April 4, 2012

TO: DEANS AND DIRECTORS

FROM: Lynne P. Brown

Senior Vice President for University Relations and Public Affairs

RE: Important Points about NYU 2031

I want to thank you for having me in at the last Deans Council meeting to discuss the *NYU 2031: NYU in NYC*, and particularly the portion having to do with our proposals for the Washington Square core and the ongoing City approvals process. As you asked, I am summarizing my remarks in writing.

NYU has half the academic square footage per student as our peer schools. We are not seeking to equal their space, but the paucity of space is one of the key impediments to the recruitment of high-quality, research-intensive faculty, particularly in the sciences.

***Here is the synopsis:***

* ***Over a decade ago, a set of transition reports developed by faculty-led committees identified lack of space and inadequate facilities as key problems for NYU, imperiling our reputation and ability to recruit faculty.***
* ***While some academic facilities and office space can be located further away, experience has taught us that most faculty and students prefer to be located near our Washington Square core.***
* ***We have fully developed most of the available sites in and around Washington Square Park and face serious restrictions (zoning rules and landmark districts) on where we can locate in areas nearby.***
* ***We have faced mounting pressure from the community to discontinue our past practice of spreading into local neighborhoods with a series of “one-off” projects.***
* ***Given all of these constraints – and the knowledge that we have for the last decade needed about 290,000 sq. ft. per year in additional space – we looked to the superblocks as an area of potential development.***
* ***The superblocks allow for growth on our own property over a measured period of time, with the ability to accommodate emerging school and department needs as they arise, in space that can be designed anew (vs. retrofitting existing, older buildings).***

What follows offers more detail on each of these points as well as a discussion on financial capacity and mitigation measures we will be taking.

BACKGROUND

Without the space we acquired and built over the last 20 years, we would not be the university we are now; however, that space did not keep pace with the expansion of our student body. We have been clever, and innovative, and entrepreneurial, and even stingy in how we have used and apportioned space, but we have reached the point where we have largely run out the thread on efficiency when it comes to space. If we do not plan for space for our future academic needs, we will not be able to sustain the academic momentum that has brought us to this point, and we will be unable to fulfill our aspirations for the kind of university we wish to be.

In the past, our development tended to follow a particular strategy: we waited for a property to come on the market, we designed the building so that it was “as-of-right” (a technical term meaning that it complied with all aspects of the city’s zoning requirements and so required no public hearing or process), and we developed the building to the maximum size. This angered our neighbors, because 1) it relied on whatever nearby properties became available, so we were unable to give them a plan that provided a sense of predictability, 2) the absence of a public process left them feeling as though they had too little voice, and 3) this approach resulted in greater spread of NYU facilities throughout the neighborhood.

THE NYU 2031 PLANNING PROCESS, AND THE WSV AND ST SUPERBLOCKS

That was not a sustainable path forward. Accordingly, in 2006, we began the *NYU 2031: NYU in NYC* planning process, which involves scores of meetings over the last five years to produce a roadmap for how to meet our academic space needs between now and NYU’s bicentennial.

Creating space near our existing academic core on Washington Square was an important part of that planning.

Our planning showed that there are few opportunities to develop academic space nearby. Over the decades, NYU acquired and developed most of the available sites in and around Washington Square. Zoning restrictions prohibit classrooms and other educational uses east of Broadway. Zoning restrictions, historic district designations, and the lack of properties on the market – particularly at reasonable prices – limit our options west of Broadway and south of Houston.

So, to meet our space needs near our core area, the Silver Towers and Washington Square Village superblocks emerge as the logical sites for new facilities because:

* They are near our existing facilities, which addresses concerns about the dispersal of departments and programs
* It is already our own property, which saves us considerable expense
* Building there enables our new facilities to remain on our existing footprint, thereby reducing the need to spread our growth elsewhere in the neighborhood, a flashpoint for controversy with our local community
* There are existing development rights on the blocks sufficient to allow for the amount and type of space we need
* We can accomplish this without displacement of residential tenants or the use of eminent domain

Many of NYU’s buildings are older than those at peer schools, and many of them were built for purposes other than education – such as manufacturing – and then later repurposed for academic use, sometimes sub-optimally and always expensively. The facilities we propose to build on the Washington Square Village and Silver Towers superblocks will provide space that is specifically designed for academic uses, as well as student housing, faculty housing, athletic facilities, and a University-affiliated hotel.

