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EMI, Chelsea Market will make sweet music together

BY LORI HAUGHT

EMI Music Publishing will be the newest tenant at Chelsea Market come next September.

According to the New York Post, the deal will bring the Chelsea Market's 1 million square feet of office space to nearly 100 percent occupancy.

An EMI representative said that the move was spurred by the company's wanting to bring everyone under one roof, as well as getting out of its current Midtown "corporate environment." Currently, the company is located at 1290 Sixth Ave. and 810 Seventh Ave.

EMI said that Chelsea's neighborhood and creative feel were what was enticing about 75 Ninth Ave., even if the asked-for rent — \$50 per square foot — is more than \$3.27 million for the 65,493 square feet of its new digs. The total space is approximately equivalent to their two current locations combined.

The Post said that Chelsea Market was also happy with the arrangement.

"Our goal was to find another media/communications tenant that's a good match for the building," David Falk, of Newmark Knight Frank, which represented Chelsea Market, told the Post.

EMI is the world's largest independent music company. EMI Music Publishing owns the largest catalogue of songs in the world, containing over 1 million contemporary and classic titles. Its catalogue of best-selling songs includes "Bohemian Rhapsody," "I Heard It Through The Grapevine," "New York, New York," "Over the Rainbow," the James Bond theme, "Singin' in The Rain," "Wild Thing," "We Will Rock You," "Daydream Believer" and is home to many of the world's top songwriters, including Eminem, Alicia Keys, Kanye West, Usher, Arctic Monkeys and James Blunt.

Part of a complex of 22 former National Biscuit Company buildings, Chelsea Market

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Waterfront will bloom

A sketch of the garden entry to Chelsea Cove, the new park being built at 23rd St. as part of the 5-mile-long Hudson River Park. For article and images, see Page 18.

Inclusionary housing project segregates, advocates say

BY LAWRENCE LERNER

The Caledonia promises to be a Zen oasis for the upscale clientele buying into its High Line views and luxe-condo serenity. A project of mega-developer The Related Companies, the 24-story glass-and-brick structure abutting the future elevated rail park will feature a lobby waterfall and 478 units with touches like bamboo floors throughout designed by the artist known as Clodagh, as well as a meditation garden, sun deck, pet spa, children's playroom, Equinox gym and spa, library and indoor parking.

But the Caledonia — at 450 W. 17th St. between Ninth and 10th Aves. — is slated to have one other feature not usu-

ally associated with luxury condo projects: Twenty percent of the units will be set aside as permanent affordable rental housing. This twist comes compliments of New York City's 80/20 tax-incentive program and the Inclusionary Housing Program, which increasingly are being used by developers in several recently rezoned areas of the city to create affordable housing, including West Chelsea.

Recently, however, Related has come under scrutiny by Community Board 4 for potential violations of inclusionary zoning laws in its Caledonia plan. Last Wednesday, C.B. 4's full board approved a letter by the board's Affordable Housing Task Force asking the Department of

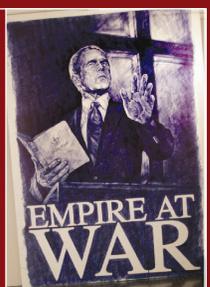
Housing Preservation and Development to examine whether the developer is creating segregated conditions rather than the integrated housing that both programs call for.

"Regardless of whether H.P.D.'s lawyers do anything about this, it's our job to raise concerns and watch over this process," said Joe Restuccia, chairperson of the C.B. 4 Affordable Housing Task Force. "The private sector usually finds ways around new zoning laws. It's up to the public sector to say, 'Hey, that's not O.K.'"

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Chelsea Now photo by Jefferson Siegel

Construction is underway at the site of the new Caledonia building at 450 W. 17th St. The Caledonia will have public access to the future park on the High Line; a section of the old elevated railway is visible at right.

Inclusionary housing project segregates, critics say

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The task force raises four concerns in the letter, which was delivered to H.P.D. this Wednesday. The first is whether the Caledonia is either two separate buildings or one building with separate entrances, both of which violate the spirit and letter of inclusionary zoning regulations. The second is whether Related is building separate electric, gas, sprinkler and heating systems for the rental and condo portions of the project. The community board also wants to know whether rental tenants will be able to access all amenities. And, finally, the board asks whether Related has created separate legal structures for the Caledonia — in effect, creating distinct ownership entities for the rental and condo portions of the project.

