Chapter 3: Socioeconomic Conditions

A. INTRODUCTION

This chapter examines the potential effects of the proposed project on population and housing characteristics, economic activity, and the commercial real estate market within the area most likely to be affected by the proposed project.

As detailed below, the proposed project would not result in significant adverse socioeconomic impacts due to direct or indirect changes in residential and economic activity.

B. METHODOLOGY

CEQR OVERVIEW

According to the 2001 *New York City Environmental Quality Review (CEQR) Technical Manual*, the socioeconomic character of an area is defined by its population, housing, and economic activities. The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of an area's residents and businesses. However, actions affect either or both of these segments in the same ways: they may directly displace businesses or residents, or they may alter one or more of the underlying forces that shape socioeconomic conditions in an area and thus may cause indirect displacement of businesses or residents.

Direct displacement is defined as the displacement of residents, businesses, or institutions from the actual site of (or sites directly affected by) a proposed action. Examples include proposed redevelopment of a currently occupied site for new uses or structures, or a proposed easement or right-of-way that would take a portion of a parcel and thus render it unfit for its current use. Since the occupants of a particular site are usually known, the disclosure of direct displacement focuses on specific businesses and employment, and an identifiable number of residents and workers.

Indirect or secondary displacement is defined as the involuntary displacement of residents, businesses, or employees in an area adjacent or close to a project site that results from changes in socioeconomic conditions created by a proposed action. Examples include rising rents in an area that result from a new concentration of higher-income housing introduced by a proposed action, which ultimately may make existing housing unaffordable to lower-income residents; a similar turnover of industrial to higher-rent commercial tenancies induced by the introduction of a successful office project in an area; or the flight from a neighborhood that can occur if a proposed action creates conditions that break down the community (such as a highway dividing the area).

Even where actions do not directly or indirectly displace businesses, they may affect the operation of a major industry or commercial operation in the City. In these cases, CEQR review may assess the economic impacts of the action on the industry in question.

DETERMINING WHETHER A SOCIOECONOMIC ASSESSMENT IS APPROPRIATE

Under CEQR, socioeconomic assessments should be conducted if an action may be reasonably expected to create substantial socioeconomic changes within the area affected by the action that would not be expected to occur without the action. According to the *CEQR Technical Manual*, there are five circumstances that would typically require a socioeconomic assessment:

- The action would directly displace residential populations so that the socioeconomic profile of the neighborhood would be substantially altered.
- The action would directly displace substantial numbers of businesses or employees, or it would directly displace a business or institution that is unusually important as follows:
  - It has a critical social or economic role in the community and would have unusual difficulty in relocating successfully;
  - It is of a type or in a location that makes it the subject of other regulations or publicly adopted plans aimed at its preservation;
  - It serves a population uniquely dependent on its services in its present location; or
  - It is particularly important to neighborhood character.

  If any of these possibilities cannot be ruled out, an assessment should be undertaken.
- The action would result in substantial new development that is markedly different from existing uses, development, or activities within the neighborhood. Such an action could lead to indirect displacement. Typically, projects that are small to moderate in size would not have significant socioeconomic effects unless they are likely to generate socioeconomic conditions that are very different from existing conditions in the area. Residential development of 200 units or less or commercial development of 200,000 square feet or less would typically not result in significant socioeconomic impacts.
- Notwithstanding the above, the action may affect conditions in the real estate market not only on the site anticipated to be developed, but in a larger area. When this possibility cannot be ruled out, an assessment may need to be undertaken to address indirect displacement. These actions can include those that would raise or lower property values in the surrounding area.
- The action may adversely affect economic conditions in a specific industry.

If an action would exceed any of these initial thresholds, an assessment of socioeconomic conditions is generally appropriate. The proposed project would add up to 300 dwelling units, up to 200,000 gsf of hotel space, and 68,097 gsf of museum space. (The applicant will enter into a Restrictive Declaration which limits the number of units on the development site to no more than 300 residential units and 167 hotel rooms.) Therefore, based on the CEQR thresholds, a preliminary assessment for indirect residential and business displacement is warranted.

ANALYSIS FORMAT

This chapter follows the methodologies established in the *CEQR Technical Manual, Section 3B*. In conformance with *CEQR Technical Manual* guidelines, the analyses of the five areas of concern identified above begins with a preliminary assessment. The purpose of the preliminary assessment is to learn enough about the effects of the proposed project to either rule out the possibility of significant adverse impacts or to determine that more detailed analysis is required to resolve that question.

If the preliminary assessment cannot definitively rule out the potential for significant impacts, a detailed analysis is conducted. Detailed analyses, if required, are framed in the context of existing conditions and evaluations of the future without the proposed project and the future with the proposed project in 2013. In conjunction with the land use task (see Chapter 2), specific development projects that would occur in the area in the future without the proposed project would be identified, and the possible changes in socioeconomic conditions that would result, such as potential increases in population, changes in the income characteristics of the study areas, new residential and commercial developments, and possible changes in rents or sales prices of residential units, would be described. Those conditions would then be compared with the future with the proposed project to determine the potential for significant adverse impacts.

As described in greater detail in Chapter 1, "Project Description," in the future without the proposed project the development site will be developed with one of two scenarios: the Previously Approved Project or the Expanded Development Scenario. In addition, as described above, other projects are expected to be completed in the study areas. If a detailed analysis is warranted, the future with the proposed project would be compared to the future without the proposed project under the two scenarios.

