A. INTRODUCTION

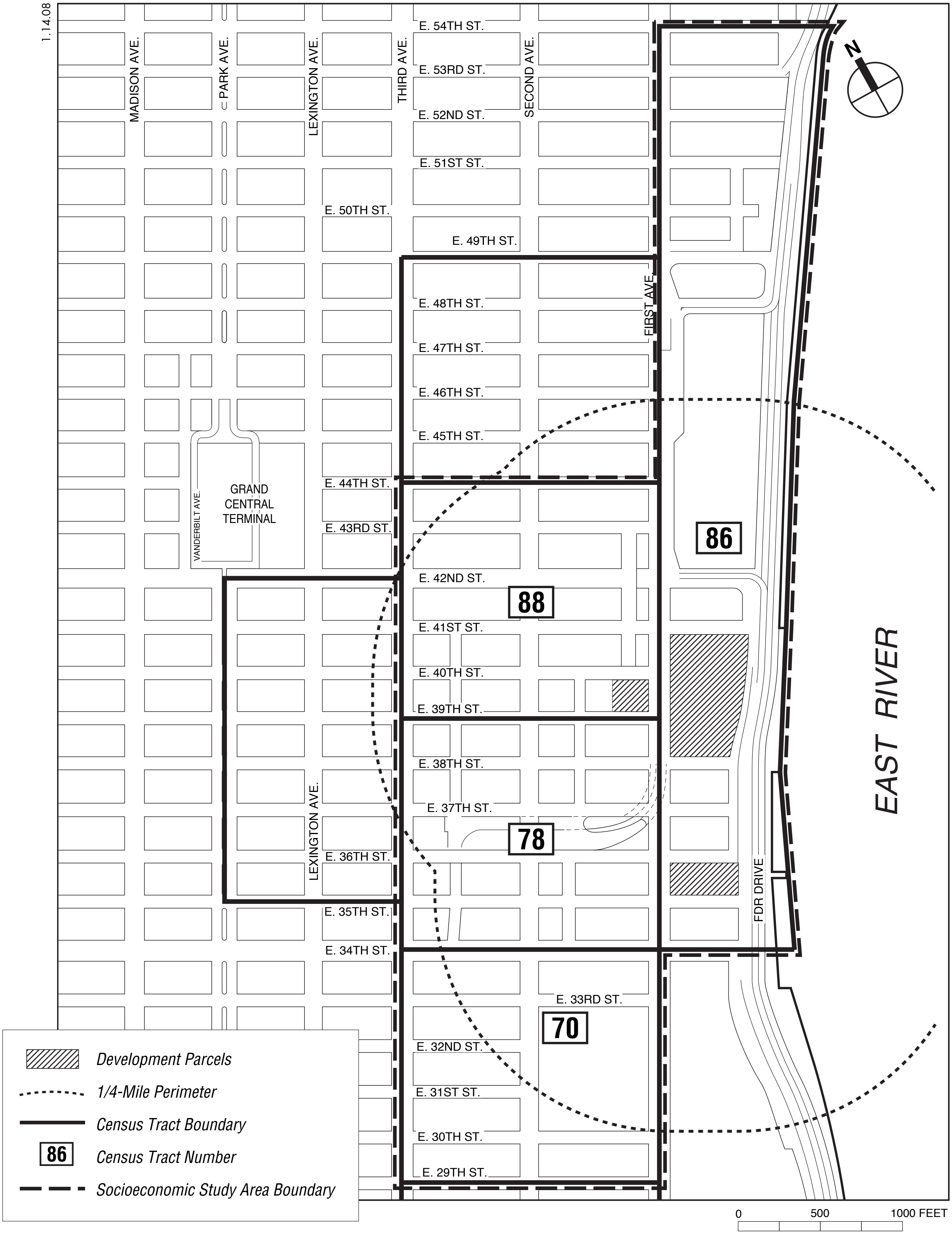
This chapter assesses whether changes in socioeconomic background conditions since the FGEIS, or differences in program elements between the proposed development program and those assessed in the FGEIS would alter the FGEIS findings with respect to impacts for the five areas of socioeconomic concern outlined in the *CEQR Technical Manual*: (1) direct residential displacement; (2) direct business and institutional displacement; (3) indirect residential displacement; (4) indirect business and institutional displacement; and (5) adverse effects on a specific industry.

The socioeconomic study area used for this analysis approximates an area within ¼-mile of the development parcels roughly bounded by East 46th Street to the north, East 30th Street to the south, Third Avenue to the west and the East River to the east (see Figure 3-1). Within this area, the Proposed Actions would have the greatest potential to generate socioeconomic changes. Socioeconomic impacts may occur when an action directly or indirectly changes population, housing stock, or economic activities in an area. In some cases, these changes could be substantial, but not significantly adverse. In other cases, these changes may be beneficial to some groups and adverse to others. The purpose of a socioeconomic assessment is to disclose potentially adverse changes that would be created by an action and identify whether they rise to the level of significance.

