, that will further reduce the number of buildings that convert to residential."

The city can also take some limited action of its own. A citywide zoning-code rewrite intended to [boost housing](#), which Adams' administration will submit for review next year, will include a measure allowing buildings built before 1990 to be converted to housing. That would extend the current cutoff of 1977 and could produce as many as 20,000 homes citywide, officials said last month.

It may be hard to predict landlords' eventual interest based only on what they're willing to say in public. Powers took over Garodnick's former City Council seat in 2018, shortly after the passage of the Midtown East rezoning, and was surprised to find that he was quickly approached by developers not even on his radar who had quietly been working on projects that took advantage of the new rules. Among those proposals were [JPMorgan's Park Avenue skyscraper](#) and the RXR-TF Cornerstone office tower that is [set to replace the Grand Hyatt](#) next to Grand Central Terminal.



130 West 30th St.

Buck Ennis

"You can take a look at the area now and make some assumptions about what will happen, but most likely you'll find out after you create a program that there's some other applicants that are ready to take advantage of it," Powers said.

Landmarks, affordability still in question

Despite its warm reception so far, the Midtown South plan is likely to face questions, especially about the affordability of the homes it creates.

The area will be subject to the Mandatory Inclusionary Housing law, which requires a portion of new apartments to be income-restricted. But that doesn't guarantee those apartments will be built at all—[development has slowed dramatically](#) in recent months due in part to the expiration of the 421-a tax break, which state lawmakers failed to replace during budget talks.

Among the first to weigh in formally on the Midtown South rezoning will be Community Board 5, which will make a recommendation soon after it is formally introduced next spring. Layla Law-Gisiko, who chairs the board's land-use committee, said the proposal "has the power to make a massive impact" by creating new housing in a neighborhood with little room to build.

"We're really hoping the housing is affordable," she said. "It remains to be seen what kind."

Carl Weisbrod, senior adviser at HR&A Advisors and former director of the Lower Manhattan Development Corp., said he remains proud of the downtown revitalization plan he helped shape but regrets not requiring affordable housing.

"While a lot of housing has been produced downtown, virtually none of it has been affordable, and I think that was a real mistake and a missed opportunity on our part," he said. "That's one of the lessons that the city should take from the Lower Manhattan experience."

Preservation is another question mark, with advocates likely to raise the alarm about altering historic buildings around the neighborhood. When the city rezoned Midtown East in 2017, it also designated a dozen new landmarks in the area—creating a lucrative [air-rights market](#) for owners of the preserved buildings.

Garodnick confirmed that City Planning has asked the Landmarks Preservation Commission to look for worthy sites in Midtown South, suggesting that preservation could once again be paired with new development. (The rezoning area already overlaps with the historic districts of Madison Square North and Ladies' Mile, as well as individual landmarks like the [Tin Pan Alley](#) buildings on West 28th Street and ornate old hotels like Gilsey House.)

Also uncertain is how a rezoning would affect what little industry remains in Midtown, including garment manufacturing. The city has no plans to force out any businesses, but allowing residential conversions could prompt some landlords to ask commercial tenants to leave—and the owner of one business squarely in the middle of the rezoning site is far from thrilled.

"The city doesn't really value our contribution," Katie Sue Nicklos, owner of Wing and Weft Gloves on West 37th Street, [told Crain's](#) in January. "We're not thought of in the same way that other revenue streams are."

Garodnick, for his part, said City Planning is studying the businesses that remain in the area—but he also pointed to the global economic factors that have caused manufacturing to decline in New York, regardless of what the city has done with zoning.

"We certainly are sensitive to it, and we'll do our best to strike a good balance here," he said.

The Midtown South plan was spearheaded by a BID whose mission centers on public safety and boosting local business. But city leaders have their own motivation for the rezoning: to put a dent in New York's desperate housing shortage that has led to [soaring rents](#) across the five boroughs.

"I don't think that many people fully comprehend the severity of the housing crisis and what it means for New York City's future," Bottcher said. "We could be facing rent increases and levels of homelessness that dwarf what we're experiencing now."

QUINN