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OP-ED

Opening Midtown to more residential use could ease the affordability crisis

BY JAMES POWER

Our city's recovery from the massive financial downturn created by the ongoing pandemic requires us to consider innovative solutions to revitalize our economy. That includes repurposing underutilized and vacant space, even if only temporarily, in order to give property owners a chance to recoup some of their pandemic-related losses and to reactivate their buildings with new tenants.

From the early days of the pandemic, the real estate industry has grappled with its repercussions. They include hotel vacancies and closings resulting from the sudden loss of tourism, together with the glut of vacant office space, a result of changing work habits, a new work-from-home culture and a dearth of Midtown commuters.

At the same time, the city's affordable housing crisis has deepened, along with budgetary deficits at the city and state levels, putting a strain on public funds that might be available to address that ongoing crisis.

In response, Gov. Andrew Cuomo has proposed an amendment to the state Multiple Dwelling Law that would authorize flexibility in zoning to address high commercial vacancy rates and underutilized hotel properties located within specified areas in New York City.

It's an encouraging step because it will allow property owners the opportunity to reimagine their vacant space for new revenue-generating uses rather than allow it to lie fallow until the economy returns to its post-Covid-19 levels, which could take years.

Conversions

If adopted, the proposal would substantially increase a building owner's ability to

convert to residential use both hotels with fewer than 150 rooms and office buildings that were either built before 1980 or that are currently subject to bankruptcy proceedings or receivership. Although such conversions are currently permitted in some situations, they are limited by rules governing required rear yards and light and air standards, for example. Great flexibility is available in some cases for buildings built before 1961, and this proposal would extend that flexibility to many buildings that would not otherwise qualify.

The proposal includes geographic limitations as well. Qualifying hotels must be located either outside Manhattan or in Manhattan south of Chambers Street or north of 110th Street, and office buildings must be located in Manhattan south of 60th Street. The governor's plan also appears to permit residential conversion of buildings located in manufacturing districts within those geographic areas, which would otherwise require a zoning change or other special approval.

Additionally, all conversions must either dedicate at least 25% of the units as affordable housing or be operated as supportive housing. Thus, instead of using limited public resources for the construction of new affordable housing, the proposal would tap a ready pool of buildings in need of occupants and building owners in need of economic relief.

The proposal and the relief that it provides would sunset at the end of 2024.

Mayor Bill de Blasio has raised objections to the proposal, arguing that it should proceed through the City's Uniform Land Use Review Procedure, and presumably be subject to environmental review procedures.

An opportunity

Of course, the proposal will be fully vetted and refined by the Legislature and the governor's office, and input from the city and its planners and the real estate industry are essential. But the proposal is a ray of light for building owners who have struggled with hotels that have ceased to operate and office properties with vacant floors and dwindling rent rolls, and it is an opportunity to provide a substantial number of new affordable units in the coming years.

But full ULURP and environmental review, as suggested by the mayor, would cause undue delay in the implementation of a proposal that requires immediate action. That is a delay we cannot afford. ■

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