This analysis finds that the Proposed Actions would not result, either directly or indirectly, in significant adverse socioeconomic impacts due to residential or business displacement, nor would the Proposed Actions adversely affect a specific industry. The number and types of uses now proposed are within the envelope of development considered in the FGEIS; the amount of space for residential, commercial office, community facility, and retail use now proposed are less than the maximum amounts analyzed in the FGEIS. The background conditions in the study area continue to reinforce development trends from the past 20 to 30 years that have extended commercial development eastward and have created many large residential towers on both the avenues and streets in the Murray Hill, Kips Bay, and Midtown East neighborhoods. The development under the Proposed Actions would reflect, rather than alter, the existing residential and commercial trends in the study area.

B. SUMMARY OF FGEIS FINDINGS

The FGEIS found that the sale by Con Edison to ERRC of the four Development Parcels (616 First Avenue, 685 First Avenue, 700 First Avenue (Waterside), and 708 First Avenue) would benefit consumers of utility services because it would provide Con Edison with revenue which can be applied against the other costs of utility service, and would relieve Con Edison of the expenses of carrying and maintaining aged and antiquated facilities, infrastructure, and taxable property. In terms of redevelopment, the FGEIS analysis found that no significant adverse impacts would result with respect to all areas of socioeconomic concern outlined in the *CEQR Technical Manual*:



1/4-Mile Socioeconomic Study Area

Figure 3-1

- **Direct Residential Displacement**—The FGEIS found that the redevelopment of the parcels would not directly displace any residential population.
- **Direct Business and Institutional Displacement**—The FGEIS found that the redevelopment of the parcels would not directly displace any businesses or institutions.
- **Indirect Residential Displacement**—The FGEIS found that the redevelopment of the parcels would not add a substantial new population with different socioeconomic characteristics compared to the size and character of the existing population in the study area.
- **Indirect Business and Institutional Displacement Analysis**—The FGEIS found that the redevelopment of the parcels would not constitute new economic activity that would alter existing economic patterns or alter the local real estate market. The economic activities generated by the new development and analyzed in the FGEIS would be compatible with the activities of the study area. The new uses would not add to the concentration of any one sector in the local economy enough to alter or accelerate an ongoing trend to alter existing economic patterns. The retail space would provide a combination of neighborhood services and destination retail, and would not be large enough to disrupt or displace existing retail businesses. To the contrary, the new residential population would likely increase sales at existing retail businesses in the immediately surrounding area.
- **Effects on a Specific Industry—**The FGEIS found that the sale of the development parcels by Con Edison and subsequent redevelopment by ERRC would not significantly affect business conditions in the energy sector, nor would it affect businesses dependent upon Con Edison for electricity or steam supply.

C. METHODOLOGY

Under *CEQR Technical Manual* guidelines, a socioeconomic assessment 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 absent the action. There are five circumstances that would typically require a socioeconomic assessment:

1) The action would directly displace residential populations so that the socioeconomic profile of the neighborhood would be substantially altered.

2) 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 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.

3) The action would result in a substantial new development that is markedly different from existing uses, development, and 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.

4) 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.

5) The action may adversely affect economic conditions in a specific industry.

If any of these possibilities cannot be ruled out, an assessment of socioeconomic conditions is generally appropriate. The geographic area, the socioeconomic conditions to be assessed, and the methods and level of detail by which they are studied depend on the nature of the proposed action. The following sections describe the framework for the analysis used in this chapter, the study area used for analysis, and the sources of analysis.

ANALYSIS FRAMEWORK

The socioeconomic analysis in this SEIS updates the FGEIS analysis to evaluate the development program now considered under the Proposed Actions, and addresses whether the differences presented by the proposed development program would result in different findings with respect to socioeconomic impacts. Similarly, the SEIS analysis also considers whether changes in existing economic conditions since the FGEIS analysis, or new future development planned in the study area, would alter the FGEIS findings with respect to impacts. In addition, the analysis considers an Affordable Housing Scenario, describing the changes to socioeconomic conditions that could result from the provision of low- to moderate-income dwelling units under the Proposed Actions.

The proposed development program and the Affordable Housing Scenario both fall within the envelope of development assumed under the illustrative development programs of the FGEIS 12.0 FAR Rezoning Scenario. As shown in Table 3-1, the total gross square feet (gsf) of residential use and the number of residential units for the proposed development program is less than the maximum gsf and unit counts analyzed in the FGEIS (i.e., the 12.0 FAR Residential Program, with 5,025,125 gsf of residential space and 6,131 units). The amount of retail now proposed is only slightly higher than the amount considered in the FGEIS's 12.0 FAR Mixed-Use Development Program in the FGEIS, while the amount of commercial office and community facility space now considered are lower than the amounts that were analyzed for those programs. The amount of parking now proposed (1,554 spaces) is lower than the minimum amount analyzed in the FGEIS (1,700 spaces under the 12.0 FAR Residential Development Program). The amount of open space now proposed is higher than the amount analyzed in the FGEIS.

