

The South Street Seaport Historic District

A National Treasure Worth Preserving

Prepared by: The Seaport Coalition

June 2020



Purpose

This document was developed by the Seaport Coalition, an all-volunteer grass-roots community alliance with an interest in preserving the character of the South Street Historic District (the “District”) and its planned development. In further consideration of the Seaport Coalition’s Strategic Plan, the focus of this document is to provide an alternative perspective on the development plans of the Howard Hughes Corporation (“HHC”), a Texas-based developer, for 250 Water Street (the “Site”).

The Seaport Coalition is working to ensure that the District maintains its historic character, and that the zoning limit is upheld. HHC has proposed various building plans for the Site. All of these plans contemplate a structure outside the zoning height restrictions of 120 feet.

This document will outline a brief history of the South Street Seaport Historic District, a discussion around the history of 250 Water Street, a review of HHC’s financial condition, true plans and lobbying efforts, a brief history of the South Street Seaport Museum, and alternatives for future governance of the Historic District.

We hope you come away better informed on this topic, with an appreciation of how much time and effort has been spent over the years to preserve the integrity and mission of the South Street Seaport Historic District.

Table of Contents

1	Executive Summary	4
2	Importance of the Seaport	7
3	250 Water Street	18
4	HHC Implications	33
5	South Street Seaport Museum	48
6	Future Governance	56
7	Concluding Thoughts	59
A	Appendix A: Voice of Elected Officials	64
B	Appendix B: Seaport Coalition Petition	69

1 Executive Summary

Executive Summary

HHC continues its legacy of disservice to the Lower Manhattan Community

- The Howard Hughes Corporation (“HHC”), a publicly traded, Texas-based corporation, with controlling shareholder hedge-fund billionaire Bill Ackman, has misled and used the Lower Manhattan Community for years and left it with nothing but empty promises
- In 2018, HHC acquired a parking lot located 250 Water Street for approximately \$180 million, with the bet that it could change historic zoning limits and develop a new Super-Tall Tower
- HHC, under financial duress, now lobbies public officials and the Community to allow for a transfer of air rights and a zoning limit exception so that its Super-Tall Tower can be approved, only to then walk away from New York and sell its Seaport assets to another developer

HHC looks again to pull a ‘fast-one’ over New Yorkers

Executive Summary (cont'd)

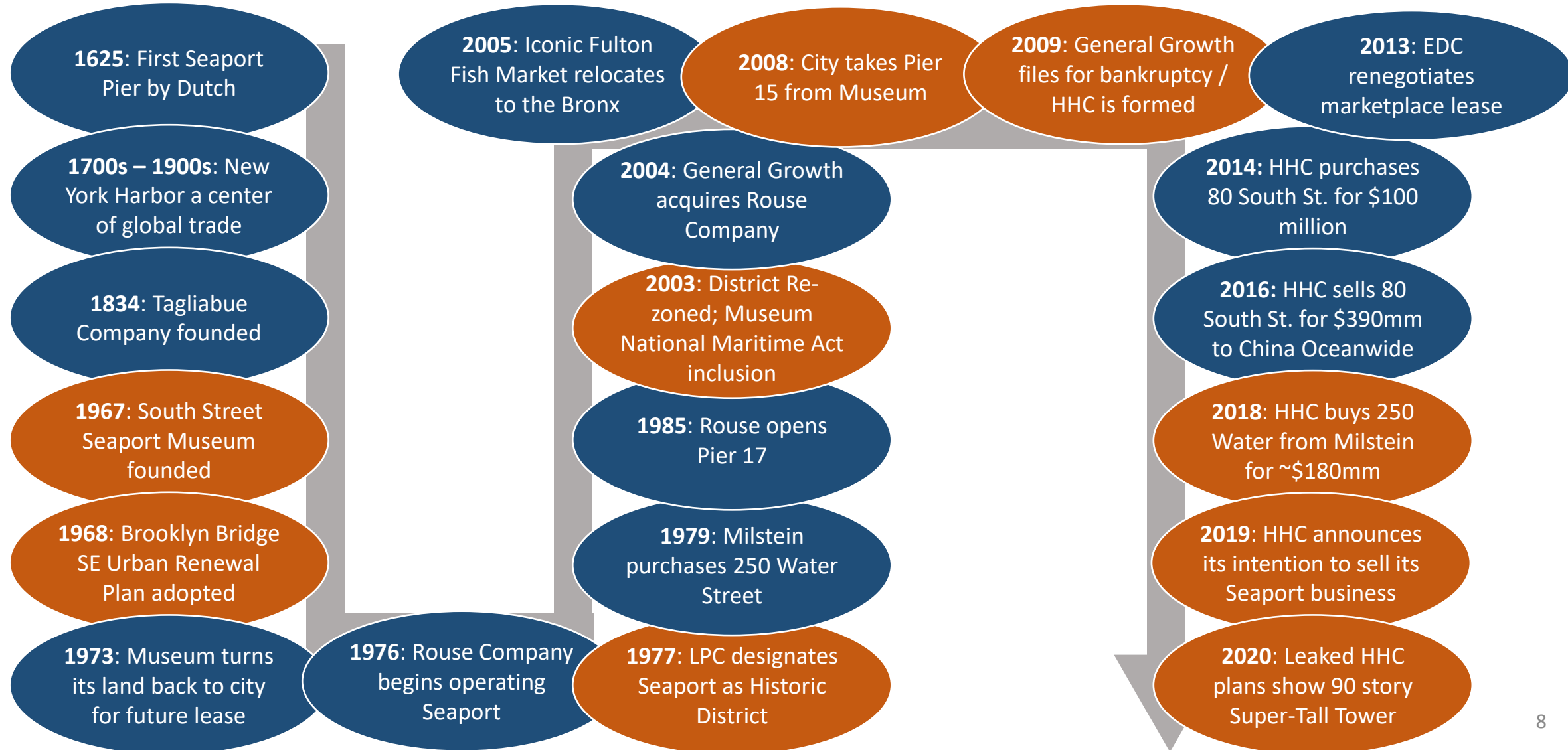
- The Seaport Coalition, and fellow New Yorkers interested in preserving the integrity of the City's Historic Districts are **by no means 'anti-development,' we simply ask that zoning restrictions be respected and upheld, as they have been since its inception**
- **New York City taxpayers should not be on the hook for HHC's ill-conceived purchase of 250 Water Street, only to watch HHC flip it should building approvals be obtained, and return to Texas, leaving the Community and Museum empty-handed, once again**
- The air rights HHC looks to use were created to preserve the integrity of the Historic District, not destroy it

Join the Seaport Coalition in rejecting HHC's out-of-scale plans for 250 Water Street

② Importance of the Seaport

A Historic District with Maritime Roots

**Orange = key date*



Birthplace of New York, and America

The Historic South Street Seaport was built around one of America's oldest ports, and the birthplace of the State

- The first pier in the Seaport dates back to 1625 when the Dutch West India Company first founded an outpost in Lower Manhattan, at that time “New Amsterdam”
- From late 1700s, through the mid-20th Century, New York held the largest system of Maritime trade
- Among the oldest architecture and largest concentration of restored early 19th-century commercial buildings call the Seaport home



The Historic South Street Seaport is a national treasure worth preserving and saving

Dominated by Historic, Early 19th Century Charm

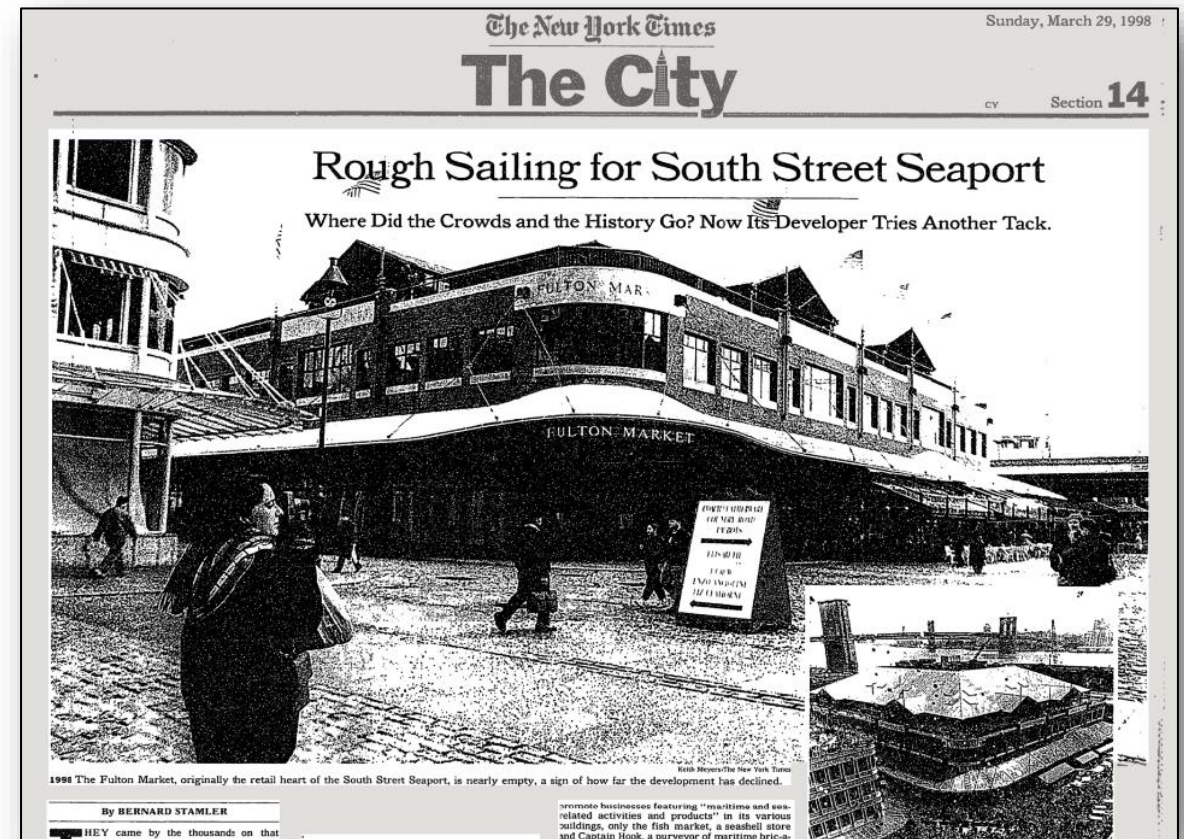
Cobblestone streets surrounded by 4 and 5 story, late 18th and early 19th Century Architecture



1960's: The Vision – For the People

The South Street Seaport was a revolutionary idea when it was conceived in the 1960's: urban renewal based not on wholesale demolition, but on the restoration of landmark buildings

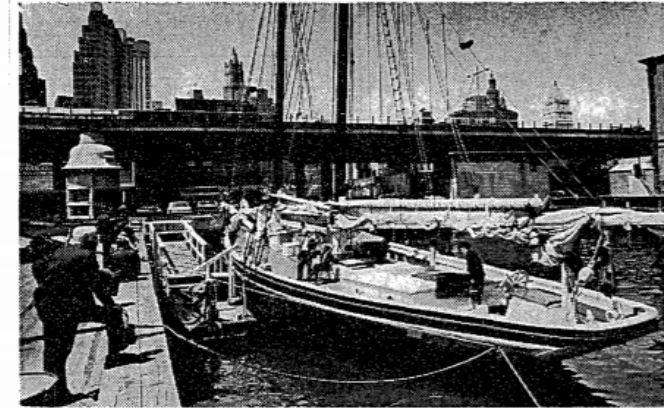
- In 1966, Peter Stanford, founder of the South Street Seaport Museum, started a group called Friends of South Street, who advocated for the City landmarking the 11-block area south of the Brooklyn Bridge for Urban Renewal
- The Seaport was to be **"for the people and about the working life of the waterfront,"** Mr. Stanford said
- Until it moved to the Bronx in 2005, **the Fulton Fish Market, established in 1822, was the most important wholesale East Coast fish market in the United States**



1969: City Planning Approves Urban Renewal Plan

On May 26, 1969, City Planning Officials approved the urban renewal plan now known as the South Street Seaport Historic District

- The overall renewal area extended from Dover Street in the North to John Street in the South, and from the Waterfront in the East to Pearl Street in the West
- Both the developers and the City Planning Commission looked forward to the eventual depression of the FDR drive to permit an unobstructed view of the 19th Century Waterfront



NEW "OLD NEW YORK": Gloucester fishing boat being exhibited at South Street Seaport yesterday. Area, part of waterfront restoration plan, is near the Brooklyn Bridge. The New York Times (by Patrick A. Burns)

Planners Back South Street Seaport

By EDWARD C. BURKS

It was all fair weather and clear sailing yesterday for the South Street Seaport restoration in Lower Manhattan as it came before the City Planning Commission for approval.