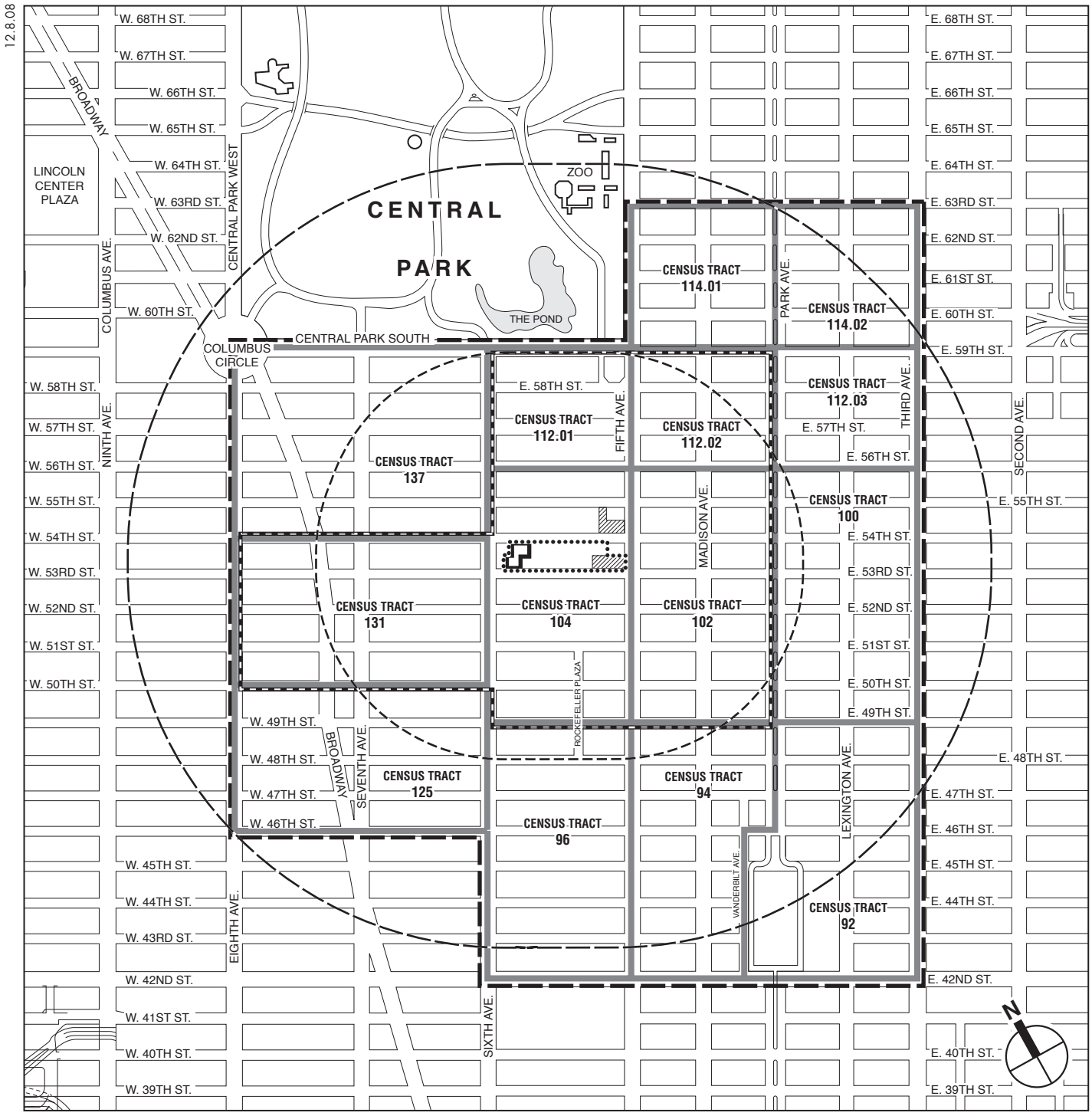
STUDY AREA DEFINITION

A study area is defined as the area most likely to be affected by the proposed project. Following the guidelines of the *CEQR Technical Manual*, the socioeconomic study areas approximate the ¼- and ½-mile primary and secondary study areas from the border of the zoning lot boundary.

As shown in **Figure 3-1**, the primary study area generally extends from Central Park South to the north, Park Avenue to the east, 49th Street to the south, and Sixth and Eighth Avenues to the west. The secondary study area includes the primary study area and the additional area approximately ½ mile from the border of the project site. The secondary study area extends generally from East 63rd and Central Park South to the north, Third Avenue to the east, 42nd Street to the south, and Eighth Avenue to the west. Adjustments were made to the primary and secondary area delineations to better reflect neighborhood boundaries and census tract boundaries.

Census tracts that straddle the study area boundaries were included or excluded in the study area calculations depending on what portion of the census tract fell within the area (i.e., tracts with more than 50 percent of their land mass within an area were included). The following census tracts were included in the primary study area: 102, 104, 112.01, 112.02, and 131. The secondary study area includes (in addition to the census tracts in the primary study area) 92, 94, 96, 100, 112.03, 114.01, 114.02, 125, and 137. **Figure 3-1** shows the census tracts that are included in each of the study areas.

Given that the potential indirect effects of the proposed project would extend beyond the project site into adjacent neighborhoods of the study areas, the indirect assessments focus on the characteristics of the study areas, and compare their socioeconomic profile with those of Manhattan and New York City. These analyses consider the potential for significant adverse impacts in both the primary and secondary study areas. The assessment of potential effects on a specific industry examines the displaced businesses in the broader New York City economy.



