



DEPARTMENT OF CITY PLANNING
CITY OF NEW YORK

ENVIRONMENTAL ASSESSMENT AND REVIEW DIVISION

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Department of City Planning

October 8, 2021

**NOTICE OF COMPLETION OF
THE FINAL ENVIRONMENTAL IMPACT STATEMENT**
Citywide Hotels Text Amendment

Project Identification

CEQR No. 21DCP111Y
ULURP No. N210406ZRY
SEQRA Classification: Type 1

Lead Agency

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Pursuant to City Environmental Quality Review (CEQR), Mayoral Executive Order No. 91 of 1977, CEQR Rules of Procedure of 1991 and the regulations of Article 8 of the State Environmental Conservation Law, State Environmental Quality Review Act (SEQRA) as found in 6 NYCRR Part 617, a Final Environmental Impact Statement (FEIS) has been prepared for the action described below. The proposal involves an action by the New York City Planning Commission and Council of the City of New York that is subject to review under Section 200 of the City Charter and the CEQR process. Copies of the FEIS are available for public inspection at the office of the undersigned as well as online at <https://www1.nyc.gov/site/planning/applicants/eis-documents.page>. A public hearing on the Draft Environmental Impact Statement (DEIS) for the proposal was held on July 14, 2021, at the City Planning Commission Hearing Room, Lower Level, 120 Broadway, New York, NY 10271, accessible in person and remotely in conjunction with the City Planning Commission's public hearing. Written comments on the DEIS were requested and received by the Lead Agency through July 26, 2021. The FEIS addresses all substantive comments made on the DEIS during the public hearing and subsequent comment period.

1. INTRODUCTION

As of January 2020, New York City has remained one of the world's most popular travel destinations, the third largest hotel market in the United States after Las Vegas and Orlando, and the largest hotel supply pipeline in the nation according to Lodging Magazine. In 2019, New York City drew a record 66.6 million visitors, a 2.4 percent increase over 2018 and reflective of an uninterrupted 12-year run of

consecutive increases in visitor counts. 28 million of those visitors stayed in hotels in the city, accounting for over \$13 billion in direct and indirect business sales.

2019 also saw the continuation of an unprecedented boom in hotel development in New York City that began in 2007 and added over 54,100 hotel rooms since that year—a 73 percent increase in supply. While hotels directly supported 305,900 jobs in 2019 and accounted for \$940 million in property tax, \$634 million in hotel occupancy tax, and \$425 million in sales tax in fiscal year 2019, the rapid pace of new hotel development has introduced new activity that may affect neighborhood conditions in unexpected ways by creating conflicts with existing businesses or altering the economic character of commercial districts. In addition, while hotels are like residential uses in that they primarily contain sleeping accommodations, the transient nature of hotels can change the primarily residential character of some commercially zoned neighborhoods. At the same time, many C8 and mixed-use districts where new hotels have located lack amenities and services, while surrounding business activity and traffic may create hazards for guests.

The rapid growth of new hotels across the city has led to calls from communities and elected officials to better regulate the development of hotels to limit land use impacts and slow the pace of development in some locations. Over time, the City Planning Commission (CPC) has adopted a variety of special permits to address myriad planning concerns relating to residential development goals, neighborhood character, and conflicts with adjacent uses. Consequently, the City has an inconsistent and patchwork framework for new hotel development.

Although the COVID-19 pandemic caused an abrupt and precipitous drop in hotel occupancy and construction, visitation is expected to return by 2025 along with a demand for new hotels. When this occurs, a more uniform zoning framework for new hotels citywide could support more predictable development and limit the extent to which a hotel use may impair the future use or development of the surrounding area. Review of the project's relationship to area context will result in better configuration of the use on the zoning lot to minimize conflicts with adjacent uses.

Accordingly, to create a more consistent zoning framework for new hotels; to address conflicts with nearby commercial, industrial, and residential uses that new transient uses may introduce; and to avoid the potential for hotel development to impair the future use and development of areas around a new hotel, the Department of City Planning (DCP) proposes a citywide zoning text amendment to establish a new special permit under the jurisdiction of the CPC for new hotels, motels, tourist cabins, and boatels in C1, C2, C4, C5, C6, C8, and Mixed-Use (MX) and paired M1/R districts.

To address the potential loss of hotel inventory citywide related to the closure of hotels due to the pandemic, DCP proposes provisions that will allow adaption, expansion or reopening of existing hotels, and modified vesting provisions to allow hotel projects in the development process with a filed application by date of referral and Department of Buildings (DOB) zoning plan approval one year after the date of adoption to move forward. Applications for hotels filed prior to 2018 must obtain a foundation permit within one year after the date of adoption. Projects and land use actions supporting hotel development approved by DCP or the New York City Board of Standards and Appeals (BSA) after January 1, 2018, or that have filed, including an application for an extension of time to complete construction, with BSA or been certified by the CPC before the date of adoption, would be excluded from the Proposed Action until six years from the date of adoption.

The Proposed Action aims to create a more consistent framework for hotel development citywide and to ensure that new hotels are established on appropriate sites, based on reasonable considerations regarding the hotel development's impact on the future use and development of the surrounding area.

2. REQUIRED APPROVALS AND REVIEW PROCEDURES

The proposed Zoning Text Amendment encompasses a discretionary action that is subject to review under Section 200 of the City Charter, and the CEQR process.

The Proposed Action is classified as Type I, as defined under 6 NYCRR 617.4 and 43 RCNY 6- 15, subject to environmental review in accordance with CEQR guidelines. An Environmental Assessment Statement (EAS) was completed on December 18, 2020. A Positive Declaration, issued on December 21, 2020, established that the Proposed Action may have a significant adverse impact on the environment, thus warranting the preparation of an Environmental Impact Statement (EIS).

