A. INTRODUCTION

This chapter examines the potential effects of the action on socioeconomic conditions in the study area, including population and housing characteristics, economic activity, and the real estate market. As described in Chapter 1, 'Project Description', the action is the maintenance of the security plan implemented at One Police Plaza and surrounding roadways following the events of September 11, 2001. The security plan resulted in the installation of attended security checkpoint booths, planters, bollards and hydraulically operated delta barriers to restrict the access of unauthorized vehicles from the roadways situated adjacent to the civic facilities located near One Police Plaza. The barriers were installed by the NYPD, with the exception of the barriers located at Park Row at Foley Square and at Pearl Street on the west side of Park Row, which were installed by the USMS.

In accordance with the guidelines presented in the *City Environmental Quality Review (CEQR) Technical Manual*, this chapter evaluates five specific factors that could create significant socioeconomic impacts in an area, including: (1) direct displacement of residential population; (2) direct displacement of existing businesses; (3) indirect displacement of residential population; (4) indirect displacement of businesses; and (5) adverse effects on specific industries not necessarily tied to a project site or area.

This analysis begins with a preliminary assessment for each specific issue of concern. According to the *CEQR Technical Manual*, the goal of a preliminary assessment is to discern the effects of a proposed project or action for the purposes of either eliminating the potential for significant impacts or determining that a more detailed analysis is necessary to answer the question regarding potential impacts. For those factors that could not be eliminated through the preliminary assessment, a more detailed analysis is presented. Based on screening thresholds, the preliminary assessment conducted below shows that a detailed analysis is warranted for the action's potential to have adverse effects on indirect residential and business displacement. This chapter, therefore, consists of:

A section that defines the analysis methodology, study area boundaries and the data sources used for the preliminary assessment. A preliminary assessment for direct residential, direct business, indirect residential, and indirect business displacement, as well as an examination of effects on specific industries. A detailed analysis for the action's effects on any of the five technical areas where a socioeconomic impact could not be ruled out by the preliminary assessment.

B. METHODOLOGY, STUDY AREA DEFINITION, AND DATA SOURCES

Methodology

The purpose of a socioeconomic assessment is to disclose changes that would be created by an action and identify whether they rise to a level of significance. The nature of the action, which consists of a security plan comprising various elements to restrict the access of unauthorized vehicles from the roadways situated adjacent to the civic facilities located near One Police Plaza, presents unique challenges in developing a proper analytical framework for socioeconomic conditions. The action, being a security plan that does not entail any new development, does not present the same socioeconomic issues, which are typically associated with development projects.

Another key challenge in developing a proper analytical framework is collecting data and providing information that adequately reflects conditions with and without the action. This can be difficult, as the action is essentially already in place, and relevant data that depicts conditions prior to implementation of the security plan may not be fully available from direct sources. Finally, a key challenge faced in analyzing the effects of the security plan is isolating the specific effects of the security plan from the area-wide overall effects of the September 11, 2001 attacks, which are beyond the scope of analysis for the action.

In an attempt to surmount those challenges, and adhere to the CEQR guidelines to the greatest extent possible, while providing a relevant and meaningful analysis, a comparative methodological approach has been developed for the action. In order to isolate the effects of the action, i.e., the security plan, from the overall effects of the 9/11 attacks, the study area patterns will be compared to those of all of Lower Manhattan as well as another geographic area to the west of Broadway (Tribeca), all of which were affected by the events of September 11, 2001. As the security plan's effects were felt predominantly in the area to the east of Broadway (refer to traffic analysis in Chapter 7), the comparative analysis will identify whether there are any trends that are applicable to the study area that are not evident in Lower Manhattan as a whole and/or in the sampled area to the west of the study area. If the study area shares similar trends with those other geographic areas, all of which were affected by 9/11, then those trends are likely attributable to the events of 9/11. However, if the study area is found to exhibit certain trends that are not shared by the other nearby geographic areas, then it may be concluded that those trends are, in part, attributable to the security plan.

For example, if comparisons of vacancy rates pre- and post-9/11 show that the vacancy rate in the study area has increased since 2000, whereas vacancy rates in Lower Manhattan as a whole or in other areas of Lower Manhattan have decreased, it could be argued that the increase in vacancy rates is not necessarily attributable to the effects of 9/11, and may therefore be, in part, a result of the security plan.

Study Area and Historic Chinatown Sub-Area

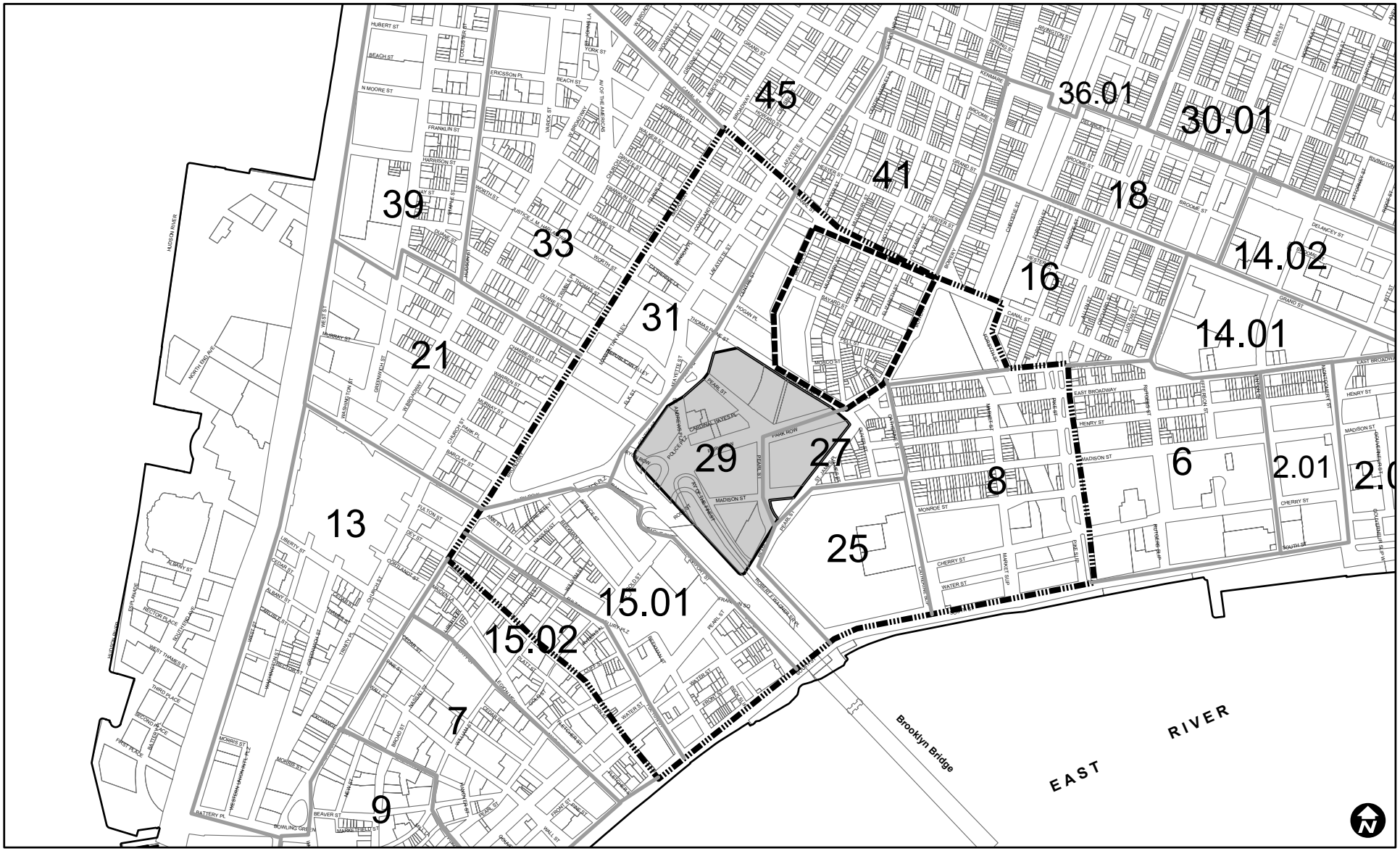
The study area is drawn to provide basic information on the greater neighborhood as a way of providing a point of comparison with the area affected by the action and its immediate surroundings. Based on review of the action and the characteristics of the surrounding area, an approximate quarter-mile radius from the action area (the security zone) was selected as the basis for identifying the study area for both residential and business displacement. The study area was adjusted to include census tracts with 50 percent or greater of their area located within the quarter-mile radius, and to exclude those with less than 50 percent of their area in the quarter-mile radius. The resultant study area is generally bounded by Canal Street to the north, Fulton Street to the south, Pike Street to the east, and Broadway to the west (see Figure 4-1). As shown in the figure, census tracts 8, 15.01, 25, 27, 29, and 31 make up the study area, in addition to a small portion of Census Tract 16 (only census block 4004 is included in the study area). The study area is located in Manhattan Community Districts 1 and 3, and comprises the Civic Center and parts of the Chinatown and South Street Seaport neighborhoods of Manhattan.

In addition, in order to address concerns that have been voiced by the community regarding the action's specific effects on Chinatown, socioeconomic conditions within the Historic Chinatown Sub-area are also analyzed in this chapter. As shown in Figure 4-1, this sub-area is generally bounded by Canal Street to the north, the Bowery to the East, Worth Street to the south, and Baxter Street to the west, and comprises the traditional heart of the area referred to as Historic Chinatown. The boundaries of the Historic Chinatown sub-area coincide with the boundaries of part of census tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, tax blocks 199, 200, 201, 202, 162, 163, 164 and 165.

In addition to the study area and the Historic Chinatown sub-area, this chapter also provides, where applicable, a comparative analysis of Lower Manhattan and a geographic area to the west of Broadway, as discussed above. For the purposes of this analysis, Lower Manhattan is defined as the area generally south of Canal Street, the Bowery, Division and Pike Streets, and includes all of Manhattan Community District 1 (CD1) plus census tracts 8, 25, 27, and a portion of 29 within CD3, as shown in Figure 4-1. Lastly, Census Tracts 21 and 33, which are located to the west of Broadway and south of Canal Street, were selected for the comparative analysis in this chapter (refer to Figure 4-1). These two census tracts comprise the majority of Tribeca, which is generally defined as the area between Broome and Barclay Streets west of Broadway. Tribeca was selected for the comparative analysis because, although it was affected by the events of 9/11, it is not directly affected by the security plan.

Baseline Condition

As discussed in Chapter 1, 'Project Description', as the security plan has already been implemented, the With-Action condition is the security plan currently in place in 2006. As such, the action is analyzed compared to the baseline condition. The baseline condition summarizes population, housing, employment, and commercial real estate characteristics as they existed in 2000, and reflects conditions prior to the attacks of September 11, 2001 and implementation of



Legend

- Security Zone (Closed to Public Vehicular Traffic after 09/11/2001)
- Approximate Quarter Mile Study Area Boundary
- Historic Chinatown Subarea
- 31 Census Tract Number
- Census Tract Boundary

200 0 200 400 600 800 Feet

One Police Plaza Security Plan EIS

Figure 4-1

Socioeconomic Study Area

the security plan. Following the baseline description is a discussion of changes that have occurred between 2000 and 2006, and an assessment of the No-Action condition (no security plan) and the With-Action condition (the security plan in place) compared to the baseline pre-September 11, 2001 and No-Actions.

Data Sources

Effects on socioeconomic conditions can occur due to the direct or indirect displacement of residents or businesses and employees. Direct displacement is the involuntary displacement of residents or businesses from the site(s) of a proposed action. Indirect displacement is the involuntary displacement of residents, businesses or employees that results from a change in socioeconomic conditions created by the action.

According to the *CEQR Technical Manual*, the socioeconomic character of an area is defined in terms of its population, housing stock, and economic activities. Socioeconomic impacts may occur when an action would directly or indirectly result in a change in population, housing stock, or economic activities in an area. In some cases, these changes can be substantial, but not adverse. In other cases, these changes may be beneficial to some groups and adverse to others. The purpose of a socioeconomic assessment is to disclose changes that would be created by an action and identify whether they rise to a level of significance.

In order to assess potential direct and indirect effects of the action, information was gathered regarding the surrounding area's demographic characteristics, housing inventory, housing market, and commercial and retail activity. The analysis begins by conducting an initial screening for socioeconomics analysis generally and preliminary assessments for each specific issue of concern to determine if detailed analysis is warranted.

Population and Housing

The analysis of population and housing is based primarily on data from the 1990 and 2000 U.S. Census. These data have been grouped by the following Census characteristics:

- Total population;
- Household and income characteristics, including total households, average household size, and median household income; and
- Housing characteristics, including housing vacancy and tenure (owner versus renter occupied), median contract rent, and median home value.

The pre-September 11, 2001 baseline condition is based primarily on 2000 US Census data. Because the Census is dicennial, it is impossible to obtain an accurate current demographic and housing profile of the study area based solely on Census data. Thus, the depiction of the current condition is based largely on 2000 Census data updated with information and survey data compiled from various agencies and organizations involved in the redevelopment of Lower Manhattan. Much of the current housing and population data is based on an assessment of units

built in the study area between 2000 and 2005 and corresponding population estimates based on the 2000 average household sizes by sub-area. The list of recent housing developments was compiled based on information provided by the New York City Department of City Planning (DCP).

Businesses, Institutions, and Employment

The assessment of business and institutional displacement begins with an analysis of employment trends in the study area and Lower Manhattan. The analysis is based on private employment data for third quarter 2000 and 2002 (ES-202 data set), collected by the New York State Department of Labor (NYSDOL) and organized by DCP. The employment data identify the major industries that dominate or characterize the study area. The employment data were also supplemented by field surveys, conducted in July 2005, and data from the New York City Department of Finance's Real Property Assessment Division (RPAD).

In addition, field surveys were conducted within the Historic Chinatown sub-area and other portions of Chinatown north of Canal Street and east of the Bowery/Catherine Street to determine whether proximity to the street closures has a direct correlation to business patterns. The business surveys included questions regarding business category, number of employees, and duration of time each business has been at the current location. For business surveys in the Chinatown area, bi-lingual interviewers (Mandarin and Cantonese) were utilized.

Commercial Real Estate

The employment analysis is followed by a discussion of commercial real estate trends in the study area. The analysis of real estate is based on information from real estate brokerages, market research firms, RPAD, and field surveys. A variety of data sources were consulted, including interviews with real estate professionals. Office real estate data for the quarter-mile study area were compiled by Signature Partners LLC. Furthermore, several planning studies and publications were consulted, including but not limited to: October 2005 Market View, Downtown Manhattan by CB Richard Ellis; Summer 2005 Retail Report, New York City by Colliers ABR; The Real Estate Board of New York's Retail Reports for 2000 through 2005; and numerous articles from other real estate and business/professional publications.

Specific Industries (Tourism and Garment Sector)

The economy of Chinatown depends heavily on the tourism and garment industries. The garment industry has been suffering for over 10 years, as cheaper imports from other NAFTA (North American Free Trade Agreement) regions and Asia flooded the market, and technology start-up companies forced up the cost of rents and squeezed the factories from their traditional manufacturing neighborhoods.[1] As such, the issues affecting the garment industry are closely

[1] Source: *Chinatown One Year After September 11th: An Economic Impact Study,* Asian American Federation of New York, November 2002 (p.19); and "Closed for Repairs" by Mark McCord, *Asian Business,* January 1, 2002 (http://www.cargonewsasia.com/timesnet/data/ab/docs/ab3114.html).

linked to global market forces, and are therefore well beyond the scope of analysis for the security plan. It should also be noted that the garment industry is mostly concentrated in the area to the north of Canal Street, which falls outside the study area primarily affected by the security plan.[2]

Chinatown, with its concentration of dining and shopping establishments, is one of the City's major tourist attractions. Given Chinatown's importance to New York City's tourism industry, this chapter examines the potential for the action to significantly affect business conditions in this important industry. For the purpose of analysis the tourism industry is summarized in terms of its overall economic profile, current employment, and historic trends in the industry, followed by an assessment of how the action could alter conditions for this industry. The analysis utilizes information gathered as part of the socioeconomic data collection and tourism data provided on NYC & Company's website.

C. PRELIMINARY ASSESSMENT

The first step in the analysis of potential socioeconomic impacts is a preliminary assessment to determine the potential significance of socioeconomic change generated by a proposed action. This chapter follows the guidance set forth in the *CEQR Technical Manual* for both the preliminary and, where warranted, detailed assessments.