53 West 53rd Street

Socioeconomic Study Areas
Figure 3-1

DATA SOURCES

BUSINESS AND INSTITUTIONAL DISPLACEMENT AND EFFECTS ON SPECIFIC INDUSTRIES ANALYSES

The assessments of direct and indirect business and institutional displacement consider business and employment trends on the project site and within the surrounding primary and secondary study areas. Collectively, the business and employment data identify the employers and industries that characterize the study areas. The analysis of employment within the study areas is based on field surveys, 2000 Census data, and New York City Department of Finance Real Property Assessment Data (RPAD) information.

Following the employment analysis is a discussion of real estate trends on the project site and in the study areas. A variety of data sources were consulted. The analysis provides a review of recent real estate articles, planning studies, and publications that were consulted.

RESIDENTIAL DISPLACEMENT ANALYSIS

The residential displacement assessment begins with an analysis of existing demographic characteristics and trends, based on data from the 1990 and 2000 U.S. Census. Population and income profiles were developed for the residents in the primary and secondary study areas. The analysis includes, as appropriate, such parameters as the total number of residents, occupation, age, total households, average household size, median income, and poverty status. Housing profiles also were developed for the study areas that include such data as total housing units, occupancy, tenure, number of rooms, contract rent, and age of housing stock, using U.S. Census information, RPAD information, real estate market data, and New York City Department of Housing Preservation and Development (NYCHPD) data. A real estate survey was also conducted by obtaining rent information from major print news media in New York City (e.g., *The New York Times*), online resources (including Craigslist and the Corcoran Group's web site), and brokers and real estate developers familiar with the area.

C. PRELIMINARY ASSESSMENT

This section examines each of the five areas of socioeconomic concern in relation to the proposed project. The goal of a preliminary assessment is to learn enough about the potential effects of the proposed project either to rule out the possibility of significant impact or to establish that a more detailed analysis would be required to determine whether the proposed project would lead to significant adverse impacts.

For each of the five areas of socioeconomic concern, a preliminary assessment was sufficient to conclude that the proposed project would not result in any significant adverse impacts, and therefore a detailed socioeconomic analysis was not undertaken.

DIRECT RESIDENTIAL DISPLACEMENT

Currently, the development site does not contain any residential uses. Therefore, the proposed project would not directly displace any residential populations, and no further analysis of this issue is warranted.

DIRECT BUSINESS DISPLACEMENT

There are no businesses on the development site that would be displaced by the proposed project. Therefore, no further analysis is warranted.

INDIRECT RESIDENTIAL DISPLACEMENT

In most cases, indirect residential displacement is caused by increased property values generated by a project, which then results in higher rents in an area, making it difficult for some existing residents to continue to afford their homes.

The following section describes the population and housing characteristics of the study areas (which include the project site) as they relate to potential indirect residential displacement.

DEMOGRAPHIC PROFILE

This section describes the population, housing, and income characteristics of the study area, presents trend data since 1990, and compares study area characteristics with Manhattan and New York City as a whole.

Population Characteristics

As shown in **Table 3-1**, the primary and secondary study areas experienced a loss in population between 1990 and 2000. The primary study area lost 288 residents, while the secondary study area lost 352 persons, a decrease of 5.6 and 1.6 percent, respectively. During the same period, Manhattan's population increased by 3 percent and New York City's population increased by 9 percent. Average household size changed little from 1990 to 2000 in the study areas, Manhattan, and New York City.

Table 3-1
1990 and 2000 Population Characteristics

Area	Total Population		Absolute Change (1990 to 2000)	Percent Change	Average Household Size	
	1990	2000			1990	2000
Primary study area	5,161	4,873	(288)	-5.6	1.47	1.50
Secondary study area	22,307	21,955	(352)	-1.6	1.51	1.53
Manhattan	1,487,536	1,537,195	49,659	3.3	1.99	2.08
New York City	7,322,564	8,008,278	685,714	9.4	2.54	2.59

Notes: The secondary study area includes the primary study and represents the study area total.
* The average household size presented for both study areas represents a weighted average of the average household size of all census tracts.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000, Summary File 1.

RPAD information from the New York City Department of Finance was used to identify new residential units constructed between 2000 and 2008. An estimated 514 housing units were added to the primary study area between 2001 and 2008, reflecting an increase of population between 2000 and 2008.

As compared with New York City and Manhattan as a whole, the population of the primary and secondary study area consisted of a higher portion of working age people (ages 18 to 64) in 2000 (see **Table 3-2**). From 1990 to 2000, the proportion of the working age population increased in

Table 3-2
Age Distribution as Percent of Total Population, 1990 and 2000

Area	1990 (Percent of Total Population)				2000 (Percent of Total Population)			
	Under 5 Years	5 to 17 years	18 to 64 years	65 years and over	Under 5 Years	5 to 17 years	18 to 64 years	65 years and over
Primary study area	1.8%	2.8%	69.5%	25.9%	1.9%	3.0%	73.2%	21.9%
Secondary study area	1.9%	3.5%	70.9%	23.7%	2.5%	3.6%	75.1%	18.7%
Manhattan	5.3%	11.3%	70.1%	13.3%	5.0%	11.8%	71.1%	12.2%
New York City	7.0%	16.1%	64.0%	13.0%	6.8%	17.5%	64.1%	11.7%

Notes: The secondary study area includes the primary study and represents the study area total.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1.

both the primary and secondary study areas, and remained steady in both Manhattan and New York City. The proportion of children (ages 0 to 17) increased slightly from 1990 to 2000 in the primary and secondary study areas, and the proportion of the seniors (age 65 and over) decreased in both study areas. In contrast, the proportion of both of these populations remained stable in both Manhattan and New York City.