The scoping process is intended to focus the EIS on those issues that are most pertinent to the Proposed Action. The process allows other agencies and the public a voice in framing the scope of the EIS. The scoping document sets forth the analyses and methodologies that will be utilized to prepare the EIS. During the period for scoping, those interested in reviewing the Draft Scope of Work (Draft Scope) may do so and give their comments to the lead agency. The public, interested agencies, Community Boards, and elected officials are invited to comment on the Draft Scope, either in writing or orally, at a public scoping meeting.

In accordance with SEQRA and CEQR, the Draft Scope of Work was issued on December 21, 2020. A public scoping meeting was held on Friday, January 22, 2021 at 2:00 PM, and comments were received during the scoping meeting and written comments were received up to ten days after the meeting, or until Monday, February 1, 2021.

Comments received during the public comment period were considered and incorporated as appropriate into this Final Scope of Work (Final Scope). The Final Scope, incorporates all relevant comments made on the Draft Scope, and revises the extent or methodologies of the studies, as appropriate, in response to comments made on the Citywide Hotels Text Amendment EIS Draft Scope of Work made during scoping.

A Notice of Completion for the DEIS was issued on May 3, 2021, and the document was made available for public review and comment. A public hearing was held on the DEIS on July 14, 2021 and the record remained open for ten days after the public hearing to allow additional written comments on the DEIS, until July 26, 2021. A Final EIS (FEIS) was prepared that incorporates all substantive comments made on the DEIS, along with any revisions to the technical analysis necessary to respond to those comments. The FEIS was published on October 8, 2021. The FEIS will be used by the decision makers to evaluate CEQR findings, which address project impacts and proposed mitigation measures, in deciding whether to approve the requested discretionary actions, with or without modifications.

3. PURPOSE AND NEED

Prior to 2007, New York City's supply of hotel rooms had not kept up with demand, resulting in some of the highest occupancy and nightly rates in the country. Between 1997 and 2007, the supply of hotel rooms

in Manhattan grew by only 17.7 percent.¹ When the Brooklyn Bridge Marriott opened in 1998, it was the first new hotel built in Brooklyn in more than 60 years.² Although commercial hotels were permitted without restriction in most commercial and light manufacturing districts across the City, there was little new hotel construction outside the Central Business District. In the years between 2003 and 2006, Manhattan lost hotel supply, with the net inventory of hotel rooms in the borough declining by 3 percent, from approximately 66,630 hotel rooms to 64,590.³

However, this began to change in 2007, driven by a rise in tourism and new sources of financing for hotels. New York City has added over 54,000 hotel rooms since that year, a 73 percent increase in supply. This growth was remarkable for its endurance—as evidenced by the five years between 2015 and 2019, which saw over 21,000 hotel rooms come online in the City, a 40 percent increase over the number of rooms that came online during the previous five-year period. Another feature of this period of hotel growth has been its occurrence across all five boroughs and not just Manhattan. Since 2010, Queens and Brooklyn have both seen hotel room count increases of over 50 percent, with similar growth rates in the smaller markets of the Bronx and Staten Island. Also noteworthy has been the expansion of hotel development into areas of the city that had never supported substantial hotel development before, including light manufacturing districts in every borough. 2019 saw almost 6,000 new hotel rooms added to the city’s supply, with almost 20 percent of the city’s hotel room inventory outside Manhattan. By 2019, New York City experienced record growth in the tourism industry and its hotel pipeline for the tenth consecutive year⁴. However, in M1 zoning districts, the City’s special permit requirement for new hotels, instituted at the end of 2018, resulted in no new hotel projects in these areas.

In 2019, there were over 127,800 hotel rooms in New York City—an all-time high. The city also attracted a record 67 million visitors that year, giving the New York City hotel market the highest occupancy rates of any major hotel market in the United States. However, New York City was also the only top 25 urban market in the nation that experienced negative growth in Revenue Per Available Room (RevPAR).⁵ RevPAR is measured by multiplying average daily rates by hotel occupancy rate. Multiple sources, including STR and the Hotel Association of New York, have recognized increased supply and competition from a broader choice of lodging types as a reason for depressed ADR in the New York market. Increased supply and the availability of short-term rentals also limits hotels’ traditional abilities to charge higher rates during so-called “compression” periods, when room demand is higher.

Hotel industry analysts have also identified many of the same trends that are affecting the hotel industry nationwide, most notably high labor costs and third-party commission fees, to be the cause of decline of profitability of hotels in New York City.⁶

Hotels are an important part of the city’s business districts and economy, lodging an estimated 28 million visitors and accounting for \$13 billion in direct and indirect business sales per year. In fiscal year 2019, hotels directly supported 305,900 jobs and accounted for \$940 million in Property tax, \$634 million in Hotel Occupancy tax, and \$425 million in sales tax.

¹ HVS International, 2010 Manhattan Hotel Market Overview

² Muss Development’s Brooklyn Bridge Marriott to begin \$43 million renovation and reposition; NY Real Estate Journal, May 11, 2015

³ HVS International, 2010 Manhattan Hotel Market Overview

⁴ NYC&Co., 2019

⁵ RevPAR is a metric calculated by dividing a hotel’s total guestroom revenue by the room count and number of days in the period being measured

⁶ Skift; Tourism is up so why is NYC’s hotel market slumping?, Aug. 27, 2019

Until the COVID-19 pandemic brought most new construction to a halt in March 2020, new hotels were outpacing other types of non-residential development in some parts of the city—in some instances introducing conflicts with adjacent uses and influencing development patterns in unanticipated ways. In addition, the rapid growth of hotels in commercial and mixed-use districts, where hotels are currently allowed as-of-right, presents land use challenges in the city’s mixed-use business districts.

In these locations, hotels can create conflicts with adjacent uses and residences, and in less centrally located commercial areas, hotels may create nuisances to surrounding residents or local services. Additionally, less centrally located commercial areas often lack infrastructure to address the safety of or meet the needs of hotel guests. Although hotels are appropriate and desirable uses in the city’s commercial, mixed-use, and light manufacturing districts, reviewing the project’s relationship to area context will result in better configuration of the use to minimize conflicts with adjacent uses and protect the safety of hotel guests.