Direct Residential Displacement

Direct residential displacement is the involuntary displacement of residents from the site of (or a site directly affected by) a proposed action. As set forth in the *CEQR Technical Manual*, direct residential displacement is not in and of itself an impact under CEQR. Where a public agency is undertaking the action or where tenants are protected by rent control or rent stabilization and where relocation benefits are available, no significant adverse impacts are considered to occur. Impacts of residential displacement could occur if the change would be large enough to alter neighborhood character or perhaps lead to the indirect displacement of remaining residents.

The preliminary assessment is based on the potential of the action to exceed three interrelated threshold indicators:

- *The profile of the displaced residents is similar or markedly different from that of the overall study area.*
- *The displaced population represents a substantial or significant portion of the population within the study area.*

[2] Source: *Chinatown One Year After September 11th: An Economic Impact Study- Interim Report,* Asian American Federation of New York, April 2002, p. A8 and Figure A.8.

- *The action would result in a loss of this population group within the neighborhood.*

The action is a security plan incorporating the installation of attended security checkpoint booths, planters, bollards and hydraulically operated delta barriers to restrict the access of unauthorized vehicles from the roadways situated adjacent to the civic facilities located near One Police Plaza. The action, which is limited to streets and sidewalks, does not entail any new development, and does not involve any involuntary displacement of residents. Although there are two residential buildings within the security zone (Chatham Towers and Chatham Green Houses), none of the residents would be directly displaced by the security plan. As no direct residential displacement would occur as a result of the action, no significant adverse impacts are expected and further detailed analysis is not necessary.

Direct Business and Institutional Displacement

Under CEQR guidelines, direct business displacement is the involuntary displacement of businesses from the site of (or a site directly affected by) a proposed action. The preliminary assessment of business and institutional displacement directly resulting from a proposed action examines the employment and business value characteristics of the affected businesses to determine the significance of the potential impact. As part of the preliminary assessment, the following circumstances were considered:

- *If the business or institution in question has substantial economic value to the City or region, and it can only be relocated with great difficulty or not at all. As set forth in the CEQR Technical Manual, the consideration of a business' economic value is based on: 1) its products and services; 2) its locational needs, particularly whether those needs can be satisfied at other locations; and 3) its potential effects, on business or consumers, of losing the displaced business as a product or service.*
- *If a category of businesses or institutions is the subject of other regulations or publicly adopted plans to preserve, enhance, or otherwise protect it.*
- *If the business or institution defines or contributes substantially to a defining element of neighborhood character.*
- *If a substantial number of businesses or employees would be displaced that collectively define the character of the neighborhood.*

The action is a security plan incorporating the installation of attended security checkpoint booths, planters, bollards and hydraulically operated delta barriers to restrict the access of unauthorized vehicles from the roadways situated adjacent to the civic facilities located near One Police Plaza. Land uses within the security zone consist of institutional and residential uses. In addition to the two residential buildings discussed above, uses within the security zone include One Police Plaza; the Municipal Building at One Centre Street; the United States Courthouse (containing the U.S. Court of Appeals); the New York County Courthouse (home to the New York State Supreme Court); facilities containing the U.S. District Court, Southern District; the Metropolitan Correctional Center; Murray Bergtraum High School, and a Verizon office building. The action, which is limited to streets and sidewalks, does not entail any new development, and does not involve any involuntary displacement of businesses or institutions within the security zone. As

no direct business or institutional displacement would occur as a result of the action, no significant adverse impacts are expected and further detailed analysis is not necessary.

Indirect Residential Displacement

Indirect residential displacement is the involuntary displacement of residents as a result of a change in socioeconomic conditions created by a proposed action. The potential for indirect residential displacement is based on whether an action could result in rising property values, and thus rents, making it difficult for some existing residents to afford their homes. In examining the direct effects of an action that may generate indirect changes, the preliminary assessment evaluates the potential for indirect impacts, including whether the action would:

- *Add a substantial new population with different socioeconomic characteristics compared to the size and character of the existing population.*
- *Directly displace uses or properties that have had a "blighting" effect on property values in the area.*
- *Directly displace enough of one or more components of the population to alter the socioeconomic composition of the study area.*
- *Introduce a substantial amount of a more costly type of housing, compared to existing housing and housing expected to be built in the study area by the time the action is implemented.*
- *Introduce a "critical mass" of non-residential uses such that the surrounding area becomes more attractive as a residential neighborhood.*
- *Introduce a land use that could have a similar indirect effect if it is large enough or prominent enough or combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment.*

The action, which is a security plan, would not add any new population, would not directly displace any uses, properties, or populations, and would not introduce any new housing or new uses to the study area. However, as the street closures implemented as part of the action affect accessibility to some residential developments, they may possibly affect property values in the study area. It was determined that a socioeconomic impact cannot be ruled out and a detailed analysis of indirect residential displacement was undertaken. This analysis is provided in Section D of this chapter.

Indirect Business and Institutional Displacement

Indirect business displacement is the involuntary displacement of businesses as a result of a change in socioeconomic conditions created by a proposed action. Like the analysis of indirect residential displacement, the preliminary assessment for indirect business and institutional displacement focuses on the issue of whether an action would increase property values, and thus rents, throughout the study area, making it difficult for some categories of businesses to remain in the area. An action can lead to such indirect changes if:

- *It introduces enough of a new economic activity to alter existing economic patterns.*
- *It adds to the concentration of a particular sector of the local economy enough to alter or accelerate an ongoing trend to alter existing economic patterns.*
- *It directly displaces uses or properties that have had a "blighting" effect on commercial property values in the area, leading to rises in commercial rents.*
- *It directly displaces uses of any type that directly support businesses in the area or bring people to the area that form a customer base for local businesses.*
- *It directly or indirectly displaces residents, workers, or visitors who form the customer base of existing businesses in the area.*
- *It introduces a land use that could have a similar indirect effect, through the lowering of property values, if it is large enough or prominent enough or combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment.*

The action, which is a security plan, would not add any new economic activities, would not directly displace any uses, properties, or populations, and would not introduce any new businesses or new uses to the study area. However, as the street closures implemented as part of the action affect accessibility to some commercial uses south and north of the security zone, particularly in the Historic Chinatown sub-area, they may possibly affect business conditions and property values in the study area. It was determined that a socioeconomic impact cannot be ruled out and a detailed analysis of indirect business displacement was undertaken. This analysis is provided in Section E of this chapter.

Adverse Effects on Specific Industries

As set forth in CEQR guidelines, the preliminary assessment of the action's potential to affect the operation and viability of a specific industry (and not necessarily tied to the specific action area) is not based on set criteria or the identification of specific economic variables. The *CEQR Technical Manual* indicates that a more detailed examination is appropriate if the following considerations cannot be answered with a clear "no":

- Would the action significantly affect business conditions in any industry or any category of businesses within or outside the study area?
- Would the action indirectly substantially reduce employment or impact the economic viability in the industry or category of businesses?

The streets affected by the action provide approaches to Chinatown for customers and clientele of the tourist-oriented shops and restaurants that are the mainstay of the economy of Chinatown. It was determined that a socioeconomic impact on the City's tourism industry cannot be ruled out and a detailed analysis was undertaken. This analysis is provided in Section F.

D. DETAILED ANALYSIS OF INDIRECT RESIDENTIAL DISPLACEMENT

This section describes the population and housing characteristics of the study area and the Historic Chinatown sub-area. This section presents 2000 Census data and, where applicable, 2005 data, in order to compare the study area and Historic Chinatown sub-area characteristics to Lower Manhattan as a whole and census tracts 21 and 33.

Baseline Condition

Population Profile

According to 2000 Census Bureau data, the census tracts/blocks which comprise the study area (see Figure 4-1) had a population base of approximately 33,128 residents, and the Historic Chinatown sub-area supported a population of about 5,091 residents, which represents approximately 15.4% of the study area population. As also shown in Table 4-1, Lower Manhattan had a population of approximately 59,485 residents in 2000, whereas census tracts 21 and 33 combined had 6,103 residents. Almost a third of the study area's population is located in Census Tract 8, which forms the eastern edge of the study area boundary, and has the largest average household size in the study area (as discussed below).

Households, Income and Poverty Status

In 2000, the study area contained approximately 11,779 total households with a weighted average household size of 2.50 (see Table 4-2). Average household size varied throughout the census tracts comprising the study area, ranging from 1.75 persons per household in census tract 15.01 to 2.99 in census tract 8. The Historic Chinatown sub-area had approximately 1,935 total households, representing approximately 16.4% of the study area households, and an average household size of 2.51, which is similar to that of the overall study area. As shown in Table 4-2, Lower Manhattan had approximately 24,265 households in 2000, whereas census tracts 21 and 33 combined had approximately 2,943 total households. In general, households in the study area and the Historic Chinatown sub-area were larger than those in Lower Manhattan and census tracts 21 and 33, which had an average household size of 2.19 and 2.02, respectively.

Table 4-1: Study Area Population

Census Tract / Area*	2000 Population	Estimated Absolute Change 2000 to 2005	Estimated 2005 Population	Percentage Change 2000 to 2005
8	10,917	264	11,181	2.4%
15.01	4,562	601	5,163	13.2%
25	5,209	-	5,209	0.0%
27	1,517	-	1,517	0.0%
29	7,422	-	7,422	0.0%
31	1,726	1,516	3,242	87.8%
16 *(partial)*	1,775	-	1,775	0.0%
STUDY AREA TOTAL	**33,128**	**2,381**	**35,509**	**7.2%**
Historic Chinatown Sub-area	***5,091***	**-**	***5,091***	***0***
LOWER MANHATTAN	**59,485**	**16,548**	**76,033**	**27.8%**
Census Tracts 21 and 33	***6,103***	***2,132***	***8,235***	***34.9%***

Source: 2000 Population from U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1. Estimated 2005 absolute change based on information from New York City Department of City Planning regarding new construction or conversion in CD1. Information for Lower Manhattan from NYCDCP Census data for CD1 (SF 1) and 2000 Census Summary File 1 for other census tracts.

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004. The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

Income characteristics for the study area households are described below, using the median household income (see Table 4-2). The median household income represents the mid-point of all household incomes in a particular study area. Household income data for the study area indicate that the census tracts comprising the study area exhibit a range of median incomes, from as low as $13,611 (tract 25) to a high of $67,361 (tract 31). The study area as a whole has a weighted average median household income of approximately $26,510. As shown in Table 4-2, the Historic Chinatown sub-area has a median household income of approximately $22,800, which is less than the weighted average median for the study area by approximately 14%.

Although tracts 31 and 15.01 within the study area have higher median household incomes, the weighted average median income for the study area is less than the $59,767 median household income for Lower Manhattan, and significantly less than the weighted average median household income of $119,077 for census tracts 21 and 33. The median household income for Manhattan was $47,030 in 2000, higher than the study area and the Historic Chinatown sub-area, but lower than the median income in Lower Manhattan and in census tracts 21 and 33.

Table 4-2 also shows the percent of the population below poverty level according to the 2000 Census. The census tracts comprising the study area range from a low of 9.1% (tract 15.01) to 48.4% (tract 25) of the population below poverty level. For the study area as a whole, approximately 29.9% of the population falls below the poverty level, whereas the Historic Chinatown sub-area exhibits higher poverty levels, with approximately 36.6% of the population

falling below the poverty level. As shown in Table 4-2, approximately 19.5% of the population in Lower Manhattan fell below poverty level in 2000, whereas only 2.8% of the population of census tracts 21 and 33 fell below poverty level. In Manhattan as a whole, approximately 20% of the population fell below the poverty level in 2000.

Table 4-2: 2000 Census Household Characteristics

Census Tract / Area*	Housing Characteristics		Income Profile	
	Total Households	Average Household Size	Median Household Income (2)	Percent Below Poverty Level
8	3,644	2.99	$ 25,148	26.7%
15.01	2,303	1.75	$ 40,158	9.1%
25	1,882	2.74	$ 13,611	48.4%
27	663	2.23	$ 28,438	26.8%
29	2,246	2.48	$ 20,344	36.5%
31	296	1.96	$ 67,361	14.0%
16 (partial)	745	2.38	N.A.	N.A.
STUDY AREA TOTAL	**11,779**	**2.50**	**$ 26,510**	**29.9%**
Historic Chinatown Sub-area (1)	***1,935***	***2.51***	***$ 22,800***	***36.6%***
LOWER MANHATTAN	**24,265**	**2.19**	**$ 59,767**	**19.5%**
Census Tracts 21 and 33	***2,943***	***2.02***	***$ 119,077***	***2.8%***

Source: Total households and average household size from U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1, median household income and percent below poverty level from Summary File 3. Values for each study area or sub-area were calculated by taking the weighted average of average household size, median household income, and percent below poverty level for all of the census tracts or block groups in a given study area. Because this data is available only at the block group level and block group boundaries do not always align with sub-area boundaries, the medians are not exact. Block groups were included or excluded depending on how much of the block group lay within the sub-area.

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004. The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

(1) The historic Chinatown sub-area is comprised of two entire Block Groups (1 and 3) and a majority of a third Block Group (2). However, as the Census SF3 data are not provided at the block level, the information for median household income and percent below poverty level is provided for the block group level. Although this may not be an entirely accurate representation of conditions in the Historic Chinatown sub-area, as the remainder of Block Group 2 includes Chatham Towers (which may skew some of the data), it nonetheless provides a general idea of conditions.

(2) Median incomes are shown in constant 1999 dollars. The median income represents a weighted average of the median incomes of all the census tracts or block groups in study area or sub-area.

Housing Characteristics

Housing patterns in the study area generally reflect the population and household patterns. As shown in Table 4-3, the study area had an estimated 12,417 housing units in 2000, of which approximately 16.8% (2,091 units) were located within the Historic Chinatown sub-area. Lower Manhattan had approximately 26,759 units in 2000, and census tracts 21 and 33 had a combined total of 3,174 housing units.

Most of the housing units in the study area are located in a few large residential developments. Two of those developments are located within the security zone: Chatham Green Houses, a 21-

Table 4-3: Study Area Housing Units

Census Tract / Area*	2000 Total Housing Units	Estimated Absolute Change 2000 to 2005	Estimated 2005 Housing Units	Percentage Change 2000 to 2005
8	3,712	88	3,800	2.4%
15.01	2,432	343	2,775	14.1%
25	1,935	-	1,935	0.0%
27	696	-	696	0.0%
29	2,418	-	2,418	0.0%
31	461	758	1,219	164.4%
16 *(partial)*	763	-	763	0.0%
STUDY AREA TOTAL	**12,417**	**1,189**	**13,606**	**9.6%**
Historic Chinatown Sub-area	***2,091***	**-**	***2,091***	***0***
LOWER MANHATTAN	**26,759**	**9,120**	**35,879**	**34.1%**
Census Tracts 21 and 33	***3,174***	***1,133***	***4,307***	***35.7%***

Source: 2000 total housing units from U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1. Estimated 2005 absolute change based on information from New York City Department of City Planning regarding new construction or conversion in CD1. Information for Lower Manhattan from NYCDCP Census data for CD1 (SF 1) and 2000 Census Summary File 1 for other census tracts.

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004. The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

story, 420-unit co-op development; and Chatham Towers, a 240-unit co-op development consisting of two 20-story towers. Four other large residential developments are located within the study area but outside the security zone. Alfred E. Smith Houses, which is located to the east of the security zone and occupies census tract 25 in its entirety, is a public housing development operated by the NYC Housing Authority, consisting of 12 buildings ranging from 15 to 17 stories in height, with a total of 1,931 units. Further to the east of the security zone is Knickerbocker Village, a 1,589-unit State-sponsored Mitchell-Lama rental development for families. To the northeast of the security zone is Confucius Plaza, a 44-story, 760-unit City-sponsored Mitchell-Lama co-op development. Finally, to the south of the security zone is Southbridge Towers, a 1,651-unit Mitchell-Lama co-op development. Combined, the six residential developments described above account for approximately 53% of the total housing units located in the study area.

Table 4-4 shows selected housing characteristics from the 2000 Census data, including vacancy rates, tenure, median contract rent and median home value. As shown in Table 4-4, of the census tracts comprising the study area, tract 31 had the highest vacancy rate in 2000, at 35.8%, whereas tract 8 had the lowest vacancy rate, at 1.8%. Overall, the study area had a housing vacancy rate of 5.1%. The Historic Chinatown sub-area exhibited a slightly higher housing vacancy rate, at 7.5%, which was comparable to the vacancy rate for tracts 21 and 33 (7.3%). Lower Manhattan had the highest housing vacancy rate, at 9.3%.