Moreover, our planning seeks to enhance urban design by:

* Weaving these blocks back into the urban landscape while making them accessible and welcoming to the broader community;
* Creating a cohesive plan that provides for needed academic space while knitting together public and open space;
* Creating over three acres of public, open, usable space for a range of activities including children’s playgrounds, dog runs, and quiet sitting areas for all ages.

It comes down to this: the facilities that we propose for the Silver Towers and Washington Square Village blocks are necessary to meet pressing needs we have now, and needs we know we will face in the future. There are no really workable alternatives if we want to be able to develop the types of space we will need (academic and residential) near our existing Washington Square core.

FINANCING

As a tuition-dependent university, we are always conscious of the impact of our decision-making on our students and their families. Our first principle is that if we do not think a project is affordable, we will not go forward with it – it’s that simple.

That is not the case here. We will approach the financing of these projects in the way we typically approach a building project: with a mixture of philanthropy, financing (which most universities do when taking on a capital project), and working capital. As a capital project, it is part of a “rolling” capital budget, because projects such as these are planned, designed, and constructed over time.

Adding space is well within the University’s financial capabilities, in fact, the amount of new square footage per year that we expect to develop over the 25-year span – 240,000 sq. ft. per year – is actually considerably lower than the amount of new space we developed in the decade prior to the start of the plan – 290,000 sq. ft. per year – when the New York real estate market was at its height. The portion of NYU’s budget that goes to debt service is 6.0%; the increase in debt service from moving forward with this plan is affordable.

Overall, in evaluating a project, the University carefully considers the costs involved, possible streams of revenue and savings, and the impact on the operating budget and NYU’s level of debt. The plan that we are discussing creates new revenue sources from additional student housing and from part of the site to be used as a hotel. We have not attempted to quantify the financial benefit that accrues to the University from improved and attractive facilities. We know, however, that investment in the University’s physical plant is a significant part of an effective strategy for attracting and retaining talented faculty, researchers, and students. If we don’t make these investments, the University’s already-aged physical space will continue to deteriorate, lose academic relevance, and will be unable to provide the appropriate physical environment for top-quality research and learning. And it will happen against a backdrop of peer institutions moving forward with the development of new facilities on their campuses.

MITIGATION

The University recognizes that faculty who live in WSV and in ST have reasonable concerns about the expected impact of construction on their lives.  NYU will put in place an extremely aggressive and vigorous mitigation effort that will address worksite issues, individual apartments, and the question of temporary rent reductions for affected parties, which I outline below.  All the mitigation efforts will be finalized and in place **before** construction begins. They will include:

**Temporary Rent Reduction:** Residents of the superblocks will experience the construction differently, depending on where they live and proximity to the construction site, and the type of construction activity occurring at any given point. In acknowledgement of the forbearance the affected tenants of WSV and ST will be showing during the course of creating new facilities, the University will temporarily reduce rents by 20%.

The reductions will be offered to those in the apartments on the superblocks most affected by each of the construction projects [as determined by the environmental impact statement and location (i.e., typically those apartments that are closest to and facing an active construction site)] during the 18 - 24 month period for each project that is most disruptive (typically the period from the start of heavy excavation to the enclosing of the new building). These reductions will apply to all affected tenants of WSV and ST, both NYU and non-NYU tenants.

**Mitigation Steps In Residents’ Homes:** To reduce noise in the homes of those living in Washington Square Village and Silver Towers, two important efforts will be undertaken at the University’s expense: 1) Installing noise-reducing windows, and 2) installing new air conditioning units or noise/dust air conditioning covers in Washington Square Village and replacement of existing air conditioning units in Silver Towers with noise-reducing units.

**Mitigation Steps On the Worksites:** A wide range of steps will be taken in preparation for and once construction begins to ensure that the worksites are state-of-the-art in terms of reducing the impact of construction. These mitigations include limitations on work hours, use of state-of-the-art low emission equipment, and noise- and dust-control measures.

Please see the accompanying memo from Alison Leary which goes into more detail.

*More information about NYU 2031 is available online at* [*http://www.nyu.edu/nyu2031/nyuinnyc/*](http://www.nyu.edu/nyu2031/nyuinnyc/)