

REZONING SOHO/NOHO FOR A MORE EQUITABLE NEW YORK CITY



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EXECUTIVE SUMMARY

Although SoHo/NoHo was once a haven of opportunity and affordability for low-income New Yorkers and struggling artists, it has since transformed into a global hub for luxury retail and high-end fashion. In 2019, the City of New York launched a process to update the area's outdated and onerous zoning laws and allow low-income New Yorkers to once again share in the benefits that SoHo/NoHo has to offer. Yet the rezoning has since been stalled due to opposition from local stakeholders.

As Mayor Bill de Blasio approaches his last 15 months in office, Citizens Housing & Planning Council (CHPC) is one of numerous advocates and policy organizations urging the City to seize the crucial opportunity to rezone SoHo/NoHo.

In this issue brief, CHPC explains why this rezoning is so important to advance, refutes the arguments put forth by its opponents, and contextualizes the barriers to rezoning within the prior actions of the de Blasio administration. CHPC argues that:

- Rezoning SoHo/NoHo is a crucial first step in advancing an equitable development framework for New York City that prioritizes mobility for low-income New Yorkers into high-opportunity neighborhoods and the stability of outer-borough, low-income communities of color.

- While rezoning would not upset the numerous protections over the area's historic buildings, the idea that preserving cobblestone streets is more important than providing housing for vulnerable New Yorkers who need it is erroneous and immoral.

- Artists have long been a minority in SoHo/NoHo and, in the context of an affordability crisis, a homelessness crisis, and a global pandemic, reserving an entire neighborhood of housing for artists is misaligned with policy goals.

- There is very little risk of harming or displacing existing SoHo/NoHo residents, whose median income is nearly double the citywide figure.

- The administration has weathered fierce opposition and numerous lawsuits to achieve rezonings in low-income neighborhoods of color, and there is no reason to stop short of granting the same effort in SoHo/No.

WHY REZONE SOHO/NOHO?

In the 1970s and 1980s, the SoHo/NoHo district of lower Manhattan emerged as a haven for low-income New Yorkers in search of affordable places to live and work. Drawn to the area by its abundance of spacious, cheap lofts, central location, and proximity to transit, artists and young residents established SoHo/NoHo as a hotbed of cultural and artistic expression. In doing so, however, they also catalyzed a process of change that has continued to transform the area since.

SoHo/NoHo is now one of the most expensive districts in the country, characterized by high-end fashion and luxury retail. It is no longer a place that welcomes newcomers and struggling artists, but rather one where only the affluent can afford to live. A snapshot of active rental and sales listings in SoHo/NoHo in September 2018 found the average rental apartment to cost over \$12,000/month, with an average home sales price of \$6.6 million.¹ Because of the area's prohibitively high housing costs, its residential population is twice as White and twice as wealthy as New Yorkers overall.

One crucial reason behind the lack of affordable housing options in SoHo/NoHo is its zoning. Although 50% of the built floor area in SoHo/NoHo is currently occupied by retail and office uses, with another 40% of floor area in residential use, the neighborhood is technically zoned for light manufacturing under M1-5A and M1-5B, special districts that were created specifically for their application to SoHo/NoHo and which have never been mapped elsewhere. The zoning allows artists who are certified by the Department of Cultural Affairs (DCLA) to both live in and work out of loft units under a provision called "Joint Live-Work Quarters for Artists" (JLWQA).²

Although the rezoning of SoHo/NoHo to M1-5A and M1-5B in the 1970s was intended to support the area's then-burgeoning community of artists, issues with enforcement, complex interactions with New York State's Loft Law, and vast changes in the neighborhood's land use since have muddied its impact over the years.³ The zoning is now outdated and unnecessarily onerous, hindering affordable housing development and causing even land use actions that are aligned with neighborhood character to

require time-consuming and expensive processes, such as obtaining a variance or special permit.