The planners approved the urban renewal plan for the 12-block area known as Brooklyn Bridge South East, of which a large part will be a restoration of early nineteenth century waterfront.

The over-all renewal area, about 38 acres, extends from Dover Street in the shadow of the Brooklyn Bridge on the north, southward to John Street, and from the waterfront back to Pearl Street.

It is the area in the vicinity of the Fulton Fish Market that is scheduled for restoration to its nineteenth-century seaport flavor. Many old structures in that area are to be refurbished by private interests, especially the blockfront of buildings on the south side of Fulton Street, known as Schermerhorn Row.

When the fish market moves to the Bronx, its block, just north of Schermerhorn Row, would be cleared as an open waterfront square, and many

early nineteenth century buildings nearby would be restored. The South Street Seaport Museum, a tax-exempt corporation that plans to develop the "old New York" port area, told the commission that it already has financial backing for buying up at least 70 per cent of the required properties.

The seaport restoration project covers about 4½ blocks of the total renewal area. The blocks to be restored to their appearance in the sailing ship era are bounded by Peck Slip on the north and John Street on the south and either Water or Front Street to the west.

The rest of the renewal area will be given over to modern uses—high-rise apartments perhaps 25 to 35 stories tall for 2,000 to 2,500 residents on the north side of the renewal area, north of Peck Slip and about four blocks of commercial and office buildings.

The commission announced its approval of the renewal plan after being assured of the economic viability of the museum project. The developers emphasized that the waterfront restoration will not be an old-style museum but an active commercial operation, with res-

taurants and waterfront-connected shops in the rehabilitated structures.

Several old-time sailing ships are to ride at anchor at three piers as permanent "exhibits" of the South Street Seaport. Already a Gloucester fishing vessel and Ambrose light ship are there.

Both the developers and the planning commission look toward the eventual depression of Franklin D. Roosevelt drive in that area to permit an unobstructed view of the restored waterfront area.

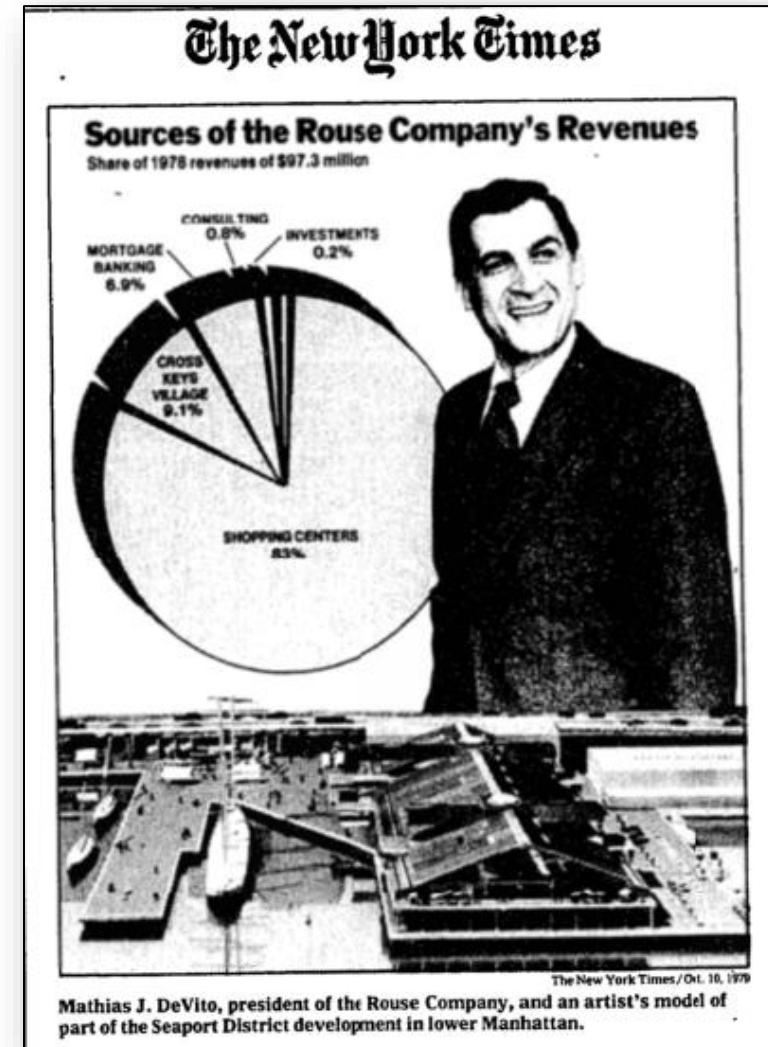
Schermerhorn Row was designated as an official landmark by the city last December, but the real-estate developing firm headed by Sol G. Atlas and former City Corporation Counsel John P. McGrath, which owns the most of the row, has sought to upset that designation through court action.

The seaport developers indicated yesterday, however, that the Atlas-McGrath firm might now be willing to drop its opposition.

The City Planning Commission action on the renewal area is subject to final approval by the Board of Estimate, probably in July.

1970's: Privatization – Enter Rouse Company

- In 1973, the Board of the South Street Seaport Museum decided for the **“public purpose”** of the Seaport, to turn its land back over to the City and lease it back
- In 1976, the Museum's Board decided that a commercial developer should develop the Seaport
- Maryland based Rouse Company, developer of Faneuil Hall in Boston was selected for its proposal of an urban marketplace
- **Rouse's proposal included funds to pay for restoration of the area as well as funding for the Museum, which ultimately never panned out**
- **At the time, over 80% of Rouse's revenues came from Shopping Malls**



1977: LPC Designates Seaport as Historic District

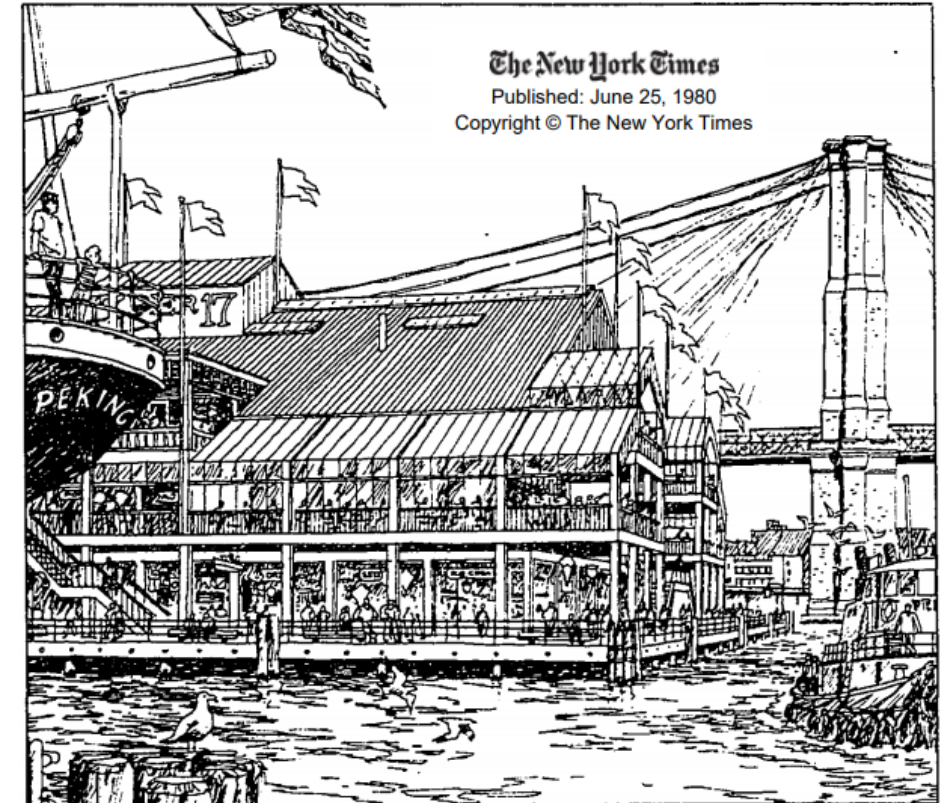
- In 1968 the New York City Landmarks Preservation Commission (“LPC”) designated Schermerhorn Row as a landmark
- **In 1977 LPC designated the South Street Seaport area as an Historic District requiring a Certificate of Appropriateness for any future development within the district**
- No developer may demolish, renovate, or construct within the Historic District without a Certificate of Appropriateness
- In 1989 the Historic District was extended to include Block 106 at the northwest corner of the District



CB1 has passed multiple resolutions calling on City Officials to extend its Historic District designation to cover areas inexplicably left out of the District along the Waterfront

Pier 17 and 199 Water Street

- Soon after taking control, **Rouse won approval for its plans to develop Pier 17 into a shopping center, opening the Pier in 1985**
- As part of the approved plans, Rouse would also be allowed to build a 34-story tall tower at One Seaport Plaza, or 199 Water Street
- **Despite its promises, Rouse did not support the Museum in the manner originally intended**



An artist's rendering of the two-story pavilion that is to be built at the South Street Seaport, spanning Piers 17 and 18.

Rouse wins approval, Museum gets stood up

History Repeats Itself?

- In 1988, Rouse announced an extensive design and marketing change for its 5-year old mall after failing to meet expectations
- “The Seaport project was sort of forced down the throats of the people who live around here, and many neighbors have been angry ever since,” said Susan Fowler, a local resident.
- The biggest complaint was that Rouse did not develop to serve local residents

Commercial Property: A Troubled Urban Mall

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Rouse Makes Plans for the South Street Seaport

Among Prospects, Shops to Serve The Community

By MARK MCCAIN

THE Rouse Company is planning extensive marketing and design changes for the South Street Seaport, a five-year-old urban mall that has failed to find its niche within the cutthroat retail marketplace of Manhattan.

Over the coming year, Rouse intends to drop some fast-food outlets, bring in new top-of-the-line retailers, and transform part of the troubled Fulton Market building into a community shopping center with tenants like a drycleaner, liquor store and ticket agency.

