

**Hudson Square Business Improvement District Proposed Expansion**  
**Draft Statement of Need**  
May 2017

**District Profile**

The land west of Broadway to the Hudson River between Fulton and Greenwich streets was once known as the Queen's Farm, Queen Anne having granted the land in 1705 to Trinity Church. From the late 18<sup>th</sup> century, the area near the entrance to the present-day Holland Tunnel was known as Hudson Square for its public square surrounded by fine row houses. In 1825, with the completion of the Erie Canal, the area, along with the Greenwich Village waterfront to the north, was at the epicenter of the shipping revolution that launched New York City to the forefront of commerce. When the Hudson River Rail Road, which reached from Canal Street to Albany, opened in the 1850's, the area's dominance of the shipping trade grew even greater. Over time, deeper ports were better able to handle new large container ships and shipping businesses started to leave the area. The opening of the Holland Tunnel in 1927 only accelerated the trend towards trucks and away from railroads, thus devaluing one of the area's big advantages. As the 20<sup>th</sup> century began, waterfront land became once again a more economical choice and the rapidly expanding printing industry began to move in. By the 1960's, however, competition from around the country and around the world began a decline in the New York printing trades, which was then accelerated by technological changes. By 1980, many large firms had left the area. Like the city as a whole, in Hudson Square, a manufacturing based economy began shifting to a service economy.

When Hudson Square began its latest iteration as a distinct commercial destination in the late 1990's, its defining characteristic was its art deco, loft-like industrial building stock, which had formerly housed the printing industry. These well-constructed buildings, with their open floor plans and sunlit spaces, started to attract a wide range of creative firms and by the 2000's, the gritty neighborhood feel was enhanced by the presence of cutting edge companies working in fields such as media, architecture, and publishing. But as the character of the area began to evolve, its challenges became apparent: because of its long industrial heritage, the infrastructure was more suited to the movement of goods and vehicles than to the movement of people. Immediate proximity to the Holland Tunnel, a regional transportation facility, coupled with a low density commercial and residential population, allowed the needs of the tunnel-bound commuter to be prioritized over the needs of pedestrians, cyclists, or local traffic. Streets and sidewalks were barren, unlit and uninviting, and open space was scarce and neglected.

To address these issues, the community came together in 2009 to establish the Hudson Square District Management Association Inc., the non-profit entity tasked with managing the area's newly formed Business Improvement District (the "BID", Hudson Square BID", or the "District" ) which is generally bounded by Canal Street, Houston

Street, Greenwich Street, and 6<sup>th</sup> Avenue (see attached map for actual boundaries). Since its formation, the organization, now commonly known as the Hudson Square Connection (“HSC” or “HSC BID”), has launched a \$27 million capital improvement plan to fund the implementation of a variety of traffic and streetscape improvements, as well as developed a program of services that are aimed at making the District a safer and more pedestrian-friendly environment. Over the short-term, HSC has planted and retrofitted 250 custom-designed street trees that perform as green infrastructure; employed pedestrian traffic managers that have helped alleviate crosswalk conditions; and forged innovative partnerships in order to create new temporary open spaces. HSC has also secured public funding and private financing, and initiated the development process for a redesigned park at the corner of Sixth Avenue and Spring Street, and the redesign of Hudson Street from a vehicle-oriented thoroughfare to a pedestrian and bicycle-friendly boulevard.

While HSC has been leading this transformation of the ground-level environment, major changes have also been occurring within the buildings above. The recent success of the local office market has attracted top tier TAMI<sup>1</sup> tenants including TED Talks, Cadillac, and Two Sigma, and produced record-low vacancy rates and a surging daytime population. In return, the increased foot traffic and spending power from a growing office working population have attracted new food and beverage establishments, thereby improving the diversity and quality of retail offerings in Hudson Square. In addition, the District was rezoned in 2013 to establish the Hudson Square Special District which allows additional residential development. It is anticipated that this zoning change will result in the creation, through construction of new buildings and conversion or enlargement of existing buildings, of up to 2.8 million square feet of new housing over a ten-year period, bringing an additional estimated 6,800 residents to the area. The dominant use in the area will remain commercial, however, with an approximately 75% commercial to 25% residential balance if the anticipated full build-out of new residential uses is achieved. So far, over 120 residential units have been completed or are underway. Furthermore, six new hotels totaling over 1,200 rooms have been constructed since 2008, attracting tourists and other visitors to the neighborhood. With this multi-faceted growth taking place across the District, Hudson Square is evolving into its 21<sup>st</sup> Century form as a 24-7, work-live-play neighborhood.

