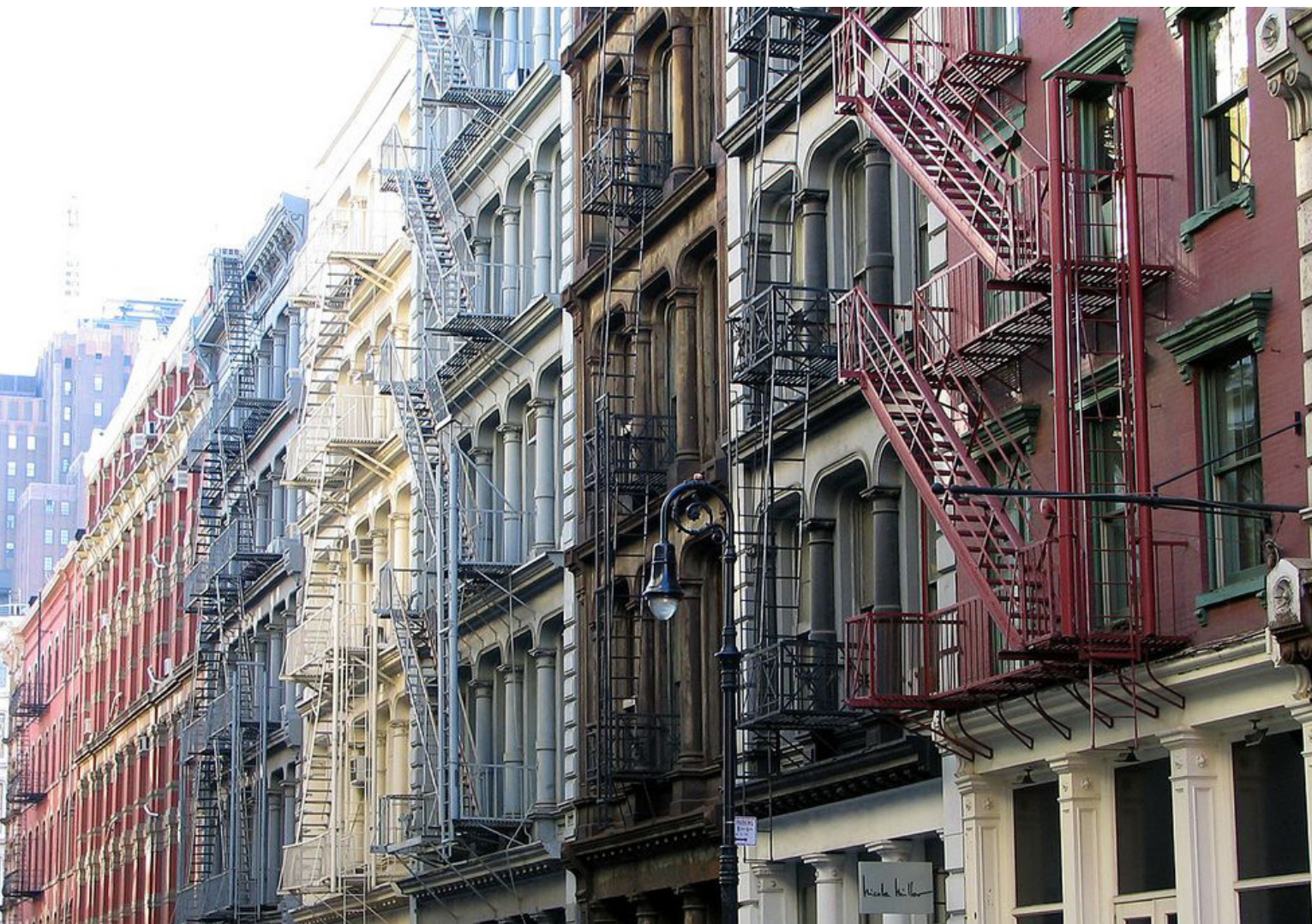


MARCH 2021

VILLAGEPRESERVATION.ORG



# **UPZONING SOHO AND NOHO:**

## **Why the City's Rezoning Plan Will Decrease Socio-Economic Diversity and Reduce Net Affordable Housing**

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# EXECUTIVE SUMMARY

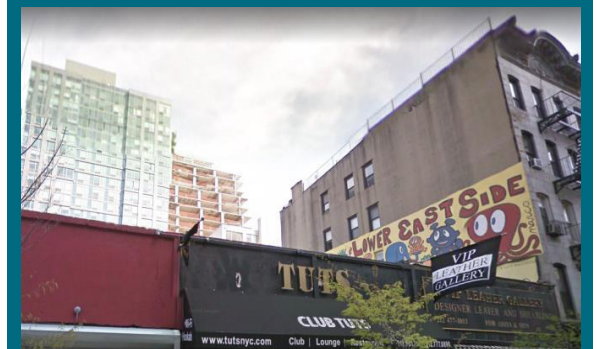
In the fall of 2020, [the de Blasio administration announced](#) its plans to rezone the neighborhoods of SoHo and NoHo, saying it would “advance the City’s goals of fair housing and equitable growth” and “create a more inclusive...SoHo and NoHo” as part of “a more equitable and integrated city.” It would do so, they said by implementing “[t]houghtful, progressive zoning changes” which would ensure that “all neighborhoods... pull their weight to provide safe, affordable housing options.”

**However an analysis of the plan shows much the opposite. Even if the city’s projections prove correct, implementation of their upzoning plan will most certainly make these neighborhoods significantly less socio-economically diverse, with more expensive housing prices, than currently.**

But the city’s projections are highly flawed, as they almost always are for rezonings (see reports [here](#) and [here](#)).

**A more realistic assessment of the proposed rezoning shows it is likely to produce much less affordable housing than is claimed. It will almost certainly result in the destruction of a significant amount of affordable housing in these neighborhoods, in which a substantial number of residents of low-to-moderate incomes reside. And this is affordable housing which, thanks to [recent changes in State regulations regarding rent regulated housing](#), would otherwise be likely to remain in these neighborhoods for some time, or permanently. It is also affordable housing which is disproportionately occupied by Chinese and Chinese-American residents of these neighborhoods, whose housing in many cases is likely to be destroyed.**

**In fact, there is a good chance that the rezoning will result in a net reduction in the amount of affordable housing in the neighborhood, and in the number of low-to-moderate income**



*Analysis showed that the City’s projections for development stemming from rezonings in Downtown Brooklyn, Long Island City, and the East Village/Lower East Side varied dramatically from what was actually built, including in terms of affordable housing production.*

**residents.** It will certainly result in a significant increase in residents at the uppermost end of the income spectrum, even for these neighborhoods, and in the number of residential units at the highest end of the price range as compared to existing housing in these neighborhoods. **Analysis also shows that the proposed rezoning will likely result in a neighborhood with a significantly higher share of white residents and a reduced share of Asian residents.**

In short, the City's proposed upzoning will result in a less socio-economically diverse neighborhood, and likely a less racially diverse neighborhood, while encouraging the demolition of both affordable housing and historic buildings. Their replacements would be substantially out-of-scale new construction, which would at best be approx. 75% super luxury housing with the remainder "affordable," and at worst (and in most cases) office buildings or other commercial structures with no housing -- affordable or otherwise.

**The proposed upzoning will create tremendous economic incentives to demolish the many four to six story buildings in the neighborhood which house residents of more modest income levels, and which contain a significant amount of remaining affordable housing.** Because most of these buildings are built to near or above the current maximum allowable size for new construction in the neighborhood, that financial incentive for demolition currently does not exist. However, the City's proposed upzoning, allowing new construction as much as 2.4 times the size currently allowed, will put many of these buildings, their affordable housing, and their socio-economically diverse residents, at risk.

The [Community Alternative Rezoning Plan for SoHo and NoHo](#), by contrast, by not employing an upzoning, would not encourage the destruction of any affordable housing, or increase pressure to push out any low-to-moderate income residents. Combined with the targeted financial incentives for creating affordable housing the Community Alternative plan calls for, and (ideally) with publicly-supported affordable housing developments on

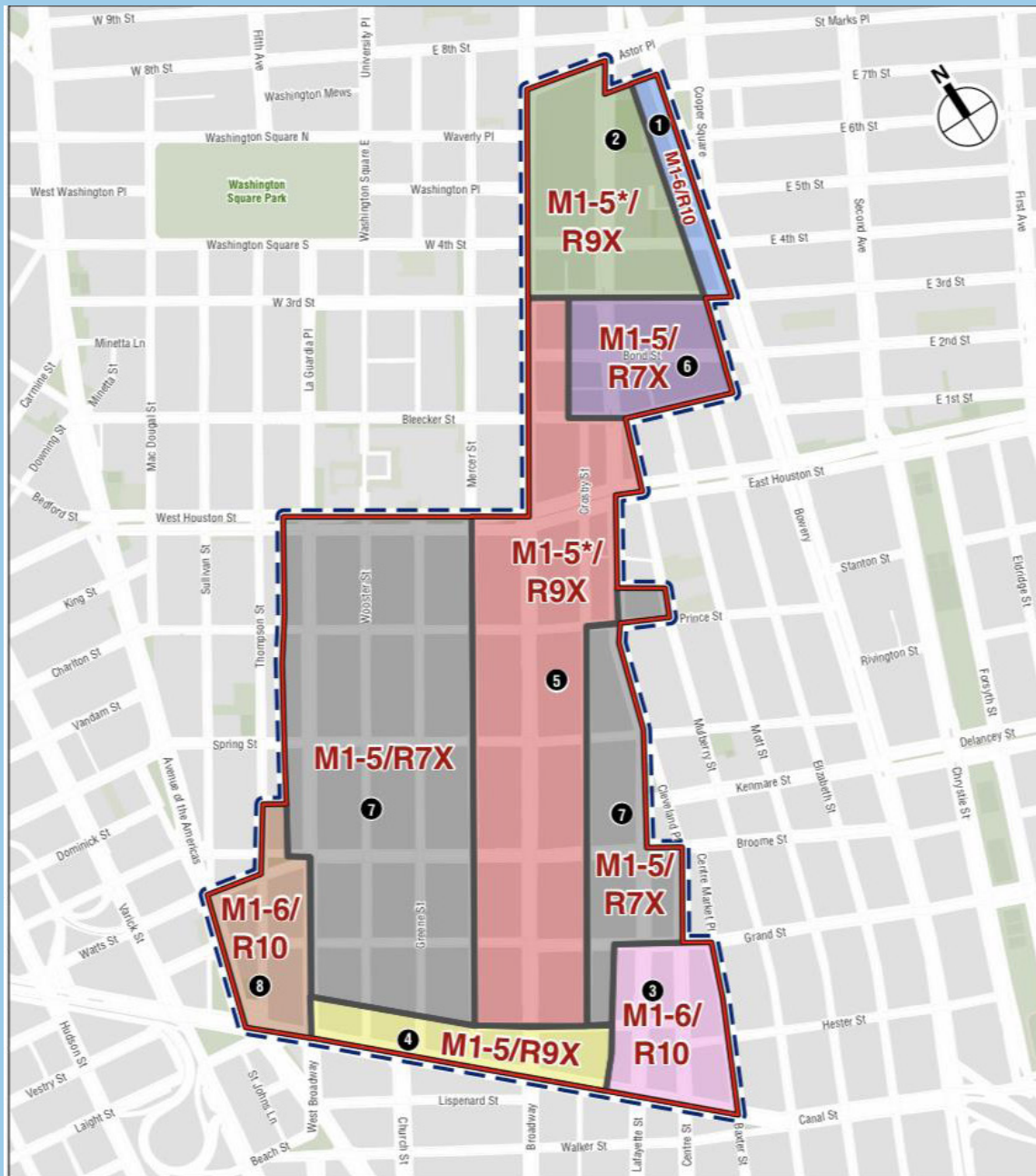
open lots or underbuilt sites, the community's plan would have a markedly different result. It would create opportunities for the construction of new, permanently affordable residential units in the neighborhood, without endangering existing affordable units, or adding huge numbers of super-luxury residential units to the neighborhood, as the City's plan would.



*The City's proposed SoHo/NoHo plan would allow new residential development up to 2.4 times the size currently allowed, and 20% larger than allowed on Billionaire's Row (pictured above).*



## CITY'S UPZONING PLAN FOR SOHO AND NOHO



**Proposed Use and Floor Area Regulations**

	<b>Broadway – Houston Corridor &amp; NoHo North Subdistricts</b>	<b>Canal Corridor Subdistrict</b>	<b>SoHo/NoHo Cores – Preservation Subdistrict</b>	<b>SoHo West, SoHo East, and NoHo – Bowery Subdistricts</b>
<i>Use and Floor Area Regulations</i>	<p>M1-5/R9X with modifications</p> <p>6 FAR for commercial/ manufacturing</p> <p>9.7 FAR for residential with MIH</p> <p>6.5 FAR for community facility</p>	<p>M1-5/R9X</p> <p>5 FAR for commercial/ manufacturing</p> <p>9.7 FAR for residential with MIH</p> <p>6.5 FAR for community facility</p>	<p>M1-5/R7X</p> <p>5 FAR for commercial/ manufacturing</p> <p>6 FAR for residential with MIH</p> <p>6.5 FAR for community facility</p>	<p>M1-6/R10</p> <p>10 FAR for commercial/ manufacturing</p> <p>12 FAR for residential with MIH</p> <p>10 FAR for community facility</p>

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# INTRO -- PREMISES OF CITY'S SOHO/NOHO PLAN:

**1**

THE CURRENT NEIGHBORHOOD IS NOT SOCIO-ECONOMICALLY DIVERSE.

