

A. INTRODUCTION

This chapter assesses whether the proposed actions could result in significant adverse impacts to the socioeconomic character of the area within and surrounding the project site. As described in the *City Environmental Quality Review (CEQR) Technical Manual* (January 2012 edition), the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Although some socioeconomic changes may not result in environmental impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area.

As detailed in Chapter 1, “Project Description,” the proposed actions would result in an approximately 1.7 million gross-square-foot¹ (gsf) mixed-use development on 9 sites. The reasonable worst-case development scenario (RWCDs) includes a variety of uses: 900 dwelling units, of which half would be affordable; approximately 632,000 gsf of commercial space, of which approximately 469,000 gsf would be retail uses; approximately 29,000 square feet of public market space to house the Essex Street Market, which would be relocated and expanded by 14,000 square feet under the proposed actions; 114,000 gsf of community facility or cultural uses; up to 500 parking spaces; and a 10,000-square-foot publicly accessible open space. This RWCDs is in line with the goals of the proposed actions to transform underutilized property into a thriving, mixed-use development; provide affordable and market-rate housing, commercial and retail uses, community facilities and other neighborhood amenities; and knit these sites back into the neighborhood.

In accordance with *CEQR Technical Manual* guidelines, this socioeconomic analysis evaluates the RWCDs against six specific elements that can result in significant adverse socioeconomic impacts: (1) direct displacement of residential population on a project site; (2) direct displacement of existing businesses on a project site; (3) indirect displacement of residential population in a study area due to increased rents; (4) indirect displacement of businesses or institutions in a study area due to increased rents; (5) indirect business displacement due to retail market saturation; and (6) adverse effects on specific industries.

PRINCIPAL CONCLUSIONS

The analysis presented in this chapter finds that the proposed actions would not result in significant adverse socioeconomic impacts. The following presents the findings for each of the six areas of socioeconomic concern prescribed in the *CEQR Technical Manual* (numbered above).

¹ This number does not include below-grade parking space.

DIRECT RESIDENTIAL DISPLACEMENT

A screening-level assessment finds that the proposed actions would not result in significant adverse impacts due to direct residential displacement. The proposed actions would directly displace approximately nine residents who are living in seven dwelling units located in a City-owned rental building at 400 Grand Street (Site 5). The direct displacement resulting from the proposed actions would not be of a scale large enough to alter the demographics and socioeconomic character of the neighborhood. The amount of displacement (nine residents) falls well below the CEQR threshold of 500 displaced residents, and therefore a preliminary assessment is not warranted.

HPD would assign a relocation manager to each of the households that would be displaced and provide each household with an information letter that outlines the benefits available to the household. Eligible residents would receive relocation benefits, which include advisory services, including referrals to comparable and suitable replacement homes and assistance in preparing claim forms; payment for moving expenses; and financial assistance to help buy or rent a replacement home.

DIRECT BUSINESS DISPLACEMENT

A preliminary assessment finds that the proposed actions would not result in significant adverse impacts due to direct business displacement. As part of the proposed actions, the Essex Street Market tenants on Site 9 could relocate to a new market facility on Site 2. Aside from the Essex Street Market relocation, there are an estimated 14 businesses and 107 employees who could be displaced without specific plans or provisions for their relocation within the study area. The retail, parking, eating and drinking, and health care uses that would be displaced are common in the study area such that businesses and consumers would be able to find similar products and services elsewhere in the study area in the future with the proposed actions. The employment that would be lost would not be substantial, and the proposed actions would introduce many new employment opportunities in similar industry sectors. In addition, the businesses that could be displaced are not the subject of any regulations or public policy that seeks to preserve a specific type of business or institutional use. Although these businesses are valuable individually and collectively to the City's economy, their displacement from the project site would not substantially alter the neighborhood's economic activities.

INDIRECT RESIDENTIAL DISPLACEMENT

A preliminary assessment finds that the proposed actions would not result in significant adverse impacts due to indirect residential displacement. The proposed actions would introduce 900 new dwelling units that would be available to households with a mix of incomes; it is expected that 50 percent of these new units would be affordable. Despite the introduction of a substantial number of affordable housing units, as a whole the average household income of the project-generated population could be higher than that of the average ¼-mile study area population. However, the project-generated population would represent less than 5 percent of the future study area population, and therefore would not introduce a population that could substantially affect residential market conditions in the ¼-mile study area. There is an existing trend toward increased rents in the study area that would exist with or without the proposed actions; the effects of this new housing stock and population are not expected to have a substantial affect on future residential rents in the study area. The project's affordable housing would expand housing options available to the lower-income residents in the study area, and could balance the upward momentum of rents in the area caused by redevelopment.

INDIRECT BUSINESS DISPLACEMENT DUE TO INCREASED RENTS

A preliminary assessment finds that the proposed actions would not result in significant adverse indirect business displacement impacts due to increased rents. As described above, the RWCDs under the proposed actions would introduce a mix of uses, including residential, retail, office, hotel, community facility uses, and parking. Residential, retail, hotel, community facility uses, and parking are already common in the ¼-mile study area, and there are already existing trends of residential and hotel development in the study area. The proposed actions would contribute to these existing trends, rather than alter economic patterns. Under the RWCDs, approximately 36,300 square feet of non-specific commercial uses would be built on the project site, some of which could be office space. This amount of office space would not be enough of a new economic activity to introduce trends that would alter existing economic patterns.

In the future with the proposed actions, there would be increased foot traffic in the study area, which would benefit existing retail stores, restaurants and galleries in the study area. While the proposed actions could benefit many existing local businesses, increases in pedestrian foot traffic could lead to increased rents in the immediate vicinity of the project site, which in turn could result in the indirect displacement of some existing retail establishments that are not able to capture sales from the increased foot traffic. However, this potential displacement is expected to be limited and would not constitute a significant adverse impact under CEQR. As set forth in the *CEQR Technical Manual*, the consideration of a business or institution's economic value is based on the following criteria: (1) its products and services; (2) its location needs and whether those needs can be satisfied at other locations; and (3) the potential effects on businesses or on consumers of losing the displaced business or institution as a product or service. The retail stores that would be vulnerable to indirect displacement are not unique to the study area, and do not have locational needs that would preclude them from relocating elsewhere within the city. The ¼-mile study area already contains a large residential population (an estimated 43,711 residents). Therefore, there would still be the local demand for neighborhood retail and services necessary to maintain the strong retail presence within the study area. The limited indirect retail displacement that could result from increased rents would not be expected to lead to adverse changes to neighborhood character and would not result in significant adverse socioeconomic impacts.

In addition, industrial uses in the ¼-mile study area—including, but not limited to wholesalers, warehouses, and auto repair shops—could be considered potentially vulnerable to indirect displacement. However, these pressures are already present within the study area and are expected to increase in the future irrespective of the proposed actions. While the proposed actions could result in limited indirect displacement of existing industrial businesses, it would not alter or accelerate trends that would change existing economic patterns in a manner that would result in significant displacement.

INDIRECT BUSINESS DISPLACEMENT DUE TO RETAIL MARKET SATURATION

As described below, the proposed actions would not result in significant adverse impacts on neighborhood character due to retail market saturation or competition. According to the *CEQR Technical Manual*, an analysis of indirect business displacement due to retail market saturation is necessary if a project would result in more than 200,000 square feet of retail on a single development site or more than 200,000 square feet of regional-serving retail on multiple sites located across a project area. The RWCDs would introduce up to approximately 469,000 square feet of destination and local retail and an additional 14,000 square feet of public market space.

Seward Park Mixed-Use Development Project

Since it is assumed that the proposed actions would introduce more than 200,000 square feet of regional-serving retail, an analysis of indirect business displacement due to retail market saturation is necessary.

In many ways, the Lower East Side has a particularly robust retail profile, grounded in a long history of entrepreneurship. The character of retail in the area makes any substantial displacement due to new development and market saturation unlikely. The area contains a broad mix of commercial uses supported by a number of retail spending sources including residents of the Lower East Side and beyond, local workers, day-visitors, and overnight tourists. One of the characteristics that makes the Lower East Side and its adjacent neighborhoods of NoHo, Chinatown, and the East Village popular as a shopping destination is the tight concentration of particular types of retail such as restaurant supply, lighting, and Asian foods, artwork, and housewares. Shoppers enjoy the ease of comparison shopping in an area where a large volume of similar products can be found in the space of a few blocks. More generally, clothing, shoe, and accessory stores throughout the Lower East Side and adjacent neighborhoods all benefit from the high volumes of foot traffic spurred by the co-location of stores offering similar goods and services that draw shoppers from throughout the region. In effect, the concentration of stores in a location like the Lower East Side creates more positive synergy than negative competition among similar stores.

The preliminary analysis found that capture rates for each broad retail category (shoppers' goods, convenience goods, and eating and drinking establishments) with the exception of the building materials and garden supply category are over 100 percent in the existing condition and would continue to exceed 100 percent in the future with the proposed actions.¹ While the capture rates are high, they are not unusual in the context of New York City. The area has a high concentration of employment and encompasses prime tourist destinations that draw shoppers from the region. The proposed actions would add a combination of regional- and local-serving retail that could overlap with the local-serving retail strips in the area, especially those anchored by convenience goods. Therefore, a detailed analysis was conducted. The detailed analysis focused on grocery stores, since they often serve as anchors for retail concentrations and since the RWCDS under the proposed actions could introduce up to a 65,000 square foot grocery store in addition to other stores (e.g. discount department stores) that may offer products that would substantially overlap with typical grocery store offerings. In addition, department stores and home improvement stores were analyzed.

Competitive pressure generated by a chain supermarket would be felt most strongly by major supermarkets in the ½-Mile Local Trade Area. Smaller food stores would experience more moderate competitive pressure, if any, and neighborhood services stores and eating and drinking establishments would not be adversely impacted; this is because local residents would continue to shop at existing smaller grocery stores for specialized goods and services (including those familiar to an ethnic community), for convenience, and for accessibility to public transit. The

¹ Shoppers' goods are usually higher value goods—such as clothing, electronics, or furniture—for which consumers compare quality and price at more than one store before making a purchase. Convenience goods are usually lower value goods that are purchased frequently and immediately, often near the home or workplace, with little or no comparison shopping. The building materials and garden supplies category includes goods such as hardware, paint, building materials and supplies, and lawn and garden equipment and supplies. The eating and drinking establishment category includes restaurants, bars, and other special food services, such as caterers.

detailed analysis concludes that there is one grocery store in the ½-Mile Local Trade Area that could experience competitive pressure from a supermarket introduced as part of the RWCDs and that serves as an anchor to a local neighborhood retail concentration. The store could retain its customer base even with the proposed actions due to the density of residential population in surrounding blocks and other factors. However, even if the store was to close due to competition from a grocery store on the project site, the closure would not spur additional vacancies in adjacent storefronts since they are surrounded by high density residential uses so they would continue to experience high levels of foot traffic. Accordingly, closure would not negatively impact neighborhood character, and would not result in a significant adverse impact due to indirect business displacement from market saturation.

The detailed analysis studied building materials and garden supply stores since they often serve as anchors for retail concentrations and since the RWCDs could introduce an approximately 115,000-gsf building material and garden supply store. A large-scale building materials and garden supply store on the proposed project site would not draw substantial sales away from stores selling comparable goods in the ½-Mile Local Trade Area. Large-scale home improvement stores tend to draw sales from a broad trade area and from both contractors and households. There are few home improvement stores located in the ½-Mile Local Trade Area and they do not anchor neighborhood retail strips.

The detailed analysis also studied large-scale department stores and discount department stores since they often serve as anchors for retail concentrations and since the RWCDs could introduce a large-scale department store or discount department store. Large-scale department or discount department stores tend to draw sales from a broad trade area. They are not relying on a particular local residential population for their customer base and therefore do not typically have the potential to result in significant adverse impacts due to indirect business displacement from retail market saturation of the local market. The ½-Mile Local Trade Area does not contain any large-scale department stores, so any such store introduced as part of the proposed actions would be the only one in the trade area. Competitive pressure from this store and other shoppers' goods stores on the project site would be minimal for many shoppers' goods stores in the Local Trade Area. The ½-Mile Local Trade Area includes distinct pockets of shoppers' goods stores, including a concentration of lighting stores on the Bowery, boutique shops in Nolita, stores catering to tourists in Little Italy, and stores in Chinatown catering to the sizable Asian population living in the trade area and beyond. Overall, although there could be some overlap between products offered at existing and proposed project shoppers' goods stores, concentrations of shoppers' goods stores currently located in the ½-Mile Local Trade Area distinguish themselves in different ways (e.g., a focus on tourists, a focus on ethnic populations, a concentration of a particular type of product). Therefore, many of these stores would not be in direct competition with stores expected on the project site.

The proposed actions are not expected to alter the number of businesses and services that are located on retail corridors in the ½-Mile Local Trade Area, and vacancy rates are not expected to change in the future. Overall, the proposed actions would generate increased foot traffic that would benefit existing retail businesses in the ½-Mile Local Trade Area. While the possibility of some limited indirect business displacement due to competition cannot be ruled out, any displacement that might occur would not jeopardize the viability of any local retail strips. Therefore, the proposed actions would not result in significant adverse impacts on neighborhood character due to retail market saturation or competition.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

A preliminary assessment finds that the proposed actions would not have the potential to have a significant adverse impact on any specific industries in the City. The businesses that would be directly displaced by the proposed actions collectively account for only a small fraction of the total employment and economic activities in the study area, and are not expected to be critical to the viability of any City industries.

B. METHODOLOGY

BACKGROUND

Under CEQR, the socioeconomic character of an area includes its population, housing, and economic activity. Although socioeconomic changes may not result in impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area. In some cases, these changes may be substantial but not adverse. In other cases, these changes may be good for some groups but bad for others. The objective of the CEQR analysis is to disclose whether any changes created by the project would have a significant impact compared to what would happen in the future without the proposed actions.

An assessment of socioeconomic impacts distinguishes between impacts on the residents and businesses in an area and separates these impacts into direct and indirect displacement for both of those segments. Direct displacement occurs when residents or businesses are involuntarily displaced from the actual site of the proposed actions or sites directly affected by it. For example, direct displacement would occur if a currently occupied site was redeveloped for new uses or structures or if a proposed easement or right-of-way encroached on a portion of a parcel and rendered it unfit for its current use. In these cases, the occupants of a particular structure to be displaced can usually be identified, and therefore the disclosure of direct displacement focuses on specific businesses and a known number of residents and workers.

According to the *CEQR Technical Manual*, indirect or secondary displacement occurs when residents, business, or employees are involuntarily displaced due to a change in socioeconomic conditions in the area caused by a proposed action. Examples include the displacement of lower-income residents who are forced to move due to rising rents caused by higher-income housing introduced by a proposed action or a similar process resulting in higher-paying commercial tenants replacing industrial uses as the result of the introduction of a new use by a proposed action. Unlike direct displacement, the exact occupants to be displaced are not known. Therefore, an assessment of indirect displacement usually identifies the size and type of groups of residents, businesses, or employees potentially affected.

Some projects may not directly or indirectly displace businesses but may affect the operation of a major industry or commercial operation in the city. In these cases, the CEQR review process may involve an assessment of the economic impacts of the project on that specific industry.

DETERMINING WHETHER A SOCIOECONOMIC ASSESSMENT IS APPROPRIATE

Under CEQR, a socioeconomic assessment should be conducted if a project may be reasonably expected to create substantial socioeconomic changes in the area affected by the project that

would not be expected to occur in the absence of the project. The following circumstances would typically require a socioeconomic assessment:

- The project would directly displace 500 or more residents or 100 or more employees.
- The project would directly displace a business whose products or services are dependent on its location, is the subject of policies or plans aimed at its preservation, or serves a population dependent on its services in its present location.
- The project would result in new development of 200 residential units or more or 200,000 square feet (sf) or more of commercial use that is markedly different from existing uses, development, and activities in the neighborhood. This type of development may lead to indirect displacement.
- The project would add to or create a total of 200,000 sf or more of regional-serving retail on multiple sites located across a project area or 200,000 sf or more of retail on a single development site, thus creating the potential to draw a substantial amount of sales from existing businesses within the study area. This type of development may lead to indirect business displacement due to market saturation.
- The project is expected to affect conditions within a specific industry, which could affect socioeconomic conditions if a substantial number of workers or residents depend on the goods or services provided by the affected businesses, or if it would result in the loss or substantial diminishment of a particularly important product or service within the City.

If a project would exceed any of these initial thresholds, an assessment of socioeconomic conditions is generally warranted. The direct displacement resulting from the proposed actions are below the 500-resident threshold but exceed the 100-employee threshold warranting assessment. In addition, the RWCDs for the proposed actions includes 900 residential units, approximately 469,000 square feet of retail development, and roughly 14,000 square feet of net new public market space. Therefore, an assessment of direct business displacement and analyses of the potential for indirect residential displacement and indirect business displacement from increased rents are warranted. In addition, the RWCDs assumes that the proposed actions would introduce more than 200,000 square feet of regional-serving retail across a project area; therefore, an assessment of indirect business displacement due to retail market saturation is warranted.