Income Characteristics

As shown in **Table 3-3**, median household income increased substantially in the primary and secondary study areas from 1989 to 1999. Median household income increased by 22 percent in the primary study area and 15 percent in the secondary study area, compared with an increase of 8 percent in Manhattan and a decrease of 5 percent in New York City as a whole. The secondary study area had the highest median household income compared with all other areas in 1999. Median household income in the primary study area was 66 percent higher than in Manhattan and 3 percent lower than in the secondary study area, but, as noted above, it grew at a much faster rate than both of those areas from 1989 to 1999. Overall, the trend in median household incomes of the primary and secondary study areas suggests a growing concentration of residents with relatively higher incomes.

Table 3-3
Income Characteristics

Area	Median Household Income			Percent Below Poverty Level		
	1989	1999	Percent Change	1989	1999	Percent Change
Primary study area	$85,799	$104,809	22%	12	13	4%
Secondary study area	$93,799	$108,245	15%	10	8	-25%
Manhattan	$58,515	$63,067	8%	21	20	-3%
New York City	$54,092	$51,351	-5%	19	21	10%

Notes: All 1989 and 1999 income values were converted to 2008 constant dollars using the U.S. Department of Labor's Consumer Price Index for the "New York-Northern New Jersey-Long Island" area.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1 and Summary File 3.

As median household income grew from 1989 to 1999, the percent of the population living below the poverty level decreased in the secondary study area. In 1989, 10 percent of the secondary study area was living below the poverty level; 2000 Census data show this figure fell by 25 percent to 8 percent. However, the percent of the primary study area living below poverty went up by 4 percent, from 12 percent in 1989 to 13 percent in 1999. In New York City as a whole the

percentage of residents living below the poverty level increased by 10 percent (from 19 to 21 percent of the population).

Housing Characteristics

The type, quality, and age of housing structures vary across the study areas. There are various new residential projects located throughout the study areas. Older high-rise apartment buildings are located along Lexington and Third Avenues. Along Broadway and West 57th Street, there is a concentration of older residential buildings with ground-floor retail. **Table 3-4** shows growth in housing units and change in vacancy rates from 1990 to 2000. **Table 3-5** shows housing tenure and its change from 1990 to 2000.

Table 3-4
Housing Units and Vacancy

Area	Total Housing Units			Vacant Housing Units			Percent Vacant	
	1990	2000	% Change	1990	2000	% Change	1990	2000
Primary study area	4,782	4,560	-4.6%	1,449	1,377	-5.0%	32.6%	34.9%
Secondary study area	19,755	18,737	-5.2%	5,274	4,565	-15.5%	27.2%	27.1%
Manhattan	785,127	798,144	1.7%	68,705	59,500	-13.4%	8.8%	7.5%
New York City	2,992,169	3,200,912	7.0%	172,768	179,324	3.8%	5.8%	5.6%

Source: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1 and Summary File 3.

Table 3-5
Housing Tenure

Area	Owner-Occupied Housing Units				Renter-Occupied Housing Units			
	1990		2000		1990		2000	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Primary study area	925	27.8%	748	23.5%	2,408	72.3%	2,435	76.5%
Secondary study area	3,763	26.0%	3,636	25.7%	10,718	74.0%	10536	74.3%
Manhattan	128,037	17.9%	148,732	20.1%	588,385	82.1%	589,912	79.9%
New York City	807,378	28.6%	912,296	30.1%	2,012,023	71.4%	2,109,292	69.8%

Source: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1 and Summary File 3.

According to the 2000 Census, the primary study area contained approximately 4,560 housing units, of which 3,183 housing units were occupied. The secondary study area contained approximately 18,737 housing units, with 14,172 occupied units. The 2000 vacancy rate for the primary study area (35 percent) and the secondary study area (27 percent) was higher than the vacancy rate in Manhattan (8 percent) and the overall vacancy rate for New York City (6 percent). However, as reported in the 2000 census, the high vacancy rates in the study areas were primarily due to the fact that a disproportionally high number of units within the study areas are for "seasonal, recreational or occasional use," (i.e., second homes). Approximately 75 percent of the vacant units in the primary study area and 62 percent of the vacant units secondary study area were vacant due to seasonal, recreational or occasional use (within Manhattan as a whole, approximately 33 percent of vacant units were for seasonal, recreational or occasional use in 2000).

As shown in **Table 3-5**, there was a small shift toward renter occupancy in all areas, as the proportion of owner-occupied units decreased slightly from 1990 to 2000 in the primary and secondary study areas. The owner-occupancy rate (24 percent) of the primary study area was slightly lower than the

secondary study area (26 percent). However, the owner occupancy rates in the study areas were lower than the owner occupancy rate in New York City as a whole (30 percent).

Based on 2008 RPAD data, the primary study area gained approximately 514 housing units and the secondary study area gained 1,928 housing units (including the 514 primary study area units) since the 2000 Census (see **Table 3-6**). This brings the 2008 housing unit count for the primary study area to 5,704 units and the secondary study area to 20,665 units, an approximate increase of 11 percent and 10 percent, respectively, since the 2000 Census.

Table 3-6
Housing Units Built Since 2000 Census

	2000 (Census)	2008 (RPAD)	Absolute Change	Percent Change
Primary study area	4,560	5,074	514	11.3%
Secondary study area	18,737	20,665	1,928	10.3%
Manhattan*	798,144	840,442	42,298	5.3%
New York City*	3,200,912	3,311,065*	110,153	3.4%

Note: * 2006 Housing unit figures for Manhattan and New York City were derived from the U.S. Census Bureau Estimates of Housing, July 2006.
Source: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1 and RPAD 2008.