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**2**

THE CURRENT NEIGHBORHOOD CONTAINS LITTLE OR NO AFFORDABLE HOUSING, AND THE NEW HOUSING BEING INTRODUCED WOULD BE MORE AFFORDABLE THAN CURRENT HOUSING.

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**3**

THE CITY'S UPZONING PLAN WILL CREATE A SIGNIFICANT AMOUNT OF NEW AFFORDABLE HOUSING.

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**4**

THERE IS NO DANGER OF THE PROPOSED UPZONING PUSHING OUT PEOPLE OF LOWER INCOMES OR LEADING TO THE ELIMINATION OF EXISTING AFFORDABLE HOUSING.

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**5**

THE REZONING PLAN WILL MAKE FOR A MORE RACIALLY DIVERSE AND EQUITABLE NEIGHBORHOOD.

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**6**

THE PROPOSED UPZONING WON'T NEGATIVELY IMPACT ADJACENT AREAS LIKE CHINATOWN AND THE LOWER EAST SIDE.

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**All of these assumptions are faulty at best, and the characterizations of the neighborhood are simply factually inaccurate.**



# PREMISE NO. 1 OF CITY’S SOHO/NOHO PLAN:

*The current neighborhood is not socio-economically diverse.*

In fact, while the neighborhood currently contains a considerable percentage of high income earners, it also contains a broad diversity of income levels, and a much larger share of lower income earners and many fewer high income earners than the developments the city’s upzoning would create.

Current composition of neighborhood (per 2014-18 American Community Survey for the [7 census tracts](#) which overlap with rezoning area– all buildings are either within rezoning area or 1,000 ft. radius):

ANNUAL HOUSEHOLD INCOME	% OF TOTAL	CUMULATIVE TOTAL %
less than \$10,000	6.7%	6.7%
\$10,000 to \$14,999	4.0%	10.7%
\$15,000 to \$24,999	6.1%	16.8%
\$25,000 to \$34,999	3.2%	20.0%
\$35,000 to \$49,999	6.7%	26.7%
\$50,000 to \$74,999	12.6%	39.3%
\$75,000 to \$99,999	8.0%	47.3%
\$100,000 to \$149,999	17.6%	64.9%
\$150,000 to \$199,999	9.2%	74.1%
\$200,000 or more	25.9%	100.0%

12.5% below poverty level.

By comparison, new developments under the city’s plan would be considerably less socio-economically diverse, with vastly larger numbers of residents at the highest end of the socio-economic spectrum, and many fewer at the lower end.

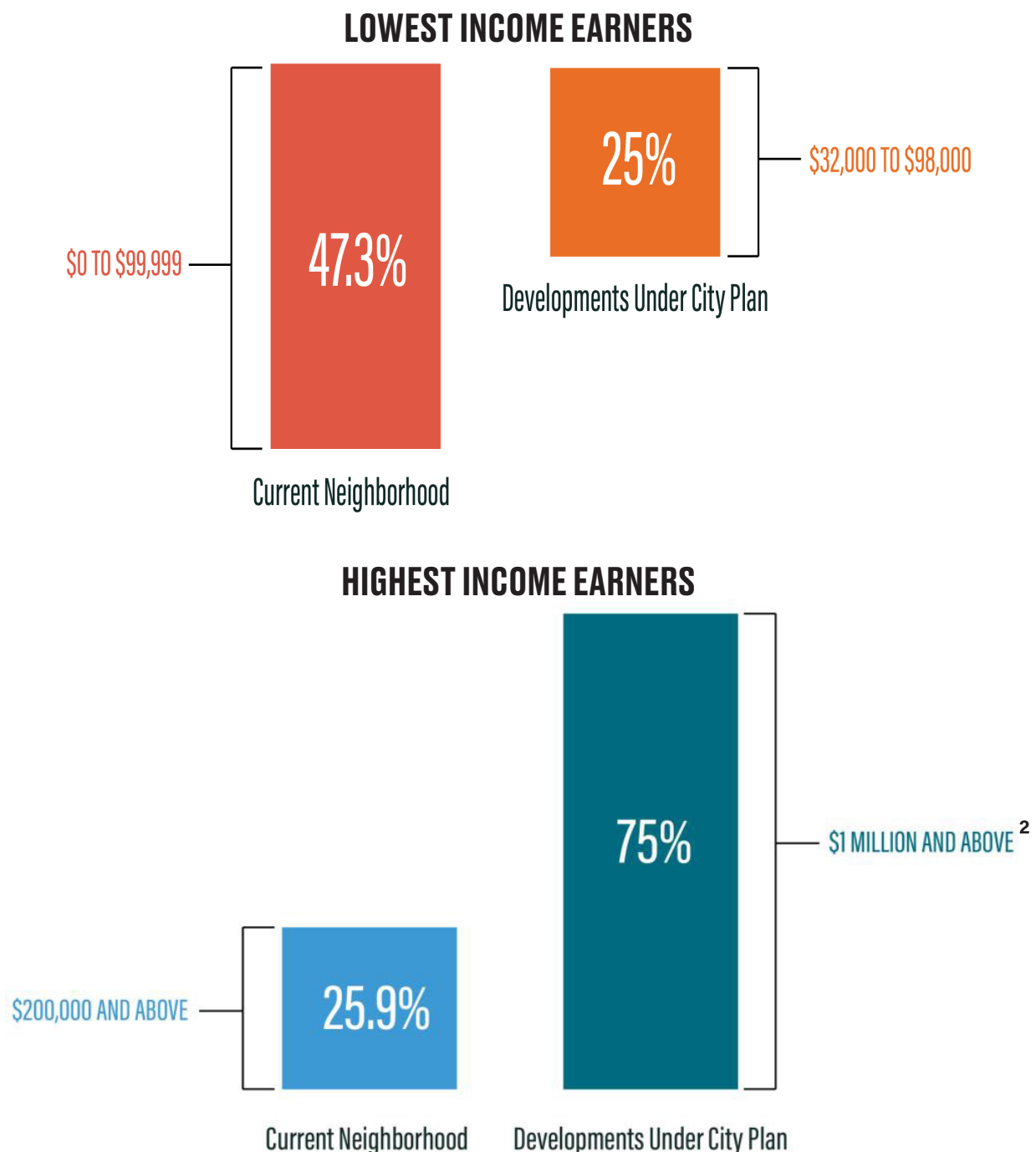
Under the city’s plan, the composition of residents of new developments would be:

ANNUAL HOUSEHOLD INCOME	% OF TOTAL
\$32,000 to \$98,000	25%
\$200,000 or more (Avg.: over \$1 mil.) <sup>2</sup>	75%

Under the city's Mandatory Inclusionary Housing program, new developments would be 75% market rate, 25% affordable<sup>1</sup>. Average household incomes in the market rate units would likely be over \$1 million annually<sup>2</sup>; they would certainly all be well above \$200,000. By comparison, just 25.9% of current residents of the area have household incomes above \$200,000.

The 25% of units which are "affordable" would have households with incomes that range from about \$32,000 to \$98,000 depending upon household size<sup>3</sup>. Currently 47.3% of area residents have incomes below \$99,999 (approximately the maximum allowable household income for the affordable units), and more than 20% of residents have incomes below \$32,000.

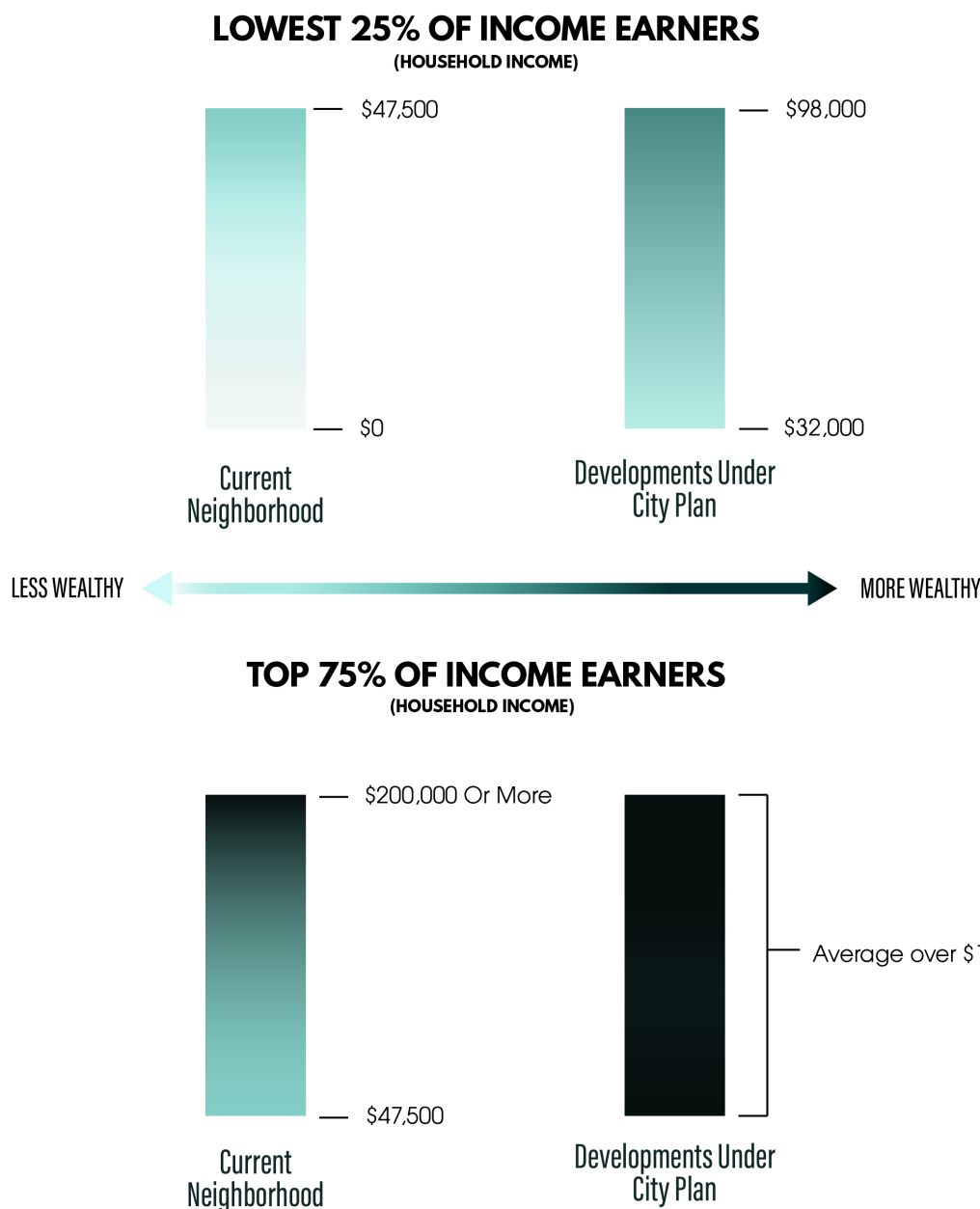
**New developments under the City plan would have a much higher share of highest income earners as compared to the current neighborhood, a much lower share of the lowest income earners, and none of the nearly 20% of the neighborhood which currently earns under \$32,000 annually:**





Another useful way of looking at this is comparing the lowest 25% and highest 75% of income earners in the neighborhood currently, and under the City's plan for new development. This is a useful metric because there will be a clear delineation in new developments between the lowest 25% of income earners, who will occupy the "affordable" component of new developments and be income-restricted, and the other 75%, which will be substantially wealthier and paying market prices for their housing:

