

A. INTRODUCTION AND ANALYSIS FRAMEWORK

The Atlantic Yards Arena and Redevelopment Project (the proposed project) entails the construction of a major mixed-use development in the Atlantic Terminal area of Brooklyn. As described in Chapter 1, “Project Description,” the proposed project includes an arena for use principally by the Nets professional basketball team, as well as residential, office, retail, and community facility space, below-grade parking, publicly accessible open space, and, under the residential mixed-use variation, a hotel.

This chapter examines the potential effects of the proposed project on the socioeconomic conditions in the study area, including population and housing characteristics, economic activity, and the commercial real estate market. In accordance with the guidelines presented in the 2001 *City Environmental Quality Review (CEQR) Technical Manual*, this chapter evaluates five specific factors that could create substantial socioeconomic impacts in an area, including: (1) direct displacement of residents; (2) direct displacement of businesses; (3) indirect displacement of residents; (4) indirect displacement of businesses; and (5) adverse effects on specific industries not necessarily tied to a project site or area.

As described in Chapter 1, “Project Description,” the proposed project would allow for variation in the program so that additional office space could be substituted for the hotel, the residential space in Buildings 1 and 2 and the residential space on Site 5. As described in Chapter 2, “Procedural and Analytical Framework,” the potential for impact can vary depending on which of the range of development programs is considered. As indicated throughout this chapter, the effects of the proposed project on socioeconomic conditions would not be substantially different under either the residential or commercial mixed-use variation. Under either variation, the effects of direct displacement of residents and businesses would be the same. Indirect effects on residents and businesses would also be similar. However, to provide the most conservative analysis under CEQR, indirect residential displacement is based on the residential mixed-use variation while indirect business displacement and effects on specific industries are based on the commercial mixed-use variation. The residential mixed-use variation serves as the reasonable worst-case scenario (RWCS) for indirect residential displacement because residential buildings, by making the area more residential in character, would have a greater potential to encourage additional residential development than would commercial buildings. The commercial mixed-use variation serves as the RWCS for indirect business displacement and effects on specific industries because by introducing a substantial new daytime worker population, in addition to a residential population, the commercial mixed-use variation would have greater potential to affect the commercial real estate market in the study area.

This analysis begins with a preliminary assessment. According to the *CEQR Technical Manual*, the goal of a preliminary assessment is to learn enough about the effects of a proposed action either to rule out the possibility of significant adverse impacts or to establish that a more detailed analysis would be required to determine whether the proposed action could result in significant

adverse impacts. For those factors that could not be eliminated through the preliminary assessment, a more detailed analysis is presented. In sum, the chapter includes:

- Principal conclusions drawn from the analyses.
- A definition of the study area boundaries and the data sources used for the preliminary assessment and detailed analyses.
- A preliminary assessment for direct residential, direct business, indirect residential, and indirect business displacement, as well as an examination of effects on specific industries.
- A detailed analysis for indirect residential displacement and indirect business and institutional displacement, the two technical areas where a socioeconomic impact were not ruled out by the preliminary assessment. Both detailed analyses are presented in three sections: (1) a description of existing conditions in the study area; (2) a description of study area socioeconomic conditions in the future without the proposed project; and (3) the expected impacts with the proposed project.
- An analysis of the economic and fiscal benefits of the proposed project and a description of public funding that would be associated with the project.

B. PRINCIPAL CONCLUSIONS

The proposed project would generate substantial economic benefits for New York City and State and would not result in a significant adverse socioeconomic impact for any of the five areas of socioeconomic analysis: direct residential displacement, direct business displacement, indirect residential displacement, indirect business displacement, or effects on specific industries. Conclusions related to each of the five areas of potential socioeconomic impact are summarized below. These conclusions are followed by a summary of economic benefits that would be generated by the proposed project.

Direct Residential Displacement: The proposed project would directly displace 171 residential units housing an estimated 410 residents. All of this displacement would occur during Phase I of the proposed project. The direct displacement figure conservatively includes all housing units on the project site, regardless of their current occupancy status or the terms upon which they were vacated. Although the *CEQR Technical Manual* defines direct residential displacement as the *involuntary* displacement of residents, this chapter considers direct displacement to include owner-occupied units that were sold to the project sponsors, rental units for which the renters voluntarily agreed to vacate their apartments, and housing units that were vacant upon acquisition by the project sponsors as units subject to direct displacement. Based on the guidelines in the *CEQR Technical Manual*, the direct displacement of these residents would not result in a significant adverse impact because they do not represent a significant proportion of the study area population and they are not likely to have socioeconomic characteristics that differ markedly from the study area population as a whole.

Direct Business and Institutional Displacement: The proposed project would directly displace 27 businesses and two institutions. All of this displacement would occur during Phase I of the proposed project. Businesses subject to direct displacement are involved in a variety of industries and include several gas stations and automotive repair shops, a truck rental facility, several warehouse, storage, and import/export businesses, two larger chain retail stores and two small retail shops, a restaurant, a bar, a union hall, and an art studio. The two institutions that would be displaced by the proposed project are: a privately operated facility that provides temporary housing for homeless families through contract with the New York City Department of Homeless Services, and an FDNY Special Operations Facility used for equipment cleaning

and storage. The proposed project would not cause a significant adverse direct business and institutional displacement impact because the displaced businesses and institutions are not found to have substantial economic value to the City or region, are not subject to publicly adopted plans to preserve, enhance, or protect them, do not, individually or collectively, contribute substantially to neighborhood character, and can be relocated elsewhere in the city, since their operation is not tied to their current location.

Indirect Residential Displacement: The proposed project would not result in significant adverse indirect residential displacement impacts because: a) the number of at-risk households in the study area has been decreasing and will probably continue to do so in the future independent of the proposed project and b) the project would not be likely to affect residential property values in areas identified as containing an at-risk population. Based on a comparison of 2000 Census data on household income for renters living in housing units that are unprotected by rent regulations with household income for all renters in Brooklyn, it was estimated that the study area contains approximately 2,929 households that are potentially at risk of indirect residential displacement. These households are located in 10 Census tracts, primarily clustered in the far eastern section of the ¾-mile study area. However, further examination of socioeconomic trends in these Census tracts indicates that the number of households that are actually at risk of indirect displacement is likely to be substantially lower than 2,929 and that the number of at-risk households is likely to continue to decrease in the future with or without the proposed project. By 2010 and 2016, it is likely that in some of the tracts identified, the at-risk population will be much smaller than in 2000.

It is unlikely that the proposed project would lead to indirect residential displacement in the 10 Census tracts identified in the analysis. This is true for a number of reasons. First, as noted above, existing upward trends in residential property values and incomes in the study area indicate that the at-risk population is likely to decrease in the future with or without the proposed project. Second, similarities between the proposed project housing mix and the housing mix currently present in the ¾-mile study area indicate that the proposed project would not substantially change the socioeconomic profile of the study area. Third, the project would introduce a substantial number of housing units to the study area, which could alleviate upward pressure on rental rates, reducing displacement pressures on the at-risk population in the study area. Fourth, a majority of households identified as at-risk are located more than ½-mile from the project site, and there are intervening established residential communities with upward trends in property values and incomes, and active commercial corridors separating the project site from the at-risk population. These four factors limit the potential for the proposed project to substantially affect real estate values in the tracts containing at-risk populations. Accordingly, the proposed project is not expected to lead to indirect residential displacement in these tracts, and the project would not have a significant adverse indirect residential displacement impact.

Indirect Business and Institutional Displacement: The proposed project would not result in significant indirect business or institutional displacement impacts and in general, existing businesses would benefit from the larger customer base that would be created by the residential, worker, and visitor population introduced by the proposed project. While the introduction of new residents, workers, and visitors to the proposed project site could alter existing economic patterns in certain portions of the study area, particularly through the elimination of blight and of the below-grade rail yard's blighting influence, these changes would not lead to a substantial amount of indirect business or institutional displacement because: (1) many of the existing businesses have the potential to capitalize on the new population, experiencing increases in sales that would allow them to afford any potential increases in rental rates; (2) some of the commercial corridors in the study area have already experienced substantial increases in commercial rental rates in recent years and these upward trends are expected to continue in

absence of the project so that any businesses or institutions vulnerable to indirect displacement pressures will already have relocated by 2010 and 2016 in the future without the proposed project; and (3) a majority of the institutional uses located in the study area are owner-occupied or government-owned and therefore would not be vulnerable to indirect displacement pressures.

The potential for indirect business and institutional displacement due to the proposed project would be limited to a small number of businesses and institutions located primarily along Vanderbilt Avenue, Flatbush Avenue, and 4th Avenue, within ¼ mile of the project site. Any indirect displacement on Flatbush Avenue and 4th Avenue would most likely take place during Phase I of the proposed project, as Flatbush and 4th Avenues are immediately proximate to the Phase I development sites. Any indirect displacement on Vanderbilt Avenue would more likely occur during Phase II of the proposed project as new residents move to the eastern portions of the project site. The businesses and institutions that would be vulnerable to indirect displacement are not unique to the ¾-mile study area, do not have substantial economic value to the city, and do not have locational needs that would preclude them from relocating elsewhere in the study area or city. Their displacement would not substantially affect neighborhood character, and would not represent a significant adverse impact.

Adverse Effects on a Specific Industry: The proposed project would not result in a significant adverse impact on any specific industry. The proposed project would not directly affect business conditions in any industry or category of business within or outside of the study area, nor would it indirectly substantially reduce employment or impair the economic viability of any industry or category of business.

Economic Benefits of Proposed Project and Public Financing for Proposed Project: The construction and operation of the proposed project would generate substantial economic benefits for New York City and State. The construction cost of either variation would entail the investment of approximately \$3.4 billion into the site (all dollar amounts in 2006 dollars). Overall, economic and fiscal benefits from construction would be greater during Phase I of the proposed project, while benefits from annual operation would be greater after the completion of the Phase II portion of the proposed project.

Benefits from construction of Phase I would be similar for the residential mixed-use variation and the commercial mixed-use variation. Construction of Phase I would create between 13,300 and 13,800 direct and indirect person-years of employment in New York City and between 16,400 and 17,100 direct and indirect person-years of employment overall in New York State, with the residential mixed-use variation generating the higher number of jobs.¹ Taxes paid during construction of either variation would also be similar, i.e., between \$128 million and \$131 million, including about \$41 to \$42 million for New York City.

Economic and fiscal benefits associated with the annual operation of the Phase I development would be different for the residential and commercial mixed-use variations. In general, the annual operation of the commercial mixed-use variation would generate more than twice the number of jobs and taxes compared with the residential mixed-use variation. For example, Phase I of the commercial mixed-use variation would support approximately 15,400 direct and indirect full-time equivalent (FTE) jobs in New York City, compared with about 5,300 FTE jobs under the residential mixed-use variation. In addition to property taxes, non-property related tax revenues generated during the operation of the Phase I development would amount to approximately \$131 million annually for the commercial mixed-use variation, compared with

¹ A person-year is the equivalent of one person working full-time for a year.

about \$61 million annually under the residential mixed-use variation. For either variation, projected tax receipts do not include income tax paid by the residents at the proposed project or income tax from secondary employment generated by such residents. Such revenue would be additional.

Phase II economic and fiscal benefits would be similar under either variation, as the Phase II development program is similar for the residential and commercial mixed-use variations. Construction of Phase II would generate approximately 11,900 direct and indirect person-years of employment in New York City and a total of approximately 14,800 person-years of employment in New York State. Tax revenues generated during the Phase II construction period would amount to approximately \$111 million, with approximately \$36 million going to New York City. The annual operation of the incremental Phase II development program would support more than 1,000 direct and indirect FTE jobs in New York State, of which approximately 900 would be in New York City. In addition to property taxes, non-property tax revenues from the operation of the Phase II development would add about \$9 million annually to those from the Phase I development.

The cumulative effect from constructing the entire development program (Phase I and II) of either variation would be substantial. Construction would create between 25,200 and 25,700 direct and indirect person-years of employment in New York City and between 31,200 and 31,900 direct and indirect person-years of employment overall in New York State, with the residential mixed-use variation generating the higher number. Direct and indirect wages and salaries from constructing the proposed project would total approximately \$1.6 billion in New York City and approximately \$1.9 billion in New York State (with, again, the residential mixed-use variation creating a marginally higher number). The total effect on the local economy, measured as economy output or demand, is projected at approximately \$4.9 billion in New York City and between \$6.3 and \$6.4 billion overall in New York State. Including the projected mortgage recording fees from the condominium owners, total public sector revenues for New York City, MTA, and New York State from constructing the project would equal \$247 million for the commercial mixed-use variation and \$261 million for the residential mixed-use variation.

Once constructed, the annual operation of the completed project would support approximately 6,200 to 16,300 direct and indirect FTE jobs in New York City, and approximately 7,500 to 19,800 direct and indirect FTE jobs overall in New York State – with the first number in each case being that of the residential mixed-use variation and the second that of the commercial mixed-use variation. Direct and indirect wages and salaries are projected at \$338 to \$862 million annually in New York City and \$387 to \$985 million annually in New York State. The overall effect on the local economy from operating the completed development is projected at \$0.9 to \$2.6 billion annually in New York City and \$1.1 to \$3.0 billion annually in New York State. In addition to annual property taxes, public sector revenues for New York City, MTA, and New York State are projected at approximately \$70 million annually from the residential mixed-use variation and \$140 million annually from the commercial mixed-use variation.

The City and the State have indicated that they would provide direct funding to the proposed project of \$100 million each. Funding provided by the State would be used for infrastructure improvements necessary for the construction of the arena and for the redevelopment of the rail yard. Funding provided by the City would also be used for necessary infrastructure and rail yard improvements. The City's contribution could also be used for acquisition costs related to the arena site (other than for the acquisition of properties owned by the MTA/LIRR).

In addition to the public capital investment, the arena would receive an exemption from sales taxes on materials used in the initial construction and fit-out and on capital repairs and

replacements. It is expected that the project sponsors would also receive exemptions from State and City mortgage recording taxes, as is customary for affordable housing developments.

The costs of constructing and fitting-out the arena and its ancillary facilities would be financed through one or more series of tax-exempt and taxable bonds issued by a local development corporation. ESDC would retain ownership of the arena and the land under the arena for the term of the bonds. As a result, the arena and the land under the arena would be exempt from real estate taxes. The repayment of the tax exempt bonds would be accomplished through a payment in lieu of tax (PILOT) that would be the sole responsibility of the lessee of the arena. The state and the city would have no liability for repaying the bonds or for the PILOT. The issuance of tax exempt bonds would be of no cost to the state or to the city, since the repayment would be solely the responsibility of the lessee of the arena.

As noted above, the public benefits generated by the operation of the proposed project would be substantial, including thousands of direct and indirect jobs, as well as substantial tax revenues over and above real estate tax revenues. The proposed project would generate substantial tax revenues for the City and the State exceeding their combined \$200 million capital investment after the second year of operation.

C. METHODOLOGY

This socioeconomic analysis is based on methodologies and guidelines outlined in the *CEQR Technical Manual*. Study areas and data sources used in this analysis are described below.

STUDY AREAS

As described in Chapter 1, “Project Description,” the project site spans an eight-block area that includes Blocks 1118, 1119, 1120, 1121, 1127, 1129, Lots 1, 2, 4, and 85-89 on Block 1128, and Lots 1 and 16 on Block 927 (see Figure 4-1).

Although the *CEQR Technical Manual* recommends using a study area of ¼-mile to ½-mile, indicating that indirect effects of a project generally are limited to the area within ½-mile of a project site, the broader study area for the socioeconomic analysis extends approximately ¾ mile from the project site. For the preliminary assessments of direct and indirect residential displacement, the study area is divided into two general subareas: a ½-mile primary study area and a ¾-mile secondary study area, which includes the ½-mile primary study area. For the detailed analysis of indirect residential displacement, the ¾-mile study area was divided into seven neighborhood subareas, which roughly conform to those used in Chapter 3, “Land Use, Zoning, and Public Policy.” The study area was defined in this way because the ¾-mile area spans several neighborhoods with distinct land use and socioeconomic characteristics. Dividing the area into neighborhood subareas allows for a more thorough analysis of potential effects on particular neighborhoods.

For analyses pertaining to direct and indirect business displacement, zip codes (the smallest geographic area for which the New York State Department of Labor publishes employment data) are used to approximate the ¾-mile study area.

All socioeconomic study areas are described in further detail as they are referenced in the body of this chapter. Study area boundaries are depicted in Figures 4-3, 4-5, 4-7, and 4-8.

DATA SOURCES

Demographic and economic data were collected for the project site, the study area, the Borough of Brooklyn, and New York City. Demographic characteristics, such as population, number of households, median household income, poverty status, race and ethnicity, median contract rent, and median house value, were gathered from the 1980, 1990 and 2000 U.S. Census. Data were

analyzed at the Census tract level, or at the block group level where a Census tract was not entirely within the study area or subarea boundaries.

The Census data have been supplemented, where appropriate, with information concerning trends in rents and sales prices provided by local real estate agencies such as Corcoran Realty and Massey Knakal, and organizations such as the Real Estate Board of New York (REBNY). In addition, while Census data such as median housing value and median contract rent provide a statistical basis for identifying trends in changing values and rents, these data are affected by the presence of rent-regulated housing units in the study area, and so do not reflect market trends experienced by many of the residents in the study area. Therefore, information on rental rates and housing prices were gathered from *New York Times* real estate sections from 1975, 1980, 1985, 1990, and 1995.

Employment data for the study area, the Borough of Brooklyn, and New York City were obtained from the New York State Department of Labor. Employment data are not available from the Department of Labor for geographic areas smaller than zip codes. Although zip code boundaries do not conform to the project's $\frac{3}{4}$ -mile study area, two zip codes (11217 and 11238) capture a large portion of the study area's geography and are therefore used as the basis of the discussion on employment trends in the study area. Because the zip code boundaries do not capture all of the employment located in the $\frac{3}{4}$ -mile study area, the data are supplemented with references to employment data from Claritas, a national marketing information resources company that compiles employment estimates for geographic areas that do not necessarily conform to zip codes. The Claritas data, which are available for the most recent year (2005) but not for historic years, capture employment that is located within the $\frac{3}{4}$ -mile study area but outside of the two zip code areas.

The retail and neighborhood services discussion is based on fieldwork conducted in January of 2006. The inventory includes major retail corridors and concentrations in the study area. Corridors surveyed are described under Section F, "Detailed Analysis for Indirect Business Displacement."

D. PRELIMINARY ASSESSMENT

Under *CEQR Technical Manual* guidelines, the first step in a socioeconomic impact analysis is a preliminary assessment. The goal of a preliminary assessment is to learn enough about the effects of a proposed action either to rule out the possibility of significant adverse impacts or to establish that a more detailed analysis would be required to determine whether the proposed action could result in significant adverse impacts.

Below, each of the five areas of potential socioeconomic impact is examined in relation to the proposed project. For three of these areas—direct residential displacement, direct business displacement, and adverse effects on specific industries—the preliminary assessment concludes that the proposed project would not have a significant adverse impact. For the remaining areas—indirect residential displacement and indirect business displacement—the preliminary assessment indicates that a more detailed analysis is necessary to adequately assess whether the proposed project would have a significant adverse impact. The detailed analyses for indirect residential displacement and indirect business displacement follow this preliminary assessment.

DIRECT RESIDENTIAL DISPLACEMENT

The direct residential displacement analysis examines the type and extent of residential displacement generated by a proposed action in order to determine its potential significance. Direct residential displacement is not in and of itself an impact under CEQR. According to the *CEQR Technical Manual*, direct residential impacts can occur if the numbers and types of people being displaced by a project would be enough to alter neighborhood character and perhaps lead to indirect displacement of remaining residents. The preliminary analysis, therefore, seeks to determine: whether the socioeconomic profile of the residents who would be displaced

is markedly different from those in the overall study area, whether the displaced population represents a substantial or significant portion of the population within the study area, and whether the action would result in a loss of this population group within the neighborhood.

As described in Chapter 1, “Project Description,” the project sponsors have been purchasing property in an effort to assemble the project site for development. As of October 1, 2006, the project sponsors had purchased approximately 144 housing units, some of which are owner units (condos, co-ops, and single- or multi-family homes) and some of which are rental units. The project sponsors have extended relocation offers to the on-site rental tenants either through compensation or offers for comparable off-site housing with the opportunity to move back into the proposed development at rent levels comparable to their current rents. Under the offer, the sponsors would pay certain moving costs and brokerage fees involved in seeking an interim relocation unit that is comparable to the tenant’s existing unit and near to the tenant’s current location, and in relocating the tenant to a new comparable unit in the proposed development. The sponsors have also agreed to pay the difference, if any, in rent between the tenant’s current rent and the rent for the comparable interim unit until such time as the tenant is relocated into a new unit in the proposed development. This agreement would terminate only if the project were abandoned or the tenant breached its obligations.

Should the proposed project be approved, residents considered by ESDC to be directly displaced (existing residential occupants within the project site who are legally occupying a residential dwelling unit) would be provided with relocation assistance. It is anticipated that the relocation program would be implemented by ESDC, with assistance from a professional relocation consultant. The relocation program would include, at a minimum: referrals to alternative housing, real estate brokerage services, and moving services, as well as reimbursement of expenses and a one-time relocation assistance payment of \$5,000 to each vacating occupant or family to assist in meeting additional expenses encountered in establishing new living quarters. All costs related to the residential relocation program would be borne by the project sponsors.

Direct residential displacement is defined under the 2001 *CEQR Technical Manual* as the *involuntary* displacement of residents from the site of a proposed action. Owners who sell their properties to project sponsors are not typically considered displaced directly because the owners have entered into a voluntary agreement. Similarly, renters who agree to vacate their apartments pursuant to an agreement with the project sponsors generally would not be considered directly displaced. Likewise, apartment units that were vacant at the time the project sponsors acquired them would not generally represent displaced households. However, in order to provide a conservative analysis under CEQR, this chapter treats all residential units—irrespective of their tenure (owner or renter occupied), occupancy status, or the terms upon which they were vacated—as directly displaced households.

PROFILE OF DIRECTLY DISPLACED RESIDENTIAL UNITS

Three of the blocks on the project site currently contain residential uses: Blocks 1127, 1128, and 1129.

As shown in Table 4-1, these blocks contain 103 rental and 68 owner units for a total of 171 residential units. Sixty-one of the 171 units were occupied as of October 1, 2006. Of the occupied units, 55 were renter occupied and 6 were owner occupied. The location, tenure, and occupancy status of all residential units located on the project site are shown in Figure 4-2.

As described above, this analysis conservatively treats all residential units on the project site, regardless of their tenure or occupancy status, as directly displaced households. Therefore, although 62 of the 68 homeowners on the project site have sold their property to the project

Table 4-1
All Residential Units Located on Proposed Project Site

Block	Lot	Rental Units		Owner Units		Total Units	
		Occupied	Total	Occupied	Total	Occupied	Total
Block 1127	10	0	3	0	0	0	3
	11	0	2	0	0	0	2
	12	0	2	0	0	0	2
	18	0	4	0	0	0	4
	21	4	6	0	0	4	6
	1101-1131	0	0	1	31	1	31
	30	0	3	0	0	0	3
	1001-1021	0	0	2	21	2	21
	43	0	6	0	0	0	6
	45	2	2	0	0	2	2
	46	7	7	0	0	7	7
	48	3	13	0	11	3	24
	50	16	16	0	0	16	16
	55	0	5	0	0	0	5
Block 1128	56	0	5	0	0	0	5
	85	0	0	1	1	1	1
	86	1	1	1	1	2	2
	87	0	0	1	1	1	1
	88	0	1	0	1	0	2
Block 1129	89	2	2	0	0	2	2
	43	7	8	0	0	7	8
	44	9	9	0	0	9	9
	46	0	0	0	1	0	1
Block 1129	49	4	8	0	0	4	8
	Total		55	103	6	68	61

Sources: Derived from information provided by project sponsors, based on the best available information as of October 2006. Occupancy status is as of October 1, 2006.

sponsors and only 55 of the 103 rental units on the site were occupied as of October 1, 2006, total direct residential displacement on the project site would amount to 171 units for the purposes of this analysis.¹ Assuming that the average household size for the directly displaced households is equal to the 2000 census average household size for the project area block groups (2.4 persons per household), the proposed project would directly displace approximately 410 residents. All of the uses currently located on the project site, including the residential uses, would be displaced during Phase I of the proposed project.

CEQR ASSESSMENT CRITERIA

The preliminary assessment compares and contrasts the profile of the residents who would be displaced by the proposed project with that of the study area population as a whole. Following *CEQR Technical Manual* guidelines, the preliminary assessment evaluates the following interrelated threshold indicators (listed in italics below) to determine the potential for significant adverse impacts from direct residential displacement.

¹ If the analysis were to exclude owners who sold their property to the project sponsors and renters who have vacated pursuant to agreements with the project sponsors, the number of directly displaced households would, as of October 1, 2006, be 61 rather than 171.