The proportion of rental units (versus owner-occupied units) varies in the census tracts

comprising the study area, ranging from 43.3% (tract 27) to 99.0% (tract 25). In the study area, 81.8% of the occupied housing stock was renter-occupied in 2000, as compared to 79.6% in Lower Manhattan and 55.1% in census tracts 21 and 33. The Historic Chinatown sub-area had an even higher proportion of rental units, at approximately 94.1%.

Table 4-4: Housing Characteristics

Census Tract / Area*	Total Housing Units	Housing Vacancy (Percent)	Housing Tenure (Percent)		Median Contract Rent	Median House Value
			Owner	Renter		
Census Tract 8	3,712	1.8%	3.5%	96.5%	$ 510	$ 175,000
Census Tract 15.01	2,432	5.3%	44.5%	55.5%	$ 468	$ 106,500
Census Tract 25	1,935	2.7%	1.0%	99.0%	$ 264	$ 416,700
Census Tract 27	696	4.7%	56.7%	43.3%	$ 508	$ 186,300
Census Tract 29	2,418	7.1%	14.3%	85.7%	$ 434	$ 150,800
Census Tract 31	461	35.8%	45.6%	54.4%	$ 1,599	$ 366,100
16 (partial)	763	2.4%	18.5%	81.5%	N.A.	N.A.
STUDY AREA TOTAL	**12,417**	**5.1%**	**18.2%**	**81.8%**	**$ 454**	**$ 156,449**
Historic Chinatown Sub-area (1)	***2,091***	***7.5%***	***5.9%***	***94.1%***	***$ 438***	***$ 148,667***
LOWER MANHATTAN	**26,759**	**9.3%**	**20.4%**	**79.6%**	**$ 2,066**	**$ 459,444**
Census Tracts 21 and 33	***3,174***	***7.3%***	***44.9%***	***55.1%***	***$ 1,906***	***$ 708,350***

Source: Total households, housing vacancy and tenure from U.S. Department of Commerce, Bureau of the Census, 2000 Census, Summary File 1, median contract rent and median house value from Summary File 3. Values for each study area or sub-area were calculated by taking the weighted average of average household size, median household income, and percent below poverty level for all of the census tracts or block groups in a given study area. Because this data is available only at the block group level and block group boundaries do not always align with sub-area boundaries, the medians are not exact. Block groups were included or excluded depending on how much of the block group lay within the sub-area.

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004. The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

(1) The historic Chinatown sub-area is comprised of two entire Block Groups (1 and 3) and a majority of a third Block Group (2). However, as the Census SF3 data are not provided at the block level, the information for median household income and percent below poverty level is provided for the block group level. Although this may not be an entirely accurate representation of conditions in the Historic Chinatown sub-area, as the remainder of Block Group 2 includes Chatham Towers (which may skew some of the data), it nonetheless provides a general idea of conditions.

Residential Real Estate Market Conditions

In 2000, the median contract rent (excluding such expenses as electricity, gas, and telephone service) in the study area was about $445 per month. As shown in Table 4-4, the median contract rent in the census tracts comprising the study area varied widely, ranging from a low of $264 in tract 25 to a high of $1,599 in tract 31. The median contract rent in the Historic Chinatown sub-area was comparable to that of the overall study area, at $438. The median contract rents in the study area and the Historic Chinatown sub-area were significantly less than those found in Lower Manhattan and census tracts 21 and 33, representing less than one-quarter of the median contract rents in those two other geographic areas.

In 2000, the median house value for owner-occupied units in the study area was about $156,449. As shown in Table 4-4, the median house value in the census tracts comprising the study area

varied widely, ranging from a low of $106,500 in tract 15.01 to a high of $416,700 in tract 25. The median house value in the Historic Chinatown sub-area was slightly lower, though comparable to that of the overall study area, at $148,667. As shown in Table 4-4, the median house values in the study area and the Historic Chinatown sub-area were significantly less than those found in Lower Manhattan and census tracts 21 and 33, which were $469,444 and $708,350, respectively.

Population and Housing Trends Between 2000 and 2005

Although there was a temporary decline in population immediately following the events of September 11, 2001, the area has since experienced an increase in residential developments and conversions. After the 2000 U.S. Census, population levels in the study area and Lower Manhattan as a whole increased as a result of the completion of new developments as well as conversions. As shown in Table 4-3 above, new residential developments and conversions since 2000 have added more than 1,189 new housing units to the study area. This represents a 9.6% increase in the housing inventory of the study area. As also indicated in Table 4-1 above, these new housing units are estimated to have increased the study area population by approximately 2,381 residents, resulting in an increase of 7.2% compared to 2000 conditions. As shown in Tables 4-1 and 4-3, none of the new residential units added in the study area (and hence, none of the new residents) are located in the Historic Chinatown sub-area. This could be due to the fact that the Historic Chinatown sub-area is predominantly a vibrant commercial core, and many of the lots in the sub-area are generally small. This combination of factors does not make the sub-area conducive to residential redevelopment or residential conversion.

The increase in the number of housing units and population has been more dramatic in Lower Manhattan as a whole, including in census tracts 21 and 33. As shown in Table 4-3 above, new residential developments and conversions since 2000 have added an estimated 9,120 new housing units to Lower Manhattan, of which approximately 1,133 units are located in census tracts 21 and 33. This represents a 34.1% increase in the housing inventory of Lower Manhattan and a 35.7% increase in census tracts 21 and 33, compared to 2000 conditions. As indicated in Table 4-1 above, these new housing units are estimated to have increased the population in Lower Manhattan by approximately 16,548 residents, an increase of 27.8% compared to 2000 conditions. The population of census tracts 21 and 33 increased by approximately 2,132 residents, a 34.9% increase compared to 2000 conditions.

Current information on household size and income characteristics is not available.

Residential Real Estate Market Conditions

Given the study area's geographical location, no real estate data are available for its specific boundaries. The majority of the study area is roughly located within the Lower East Side/Chinatown residential neighborhood of Manhattan, which generally extends between Houston Street on the north and the Brooklyn Bridge to the south, east of Broadway. The southern portions of the study area however fall within the Financial District/Seaport area. Real estate data for those markets have been used as applicable.

In terms of current real estate market conditions, the study area, like the rest of Manhattan, is generally experiencing lower vacancy rates, rising rents and sales prices as a result of increased demand. Although residential vacancy rates skyrocketed to more than 30% in the immediate aftermath of September 11, 2001, the vacancy rate had declined to under 10% by September 2002.[3] In 2002, rental vacancy rates in the Lower East Side/Chinatown area were 2.1%, while vacancy rates in Greenwich Village/Financial District were 4.1%.[4] Most recently, Citi Habitats' Black and White Report for Manhattan for January through June 2005 indicates that rental vacancy rates were 1.97% in the Battery Park City/Financial District area, 2.38% in the East Village, and 2.39% in Soho/Tribeca. Therefore, vacancy rates in the overall study area as well as in Lower Manhattan as a whole appear to be generally lower now compared with 2000 Census data.

Rental Market

No post-2000 residential real estate data were available for the specific quarter-mile study area. Therefore, residential rental real estate data were compiled for the area of Lower Manhattan below Canal Street, and compared to three other areas: Canal Street to West 29th Street (which includes the Soho, West Village and Chelsea neighborhoods), Canal Street to East 29th Street (which includes the Bowery, Lower East Side, East Village and Gramercy Park neighborhoods), and the Manhattan rental market as a whole.[5]

As shown in Table 4-5 below, the average rent for all unit sizes in Lower Manhattan, which was comparable to that in the area from Canal Street to West 29th Street in 2000, has declined steadily since, before increasing slightly in the first quarter of 2004 (latest data available). By the first quarter of 2004, the average rents in Lower Manhattan were approximately 20% lower than average rents in the area between Canal Street and West 29th Street, 2% lower than average rents in the area between Canal Street and East 29th Street, and 6% lower than average rents in Manhattan as a whole. As shown in Table 4-5, average rents in Lower Manhattan have decreased by approximately 10.7% between the end of 2000 and the first quarter of 2004, which is a much greater decrease than that experienced in the other two markets (rents in the area between Canal Street and West 29th Street actually increased in that same period), but is lower than the decrease of 13.6% in the overall Manhattan rental market in the same period.

[3] "Downtown Still Struggles A Year After the Attacks" by Janet Morrissey, September 9, 2002; realestatejournal.com

[4] Source: *State of New York City's Housing and Neighborhoods 2004,* Furman Center for Real Estate and Urban Policy, New York University.

[5] *Halstead/Feathered Nest Rental Report – October 1, 2003 to March 31, 2004* broke out real estate data for these specific areas.

Table 4-5: Residential Rental Market - Lower Manhattan Vs. Other Manhattan Sub-Markets and Whole Manhattan Market (2000-2004)

Period	Average Rents for All Unit Sizes ($)			
	Lower Manhattan*	Canal Street to West 29th Street*	Canal Street to East 29th Street*	Whole Manhattan Market
2000 (year end)	$2,712	$2,725	$2,634	$2,971
2001 (mid year)	$2,539	$2,763	$2,766	$2,899
2002 (year end)	$2,353	$2,690	$2,515	$2,523
2003 (third quarter)	$2,370	$2,855	$2,435	$2,528
2004 (first quarter)	$2,421	$2,914	$2,466	$2,568
% Change 2000-2004	-10.7%	6.9%	-6.4%	-13.6%

Source: Halstead/Feathered Nest Rental Report - October 1, 2003 to March 31, 2004

* Lower Manhattan data are for area south of Canal Street. Area between Canal Street and West 29th Street includes Soho, West Village, and Chelsea neighborhoods. Area between Canal Street and East 29th Street includes Bowery, Lower East Side, East Village, and Gramercy Park neighborhoods.

Sales Market

According to Halstead Property LLC's Monthly Market Report for September 2005, the inventory of new listings for condominium and cooperative units as well as lofts in Downtown Manhattan (defined as the area south of 14th Street) increased well above the same period a year ago. Compared to September 2004, the inventory of available studios increased by 8% in September 2005, one bedrooms increased by 79%, two-bedrooms by 95%, three-bedrooms by 48%, and the inventory of lofts increased by 333% compared to a year ago. At the same time, median sale prices increased in the Downtown area compared to one year ago. The median sale price for studios increased by 19%, the median price of one-bedroom units increased by 27%, and the median sale price of two-bedroom units increased by 1% compared to one year ago. For lofts, the average price per square foot increased by 37% compared to one year ago.

No post-2000 residential real estate data were available for the specific quarter-mile study area. Therefore, residential sales real estate data were compiled for the Financial District, and compared to Tribeca/Soho. The Financial District is defined as the area between Battery Park and Vesey Street/Broadway/Brooklyn Bridge, and encompasses the southern portion of the study area. Tribeca/Soho is defined as the area bounded by Vesey Street to the south and Houston Street to the north between Broadway and the Hudson River, and encompasses the area defined by census tracts 21 and 33. Table 4-6 below provides comparative sales data for those two areas for the period between 2000 and 2005. It should be noted that because condo data were not available for the Financial District, only co-op data are provided in order to allow for a meaningful/compatible comparison.

As shown in the table, both the average and median sales prices for co-op apartments in the Financial District increased substantially between 2000 and 2005, by approximately 188% and 235%, respectively. In the third quarter of 2005, the average sales price for co-op apartments in

the Financial District was $750,000, and the median sales price was $570,000. In comparison, the average and the median sales prices in Tribeca/Soho have fluctuated widely between 2000 and 2005. The average sales price in Tribeca/Soho reached a high of $1,619,371 in 2004, before dropping to $1,134,196 (an increase of 157% compared to 2000), while the median sales price reached a high of $1,585,000 in 2004, before dropping to $635,000 in 2005, an increase of only

Table 4-6: Residential Sales Market (Co-ops Only) - Financial District Vs. Tribeca/Soho (2000-2005)

Period	Financial District*				Tribeca/Soho*			
	# of sales	Average Sale Price ($)	Median Sale Price ($)	Average Price per s.f.	# of sales	Average Sale Price ($)	Median Sale Price ($)	Average Price per s.f.
3rd Quarter 2000	8	$261,000	$170,000	$297	12	$442,062	$625,000	$395
3rd Quarter 2001	2	$167,500	$167,500	$323	11	$955,909	$780,000	$612
3rd Quarter 2002	12	$560,167	$547,500	$472	17	$1,237,647	$1,250,000	$638
3rd Quarter 2003	11	$570,818	$495,000	$508	29	$918,517	$949,000	$651
3rd Quarter 2004	6	$657,500	$685,000	$524	27	$1,619,371	$1,585,000	$800
3rd Quarter 2005	8	$750,500	$570,000	$759	23	$1,134,196	$635,000	$1,035
% Change 2000 to 2005	0.0%	187.5%	235.3%	155.6%	91.7%	156.6%	1.6%	162.0%

Source: Miller Samuel Inc. data, www.millersamuel.com/data/report.php

* Financial District is defined as the area between Battery Park and Vesey Street/Broaday/Brooklyn Bridge, from the East River to West Street (does not include Battery Park City). Tribeca/Soho is defined as the area bounded by Houston Street to the north, Vesey Street to the south, Broadway to the east and the Hudson River to the west.

1.6% compared to the 2000 median sales price. Average price per square foot is perhaps a more appropriate indicator, as it is directly related to the size of the co-op, whereas average sales prices are for all unit sizes, so may be skewed if more larger units are sold. As shown in Table 4-6, the average price per square foot in the Financial District has consistently been lower than in Tribeca/Soho. Whereas the average price per sf has fluctuated in the Financial District, it has steadily increased in Tribeca/Soho. In the third quarter of 2005, the average price per sf in the Financial District was $759, an increase of 156% over 2000 figures, and the average price per sf in Tribeca/Soho was $1,035, an increase of 162% over 2000 figures.

Although specific data on average and median sales prices for Chatham Green co-ops, which is located within the security zone, are not available, recent real estate listing in the *New York Times* and on real estate firms' websites indicate that asking prices for Chatham Green co-op apartments are comparable to the average and median sale price in the Financial District for the 3rd Quarter 2005. Based on the real estate listings, asking sales prices for Chatham Green apartments range from $422,000 for a studio, $625,000 for a 1-bedroom, $799,000 for a 2-bedroom, and $975,000 for a 3-bedroom. Based on the listings, the average asking sales price for a Chatham Green co-op apartment is $688,417 and the median asking sales price is $615,000. Historical data on average and median sales and listing prices for Chatham Green are not available. No recent or historic data or sales listing were available for co-ops in Chatham Towers, which are also partially located within the security zone.

No-Action Condition

For analysis purposes, under the No-Action condition, it is assumed that the security plan implemented by the NYPD after September 11, 2001 that resulted in the above mentioned street closures would not be in place. The roadways would be open with the 1999 street closures and municipal garage closure in place, and transportation services would continue as they were prior to September 11, 2001.

As the security plan is currently in place, no data are available for 2006 conditions in the absence of the action. Certain assumptions can be made however, based on 2000 data and current data. In the absence of the action, access to the study area, particularly access from areas to the east and south, would be unhindered, and hence, more direct. However, better accessibility would not necessarily have resulted in measurably different population or housing characteristics. No direct correlation between accessibility and housing characteristics has been found. As discussed above, residential vacancy rates in the area have actually decreased between 2000 (prior to the security plan), and 2005 (with the security plan), and the decrease has been experienced throughout the study area and Lower Manhattan as a whole. Both median and average rents as well as sales prices have fluctuated somewhat in the period since 2000, although the general trend has been toward higher rents and sales prices.

It would therefore appear that the security plan has not affected housing characteristics, as it has not resulted in trends that are unique to the study area. Therefore, analysis of the available data indicates that, in the absence of the security plan, socioeconomic conditions (particularly those associated with the residential population) would not be expected to be measurably different than conditions with the security plan in place.

With-Action Condition

The action has resulted in the installation of temporary security booths, rising-plate hydraulic delta barriers, bollards, and planters on various streets and intersections within the study area for the purpose of closing streets to create a secure perimeter around One Police Plaza and adjacent civic facilities. As discussed above, according to the *CEQR Technical Manual*, in most cases, the potential for indirect residential displacement is based on whether an action could result in rising property values, and thus rents, making it difficult for some existing residents to afford their homes (increased value of owner-occupied units would not result in involuntary displacement). Another factor in determining the potential for indirect displacement is whether the action would introduce a land use that could have a similar indirect effect if it is large enough or prominent enough or combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment.

Although the action has limited accessibility to some parts of the study area, there is no evidence that the limit in accessibility has resulted in any secondary residential displacement. While rents

and home values have, in general, increased throughout the study area, these increases appear to be a result of normal economic trends, are consistent with trends throughout Lower Manhattan, and are therefore not directly attributable to the security plan.