According to the 2000 Census, home values in the primary study area were high compared with those in Manhattan and New York City. As shown in **Table 3-7**, at $761,978 , the median home value in the secondary study area was higher than the median home value for the primary study area ($741,886), Manhattan ($470,089), and New York City overall ($287,964). It is not possible to compare 1990 and 2000 Census data on median home value because the median home value reported in the 1990 Census is based on "specified" housing units only (this excludes many apartment units), while the 2000 values are based on all housing units. However, recent sales information indicates that home values in the study areas have increased substantially since 2000. According to data from Miller Samuel Inc., a New York City real estate appraiser and consultant, condominium and cooperative units sold in the study areas from the first quarter of 2007 through the second quarter of 2008 had an average sales price of approximately $1,673,000 and a median sales price of approximately $1,036,000, almost double the median home value reported in the 2000 Census.[1]

In 2000, the median contract rent in the primary study area was lower than the median contract rent for the secondary study area but higher than that for Manhattan and New York City as a whole. The median contract rent in the primary study area grew by 20 percent, compared with an increase of 30 percent in the secondary study area, 17 percent in Manhattan, and 9 percent in New York City.[2] The high growth in the primary and secondary study areas' median contract rent is indicative of a rental market that is changing dramatically as new buildings are introduced with higher rents than the existing housing stock. From 1990 to 2000, a number of large luxury rental buildings came to market in the primary and secondary study areas.

[1] Miller Samuel Real Estate Appraisers and Consultants. Median and average sales price for the study area is a weighted average of the median and average sales price reported for all condominium and cooperative units from the first quarter of 2007 to the second quarter of 2008 for the Lincoln Center, Midtown East and Midtown West/Clinton neighborhoods. Aggregate Data Search Engine at www.millersamuel.com.

[2] According to the U.S. Census Bureau, median contract rent is "the rent regardless of any furnishings, utilities, fees, meals, or services that monthly rent asked for the rental unit at the time of interview."

Table 3-7
Housing Characteristics

Area	Median Home Value**			Median Contract Rent**		
	1990*	2000	Percent Change	1990	2000	Percent Change
Primary study area	N/A	$741,886	N/A	$1,383	$1,654	19.6%
Secondary study area	N/A	$761,978	N/A	$1,530	$1,987	29.9%
Manhattan	N/A	$470,089	N/A	$823	$963	17.1%
New York City	N/A	$287,964	N/A	$771	$841	9.1%

Notes:
* The 1990 median home value is not reported because the 1990 value was based on "specified owner-occupied housing units" only, while the 2000 median was based on all owner-occupied housing units. The two data sets are not comparable.
** All 1990 and 2000 values were converted to 2008 constant dollars using the U.S. Department of Labor's Consumer Price Index for the "New York-Northern New Jersey-Long Island" area.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1 and Summary File 3.

While Census data on median contract rent provide a statistical basis for comparing trends in changing values and rents, these data are affected by such factors as the presence of rent-regulated housing units in the City and study areas, and so do not reflect market trends experienced in non-regulated apartments. To get a more accurate picture of current market-rate rents in the study areas, information on current real estate listings in the area was analyzed.

Current rental market data indicates that rents are substantially higher than the median contract rent reported in the 2000 Census. According to data from CitiHabitats, a leading rental brokerage in New York City, current average rents in the Midtown submarkets, which include the primary and secondary study areas, range from $1,900 for studios to $6,100 for three-bedroom units.[1]

Rental rates for rent-regulated apartments are more difficult to estimate because they tend to turn over less frequently than market-rate apartments, and so there are fewer listings from which to judge average rental rates.

CEQR ASSESSMENT CRITERIA

Based on *CEQR Technical Manual* guidelines, the preliminary assessment of indirect residential displacement evaluates the criteria (numbered in italics below) to determine whether the proposed project could result in significant adverse impacts within the primary or secondary study area. In summary, this preliminary assessment has ruled out the possibility of significant adverse impacts. Therefore, a detailed analysis of indirect residential displacement is not warranted.

1. Would the proposed project add substantial new population with different socioeconomic characteristics compared with the size and character of the existing population?

By 2013, the proposed project would introduce 300 housing units to the development site. It is estimated that the new 300 units would introduce approximately 462 new residents to the study areas. This projected new population would represent an approximately 9.5 percent growth on the 2000 primary study area population and approximately 2 percent growth on the 2000

[1] CitiHabitats; Residential Rental Market Report, 2nd Quarter/Mid-Year 2008.

secondary study area population. However, as shown in the RPAD information, the study area has changed considerably since the 2000 Census with an addition of approximately 514 units and 1,928 units in the primary and secondary study areas, respectively. Based on the 2000 Census and RPAD information, in 2008 there were approximately 5,074 dwelling units in the primary study area and 20,665 dwelling units in the secondary study area.

It is expected that this new population would not have substantially different socioeconomic characteristics compared with the size and character of the existing population. The proposed project would introduce market-rate units that would likely rent or sell at the high end of the market and, therefore, would introduce a population with incomes high enough to afford these units. As shown in Table 3-8, median home values and median contract rents in the primary and secondary study areas were substantially higher than in Manhattan and New York City in 2000, and have continued to increase since then. The high median home values and median contract rents in the primary and secondary study areas indicate that there is already a high-income population able to afford these types of units, and that the proposed project would not introduce a population with different socioeconomic characteristics.