Rouse also plans to give the Seaport a facelift, including new escalators, flamboyant new signs and substantial renovations to draw more people into the 11-block complex of new and old buildings overlooking the East River in lower Manhattan.

“It takes a good landlord to admit that mistakes have occurred — and then to begin to take steps to correct them,” said Kenneth Pines, who owns the Pastrami Factory, one of the surviving food outlets on the sparsely filled second floor of the 60,000-square-foot Fulton Market building. “They’re learning the New York market and they are putting money behind it.”

Some merchants like the Pastrami Factory have prospered despite the Seaport’s erratic performance. Similar Rouse creations in Boston and Baltimore have become focal points of their cities. But the Rouse formula of food, fun and fancy merchandise

many parts of the country consider annual sales volume of \$300 a square foot to be excellent. Seaport retailers average more than \$600 a foot, according to Rouse. The company, however, refuses to divulge any specific rental or sales figures.

“Among our 71 retail projects the Seaport far and away does the best,” said Cathy Lickteig, a vice president of Rouse. “We just know that in a city the size of New York, we could be doing a lot better. We see a terrific opportunity to go the next step in making the Seaport even more a part of New York.”

That next step was shaped over the past six months — during meetings of an emergency coalition of merchants, Rouse executives, community activists and officials of the South Street Seaport Museum. The museum holds a 99-year-lease from the city on the most of the Seaport property and essentially acts as Rouse’s landlord.

“The Seaport project was sort of forced down the throats of the people who live around here, and many neighbors have been angry ever since,” said Susan Fowler, a local resident who attended the coalition meetings.

“Now the Rouse Company is reaching out to us. And I think we’re all beginning to figure out how to make peace with each other.”

Like other people who live near the Seaport, Ms. Fowler endorses the idea of trans-

forming part of the Fulton Market into a community shopping center. But she doubts its feasibility in such a top-dollar setting.

“I’m sure Rouse is sincerely considering it, but they have some overwhelming problems,” she said. “They haven’t been bringing in the money they had hoped to. And they’d have to subsidize the rents of service-type stores to make the space affordable.”

Executives at Rouse readily acknowledge that dry cleaners and shoe-repair shops are quite unlike the typical tenants of the Seaport. But they insist they are willing to experiment in the pursuit of success.

“We perceive a real desire to extend the Seaport beyond the entertainment and shopping of a festival market,” Ms. Lickteig said. “So fairly soon, we intend to take a good part of the second floor of the Fulton Market for neighborhood services.”

While Rouse expects to move most of the

remaining food outlets off that floor, over at Pier 17 the company may turn the entire top floor into a food pavilion. On the lower two floors Rouse intends to create a more luxurious atmosphere by bringing in retailers of expensive goods and encouraging current tenants to improve their offerings.

“Pier 17 will probably feel greatest effect of our remerchandising and redesign plans,” Ms. Lickteig said. “I’m sure that just as many of our merchants are doing well, others are struggling — which is why we want them to think about remerchandising.”

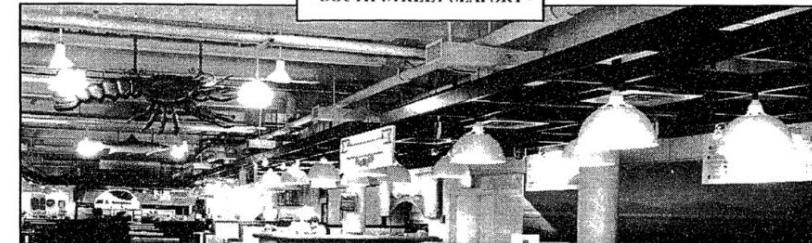
BUT at Celebrate New York, which does just fine selling T-shirts and souvenirs, Mr. Abate questions the logic of a tourist destination trying to leave moderately priced merchandise behind.

“I think more upscale stores would be a mistake,” he said. “We get a lot of middle-class, middle-America tourists who think that \$10.95 is a lot for a T-shirt. I don’t think they’re going to go into an exclusive clothing store and drop \$75 on regular shirt.”

The Seaport, however, is striving to be not only a destination for bus tours, but also for affluent New Yorkers with plenty of money for expensive meals and merchandise. After all, rent payments in an urban mall are linked to how much money flows through the cash registers, so Rouse wants merchants who appeal to big spenders.

And a number of upscale establishments, like Ann Taylor and the Nature Store, are doing well at the Seaport. Others have failed to generate much money for themselves or Rouse — most notably Abercrombie & Fitch, which is one of the Seaport’s largest stores, with 15,000 square feet of space at the corner of Front and Fulton streets.

“We were looking to reclaim that space,” Ms. Lickteig said, “but now that the Limited has bought A & F, we’ve stepped back. We’re

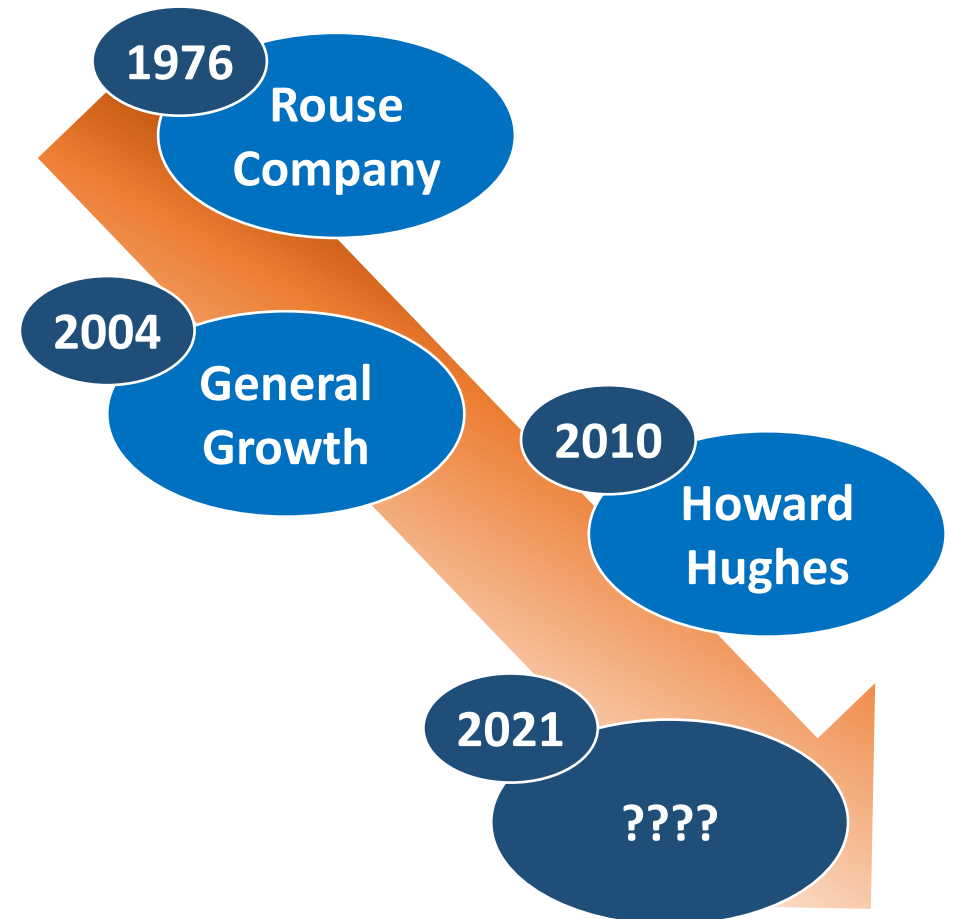


Out-of-State Developers Fail to Deliver Results

2000's: Enter (and Exit?) HHC

In 2019, HHC announced its intention to sell its New York assets and return to a core focus in other states

- In 2004, The Rouse Company was acquired by General Growth Properties
- In 2009, with too much leverage, General Growth Properties filed for bankruptcy protection
- In 2010, Howard Hughes Corporation (“HHC”) was spun out of General Growth as a new company based in Dallas, TX
- In 2019, facing financial difficulties, HHC **announced it explored selling not only its Seaport Assets, but the Company in its entirety**

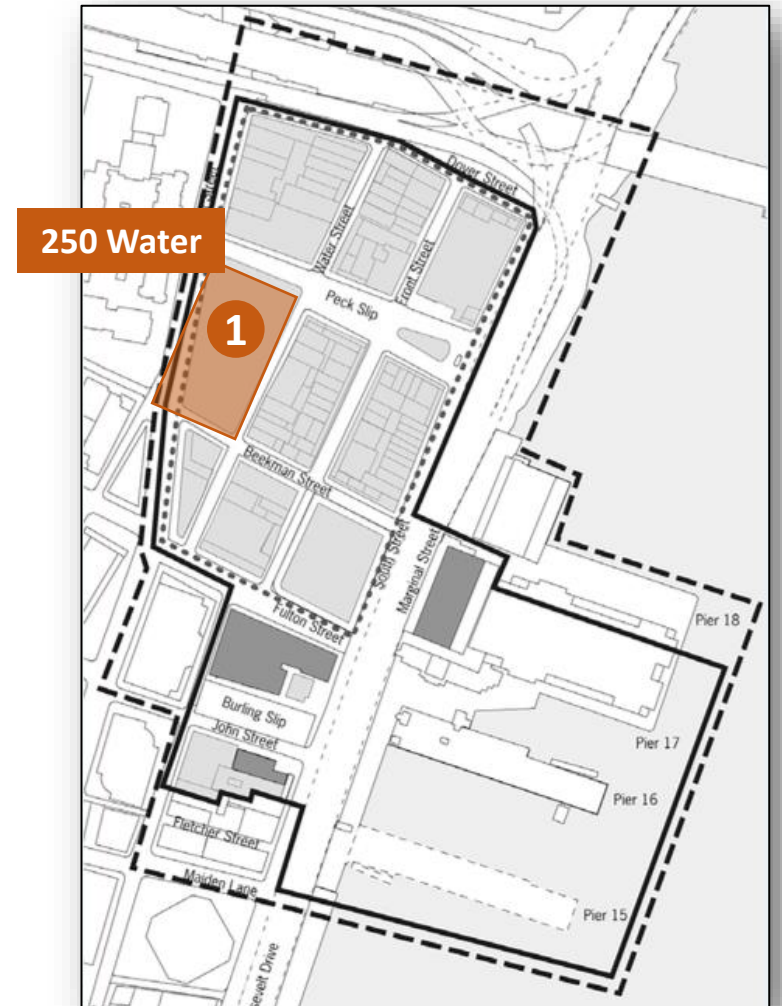


3 250 Water Street

250 Water – Toxic, Even Without the Mercury

No site under the jurisdiction of New York City Landmarks Preservation Commission has been debated as long or generated as much controversy

- In 1979, developer Milstein Properties bought 250 Water Street (the “Site”), knowing the parcel was within an LPC designated Historic District, which would require a Certificate of Appropriateness for any future development
- For decades, **Milstein proposed multiple towers on the Site which were ultimately rejected by LPC as out-of-scale and out-of-character for the Historic District**
- In 1991, a compromise was made to allow for a 10-story office tower on the Site, **shown to be economically viable**, but Milstein never developed