ANALYSIS FORMAT

Following *CEQR Technical Manual* guidelines, the socioeconomic analysis begins with a screening assessment that determines the need for a preliminary assessment. For one of the six areas of concern—direct residential displacement—the effects of the proposed actions were not significant enough to warrant a preliminary assessment. However, as required by CEQR, the impacts for direct residential displacement are disclosed in the following analysis. For the remaining five areas of concern—direct business displacement, indirect residential displacement, indirect business displacement due to increased rents, indirect business displacement due to retail market saturation, and adverse effects on specific industries—preliminary assessments were conducted.

The preliminary assessment is conducted to learn enough about the potential effects of the proposed actions to either rule out the possibility of significant adverse impacts or determine that a more detailed analysis is required to fully determine the extent of the impacts. A detailed analysis is designed to examine existing conditions and then evaluate the changes to those

conditions in the future with the proposed actions as compared to the changes that would be expected in the future without the proposed actions. As detailed in Chapter 2, “Land Use, Zoning, and Public Policy,” the future without the proposed actions is defined by development projects expected to occur by the build date of the proposed actions. These projects are described in terms of the possible changes to socioeconomic conditions that they would cause, including potential population increases, changes in income characteristics of the affected area, changes to the rents or sale prices of residential units, new commercial or industrial uses, or changes to employment or retail sales.

For direct residential displacement, direct business and institutional displacement, indirect residential displacement, indirect business displacement due to increase rents, and adverse impacts on specific industries, a screening-level assessment or a preliminary assessment was sufficient to conclude that the proposed actions would not result in any significant adverse socioeconomic impacts. For indirect business displacement due to retail market saturation, a detailed assessment was required to fully understand potential impacts.






STUDY AREA DELINEATION

Under CEQR, residential and business displacement is considered an impact if it affects the character of the neighborhood. Therefore, the socioeconomic analysis considers residential and business changes that could be generated by the proposed actions within a larger study area surrounding the project site. As recommended by the *CEQR Technical Manual*, the study area used for the analyses of direct business displacement, indirect residential displacement, indirect business displacement due to increased rents, and adverse effects on specific industries is the same as the land use study area and approximates the ¼-mile perimeter around the project site. Because the assessments examine population and employment data, this ¼-mile study area was modified to include all census tracts in which at least 50 percent of the tract’s residential units are within the ¼-mile boundary. The socioeconomic study area for these four areas of concern therefore includes census tracts 12, 14.01, 14.02, 16, 18, 22.01, 30.01, 30.02, and 36.01 (See **Figure 3-1**).

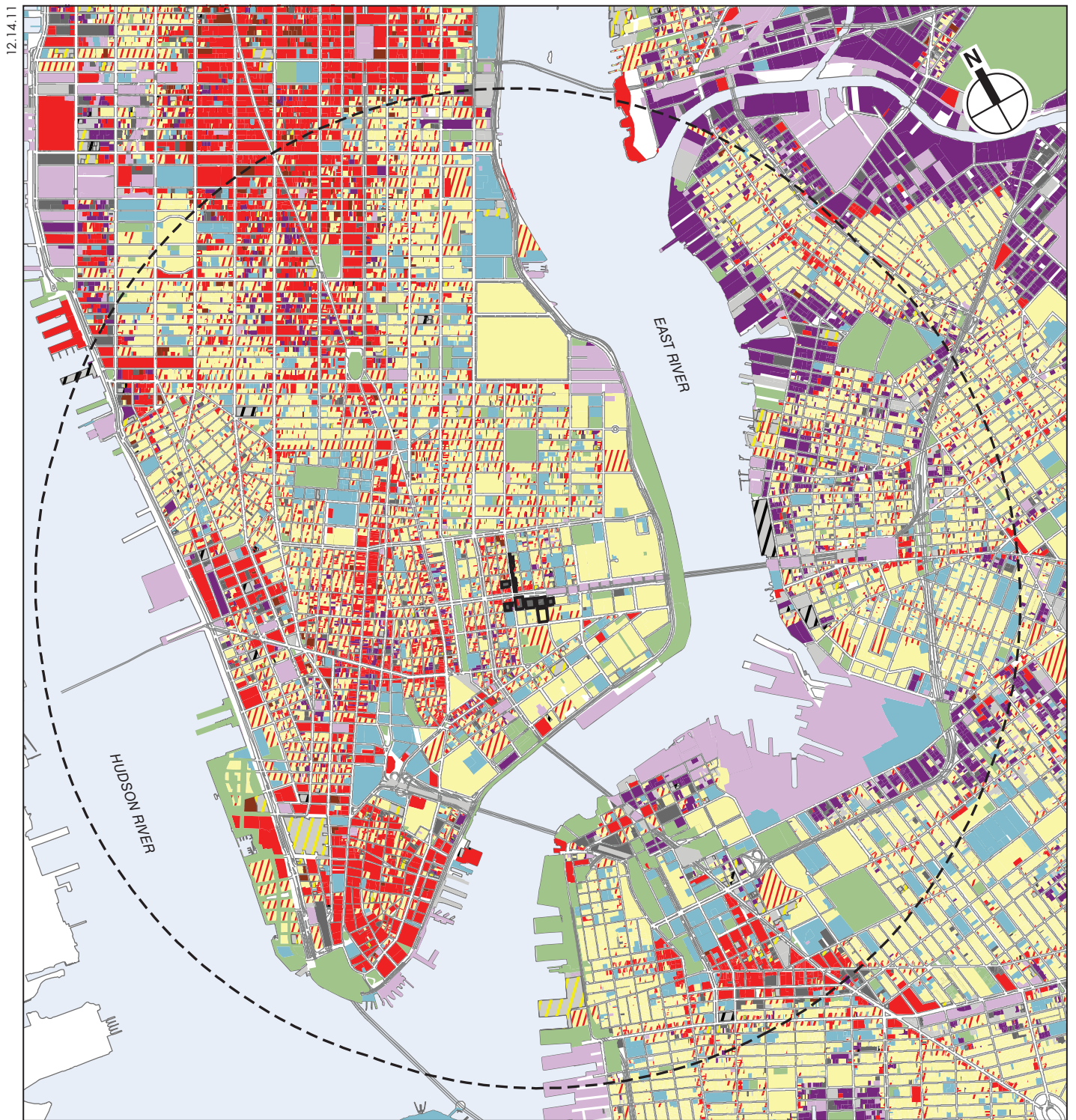
The assessment of indirect business displacement due to retail market saturation uses “trade areas” surrounding the project site, rather than the ¼-mile study area described above. The preliminary assessment uses a Primary Trade Area that approximates a two-mile radius around the project site. **Figure 3-2** shows the boundaries of this 2-Mile Primary Trade Area. As defined by the Urban Land Institute’s *Shopping Center Development Handbook*, trade areas for shopping centers similar to the proposed actions in size and potential tenant mix would generally extend three to five miles from the site, and typically can be reached within a 10- to 20-minute drive. However, trade areas for retail projects in New York City are typically smaller than the national standards cited in the *Shopping Center Development Handbook*, due primarily to the density of development in the New York metropolitan area. Therefore, the preliminary assessment for indirect business displacement due to retail market saturation is based on a 2-Mile Primary Trade Area.

The detailed analysis of indirect business displacement due to retail market saturation focuses on a ½-Mile Local Trade Area (see **Figure 3-3**)—the area from which the proposed actions’ retail would have the greatest potential to draw frequent, repeat visits from customers of existing retail concentrations, thereby affecting the business environment of those areas.



-  *Proposed Development Sites*
-  *Site 7 Would Not Be Redeveloped Under the Proposed Actions*
-  *Quarter-Mile Perimeter*
-  *Quarter-Mile Socioeconomic Study Area Boundary*
-  **14.02** *Census Tract Boundary*

0 1000 FEET
SCALE



- | | |
|--------------------------------------|------------------------------------|
| Project Site Boundary | Transportation and Utility |
| Two-Mile Primary Trade Area Boundary | Public Facilities and Institutions |
| Residential | Open Space and Outdoor Recreation |
| Residential with Commercial Below | Parking Facilities |
| Hotels | Vacant Land |
| Commercial and Office Buildings | Vacant Building |
| Industrial and Manufacturing | Under Construction |

0 1400 3500 FEET
SCALE



- Proposed Development Sites
- * Site 7 Would Not Be Redeveloped Under the Proposed Actions
- Half-Mile Local Trade Area Boundary
- Key Retail Concentrations

0 1000 FEET
SCALE

Retail Concentrations
in the Half-Mile Local Trade Area
Figure 3-3

DATA SOURCES

Information used in the socioeconomic assessment includes data from the U.S. Census Bureau's 2010 Census, 2000 Census, the 2006-2010 American Community Survey, and New York City Department of Finance's Real Property Assessment Data (RPAD) 2011 database. Existing employment estimates were obtained from NYCEDC and standard employee ratios. Employment data for 2010 was obtained from ESRI, Inc, a commercial data provider. Population estimates for the No Action projects used 2008-2010 American Community Survey data for Manhattan Community District 3, obtained from the New York City Department of City Planning (DCP). Estimates of stabilized housing units were obtained from March 2008 data from the NYS Department of Housing and Community Renewal, compiled by the DCP Housing, Economic, and Infrastructure Planning Division. Average residential rents were based on CitiHabitats, the MNS Manhattan Rental Market Report, and searches for apartment listings on Streeteasy.com conducted on January 11, 2012. Extensive field visits and retail surveys were performed between October and November of 2011 to collect data for this assessment.

C. PRELIMINARY ASSESSMENT

This section assesses the potential impacts of the proposed actions in terms of the six areas of socioeconomic concern identified by CEQR. For five of the six issue areas—direct residential displacement, direct business displacement, indirect residential displacement, indirect business displacement due to increased rents, and adverse impacts on specific industries—a screening-level assessment or a preliminary assessment was sufficient to rule out the possibility that the proposed actions would have any significant adverse impacts on the study area. For indirect business displacement due to retail market saturation, the preliminary assessment was not sufficient to rule out the possibility of significant adverse impacts, and a detailed assessment was conducted. The detailed analysis can be found in Section E of this chapter.

DIRECT RESIDENTIAL DISPLACEMENT

According to the *CEQR Technical Manual*, direct residential displacement is not a significant socioeconomic impact by itself. Impacts may result from direct residential displacement if, due to the number and type of people displaced, it is significant enough to alter the socioeconomic character of a neighborhood. Because the direct residential displacement caused by the proposed actions would fall well below the CEQR threshold of 500 displaced residents, the project's displacement would not be expected to alter the socioeconomic character of the neighborhood, and would not result in significant adverse socioeconomic impacts.

Whether or not the impact is considered significant, the *CEQR Technical Manual* requires that the direct residential displacement be disclosed for any project. The proposed actions would directly displace approximately nine residents living in seven dwelling units within a City-owned, rental residential building at 400 Grand Street, which is located on Site 5. The building is under the jurisdiction of the New York City Department of Housing Preservation and Development (HPD). HPD would assign a relocation manager to each of the households that would be displaced and provide each household with an information letter that outlines that benefits available to the household. Eligible residents would receive relocation benefits, which include advisory services, including referrals to comparable and suitable replacement homes and assistance in preparing claim forms; payment for moving expenses; and financial assistance to help buy or rent a new replacement home. It should be noted that Sites 2, 3, 4, 5, and 6 are located within the former Seward Park Extension Urban Renewal Area (SPEURA), which was

established in 1965 and expired in 2005. Historically, actions related to the SPEURA have resulted in direct residential displacement. As described in Chapter 2, “Land Use, Zoning, and Public Policy,” in 1967, demolition began in the SPEURA to clear land for new housing and commercial buildings (see Chapter 2, “Land Use, Zoning, and Public Policy” for further information).

DIRECT BUSINESS DISPLACEMENT

The *CEQR Technical Manual* defines direct business displacement as the involuntary displacement of businesses from a site or sites directly affected by a proposed action. As described above, the *CEQR Technical Manual* recommends a preliminary assessment of direct business displacement if the project would displace over 100 employees, or if a project would displace a business that is unusually important because its products or services are uniquely dependent on its location; based on its type or location, it is the subject of other regulations or publicly adopted plans aimed at its preservation; or it serves a population uniquely dependent on its services in its present location.

An estimated 14 businesses and 107 employees associated with those businesses could be displaced without specific plans or provisions for their relocation within the study area. Therefore, the following preliminary assessment was conducted to examine the characteristics of the affected uses to determine the significance of the potential impact. The assessment first examines the employment trends within the ¼-mile study area, identifies the businesses and employment on the project site, and then considers whether the project’s business displacement could result in significant adverse impacts.

EMPLOYMENT IN THE STUDY AREA

In 2010, there were an estimated 12,589 employees working in the ¼-mile study area (see **Table 3-1**). These employees represented 0.57 percent of the total employment in Manhattan and 0.36 percent of employment in New York City. Health care and social assistance constituted the largest percentage of employment in the study area (28.6 percent), followed by accommodation and food services (15.6 percent), retail trade (10.6 percent), and educational services (9.8 percent). Each of these sectors accounted for a larger percentage of employment in the study area than in Manhattan or New York City.

EMPLOYMENT ON THE PROJECT SITE

There are approximately 40 business and institutional uses located within the project site, including 23 separate vendors located in the Essex Street Market on Site 9. The remaining businesses include seven parking uses, a diner, liquor store, shoe repair business, non-profit cultural organization, restaurant, health clinic, various retail businesses, and a former film prop company that occasionally houses furniture sales. The 40 businesses collectively employ approximately 188 people, accounting for about 1.5 percent of employment in the study area (see **Table 3-2**).

As part of the preliminary assessment, the following threshold indicators (numbered in italics below) are considered to determine the potential for significant adverse impacts.

CEQR ASSESSMENT CRITERIA

1. Do the businesses to be displaced provide products or services essential to the local economy that would no longer be available in the trade area to local residents or businesses due to the difficulty of either relocating the businesses or establishing new, comparable businesses?

Of the 40 businesses shown in **Table 3-2**, the public parking garage on Site 7 would not be redeveloped under the proposed actions, and 23 vendors within the Essex Street Market are

Table 3-1
Study Area Employment in 2010

	¼-Mile Study Area		Manhattan		New York City	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	4	0.0%	326	0.0%	1,051	0.0%
Mining	0	0.0%	255	0.0%	329	0.0%
Utilities	0	0.0%	5,124	0.2%	8,394	0.2%
Construction	275	2.2%	28,325	1.3%	86,719	2.5%
Manufacturing	351	2.8%	78,671	3.6%	146,253	4.2%
Wholesale Trade	276	2.2%	54,122	2.5%	118,766	3.4%
Retail Trade	1,330	10.6%	200,933	9.1%	353,729	10.0%
Transportation and Warehousing	559	4.4%	23,873	1.1%	88,067	2.5%
Information	171	1.4%	201,410	9.1%	229,203	6.5%
Finance and Insurance	134	1.1%	375,694	17.0%	411,979	11.7%
Real Estate and Rental and Leasing	274	2.2%	80,810	3.7%	130,118	3.7%
Professional, Scientific, and Technical Services	262	2.1%	348,970	15.8%	399,869	11.4%
Management of Companies and Enterprises	1	0.0%	26,779	1.2%	27,385	0.8%
Administrative and Support and Waste Management and Remediation Services	224	1.8%	84,937	3.9%	118,552	3.4%
Educational Services	1,240	9.8%	82,970	3.8%	266,100	7.6%
Health Care and Social Assistance	3,598	28.6%	187,260	8.5%	447,317	12.7%
Arts, Entertainment, and Recreation	816	6.5%	64,474	2.9%	77,433	2.2%
Accommodation and Food Services	1,965	15.6%	159,300	7.2%	233,089	6.6%
Other Services (except Public Administration)	915	7.3%	114,591	5.2%	212,209	6.0%
Public Administration	147	1.2%	67,439	3.1%	141,846	4.0%
Unclassified Establishments	47	0.4%	18,199	0.8%	22,731	0.6%
Total	12,589	100.0%	2,204,462	100.0%	3,521,139	100.0%
Source: ESRI Business Analyst, Inc, Business Summary Report						

Table 3-2

Employment and Businesses Currently Located on Projected Development Sites

Sector	Employees	Percent of Total	Businesses	Percent of Total
Other Services (except Public Administration)	15	8.04%	9	23.08%
Accommodation and Food Services	40	21.26%	3	7.69%
Retail Trade	85	45.18%	26	64.10%
Arts, Entertainment, and Recreation	4	2.13%	1	2.56%
Health Care and Social Assistance	44	23.39%	1	2.56%
Total	188	100.00%	40	100.00%
Notes: Of the 40 businesses, 23 are separate vendors in the Essex Street Market and one is the parking lot on Site 7.				
Sources: NYCEDC, AKRF, Inc.				

expected to be offered relocation within the redeveloped Essex Street Market on Site 2. The Essex Street Market vendors occupy approximately 15,000 square feet of the existing 20,000-square-foot building on Site 9. Under the proposed actions, the existing vendors at the time of a move would be relocated to a new, expanded public market facility on Site 2. The new facility would be larger than the existing market—approximately 29,152 square feet, with space for 35 to 65 vendors. A new facility would be an opportunity for capital investment in the market to address many of the physical limitations of the existing facility. The new market facility would have an improved internal layout, better connections with the street and expanded common gathering areas for public seating and market events. In addition, the new facility would be energy efficient, be fully compliant with the Americans with Disabilities Act (ADA), and have improved storage capabilities, garbage handling, and climate control. Though the existing facility would be displaced, existing vendors at the time of a move would be given the first opportunities to relocate their businesses to the new facility upon its completion. As the new market would contain enough space for 35 to 65 vendors, it would be able to accommodate the existing vendors at the time of a move in the relocation.