In addition, while hotels are like residential uses in that they primarily contain sleeping accommodations, the transient nature of hotels can change the residential character of some neighborhoods. At the same time, many C8 and mixed-use districts where new hotels have located lack amenities and services, and surrounding business activity and traffic may pose unsafe conditions for guests. The rapid growth of hotels across the city, especially in locations that had not historically experienced much hotel development, has raised concerns in communities and led to calls for better review of development to address conflicts and potential nuisances.

To address land use conflicts, local planning goals, and community concerns related to rapid hotel development, over the last 15 years, the CPC has adopted a variety of different special permits for new hotels in different geographies. This approach has resulted in an inconsistent zoning framework for regulating hotel development citywide. Although the COVID-19 pandemic caused an abrupt and precipitous drop in hotel occupancy and construction, visitation is expected to return along with a demand for new hotels. When demand returns, a more uniform zoning framework for all new hotels citywide can support more predictable development and limit the extent to which a hotel use may impair the future use or development of the surrounding area. Review of the projects within the context of an area around a new hotel would result in better configuration of the hotel to minimize conflicts with adjacent uses and protect the safety of residents and hotel guests.

The proposed text amendment would create a consistent zoning framework for new hotels and allow the CPC to evaluate hotel use to ensure it does not impair the future use or development of the surrounding area.

4. DESCRIPTION OF THE PROPOSED ACTION

DCP is proposing a zoning text amendment to require a CPC Special Permit for new and enlarged transient hotels (Use Group 5) and motels, tourist cabins, and boatels (Use Group 7). A special permit is a discretionary action by the CPC, subject to ULURP review, which permits certain uses of modified use, bulk, or parking regulations if certain conditions and findings specific in the Zoning Resolution are met.

The new CPC Special Permit would replace existing special permits for hotels in Special Purpose Districts. These include the Inwood, Jerome Avenue, East Harlem, Midtown, Garment Center, Hudson

Square, 125th Street, Clinton, Tribeca, and proposed Gowanus Special Purpose Districts.⁷ It would also require a CPC Special Permit citywide for new hotels and enlargements in C1 (except for C1-1, C1-2, C1-3 or C1-4 Districts), C2⁸, C4, C5, C6, C8, Mixed Use (MX), and paired M1/R districts. This is the “Area of Applicability” for the Proposed Action. The proposed text amendment would retain existing findings and regulations for hotels in M1 districts where a special permit was adopted in December 2018. The Proposed Action would also retain provisions adopted in the 2018 text amendment to exempt hotels in M1 districts operated for a public purpose.

The proposed zoning text amendment would affect every community district within the City, since all community districts contain zoning districts that currently permit as-of-right hotel development, either in the form of commercial (C) districts or mixed-use (MX) districts. In addition, since changes to discontinuance provisions described below may apply to existing commercial hotels that are closed on the date of enactment and could apply in all districts citywide, the action has the potential to affect all community districts.

Because of the anticipated closure of many of the city’s existing hotels due to the COVID-19 pandemic, DCP proposes several zoning mechanisms to limit the effect of reductions in supply when visitation and hotel demand recovers. These “Recovery Provisions” include the following actions:

- Existing hotels would be considered conforming uses to allow limited enlargements, alterations, and extensions, and to allow the reconstruction of hotels in the event of damage or destruction.
- Current zoning that discontinues nonconforming uses that are vacant for two or more years would be suspended for existing hotels in all zoning districts until six years from the date of adoption, thereby allowing hotels existing on the date of enactment to reopen as a hotel without a Special Permit.
- Existing hotels located in any zoning district that are converted to other uses would also be permitted to convert back to a hotel until six years from the date of adoption without obtaining a Special Permit.
- Hotel projects in the development process with a filed DOB application by the date of referral and DOB zoning plan approval one year after the date of adoption will be vested under current zoning until six years from the date of adoption. However, applications for hotels filed at DOB prior to 2018 must also obtain a foundation permit within one year after the date of adoption.
- Projects and land use actions supporting hotel development approved by DCP or BSA after January 1, 2018, or that have filed, including an application for an extension of time to complete construction, with BSA or been certified by the CPC before the date of adoption, would be excluded from the Proposed Action until six years from the date of adoption.

Use Group 5 transient uses that are operated for a public purpose, such emergency shelters and certain types of for-profit supportive housing that do not operate as commercial hotels, will also be excluded from the proposal. It is a legal obligation of the City to provide shelter to all eligible persons within the five boroughs, and the City must maintain the existing flexibility in zoning that permits temporary

⁷ Since the application’s referral into public review, the Gowanus Neighborhood Plan (C 210177 ZMK), which has a separate hotel special permit applicable in the new Special Gowanus Mixed Use District, has been approved by the Commission. Consistent with its citywide approach, it is anticipated that the Commission will modify the Citywide Hotels Text Amendment to remove this area-specific hotel special permit in the Gowanus area. The provisions of the Citywide Hotels Text Amendment will apply. This change is administrative and would have no implications for the analysis presented in the EIS.

⁸ In C2-1 through C2-4 districts, transient hotels may be located only within a 1,000-foot-radius of the entrance/exit of a limited-access expressway.

housing for the homeless in all districts to ensure it has sufficient capacity to meet census demand for temporary accommodations. This is in line with the Administration's recently released plan, called "Turning the Tide," to address homelessness in the City. The plan involves a borough-based approach to shelter siting, as the City seeks to end shelter programs in cluster apartments and commercial hotels (NYC Office of the Mayor, 2017b). Any hotel operated for a public purpose that exists within applicable districts on the date of adoption of the Proposed Action would be permitted to cease its public function and return to operating as a commercial hotel without seeking the proposed Special Permit.