Data from the 2000 Census on median household income provides further evidence of the presence of a high-income population in the study areas (see Table 3-4). As discussed above, the primary and secondary study areas have a considerably higher median income compared with Manhattan and New York City as a whole. The median household income in the secondary study area in 1999 was $108,245, which was 66 percent higher than the median household income in Manhattan ($63,067) and more than double the New York City median household income ($51,351). The median household income of the primary study area was $104,809, also much higher than Manhattan and New York City as a whole.

Given that all of the residential units introduced by the proposed project would be market rate, it is reasonable to assume that a substantial percentage of the new residents would have household incomes similar to householders already living in the study areas. Therefore, although the proposed project would add a substantial population to the study areas, they would not have different socioeconomic characteristics compared with that of the existing population.

2. Would the proposed project directly displace uses or properties that have had a "blighting" effect on property values in the area?

The proposed project would redevelop seven vacant lots into a mixed-use building with museum, hotel, and residential uses. The lots are used at times for MoMA exhibits or for handling visitors waiting in line to enter the museum.

The existing properties and uses have no "blighting" effect on property values in the study areas. Field surveys indicate that the properties appear to be in good physical condition, and the current vacancy of the site does not impose poor physical conditions on the surrounding area.

In conjunction with physical conditions, other indicators that a property may be having a "blighting" effect on property values in an area include: limited development around a property, high vacancy rates in a study area, or stagnant or decreasing housing values and contract rents in a study area. With respect to the development site, there are no such indicators. From 1990 to 2000, the median contract rent in the primary study area and secondary study area increased by 20 percent ($1,383 in 1990 to $1,654 in 2000) and 30 percent ($1,530 in 1990 to $1,987 in 2000), respectively (see Table 3-8). In addition, the 2000 median housing values in the primary and secondary study areas were higher than the median home values in Manhattan and the City as a whole. In 2000, the median home value in the primary study area was $741,886, which was 58 percent higher than the Manhattan median ($470,089) and 158 percent higher than the

Citywide median ($287,964). The median home value of the secondary study area was $761,978, which was higher than the median home value in the primary study area (see Table 3-8). The high median housing value and median contract rent illustrate the desirability of the study areas as a residential neighborhood and indicate that they are not suffering from blight. Further, as discussed above, current real estate data indicates that rents and sales prices have increased significantly between 2000 and 2008. Thus, the upward trend in the study areas' residential real estate market is not indicative of an area suffering from blight.

Recent development projects are also an indication that the existing properties and uses have not had a blighting effect on property values in the area. As discussed in Chapter 2, "Land Use, Zoning, and Public Policy," a number of new residential and commercial developments have been completed in the last decade in the primary and secondary study areas, and a number are scheduled to occur by 2013 without the proposed project. By 2013, approximately 643 residential units will be added to the secondary study area. Several of these projects are planned for the blocks immediately adjacent to the project site. For instance, just north of the project site (12 West 55th Street), construction is underway for the development of a 22-story residential building with 54 residential units. A 30-story building with restaurant, retail, and offices is under construction at 510 Madison Avenue, just east of the development site. There is a possibility that the current economic slowdown may result in the development of fewer residential units. However, the long-term, ongoing trend toward residential development in the primary and secondary study areas is another indication that the development site has not had a blighting effect on property values.

3. Would the proposed project directly displace enough of one or more components of the population to alter the socioeconomic composition of the area?

As discussed above, the development site does not contain any residential units. Therefore, the proposed project would not directly displace enough of one or more components of the population to alter the socioeconomic composition of the study areas.

4. Would the proposed project introduce a substantial amount of a more costly type of housing compared with existing housing and housing expected to be built in the study areas by the time the project is completed?

The proposed project would introduce market-rate housing, which is likely to rent or sell at the high end of the market. Although their price point would likely be more costly than that for older housing stock in the study areas, it would be comparable to the price point for the recently built market-rate residential units in the study areas, as well as new developments that are planned to be in place by 2013. Recent sales information indicates that home values in the study areas have also increased substantially since 2000. Data from Miller Samuel, Inc. indicates that recently sold condominium and cooperative units in the study areas had an average sales price of approximately $1,673,000 and a median sales price of approximately $1,036,000.

As discussed above, current rents in the study areas are significantly higher than median contract rents reported in the 2000 Census. These high prices are the result of an ongoing trend toward residential development in the study areas and new market-rate construction.

By 2013, development in the future without the proposed project is expected to generate approximately 643 new market-rate units in the secondary study area. Also, as discussed earlier, in absence of the proposed project, the development site would be developed with one of two scenarios: the Previously Approved Project or the Expanded Development Scenario. In the Expanded Development Scenario, the development site would contain approximately 508,013

gsf divided between 314,236 gsf of residential space (300 residential units), 125,679 gsf of hotel use (105 hotel rooms), and 68,097 gsf of museum space. Similar to the proposed project, the 300 residential units in the Expanded Development Scenario would sell at the high end of the market.

Therefore, the proposed project would not introduce a substantial amount of more costly housing compared with existing housing and housing expected to be built in the study areas by the time the project is implemented.

5. Would the proposed project introduce a critical mass of non-residential uses such that the surrounding area becomes more attractive as a neighborhood residential complex?

In addition to the residential units, the proposed project would include up to approximately 68,097 gsf of museum space (for MoMA) and 200,000 gsf of hotel use (approximately 167 rooms).