There is a municipal parking lot on Site 1 that is owned and operated by New York City Department of Transportation (DOT), and on Site 2, there is a parking lot for City vehicles that is owned and operated by New York City Department of Housing Preservation & Development (HPD). These uses would be permanently displaced from the project site. DOT and HPD are government agencies and, therefore, are not the subject of direct displacement analysis under CEQR, since it is assumed that the City would retain the employees who would be displaced, as well as the services provided to the City. It is assumed that the City would find suitable sites (although not necessarily in the study area) for the displaced uses.

With the expected relocation of the tenants of the Essex Street Market building at Site 9, with Site 7 retaining its current function as a municipal parking garage, and excluding the parking lots on Sites 1 and 2, there would be 14 businesses and 107 employees directly displaced without specific plans or provisions for their relocation within the study area. These include a health clinic on Site 10, four remaining businesses on Site 9, four surface parking lots, two businesses on Site 2, and two businesses and a non-profit organization on Site 5. **Table 3-3** lists the types of businesses and the estimated number of employees that would be directly displaced by the proposed actions.

Table 3-3
Potential Direct Business Displacement

Sector	Employees	Percent of Total	Businesses	Percent of Total
Other Services (except Public Administration)	6	5.61%	6	42.86%
Accommodation and Food Services	40	37.38%	3	21.43%
Retail Trade	13	12.15%	3	21.43%
Arts, Entertainment, and Recreation	4	3.74%	1	7.14%
Healthcare and Social Assistance	44	41.12%	1	7.14%
Total	107	100.00%	14	100.00%
Sources: NYCEDC, AKRF, Inc.				

The Essex Street Market building on Site 9 includes four storefronts that would not be relocated with the public market space. These storefronts are occupied by a news stand, a limited-service restaurant, a cell phone store, and a full-service restaurant. Collectively, these four businesses employ an estimated 41 workers. The displacement of these uses and employment would not constitute a significant adverse socioeconomic impact because the businesses are not unusually important in the community or uniquely dependent on their location within the study area. Local consumers and businesses would be able to find similar products and services elsewhere in the study area. In addition, the RWCDS would include up to 470,000 square feet of retail space, and displaced businesses may be able to relocate to new space in the project site.

Site 2 is one of the former Essex Street Market buildings. The former market section of the building at 78-92 Essex Street is vacant, while the storefronts on Delancey Street contain a diner and a liquor store that would be directly displaced in the future with the proposed actions. As described above, these types of retail are common in the study area. Residents and businesses would find similar products elsewhere, and the current businesses may be able to find alternative space in the new development.

Site 5 contains three commercial and institutional uses that would be displaced as a result of the proposed actions: a ground-floor visitor center for the Lower East Side Jewish Conservancy at 400 Grand Street; a shoe repair store at the ground-floor of 402 Grand Street; and a former film prop company at 185 Broome Street that occasionally houses furniture sales. Given the availability of similar neighborhood services in the study area, the displacement of the shoe repair store would not constitute a significant adverse impact. In addition, the film prop company recently relocated its main operations to Brooklyn and only occasionally uses the building at 185 Broome Street to house furniture sales. The Lower East Side Jewish Conservancy could likely find space to relocate elsewhere in the study area.

As discussed above, the municipal parking lot on Site 1 that is owned and operated by DOT and the parking lot for City vehicles on Site 2 that is owned and operated by HPD are not subject to direct displacement analysis under CEQR. The remaining parking lots on Sites 3, 4, 5, and 6 are each occupied by surface parking. Site 3 is operated by the Lower East Side Business Improvement District and provides two hours of free parking for visitors and shoppers. Site 4 is also operated by the Lower East Side Business Improvement District and contains approximately 100 commercial parking spaces for area businesses. Site 5 includes a 100 space public parking lot that is operated by a private parking operator. The parking lot on Site 6 is operated by a private parking operator and contains 48 public parking spaces. In total, the directly displaced parking lots subject to CEQR include approximately 338 public parking

spaces and approximately 100 commercial parking spaces. Under the RWCDs, the proposed actions are expected to include up to 500 parking spaces on Sites 2 through 5 to accommodate peak parking demand levels generated by the proposed actions as well to replace the number of public parking spaces that could be lost as a result of the proposed actions.

The proposed actions would displace the Community Healthcare Network (CHN) from its current location at 150 Essex Street (Site 10). CHN's 10-year lease with the City for the clinic includes a commitment that should Site 10 be developed during that period, the City would relocate CHN to another location within the immediate area. However, because it is not certain that CHN would be relocated within the ¼-mile study area, it is assumed that the clinic would be displaced as a result of the proposed actions. CHN is a nonprofit organization that aims to provide primary care, mental health care, and social services to underserved populations. CHN accepts patients regardless of immigration status, race/ethnicity, sexual orientation, age or ability to pay, and can accommodate patients who speak English, Spanish, or Chinese. CHN offers a variety of services, including prenatal and post-partum care, pediatrics, geriatric care, preventive medicine, HIV treatment, and social services. As seen in **Table 3-1**, health care and social assistance constituted the largest percentage of employment in the study area (3,598 employees or 28.6 percent). There are several health clinics in the study area that offer similar services. For example, the Henry Street Settlement's Community Consultation Center, located at 40 Montgomery Street, offers services including HIV/AIDS services, outpatient mental health services, psychiatric day treatment, primary healthcare, parent education, and support and job training opportunities, and provides services in English, Spanish, Chinese, Italian, Sicilian and German. Gouverneur Healthcare Services, located at 227 Madison Street, includes an ambulatory care center, a 210-bed nursing facility, and offers interpreter services in several languages. Gouverneur Healthcare Services has several programs and services to accommodate the diverse population of the Lower East Side, including its Asian Mental Health Program and its Mobile Crisis Unit that provides psychiatric care to the homeless. Betances Health Center at 280 Henry Street offers services including primary care, prenatal care, and geriatric services, and social services, in English, Spanish, Mandarin, Cantonese, and Russian. These facilities offer services to patients regardless of immigration status or ability to pay. Local residents who use the services provided by CHN would be able to find similar services elsewhere in the study area.¹

2. Are any of the businesses to be displaced part of a category of businesses subject to regulations or publicly adopted plans to preserve, enhance, or otherwise protect it?

The businesses that could be displaced are not the subject of any regulations or public policy that seeks to preserve a specific type of business or institutional use. In fact, as described in Chapter 2, "Land Use, Zoning, and Public Policy," the community guidelines and urban design recommendations adopted by CB3 served as a broad framework for defining essential elements of the proposed actions.

CONCLUSION

Collectively, an estimated 14 businesses and 107 employees could be displaced without specific plans or provisions for their relocation within the study area. While every business is important

¹ Information on capacity and services provided obtained from <http://www.betances.org/>; <http://www.nyc.gov/html/hhc/gouverneur/html/home/home.shtml>; <http://www.henrystreet.org/programs/primary-behavioral-health/>; and <http://www.chnnyc.org/>.

to the City's economy, under CEQR guidelines, the potential loss of these businesses and employment within the study area would not be considered a significant adverse impact. The employment that would be lost would not be substantial, and the proposed actions would introduce many new employment opportunities in similar industry sectors. Collectively and individually, the displaced businesses provide products and services that are not critical to the study area or the defining element of the study area, and the products and services would continue to be available in a trade area to local residents and businesses. Therefore, the proposed actions would not result in significant adverse impacts due to direct business displacement.

INDIRECT RESIDENTIAL DISPLACEMENT

An analysis of indirect residential displacement aims to determine whether the proposed actions would introduce or accelerate a socioeconomic trend in a neighborhood, thereby changing the socioeconomic character of the neighborhood. Generally, an indirect residential displacement analysis is conducted only in cases in which the potential impact may be experienced by renters living in privately held units unprotected by rent control, rent stabilization, or other government regulations restricting rents, or whose incomes or poverty status indicate that they may not support substantial rent increases. The *CEQR Technical Manual* provides a step-by-step analysis for a preliminary assessment of indirect residential displacement.

STEP 1: Determine if the proposed project would add new population with higher average incomes compared to the average incomes of the existing populations and any new population expected to reside in the study area without the proposed project.

According to 2006-2010 ACS data, the average household income in the ¼-mile study area was approximately \$69,083 (see **Table 3-4**). In comparison, the average household income was \$125,163 in Manhattan and \$79,512 in New York City as a whole. The relatively low average household income in the ¼-mile study area is due in large part to the abundance of public housing in the study area, such as the Seward Park Extension and the development at 45 Allen Street. In general, the census tracts in which these developments are located have average incomes that are the lowest relative to the average incomes for Manhattan and New York City as a whole.

The average income in the ¼-mile study area increased by 17.8 percent since 1999. Over the same time period, the average income in Manhattan increased by 2.2 percent and the average income in New York City decreased by 2.2 percent (see **Table 3-4**). This large increase can be explained by the trend of new residential development that occurred in the area during this time. Notable market-rate residential developments in the area include the 243-unit Ludlow building at 188 Ludlow Street, the 30-unit Blue condo building at 105 Norfolk Street, and the 24-unit condo building at 115 Norfolk Street. Overall, census tracts that contain large amounts of new market-rate residential housing experienced the highest increase in average income.

Table 3-4
Average Household Income (1999, 2006-2010)

	1999	2006-2010	Percent Change
¼-Mile Study Area	\$ 58,621	\$ 69,083	17.8%
Manhattan	\$ 122,454	\$ 125,163	2.2%
New York City	\$ 81,265	\$ 79,512	-2.2%
Notes: 1. Average household income for the study area was estimated based on a weighted average of mean household income for the census tracts in the study area. 2. The ACS collects data throughout the period on an on-going, monthly basis and asks for respondents' income over the "past 12 months." The 2006-2010 ACS data therefore reflects incomes over 2005 and 2010, while Census 2000 data reflects income over the prior calendar year (1999). The median household income for both time periods is presented in 2011 dollars using an average of the U.S. Department of Labor's March 2011 Consumer Price Indices for the "New York-Northern New Jersey-Long Island Area."			
Sources: U.S. Census Bureau, 2000 Census, Summary File 3; 2006-2010 American Community Survey; U.S. Department of Labor Bureau of Labor Statistics; AKRF, Inc.			

When the median is used as a measure of income in the ¼-mile study area, the increase is more dramatic. The median household income for the ¼-mile study area from 2006-2010 was an estimated \$46,633 (see **Table 3-5**). This is significantly lower than the median household income for Manhattan (\$66,318) and lower than that of New York City (\$51,328). The presence of subsidized housing in the area is more notable in the examination of the median income than in the average income, as the median is less affected by the presence of a relatively small number of higher-income households in new market rate developments. However, the ¼-mile study area has also experienced a notable increase in median household income over the past decade—the median income grew by approximately 22.2 percent in the study area, which is much higher than the increase experienced in Manhattan (1.5 percent). New York City as a whole experienced a 3.5 percent decrease in median household income over the same period.

Table 3-5
Median Household Income (1999, 2006-2010)

	1999	2006-2010	Percent Change
¼-Mile Study Area	\$ 38,150	\$ 46,633	22.2%
Manhattan	\$ 65,326	\$ 66,318	1.5%
New York City	\$ 53,190	\$ 51,328	-3.5%
Notes: 1. Median household income for the study area was estimated based on a weighted average of median household incomes for the census tracts in the study area. 2. The ACS collects data throughout the period on an on-going, monthly basis and asks for respondents' income over the "past 12 months." The 2006-2010 ACS data therefore reflects incomes over 2005 and 2010, while Census 2000 data reflects income over the prior calendar year (1999). The median household income for both time periods is presented in 2011 dollars using an average of the U.S. Department of Labor's March 2011 Consumer Price Indices for the "New York-Northern New Jersey-Long Island Area."			
Sources: U.S. Census Bureau, 2000 Census, Summary File 3; 2006-2010 American Community Survey; U.S. Department of Labor Bureau of Labor Statistics; AKRF, Inc.			

Under the RWCDs, the proposed actions would add 900 residential units, resulting in the introduction of an estimated 1,989 residents to the area.¹ It is expected that half of these units (450 residential units) would be affordable housing, and therefore would be occupied by a range

¹ Estimate assumes the average household size (2.21 people per household) of Community District 3.

of low- to middle-income households. The remaining residential units would be market rate, which would be available for households at any income level. Recent real estate trends in the area indicate that many of these market rate units could be occupied by households with incomes higher than both the area average and median. According to the *Black & White Report* from CitiHabitats, Inc., average monthly rental rates for apartments on the Lower East Side in 2010 were \$2,196 for a one-bedroom unit and \$2,931 for a two-bedroom unit. A search of listings for Lower East Side apartments on Streeteasy.com in January 2012 indicated that the median rental rate is approximately \$2,195 for a one-bedroom unit and \$3,450 for a two-bedroom unit. Newly constructed or converted rental buildings generally have more amenities, including doormen, and can command higher rental rates. The MNS Manhattan Rental Market Report from December 2011 shows the average rental rate for one-bedroom units in the Lower East Side ranging from \$2,132 to \$2,565 in non-doorman buildings and from \$2,760 to \$3,825 in doorman buildings, and the average rental rate for two-bedroom units ranging from \$3,324 to \$3,823 in non-doorman buildings and from \$3,989 to \$5,158 in doorman buildings. Based on these data, and assuming that households spend 30 percent of their annual income on rent, renters of a one-bedroom apartment in the Lower East Side would be projected to earn between \$87,800 and \$153,000, and renters of a two-bedroom apartment would be projected to earn between \$117,240 and \$206,320.¹

Since 2000, the average and median incomes in the study area have increased at rates higher than those experienced in Manhattan and New York City as a whole. In the context of changes in both the median and average income in the study area, the change resulting from the proposed actions would represent the continuation of an existing trend. However, in the context of market rate rents in the study area, it is possible that the market rate units added by the proposed actions could introduce a population with incomes higher than the average and the median in the study area. Because it is possible that an estimated 994 new residents would have income greater than the average and the median in the study area, Step 2 of the preliminary assessment is required.

STEP 2: Determine if the project's increase in population is large enough relative to the size of the population expected to reside in the study area without the project to affect real estate market conditions in the study area.

According to the *CEQR Technical Manual*, a population increase of less than 5 percent of the total study area population would generally not be expected to change real estate market conditions. According to the U.S. Census, in 2010 the study area had a population of 43,711—a 6.4 percent decline from the population in 2000 (see **Table 3-6**). In comparison, the population of Manhattan increased by 3.2 percent, and the population of New York City increased by 2.1 percent during the same time period.

¹ Assumption based on U.S. Department of Housing and Urban Development (HUD) definition of affordable housing. According to HUD, families who pay more than 30 percent of their income for housing are cost burdened.

Table 3-6
Population Change (2000-2010)

	2000	2010	Percent Change
Study Area	46,684	43,711	-6.4%
Manhattan	1,537,195	1,585,873	3.2%
New York City	8,008,278	8,175,133	2.1%

Sources: U.S. Census Bureau, 2000 Census, Summary File 3; 2010 Census; AKRF, Inc.

As detailed in Table 2-2 in Chapter 2, “Land Use, Zoning, and Public Policy,” several development projects are expected in the future without the proposed actions. Based on information about these planned projects, approximately 512 residential units will be built in the ¼-mile study area by the 2022 build year. Assuming the average household size (2.21 people per household) and the occupancy rate (91.8 percent) of Community District 3, these planned development projects would add an estimated 1,039 residents to the study area. The total population in the future without the proposed actions would be 44,750 residents (see **Table 3-7**).

As explained in the previous step, the proposed actions would add 900 residential units to the project site. Assuming the 2.21 people per household average for Community District 3, this increase in residential units would introduce 1,989 residents to the study area, for a total population of 46,739 or an increase of 4.44 percent (see **Table 3-7**).