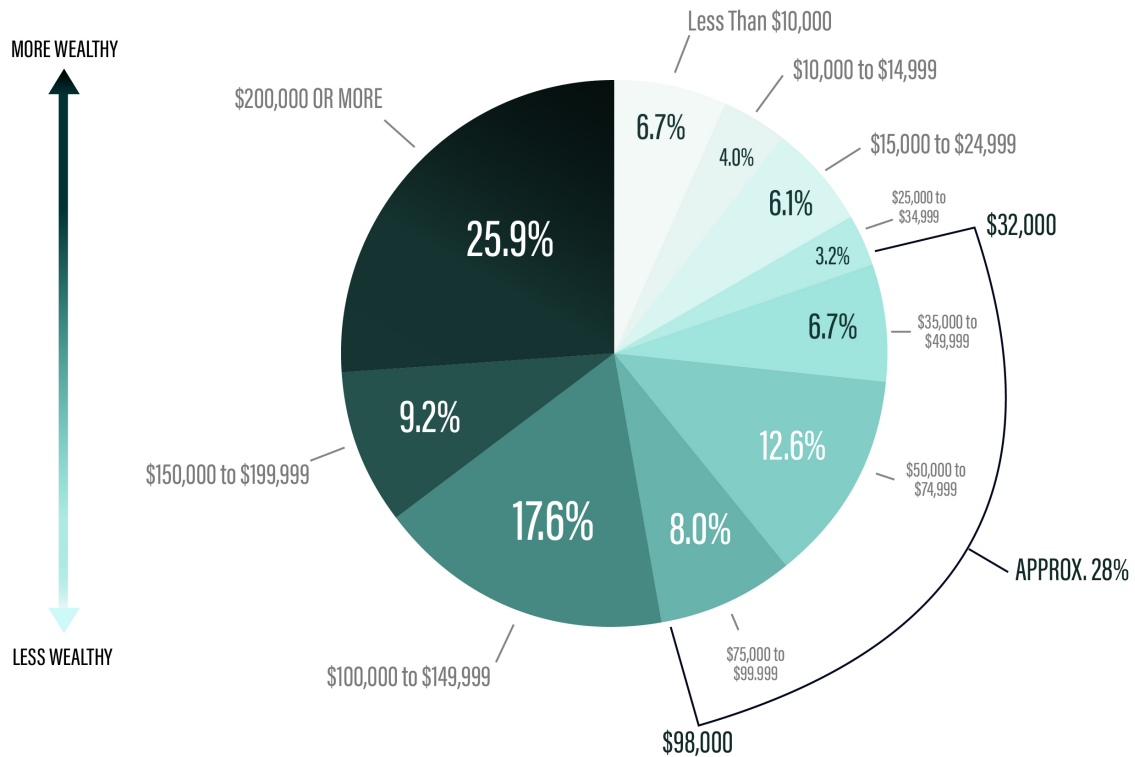
## CURRENT NEIGHBORHOOD VS. DEVELOPMENTS UNDER CITY PLAN



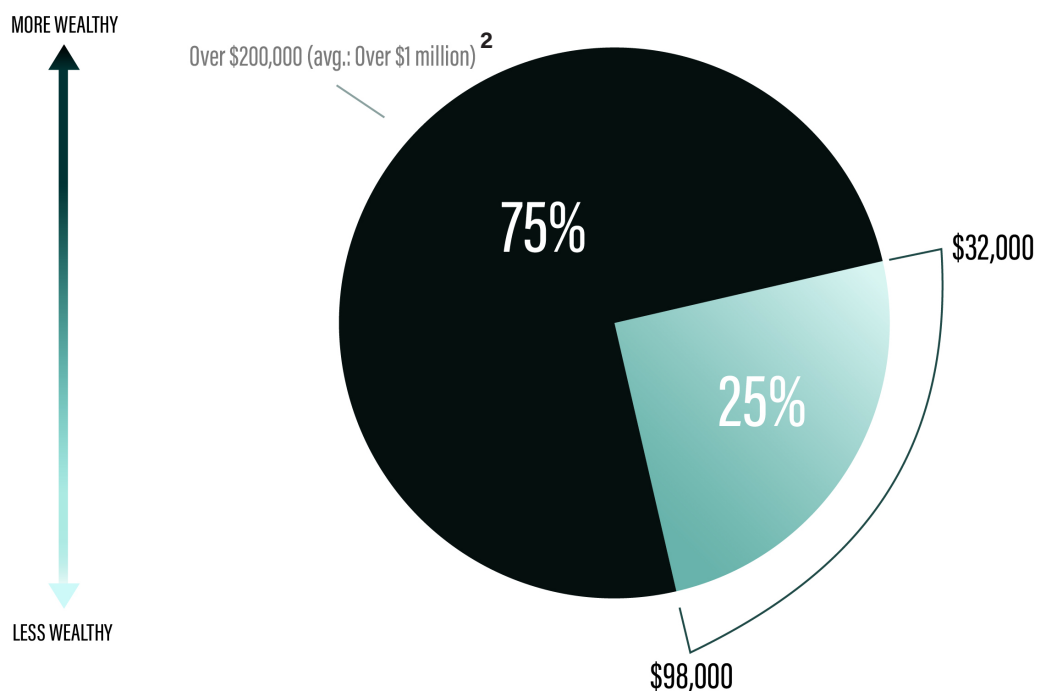
As you can see, the lowest 25% income earners in new developments – those who are income restricted and occupying the "affordable" units – will be considerably more wealthy than the lowest 25% of income earners currently in the neighborhood. Conversely, the top 75% of income earners in new developments under the city's plan will all make over \$200,000 per year (the highest income category recorded by the census) and based upon sales prices for new development in the area will likely make on average over \$1 million annually – many times more the incomes of the top 75% of income earners in the current neighborhood, whose incomes start at \$47,500 annually, exceed \$200,000 in only 25.9% of cases, and rise to \$1 million and above in only a relatively small percentage of cases.

# SOCIO-ECONOMIC COMPOSITION

## CURRENT NEIGHBORHOOD



## NEW DEVELOPMENTS UNDER CITY PLAN





# PREMISE NO. 2 OF CITY'S SOHO/NOHO PLAN:

*The current neighborhood contains little or no affordable housing, and the new housing being introduced would be more affordable than current housing.*

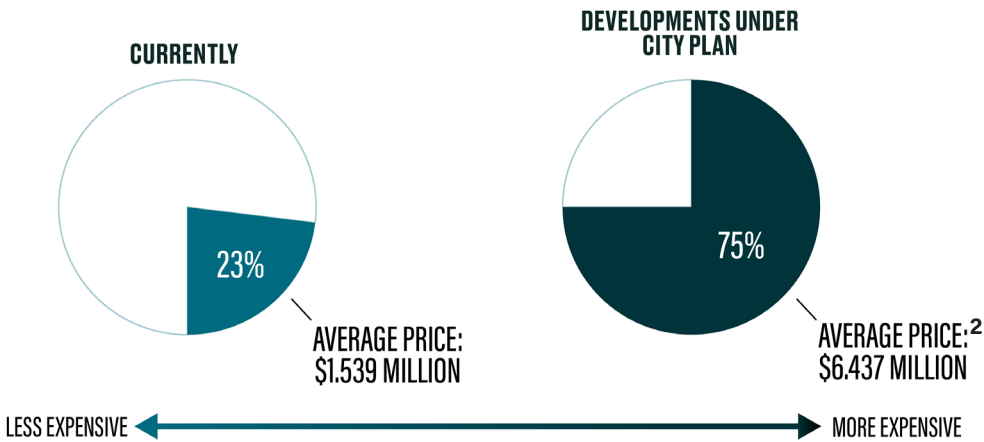
**In fact, new developments under the city's plan would overall have dramatically higher housing prices than the current neighborhood, with a much larger proportion of residents owning multi-million dollar apartments, and a much smaller percentage of residents renting at lower, more affordable**

This is the breakdown of rents paid by residents of the neighborhood currently, who constitute 77% of residents ([source](#)):

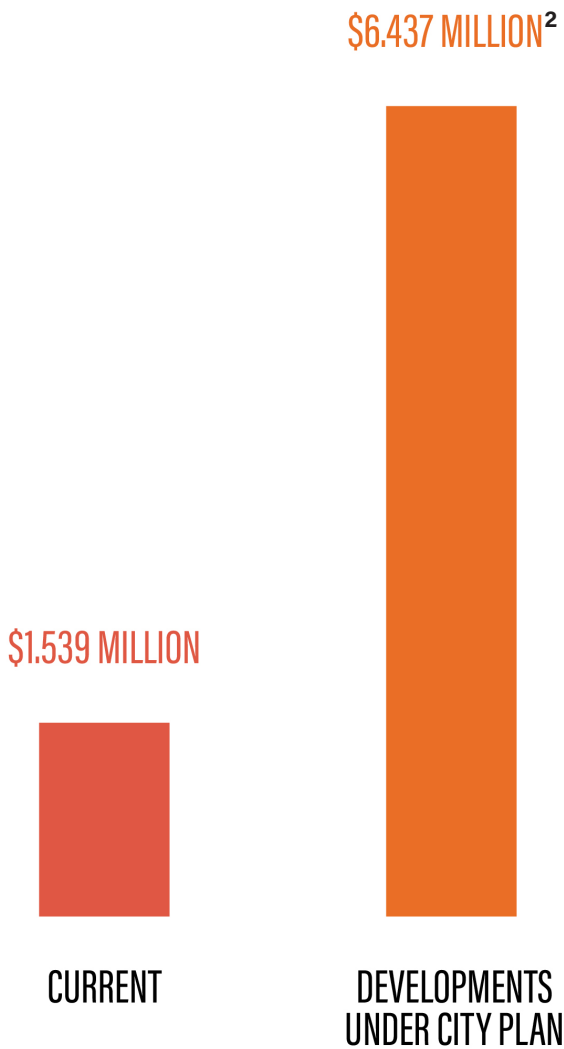
MONTHLY RENT	% OF TOTAL	CUMULATIVE TOTAL %
Less than \$500	8.7%	8.7%
\$500 to \$999	15.9%	24.6%
\$1,000 to \$1499	14.8%	39.4%
\$1,500 to \$1,999	8.6%	48.0%
\$2,000 to \$2,499	12.7%	60.7%
\$2,500 to \$2,999	12.9%	73.6%
\$3,000 or more	26.4%	100%

Under the city's plan, 75% of residents of new developments would likely own their home, at prices costing on average \$6.437 million<sup>2</sup>, or pay extremely high market rate rents for new construction. Currently 23% of residents own their homes, with a median price of [\\$1.539 million](#) according to the city. Under the city's plan, just 25% of residents in new developments would be renters, paying between \$567 and \$2,161/mo.<sup>4</sup>, vs. currently 77% are renters, with 46.8% of all residents (60.7% of all renters) paying rents below \$2,499, and 37% of all residents (48% of all renters) paying rents below \$1,999.

## SHARE OF RESIDENTS WHO OWN THEIR HOMES AND AVERAGE PRICES OF HOMES

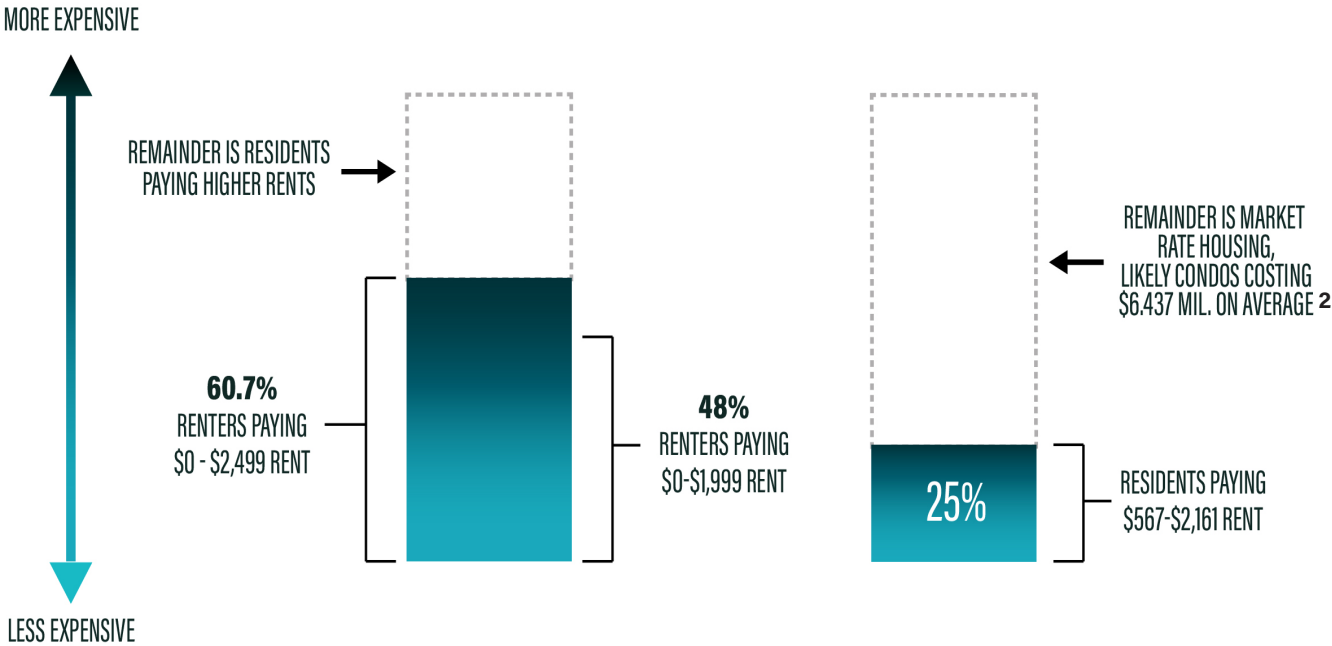


# SOHO/NOHO HOME PRICES



## RENTAL PRICES

CURRENT DEVELOPMENTS UNDER CITY PLAN





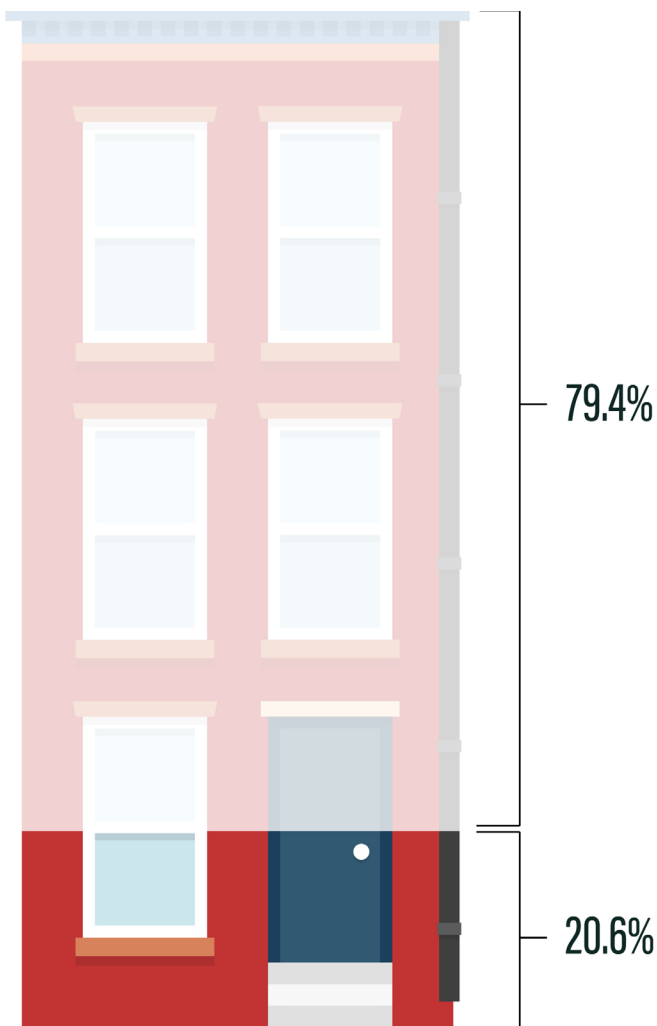
# PREMISE NO. 3 OF CITY'S SOHO/NOHO PLAN:

