

Chapter 4 : SOCIOECONOMIC CONDITIONS

A. INTRODUCTION

This chapter assesses whether the Proposed Action would result in significant adverse impacts to the socioeconomic conditions. As described in the 2014 *City Environmental Quality Review (CEQR) Technical Manual*, the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Although some socioeconomic changes may not result in impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area. In some cases, these changes may be substantial but not adverse. The objective of the CEQR analysis is to disclose whether any changes created by the action would have a significant adverse impact compared to what would happen in the future without the action.

As described in Chapter 1, “Project Description,” under the reasonable worst-case development scenario (RWCDs), the Proposed Action is analyzed as a generic action, and therefore there is not a projected total amount of floor area, or a projected number of residential units, community facility uses, commercial uses, or parking spaces estimated as a result of the action. The Proposed Action would have no impact on existing or potential industrial/manufacturing space, auto-related space, hotel space, warehouse/storage space.

The five principal issues of concern with respect to socioeconomic conditions are whether a Proposed Action would result in significant adverse impacts due to: (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 specific industries, pursuant to the *CEQR Technical Manual*. Based on the CEQR Environmental Assessment Statement form, the proposal is not expected to trigger impacts based on any of the five categories. However, a preliminary screening analysis on the effects the proposal is analyzed because the proposed project would generate a net increase of 200 or more residential units citywide – a threshold at which a preliminary analysis is required.

The *CEQR Technical Manual* provides guidelines to determine whether a socioeconomic assessment is appropriate. An initial screening analysis of the Proposed Action has been prepared to determine whether a preliminary assessment of socioeconomic conditions is warranted. Based on the screening analysis, it has been determined that the components of the proposal, working on concert with one another, would likely result in a small incremental increase in residential units for most developments. Those components of the proposal that might facilitate the greatest number of units include the elimination of previously-required parking for Affordable Independent Residences for Seniors, resulting in infill development that would not otherwise be permitted in the future without the Proposed Action, and the removal of narrow lot restrictions for affordable housing, resulting in taller buildings than would be allowed in the future without the Proposed Action. Other components of the proposal, including the removal of density restrictions, removal of minimum unit size requirement, increase of FAR in certain zoning districts, and increased maximum height limits, are expected to facilitate more efficient and less costly development and result in a small incremental increase in dwelling units.

B. PRINCIPAL CONCLUSIONS

The Proposed Action would not result in significant adverse socioeconomic impacts. The following summarizes the conclusions for each of the five CEQR areas of socioeconomic concern.

Direct Residential Displacement

The modest amounts of additional height and, in some cases, additional FAR, are not considered substantial enough to induce the redevelopment of an existing building, and thus would not directly displace any residential population.

Direct Business Displacement

A preliminary assessment concludes that the Proposed Action would not result in significant adverse impacts due to direct business displacement. The Proposed Action is not expected to induce development on sites that currently provide employment and is thus not expected to displace any businesses or employees.

The Proposed Action aims to encourage higher quality ground floor retail spaces as part of mixed use residential buildings, enabling greater opportunities for businesses to enter local markets.

Indirect Residential Displacement

A preliminary assessment concludes that the Proposed Action would not result in significant adverse impacts due to indirect residential displacement.

The Proposed Action is not in-and-of-itself expected to induce development where it would not have occurred absent the Proposed Action (with the exception of one component allowing as-of-right development over certain existing parking lots for affordable senior housing). In the aggregate, the Proposed Action is expected to facilitate more housing units in conjunction with other major city initiatives aimed at housing production; at the very local level, the changes are not expected to result in a substantial new population. New York City is already very densely developed, and there are limited new development sites, thus any clusters of such new developments are also unlikely. Therefore, the Proposed Action would not have an effect that would exceed the CEQR thresholds for potential impacts relating to indirect residential displacement.

Indirect Business Displacement

A preliminary assessment finds that the Proposed Action would not result in significant adverse impacts due to indirect business displacement. The proposed project would not introduce new uses to a zoning district, and therefore would not introduce a new trend or residential population that could alter economic patterns.

Adverse Effects on Specific Industries

A screening-level assessment concludes that the Proposed Action would not result in any significant adverse impacts due to effects on specific industries. No businesses are expected to be directly displaced by the Proposed Action, nor are the proposed changes expected to reduce employment or impair the economic viability of any of the affected community facility industries.

C. METHODOLOGY

Under CEQR, the socioeconomic character of an area is defined by its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Although socioeconomic changes may not result in impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area. In some cases, these changes may be substantial but not adverse. In other cases, these changes may be good for some groups but bad for others. The objective of the CEQR analysis is to disclose whether any changes created by the Proposed Action would have a significant impact compared with what would happen in the future without the Proposed Action (the “No-Action” condition).

