

Spring 2015

Profile - Human Rights Watch

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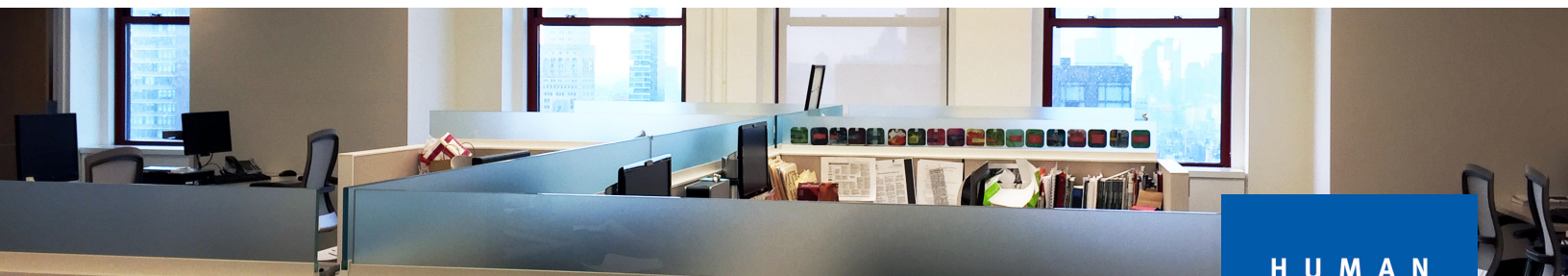
Recommended Citation

Hagy, James and Gallagher, Mehgan, "Profile - Human Rights Watch" (2015). *Rooftops Project*. 25.
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THE ROOFTOPS PROJECT

Photo: Human Rights Watch



Profiles

HUMAN
RIGHTS
WATCH

Human Rights Watch

Every day, not-for-profit organizations face “stay or move” choices when they approach the end of their leases. Making predictions about space, and making space work, can be challenging. How did one such organization assess its choices as a tenant in one of the most iconic buildings in Manhattan? The Rooftops Project’s Meghan Gallagher speaks with **David Bragg at Human Rights Watch**.

Human Rights Watch first became a tenant of the Empire State Building in 1997. Before that, the organization was located in an older loft building farther uptown, at 42nd Street and Fifth Avenue.

Human Rights Watch’s original space in the Empire State Building included the 34th and most of the 35th floors. Lease expiration was scheduled for 2014. But the organization recognized that if it stayed, it would need more space. So it started early, engaging the landlord in discussions that began in 2011, to extend occupancy while also expanding to the 33rd floor. “The lease document is very complex, so it takes time to negotiate,” David explained. Eventually this resulted in a new 15-year lease commitment to the combined space.

The Empire State Building offered prestige, but, more importantly, was a central location for its commuting staff and volunteers. “The building is close to all subway stops, and is proximate to Grand Central Terminal and Penn Station,” David noted. “We have people coming from all over, including New Jersey as well as New York. We stay here because people have built their lives around coming here to work. Once you have been in a location for a number of years, it really starts to narrow your choices.

“The other thing about this space is that it meets our needs as an organization. The bulk of our program work is done by lone researchers working on a project. When they are done with their research, they have to write. And then there’s a lot of editing. So we have a lot of editors and writers here who aren’t used to working in an open environment. We wanted to retain natural light. This building is optimal for perimeter offices, and that was a plus. A lot of buildings don’t have spaces with windows.

“We looked at a lot of other spaces in the area because of the location factor. We started looking around here because we really couldn’t get too far out from this location. We really couldn’t find anything as effective for us in terms of the space.”

Nonetheless, to confirm its choice, Human Rights Watch considered other options. It evaluated purchasing rather than leasing, as well. David observed, “As a lessee, we have to pay our share of the building’s property taxes, and you can imagine that in the Empire State Building this is not a small number. We looked for an office condo [where HRW could have sought to qualify for real estate tax exemption for its owned space], but we would have had to go downtown for that. And what we found for the price that we were willing to pay wasn’t going to work for us. We found a building that looked promising, with 60,000 square feet. We thought ‘no problem, we can fit,’ until we had architects do a test space design and found that there was actually less than 30,000 usable square feet. Especially in New York, this ‘shrinkage factor’ can be high, sometimes as significant as 40 percent. The Empire State Building used to be considered a two million square-foot office building, and now [based on new building measurement standards] it is [listed as having] two-and-a-half million. You have to be careful to make sure you fit.

“The 37,000 square feet in the 1997 lease became 45,000 square feet in the 2011 lease.” David offered this information as one illustration of the complexities of the market. “There was not physically any more space involved; the building measurement standards put out by BOMA [the Building Owners’ and Managers’ Association] had just changed for measuring rentable square footage. On our 25,000 rentable square-foot floors, we have about 15,000 to 20,000 square feet of usable space; the rest is the “loss factor” when you take out all the columns, the elevators, and the core of the building.”