1. Is profile of the displaced residents markedly different from that of the overall study area?

Specific demographic, income, and housing characteristics of the 171 households subject to direct displacement under the proposed project cannot be obtained through the U.S. Census Bureau or other public sources of information. In order to approximate the demographic profile of the displaced households, 2000 Census data were compiled for the three block groups in which all of these households are located. These three block groups, which include the project site, are shown in Figure 4-3 and referred to here as the project area block groups.

As of the 2000 Census, there were 1,450 residents and 673 housing units located in the project area block groups (as defined in Table 4-2), and 90 percent of those units (605 units) were occupied. Approximately 87 percent of the occupied units (524 units) were renter occupied.

**Table 4-2
Race and Ethnicity, 2000**

	Project Area Block Groups		Primary Study Area (½-Mile)		Secondary Study Area (¾-Mile)	
	Number	Percent	Number	Percent	Number	Percent
White	577	40%	25,234	34%	45,066	35%
African American	415	29%	36,589	49%	62,525	48%
Asian or Pacific Islander	74	5%	2,947	4%	5,341	4%
Other	384	26%	9,513	13%	17,125	13%
Hispanic	490	34%	12,625	17%	22,319	17%
Total Minority	1,016	70%	53,188	72%	92,782	71%

Notes:
 (1) The project area block groups are the three block groups that include the residential units that would be directly displaced by the proposed project. These block groups are: tract 129.02, block group 1; tract 161, block group 1; and tract 163, block group 1. As shown in Figure 4-3, the project area block group area is generally bounded by Atlantic Avenue on the north, Vanderbilt Avenue on the east, Bergen Street on the south, and 5th Avenue on the west. The project site block west of 5th Avenue does not currently contain any residential uses.
 (2) White, Black, Asian, and Other population may include Hispanic residents (see note 4).
 (3) Race categories were reported differently in the 1990 and 2000 Census. In order to draw comparisons, the 2000 Census Categories of "Asian Alone" and "Native Hawaiian and Other Pacific Islander Alone" were combined into "Asian" and the categories of "American Indian and Alaska Native alone," "Some other race alone" and "Two or more races" were combined into "Other." For 1990 data, the "Other" category combines the categories of "American Indian, Eskimo, or Aleut" and "Other race."
 (4) The Hispanic or Latino category consists of those respondents who classified themselves in one of the several Hispanic origin categories in the Census questionnaire. People of this ethnic group may be of any race.
 (5) The total minority population includes residents of all races and ethnic groups except non-Hispanic Whites.
Sources: US Census Bureau, 1980, 1990 and 2000 Census.

As shown in Table 4-2, approximately 40 percent of the population in the project area block groups was White, 34 percent Hispanic, and 29 percent African American.¹ In comparison, the ½-mile and ¾-mile study areas had a higher proportion of African American population (49 and 48 percent, respectively) and a lower proportion of Hispanic population (both 17 percent). Overall, the percentage of the population considered to be minority—defined as all population except for non-Hispanic White—was almost identical in the project area block groups (70 percent) and the ½-mile and ¾-mile study areas (72 percent and 71 percent, respectively). Although there are differences in the representation of the Hispanic and African American populations in the project area block groups compared with the study areas, the direct displacement associated with the proposed project would not have a notable impact on either of these specific population groups in the study area. The total Hispanic population in the project area block groups represents less than 4 percent of the

¹ The sum of the percentages of total population that are Hispanic, African American, White, Asian, or Pacific Islander, and Other does not equal 100 percent because people of Hispanic ethnicity can be of any race.

Hispanic population in the ½-mile study area, and the total African American population in the project area block groups represents approximately 1 percent of the African American population in the ½-mile study area. The change would not be significant.

As shown in Table 4-3, the median household incomes for the project area block groups, the ½-mile study area, and the ¾-mile study area were generally similar as of the 2000 Census. Thus, displacement of residents in the project area block groups would not substantially alter the median income level for the study area as a whole. In 1999, the median household income for the project area block groups was \$50,771, approximately 6 percent higher than the median household income for the ½-mile study area (\$48,060), and 10 percent higher than the median for the ¾-mile study area (\$46,208).

**Table 4-3
Median Household Income and Poverty Rate, 1999**

	Project Area Block Groups	Primary Study Area (½-Mile)	Secondary Study Area (¾-Mile)
Median Household Income	\$50,771	\$48,060	\$46,208
Percent Below Poverty	9%	16%	19%
Notes:			
(1) The project area block groups are the three block groups that include the residential units that would be directly displaced by the proposed project. These block groups are: tract 129.02, block group 1; tract 161, block group 1; and tract 163, block group 1. As shown in Figure 4-3, the project area block groups are generally bounded by Atlantic Avenue on the north, Vanderbilt Avenue on the east, Bergen Street on the south, and 5th Avenue on the west.			
(2) Median incomes shown in 1999 dollars.			
Sources: US Department of Commerce, Bureau of the Census, 2000 Census. Summary File 3.			

It is likely that the median household income in the project area block groups has increased since 2000 with the conversion of three buildings into market-rate condominiums: the 138-unit Newswalk (former Daily News Building) at 700 Pacific Street, the 31-unit Atlantic Arts building at 636 Pacific Street, and the 21-unit Seagoing Loft building at 24 6th Avenue. These changes would not directly affect income levels for renter households in the project area block groups, and because such a large proportion of occupied units (87 percent) were renter occupied in 2000, the 2000 Census data remain a reasonable approximation of household income for the 101 renter households that would be displaced by the proposed project. However, the median household income for all households (renter and owner) in the project area block groups is likely to have increased since 2000 with the introduction of the three condominium developments. Adding the 52 condo units located on the project site in the Atlantic Arts and Seagoing Loft buildings to the group of displaced households makes it likely that the median household income for the displaced households is somewhat higher than the median household income in the broader study areas.

The difference between poverty rates in the project area block groups and in the ½-mile and ¾-mile study areas was somewhat larger than the difference between income levels. While only 9 percent of the population in the project area block groups was below the poverty level, approximately 16 percent of the ½-mile study area population and 19 percent of the ¾-mile study area population were living below the poverty line. It is likely that the addition of market-rate condominium units to the project area block groups after 2000 has further decreased the poverty rate in the project area block groups. Overall, income and poverty data from the 2000 Census, coupled with information about the limited amount of housing development that has occurred on the project site and in the project area block groups since 2000, indicate that the households that would be displaced by the proposed project are likely to be somewhat more affluent than the average household in the ½-mile and ¾-mile study areas.

The 2000 average household size for the project area block groups was slightly higher than the average household size for the ½-mile and ¾-mile study areas. Within the project area block groups, the average household size in 2000 was 2.4 persons per household, compared with 2.1 persons per household in the ½-mile study area and 2.2 persons per household in the ¾-mile study area.

As indicated above, data-reporting practices intended to protect the privacy of individuals make it impossible to determine the demographic and income profile of individual households. However, the demographic and income profile of the project area block group population, which serves as a proxy for the population that would be directly displaced under the proposed project, is not markedly different from that of the ½-mile and ¾-mile study areas (though income and poverty data indicate that the population to be displaced is somewhat more affluent than the average household in the broader study areas). Furthermore, as described below, the 171 households subject to direct displacement under the proposed project represent such a small proportion of households in the ½-mile and ¾-mile study areas that their displacement would not alter the profile of the study area populations in any substantial way regardless of their socioeconomic characteristics. The general similarities between the project area block group population and the study area populations indicate that the proposed project would not have the potential to cause a significant adverse impact due to direct residential displacement.

2. Does the displaced population represent a substantial or significant portion of the population within the study area?

The proposed project would not displace a significant portion of the study area population. As of the 2000 Census, the ½-mile study area contained 74,283 residents and the larger ¾-mile study area contained 130,057 residents. As indicated above, this analysis conservatively assumes that 410 residents would be directly displaced by the proposed project. These residents represent approximately 0.6 percent of the total population in the ½-mile study area and 0.3 percent of the total population in the ¾-mile study area. Displacement of this magnitude would not have the potential to cause a significant adverse socioeconomic impact.

3. Would the proposed actions result in a loss of a particular population group within the neighborhood?

As described above, the population that would be displaced by the proposed project is likely to have a socioeconomic profile that is similar to the socioeconomic profile of the larger ½-mile and ¾-mile study areas. The proposed project would not result in the loss of any particular population group.

CONCLUSION

The proposed project would not displace a population with socioeconomic characteristics that are markedly different from the characteristics of the broader study area population, would not displace a substantial portion of the study area population, and would not result in the loss of a particular population group within the neighborhood. Therefore, the proposed project would not lead to a significant adverse impact due to direct residential displacement.

DIRECT BUSINESS DISPLACEMENT

The *CEQR Technical Manual* defines direct business displacement as the involuntary displacement of businesses from the site of (or a site directly affected by) a proposed action. A preliminary assessment of direct business displacement looks at the employment and business value characteristics of the affected businesses to determine the significance of the potential impact. A significant adverse direct displacement impact may exist if the businesses or

institutions in question have substantial economic value to the City or region; are the subject of regulations or publicly adopted plans to preserve, enhance or otherwise protect them; or substantially contribute to a defining element of the neighborhood character.

Similar to direct residential displacement, direct business and institutional displacement is defined by the *CEQR Technical Manual* as the *involuntary* displacement of businesses or institutions from the site of a proposed action. As described in Chapter 1, "Project Description," the project sponsors have been purchasing property to facilitate the assemblage of the project site for development. Therefore, owners who operated businesses on their property and decided to sell their properties to the project sponsors would not generally be considered directly displaced by the proposed project because they voluntarily sold their properties. Similarly, commercial tenants who agreed to vacate their space pursuant to an agreement with the project sponsors generally would not be considered directly displaced. Nonetheless, for purposes of CEQR analysis, this chapter conservatively treats all businesses and institutions that are currently operating on the project site, or were operating on the site prior to the acquisition of their property by the project sponsors, as directly displaced.

PROFILES OF DIRECTLY DISPLACED BUSINESSES AND INSTITUTIONS

There are 27 businesses and two institutions that would be directly displaced by the proposed project. Eleven of the businesses have already left the project site as a result of property acquisition by the project sponsors.¹ One business, Tiger Towing, appears to have been abandoned; legal papers posted on the gate as of spring 2006 indicated that the owner was evicting the tenant. Sixteen businesses and two institutions were still operating on the project site as of October 1, 2006. Table 4-4 lists all 29 establishments by block and lot and shows estimated employment for each one. Figure 4-4 shows their locations on the project site and indicates which businesses or institutions were still located on the project site as of October 1, 2006.

The directly displaced businesses can be roughly categorized as follows: four retail businesses including two large chain stores and two small owner-operated stores; two eating and drinking places; five automotive services (gas stations, auto-repair shops, and towing); seven wholesale and manufacturing businesses dealing in textiles, cell phones, import/export, and furniture; and nine other businesses including a construction firm, a truck rental facility, two moving/storage companies, a small cultural center (Middle Passage Collective), a nutrition/wellness center, an art studio, and a business offering trade show/exhibition services. The project site also hosts the Greater New York headquarters for the Roofer's Union, Local No. 8, and two institutional uses: Pacific Dean Residences, a privately operated facility that provides temporary housing for homeless families through contract with the New York City Department of Homeless Services, and an FDNY Special Operations Facility used for equipment cleaning and storage.

In total, the 29 businesses and institutions that would be directly displaced by the proposed project employ approximately 306 workers. Wherever possible, employment estimates were based on information obtained directly from the business or institution in question. For businesses that could not be reached, employment estimates were based on other business information sources or estimated based on the known characteristics of the business and the space it occupies (see notes in Table 4-4).

¹ If the analysis were to exclude business owners who sold their property to the project sponsors and commercial tenants who vacated their spaces pursuant to agreements with the project sponsors, the number of directly displaced businesses, as of October 1, 2006, would be 16. The number of directly displaced institutions would remain unchanged (2 institutions).

Table 4-4
Direct Business and Institutional Displacement

Block	Lot	Business Name	Approximate Number of Employees	Type of Business
927	1	PC Richard & Son	45	Retail Electronics
927	16	Modell's ⁽³⁾	42	Retail Sporting Goods
1127	1	Mobil	12	Gas Station/Automotive Service
1127	10	East Park Holding [†]	2	Import/Export
1127	10	Holistic Health Center [†]	6	Nutrition/Wellness
1127	11	Harriet's Alter Ego [†]	3	Retail Women's Clothing
1127	11	Middle Passage Collective ^{†(3)}	4	Cultural Center
1127	21	Maritime Entrepreneurs ^{†(4)}	2	Import/Export
1127	22	Schiavone Construction ^{†(4)}	5	Construction
1127	30	Watanabe Studio [†]	6	Art Studio
1127	33	FDNY Special Operations Facility	5	Storage and Cleaning Facility
1127	43	Freddy's Bar ⁽¹⁾	3	Bar
1127	51	Roofer's Union	12	Union Hall
1128	4	Atlantic Wool	4	Warehousing/Manufacturing
1128	4	Renar Leather Co. ⁽¹⁾	1	Warehousing/Manufacturing
1128	4	Runway Hats ⁽⁶⁾	5	Mail-Order Women's Clothing
1128	4	Name unknown	1	Cell Phone Import
1118	5	JRG Restaurant	7	Restaurant
1119	1, 64	U-Haul ^{(1)±}	9	Truck Rental
1120	19	Global Exhibition Services	28	Trade-Show Services
1120	28	Warburg Stagemart	5	Storage
1121	42	BP Amoco ⁽²⁾	12	Gas Station/Automotive Service
1121	47	PJ Service, Inc. ^{(2)±}	12	Automotive Service
1129	4	Tiger Towing ⁽⁵⁾	0	Automotive Service
1129	39	Valley Movers and Storage	15	Moving/Storage
1129	50	Atlas Auto Service LTD [±]	2	Automotive Service
1129	62	Simon Liu, Inc.	27	Retail Art Supplies/ Custom Painting Supports
1129	21, 76	Pacific Dean Residence	30	Social Services
1129	81	Frederick Furniture ^{†(4)}	1	Furniture Warehouse
Total			306	

Notes:

Where not otherwise indicated, employment figures were obtained directly from individual businesses or institutions and/or property owners. Other estimates were based on sources or methodologies as follows:

- (1) Dun & Bradstreet zapdata reports
- (2) Number of employees estimated to be identical to Mobil station on Block 1127, Lot 1
- (3) Estimates are based on standard industry assumption of 400 square feet per retail employee. For Middle Passage Collective, which shared the retail space on Block 1127, Lot 11 with Harriett's Alter Ego, it is assumed that the business occupied 1,523 square feet—half of the ground-floor retail space.
- (4) Estimates provided by project sponsors, based on information gathered as part of property acquisition process.
- (5) Tiger Towing could not be reached and, based on several site visits in spring 2006, the business does not appear to be active. Legal documents on the property gate indicate that the landlord is evicting the tenant. Therefore, this analysis assumes that there are no employees actively working on the property.
- (6) Runway Hats did not have contact information available via phone book and internet searches or site visits. For the purpose of this analysis, the business was assumed to have 5 employees, based on the size of its property and activity levels observed during site visits.
- (7) Although there is currently a tenant occupying a portion of the building on block 1129 lot 13, this tenant would not represent a displaced business. The building was vacant when it was purchased by the project sponsors, and the project sponsors are permitting temporary use of a portion of the building.

[†] Business vacated project site pursuant to agreement with project sponsors. Reflects status as of October 1, 2006.

CEQR ASSESSMENT CRITERIA

The preliminary assessment of direct business and institutional displacement examines the employment and business value characteristics of the affected businesses to determine the potential for significant adverse impacts resulting from direct commercial and institutional displacement. As part of the CEQR preliminary assessment, the following circumstances are considered to determine the potential for significant adverse impacts:

1. Does the business or institution in question have substantial economic value to the City or regional area and can it be relocated only with great difficulty or not at all?

As stated in the *CEQR Technical Manual*, the consideration of a business's economic value and relocation requirements is based on: (1) its products and services; (2) its locational needs, particularly whether those needs can be satisfied at other locations; and (3) potential effects on businesses or consumers of losing the displaced businesses, products, or services.

Products and Services

As described above, the businesses subject to direct displacement offer a wide variety of products (e.g., gasoline, apparel, electronics, sporting goods) and services (e.g., auto repair, storage, trade-show support, fine-arts support construction). For each of these uses, similar goods and services can be found elsewhere in Brooklyn or New York City. Therefore, their products and services do not classify them as businesses having substantial economic value to the City or region.

Locational Needs and Relocation Opportunities

Current real estate data and property listings suggest that businesses that would be displaced by the proposed project would have opportunities to relocate to suitable locations in Brooklyn or other New York City boroughs. A majority of businesses that would be displaced by the proposed project are located in retail or industrial space. According to the Society of Industrial and Office Realtors (SIOR), there were approximately 13.6 million square feet of vacant industrial space in the boroughs of Manhattan, Brooklyn, Queens, and the Bronx in 2005, and 8.5 million square feet were located in either Brooklyn or Queens. With respect to retail uses, a survey of all retail concentrations located within the proposed project's $\frac{3}{4}$ -mile study area performed by AKRF, Inc. indicates that there were approximately 390 vacant storefronts located in the $\frac{3}{4}$ -mile area in January 2006. The availability of vacant industrial space in Brooklyn and vacant retail space within the study area indicates that the displaced businesses would have an opportunity to relocate within Brooklyn or one of the other boroughs, and perhaps even within the study area.

Should the proposed project be approved, businesses considered by ESDC to be directly displaced would be provided with commercial relocation assistance. ESDC would locate and show available space to the displaced occupant and provide information about private brokers located throughout the City. In addition, payment would be made for the reasonable costs of the physical move, including the cost of transporting personal property to the replacement site, labor and material, insurance and storage as necessary. Payment would also be made for other reasonable costs commonly associated with relocation, including the cost of relettering or replacing signs, replacing stationery, and reinstalling telephone lines or other existing communications. These re-establishment costs would be capped at \$20,000 per business. All costs related to the commercial relocation program would be borne by the project sponsors.

Institutional uses, by their nature, are often more sensitive to displacement than businesses because they provide services to a particular local community. However, the locational needs of

the Pacific Dean Residence would not qualify it as having substantial economic value to the City for two reasons: first, the shelter's services are not limited to or focused on the population living in the study area; and second, the New York City Department of Homeless Services (DHS) is phasing out these types of facilities as it increases its focus on finding permanent housing for chronically homeless individuals.

Pacific Dean Residence is a privately operated facility that provides temporary housing for homeless families through contract with DHS. The shelter has approximately 90 units and accepts families on a short-term basis while their applications for more permanent shelter are being reviewed and, if their applications are accepted, until permanent housing is found. The shelter's services are not necessarily focused on the population living in the study area. DHS has indicated that the capacity at Pacific Dean Residence can be replaced, if needed, but that the need for temporary shelter space in the City is expected to decrease in the future. In June 2004, the City implemented *Uniting for Solutions Beyond Shelter*, a five-year action plan to end chronic homelessness, which includes a commitment to reduce the family shelter population by two-thirds by 2009. As part of this effort, the City is closing or resizing shelters as it places families in permanent housing. DHS has indicated that the City's need for shelter capacity would continue to decrease in the upcoming years. Therefore, it is likely that the capacity at Pacific Dean Residence would not need to be replaced or relocated were it to be closed.

The present location of the FDNY Special Operations Facility does not have substantial economic value to the City. FDNY has indicated that in the future with the proposed project, it would relocate the Special Operations Facility or consolidate its services in other existing facilities. Because it is a support operation only and does not provide fire protection or emergency response services, the location of the Special Operations Facility is not critical to FDNY functions; therefore, its displacement would not result in any potential for significant adverse impacts.

Effects on Remaining Businesses and Consumers

The displacement of the 27 businesses described above would not have a significant negative effect on consumers or other businesses in the study area. The types of businesses on the project site that local customers might rely upon for goods and services (e.g., gas stations, bar, restaurant) are present elsewhere in the study area. The other businesses subject to displacement are neither businesses that local consumers would rely upon, nor businesses that might need close proximity to specific partners or a particular customer base. Therefore, the products and services offered by the businesses on the project site and the potential effects of their displacement on local businesses and consumers would not classify them as having a substantial economic value to the City or regional area.

As described above, the displacement of the institutional uses located on the project site would not have a marked effect on the local population. Pacific Dean Residence's services are not limited to or focused on the population living in the study area, and any occupants served by this facility would be relocated to the other existing interim facilities if it were to be displaced. The FDNY Special Operations Facility is used for equipment cleaning and storage and its displacement would have no substantial effect on FDNY operations or on businesses or consumers in the study area.

2. Is the category of businesses or institutions that may be directly displaced the subject of other regulations or publicly adopted plans to preserve, enhance, or otherwise protect it?

The businesses subject to direct displacement under the proposed project are not subject to regulations or publicly adopted plans to preserve, enhance, or protect them. As described in Chapter 3, "Land Use, Zoning, and Public Policy," there are two key publicly adopted plans in effect in the study area: the Atlantic Terminal Urban Renewal Area (ATURA) plan and the Special

Downtown Brooklyn District plan. The ATURA plan was put in place in order to encourage development and employment opportunities, and to provide housing, community facilities, retail shopping, and parking in the area. The Special Downtown Brooklyn District was designed to strengthen the business core and to permit large commercial buildings to be developed as-of-right in Downtown Brooklyn. Neither of these plans seeks to preserve or protect the types of businesses that would be displaced by the proposed project. To the contrary, the proposed project would introduce a significant amount of residential, commercial, and retail uses to the area—uses that both the ATURA plan and the Special Downtown Brooklyn District plan seek to promote.

3. *Does the business or institution in question define or contribute substantially to a defining element of neighborhood character, or do a substantial number of businesses or employees that would be displaced collectively define the character of the neighborhood?*

None of the individual businesses subject to direct displacement defines the character of the study area. The project site contains a variety of uses, including light manufacturing, and warehouse and distribution, auto-related, and retail uses. And unlike the garment district in midtown Manhattan, or the government and courts center in Downtown Brooklyn, the study area has no particular industry or group of institutions that define or typify it. In total, employment at the 29 displaced businesses and institutions would represent less than one percent of the 2005 employment in the $\frac{3}{4}$ -mile study area. The magnitude of the displacement would not be enough to effect changes in neighborhood character.

CONCLUSION

The businesses and institutions that would be displaced by the proposed project do not have substantial economic value to the City or regional area, are not the subject of regulations or publicly adopted plans to preserve, enhance, or otherwise protect them, and do not contribute substantially to a defining element or neighborhood character. Therefore, the proposed project would not lead to a significant adverse impact due to direct business or institutional displacement.

INDIRECT RESIDENTIAL DISPLACEMENT

Indirect residential displacement is the involuntary displacement of residents that results from a change in socioeconomic conditions created by a proposed action. In most cases where it occurs, indirect residential displacement is caused by increased property values generated by an action, which then results in higher rents in an area, making it difficult for some existing residents to continue to afford their homes.

As described in Section A, “Introduction and Analysis Framework,” the assessment of Indirect Residential Displacement is based on the proposed project’s residential mixed-use variation, which would incorporate more residential use and less office use than the commercial mixed-use variation, and would provide a hotel. In total, the residential mixed-use variation would provide 6,430 residential units (compared with 5,325 under the commercial mixed-use variation), approximately 0.3 million square feet of office space (compared with 1.6 million square feet under the commercial mixed-use variation), and a 180-room hotel (compared with no hotel under the commercial mixed-use variation). The amount of retail (247,000 sf) would remain the same under either variation.

As part of the CEQR preliminary assessment, the following questions are considered to determine the potential for significant adverse impacts:

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

The *CEQR Technical Manual* states that, in general, if a proposed action would increase the study area population by less than 5 percent, it would not be large enough to affect socioeconomic trends significantly. By 2016, the residential mixed-use variation would add approximately 13,500 residents to the study area. This represents a substantial addition of new population to the area—an increase of approximately 17 percent over the 2000 ½-mile study area population and 10 percent over the 2000 ¾-mile study area population. By 2016, accounting for the population growth that would occur in the future without the proposed project, residents living in the new housing units would represent approximately 9 percent of the ¾-mile study area population.

As described under the detailed analysis for indirect residential displacement (Section E), the proposed project would introduce 6,430 new housing units by 2016. Of those, 4,180 are expected to be market-rate condominium and rental units (approximately 1,930 condo and 2,250 rental) and 2,250 would be affordable rental units. This combination of affordable and market-rate housing makes it likely that the population introduced by the proposed project would be relatively diverse in its socioeconomic characteristics and that the new population would not be markedly different in socioeconomic profile from the study area population as a whole.

It is likely that the trend towards increasing household incomes would continue to accelerate in the study area (including subareas such as Bedford-Stuyvesant) and that by 2016 an even larger proportion of study area households would have incomes that are equivalent to the household incomes anticipated for the new market-rate housing units planned under the proposed project. However, socioeconomic characteristics vary across neighborhood subareas and, although trends in income have been positive across the subareas, some subareas, such as Bedford-Stuyvesant, have lower incomes and higher poverty rates than others. Therefore, even if the socioeconomic profiles of these subareas continue along current trend lines, it is possible that some portion of the population introduced by the proposed project would have a socioeconomic profile that is different from the profile of existing residents in some neighborhood subareas. This possibility is examined in greater detail under the detailed analysis for indirect residential displacement.