In 2019, the City of New York launched a process to update the outdated and onerous zoning in SoHo/NoHo. Rezoning would not only reduce the time and resources unnecessarily spent on navigating land use and development activities in the area, but it would also open up more opportunities for affordable housing development, making the neighborhood more accessible to low-income households and New Yorkers of color. The initiative was met with fierce opposition from local stakeholders and has since been stalled as a result.

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ZONING FOR EQUITABLE DEVELOPMENT

Rezoning SoHo/NoHo is a crucial first step in advancing a more equitable development framework for New York City. Over the past two years, the City of New York has led a collaborative planning initiative entitled *Where We Live* to affirmatively further fair housing goals and combat the ongoing impacts of segregation. The recent draft plan from *Where We Live* identifies eliminating unnecessary regulatory barriers to affordable housing creation as a key strategy for equitable development.⁴ When applied to areas like SoHo/NoHo, this strategy can both promote the housing mobility of low-income New Yorkers into high-opportunity neighborhoods, and reduce the risk of displacement for longstanding communities of color.

Although many of the discriminatory policies and practices that drove segregation have been banned for decades, New York City remains highly racially segregated today. New Yorkers of color still face significant barriers to entry into neighborhoods with more resources, amenities, and access to

opportunity. While issues like housing discrimination also play an important role, the prohibitively high cost of housing in high-opportunity neighborhoods is a key factor in maintaining a racially segregated status quo.

Meanwhile, the lack of affordable housing options in areas like SoHo/NoHo has also contributed to trends in the citywide housing market that threaten the housing stability of low-income communities of color. In recent years, the areas of New York City and especially Manhattan where young, middle-income residents can afford to live have grown fewer and farther between. As a result, housing demand in low-income neighborhoods in the outer boroughs has risen, bringing new market pressures to bear upon longstanding communities of color that have faced the legacy impacts of segregation for decades. After building up socioeconomic networks over generations to endure in the face of adversity, many communities now fear being priced out of their neighborhoods and homes.

By rezoning to create new housing supply, areas like SoHo/NoHo can help absorb housing demand and alleviate pressure on gentrifying neighborhoods where longstanding communities of color are now at risk of displacement. At the same time, creating affordable housing in amenity-rich areas is crucial to combatting segregation. In the absence of affordable places to live in neighborhoods like SoHo/NoHo, New Yorkers of color will continue to be excluded from them and the access to resources and opportunity they have to offer.

POTENTIAL IMPACTS OF REZONING

Opponents to the SoHo/NoHo rezoning have vocalized a range of concerns as their basis for opposition. Some claim that the rezoning will have harmful impacts on the neighborhood's historic character. Others fear that the elimination of JLVQA poses a threat to existing resident artists and the arts community, and some believe that any new affordable housing in the district should be reserved solely for artists. Stakeholders have also addressed broader concerns about affordability and the potential to displace longstanding community members and seniors aging in place.

Community input is a crucial component of any areawide rezoning, and the potential impacts of any proposed land use actions on existing residents must be considered and addressed. However, the arguments that have been made in opposition to the SoHo/NoHo rezoning are largely unsupported by data and facts, and some are clearly founded in NIMBYist attitudes that run counter to the City of New York's values and the policy goals it is striving to advance.

HISTORIC PRESERVATION & BUILT CHARACTER

Historic preservation is an important goal, but it should never be used as a weapon to prevent the creation of desperately needed affordable housing. At a public meeting earlier this year, Manhattan Community Board 2 members posited the idea that SoHo/NoHo provides "historic character" to New York City and therefore should not have to provide as much affordable housing as other neighborhoods.⁵ This argument inappropriately uses the protection of SoHo/NoHo's historic character, a goal that is neither threatened nor opposed by rezoning, as a veil for NIMBYism. Unfortunately, the use of this strategy by communities seeking historic district designation is not uncommon. Studies show that historic district designations have contributed to stark disparities in the demographic composition of New York's historic districts, which are overwhelmingly White, affluent, and well-educated, versus the citywide population.⁶