2003: Re-Zoning to Align with District Character

- In 1997, Milstein again tried to pass a plan to build two out of scale apartment towers on the 250 Water Street
- Madelyn Wils, then Chairwoman of Community Board 1 stated, **“Promises have to be kept. You don't wipe out a historic district in the name of rebuilding downtown. The Milsteins have not played nicely for 20 years. But because of their greed we have not been able to settle this to everyone's satisfaction.”**
- Frank Sciame, a local downtown developer also supported down-zoning stating, **“I am very much pro-development, especially downtown, but not above all else,” he said. “Downtown needs housing, but it also needs quality-of-life elements that give it life.”**
- In April 2003, City Council Officials upheld legislation to limit any future development in the Historic District to stop the continued out-of-scale development efforts

While the Community advocated for a 75 foot restriction for development, a compromise was made at 120 feet, more than double the height of any existing structure in the Historic District

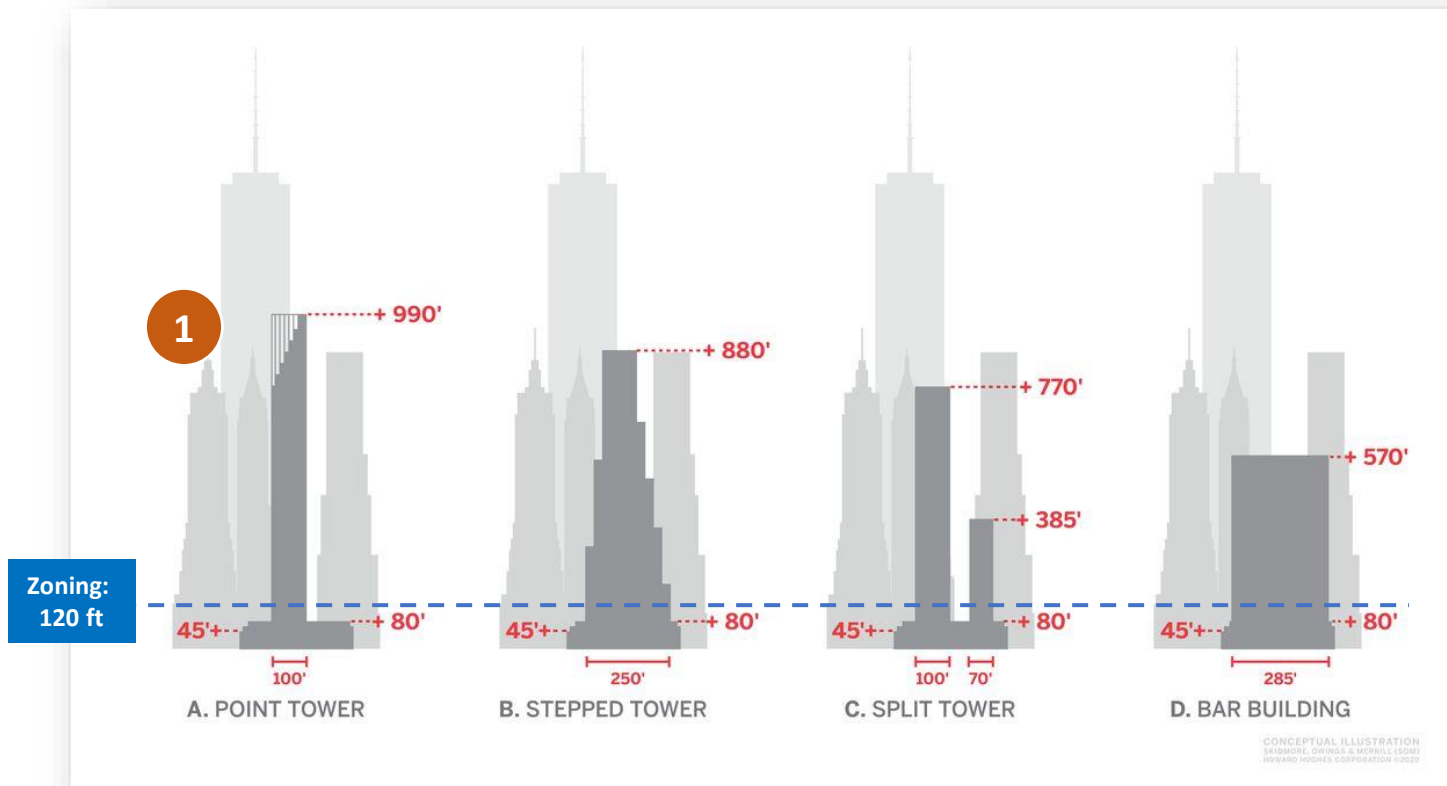
2018: 250 Water Street Trades Howards

- In June 2018, Howard Hughes purchased 250 Water Street from Howard Milstein for approximately \$180 million
- **For context, Milstein paid approximately \$20.8 million in 2020 dollars**
- **HHC purchased the Site knowing zoning limits allowed for a maximum building height of 120 feet and FAR of 6.0 in the Contextual District, also a Historic District**
- **Ask yourself, why did HHC pay such a premium? Were they betting on changing zoning laws?**
- In 2019, after receiving fierce community backlash at rumors of its planned “Super-Tall” tower, HHC began hosting Community Workshops to take ‘input’ into how 250 Water would be developed



HHC 250 Water Street Proposals

- Despite the Community overwhelmingly rejecting any development outside of the zoning limit, **HHC pressed forward with multiple out-of-character designs for the Historic District, all of which exceeded the zoning limit**



Most Hated Tower in All of Downtown? or All NYC?

We cannot let another monstrosity like this happen again

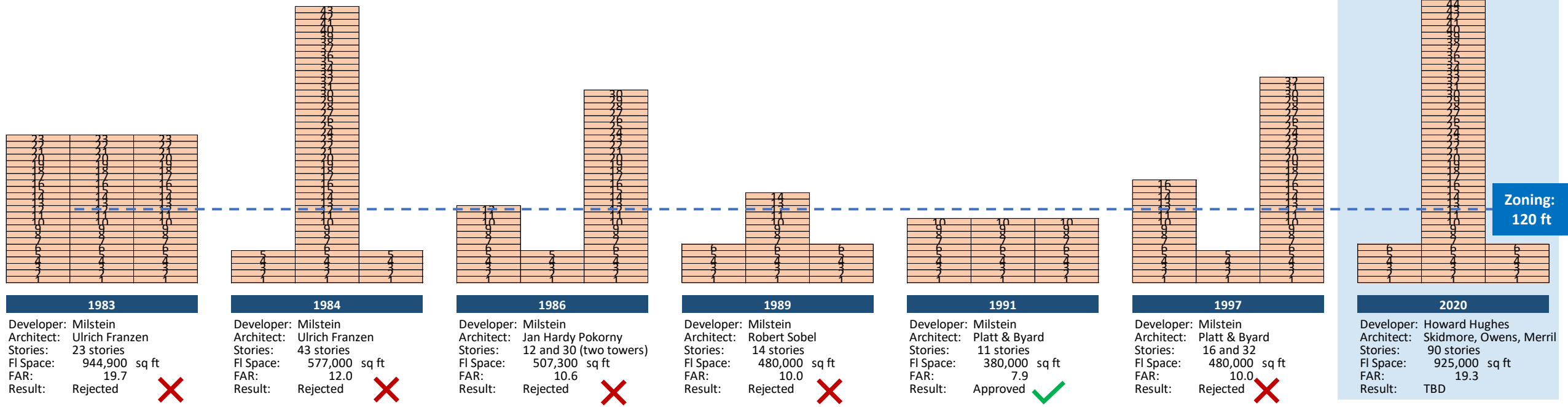
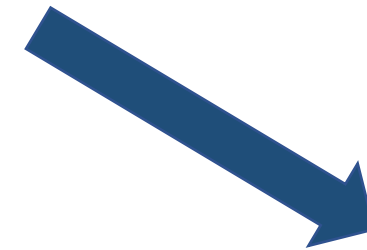
- When One Manhattan Square was built, the Community was outraged with this out-of-scale development
- Soon after, the Borough President's Office joined the Community in a lawsuit to prevent additional planned developments in the Two Bridges Neighborhood
- **We call on our local and national leaders, and Elected Officials to stand with us against similar development at 250 Water Street**



What makes 250 Water Street, situated within a City, State, and National Historic District, any less important than the Two Bridges Community?

250 Water Street Development Proposal Snapshot

The development plan currently contemplated by HHC is the most out of scale, out of character of any prior proposals presented by Milstein; of which all but one were rejected by LPC



Prior LPC Commentary on 250 Water Proposals

“The proposed new building would **“dominate and overwhelm”** the neighboring buildings in this low-scale district by virtue of its size (1986)”

“... the beige-brick tower would **“violate”** the diminutive 19th Century surroundings of the protected district (1984)”

“In eliminating the 11th and 12th floor, it better relates to the scale of the South Street Seaport ... a 10-story building at the edge of the district is appropriate because that's a transitional site (1991)”

1991 Approved Milstein Development Plans

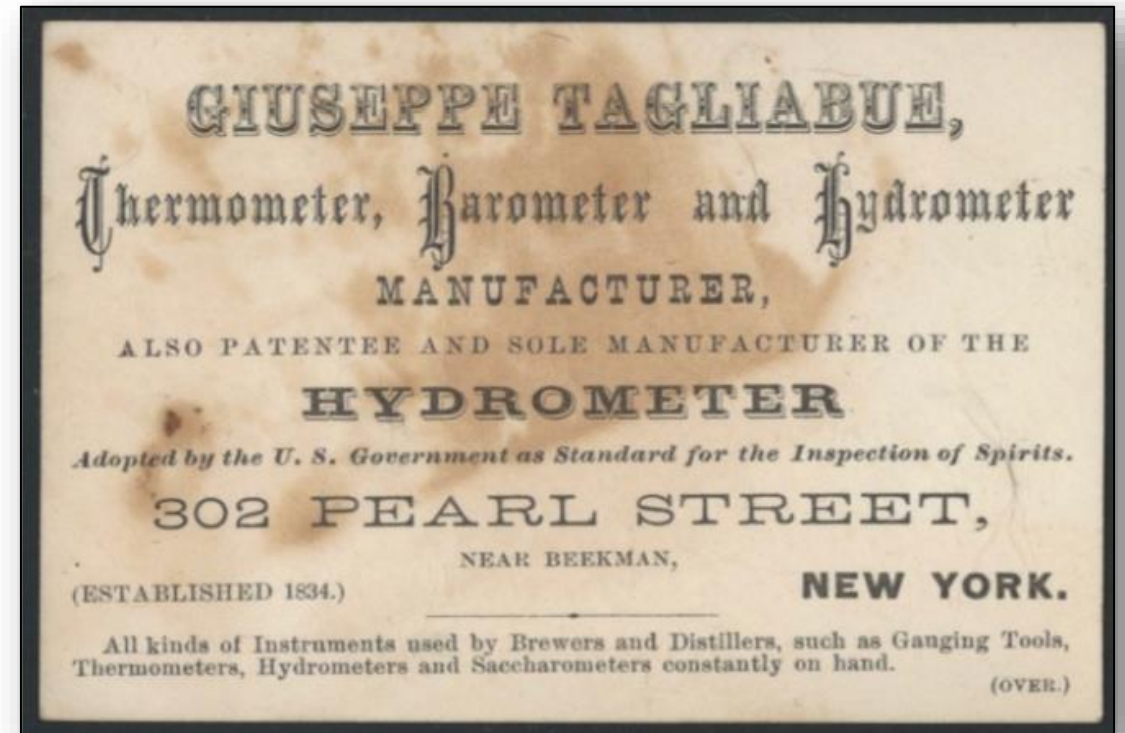
- The Seaport Coalition welcomes development on 250 Water Street provided it remain within the character of the Historic District, and within zoning limits
- The image to the right shows a rendering of the 1991 plans by Howard Milstein