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

As described in Chapter 1, “Project Description,” the approximately 22-acre site on which the proposed project would be built is characterized by blighted conditions such as vacant and underutilized buildings, vacant lots, building facades that are in ill-repair (e.g., crumbling brickwork, graffiti, flaking paint), and structures that suffer from serious physical deterioration. In addition, the open rail yard that stretches across most of three blocks on the project site (Blocks 1119, 1120, and 1121) currently serves as a physical and visual barrier between the neighborhoods to the north and south of the rail yard, and creates a feeling of desolation in the blocks that immediately surround the yard.

The blighted conditions appear to be limited in large part to the project site itself. As described later under Section E, “Detailed Analysis for Indirect Residential Displacement,” median home values and rental rates in the ¾-mile study area are relatively high compared with those in Brooklyn generally. According to the 2000 Census, the median home value in the ¾-mile study area was \$305,878 in 1999 compared with \$229,200 in Brooklyn, and the median contract rent in the ¾-mile study area was \$726 compared with \$621 in all of Brooklyn. In addition, while the median home value in the Prospect Heights subarea (the area in which a majority of the project

site is located) was approximately seven percent lower than the Brooklyn median in 1999 (\$213,736 in the subarea compared with \$229,220 in Brooklyn), the subarea's median contract rent was higher (\$734 in the Prospect Heights subarea compared with \$621 in Brooklyn).

Nonetheless, the proposed project would remove the blighted conditions that currently characterize the project site, and neither the current effects of this blight nor the effects of its removal in the future with the proposed project can be determined in this preliminary assessment. Therefore, further analysis is needed to fully address the indirect displacement concern.

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

As described above under Direct Residential Displacement, the proposed project would directly displace approximately 410 residents. Specific characteristics of the 410 residents cannot be obtained through the US Census Bureau. However, the data for the project area block groups presented earlier indicate that the profile of the displaced population is not markedly different from that of the overall study area. Therefore, the proposed project would not directly displace any particular component of the study area population in a way that would alter the socioeconomic composition of the study area. Furthermore, the 410 directly displaced residents would represent less than one percent of the total population in both the ½-mile and ¾-mile study areas, and approximately 1.3 percent of the total population in the Prospect Heights subarea, the area in which the directly displaced households are located. This displacement would not have the potential to alter the socioeconomic character of the study area.

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

As described in Section E, "Detailed Analysis for Indirect Residential Displacement," median home values and rental rates in the ¾-mile study area are generally higher than the medians for Brooklyn and New York City, and current real estate data indicate that property values in many of the study area neighborhoods have been increasing at a faster rate than in the borough or city in recent years. Because residential property values in the study area are already comparatively high, and the proposed project would introduce not just market-rate housing, but a substantial number of affordable housing units (2,250 rental units), it is unlikely that the housing introduced by the proposed project would, as a whole, be substantially more costly than the existing housing and housing expected to be in place in the future without the proposed project.

However, as also described in Section E, there is considerable variation in home value and rental rates among the neighborhood subareas included in the study area. Therefore, it is likely that the market-rate housing introduced by the proposed project would be more costly than the existing and future housing located in particular neighborhood subareas. The large number of market-rate housing units that would be introduced by the proposed project (between 2,825 and 4,180 units) indicates that further analysis is needed to determine the potential for significant adverse impacts resulting from indirect residential displacement.

5. *Would the proposed project 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?*

It is the intent of the proposed project to create a mixed-use area that includes both residential uses and non-residential uses as well as eight acres of publicly accessible open space. The proposed project would introduce a considerable amount of new office space to the project site—between 336,000 square feet and 1.6 million square feet. However, the study area already contains a

substantial amount of office space (see preliminary assessment for indirect business displacement) and the surrounding residential neighborhoods are already attractive places to live, as evidenced by the rental rates and home values in the ¾-mile study area, which are higher than in Brooklyn as a whole. As discussed more fully under the detailed analysis for indirect business displacement, the study area already contains approximately 8.3 million square feet of office space and is expected to gain another 4.2 million square feet of office space by the time the proposed project is completed in 2016. Viewed in the context of the existing office inventory and the continued trend towards office development in the future without the proposed project, the introduction of between 0.3 million and 1.6 million square feet of office space under the proposed project would not represent a critical mass that would make the study area more attractive as a residential location.

While the open space planned as part of the proposed project would provide a valuable amenity to the residential and worker population in the study area, it would not introduce a critical mass of nonresidential use that would substantially increase the area's desirability as a neighborhood complex. As described in Chapter 6, "Open Space," there are already a number of parks located within the ¾-mile study area, including 30-acre Fort Greene Park to the north, 585-acre Prospect Park to the south, and numerous other active and passive open spaces such as South Oxford Park (0.6 acres), Dean Playground (1.3 acres), PS 9 Playground (1.0 acre), Thomas Greene Playground (2.5 acres), and open space connected to Gowanus Houses (2.2 acres). Although the publicly accessible open space introduced by the proposed project (eight acres) would serve as a valuable amenity, it would not represent a new land use or amenity in the study area and therefore would not in and of itself make the area substantially more attractive as a neighborhood complex.

While the proposed project's arena would represent a new economic use in the study area, it would not necessarily make the area more attractive as a residential neighborhood complex. As stated above, the neighborhoods surrounding the proposed project site are already vibrant residential communities. Although aspects of the arena would make a positive contribution to the neighborhood, providing a public urban room and enhanced connections to public transit, the arena itself is a regional resource and would not provide amenities that would be used on a regular basis by local residents such that the study area would become a substantially more attractive place to live.

6. Would the proposed project alter land uses such that it offsets positive trends in the study area, impedes efforts to attract investment to the area, or creates a climate for disinvestment?

The proposed project would not impose any type of change that would diminish investment in the study area. To the contrary, the proposed project would reinforce the trend toward increasing residential and office investment, drawing direct investment to the area through building construction, open space creation, and transportation improvements, and creation of physical and visual connections among the various neighborhoods surrounding the project site. In addition, the proposed project would introduce new residents and workers to the study area, thereby increasing the area's spending power and benefiting existing commercial establishments.

CONCLUSION

This preliminary assessment has identified several changes to the study area residential profile that would occur as a result of the residential mixed-use variation. These include: introduction of a population that may have a socioeconomic profile that, while consistent with the study area as a whole, is markedly different from the profile of existing residents in certain of the neighborhood subareas, particularly the Bedford-Stuyvesant subarea; removal of blighted conditions; and introduction of market-rate housing units that may be more costly than the existing and future

housing located in particular neighborhood subareas in the ¾-mile study area. Because the effects of these changes cannot be determined by a preliminary assessment, a detailed analysis is necessary.

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

Like the analysis of indirect residential displacement, the preliminary assessment for indirect business and institutional displacement focuses on whether the proposed project would increase property values and rents throughout the study area, making it difficult for some categories of business to remain at their current locations. The preliminary assessment is based on a characterization of the study area in terms of: conditions and trends in employment; physical and economic conditions; existing conditions and trends in real estate values and rents; zoning and other regulatory controls; the presence of categories of vulnerable businesses/institutions or employment; and underlying trends in the city's economy.

As described in Section A, "Introduction and Analysis Framework," the assessment of indirect business and institutional displacement is based on the proposed project's commercial mixed-use variation, which would incorporate somewhat more office use than the residential mixed-use variation. In total, the commercial mixed-use variation would provide 5,325 residential units (compared with 6,430 under the residential mixed-use variation) and approximately 1.6 million square feet of office space (compared with 0.3 million square feet under the residential mixed-use variation). The amount of retail (247,000 sf) would remain the same under either variation.

Based on *CEQR Technical Manual* guidelines, the preliminary assessment of indirect business and institutional displacement uses the following criteria:

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

The commercial mixed-use variation would introduce five general types of economic activities/uses to the project site: a sports arena, retail space, office space, residential units, and community facilities. Based on the New York City Department of Finance's Real Property Assessment Data (RPAD), the ¾-mile study area already contains approximately 8.3 million square feet of office space and 7.8 million square feet of retail space. Therefore, the office and retail space introduced by the commercial mixed-use variation would not represent economic activity that is new to the study area. Similarly, as of the 2000 Census, the ¾-mile study area contained 59,773 housing units, so the 5,325 residential units introduced under the commercial mixed-use variation would not represent an economic activity that is new to the study area.

The proposed arena would represent a new economic activity in the study area. It is currently anticipated that the arena would host approximately 225 events per year, with over 60 percent of those events (approximately 140 events) occurring in the evenings. As described in Chapter 1, "Project Description," the arena would accommodate up to 18,000 for basketball games and could be configured with 19,925 seats, however, due to production and operational constraints, it is unlikely that events of this capacity would occur. Considering that the arena would, at full capacity, draw a large number of persons to the study area, and that some portion of these arena visitors would purchase goods and services not just within the arena but at businesses surrounding the arena, it is possible that the arena could increase demand for certain types of goods and services (e.g., restaurants) in the surrounding area. This could have some effect on existing economic patterns along retail corridors located within close proximity to the project site. Therefore, a detailed analysis is necessary to determine the potential for significant adverse impacts resulting from indirect business and institutional displacement.

As described earlier, the residential mixed-use variation would include a 180-room hotel. Although hotel uses are not common in the $\frac{3}{4}$ -mile study area, its effect on economic conditions would be similar to the effect of the arena in that it would draw visitors to the study area. Potential effects of the hotel on existing economic patterns would be considerably less than potential effects of the arena, and would be covered below in Section F, “Detailed Analysis of Indirect Business and Institutional Displacement.”

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?

As discussed below, the commercial mixed-use variation would not add to the concentration of the retail or office sectors such that it would alter or accelerate an ongoing trend to alter existing economic patterns. However, the commercial mixed-use variation would add a substantial amount of residential development to the study area (5,325 units), and the possibility that this new residential development would have some localized effect on economic patterns in the study area cannot be ruled out in a preliminary assessment.

According to the NYC Department of Finance’s RPAD, the $\frac{3}{4}$ -mile study area contains approximately 7.8 million square feet of retail space. Of that, approximately 875,000 square feet are located in the Atlantic Center (400,000 sf) and Atlantic Terminal (475,000 sf) shopping centers, which contain retail of a different scale and character than the retail included in the proposed project. Both the residential mixed-use variation and commercial mixed-use variation would introduce approximately 247,000 square feet of ground-floor retail space to the project area. As described in Chapter 1, “Project Description,” some portion of this space would be used to house community facilities. However, conservatively assuming that all 247,000 sf of space would be devoted to retail, the new retail space would represent a modest 3.2 percent increase over existing conditions. As described in Section F, “Detailed Analysis for Indirect Business Displacement,” it is expected that the $\frac{3}{4}$ -mile study area would gain a total of 868,860 sf of retail space by 2016 in the future without the proposed project. Therefore, by 2016, absent the project, the study area would contain approximately 8.7 million square feet of retail, and the 247,000 sf of retail built under the proposed project would represent less than 3 percent of all retail in the $\frac{3}{4}$ -mile study area. The retail space planned under the proposed project is intended to house neighborhood retail that would primarily support the local residential and worker population. It would not include destination or big box retail, which might draw customers from a larger trade area. Therefore, the proposed retail would not have the potential to affect existing economic patterns.

The commercial mixed-use variation would introduce approximately 1.6 million square feet of office space to the project site. According to the NYC Department of Finance’s RPAD, the $\frac{3}{4}$ -mile study area currently contains approximately 8.3 million square feet of office space. Under the future without the proposed project, it is anticipated that by 2016, an additional 4.2 million square feet of office space would be added to the $\frac{3}{4}$ -mile study area, bringing the total amount of office space in the $\frac{3}{4}$ -mile area to approximately 12.5 million square feet. By 2016, the 1.6 million square feet of office space added under the commercial mixed-use variation would represent approximately 11 percent of the study area’s total office inventory. Considering this, and that the amount of office space planned under the commercial mixed-use variation represents less than one-third of the total new office space that would be built in the future with the proposed project (a total of 5.9 million square feet), the commercial mixed-use variation would represent a reasonable continuation of an existing trend towards office development in the study area, rather than the introduction of a new trend or the acceleration of an ongoing trend that changes existing economic patterns in the $\frac{3}{4}$ -mile study area.

As shown in Table 2-1 in Chapter 2, “Procedural and Analytical Framework,” the vast majority of the office space expected to be built in the future without the proposed project would be built during Phase II of the proposed project (between 2010 and 2016). In contrast, the office space planned under the commercial mixed-use variation would be completed during Phase I (by 2010). Therefore, in 2010, the office space built under the commercial mixed-use variation would represent a more substantial proportion of total office space in the ¾-mile study area (15 percent) than it would in 2016 (11 percent). Given the existing established trend towards office development within the ¾-mile study area and the broader Downtown Brooklyn area (which extends north of the ¾-study area boundary; see Chapter 3, “Land Use, Zoning, and Public Policy”), even this substantial increase would not represent a new trend or the acceleration of an ongoing trend that would change economic patterns in the broader ¾-mile study area. However, as discussed under Section F, “Detailed Analysis of Indirect Business and Institutional Displacement,” the new office employees would increase demand for goods and services such as food and beverages and office supplies – particularly along corridors located in close proximity to the new office space. It is possible that this added demand could affect economic trends along portions of study area retail corridors. The potential for localized effects on study area retail is examined under the detailed analysis for indirect business displacement.

As discussed above, the arena would represent a new economic use in the ¾-mile study area, and its presence could potentially alter existing economic patterns in localized areas surrounding the arena site. This concern is addressed in Section F, “Detailed Analysis of Indirect Business and Institutional Displacement.” However, although the arena could potentially affect business patterns along retail corridors located within close proximity to the project site, it would not add to a particular sector of the local economy such that it would affect overall ongoing economic trends in the broader ¾-mile study area.

The commercial mixed-use variation would introduce 5,325 residential units to the study area—an increase of approximately 8 percent over 2016 conditions within the ¾-mile study area in the future without the proposed project. The ¾-mile study area already exhibits a strong trend towards residential development such that the introduction of 5,325 units on the project site would not alter economic patterns in the study area as a whole. However, the 5,325 households that would be introduced under the commercial mixed-use variation would increase demand for neighborhood retail goods and services in the study area—particularly along retail corridors located in close proximity to the new housing units. It is possible that this added demand could affect economic trends along portions of study area retail corridors. The potential for localized effects on study area retail is examined under the detailed analysis for indirect business displacement.

Some industries or occupations tend to be considered more vulnerable than others to indirect displacement pressures. For example, artists are commonly thought of as particularly sensitive to changes in the local economy because many artists are self-employed, have an irregular income stream, and therefore may be unable to sustain increases in rental rates. Although artists may have particular work practices and space needs or preferences (e.g., many artists operate out of “live/work” spaces), the basic conditions that may cause them to experience indirect displacement pressures are the same as for any other business or resident in the study area. Therefore, it is not necessary to single out artists in a detailed analysis of indirect business or residential displacement; they are more appropriately considered as part of the general group of businesses and/or residents who might be vulnerable to indirect displacement pressures.

Nonetheless, the community raised a special concern about the potential indirect displacement of artists during the public review of the scope of work for this EIS. As evidenced by maps and brochures published by local arts organizations (e.g., the Gowanus Artists map published for the

2005 Annual Gowanus Artists Studio Tour and the 2005 NYC Open Studios Tour map published by Emerging Artists International), there are artist studios located in several locations across the ¾-mile study area.¹ Although a few small clusters of studio activity do exist (e.g., around the Gowanus Canal), in general the artists living and working in the study area are located in a variety of neighborhoods and contexts, with some operating studios and gallery space out of their homes and others occupying more traditional retail space along commercial corridors.

It is difficult to estimate the number of artists living and/or working in the ¾-mile study area based on publicly available information from employment data sources such as the U.S. Census Bureau. Tract-level data from the 2000 Census is only available for broad industry categories, and the category that contains artists includes a wide variety of businesses in arts, entertainment, recreation, accommodation, and food services. According to the 2000 Census, approximately 4,770 employees work in the “arts, entertainment, recreation, accommodation and food services” industry in the ¾-mile study area. Most people would consider only a subset of these employees and residents to be “artists.”

Industry data from the New York State Department of Labor (DOL) is available for more specific labor categories, but is only published at the zip-code level. As discussed later under Section F, “Detailed Analysis of Indirect Business and Institutional Displacement,” although zip codes 11217 and 11218 cover a majority of the ¾-mile study area, they do not capture portions of the study area such as Downtown Brooklyn that contain a substantial number of employees, or areas such as Gowanus and Park Slope south of Union Street that contain several artist studios. According to the most recent data available from DOL (third quarter, 2005), there are 396 employees in zip codes 11217 and 11218 who are working in a more specific grouping of arts-related businesses, including: motion picture and video industries; specialized design services; performing arts companies; and artists, writers and performers. Of those, only 15 were classified as “artist, writers, and performers.”

Overall, the Census and DOL data and information from local arts organizations indicate that there are some people working in the ¾-mile area who are employed in the arts industries, but that these people are dispersed throughout the study area. As discussed under Section F, “Detailed Analysis of Indirect Business and Institutional Displacement,” any increases in rent due to the proposed project would be limited to approximately ¼ mile around the project site and, therefore, would have the potential to affect only a very small number of artists. Therefore, it is not anticipated that there would be any significant indirect business displacement of artists due to the proposed project.

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

As indicated above under the preliminary assessment for Indirect Residential Displacement, the approximately 22-acre site on which the proposed project would be built is characterized by blighted conditions such as vacant and underutilized buildings, vacant lots, building facades that are in ill-repair (e.g., crumbling brickwork, graffiti, flaking paint), and structures that suffer from serious physical deterioration. In addition, the open rail yard stretches across most of three blocks on the project site (Blocks 1119, 1120, and 1121) and creates a substantial physical and visual barrier between the neighborhoods to the north and south of the yards.

¹ Maps showing the location of selected artist studios can be obtained from: www.nycopenstudios.org and www.gowanusartists.com, last accessed on May 1, 2006.

The blighted conditions appear to be limited in large part to the project site itself. Commercial properties in the blocks to the project site's north, across Atlantic Avenue include two major commercial complexes: Atlantic Center, which was completed in 1996 and includes approximately 400,000 sf of retail space, and Atlantic Terminal, which was completed in 2004 and includes approximately 470,000 sf of retail and 425,000 sf of office space. However, investment in these blocks is due in large part to their inclusion in the Atlantic Terminal Urban Renewal Area (ATURA). In general, commercial development on blocks east, west, and south of the project site, which are not included in ATURA and have therefore not been the subject of publicly guided redevelopment efforts, is not as substantial as commercial development to the north.

The proposed project would remove blighted conditions that currently exist on the project site and the blighting influence of the below-grade rail yard. The current effect that this blight has on commercial properties in surrounding blocks (particularly those south, east, and west of the project site) is uncertain and the effects of its removal cannot be determined in this preliminary assessment. Therefore, further analysis is needed to fully address the indirect displacement concern.

4. Would the proposed project directly displace uses of any type that directly support businesses in the area or bring to the area people that form a customer base for local businesses?

The proposed project would not displace uses that directly support local businesses or that draw a customer base to the area. As described earlier under "Direct Business Displacement," the businesses that would be directly displaced by the proposed project include: four gas stations/auto-repair shops, a towing business, a U-Haul truck rental facility, two storage facilities, a warehouse/exhibition services business, a small clothing store/cultural center, a holistic health center, a cell phone importer, several small wholesale and manufacturing firms, two import/export businesses, two small eating and drinking places, a framing shop, a PC Richard & Son appliance store and a Modell's sporting goods store. In addition, the project site currently hosts a privately operated facility that provides temporary housing for homeless families through contract with NYCDHS, a union hall, and a FDNY equipment cleaning facility.

None of these establishments is likely to draw large volumes of customers that would form the customer base for surrounding businesses. Patronage at the on-site industrial and auto-related businesses (gas stations/auto repair, warehouse and storage) is likely to be infrequent and their customer base is likely to be small. Most of the retail businesses on the project site (eating and drinking, framing, clothing, holistic health center) are not large enough to draw a significant volume of customers. The two larger retail stores (PC Richard & Son and Modell's) may draw a substantial number of customers, but their displacement would have no significant effect on the study area's customer base because of the large residential population in the study area and the continued presence of Atlantic Center and Atlantic Terminal shopping centers, which are directly across Atlantic Avenue from the PC Richard & Son and Modell's site and draw a very large number of shoppers.

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

As described above under the preliminary assessments for Direct Residential Displacement and Direct Business Displacement, the proposed project would directly displace approximately 306 employees and 410 residents. The 410 residents who would be displaced by the proposed project represent approximately 0.6 percent of the 2000 ½-mile study area population. The 306 employees represent less than one percent of the ¾-mile study area employment in 2005, based

on employment data from Claritas, Inc. The displacement of these residents and workers would not represent a significant portion of the customer base for existing businesses.

The proposed project would create a new customer base of residents, employees, and visitors. Under the commercial mixed-use variation, the proposed project would introduce a total of approximately 11,180 residents and 8,560 employees to the study area by 2016. Accounting for the directly displaced households and businesses, net new population and employment would be approximately 10,770 and 8,254, respectively, by 2016. In addition, the arena would attract a substantial number of visitors per year. The influx of residents, employees, and visitors to the study area would create a sizable new customer base for existing and future retail services and businesses.

6. *Would the proposed project alter land use patterns such that the project offsets positive trends in the area, impedes efforts to attract investment to the area, or creates a climate for disinvestment that could lower property values?*

The proposed project would not impose any type of change that would diminish investment in the study area. To the contrary, the proposed project would reinforce the trend towards increasing residential and office investment, drawing direct investment to the area through building construction, open space creation, and transportation improvements, and the creation of physical and visual connections among the various neighborhoods surrounding the project site. In addition, the proposed project would introduce new residents and workers to the study area, thereby increasing the area's spending power and benefiting existing commercial establishments.

CONCLUSION

This preliminary assessment has identified several changes to the study area business and economic profile that would occur as a result of the commercial mixed-use variation, including: the introduction of an arena, which would represent a new economic use in the study area; the addition of 5,325 residential units, which would increase demand for neighborhood retail goods and services; and the removal of blighted conditions on the project site, which could affect the property values of commercial properties surrounding the project site. Because the effects of these changes cannot be determined by a preliminary assessment, a detailed analysis is necessary.

ADVERSE EFFECTS ON SPECIFIC INDUSTRY

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

As described above, the businesses that would be directly displaced by the proposed project vary in type and size, and are not concentrated in any particular industry. Furthermore, none of the businesses are essential to the survival of other industries outside of the study area. They do not, for example, serve as the sole provider of goods and services to an entire industry or category of business in the city.

Because the goods and services provided by the businesses that would be directly displaced are diverse, and none of these businesses provides inputs that are crucial to the survival of some

particular class of business, the proposed project would not have a significant adverse impact on any specific industry within or outside of the study area.

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

As stated above, no particular industry would be affected by the proposed project. Combined, the estimated 306 employees subject to direct displacement represent less than one percent of the jobs in the study area.

The direct displacement of existing employees in the study area and the anticipated increase in employment from operation of the proposed project would not significantly affect business conditions in any industry or category of business and would not indirectly substantially reduce employment or impair the economic viability of any industry or category of business. Therefore, the proposed project would not lead to a significant adverse impact due to effects on specific industries.

E. DETAILED ANALYSIS: INDIRECT RESIDENTIAL DISPLACEMENT

The preliminary assessment for indirect residential displacement indicated the need for further investigation on the project's potential to result in significant adverse impacts. Therefore, a detailed analysis has been completed. According to section 332.1 of the *CEQR Technical Manual*, the approach to a detailed assessment of indirect residential displacement is similar to that of the preliminary assessment but requires more in-depth analysis of Census information and may include field surveys. The objective of the analysis is to characterize existing conditions of residents and housing in order to identify populations that may be vulnerable to displacement ("populations at risk"), to assess current and future socioeconomic trends in the area that may affect these populations, and to examine the potential effects of the proposed action on prevailing socioeconomic trends and, thus, its impact on the identified populations at risk.

In accordance with the *CEQR Technical Manual*, this analysis is divided into three sections: Existing Conditions, including detailed population and housing characteristics; conditions in the Future Without the Proposed Project; and Probable Impacts of the Proposed Project, which describes conditions in the future with the proposed project and draws conclusions about whether the proposed project would cause significant adverse indirect residential displacement impacts. The proposed project's potential to affect residential property values would be similar for Phase I and Phase II of the development program. However, future conditions and potential effects of the project are discussed according to project phase where appropriate.