Table 3-7
Estimated Population Change

	Population			Percent Change (Future with and without the Proposed Actions)
	2010	Future without the Proposed Actions	Future with the Proposed Actions	
Study Area	43,711	44,750 ¹	46,739 ²	4.44%

Notes: 1. Based on the No Action list presented in Table 2-2, there will be approximately 512 residential units built in the study area by 2022, absent the proposed actions. Based on Community District 3’s average household size from the 2008-2010 American Community Survey 3-Year Estimates (2.21 people per household) and the occupancy rate (91.8 percent), 1,039 people will be added in the future without the proposed actions.
2. Based on the RWCDs, 900 residential units would be added in the future with the proposed actions. Assuming Community District 3’s average household size from the 2008-2010 American Community Survey 3-Year Estimates (2.21 people per household), approximately 1,989 residents would be added by the proposed actions.

Sources: Census 2010, New York City Department of City Planning, AKRF, Inc.

Since this increase is lower than the 5 percent CEQR threshold, the proposed actions are not expected to substantially change the demographic composition or alter real estate market conditions in the study area. Any upward pressure on rent that could be generated by the project would be limited in scale, and is not expected to extend beyond an area immediately surrounding the project site. In addition, by allocating half of the residential component in the proposed actions to affordable housing, the proposed actions could balance the upward momentum of rents in the area caused by redevelopment. The 450 affordable housing units could also expand housing options available to the lower-income residents in the study area, protecting them against indirect displacement in the future.

INDIRECT BUSINESS DISPLACEMENT DUE TO INCREASED RENTS

According to the *CEQR Technical Manual*, the objective of the indirect business displacement analysis is to determine whether the proposed actions may introduce trends that would increase

commercial property values and therefore rents, making it difficult for some categories of businesses to remain in the area. In this preliminary assessment the potential to introduce such a trend is addressed by considering the italicized questions below.

1. Would the proposed project introduce enough of a new economic activity or add to the concentration of a particular sector of the local economy enough to introduce trends that would alter existing economic patterns?

Under the RWCDS, the proposed actions would introduce the following types of economic activities and uses to the proposed development sites: residential; office; hotel; retail; community facility space; and parking. The addition of community facility uses and parking spaces would not alter existing economic patterns. Therefore, this assessment focuses on the proposed actions' residential, office, hotel, and retail uses.

RESIDENTIAL

The RWCDS would introduce 900 residential units to the study area by 2022. As stated above in "Indirect Residential Displacement," the ¼-mile study area already contains a large residential population (an estimated 43,711 residents). The project-generated population would represent less than five percent of the total population in the ¼-mile study area.

The residential units that would be added by the proposed actions are expected to contribute to the existing trend toward residential development in the ¼-mile study area. Between 2000 and 2010, the number of housing units in the study area increased by 5.8 percent, from 19,381 housing units to 20,510 housing units. Recent market rate residential development includes the 23-story, 243-unit Ludlow residential building at 188 Ludlow Street that was built in 2006; the 16-story, 30 unit Blue condo at 105 Norfolk Street that was built in 2005; and the 7-story, 24-unit condo building at 115 Norfolk Street that was built in 2008. In addition, approximately 512 residential units are expected to be built in the study area in the future without the proposed actions. Given the existing established trend toward residential development in the study area, the residential units that would be introduced by the proposed actions represent a continuation of an existing trend and would not change existing economic patterns.

OFFICE

Under the RWCDS, approximately 36,300 square feet of non-specific commercial uses would be built on the project site, some of which could be office space. Since some portion of this space could be used for other commercial uses, less than 36,300 square feet of office space could be added as a result of the proposed actions. Although this would be a new use to the study area, up to 36,300 square feet of this new use would not be enough of a new economic activity to alter existing economic patterns in the study area.

HOTEL

The 200-room hotel that would be introduced under the RWCDS would not add to a particular sector of the local economy such that it would affect overall ongoing economic trends in the ¼-mile study area. According to ESRI Business Analyst, the study area has nine existing hotels with 331 employees. Hotels in the area include: the Hotel on Rivington at 107 Rivington Street; Thompson Lower East Side at 190 Allen Street; and Blue Moon Hotel at 100 Orchard Street. In addition, as shown on Table 2-2, 693 additional hotel rooms are proposed in the future without

the proposed actions. Thus, the proposed actions would contribute to the existing trend toward hotel development in the ¼-mile study area.

RETAIL

As described above, the RWCDs would introduce approximately 469,000 square feet of retail including both destination and local retail. In addition, the project would relocate and expand the existing Essex Street Market space by approximately 14,000 square feet from approximately 15,000 square feet to approximately 29,000 square feet. Specific tenants and store sizes for the proposed actions have not yet been determined. Currently, the ¼-mile study area has 2.20 million square feet of retail. The 483,000 square feet of retail (including the 14,000 square feet of net new public market space) that would be introduced by the proposed actions would be a 22.0 percent increase over existing retail.

The concern for this assessment is whether the retail introduced by the proposed actions would alter economic patterns in a way that would make existing commercial uses vulnerable to indirect displacement due to increased rents. In general, existing retail businesses in the ¼-mile study area would benefit from the increased foot traffic that would be created by the residential and worker population introduced by the proposed actions. For many businesses located in the ¼-mile study area, spending from the new households and employees would increase sales. By increasing sales, these businesses could afford increases in commercial rents, thereby avoiding displacement.

Although, as a whole, existing businesses in the ¼-mile study area would benefit from the increased foot traffic, there is some potential that certain types of businesses could experience indirect displacement pressure. Assuming an increase in rents, retail stores most vulnerable to displacement would be those that are not able to capture sales from the new population. The extent of rent increases would depend upon the incremental levels of pedestrian activity generated by the proposed actions, and the location of existing storefronts relative to the areas of increased pedestrian activity; while no particular category of retail store would be immune to potential rent increases, those stores whose sales did not grow proportionately to rent increases would be most vulnerable to displacement. While neighborhood services and convenience goods stores generally benefit from increases in residential population, if a store targets a particular demographic group whose numbers are decreasing within the ¼-mile study area even as total population is increasing, then that store may be vulnerable to displacement due to increases in rent. For example, discount apparel or shoe stores along Delancey Street appeal primarily to a low- and moderate-income customer base. Although these stores may be less likely to capture dollars from new, more affluent residents and workers in the area, the study area contains a mix of incomes, as would the population introduced by the proposed actions.

Although some retail tenants may be indirectly displaced, their displacement would not constitute a significant adverse impact under CEQR. As set forth in the *CEQR Technical Manual*, the consideration of a business or institution's economic value is based on the following criteria: (1) its products and services; (2) its location needs and whether those needs can be satisfied at other locations; and (3) the potential effects on businesses or on consumers of losing the displaced business or institution as a product or service. The retail stores that would be vulnerable to indirect displacement are not unique to the study area, and do not have locational needs that would preclude them from relocating elsewhere within the city. Furthermore, since the ¼-mile study area already contains a large residential population (an estimated 43,711 residents), there would still be the local demand for neighborhood retail and services necessary

to maintain the strong retail presence within the study area. Therefore, the indirect retail displacement that could result from increased rents would not be expected to result in significant adverse socioeconomic impacts.

Area businesses potentially vulnerable to indirect displacement due to increased rent also include industrial businesses. Industrial businesses are typically less compatible with the economic trends that are creating upward rent pressures in the ¼-mile study area; i.e., they tend to not directly benefit in terms of increased business activity from the market forces generating the increases in rent. For example, if a neighborhood is a more desirable place to live, uses that are less compatible with residential conditions (such as manufacturing) would be less able to afford increases in rent due to increases in property values compared with a neighborhood service use, convenience goods store, or eating and drinking establishment, which could see increased business activity from the increased residential presence. Therefore, industrial uses in the study area could be considered potentially vulnerable to indirect displacement, as a property owner could decide to convert an existing industrial property to a retail use.

As stated in Chapter 2, “Land Use, Zoning, and Public Policy,” there are a few remaining light industrial uses scattered throughout the area, including loft spaces, wholesalers, and warehouses; and a small enclave of auto repair shops is located on Attorney Street between East Houston and Stanton Streets. In addition, light industrial uses, such as warehouses, wholesalers, distributors, and hardware stores that support Chinatown’s commercial corridors are located along Chrystie and Eldridge Streets. These industrial uses in the ¼-mile study area could be considered potentially vulnerable to indirect displacement, as a property owner could decide to convert an existing industrial property to a retail use. However, these pressures are already present within the study area and are expected to increase in the future irrespective of the proposed actions. While the proposed actions could result in limited indirect displacement of existing industrial businesses, it would not alter or accelerate trends that would change existing economic patterns in a manner that would result in significant displacement.

2. Would the proposed project directly displace 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?

As discussed in the direct displacement sections above, the proposed actions would directly displace nine tenants, as well as 14 businesses for which relocation plans have not been identified, including: a news stand; three eating establishments; a cell phone store; a liquor store; a ground-floor visitor center for the Lower East Side Jewish Conservancy; and a shoe repair store. The goods and services offered by potentially displaced uses can be found elsewhere within the ¼-mile study area, and the proposed actions would likely introduce similar uses. None of the potentially displaced businesses provide substantial direct support to other businesses in the study area. While the visitor center brings visitors to the study area, it does not bring substantial visitors to the area that form a customer base for local businesses. Furthermore, it is possible that these displaced businesses could relocate to the new commercial space that would be added by the proposed actions.

In addition, four surface parking lots with approximately 338 public parking spaces and approximately 100 commercial parking spaces would be directly displaced by the proposed actions. In the future with the proposed actions, it is expected that up to 500 public parking spaces would be provided. As described in Chapter 13, “Transportation,” the 500 off-street parking spaces that would be introduced by the proposed actions would be sufficient to accommodate peak parking demand levels generated by the proposed actions.

4. Would the proposed project directly or indirectly displace residents, workers, or visitors who form the customer base of existing businesses in the study area?

As described above, nine residents and an estimated 107 employees would be directly displaced by the proposed actions. Although these potentially displaced residents and employees may form a portion of the customer base of neighborhood retail and service establishments, the proposed actions would introduce approximately 1,989 residents and approximately 1,449 workers to the ¼-mile study area. The increase in residential and worker populations in the study area due to the proposed actions would add to the potential customer base of existing study area businesses.

CONCLUSION

Based on the preliminary assessment presented above, the proposed actions would not result in significant adverse impacts due to indirect business displacement, and a detailed analysis is not warranted.

INDIRECT BUSINESS DISPLACEMENT DUE TO MARKET SATURATION

As described in the *CEQR Technical Manual*, development activity such as shopping facilities may draw sales from existing stores. While these competitive socioeconomic impacts do not necessarily generate environmental concerns, they can become an environmental concern if they have the potential to impact neighborhood character by affecting the viability of neighborhood shopping areas.

The purpose of this preliminary assessment is to determine whether the proposed project may capture retail sales from existing businesses to the extent that vacancies and disinvestment on neighborhood commercial streets would occur, thereby affecting land use patterns and the economic viability of the neighborhood.

As stated in the *CEQR Technical Manual*, indirect displacement due to market saturation is rare in New York City, where population density, population growth, and purchasing power are often high enough to sustain increases in retail supply. In many ways, the Lower East Side, the neighborhood in which the project site is located, has a particularly robust retail profile, grounded in a long history of entrepreneurship. The character of retail in the area makes any substantial displacement due to new development and market saturation unlikely. Historically, the Lower East Side has been home to a range of bustling commercial uses, from garment production to food production and eateries to pushcart vendors. Today, the area contains a broad mix of commercial uses including local delis and tailors; a growing number of restaurants, drinking establishments, art galleries, and fashion boutiques; wholesale and retail restaurant supply and lighting stores; and larger commercial establishments such as clothing stores and banks. These are supported by a number of retail spending sources including residents of the Lower East Side and beyond, local workers, day-visitors, and overnight tourists staying at the growing inventory of boutique hotels on the Lower East Side.

One of the characteristics that makes the Lower East Side and its adjacent neighborhoods of NoHo, Chinatown, and the East Village, popular as a shopping destination is the tight concentration of particular types of retail. For example, the concentration of stores in Chinatown specializing in products such as Asian foods, artwork and housewares draws both regular customers from all over the city and a constant stream of tourists. Shoppers enjoy the ease of comparison shopping in an area where a large volume of similar products can be found in the space of a few blocks. The cluster of restaurant supply and lighting stores along Bowery Street

likewise provides an opportunity for easy access to a wide variety of products in a specific category of retail. More generally, clothing, shoe, and accessory stores throughout the Lower East Side and adjacent neighborhoods all benefit from the high volumes of foot traffic spurred by the co-location of stores offering similar goods and services. In effect, the concentration of stores in a location like the Lower East Side creates more positive synergy than a negative competition among similar stores.

The *CEQR Technical Manual* provides a step-by-step preliminary assessment that can be described as a “capture rate analysis.” Capture rates are measures of business activity in a trade area, indicating the percentage of consumer expenditures for retail goods that are being captured by retailers in the trade area.

STEP 1:

The first step in a retail capture rate analysis is to determine whether the categories of goods to be sold at the proposed development are similar to the categories of goods sold in stores found on neighborhood retail streets within the study area.

The RWCDs assumes that the proposed actions would result in the development of 469,000 gsf of retail uses, comprising a mix of local retail (i.e., small-scale stores geared towards serving the day-to-day needs of the study area population), and destination retail (i.e., retail generally sold in larger format stores that will attract customers from greater distances in order to compare price, quality, and the selection of merchandise). Specific tenants and store sizes for the proposed actions have not yet been determined. For purposes of this analysis, it is conservatively assumed that the retail program could include, in addition to various small and mid-size retail stores and incremental Essex Street Market space, a 125,000-gsf discount department store; a 115,000-gsf home improvement store, and a 65,000-gsf grocery store. This assumption is conservative because these types of stores tend to have substantial overlap with a variety of smaller format stores that may already exist on nearby neighborhood retail streets, and their annual per square foot sales are typically high compared to other retail uses.

The ¼-mile study area and areas close to the ¼-mile study area boundary include a substantial amount of retail, and stores are varied in both size and product offerings. Certain retail concentrations in the area include retail stores that specialize in goods unlikely to be sold at project site stores. For example, the Bowery hosts a concentration of stores specializing in restaurant supply and lighting fixtures, and Chinatown includes grocery stores that cater to the large Asian population living in the study area and in other parts of the city. It is unlikely that these stores would be directly competitive with the new retail stores introduced under the proposed actions. However, with up to 469,000 square feet of retail and 14,000 square feet of net new public market space, it is assumed that the proposed actions could include retailers whose product offerings do overlap with the offerings at some study area retail stores.

STEP 2:

Step 2 in a retail capture rate analysis is to determine a Primary Trade Area. For the proposed “anchor” stores – the largest stores in the proposed development that are expected to yield the largest proportion of retail sales.

As described in Chapter 1, “Project Description,” footprints for the projected development sites range from approximately 7,000 square feet to approximately 61,000 square feet. These

footprints could accommodate a range of retail uses, including destination retailers that would draw customers from outside of the immediate neighborhood.

As defined by Urban Land Institute's Shopping Center Development Handbook, trade areas for shopping concentrations similar to the proposed actions in size and potential tenant mix would generally extend three to five miles from the site, and typically can be reached within a ten- to twenty-minute drive. Trade areas for retail projects in New York City are typically smaller than the national standards cited in the Shopping Center Development Handbook, due primarily to the density of development in the New York metropolitan area. A five-mile radius from the proposed project site extends into Queens and deep into Brooklyn, reaches north to approximately 100th Street in Manhattan, and covers most of Hudson County in New Jersey. This would not be an appropriate trade area for the proposed actions because many of those traveling from the more distant reaches of a five-mile trade area would be traveling past retail concentrations of equal or greater size to reach the project site. For example, residents of Hudson County are more likely to regularly visit closer retail destinations such as Newport Centre Mall in Jersey City and residents in most areas of Brooklyn would pass destination retail in Downtown Brooklyn, Gowanus, and Red Hook before reaching the project site.

Thus, for purposes of analysis, the Primary Trade Area for the proposed actions is a two-mile perimeter around the project site, hereafter referred to as the 2-Mile Primary Trade Area (see **Figure 3-2**).

STEP 3:

Step 3 in the preliminary assessment is to estimate sales volumes for relevant retail stores within the Primary Trade Area, i.e., stores that sell categories of goods similar to those expected to be offered by stores introduced by the proposed project.