### **Tentative New Boundaries**

In 2009, the original boundaries of the District were drawn to closely match the zoning map boundaries of what would become the Hudson Square Special District following the 2013 rezoning. However, as the area has evolved, it has become apparent that the District’s current lines are not reflective of the physical, social, and economic boundaries of the actual Hudson Square neighborhood. Both Hudson Square’s assets (its legacy built environment, now largely tenanted by creative firms) and its challenges (traffic and streetscape) extend beyond the somewhat arbitrary and artificial borders of the BID.

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<sup>1</sup> TAMI – Technology, advertising, media, and information

The purpose of the proposed expansion is to create boundaries for the Hudson Square BID that more accurately reflect the physical and economic realities of the neighborhood, which in turn will allow HSC to take a more comprehensive approach to serving the Hudson Square community.

The HSC BID Expansion Steering Committee, tasked with directing the process for exploring an expansion of the BID boundaries, has identified specific areas (in sum, the “Expansion Area”) that it proposes be incorporated into the District. These areas include the southwest gateway, the industrial super-blocks to the west, the West Houston to Clarkson Street blocks along the northern edge, and the northeast gateway into the neighborhood.

Including the properties within the existing BID, the proposed new boundaries are as follows:

- The following streets delimit the western and southern boundaries: the hard edges of West Street/Route 9-A and Canal Street.
- The following streets delimit the eastern and northern boundaries: following Sixth Avenue north from Canal Street to Spring Street (taking in those tax lots facing the west side of Sixth Avenue), following Spring Street west to Varick Street (taking in those tax lots facing the north side of Spring Street and those facing the east side of Varick), continuing north on Varick to Clarkson Street (taking in those tax lots facing both sides of Varick), and including all adjacent buildings within a residential zoning district moving east on West Houston Street and Downing Street from Varick Street. The proposed expanded District is shown more precisely on the attached map, and the block and lot list that follows.

### **Case for Expansion**

The proposed expansion aims to address the arbitrary cut-offs that limit HSC in its efforts to provide programming, site-specific improvements, and comprehensive solutions that address the unique quality of life issues facing the Hudson Square neighborhood as a whole. The specific needs of the Expansion Area were identified based on feedback from key community stakeholders including members of the HSC BID Expansion Steering Committee, commercial and residential property owners and commercial tenants from the Expansion Area, local elected officials, and Community Board 2. Input from key stakeholders was solicited through informal discussions, a community needs assessment survey (to be administered), and during two public meetings (to be scheduled). Following an analysis of the information gathered through these engagement efforts, the needs of the Expansion Area were organized into the following four categories: (1) traffic management and safety, (2) streetscape and maintenance, (3) retail, and (4) marketing, community building, and advocacy.

### Traffic Management and Safety

While HSC's traffic management services coincide with the boundaries of the district, the queuing for the Holland Tunnel stretches beyond these artificial borders. Along all of the main approaches to the tunnel, gridlock and delays impact traffic movement, both vehicular and pedestrian, creating unpleasant and unsafe conditions. In particular, the areas of Varick Street between West Houston and Clarkson streets, and Spring Street between Greenwich and West streets, are often plagued by clogged intersections and blocked crosswalks during rush hour. Washington Street presents a different kind of challenge with its high speed traffic caused in part by the lack of intersections along the super-block from West Houston to Spring streets. West Street, the hard edge that separates the neighborhood from Hudson River Park to the west, stands as another barrier to the safe and unimpeded flow of pedestrians between the neighborhood and surrounding destinations.

In the midst of these frequently chaotic and hazardous traffic conditions, there is a major residential development with upwards of 1,500 new units proposed for the site of the former St. John's Freight Terminal Building at 550 Washington Street, and several key industrial facilities – the UPS distribution center, and the City's sanitation garage and salt shed – that must be carefully integrated in order to manage potential conflicts between pedestrians and vehicular traffic. As the western section of the neighborhood emerges as a truly mixed-use area, there is an increased need for better east-west connections across Hudson Square. With public transit options (1/C/E trains and M20 bus) concentrated to the east and recreational opportunities (Pier 40 and Hudson River Park) concentrated to the west, it is critical that the Houston Street and Spring Street corridors are improved around the needs of the pedestrian. Spring Street, which we think of as our Main Street, would greatly benefit from a pedestrian connection to Hudson River Park. Although this connection has been widely embraced by community and government, no one has yet taken ownership of the connection and thus the necessary steps to effectuate it have not happened. As an added benefit, these improved connections can have a positive impact on the retail environment by drawing additional foot traffic that can, in turn, attract a better variety of neighborhood shopping amenities.