5. ANALYSIS FRAMEWORK AND RWCDS

As discussed above, the Proposed Action is a citywide text amendment that would establish a new CPC Special Permit for new hotels in commercial and mixed use districts citywide (with some exceptions). Since the Proposed Action is a citywide action and has broad applicability, it is difficult to predict the universe of sites where development would be affected by the Proposed Action. For this reason, the Proposed Action is analyzed in this environmental review as a "generic action." In addition, as the citywide zoning text amendment would establish a new Special Permit under the jurisdiction of the CPC for new hotels, there is no new development increment associated with the Proposed Action and, therefore, no projected or potential development sites. The environmental review therefore consists of an assessment of the potential effects of making hotel use subject to special permit requirements. In addition, as discussed below under Conceptual Analysis, as part of the EIS, a conceptual analysis will consider whether there could be environmental impacts from a future application for hotel use that seeks the Special Permit.

The analytical framework is addressed through a Reasonable Worst-Case Development Scenario (RWCDS). The incremental difference between the No-Action condition and the With-Action condition serves as the basis for the environmental impact analyses.

Analysis Year

It is anticipated that the New York City hotel market will recover to 2019 levels by the year 2025. An analysis year 10 years in the future is generally considered reasonable for generic projects, as it captures a typical cycle of market conditions and generally represents the outer timeframe within which predictions of future development may usually be made without speculation. Therefore, an analysis year 10 years after the projected recovery year—or 2035—was chosen in order to account for a typical market cycle plus the unique market effects of the COVID-19 pandemic.

Existing Conditions

As discussed above, the identification of existing conditions is critical to establish a baseline, not against which the Proposed Action's effects are measured but from which future conditions can be projected. To inform the understanding of existing conditions, DCP engaged a socioeconomics consultant team to produce a market analysis of the City's hotel conditions in the past, current, and future context.

As detailed above, in January 2020, there were over 127,800 hotel rooms in New York City before the COVID-19 pandemic. In addition, there were approximately 31,800 hotel rooms in active projects in the hotel pipeline, consisting of hotel projects that have filed or approved applications or are permitted for construction with the DOB as of March 2021. An analysis of updated data as of June 2021 shows that the number of rooms in active DOB projects is substantially the same as it was in March 2021. There were also a number of projects that are not in the DOB pipeline but are working towards approval with the

City, and are in the public review process with either DCP (approximately 2,590 rooms across 20 projects) or the BSA (approximately 330 hotel rooms across two projects).

According to the Consultant Report, in 2019 New York City saw a record number of tourism and hotel inventory growth. However, in March 2020 the COVID-19 pandemic struck New York City and has had a substantial, ongoing effect on its hotel market. Between January 2020 and March 2021, a net total of 131 (out of 705) hotels and 38,100 (out of 127,810) rooms closed in New York City, representing a decline of 19 and 30 percent, respectively, resulting in 90,470 rooms as of March 2021. With approximately 98 percent of these room closures occurring in Manhattan, citywide trends are driven almost entirely by the pandemic's specific impact on the Manhattan hotel market, which experienced a 36 percent loss in total rooms.

The Consultant Report was updated with an Appendix in order to understand the evolving impacts of the COVID-19 Pandemic on the hotel and tourism industry. As of June 2021, many temporarily closed hotels have reopened, and room occupancy and RevPar rates have started to rebound, as described in the Consultant Report. Approximately 7,210 rooms were permanently closed, an increase of approximately 2,280 rooms since March 2021. However, only 2,415 rooms remained in hotels that were temporarily closed, a large decrease since March 2021. Additionally, approximately 3,630 rooms have come to market in newly constructed or renovated hotels between January 2020 and June 2021. Therefore, as of June 2021, New York City has a hotel room inventory of 121,820 rooms, approximately 95 percent of the inventory that was available in January 2020. As cited in the Consultant Report, although there has been some return to travel in the City, recovery projections citing a 2025 recovery of the hotel industry remain the same, as the City is not yet experiencing "post pandemic" conditions. While hotel occupancy has increased, along with hotel revenue, since the height of the pandemic they remain well below the 2019 levels. Uncertainty surrounding the impacts and duration of the Delta variant exemplify remaining uncertainty in the tourism and hotel markets, and it is possible that hotels that are in business as of June 2021 may not represent the inventory upon recovery.

Future Without the Proposed Action (No-Action Condition)

This section provides an analysis of likely future conditions in New York City's hotel market without the implementation of the proposed hotel special permit.

To project hotel room demand and supply growth across the City, the Consultant Report relied on visitation and employment projection data, as well as national tourism demand trends and NYC hotel pipeline information. The analysis hypothesized that in 2025, the NYC hotel market will have fully recovered, reaching 2019 demand levels, and then grow by 3.7% each year to reach a demand of approximately 174,730 rooms by 2035. While future citywide demand will continue to be driven by Manhattan, new hotel room supply is expected to be more evenly distributed throughout the city. Assuming future supply will deliver geographically based on the distribution of hotel rooms currently in the pipeline, hotel room demand was reallocated among the boroughs to reflect the pipeline distribution.

It is expected that without the Proposed Action, the market would respond to demand increases by increasing supply until the market reaches equilibrium. Therefore, the No-Action condition assumes that, with an expected recovery in 2025, by the 2035 build year the hotel supply in the City will grow to reach an equilibrium with market demand. Overall, it is estimated that by 2035, the City will be in demand of approximately 174,730 rooms across the five boroughs, regardless of existing and future supply. Demand conditions are estimated assuming demand recovery in 2025; historic 3.7% annual growth rate in the

leisure sector; and that demand in the business sector will increase by approximately 1 percent per year for 2025 through 2035, based on historic annual average growth rates. Demand was distributed among the boroughs with a weighted adjustment to account for historic distribution and the distribution of active pipeline hotels. However, given the unique circumstances under COVID-19 with temporary and permanent hotel closures throughout the city, assumptions were made to establish an estimated hotel supply in 2025 so that a number of hotel rooms that would need to be developed in order to reach market equilibrium by 2035 could be determined. Industry based estimates show that 25 percent of the hotel supply as of January 2020 will not return to market. The January 2020 hotel room inventory, as established in the Consultant Report, was approximately 127,810 rooms. Therefore, it is estimated in 2025 that hotel room supply would be approximately 95,860 rooms, about 5,390 more rooms than were open as of March 2021. Therefore, from 2025 to 2035, 78,880 hotel rooms would be expected to come to market to meet estimated 2035 demand. Some of this demand would be satisfied by the current pipeline of 31,800 hotel rooms in active DOB projects discussed above under the Existing Conditions section, as well as known projects.