As described above, no specific retailing plan has been developed for the proposed actions, but it is expected that the project would include retail stores selling a variety of goods and services. Therefore, this analysis assesses sales in four major retail categories: shoppers' goods; convenience goods; building materials and garden supplies; and eating and drinking establishments. Shoppers' goods are usually higher value goods—such as clothing, electronics, or furniture—for which consumers compare quality and price at more than one store before making a purchase. Convenience goods are usually lower value goods that are purchased frequently and immediately, often near the home or workplace, with little or no comparison shopping. The building materials and garden supplies category includes goods such as hardware, paint, building materials and supplies, and lawn and garden equipment and supplies. The eating and drinking establishment category includes restaurants, bars, and other special food services, such as caterers.

Data for department stores and grocery stores—subsets of the shoppers' goods and convenience goods categories, respectively—are also analyzed. This analysis focuses on these stores in particular because grocery stores and department stores often serve as anchors for retail concentrations, and the proposed actions could introduce stores offering products that would substantially overlap with typical grocery store or department store offerings.

According to ESRI, a national provider of geographic planning data, retail sales at stores in the 2-Mile Primary Trade Area totaled approximately \$17.5 billion in 2010 for the retail categories analyzed (see **Table 3-8**). Approximately 47 percent of these sales were at shoppers' goods

Table 3-8
Retail Sales in the 2-Mile Primary Trade Area

Retail Category	Total Sales (Millions of 2011 Dollars)
Shoppers' Goods ¹	\$8,225.25
<i>Department Stores</i>	\$215.00
Convenience Goods ¹	\$4,078.70
<i>Grocery Stores</i>	\$1,559.73
Building Materials and Garden Supply	\$175.91
Eating and Drinking Establishments	\$4,975.24
Total²	\$17,455.10
Notes: 1. Shoppers' Goods include: furniture and home furnishings stores; electronics and appliance stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; general merchandise stores; office supply, stationary, and gift stores; and used merchandise stores. Convenience Goods include: food and beverage stores; health and personal care stores; florists; and other miscellaneous store retailers. 2. Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.	
Sources: ESRI, Inc.; AKRF, Inc.	

stores (\$8.2 billion), 23 percent at convenience goods stores (\$4.1 billion), and 29 percent at eating and drinking establishments (\$5.0 billion). One percent of sales were at building materials and garden supply stores (\$175.9 million). Only three percent of sales in the shoppers' goods category were attributed to department stores (\$215.0 million), reflecting the prevalence of small- and mid-size stores rather than larger-format department stores in the 2-Mile Primary Trade Area.

STEP 4:

Step 4 in the preliminary assessment is to estimate the expenditure potential, or retail demand, for relevant retail goods of shoppers within the Primary Trade Area.

Retail demand for any retail concentration can originate from a variety of sources, including local households and workers, businesses, tourists, and online sales. Data sources that report on both retail demand and sales tend to focus on demand from households in a defined geography and do not always address demand from workers, businesses, or tourists, which can be more difficult to pinpoint and relate directly to retail sales. (The U.S. Census Bureau compiles data on household expenditures by retail category, but does not have a corresponding data set for spending by workers or tourists for defined geographies, and many data providers rely heavily on information from the U.S. Census Bureau.) The 2-Mile Primary Trade Area in particular has a high concentration of employment and encompasses prime tourist destinations such as Wall Street, the Brooklyn Bridge, Chinatown, SoHo and NoHo, as well as the Hudson River Park, and DUMBO, and therefore is drawing retail sales from a base much wider than its own residential population. However, the data sets available for this analysis provide retail demand estimates only for 2-Mile Primary Trade Area households, not for workers, tourists, or other visitors who live outside of the 2-Mile Primary Trade Area, and therefore do not capture the true magnitude of expenditure potential within the trade area.

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According to ESRI, households in the 2-Mile Primary Trade Area spent an estimated \$7.6 billion on retail goods in 2010 (see **Table 3-9**). Approximately 35 percent was spent on shoppers' goods, 36 percent on convenience goods, 25 percent on eating and drinking establishments, and 4 percent on building materials and garden supply. On a per household basis, Primary Trade Area residents spent roughly \$8,656 annually on shoppers' goods including \$644 at department stores, \$8,840 annually on convenience goods including \$4,739 at grocery stores, \$6,200 on eating and drinking establishments, and \$941 at building materials and garden supply stores.

Table 3-9

Household Retail Demand in the 2-Mile Primary Trade Area

	Total Demand (2011 Dollars) ¹	Demand per Household (2011 Dollars) ¹
Shoppers' Goods ²	\$2,671,020,000	\$8,656
<i>Department Stores</i>	\$198,640,000	\$644
Convenience Goods ²	\$2,727,950,000	\$8,840
<i>Grocery Stores</i>	\$1,462,320,000	\$4,739
Building Materials and Garden Supply	\$290,430,000	\$941
Eating and Drinking Establishments	\$1,913,110,000	\$6,200
Total³	\$7,624,680,000	\$24,636
Notes: 1. Demand (retail expenditure potential) estimates the expected amount spent by consumers at retail establishments. 2. Shoppers' Goods include: furniture and home furnishings stores; electronics and appliance stores; clothing and clothing accessories stores; sporting goods, hobby, book, and music stores; general merchandise stores; office supply, stationary, and gift stores; and used merchandise stores. Convenience Goods include: food and beverage stores; health and personal care stores; florists; and other miscellaneous store retailers. 3. Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.		
Sources: ESRI, Inc.; AKRF, Inc.		

STEP 5:

Step 5 in the preliminary assessment is to compare retail sales (Step 3) with retail demand (Step 4) to develop a "capture rate," which can help determine whether the Primary Trade Area is currently saturated with retail uses or whether there is likely to be an outflow of sales from the area.

Capture rates are measures of business activity in a trade area, indicating the percentage of consumer expenditures for retail goods that are being captured by retailers in the trade area. If the total sales in the trade area are much lower than the area's expenditure potential, then residents are likely spending a large portion of their available dollars outside of the trade area, and the capture rate is low. If sales are closer in value to expenditure potential, then area residents are likely spending a higher proportion of their available resources within the area, and the capture rate is high.

Capture rates are also affected by money flowing into an area from people who do not live in that area. Some of the sales in the 2-Mile Primary Trade Area, for example, are from people living in other areas of Manhattan, other New York City boroughs, Nassau County, NY, Hudson

County, NJ and elsewhere, shopping at stores in the Primary Trade Area. However, it is not possible to know exactly who (residents or nonresidents) is spending money in the area. Therefore, a high capture rate may be indicative of an area with a high proportion of destination retail, i.e., retail that will attract customers from greater distances in order to compare price, quality, and the selection of merchandise. This is the case for New York City as a whole, where the retail capture rate is approximately 109 percent and the capture rate for shopper's goods is 138 percent. Despite these uncertainties about the origin of sales in any particular trade area, comparing expenditure and sales data can provide a good indication of how much of a trade area's household expenditure potential is being captured by trade area retailers.

Tables 3-10 through 3-12 show the capture rates for the 2-Mile Primary Trade Area, Manhattan, and New York City. As shown in **Table 3-10**, capture rates in the 2-Mile Primary Trade Area exceed 100 percent for all retail categories analyzed with the exception of building materials and garden supply stores, which has a capture rate of approximately 61 percent. Capture rates in Manhattan are also well over 100 percent for all retail categories except in the building materials and garden category, which has a capture rate of approximately 46 percent (see **Table 3-11**). As shown in **Table 3-12**, retail capture rates for New York City as a whole are approximately 143 percent for shoppers' goods, 87 percent for convenience goods, 51 percent for building materials and garden supplies and 122 percent for eating and drinking establishments. These data show that the capture rates for the Primary Study Area, while high, are not unusual in the context of New York City. As stated above, the 2-Mile Primary Trade Area in particular has a high concentration of employment and encompasses prime tourist destinations such as Wall Street, the Brooklyn Bridge, Chinatown, SoHo and NoHo, and the Hudson River Park, and DUMBO, and therefore is drawing retail sales from a base much wider than its own residential population.

A closer look at the area more immediately surrounding the project site—a ½-mile radius—reveals that capture rates for most categories are higher in the ½-mile area than in the 2-Mile Primary Trade Area. In the ½-mile radius (referred to later in this chapter as the ½-Mile Local Trade Area), the capture rate for convenience goods is approximately 238 percent; the capture rate for building materials and garden supply is 82 percent, and the rate for eating and drinking establishments is 311 percent. Only the capture rate for shoppers' goods stores is lower in the ½-Mile Local Trade Area (168 percent) compared to the 2-Mile Primary Trade Area (308 percent). The higher capture rates in the ½-mile area are likely due to the concentration of retail and particular types of retail in the area. For example, the high capture rate for grocery stores in the ½-Mile Local Trade Area (242 percent compared to 107 percent in the 2-Mile Primary Trade Area) is attributable in part to the presence of Chinatown, which draws shoppers from all over the city and metropolitan region. Because there are few places in the New York City region that contain such a concentration of stores selling Asian grocery products, Chinatown attracts sales from residents throughout the metropolitan region. This drives up the capture rate for grocery stores in the ½-Mile Local Trade Area. In comparison, the 2-Mile Primary Trade Area includes a higher proportion of neighborhoods where grocery store sales are derived more heavily from local residents.

Table 3-10

Household Retail Expenditures and Total Retail Sales, 2-Mile Primary Trade Area, 2010

	Retail Sales in Primary Trade Area ¹	Retail Demand from Primary Trade Area Households ¹	Amount Not Being Captured in Primary Trade Area ¹	Primary Trade Area Capture Rate
Shoppers' Goods	\$8,225.25	\$2,671.02	(\$5,554.23)	307.9%
<i>Department Stores</i>	\$215.00	\$198.64	(\$16.36)	108.2%
Convenience Goods	\$4,078.70	\$2,727.95	(\$1,350.76)	149.5%
<i>Grocery Stores</i>	\$1,559.73	\$1,462.32	(\$97.42)	106.7%
Building Materials and Garden Supply	\$175.91	\$290.43	\$114.53	60.6%
Eating and Drinking Establishments	\$4,975.24	\$1,913.11	(\$3,062.13)	260.1%
Total²	\$17,455.10	\$7,602.51	(\$9,852.59)	229.6%

Notes: 1. All values are in millions of 2011 dollars.
2. Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.

Sources: ESRI, Inc; AKRF, Inc.

Table 3-11

Household Retail Expenditures and Total Retail Sales, Manhattan, 2010

	Retail Sales in Primary Trade Area ¹	Retail Demand from Primary Trade Area Households ¹	Amount Not Being Captured in Primary Trade Area ¹	Primary Trade Area Capture Rate
Shoppers' Goods	\$17,944.13	\$7,266.91	(\$10,677.22)	246.9%
<i>Department Stores</i>	\$710.73	\$532.84	(\$177.89)	133.4%
Convenience Goods	\$9,982.59	\$7,142.18	(\$2,840.42)	139.8%
<i>Grocery Stores</i>	\$3,960.09	\$3,711.02	(\$249.07)	106.7%
Building Materials and Garden Supply	\$346.59	\$755.82	\$409.22	45.9%
Eating and Drinking Establishments	\$11,129.60	\$5,109.18	(\$6,020.42)	217.8%
Total²	\$39,402.91	\$20,274.08	(\$19,128.83)	194.4%

Notes: 1. All values are in millions of 2011 dollars.
2. Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.

Sources: ESRI, Inc; AKRF, Inc.

Table 3-12

Household Retail Expenditures and Total Retail Sales, New York City, 2010

	Retail Sales in Primary Trade Area ¹	Retail Demand from Primary Trade Area Households ¹	Amount Not Being Captured in Primary Trade Area ¹	Primary Trade Area Capture Rate
Shoppers' Goods	\$24,215.63	\$16,939.41	(\$7,276.21)	143.0%
<i>Department Stores</i>	\$1,172.28	\$1,347.92	\$175.64	87.0%
Convenience Goods	\$19,377.03	\$22,216.61	\$2,839.58	87.2%
<i>Grocery Stores</i>	\$9,825.13	\$14,008.51	\$4,183.38	70.1%
Building Materials and Garden Supply	\$1,219.73	\$2,410.68	\$1,190.95	50.6%
Eating and Drinking Establishments	\$16,418.24	\$13,409.59	(\$3,008.65)	122.4%
Total²	\$61,230.62	\$54,976.29	(\$6,254.33)	111.4%
Notes: 1. All values are in millions of 2011 dollars. 2. Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.				
Sources: ESRI, Inc; AKRF, Inc.				

STEP 6:

Step 6 in the preliminary assessment is to assess factors that will affect conditions in the Primary Trade Area in the build year even absent the proposed project. Such factors typically include population changes, which could increase expenditure potential and generate additional demand for retail goods, and new retail projects, which would expand the retail inventory.

Capture rate analyses sometimes use information on known residential and retail projects to quantify new retail sales and household demand in a Primary Trade Area. These changes are layered onto the existing conditions to determine changes in capture rates between the existing conditions and the future without the proposed actions. Sales and household demand from the proposed actions are then added to estimate capture rates in the future with the proposed actions. This more nuanced quantified approach towards capture rates in the No Action condition can be appropriate when capture rates are below 100 percent or when there are large residential or retail projects planned for the Primary Trade Area—projects that could substantially affect retail capture rates.

Retail capture rates in the 2-Mile Primary Trade Area are already well over 100 percent (see Step 5) and there are no known residential or retail projects planned for the 2-Mile Primary Trade Area that would have the potential to substantially alter retail capture rates in the area. Therefore, a quantified approach to No Action capture rates is not essential to this analysis. Further, as described below under Step 8, the *CEQR Technical Manual* indicates that a detailed analysis of the potential for indirect business displacement due to competition is warranted when retail capture rates in relevant categories are over 100 percent in the future with the proposed actions. Retail capture rates for shoppers' goods, convenience goods, and eating and drinking establishments are already well over 100 percent for the 2-Mile Primary Trade Area and will remain so in the future with the proposed actions. Therefore, a detailed analysis will be required and the exercise of quantifying No Action capture rates is not necessary.

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STEP 7:

Step 7 is to project the sales volume for the proposed project's retail uses.

As described above under Step 1, under the RWCDs the proposed actions would introduce approximately 469,000 gsf of retail including both destination and local (neighborhood-oriented) retail. In addition, the project would relocate and expand the existing Essex Street Market space by about 14,000 gsf from approximately 15,000 square feet to approximately 29,000 square feet. **Table 3-13** shows the breakdown of retail assumed under this analysis.

As shown in **Table 3-13**, retail sales resulting from the proposed actions are projected to be approximately \$260.32 million annually, generated by approximately 182,000 square feet of shoppers' goods space, 145,000 square feet of convenience goods space, 41,000 square feet of eating and drinking establishments, and 115,000 square feet of building material and garden supply space. Annual sales for shoppers' goods are estimated at \$90.26 million; annual sales for convenience goods are estimated to be \$78.12 million; annual sales for eating and drinking establishments are estimated to be \$25.74 million; and estimated annual sales for home improvement stores are \$66.19 million.

Table 3-13
Estimated Sales at Stores Introduced Under the Proposed Actions

	Square Feet	Estimated Sales (Millions of 2011 Dollars)
Shoppers' Goods	182,000	\$90.26
Shoppers' Goods at Discount Department Stores ¹	120,000	\$42.76
All Other	63,000	\$47.50
Convenience Goods	145,000	\$78.12
Grocery Store	65,000	\$46.60
Net New Essex Street Market	14,000	\$4.73
Grocery at Discount Department Store	38,000	\$18.33
Other Neighborhood Retail ²	29,000	\$8.46
Building Materials and Garden Supply	115,000	\$66.19
Eating and Drinking Establishments	41,000	\$25.74
Total²	484,000	\$260.32
Notes: 1. Based on information from selected 2006 and 2007 SEC 10K filings of typical discount department stores, approximately 30 percent of sales at the discount department store are assumed to be from grocery items. 2. Conservatively includes all neighborhood service businesses (e.g., Laundromat, nail and hair salons, etc.) Totals may not sum due to rounding.		
Sources: Discount department store and home improvement sales were estimated based on proprietary sales data from discount department stores and home improvement stores and shopping centers in the New York Metropolitan Area. Sales for all other shoppers' goods, convenience goods, and eating and drinking establishments were estimated based on data from the Urban Land Institute's <i>2008 Dollars and Cents of Shopping Centers</i> .		

The approximately \$260 million in projected retail sales from the proposed actions would represent less than two percent of total retail sales for the 2-Mile Primary Trade area, which are estimated to be \$17.5 billion annually. While potential effects on local retail are examined in detail in Section E, the overall retail sales generated by the project are modest compared to the retail market in the 2-Mile Primary Trade Area and Manhattan as a whole, and are less than what is expected from modest annual retail growth rates in the future without the proposed actions.

The proposed actions would also introduce 900 residential units to the 2-Mile Primary Trade Area. Based on 2010 retail expenditure figures from ESRI, these households would add approximately \$20.9 million to the trade area expenditure potential (see **Table 3-14**).