*The city's upzoning plan will create a significant amount of new affordable housing.*

If City projections are accurate, their rezoning plan will create 1,201-1,369 units of market rate housing, and 330-498 units of affordable housing, over the next ten years.

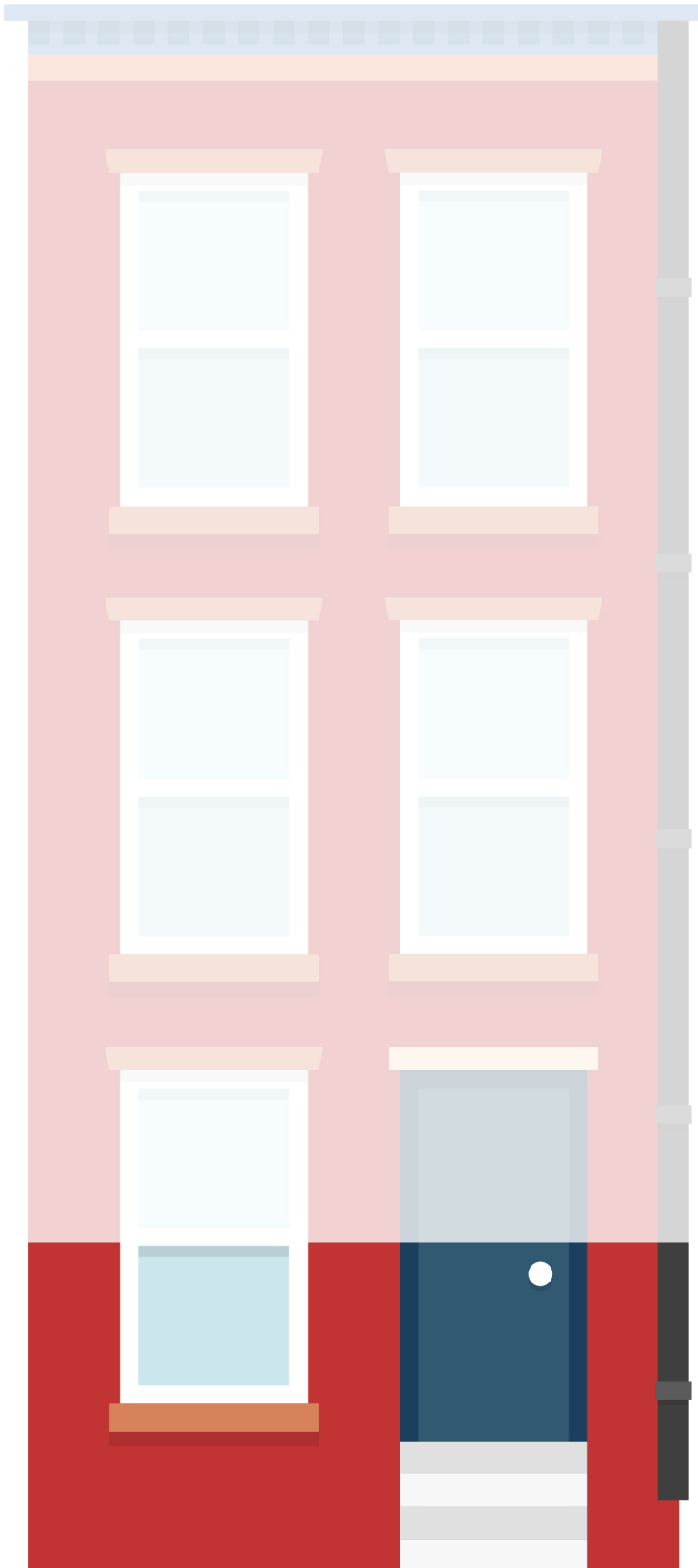
In fact, the City's housing and affordable housing projections are likely greatly inflated. Under the City's plan, new development which is projected to be residential is at least if not more likely to end up being developed for commercial uses, with NO affordable housing.

Under the City plan, a majority of the sites where they project housing being built will have zoning that will actually encourage commercial development rather than residential development.



79.4% of the projected residential units are to be built in areas where under the City Plan the zoning would allow a greater density of market rate commercial development (10 FAR) than market rate residential development (on average 9 FAR, depending upon MIH plan).

Thus nearly 80% of the projected residential development in the City plan is likely to end up as commercial development, and those affordable housing units will never materialize.



Even on the minority (20.6%) of sites where the proposed zoning favors residential development, the differential is so small as to offer little assurance that residential development will take place (6.5 FAR for market rate commercial development with community facilities vs. on average 7.2 FAR for market rate residential development, depending upon version of MIH).

This makes the likelihood that developers will chose residential development rather than commercial development even on the remaining 1/5 of projected development sites relatively slim, depending upon the market.

ZONING  
INCENTIVE FOR  
RESIDENTIAL  
DEVELOPMENT

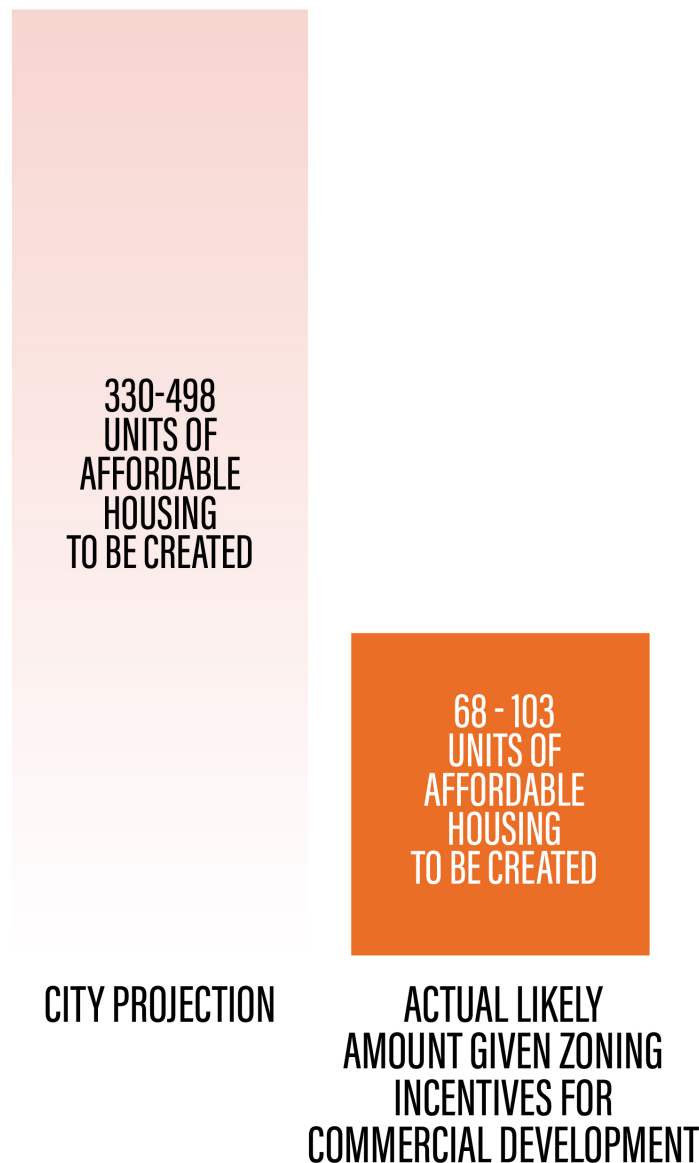
vs.

ZONING  
INCENTIVE FOR  
COMMERCIAL  
DEVELOPMENT

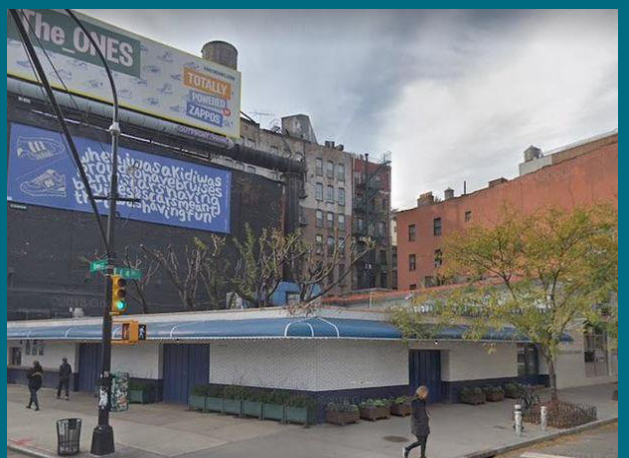
7.2 FAR

6.5 FAR

Thus assuming that developers follow the zoning incentives under the City plan and build commercial when zoning allows larger market-rate commercial buildings, and residential when the zoning allows larger market-rate residential buildings, the number of affordable units which the rezoning will create would be only 68-103, rather than the 330-498 the city currently projects.



*Additionally, many of the sites the city projects as residential development sites clearly will not materialize as such. At this site at 40 East 4th Street at the Bowery, the city projects a residential development with 110 units, 27 of them affordable. In fact, plans have been filed for 21-story office building on the site with no housing, affordable or otherwise.*





# PREMISE NO. 4 OF CITY'S SOHO/NOHO PLAN:

*There is no danger of the proposed upzoning pushing out people of lower incomes or leading to the elimination of existing affordable housing.*

**The city assumes no development will take place on any site currently containing rent regulated housing and no low or moderate income residents will be displaced.**

**This is simply not based on reality, or borne out by the facts.**

Under the City plan, new development will in many cases likely result in the displacement of lower income residents and the destruction of affordable housing. In a "best case" scenario, existing residential buildings with affordable, rent-regulated housing and lower-income residents will be destroyed for new residential construction that is 70-80% super-luxury/20-30% "affordable." But in many, and possibly most cases, such existing housing will be destroyed under the city plan for commercial development, with no affordable housing whatsoever.

**We have identified 635 rent regulated units in 105 buildings within the rezoning area.**

Many of these units and buildings will be made vulnerable to demolition as a result of the proposed upzoning, though the City's draft EIS [categorically excludes all of these as potential development sites](#), and discounts the possibility of losing these units as a result of the upzoning.

Nearly all are located in buildings which are overbuilt or nearly overbuilt under existing zoning, and thus currently unlikely to be demolished.

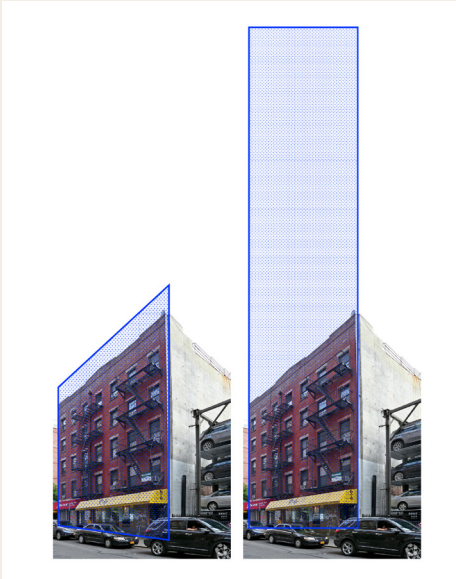
**All of those would be underbuilt, or significantly more underbuilt, under the proposed rezoning, thus creating tremendous new incentive for demolition.**

They are disproportionately located in the southeast "Housing Opportunity Zone," (pictured right) one of three zones with the largest proposed upzoning and therefore the largest incentive for demolition. This area also has the highest concentration of Asian-American (a plurality) and lower income residents in the rezoning area.