A 3/4-mile study area was utilized in the detailed analysis of indirect residential displacement. This study area extends beyond the 1/2-mile area recommended in the *CEQR Technical Manual*. The study area boundaries and subarea boundaries used in this detailed analysis are shown in Figure 4-5. As described in Section C, "Methodology," the boundaries used for the analysis of indirect residential displacement are based on Census tracts, or on block groups where a Census tract was not entirely within the study area or subarea boundaries. Although each subarea is named for the neighborhood in which it is located, the boundaries used for this analysis do not necessarily conform to the generally accepted boundaries of each neighborhood. In some cases Census boundaries can provide only a rough approximation of the actual boundary between neighborhoods. For example, Flatbush Avenue divides the neighborhoods of Park Slope and Prospect Heights, but the neighborhood subarea boundary shown in Figure 4-5 strays from Flatbush Avenue in several places to conform to Census block group boundaries. In other cases, the boundaries of a neighborhood extend well beyond the 3/4-mile study area, such that the neighborhood subarea shown in Figure 4-5 captures only a portion of the actual neighborhood

for which it is named. This is the case for the Bedford-Stuyvesant and Downtown Brooklyn neighborhoods – both of which extend beyond the ¾-mile study area.

EXISTING CONDITIONS

POPULATION

According to the 2000 Census, the ¾-mile study area contained approximately 130,057 residents in 2000. Almost half (48.1 percent) of the study area’s population was African American, due largely to the high number of African American residents in the Bedford Stuyvesant, Clinton Hill, Downtown Brooklyn, Prospect Heights, and Fort Greene subareas. Although the proportion of Hispanic and Asian residents was lower in the ¾-mile study area than in the Borough of Brooklyn and the City of New York, minority residents still represented a larger proportion of the total population in the study area (71.3 percent) than in the borough or the city (both approximately 65 percent). Tables 4-5 and 4-6 present 1980, 1990, and 2000 population characteristics for the ¾-mile study area, Brooklyn, and New York City.

**Table 4-5
Population: 1980, 1990, 2000**

	Total Population			Percentage Change	
	1980	1990	2000	1980-1990	1990-2000
Bedford-Stuyvesant	9,480	9,456	9,520	-0.3%	0.7%
Boerum Hill	13,552	13,122	13,584	-3.2%	3.5%
Clinton Hill	19,940	21,415	21,076	7.4%	-1.6%
Downtown Brooklyn	6,949	6,354	7,480	-8.6%	17.7%
Fort Greene	14,113	14,960	15,206	6.0%	1.6%
Gowanus	9,567	8,653	8,641	-9.6%	-0.1%
Park Slope	27,235	26,698	26,878	-2.0%	0.7%
Prospect Heights	28,295	27,579	27,672	-2.5%	0.3%
¾-mile Study Area Total	129,131	128,237	130,057	-0.7%	1.4%
Brooklyn	2,230,936	2,300,664	2,465,326	3.1%	7.2%
New York City	7,071,639	7,322,564	8,008,278	3.5%	9.4%
Sources: U.S. Department of Commerce, Bureau of the Census, 1980, 1990, and 2000 Census, Summary File 1.					

Several subtle changes occurred in the study area population between 1980 and 2000, which showed a modest 0.7 percent growth during this 20-year span. Between 1980 and 1990, the study area population decreased by 0.7 percent, reflecting decreases in all subareas, except for Clinton Hill, which grew by 7.4 percent, and Fort Greene, which grew by 6 percent. This population loss ran counter to trends in Brooklyn and New York City, where population increased by 3.1 percent and 3.5 percent, respectively, during the 1980s. In contrast, between 1990 and 2000, the study area’s population increased by 1.4 percent, with only the Gowanus and Clinton Hill subareas showing a decline. The increase was still less than that of Brooklyn and New York City, however, where population increased by 7.2 and 9.4 percent, respectively, over the course of the decade. As discussed in the Households and Income section of Existing Conditions, this slight population growth in the study area is attributable to a drop in household size combined with only a modest increase in households and housing units.

Table 4-6
Race and Ethnicity: 1980, 1990 and 2000

Area	Race ^{1,2}												Hispanic or Latino ³			Total Minority ⁴		
	White			African American			Asian or Pacific Islander			Other								
	'80	'90	'00	'80	'90	'00	'80	'90	'00	'80	'90	'00	'80	'90	'00	'80	'90	'00
Bedford-Stuyvesant	2.8	3.1	4.7	91.1	90.5	83.5	0.1	0.4	1.7	6.0	6.0	10.2	8.3	11.4	12.4	99.0	98.9	98.0
Boerum Hill	45.5	49.4	52.9	27.5	31.5	24.3	2.2	2.6	4.0	24.8	16.5	18.8	44.1	35.0	27.8	72.8	64.7	58.7
Clinton Hill	16.0	18.1	18.8	79.0	76.1	68.8	0.9	2.1	4.0	4.1	3.7	8.4	6.8	9.3	10.3	85.9	85.0	84.4
Downtown Brooklyn	17.7	16.5	19.5	64.2	66.5	56.6	7.1	6.1	8.6	11.0	10.9	15.3	17.1	24.1	20.5	87.9	89.7	86.7
Fort Greene	17.2	17.8	21.5	70.1	71.4	61.7	1.7	2.5	2.7	11.0	8.2	14.0	18.1	18.5	11.5	88.4	86.3	83.5
Gowanus	48.4	45.9	47.1	31.6	33.9	25.8	0.6	1.7	2.6	19.4	18.5	24.5	39.6	36.9	37.3	70.4	67.8	66.5
Park Slope	61.4	68.3	68.4	21.3	18.3	14.5	1.7	3.2	5.1	15.6	10.2	12.1	29.3	21.6	17.6	51.7	41.0	39.0
Prospect Heights	16.8	19.5	22.7	74.1	71.7	61.6	1.1	2.0	4.2	8.0	6.8	11.5	15.8	16.0	14.3	88.8	84.8	80.6
¾-mile Study Area Total	30.5	32.7	34.7	56.0	55.7	48.1	1.6	2.5	4.1	12.0	9.1	13.2	21.8	19.7	17.2	78.1	74.0	71.3
Brooklyn	56.0	46.9	41.2	32.4	37.9	36.4	1.9	4.8	7.6	9.7	10.4	14.8	17.7	20.1	19.8	51.4	59.9	65.3
New York City	60.7	52.3	44.7	25.2	28.7	26.6	3.3	7.0	9.9	10.8	12.0	18.9	20.0	24.4	27.0	48.2	56.8	65.0

Notes:

¹ White, Black, Asian, and Other population may include Hispanic residents (see note 3).

² Race categories were reported differently in the 1980, 1990 and 2000 Census. In order to draw comparisons, the 2000 Census Categories of "Asian Alone" and "Native Hawaiian and Other Pacific Islander Alone" were combined into "Asian" and the categories of "American Indian and Alaska Native alone," "Some other race alone" and "Two or more races" were combined into "Other." For 1980 and 1990 data, the "Other" category combines the categories of "American Indian, Eskimo, or Aleut" and "Other race."

³ The Hispanic or Latino category consists of those respondents who classified themselves in one of the several Hispanic origin categories in the Census questionnaire. People of this ethnic group may be of any race.

⁴ The total minority population includes residents of all races and ethnic groups except non-Hispanic Whites.

Sources: U.S. Department of Commerce, Bureau of the Census, 1980, 1990, and 2000 Census, Summary File 1.

The racial composition of the study area population also shifted between 1980 and 2000. While the percent of the population considered as minority was high in 2000 (71.3 percent of the total population, as compared with 65.3 percent in Brooklyn and 65.0 percent in New York City), it declined noticeably between 1980 and 2000—from 78.1 percent in 1980 to 74.0 percent in 1990 to 71.3 percent in 2000. In contrast, the minority population in Brooklyn and New York City grew over the course of both decades. The African American population, which had a majority share of the study area population in 1980 and 1990 (56.0 and 55.7 percent), had only a 48.1 percent share by 2000, demonstrating the largest percentage decrease in population within the study area during that period. The White, Asian or Pacific Islander, and Other populations all showed modest increases in their population share between 1990 and 2000 (2.0, 1.6, and 4.1 percent, respectively). Table 4-7 shows a more detailed racial and ethnic profile of the ¾-mile study area, broken out into Census tract and block group.

Prospect Heights

Prospect Heights was the most populated subarea with 27,672 residents in 2000 (see Table 4-5). Like the majority of subareas, the Prospect Heights subarea experienced a decrease in population (2.5 percent) between 1980 and 1990 and a slight increase in population between 1990 and 2000 (0.3 percent). The subarea's population was still predominately African American in 2000, although this group's share of the population decreased significantly over the past two decades—from 74.1 percent of the population in 1980 to 71.7 percent in 1990 and 61.6 percent in 2000. In 2000, the shares of Asian and Other residents in the Prospect Heights subarea were similar to those in the study area as whole, representing 4.2 and 11.5 percent of the population, respectively. The subarea's Hispanic or Latino population decreased during the 1990s as a share of the total population, from 16.0 to 14.3 percent, and is about 3 percent less than the Hispanic or Latino share in the study area as a whole. The neighborhood's minority population similarly decreased, from 84.8 percent in 1990 to 80.6 percent in 2000.

Table 4-7
Race and Ethnicity by Census Tract and Block Group: 2000

Census Tract (CT)/ Block Group (BG)	2000 Total	Race ^{1,2}								Ethnicity ³		Total Minority (%) ⁴
		White	%	Black	%	Asian	%	Other	%	Hispanic	%	
CT 11 BG 1	117	54	46	26	22	12	10	25	21	48	41	74
CT 25 BG 1	1,799	182	10	1,290	72	9	1	318	18	495	28	99
CT 25 BG 2	306	138	45	93	30	39	13	36	12	58	19	62
CT 27 BG 1	209	12	6	175	84	0	0	22	11	47	22	99
CT 27 BG 2	412	102	25	108	26	24	6	178	43	177	43	82
CT 29.1 BG 1	3,683	353	10	2,545	69	64	2	721	20	1,104	30	98
CT 29.1 BG 2	617	40	6	453	73	8	1	116	19	199	32	98
CT 31 BG 1	0	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A	N/A
CT 31 BG 2	777	221	28	447	58	62	8	47	6	141	18	80
CT 31 BG 3	2,093	332	16	1,195	57	379	18	187	9	223	11	88
CT 33 BG 1	780	367	47	274	35	46	6	93	12	131	17	62
CT 33 BG 2	1,568	369	24	817	52	108	7	274	17	350	22	82
CT 35 BG 1	1,212	243	20	813	67	38	3	118	10	151	12	82
CT 35 BG 2	265	113	43	104	39	27	10	21	8	17	6	60
CT 37 BG 1	251	75	30	82	33	20	8	74	29	49	20	74
CT 37 BG 2	106	49	46	17	16	14	13	26	25	37	35	75
CT 39 BG 1	634	336	53	169	27	31	5	98	15	76	12	51
CT 39 BG 2	252	110	44	75	30	16	6	51	20	28	11	59
CT 39 BG 3	487	245	50	114	23	15	3	113	23	110	23	58
CT 39 BG 4	746	313	42	147	20	33	4	253	34	342	46	73
CT 41 BG 1	993	639	64	216	22	36	4	102	10	131	13	42
CT 41 BG 2	676	509	75	94	14	27	4	46	7	115	17	37
CT 41 BG 3	1,112	875	79	101	9	27	2	109	10	177	16	31
CT 41 BG 4	470	307	65	48	10	43	9	72	15	75	16	41
CT 43 BG 1	685	114	17	456	67	7	1	108	16	133	19	88
CT 43 BG 2	674	377	56	92	14	38	6	167	25	226	34	61
CT 43 BG 3	850	583	69	72	8	92	11	103	12	169	20	41
CT 43 BG 4	733	491	67	42	6	24	3	176	24	250	34	48
CT 45 BG 1	1,116	917	82	22	2	78	7	99	9	91	8	22
CT 69 BG 1	728	522	72	79	11	37	5	90	12	171	23	42
CT 69 BG 2	939	510	54	95	10	48	5	286	30	382	41	62
CT 69 BG 4	848	633	75	36	4	63	7	116	14	205	24	39
CT 71 BG 1	642	462	72	101	16	16	2	63	10	171	27	44
CT 71 BG 2	746	332	45	249	33	21	3	144	19	203	27	66
CT 71 BG 3	3,221	536	17	1,875	58	20	1	790	25	1,484	46	98
CT 75 BG 1	968	760	79	57	6	36	4	115	12	190	20	31
CT 75 BG 2	891	749	84	16	2	28	3	98	11	123	14	24
CT 75 BG 3	1,018	809	79	16	2	48	5	145	14	194	19	30
CT 125 BG 1	668	244	37	119	18	16	2	289	43	364	54	80
CT 125 BG 2	572	345	60	33	6	19	3	175	31	160	28	49
CT 127 BG 1	672	255	38	195	29	15	2	207	31	271	40	74
CT 127 BG 2	1,412	350	25	624	44	21	1	417	30	676	48	91
CT 127 BG 3	957	225	24	437	46	4	0	291	30	491	51	95
CT 127 BG 4	364	117	32	19	5	7	2	221	61	325	89	97
CT 129.1 BG 1	706	361	51	128	18	39	6	178	25	311	44	68
CT 129.1 BG 2	988	462	47	265	27	45	5	216	22	310	31	65
CT 129.1 BG 3	545	260	48	148	27	43	8	94	17	118	22	59
CT 129.2 BG 1	418	273	65	94	22	8	2	43	10	96	23	46
CT 129.2 BG 2	996	502	50	254	26	48	5	192	19	223	22	55
CT 129.2 BG 3	711	505	71	129	18	22	3	55	8	129	18	40
CT 131 BG 1	1,024	441	43	359	35	43	4	181	18	278	27	68
CT 131 BG 2	1,042	557	53	288	28	45	4	152	15	303	29	60
CT 131 BG 3	806	536	67	133	17	37	5	100	12	178	22	42
CT 131 BG 4	1,122	499	44	220	20	38	3	365	33	547	49	70
CT 133 BG 1	1,063	601	57	183	17	65	6	214	20	322	30	56
CT 133 BG 2	997	720	72	82	8	31	3	164	16	261	26	39
CT 133 BG 3	881	640	73	79	9	44	5	118	13	130	15	32
CT 133 BG 4	726	490	67	49	7	69	10	118	16	108	15	36
CT 135 BG 1	1,008	730	72	146	14	51	5	81	8	118	12	34
CT 135 BG 3	765	459	60	72	9	20	3	214	28	390	51	62
CT 155 BG 1	672	547	81	49	7	28	4	48	7	73	11	26
CT 157 BG 1	881	730	83	47	5	40	5	64	7	84	10	21
CT 157 BG 2	889	756	85	56	6	54	6	23	3	49	6	19

Table 4-7 (cont'd)
Race and Ethnicity by Census Tract and Block Group: 2000

Census Tract (CT)/ Block Group (BG)	2000 Total	Race ^{1,2}								Ethnicity ³		Total Minority (%) ⁴
		White	%	Black	%	Asian	%	Other	%	Hispanic	%	
CT 157 BG 3	1,348	1,136	84	88	7	55	4	69	5	107	8	21
CT 157 BG 4	1,025	746	73	133	13	67	7	79	8	63	6	30
CT 159 BG 1	1,193	968	81	86	7	63	5	76	6	88	7	23
CT 159 BG 2	975	795	82	61	6	70	7	49	5	55	6	22
CT 159 BG 3	971	713	73	161	17	31	3	66	7	83	9	30
CT 159 BG 4	969	589	61	242	25	47	5	91	9	152	16	46
CT 159 BG 5	983	698	71	118	12	101	10	66	7	38	4	30
CT 161 BG 1	640	213	33	209	33	21	3	197	31	278	43	79
CT 161 BG 2	907	478	53	259	29	62	7	108	12	130	14	53
CT 161 BG 3	1,021	695	68	214	21	52	5	60	6	66	6	36
CT 163 BG 1	392	91	23	112	29	45	11	144	37	116	30	81
CT 163 BG 2	1,137	468	41	495	44	33	3	141	12	106	9	61
CT 163 BG 3	1,646	716	43	690	42	108	7	132	8	144	9	59
CT 165 BG 1	1,110	935	84	49	4	65	6	61	5	83	7	20
CT 165 BG 2	1,461	1,302	89	53	4	52	4	54	4	60	4	13
CT 179 BG 1	2,193	150	7	1,750	80	42	2	251	11	307	14	96
CT 179 BG 2	465	58	12	354	76	11	2	42	9	53	11	91
CT 179 BG 3	721	209	29	448	62	11	2	53	7	72	10	76
CT 181 BG 1	571	198	35	287	50	25	4	61	11	75	13	67
CT 181 BG 2	410	136	33	235	57	16	4	23	6	18	4	68
CT 181 BG 3	853	278	33	417	49	33	4	125	15	157	18	73
CT 181 BG 4	818	280	34	377	46	32	4	129	16	127	16	69
CT 181 BG 5	1,243	398	32	679	55	45	4	121	10	134	11	70
CT 183 BG 1	862	245	28	471	55	38	4	108	13	164	19	77
CT 183 BG 2	914	316	35	464	51	31	3	103	11	162	18	72
CT 183 BG 3	726	248	34	287	40	11	2	180	25	169	23	71
CT 185.1 BG 1	4,803	470	10	3,451	72	16	0	866	18	1,322	28	98
CT 187 BG 1	1,228	404	33	581	47	34	3	209	17	382	31	80
CT 193 BG 2	1,822	82	5	1,523	84	117	6	100	5	96	5	96
CT 193 BG 3	320	240	75	26	8	28	9	26	8	21	7	25
CT 195 BG 1	828	366	44	293	35	54	7	115	14	210	25	67
CT 195 BG 2	892	248	28	398	45	103	12	143	16	179	20	76
CT 195 BG 3	1,286	135	10	1,040	81	24	2	87	7	107	8	91
CT 195 BG 4	815	222	27	456	56	21	3	116	14	110	13	79
CT 197 BG 1	324	101	31	127	39	66	20	30	9	31	10	71
CT 197 BG 2	918	247	27	512	56	100	11	59	6	88	10	77
CT 197 BG 3	1,244	190	15	924	74	36	3	94	8	85	7	86
CT 197 BG 4	1,091	322	30	650	60	41	4	78	7	112	10	75
CT 199 BG 1	1,183	312	26	723	61	34	3	114	10	145	12	81
CT 199 BG 2	960	192	20	685	71	15	2	68	7	83	9	84
CT 199 BG 3	803	93	12	648	81	12	1	50	6	76	9	92
CT 201 BG 1	860	135	16	655	76	22	3	48	6	56	7	86
CT 201 BG 2	715	109	15	566	79	11	2	29	4	50	7	86
CT 201 BG 3	1,015	201	20	692	68	37	4	85	8	65	6	81
CT 201 BG 4	1,042	212	20	720	69	30	3	80	8	107	10	83
CT 203 BG 1	597	74	12	375	63	32	5	116	19	144	24	90
CT 203 BG 2	595	121	20	354	59	11	2	109	18	159	27	87
CT 205 BG 1	491	73	15	330	67	29	6	59	12	78	16	89
CT 205 BG 2	973	268	28	584	60	28	3	93	10	99	10	75
CT 205 BG 3	980	289	29	551	56	34	3	106	11	112	11	74
CT 207 BG 1	2,152	411	19	1,461	68	64	3	216	10	270	13	82
CT 207 BG 2	1,362	504	37	565	41	97	7	196	14	231	17	67
CT 207 BG 3	1,145	664	58	355	31	51	4	75	7	83	7	45
CT 215 BG 1	693	101	15	405	58	27	4	160	23	145	21	87
CT 215 BG 2	992	103	10	759	77	39	4	91	9	126	13	92
CT 215 BG 3	3,932	908	23	2,618	67	128	3	278	7	362	9	79
CT 217 BG 1	3,843	242	6	2,999	78	247	6	355	9	481	13	96
CT 223 BG 1	751	27	4	656	87	13	2	55	7	127	17	99
CT 223 BG 2	1,368	75	5	1,015	74	41	3	237	17	302	22	99
CT 223 BG 3	1,877	123	7	1,638	87	26	1	90	5	141	8	96
CT 225 BG 1	529	45	9	331	63	11	2	142	27	192	36	98
CT 225 BG 2	252	19	8	185	73	3	1	45	18	41	16	99
CT 227 BG 1	902	9	1	813	90	35	4	45	5	49	5	99

Table 4-7 (cont'd)
Race and Ethnicity by Census Tract and Block Group, 2000

Census Tract (CT)/ Block Group (BG)	2000 Total	Race ^{1,2}								Ethnicity ³		Total Minority (%) ⁴
		White	%	Black	%	Asian	%	Other	%	Hispanic	%	
CT 227 BG 2	593	25	4	504	85	2	0	62	10	21	4	96
CT 227 BG 3	1,322	58	4	1,171	89	3	0	90	7	122	9	98
CT 227 BG 4	589	42	7	501	85	8	1	38	6	41	7	95
CT 229 BG 1	539	12	2	505	94	0	0	22	4	28	5	98
CT 229 BG 2	571	10	2	509	89	0	0	52	9	22	4	99
CT 229 BG 3	460	6	1	420	91	5	1	29	6	27	6	100
CT 229 BG 4	845	42	5	703	83	24	3	76	9	65	8	96
CT 229 BG 5	738	15	2	663	90	27	4	33	4	49	7	99
CT 231 BG 1	955	103	11	707	74	25	3	120	13	119	12	91
CT 231 BG 2	1,063	103	10	873	82	8	1	79	7	97	9	93
CT 231 BG 3	756	56	7	635	84	15	2	50	7	45	6	94
CT 233 BG 3	867	29	3	716	83	28	3	94	11	84	10	97
CT 233 BG 4	2,951	252	9	2,178	74	29	1	492	17	765	26	99
Study Area ⁵	147,503	53,852	34	67,805	48	6,361	4	19,485	13	27,102	19	72
Brooklyn	2,465,326	1,015,728	41	898,350	36	187,283	8	363,965	15	487,878	20	65
New York City	8,008,278	3,576,385	45	2,129,762	27	792,477	10	1,509,654	19	2,160,554	27	65

Notes:

- ¹ White, Black, Asian, and Other population may include Hispanic residents (see note 3).
- ² Race categories were reported differently in the 1980, 1990 and 2000 Census. In order to draw comparisons, the 2000 Census Categories of "Asian Alone" and "Native Hawaiian and Other Pacific Islander Alone" were combined into "Asian" and the categories of "American Indian and Alaska Native alone," "Some other race alone" and "Two or more races" were combined into "Other." For 1980 and 1990 data, the "Other" category combines the categories of "American Indian, Eskimo, or Aleut" and "Other race."
- ³ The Hispanic or Latino category consists of those respondents who classified themselves in one of the several Hispanic origin categories in the Census questionnaire. People of this ethnic group may be of any race.
- ⁴ The total minority population includes residents of all races and ethnic groups except non-Hispanic Whites.
- ⁵ Percentages presented in this table for the ¼-mile study area are slightly different from those presented in Table 4-6 because Table 4-6 is based on a combination of Census tract and block group data while this table is based entirely on block group data.

Sources: U.S. Department of Commerce, Bureau of the Census, 1980, 1990, and 2000 Census, Summary File 1.

Park Slope

The Park Slope subarea population of 26,878, the second largest in the study area, showed a slight increase from 1990 to 2000 (0.7 percent) after losing 2 percent of its residents between 1980 and 1990. As shown in Table 4-6, the Park Slope subarea had the highest percentage of White residents (68.4 percent) of all subareas, a percentage that has grown from 61.4 percent in 1980. The numbers of African American and Hispanic or Latino residents in the Park Slope subarea decreased from 21.3 and 29.3 percent of the population in 1980, respectively, to 14.5 and 17.6 percent in 2000. With this decrease in African American and Hispanic or Latino residents, the percentage of minority residents in the Park Slope subarea (39 percent) was lower in 2000 than in any other subarea, and lower than the Brooklyn and New York City averages (both 65 percent).

Gowanus

As of the 2000 Census, there were 8,641 residents living in the Gowanus subarea. After a 9.6 percent decline in population between 1980 and 1990, population in the Gowanus subarea stabilized, changing by less than 1 percent between 1990 and 2000. Compared with the other subareas, Gowanus had the highest proportion of Hispanic or Latino (37.3 percent) and Other (24.5 percent) populations, and the third highest White population (47.1 percent). About one quarter of the subarea's population is African American, a relatively small share compared with the study area as a whole, where African Americans represent roughly half of the total population.

Boerum Hill

As shown in Table 4-5, the population in the Boerum Hill subarea has remained almost constant (between 13,122 and 13,584 persons) over the past two decades. In 2000, White residents accounted for just over half of the total population (52.9 percent) and African Americans were almost a quarter of the population at 24.3 percent. The share of minority residents in the Boerum Hill subarea decreased by 14.1 percent between 1980 and 2000, with the Hispanic or Latino population decreasing from 44.1 percent to 27.8 percent, the African American population decreasing from 27.5 percent to 24.3 percent, and those classified as Other decreasing from 24.8 percent to 18.8 percent. As of 2000, the Boerum Hill subarea had the second lowest share of minority residents of all subareas after Park Slope, although it still had the second highest percentage of Hispanic residents.