The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of an area’s residents and businesses, although projects may affect both in similar ways. Direct displacement is defined as the involuntary displacement of residents, businesses, or institutions from the actual site of (or sites directly affected by) a Proposed Action. As 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, or projected development sites, 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 an action, which ultimately could 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 project creates conditions that break down the community (such as a highway dividing the area).

Even if a project does not directly or indirectly displace businesses, it may affect the operation of a major industry or commercial operation in the city. An example would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries. In these cases, CEQR review may assess the economic impacts of the project on the industry in question.

Because the Proposed Action is a “Generic Action” and there are no specific development sites, to produce a reasonable analysis of likely effect of the Proposed Action, 27 representative development prototypes have been identified and used for analysis, as described in Chapter 2, Analysis Framework. The net incremental development levels associated with the 27 prototypes that are described in that chapter were evaluated according to the methodologies presented in the socioeconomic section of the *2014 CEQR Technical Manual*.

D. INITIAL SCREENING ANALYSIS

A socioeconomic assessment should be conducted if a project may be reasonably expected to create socioeconomic changes within the area affected by the project that would not be expected to occur without the project. The following circumstances would typically require a socioeconomic assessment:

1. The project would directly displace residential population to the extent that the socioeconomic character of the neighborhood would be substantially altered. Displacement of less than 500 residents would not typically be expected to alter the socioeconomic character of a neighborhood. For projects exceeding this threshold, assessments of the direct residential displacement, indirect residential displacement, and indirect business displacement are appropriate.
2. The project would directly displace more than 100 employees. For projects exceeding this threshold, assessments of direct business displacement and indirect business displacement are appropriate.
3. The project would directly displace a business that is unusually important because its products or services are uniquely dependent on its location; that, based on its type or location, is the subject of other regulations or publicly adopted plans aimed at its preservation; or that serves a population uniquely dependent on its services in its present location
4. The project would result in substantial new development that is markedly different from existing uses, development, and activities within the neighborhood. Such a project may 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. For projects exceeding these thresholds, assessments of indirect residential displacement and indirect business displacement are appropriate.
5. The project would add to, or create, a retail concentration that may draw a substantial amount of sales from existing businesses within the study area to the extent that certain categories of business close and vacancies in the area increase, thus resulting in a potential for disinvestment on local retail streets. Projects resulting in less than 200,000 square feet of retail on a single development site would not typically result in socioeconomic impacts. If the proposed development is located on multiple sites located across a project area, a preliminary analysis is likely only warranted for retail developments in excess of 200,000 sq. ft. that are considered regional-serving (not the type of retail that primarily serves the local population). For projects exceeding these thresholds, an assessment of the indirect business displacement due to market saturation is appropriate.

6. If the project is expected to affect conditions within a specific industry, an assessment is appropriate. For example, a citywide regulatory change that would adversely affect the economic and operational conditions of certain types of businesses or processes may affect socioeconomic conditions in a neighborhood: (1) if a substantial number of residents or workers depend on the goods or services provided by the affected businesses; or (2) if it would result in the loss or substantial diminishment of a particularly important product or service within the city. Since the range of possible types of projects that may require an analysis of specific industries varies, the lead agency, in consultation with the Mayor's Office of Environmental Coordination (MOEC), should provide guidance as to whether an analysis is warranted.

E. PRELIMINARY ASSESSMENT

Direct Residential Displacement

The Proposed Action is not expected to induce development on sites with existing residential uses, and is thus not expected to displace any residents.

The modest amounts of additional height and, in some cases, additional FAR, are not considered substantial enough to induce the redevelopment of an existing building, and thus would not directly displace any residential population. Under existing conditions and in the future without the Proposed Action, permitted residential floor area can generally be accommodated, albeit in buildings that are often inefficient, unnecessarily costly, and have a poor relationship to the street and public realm. Nonetheless, due to the city's population and employment growth, demand for this housing is strong and sales prices and rents have escalated faster than incomes in many communities. The Proposed Action, by improving efficiency and reducing costs, would contribute to meeting the housing goals of the Mayor's Housing Plan. Increased housing production at all income levels would help mitigate the cost of new and existing housing and stabilize real estate market conditions.

In the aggregate, the proposal is expected to result in more housing units available to a broad range of incomes, stabilizing neighborhoods and helping more people to age in place, thereby mitigating some direct displacement that might be experienced in the future without the Proposed Action.

Direct Business Displacement

The Proposed Action is not expected to induce development on sites that currently provide employment and is thus not expected to displace any businesses or employees.

The Proposed Action aims to encourage higher quality ground floor retail spaces as part of mixed use residential buildings, enabling greater opportunities for businesses to enter local markets.