The FGEIS examined the socioeconomic effects of providing 20 percent of the rental units to low-income families under the New York City Housing Development Corporation's 80/20 Program. The FGEIS 80/20 Program Scenario assumed that low-cost construction financing would be available for residential projects in which 20 percent of the units are reserved for low-income tenants earning no more than 50 percent of the area median income. By using tax-exempt bonds to finance the construction of large residential buildings in New York City, the financing costs are greatly reduced.

Table 3-1
Comparison of 12.0 FAR Development Programs in the FGEIS and SEIS

Program	Residential (gsf)	Residential (units)	Retail (gsf)	Office (gsf)	Community Facility (gsf)	Parking Spaces	Publicly Accessible Open Space (sf)
12.0 FAR Development Programs Analyzed in the FGEIS							
Residential Program	5,052,125	6,131	39,243	0	132,000	1,700	144,312
Mixed-Use Program	2,421,609	2,939	70,298	2,776,122	132,000	2,100	144,300
Mixed-Use Program with Office on 708 First Avenue	2,547,115	3,091	65,251	2,650,175	132,000	2,100	144,300
Proposed Development Program in the SEIS							
SEIS Program	3,753,607	4,166	71,167	1,532,437	119,136	1,554	210,771[1]

Note: 1. The 210,771 square feet of publicly accessible open space includes 145,860 square feet of bonusable publicly accessible open space and 64,911 square feet of non-bonusable publicly accessible open space.

Sources: Final Generic Environmental Impact Statement, January 30, 2004; East River Reality Company, LLC.

For the purposes of CEQR, it is assumed that all units would be offered at market rate, because market-rate units would have the greatest potential for adverse impacts on the socioeconomic conditions of the neighborhood. This socioeconomic analysis includes an Affordable Housing Scenario similar to the 80/20 Program Scenario presented in the FGEIS, and compares the potential impacts of the Affordable Housing Scenario to those of the proposed development program.

STUDY AREA AND SOURCES OF ANALYSIS

Following *CEQR Technical Manual* guidelines, the socioeconomic study area is based on the primary land use study area; as shown in Figure 3-1, it encompasses the development parcels and adjacent area within approximately ¼ mile of the parcels. Given that the census tracts for which demographic and housing data are provided do not exactly coincide with the boundary of the ¼-mile radius, the socioeconomic study area was adjusted to include Census tracts that fall at least 50 percent within the ¼-mile radius (tracts 78, 88, and 86). Census Tract 70 also was included in the socioeconomic study area because a large portion of the tract is within the ¼-mile radius (approximately 40 percent), and the population in the area could reasonably be expected to be affected by redevelopment on the parcels.

Various sources have been used to prepare this chapter, including: field surveys and New York City land use maps; the New York City Department of City Planning (DCP); U.S. Census data; New York City Department of Finance's Real Property Assessment Data (RPAD); DCP's MISLAND database; the New York City Housing and Vacancy Survey; real estate brokers; and articles from newspapers and other publications. The latest census data available were used to characterize the existing demographic and housing characteristics. Given that the socioeconomic analysis performed in the FGEIS used Census 2000 data, which are still the most recent comprehensive demographic information for the study area, this chapter incorporates by reference the detailed Census data presentation from Chapter 3, “Socioeconomic Conditions,” of the FGEIS.

D. CEQR PRELIMINARY ASSESSMENT

Under *CEQR Technical Manual* guidelines, the first step in a socioeconomic impact analysis is a preliminary assessment. This section examines each of the five areas of potential socioeconomic impacts in relation to the Proposed Actions, which is framed in the context of the proposed development program. The goal of a preliminary assessment is to learn enough about the potential effects of Proposed Actions either to rule out the possibility of significant adverse impacts, or to establish that a more detailed analysis will be required to determine whether the Proposed Actions would lead to such impacts.

DIRECT RESIDENTIAL DISPLACEMENT

The *CEQR Technical Manual* defines direct residential displacement (sometimes called primary displacement) as the involuntary displacement of residents from the site of (or a site directly affected by) a proposed action. The Proposed Actions would not directly displace a residential population as the properties are vacant, and are anticipated to be vacant in the future without the Proposed Actions. Therefore, there would be no direct residential displacement under either development program, and no further analysis is required.

DIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

The *CEQR Technical Manual* defines direct, or primary business displacement as the involuntary displacement of businesses from the site of (or a site directly affected by) a proposed action. The Proposed Actions would not directly displace any businesses or institutions, as the properties are owned by ERRC and would be vacant in the future without the Proposed Actions. The Waterside Generating Station has been decommissioned and is being demolished irrespective of the Proposed Actions. Therefore, there would be no direct business or institutional displacement, and no further analysis is required.

INDIRECT RESIDENTIAL DISPLACEMENT

In most cases indirect residential displacement is caused by increased property values generated by an action, which then result in higher rents in an area, making it difficult for some existing residents to afford their homes. The preliminary assessment of indirect residential displacement evaluates the following *CEQR Technical Manual* criteria (listed in italics below):

1. *Would the Proposed Actions add a substantial new population with different socioeconomic characteristics compared to the size and character of the existing population?*

The proposed development program would result in the addition of 4,166 new dwelling units on the development parcels by 2014. Based on the study area’s weighted average of 1.56 persons per dwelling unit (based on Census 2000 data), the development program would generate an estimated 6,499 new residents.

The population added to the study area by the development program under the Proposed Actions falls entirely within the envelope of development previously analyzed in the FGEIS. The FGEIS’s 12.0 FAR Residential Development Program assumed the parcels would be redeveloped with 6,131 dwelling units (for a total residential population of 9,310). In addition, the type of housing contemplated under the proposed development program is the same as that analyzed under the FGEIS's 12.0 FAR development programs (i.e., market-rate apartments or condominiums). Therefore, the findings in the FGEIS with respect to the potential impacts of the new population also apply to the proposed development program.

The FGEIS found that redevelopment at 12.0 FAR would add a substantial new population, but that population would not be significantly different from the socioeconomic character of the study area's existing population. The study area has considerably higher median incomes compared to Manhattan and New York City as a whole. The median household income in the study area in 1999 was $75,939, which was nearly twice the median household income in Manhattan ($38,293) and 61.5 percent higher than in New York City ($47,030). In 1989, the study area's median household income was 56.5 percent higher than Manhattan's and 69.3 percent higher than in New York City as a whole.

As shown in Table 3-2, the study area's household incomes are more heavily weighted toward higher income brackets. In 1999, 49 percent of households in the study area earned more than $75,000. However, only 33 and 23 percent of households in Manhattan and New York City, respectively earned more than $75,000. Households earning less than $30,000 were underrepresented in the study area in 1999. While 35 percent of households in Manhattan and 41 percent of households in New York City had incomes less than $30,000, only 20 percent of households in the study area were within this income category. It is reasonable to assume that a significant percentage of the new occupants would have household incomes similar to householders already living in the study area.

Table 3-2
Household Income Distribution

	Less than $30,000		$30,000 to $49,999		$50,000 to $74,999		$75,000 to $124,999		More than $125,000		Median Income	
	1989	1999	1989	1999	1989	1999	1989	1999	1989	1999	1989	1999
Study Area	25%	20%	27%	15%	17%	17%	16%	22%	14%	27%	$68,444	$75,939
Manhattan	46%	35%	21%	17%	13%	15%	10%	15%	9%	18%	$43,724	$47,030
New York City	50%	41%	23%	20%	15%	17%	9%	14%	4%	9%	$40,419	$38,293

Notes: Median Income for the Study Area is the weighted median average for Census Tracts 70, 78, 86, and 88.
1989 Median Income is presented in constant 1999 dollars.
Sources: 1990 and 2000 U.S. Census, Summary File 3

Under the Affordable Housing Scenario, there would be approximately 833 low-to-moderate income dwelling units, representing 20 percent of the total dwelling units. Assuming that the low- to moderate-income units would have an average household size of 2.5 persons, the population generated by this scenario would be 7,282 residents, which is still within the bounds of the programs analyzed in the FGEIS. For purposes of describing the likely household income distribution under the Affordable Housing Scenario, the analysis applies the current income guidelines of HDC's 80/20 program. According to the 80/20 program, a minimum of 20 percent of the units must be affordable to those earning at or below 100 percent Area Median Income (AMI). Department of Housing and Urban Development currently calculates the AMI for the New York City metro area as $70,900 for a family of four. Thus, 833 units in the proposed project would be occupied by households earning at or below $70,900. In 1999, 50 percent of households in the study area (or 7,149 households) had incomes below $74,999. Under this scenario, the project would add 833 units which would be occupied with households earning at or below $70,900. Thus, this scenario would increase the number of households earning less than $74,999 by 12 percent, and in doing so would introduce a more economically diverse residential population compared to the proposed development program, which does not include an affordable housing component. However, neither program would introduce a population that is significantly different from the socioeconomic character of the study area's existing population. As described above, the study area has a considerably higher median income compared to Manhattan and New York City as a whole.