### Streetscape and Maintenance

Across the Expansion Area, the streetscape environment is largely characterized by the same conditions that described the state of the District in 2009: barren, unlit, and uninviting. The presence of greening and seating amenities is sparse throughout and particularly absent in the industrial area to the west that is now in the process of becoming more mixed-use. In addition, the fact that several of the neighborhood's gateways fall outside the BID boundaries – most notably, the northeast gateway at the intersection of Varick and Clarkson streets – prevents HSC from allocating resources toward creating welcoming entrances into the neighborhood. All of these potential streetscape improvements, once installed, will require regular care and maintenance. Therefore, it is important to note the need for a maintenance partner, such as HSC

which currently maintains all physical improvements that it has helped implement throughout the District.

### Advocacy

Even at full build-out after recent rezonings, Hudson Square will remain a largely commercial area, likely 75% commercial uses and 25% residents. Particularly in light of this mix, it is extremely beneficial for the neighborhood to have its own distinct and dedicated voice advocating for its specific needs. There are many examples that demonstrate how HSC has performed this role within the existing BID:

- HSC has long advocated for a comprehensive approach to traffic management, particularly along the Varick Street corridor and extending through the morass of approaches to the Holland Tunnel. HSC was instrumental in securing the commitment of \$1.5 million from the City to study these issues, but a study is not enough. To address pedestrian safety issues such as the dangerous intersection at Clarkson and Varick, among others, constant advocacy will be necessary to assure that the City follows up the study with action.
- HSC, with its now eight year history of obtaining funding for projects large and small, has raised over \$10 million of city capital funds for various open space and pedestrian safety improvements in the BID. Simple things such as crosswalks and traffic lights can fall through the cracks in a city as vast as New York. All of Hudson Square needs the focus and attention that part of Hudson Square has been receiving on these issues.
- The span from the south side of Canal to Houston Street is the longest stretch of Hudson River Park without an east-west crossing. Although this area falls outside of the BID's current boundaries, HSC has long supported Community Board #2's efforts to call attention to this by bringing all the City and State stakeholders to the table. Once the formal boundaries of the BID are expanded, HSC will actively advocate for and provide project management, fundraising, and direct funding, if appropriate, for a new crossing to address this inadequacy.
- On the east side of Hudson, there is a 25,000 square foot City owned lot bounded by Houston on the south and Clarkson on the north. It is imperative that the neighborhood have a voice in determining what use(s) go there to assure that Hudson Street in Hudson Square realizes its potential as the vibrant boulevard it is in Greenwich Village and Tribeca. HSC will represent the business community's voice in these discussions

Whereas office tenants could use help communicating the advantages of the Hudson Square brand and building relationships within the community, other stakeholders such as small businesses and industrial facilities could benefit from being part of an organization which advocates on their behalf for better public services and policies. The

retailers in the southwest corner of the neighborhood and industrial facilities to their north could both gain from having a stronger voice on issues that affect their businesses, properties, and neighborhood at large.

### Retail

While the retail offerings within the BID have improved dramatically in recent years due to the increased demand from daytime workers, foot traffic remains low in the western section of the neighborhood, making it difficult to attract a broad array of neighborhood retail. In addition, the traffic congestion and unwelcoming state of the northeast gateway area create sub-optimal conditions for quality retail. In order to ensure a vibrant mix of retail – a key determinant of the long-term success of the neighborhood – it is critical to address the site-specific traffic and streetscape needs described herein. Beyond those traffic and streetscape considerations, HSC can take additional steps to market the emerging assets of Hudson Square and curate retail opportunities in a way that attracts the right mix of retail to create a self-sustaining neighborhood. The need for self-sustaining retail amenities is particularly strong in the western section of the neighborhood where the residential population is growing quickly in a place that is fairly distant from other retail corridors in surrounding neighborhoods.