According to the *CEQR Technical Manual*, a population at risk of indirect displacement consists of people living in privately held units unprotected by rent control, rent stabilization, or other forms of rent control, whose incomes or poverty status indicate that they could not support substantial rent increases that would occur as a result of the action. As noted above, the action, a security plan, has not directly resulted in substantial rent increases in the study area. Although rents in the area have increased compared to the baseline condition, such increases are similar to those experienced throughout Lower Manhattan and Manhattan as a whole, and are a product of the City's economic activities rather than a result of the security plan. It should also be noted that at least 53% of the housing units in the study area are protected (either Mitchell Lama developments or public housing). In particular, census tract 25, which had the lowest median household income and the highest percent of population below the poverty level in 2000, is comprised entirely of the Alfred E. Smith Houses, a public housing development which is not affected by increases in rent.

Another issue of concern to the community is the potential effect of the security zone on property values in the study area, particularly in the immediate vicinity of the security zone as Chatham Green and Chatham Towers are susceptible to changes in property values. As discussed above, median sales values in Lower Manhattan, including the study area, have generally increased compared to the 2000 baseline condition. Recent sales listings for apartments indicate that average and median sales prices for co-ops in Chatham Green (located within the security zone) are comparable to the median and average sales prices for co-ops within the Financial District area. Data and listing for sales prices for Chatham Towers were not available. A more detailed discussion of property values along Mott Street in the study area is provided in the discussion of commercial real estate below.

Therefore, the action has not offset positive trends in the study area, has not impeded efforts to attract residential investment to the area, and has not created a climate for disinvestment. In fact, based on current real estate market conditions, the action has neither reduced property values in the study area, nor has it independently increased residential values to such an extent that secondary residential displacement would be observed.

E. DETAILED ANALYSIS OF INDIRECT BUSINESS DISPLACEMENT

This section evaluates indirect business displacement, providing an assessment of the employment and business characteristics of the study area and the Historic Chinatown sub-area, as well as the real estate market trends in the study area. Where appropriate, this section provides a special focus on the Historic Chinatown sub-area, and compares the characteristics of the study area to those of Lower Manhattan as a whole and Tribeca in particular (census tracts 21 and 33

where applicable). It should be noted that, because retail real estate data were not available for the specific defined study area, data are provided for Downtown/Lower Manhattan in general, and the comparative sub-market assessment is provided for the Broadway retail corridor, which falls partially within the defined study area, and the Tribeca sub-market, which is defined as Hudson Street from Chambers Street to Canal Street, to the west of the study area.

Baseline Condition

Over the past three decades, the economy of New York City has remained strong, despite three significant downturns, triggered by the global oil crisis of the mid-1970s, the stock market crash of October 1987, and the precipitous slide of the technology sector that began in early 2000, followed by the September 11, 2001 terrorist attack. Despite these cycles, total employment in New York City over the past 30 years has remained relatively stable, with two peaks in 1989 and 1999.

While total employment in the City has been steady, the mix of employment has changed significantly since 1969. The manufacturing sector, traditionally the leading employer in the City in the first half of the twentieth century, has given way to more service-oriented industries, such as financial and business services, tourism, and entertainment. The most recent economic boom in the late 1990s was driven largely by the financial services sector, along with other key industries, such as advertising, motion pictures, publishing, media, tourism, and business and computer services. That boom was also heavily influenced by high-tech or technology start-up industries, which include telecommunications, business and computer services sectors. Meanwhile, manufacturing employment continues to decline, following a decades-long trend in which manufacturing has moved to other parts of the U.S. and overseas in search of lower operating costs, including labor, utilities and rent. Between 1969 and 1999, New York City lost more than two-thirds of its manufacturing jobs.

The late 1990s boom enjoyed by New York City, driven by a strong national economy and growth in the city's financial sector and other key industries, subsided toward the end of 2000. In January 2001, just two months before the national recession began, the City entered a protracted downturn, which was made even more evident by the events of September 11. In the late 1990s, the city experienced its strongest economic boom of the past half century, both in absolute terms and relative to the United States. Between 1996 and 2000, private-sector employment grew at a 2.6% average annual pace. According to the Federal Reserve Bank of New York, as 2000 drew to a close however, the boom ended and NYC's economy slipped into a recession in January 2001, just two months before the national economy also began a downturn.[6]

[6] Source for information in this paragraph: *Current Issues in Economics and Finance – Second District Highlights;* Volume 9, Number 2, February 2003; Federal Reserve Bank of New York.

Employment and Business Profiles

The business displacement analysis uses similar study areas to the residential displacement assessment previously shown in Figure 4-1. It should be noted however that, for the assessment of commercial real estate, the quarter-mile radius was not adjusted to match census tract boundaries, as census data were not used for this analysis. Table 4-5 provides summary data for 2000 (baseline condition) and 2002 on private sector employment for each of the study areas. The 2002 data, the latest available, includes the effects of the 9/11 attacks on the area's economy. As shown in Tables 4-7 and 4-8, the study area contained approximately 11,512 private sector jobs in 2000, of which approximately 3,327 jobs (28.9%) were located in the Historic Chinatown sub-area. A total of 1,529 private firms were located in the study area in 2000, of which approximately 574 firms (37.5%) were located in the Historic Chinatown sub-area. Lower Manhattan had approximately 331,674 private sector jobs in 2000[7], of which approximately 19,242 jobs (5.8%) were located in census tracts 21 and 33 (Tribeca).

Table 4-7: 2000 and 2002 Private Sector Employment

Census Tract / Area*	Employment (jobs)			Number of Firms		
	2000	2002	Percent Change 2000 to 2002	2000	2002	Percent Change 2000 to 2002
8	2,159	1,882	-12.8%	376	337	-10.4%
15.01	3,110	2,079	-33.2%	278	212	-23.7%
25	218	262	20.2%	13	11	-15.4%
27	368	351	-4.6%	77	80	3.9%
29	3,647	3,233	-11.4%	602	583	-3.2%
31	1,999	1,904	-4.8%	182	165	-9.3%
16 (partial)	11	-	-100.0%	1	1	0.0%
STUDY AREA TOTAL	**11,512**	**9,711**	**-15.6%**	**1,529**	**1,389**	**-9.2%**
Historic Chinatown Sub-area (1)	***3,327***	***2,929***	***-12.0%***	***574***	***557***	***-3.0%***
LOWER MANHATTAN						
Census Tracts 21 and 33	***19,242***	***16,608***	***-13.7%***	***2,173***	***1,875***	***-13.7%***

Source: NYS DOL data compiled by DCP (ES-202Data from 2000 and 2002).

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004 (tax block 289). The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

Table 4-8 and Figure 4-2 show the absolute number of jobs and percentage by industry sector in each of the study areas in 2000. As indicated, the services industries sector[8] constituted the

[7] Source for Lower Manhattan employment data is *Permanent PATH Terminal FEIS,* May 2005.

[8] Services Industries Sector includes: Business, Legal and Professional Services; Entertainment Services; Health and Social Services; Educational Services; and Other Services.

Table 4-8: Private Sector Employment By Industry Sector - 2000 and 2002

SECTOR	STUDY AREA TOTAL*				HISTORIC CHINATOWN SUB-AREA*				LOWER MANHATTAN**				CENSUS TRACTS 21 AND 33			
	2000 Employment		2002 Employment		2000 Employment		2002 Employment		2000 Employment		2002 Employment		2000 Employment		2002 Employment	
	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total	Jobs	Percent of Total
Construction	293	2.5%	100	1.0%	17	0.5%	7	0.2%	4,486	1.4%	3,478	1.3%	489	2.5%	223	1.3%
Manufacturing	784	6.8%	500	5.1%	200	6.0%	110	3.8%	16,826	5.1%	12,012	4.3%	1,166	6.1%	609	3.7%
TCPU (1)	436	3.8%	412	4.2%	131	3.9%	103	3.5%	13,385	4.0%	10,627	3.8%	1,342	7.0%	2,992	18.0%
Wholesale	492	4.3%	444	4.6%	115	3.5%	116	4.0%	9,633	2.9%	7,658	2.8%	1,037	5.4%	683	4.1%
Other Industrial	-	0.0%	9	0.1%	-	0.0%	9	0.3%	-	0.0%	-	0.0%	38	0.2%	21	0.1%
Total Industrial	**2,005**	**17.4%**	**1,465**	**15.1%**	**463**	**13.9%**	**345**	**11.8%**	**44,330**	**13.4%**	**33,775**	**12.2%**	**4,072**	**21.2%**	**4,528**	**27.3%**
Retail	2,915	25.3%	2,262	23.3%	1,609	48.4%	1,334	45.5%	34,990	10.5%	29,520	10.7%	3,190	16.6%	2,506	15.1%
FIRE (2)	1,389	12.1%	1,584	16.3%	544	16.4%	477	16.3%	130,370	39.3%	96,004	34.8%	2,021	10.5%	1,128	6.8%
Services Industries (3)	5,066	44.0%	3,943	40.6%	663	19.9%	595	20.3%	120,887	36.4%	107,444	38.9%	9,811	51.0%	7,994	48.1%
Total Non-Industrial	**9,370**	**81.4%**	**7,789**	**80.2%**	**2,816**	**84.6%**	**2,406**	**82.1%**	**286,247**	**86.3%**	**232,968**	**84.4%**	**15,022**	**78.1%**	**11,628**	**70.0%**
Unclassified	137	1.2%	457	4.7%	48	1.4%	178	6.1%	1,097	0.3%	9,395	3.4%	148	0.8%	452	2.7%
TOTAL	**11,512**	**100.0%**	**9,711**	**100.0%**	**3,327**	**100.0%**	**2,929**	**100.0%**	**331,674**	**100.0%**	**276,138**	**100.0%**	**19,242**	**100.0%**	**16,608**	**100.0%**

Source: NYS DOL data compiled by DCP (ES-202Data from 2000 and 2002).

(1) TCPU: Transportation, Communication, and Public Utilities

(2) FIRE: Financial, Insurance Real Estate

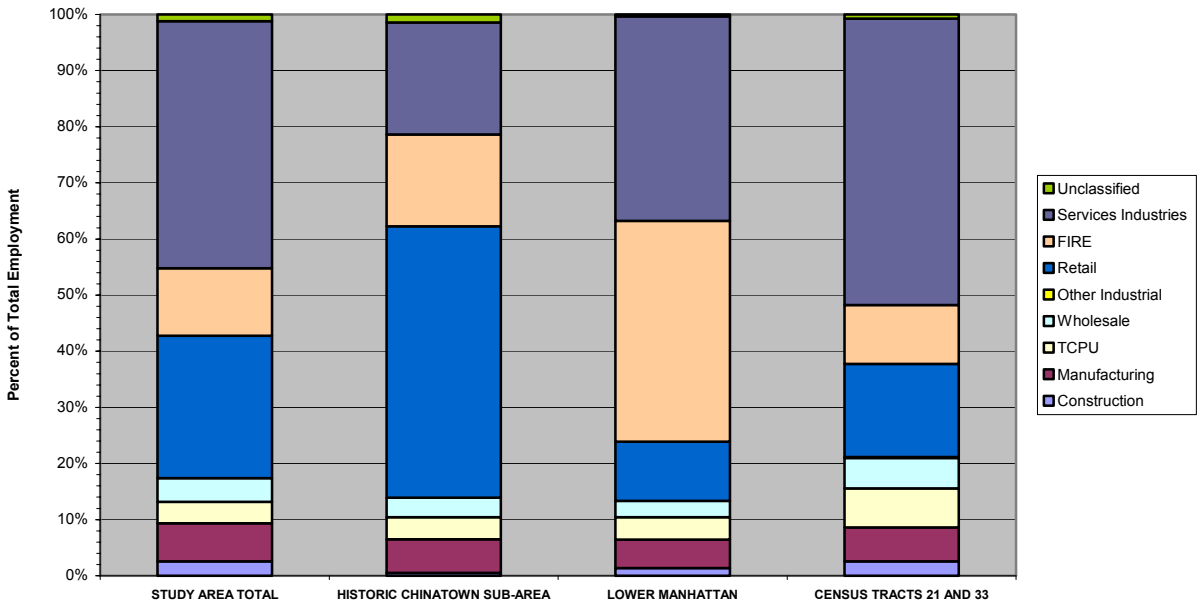
(3) Services Industries include: Business, Legal and Professional Services; Entertainment Services, Health & Social Services; Educational Services; and Other Services.

* The study area consists of Census Tracts 8, 15.01, 25, 27, 29 and 31 in their entirety, plus Census Tract 16, Block 4004 (tax block 289). The Historic Chinatown Sub-area consists of part of Census Tract 29 (Blocks 1000, 1001, 1002, 1003, 1004, 2000, 2001, 2002, 2003, 3000, 3001, 3002), or, alternately, Tax Blocks 199, 200, 201, 202, 162, 163, 164 and 165. Lower Manhattan encompasses the area south of Canal Street, the Bowery, Division and Pike Streets, and includes all of CD1 plus Census Tracts 8, 25, 27, and 29 within CD3.

** Lower Manhattan data is from the Permanent WTC PATH Terminal FEIS, May 2005.

largest percentage of jobs in both the study area and Tribeca (census tracts 21 and 33) in 2000, with 44.0% and 51.0%, respectively, of total employment in 2000. In the Historic Chinatown sub-area, however, the largest percentage of jobs were in the retail sector, which had 48.4% of total employment in 2000. In Lower Manhattan as a whole, the financial, insurance and real estate (FIRE) sector had the largest percentage of jobs, with 39.3% of total jobs in 2000, closely followed by the services industries sector, with 36.4% of total jobs. As shown in Table 4-8, census tracts 21 and 33 (Tribeca) had the highest percentage of total industrial jobs in 2000, at 21.2%, higher than the percentage in the study area (17.4%), the Historic Chinatown sub-area (13.9%), or Lower Manhattan (13.4%).

Figure 4-2: Composition of 2000 Private Sector Employment



The Retail Sector

As indicated by the data in Table 4-8, the Historic Chinatown sub-area comprises the major retail concentration of the study area. Retail in the Historic Chinatown sub-area is mainly concentrated on the ground floors of small, older buildings. High concentrations of commercial and mixed-use buildings exist throughout the sub-area, clustered along Canal Street, and along the north-south streets throughout the sub-area. Restaurants, fish and vegetable markets, souvenir and gift shops and tea and rice shops are the main businesses in Chinatown, but the area contains other retail establishments as well, such as traditional Chinese herbal medicine shops, acupuncturists, and jewelry and silk robe shops. The area's distinct character and mix of businesses make it a popular tourist destination.

Other major retail areas in the study area include Fulton Street, the Historic Seaport district, and the Pier 17 Pavilion, as well as the Broadway corridor. The Fulton Street corridor includes a wide diversity of businesses, with many small stores selling jewelry, discount clothing and accessories, and gifts and souvenirs, along with eating and drinking places. The Historic Seaport district is characterized by upscale national/regional tenants (e.g. Coach, Brookstone, J. Crew, and Ann Taylor) and a variety of restaurants, many of which are located in historic buildings on cobblestone streets like Front Street and Schermerhorn Row. The Pier 17 Pavilion is a three-story mall consisting primarily of small storefronts for specialty tenants of apparel and accessory retail. The mall also includes several restaurants and bars and some nationally recognized tenants, such as Sharper Image, Express, and Victoria's Secret. The Broadway Corridor includes a large number of eating and drinking establishments that serve the area's workforce, along with a number of convenience goods stores and neighborhood services stores, such as salons and film developers. The Civic Center area contains very little retail, with street vendors selling food and drink items comprising almost all of the retail activity in that area.

In Lower Manhattan overall, the mall at the World Trade Center contained a significant retail concentration under the baseline condition, with approximately 325,000 square feet of retail space, mostly occupied by national or regional chains. The shops at the World Financial Center contain approximately 160,000 square feet, including Ann Taylor, Banana Republic, and a number of restaurants. Other major destination retail establishments in Lower Manhattan include the Century 21 department store and J&R Music and Computer World. In many areas of Lower Manhattan, retail is supported largely by the workforce population.

Commercial Real Estate Conditions

Office Market

Office demand is cyclical, based on economic conditions. In the overall Downtown Manhattan office market area, which extends mostly south of the Brooklyn Bridge and Chambers Street, vacancy rates were approximately 4.2% at the end of the third quarter in 2000, with an average asking rent of approximately $43.10 per square foot ($/sf).[9] Office market real estate data were also compiled for an approximate quarter-mile radius from the security zone (the study area). For the quarter-mile study area, the total office vacancy rate was 4.4% in the third quarter of 2000. Overall, it is estimated that the study area had 579,446 square feet of total vacant office space in the third quarter of 2000, with total average rents of $39.74 per square foot.[10] Therefore, under the baseline condition, the study area exhibited comparable characteristics to the overall Downtown Manhattan office market in terms of vacancy rates, although it had lower average rents.