Table 3-14

Estimated Retail Demand from Households to be Introduced by Proposed Actions

	Retail Demand from Households
Shoppers' Goods	\$6.5
<i>Department Stores</i>	\$0.6
Convenience Goods	\$8.0
<i>Grocery Stores</i>	\$4.3
Building Materials and Garden Supply	\$0.8
Eating and Drinking Establishments	\$5.6
Total¹	\$20.9
Notes: 1) Values are in millions of 2011 dollars. 2) Total does not reflect total for all retail—only those retail categories included in Shoppers' Goods, Convenience Goods, Building Materials and Garden Supply, and Eating and Drinking Establishments. Retail establishments not included in this total are: auto-related businesses and non-store retailers.	
Sources: ESRI, Inc; AKRF, Inc.	

STEP 8:

Step 8 is to develop a capture rate for the Primary Trade Area in the future with the proposed project. According to the CEQR Technical Manual, if the capture rate for relevant categories of goods would exceed 100 percent, it may have the potential to saturate the market for particular retail goods and a detailed assessment is warranted.

As described above under Step 7, the proposed actions would increase retail sales in the 2-Mile Primary Trade Area by an estimated \$260.3 million annually, and would increase household retail expenditure potential by approximately \$20.9 million annually. **Table 3-15** compares Primary Trade Area retail sales, demand, and capture rates for existing conditions and in the future with the proposed actions.

As shown in the table, the overall retail capture rate would increase to 232 percent in the future with the proposed actions. This capture rate is approximately two percentage points higher than in the existing conditions. Department stores and building materials and garden supply stores would experience the greatest relative increase, with the capture rate for department stores increasing from 108 to 129 percent and the capture rate for building materials and garden supply stores increasing from 61 percent to 83 percent. Increases for the other categories would be more modest, with the grocery store capture rate increasing by four percentage points to 111 percent and the eating and drinking establishment capture rate increasing by one percentage point to 161 percent.

With the exception of the building materials and garden supply category, capture rates for each of the broad retail categories analyzed would exceed 100 percent in the future with the proposed actions. As described above, capture rates are not an exact measure of retail sales and expenditure potential in any area, and this analysis has focused by necessity on the household expenditure potential component of retail demand, not quantifying additional demand from other

Table 3-15

**Comparison of Estimated Retail Capture Rates in 2-Mile Primary Trade Area:
Existing Conditions and Future With the Proposed Actions**

	Retail Sales in Primary Trade Area ¹	Retail Demand from Primary Trade Area Households ¹	Primary Trade Area Capture Rate
Existing Conditions			
Shoppers' Goods	\$8,225	\$2,671	308%
<i>Department Stores</i>	\$215	\$199	108%
Convenience Goods	\$4,079	\$2,728	150%
<i>Grocery</i>	\$1,560	\$1,462	107%
Building Materials and Garden Supply	\$176	\$290	61%
Eating and Drinking	\$4,975	\$1,913	260%
TOTAL	\$17,455	\$7,603	230%
2022 With the Proposed Actions			
Shoppers' Goods	\$8,316	\$2,679	310%
<i>Department Stores</i>	\$258	\$199	129%
Convenience Goods	\$4,157	\$2,736	152%
<i>Grocery</i>	\$1,629	\$1,467	111%
Building Materials and Garden Supply	\$242	\$291	83%
Eating and Drinking	\$5,001	\$1,919	261%
TOTAL	\$17,715	\$7,625	232%

sources such as workers, tourists and other visitors, or internet sales. Despite these uncertainties, and although capture rates in all but one of the retail categories analyzed are already over 100 percent in the existing conditions, the potential for significant adverse impacts due to retail market saturation cannot be ruled out with this preliminary assessment, and, therefore, a detailed analysis is warranted. The detailed analysis, presented in Section E, focuses more closely on a subset of the 2-Mile Primary Trade Area – a ½-Mile Local Trade Area.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the *CEQR Technical Manual*, a significant adverse impact may occur if an action would measurably diminish the viability of a specific industry that has substantial economic value to the city's economy. An example as cited in the *CEQR Technical Manual* would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries. A preliminary assessment of the adverse effects on specific industries, using the *CEQR Technical Manual* threshold indicators (numbered in italics below), is provided to determine the potential for significant adverse impacts.

1. Would the proposed project significantly affect business conditions in any industry or any category of business within or outside the study area?

The proposed actions would not significantly affect business conditions in any industry or any category of business within or outside the study area. As described in "Direct Business Displacement" above, the proposed actions would displace an estimated 14 businesses and 107 employees without specific plans or provisions for their relocation within the study area. These include a news stand; a health clinic; three eating establishments; a cell phone store; a liquor store; a visitor center for the Lower East Side Jewish Conservancy; a shoe repair store; and four surface parking lots.

The businesses that would be displaced do not represent a critical mass of businesses within any City industry or category of business. Although these businesses are valuable individually and

collectively to the City's economy, the goods and services offered by potentially displaced uses can be found elsewhere within the ¼-mile study area and within the City. Therefore, the proposed actions would not affect business condition in any specific industry within or outside of the study area.

2. *Would the proposed project indirectly substantially reduce employment or impair the economic viability in the industry or category of businesses?*

As described above, the proposed actions would not result in significant indirect business displacement due to increased rents, and any indirect displacement that could result from market saturation is expected to be limited, and would not substantially affect a specific industry or category of business. Therefore, the proposed actions would not affect the economic viability or substantially reduce employment in any industry or category of business.

CONCLUSION

Based on this preliminary assessment, the proposed actions would not have the potential to have significant adverse impacts on specific industries within the study area. The businesses that would be directly displaced account for a small fraction of the total employment in the study area, and any indirect displacement would be limited and not expected to affect any specific category of businesses.

**D. DETAILED ANALYSIS: INDIRECT BUSINESS DISPLACEMENT
DUE TO RETAIL MARKET SATURATION**

According to the *CEQR Technical Manual*, if the capture rate analysis developed as part of the preliminary assessment of indirect business displacement due to competition shows that the retail capture rate for relevant types of retail goods would exceed 100 percent in the future with the proposed actions, then a more detailed analysis is necessary. While competitive socioeconomic impacts do not necessarily generate environmental concerns, they can become an environmental concern if they have the potential to affect neighborhood character by affecting the viability of neighborhood shopping areas.

The preliminary assessment revealed 2-Mile Primary Trade Area capture rates of over 100 percent in the future with the proposed actions. This finding indicates that many retail stores in the 2-Mile Primary Trade Area serve a regional customer base, drawing a significant portion of sales from sources other than the residential population. Therefore, this section evaluates whether potential indirect displacement from competition could result in significant adverse impacts.

While the preliminary assessment analyzed a 2-Mile Primary Trade Area, this detailed analysis focuses on a ½-Mile Local Trade Area—the area from which the proposed actions' retail would have the greatest potential to draw frequent, repeat visits from customers of existing retail concentrations, thereby affecting the business environment of those areas.

The analysis focuses on grocery stores in particular, because grocery stores often serve as anchors for retail concentrations and the proposed actions could introduce a 65,000-square-foot grocery store in addition to other stores (e.g., discount department store) that may offer products that substantially overlap with typical grocery store offerings. Although capture rates for department stores and home improvement stores would also increase in the future with the proposed actions, and department stores would have a capture rate of over 100 percent, these

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store types are given secondary focus in this analysis because they do not anchor local retail concentrations near the project site and they tend to draw customers from larger trade areas than food stores.

EXISTING CONDITIONS

The ½-Mile Local Trade Area contains a broad range of shopping options across a variety of distinct neighborhoods, each with distinct retail types. This section describes major retail concentrations within the ½-Mile Local Trade Area, focusing on types of retail and services and storefront vacancy rates for each area. Because of the prevalence of commercial uses and the density of retail in the ½-Mile Local Trade Area, key retail concentrations were identified for detailed, quantitative analysis (see **Table 3-16** and **Figure 3-3**). The detailed surveys of the retail key retail concentrations were used to characterize retail in more general commercial areas, which are described in qualitative discussions below. Quantitative and qualitative analyses are based on field surveys conducted in October and November 2011. Detailed retail inventories are provided in **Appendix B, “Socioeconomic Conditions.”**

Table 3-16
Key Retail Concentrations in the ½-Mile Local Trade Area

Map Ref.	Description	Boundaries
1	Project Site Immediate Surroundings	Stanton Street, Pitt Street, East Broadway, Canal Street, and Allen Street
2	Alphabet City: Avenue B	Avenue B from Tompkins Square Park to East Houston Street
3	East Village: Second Avenue	Second Avenue between East Houston Street and East 6th Street
4	East Village and Alphabet City: 7th Street	East 7th Street between Avenue A and Second Avenue
5	Bowery	Bowery between Grand Street and Stanton Street
6	Nolita: Intersection of Mott Street and Prince Street	Mott Street between Spring Street and East Houston Street; Prince Street between Centre Street and Bowery
7	Chinatown: Grand Street	Grand Street between Allen and Mott Street
8	Chinatown: East Broadway	East Broadway between Catherine and Market Street
9	Chinatown: Canal Street	Canal Street between Bowery and Mulberry Street
10	Little Italy	Mulberry Street between Canal Street and Broome Street

Source: AKRF, Inc.

SUMMARY OF KEY RETAIL CONCENTRATIONS IN THE TRADE AREA

Detailed retail inventories were conducted for approximately 1,579 storefronts in the ½-Mile Local Trade Area. A summary of the detailed inventories is provided in **Table 3-17**. All of these retail concentrations contribute to the overall draw of the Lower East Site as a shopping destination that attracts shoppers from throughout the region. Approximately 26 percent of all the storefronts surveyed offer shopping goods, which include clothing and accessories, home furnishings, electronics, sporting goods, miscellaneous goods such as used merchandise and art dealers, and others. Approximately 21 percent of the storefronts were occupied by eating and drinking establishments, which include both full- and limited-service restaurants and bars.¹

¹ Limited-service restaurants are those where patrons generally order or select items and pay before eating.

Table 3-17

Storefronts in Key Retail Concentrations in the ½-Mile Local Trade Area

Retail Category	Storefronts	Percent of Total
Shopping Goods	404	26%
Building Materials and Garden Supply	36	2%
Convenience Goods	179	11%
Neighborhood Services	341	22%
Eating and Drinking Places	332	21%
Auto-Related Trade	2	0.1%
Vacant Storefronts	285	18%
Total Storefronts	1,579	100%
Notes: Tabulation only includes storefronts in key retail concentrations.		
Sources: AKRF, Inc. field surveys conducted in October 2011		

Neighborhood services accounted for approximately 22 percent of retail in the detailed analysis areas. These include banks, salons and spas, medical and dental offices, and other professional services, among others. The overall vacancy rate for the areas of detailed analysis is approximately 18 percent. Areas with higher vacancy rates include the Bowery (29 percent) and the area immediately surrounding the project site (24 percent). Little Italy and Chinatown had the lowest vacancy rates in the study area, at 3.2 percent and 4.5 percent respectively. Each of the key retail concentrations are described in detail below.

KEY RETAIL CONCENTRATION: THE AREA IMMEDIATELY SURROUNDING THE PROJECT SITE

The project site spans Delancey Street to the north and south and extends from Ludlow Street to the west to the Williamsburg Bridge ramp to the east. Detailed retail surveys were conducted on Delancey Street between Allen Street and Ridge Street (see below) as well as for the entire area immediately surrounding the project site (bounded by Stanton Street and Canal and East Broadway to the north and south; and Pitt Street and Allen Street to the east and west). The area contains active retail along Delancey Street as well as streets like Orchard and Ludlow to the west. To the east, Clinton Street provides another active retail concentration, though activity drops off south of Delancey. These areas have a variety of boutique clothing stores for men and women, hair and nail salons, as well as limited- and full-service restaurants. Many of the storefronts are occupied by bars, which limit pedestrian and retail activity during the daytime. The area contains two small grocery stores but is also served by various delis and bodegas. Shopping goods make up the largest percentage of retail in this area north of Delancey Street (25.6 percent). Another 22 percent of retail in the area north of Delancey Street comprises eating and drinking establishments, of which 44 are full service restaurants and 32 are bars. In contrast, the portion of this area south of Delancey Street is characterized by a high vacancy rate (30.7 percent) that is higher than any retail category. A variety of neighborhood services make up the second largest percentage of retail in this area south of Delancey Street, with 22.4 percent or 78 storefronts. Parking is available on the street as well as in some of the parking lots on the project site.

Delancey Street between Allen Street and Ridge Street is the most active retail strip in the area immediately surrounding the project site. It is a car-oriented thoroughfare that also has heavy pedestrian traffic due to the subway station at Delancey Street and Essex Street. This traffic supports 68 storefronts with the largest percentage—approximately 33.8 percent—occupied by shopping goods retailers. Neighborhood services account for 22.1 percent of the retail, of which

parking lots and banks are the most common. Eating and drinking establishments, specifically limited-service restaurants, also represent a large percentage of retail (16.2 percent). Unlike the surrounding area, the neighborhood services and eating and drinking establishments on Delancey Street are mostly national chains, such as Chase and Bank of America, and fast food restaurants like McDonald's, Popeye's, Burger King, and Starbucks. Other national chains include clothing retailers like Rainbow, Payless Shoes, and The Children's Place, as well as four national cell phone dealers. Despite the active retail, Delancey Street has a vacancy rate of approximately 19.1 percent—a rate that is high but relatively similar to the rest of the ½-Mile Local Trade Area.

LITTLE ITALY

Qualitative Discussion

The businesses that constitute Little Italy are concentrated on Mulberry Street between Canal Street and Broome Street, extending to the side streets on Hester and Grand Street. Little Italy is surrounded by Chinatown on all sides, but is characterized by retail patterns that are distinct from the adjacent streets. The streets are narrow and pedestrian-oriented with street parking available. Heavy pedestrian traffic is supported by dense storefronts and a high occupancy rate. The eating and drinking establishments almost exclusively offer Italian and Italian-American specialties, while the shopping goods businesses include mostly souvenir and accessories shops. A detailed retail survey was conducted on Mulberry Street between Canal Street and Broome Street to characterize retail in Little Italy.

Key Retail Concentration: Mulberry Street between Canal Street and Broome Street

Mulberry Street between Canal Street and Broome Street represents the heart of Little Italy. The street is narrow and the sidewalk is crowded with pedestrians and outdoor seating for restaurants. Unlike nearby Chinatown (described below), retail in Little Italy is catered primarily to tourists, with a low percentage of neighborhood services (1.6 percent) and no national chains represented. Instead, 34 of the 62 total storefronts (54.8 percent) in this key retail concentration are occupied by eating or drinking establishments. Most of these are full-service Italian restaurants, with only one bar and one limited service restaurant on the strip. Gift, novelty, and souvenir stores and accessory retailers are also common on this strip. There are 12 souvenir stores (19.4 percent) and seven accessories stores on this corridor. The 3.2 percent vacancy rate is the lowest in the ½-Mile Local Trade Area.

THE BOWERY

Qualitative Discussion

The Bowery spans the west side of the study area from East 4th Street in the north to Chatham Square in the south. It is a wide, auto-oriented thoroughfare that contains a distinct concentration of wholesale and retail establishments targeted to building materials and supplies for homes and businesses, specifically the restaurant industry. This niche industry is supported by the many eating and drinking establishments located in the adjacent neighborhoods of Chinatown, Nolita, SoHo, Little Italy, and others. For the pedestrian, the Bowery bisects Chinatown south of Delancey, and serves as somewhat of an east-west boundary. The storefronts on the Bowery maintain a distinct character, with wholesale trade representing a large percentage of business and truck loading common along the street. In order to describe retail on the Bowery, a detailed retail survey was conducted on the Bowery between Grand Street and Stanton Street.

Key Retail Concentration: Bowery between Grand Street and Stanton Street

Retail on the Bowery is concentrated in the ½-Mile Local Trade Area between Grand Street and Stanton Street. This key retail concentration contains 25 storefronts that are occupied by wholesale restaurant equipment and supply businesses. Though not included in the inventory of retail establishments, these represent 31.3 percent of all storefronts in the area. There is light pedestrian traffic north of Delancey Street, where workers occupy the sidewalk loading, unloading, and cleaning equipment. The northern section also contains a mix of older architecture and newer residential buildings and hotels. There are two full-service restaurants and two bars on this northern portion. South of Delancey Street, 21 storefronts are occupied by lighting businesses, which represent 38.2 percent of retail on this strip. The storefronts are denser in this southern portion, supporting heavier pedestrian traffic. The businesses reflect some of the retail types seen in nearby Chinatown, and many have Chinese signage. Vacancies in the area are clustered or tend to be located on the corners.