Indirect Residential Displacement

The Proposed Action is unlikely to introduce more than 200 new residential units into a study area. Based on the prototypical analyses, the most units that might be generated at a development site as a result of the Proposed Action is 99. Clustering of multiple developments resulting in an incremental increase of more than 200 new residential units is unlikely, but cannot be ruled out. Therefore a preliminary assessment for the potential for indirect residential displacement is required.

The Proposed Action is designed to facilitate more efficient and less costly development, and in only one case is a site that would be undevelopable in the No Action scenario made developable as a result of the Proposed Action. This exception is existing parking lots for affordable senior housing; under the Proposed Action, previously required parking may be redeveloped as-of-right.

Growth-inducing components

According to the *CEQR Technical Manual*, 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. Where the Proposed

Action would allow infill development of existing parking lots for affordable senior housing, a residential development of more than 200 units is possible. It is expected that any residential development occurring on an existing affordable senior housing parking lot would consist of new Affordable Independent Residences for Seniors, based on the regulatory conditions of HUD and HPD which govern the existing parking lots.

This as-of-right allowance under the Proposed Action would only be available in multifamily zoning districts in the Transit Zone, where neighborhood densities are high. Owing to this, and owing to the likelihood that such infill sites would be dispersed across the affected districts in the city, the development that might occur as a result of the Proposed Action is not likely to represent more than a 1% net increase in dwelling units or more than a 1% increase in new population over the study area. A study area is typically considered consist of the neighborhood in the ½ mile surrounding the development site.

Given that the proposal is citywide, any new development or increase in units that could be developed as a result of the Proposed Action is incremental in nature, and would not add a substantial number of units in any given location. The Prototypical Sites analyzed in Chapter 2H demonstrate that with any single development, a maximum of roughly 100 units might be expected to be incrementally created at any single location. This scale of incremental increase would only be expected on the few affordable senior lots where new development would be facilitated, and achieved, in the future with the Proposed Action.

Although the proposal does increase the density and floor area maximum for Affordable Independent Residences for Seniors and long term care facilities in certain zoning districts, the component of the Proposed Action is not expected to result in any development or cluster of developments exceeding the CEQR thresholds for significance.

The proposal modifies the density factor for residential buildings in R8, R9 and R10 districts. Residential developments utilizing the Quality Housing regulations in these high-density zoning districts would be able to utilize the 680 density factor already permitted in medium-density zoning districts. As a result, residential buildings utilizing the Quality Housing regulations would be able to provide a greater diversity of unit sizes in the overall building. At the same time, residential buildings in high-density zoning districts (R8 through R10) would have the flexibility to provide a greater number of units in the same amount of residential floor area.

While the Proposed Action would permit additional units in buildings in these districts, it is unlikely that this would have a significant effect on most high-density developments in the city. Most recent construction in these districts is providing a larger average dwelling unit size and so is not coming into conflict with the density factor calculation. An analysis by DCP of five residential buildings constructed since 2010 in Downtown Brooklyn, an area with R8-R10 equivalent zoning where new housing is reported in the media to be catering to small households, shows that buildings there have an average density factor of approximately 900 square feet, with average residential unit sizes at about 850 square feet. Given this, it is unlikely that the Proposed Action would have significant density effects at a local level. Most buildings would continue to provide residential units that are, on average, larger than currently required and it would only be in limited instances that buildings in high-density districts would utilize the greater flexibility afforded by this proposed change. The Proposed Action is therefore not expected to result in the introduction of a significant new population as a result of the changes to density factors.

Conclusions

Outside of these growth-inducing changes, incremental increases in dwelling units at any given site would not be expected to exceed 30-40 units, and even this increase would be limited to Affordable Independent Residences for Seniors in non-contextual districts adjacent to rail lines, where the proposed changes would allow a more efficient Quality Housing building and allow for more, smaller units and fewer parking spaces. For most buildings, both affordable and market rate, the incremental increase in dwelling units in new buildings as a result of the Proposed Action is in the single digits.

In the aggregate, the Proposed Action is expected to facilitate more housing units in conjunction with other major city initiatives aimed and housing production; at the very local level, the changes are not expected to result in a substantial new population. New York City is already very densely developed, and there are limited new development sites, thus any clusters of such new developments are also unlikely. Therefore, the Proposed Action would not have an effect that would not exceed any of the thresholds cited above.