Downtown Brooklyn

The residential population in the Downtown Brooklyn subarea is small compared with other subareas, contributing only 5.8 percent to the total study area population in 2000. As shown in Table 4-5, following an 8.6 percent population drop between 1980 and 1990, the Downtown Brooklyn subarea demonstrated significant growth during the next decade with the population increasing by 17.7 percent to 7,480 residents. The racial composition of the neighborhood had remained relatively stable over the 20-year period, although the African American population decreased by 7.6 percent (224 persons), while residents who identified themselves as White, Asian or Pacific Islander, Other, or Hispanic gained small shares of the total population. The percentage of the population considered as minority dropped slightly from 87.9 to 86.7 percent of the total 2000 subarea population.

Fort Greene

The Census indicates that there were approximately 15,206 people living in the Fort Greene subarea in 2000, representing about 12 percent of the population in the overall study area. The Fort Greene subarea was the only one to experience population growth in both decades from 1980 to 2000 with a total population increase of 7.8 percent.

As shown in Table 4-6, African Americans made up the majority of the total population in 2000 (61.7 percent), followed by White (21.5 percent) and Other (14.0 percent). The subarea's share of African American residents decreased by 8.4 percent between 1980 and 2000, while White, Asian and Pacific Islander, and Other populations increased slightly (4.3, 1.0, and 3.0 percent, respectively). In 2000, Fort Greene had the second lowest percentage of Hispanic residents of all the subareas, at 11.5 percent, a 6.6 percent drop since 1980. Similarly, the neighborhood's share of minority population decreased over this 20-year period from 88.4 percent to 83.5.

Clinton Hill

As in neighboring Fort Greene, the total population in the Clinton Hill subarea grew significantly during the 1980s, from 19,940 to 21,415 (7.4 percent). However, unlike in the Fort Greene subarea, the population in the Clinton Hill subarea decreased slightly during the 1990s to 21,076 by the year 2000. African American residents in the Clinton Hill subarea, according to the 2000 Census, represent the largest share of local population at 68.8 percent, although this share dropped by 10.2 percent between 1980 and 2000. During the same period the share of White, Asian or Pacific Islander, and Other residents grew slightly (2.8, 3.1, and 4.3 percent in 2000, respectively). However, the African American population in the Clinton Hill subarea, with 14,495 residents, was still the largest in absolute terms compared with the African American populations in all other subareas.

Bedford-Stuyvesant

There were 9,520 persons living in the Bedford-Stuyvesant subarea in 2000. As shown in Table 4-5, the subarea’s population remained relatively constant between 1980 and 2000, increasing by 40 residents over the 20-year period. The racial composition of the subarea has shifted since 1980, when 91.1 percent of residents were African American. By 2000, this share decreased to 83.5 percent of subarea residents, while the shares of White, Asian or Pacific Islander, Hispanic or Latino, and Other all increased (by 1.9, 1.6, 4.1, and 4.2 percent, respectively).

HOUSEHOLDS AND INCOME

As shown in Table 4-8, the ¾-mile study area contained approximately 56,137 households in 2000, with an average household size of 2.22 persons. This represents an increase of approximately 4,438 households (8.6 percent) and a decrease of 0.16 persons per household from the 1990 levels.

**Table 4-8
Household and Income Characteristics**

	Household Characteristics						Income Characteristics					
	Total Households			Average Household Size			Median Household Income ^{1, 2}			Below Poverty Level (Percent) ³		
	'80	'90	'00	'80	'90	'00	'79	'89	'99	'80	'90	'00
Bedford Stuyvesant	3,358	3,279	3,413	N/A	2.82	2.76	\$18,522	\$24,105	\$27,237	43.4%	35.9%	32.5%
Boerum Hill	5,288	5,360	5,655	N/A	2.24	2.15	\$27,489	\$47,481	\$52,821	29.5%	21.5%	16.8%
Clinton Hill	9,000	9,384	10,000	N/A	2.19	2.06	\$26,742	\$38,663	\$42,088	25.1%	16.7%	17.4%
Downtown Brooklyn	2,634	2,177	2,598	N/A	2.51	2.28	\$22,902	\$37,543	\$35,657	37.3%	26.4%	26.4%
Fort Greene	5,665	5,897	6,463	N/A	2.33	2.19	\$19,370	\$35,256	\$37,240	33.3%	24.6%	29.1%
Gowanus	3,180	3,143	3,458	N/A	2.75	2.48	\$26,159	\$31,221	\$41,217	31.5%	32.5%	28.0%
Park Slope	11,887	12,161	13,009	N/A	2.17	2.06	\$32,471	\$51,600	\$61,916	23.1%	13.2%	9.7%
Prospect Heights	10,482	10,298	11,541	N/A	2.62	2.34	\$23,363	\$39,387	\$43,333	35.3%	21.4%	17.7%
¾-mile Study Area Total	51,494	51,699	56,137	N/A	2.38	2.22	\$25,874	\$41,096	\$46,208	30.7%	21.3%	19.4%
Brooklyn	828,257	828,199	880,727	2.66	2.74	2.75	\$28,625	\$34,930	\$32,135	24.0%	22.7%	25.1%
New York City	2,788,530	2,816,274	3,021,588	2.49	2.54	2.59	\$33,275	\$40,419	\$38,293	20.0%	18.9%	20.8%

Notes:
¹ The median income represents a weighted average of the median incomes of all the Census tracts and block groups in a given area.
² Median incomes shown in constant 1999 dollars.
³ Percent of population with incomes below established poverty level. The U.S. Census Bureau uses its established income thresholds poverty levels to define poverty levels.

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

Median household income increased dramatically between 1979 and 1989—from \$25,874 to \$41,096 in 1999 constant dollar terms (an increase of approximately 58.8 percent). Between 1989 and 1999, income in the study area rose again, by 12.4 percent to \$46,208. Though growth in median income was less dramatic during the 1990s than it was during the preceding decade, it is still notable considering that median household income in the Borough of Brooklyn and the City of New York decreased (by 8.0 percent and 5.3 percent, respectively) over the course of the decade.

As the median household income increased in the study area, the poverty rate declined. In 1980, 30.7 percent of the study area population had incomes that were below the established poverty line. By 2000, 19.4 percent lived in poverty. In contrast, 25.1 percent of Brooklyn residents and 20.8 percent of New York City residents were living in poverty in 2000.

Prospect Heights

The Prospect Heights subarea had the second highest number of households (11,541) in 2000 relative to other subareas (see Table 4-8). The subarea's average household size of 2.34 persons per household was slightly higher than the average for the area of 2.22, although it had decreased significantly since its 1990 level of 2.62. The median household income in the Prospect Heights subarea was \$43,333, the third highest after Park Slope and Boerum Hill. This represents a 68.6 percent increase over the median household income in 1979 (\$23,363). Approximately 18 percent of the population in the Prospect Heights subarea was living below the poverty level in 2000, down slightly from the 1990 level of 21.4 percent.

Park Slope

As shown in Table 4-8, the Park Slope subarea contained 13,009 households in 2000, more households than in any other subarea. The neighborhood also showed the largest absolute growth in number of households between 1980 and 2000 (1,122 households). The Park Slope subarea experienced a small decrease in household size during the 1990s, from 2.17 in 1990 to 2.06 persons in 2000. The subarea's median household income of \$61,916 in 1999 was highest of all the subareas, exceeding the study area median income by more than \$15,000, and the next highest subarea income, Boerum Hill, by more than \$9,000. The Park Slope subarea also had the lowest poverty rate in 2000—9.7 percent—significantly less than the study area as a whole (19.4 percent) and a significant drop from its 1980 rate of 23.1 percent.

Gowanus

After a slight decrease in the number of households between 1980 (3,180 households) and 1990 (3,143 households), the Gowanus subarea is now showing signs of growth, with 3,458 households by 2000 (see Table 4-8). At the same time, household size dropped significantly, from 2.75 in 1990 to 2.48 in 2000. At \$41,217, the 1999 median household income in the Gowanus subarea was less than for the study area as a whole (\$46,208), though it increased significantly from its 1979 level of \$26,159. The percentage of residents living below the poverty level remained high at 28 percent in 2000, dropping only 3.5 percentage points since 1980, while the neighboring Park Slope and Boerum Hill subareas showed large decreases in the poverty rate.

Boerum Hill

As shown in Table 4-8, the Boerum Hill subarea contained approximately 5,655 households in 2000—a 5.5 percent increase since 1990. At the same time, the average household size decreased from 2.24 to 2.15 persons per household—the third lowest of all subareas. Boerum Hill's 1999 median household income of \$52,821 was the second highest of all subareas and more than \$9,000 higher than the third highest subarea, Prospect Heights. In 2000, the percentage of residents living below the poverty level in the Boerum Hill subarea, 16.8 percent, was the second lowest of all subareas and lower than the study area median of 19.4 percent.

Downtown Brooklyn

As shown in Table 4-8, the number of households in the Downtown Brooklyn subarea declined from 2,634 in 1980 to 2,177 in 1990, and then increased over the following decade to 2,598, although the number was still slightly lower than its 1980 level. Between 1990 and 2000, the average household size in the Downtown Brooklyn subarea decreased significantly (by 0.23 persons) to 2.28, a slightly higher size than the study area as a whole, but lower than in both Brooklyn (2.75 persons) and New York City (2.59) as a whole. The median household income in the Downtown Brooklyn subarea (\$35,657) was the second lowest, after Bedford-Stuyvesant, of all other subareas in 1999. It was the only subarea in which median household income dropped,

in constant dollars, between 1989 and 1999. The percentage of residents living below the poverty level in the Downtown Brooklyn subarea (26.4 percent) is the fourth highest of all subareas and slightly higher than the rate for all of Brooklyn (25.1 percent).

Fort Greene

The Fort Greene subarea contained 6,463 households in 2000—an increase of 14 percent from 1980 and the largest increase of any other subarea during the 20-year period (see Table 4-8). Between 1990 and 2000, the average household size decreased significantly, from 2.33 to 2.19, which is slightly less than the study area average of 2.22 in 2000.

The 1999 median household income in the Fort Greene subarea (\$37,240) was the third lowest among the subareas and almost \$9,000 less than the study area median income. However, median income increased by 92.3 percent between 1979 and 1999—the largest increase of any other subarea—and much of the income disparity between Fort Greene and other subareas is due to the 1,293 households living in the Ingersoll Houses public housing complex, where the median income was \$11,688 in 1999. Again largely due to the low income levels for households living in Ingersoll Houses, the poverty rate in the Fort Greene subarea in 2000 (29.1 percent) was significantly higher than the study area average (19.4 percent).

Clinton Hill

The Clinton Hill subarea experienced increases in the number of households between 1980 (9,000 households), 1990 (9,384 households), and 2000 (10,000 households). At the same time, the average household size decreased between 1990 and 2000, from 2.19 to 2.06. By 2000, the Clinton Hill subarea had the second smallest household size in the study area, and its household size was smaller than the average for both Brooklyn (2.75 persons per household) and New York City (2.59 persons per household). The median household income in the Clinton Hill subarea increased by approximately \$11,921 (in constant dollar terms) during the 1980s, and then by another \$3,425 over the course of the 1990s. By 1999 median household income was approximately \$42,088. Although the subarea's poverty rate was low compared with Brooklyn's (17.4 percent versus 25.1 percent), it was one of only two subareas that experienced an increase in poverty between 1990 and 2000.

Bedford-Stuyvesant

As shown in Table 4-8, the Bedford-Stuyvesant subarea contained 3,413 households in 2000, an increase of 134 households from 1990. The average household size in the Bedford-Stuyvesant subarea (2.76 persons per household) was roughly equal to the average household size for Brooklyn (2.75 persons per household), and higher than the average household size in any other subarea. The subarea's median household income was the lowest of all the subareas in 1999 (\$27,237 per household) and experienced the least growth between 1979 and 1999; it was almost \$19,000 below the study area median and \$4,898 below the median income for Brooklyn. At 32.5 percent, the percentage of residents living in poverty in the Bedford-Stuyvesant subarea was the highest of all study areas—well above the study area's poverty rate of 19.4 percent.

HOUSING

The type, quality, and magnitude of the housing stock vary across the study area. While basic trends in owner occupancy and vacancy rates have been similar across the subareas (owner occupancy rates have increased while vacancy rates have decreased), trends in rental rates have not been as constant across time or location. For example, all of the subareas experienced notable growth in contract rents between 1980 and 1990, with monthly rents rising between \$132 and \$283 per month in constant dollars over the 10-year period. Between 1990 and 2000,

the growth in contract rents tapered off, with rents increasing by approximately 18.9 percent in the study area as a whole, as opposed to the 44 percent increase seen in the previous decade.

In 2000, housing value and rental rates varied noticeably among subareas, from a median home value of \$192,090 in Clinton Hill to \$464,635 in Boerum Hill, and from a median contract rent of \$505 per month in Bedford-Stuyvesant to \$905 per month in Park Slope. Median home values in 1980 and 1990 cannot be accurately compared with those in 2000 because the home values of all units in multi-unit buildings were excluded from the 1980 and 1990 Census estimates. Therefore, only the median home values for 2000 are presented. Additionally, because the median home value data reported in the Census are based on respondents' estimates of how much their properties would sell for if they were for sale, and the median contract rent includes data on rent regulated and rent controlled apartments, these figures do not always accurately reflect true market rental rates and sale prices. In order to develop a more accurate picture of the historic and current residential real estate market in each of the subareas, the Census data are supplemented with information from the Real Estate Board of New York's (REBNY) Brooklyn Residential Sales Report 2005, the Year End 2005 Corcoran Report published by Corcoran Realty, and past real estate listings in *The New York Times*.

Tables 4-9 and 4-10 present housing characteristics for each of the subareas.

Table 4-9
Housing Characteristics: 1980, 1990, and 2000

	Total Housing Units			Occupancy Status (Percent)						Housing Tenure (Percent)					
				Occupied			Vacant			Owner			Renter		
	1980	1990	2000	1980	1990	2000	1980	1990	2000	1980	1990	2000	1980	1990	2000
Bedford-Stuyvesant	3909	3638	3,914	85.9	90.1	87.2	14.1	9.9	12.8	12.4	17.1	17.7	87.6	82.9	82.3
Boerum Hill	5,764	5,931	5,938	91.7	90.5	95.2	8.3	9.5	4.8	15.3	19.7	22.0	84.7	80.3	78.0
Clinton Hill	10,239	10,058	10,874	87.9	93.3	92.0	12.1	6.7	8.0	15.5	23.7	24.5	84.5	76.3	75.5
Downtown Brooklyn	2,922	2,349	2,725	90.1	92.7	95.3	9.9	7.3	4.7	10.4	15.5	22.1	89.6	84.5	77.9
Fort Greene	6,335	6,418	6,780	89.4	91.9	95.3	10.6	8.1	4.7	9.8	14.4	16.8	90.2	85.6	83.2
Gowanus	3,349	3,312	3,594	95.0	94.9	96.2	5.0	5.1	3.8	15.2	18.0	18.0	84.8	82.0	82.0
Park Slope	13,119	13,317	13,603	90.6	91.3	95.6	9.4	8.7	4.4	17.8	32.8	34.3	82.2	67.2	65.7
Prospect Heights	11,943	11,320	12,345	87.8	91.0	93.5	12.2	9.0	6.5	9.7	18.2	27.5	90.3	81.8	72.5
¾-mile Study Area Total	57,580	56,343	59,773	89.4	91.8	93.9	10.6	8.2	6.1	13.7	22.2	25.3	86.3	77.8	74.7
Brooklyn	880,840	873,671	930,866	94.0	94.8	94.6	6.0	5.2	5.4	22.0	25.9	27.1	72.1	74.1	72.9
New York City	2,940,837	2,992,169	3,200,912	94.8	94.2	94.4	5.2	5.8	5.6	22.2	28.6	30.2	72.6	71.4	69.8

Sources: U.S. Department of Commerce, Bureau of the Census, 1980, 1990 and 2000 Census, Summary File 1.

Table 4-10
Median Home Value and Contract Rent: 2000

	Median Home Value ¹	Median Contract Rent ¹			Percent Change	
	2000	1980	1990	2000	1980-1990	1990-2000
Bedford Stuyvesant	\$192,801	\$357	\$406	\$505	13.5%	24.6%
Boerum Hill	\$464,635	\$392	\$645	\$797	64.8%	23.6%
Clinton Hill	\$192,090	\$456	\$588	\$685	28.9%	16.5%
Downtown Brooklyn	\$355,232	\$396	\$566	\$566	42.8%	0.1%
Fort Greene	\$376,149	\$372	\$566	\$646	52.0%	14.2%
Gowanus	\$386,653	\$348	\$554	\$646	59.2%	16.5%
Park Slope	\$375,566	\$478	\$761	\$905	59.0%	19.0%
Prospect Heights	\$213,736	\$438	\$586	\$734	33.8%	25.2%
¾-mile Study Area Total	\$305,878	\$425	\$610	\$726	44%	18.9%
Brooklyn	\$229,200	\$198	\$564	\$621	185%	10.1%
New York City	\$211,900	\$214	\$590	\$646	176%	9.5%

Notes:
¹ Values were calculated by taking the weighted average of median contract rent and median house value of all the Census Tracts and Block Groups in a given subarea. All dollar values are presented in 1999 constant dollars.
Sources: U.S. Department of Commerce, Bureau of Census, 1980, 1990 and 2000 Census, Summary File 1 and Summary File 3.

Prospect Heights

The Prospect Heights housing stock varies in style and condition across the subarea. Most of the residential buildings located on the proposed project site are in fair to very poor condition. Many have facades that are cracked in places or covered with peeling paint and graffiti. Portions of many buildings have been seriously damaged by water leaks. Residential buildings in many parts of the Prospect Heights subarea sit in contrast to the blighted conditions of the residential properties on the project site. Streets such as Prospect Place are lined with two- to three-story well-maintained historic townhouses across the entire length of the subarea. Others, such as St. Marks Avenue, are lined with upscale townhouses in the western portion of the subarea (from Flatbush Avenue to Vanderbilt Avenue) and less well-maintained and architecturally appealing buildings in the eastern portion of the subarea. St. Johns Place, in the southern portion of the subarea, is wider than streets like Sterling Place and Prospect Place, and is generally lined with four- to six-story, well-maintained brick apartment buildings. In general, residential buildings in the western and southern portions of the subarea command the highest prices and rents. East of Washington Avenue, vacant lots and industrial buildings are interspersed with residential buildings, and the number of residential buildings in poor repair is higher.

According to the Census, there were approximately 12,345 housing units in the Prospect Heights subarea in 2000—an increase of 9.1 percent from 1990, following a decrease of 5.2 percent during the 1980s. The owner-occupancy rate in the Prospect Heights subarea (27.5 percent) was slightly higher in 2000 than the study area average (25.3 percent) and showed a significant increase from the 1980 owner occupancy rate of (9.7 percent). The vacancy rate (6.5 percent) was slightly higher than the study area average (6.1 percent) and markedly higher than the neighboring Park Slope subarea (4.4 percent).

According to the 2000 Census, the median home value in the Prospect Heights subarea was low compared with that in the study area as a whole (\$213,736 compared with \$305,878) and compared with the median home value in the neighboring Park Slope subarea (\$375,566). However, the median contract rent in 2000 (\$734 per month) was the third highest in the study area, behind only the Park Slope subarea and Boerum Hill subarea, and increased more during the 1990s (25.2 percent) than in any other subarea.

According to REBNY, the 2005 median sale price of apartments in Prospect Heights was \$500,000—an increase of 36 percent over the 2004 price of \$368,000. The median sale price for one- and two- family dwellings increased from \$700,000 in 2004 to \$835,000 in 2005.

Park Slope

Streets in Park Slope are lined primarily with well-preserved brownstones. According to 2000 Census estimates, the subarea contained roughly 13,603 housing units, a steady rise from the number of units in 1980 and 1990 (13,119 and 13,317, respectively). The 2000 vacancy rate in the Park Slope subarea (4.4 percent) was the second lowest of any subarea and approximately one percentage point lower than the average for Brooklyn. At 34.3 percent, the neighborhood's owner occupancy rate was significantly higher than in any other subarea, and also higher than the rate for Brooklyn (27.1 percent) and New York City (30.2 percent). These figures reflect the desirability of the Park Slope area as a place to live, particularly for wealthier homeowners. As discussed earlier in the Households and Income section, median household income in the Park Slope subarea is higher than in any other subarea and approximately 60 percent higher than the median for New York City.

According to the 2000 Census, the median home value in the Park Slope subarea was \$375,566 in 2000, about \$146,366 higher than the median for Brooklyn, but lower than the median value

for the Boerum Hill, Gowanus, and Fort Greene subareas. Median contract rent in 2000 was \$905 per month, approximately 89 percent higher than it was in 1980, and higher than in any other subarea. Rental rates reported by real estate firms and in *The New York Times* real estate listings suggest that studio and one-bedroom apartments in the Park Slope subareas were actually renting for between \$1,300 and \$1,800 per month in 2001 and that two-bedroom apartments were renting for between \$2,000 and \$2,400 per month.

According to REBNY, the 2005 median sale price for apartments in Park Slope was \$585,000, a 22 percent increase over the 2004 price of \$479,000. The median sale price for one- and two-family dwellings increased from \$921,000 in 2004 to \$1,194,000 in 2005. The Year End 2005 Corcoran Report published similar results. For co-ops, the median sale price increased 16 percent, from \$430,000 in 2004 to \$500,000 in 2005. Condo prices showed a more modest increase of 2 percent, from \$529,000 in 2004 to \$540,000 in 2005. The median sale price for one-family townhouses increased the most dramatically, from \$1,436,000 in 2004 to \$2,925,000 in 2005—an increase of 103 percent. Median rents, according to Corcoran, rose slightly from \$1,900 to \$2,000 per month during this same period.

Gowanus

As of the 2000 Census, there were 3,594 housing units in the Gowanus subarea, a slight increase from 1980 estimates (3,349 units). Residential buildings in the Gowanus area tend to be two to four stories in height, and contain from two to eight residential units. A majority of the buildings were constructed around 1930, and some were constructed as early as the 1890s. Gowanus is primarily industrial, with residential development clustered in the eastern and western ends of the subarea. The western section of the Gowanus subarea includes blocks between Union, Court, Warren, and Hoyt Streets that are commonly considered part of the Carroll Gardens neighborhood, and have much higher median income and median home value levels compared with the rest of the subarea. In contrast, the northern section of the subarea includes the Gowanus Houses, a public housing project, where median contract rent was \$291 in 2000, compared with \$991 in the western Carroll Gardens section.

The owner-occupancy rate in the Gowanus subarea was comparatively low in 2000—18.0 percent as compared with 25.3 percent in the study area as a whole and 27.1 percent in Brooklyn as a whole. The low owner-occupancy rate is largely due to the Gowanus Houses, which account for almost a third of all housing units in the subarea (1,136 units) and are entirely renter occupied. According to the 1980, 1990, and 2000 Census numbers, the percentage of vacant units in the neighborhood was significantly lower than in any other subarea, with rates of 5.0, 5.1, and 3.8 percent, respectively.

The 2000 median home value in the Gowanus subarea (\$386,653) was the second highest of any subarea, despite its relatively low median income compared with the entire study area. This discrepancy is explained by the median home value measurement, which naturally excludes the renter population in the Gowanus subarea, but incomes of home-owners were included in the median household income measurements, accentuating the subareas' expensive brownstone housing in the western section, combined with lower-cost housing stock in the eastern section, and public housing in the north. With 59.2 percent growth, median contract rent in the Gowanus subarea rose faster during the 1980s than in the study area as a whole (44 percent), from \$348 in 1980 to \$554 in 1990. It rose by another 16.5 percent during the 1990s to \$646, though at a less rapid pace than in the study area (18.9 percent).

Boerum Hill

The housing stock in the Boerum Hill subarea consists mainly of three- and four-story brick townhouses, with the exception of the Wycoff Gardens public housing project located in the

southeastern section of the subarea. According to the Census, there were approximately 5,938 housing units in the Boerum Hill subarea in 2000. This represents an increase of 174 units since 1980, or 3 percent over the 1980 level. Almost all of this growth occurred during the 1980s when the number of housing units increased from 5,764 to 5,931. During this same period the housing vacancy rate decreased from 8.3 percent in 1980 to 4.8 percent in 2000, while the owner occupancy rate increased from 15.3 percent to 22.0 percent.

The Boerum Hill subarea had the highest median home value of all subareas in 2000 (\$464,635) and the second highest median contract rent (\$797 per month). Median contract rent also increased over time, rising from \$392 per month in 1980 to \$645 in 1990 to \$797 in 2000, more than doubling over the 20-year period.