Given the ongoing and long-term trend toward residential development in the study areas (discussed in Chapter 2), the primary and secondary study areas already have a critical mass of residential amenities (convenience stores, restaurants, banks, etc.) that are available to the existing population within walking distance of their homes.

The other uses that would be introduced by the proposed project—68,097 gsf of museum space and 200,000 gsf of hotel use—would also not substantially increase the area's desirability as a residential neighborhood. The museum and the hotel uses would not be new uses to the area, and hotels generally do not serve as residential neighborhood amenities.

Overall, the proposed project would not introduce a critical mass of non-residential uses such that the surrounding area would become more attractive as a residential neighborhood.

6. Would the proposed project introduce a land use that could offset positive trends in the study area, impede efforts to attract investment to the area, or create a climate for disinvestment?

The proposed project would not impose any type of change that would diminish investment in the study areas. On the contrary, the proposed project would transform a vacant site into a thriving mixed-use development with an architecturally distinctive design. The museum and the hotel component of the proposed project would provide jobs, and the residential component would accommodate a portion of the City's current and future housing needs.

CONCLUSION

The preliminary assessment for indirect residential displacement finds that the proposed project would add a substantial population to the study areas, but this population would not have different socioeconomic characteristics compared with the existing population. The proposed project would not directly displace uses or properties that have had a blighting effect on property values in the area, nor would it directly displace enough of one or more components of the population to alter the socioeconomic composition of the study areas. The proposed project would also not introduce a substantial amount of a more costly type of housing compared with existing housing, and it would not introduce a "critical mass" of non-residential uses such that the surrounding area becomes more attractive as a residential neighborhood. Finally, the proposed project would not introduce a land use that could offset positive trends in the study areas, impede efforts to attract investment to the area, or create a climate for disinvestment. Therefore, this preliminary assessment rules out the possibility of significant adverse impacts resulting from indirect residential displacement, and detailed analysis is not warranted.

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

Like the analysis of indirect residential displacement, the preliminary assessment of indirect business and institutional displacement focuses on whether the proposed project could increase commercial property values and rents within the primary or secondary study areas, making it difficult for some categories of businesses to remain in the area.

The following section describes the employment characteristics of the study areas (which include the project site) as they relate to potential indirect business displacement.

EMPLOYMENT IN THE STUDY AREAS

As shown in **Table 3-8**, in 2000 economic sectors with the highest employment in the primary and secondary study areas (i.e., those that contribute substantially in an economic sense) were "finance, insurance, real estate and rental and leasing" (24.3 percent in the primary study area and 26.9 percent in the secondary study area) and "professional, scientific, management, administrative, and waste management services" (24.4 percent in the primary study area and 23.4 percent in the secondary study area). These employment sectors are followed by high employment in the "information" (14 percent in the primary study area and 9.8 percent in the secondary study area) and "arts, entertainment, recreation, accommodation, and food services" sectors (10.5 percent in the primary study area and 10 percent in the secondary study area).

Table 3-8
2000 Employment by Industry Sector:
Primary Study Area, Secondary Study Area, Manhattan, and New York City

	Primary Study Area		Secondary Study Area		Manhattan		New York City	
Industry Sector	**Employment**	**Percent**	**Employment**	**Percent**	**Employment**	**Percent**	**Employment**	**Percent**
Agriculture, forestry, fishing and hunting, and mining	35	0.0	300	0.1	955	0.0	2,190	0.1
Construction	4,830	2.7	14,595	3.0	69,530	3.3	171,880	4.6
Manufacturing	8,755	4.8	22,790	4.7	116,350	5.6	226,420	6.0
Wholesale trade	4,760	2.6	15,165	3.1	62,835	3.0	119,075	3.2
Retail trade	15,830	8.7	39,465	8.1	152,600	7.3	306,865	8.2
Transportation and warehousing and utilities	3,215	1.8	13,625	2.8	78,495	3.8	248,485	6.6
Information	25,525	14.0	47,825	9.8	176,865	8.5	219,010	5.8
Finance, insurance, real estate and rental and leasing	44,210	24.3	131,180	26.9	382,655	18.3	488,170	13.0
Professional, scientific, management, administrative, and waste management services	44,375	24.4	114,055	23.4	367,380	17.6	475,170	12.7
Educational, health, and social services	5,120	2.8	18,960	3.9	315,145	15.1	838,210	22.3
Arts, entertainment, recreation, accommodation, and food services	19,085	10.5	48,900	10.0	180,740	8.6	276,230	7.4
Other services (except public administration)	4,880	2.7	14,615	3.0	91,865	4.4	189,985	5.1
Public administration	1,185	0.7	5,400	1.1	94,015	4.5	191,285	5.1
Armed forces	20	0.0	50	0.0	485	0.0	2,150	0.1
Total	**181,820**	**100.0**	**486,935**	**100.0**	**2,089,915**	**100.0**	**3,755,125**	**100.0**

Sources: U.S. Census Bureau, 2000 Census; Reverse Journey-to-Work data, Table CTPP2 P-3; categorized by the North American Classification System (NAICS).

CEQR ASSESSMENT CRITERIA

The preliminary assessment follows the methodology of *Section 322.2, Chapter 3B* of the *CEQR Technical Manual,* in analyzing the criteria in numbered italics below.