As Tribeca does not comprise a discrete office market or submarket, no comparative data were

[9] Source: CB Richard Ellis, *Downtown Manhattan Office Market View,* October 2005.
[10] Source for quarter-mile study area: Signature Partners LLC, 11/8/2005.

available for that area. Therefore, in order to provide a meaningful comparative assessment of the office real estate market, the Downtown Manhattan office market is compared to the Midtown South office market. Midtown South extends approximately from 34th Street to Canal Street, and includes the area west of the Bowery south of 23rd Street. This market includes the Chelsea, Flatiron, Hudson Square/Tribeca, Noho/Soho, Park Avenue South/Madison Square, Penn Plaza, and Union Square submarkets. At the end of the third quarter of 2000, vacancy rates in the Midtown South office market area were approximately 5.1%, with an average asking rent of approximately $47.21 per square foot.[11] Therefore, under the baseline condition, the Midtown South office market exhibited higher rents and vacancy rates than both Downtown Manhattan as a whole and the study area.

Retail Market

No real estate data for the retail market were available for the specific quarter-mile study area. Therefore, real estate data were compiled for the Downtown Manhattan retail market as a whole, as well as for two sub-areas within that market, namely the Broadway corridor and the Tribeca sub-market. The Broadway corridor extends from Battery Park to Chambers Street, and falls partially within the study area, whereas the Tribeca sub-market is defined as the portion of Hudson Street from Chambers Street to Canal Street.

In Fall 2000, the Downtown Manhattan retail market had approximately 1.75 million square feet of total available retail space, including ground floor, lower level, upper level, and mezzanine spaces. The average asking rent for these spaces was $67/sf. No 2000 data were available for the Broadway corridor and Tribeca, however, in Spring 2001, the Broadway corridor had average asking rents of $85/sf for available ground floor spaces, whereas average asking rents for ground floor spaces in Tribeca were higher, at $94/sf.

Employment, Business and Commercial Real Estate Trends Between 2000 and 2005

According to the 2005 *World Trade Center Memorial and Redevelopment Plan GEIS*, the September 11 attacks on the World Trade Center (WTC) complex destroyed seven buildings containing approximately 13.4 million square feet of Class A office space. In addition to those buildings destroyed, at least 23 properties containing approximately 21.1 million square feet of office space were damaged by the attacks. In total, approximately 34.5 million square feet of office space in Lower Manhattan were destroyed or damaged by the September 11 attacks. The approximately 27.8 million square feet of Class A office space destroyed or damaged represented roughly 60 percent of the Class A office space south of Chambers Street. In addition to office space, approximately 0.5 million square feet of retail space were destroyed, a majority of which was in the underground mall of the WTC complex.

As shown in Table 4-7 above, the study area and the Historic Chinatown sub-area, as well as Lower Manhattan as a whole experienced a decline in total jobs and number of firms between 2000 and 2002 (the latest data available). This decline in jobs and businesses, which was

[11] Source: CB Richard Ellis, *Downtown Manhattan Office Market View,* October 2005.

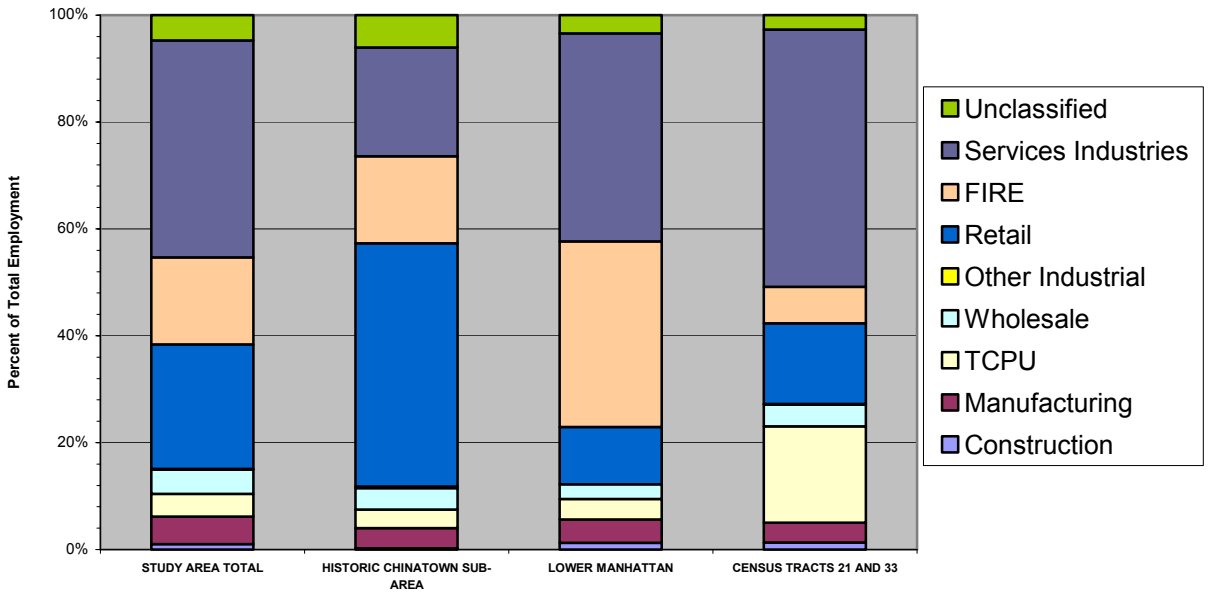
experienced throughout Lower Manhattan, can be mainly attributed to the effects of the September 11, 2001 attacks. It is estimated that approximately 51,000 private sector jobs were lost in the month of October 2001 alone, with an additional 41,000 jobs lost between October 2001 and March 2002.[12] According to the Federal Reserve Bank of New York's November 2002 Economic Policy Review, these employment disruptions varied across the City's boroughs and neighborhoods, and across industries. The most pronounced impact was concentrated in the blocks surrounding the World Trade Center, where numerous businesses, offices, and retail shops were either destroyed or badly damaged. Substantial employment effects were felt in the whole of Lower Manhattan (south of Canal Street), where transportation access was curtailed for security purposes and due to the cleanup of the WTC site and the volume of customer traffic fell precipitously. However, because of the drop-off in tourism as well as possible multiplier effects from the loss of finance jobs and businesses throughout the city suffered because of the attacks.[13]

As shown in Table 4-7, the total number of private sector jobs in the study area declined by approximately 15.6% in 2002, to approximately 9,711, whereas the number of jobs in the Historic Chinatown sub-area declined by 12.0%, to 2,929 jobs. Likewise, the number of private firms declined by 9.2% in the study area, and by 3.0% in the Historic Chinatown sub-area. In census tracts 21 and 33 (Tribeca), both the number of jobs and number of firms declined by approximately 13.7% in 2002.

Figure 4-3 shows the percentage of private sector jobs by industry sector in each of the study areas in 2002, whereas Table 4-6 above shows the absolute number of jobs and percentage by industry sector in each of the study areas. As shown in Table 4-8, whereas total industrial employment decreased from 2000 to 2002 in the study area, the Historic Chinatown sub-area and Lower Manhattan as a whole, total industrial employment actually increased in Tribeca (census tracts 21 and 33), from 21.2% of total employment in 2000, to 27.3% in 2002, with the largest increase (11%) in the TCPU (transportation, communication and public utilities) sector. The overall services industries sector declined in the overall study area and census tracts 21 and 33 between 2000 and 2002, by 3.4% and 2.9%, respectively, but experienced modest increases in the Historic Chinatown sub-area and Lower Manhattan, of 0.4% and 2.5%, respectively. As shown in Table 4-8 and Figure 4-3, the retail sector continued to have the highest percentage of jobs in the Historic Chinatown sub-area, with 45.5% of total private sector employment in 2002, whereas the services industries sector accounted for the highest percentage of jobs in the study area, Tribeca, and Lower Manhattan.

[12] Source: "Measuring the Effects of the September 11 Attack on New York City" by Jason Bram, James Orr, and Carol Rapaport; Federal Reserve Bank of New York *Economic Policy Review;* November 2002.
[13] Ibid.

Figure 4-3: Composition of 2002 Private Sector Employment



Commercial Real Estate Conditions

Office Market

As shown in Table 4-9, in the overall Downtown Manhattan office market area, office vacancy rates increased sharply from 7.4% in October 2001 (third quarter) to 14.6% in October 2002. This sharp increase clearly indicates the effects of the September 11 attacks on the Downtown office market. The vacancy rate has fluctuated in the following three years, but exhibits a general trend toward higher vacancies. The vacancy rate experienced a temporary decrease to 11.4% in October 2004, but has since increased to 15.0% in October 2005. The asking rents for office space in the Downtown market decreased steadily since 2000, reaching a low of approximately $30.49 in October 2004, before increasing again to $35.56 in October 2005.[14]

Office market real estate data for the approximate quarter-mile study area indicate that the study area's vacancy rates have experienced a quicker recovery compared to the overall Downtown market. As shown in Table 4-9, the total office vacancy rate in the study area increased sharply from 4.4% in the third quarter of 2000 to 17.1% in the third quarter of 2001, and reached a peak of 17.3% in the third quarter of 2002, before declining again, to approximately 8.1% in the third quarter of 2005. Overall, it is estimated that the study area had approximately 1.03 million square feet of total vacant office space in the third quarter of 2005. Total average rents in the study area have fluctuated since 2000, reaching a high of $41.20/sf in the third quarter of 2001, before

[14] Source: CB Richard Ellis data as presented in the Local Economy Statistical Abstract (1990 to 2002).

declining steadily, with a total average rent of $29.19 in the third quarter of 2005.[15] Although the study area's average rents continue to be lower than those found in the overall Downtown Manhattan office market, its office vacancy rates have improved substantially compared to vacancy rates for Downtown Manhattan.

Table 4-9: Comparison of Office Markets: Downtown Manhattan, Study Area, and Midtown South

	Downtown Manhattan (1)		Study Area (2)		Midtown South (1)	
	Asking Rent ($/s.f.)	Availability Rates (%)	Asking Rent ($/s.f.)	Availability Rates (%)	Asking Rent ($/s.f.)	Availability Rates (%)
Oct./3rd Quarter 2000	$ 43.10	4.2%	$ 39.74	4.4%	$ 47.21	5.1%
Oct./3rd Quarter 2001	$ 40.54	7.4%	$ 41.20	17.1%	$ 41.76	10.8%
Oct./3rd Quarter 2002	$ 36.66	14.6%	$ 33.01	17.3%	$ 35.31	12.8%
Oct./3rd Quarter 2003	$ 33.31	15.3%	$ 30.40	15.5%	$ 31.38	13.0%
Oct./3rd Quarter 2004	$ 30.49	11.4%	$ 30.18	7.4%	$ 32.48	12.2%
Oct./3rd Quarter 2005	$ 35.56	15.0%	$ 29.19	8.1%	$ 34.11	10.0%

(1) Source: CB Richard Ellis data as presented in the Local Economy Statistical Abstract (1990 to 2004)

(2) Source: Signature Partners LLC data compiled for 1/4 mile study area

Table 4-9 also provides similar data for the Midtown South office market, for comparison purposes. As described above, the Midtown South market extends approximately from 34th Street to Canal Street, and includes the area west of the Bowery south of 23rd Street. As shown in the table, office vacancy rates in Midtown South increased from 5.1% in October 2000 (third quarter) to 10.8% in October 2001. The vacancy rate has fluctuated in the following years, reaching a peak of 13.0% in October 2003, before declining to approximately 10.0% in October 2005. Total average rents in the Midtown South office market have fluctuated between 2000 and 2005, from a high of $47.21 in October 2000, to a low of $31.38 in October 2003, before recovering to $34.11 in October 2005.[16]

Therefore, the study area exhibits similar trends to both the overall Downtown and the Midtown South office markets. While the vacancy rates in the study area have exhibited similar trends to those of the Midtown South market, they have recovered to near pre-9/11 levels more quickly than the Downtown market.

Retail Market

Lower Manhattan's merchants and restaurant owners have struggled to recover from the effects of 9/11. Area merchants saw a precipitous drop in business after the attacks, and have since continued to struggle. For several months after the attacks, Lower Manhattan was isolated and barren, as streets were cordoned off for recovery work and subway service was suspended. Because independent streetfront retailers do not report to one landlord however, overall Lower

[15] Source for quarter-mile study area data: Signature Partners LLC, 11/8/2005.
[16] Source: CB Richard Ellis data as presented in the Local Economy Statistical Abstract (1990 to 2004).

Manhattan sales figures are hard to ascertain. The Alliance for Downtown New York, however, estimates that half of the retail stores in the Downtown area saw a 20-50% decline in fourth quarter sales volume in 2001 compared to 2000 fourth quarter sales, and 27% experienced a decrease of 51-80% in sales volume.[17]

Table 4-10 below provides data for the retail market in Downtown Manhattan, and compares it to Midtown South. As shown in Table 4-10, the estimated vacancy rate for all available retail space in the Downtown retail market has fluctuated widely over recent years, from a high of 33.65% in Fall 2002 to a low of 17.41% in Spring 2005. By Fall 2005, the estimated vacancy rate was 23.33%. The average asking rents for all retail space in Downtown decreased steadily from $67/sf in Fall 2000 to a low of $58/sf in 2003, before increasing significantly, to a high of $85/sf in Fall 2005. As shown in Table 4-8, whereas the retail vacancy rate for Downtown has consistently been much higher than that in Midtown South, the average asking rent in Downtown exceeded that in Midtown South for the first time in Spring 2005, and continued to be higher in Fall 2005.

As shown in Table 4-10, ground floor retail actually accounts for a relatively small percentage of all available retail space in the Downtown market, ranging from 4.2% to 11.9% of all retail space. Ground floor retail represents an even smaller percentage of available space in Midtown South, ranging from 2.3% to 5.8% of all available retail space. In terms of median and average asking rents for ground floor retail, the Downtown market commands much lower rent than Midtown South, and rents in Downtown have generally increased at a slower rate. For example, average asking rent in Downtown increased by approximately 55% between Fall 2001 and Fall 2005, to $121/sf, whereas average asking rent in Midtown South increased by approximately 132% in the same period, to a high of $271/sf in Fall 2005. Median asking rents also show similar disparities, with an increase of 31% in Downtown between Fall 2001 and Fall 2005 (to $85/sf), compared to an increase of 73% in Midtown South in the same period (to $260/sf).

Table 4-11 below provides a comparison of asking rents for ground floor retail space in Downtown and two submarkets within the Downtown retail market. As noted above, the Broadway corridor extends from Battery Park to Chambers Street, and falls partially within the study area, whereas Tribeca data are provided for the portion of Hudson Street from Chambers Street to Canal Street. As shown in the table, average asking rents for ground floor space in the Broadway corridor are typically comparable to or higher than those in the overall Downtown retail market, whereas average asking rents in Tribeca are typically much lower. Whereas average asking rents for ground floor retail space in the Broadway corridor have ranged from $85/sf to $130/sf, average asking rents for ground floor retail space in Tribeca have ranged from $41/sf to $94/sf. In Fall 2005, the average asking rent in the Broadway corridor was $125/sf, which was slightly higher than in Downtown ($121/sf) and much higher than in Tribeca ($68/sf).

[17] Source: *Downtown Alliance Survey of Lower Manhattan Retail Establishments;* January 2002. A survey conducted by the Downtown Alliance of 861 retail stores and restaurants located in Lower Manhattan south of Chambers Street and in Tribeca.