250 Water – A Toxic History

In the 1800's, Italian immigrant and acclaimed instrument maker Giuseppe Tagliabue operated Tagliabue Company from a number of buildings located on 250 Water Street

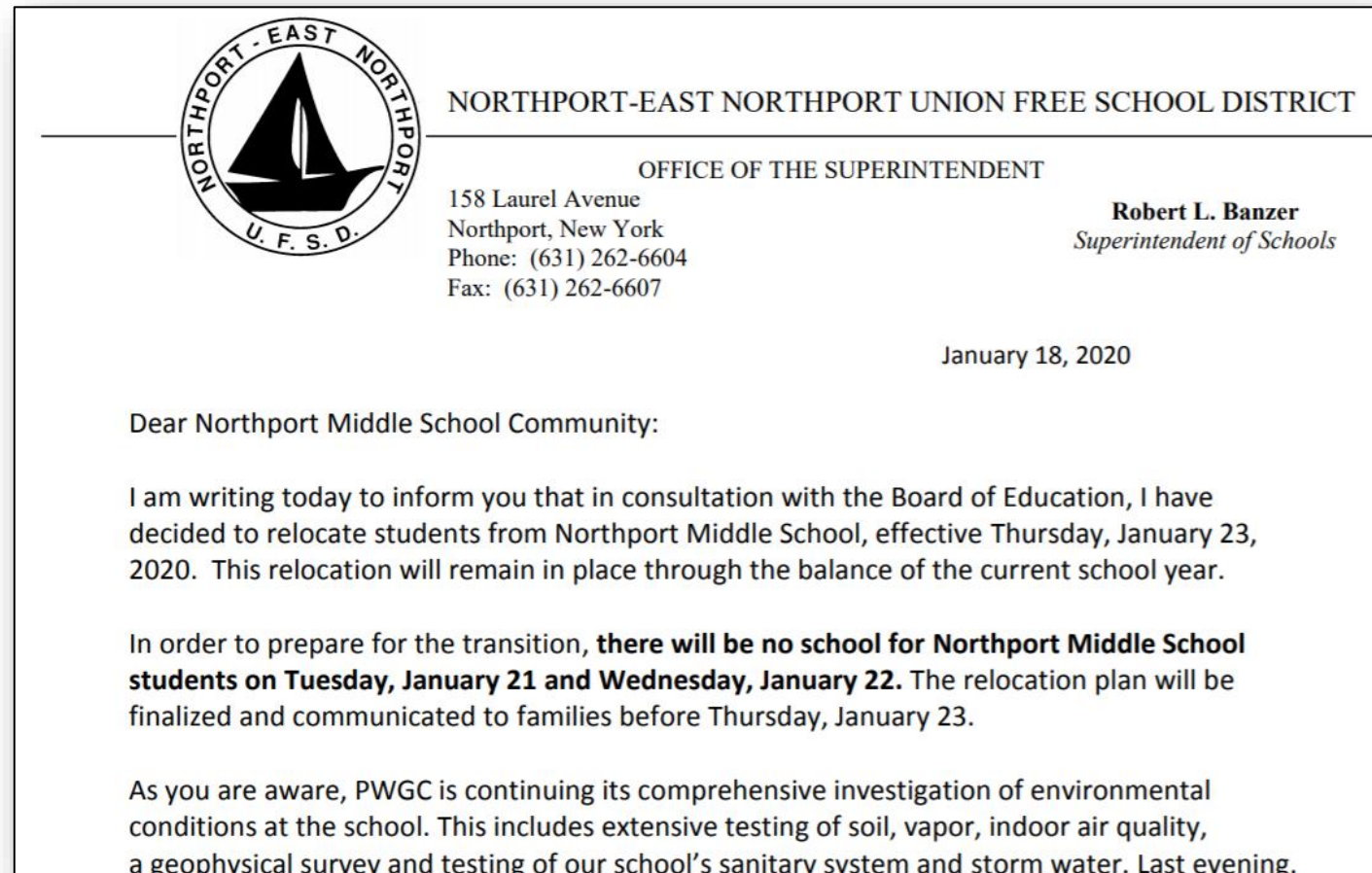
- Unbeknownst at the time as a toxic substance, **liquid elemental mercury** was a primary ingredient in Tagliabue instrumentation
- **Before it sold the Site, a 2015 Environmental Study conducted by Milstein confirmed the existence of Mercury and other Volatile Organic Compounds below the asphalt surface on the Site**
- In 2019, HHC applied for and was admitted to the New York State Department of Environmental Conservation ("DEC") Brownfield Cleanup Program ("BCP") as a Volunteer, with Langan Engineering representing the Applicant



Northport Middle School Mercury Disaster

District Officials closed Northport Middle School after years of complaints of sickness from children and questions by parents about foul smell at the school

- A recently hired environmental firm detected mercury and benzene near the schools cesspool and septic systems
- **Aside from the out-of-scale development issues surrounding 250 Water Street, we must ensure a thorough and proper remediation to prevent another disaster from occurring like Northport Middle School**



It Seems Everyone Knew About the Tower ...

... except the Community

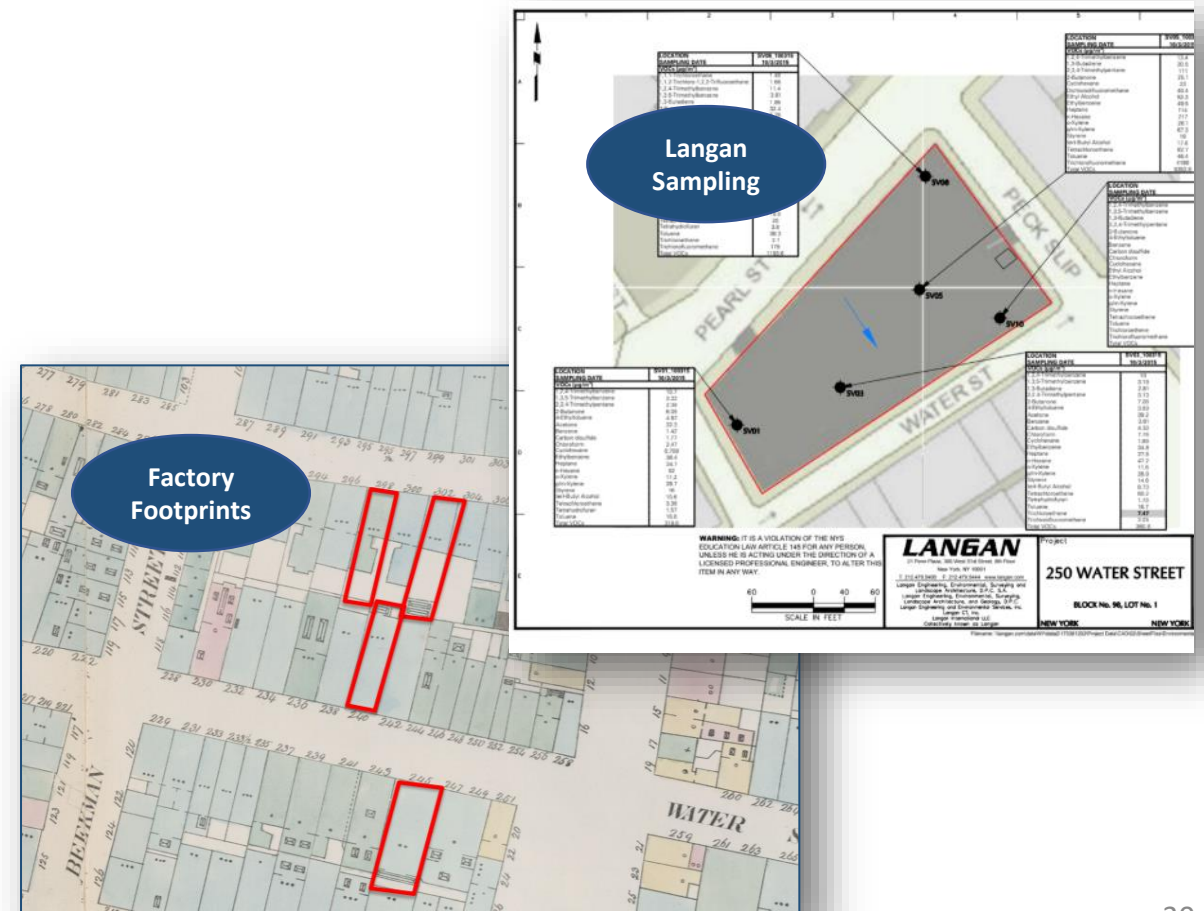
- On multiple occasions, when asked by the Community its intentions for development of the Site, HHC and Langan answered deceptively and inaccurately stating that they did not know HHC's plans
- However, in this excerpt of from the 250 Water Street Spill Report, Langan's Mimi Raygorodetsky told DEC the buyer **"intended to develop the property by constructing a commercial building – maybe more than 35 stories tall"**
- Milstein knew in 2015 that its Site needed significant remediation; instead of mandatory cleanup, it was negotiated that they buyer (HHC) would be allowed to remediate as a "Volunteer," rather than a "Participant" capturing significant tax credits

NEW YORK STATE OF ENVIRONMENTAL CONSERVATION		NYSDEC SPILL REPORT FORM		NEW YORK STATE OF ENVIRONMENTAL CONSERVATION	
DEC REGION:	2	SPILL NUMBER:	1507371		
SPILL NAME:	PARKING LOT	DEC LEAD:	RSALAM		
CALLER NAME:	MIMI RAYGORODETSKY	NOTIFIER'S NAME:	MIMI RAYGORODETSKY		
CLR'S AGENCY:	LANGAN	NOTIFIER'S AGENCY:	LANGAN		
CALLER'S PHONE:	212-479-5441	NOTIFIER'S PHONE:	212-479-5441		
SPILL DATE:	10/13/2015	SPILL TIME:	5:41 pm	DISPATCHER:	
CALL RECEIVED DATE:	10/13/2015	RECEIVED TIME:	5:41 pm		cdschira
SPILL LOCATION					
PLACE:	PARKING LOT	COUNTY:	New York		
STREET:	250 WATER STREET	TOWN/CITY:	New York City		
		COMMUNITY:	MANHATTAN		
CONTACT:	MIMI RAYGORODETSKY	CONTACT PHONE:	212-479-5441		

Langan / HHC Sampling ... Selective Sampling?