Human Rights Watch’s timing was also informed by its perception of the market. “The real estate market in Manhattan was just starting to reawaken from the [economic] crash,” said David. “We really wanted to get in before it got too hot. You hear about for-profit companies coming in and paying much higher rents in Midtown and Upper Midtown.



"We did our due diligence, and we couldn't find space that would work for us that was less expensive." As in many parts of the country, depending upon market conditions, landlords may offer a period of free rent, plus a tenant allowance per square foot for the renovation of the space being added as expansion. Human Rights Watch enjoyed both.

Many commercial leases, including the Human Rights Watch lease, have provisions that pass a share of annual building operating costs back to the tenants as effectively additional rent. Like many experienced tenants, Human Rights Watch monitors and may even use outside resources to audit these charges, especially since the provisions can be highly negotiated and the details may be different for individual tenants in the building.

Landlord review and approval of the plans is another inevitable part of the renovation process. "Our design professionals created drawings for review by the building, which has architectural and engineering firms on retainer," David said. "We submitted seven sets of paper drawings per round of review, which are full size. Reproduction costs ran into the thousands of dollars. The drawings go to different consultants and building managers; for example, the mechanical drawings go to the building's mechanical engineering and architectural consultants as well as the building's in-house mechanical engineers. They send back comments, and then we have to make changes to our drawings based on their comments and send the revised drawings back. There can be a lot of back and forth. Basically, it's all a matter of time. Once the building has approved, our designers can produce a bid set to send out to general contractors to get pricing for the actual construction. Those drawings also go to the City to be reviewed there. The City stamps the approved drawings, which become the construction set. The process was done twice for the 33rd floor expansion. Some space, probably one quarter of the floor, was immediately available, so we took that. We had to wait for another tenant's lease to be over on another part of the floor, about half. So we split this up into two projects. It was good because on the first, little expansion, people learned a lot about working here. The rest of the work, on the 33rd, 34th, and 35th floors, we split into five phases. We used one-half of a floor as swing space and did construction on one-half of a floor at a time [while Human Rights Watch continued to operate in the rest of the space]. We are now in the last phase of construction, so we are almost done."

Human Rights Watch brought in its own design team to work on its behalf in planning for its renewed occupancy of the space. "We started back in 2010 with a space programming project," David explained. "We brought in architects, and we did some focus groups with the staff. We were most concerned with the specialized spaces, like our multimedia studio, where we wanted to create quiet during interviews. [Much of their work involves teleconferencing and remote video interviews.] We wanted that purpose-built. But we wanted to get broad input. We held days where anybody was welcome to come in and talk to architects about what their vision was for the space. The idea was to get participation and then a consensus. I've heard stories of organizations that don't do that. They go in a radically different direction, don't consult anyone, and then they have a rebellion. They have to go back and rethink. We wanted to avoid that. Here, people are used to being able to state their opinions. We wanted to respect that part of our culture, that it's not a top-down imposition.

"From that, we had drawings made with conceptual ideas of what the office would be like. We ran that by people who were interested. This was followed by the formal process, architects and engineers doing it the right way. There are a lot of complex systems that we had to deal with. In a building like this you've got old infrastructure; you've got to know the building."

Human Rights Watch was mindful of both the workplace environment and sustainability initiatives in the new space design. "The building embarked on a greening project," David said. "This is an old building that had a lot of old infrastructure. The building replaced all of the windows (the windows are double hung and they all open!), put reflective film on the glass, insulated the steam radiators, upgraded the HVAC control systems, that sort of thing. The construction trade has become much more focused on green initiatives than it used to be. In old spaces, a big difference can be made just in moving from conventional high-voltage fixtures to low-voltage with computerized control systems that schedule the lights and are able to sense when a room is vacant. When we picked furniture, we made sure there was a recycled component; we avoided chemicals that are considered bad. We tried to be environmentally responsible there. We certainly wanted to make the place as accessible as possible, so that went into the design of the kitchens. Bathrooms are mostly controlled by the building; they are renovating the two big restrooms on the 34th floor now. We have one restroom on the 34th floor that is a dedicated, accessible ADA [Americans with Disabilities Act] restroom that we maintain.