As described above under Existing Conditions, as of June 2021, the hotel inventory has increased, nearing January 2020 conditions. However, more hotels have permanently closed since publication of the DEIS, and the City has not reached a post pandemic economy. Due to this continued uncertainty in the market, the FEIS maintains the assumption that the 2025 hotel room supply will be 75 percent of the January 2020 supply. This will provide a conservative estimate of conditions in an uncertain market.

Future With the Proposed Action (With-Action Condition)

The proposed text amendment will have provisions to allow for the hotel industry to recover from COVID-19 pandemic impacts, including provisions that address discontinuance, vesting, and exclusions. These are described in detail above under Description of the Proposed Action. The estimated hotel supply in 2035 is described below and shown in **Table 1**. As in the No-Action condition, it is estimated that 25 percent of the hotel supply as of January 2020 will not return to market due to economic impacts from the pandemic. This means that of the rooms on the market and the temporarily closed hotel rooms as of June 2021, approximately 95,860 total existing rooms are expected to be opened between 2021 and 2025 when the market is recovering, same as above under the No-Action condition. Some of these temporarily closed hotels looking to reopen will be able to through the discontinuance provisions in the text discussed above. It is also estimated that the text provisions would allow for an additional 25,290 hotel rooms in the pipeline to vest before the effective date, and 2,300 hotel rooms currently in applications for existing special permits with city agencies to be excluded. This would result in a hotel room inventory of approximately 123,450 in 2035, comprised of existing hotel rooms and hotels in the pipeline or in applications with the city that are able to vest or be excluded from the Special Permit provision. As described above under the Existing and No-Action Conditions, as of June 2021, the hotel inventory has increased, nearing January 2020 conditions. However, more hotels have permanently closed since publication of the DEIS, and the City has not reached a post pandemic economy. Due to this continued uncertainty in the market, the FEIS maintains the assumption that the 2025 hotel room supply will be 75 percent of the January 2020 supply. This will provide a conservative estimate of conditions in an uncertain market.

Therefore, under the With-Action condition, for supply to meet market demand, it is estimated that approximately 51,280 future hotel rooms could be affected by the Special Permit, slowing or hindering their development. However, it is expected that an additional 4,210 rooms would come to market between the effective date and 2035 through seeking the proposed Special Permit, based on those that have sought

non-discretionary actions, such as CPC Chair Certifications, for hotels in the past decade. Therefore, it is estimated in the With-Action Condition, that there would be a supply of approximately 127,660 hotel rooms, and there would be an estimated unmet demand of approximately 47,070 hotel rooms in 2035.

The effects of the Proposed Action, and the anticipated unmet room demand, are evaluated in the EIS.

Table 1 Hotel Room Supply Estimated in Future Conditions			
	No-Action Condition Hotel Rooms	With-Action Condition Hotel Rooms	Increment
Supply Post Pandemic ¹	95,860	95,860	-
Additional Rooms through Vesting and Exclusion provisions ²	-	27,590	-
Rooms Expected to seek Special Permits	-	4,210	-
Future Development without Special Permit ³	78,880	-	-
Total 2035 Supply	174,730	127,660	(47,070)
Total 2035 Demand	174,730	174,730	-

Notes:
 1 Estimated at approximately 75% of the January 2020 supply of 127,810
 2 includes development that would occur as-of-right under the With Action Condition
 3 Includes development from within the existing DOB pipeline and future unknown development

6. PRINCIPAL CONCLUSIONS OF ENVIRONMENTAL ANALYSES

Land Use, Zoning, and Public Policy

Analyses conducted on the generic action to assess land use, zoning, and public policy as it pertains to the unmet demand for hotel rooms resulting from the Proposed Action. The analysis concluded the Proposed Action would not have the potential to significantly affect land use, zoning or public policy.

By introducing a CPC special permit, the DCP proposes a case-by-case, site-specific review process to ensure that hotel development occurs only in appropriate locations, based on reasonable considerations regarding opportunities for the future siting of a permitted use on the site and the achievement of a balanced mix of uses in the area.

In commercial districts citywide, the Proposed Action would reduce the occurrence of hotels and potential land use conflicts resulting from hotel development. It is expected that various other uses would be developed in the place of hotels. The Proposed Action would change the existing zoning to permit hotels by special permit only. Otherwise, zoning under the future With-Action condition is not expected to change from the future No-Action condition.

The Proposed Action would not hinder the goals of relevant public policies, and there would be no adverse impact due to the Proposed Action.

Socioeconomic Conditions

The Proposed Action would not have the potential to result in direct or indirect residential displacement or direct or indirect business displacement, in accordance with the standards set forth in the *CEQR*

Technical Manual. However, an assessment of adverse effects to specific industries was warranted. The assessment concluded, as discussed below, that the Proposed Action would have the potential to result in significant adverse impacts to the hotel and tourism industries.

