

11/03/2006

Art of the Deal: Trump's Latest Could Cause Shock Waves Here

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Carroll Gardens/Cobble Hill Courier

A development proposed by Donald Trump for lower Manhattan could have massive implications for Brooklyn's remaining manufacturing districts.

Indeed, community advocates worry that the face of such neighborhoods as Red Hook, Sunset Park, and Gowanus could change dramatically if Trump is successful in his efforts to get the city Department of Buildings (DOB) to reinterpret zoning regulations, and okay his proposal to put up a 45-story condo hotel at Spring and Varick Streets, in a district zoned for manufacturing. Residential development is not allowed in manufacturing districts, but transient hotels can be developed there.

Condo hotels are like transient hotels in that they have all the services offered by hotels; they differ distinctly, however, in that the units are owned, not rented for a night or two. Thus, they become second homes or even primary residences for those who buy in, who can also rent out their units – possibly for months at a time — when they are not utilizing them. Condo hotels can be extremely lucrative for those who develop them; an added bonus is that the developer gets money for the units up front, rather than relying on the successions of comings and goings that fuel transient hotel profits.

Faced with the specter of high-rise development in the borough's remaining manufacturing areas, Brooklyn activists have joined Manhattanites in decrying Trump's proposal, which some say, would likely bring with it a rush to develop those areas – heretofore out-of-bounds for residential construction – in a way that would bring in luxury housing and squeeze the remaining manufacturing uses, without even a nod to affordable housing.

This is distinctly contrary to what was done recently in Greenpoint, where a portion of the manufacturing zone was rezoned for housing after a long public process. Inclusionary housing, that promotes affordable rental units and condominium developments, was a key element of the plan. But, say those who have studied the issue, the leverage that created that part of the plan would be lost if developers were able to develop condo hotels in manufacturing zones as of right.

According to Andrew Berman, the executive director of the Greenwich Village Society for Historic Preservation, the decision as to whether to reinterpret the zoning regulations in Trump's favor will be made by administration officials, "behind closed doors. This is a total Trojan horse," he asserted, "that would allow one of the richest men in the world to become a little richer at our expense.

"There will be no public hearing, no public process," Berman emphasized. "He's trying to squeeze a 45-story peg into a round hole by claiming a condo hotel is a transient hotel (which would become as of right, if the definition were to change as Trump wants). It's particularly pernicious because it's a back-door way to get what amounts to a citywide zoning change without any public process."

Margaret Nelson, director of real estate for the Brooklyn Economic Development Corporation, agreed. Allowing condo hotels in manufacturing districts, she said, would, "Really start to cross the line into residential development in industrial zones. To the extent that there are any changes in land use, we want it to be part of a public planning process and rezoning process, not a back-door effort like this condo hotel."

"It's really a subversion of the spirit of the land use law," added Phaedra Thomas, the executive director of the Southwest Brooklyn Industrial Development Corporation. "If you allow for condo hotels, the way the laws are currently written, what you would be doing is allowing residential development in industrial areas."

The viability of hotel development in the city is evidenced by the fact that hotels have suddenly begun “springing up” around the borough, noted Brad Lander, the director of the Pratt Center for Community Development.

“This shows the Brooklyn market for hotels is happening,” stressed Lander. “It shows the economic feasibility of hotels which pay much more for the property than manufacturing uses. If they start coming to manufacturing zones, that will undermine the manufacturing uses.”

Permitting the condo hotel to be built in a manufacturing district, would be, “A bad precedent that would bode ill for manufacturing in Brooklyn,” he added, because it would, “Allow people to sneak residential property into a manufacturing zone.

“If there are parts of Brooklyn that it makes sense to rezone,” Lander added, “that’s fine. Lets have a conversation about it. But, we absolutely have to keep manufacturing zones in New York.”

What would happen if the zoning regulations were reinterpreted in Trump’s favor? Posits Berman, “You’d see the character of the areas change because condo hotel development will push out the pre-existing businesses, some of which have been in the neighborhoods for generations.”

Thomas agreed. “Industrial users can’t compete on a per-square-foot basis with the high-yield uses,” she stressed, “so it brings up all the conflict of users which residential has with industrial. If people pay that much money to have a unit in a condo hotel, they’re not going to want to deal with trucks. They’re not going to want to deal with noise. So, it creates all the problems that would be created if you just allowed residential development in industrial areas.”

In addition, noted Thomas, by allowing residential uses in manufacturing zones, you are effectively endangering the existence of the businesses that flourish there.

“South Brooklyn,” she said, “is one of the last areas where industry is able to thrive because we have a viable manufacturing zone. In Sunset Park, there’s less than a one percent vacancy rate, and in Gowanus and Red Hook, there’s less than a three percent vacancy rate in industrial real estate.

“These are companies that are not competing with China, that are servicing the New York City economy directly, whether providing baguettes for hotels or concrete for construction,” Thomas went on. “If you don’t have a viable manufacturing district where essential services and products come from, in the long term it will cut off other types of development for New York City.”

In addition, she noted, “It’s important that New York City, which is surrounded by water, have the ability to service and feed itself, which is what the businesses in South Brooklyn do.”

The replacement of industrial uses with condo hotels also means a shift in the kinds of jobs that are available, said Thomas, and this would not benefit local workers. Industrial jobs pay better wages and offer better health care than service industry jobs, she emphasized, “So you’re asking the working class to get paid less salary and get less health benefits.”