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

The Proposed Actions would not directly displace any uses on the development parcels. In the future without the Proposed Actions, all of the parcels will be vacant. While the properties would be underutilized in their vacant state, that vacant condition in the future without the Proposed Actions would not have a blighting effect on property values in the study area. Therefore, redevelopment of the parcels under the Proposed Actions would not alleviate a blighting effect in the study area.

3. *Would the Proposed Actions directly displace enough of one or more components of the population to alter the socioeconomic composition of the area?*

In the future without the Proposed Actions, all of the development sites will be vacant. Therefore, the Proposed Actions would not directly displace a population, either residential or commercial.

4. *Would the Proposed Actions introduce a substantial amount of a more costly type of housing compared to existing housing and housing expected to be built in the study area by the time the program is developed?*

As described above, the proposed development program would generate 4,166 new dwelling units on the development parcels by 2014. In the FGEIS, it was assumed that 20 percent of the units would be condominiums, while the remaining 80 percent would be market-rate apartments. The number and type of residential units that would be introduced by the proposed development program fall entirely within the framework of analysis performed in the FGEIS. This section considers whether any changes in the study area's existing residential market conditions since the FGEIS, or future projects planned for the study area, would alter the FGEIS findings.

According to 2000 Census data, the median contract rent for apartments in the study area was $1,385 (in 2000 dollars), which was 87.2 percent higher than Manhattan's median contract rent of $740 (see Table 3-3). Of the renter-occupied housing units in the study area, 6.5 percent of the units rented for less than $449 per month, while 68.7 percent rented for over $1,000 per month. In Manhattan as a whole, 36.9 percent of rental units rented for less than $449 a month, while 32.0 percent rented for over $1,000 per month. The data demonstrate that in 2000, the study area had rents that were significantly higher than those of Manhattan as a whole.

Table 3-3
2000 Housing Value and Rent Data

	Study Area		Manhattan	
	Number	Percent	Number	Percent
Owner occupied units				
Value under $49,999	32	0.5	6,672	4.5
$50,000 to $99,999	503	8.6	7,233	4.9
$100,000 to $199,999	1,131	19.3	26,527	17.8
$200,000 to $299,999	1,220	20.8	23,482	15.8
$300,000 or more	2,989	50.9	84,781	57.0
Median housing value	$327,692		$361,100	
Renter occupied units				
Rent under $249	316	2.4	143,106	21.4
$250 to $449	537	4.1	103,614	15.5
$450 to $749	1,547	11.9	126,731	18.9
$750 to $999	1,677	12.9	81,321	12.2
$1,000 or more	8,956	68.7	214,314	32.0
Median contract rent	$1,385		$740	

Note: The median housing value for the study area is a weighted average of the median housing values for census tracts in the study area.
Source: 2000 U.S. Census.

Rents and sales prices for available new or renovated housing units in the area are higher than the median rents of current residents. Tables 3-4 and 3-5 display a representative sample of condominium prices and monthly apartment rents from high-rise buildings in or near the ¼-mile study area. According to the Corcoran Group, one of New York City's largest private real estate companies, the average sales price for a condominium in the Midtown East area of Manhattan[1] approached $1.6 million for the first quarter of 2006, a 23 percent increase from the same period in 2005. The average sales price per square foot increased by 15 percent to $1,153 from $1,002 in the first quarter of 2005. The Real Estate Board of New York (REBNY), which analyzes sales data by square foot, also reported increases in postwar condominium sales prices in East Midtown[2] from 2004 to 2005. During this time period, the average sales price increased by 18 percent to $469,637 for condominiums 650 square feet or less, by 15 percent to $632,409 for condominiums 651 to 850 square feet, by 14 percent to $826,430 for condominiums 851 to 1,000 square feet, and by 20 percent to $1.1 million for condominiums 1,001 to 1,500 square feet.

[1] Midtown East, as defined by the Corcoran Group, is bounded by East 34th Street to the south, the East River to the east, East 57th Street to the north and Fifth Avenue to the west.

[2] East Midtown, as defined by REBNY, is bounded by East 30th Street to the south, the East River to the east, East 41st Street to the north, and Fifth Avenue to the west.