Table 4-10: Downtown Retail Market Compared to Midtown South Retail Market: 2000-2005

Period	OVERALL DOWNTOWN *							MIDTOWN SOUTH *						
	All Available Retail Space (1)			Available Ground Floor Retail Space				All Available Retail Space (1)			Available Ground Floor Retail Space			
	All Available Space (s.f.)	Estimated Available %	Average Asking Rent ($/s.f.)	Available Ground Floor Space (s.f.)	% of All Available Space	Average Asking Rent ($/s.f.)	Median Asking Rent ($/s.f.)	All Available Space (s.f.)	Estimated Available %	Average Asking Rent ($/s.f.)	Available Ground Floor Space (s.f.)	% of All Available Space	Average Asking Rent ($/s.f.)	Median Asking Rent ($/s.f.)
Fall 2000	1,751,368	N.A.	$ 67	N.A.	N.A.	N.A.	N.A.	3,997,295	N.A.	$ 79	N.A.	N.A.	N.A.	N.A.
Spring 2001	1,330,401	N.A.	$ 60	N.A.	N.A.	N.A.	N.A.	3,594,616	N.A.	$ 78	N.A.	N.A.	N.A.	N.A.
Fall 2001	1,628,602	24.68%	$ 60	161,759	9.9%	$ 78	$ 65	3,921,165	8.89%	$ 70	115,374	2.9%	$ 117	$ 150
Spring 2002	1,712,603	25.95%	$ 58	202,599	11.8%	$ 101	$ 100	4,281,769	9.71%	$ 74	173,650	4.1%	$ 137	$ 135
Fall 2002	2,389,302	33.65%	$ 59	283,507	11.9%	$ 101	$ 80	5,172,809	11.65%	$ 71	131,322	2.5%	$ 169	$ 150
Spring 2003	2,288,655	32.23%	$ 58	254,908	11.1%	$ 98	$ 75	5,091,709	11.47%	$ 70	186,589	3.7%	$ 161	$ 155
Fall 2003	2,319,714	31.78%	$ 58	246,183	10.6%	$ 100	$ 100	5,185,830	11.63%	$ 74	221,298	4.3%	$ 161	$ 160
Spring 2004	1,486,299	20.36%	$ 59	140,346	9.4%	$ 76	$ 75	4,300,418	9.64%	$ 75	249,381	5.8%	$ 150	$ 150
Fall 2004*	5,051,457	23.72%	$ 73	214,597	4.2%	$ 117	$ 100	3,292,503	9.27%	$ 78	95,928	2.9%	$ 187	$ 186
Spring 2005*	3,708,566	17.41%	$ 82	281,648	7.6%	$ 128	$ 95	3,016,221	8.50%	$ 73	73,746	2.4%	$ 215	$ 211
Fall 2005*	4,968,517	23.33%	$ 85	293,581	5.9%	$ 121	$ 85	2,296,607	6.47%	$ 82	51,825	2.3%	$ 271	$ 260

Source: Real Estate Board of New York (REBNY) Retail Reports

* In the Fall 2004 and 2005 and Spring 2005 Retail Reports, Downtown boundaries were changed from south of Canal St. to South of 14th St., and the boundaries of Midtown South where changed from Canal to 30th Streets to 15th to 34th Streets.

(1) All retail space, including ground floor, lower level, upper level, and mezzanine

Table 4-11: Downtown Ground Floor Retail Market For Overall Downtown and Two Sub-Markets: 2000-2005

	OVERALL DOWNTOWN* - Ground Floor Only (1)		BROADWAY CORRIDOR - Ground Floor Only (2)		TRIBECA - Ground Floor Only (3)	
Period	**Median Asking Rent ($/s.f.)**	**Average Asking Rent ($/s.f.)**	**Median Asking Rent ($/s.f.)**	**Average Asking Rent ($/s.f.)**	**Median Asking Rent ($/s.f.)**	**Average Asking Rent ($/s.f.)**
Fall 2000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Spring 2001	N.A.	N.A.	$ 79	$ 85	$ 95	$ 94
Fall 2001	$ 65	$ 78	$ 73	$ 88	$ 40	$ 45
Spring 2002	$ 100	$ 101	$ 118	$ 130	$ 35	$ 41
Fall 2002	$ 80	$ 101	$ 103	$ 121	$ 60	$ 61
Spring 2003	$ 75	$ 98	$ 81	$ 112	$ 48	$ 60
Fall 2003	$ 100	$ 100	$ 100	$ 109	$ 60	$ 57
Spring 2004	$ 75	$ 76	$ 75	$ 87	$ 40	$ 54
Fall 2004*	$ 100	$ 117	$ 100	$ 111	$ 55	$ 56
Spring 2005*	$ 95	$ 128	$ 100	$ 126	$ 71	$ 69
Fall 2005*	$ 85	$ 121	$ 75	$ 125	$ 66	$ 68

Source: Real Estate Board of New York (REBNY) Retail Reports

* In the Fall 2004 and 2005 and Spring 2005 Retail Reports, Downtown boundaries were changed from south of Canal St. to South of 14th St.

(1) All retail space, including ground floor, lower level, upper level, and mezzanine

(2) Broadway corridor is defined as extending from Battery Park to Chambers Street

(3) Tribeca data provided for Hudson Street from Chambers Street to Canal Street

Median asking rents have shown similar trends. As shown in Table 4-9, median asking rents for ground floor retail space in the Broadway corridor have generally been higher than or equal to those in the overall Downtown retail market (except in Fall 2005 when they were lower), whereas median asking rents in Tribeca have always been lower. In Fall 2005, the median asking rent for ground floor retail space in the Downtown retail market was $85/sf, which was higher than both the Broadway corridor ($75/sf) and Tribeca ($66/sf) submarkets.

Current Physical and Economic Conditions

According to the *CEQR Technical Manual*, it is advisable to observe the study area first-hand during peak business times, as the level of activity, condition of buildings, and presence or absence of vacant properties can all be indicators of economic conditions. As discussed in Chapter 2, "Land Use and Zoning," commercial properties are scattered throughout the study area, with office and institutional uses concentrated in the civic core, and other commercial and retail uses concentrated along (and to the west of) Broadway and south of Beekman Street. Ground floor retail uses are especially predominant in the Historic Chinatown sub-area as well as the eastern segment of the study area (east of Catherine Street).

As shown in Table 4-12 below, there are currently approximately 486 active retail establishments in the study area, predominantly ground floor goods and service businesses. The majority of those commercial establishments, approximately 62%, are located within the Historic Chinatown sub-area. As also shown in Table 4-12, for the overall study area, almost 30% of the businesses provide neighborhood services such as personal care, travel services, shoe repair, and

cleaning/tailoring, and another 28.8% sell shopping goods such as apparel and furniture. For the Historic Chinatown sub-area, more than a third (37%) of the businesses provide neighborhood services, and another 25.7% sell shopping goods, whereas nearly a quarter (24.7%) of the business are eating and drinking establishments (compared to 19.1% for the overall study area).

As illustrated by the data in Table 4-12, the Historic Chinatown sub-area represents the retail heart of the study area. As shown in the table, approximately 80% of the study area's eating and drinking establishments, 78% of its neighborhood services, and 68% of its food stores, are located within the Historic Chinatown sub-area.

Table 4-12: Commercial Establishments in the Study Area, 2005

	Historic Chinatown Subarea		Study Area	
Retail Category	**Number**	**Percent**	**Number**	**Percent**
Shopping Goods	**77**	**25.7%**	**140**	**28.8%**
General Merchandise	5	1.7%	19	3.9%
Apparel & Accessory	16	5.3%	31	6.4%
Furniture, Home Furnishings	7	2.3%	7	1.4%
Misc. Shopping Goods	49	16.3%	83	17.1%
Wholesale	**0**	**0.0%**	**17**	**3.5%**
Building Materials, Hardware	**1**	**0.3%**	**4**	**0.8%**
Auto- Related Trade	**0**	**0.0%**	**3**	**0.6%**
Food Stores	**32**	**10.7%**	**47**	**9.7%**
Eating & Drinking Places	**74**	**24.7%**	**93**	**19.1%**
Neighborhood Services	**111**	**37.0%**	**143**	**29.4%**
Vacant (storefronts, buildings, space avaliable)	**5**	**1.7%**	**39**	**8.0%**
TOTAL	**300**	**100.0%**	**486**	**100.0%**

Source: PHA Ground Survey, July 2005

Most of the retail corridors are very active, although there are some vacant storefronts. As shown in Table 4-7 above, the Historic Chinatown sub-area has a very active business environment, with an observed vacancy of only 1.7%. In comparison, the overall study area has an observed vacancy of approximately 8%. The vacancy rate for the overall study area appears to be lower than the vacancy rate in the Downtown area below Canal Street (23.33% as discussed above), while the vacancy rate in the Historic Chinatown sub-area is significantly lower.

Results of Business Surveys

In order to assess whether proximity to the security zone has a direct correlation to business patterns, field surveys were conducted within the Historic Chinatown sub-area and other portions of Chinatown north of Canal Street and east of the Bowery/Catherine Street, and within the security zone. A random sample of approximately 75-130 businesses in each of those three geographic areas was selected, and an attempt was made to divide the surveys equally between

restaurants and retail businesses (gifts, jewelry, clothing, supermarket, etc.) in each area. Appendix A contains the survey methodology, results of the survey, and the survey questionnaire.

The business surveys included questions regarding business conditions in 2006 compared to the previous year (2005), whether the security zone has affected the business, and if so, in what way. Other questions related to business category, number of employees, and duration of time each business has been at the current location. Comments and suggestions for improving business conditions were also noted. A total of 306 surveys were completed, with 74 businesses surveyed in the Historic Chinatown sub-area, 128 in the area north of Canal Street, and 100 in the area East of the Bowery, and 4 within the security zone. Figure 4-4 shows the geographic area of the businesses surveyed.

Table 4-13 suggests the view that the security plan's affect on businesses in the Chinatown area is almost evenly split between those interviewed.

Table 4-13: Has the Security Zone Affected Your Business?

	COUNT	PERCENTAGE
Yes	147	48.0 %
No	159	52.0 %
Total	**306**	**100.0 %**

Source: SIS International Research surveys conducted January-February 2007

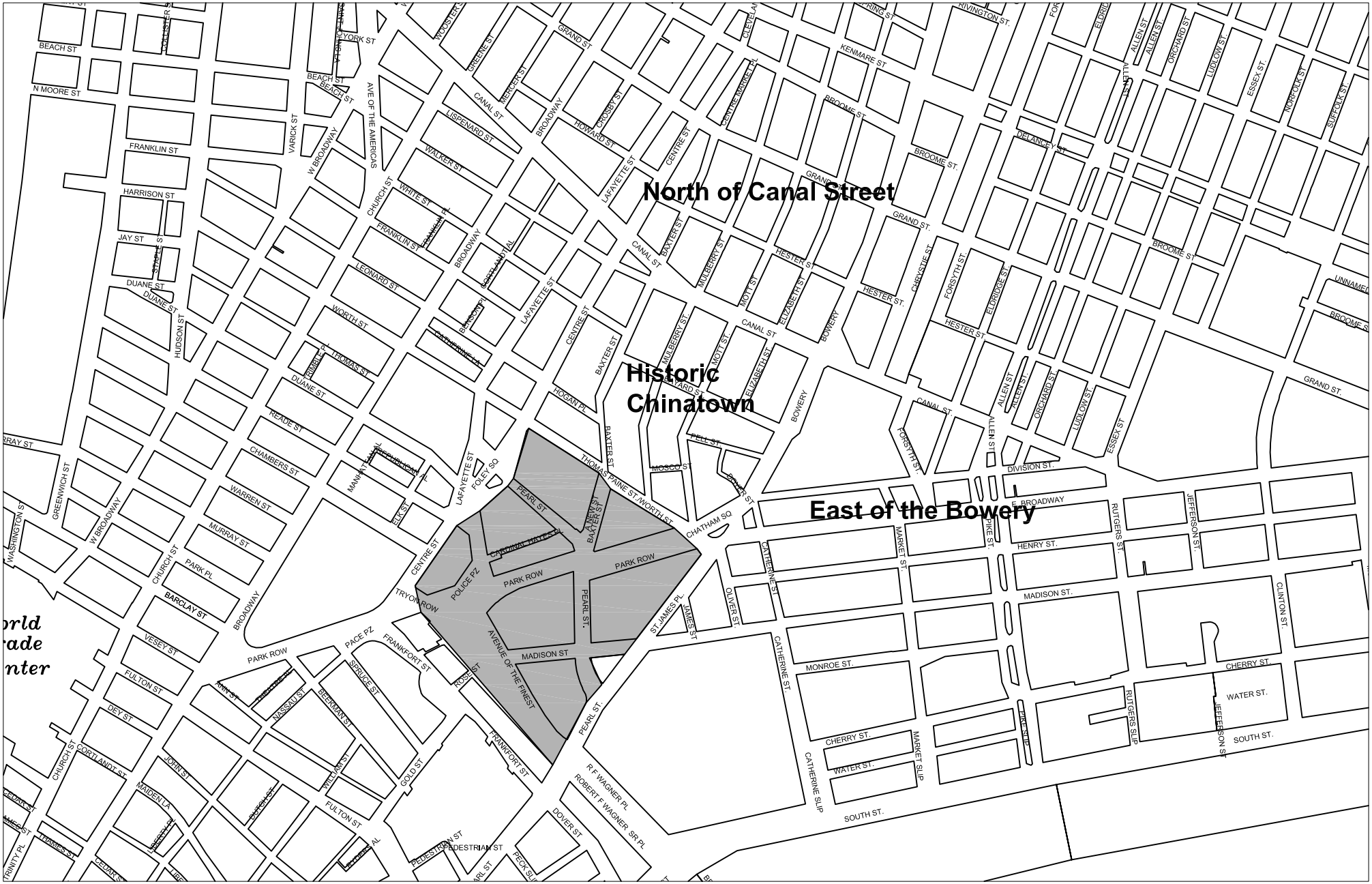
Additionally, Table 4-14 suggests that respondents were also equally split as to whether business had gone down in the past year or stayed the same.

Table 14-4 - Business Since Last Year

	COUNT	PERCENTAGE
No change	**129**	**42.2 %**
Minimal change	18	5.9 %
Declined by more than 10%	**111**	**36.3 %**
Declined by less than 10%	37	12.1 %
Improved by more than 10%	9	2.9 %
Improved by less than 10%	2	0.7 %
Total	**306**	**100.0 %**

Source: SIS International Research surveys conducted January-February 2007

These "even rifts" in business outlook necessitate cross-tabulation of our results to identify any existing factors that affect the type of response given by those interviewed. A cross-tabulation to verify whether those respondents who felt the security zone has had an affect also felt that businesses had declined in the past year, resulted in Table 4-15 and the corresponding graph below.



One Police Plaza Security Plan EIS

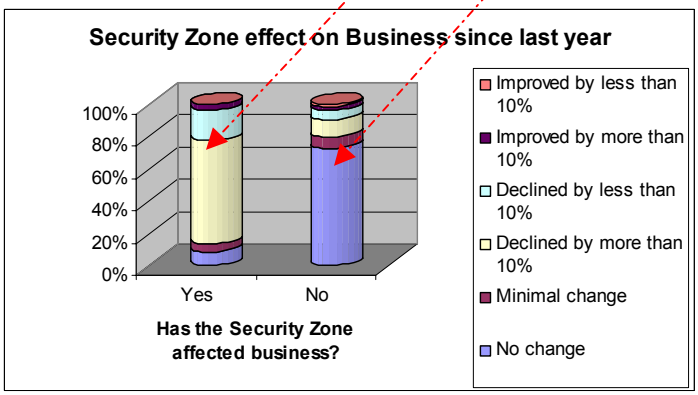
Figure 4-4

Geographic Areas of Businesses Surveyed

Table 4-15 - Business Since Last Year

	Security Zone Affect	
	Yes	**No**
No change	13	**116**
Minimal change	7	11
Declined by more than 10%	**94**	17
Declined by less than 10%	28	9
Improved by more than 10%	5	4
Improved by less than 10%	0	2
Total	**147**	**159**

Source: SIS International Research surveys conducted January-February 2007



One possibility was that these responses depended on which geographical district businesses were located in. Table 4-16 and 4-17 below suggest that businesses in the North of Canal Street district were split regarding their views on the affect of the security zone and the change in business prospects since last year. Respondents in the Historic Chinatown area tended to think that the security plan affected their business and those in the East of Bowery district reported that they were not as affected by the security zone.