According to *New York Times* real estate listings from 1975 onward, rent and housing values in the subarea have escalated since the mid-1990s. Houses that were selling for \$350,000 in 1993 now sell for \$800,000 to \$1.2 million. The 2005 REBNY report confirms this finding. According to REBNY, the median sale price for apartments in Boerum Hill was \$560,000 in 2005 (a 23 percent increase over the 2004 median of \$455,000) and the median sale price for one- and two- family dwellings was approximately \$1.1 million (an increase of approximately 45 percent over the \$755,000 median in 2004).

The Year End 2005 Corcoran Report stated that the median sale price for co-ops in Boerum Hill increased by 20 percent over the course of the previous year, from \$432,000 in 2004 to \$519,000 in 2005. The neighborhood's median sales price for condos increased by 12 percent, from \$551,000 in 2004 to \$616,000 in 2005. The median sale price for one-family townhouses increased from \$1,168,000 in 2004 to \$1,295,000 in 2005, but two- to four-family townhouses' prices decreased from \$1,710,000 to \$1,465,000 during the same period. Median monthly rents, according to Corcoran, rose 5 percent from \$1,900 in 2004 to \$2000 in 2005—identical to the figures reported for Park Slope.

Downtown Brooklyn

The Downtown Brooklyn subarea is largely a commercial district, containing less than 5 percent of the study area's housing units in 2000 (2,725 units). The residential units are concentrated in two areas: in the southeast, where three- to four-story brick townhouses border the Fort Greene subarea, and northwest of Fort Greene Park, where a portion of the public housing project, Raymond V. Ingersoll Houses, contains approximately 661 apartments. The percent of owner-occupied units in the Downtown Brooklyn subarea (22.1 percent) is slightly lower than that of the study area as a whole (25.3 percent), but has more than doubled since its 1980 rate of 10.4 percent. At 4.7 percent, the percentage of vacant units in 2000 was the same as that in the Fort Greene subarea and lower than in the study area as a whole (6.1 percent). The vacancy rate has decreased significantly since its 1980 rate of 9.9 percent, in line with the trends throughout the study area and the rest of Brooklyn.

At \$566 per month in 2000, the median contract rent in the Downtown Brooklyn subarea is the second lowest of all of the subareas, partially due to slow growth in rental rates since 1980 relative to the other subareas. While the neighborhood's median contract rent increased from \$396 to \$566 during the 1980s, it remained stagnant during the 1990s, while other subareas' median rents increased by as much as 25 percent. The median home value in the Downtown Brooklyn subarea was \$355,232, almost \$50,000 higher than the study area median of \$305,878. At the same time, as discussed in the previous section, the neighborhood's median household income was the second lowest of all the subareas. As in Gowanus, this discrepancy is the result of the significant number of renter occupied units in the Ingersoll Houses and the rent-stabilized Brooklyn Hospital Mitchell-Lama development, contrasted with the high-quality, owner-occupied housing stock in the southeast portion of the subarea.

According to REBNY, the median sale price of apartments in Downtown Brooklyn rose from \$259,000 in 2004 to \$301,000 in 2005—at 16 percent, a more modest increase than in other subareas.

Fort Greene

Like the Boerum Hill subarea, the Fort Greene subarea is rich with carefully restored 19-century townhouses, particularly along Cumberland, South Oxford, and South Portland Streets, directly south of Fort Greene Park. To the north of the park, a portion of the public housing project, Ingersoll Houses, lies within the Fort Greene subarea, and contained almost 20 percent of the subarea's 6,780 housing units in 2000. The number of housing units in Fort Greene steadily rose in the 1980s and 1990s, from 6,335 units in 1980 to 6,418 units in 1990, and increasing another 5.6 percent by 2000. The subarea's vacancy rate of 4.7 percent was lower than the average for Brooklyn (6.1 percent) and for all other subareas with the exception of Park Slope, Gowanus and Downtown.

In 2000 the median home value in the Fort Greene subarea was \$376,149, the second highest median home value after that in the Boerum Hill subarea (\$464,635) and slightly higher than in the Park Slope subarea (\$375,566). At the same time, the median contract rent in the Fort Greene subarea (\$646 per month) was lower than the study area average (\$726 per month). This discrepancy, like that of the Gowanus and Downtown Brooklyn subareas, is due to a high proportion of rent-stabilized housing and public housing in the subarea. Median contract rents in the Fort Greene subarea showed the greatest percentage growth from 1980 to 1990, increasing by 52 percent, from \$372 to \$566 per month, with more modest growth during the 1990s (14.2 percent), which corresponds to the income trends discussed in the previous Households and Income section where the most significant rise in income occurred during the 1980s.

According to REBNY, the median sale price for apartments in Fort Greene more than doubled between 2004 (\$165,000) and 2005 (\$425,000). The 2004 median sale price of one- and two-family dwellings in Fort Greene was \$650,000, which nearly doubled to \$1,200,000 in 2005.

The Year End 2005 Corcoran Report groups the neighborhoods of Fort Greene and Clinton Hill together and reports increases in median sales prices in all categories of housing for the combined neighborhood area. Co-op prices increased from \$250,000 in 2004 to \$315,000 in 2005, an increase of 26 percent. For condos, the median sale price showed an even greater increase (65 percent), from \$440,000 in 2004 to \$728,000 in 2005. Finally, Fort Greene/Clinton Hill's median sales price for two- to four-family townhouses increased from \$999,000 in 2004 to \$1,365,000 in 2005. Median rents for the Fort Greene area changed modestly during 2005, decreasing from \$1,650 in 2004 to \$1,600 in 2005.

Clinton Hill

The Clinton Hill subarea has a greater diversity of housing types and more variation in housing condition than subareas such as Boerum Hill and Park Slope. Although most of the residential uses are found in three- to five-story rowhouses, the architectural styles and building types vary from 19th-century brick and brownstone rowhouses to Gothic churches, to former manufacturing buildings, to 15-story apartment buildings. In general, the building stock in the western portion of the subarea, closer to Fort Greene, is in better condition than the building stock in the eastern portion of the area. However, signs of new restoration and development are evident in the eastern areas. For example, several residential conversions can be found in the industrial area on the eastern edge of the subarea on blocks bounded by Greene, Classon, Gates, and Grand Avenues.

According to the 2000 Census, the Clinton Hill subarea contained 10,874 housing units in 2000, an increase of 816 units or 8.1 percent over its 1990 housing stock. The vacancy rate in the subarea (8.0 percent) was high compared with those in the study area and Brooklyn as a whole

(6.1 and 5.4 percent, respectively). The Clinton Hill subarea had the third highest percentage of owner-occupied units at 24.5 percent, which grew steadily from its rate of 15.5 percent in 1980.

Median home value, according to the Census, was \$192,090 in 2000, which is the lowest of all subareas, despite the Clinton Hill subarea having the fourth highest median income levels. Two Mitchell-Lama Co-op buildings—Pratt Towers and St. James Towers—where the median home value was \$25,100, reduced the median home value figure significantly. Median contract rent in the Clinton Hill subarea increased from \$456 in 1980, to \$588 in 1990, and then to \$685 in 2000. By 2000, the subarea's median contract rent was the fourth highest in the study area, though still lower than the study area as a whole (\$726).

According to REBNY, the 2005 median sale price of apartments in Clinton Hill was \$310,000—a 22 percent increase over the 2004 price of \$254,000. The median sale price for one- and two-family dwellings increased from \$468,000 in 2004 to \$648,000 in 2005. The Year End 2005 Corcoran Report groups the neighborhoods of Fort Greene and Clinton Hill together in their analysis, which is summarized in the previous section about Fort Greene.

Bedford-Stuyvesant

The residential buildings in the Bedford-Stuyvesant subarea are typically three- to four-story rowhouses, but a small number of these lower-density residential buildings are detached. Unlike the residential areas to the west (Fort Greene and Clinton Hill), the Bedford-Stuyvesant subarea contains some residential buildings in various states of disrepair, vacant buildings, and vacant lots. The 880-unit NYCHA Lafayette Houses (seven buildings, 13, 15, and 20 stories tall), bordered by Lafayette, Classon, DeKalb, and Franklin Avenues, represent the densest development in this subarea.

As of the 2000 Census, the Bedford-Stuyvesant subarea contained 3,914 housing units. The median contract rent in 1990 (\$406 per month) and 2000 (\$505 per month) was the lowest of all subareas, and the median home value in 2000 (\$192,801) was the second lowest of all subareas, just above Clinton Hill (\$192,090). Median contract rent in the Bedford-Stuyvesant subarea increased more significantly during the 1990s (24.6 percent) than during the 1980s (13.5 percent), in contrast to rent increases in the study area as a whole, where growth was more concentrated during the 1980s.

The 2000 vacancy rate for the Bedford-Stuyvesant subarea (12.8 percent) was the highest among the subareas—almost 5 percent higher than the second highest, Clinton Hill (8.0 percent). The subarea's share of owner-occupied units was relatively low at 17.7 percent in 2000, compared with the share in the study area as a whole (25.3 percent), and was greater only than Fort Greene (16.8 percent).

According to REBNY, the median sale price for one- and two-family dwellings increased from \$468,000 in 2004 to \$648,000 in 2005. The Year End 2005 Corcoran Report reported that condo prices increased 9 percent from 2004 to 2005, from \$270,000 to \$294,000; that the median sales price of one-family townhouses dropped slightly from \$526,000 in 2004 to \$517,000; but that the median sales price for two- to four-family townhouses increased from \$519,000 to \$624,000 during the same period.

RENT-REGULATED AND NON-REGULATED HOUSING

As indicated above, a key objective of the detailed indirect residential displacement analysis is to characterize existing conditions of residents and housing in order to identify populations that may be at risk of displacement. At-risk populations are defined as people living in privately held units that are unprotected by rent regulations, whose incomes or poverty status indicates that they could not pay substantial rent increases. This portion of Existing Conditions describes the status (rent-regulated or non-regulated) of the housing stock in the ¾-mile study area. The

findings are used in concert with income data to identify the number and location of at-risk households in the study area.

There are two main types of rent regulation programs in New York City: rent control and rent stabilization. Rent control limits the rent an owner may charge for an apartment and restricts the right of an owner to evict tenants. In New York City, the rent control program applies to apartments in residential buildings containing three or more units and constructed before February 1947. For an apartment to fall under rent control, the tenant must have been living in that apartment continuously since before July 1, 1971. When a rent-controlled apartment becomes vacant, it either becomes rent stabilized or, if it is in a building with fewer than six units, is removed from regulation. Rent stabilization limits the annual rate at which rents can increase. In New York City, rent stabilization generally applies to apartments in buildings containing six or more units built between February 1, 1947 and January 1, 1974. An apartment is no longer subject to rent stabilization if: a) it is an occupied apartment with a legal rent of \$2,000 or more and the household income of the occupants has exceeded \$175,000 in each of the two preceding calendar years or b) it is a vacant apartment that could be offered at a legal regulated rent of \$2,000 or more.¹

Other types of housing that are rent regulated include Section 8 housing, public housing, Mitchell-Lama developments, and other HPD-owned housing. As described earlier under the subarea profiles, the ¾-mile study area contains several public housing complexes, including Atlantic Terminal Houses (a NYCHA housing development), Gowanus Houses, Wyckoff Gardens, Warren Street Houses, and Ingersoll Houses. Mitchell-Lama housing in the study area is largely concentrated in the Clinton Hill and Fort Greene subareas, in mid-rise buildings such as Pratt Towers and Ryerson Towers.

In accordance with *CEQR Technical Manual* guidelines, the number of unregulated units was estimated based on Census data and data obtained from the New York City Department of Finance's RPAD database. Table 4-11 shows the methodology and unit count for the estimated number of unregulated units in the study area. As shown in the table, approximately 16,597 of the 46,398 renter occupied dwelling units in the study area are in buildings of five units or less. There are an additional 2,460 units in buildings with more than five units that are not likely to fall under rent regulation. Assuming that 25.3 percent of those are owner-occupied (reflecting the 2000 owner-occupancy rate for the study area, as described above), there are an additional 1,838 rental units that are not likely to fall under rent regulation. In total, approximately 18,435 units, or approximately 40 percent of the total renter occupied housing units in the study area, are not likely to be covered by rent control or rent stabilization. The remaining 60 percent of the rental units are in structures containing six or more housing units, and were built prior to 1974, so are potentially afforded protection under either rent control or rent stabilization.² In comparison, according to the 2002 New York City Housing and Vacancy Survey, approximately 64 percent of renter occupied units in New York City and 58 percent of renter occupied units in Brooklyn were rent protected in 2002.³

¹ Rent regulations obtained from the New York State Division of Housing and Community Renewal, Office of Rent Administration and the New York City Rent Guidelines Board.

² The actual percentage of rent-regulated units may be lower, given that some of the units may no longer be subject to rent stabilization based on the stipulations described above.

³ New York Housing and Vacancy Survey, 2002. Series IA, Table 14, "Renter Occupied Housing Units by Rent Regulation Status." (<http://www.census.gov/hhes/www/housing/nychvs/2002/s1at14.html>)

Table 4-11
Unregulated Rental Housing Units in ¾-Mile Study Area

Row #			¾-Mile Study Area	Notes
1	Units in Buildings with 1-5 Units	Number of occupied rental units in buildings with 1-4 units	15,002	From the 2000 Census
2		Number of units in buildings with 5 units	1,595	Derived from RPAD
3		Total number of rental units in 1-5 unit buildings	16,597	(Row 1) + (Row 2) Conservatively assumes that all of the units in 5-unit buildings are renter-occupied, rather than owner-occupied
4	Additional Unprotected Units: Units in Buildings Built After January 1, 1974	Total units (renter- and owner-occupied) built between 1974 and 2003	3,221	Derived from RPAD
5		Total units (renter- and owner-occupied) built between 1974 and 2003 and in buildings with 5 units or less	761	Derived from RPAD
6		Total units (renter- and owner-occupied) in buildings with more than 5 units, built after January 1, 1974	2,460	(Row 4) - (Row 5) This number was derived by taking the total number of units built between 1974 and 2003 and subtracting out those in buildings with 5 or fewer units (to avoid double counting).
7		Number of rental units in buildings with more than 5 units, built after January 1, 1974	1,838	(Row 6) * (renter occupancy rate) This row filters out owner-occupied units by applying the renter-occupancy rate for each Census tract (from the 2000 Census) to Row 6.
8	Total Unprotected Rental Units	Total number of renter occupied units that are unprotected	18,435	(Row 3) + (Row 7)
9		Percent of renter occupied units that are unprotected	39.7%	(Row 8) / (Renter-occupied units in Census tract)

Sources: AKRF, Inc., 2000 Census, New York City Department of Finance Real Property Assessment Data (RPAD), 2003.

IDENTIFYING POPULATION AT RISK

In order to determine whether a population at risk of indirect residential displacement exists in the study area, the *CEQR Technical Manual* recommends analyzing Census data on income and renters in structures containing fewer than six units combined with data on other factors, including the presence of subsidized housing and land use. For the purpose of this analysis, population at risk was identified in the following manner:

1. Census 2000 tract-level data were used to determine the average household income of renters in small (1- to 4-unit) buildings. As described above, these buildings are not generally subject to rent regulation laws. Average incomes were used in place of median incomes because Census data on median household income by size of building are not publicly available.¹

¹ Census data on renter income are collected for pre-defined categories of buildings. These categories include buildings with 1-4 units and buildings with 5-9 units, making it impossible to develop an accurate average income for renters in buildings with 1-5 units. The average income for unprotected units is therefore based on the incomes for only those renters living in 1-4 unit buildings. This data constraint does not affect the overall analysis. Units in 5-unit buildings represent only 9 percent of all unprotected units in the ¾-mile study area. Incomes for these units are likely to be similar to incomes in buildings with 1 to 4

2. For each Census tract, the average household income for renters in small buildings was compared with the average household income for renters in large buildings to determine where income disparities exist between renters in small and large buildings. This information was used to gain a better understanding of the income distribution across housing types and Census tracts.
3. For each Census tract, the average household income for renters in small buildings was compared with the average household income for all renters in Brooklyn (\$35,844). If the average for small buildings was lower than the borough-wide average for all renters, the Census tract was identified as having a potentially at-risk population.
4. For each Census tract identified as having a potentially at-risk population, the number of households in unregulated units was estimated using the methodology shown above in Table 4-11.

In general, if average incomes in unregulated (small) buildings are low compared with average incomes in regulated renter-occupied buildings in Brooklyn as a whole, then the study area might contain a significant population at risk.

Given recent trends in market rents in the study area, described above, it is likely that the average income of renters in unregulated units would in general be higher than the average income for renters in regulated units. The Census data are generally consistent with this prediction. As shown in Table 4-12, this is true for all but 7 of the 45 Census tracts in the $\frac{3}{4}$ -mile study area. It can be inferred from these data that higher-income households moving into the proposed project area during the 1980s and 1990s were concentrated in unregulated housing units, where there are no controls on rent increases and which therefore were most likely to turn over. Thus, in the existing condition, unregulated units in the proposed project area are largely turning over to higher-income households.

Nonetheless, there are 10 Census tracts in the $\frac{3}{4}$ -mile study area where the average income for renters in unregulated units is lower than the average income for Brooklyn renters (shown in italics in Table 4-12 and highlighted in Figure 4-6). As described above, tracts in which this income disparity exists may contain households that could be vulnerable to indirect displacement pressures.

As shown in Figure 4-6, a majority of the 10 Census tracts containing potentially at-risk population (tracts in which average household income for renters in unregulated buildings is lower than the average household income for all Brooklyn renters) are located in the eastern portion of the $\frac{3}{4}$ -mile study area and generally more than $\frac{1}{2}$ mile from the project site. Four of the tracts (233, 229, 227, and 231) are located in the Bedford-Stuyvesant subarea and eastern portion of the Clinton Hill subarea, three (215, 223, and 225) are located in the Prospect Heights subarea, two (29.01 and 31) are located in the Fort Greene subarea and eastern portion of the Downtown Brooklyn subarea, and one (125) is located in the Gowanus subarea.

Using the same methodology outlined above in Table 4-11, it is estimated that these 10 Census tracts contain a total of 2,929 rental units that are not rent regulated. Table 4-13 shows the distribution of unregulated units across the Census tracts identified above as containing potentially at-risk population. Assuming that the average household size for these households is the same as the average household size for the $\frac{3}{4}$ -mile study area (2.2 persons per household) they contain approximately 6,444 persons. These residents represent 5.0 percent of the 2000 $\frac{3}{4}$ -mile study area population and approximately 4.6 percent of the population expected to be living in the $\frac{3}{4}$ -mile study area by 2016.

units, and because they represent a small proportion of the unregulated units, they would not substantially affect the average income.

Table 4-12

Average Household Income for Renters in Small Buildings and All Renter Occupied Buildings in Brooklyn, 2000

Census Tract**	Average Household Income in Small Buildings*	Average Household Income in Large Buildings	Difference Between Small and Large Buildings	Difference Between Small Buildings and Brooklyn Average**
25	\$67,183	\$18,691	\$ 48,492	\$31,339
27	\$45,680	\$57,620	\$ (11,940)	\$ 9,836
<i>29.01</i>	<i>\$ 18,567</i>	<i>\$18,890</i>	<i>\$ (323)</i>	<i>\$(17,278)</i>
31	\$ 17,925	\$53,654	\$ (35,729)	\$(17,919)
33	\$65,201	\$35,283	\$ 29,918	\$ 29,356
35	\$66,755	\$49,386	\$ 17,368	\$ 30,911
37	\$51,251	\$32,888	\$ 18,363	\$ 15,407
39	\$65,105	\$34,583	\$ 30,522	\$ 29,261
41	\$74,322	\$42,597	\$ 31,725	\$ 38,478
43	\$74,599	\$49,907	\$ 24,693	\$ 38,755
69	\$62,037	\$39,633	\$ 22,404	\$ 26,193
71	\$78,260	\$21,414	\$ 56,846	\$ 42,416
75	\$74,360	\$72,185	\$ 2,175	\$ 38,516
125	\$ 33,095	\$31,381	\$ 1,714	\$(2,749)
217	\$48,203	\$22,570	\$ 25,633	\$ 12,359
129.01	\$73,757	\$34,831	\$ 38,925	\$ 37,913
129.02	\$57,172	\$36,818	\$ 20,353	\$ 21,327
131	\$69,694	\$55,997	\$ 13,697	\$ 33,850
133	\$69,004	\$57,596	\$ 11,409	\$ 33,160
135	\$58,116	\$45,562	\$ 12,554	\$ 22,272
155	\$75,997	\$54,383	\$ 21,613	\$ 40,152
157	\$79,632	\$60,971	\$ 18,662	\$ 43,788
159	\$92,128	\$57,525	\$ 34,603	\$ 56,284
161	\$85,240	\$51,646	\$ 33,595	\$ 49,396
163	\$63,877	\$58,858	\$ 5,020	\$ 28,033
165	\$110,186	\$65,212	\$ 44,974	\$ 74,341
179	\$56,254	\$47,198	\$ 9,056	\$ 20,409
181	\$50,474	\$42,767	\$ 7,707	\$ 14,629
183	\$54,119	\$35,076	\$ 19,043	\$ 18,275
193	\$57,544	\$42,385	\$ 15,159	\$ 21,699
195	\$59,345	\$46,136	\$ 13,209	\$ 23,501
197	\$53,277	\$41,202	\$ 12,074	\$ 17,432
199	\$54,201	\$32,445	\$ 21,756	\$ 18,357
201	\$43,771	\$33,541	\$ 10,230	\$ 7,927
203	\$45,244	\$29,115	\$ 16,129	\$ 9,400
205	\$44,006	\$39,135	\$ 4,871	\$ 8,162
207	\$68,166	\$46,398	\$ 21,768	\$ 32,322
215	\$ 22,296	\$ 46,757	\$(24,461)	\$(13,548)
217	\$58,643	\$40,012	\$ 18,632	\$ 22,799
223	\$ 34,832	\$ 38,167	\$(3,335)	\$(1,013)
225	\$ 21,989	\$ 22,203	\$(214)	\$(13,856)
227	\$ 31,187	\$ 30,416	\$ 772	\$(4,657)
229	\$ 31,768	\$ 20,197	\$11,570	\$(4,077)
231	\$ 32,241	\$ 33,894	\$(1,653)	\$(3,604)
233	\$ 29,845	\$ 25,418	\$ 4,427	\$(5,999)
TOTAL	\$60,380	\$41,405	\$ 18,976	\$ 24,536

Notes:

* The average household income for small renter occupied buildings is based on renter occupied units in buildings with 1 to 4 units.

** This number represents the difference between the average household income for renters in small buildings and the average household income for all Brooklyn renters (\$35,844).

*** Tracts in italics are those in which the average household income for renter occupied units in small buildings is lower than the average household income for all renter occupied units in Brooklyn.

Sources: US Census Bureau, 2000 Census

Table 4-13
Unprotected Housing Units in Census Tracts with
Potentially At-Risk Population

Census Tract	Neighborhood Subarea	Estimated Number of Unprotected Units	Total Renter Occupied Units	Unprotected Units as Percent of Total Occupied Rental Units
29.01	Fort Greene	9	1,284	0.7%
31	Fort Greene/Downtown Brooklyn	8	489	1.6%
125	Gowanus	267	392	68.1%
215	Prospect Heights	83	2,085	4.0%
223	Prospect Heights	428	1,202	35.6%
225	Prospect Heights	63	249	25.3%
227	Bedford-Stuyvesant/Clinton Hill	722	1,139	63.4%
229	Bedford-Stuyvesant	459	886	51.8%
231	Clinton Hill	474	987	48.0%
233	Bedford-Stuyvesant	416	1,393	29.9%
Total		2,929	10,106	29.0%
Sources: AKRF, Inc., 2000 Census, New York City Department of Finance Real Property Assessment Data (RPAD), 2003.				

There are several reasons why the tracts identified above may not actually contain a significant at-risk population despite having lower average incomes in renter-occupied small buildings than the average income of those who live in renter occupied buildings in Brooklyn. As described above, the ¾-mile study area experienced a dramatic increase in rental rates and household incomes between 1980 and 2000. Median contract rents in the Prospect Heights and Bedford-Stuyvesant subareas—the two subareas containing a majority of the households identified as potentially at risk of indirect displacement—each rose by approximately 25 percent between 1990 and 2000 alone. And as discussed below under “Probable Impacts of the Proposed Project,” residential sales and rental data from 2000 and 2005 indicate that within the Census tracts identified as containing potentially at-risk population, trends towards rising sale prices have accelerated in recent years, and rental rates in some tracts have increased even while rental rates in Brooklyn as a whole have decreased. These real estate trends imply that the 10 Census tracts have become more desirable places to live and that household incomes have likely increased since 2000. By 2010 and 2016, based on the existing trend and even absent the proposed project, it is likely that many of the households living in unregulated units in the tracts identified above would not actually be at risk of indirect residential displacement.

FUTURE WITHOUT THE PROPOSED PROJECT

This section describes the housing and population conditions that are expected in the future without the proposed project, presenting development and population changes that are projected to occur in the study area by 2010 and 2016. The analysis is based on projects known to be planned for the area, as listed in Chapter 2, “Procedural and Analytical Framework.”