According to the *CEQR Technical Manual*, a Proposed Action may have a significant adverse impact on specific industries if the action significantly affects business conditions in any industry or category of business within or outside of the study area—in this case the study area being defined as the entire city of New York. An impact of a project that would substantially impair the ability of a specific industry or category of businesses to continue operating within the city may be considered significant and adverse, requiring consideration of mitigation. While the Proposed Action has been crafted to minimize adverse impacts on existing hotels in the five boroughs, it would uniquely impede this industry from serving future projected demand. As the majority of overnight visitors to New York City stay in hotels, the Proposed Action also has the potential to diminish future visitor spending in the broader tourism sector in the city. In this manner, the Proposed Action is sui generis, and the *CEQR Technical Manual's* relatively narrow definition of what constitutes adverse impacts on a specific industry or category of business was broadened for this analysis. It was found that the Proposed Action would result in a scale of lost rooms—as much as 25 percent of the projected 2035 inventory—and the resulting loss in visitation may substantially affect the ability of the hotel and tourism industries to grow and meet future anticipated demand. Therefore, there would be potential for significant adverse impacts to the hotel and tourism industries due to socioeconomic conditions in the future with the Proposed Action. This finding warrants discussion of potential mitigation measures (see Mitigation).

While the Proposed Action would not have an impact on existing hotels in New York City—nor would it, due to the proposed Recovery Provisions, impact hotels in the development pipeline—the Proposed Action would affect future hotel supply in the City, which under existing conditions has been significantly decreased due to the COVID-19 pandemic.

In the No-Action condition, hotel supply in 2035 is estimated to be 174,730 rooms and in the With-Action condition it is estimated to be 127,660 rooms. Therefore, for the hotel sector in 2035, the imposition of the Special Permit is projected to result in approximately 47,070 fewer hotel rooms than in the No-Action condition. The analysis year of 2035 is used for the assessment of economic effects. Estimated values are not cumulative but are annual values for that year only. The analysis showed that the foregone direct gross output on the local economy is estimated to be \$5.3 billion in 2035, from \$19.8 billion in the No-Action condition to \$14.5 billion in the With-Action condition. An employment analysis based on current worker-per-room ratios indicates that in the No-Action condition the hotel industry would directly employ approximately 70,420 workers and generate \$4.7 billion in direct wages in 2035. In the With-Action condition, the industry would directly employ 51,450 workers and generate \$3.5 billion in direct wages in 2035. As such, there would be approximately 18,970 fewer direct workers and \$1.3 billion fewer direct wages in the hotel sector in the With-Action condition in 2035. All dollar amounts are in 2019 dollars.

The approximately 47,070 fewer hotels rooms in the With-Action condition represents a 27-percent decrease in the hotel room supply as compared to the No-Action condition. This reduction in room supply would have a significant adverse impact on the ability of the city's Accommodation sector to grow and meet anticipated future demand, resulting in significant loss of projected future overnight visitors who cannot be accommodated as well as opportunity costs both for the hotel industry and the broader tourism industry in New York City. Therefore, the Proposed Action would have a significant adverse impact on the hotel industry due to socioeconomic conditions. This finding warrants discussion of potential mitigation measures (see Mitigation).

For the broader tourism sector in New York City—which encompasses food and beverage establishments, retail, arts/entertainment/recreation, and local transportation in addition to the lodging sector itself—the Proposed Action would likely diminish future potential visitor spending, as it would create the supply gap of approximately 47,070 hotel rooms noted above. Not all of the spending associated with those 47,070 rooms would be lost, as some visitors would shift to online short-term rentals or friends/family stays.

As outlined in this chapter, it is anticipated that approximately two-thirds of the visitors unable to secure hotel rooms in New York City due to the supply gap in the With-Action condition would nevertheless still travel into the city, while the remaining one-third would cancel their travel plans entirely. Of the two-thirds of these visitors that would still travel to New York, the analysis assumes that one half of this cohort would find non-hotel accommodations in the five boroughs and the other half of the cohort would choose to stay in hotels in the metro region outside of the city. The analysis assumes that the first half of the cohort that is staying overnight in New York City would still maintain their non-hotel visitor spending at levels similar to hotel guests in the No-Action condition. The analysis assumes that the second half of the cohort that is staying overnight elsewhere in the metro area would still consider New York City their primary destination and therefore would likely spend the majority of their activity and non-hotel spending in New York City. It is assumed that approximately two-thirds of this group's non-hotel spending would take place in New York City and the remaining one-third of their non-hotel spending would occur outside the five boroughs, closer to where they are staying.

Of the one third of the visitors that would cancel their travel plans entirely, a cohort representing 15,690 hotel rooms, all corresponding spending in the broader tourism sector would be entirely forfeited. An analysis based on 2019 numbers shows that each occupied hotel room in New York City generates approximately \$300,000 in annual visitor spending. Therefore, the loss of these future hotel rooms under the Proposed Action and its restriction on tourism industry growth would constitute a significant adverse impact on the city's tourism industry. This finding warrants discussion of potential mitigation measures (see Mitigation).

Neighborhood Character

The Proposed Action would not result in a significant adverse impact on neighborhood character. The commercial districts of the city have varied neighborhood context in terms of their land uses, the types of commercial activity they support, and their pedestrian and vehicular activity.

Using methodologies outlined in the *CEQR Technical Manual*, the preliminary assessment evaluated the expected changes resulting from the Proposed Action in the following technical areas: land use, zoning, and public policy and socioeconomic conditions. The assessment used the findings from the respective chapters of this EIS to identify whether the Proposed Action would result in any significant adverse impacts or moderate adverse effects in these technical areas, and whether any such changes would have the potential to affect the defining features of neighborhood character.

Of the relevant technical areas specified in the *CEQR Technical Manual*, the Proposed Action would not cause a significant adverse impact to land use, zoning, or public policy, but would cause significant adverse impacts regarding socioeconomic conditions. However, the significant adverse socioeconomic impact would not result in a significant adverse impact to neighborhood character. It is expected that the commercial and visitor activity that currently characterizes the commercial districts throughout the city would continue to contribute to the local neighborhood character under the With Action condition. Furthermore, just as potential significant adverse impacts in the relevant technical areas would not affect

any defining feature of neighborhood character, no moderate adverse effects that would affect such defining features—either singularly or in combination—have been identified.