# EXAMPLES OF BUILDINGS WITH RENT REGULATED UNITS IN PROPOSED REZONING AREA

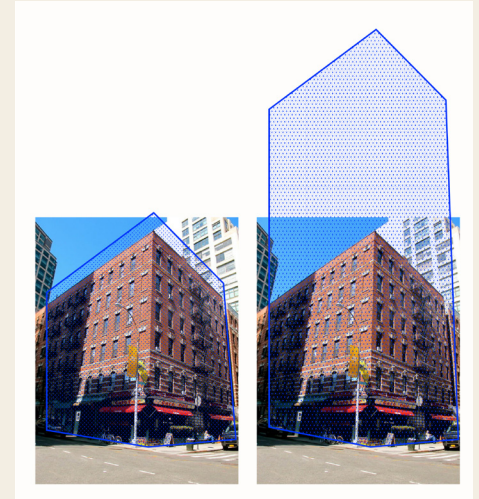
 -- Allowable size of new development under existing zoning (l.) / proposed zoning under city plan (r.)



**202 Hester Street Built FAR: 4.5**  
 (l.) Currently Allowable FAR: 5 -- little incentive to demolish  
 (r.) Allowable FAR under City Upzoning plan: 12 -- strong incentive to demolish



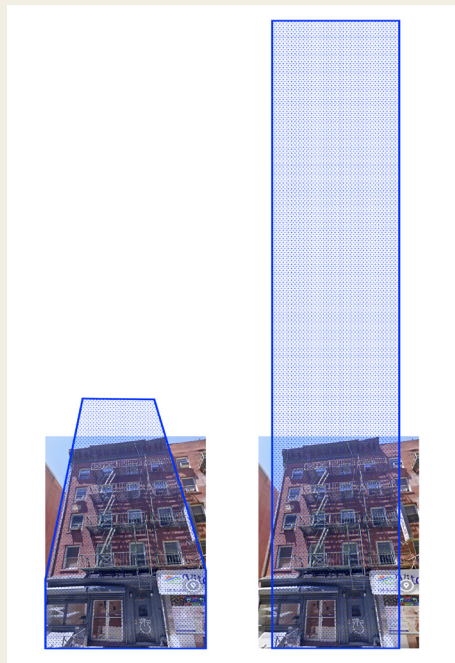
**508 Broome Street Built FAR: 7.5**  
 (l.) Currently Allowable FAR: 5 -- strong disincentive to demolish (overbuilt compared to allowable FAR)  
 (r.) Allowable FAR under City Upzoning plan: 9.7 -- strong incentive to demolish



**30 Grand Street Built FAR: 4.36**  
 (l.) Currently Allowable FAR: 5 -- little incentive to demolish  
 (r.) Allowable FAR under City Upzoning plan: 12 -- strong incentive to demolish



**218 Centre Street Built FAR: 5**  
 (l.) Currently Allowable FAR: 5 -- little/no incentive to demolish (built as large as zoning allows)  
 (r.) Allowable FAR under City Upzoning plan: 12 -- strong incentive to demolish



**128 Baxter Street Built FAR: 3.93**  
 (l.) Currently Allowable FAR: 5 -- little incentive to demolish  
 (r.) Allowable FAR under City Upzoning plan: 12 -- strong incentive to demolish

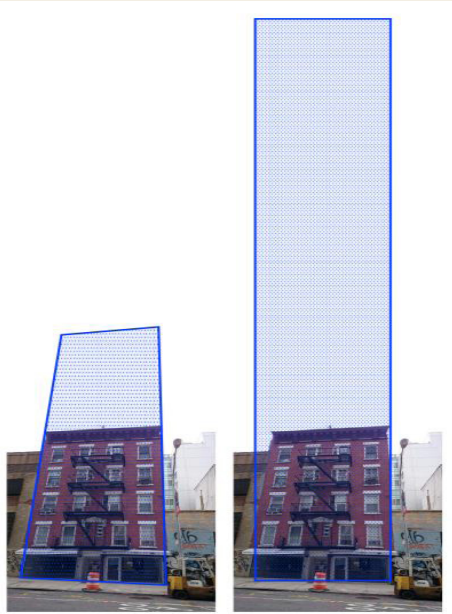


**38 Grand Street Built FAR: 4.25**  
 (l.) Currently Allowable FAR: 5 -- very little incentive to demolish  
 (r.) Allowable FAR under City Upzoning plan: 12 -- strong incentive to demolish

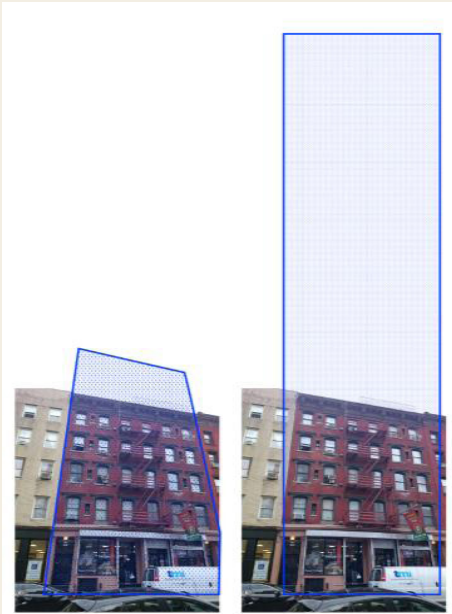


# EXAMPLES OF BUILDINGS WITH RENT REGULATED UNITS IN PROPOSED REZONING AREA (CONTINUED)

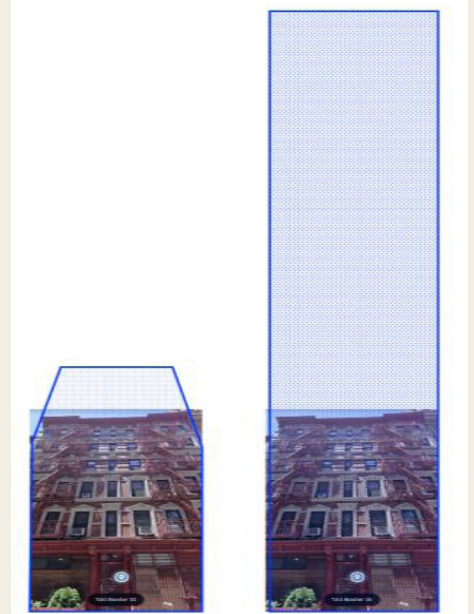
 -- Allowable size of new development under existing zoning (l.) / proposed zoning under city plan (r.)



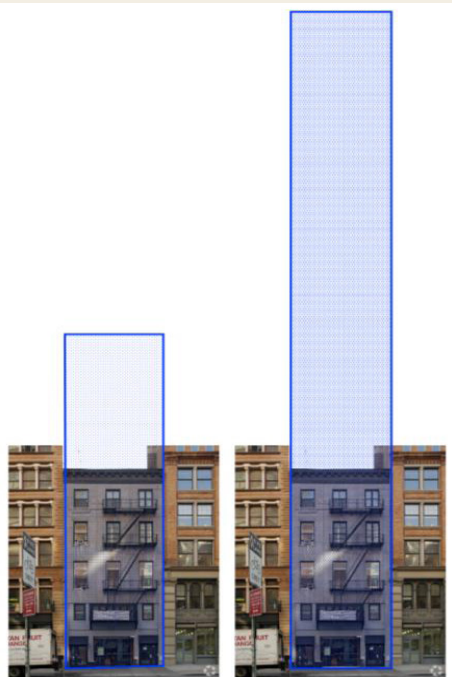
**32 Thompson Street Built FAR: 3.33**  
(l.) Currently Allowable FAR: 5 – mild incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 12 – very strong incentive to demolish



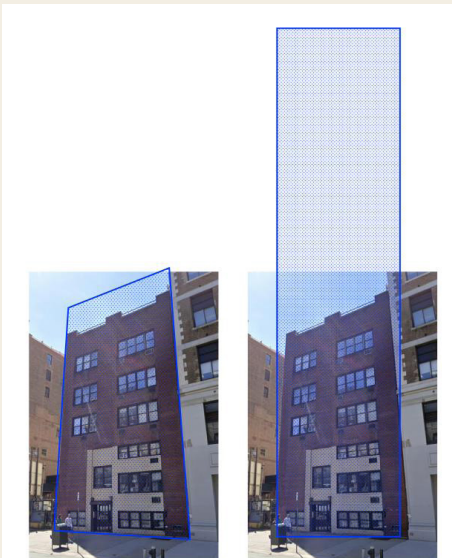
**44 Grand Street Built FAR: 4.05**  
(l.) Currently Allowable FAR: 5 – little incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 12 – very strong incentive to demolish



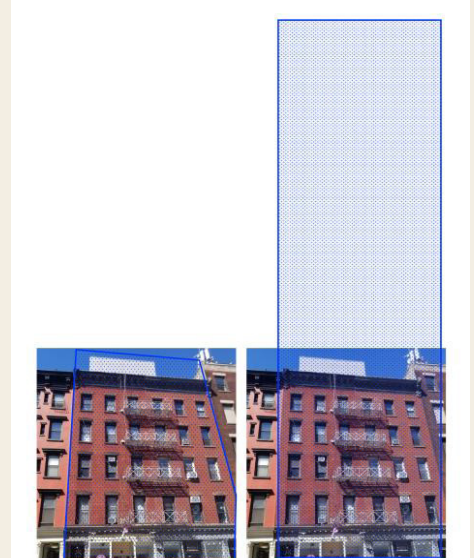
**150 Baxter Street Built FAR: 3.74**  
(l.) Currently Allowable FAR: 5 – little incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 12 – very strong incentive to demolish



**415 Lafayette Street Built FAR: 2.94**  
(l.) Currently Allowable FAR: 5 – mild incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 9.7 – very strong incentive to demolish



**416 Lafayette Street Built FAR: 4.46**  
(l.) Currently Allowable FAR: 5 – very little incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 9.7 – very strong incentive to demolish



**46 Grand Street Built FAR: 4.17**  
(l.) Currently Allowable FAR: 5 – very little incentive to demolish  
(r.) Allowable FAR under City Upzoning plan: 12 – very strong incentive to demolish



**The City claims that these units should not be considered vulnerable to demolition, because:**

- a) State laws make demolition of rent regulated units difficult, and
- b) most of the proposed rezoning area is located within designated historic districts, which would prevent demolition

**However, these are false assumptions because:**

- a) With the high economic incentives for development in lower Manhattan, we commonly see demolitions of buildings with rent regulated units when there are even moderate differentials between built FAR and zoning.

## **EXAMPLES OF RECENT NEARBY DEMOLITIONS OF BUILDINGS WITH RENT REGULATED UNITS RESULTING FROM MODERATE-TO-SIGNIFICANT DIFFERENTIALS IN ALLOWABLE FAR**



### **112-120 East 11th Street**

Built FAR: 3.9 vs. Allowable FAR: 6

*Contained multiple rent regulated units, demolished in 2016 for new development.*



### **827-831 Broadway**

Built FAR: 3.57 vs. Allowable FAR: 6

*Developer filed plans to demolish building, with rent regulated loft law units in 2017, which were set to be approved until building was landmarked. Developer has since filed for and received approval from the Landmarks Preservation Commission to demolish the building behind the façade.*



### **14-16 Fifth Avenue**

Built FAR: 3.21 vs. Allowable FAR: 10

*Previously contained 10 rent regulated units, developer has emptied building and filed plans for demolition.*



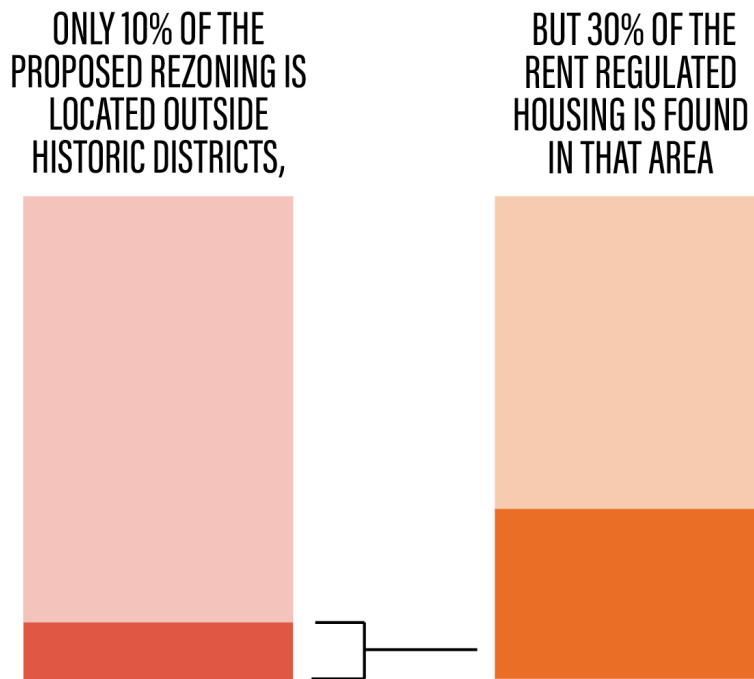
### **102 Charlton Street**

Built FAR: 3.75 vs. Allowable FAR: 10

*Contained multiple rent regulated units, demolished in 2018 for new development.*