Table 4-16 - Business Since Last Year

	Business Districts			
	North of Canal Street	**Historic Chinatown**	**East of Bowery**	**Security Zone**
No change	45	22	61	1
Minimal change	12	5	1	0
Declined by more than 10%	47	32	30	2
Declined by less than 10%	17	12	8	0
Improved by more than 10%	5	3	0	1
Improved by less than 10%	2	0	0	0
Total	128	74	100	4

Source: SIS International Research survey January-February 2007

Table 4-17 - Security Zone Effect

	Business Districts			
	North of Canal Street	**Historic Chinatown**	**East of Bowery**	**Security Zone**
Yes	67	45	32	3
No	61	29	68	1
Total	128	74	100	4

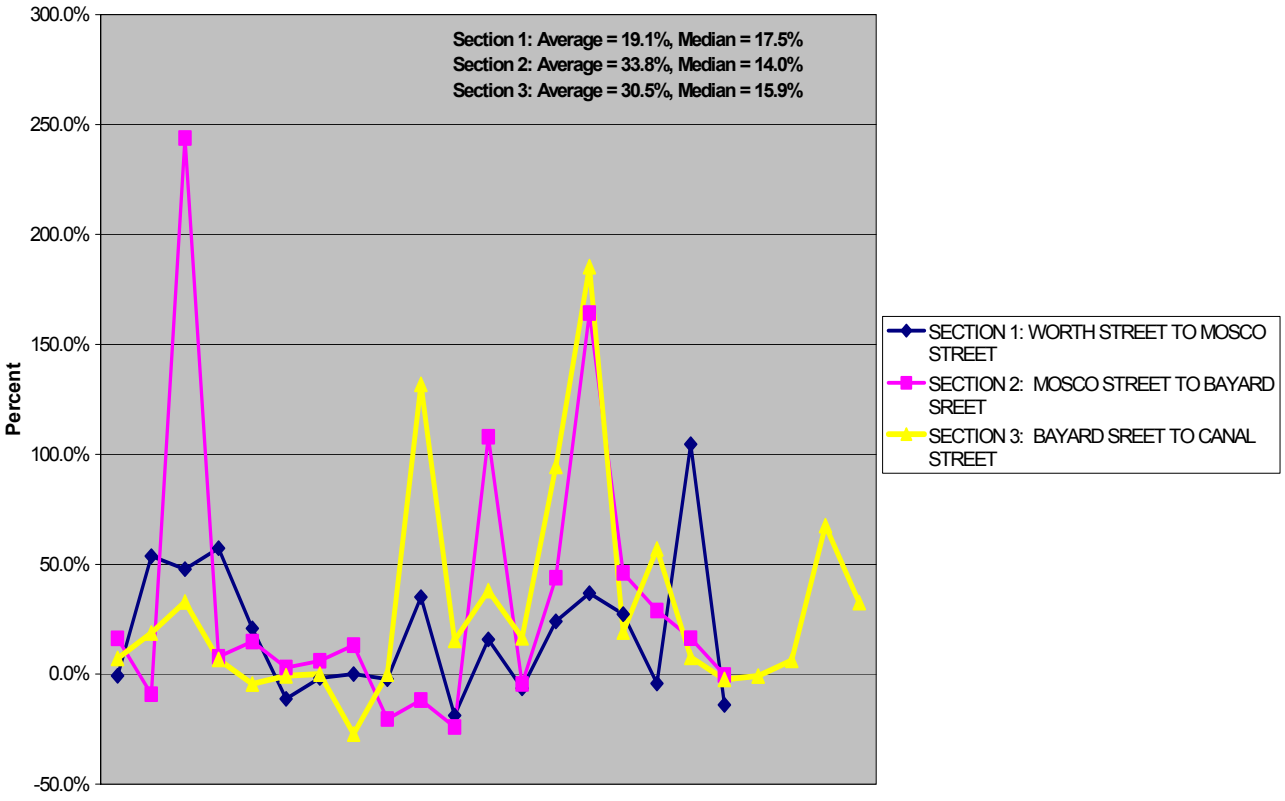
Source: SIS International Research survey January-February 2007

Across business types, the main complaint from respondents was against the new traffic regulations that had been imposed since the establishment of the security zone. There was general consensus [even among those who did not feel that business had been strongly affected] that less parking space and more traffic congestion made it difficult and less attractive to enter the Chinatown area (see Appendix A for examples of feedback). As shown in Appendix A, while the re-opening of Park Row to vehicular traffic was suggested by some of the surveyed businesses in all geographic areas, the suggestions that more parking, removing traffic congestion, and reducing the number of parking tickets handed out would improve business conditions were also prevalent. Parking suggestions included requests for more metered parking, more municipal parking, and more parking lots in general, with one respondent indicating that police cars block parking spaces and there was a need to create more parking for customers. Another suggestion that was made quite often was to bring more tourists to the area.

Property Values

In order to evaluate whether the security plan has had an adverse impact on property values in the area, a similar approach to that cited in the June 3, 2004 Petitioners' Memorandum of Law by Kenneth Kimerling was used. According to the Memorandum of Law, a study conducted by the office of petitioner Council member Alan J. Gerson divided up Mott Street into three sections, and compared the rate of property appreciation for each section between July 1, 2001 and January 1, 2004. The three sections identified, all of which fall within the Historic Chinatown sub-area illustrated in Figure 4-1, were: Section 1, between Chatham Square and Mosco Street, the area closest to the security zone; Section 2, between Mosco Street and Bayard Street, approximately one block away from the security zone; and Section 3, between Bayard Street and Canal Street, the section farthest (approximately two blocks away) from the security zone.

Figure 4-5: Rate of Property Value Increase Along Mott Street (2001/02 to 2005/06)



A similar assessment was conducted for those three segments, using the NYC Department of Finance's 5-year Market Value History Reports for Tax Years 2001/02 through 2005/06 for each tax lot fronting on Mott Street. The assessment found that in Section 1, property values for all properties (i.e., residential commercial, retail, etc.) increased by an average of 19.1%, whereas the increase in Section 2 was 33.8%, and Section 3 experienced an increase of 30.5%. As the rate of increase in the segment farthest away from the security zone was less than that experienced in the middle segment, the correlation between proximity and rate of property value increase does

not appear to be strong. Moreover, as shown in Figure 4-5, Sections 2 and 3 have significant outliers, which skew the data. For example, one property in Section 2 experienced a 243.8% increase in value, which is more than an order of magnitude higher than other values in the Section.

Therefore, in order to provide a more accurate basis for assessment, the median rate of property value increase was calculated for each Section. The median is more appropriate as a measure of central tendency in this case because, unlike the average, it is not sensitive to abnormally high or low values (outliers). As shown in Figure 4-5, the median rate of increase for all properties was 17.5% in Section 1, 14.0% in Section 2, and 15.9% in Section 3. Thus, the median rates of all property value increases from 2001/02 to 2005/06 are comparable in all three Sections, with the median rate of increase actually highest in the Section closest to the security zone.

No-Action Condition

For analysis purposes, under the No-Action condition, it is assumed that the security plan implemented by the NYPD after September 11, 2001 that resulted in the above mentioned street closures would not be in place. The roadways would be open with the 1999 street closures and municipal garage closure in place and transportation services would continue as they were prior to September 11, 2001.

As the security plan is currently in place, no data is available for 2005 conditions in the absence of the action. Certain assumptions can be made, however, based on 2000 data and current 2005 data. First, in the absence of the action, access to the study area, particularly access to the Historic Chinatown sub-area from areas to the east and south, would be unhindered, and hence more direct. However, better accessibility would not necessarily have resulted in measurably different business or employment characteristics. For example, no direct correlation between accessibility and property values or vacancy rates has been found. As discussed above, commercial vacancy rates have actually decreased between 2000 (prior to the security plan and 9/11) and 2005 (with the security plan), and the decrease has been experienced throughout the study area and Lower Manhattan as a whole. In fact, the decrease in office vacancy rates has been more noticeable in the study area. Likewise, retail vacancy rates in the study area appear to be lower than in the overall Lower Manhattan area, and the storefront vacancy rate was observed to be particularly low in the Historic Chinatown sub-area.

Finally, property values along Mott Street, which is perhaps most affected by accessibility issues, have generally increased, and the rate of increase has not been found to be dependent on proximity to the security zone. As such, it would appear that the security plan has not affected business or employment characteristics, as it has not resulted in trends that are unique to the study area. Therefore, it is expected that, in the absence of the security plan, socioeconomic conditions (particularly those associated with the business environment) would not be measurably different than conditions with the security plan in place.

With-Action Condition

The action has resulted in the installation of temporary security booths, rising-plate hydraulic delta barriers, bollards, and planters on various streets and intersections within the study area for the purpose of closing streets to create a secure perimeter around One Police Plaza and adjacent civic facilities.

Although the action has limited accessibility to some parts of the study area, there is no evidence that the limit in accessibility has resulted in any secondary business displacement. While property values have, in general, increased throughout the study area, and commercial rents have slightly decreased, these changes are not unique to the study area and appear to be a result of normal economic trends. As these changes are consistent with trends throughout Lower Manhattan, they are therefore not directly attributable to the security plan.

Moreover, as discussed above, median property values in Lower Manhattan, including the study area, have generally increased compared to the 2000 baseline condition. As shown in the detailed discussion of property values along Mott Street in the study area, property values have generally increased, and the rate of increase has not been found to be dependent on proximity to the security zone. Therefore, the action has neither offset positive trends in the study area, impeded efforts to attract investment to the area, nor created a climate for disinvestment. In fact, based on current real estate market conditions, the action has not reduced property values in the study area, and has not increased commercial rents to such an extent that secondary business displacement would be observed. Moreover, the security zone has not adversely affected the viability of the Chinatown retail and restaurant sectors, which continue to be a major draw for both residents and tourists.

Therefore, the action, a security plan, would not alter existing economic patterns or add to the concentration of a particular sector enough to alter trends. It would not directly displace "blighted" uses or properties such that commercial rents would increase. It would not directly or indirectly displace uses or people that support businesses in the area or form the customer bases for existing businesses. Additionally, the action would not introduce a land use that would offset positive trends in the study area or impede efforts to attract investment.

F. ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the *CEQR Technical Manual*, it may be possible that a given action could affect the operation and viability of a specific industry, not necessarily tied to a specific location. As noted above, the streets affected by the action provide approaches to the Historic Chinatown core for customers and clientele of the tourist-oriented shops and restaurants that are the mainstay of the economy of Chinatown. This section provides an assessment of the action's potential effects on the City's tourism industry.

New York City's Tourism Industry

As a tourist destination, New York City offers incomparable museums, attractions, world-renowned restaurants, hotels, theaters, entertainment, and shopping. The tourism industry plays an important role in driving New York City's economy, by generating new jobs, economic activity and essential tax revenues that benefit all five boroughs. While the tourism industry is critical to the local economy, its overall impact, and the number of jobs tourism creates, is relatively small compared to other sectors. For example, even with all of the growth in recent years, tourism-related jobs only still represent about 5% of the City's total jobs. By contrast, the health care industry employs 14% of the City's workforce.[18] The biggest employers in the City are still finance, insurance, real estate and health care.

Employment in Tourism-Related Industries

Jobs created by the tourist industry include restaurant workers, retail workers, museum and gallery employees, and hotel workers, among others. New York City's tourism-related industries saw a marked decline in employment following 9/11. Prior to September 2001, seven key New York City industries impacted by visitor spending showed a net gain of almost 5,000 jobs over the same period in 2000. In October 2001, however, these industries lost almost 20,000 jobs from the previous year. The following months showed an average month-to-month lag of 20-25,000 jobs compared with the same period the year before, while July 2002 reflected a 16,000 decrease in jobs compared to July 2001.[19] In the immediate aftermath of the attacks, it is estimated that approximately 30,000 people who worked in tourism lost their jobs.[20] According to NYC & Company data, a total of approximately 226,100 New York City jobs were supported by visitor spending in 2002.

Visitors to New York City

The tourism industry had peaked in 2000, then crashed in the months after the attacks of 9/11. Although tourism declined following the events of 9/11, by April of 2004, it had reached pre-September 11, 2001 levels for the first time. Hotels filled up, tourist destinations such as the Empire State Building drew record numbers, and even foreign visitors, who dropped off most drastically in recent years, returned.

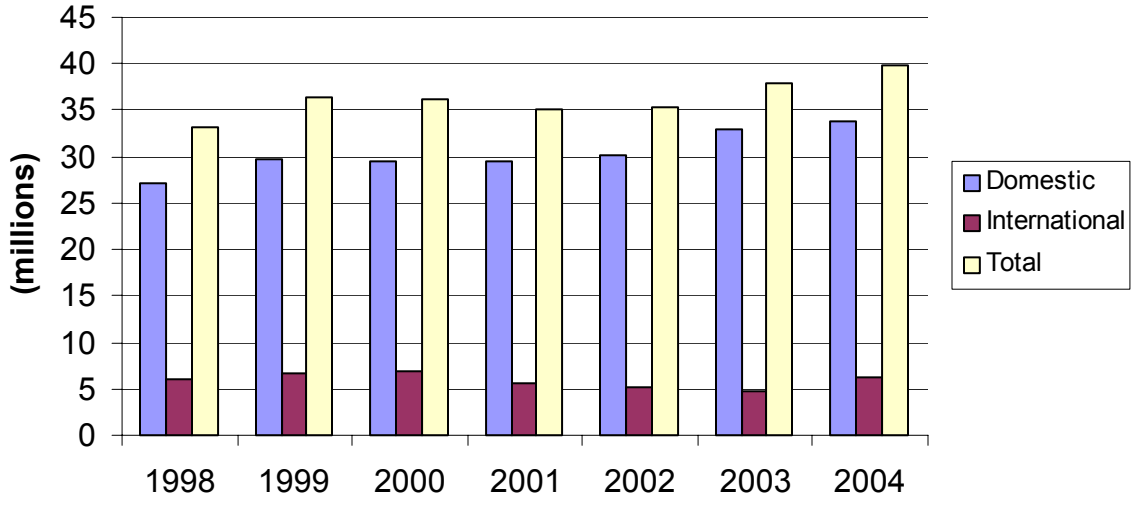
As shown in Figure 4-6 below, after a small decline in the total number of visitors in 2001 (a 2.8% decrease from 2000 numbers), the total number of visitors has since been increasing, reaching a record high of 39.9 million total visitors in 2004. As shown in the figure, domestic

[18] Source: "Tourism and Jobs" by Mark Berkey-Gerard; *Gotham Gazette,* 31 May 2004.
[19] Source: *New York City's Tourism Industry: One Year After September 11,* NYC & Company, September 4, 2002. The employment figures cited are an aggregate of Department & Apparel Stores, Eating & Drinking Places, Hotels & Other Lodging, Amusement/Recreation Services, Museums/Arboreta/Zoos, and Air Transportation. They include all job losses in those industries, including jobs lost due to declines in revenues from residents and commuters as well as those lost due to declines in revenues from visitors.
[20] Source: "Tourism and Jobs" by Mark Berkey-Gerard; *Gotham Gazette,* 31 May 2004.

visitors, which account for the majority of visitors, have increased steadily since 2001, reaching 33.8 million in 2004. This increase in domestic visitors, particularly in the months immediately following 9/11, appears to be due to, in part, an influx of people coming to New York to visit friends and relatives following September 11. In contrast, the number of international visitors declined steadily between 2001 and 2003, reaching a low of 4.8 million in 2003, before rebounding sharply to 6.2 million visitors in 2004 (a 28.9% increase from 2003). This sharp increase in international visitors is partly due to the weak dollar. According to NYC & Company data, the top five countries producing international visitors to the City were the United Kingdom, Canada, Japan, Germany, and France, which had a combined total of 2.3 million visitors in 2004.

Although international visitors account for a small percentage of total visitors (15.5% of total visitors in 2004), they actually spend four times more than domestic travelers, accounting for 40% of all visitor spending. Total visitor spending in NYC (both international and domestic) from 1998 to 2004 has shown a similar trend to the number of visitors. After reaching $17.0 billion in 2000, visitor spending declined to $15.1 billion in 2001, and declined further to $14.1 billion in 2002. However, visitor spending has since increased to $18.49 billion in 2003, and reached a high of $21.07 billion in 2004.

Figure 4-6: NYC Visitors (in millions) -1998-2004



According to NYC & Company data, the total economic impact of New York City tourism in 2002 (latest year for which data is available) was $21 billion, and the total taxes generated by visitor spending in that year were $2.8 billion.

Hotel Occupancy

Hotel occupancy in the City reached as high as 84.6% in 2000, before dropping significantly to

73.4% in 2001. Hotel occupancy has since exhibited a modest recovery, increasing to 75.6% in 2002 and 76% in 2003. In 2004, the hotel occupancy in New York City rose to 83%, comparable to pre-9/11 levels. The average daily rate has increased from a five-year low of $193 in 2003 to $212 in 2004. The hotel room inventory as of July 14, 2004 was 70,545 rooms. According to a NYC & Company November 17, 2005 press release, New York City is expected to add nearly 5,000 new hotel rooms to its current inventory by the end of 2007. This increase is fueled by record visitor volume and a thriving economy.

Chinatown's Tourism Industry

Manhattan's Chinatown is the biggest in the United States, with the largest concentration of ethnic Chinese in the Western Hemisphere. Chinatown is located mostly south of Canal Street, but has over the years expanded into the Lower East Side and Little Italy. The largest Asian community in North America can be found among the narrow streets between Worth and Hester and East Broadway and West Broadway; with Canal Street serving as Chinatown's main street. Within these boundaries, visitors find traditional Chinese herbal-medicine shops, acupuncturists, food markets filled with amazing varieties of fish and exotic vegetables, pagoda-style buildings, stores selling all manner of items from beautiful jewelry and silk robes to hair accessories and plumbing parts, and hundreds of restaurants serving every imaginable type of Chinese cuisine, from dim sum to fried noodles to extravagant Cantonese, Hunan, Mandarin, or Szechuan banquets, as well as Vietnamese, Malaysian, Thai, and other Asian cuisines.