*NOLITA**Qualitative Discussion*

Within the ½-Mile Local Trade Area, Nolita is bounded by East Houston Street and Kenmare Street to the north and south, and Bowery and Lafayette Street to the east and west. Named for its location north of Little Italy, the area reflects the streetscape of Little Italy in its dense storefronts, narrow streets, and on-street parking. Pedestrian traffic is less heavy than the more tourist-oriented Little Italy, but is constant. This traffic is supported by a variety of high-end retail and eating and drinking establishments. In order to define retail in Nolita, detailed surveys were conducted around the intersection of Mott Street between East Houston and Spring Street and Prince Street between Bowery and Lafayette. These streets represented the highest concentration of retail in the area, in which some streets are dominated by residential buildings.

Key Retail Concentration: Mott Street between East Houston and Spring Street; Prince Street between Bowery and Lafayette

The intersection of Mott Street and Prince Street represents the center of the Nolita neighborhood. Retail storefronts are found on the ground floors of buildings with residential uses above. Both of these streets are pedestrian-oriented and contain a mix of retail dominated by women's clothing boutiques, which represent 27.2 percent of storefronts (24 businesses). These are high-end boutiques that reflect the type of retail and higher-income residential character in the nearby neighborhood of SoHo. There are nine full-service and six limited-service restaurants in the area, collectively representing the second highest percentage of retail (17.0 percent). Neighborhood services—notably hair and nail salons—account for another 10.2 percent of retail. The 9.1 percent vacancy rate is low relative to the rest of the ½-Mile Local Trade Area.

*CHINATOWN**Qualitative Discussion*

Chinatown occupies a large section in the southwest of the ½-Mile Local Trade Area, roughly bounded by Kenmare Street and Madison Street to the north and south Allen Street and Rutgers Street to the east, and extending west to the ½-mile perimeter. Within Chinatown, detailed assessments were conducted for three key retail concentrations. In order to capture variety of

retail in Chinatown three detailed survey were conducted in the portion of Chinatown within the ½-Mile Local Trade Area: Canal Street between Mulberry Street and Bowery, Grand Street between Mott Street and Allen Street, and East Broadway between Catherine Street and Market Street. For all three of the key retail concentrations, shopping goods and neighborhood services both accounted for large percentages of retail. Convenience goods were more prevalent along Grand Street, which caters to a more residential population than both Canal Street and East Broadway. Based on these three detailed analyses, the entire area has the second lowest vacancy rate in the trade area (4.5 percent).

Key Retail Concentration: Canal Street between Mulberry Street and Bowery

Canal Street between Mulberry Street and Bowery is a major commercial thoroughfare in Chinatown. Canal Street bisects Chinatown, separating historic Chinatown in the south from newer portions in the north. Seven subway lines connect at Canal Street between Centre Street and Broadway, just west of the ½-Mile Local Trade Area. The strip of Canal Street in the ½-Mile Local Trade Area contains 65 storefronts with a high concentration of shopping goods stores (44.6 percent or 29 businesses), most of which are jewelry stores (26 businesses). Neighborhood services such as banks, professional and medical offices, and hair, nail, and skin services account for 38.5 percent of the retail uses. Convenience goods have the third highest concentration of storefronts with 7.7 percent (5 businesses). Eating and drinking establishments account for only 3.1 percent of the retail, with 2 limited-service eating establishments. This key retail concentration has a vacancy rate of 6.2 percent. The jewelry stores and mix of banks that are national chains and branches of international banks cater to a residential population in Chinatown as well as tourists.

Key Retail Concentration: Grand Street between Mott Street and Allen Street

Grand Street between Mott Street and Allen Street is a dense commercial strip with a diverse mix of stores. Both pedestrian and auto traffic are heavy along Grand Street, supporting 103 storefronts with a relatively even distribution of retail types, though most feature Chinese goods. Convenience goods account for 27.2 percent of the retail, representing the highest concentration, followed by 24.3 percent neighborhood services, of which hair, nail, and skin services and other professional offices such as travel agencies and tax preparers are the most common. Shopping goods establishments occupy 22.3 percent of the storefronts. Eating and drinking establishments account for 18.4 percent of the retail with 19 businesses, of which 12 are limited-service restaurants and seven are full-service restaurants. Grand Street caters more to a residential and immigrant population, with groceries and pharmacies carrying Chinese products. The vacancy rate on Grand Street is 6.8 percent—higher than the other key retail concentrations in Chinatown, but still far lower than the average for the ½-Mile Local Trade Area.

Key Retail Concentration: East Broadway between Catherine Street and Market Street

The key retail concentration on East Broadway between Catherine Street and Market Street contains 118 storefronts. Like Canal Street, East Broadway is a wider, auto-oriented thoroughfare. However, the buildings on East Broadway reflect the older tenement buildings in the Lower East Side, while Canal contains newer facades. Like Grand Street, East Broadway caters to a local, immigrant population, with neighborhood services accounting for the largest percentage of retail uses at 48.3 percent (57 businesses), of which professional services (such as immigration service businesses and lawyers) are the most common. The next highest concentration of retail on this strip is shopping goods, which account for 23.7 percent of the retail uses. These carry a wide range of merchandise such as clothing, accessories, home

furnishings, appliances and electronics, books, and office supplies. Convenience goods stores (16.9 percent or 20 businesses) also include a variety of offerings such as meat markets, specialty food stores, pharmacies, and florists. Eating and drinking establishments occupy 9.3 percent of retail, with 6 full-service restaurants, 4 limited-service eating places, and 1 drinking place on the strip. Vacancy in this key retail concentration is low at 1.7 percent.

ALPHABET CITY

Qualitative Discussion

Alphabet City occupies the northeast section of the ½-Mile Local Trade Area, generally bounded by Avenue A on the west, East 9th Street to the north, Avenue D to the east, and East Houston Street to the south. As stated in Chapter 2, “Land Use, Zoning, and Public Policy,” commercial uses within this area are generally found on the ground floor of residential buildings along the major north-south streets of Avenue A and Avenue B. Typical retail uses include restaurants, bars, coffee shops, delis, clothing stores, and other neighborhood retail uses. In order to characterize Alphabet City, detailed retail surveys were conducted for Avenue B between East Houston and East 7th Street. Avenue B was representative of the retail on Avenues A and C as these avenues also have a high concentration of eating and drinking establishments and neighborhood services. Avenue D, however, had a lower concentration of eating and drinking establishments, and seemed to have a higher concentration of stores that provide convenience goods and neighborhood services to residents in the area. Local businesses were more common throughout Alphabet City with national chains scattered on Avenue A (Key Food, Citibank, and Sovereign Bank), Avenue B (Duane Reade and Banco Popular), Avenue C (Capital One Bank), and Avenue D (H&R Block and Rite Aid).

Key Retail Concentration: Avenue B between East Houston Street and East 7th Street

Detailed retail surveys were conducted on Avenue B between East Houston and East 7th Street. This key retail concentration contains 58 storefronts, of which the largest concentration is eating and drinking places (17 storefronts or 29.3 percent). The eating and drinking establishments included a mix of full-service restaurants, limited-service eating places, and bars. The next highest concentration of retail on Avenue B was convenience goods stores (22.4 percent or 13 storefronts). These included six bodegas and three health and personal care stores. Neighborhood services were also common on Avenue B, with three hair, nail, and skin services, two laundromats, two dry cleaners, two banks, and two professional offices. Vacancy on Avenue B was high at 24.1 percent.

EAST VILLAGE

Qualitative Discussion

The East Village occupies the northwest section of the ½-Mile Local Trade Area, and encompasses the area west of First Avenue to the Bowery. Similar to Alphabet City, typical retail uses in the East Village include restaurants, bars, coffee shops, delis, clothing stores, and other neighborhood retail uses. In order to characterize the East Village, detailed retail surveys were conducted for Second Avenue between East Houston Street and East 8th Street, and for East 7th Street between Second Avenue and Avenue A. Commercial uses within this area are concentrated on the ground floor of residential buildings along the major north-south streets. Second Avenue was representative of other north-south avenues in the East Village (Bowery and First Avenue) as these streets had a high concentration of restaurants, bars and stores providing

convenience goods and neighborhood services. Although retail is concentrated on the north-south streets, retail in the East Village is also present on the ground-floors of residential buildings on the east-west streets. The retail found on the east-west streets included clothing stores and neighborhood services (such as hair and nail salons). In order to characterize the east-west streets, retail surveys were conducted for East Seventh Street between Second Avenue and Avenue A.

Key Retail Concentration: Second Avenue between East Houston Street and East Sixth Street

Second Avenue between East Houston and East Sixth Street contains 80 storefronts, including 30 eating and drinking places representing 37.5 percent of all retail. Of these eating and drinking places, 23 were full-service restaurants, followed by six drinking places, and one limited-service eating place. Similar to Alphabet City, the East Village had a high concentration of convenience goods stores and neighborhood services, each with 10 stores, representing 12.5 percent of all storefronts on the strip. However, while restaurants and bars were common on the north-south streets in both the East Village and Alphabet City, Second Avenue had a more diverse mix of stores compared to Avenue B. While only 5.2 percent of storefronts on Avenue B were shopping goods stores, 10.0 percent of storefronts on Second Avenue were in this category. In addition, Second Avenue had two building materials stores and two auto-related trade stores; however, these categories were unrepresented on Avenue B. Vacancy on Second Avenue was high at 22.5 percent.

Key Retail Concentration: Seventh Street between Second Avenue and Avenue A

Detailed retail surveys were also conducted for key retail concentration on Seventh Street between Second Avenue and Avenue A. This retail concentration has 66 storefronts. Similar to the Second Avenue retail concentration, Seventh Street also had a large concentration of full-service restaurants (15 businesses or 22.7 percent), limited-service eating places (6 businesses or 9.1 percent), and drinking places (5 businesses or 7.6 percent). In addition, Seventh Street had a high concentration of neighborhood services, particularly hair, nail, and skin services (11 businesses or 16.7 percent). Approximately 22.7 percent of businesses on Seventh Street were shopping goods stores, including ten clothing and accessories boutiques and two used merchandise stores. Convenience goods had the fourth highest concentration of stores with 7.6 percent of storefronts. Vacancy was low on Seventh Street at 4.5 percent.

THE FUTURE WITHOUT THE PROPOSED ACTIONS

The two primary factors that would affect retail conditions in the ½-Mile Local Trade Area in the future without the proposed actions include population growth, which could increase expenditure potential and generate additional demand for retail goods, and new retail projects, which would expand the retail inventory. As described in Chapter 2, “Land Use, Zoning, and Public Policy,” known projects under construction or planned for the ¼-mile land use study area will introduce approximately 76,100 gsf of commercial space and 512 residential units to the area by 2022. It can be expected that a mix of new residential and retail uses would also be introduced to the area between the ¼-mile and ½-mile perimeters.

As stated in the *CEQR Technical Manual*, New York City’s commercial streets are dynamic and are continually affected by changes in consumer spending, shopping trends, demographics, and population growth. There are no known projects in the broader ½-Mile Local Trade Area that would be unusual in the size or nature of their residential or retail programs. Overall, in the future without the proposed actions, it is expected that the retail landscape in the ½-Mile Local

Trade Area will continue to evolve consistent with current trends, with natural turnover and growth in retail uses and growing household retail demand.

PROBABLE IMPACTS OF THE PROPOSED ACTIONS

As described above, under the RWCDs the proposed actions would introduce approximately 469,000 square feet of retail including both destination and local retail. In addition, the proposed actions would relocate and expand the existing Essex Street Market space by approximately 14,000 gsf from approximately 15,000 gsf to approximately 29,000 gsf on a new site. Specific tenants and store sizes for the proposed actions have not yet been determined. For purposes of this analysis, it is conservatively assumed that the retail program could include, in addition to various small and mid-size retail stores, a 125,000-gsf discount department store, a 115,000-gsf home improvement store, and a 65,000-gsf grocery store.

As described in the *CEQR Technical Manual*, there may be potential for a significant adverse impact on retail businesses if a project would decrease shopper traffic on commercial streets such that retail vacancies rise and retail businesses in the study area are no longer economically viable. This should be considered likely if the following conditions are met:

- The proposed anchor stores have potential to affect the ability of existing stores selling similar categories of goods to capture the sales volume necessary to remain in business;
- These existing stores draw a substantial share of shopper traffic to the neighborhood commercial strips on which they are located, or the street contains a concentration of businesses that sell the relevant categories of retail goods; and
- Limited demand for retail tenants is expected.

Population growth in the ½-Mile Local Trade Area will increase demand for retail tenants in both the future without and with the proposed actions. The project itself would introduce 900 new households, adding approximately \$20.9 million annually in new retail demand to the ½-Mile Local Trade Area. In addition, as described above, it is expected that approximately 280 new households will be added within ¼-mile of the project site by 2022 absent the proposed actions. Not only would the proposed actions introduce new households, they would also introduce workers and visitors to the area. The combination of new residents, workers, and visitors would increase foot traffic and increase retail demand, benefitting existing retail concentrations in the ½-Mile Local Trade Area. Therefore, this analysis focuses on the first two conditions bulleted above —whether the proposed anchor stores could affect the ability of existing stores to remain in business and whether these stores anchor the commercial strips on which they are located or are part of a larger concentration of stores, all selling relevant categories of retail goods.

The analysis focuses first on local food stores, followed by home improvement stores and shoppers' goods stores.

POTENTIAL IMPACTS ON LOCAL FOOD STORES

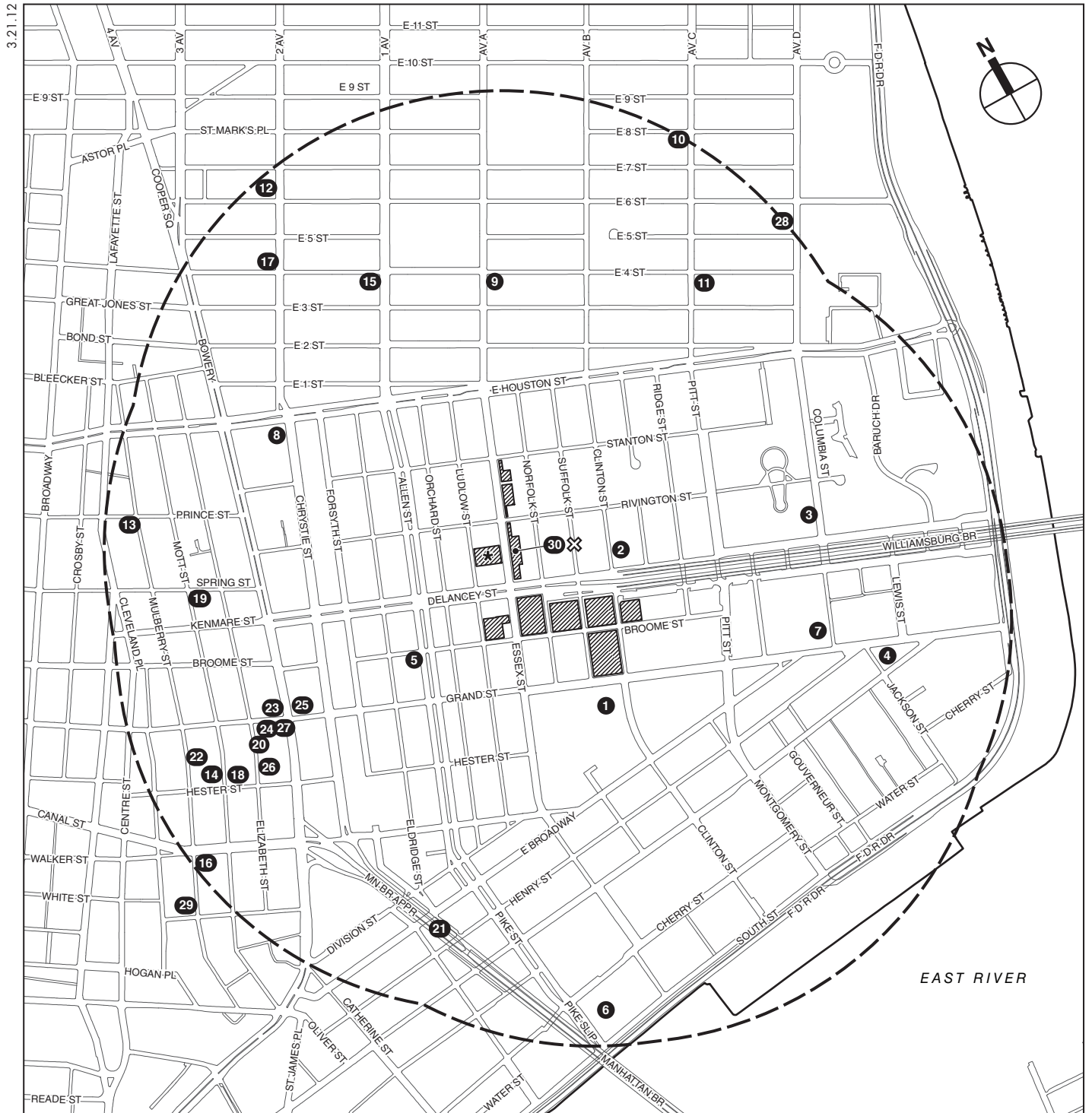
The retail corridors within the ½-Mile Local Trade Area contain a variety of food and beverage stores, including several large chain supermarkets and smaller independent stores such as delis and grocery stores, meat and fish markets, fruit and vegetable markets, and retail bakeries. The grocery store inventory in the ½-Mile Local Trade Area includes large chain supermarkets such as Pathmark, Fine Fare, and Whole Foods, and several smaller supermarket chains such as Key Food, Associated, and Met Food. In addition, there are a number of Asian food markets of

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varying size. Excluding the Essex Street Market, there are approximately 29 supermarkets or grocery stores in the ½-Mile Local Trade Area. The names and addresses of each supermarket or large grocery store are provided in **Table 3-18** and are mapped in **Figure 3-4**. As noted above, the analysis focuses on grocery stores in particular because grocery stores often serve as anchors for retail concentrations and the proposed actions could introduce a 65,000 square foot grocery store, as well as other stores offering products that substantially overlap with typical grocery store offerings.