### Marketing & Community Building

In the creative economy where talent is highly mobile, quality of life conditions can influence location decisions made by firms and their employees. Campus-like environments that facilitate creative thinking, collaboration, and innovation provide an ideal work environment for creative industries. Through its public realm improvements and community-building efforts, HSC has sought to develop Hudson Square – a major hub for the creative economy – into an urban campus-like environment. However, the original placement of the BID's northern boundary along West Houston Street cut off an additional block, from West Houston to Clarkson streets, of loft-style buildings filled with creative firms. While the companies in these buildings are part of the creative ecosystem that has put Hudson Square on the map, their exclusion from the BID limits their integration within the Hudson Square "campus" and participation in certain HSC BID-organized events that bring together the local creative community.

### **Proposed Services**

In addition to the programs and services currently provided within the District, HSC proposes to provide the following services within the Expansion Area in order to achieve the following goals: create a cohesive, vibrant and self-sustaining neighborhood; leverage the assets of the greater neighborhood; and create a stronger voice for everyone. The proposed services are organized into the same four categories as used to identify the needs of the Expansion Area.

### Traffic Management and Safety

The continued improvement of pedestrian conditions along the approaches to the Holland Tunnel remains a top priority for HSC and the neighborhood. To this end, HSC

will explore an expansion of the Pedestrian Traffic Manager program, which has proven to reduce the frequency of blocked crosswalks and honking along Varick Street, thereby advancing the City's Vision Zero pedestrian safety agenda. In addition, HSC will commit further resources toward analyzing the traffic and transportation conditions caused by the Holland Tunnel in order to support a more comprehensive study of its impact on the greater neighborhood. HSC will also focus its efforts on improving the east-west connections to the nearby waterfront and public transit stops. This will involve analyzing and implementing appropriate solutions to improve safety along the key pedestrian corridors of Spring and West Houston streets. In particular, HSC will facilitate the planning, design, and implementation of a potential crosswalk across West Street/Route 9A in close proximity to Spring Street. Throughout all of these efforts, HSC will coordinate with property owners and City agencies to shape outcomes in a way that balances the needs of various stakeholder groups.

### Streetscape and Maintenance

Throughout the Expansion Area, HSC will look to replicate the greening and seating features that it has successfully installed within the existing BID. These features include the award-winning Hudson Square Standard green infrastructure, which produces significant air quality benefits, carbon dioxide reductions, and storm water capture; standard City benches; and other street amenities such as wayfinding to direct pedestrians toward nearby amenities (i.e. Hudson River Park). HSC will also address the look and feel of key gateways into the neighborhood – in particular, the northeast gateway – through branding, wayfinding, and design standards where appropriate and desired. As opportunities emerge, HSC will offer to provide the same open space planning, design, and management services that have produced the temporary open spaces at the entrance to the Holland Tunnel, known collectively as Freeman Plaza, where many people workers from the neighborhood flock to enjoy a brief rest away from the office. HSC will continue to serve as the maintenance partner for all capital improvements to Hudson Square's public realm, as currently performed throughout the existing District, in order to eliminate any expense budget implications for the City and thereby incentivize the City to contribute toward and/or facilitate such improvements.

### Advocacy

By incorporating the western area of the neighborhood into the BID, HSC will be able to advocate more strongly, as a unified voice, on the following issues that affect Hudson Square: securing public investments in areas of the district lacking adequate infrastructure; taking a direct role in open space and waterfront access issues that affect its constituents; and stabilizing the important industrial uses that are critical to the city while balancing the needs of commercial and residential neighbors in a mixed-use environment. Ultimately, this will strengthen HSC's role in providing a forum that brings together all of the various stakeholder groups in Hudson Square to advocate for a neighborhood that works for all.

### Retail

As a principle that has guided HSC's efforts to date, one of the most effective ways to enhance the retail environment in Hudson Square is through traffic and streetscape improvements that in turn encourage pedestrian activity. Along those lines, the traffic and streetscape efforts outlined above will create the conditions and demand to support diverse and growing retail activity. In addition, HSC will support existing retailers through promotions and discount programs as it has done throughout the existing BID with the Connection Card buy local program, business directory, and social media marketing. Further, HSC will support retail attraction through neighborhood-wide research and reporting (e.g., annual market reports, retail opportunity maps, and demographic snapshots) that highlights the strengths of the neighborhood.

### Marketing & Community Building

HSC will help companies incorporate the offerings of Hudson Square into their employee recruitment and retention efforts. In addition, HSC will help companies build social capital through HSC's networking and educational programming, while supporting the diffusion of ideas within the local creative ecosystem. HSC will also work with landlords in the Expansion Area to market the neighborhood in a way that differentiates it from other competitive areas.