The tourist and restaurant industries are two of the main pillars of Chinatown's economy. The Chinese Chamber of Commerce estimates that about a third of the economy of Chinatown depends directly on tourists.[21] According to the Asian American Federation of New York's (AAFNY) Chinatown After September 11th: An Economic Impact Study, more than 250 restaurants and 500 specialty stores (jewelry, gift and apparel shops) are located in Chinatown. [It should be noted that the study evaluated the larger Chinatown neighborhood, not just the Historic Chinatown core that has been assessed throughout this chapter.] The study estimated that these dining and shopping establishments are the primary draw for more than 2,000 visitors daily, brought in by group tour buses and commuter vans. With typically higher spending power than local residents, tourists patronize Chinatown's restaurants and shops, contributing to Chinatown's economy. According to the study, as part of typical travel packages, tour bus companies often have special arrangements with Chinatown restaurants.[22]

Chinatown is easily accessible by mass transit, with three subway stations (with a total of 11 subway lines) serving the area, namely, the 6, J, M, N, Q, R, W, Z trains at the Canal Street station; the B and D trains at the Grand Street station; and the F train at the East Broadway station. In addition, Chinatown is also accessible by the M15, M102, M101, and M6 bus routes, and is within walking distance from several other destinations in Lower Manhattan.

[21] Source: "Closed for Repairs" by Mark McCord; www.cargonewasia.com/timesnet/data/ab/docs/ab3114.html; *Asian News,* January 1, 2002.
[22] Source: *Chinatown After September 11th: An Economic Impact Study,* Asian American Federation of New York, Interim Report, April 4, 2002; pp. 1, 23.

In the wake of the tragic events of September 11, 2001, Chinatown experienced a decline in the number of tourists. According to the AAFNY study, in the first two months after 9/11, the Chinese American Restaurant Association reported a 40% drop in business among its members. Over 60% of the restaurants experienced business downturns of 30% to 70% after 9/11, and a significant decrease in tourist business was reported. Retail businesses were also affected, with the retail industry experiencing a 55% drop in monthly revenues, and jewelers experiencing a reduction of 50% in sales volume during the three months after 9/11. Chinatown's economy also suffered as a result of fears over the SARS virus in early 2003.

In early 2004, the City launched an aggressive campaign to promote Chinatown and lure tourists back to the district. "Explore Chinatown," which was set up in February 2004 and formally launched in May 2004, is a new marketing campaign intended to increase the number of tourists visiting Chinatown as well as to rebuild and improve the neighborhood's economy. The two year campaign is being coordinated by NYC & Company (the City's official tourism marketing organization) and the effort is being funded by the Lower Manhattan Development Corporation (LMDC) and the September 11th Fund. Marketing strategies for the campaign have included the creation of a new website, www.explorechinatown.com, which offers information about the historic neighborhood, suggested itineraries, a calendar of events, and cultural activities. In addition, a new visitor information kiosk was also built in Chinatown in December 2004 (located at the triangle where Canal, Walker, and Baxter Streets meet).

Initial indications suggest that this new aggressive marketing has paid off. For example, Chinatown's traditional annual Lunar New Year Parade, which took place in February 2005, was the first to be organized and coordinated by Explore Chinatown. According to campaign officials, the parade and festival drew about 350,000 visitors, and many business owners indicated that business in 2005 was better than the previous year. One restaurant owner estimated that his restaurant made around 25% more this Chinese New Year (2005) than last year).[23] No comparable information is available for the 2006 Chinese New Year.

The level of visitor activity in Chinatown on average days, as opposed to the major annual Chinese New Year's celebrations, is difficult to quantify, as no specific data are available for the number of visitors to Chinatown. However, subway ridership data can be used as a general indicator of pedestrian activity in Chinatown, as the vast majority of tourists and a substantial portion of other visitors use the subways. New York City Transit (NYCT) provides annual subway ridership data for every subway station in the City, as well as average weekday, average Saturday and average Sunday ridership data.[24] This facilitates comparison of ridership at any given station over a period of several years, and it also allows for a comparative assessment of ridership trends between two or more stations. For the purposes of this assessment, the Canal Street station (serving the J, M, N, Q, R, W, Z and 6 lines) was selected as being the closest station serving the Historic Chinatown area. Although the B, D and F subway lines also serve

[23] Source: "Business Report More Prosperity at This Year's Parade" by Divya Watal; *Downtown Express,* Volume 17, Number 39, February 17-23, 2005.

[24] Ridership for each station includes all passengers (other than NYCT employees) who enter the subway system at that station, including passengers transferring from buses. Not included are passengers exiting the subway system and passengers transferring from other subway lines.

Chinatown, their stations (at Grand Street and East Broadway, respectively), are not in immediate proximity to the Historic Chinatown core. Table 4-18 provides ridership data (annual, average weekday, average Saturday and average Sunday) for the Canal Street station for 2000 through 2004 (latest year for which data are available).

Consistent with the comparative methodology utilized throughout this chapter, Table 4-18 also provides similar data for other stations serving Tribeca and Lower Manhattan. As explained above, the comparative analysis would identify whether there are any trends that are applicable to the study area that are not evident in Lower Manhattan as a whole and/or in a sampled area to the west of the study area (Tribeca). For this comparative assessment, the Fulton Street/ Broadway-Nassau station (serving the A, C, J, M, Z, 2, 3, 4 and 5 lines) was selected in Lower Manhattan, and the Canal Street and Franklin Street stations on the 1 line, and the Canal Street station on the A, C, E lines were selected in Tribeca.

As shown in Table 4-18, 2004 annual ridership at the Canal Street station serving the study area/ Historic Chinatown core has increased by 15% compared to the 2001 pre-9/11 baseline condition. Average weekday ridership increased by 18%, whereas average Saturday and Sunday ridership increased by 20% and 14%, respectively, during the same period. Thus, as the number of subway riders entering this station has increased significantly compared to pre-9/11 conditions, it can be argued that the volume of people passing near and through the Historic Chinatown area has also increased, particularly on weekends, when tourist activity tends to peak.

In comparison, the selected stations in both Tribeca and Lower Manhattan experienced a decrease in annual and average weekday ridership over the same period, while average weekend ridership increased. For example, 2004 annual ridership in Lower Manhattan decreased by 5% compared to the baseline condition, and average weekday ridership decreased by 6%, while both average Saturday and Sunday ridership increased by 6%. In Tribeca, overall, 2004 annual ridership decreased by 4% and average weekday ridership declined by 6%, while both Saturday and Sunday ridership increased (by 8% and 1%, respectively), compared to 2001 pre-9/11 conditions.

It should be noted that the ridership data for the Canal Street station (J, M, N, Q, R, W, Z, 6), particularly annual and average weekday numbers, reflect service changes caused by the final phase of the Manhattan Bridge reconstruction, which began in July 2001 and ended in late February 2004. During this final phase of the rehabilitation, only the two tracks that connected Brooklyn to the Broadway line (N, Q) were in service, while the two tracks that connected Brooklyn to the 6th Avenue line (B, D) were not operational. This resulted in a shift in ridership between stations, causing an increase at several stations, including this Canal Street station, and a decrease at a number of other stations in the area, such as the Grand Street station (B, D).

Table 4-18: Subway Ridership Data for Subway Stations Serving the Study Area, Tribeca and Lower Manhattan (2001 to 2004)

	2001	2002	2003	2004	% Change 2001-2004
Study Area/Historic Chinatown – Canal Street Station (J, M, N , Q, R, W, Z, 6)					
Annual Ridership	13,578,273	17,699,470	16,858,187	15,561,802	15%
Average weekday Ridership	39,561	51,663	49,688	44,795	13%
Average Saturday Ridership	35,884	47,019	43,440	42,899	20%
Average Sunday Ridership	28,599	37,110	34,504	32,593	14%
Tribeca					
Franklin Street Station (1)					
Annual Ridership	1,997,511	2,119,136	1,765,348	1,736,731	-13%
Average weekday Ridership	7,001	7,467	6,159	6,049	-14%
Average Saturday Ridership	2,267	2,303	2,109	2,080	-8%
Average Sunday Ridership	1,736	1,774	1,590	1,549	-11%
Canal Street Station (1)					
Annual Ridership	1,895,864	1,845,972	1,735,003	1,810,452	-5%
Average weekday Ridership	6,337	6,152	5,754	5,947	-6%
Average Saturday Ridership	3,063	3,093	3,009	3,343	9%
Average Sunday Ridership	2,178	2,150	2,055	2,146	-1%
Canal Street Station (A, C, E)					
Annual Ridership	5,152,150	5,309,669	4,942,512	5,104,588	-1%
Average weekday Ridership	17,392	17,822	16,564	16,900	-3%
Average Saturday Ridership	7,831	8,343	8,001	8,789	12%
Average Sunday Ridership	5,643	6,097	5,607	5,999	6%
Tribeca Total (all three stations)					
Annual Ridership	9,045,525	9,274,777	8,442,863	8,651,771	-4%
Average weekday Ridership	30,730	31,441	28,477	28,896	-6%
Average Saturday Ridership	13,161	13,739	13,119	14,212	8%
Average Sunday Ridership	9,557	10,021	9,252	9,694	1%
Lower Manhattan – Fulton Street (J, M, Z, 2, 3, 4, 5) / Broadway Nassau (A, C)					
Annual Ridership	17,517,708	17,265,262	15,580,428	16,629,417	-5%
Average weekday Ridership	62,192	60,067	54,874	58,168	-6%
Average Saturday Ridership	18,782	22,243	18,131	19,919	6%
Average Sunday Ridership	12,347	14,531	11,982	13,122	6%

Source: New York City Transit 2002 and 2004 Subway & Bus Ridership Reports.
Data for lines using the Manhattan Bridge reflect service changes caused by the final phase of its rehabilitation.

This shift is particularly noticeable in the sharp rise in ridership at the Canal Street station in 2002, compared to 2001 (a 30% increase), which corresponds to a decline of approximately 67% in annual ridership at the Grand Street Station during the same period.

With the completion of the reconstruction in early 2004, there was a shift in ridership from stations on the Broadway line to stations on the 6th Avenue line. According to NYC Transit, by the end of 2004, ridership at the Grand Street station had almost quadrupled from its 2003 level.

As illustrated in Table 4-18, all three geographic areas considered experienced increases in average weekend subway ridership between 2001 and 2004. While the percentage increase at the

Canal Street station nearest the study area is significantly higher than increases experienced in the two other areas considered, this is likely attributable in large part to the shift in ridership patterns resulting from the Manhattan Bridge reconstruction, as discussed above.

Similarly, the Manhattan Bridge reconstruction is most likely the cause for the increases in annual and average weekday ridership experienced at this station, compared to decreases experienced in the two other geographic areas.

Based on the above subway ridership data, and accounting for the effects of Manhattan Bridge-related service changes, the study area generally shows similar trends to Lower Manhattan and Tribeca, with all three geographic areas experiencing increases in weekend subway ridership. Although subway ridership data represent an aggregate of all types of subway users (tourists, workers, and others), given that tourist activity typically peaks on weekends, this increase in weekend subway ridership could be an indication that the study area, including the Historic Chinatown core, has experienced an increase in the volume of visitors compared to the baseline condition.

Assessment

The above data indicate that the tourism industry in New York City, including in Chinatown, is on its way to recovering from the effects of the 9/11 attacks. As these improvements have occurred in the presence of the current security plan, the street closures resulting from the One Police Plaza security plan have therefore not had a significant adverse impact on the operation or viability of the City's tourist industry. Therefore, the Action does not have the potential to affect the operation and viability of the City's tourism industry.

Although there are some complaints that Chinatown has suffered disproportionately in terms of tourist activity, that would appear to be an effect of the September 11 attacks which has been felt throughout the tourism industry and not just in Chinatown, and these negative effects seem to have lessened with time. Moreover, the number of subway riders using the Canal Street station closest to Historic Chinatown has increased significantly compared to pre-9/11 conditions, an indication that the volume of people passing near and through the Historic Chinatown area has also increased, particularly on weekends. It should also be noted that the increase in international visitors to the City in the past two years is a positive development for the City's tourism industry

G. CONCLUSION

The action has not resulted in significant adverse impacts for all areas considered in the socioeconomic analysis.

Indirect Residential Displacement: Although the action has limited accessibility to some parts of the study area, there is no evidence that the limit in accessibility has resulted in any secondary residential displacement. While rents and home values have, in general, increased throughout the study area, these increases appear to be a result of normal economic trends, are consistent with

trends throughout Lower Manhattan, and are therefore not directly attributable to the security plan.

Indirect Business Displacement: Although the action has limited accessibility to some parts of the study area, there is no evidence that the limit in accessibility has resulted in any secondary business displacement. While property values have, in general, increased throughout the study area, and commercial rents have slightly decreased, these changes are not unique to the study area and appear to be a result of normal economic trends. As these changes are consistent with trends throughout Lower Manhattan, they are therefore not directly attributable to the security plan.

As discussed above, most of the retail corridors in the study area are very active. The Historic Chinatown sub-area has an observed vacancy rate of only 1.7% while the entire study area has an observed vacancy rate of 8%. The vacancy rate for the overall study area appears to be lower than the vacancy rate of 23.33% in the Downtown area below Canal Street. In addition, the main businesses in the Historic Chinatown sub-area (neighborhood services, shopping goods, and eating and drinking establishments) that were dominant in the baseline condition, continue to the be dominant businesses in the With-Action condition. The results of the business survey are, at most, inconclusive. While registering individual beliefs, the survey results show that respondents in the study area are almost evenly split regarding that the barriers have had on local businesses. While most respondents in Historic Chinatown attributed the barriers to a decline in business than in other neighboring areas, businesses east of the Bowery, which also borders the barriers, largely indicated that the barriers have not had an impact. The survey results are also not supported by objective economic measures identified in the *CEQR Technical Manual* such as property values and vacancy rates. Therefore, it appears that the security zone has also not adversely affected the viability of the Chinatown retail and restaurant sectors, which continue to be a major draw for both residents and tourists.

Moreover, as discussed above, median property values in Lower Manhattan, including the study area, have generally increased compared to the 2000 baseline condition. As shown in the detailed discussion of property values along Mott Street in the study area, property values have generally increased, and the rate of increase has not been found to be dependent on proximity to the security zone. Therefore, the action has neither offset positive trends in the study area, impeded efforts to attract investment to the area, nor created a climate for disinvestment. In fact, based on current real estate market conditions, the action has neither reduced property values in the study area, nor has it increased commercial rents to such an extent that secondary business displacement would be observed.

In addition, according to the *CEQR Technical Manual,* and as discussed above, an action can lead to indirect business displacement if:

- It introduces enough of a new economic activity to alter existing economic patterns.
- It adds to the concentration of a particular sector of the local economy enough to alter or accelerate an ongoing trend to alter existing economic patterns.
- It directly displaces uses or properties that have had a "blighting" effect on commercial

property values in the area, leading to rises in commercial rents.

- It directly displaces uses of any type that directly support businesses in the area or bring people to the area that form a customer base for local businesses.
- It directly or indirectly displaces residents, workers, or visitors who form the customer base of existing businesses in the area.
- It introduces a land use that could have a similar indirect effect, through the lowering of property values, if it is large enough or prominent enough or combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment.

As the action has not resulted in any of the above, no significant adverse indirect business displacement impacts have occurred.

Adverse Effects on Specific Industries: According to the *CEQR Technical Manual*, it may be possible that a given action could affect the operation and viability of a specific industry, not necessarily tied to a specific location. As noted above, the streets affected by the action provide approaches to the Historic Chinatown core for customers and clientele of the tourist-oriented shops and restaurants that are the mainstay of the economy of Chinatown. According to the guidelines of the *CEQR Technical Manual*, the action would not have an adverse impact on a specific industry because it would neither significantly impact the business conditions for any industry or category of businesses within or outside of the study area, nor would it indirectly reduce employment or impair the economic viability of a specific industrial sector or business category. Although there are some complaints that Chinatown has suffered disproportionately in terms of tourist activity, that would appear to be an effect of the September 11 attacks which has been felt throughout the tourism industry and not just in Chinatown, and these negative effects seem to have lessened with time. It should also be noted that the increase in international visitors to the City in the past two years is a positive development for the City's tourism industry.