As shown in Table 4-14, the study area is expected to gain approximately 4,871 housing units by 2016 in the future without the proposed project. Approximately half of those (2,148 units) would be completed by 2010, during Phase I of the proposed project. A majority of the growth (59 percent) is anticipated to occur in the Downtown Brooklyn subarea, which would gain 959 housing units by 2010 and another 1,848 between 2010 and 2016.

Table 4-14

Housing and Population Growth in Future Without the Proposed Project: 2010 and 2016

	Housing Units				Population			
	2000 Housing Units	2010 Housing Units	2016 Housing Units	Total Growth 2000-2016	2000 Population	2010 Population	2016 Population	Total Growth 2000-2016
Bedford-Stuyvesant	3,914	3,914	3,914	0	9,520	9,520	9,520	0
Boerum Hill	5,938	6,597	6,597	659	13,584	14,968	14,968	1,384
Clinton Hill	10,874	10,904	10,904	30	21,076	21,139	21,139	63
Downtown Brooklyn	2,725	3,765	5,613	2,888	7,480	9,663	13,544	6,064
Fort Greene	6,780	6,960	7,660	880	15,206	15,584	17,054	1,848
Gowanus	3,594	3,594	3,594	0	8,641	8,641	8,641	0
Park Slope	13,603	13,603	13,603	0	26,878	26,878	26,878	0
Prospect Heights	12,345	12,584	12,584	239	27,672	28,174	28,174	502
¾-mile Study Area Total	59,773	61,921	64,644	4,871	130,057	134,567	140,285	10,228
Notes:	Population estimates assume an average household size of 2.1 persons per household, the average household size for the ½-mile study area.							
Sources:	2000 housing and population were obtained from the U.S. Department of Commerce, Bureau of the Census, 2000 Census. Future housing and population projections are based on development projects anticipated to be completed in the study area by 2016, as obtained from Downtown Brooklyn Council, New York City Economic Development Corporation, New York City Department of City Planning, New York City Department of Housing Preservation and Development.							

Assuming that these new units would have an average household size of 2.1 persons per household, the study area population would increase by approximately 3.5 percent (4,510 residents) between 2000 and 2010, and by a total of 7.9 percent (10,228 residents) between 2000 and 2016. A majority of this growth would occur in the Downtown Brooklyn subarea, which would gain a total of 6,064 residents by 2016 in the future without the proposed project.

It is not possible to know the socioeconomic characteristics of the estimated 10,228 residents who would be introduced to the study area in the future without the proposed project. However, based on the upward trends in income and real estate values described under Existing Conditions, and the types of residential projects currently planned for the study area (primarily market-rate), it is likely that the new population would have income and housing profiles that are similar to the profile of residents currently living in the wealthier study area subareas.

Between 1989 and 1999, median household income for the ¾-mile study area increased in constant dollar terms by 12.4 percent, compared with an 8.0 percent decrease in household income in Brooklyn and a 5.3 percent decrease in New York City. Residential property values in the area increased in tandem with household incomes. The median contract rent in the ¾-mile study area increased by 18.9 percent between 1990 and 2000, compared with about 10 percent in both Brooklyn and New York City. And 2000-2005 trend data compiled by local real estate firms indicate that housing values and rents have increased even more dramatically since the 2000 Census, making property values in some neighborhoods in the ¾-mile study area among the highest in Brooklyn. These trends indicate that in general, residents who have moved to the study area in recent years are affluent and are able to pay market-rate prices for their homes. Based on this trend, it is likely that incomes, rental rates, and home values in the ¾-mile study area will continue to increase in the future without the proposed project.

In the future without the proposed project, the study area would continue to contain some at-risk households, i.e., households that would be at risk of displacement if property values, and therefore rental rates, were to increase in the study area. Based on the trends towards rising incomes and property values observed in the study area since 1990, it is likely that residential displacement will continue to occur in the future without the proposed project, and that by 2010

and 2016, the number of at-risk households will be substantially lower than the 2,929 identified in the existing condition.

PROBABLE IMPACTS OF THE PROPOSED PROJECT

The analysis of the proposed project's effects on population and housing conditions in the study area begins with, and builds upon, the 2010 and 2016 trends described above for the future without the proposed project. This section analyzes the development planned under the proposed project by 2010 and 2016 and evaluates the potential for indirect residential displacement associated with those changes. As described earlier under "Introduction and Analysis Framework," the effects of the proposed project on socioeconomic conditions would not be substantially different under either the residential or commercial mixed-use variation. However, the analysis of indirect residential displacement is based on the residential mixed-use variation because in general, residential buildings, by making an area more residential in character, would have a greater potential to encourage additional residential development than would commercial buildings.

HOUSING AND POPULATION CHANGES

The residential mixed-use variation would add 6,430 housing units to the study area. In total, after accounting for the 171 housing units assumed to be displaced by the proposed project, the 6,430 new units would represent a net increase of 10 percent over the number of housing units expected to be in place in the ¾-mile study area in the future without the proposed project.

Table 4-15 shows the net housing and population changes that would occur during Phase I and Phase II of the proposed project under the residential mixed-use variation. (The net figures account for the housing units and population that would be directly displaced by the proposed project.) As shown in the table, 2,110 housing units would be built during Phase I of the proposed project, and another 4,320 units would be built during Phase II. At the same time, the 171 housing units currently located on the project site would be directly displaced from the project site during Phase I of the proposed project.

Table 4-15
¾-Mile Study Area Housing and Population in
Future With the Proposed Project, 2010 and 2016,
Residential Mixed-Use Variation

	2010 (Phase I)	2016 (Full Build-Out)
Housing Units		
Future Without Proposed Project	61,921	64,644
Units Added by Proposed Project	<u>2,110</u>	<u>6,430</u>
Units Directly Displaced	171	171
Future With Proposed Project	<u>63,860</u>	<u>70,903</u>
% Change	<u>3.1%</u>	<u>9.7%</u>
Population		
Future Without Proposed Project	134,567	140,285
Population Added by Proposed Project	<u>4,430</u>	<u>13,500</u>
Population Directly Displaced	410	410
Future With Proposed Project	<u>138,587</u>	<u>153,375</u>
% Change	<u>3.0%</u>	<u>9.3%</u>
Notes:	Population estimates for the proposed project assume an average household size of 2.1 persons per household, the average household size for the ½-mile study area.	
Sources:	See notes for previous table.	

Assuming that the new units would have an average household size of 2.1 persons per unit, the proposed project would introduce approximately 4,430 residents to the study area by 2010. After accounting for the 410 residents considered to be directly displaced by the proposed project, the study area would gain 4,020 residents during Phase I. This would bring the total 2010 population to approximately 138,587, a 3 percent increase over population in the future without the proposed project.

During Phase II of the proposed project, another 4,320 housing units would be built. Assuming an average household size of 2.1 persons per household, these housing units would introduce approximately 9,072 new residents to the study area. In total, the development introduced by the proposed project by 2016 would increase the ¾-mile study area housing stock and population by approximately 9 percent compared with the future without the proposed project.

As described in Chapter 1, “Project Description,” 4,500 of the 6,430 housing units introduced by the proposed project would be rental units, and half of those (2,250 units) would be reserved for households earning between 30 percent and 160 percent of the area median income (AMI) for the New York City metropolitan area. The AMI is set annually for metropolitan areas and non-metropolitan counties by the U.S. Department of Housing and Urban Development, and varies according to family size. As of April 7, 2006 AMI for the New York City metropolitan area was \$70,900 for a family of four.

Rent for all rental units introduced under the proposed project would be rent stabilized, and rent for the affordable units would be targeted at 30 percent of household income. Table 4-16 shows the distribution of the affordable housing units across household income bands, assuming a household size of 4 persons per household. If the household size were lower, the minimum and maximum incomes for each income band would be lower.

The income bands outlined in Table 4-16 are based on the Mixed-Income Program administered by the New York City Housing Development Corporation (HDC). Under that program, low income units can be rented to those earning at or below 50 percent of AMI and middle-income units can be rented to those earning at or below 175 percent of AMI.

Table 4-16
Income Bands for Proposed Project Affordable Housing Units
(Based on Family Size of 4.0 Persons per Household)

	<u>AMI Income Range**</u>	<u>Number of Affordable Units</u>	<u>Minimum Income for Family of 4*</u>	<u>Maximum Income for Family of 4*</u>
Income Band 1	30-40%	225	\$ 21,270	\$ 28,360
Income Band 2	41-50%	675	\$ 28,361	\$ 35,450
Income Band 3	60-100%	450	\$ 42,540	\$ 70,900
Income Band 4	101-140%	450	\$ 70,901	\$ 99,260
Income Band 5	141-160%	450	\$ 99,261	\$ 113,440

Notes:

* All dollar values are presented in 2006 dollars. Income minimums and maximums are based on the Area Median Income (AMI) which is set annually for metropolitan areas and non-metropolitan counties by the US Department of Housing and Urban Development (HUD). As of April 7, 2006 the AMI for the New York City metropolitan area was \$70,900 for a family of four.

** Income bands and distribution of units across income bands are subject to approval by the City.

Sources: FCRC; AKRF, Inc.

INDIRECT RESIDENTIAL DISPLACEMENT ANALYSIS

According to the *CEQR Technical Manual*, indirect displacement of a residential population most often occurs when an action increases property values and thus rents throughout a study area, making it difficult for some existing residents to continue to afford to live in the community. The manual states that:

If the proposed action may introduce a trend or accelerate a trend of changing socioeconomic conditions *and* if the study area contains population at risk, then it can be concluded that the action would have an indirect displacement impact. Understanding the action's potential to introduce or accelerate a socioeconomic trend is a function of the size of the development resulting from the action compared with the study area and the type of action (does it introduce a new use or activity that can change socioeconomic conditions in the study area). Generally, if the proposed action would increase the population in the study area by less than 5 percent, it would not be large enough to alter socioeconomic trends significantly.

As described earlier, the proposed project would increase the population in the $\frac{3}{4}$ -mile study area by approximately 10 percent over conditions in the future without the proposed project. Because the increase in study area population would be greater than 5 percent, the proposed project could, according to the *CEQR Technical Manual*, have the potential to alter socioeconomic trends significantly. And because the study area also contains a population at risk, the potential for indirect displacement to occur as a result of the proposed project must be examined.

This analysis concludes that the proposed project would not result in significant adverse impacts due to indirect residential displacement for a number of reasons, described in detail below, based on:

- Continuance of trends in rising incomes and rents in the study area;
- Socioeconomic profiles of new households introduced into the study area by the proposed project;
- Increase in the supply of housing units created by the proposed project; and
- Distance and intervening established neighborhoods and commercial corridors between the proposed project and subareas with potentially at-risk households.

1. Trends in income and housing values indicate that the number of at-risk households is decreasing and will continue to decrease independent of the proposed project.

As described under Existing Conditions, the socioeconomic profile of the $\frac{3}{4}$ -mile study area has changed substantially in recent years. Between 1989 and 1999, median household income for the $\frac{3}{4}$ -mile study area increased in constant dollar terms by 12.4 percent, compared with decreases in both Brooklyn (-8.0 percent) and New York City (-5.3 percent). At the same time, residential property values in the area increased. Between 1990 and 2000, the median contract rent increased by 18.9 percent in the $\frac{3}{4}$ -mile study area, compared with about 10 percent in both Brooklyn and New York City.

These trends were reflected, and in some case magnified, in some of the neighborhood subareas in which the 10 Census tracts identified as containing potentially at-risk population are located. For example, median rent in the Prospect Heights subarea increased by approximately 25 percent between 1990 and 2000, the highest increase of all subareas in the $\frac{3}{4}$ -mile study area, and 15 percentage points higher than the increase in Brooklyn over that same period (10.1 percent).

These data show a trend towards higher property values and household incomes, and data compiled by local real estate firms indicate that this trend has accelerated since the 2000 Census in

many portions of the ¾-mile study area. As described earlier under Future Without the Proposed Project, it is likely that some residential displacement has already occurred within the 10 Census tracts that contain at-risk population, and that the number of households that are actually at risk (both currently and in the future without the proposed project) is likely to be lower than the 2,929 households that were identified as potentially at risk based on 2000 Census data.

Trends in property values from 2000 to 2005 are discussed in further detail below for each of the 10 Census tracts containing at-risk population.

Tracts 29.01 and 31 (Fort Greene subarea)

As shown in Table 4-13, Census tracts 29.01 and 31 together contain fewer than 20 rental units that are unprotected by rent regulations. The small number of residential units in these two tracts makes it difficult to discern trends in property values between 2000 and 2005. However, given the proximity of these tracts to Downtown Brooklyn and their physical distance from the proposed project site (they are located approximately ½-mile from the project site), residential market conditions in the tracts would likely not be affected by the proposed project. Furthermore, changes expected to occur in the Downtown Brooklyn subarea in the future without the proposed project (the subarea is expected to gain approximately 2,888 housing units between 2000 and 2016), make it likely that by 2010 and 2016, many of these units would no longer be occupied by at-risk households with or without the proposed project.

Tract 125 (Gowanus subarea)

Census Tract 125 is located in the southwestern portion of the ¾-mile study area, within the Gowanus subarea. The tract contains approximately 267 unprotected units. As shown in Table 4-12, the income disparity between the renters living in small buildings in tract 125 (\$33,095) and renters in all of Brooklyn (\$35,844) was small in 2000—only \$2,749 or 8 percent. It is likely that this income gap has lessened or even disappeared since 2000. Residential sales and rental data indicate that residential property values in tract 125 have increased substantially since 2000. Sales data from Comps Inc., a company that compiles sales and tax assessment data for the New York City metropolitan area, indicate that the median per square foot sale price for residential properties in tract 125 increased by 224 percent in constant dollar terms between 2000 and 2005, from \$77 per square foot in 2000 to \$249 per square foot in 2005. Detailed rent data compiled in May 2006 by an experienced real estate broker specializing in Brooklyn residential properties indicate that rental rates in tract 125 also increased, by between 1 and 25 percent between 2000 and 2005 depending on the type of apartment.¹ The median rental rate for two-bedroom units increased the most, growing by 25 percent from \$1,224 in 2000 to \$1,525 in 2005. At the same time, the median for one- and three-bedroom apartments increased by 15 and 18 percent, respectively.

There is generally a correlation between household incomes and residential property values, i.e., increasing property values are generally indicative of increasing household income. This relationship is illustrated by the Census data presented under Existing Conditions, which shows that between 1989 and 1999, household incomes and rental rates in the ¾-mile study area both increased, with median household income increasing by 12 percent, from \$41,096 in 1989 to \$46,208 in 1999, and median contract rent increasing by 19 percent from \$610 per month to \$726 per month. A similar relationship between contract rents and household incomes is evident

¹ Jerry Minsky, a Senior Vice President at Corcoran, compiled rental rate data. Mr. Minsky has been a real estate agent in Brooklyn for 20 years and has worked for a variety of real estate agencies, including Eva M. Daniels, Brooklyn Properties, Brooklyn Landmark Realty, and Corcoran. His work is currently focused on the neighborhoods of Fort Greene, Clinton Hill, Prospect Heights, and Bedford-Stuyvesant.

at the neighborhood subarea level as well. As noted in Existing Conditions, median household income in the Gowanus subarea increased by 32 percent between 1990 and 2000, and very likely continued to increase between 2000 and 2005, as indicated by the substantial increases in rents experienced in all sizes of apartments in the subarea.

In light of this relationship between household incomes and residential property values, the presence of strong real estate market forces in Census tract 125 indicates that there has probably been an increase in higher-income households in the tract since 2000, and that the tract may no longer contain a substantial population that is at risk of indirect residential displacement. Furthermore, it is anticipated that this upward trend in incomes and rental rates will continue in the future with or without the proposed project. New market-rate housing development and retail development will continue to be developed in and around tract 125, particularly along 4th Avenue (the eastern border of tract 125), which was rezoned in 2003 to allow increased residential density. As the area becomes a more active residential and retail community and a more desirable place to live, it is anticipated that household incomes will continue to increase and rental rates will continue to rise.

Given that the average income for renters in small buildings in tract 125 was relatively close to the Brooklyn average in 2000, that residential property values in the tract have increased substantially since 2000, and that the upward trend in household incomes and rental rates is expected to continue in the future without the proposed project, it is unlikely that a substantial population at risk of displacement will be living in tract 125 by 2010 and 2016.

Tracts 215, 223, and 225 (Prospect Heights subarea)

As shown in Figure 4-6, tracts 215, 223, and 225 are located in the eastern portion of the Prospect Heights subarea and a majority of the residential units in these tracts are more than ½ mile from the proposed project site. Together, these tracts contain an estimated 574 unprotected units based on 2000 Census data. It is unlikely that all of these units actually represent households that would be at risk of indirect residential displacement. Residential sales data from Comps Inc. indicate that the median sale price for residential properties in this portion of the Prospect Heights subarea increased by \$242 psf (346 percent) in constant dollars between 2000 and 2005. In tract 215, the median sales price more than tripled between 2000 and 2005, with sales increasing from \$89 psf to \$380 psf. At the same time, the median sales price in tract 223 increased from \$62 psf to \$312 psf, showing more than a fourfold increase. These increases were so substantial that in 2005 the median sale price for tract 215 (\$380 psf) was higher than the median for the ¾-mile study area as a whole (\$324 psf).

Data compiled by an experienced real estate broker specializing in Brooklyn residential properties on rental rates for tracts 215, 223, and 225 indicate that the rental market did not perform as well as the for-sale market.¹ According to those data, which are based on a sampling of median rents in tracts 215, 223, and 225, median rents in the combined three-tract area decreased in constant dollar terms by 5 percent between 2000 and 2005. However, that trend included an increase of 14 percent in the median rental rate for studios (from \$766 per month in 2000 to \$873 per month in 2005), and an increase of 4 percent in the median for one-bedroom apartments (from \$1,157 to \$1,200 per month). In contrast, the median rental rate for two-bedroom apartments decreased by 11 percent in constant dollars from \$1,735 per month in 2000 to \$1,550 per month in 2005, and the median for three-bedroom apartments decreased by 7 percent from \$1,937 to \$1,800 per month.

Considering that the median gross rent in Brooklyn decreased by approximately 3 percent in constant dollar terms between 2000 and 2004 (the latest year for which data are available from the Census

¹ Ibid.

Bureau's American Community Survey), the overall decrease observed in these Census tracts was similar to that of the borough as a whole. According to local real estate brokers, generally lower interest rates have made it more attractive for households to buy apartments rather than rent, causing rents to remain flat or to decrease slightly in many areas across New York City over the past several years.

Of the three Census tracts, tracts 225 and 223, which are closest to the project site, showed the most positive overall trend in rental rates. According to the rental data, although the median rental rate for certain types of apartments in tracts 225 and 223 decreased between 2000 and 2005, the median rental rate for all apartments (including studios, and one-, two-, and three-bedroom units) in tract 225 increased by 12 percent from \$1,165 in 2000 to \$1,310 in 2005 and the median for all apartments in tract 223 increased by 13 percent from \$1,281 in 2000 to \$1,450 in 2005.

As described above under the discussion for Census tract 125, there is generally a correlation between household incomes and residential property values. Given the large increases in residential sale prices in tracts 215, 223, and 225 and the decreases in rental rates boroughwide, the rental data for the three-tract area indicate that household incomes for renters in at least two of the tracts (225 and 223) have probably increased since 2000. In fact, the sales and rent data for the three tracts, in combination with the 1990 and 2000 Census data for the Prospect Heights subarea, indicate that these tracts have been undergoing substantial change for several years and that they are attracting more affluent households. Therefore, it is unlikely that there are as many at-risk households living in these three tracts as the 2000 income comparison implies, and it is probable that the number of at-risk households will decrease even further in the future independent of the proposed project.

Tracts 227, 229, 231, and 233 (Bedford-Stuyvesant and Clinton Hill Subareas)

As shown in Figure 4-6, tracts 227, 229, 231, and 233 are located in the northeastern portion of the ¾-mile study area, in the Bedford-Stuyvesant subarea and the eastern portion of the Clinton Hill subarea. A majority of the residential units in these tracts are more than ½ mile from the proposed project site. Together, these tracts contain an estimated 2,071 unprotected units. Tract 227, which is the closest of the four tracts to the proposed project site, contains over a third of these units.

Residential sales data from Comps Inc. indicate that the median sale price for residential properties in these four tracts increased by between 72 percent and 186 percent in constant dollars between 2000 and 2005. Tract 227, which as mentioned above is the closest of the four tracts to the project site, contains the highest number of unprotected units, experienced the greatest increase, with the median sales price increasing by 186 percent between 2000 and 2005. At \$330 psf, the median sales price for tract 227 was actually slightly higher than the median sales price for the study area as a whole (\$324 psf), and tracts 229 and 231 to the north of 227 had median sales prices of \$288 psf and \$262 psf, respectively, indicating the area's growing desirability as a residential neighborhood.

As in the Prospect Heights subarea tracts described above, residential rental rates in these four tracts did not keep pace with residential sale prices. According to data compiled by an experienced real estate broker specializing in Brooklyn residential properties the median rent in tracts 227, 229, 231, and 233 decreased by approximately 4 percent in constant dollar terms between 2000 and 2005, which was approximately the same as the 3 percent decline in median rents between 2000 and 2004 in Brooklyn as a whole.¹ Although the median rental rate for studio apartments in the four Census tracts increased by 5 percent in constant dollar terms between 2000 and 2005, the median rental rate for one- and two-bedroom apartments decreased

¹ Ibid.

by 5 and 4 percent, respectively, and the median for three-bedroom apartments decreased by 9 percent, from \$1,804 in 2000 to \$1,650 in 2005.

Again, this decrease is not surprising considering that the median gross rent for all of Brooklyn decreased by 3 percent between 2000 and 2004. However, the more consistent decreases in rental rates across apartment types and individual census tracts in this area indicates that unlike the Gowanus and Prospect Heights tracts discussed above, the Bedford-Stuyvesant and Clinton Hill tracts may still contain approximately as many potentially at-risk households as were identified by the 2000 Census data analysis (2,071 households). However, the dramatic increases in residential sale prices between 2000 and 2005 indicate that the socioeconomic profile of these tracts is changing with the introduction of more affluent households to the area. It is probable that the number of at-risk households will decrease further in the future without the proposed project as these tracts continue to attract higher-income households. Real estate experts expect that as interest rates rise, more households will choose to rent rather than purchase homes, increasing the demand for rental units. In an area such as this—which has exhibited overall strong real estate trends over the past several years, with sale prices increasing and rental rates roughly mirroring the boroughwide trend—rental rates are likely to increase in the future independent of the proposed project. By 2010 and 2016, it is probable that the number of at-risk households living in these tracts will be substantially lower than 2,071.

2. Similarities between the proposed project housing mix and the housing mix currently present in the ¾-mile study area indicate that the proposed project would not substantially change the socioeconomic profile of the study area.

As described earlier under the preliminary assessment for indirect residential displacement, one of the conditions that can lead to indirect residential displacement is if a proposed project would introduce a substantial new population with different socioeconomic characteristics compared to the size and characteristics of the existing population. Although it is impossible to predict the exact demographic characteristics of the households that would move to the project site under the proposed project, an assessment of the proposed housing mix and the anticipated incomes for the new households indicates that the introduction of the new population would not lead to substantial shifts in the overall socioeconomic profile of the study area.

As outlined earlier, the proposed project would introduce between 5,325 and 6,430 residential units, depending on the variation. Under either variation, the project would introduce 4,500 rental units. Depending on the build program, these rental units would represent between 70 and 84 percent of the total new units, a distribution that is similar to the housing tenure in the ¾-mile study area where approximately 75 percent of all occupied housing units were renter-occupied in 2000. The size of the units introduced by the proposed project (defined by number of bedrooms) would also be similar to the existing housing stock in the ¾-mile study area. Under either of the proposed project's variations, 50 percent of the 2,250 affordable rental units would be studios and one-bedroom apartments and 50 percent would be two- and three-bedroom apartments on a square foot basis. According to the 2000 Census, 53 percent of the rental units in the ¾-mile study area are studios and one-bedroom apartments, and 43 percent are two- and three-bedroom apartments. (The remaining 6 percent of apartments have 4 or more bedrooms.)

Finally, the distribution of affordable and market rate rental units would be similar on the proposed project site and in the ¾-mile study area. A housing unit is generally considered “affordable” if the household occupying it pays 30 percent or less of its income towards housing costs. As of the 2000 Census, approximately 59 percent of all renter households in the ¾-mile study area were spending less than 30 percent of their household income on housing costs. This is similar to the proportion of affordable units planned as part of the proposed project. As stated above, the proposed project

would introduce 4,500 rental units. Half of these units would be reserved for households earning between 30 percent and 160 percent of New York City area median income (AMI) and rent for these units would be targeted at 30 percent of household income. This ensures that at least 50 percent of the new rental units would be considered “affordable.”