Rezoning SoHo/NoHo would not upset any of the numerous external protections over the area's historic buildings, which are specifically designed to ensure that historic preservation goals are accounted

for in any zoning district. Over 85 percent of the total lot area of the M1-5A and M1-5B special districts falls within a designated historic district.⁷ This means that any development projects in the great majority of the neighborhood are subject to individual review by the Landmarks Preservation Commission (LPC), a requirement that will continue to exist regardless of zoning changes. Some buildings in the area, in addition to being located in a historic district, are also individually designated landmarks and subject to even more stringent protections.

THE ARTIST COMMUNITY & ARTIST HOUSING

While some opponents claim that rezoning will threaten existing artists in SoHo/NoHo and the identity of the neighborhood as an artistic hub, the truth is that artists are and have long been a minority among the area's residents. The non-artist population in SoHo/NoHo began growing with illegal residential conversions and non-artist occupancy of loft units after the area was rezoned to M1-5A and M1-5B. In 1983, even before non-artists were legally allowed to live in SoHo/NoHo, a survey

conducted by the Department of City Planning suggested that only a third of the neighborhood's households included a certified artist.⁸

In the late 1980s, changes to the New York State Loft Law and new amnesties granted by the City provided options for non-artists living illegally in lofts, including units certified under JWLQA, to seek protections and legalize their residency.⁹ Meanwhile, site-specific land use actions have allowed for the addition of hundreds of apartments to the SoHo/NoHo housing stock over the years, allowing the non-artist population to grow even more.

Today, an estimated 23 percent of the area's residents work in arts, design, entertainment, sports, and media occupations. It is likely that the share of SoHo/NoHo residents who work as "fine artists" in the sense that JWLQA was intended to serve is quite small, especially given the declining number of New Yorkers who are becoming certified artists. The DCLA certification that must be obtained in order to benefit from JWLQA has been issued to fewer than 20 individuals since 2016, and to fewer than 100 artists per year since 1991.¹⁰

It is inequitable to maintain occupational restrictions on housing in one of the wealthiest neighborhoods in the city, especially when they have been misaligned with the demographic makeup of the area's residents for decades. Artists make an important contribution to the vitality, economy, and culture of New York. However, the city is simultaneously weathering an affordability crisis, a homelessness crisis, and a global pandemic that have left many housing needs unmet. Limiting scarce affordable housing resources to artists alone is an affront to the essential workers who have been disproportionately impacted by COVID-19, and to the thousands of low-income families struggling to sustain themselves in these times of unprecedented difficulty.

Furthermore, maintaining SoHo/NoHo's archaic zoning fails to benefit the artist community of New York City today. Very few aspiring young artists can afford to rent a SoHo apartment for \$12,000 a month. Preventing the development of affordable housing options in SoHo/NoHo is more likely to deprive artists of the opportunity to live in a neighborhood of great historical significance to their profession.

While some certified artists still occupy lofts in SoHo/NoHo and benefit from JWLQA, they are far from representative of the overall neighborhood population, and their circumstances vary considerably due to the many regulatory changes that have occurred over the years. Rather than maintaining the M1-5A and M1-5B zoning in SoHo/NoHo and the complicated legal arrangements that longtime artist residents are shouldered with today, the City can incorporate mechanisms to protect the housing stability of such individuals when rezoning takes effect.