1. Would the proposed project introduce enough of a new economic activity to alter existing economic patterns?

The proposed project would introduce 300 dwelling units, 167 hotel rooms, and 68,097 gsf of museum space in the study areas. The 300 units introduced by the proposed project would represent 9.5 percent and 2 percent of the 2000 primary and secondary study area population, respectively. Although the new housing units would increase the retail expenditure potential of the primary study area, this consumer spending would not constitute a new economic activity, given that the study area already contains a large residential population and street-level retail is common and located on all major north-south and east-west corridors in the primary and secondary study areas. Therefore, while some of the uses proposed would be substantial additions to the study areas, they would not represent new uses.

2. Would the proposed project add to the concentration of a particular sector of the local economy enough to alter or accelerate an ongoing trend to alter existing economic patterns?

There is already a well-established trend toward residential and hotel development in the study areas such that the proposed project would not alter or accelerate ongoing trends. Between 1990 and 2008, the number of housing units in the primary study area increased by 11 percent (4,782 units in 1990 to 5,074 in 2008), and the number of housing units in the secondary study area increased by 10 percent (19,755 units in 1990 to 20,665 in 2000). There are also several hotels located in the vicinity of the project site, and a total of six new hotels are proposed in the primary and secondary study areas.

The proposed project would result in a 9 percent increase in the number of residential units in the primary study area and an approximately 2 percent increase in the secondary study area over the existing conditions. Given the ongoing trend toward increased residential development in the study areas, this amount of development would not be enough to accelerate the trend.

Businesses most vulnerable to indirect displacement due to increased rent are typically those businesses whose uses are less compatible with the economic trend that is creating upward rent pressures in the study areas; i.e., those businesses that tend not to directly benefit (in terms of increased business activity) from the market forces generating the increases in rent. In the study areas, there is an existing trend toward increased demand for convenience goods and neighborhood services from the growing residential population.

Even certain commercial uses within sectors that are generally compatible with economic trends may be vulnerable if their product is directed toward a demographic market that is declining in the area. For example, although 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 study areas even as total population is increasing, then that store may be vulnerable to displacement due to increases in rent. Increased volumes of pedestrian traffic and/or changing demographics of the area could result in changes in consumer preferences, and some discount apparel and convenience stores may be less likely to capture spending dollars from new, more affluent residents and workers in the area. The proposed project would increase the primary study area population by approximately 9.5 percent and the

secondary study area population by 2 percent. A population change of this size would not substantially affect established real estate conditions in the neighborhood and would not result in a substantial new consumer base for retail goods that could affect shopping patterns, thereby causing commercial rents to rise in the area.

Therefore, the proposed project would not alter or accelerate trends that would change existing economic patterns in a manner that would result in significant indirect displacement.

3. Would the proposed project directly displace uses or properties that have a "blighting" effect on commercial property values in the area, leading to rises in the commercial rents?

The proposed project would not displace properties or uses that have a "blighting" effect on commercial property values. Field surveys of the properties indicate that the vacant development site is in good physical condition and does not impose poor physical conditions on the surrounding area. As noted earlier in this chapter and in Chapter 2, the development site currently consists of seven paved and vacant lots located toward the western end of the project block. The lots are used at times for MoMA exhibits or for handling visitors waiting in line to enter the museum.

Also, as discussed in Chapter 2, a number of new residential and commercial developments are scheduled to occur by 2013 without the proposed project. By 2013, approximately 643 residential units will be added to the secondary study area, assuming a robust market. Several of these projects are planned for the blocks immediately adjacent to the project site. For instance, just north of the project site (12 West 55th Street), construction is underway for the development of a 22-story residential building with 54 residential units. A 30-story building with restaurant, retail, and offices is under construction at 510 Madison Avenue, just east of the development site.

This ongoing trend toward residential and commercial development in the study areas indicates that project site has not had a blighting effect on property values and investment in the area.

4. 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?

The proposed project would not displace any uses that directly support businesses in the area or bring people to the area that form a customer base for local businesses.

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

The proposed project would not directly or indirectly displace any businesses in the study areas.

6. Would the proposed project introduce a land use that could (1) have a similar indirect effect, through the lowering of property values if it is large enough or prominent enough, or (2) combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment?

As described in Chapter 1, the proposed project would expand and connect MoMA's existing gallery space into a new wing of galleries, which would enable MoMA to showcase more works of art, including large-scale works, from its permanent collection, as well as special exhibitions. The hotel portion of the project would be located above the museum portion and include a

substantial number of suites. The residential use would be located above the hotel portion of the building.

The proposed project would not introduce a land use that could have a similar indirect effect, through the lowering of property values by being large enough or prominent enough, or combining with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment. On the contrary, the proposed project would expand residential, institutional and hotel uses in the primary study area, land uses that are already prominent in the area. The addition of new residents in the study area would expand somewhat the customer base and benefit existing businesses. The proposed project would make the area more attractive to visitors and local residents and would not impede efforts to attract investment to the area, or create a climate for disinvestment. The proposed project would significantly increase the area's spending power, thereby benefiting many existing commercial establishments.

CONCLUSION

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

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 of any category of business within or outside the study areas?

The proposed project would not directly displace any businesses, nor would it result in significant adverse impacts due to indirect business displacement. Any indirect business displacement that may occur as a result of the proposed project would not have the potential to significantly affect business conditions in any particular industry or category of business. As previously stated, businesses most vulnerable to indirect displacement due to increased rent are those less compatible with existing market trends. In this case, there would be no adverse impacts on any specific industry within or outside the study areas.

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

There would be no direct business displacement, and the proposed project is unlikely to cause any amount of indirect business displacement in the study area.

CONCLUSION

Based on the preliminary assessment discussed above, the proposed project would not have the potential to have an adverse impact on specific industries within the study areas. Therefore, there would be no significant impact on specific industries. ✷