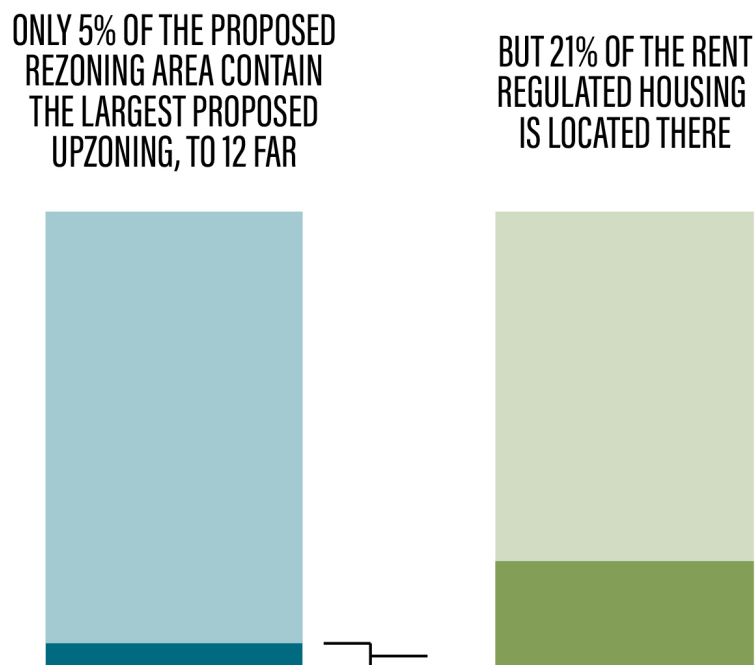
**b) A disproportionately high percentage of the rent regulated units are located outside of historic districts, or are considered “no style” buildings within historic districts, and are therefore not protected from demolition by landmark designation.**

While approx. 90% of the proposed rezoning is located within historic districts, almost 30% or 184 of the 635 rent regulated units within the proposed rezoning area are located outside the historic districts, or are “no style” buildings within historic districts.



**c) Rent regulated units are disproportionately located in the areas with the largest proposed upzonings, and thus made especially vulnerable to demolition.**

While less than 5% of the rezoning area, the three “Housing Opportunity Zones” with the largest proposed upzonings contain 134 or more than 21% of the rent regulated units in the rezoning area.





d) The type of alterations necessary to qualify for the very loose definition of “demolition” under state regulations for rent regulated housing are routinely approved by the Landmarks Preservation Commission, even for ‘contributing’ buildings within historic districts, and for individually landmarked buildings.

Thus the more than 70% of rent regulated units located within historic districts in the proposed upzoning area are not safe from elimination via “demolition.”

## EXAMPLES OF NEARBY ‘CONTRIBUTING’ LANDMARKED BUILDINGS WHERE EXTENSIVE DEMOLITION WAS ALLOWED BEHIND THE FACADE



**Tammany Hall, 44 Union Square East**  
Individual landmark  
*Landmarks Preservation Commission  
allowed demolition of all but facades of  
building*



**404 West 20th Street**  
Chelsea Historic District  
*Landmarks Preservation Commission  
approved demolition of all but façade of  
building*



**827-831 Broadway**  
Individual landmark  
*Landmarks Preservation Commission  
approved demolition of all but facade of  
building*



**837 Washington Street**  
Gansevoort Market Historic District  
*Landmarks Preservation Commission  
allowed demolition of all but facades of  
building*



**83 Horatio Street**  
Greenwich Village Historic District  
*Landmarks Preservation Commission  
approved demolition of building behind  
facade*

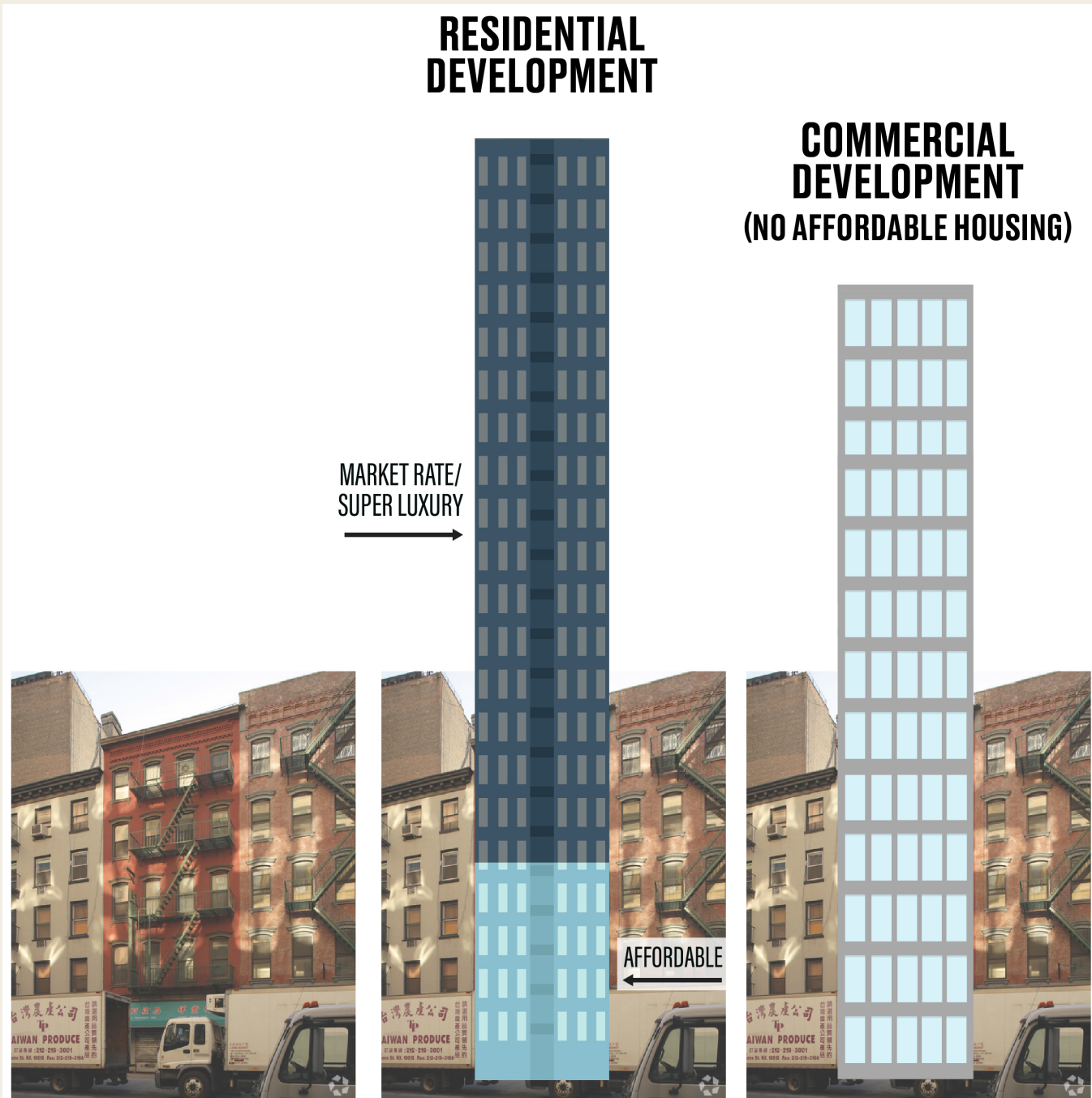


**27 Ninth Avenue**  
Gansevoort Market Historic District  
*Landmarks Preservation Commission  
allowed demolition of all but facades of  
building*

Under the proposed upzoning, buildings with rent regulated units are placed in great danger of being demolished.

Such demolition will take place not just for new high-rise residential developments, where approx. 75% of units will sell for an average of at least \$6.437 mil.<sup>2</sup> to households with average annual incomes over \$1 mil., and a mere 25% will be affordable to households significantly wealthier than the least wealthy 25% of current area residents.

They are also in danger of being demolished for new commercial developments which would contain no affordable housing whatsoever.



*Likely scenario under the proposed upzoning: 4-6 story walk up residential buildings with rent regulated units are demolished to make way for new residential high-rises with mostly super-luxury apartments, or for commercial developments with no housing, affordable or otherwise.*



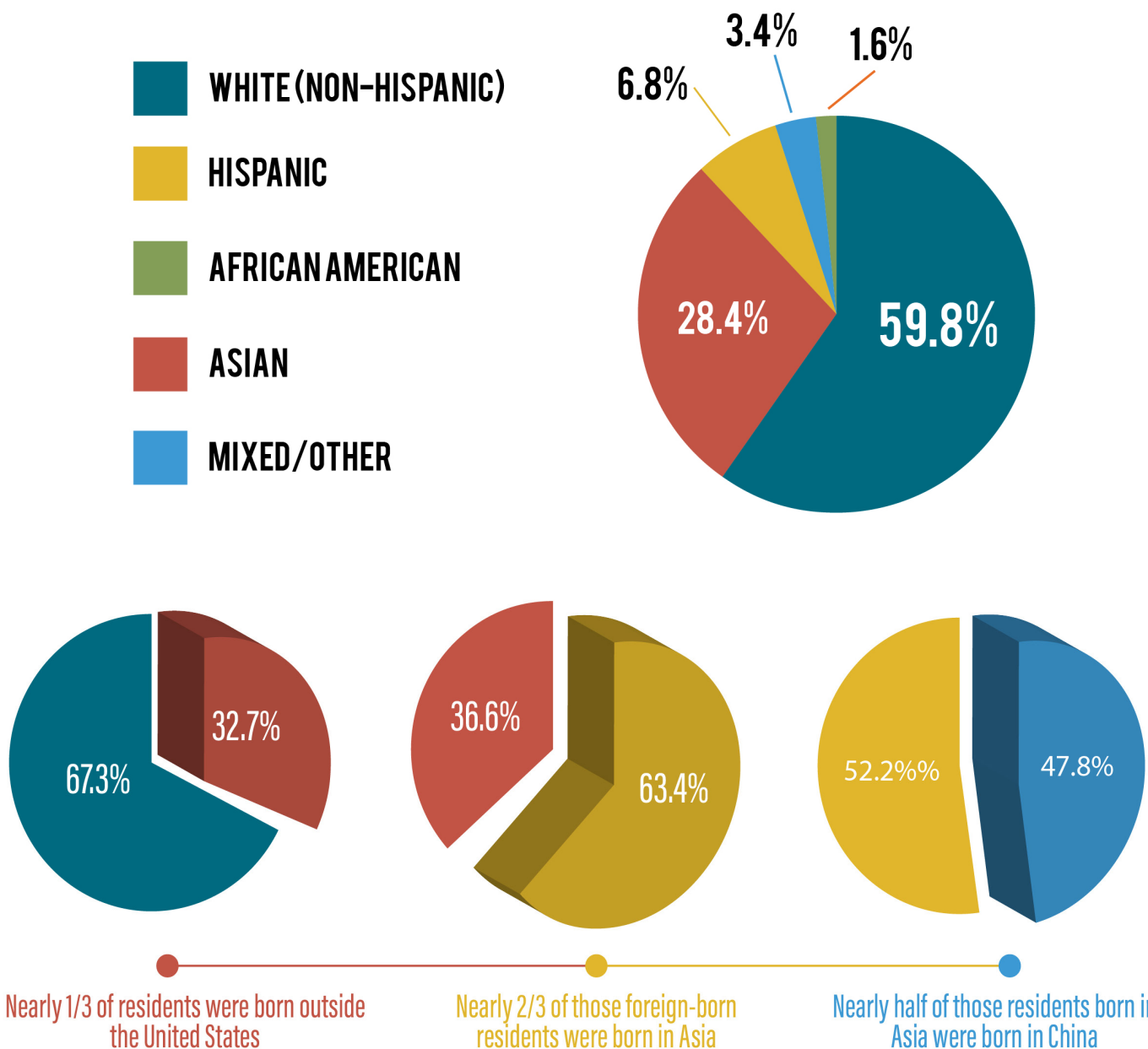
# PREMISE NO. 5 OF CITY'S SOHO/NOHO PLAN:

*The rezoning plan will make for a more racially diverse and equitable neighborhood.*

The city's upzoning plan is also unlikely to make the affected area more racially diverse, and may make it less so in key respects – increasing the percentage of white residents, and decreasing the percentage of Asian residents.

The current racial composition of the neighborhood is:

## CURRENT NEIGHBORHOOD



The City [projects their rezoning plan will create](#) 1,201-1,369 units of market rate housing, and 330-498 units of affordable housing, over the next ten years (an additional 1,255 - 1,102 units of market rate housing and 293-446 units of ‘affordable’ housing are considered “less likely to be developed within the foreseeable future and were thus [only] considered potential development sites” in the city’s analysis.)

The market rate units (approximately 75% of new units created under the city’s plan) will sell for an average of \$6.437 million, requiring an annual income of roughly over \$1 million<sup>2</sup>. Census and ACS figures don’t break down income levels above \$200,000, but for [roughly the SoHo area](#) they show households with incomes of \$200,000 and above are 81% white, 10% Asian, and 3% each black and Hispanic.