While it is expected that the number of Affordable Independent Residences for Seniors and long term care facilities would increase as a result of the Proposed Action, these facilities would continue to have difficulty competing for development sites with market-rate housing and other more profitable uses. The proposed changes would make it easier for these facilities to compete for sites, but are not expected to significantly change real estate market conditions in any area. Significant funding limitations and the need for regulatory approval from government bodies would continue to constrain development in both the future with and without the Proposed Action. Additionally, given site constraints and market competition, these facilities would be widely scattered and would not be concentrated in any location. Because these facilities are economically marginal, they find competing for sites with market-rate housing and other more profitable uses difficult. The proposed changes would make it easier for these facilities to compete for sites but are not expected to significantly change real estate market conditions in any area.

The incremental increase in residential units as demonstrated in the prototypical analyses is slight for developments utilizing most of the components of the Proposed Action. As the Proposed Action is not likely to induce development, and is likely to affect construction that would be expected to occur in the future without the Proposed Action, no clustering or concentration of development is expected to result in an increment of more than 200 new dwelling units, other than in the few instances where funding, other zoning regulations, and regulatory conditions align to facilitate the redevelopment of affordable senior housing on existing parking lots. Therefore, the Proposed Action would not result in indirect displacement.

Indirect Business Displacement

According to the *CEQR Technical Manual*, in most cases, indirect displacement of businesses occurs when a project would markedly increase property values and rents throughout a study area, making it difficult for some categories of businesses to remain in the area. Additionally, indirect displacement of a business may occur if a project directly displaces any type of use that either directly supports businesses in the area or brings a customer base to the area for local businesses, or if it directly or indirectly displaces residents or workers who form the customer base of existing businesses in the area. The Proposed Action is not expected to result in any of these conditions.

Effect on Specific Industries

The Proposed Action may affect conditions within a specific industry, by facilitating the development of additional units of affordable housing and affordable senior housing and long-term care facilities. However, as the Proposed Action is expected to expand the industry, no adverse significant impacts are expected as described below.

The preliminary assessment for adverse effects on a specific industry considers the following questions:

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

The Department of City Planning identified eight categories of community facilities that represent one or more "industries" in the 2002 North American Industry Classification System (NAICS), the most up-to-date categorization of businesses used for economic research purposes. These categories include the following uses (the equivalent NAICS categories follow in parentheses)

- Libraries, museums or non-commercial art galleries (Libraries and Archives, Museums)
- Nursing homes and health-related facilities; sanitariums; and philanthropic or non-profit institutions with sleeping accommodations. (Nursing and Residential Care Facilities)
- Ambulatory diagnostic or treatment facilities (Offices of Physicians, Offices of Dentists, Offices of Other Health Practitioners, Outpatient Care Centers)
- Philanthropic or non-profit institutions without sleeping accommodations (Individual and Family Services, Grantmaking and Giving Services, Social Advocacy Organizations, Civic and Social Organizations)
- Houses of worship (Religious Organizations)

- Colleges and universities (Colleges, Universities and Professional Schools)
- Hospitals and related facilities (Hospitals)
- Schools (Elementary and Secondary Schools, Child Day Care Services)

As described in Chapter 1: Project Description some new or expanded facilities falling under the “Nursing homes and health-related facilities; sanitariums; and philanthropic or non-profit institutions with sleeping accommodation” category may improve the design of their new or expanding building to take advantage of the new zoning rules. However, these shifts are expected to have a positive effect on their ability to serve clients or to undertake their charitable or philanthropic missions, as the zoning proposal is designed to facilitate more efficient development of some of these facilities. Community facilities in all of these categories are expected to provide similar services, to similar client populations, in the future with or without the Proposed Action.

Therefore, the action is not expected to result in an adverse change in economic conditions affecting any one of these industries. These changes would not likely reduce employment or impair the economic viability of any of the affected community facility industries. Consequently, significant adverse impacts on specific industries are not expected and a detailed analysis is not warranted.

F. CONCLUSION

Because the preliminary assessment did not identify the potential for significant socioeconomic impacts, no detailed assessments are warranted. The proposed rezoning would provide opportunities for new residential and community facility development without changing the socioeconomic character of any study area across the city’s affected zoning districts. The proposed zoning addresses a citywide initiative to reduce barriers to housing development and facilitate the construction of more affordable housing. The multiple components of the Proposed Action are expected to work on concert with one another to promote the efficient development of housing, and especially affordable housing, but is not likely to result in significant changes to the socioeconomic character of any individual neighborhood.

The Proposed Action would not displace any existing residents or businesses over the No Action scenario. The Proposed Action would also not affect real estate market conditions in a way that would result in indirect displacement of residents or businesses; on the contrary, the Proposed Action is expected to result in more affordable housing that would help house the city’s more vulnerable low income residents. As the Proposed Action does not have the potential to result in direct or indirect residential or business impacts or impacts on specific industries, no significant impacts are anticipated and further analysis is not warranted.