When Langan took soil, groundwater, and vapor sampling for the Environmental Studies, somehow, they failed to test nearly all of the former thermometer footprints

- In the mid-1800s map to the right, the thermometer factory and mercury warehouse footprints have been outlined, compared to Langan's sampling
- Wouldn't it make sense for Langan to test each of these sites if they were looking to understand the extent of the contamination on the lot?
- Both Buyer and Seller, HHC and Milstein, would potentially benefit from minimizing the extent of contamination on the Site
- A 1.1 acre site with known toxic elemental mercury historic use and only FIVE soil vapor tests



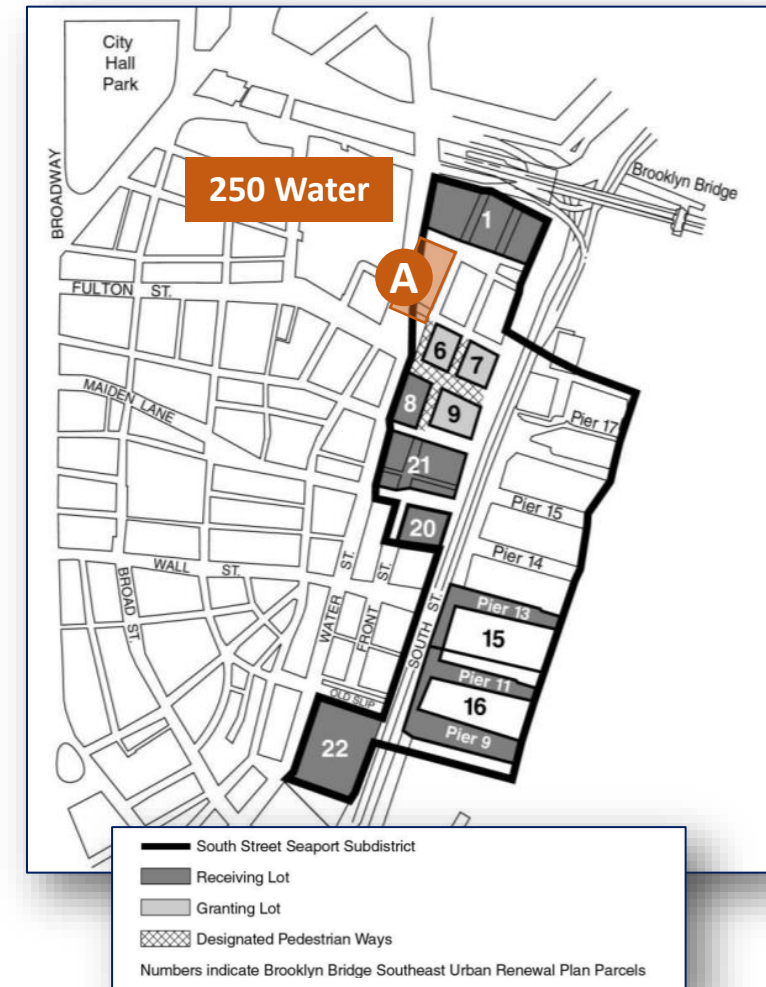
Air Rights – Created To Preserve the Historic District

To preserve the integrity and character of the Historic District, City Officials allowed for the transfer of unused development rights from Historic blocks to sites *outside of the Historic District*

- Development rights may be transferred from granting lots to receiving lots as outlined in the diagram to the right

A 250 Water Street, highlighted in this diagram, is not a receiving lot, meaning, no development rights are able to be transferred to the Site

- “The Seaport was once, and should be again, the beating heart of New York’s harbor—home to vital civic, commercial and maritime activity. It’s time to take the helm for this irreplaceable resource away from the ‘professionals.’ ” said Roland Lewis of the Metropolitan Waterfront Alliance
- The Air Rights for City owned sites are governed by the NYC Economic Development Corporation (“EDC”)



The Economic Development Corporation

The NYC EDC manages the City's seaport assets and master lease with HHC

- According to the EDC, **“We’re working with and for communities, putting New Yorkers’ needs before everything else. For us, economic development is about more than just the bottom line—it’s about human impact.”**
- Why has the EDC promoted a private developer’s interests over the public interest and left the Museum with an unworkable lease?
- **In 2019, EDC confirmed to the Seaport Coalition and our Elected Officials that the City of New York owns the unused development rights at the New Market Site, and at Pier 17, contrary to HHC’s statements**
- **Certain granting and receiving sites were created to ensure character and scale of the Historic District remains intact; 250 Water Street is not a receiving site for the Air Rights**

The Seaport Coalition firmly rejects any transfer of Air Rights to 250 Water Street

4 HHC Implications

What Can We Infer from Recent HHC History?

HHC's 250 Water Street proposal is a smokescreen to win approvals, and then sell it

- 1 HHC has not lived up to community promises
- 2 In 2019, HHC announced it had not only tried to sell its Seaport Assets, but the Company in its entirety
- 3 HHC is in a perilous financial position
- 4 HHC's controlling shareholder and Chairman is Bill Ackman, a hedge-fund billionaire who, by the nature of his business, trades stocks and is not a long-term investor
- 5 We can learn from HHC's 80 South Street playbook, in which it bought the property, transferred air rights, and then flipped the assemblage to a Chinese developer

The South Street Seaport Historic District should be protected, not traded

A History of HHC Empty Promises

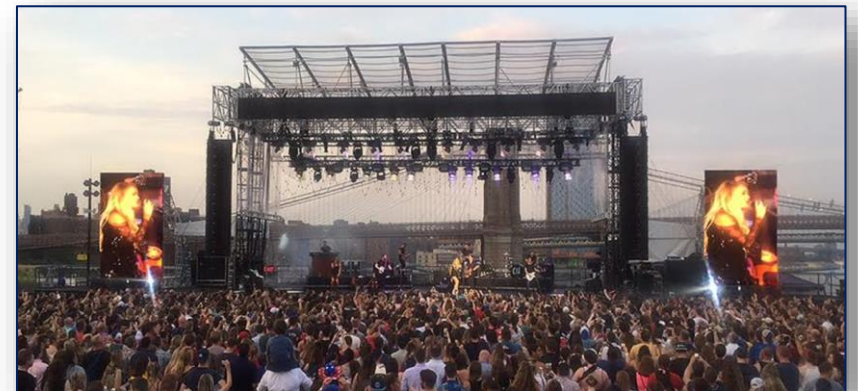
- Through prior ULURP processes and agreements with City Officials and the Community, HHC has promised, but never delivered
 - New public access “Green Roof” at Pier 17
 - New Community Farmer’s Market
 - Berthings for Historic Ships
 - Space for Local Businesses and Artisans
 - Retail Space Open to Public at Pier 17 (rather than restaurant and office space)

Bottom Line: HHC is a public company looking out for one thing, its bottom line

Promised:



Delivered:



Pier 17... What Went Wrong?

- As part of the ULURP process for the redesign of Pier 17, the Community was promised a green roof with 10,000 sq feet of space for public use and a 700-seat concert hall
- **Instead, HHC has completely disregarded its prior promises and approvals, and established a for profit concert space during the warm months with capacity of 3,975 and a for profit ice rink in the winter months, and nowhere near 10,000 sq ft of community space**
- "I spent a lot of time as Borough President on the Uniform Land Use Review Procedure for Pier 17, and I have a task force on the South Street Seaport area, so I happen to know that under the restrictive declaration, that 10,000 square feet on the pier is supposed to be for the public," *Gale Brewer, 7.5.19, when questioned regarding public access to the Pier on the Fourth of July*



Pier 17
Proposals



Illustrative HHC Seaport Investments

The Seaport, intended as a public asset for the people and about the working life of the waterfront has been traded away for commercial purposes by HHC in favor of failing luxury shops

10 Corso Como



Closed -
Permanently

iPic Theatres



Filed for
Bankruptcy

Chase-Sponsored Garden Bar*



Privatization of
Public Space

*HHC's Garden Bar installed in the center of Fulton Plaza without Community Input, Approval, or Benefit

Empty HHC Promises

The South Street Historic District has moved from worldwide tourist destination to any other run of the mill shopping mall that neither appeal to the local community or tourists

Pre-HHC / Promised	Post-HHC / Delivered	Impact
Public/Asset, Local- Friendly Pier	Out of Character, Commercial/Private Pier	↓
Berthings for Historic Ships	Inadequate historic vessel tie-ups	↓
New Amsterdam Farmer's Market	Fulton Stall Market	↔
Locally-owned, family oriented shops	High-end, expensive shops and restaurants	↓
Nonprofit Glass Pavilion	Industry City Bar and Cafe	↔
Green, Open Space at Pier 17	HHC Restaurant/Bar, Loud Concert Hall	↓
700 Seat Rooftop Theater	3,975 Seat Rooftop Concert Venue	↓
Old Pier 17, in need of refresh	Reconstructed Pier 17	↑
Public Space	New Service Road with Vehicular Traffic	↓
Overall Impact:		↓

HHC Model Conflicts with Neighborhood Demographics

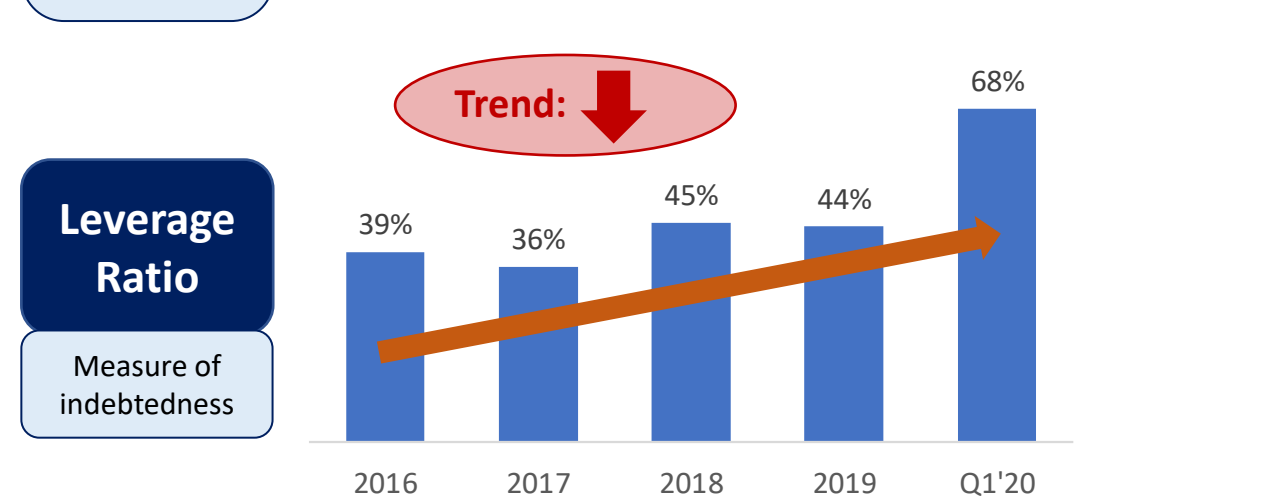
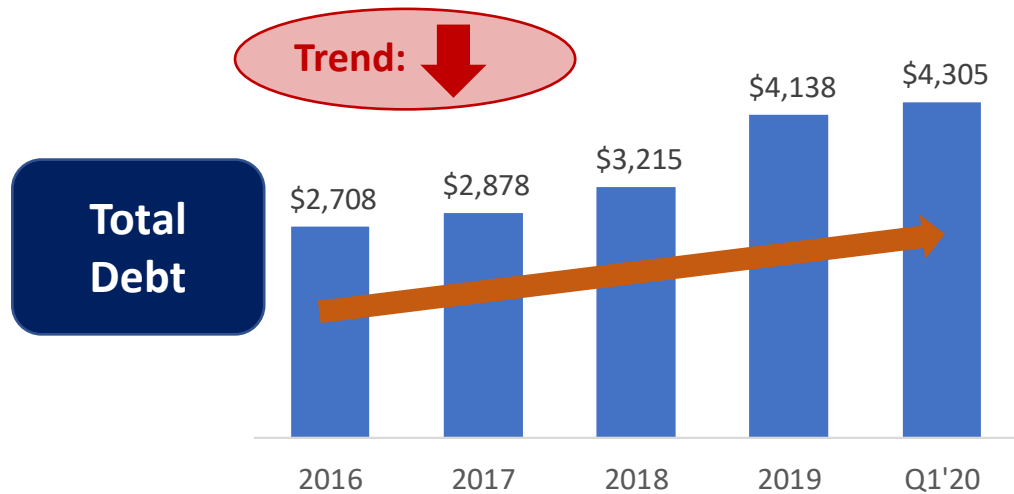
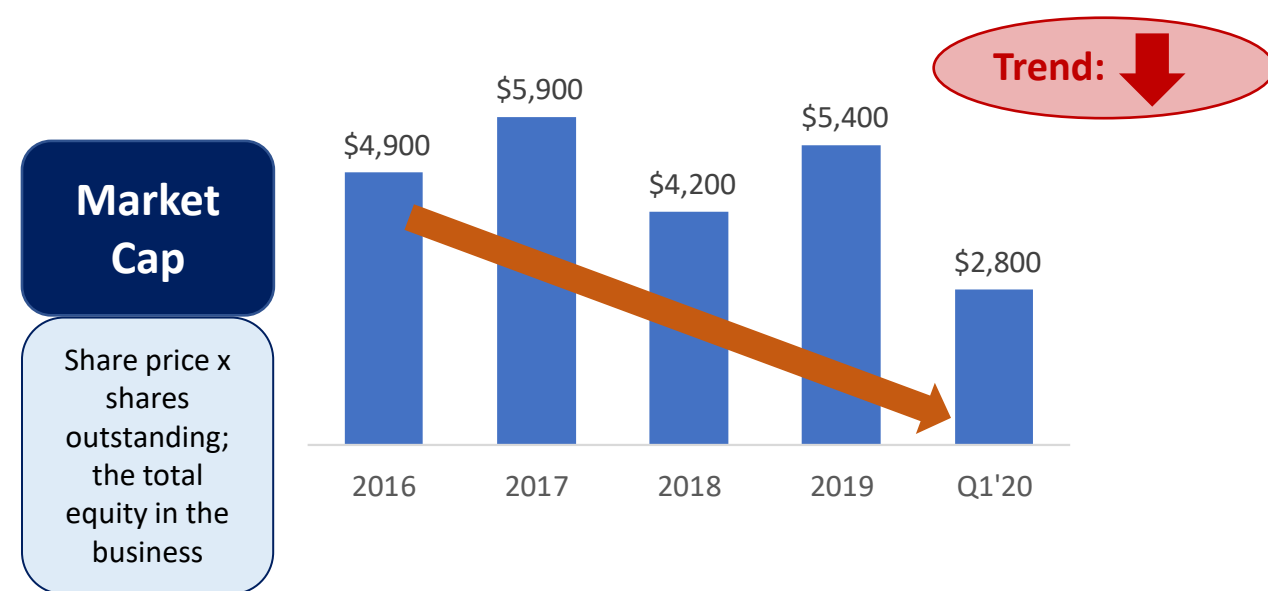
The HHC business model is at odds with neighborhood demographics