**The 25% of units which are “affordable,” though no doubt more diverse in their makeup than the 75% occupied by millionaires and above, will not change the fact that these new developments under the city’s plan will skew the neighborhood whiter as well as richer.**

While it is impossible to concretely predict the race of the new residents of the neighborhood under the city’s rezoning plan, it is possible to make projections based upon some clear indicators around income distribution. Assuming that the affordable units (25% of the building) reflect the citywide makeup of their income bands, 37.25% of residents of those affordable units will be white, 11.3% will be Hispanic, 30.14% black, and 13.3% Asian. Combined with the market rate units, this will result in buildings which are 70% white, 10.8% Asian, 5% Hispanic and 9.8% black – a higher percentage white and black than the 7 census tracts for this neighborhood, but a lower percentage Hispanic and a dramatically lower percentage Asian.

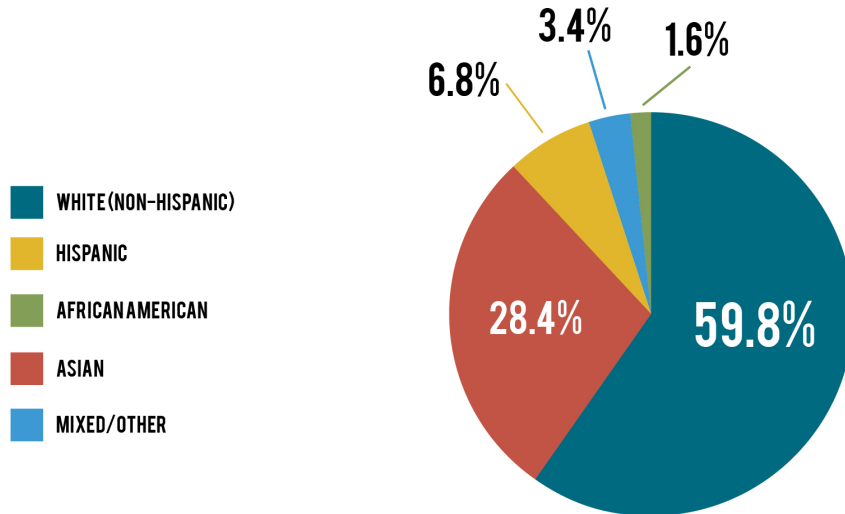
If the affordable units reflect the Manhattan-wide makeup of their income bands, 51% of those residents will be white, 10.1% will be Hispanic, 18.7% black, and 11.9% Asian, resulting in buildings which are 73.5% white, 4.8% Hispanic, 6.9% black, and 10.5% Asian. This is an even higher percentage white than the 7 census tracts, with Hispanics and Asians at a further decreased percentage of the population than currently. And while the share of black residents would be a modest increase compared to the current makeup of the 7 census tracts, it would still be a very small percentage of the population in these new buildings.

It should be noted that two additional factors may strongly affect the racial composition of new residents under the city’s plan, in both cases substantially skewing the likely make up of new residents to make them even less diverse in several key respects. Current city policy known as “community preference” requires that ½ of the affordable units in such developments are set aside for residents of the community board in which they are located. Given Community Board #2’s racial composition (74.2% white, 6.3% Hispanic, 1.9% black, and 14.1% Asian), if Community Preference is applied here, it is likely to significantly decrease the small share of residents of new buildings who would be black, slightly increase the share who would be Asian (though they would still be well below the current percentage for these 7 census tracts), very modestly increase the share who are white, and negligibly affect the share who are Hispanic.

LIKELY RACIAL COMPOSITION OF NEW RESIDENTIAL DEVELOPMENTS UNDER CITY PLAN

RACIAL/ETHNIC GROUP	CITYWIDE MODEL FOR AFFORDABLE HOUSING DISTRIBUTION	BOROUGH-WIDE MODEL FOR AFFORDABLE HOUSING DISTRIBUTION	LIKELY CHANGE IF ‘COMMUNITY PREFERENCE’ IS UTILIZED
White	70%	73.5%	higher
Hispanic	5%	4.8%	little change
Black	9.8%	6.9%	lower
Asian	10.8%	10.5%	slightly higher

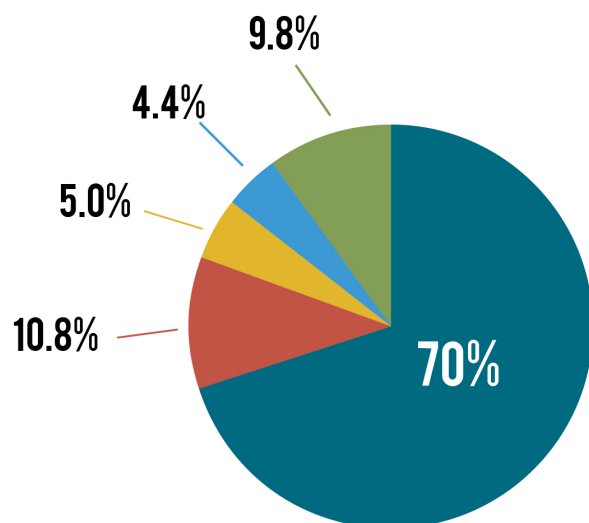
# Racial Composition of Current Neighborhood



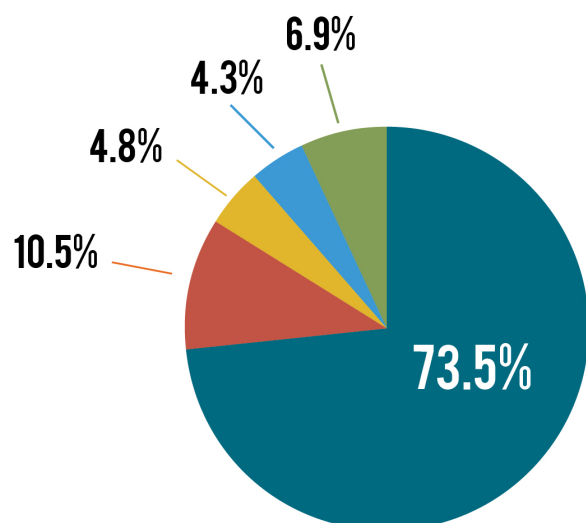
**VS.**

## Racial Composition of New Developments Under City Plan *without* Community Preference

USING CITYWIDE MODEL FOR AFFORDABLE HOUSING DISTRIBUTION



USING BOROUGH-WIDE MODEL FOR AFFORDABLE HOUSING DISTRIBUTION



If 'Community Preference' is utilized for affordable units, the % of white residents will likely increase and the % of black residents will likely decrease, while the % of Hispanic residents will likely change little and the % of Asian residents will likely increase slightly.



The other assumption, that the racial composition of residents of the “affordable” units would roughly reflect their relative share of the respective income bands city- or borough-wide, is also questionable. Accessing affordable housing in private developments such as these favors those with social capital to know about such opportunities and be able to navigate the bureaucracies to secure the spots. This would undoubtedly further skew these numbers.

**So while these new developments have tremendous potential for destroying existing affordable housing containing a diverse array of income levels and a significant percentage of Asian residents, they will add housing which is richer and whiter than the neighborhood as a whole currently, with at best a very small increase in the share of black residents and a much more substantial decrease in the share of Asian residents.**





# PREMISE NO. 6 OF CITY'S SOHO/NOHO PLAN:

*The proposed upzoning won't negatively impact adjacent areas like Chinatown and the Lower East Side.*

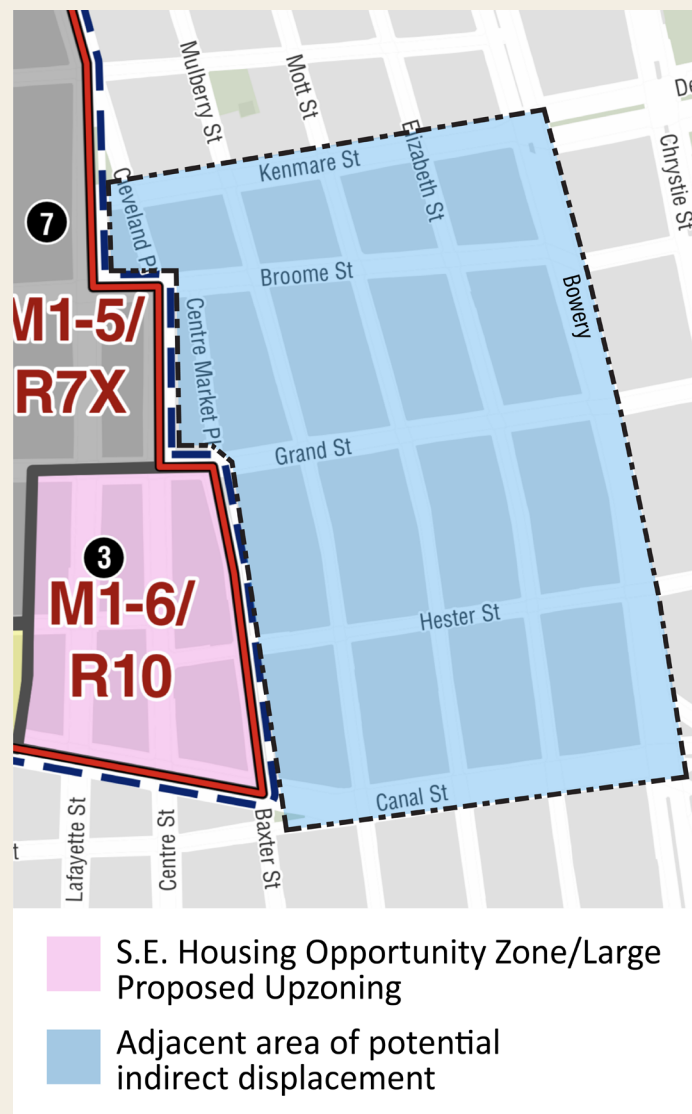
**The City's upzoning plan is likely to add pressure for secondary displacement from even more diverse and less wealthy directly adjacent areas of Chinatown and the Lower East Side.**

In addition to the pressure for direct displacement that the city's planned upzoning will create, it will add significant pressure on directly adjacent areas, especially those to the east and north of the southeast 'Housing Opportunity Zone' which borders Chinatown. That adjacent area has an even higher concentration of Asian and lower-income residents. The census tract in which this area lies is majority Asian (64% as per the 2010 census), with Asian residents most highly concentrated in the southern section, closest to the proposed upzoning area.

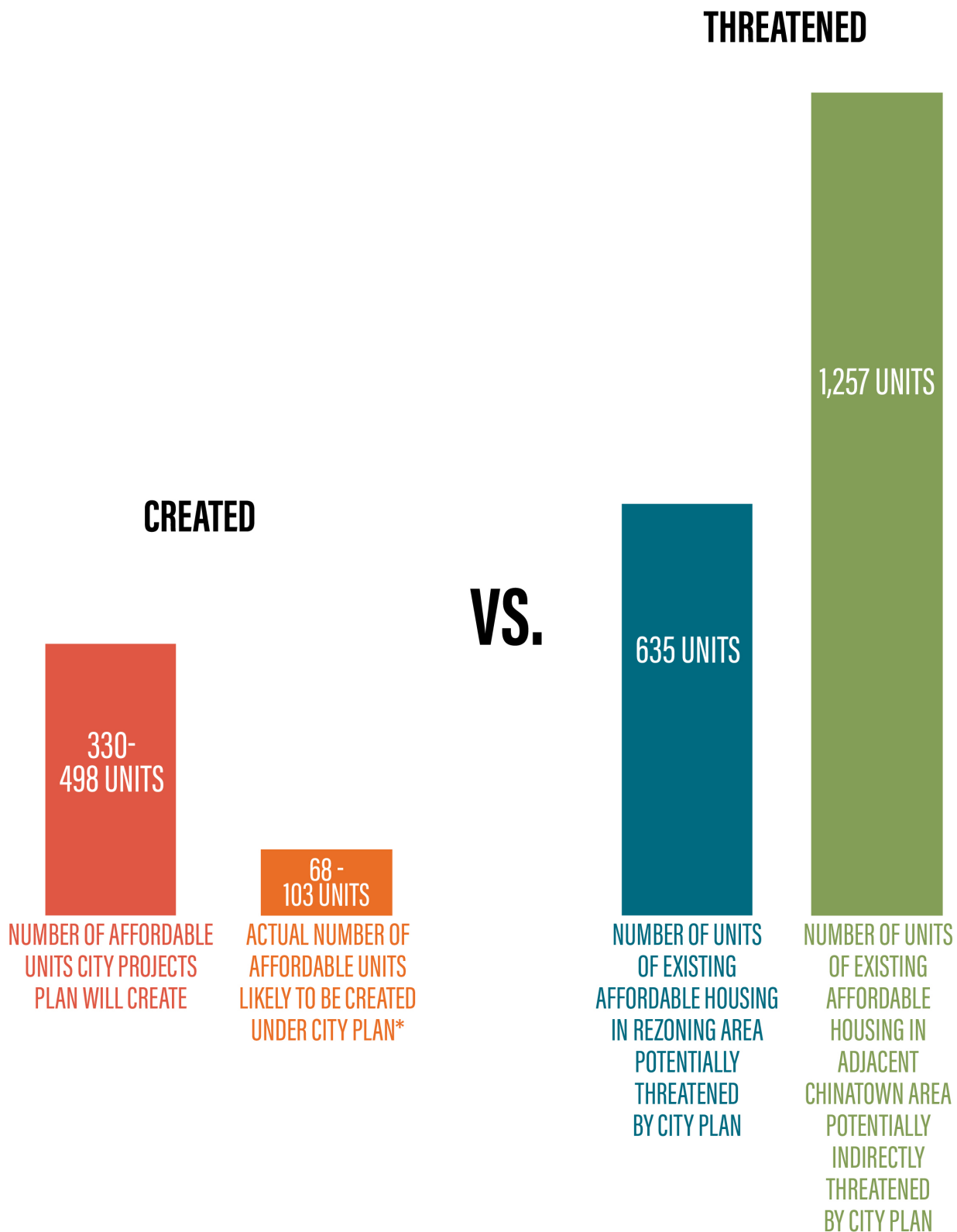
This census tract (which includes part of the proposed upzoning area) has an even higher concentration of lower-income residents, rent regulated housing, and residents reporting paying lower rents.