Table 3-4
Condominium Sales in the Surrounding Area

Location	Size	Price	Cost/Sq.Ft.
Trump World Tower/845 United Nations Plaza	Studio/589 sf	$715,000	$1,214
Corinthian/330 East 38th Street	Studio/629 sf	605,000	962
Churchill/300 East 40th Street	Studio/714 sf	575,000	805
Turtle Bay Towers/310 East 46th Street	Studio/1,000 sf	699,000	699
155 East 38th Street	Studio/418 sf	470,000	1,124
Kips Bay Towers/330 East 33rd Street	Studio/491 sf	465,000	947
Trump World Tower/845 United Nations Plaza	1BR/1,329 sf	1,450,000	1,145
100 United Nations Plaza	1BR/678 sf	875,000	1,291
Corinthian/330 East 38th Street	1BR/970 sf	1,229,000	1,267
The Mondrain/250 East 54th Street	1BR/788 sf	999,500	1,268
Delegate/301 East 45th Street	1BR/555 sf	560,000	1,009
Highpoint/250 East 40th Street	2BR/1,002 sf	995,000	993
240 East 47th Street	2BR/1,500 sf	1,699,000	1,132
Devon/333 East 34th Street	2BR/1,185	1,100,000	928
Horizon/415 East 37th Street	2BR/1,748	1,922,800	1,100
Corinthian/330 East 38th Street	3BR/2,100	2,888,000	1,375
Trump World Tower/845 United Nations Plaza	3BR/2,702	4,995,000	1,849

Sources: AKRF, Inc., from Internet real estate sites, brokers, and newspaper listings, July 2006.

Table 3-5
Residential Rents in the Surrounding Area

Location	Rent/Yr.	Rent/Mo.	Size (Sq. Ft.)	Rent/Yr./ Sq.Ft.
Trump World Tower/845 United Nations Plaza	$43,200	$3,600	Studio (580)	74
The Sonoma/300 East 39th Street	38,400	3,200	Studio (540)	71
321 East 48th Street	26,400	2,200	Studio (450)	59
245 East 40th Street	35,592	2,966	Studio (576)	62
The Devon/333 East 34th Street	36,000	3,000	1BR (670)	54
300 East 34th Street	35,400	2,950	1BR (825)	43
Trump World Tower/845 United Nations Plaza	68,400	5,700	1BR (1,181)	58
305 East 40th Street	30,000	2,500	1BR (575)	52
630 First Avenue	50,400	4,200	1BR (1,000)	50
330 East 38th Street	40,200	3,350	1BR (775)	52
300 East 40th Street	30,000	2,500	1BR (575)	52
245 East 40th Street	67,104	5,592	2BR (1,137)	59
Trump World Tower/845 United Nations Plaza	88,000	7,400	2BR (1,493)	59
300 East 39th Street	71,520	5,960	2BR (1,033)	69
401 East 34th Street	69,540	5,795	2BR (1,350)	51
Trump World Tower/845 United Nations Plaza	274,800	22,900	3BR (3,091)	89
330 East 38th Street	93,600	7,800	3BR (1,694)	55
East 38th between First and Second Avenues	90,000	7,500	3BR(1,700)	53
400 East 54th Street	78,000	6,500	3BR (1,500)	52
East 34th Street at First Avenue	69,600	5,800	3BR (1,400)	50
The Highpoint/250 East 40th Street	78,000	6,500	3BR(1,650)	47

Sources: AKRF, Inc., from Internet real estate sites, brokers, and newspaper listings, July 2006.

According to City Habitats, Inc., average rents for apartments with a doorman in Murray Hill from July to December 2005 were $2,038 for a studio, $2,877 for a one bedroom, and $4,690 for a two bedroom. In December 2005, the average rental prices per square foot for doorman and non-doorman apartments in Murray Hill were $51.52 for a studio, $53.54 for a one-bedroom, $48.77 for a two-bedroom, and $44.11 for a three-bedroom. The December 2005 average rental vacancy rates for all apartments was 0.95 percent in Murray Hill and 1.15 percent in Midtown East, slightly higher than the Manhattan average of 0.86 percent.

Since the analysis performed for the FGEIS, two projects identified in the FGEIS as under construction or proposed for development have been completed: a 600-unit residential building at 214-230 East 34th Street; and an approximately 365,000-square-foot commercial office building at 222 East 41st Street. The development of these projects is further evidence of the study area's continuing trend toward development of large-scale residential and office uses. As discussed in Chapter 2, "Land Use, Zoning, and Public Policy," new projects planned for the ¼-mile study area that have been initiated since the analysis performed in the FGEIS are primarily infrastructure-related.

According to *CEQR Technical Manual* guidelines, a significant socioeconomic impact can occur if a project alters the local real estate market and thus leads to the displacement of existing residents. The projected development would not have such an effect. The high rents and/or sales prices that are expected would reflect, rather than alter, the existing condition and trends within the surrounding neighborhood. As described above, rents and sales prices for available new or renovated housing units in the area are higher than the median rents of current residents. Moreover, all available evidence—consistently strong rental and sales in the area, the low vacancy rates, and the current and planned levels of development activity as detailed in Chapter 2, "Land Use, Zoning, and Public Policy"—indicates that the trend toward higher shelter costs would continue irrespective of the redevelopment under the proposed development program.