- The South Street Seaport Historic District is surrounded by affordable housing to the North and West
- HHC has not developed its Seaport holdings with the Community in mind, rather its own bottom line looking to draw in as many wealthy visitors as possible with high-end, luxury retail that does not serve the Community
- The intent of City Planners was for a Seaport that served the working people of the District
- **Further HHC has taken it upon itself to re-name the district the Seaport District, versus the South Street Seaport Historic District, again, without any community input**



Deteriorating Financial Position (Pre-COVID-19)

(\$ in millions)

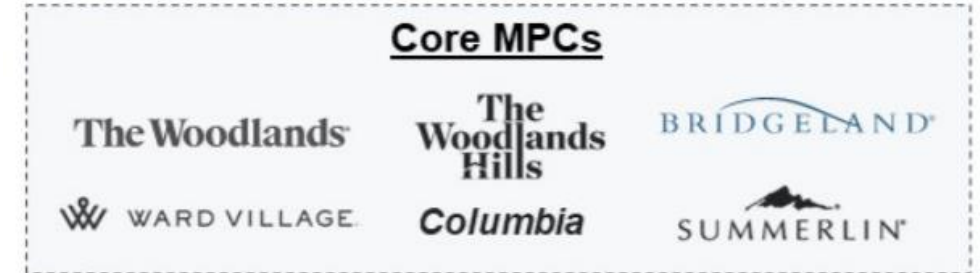


HHC Up For Sale, but No Buyers

In June 2019, HHC Announced It was exploring Strategic Alternatives for the business, including a potential sale of its Seaport Assets, or the Company in its entirety

- On October 21, 2019, HHC announced that its Strategic Alternatives Process failed, and there was no willing buyer for the business
- HHC Chairman Bill Ackman indicated that the Company had solicited interest from approximately 35 parties, but none ultimately submitted a final bid
- Instead, HHC announced it would focus on a major restructuring plan including selling \$2 billion of non-core assets such as the Seaport and refocus on its core Master Planned Community business in Texas

“New” HHC



“Old” HHC

SEAPORT
DISTRICT NYC

**Non-Core
Assets to be
Monetized**

Why is a developer trying to leave New York interested in a Tower at 250 Water?

HHC Q1 2020 Financial Update

In March 2020, HHC launched an equity deal to raise funds and shore up its shaky balance sheet

- The Company quoted the following in its earnings release:
- “Our stock traded down in the mid \$120 range at the beginning of the quarter to a low in the mid-\$30s, **likely the result of market participants questioning our long-term financial viability.**
- “With limited visibility into the depth or the length of the current economic crisis, the numerous downside cash flow scenarios, **a lack of alternatives in the capital markets, a delay in the sale of non-core assets and given our upcoming short-term debt maturities**, the independent directors of our Board decided that an equity raise was a prudent action to ensure that we would always be in the position to make the best long-term decisions for our shareholders.”
- **Surprisingly, HHC did not use equity proceeds to pay down debt**
- As a result of the equity financing, billionaire Bill Ackman, through Pershing Square owned ~30% of HHC⁽¹⁾

(1) Pershing subsequently reduced its holdings to approximately 19.9% on June 5, 2020

Is a Tower Even Feasible?

Plus financially honoring community promises

- HHC announced a restructuring and transformation plan including \$2 billion in non-core asset sales to shore up its balance sheet, which it has not been able to effect
- **A new 90-story tall tower would cost well in excess of \$1 billion to develop, cash which HHC does not have and will struggle to raise in the capital markets**

The proposed tower is a sham to win approval through empty community promises, only then to be flipped to another developer, just like 80 South Street

**\$1 billion +
Price Tag**



The HHC Playbook: 80 South Street

In 2014, HHC purchased 80 South Street for \$100 million

- Following its purchase of 80 South Street, HHC purchased a neighboring building and adjoining air rights
- Next, it received approval to transfer all air rights to 80 South Street
- Once approval was received, **HHC sold the assemblage to Chinese Developer China Oceanwide Holdings for \$390 million**, a significant profit on its investment
- **When and if constructed, the Tower will dwarf the One World Trade Center in height and bulk**



We Know What's Coming Next ...

HHC will try to transfer air rights to 250 Water, win approvals, and flip the Site to another developer

80 South Street



1 Purchase Lot
(\$100 million) ☒

2 Assemble Air
Rights / Approvals ☒

3 Sell Lot
(\$390 million) ☒

250 Water Street







1 Purchase Lot
(\$180 million) ☒

2 Assemble Air
Rights / Approvals ☐

3 Sell Lot
(\$??? million) ☐

HHC Lobbyists are Hard at Work ...

- HHC has hired law firm Fried, Frank, Harris, Shriver & Jacobson LLP in its bid to change zoning laws and win approval for its tower at 250 Water
- Lobbying targets include:
 - EDC
 - City Planning
 - Landmarks Preservation Committee
 - Office of the Mayor, Bill de Blasio

Lobbyist Entity 	Lobbyist Principal Officer	Client Name 	Client Principal Officer	Lobbyist Employees	Year 	Details
Fried, Frank, Harris, Shriver & Jacobson LLP	Kelly Riggie	South Street Seaport Limited Partnership	Peter F. Riley	DAVID KARNOVSKY	2019	Hide Details 
1. Subject & Targets						
	Subject	Target				
Period 1						
Period 2						
Period 3	Determination regarding real property - Various land use matters for 250 Water Street in Manhattan	Economic Development Corporation, NYC (NYCEDC) Rachel Loeb Economic Development Corporation, NYC (NYCEDC) Matthew Kwatinetz				
Period 4	Determination regarding real property - Various land use matters for 250 Water Street in Manhattan	City Planning, Department of (DCP) Edith Hsu Chen				
Period 5	Determination regarding real property - Various land use matters for 250 Water Street in Manhattan	City Planning, Department of (DCP) Edith Hsu Chen City Planning, Department of (DCP) Alison Brown City Planning, Department of (DCP) Stephen Johnson Landmarks Preservation Commission (LPC) Sarah Carroll Landmarks Preservation Commission (LPC) Mark Silberman Landmarks Preservation Commission (LPC) Lisa Kersavage Mayor, Office of the (OTM) Deputy Mayor(s) Vicki Been				
Period 6	Determination regarding real property - Various land use matters for 250 Water Street in Manhattan	City Planning, Department of (DCP) Edith Hsu Chen City Planning, Department of (DCP) Anita Laremont City Planning, Department of (DCP) Alison Brown Economic Development Corporation, NYC (NYCEDC) Rachel Loeb				
2. Compensation and Expenses						
	Compensation	Total Expenses	Aggregate Expenses < or = \$75	Total Itemized Lobbying Expenses > \$75	Aggregate Expenses Support Staff Salaries	Total Reimbursed Expenses
Period 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Period 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Period 3	\$2,405.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Period 4	\$1,415.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Period 5	\$19,951.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Period 6	\$21,508.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
YTD Total	\$45,280.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

HHC's Lobbyist 'Community Workshop' Facilitator ...

... is actually a lobbyist

- New Yorkers and the broader public at large should be outraged at this total disregard and disrespect for upholding the local Historic District zoning limit

This corporate greed, and notion that 'money' can buy HHC anything it wants, must not be allowed

2019 Client Annual Report for South Street Seaport Limited Partnership

Client Information

Client Name	South Street Seaport Limited Partnership
Business Address	10275 Little Patuxent Parkway, Columbia, MD 21044 United States of America
Client P.O. Name	Riley, Peter F.
Business Phone	(214) 741-7744
Business Email	REDACTED

Lobbyist Entities

Lobbyist Entity # 1

Lobbyist Entity's Name	Geto & de Milly Inc.
Lobbyist Entity's Business Phone	(212) 686-4551
Lobbyist Entity's Business Address	276 Fifth Avenue, Suite 806, NY 10001 United States of America

Compensation Paid or Owed to Geto & de Milly Inc.