"While anybody sitting in an office had a nice view and plenty of sunlight, the support staff and the interns were in cubicles all the same size. So a person in our permanent staff supporting a division had too little space, and interns had too much space. Cubicle walls were about 6 feet high. None of those spaces had any natural light coming in; it was all in the perimeter offices. They tried to put sidelights in back in 1997, but it did no good because they frosted the glass. It was just a dingy, bad environment for the support staff, for the people who were here the most. We have people who travel 40 to 50 percent of the time. I really wanted to do some hoteling of office spaces to make it a little more efficient, knowing that as time progresses the cost of real estate will go up. The rent is programmed to increase over time; the building operating expenses go up, and that gets passed onto us. So it would've been nicer to have less space. But every researcher needs an office. If I have 10 researchers and no more than half are here at any given time, then why can't I have fewer offices that have no names on the door? People get it now. We have to raise a lot of money every year just to keep up with the cost of real estate, just that inflation in occupancy costs. It becomes complicated from a budgeting prospective to keep up.

"We changed the furniture configuration so the permanent work staff had larger workspaces that would feel accommodating, and we reduced the space for the interns, who are generally only here for a limited time. We reduced the [partition] height so that anyone sitting in one of those lighted areas would get sunlight.

"We certainly had a space crunch on the intern side before the construction, because the organization has grown a lot. In the last five years our budget increased by nearly 50 percent. That's some serious growth. We had to restrict the number of interns and schedule them to make sure they were here on different days and could share space. We had to make more room for the permanent staff as the organization grew. Now we have adequate space for more growth with permanent staff as well. We have plateaued a little bit, but I am sure we aren't done growing. It's only a matter of time. One of the strategic goals of the organization is to internationalize and not to concentrate so much at headquarters. But while we have grown overseas, we have continued to grow here at headquarters. In addition, people who will be based overseas typically work at headquarters for a few months for orientation and training. Those are important connections they need to make before they are off on their own."



The Empire State Building is experiencing change throughout the structure, not just in the Human Rights Watch space.

"I don't know [how many tenants are in the Empire State Building now]. There are a lot of new tenants," David said. "The building opened in 1931, and I'm told did not actually fill up until the 1960s. There were a very large number of small tenants: garment business tenants, dentists, law practices, and whatever they could get in here. There were hundreds of tenants in the building. We were part of the beginning of the building's effort to replace smaller tenants with larger ones who lease whole floors. They are continually bringing on new floors. There is so much construction. The freight elevator space is very limited, and so you have delays. But it's no different here than in any other big building. No building that I know of has adequate freight elevator space when there is major construction going on. We have two. It's one of those things that you have to factor in when you are in the city and not the suburbs. The carpenter could say, for example, that he is going to lose the first hour of the day waiting for the elevator to get materials up. Making multiple trips it's going to take even longer. It can drive up the cost of construction.

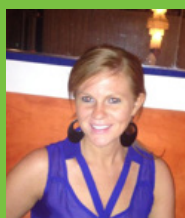
"I'm administering the six Human Rights Watch offices in North America. There are 160 or 170 staff here in New York, plus 30 to 50 interns depending upon the time of year. The District of Columbia is the second largest office of the organization, about 60 people.

"In San Francisco, where we have about 20 people, we leased space in 2009, when nobody wanted to be downtown. Our lease ended this year, and now the downtown real estate market is much more like Manhattan in terms of price. That was an unpleasant surprise. We needed to increase the size of the office and find a building with more active security in its public areas, so we had to move. That's the downside of being in major metropolitan areas.

You never know what's going to happen. To some extent you are captive to the market. We do a lot of fundraising out of our offices, so we need to be in a central location where people can get to us and us to them. You don't want to be in the burbs.

"[Occupancy cost] is a big pressure on the budget every year, because there will always be inflation, whether it's operating expenses or rent. It is not an option. We have to pay it. Those costs don't go away. In fact, they tend to grow every year. The bottom line is that every additional dollar we have to put into occupancy costs takes away from what we have to fund our programs."

Unlike not-for-profits that may get government grants or assistance, most of the funding for Human Rights Watch comes from private donations. "We don't take government money, since a significant part of our business involves criticizing them," said David. "We can't have that conflict."



Meghan Gallagher, a candidate for the juris doctorate degree at New York Law School in 2015, concentrates her study on international human rights law. She is affiliated with the Center for International Law as well as the Impact Center for Public Interest Law. During the school year she has worked with Human Rights Watch and the Jacob Blaustein Institute for the Advancement of Human Rights. She received her Bachelor of Arts degree from Clark University in Worcester, Massachusetts, where she majored in government and international law with a law and society concentration. She plans to pursue her Master of Laws degree in international human rights after graduating from law school.



James Hagy is Distinguished Adjunct Professor of Law at New York Law School. He also founded and directs The Rooftops Project at New York Law School's Center for Real Estate Studies. More information about The Rooftops Project and Professor Hagy may be found at www.nyls.edu/rooftops.

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