Similar to the proposed development program, the Affordable Housing Scenario would not significantly alter the local real estate market and lead to the displacement of existing residents. For purposes of describing likely rents under the Affordable Housing Scenario, this analysis applies the maximum 2007 rent levels of the 80/20 Program. Under that program, the maximum rent level for a studio is $806 for those who earn at or below 80 percent AMI, or $1,019 for those who earn at or below 100 percent AMI. The maximum rent level for a one-bedroom unit is $1,015 for those who earn at or below 80 percent AMI, or $1,281 for those who earn at or below 100 percent AMI. The maximum rent level for a two-bedroom unit is $1,222 for those who earn at or below 80 percent AMI or $1,541 for those who earn at or below 100 percent AMI. The maximum rent level for a three-bedroom unit is $1,412 for those who earn at or below 80 percent AMI or $1,781 for those who earn at or below 100 percent AMI.[1] These rents are lower than market rate rents in the area, and would not lead to the displacement of existing residents.

[1] According to the 80/20 Program, units with rents set at rates for families with incomes at or below 80 percent AMI can be rented to those with incomes up to 100 percent of AMI. Units with rents set at rates for families with incomes at or below 100 percent AMI can be rented to those with incomes up to 130 percent of AMI.

5. *Would the Proposed Actions introduce a "critical mass" of non-residential uses (for example, a large office complex), such that the surrounding area becomes more attractive as a residential neighborhood complex?*

The proposed development program would introduce the same types of non-residential uses as the 12.0 FAR Rezoning Scenario analyzed in the FGEIS (i.e., commercial office, retail, community facility, parking, and open space). In addition, the amount of commercial office space now proposed is substantially less than the maximum amounts analyzed in the FGEIS. Therefore, the proposed development program would not alter the findings with respect to indirect residential displacement under this criterion.

The FGEIS found that development under the 12.0 FAR Rezoning Scenario would be compatible with the surrounding study area and consistent with existing and future land use trends, particularly if the office use is located on the 708 First Avenue parcel, nearest to the Midtown Central Business District. All of the commercial office space under the proposed development program is located on 708 First Avenue.

The amount of retail space in the proposed development program is also less than the maximum amount analyzed in the FGEIS. The limited retail space would be in keeping with existing retail patterns along First Avenue, which does not have the consistent streetfront retail found along parts of Second and Third Avenues in the study area.

The proposed development program would introduce approximately 124,031 gsf of community facility space on the 616 First Avenue parcel. The community facility space would be compatible with other institutional uses in that area, and would not alter the existing residential and institutional character of this portion of the study area.

Overall, the proposed development program is not expected to result in significant impacts due to indirect residential displacement within the ¼-mile study area. The study area is expected to develop as it would in the No Action condition. The area will continue to experience some large-scale commercial and residential projects as well as smaller-scale residential and commercial projects. These projects would be consistent with development trends from the past 20 to 30 years that have extended commercial development eastward and have created many large residential towers on both the avenues and streets in the Murray Hill, Kips Bay, and Midtown East neighborhoods.

6. *Would the Proposed Actions introduce a land use that could have a similar indirect effect if it is large enough, prominent enough, or combines with other like uses to create a critical mass large enough to offset positive trends in the study area, to impede efforts to attract investment to the area, or to create a climate for disinvestment?*

The Proposed Actions would not impose any type of change that would diminish investment in the study area. ERRC's proposed development program would transform underutilized property into a thriving mixed-use development that would offer open space and, through its site planning, contemporary architecture and public amenities. In addition, the open space envisioned under the proposed development program would provide increased access to waterfront views and could provide new access points to the East River Esplanade, which would help the city realize its long-standing objective of increasing public access to the waterfront.

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

Like the analysis of indirect residential displacement, the preliminary assessment for indirect business and institutional displacement focuses on the issue of whether the Proposed Actions would increase property values, and thus rents, throughout the Study Area, making it difficult for some categories of businesses to remain in the area. The assessment of potential indirect business and institutional impacts follows the methodology of the *CEQR Technical Manual* in analyzing the following criteria for potential significant impacts (listed in italics below):

1. *Would the Proposed Actions introduce enough of a new economic activity to alter existing economic patterns?*

The proposed development program would introduce residential, commercial office, retail, community facilities, parking, and open space uses to the study area. None of these uses would be new to the study area, nor would any of the uses be different or of a greater scale than those considered under the 12.0 FAR Rezoning Scenario in the FGEIS.

2. *Would the Proposed Actions add to the concentration of a particular sector of the local economy enough to alter or accelerate an ongoing trend to alter existing patterns?*

The proposed development program would not add to the concentration of a particular sector of the local economy enough to alter existing patterns. The amounts of residential, commercial office, retail, and community facility space now proposed are less than the maximum amounts analyzed as part of the FGEIS's 12.0 FAR Rezoning Scenario.