Table 3-18
Selected Grocery Stores in ½-Mile Local Trade Area

Map Ref.	Grocery Store ¹	Address	Size (SF)
1	Fine Fare	357 Grand Street	20,000
2	Clinton Supermarket and Mall	90 Clinton Street	4,000
3	Key Food	43 Columbia Street	9,000
4	Fine Fare	549 Grand Street	11,400
5	W+Y Grocery	277 Broome Street	3,600
6	Pathmark	250 South Street	40,000
7	East Side Kosher Dairy	504 Grand Street	1,800
8	Whole Foods	93 East Houston Street	73,000
9	Key Food	52 Avenue A	11,500
10	Associated	338 East 8th Street	11,000
11	Fine Fare	42 Avenue C	14,000
12	Met Food	107 Second Avenue	4,500
13	Met Food	249 Mulberry Street	3,500
14	Deluxe Food Market	79 Elizabeth St (122 Mott St)	7,000
15	Houston Village Farm's Deli and Café	61 First Ave	1,800
16	New Kam Man	198-200 Canal St	5,000
17	East Village Farm and Grocery	69 Second Ave	1,500
18	Hong Kong Supermarket	157 Hester St (80 Elizabeth St)	9,300
19	Spring Mart	202 Mott St (26 Spring St)	4,000
20	Tan Tin-Hung Supermarket	121 Bowery	2,500
21	New York Supermarket	75 East Broadway	8,900
22	New York Mart	128 Mott St	28,800
23	GS Food Market	250 Grand St	1,300
24	Ken Hing Food Market	247 Grand St	2,000
25	Fairtown Trading Inc	272-274 Grand St	3,800
26	Best Goody Food Corp	101 Bowery	2,500
27	Hai Sen	249 Grand St	3,800
28	Compare Foods	71 Avenue D	5,900
29	Han May Co Inc	69 Mulberry St (94 Bayard St)	2,200
30	Essex Street Market²	116 Delancey Street	15,000
Notes: (1) Supermarkets greater than 10,000 square feet are listed in bold. Grocery stores less than 1,000 square feet in size are not included. (2) Under the proposed actions, the Essex Street Market would be expanded from approximately 15,000 square feet to approximately 29,000 square feet.			
Sources: Store square footage based on RPAD data, site visits, and data from New York State Department of Agriculture and Markets provided by New York City Department of City Planning.			



Proposed Development Sites



Site 7 Would Not Be Redeveloped Under the Proposed Actions



Half-Mile Local Trade Area Boundary



Grocery Store (See Table 3-17 for Reference)



Under the proposed actions, the Essex Street Market would be relocated and expanded from approximately 15,00 square feet to approximately 29,000 square feet

0 1000 FEET



SCALE

Selected Grocery Stores
in the Half-Mile Local Trade Area
Figure 3-4

As described below under *Grocery Store Findings*, with the proposed actions including a potential 65,000 square foot grocery store and 14,000 square feet of additional Essex Street Market space, the amount of competitive business displacement of grocery stores would be minimal, is not expected to jeopardize the viability of any neighborhood retail strips or concentration of stores offering similar products and, therefore, is not expected to result in significant adverse impacts due to competition.

Grocery Store Finding One: Retail corridors in certain segments of the ½-Mile Local Trade Area cater to specific ethnic groups.

Many parts of the ½-Mile Local Trade Area have a distinct character in terms of the income and ethnic background of their residents. The local retail concentrations reflect the income and ethnic patterns of their local neighborhoods, with local retailers offering specialty goods and services familiar to a specific ethnic community and frequently doing business in a foreign language. For example, shopping areas along Grand Street in Chinatown caters to a largely Chinese immigrant population, with groceries and pharmacies carrying Asian products. The area southeast of the proposed project site, generally south of Delancey Street and east of Clinton Street, includes a concentration of Kosher stores catering to the Jewish residential population in that area. And the Alphabet City portion of the ½-Mile Local Trade Area includes a number of small-scale bodegas and convenience stores catering to the neighborhood's Hispanic population.

By focusing on a specific, and in some cases, geographically small local market area, these retail concentrations have maintained strong local support. And despite the fact that many of the local commercial strips draw from a small primary trade area (in some cases a two- or three-block radius), sales are high due to high population densities throughout the ½-Mile Local Trade Area and Lower Manhattan as a whole. Some of the stores, particularly those in Chinatown, draw customers from throughout New York City. Furthermore, it is unlikely that the proposed retail would offer goods, services, or restaurants that would directly compete with the specialty goods, services, and ethnic restaurants offered by local retailers focusing on a specific ethnic community. Overall, many shopping areas would be likely to retain their customer base.

Grocery Store Finding Two: Local stores would remain convenient to many shoppers.

Local area residents would continue to make a majority of their grocery shopping trips to stores closest to their homes and closest to public transportation. For example, residents living in the East Village portion of the ½-Mile Local Trade Area are more likely to utilize grocery stores north of the project site, which are closer on foot to most areas of the East Village and also proximate to the Number 6 subway stop at Astor Place and to several bus routes including M9, M14A, M15, and M21. Similarly, residents living in Chinatown are more likely to use stores in that neighborhood, particularly given that they are likely to use the 4/5/6, N/R/Q or M/J/Z subway lines, all of which have stops in or close to Chinatown. In general, shoppers are more likely to patronize supermarkets closest to their homes and to public transportation in places like Lower Manhattan where most people travel and shop by foot and public transit rather than by car.

Small- to medium-sized, independently owned grocery stores, bodegas, and delis serve a retail function similar to specialty food stores, though they offer a wider variety of food items. In general, these smaller grocery stores tend to act as convenience stores, where customers make frequent trips and purchase fewer items that are in immediate demand, such as milk or bread, or housekeeping supplies such as light bulbs. While shoppers may sometimes purchase these types of goods at chain supermarkets, they typically do not make frequent trips for convenience goods

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to area supermarkets; instead, they are likely to continue to fill their more frequent convenience food and beverage need at smaller, nearby grocery stores.

Grocery Store Finding Three: Local retail corridors tend to have more convenience goods and neighborhood services stores compared with anticipated uses under the proposed project.

Retail concentrations in the ½-Mile Local Trade Area that cater to local communities (i.e., those who would purchase grocery items on a regular basis) tend to offer a variety of convenience goods stores and neighborhood service stores. Neighborhood-oriented retail would not compete with the destination retail that could be introduced as part of the proposed plan. Although the RWCDs does include some neighborhood retail, including a potential 65,000 gsf grocery store, this retail would cater in part to the 900 residential units that would be built as part of the proposed actions and to the new worker population at the project site.

Many of the smaller grocery stores in the ½-Mile Local Trade Area are located along commercial corridors that offer a variety of convenience goods, shopping goods, and neighborhood services, or in small retail clusters that include other basic convenience goods stores. Many residents would continue to do the majority of their grocery shopping at these supermarkets because of the opportunity they provide for easily combining trips. It is therefore unlikely that a large portion of their sales would be diverted from local grocery stores to a supermarket on the proposed project site.

Grocery Store Finding Four: Many individual supermarkets in the ½-Mile Local Trade Area are not critical to the survival of local retail concentrations.

Indirect displacement due to competition in itself does not constitute a significant adverse impact under CEQR guidelines. The potential for significant adverse impacts exists only if proposed stores have the potential to affect neighborhood character by affecting the viability of neighborhood shopping areas. The ½-Mile Local Trade Area contains approximately 30 grocery stores; nine of these are large supermarkets that might serve as anchors of their respective retail concentrations. **Smaller grocery stores**, such as Met Food, typically with less than 10,000 sf of space, primarily serve the convenience shopping needs of local residents and so they would not directly compete with a supermarket on the proposed project site. Even though one or more of these smaller grocery stores may be present on a local shopping street, they do not typically anchor the commercial mix and are not critical to the survival of surrounding stores, and so would not adversely alter neighborhood character even if they were to be negatively affected by competition.

The section below evaluates whether specific **large grocery stores** might be vulnerable to competition from a potential supermarket on the proposed project site, and whether or not these supermarkets are critical to the survival of the neighborhood commercial strips or shopping centers in which they are located. As discussed below, many of these supermarkets are not critical to the survival of their retail concentration, and those that are would remain competitive for a variety of reasons. Overall, the proposed actions are not expected to result in the displacement of local grocery stores and supermarkets that are critical to the vitality of retail concentrations within the ½-Mile Local Trade Area.

- Certain large grocery stores in the ½-Mile Local Trade Area have niche markets, catering to ethnic populations or providing specialty food items. For example, New York Mart on Mott Street caters to an Asian population, primarily Chinese. Whole Foods on East Houston Street specializes in organic foods. And the Essex Street Market, a neighborhood institution

with a strong local customer base, contains food booths specializing in high quality fresh food items such as fish, meat, cheese, and baked goods, as well as affordable groceries and a variety of ethnic foods. (As mentioned above, the Essex Street Market would be relocated to Site 2 under the proposed actions.) All of these stores have niche markets and draw some proportion of customers from beyond the ½-Mile Local Trade Area and would, therefore, not be negatively impacted by a 65,000 square foot grocery store on the project site. Furthermore, the proposed actions would result in increased foot traffic that could benefit existing retail in the area.

- Some large grocery stores in the ½-Mile Local Trade Area are particularly convenient to public transportation. For example, Key Food on Avenue A is located on the M14A bus route, which runs along Avenue A. Associated on East 8th Street is located within one or two blocks of the M8, M9, and M14D bus routes which provide both north/south and east/west transportation. The Fine Fare at 549 Grand Street is located on the M22 and the M21 bus routes, along with the M14A, which provides access from the J/Z/F/M subways. The Fine Fare at 42 Avenue C is located on the M9 bus route. Such proximity to public transportation makes grocery stores such as these convenient to local residents.
- Certain large grocery stores in the ½-Mile Local Trade Area are convenient for shoppers traveling by car. Pathmark on South Street, for example, is located under the Manhattan Bridge and has its own parking lot. Because this store has a parking lot and is almost a half mile from the proposed project site it is unlikely to directly compete with any grocery store on the project site.
- Large grocery stores in the ½-Mile Local Trade Area do not tend to serve as critical anchors for larger shopping concentrations. For example, Associated on East 8th Street is located in the base of a residential building and has no abutting retail use and Pathmark on South Street is also a stand-alone use rather than a retail anchor.
- There is one larger grocery store in the ½-Mile Local Trade Area—Fine Fare located just south of the proposed project site at 357 Grand Street—that could experience some degree of competitive pressure from a grocery store located on the project site and that may serve to anchor the retail concentration in which it is situated.

The Fine Fare located on Grand Street is approximately 20,000 square feet and offers a typical range of grocery items, i.e., not focused on any ethnic group or niche market. The block on which the store is located is occupied by twelve other storefronts including two variety/miscellaneous goods stores, two limited-service restaurants, a pharmacy, bank, post office, dry cleaner, deli, barbershop, liquor store, and one vacant storefront. The store is surrounded by high-density residential uses so could continue to experience high levels of foot traffic even with a new grocery store on the project site. The store does appear to anchor the commercial building in which it is located. However, even if this store were to close due to competition with a grocery store developed pursuant to the proposed actions, the new demand from residential, worker, and visitor population at the project site would make the Fine Fare site a more desirable retail location in general and it is unlikely that the storefront would remain vacant for any prolonged period of time. Therefore, even if Fine Fare were to close due to competition from a grocery store on the project site, this closure would not spur additional vacancies in adjacent storefronts, would not negatively impact neighborhood character, and would not result in a significant adverse impact due to indirect business displacement from market saturation.

POTENTIAL IMPACTS ON BUILDING MATERIAL AND GARDEN SUPPLY STORES

Under the RWCDs the proposed actions could introduce an approximately 115,000-gsf building material and garden supply store. Large-format building materials and garden supply stores do not typically have the potential to result in significant adverse indirect business displacement impacts since they tend to draw customers from larger trade areas than food stores and a substantial portion of their sales come from contractors and other businesses as opposed to households.

As evidenced by the detailed retail surveys presented above, there are few building materials and garden supply stores currently located in the ½-Mile Local Trade Area. The Bowery includes a number of stores selling building materials, but the vast majority are wholesale, not retail businesses. The retail surveys revealed one retail store in the building material and garden supply sector on the Bowery: an approximately 3,500 square foot store named Green Depot. This store would not directly compete with a more traditional large format home improvement store since it specializes in “green” building supplies and markets to a particular niche consumer. Further, due to its relatively small size and niche market, it does not serve as an anchor to the retail concentration in which it is located.

A second home improvement retail store, A E Supply Corp., is located on 2nd Avenue at the corner of East 1st Street. The store is approximately 3,100 square feet. The corner opposing the store to the north is occupied by a gas station and the lot adjacent to the store to the south is vacant. This store does not anchor any larger retail concentration nor is it likely to directly compete with a home improvement store at the project site due to its smaller size and location over a quarter mile from the project site.

There are additional small hardware and building supply stores located throughout the study area but they do not serve as anchors to neighborhood retail concentrations and many are focused in their retail offerings. For example, the approximately 5,250-square-foot Lendy Electric Equipment Supply Corporation on Grand Street primarily sells electric supplies, while Advance Kitchen Supplies on Delancey Street targets its merchandise to the restaurant industry. These types of stores would not directly compete with a more traditional large format home improvement store.

Overall, the proposed actions would not have the potential to result in significant adverse business displacement impacts due to competitive effects from building materials and garden supply stores.

POTENTIAL IMPACTS ON SHOPPERS' GOODS STORES

The proposed actions may include a large-scale (approximately 125,000 square feet) department store or discount department store, in addition to small- and mid-size shoppers' goods stores. While department stores can anchor commercial corridors or concentrations, similar to building material and garden supply stores, they tend to draw customers from larger trade areas than grocery stores and therefore do not typically have the potential to result in significant adverse impacts due to indirect business displacement from competition or retail market saturation.

Currently, there are no large-scale department stores located in the ½-Mile Local Trade Area. The shoppers' goods retail market in the trade area is characterized by small- to mid-size shops including both chain and independent stores. Some concentrations of retail stores in the trade area cater to tourist populations, such as the stores along Mulberry Street in Little Italy. Neither the merchandise offerings nor the shopping experience at these stores would substantially

overlap with the types of retail expected for the project site. Other retail concentrations in the ½-Mile Local Trade Area, such as Grand Street in Chinatown, cater to specific ethnic groups and would not substantially overlap with the more traditional offerings at the project site. Certain concentrations of retail stores in the ½-Mile Local Trade Area, such as the lighting stores clustered on the Bowery, will continue to attract customers from all over the city because their co-location allows customers to easily comparison shop and find what they want without taking multiple shopping trips. Finally, there is a prevalence of high-end boutique stores in certain segments of the ½-Mile Local Trade Area, such as Nolita. Customers shop at these stores for both the high-end merchandise and the overall shopping experience (attractive storefronts, nearby cafes and restaurants, etc.), and the area would retain its unique character with or without the addition of retail at the proposed project site.

The shoppers' goods retail concentrations have contributed to making the Lower East Side popular as a shopping destination. As discussed above, the existing retail benefits from the high volumes of foot traffic from residents and workers of the Lower East Side, day visitors, and overnight tourists. The proposed actions would increase the number of residents, workers, and visitors in the area. Thus, there would be increased foot traffic that could benefit existing retail in the area.

Overall, although there could be some overlap between products offered at existing and proposed project shoppers' goods stores, concentrations of shoppers' goods stores currently located in the ½-Mile Local Trade Area distinguish themselves in different ways (e.g., a focus on tourists, a focus on ethnic populations, a concentration of a particular type of product). Businesses in the ½-Mile Local Trade Area would benefit from the increased foot traffic generated by the proposed actions, strengthening the destination appeal of the Lower East Side, and local retail would not be significantly impacted by new retail introduced as part of the proposed actions. *