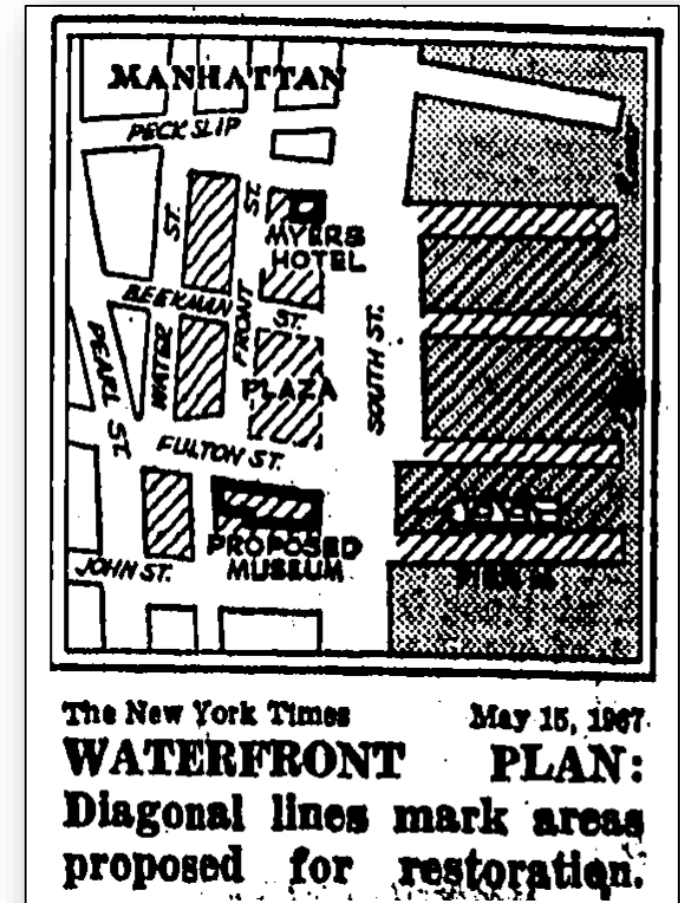
Compensation Paid or Owed During the Calendar Year	\$240,000
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5 South Street Seaport Museum

South Street Seaport Museum Beginnings

In 1967, the South Street Seaport Museum was founded

- The Museum was founded at the heart of the South Street Seaport Historic District as the center of the new Urban Renewal Plan
- **A primary goal of the Museum was to save and protect the Historic District for future generations, and serve as a living museum of streets, buildings, ships and the waterfront for New Yorkers**
- Over a million visitors a year visited the Museum in its early days
- In 1976, Peter Stanford, founder of the Museum resigned after a dispute with the Museum's Board over the direction the Museum was taking, the same year the Board decided that a Commercial developer should develop the Seaport



The Museum – A History of Struggles

Since its inception, over the years, the Museum has struggled with its corporate partners

- Over the last 50 years, the Museum has faced multiple funding and leadership challenges in its attempts at a “public-private-partnership” model
- **It seems, somehow each of the developers made money, except the Museum did not reap the same benefits**
- Time and time again, the Museum is left empty-handed, despite promises in profit sharing from private developers
- The saga continues with HHC’s dominance of the Historic District



The Museum is Losing Community Support ...

... with its current path

- Through HHC's carefully controlled "community workshops" in which the museum is spotlighted, and through funding promises to the Museum, it is being placed in compromised position
- Despite pledges to be neutral in discussions regarding HHC's plans, the Museum has gone further **to publicly advocate and lobby for HHC's Tower to be built on 250 Water Street, in exchange for "theoretical" \$50 million in funding for the Museum**
- The Museum has now presented the Community a **"binary choice,"** the survival of the Historic District or the survival of the Seaport Museum
- **The Seaport Coalition rejects this false unconscionable proposition**
- When HHC leaves New York in the near future, the Community will be left with neither a museum, nor a Historic District

HHC Further Influences Museum Through Sponsors



Museum Charter

Founders of the Museum must have been looking into the future ...

- In its Charter, the Museum:
 - “.. is to establish, **conduct and operate and maintain a maritime museum** in the area occupied or formerly occupied by the Fulton Fish Market”
 - ...hereby created shall be a nonstock **corporation organized and operated exclusively for educational purposes** and no part of its earnings or net income shall inure to the benefit of any individual, and no officer, member, or employee of the corporation shall receive or be entitled to receive any pecuniary profit from the operations thereof, except reasonable compensation for services. **The corporation shall not carry on propaganda, or otherwise attempt, to influence legislation; and the corporation shall not participate in, or intervene in (either by publishing or distributing statements or otherwise), any political campaign on behalf of any candidate for public office”**

The Museum appears to be giving HHC political cover in violation of its Charter

Museum Board of Trustees

The Board has an obligation to act in good faith under the Museum's Charter and should focus on exploring alternatives to protect the Historic District, as the Museum's founders originally intended

Name	Role	Joined
Brendan Sexton	Chair of the Board	2013
Christiana Huus	Secretary of the Board	2013
David Sheehan	Treasurer of the Board	2013
Ernest Tollerson	Board Member	2015
Catherine McVay Hughes	Board Member	2017
Craig Page	Board Member	2019
Cyrus Gentry	Board Member	2019
Bevin Savage-Yamazaki	Board Member	2019

Museum Funding Alternatives

In such dire circumstances, why isn't the museum exploring alternatives?

- ➊ Support Seaport Coalition plan to monetize Air Rights outside the Historic District
- ➋ Partner with Seaport Coalition on Membership Drive
- ➌ Begin capital-raising campaign to re-acquire the John Street lot and expand Schermerhorn Row
- ➍ Revisit merger with Museum of the City of New York and share resources with a revised lease
- ➎ Create sizable endowment from soliciting funds from maritime operators and financial district supporters

The Museum needs the support of this COMMUNITY for its long-term success

7 Future Governance

Why Does the East Side Seem Forgotten?

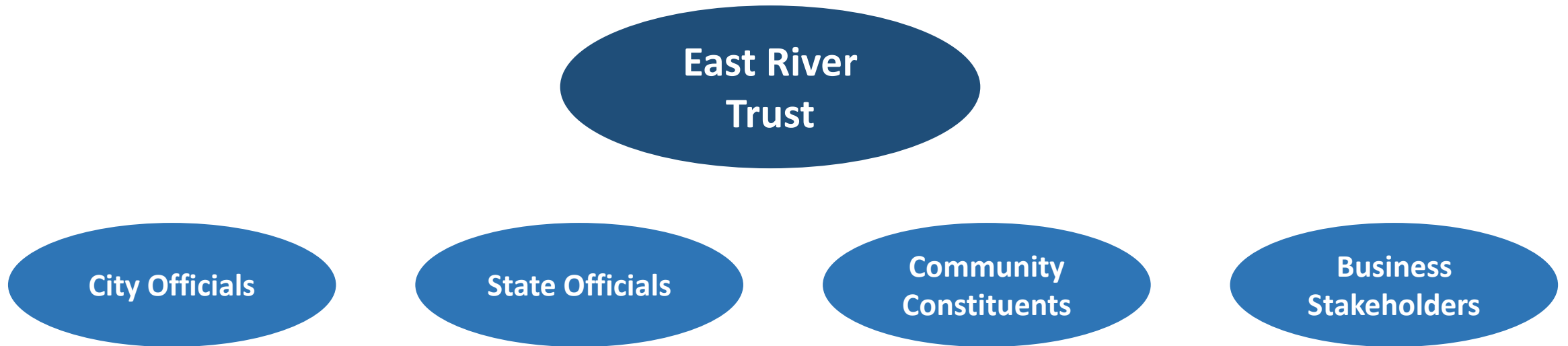
It is no secret that Lower Manhattan east of Broadway has been neglected by New York State and New York City

- Is this the result of systemic racism and low and moderate income neighborhoods that border the East River?
- The East Side deserves the same funding, advocacy, and governance as the West Side of Manhattan
- **The Seaport Coalition is calling for the establishment of an East River Trust to be modeled on the likes of the Hudson River Park Trust or Battery Conservancy**



East River Trust

The East River Trust will establish coordination and governance between City, State, Community Constituents and Business Stakeholders



Only by working together, can we best meet the needs of the Community and New York City

7 Concluding Thoughts

Concluding Thoughts

- The South Street Seaport Historic District was created for the public use and working people of New York City and is a national asset
- The Museum was central to the mission of protecting and preserving the integrity of the Historic District
- Since it's inception in 1977, no tower has been developed within the Historic District, why are we debating this again now?
- HHC, like Milstein before it, knew full well the zoning limits when it purchased 250 Water Street
- Why now, is the Community being presented a false choice, between the Museum and a Tower on 250 Water?

Concluding Thoughts (cont'd)

- HHC is a Texas-based developer that has publicly stated its intentions to leave New York, and has already tried to sell its business, but failed
- **Why are we even discussing a proposal from a developer who now has no intention of being in the Seaport and New York long-term?**
- **The HHC playbook will be to obtain approval to build on 250 Water the maximum height and FAR structure it can, to then package and sell to another developer**
- **We encourage all of the Downtown Community, New York City, New York State, our Elected officials, and all interested stakeholders to stand with us, against this corporate greed**

Please join us in protecting and preserving the South Street Seaport Historic District and say 'no' to any out of scale development exceeding zoning limits

Thank You

We appreciate the time you have spent familiarizing yourself on this topic

For additional information or if you would like to get involved, please contact the Seaport Coalition at SeaportCoalition@gmail.com and visit our website at www.seaportcoalition.com

Please join our petition at www.change.org/seaportcoalition

If you would like to donate to our efforts, please do so at www.gofundme.com/SeaportCoalition

Appendix



A Voice of Elected Officials

Voice of Elected Officials

- On the following pages, the Seaport Coalition has sourced quotes from our Elected Officials with respect either 1) the current proposal by HHC at 250 Water Street or 2) a prior proposal
- We believe they are relevant and telling, and question why any Elected Official's position would change significantly from very recent history

Scott Stringer, Yuh-Line Niou



Scott Stringer, New York City Comptroller

"The Seaport Coalition and their work advocating on behalf of the downtown families, seniors, and businesses that call the neighborhood home is a model for what community partnership should look like. They have educated, organized, and mobilized to ensure that community voices are centered in all decisions made about the Seaport's future. I fully support the Coalition's efforts to maintain the history, integrity, and vitality of the Historic South Street Seaport."



Yuh-Line Niou , New York State Assembly, District 65

"... Howard Hughes' project at 250 Water Street has not adhered to the special zoning at the South Street Seaport Historic District... Even REBNY, who represents large scale developers, has said that historic districts like the South Street Seaport need to be preserved ...it is a historic district that has specific rules that need to be followed."

Gale Brewer, Margaret Chin



Gale Brewer, Manhattan Borough President

“Historical context, building heights, and maintaining the vitality of the area are all elements which must be factored in to any final project in this crucial Manhattan neighborhood—the neighborhood where, in many ways, New York City began. As I’ve said before, building a tower at the South Street Seaport is like building a tower at Colonial Williamsburg.”



Margaret Chin, New York City Council Member

“It just doesn't fit. It just doesn't look right.... People come down to the Seaport because of its history. A 40-story tower has no place in the Seaport.”

Scott Stringer



Bill De Blasio, New York City Mayor

“We are not embarking on a mission to build towering skyscrapers where they don’t belong. We have a duty to protect and preserve culture and character of our neighborhoods, and we will do so.”

Seaport Coalition Petition

As of 6/20/20

Say 'NO' to HHC's Tower at 250 Water Street and Save the Historic South Street Seaport!



THIS IS WHAT THEY
WANT TO BUILD:
1,052 FT

THIS IS THE
ZONING LIMIT:
120 FT

1,721 have signed. Let's get to 2,500!



 maxine hayden signed 9 hours ago

 Elsa Lau signed 9 hours ago



Say 'NO' to HHC's Tower at 250
Water Street and Save the...

 Share on Facebook

 Send a Facebook message