Therefore, based on the results of the preliminary assessment, a detailed assessment is not warranted, and the Proposed Action would not have a significant adverse neighborhood character impact.

7. MITIGATION

The Proposed Action has the potential to result in significant adverse impacts to socioeconomic conditions. The scale of lost rooms and resulting loss in visitors has the potential to substantially affect the ability of the hotel and tourism industries to grow and meet future anticipated demand.

Potential mitigation measures for the identified significant adverse socioeconomic impacts were explored by DCP. Potential methods to limit the applicability of the Proposed Action include the Geographic Exclusion Alternative, the Size Exclusion Alternative, and the implementation of a sunset provision. Another potential mitigation would be to delay the onset of the Proposed Action and implement a sunrise provision to allow for additional growth of the hotel inventory to promote economic recovery before the Proposed Action takes effect. Overall, the Geographic Exclusion Alternative, the Size Exclusion Alternative, a sunset provision, or a six-year sunrise provision, if implemented, would partially mitigate the adverse socioeconomic impact.

The Geographic Exclusion Alternative and Size Exclusion Alternative have the potential to partially mitigate the adverse socioeconomic impact to the hotel and tourism industries by lessening the anticipated gap between future supply and demand. However, as discussed in Alternatives, there are ways in which both Alternatives would not meet the intended purpose and need of the Proposed Action by allowing for continued hotel development without site specific review. Furthermore, the Geographic Exclusion Alternative has the potential to result in other adverse impacts to socioeconomic conditions such as direct or indirect displacement, and unmitigated impacts in other analysis areas associated with the induced development in Exclusion Districts.

The potential sunset provision would allow for the Proposed Action to be revisited by the CPC in the future given the uncertainty of market conditions due to the COVID-19 pandemic. If implemented, a sunset provision would eliminate the adverse socioeconomic impact to the hotel and tourism industries, but there would still be a temporary adverse impact. There would be lost opportunity cost from growth in the industries, but unless the Proposed Action is renewed, the market would revert to the No-Action condition and eventually be able to satisfy demand when the Proposed Action sunsets.

Two sunrise provision scenarios are examined - a one-year sunrise and a six-year sunrise. The one-year sunrise would have minimal mitigation to the identified significant adverse impact, while a six-year sunrise would partially mitigate the impact if implemented. A six-year sunrise would not induce growth that would not occur under the No-Action condition, but given the uncertainty surrounding market conditions for hotels, it is possible that a sunrise provision could lead to more rapid growth in the near future, which would be counter to the stated purpose and need.

However, since no mitigation measure can fully mitigate the significant adverse socioeconomic conditions impacts, the impacts would remain unmitigated.

8. ALTERNATIVES

The EIS considers four alternatives to the Proposed Action:

- A No-Action Alternative, which is mandated by CEQR and SEQRA, and is intended to provide the lead and involved agencies with an assessment of the expected environmental impacts of no action on their part;
- A Non-Recovery Alternative, which demonstrates the effects of the Special Permit without the Recovery Provisions detailed above in Project Description;
- A Geographic Exclusion Alternative;
- A Size Exclusion Alternative.

No-Action Alternative

The No-Action Alternative examines future conditions but assumes the Proposed Action—the proposed zoning text amendment to establish a CPC Special Permit for new transient hotel development in districts citywide—is not adopted. Under the No-Action Alternative, existing zoning provisions would remain in place in the area affected by the Proposed Action, and new hotels could continue to develop as-of-right within permissible zoning districts. Under the No-Action Alternative, by the 2035 build year, it is expected that 174,730 hotel rooms would be developed on an as-of-right basis throughout the city. The No-Action Alternative would not result in significant adverse impacts to the hotel or tourism industries.

Non-Recovery Alternative

The Non-Recovery Alternative examines future conditions with the Proposed Action but assumes that the Proposed Action does not include “Recovery Provisions”; without these Recovery Provisions, this alternative would result in more hotel development being subject to the Special Permit. The Non-Recovery Alternative would result in a larger unmet demand for hotel rooms in the 2035 analysis year, therefore, leading to a greater reduction of economic and fiscal activity as compared to the future with the Proposed Action. Therefore, like the Proposed Action, it is expected that the Non-Recovery Alternative would result in significant adverse socioeconomic impacts to the hotel and tourism industries. In addition, existing and proposed hotel developments in the active DOB pipeline or seeking actions from DCP and BSA would potentially be affected and result in hotels, such as those that are temporarily closed due to the COVID-19 Pandemic, to be displaced or not be completed. Therefore, unlike the Proposed Action, the Non-Recovery Alternative has the potential to result in direct business displacement.

Geographic Exclusion Alternative

In the Geographic Exclusion Alternative, the text amendment would be modified such that certain areas of the City would be excluded from the Area of Applicability. Within these Excluded Districts, existing zoning provisions as they relate to hotels would remain unchanged, and hotels would continue to be allowed to develop as-of-right, rather than subject to a Special Permit. Outside of the Excluded Districts, as with the Proposed Action, hotels would be subject to the Special Permit. Under this alternative, the following areas were identified for consideration as Excluded Districts: Midtown (excluding East Midtown) Special Purpose District, Hudson Yards Special Purpose District, Lower Manhattan Special Purpose District, and Downtown Brooklyn Special Purpose District. These areas were identified as Excluded Districts as they make up the City’s three largest central business districts and have substantial commercial density and stated goals that support hotel development.

A soft site analysis identified 412 Potential Hotel Development Sites (PHDSs) that could provide approximately 58,690 hotel rooms across the Exclusion Districts. While based on the soft site estimations it is possible that all of this demand could be satisfied in the Exclusion Districts, it is unlikely that all of the PHDSs would be developed with hotels due to potential return, competition and over supply, site

specific constraints, and location-based demand. However, it is likely more hotel development would occur in Exclusion Districts under Geographic Exclusion Alternative than under the Proposed Action due to the retention of some land where hotel development would remain as-of-right and changed market conditions. Therefore, this alternative would at least partially satisfy demand and lessen the gap between supply and demand projected for 2035. It is expected that this alternative would reduce the significant adverse impact to the hotel and tourism industries, but the potential for direct and indirect displacement of residents and businesses within the Exclusion Districts cannot be eliminated, as well as site specific impacts associated with induced development.