As described in the indirect residential displacement analysis above, the development that would occur would be compatible with existing conditions and trends in the surrounding area. The commercial office space introduced by the proposed development program would be less than that analyzed in the FGEIS, and all of the proposed office space would be located on 708 First Avenue, closest to the Midtown Central Business District. Several large residential towers are already located adjacent to the Development Parcels, and the community facility space would be compatible with the nearby NYU medical facility. The limited ground-floor retail uses are in keeping with existing retail patterns on First Avenue, which are less concentrated than retail uses on Second and Third Avenues within the study area.

There have been no substantive changes to existing economic conditions or anticipated future development in the study area that would alter the FGEIS' conclusions with respect to indirect business displacement. Projects that have been completed in the study area since the analysis performed in the FGEIS—including a 600-unit residential building at 214-230 East 34th Street and an approximately 365,000-square-foot commercial office building at 222 East 41st Street—are further evidence of the study area's continuing trends toward development of large-scale residential and office uses. Development trends from the past 20 to 30 years have extended commercial development eastward and have created many large residential towers on both the avenues and streets in the Murray Hill, Kips Bay, and Midtown East neighborhoods. This trend is expected to continue in the future without the Proposed Actions with the possible addition of the UNDC building at Robert Moses Playground, and the addition of a 480-unit residential project on Second Avenue between East 36th and 37th Streets. The proposed development program would reflect, rather than alter, existing patterns in the study area.

3. *Would the Proposed Actions displace uses or properties that have had a "blighting" effect on commercial property values in the area, leading to rises in commercial rents?*

As described under the analysis of indirect residential displacement above, the Proposed Actions would not displace uses or properties that have had a blighting effect on property values in the area.

4. *Would the Proposed Actions directly displace uses of any type that directly support businesses in the Study Area or bring people to the area that form a customer base for local businesses?*

The Proposed Actions would not displace any uses. In the future without the Proposed Actions, all of the properties will remain vacant.

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

The Proposed Actions would not directly or indirectly displace residents, workers, or visitors who form the customer base of existing businesses in the study area. There would be no direct displacement with the Proposed Actions, and any indirect displacement that could result from the Proposed Actions would not result in the erosion of a customer base for existing businesses. To the contrary, the customer base introduced by the proposed development program would be a significant increase over the No Action condition, and would therefore support existing local businesses.

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

The Proposed Actions would not impose any type of change that would diminish investment in the study area. As described in the indirect residential displacement analysis above, ERRC's proposed development program would transform underutilized property into a thriving mixed-use development that would offer open space, improved access to waterfront views, contemporary architecture, and public amenities.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

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

1. *Would the Proposed Actions significantly affect business conditions in any industry or any category of businesses within or outside the study area?*

Because the Proposed Actions would not directly or indirectly displace any businesses or any customer base, they would not adversely affect business conditions in any industry or any category of business within or outside of the study area.

2. *Would the Proposed Actions indirectly substantially reduce employment or impact the economic viability in the industry or category of businesses?*

The Proposed Actions would not indirectly reduce employment or impact the economic viability in an industry or category of business. The proposed development program would introduce new residents and workers to the study area who would support existing businesses, and would generate substantial new employment during both the construction and operation of the proposed buildings.

E. FUTURE CONDITIONS WITH THE UNDC PROJECT

In the FGEIS, the proposed UNDC project at East 41st Street and First Avenue was considered as part of the baseline condition in the Future Without the Proposed Actions section. However, because the UNDC project is complex and requires approvals from the New York State Legislature, the New York City Economic Development Corporation, and possibly other public agencies, including its own environmental review, it is uncertain whether the project will be completed by 2014 or, in fact, ever built. Therefore, the Future Without the Proposed Actions section in this document does not include the UNDC project. If this project were to be completed by the 2014 analysis year, its development would not alter the conclusion that the Proposed Actions would not result in significant adverse socioeconomic impacts. Both the UNDC building and the proposed development program would contribute to the mixed-use character of the portion of the study area close to the United Nations.

F. COMPARISON TO FGEIS FINDINGS

The analysis finds that the Proposed Actions would not result in significant adverse socioeconomic impacts due to direct or indirect residential and business displacement, nor would the Proposed Actions adversely affect a specific industry. The amounts and types of uses now proposed are within the envelope of development considered in the FGEIS; the amounts of residential, commercial office, community facility, and retail space now proposed are less than the maximum amounts analyzed in the FGEIS. While the amount of retail provided as part of the proposed development program would be less than the maximum amount previously analyzed, it would be in keeping with the existing retail character of the study area in that there is a limited retail presence along First Avenue. The background conditions in the study area continue to reinforce development trends from the past 20 to 30 years that have extended commercial development eastward and have created many large residential towers on both the avenues and streets in the Murray Hill, Kips Bay, and Midtown East neighborhoods. The development under the Proposed Actions would reflect, rather than alter, the existing residential and commercial trends in the study area. ✷