The task force's concerns first surfaced in mid-October, when H.P.D. presented the details of the Caledonia plan to the community board and indicated that Related proposed to confine all 59 of its 80/20 units to the first eight floors of the building — which would be dedicated to market-rate and affordable rentals — while leaving the upper floors solely for market-rate condominiums.

"The 80/20 program and the Inclusionary Housing Program require that affordable units be distributed throughout a building, not limited to the rental portion," said Restuccia.

Arden Sokolow, H.P.D.'s director of inclusionary housing, had yet to review the letter by press time.

Alicia Goldstein, Related's vice president of marketing and communications, said the developer has been working closely with H.P.D. Speaking on Thursday, she said the letter had not come to Related, so she didn't know its content. But she said a team from Related had just spoken to H.P.D. that morning about the project and had "addressed a couple of questions."

"Related has been a pioneer in these kind of programs," she said of affordable housing. "We've actually usually been praised for our efforts in this area. We're communicating with H.P.D. and the community board. We're very forthright about this. There's really nothing more to address."

She said if C.B. 4 would like another presentation of the project, Related would be happy to oblige. If the board has questions, "They should come to us," Goldstein said.

Goldstein wouldn't address the questions in the letter, however: for example, declining to answer if all the building's tenants will be able to use the sundeck, meditation garden and pet spa. However, according to a source, the

building will definitely have only one entrance for all the residents to use.

The 80/20 program provides tax-exempt financing for developers who provide at least 20 percent of their apartments to low-income households. By opting into the program, developers are automatically eligible for the city's 421A property tax exemption, as well as federal low-income tax credits. Both the city's Housing Development Corporation and the State Housing Finance Agency issue bonds for such projects, whose affordable apartments remain rent-stabilized for the duration of the developer's mortgage — usually between 15 and 30 years — before becoming market rate.

The program has been successful in neighborhoods and boroughs where market rents or sales are high enough to subsidize the low-income development.

Throughout the city, developers can use 80/20 tax incentives and other public-subsidy programs in conjunction with the city's Inclusionary Housing Program, which provides a zoning bonus to developers in return for constructing, rehabilitating or preserving permanent affordable housing. For each square foot of lower-income housing provided, a development is eligible for 1.25 square feet of bonus floor area, up to the maximum floor area ratio (F.A.R.) permitted by applicable zoning regulations.

Once a developer makes its 80/20 units affordable in perpetuity through the Inclusionary Housing Program, it can use the bonus to build extra market-rate units on site, or transfer or sell the bonus floor area off site to a development within the same community district — or to a site in an adjacent community, as long as it is within a half-mile of the site receiving the bonus.

The West Chelsea and Hudson Yards Plans, however, stipulate that off-site bonuses be used only within each of those respective districts or within Community Board 4. The Caledonia occupies a special zoning sub-area within the West Chelsea District that abuts the High Line and, therefore, has height caps. Consequently, this project is not eligible to use the inclusionary housing bonus on site to build higher, but the bonus can be transferred off site or sold to another party.

Restuccia said Community Board 4 will be watching closely as Related transfers its Caledonia development rights, since "this represents the first time a West Chelsea development is using the inclusionary housing bonus off site."

To help in its efforts, the board is currently setting up a system to track new residential development within the West Chelsea and Hudson Yards districts. Part of the goal

is to monitor the development of affordable housing and to gauge how those new affordable units are being distributed within each applicable development project.

The Caledonia is the first such development in the West Chelsea District to opt into the Inclusionary Housing Program.

"It is also the first in the district to use I.H.P. in conjunction with the 80/20 program," said Amanda Pitman, an H.P.D. spokesperson.

By allowing developers to combine these programs, the city hopes to take advantage of the hot housing market and spur the creation of permanent affordable housing not just in Manhattan but throughout the city.

According to Pitman, a total of five inclusionary housing developments are underway in C.B. 4, two of them in West Chelsea. In addition to the Caledonia, there is a rental property at 316 11th Ave. being developed by Douglaston Realty Corp. that is in its preliminary stages. That project is also using I.H.P. in conjunction with the 80/20 program, she said.



A rendering of the Caledonia at 450 W. 17th St.