Hotels are appropriate within the City's major business districts, which support a diverse mix of commercial and residential uses. However, approximately 20 percent of the City's existing hotel inventory and approximately 19 percent of the vested pipeline are already located with these geographies. Since the Geographic Exclusion Alternative's has the potential to further concentrate new hotel development in these limited geographies, it could affect the future use and development of the surrounding area by introducing conflicts with residents or local businesses and would therefore be inconsistent with the proposal's purpose and need.

Size Exclusion Alternative

In the Size Exclusion Alternative, the text amendment would be modified such that the Proposed Action would exclude hotels of a certain size from being required to seek the Special Permit. Under the Size Exclusion Alternative, the Area of Applicability of the Proposed Action would not change, and existing zoning provisions for hotels under a certain room count would remain the same citywide. The Proposed Action would apply only to new hotels exceeding the size threshold. Smaller hotels do not have as many visitors or auxiliary space such as conference space, and therefore do not generate as much visitor or delivery traffic or pedestrian trips, threat of indirect business displacement, or pressure on open space resources, and for that reason may pose fewer conflicts with surrounding uses and their exclusion is assessed for this alternative. However, it is important to note that some conflicts are not size related, and small hotels may cause conflicts due to their location in a neighborhood of primarily residential character, in an area with an already high concentration of hotels where infrastructure or amenities for guests are stressed, or in an area with a lack of infrastructure.

An assessment of average room sizes across districts and a sensitivity test based on CEQR thresholds determined that density related analysis would typically not be exceeded for a hotel of 150 rooms. Approximately 30 percent of rooms built citywide from 2010 to 2019 were in hotels with less than 150 rooms, and an estimated additional 14,260 hotel rooms over the With-Action condition would be developed citywide by 2035 for a total of approximately 141,920 rooms under the Size Exclusion Alternative. Furthermore, it is likely that that a greater number of small hotels may be developed under the Size Exclusion Alternative than under the No-Action condition, due to adjustment that developers may make under this alternative's constraints, but fewer hotels than would be developed in the No-Action condition overall.

However, 64% of new hotels built between 2010 and 2019 contained less than 150 rooms. The proposal is intended to address concerns with the rapid development of hotels of all sizes in a wide range of neighborhoods across the city. Excluding small hotels would result in a continuation of existing patterns, precluding the CPC from assessing the appropriateness of such development based on the future use and development of the local neighborhood context.

9. CONCEPTUAL ANALYSIS

Although it is impossible to predict the precise impacts that would be realized by the utilization of the proposed special permit, a conceptual analysis was conducted for the purpose of understanding the probable range of impacts that may result with the proposed special permit. In general, use of the special permit could affect those environmental analysis areas that are influenced by a development's use. While use of the special permit would not change aspects of allowable building bulk or design, the conceptual analysis also considers those analysis areas that are influenced by a development's proposed design.

The requirements of the new special permit would limit the potential for significant adverse impacts related to land use, zoning, and public policy. It is feasible that the areas of subsurface disturbance would be different between the existing (or No-Action) condition and a building that makes use of the special permit. Therefore, hotel development pursuant to the special permit could result in different potential impacts on archaeological resources and/or hazardous materials. A number of environmental analysis areas are site specific and dependent on factors unique to a particular development, and, as a result, a determination of potential for significant adverse impacts cannot be made absent a specific application for the new special permit. Consequently, the results would be determined on a case-by-case basis at the time a specific project is proposed and undergoes its own environmental review.

10. UNAVOIDABLE SIGNIFICANT ADVERSE IMPACT

As described in Socioeconomic Conditions and Mitigation, the Proposed Action would result in significant adverse impacts with respect to socioeconomic conditions. To the extent practicable, mitigation will be proposed for the identified significant adverse impacts. However, in some instances no practicable mitigation can be identified to fully mitigate significant adverse impacts, and there are no reasonable alternatives to the Proposed Action that would meet the Proposed Action's purpose and need, eliminate potential impacts, and not cause other or similar significant adverse impacts. In other cases, mitigation has been proposed, but absent a commitment to implement the mitigation, the impacts may not be eliminated.

As described under Mitigation, potential mitigation measures for the identified significant adverse socioeconomic impacts were explored by DCP. Potential methods to limit the applicability of the Proposed Action include the Geographic Exclusion Alternative, the Size Exclusion Alternative, and the implementation of a sunset provision. Another potential mitigation would be to delay the onset of the Proposed Action and implement a sunrise provision to allow for additional growth of the hotel inventory to promote economic recovery before the Proposed Action take effect. Overall, many of the potential mitigation measures, if implemented, would partially mitigate the adverse socioeconomic impact. However, since no mitigation measure can fully mitigate the adverse impact, the Proposed Action would result in an unavoidable adverse impact with respect socioeconomic conditions.

11. GROWTH-INDUCING ASPECTS OF THE PROPOSED ACTION

The Proposed Action is not anticipated to directly induce development and consequentially, would not add substantial new land use, new residents, or new employment that could induce additional development. Sites that could possibly be developed with a hotel use under the No-Action condition are unknown. Further, it is not known what land uses would be developed on these sites under the With-Action condition. The Proposed Action would not introduce or greatly expand infrastructure capacity, and no further analysis is warranted.

12. IRREVERSIBLE AND IRRETRIEVABLE COMMITMENT OF RESOURCES

The Proposed Action is not anticipated to directly induce development and, consequentially, would not involve resources in the form of building materials, energy, or human effort. Therefore, further analysis is not warranted.



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