Public records show 1,257 units of rent regulated housing in this small area directly to the east and north of the proposed upzoning, bounded by Canal and Kenmare Streets and the Bowery. That high concentration of rent regulated units, charging lower rents and predominantly housing Asian residents, will also be threatened by the proposed upzoning plan. All are within the approx. 1,000 ft. boundary of the proposed rezoning - the area typically considered subject to study of the effects of a rezoning.

## INDIRECT DISPLACEMENT AND PRESSURE ON NEIGHBORING CHINATOWN



## AFFORDABLE HOUSING: POTENTIAL TO BE CREATED AND THREATENED BY CITY PLAN



*\*Assumes residential development will only take place on sites where zoning allows greater density for market rate residential development than commercial development*

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# RECOMMENDATIONS

**If implemented as projected, the city's plan will make for a wealthier and whiter neighborhood than currently exists here. However, the city's projections greatly inflate the number of affordable units likely to be created, and fail to account for the many existing affordable units, occupied by people of low to moderate income, which are likely to be destroyed as a result of the proposed upzoning. The city's plan could easily result in a net loss of affordable housing in the area, but most certainly will result in the creation of a great deal of high-end market-rate super luxury housing and offices.**

**There are three major flaws to the city's plan, which could be corrected:**

- It relies on an upzoning, which by its very nature incentivizes the destruction of existing buildings, in this case including 4-6 story residential buildings that in many cases include affordable rent-regulated housing
- It is entirely market-driven, and is dependent upon the whims of developers and their for-profit construction to subsidize affordable housing development
- It makes the price for every unit of moderately affordable housing three units of super-luxury housing, which will have ripple effects of pushing out existing lower income tenants and incentivizing the destruction of more affordable housing

**The [Community Alternative Plan](#) addresses all three of these issues. That plan:**

- while attaching a mandate for inclusion of affordable housing in new residential developments, does not employ an upzoning, and would only allow development at the same current maximum allowable density for new development (5 FAR). Thus it would not increase pressure for demolition of existing buildings beyond pressure that already exists (and would largely only incentivize the development of sites that currently have parking lots or 1-3 story buildings on them, which are almost never residential)
- calls for deeper and broader levels of affordability than the city's plan, so there would be both a higher percentage of affordable housing in new developments and housing which is affordable and accessible to people of greater need than currently proposed
- calls for direct subsidies to create new affordable housing, as a market-driven approach will never meaningfully address these issues

**This last point bears further explanation. It's worth noting that were the city to work with non-profit housing developers to acquire properties in the area and develop affordable housing, that alone could achieve much of what the city's plan purports to do, without threatening existing affordable housing, without leaving the development open to the vagaries and timing of the market, without introducing a flood of super-luxury housing, and without allowing markedly out-of-scale new construction (up to 2.4 times the size of what current rules allow).**

**There are two large parking lots, one each in SoHo and NoHo (375 Lafayette Street and 174 Centre Street), both owned by Edison Properties, which has [donated generously to the Mayor and stands to profit handsomely](#) from the city's proposed upzoning.**



**Top:** Edison Parking lots in NoHo (l.) and SoHo. **Bottom:** parking garage, vacant lot, and 1-2 story commercial buildings in proposed southwestern "Housing Opportunity Zone." These sites could be developed with 100% affordable housing at the currently allowable density and meet or exceed the city plan's affordable housing projections, without the negative impacts.

If instead of upzoning those properties as proposed, the City acquired and developed them as 100% affordable housing at the currently allowable density (5 FAR), they could build about 133 units at the NoHo site and 88 units at the SoHo site. That total of 221 affordable units is more than our analysis shows is likely to be built under the current city plan (68-103 units) and about 2/3 of the entire total which the city (unrealistically) projects for their plan (330-498). This would create a significant portion of the affordable housing the city projects coming from these two sections of the proposed rezoning area, without an upzoning that would endanger existing affordable housing.

Additionally, there are several parking lots, garages, and 1-2 story commercial structures in the southwestern "Housing Opportunity Zone" where the city proposes to upzone to allow development at 2.4 times the currently allowable size (12 FAR), threatening multiple 4-6 story walk ups with rent regulated affordable housing. Were the city to work with affordable housing developers to acquire these sites and develop purely affordable housing there, it would produce another approximately 88 units of affordable housing – providing nearly all the affordable housing the city projects, and far more than the city's plan is actually likely to produce.

Combined with the affordable housing mandate for new residential developments which the Community Alternative Plan proposes, this would vastly exceed the production of affordable housing in the city's plan. And it would do so without introducing a flood of new super-luxury housing, without allowing out of scale new development, and without endangering existing affordable housing.

Additionally, changes in the market post-COVID 19 may well mean that office space currently in the neighborhood could be available for conversion to affordable housing, if the funds were made available to make this possible.



# CONCLUSION

The city's SoHo/NoHo upzoning plan will make these neighborhoods richer and whiter, make housing prices overall much more expensive than they are now, likely destroy a considerable amount of affordable housing, and create about 80% less affordable housing than projected. It will allow grossly out of scale development and a flood of super luxury condos at prices averaging over \$6 million for households with incomes averaging over \$1 million<sup>2</sup>, as well as large new office buildings and big box chain stores. The city is ignoring the clear evidence of the impact which this plan would have, not just on SoHo and NoHo but adjacent neighborhoods like Chinatown and the Lower East Side, continuing a pattern of wildly inaccurate projections and prognostications about what their rezonings would do.

Current zoning for the neighborhood, with a maximum allowable FAR of 5, incentivizes the development of parking lots and 1-3 story commercial buildings, thus for the most part leaving existing housing, especially rent regulated or loft law housing, as well as historic buildings, intact.

The new proposed zoning under the city's plan, for between 6 and 12 FAR, will incentivize the demolition of 4-6 story buildings, including those with rent regulated or loft law tenants, along with the myriad historic buildings in the neighborhood, as recognized by local, state, and federal designations.

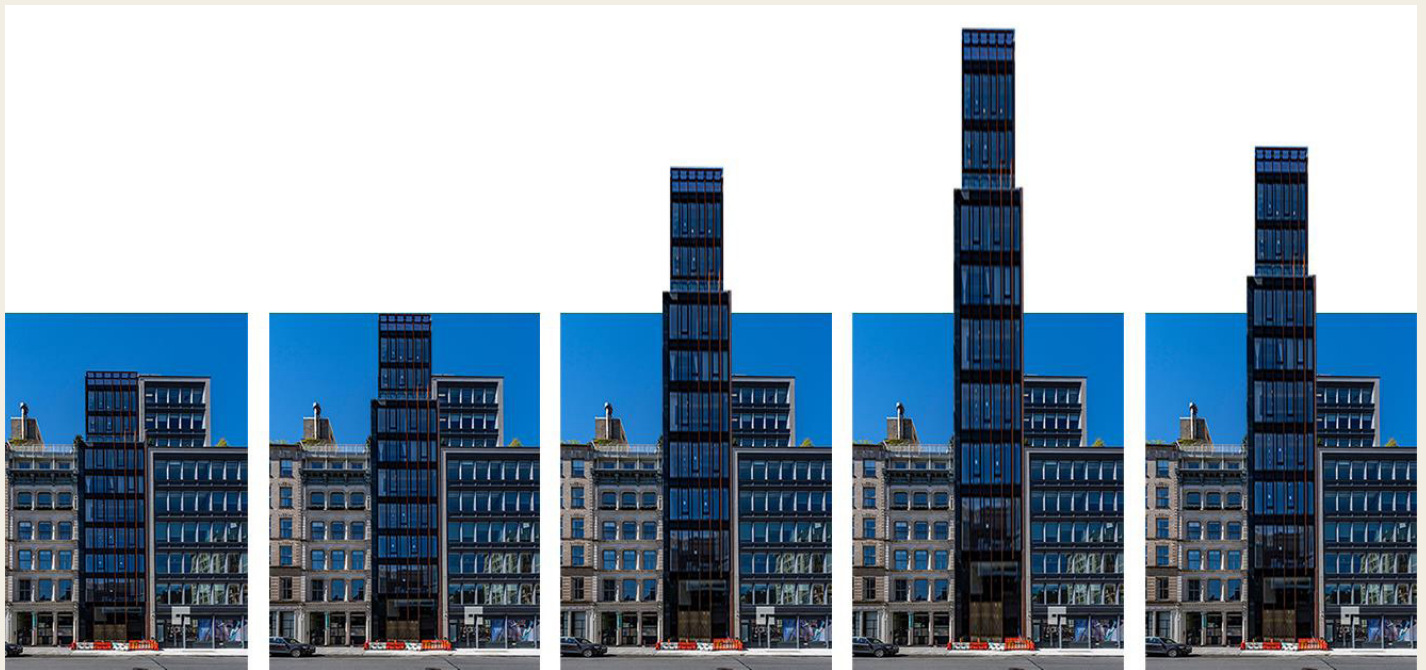


*Current zoning incentivizes the development of sites in SoHo and NoHo like those on the top row – parking lots, garages, and 1-3 story commercial structures. The proposed new zoning, allowing up to 2.4 times the size of development currently allowable, would incentivize the demolition of buildings like those on the bottom row, containing rent regulated affordable housing.*



There are ways to make SoHo and NoHo more affordable and equitable, as well as to update nearly fifty year old zoning which in some cases may conflict with present-day realities. The city's plan is not the way to do so. It will exacerbate problems of affordability and inequality in these neighborhoods, and in adjacent neighborhoods which will also be impacted. And it will destroy the qualities of the built environment, the artistic heritage, and the unique character of these neighborhoods which have made SoHo and NoHo successful and sought-after.

## RELATIVE SIZE OF DEVELOPMENT UNDER CITY PROPOSAL – 25 GREAT JONES STREET



- (l.) As built in 2019, 5 FAR, maximum currently allowable for commercial development
- (2nd from l.) What it would look like under city's proposed upzoning to 6 FAR for parts of SoHo/NoHo
- (c.) What it would look like under city's proposed upzoning to 9.7 FAR for parts of SoHo/NoHo
- (2nd from r.) What it would look like under city's proposed upzoning to 12 FAR for parts of SoHo/NoHo – note the building is about 2-3 times the size of surrounding typical buildings
- (r.) What it would look like at 10 FAR – the current zoning for Billionaire's Row (lower than the max. proposed for SoHo/NoHo)

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# FOOTNOTES

<sup>1</sup> For simplicity sake, this report assumes that the SoHo/NoHo rezoning would use the 75% market rate/25% 'affordable' version of MIH, rather than the 80/20 or the 70/30 version. The 80/20 version would serve those at slightly lower income levels, but fewer of them; the 70/30 version would serve those at slightly higher income levels, but more of them. As the median and average of the three, and the one which requires the greatest level of diversity of income levels of those in the 'affordable' housing, it seemed fairest to use this version as the basis for comparison for illustrative purposes. Neither of the other two versions (80/20 or 70/30) would change the conclusions of this study, nor would they substantially change the impact of the proposed rezoning in the key respects discussed here.

<sup>2</sup> This estimate of the income level for residents of the market-rate units in new developments under the city plan comes from a [review of sales prices of all new developments in or within one block of the proposed SoHo/NoHo rezoning in the last three years](#). The average sales price was \$6.437 million, with prices ranging from \$20,950,493 to \$1,935,000. That average sales price would, based upon standard formulas for estimating the ratio of home price to annual income, require an income well above \$1 million. It should be noted however that average market rate sales prices in new developments under the city's plan would likely exceed those of recent developments for several reasons. Such developments would likely tend to be both larger and taller than recent developments in the neighborhood due to the proposed upzoning. Larger developments allow more room for, and generally have more, amenities and services, and taller developments allow for more units on higher floors. Both substantially increase sales prices and apartment values.

<sup>3</sup> Assumes the 25% of income restricted units range from 40% AMI to 80% AMI (they must average 60% and at least 1/3 of them must be at 40% AMI or lower), and that household sizes range from 1 to 5 people, [as per NYC HPD](#).

<sup>4</sup> Assumes apartment sizes ranging from studios to three bedrooms, [as per NYC HPD](#).