HOUSING MARKET IMPACTS

Some opponents to rezoning have cited concerns about affordability and market pressures on existing residents. Yet there is simply very little evidence to support the claims that rezoning SoHo/NoHo would negatively impact the livelihood of existing residents or generate risk of displacement. The median household income in SoHo/NoHo is \$144,000 – more than twice the median income of households citywide (see Table 1). SoHo/NoHo residents are twice as likely as the average Manhattanite to own their home, and more than 93% of owner-occupied

units in the neighborhood are valued at over \$1 million. Active rental apartment listings in September 2018 ranged in price from \$2,150 to \$42,000, with an average cost of over \$12,000 per month.¹¹

Data can only reveal so much, and not every resident of SoHo/NoHo is a wealthy homeowner. However, the city faces a desperate need for affordable housing, and for housing in general, especially in areas with greater access to opportunity that are unaffordable to all but the most affluent New Yorkers. Rather than back away from providing the resources that we need, we must find ways to meet housing demand while protecting the housing stability of existing residents who may be vulnerable to the impacts of housing market and land use changes.

Table 1: Selected Demographic Characteristics of SoHo/NoHo Residential Population vs. Manhattan & NYC (2018)

| | SoHo/NoHo | Manhattan | NYC |
|-----------------------------|-----------|-----------|----------|
| % White Non-Hispanic | 78% | 48% | 32% |
| % Homeowners | 40% | 21% | 33% |
| Median HH Income | \$144,500 | \$79,800 | \$64,000 |

*Data for SoHo/NoHo & Manhattan from NYC Department of City Planning “Envision SoHo/NoHo” report.
Citywide data derived from American Community Survey 2018 1-Year PUMS (Public Use Microdata Sample) estimates.*

ANTICIPATED BARRIERS TO REZONING

Opposition to the SoHo/NoHo rezoning led the Mayor to stall the process, concluding that it would be too difficult to accomplish. However, the de Blasio administration has weathered fierce opposition in response to every neighborhood rezoning that it has undertaken or proposed. It has taken years of negotiation and multiple lawsuits to achieve rezoning approval in some neighborhoods. Why should the same effort not be granted in SoHo/NoHo?

After Gowanus, SoHo/NoHo would be only the second high-income, majority White neighborhood rezoned under the Mayor's Mandatory Inclusionary Housing (MIH) program, and it is still unclear if the administration will be able to complete the Gowanus rezoning in time. Critics of MIH have argued that its sole application to low-income communities of color has exacerbated gentrification within them and failed to create new housing opportunities or housing mobility for existing residents. Unlike in all the other

neighborhoods rezoned under MIH, the program's application to SoHo/NoHo would create new opportunities for low-income households to live in a neighborhood they would otherwise be excluded from.

Rezoning SoHo/NoHo is an important legacy that cannot afford to be put off any longer. It is an opportunity for the City to apply the values and goals embodied by its Where We Live initiative, to combat rather than just study the continued impacts of segregation, and advance more equitable development for New York City moving forward. ■

ENDNOTES

- 1 NYC Department of City Planning. *Envision SoHo/NoHo: A Summary of Findings and Recommendations*. New York, NY: 2019. <https://www.envisionsohonoho.nyc/envision-sohonoho-report1>.
- 2 Ibid.
- 3 Ibid.
- 4 NYC Department of Housing Preservation & Development. *Where We Live NYC Draft Plan*. New York, NY: 2020. <https://wherewelive.cityofnewyork.us/draft-plan/the-draft-plan/>.
- 5 Kim, Elizabeth. "In SoHo, Talk Of Rezoning Sparks Affordable Housing Battle Between Young And Old New Yorkers." *Gothamist*, January 17, 2019. <https://gothamist.com/news/soho-talk-rezoning-sparks-affordable-housing-battle-between-young-and-old-new-yorkers>.
- 6 Gould Ellen, Ingrid, McCabe, Brian J., & Torrats-Espinosa, Gerard. "How Can Historic Preservation Be More Inclusive? Learning From New York City's Historic Districts," in *Issues in Preservation and Policy*, eds. Erica Aravami (New York, NY: Columbia University Press, 2020). <https://furmancenter.org/thestoop/entry/how-can-historic-preservation-be-more-inclusive>.
- 7 NYC Department of City Planning, *Envision SoHo/NoHo*
- 8 Ibid.
- 9 Ibid.
- 10 Ibid.
- 11 Ibid.