Overall, the 6,430 housing units introduced by the proposed project (residential mixed-use variation) would not substantially affect the range of household incomes present in the study area or the proportion of households in various income bands. Table 4-17 compares the distribution of households across income bands in 2000, 2016 without the proposed project, and 2016 with the proposed project. For purposes of this analysis, the dollar values presented in Table 4-16 (2006 dollars) were adjusted to 1999 dollars so that they would be comparable with the 2000 Census data, and income bands from the 2000 Census were grouped to best match the income bands that would be applied to the proposed project’s affordable housing units (see Table 4-16 for proposed project affordable housing income bands).

As described earlier under “Future Without the Proposed Project,” the study area is expected to gain approximately 4,871 housing units by 2016 in the future without the proposed project. The analysis presented in Table 4-17 assumes that 80 percent of these units (3,897 units) would be market-rate and 20 percent would be affordable (974 units).¹ Because the affordable housing units introduced to the study area in the future without the proposed project could be built under a variety of affordable housing programs, it is not possible to predict the distribution of these units across income bands. This analysis assumes that the distribution of affordable units built in the future without the proposed project would be the same as the distribution of affordable units introduced by the proposed project. Thus, 40 percent of the affordable units would be for households earning between \$15,000 and \$29,999; and the remaining 60 percent would be distributed evenly among the following three income brackets: \$35,000 to \$59,999; \$60,000 to \$74,999; and \$75,000 to \$99,999. It should be noted that shifting the distribution of income bands for the affordable housing units assumed to be built in the future without the proposed project would not materially affect the results of the analysis.

As illustrated in Table 4-17, the proportion of households in each income band would not be substantially different in 2016 with the proposed project compared to 2016 without the proposed project. The estimated proportion of households earning below \$15,000, from \$35,000 to \$59,999, from \$60,000 to \$74,999, and from \$75,000 to \$99,999 would each decrease by one percentage point, and the percent of households earning from \$15,000 to \$29,999 and from \$30,000 to \$34,999 would remain constant. At the same time, while the number of households earning over \$100,000 (representing, in 1999 dollars, households in market rate housing units) would increase by approximately 33 percent, these higher-income households would represent a similar share of total study area households in the future without the proposed project and the future with the proposed project. In total, the estimated share of households earning over \$100,000 would increase by 4 percentage points, from 21 percent to 25 percent of study area households. Such relatively small shifts in the distribution of households across income bands would not be enough to substantially alter the socioeconomic character of the study area.

¹ This is consistent with the analysis presented in Chapter 5, “Community Facilities,” which conservatively assumes that, unless otherwise known, 20 percent of all planned residential units will be developed as subsidized housing for low-to moderate-income households.

Table 4-17
Comparison of Study Area Households by Income Band:
2016 Without Proposed Project and 2016 With Proposed Project

Household Income*	2000		2016 Without Proposed Project			2016 With Proposed Project		
	Households	Percent of Total	New Housing Units**	Total Households	Percent of Total	Proposed Project Housing Units***	Total Households	Percent of Total
\$0-\$14,999	11,227	20%	-	11,227	18%	-	11,227	17%
\$15,000-\$29,999	8,250	15%	390	8,640	14%	900	9,540	14%
\$30,000-\$34,999	3,077	5%	-	3,077	5%	-	3,077	5%
\$35,000-\$59,999	13,234	24%	195	13,429	22%	450	13,879	21%
\$60,000-\$74,999	5,591	10%	195	5,786	10%	450	6,236	9%
\$75,000-\$99,999	5,650	10%	195	5,845	10%	450	6,295	9%
\$100,000 + (market rate)****	8,949	16%	3,897	12,846	21%	4,180	17,026	25%
TOTAL	55,978	100%	4,870	60,849	100%	6,430	67,279	100%

Notes:

* Dollar values are presented in 1999 dollars. Household income bands are based on 2000 Census data. Income bands were grouped to best match the income bands that would be applied to the proposed project's affordable housing units. Income bands and distribution of units across income bands for the proposed project are subject to approval by the City.

** Assumes that 80 percent of units built in the future without the proposed project (3,897 units) would be market-rate and 20 percent (974 units) would be affordable. Assumes that the distribution of affordable units built in the future without the proposed project would be the same as the distribution of affordable units introduced by the proposed project.

*** Analysis is based on residential mixed-use variation. Household incomes for the proposed project housing units are based on a family size of four persons per household (see Table 4-16 for more detail).

**** Under the proposed project, the maximum allowable income (2006 dollars) for a family of four in the highest affordable housing income band (141 - 160 percent of AMI) is \$113,440. Adjusted to 1999 dollars, \$113,440 is equivalent to \$90,080. The 4,180 market rate units in the proposed project are assigned to the \$100,000 + household income band.

Sources: U.S. Census Bureau, 2000 Census; AKRE, Inc.

Similarities between the proposed project housing mix and the housing mix currently present in the ¾-mile study area indicate that the proposed project would not substantially change the socioeconomic profile of the study area. As described above, the housing stock introduced by the proposed project would be similar in tenure, size, and affordability to the housing stock in the broader ¾-mile study area, indicating that the socioeconomic characteristics of the new population (e.g., in household income and household size) would not be markedly different from the characteristics of the population living in the broader ¾-mile study area. Furthermore, a comparison of the anticipated income distribution for households introduced by the proposed project to the current (2000) and future (2016) income distribution in the ¾-mile study area indicates that shifts in the distribution of households across income brackets would be small and would not substantially affect the overall socioeconomic character of the study area.

3. By adding new housing units, the proposed project could serve to relieve, rather than increase market pressure in the study area.

The proposed project would introduce between 5,325 and 6,430 new residential units to the study area. By adding a substantial number of new housing units, the proposed project could relieve, rather than increase market pressure in the study area. It is clear from upward trends in

residential property values that demand for housing in the ¾-mile study area is high; housing vacancy rates in the study area have been decreasing (8.2 percent in 1990 to 6.1 percent in 2000) and property values have been increasing (rental rates increased by 18.9 percent between 1990 and 2000). Based on these data and on other housing value trends described above under Existing Conditions, it is very likely that demand for housing in the ¾-mile study area will continue to escalate in the future with or without the proposed project. By providing additional housing in an area where demand is high, the proposed project could absorb housing demand that might otherwise be expressed through increases in rents in the study area. This could reduce displacement pressures on the at-risk population in the study area.

4. The location of the Census tracts identified as containing at-risk households, their distance from the project site, and the presence of intervening established neighborhoods and commercial corridors limits the potential for the project to affect rental rates in those tracts.

As shown in Figure 4-6, none of the Census tracts identified as containing at-risk households are located adjacent to the project site. A majority of the area in the Census tracts with at-risk households is located more than ½ mile away from the site and is buffered from the project site by already well-established residential neighborhoods and, in some cases, vibrant commercial corridors. Given the distance of these tracts from the project site and the presence of intervening established neighborhoods, their residential property values are more likely to be influenced by general trends in adjacent neighborhood areas than by the proposed project.

The project site is surrounded by a variety of commercial uses and well-established residential neighborhoods. Immediately north of the site lie the Atlantic Center and Atlantic Terminal shopping centers (between Flatbush Avenue and South Portland Avenue), a large group of rowhouses administered by the New York City Housing Partnership (between South Portland Avenue and Carlton Avenue), and the New York City Housing Authority's 31-story Atlantic Terminal Houses (northeast corner of Atlantic Avenue and Carlton Avenues). Beyond these major land uses to the northeast lies the Clinton Hill neighborhood, which, as described under Existing Conditions, has been characterized by increasing household incomes and rents in recent years. To the south of the project site lies the western portion of the Prospect Heights neighborhood—an area that has become increasingly desirable as a residential location, as evidenced by increases in residential property values and household income and decreases in residential vacancy rates in the Prospect Heights subarea between 1990 and 2000. Southwest of the project site lies the Park Slope neighborhood, which contains blocks of well-preserved brownstones that currently command some of the highest rental rates and sale prices in the ¾-mile study area, as well as vibrant commercial corridors such as 5th Avenue and Flatbush Avenue. Many of the blocks in the northern and eastern part of Park Slope are located within the Park Slope Historic District, designated in 1973. Immediately west of the project site is the Boerum Hill neighborhood, which includes blocks of well-restored row houses, and its own historic district, also designated in 1973. As described earlier under Existing Conditions, the Boerum Hill neighborhood has experienced an influx of more affluent residents in recent years (median household income increased by 11 percent between 1989 and 1999) and, similar to Park Slope, is characterized by some of the highest residential property values in the ¾-mile study area. As described earlier, Boerum Hill had the highest median home value of all subareas in 2000 (\$464,635) and the second highest median contract rent (\$797 per month).

The residential and commercial uses described above present a substantial buffer between the project site and the 10 Census tracts identified as containing at-risk population. For example, the tracts located in the Clinton Hill/Bedford-Stuyvesant subareas (227, 229, 231, and 233) are separated from the project site by Atlantic Avenue on the south and by the Clinton Hill

neighborhood to the west. As described above, residential sales in tracts 227, 229, 231, and 233 escalated between 2000 and 2005, while rental rates have remained flat or decreased. At the same time, the socioeconomic profile of the Clinton Hill neighborhood has continued to change; as described under Existing Conditions, REBNY reports that residential sales prices in the neighborhood increased by 22 percent between 2004 and 2005 alone, and according to US Census Bureau data, the median household income in the subarea increased by 9 percent between 1989 and 1999 in constant dollar terms. If the substantial changes occurring in the Clinton Hill neighborhood have not driven up rental rates in tracts 227, 229, 231, and 223, it is highly unlikely that the proposed project, which is separated from these tracts by the Clinton Hill neighborhood, would have any effect on rental rates in these tracts.

The other six tracts identified as containing at-risk population are similarly buffered from the project site. The Gowanus tract (125) is separated from the site by portions of the well-established Park Slope and Boerum Hill subareas, as well as busy commercial strips such as 5th Avenue and Flatbush Avenue. As described above, tract 125 has already experienced substantial increases in rental rates and sale prices—a trend that is largely attributable to the changes occurring in the adjacent neighborhoods of Boerum Hill and Park Slope. Tracts 29.01 and 31, located in the Fort Greene subarea, are separated from the project site by Fort Greene Park and the highly active Fulton Street retail corridor. And tracts 215, 223, and 225 (Prospect Heights subarea) are located at the far eastern and southern ends of the Prospect Heights neighborhood, separated from the project site by blocks of well-preserved residential homes.

The physical distance of these 10 Census tracts from the proposed project site, coupled with the presence of active residential and commercial areas buffering the project site from the potential at-risk population greatly minimizes the likelihood that the proposed project would have a substantial effect on rental rates in the 10 identified tracts.

Conclusion

The proposed project would not have a significant adverse indirect residential displacement impact. Based on the changes in residential real estate values between 2000 and 2005 (which are indicative of rising household incomes), it is unlikely that the 10 Census tracts identified as containing potentially at-risk population actually include as many as 2,929 households that are vulnerable to indirect displacement. Residential sale prices, which have increased substantially since 2000, and rental rates, which are either increasing (e.g., tract 125 in the Gowanus subarea) or following the borough-wide trend (e.g., small decreases in the tracts located in the Bedford-Stuyvesant and Clinton Hill subareas), indicate that the number of vulnerable units in these 10 tracts has likely decreased since 2000. Given similar trends throughout the study area, the number of identified vulnerable households is likely to continue to decrease in the future with or without the proposed project. By 2010 and 2016, it is likely that in some of the tracts identified the at-risk population will be much smaller than in 2000.

As discussed above, there are several reasons why the proposed project would not be likely to cause residential displacement in these 10 Census tracts. First is the continuance of recent trends in rising incomes, rising sale prices, and residential property values. Second, similarities between the proposed project housing mix and the housing mix currently in the ¾-mile study area indicate that the proposed project would not substantially change the socioeconomic profile of the study area. Therefore, there is no basis to assume that the proposed project would result in a significant change in the socioeconomic mix of the study area so as to cause upward pressure on rental rates within the area. Third, the project would introduce a substantial number of housing units to the study area, which could alleviate upward pressure on rental rates, reducing displacement pressures on the at-risk population. Fourth, a majority of households identified as at-risk are located more than ½-mile from the project site and there are intervening established

residential communities with upward trends in property values and incomes, and active commercial corridors separating the site from the at-risk Census tracts. This would limit the potential for the proposed project to substantially affect real estate values in the tracts containing at-risk population.

Overall, the proposed project has limited potential to affect real estate values in the 10 Census tracts identified as containing at-risk population. The proposed project is not expected to lead to indirect residential displacement in these tracts, and the project would not have a significant adverse indirect residential displacement impact.

F. DETAILED ANALYSIS OF INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

The possibility that the proposed project could cause significant indirect business and institutional displacement impacts could not be ruled out through the preliminary assessment presented above. Therefore, a detailed analysis was performed. According to the *CEQR Technical Manual*, the approach to a detailed assessment of indirect business and institutional displacement is similar to that of the preliminary assessment but requires more in-depth analysis of business, employment, and commercial real estate trends, and varies depending on the particular indirect displacement issue identified in the preliminary assessment.

The preliminary assessment identified several changes to the study area business and economic profile that would occur as a result of the commercial mixed-use variation. These include: the introduction of an arena, which would represent a new economic use in the study area; the addition of 5,325 residential units, which would increase demand for neighborhood retail goods and services; and the removal of blighted conditions on the project site, which could affect the property values of commercial properties surrounding the project site. The goal of this detailed analysis is to determine whether these changes could increase commercial real estate values in the study area, making it difficult for some categories of businesses to remain at their current locations, and whether the displacement, were it to occur, would result in significant adverse impacts.

In accordance with CEQR guidelines, this analysis is divided into three sections: Existing Conditions, including employment and business trend data; conditions in the Future Without the Proposed Project; and Probable Impacts of the Proposed Project.

EXISTING CONDITIONS

This section estimates existing employment on the project site, presents an employment profile for the study area, and describes ways in which that profile has changed over time. Employment data are not available from the Department of Labor for geographic areas smaller than zip codes. Although zip code boundaries do not conform exactly to the project's $\frac{3}{4}$ -mile study area, zip codes 11217 and 11238 (shown in Figure 4-7) capture a large portion of the study area's geography and are therefore used as the basis of the discussion on employment trends in the study area. However, this two-zip-code study area does not capture all of the employment located in the $\frac{3}{4}$ -mile study area. Most notably, it does not include the concentrations of retail and office employment that are located in the Downtown Brooklyn subarea.

In order to provide a more complete picture of total employment in the $\frac{3}{4}$ -mile study area, the zip code data are supplemented with references to employment data from Claritas, a national marketing information resources company that compiles employment estimates for geographic areas that do not necessarily conform to zip codes. The Claritas data, which are available for the

most recent year (2005) but not for historic years, capture employment that is located within the ¾-mile study area but outside of the two-zip-code area.

EMPLOYMENT TRENDS

In order to put employment shifts in the study area into a broader context, it is useful to examine employment trends in the Borough of Brooklyn. Private sector employment in Brooklyn has changed noticeably in numbers and character over the past several decades. As shown in Table 4-18, employment decreased by approximately 28 percent, or 138,375 workers, between 1960 and 1980, and then rose after 1980, to approximately 405,870 in 2002.¹

**Table 4-18
Brooklyn Private Sector Employment: 1960-2002**

Industry Sector (SIC)	Employment						Percent Change	
	1960	1970	1980	1990	2000	2002	1990-2002	1960-2002
Manufacturing	224,600	177,700	102,418	66,251	41,845	34,496	-47.9%	-84.6%
Construction	21,000	16,000	12,331	20,695	24,024	20,886	0.9%	-0.5%
TCPU	32,800	41,400	27,539	22,814	25,559	22,831	0.1%	-30.4%
Wholesale Trade	28,800	25,800	23,518	26,535	28,197	25,228	-4.9%	-12.4%
Retail Trade	79,700	80,000	65,486	65,125	67,017	66,770	2.5%	-16.2%
FIRE	27,800	26,200	23,427	22,604	27,042	26,948	19.2%	-3.1%
Services	84,100	87,000	103,349	147,136	191,420	200,255	36.1%	138.1%
All Other	1,000	1,100	3,346	2,484	2,993	8,444	239.9%	744.4%
TOTAL	499,800	455,200	361,425	373,830	408,103	405,868	-8.6%	-18.8%
Notes: TCPU stands for Transportation, Communication, and Public Utilities. FIRE stands for Finance, Insurance, and Real Estate. Sources: NYS Department of Labor								

Of all major employment categories, manufacturing experienced the largest decline in both absolute and relative terms. Between 1960 and 2000, the sector lost approximately 182,755 employees, or over 80 percent of its employment base. Moreover, between 2000 and 2002, manufacturing employment dropped by another 7,350 employees, or by about 17 percent. This decrease is reflective of a broader citywide decrease in manufacturing employment over the past several decades. Citywide, employment in the manufacturing sector fell by approximately 75 percent between 1960 and 2000.

Employment trends in the study area have been similar to employment patterns in Brooklyn, with manufacturing employment decreasing over time, and services employment increasing. The magnitude of these changes, however, has been different in the study area than in the borough. As shown in Table 4-19, manufacturing employment in the study area decreased by 88 percent between 1990 and 2002. In comparison, manufacturing employment in the Borough of Brooklyn decreased by approximately 48 percent over the 12-year period. Services employment in the study area increased by 16 percent between 1990 and 2002, while in the Borough of Brooklyn, it increased by approximately 36 percent. Differences between the borough and the study area are also evident in the wholesale and retail trade sectors. Both experienced a decrease in wholesale

¹ In 2002, the US Census Bureau replaced its historic industry classification system—the Standard Industrial Classification (SIC) system—with the North American Industry Classification System (NAICS). This makes it difficult to compare employment and business data from before and after 2002. Therefore, the trend data presented in this analysis stop at 2002.

trade and an increase in retail trade. However, the changes were more dramatic in the study area than they were in Brooklyn, with study area wholesale employment falling by approximately 46 percent between 1990 and 2002 (as compared with roughly 5 percent in Brooklyn) and retail employment increasing by 40 percent (as compared with 2.5 percent in Brooklyn). A substantial portion of this increase in study area retail employment is due to the opening of the 400,000 square foot Atlantic Center shopping mall in 1996.

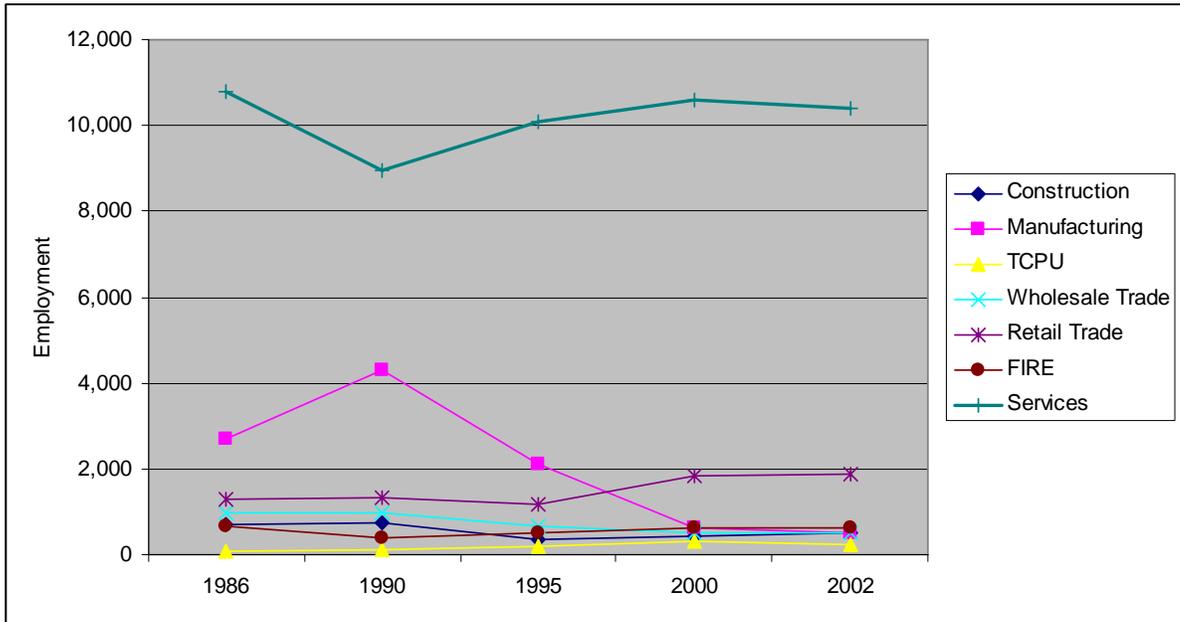
Table 4-19
Study Area Private Sector Firms and Employment: 1986-2002

Industry Sector (SIC)	1986		1990		1995		2000		2002		Change '86-'02 (Percent)		Change '90-'02 (Percent)	
	Firms	Emp.	Firms	Emp.	Firms	Emp.	Firms	Emp.	Firms	Emp.	Firms	Emp.	Firms	Emp.
Agriculture, Forestry, Fishing	2	D	4	D	5	D	5	14	5	10	150	N/A	25	N/A
Construction	67	693	77	743	58	356	66	442	66	509	-1	-27	-14	-31
Manufacturing	107	2,691	105	4,318	84	2,106	68	634	58	524	-46	-81	-45	-88
TCPU	29	89	27	107	30	204	36	300	29	235	0	164	7	120
Wholesale Trade	100	988	82	973	75	654	77	523	70	525	-30	-47	-15	-46
Retail Trade	264	1,302	254	1,347	252	1,156	280	1,826	276	1,891	5	45	9	40
FIRE	107	658	123	378	164	517	182	627	177	642	65	-2	44	70
Services	470	10,803	441	8,953	522	10,095	622	10,593	596	10,381	27	-4	35	16
Unclassified	28	29	23	42	26	100	36	67	187	340	568	1,072	713	710
TOTAL	1,176	19,747	1,148	19,785	1,223	17,915	1,372	17,826	1,464	17,855	24	-10	28	-10
Notes:	Due to NYSDOL data suppression practices, total employment may be larger than the sum of employment for each major industry sector. The letter D indicates those sectors for which data have been suppressed.													
Sources:	New York State Department of Labor: 4th Quarters 2002, 2000, 1995; 3rd Quarter 1990; 1st Quarter 1986													

Overall, private-sector employment in the study area and borough of Brooklyn decreased between 1990 and 2002 at approximately the same rate. Between 1990 and 2002, study area employment fell by approximately 10 percent, while Brooklyn employment decreased by approximately 9 percent. The most dramatic decrease in study area employment occurred between 1990 and 1995, when the manufacturing and construction sectors lost more than half of their employment bases. Chart 4-18 shows employment changes in the study area between 1986 and 2002.

The most current annual zip code data available from the New York State Department of Labor (which are available only by NAICS and therefore not directly comparable to the data presented in Table 4-19) indicate that total employment in the study area remained relatively stable between 2002 and 2004. As shown in Table 4-20, total private sector employment in 2004 was 17,752, less than one percent less than the 2002 total of 17,855 employees.

Study Area Private Sector Employment by Major Industry Sector: 1986-2002



Source: Derived from New York State Department of Labor data: 4th Quarters 2002, 2000, 1995; 3rd Quarter 1990; 1st Quarter 1986

Table 4-20
Study Area Private Sector Firms and Employment: 2004

Industrial Sector (NAICS)	Firms	Employees
Utilities	1	D
Construction	72	411
Manufacturing	36	281
Wholesale Trade	72	500
Retail Trade	213	2,197
Transportation and Warehousing	14	256
Information	28	56
Finance & Insurance	20	1,028
Real Estate & Rental & Leasing	148	614
Professional, scientific & technical services	104	226
Management of companies & enterprises	5	88
Admin, support, waste mgt, remediation services	28	388
Educational Services	25	485
Health care and social assistance	189	2,846
Arts, entertainment & recreation	38	602
Accommodation & food services	113	650
Other services (except public administration)	276	1,071
Unclassified establishments	117	140
Summed total	1,498	11,838
Actual total	1,564	17,752
Notes:	Due to New York State Department of Labor (NYSDOL) data suppression practices, total employment is larger than the sum of employment for each major industry sector. The letter D indicates those sectors for which data have been suppressed.	
Sources:	NYSDOL, 2004 annual averages for zip codes 11217 and 11238.	

As described earlier, the study area defined by zip codes 11217 and 11238 does not capture all of the employment located in the $\frac{3}{4}$ -mile study area. Most notably, it does not capture the concentrations of retail and office employment that are located in the Downtown Brooklyn subarea. According to Claritas, there were a total of 46,771 private-sector employees working within the $\frac{3}{4}$ -mile study area in 2005—over twice the number of employees included in the two-zip-code study area. Approximately 25 percent of those employees work in retail; 52 percent work in services such as health and social services (a combined 17 percent), educational services (19 percent) and other business and personal services; 6 percent work in the financial and real estate sector; and the remainder work in transportation and utilities (5 percent), wholesale trade (4 percent), manufacturing (3 percent), construction (2 percent), and other non-classified industries (2 percent).

OVERVIEW OF STUDY AREA COMMERCIAL AND INDUSTRIAL SPACE

The $\frac{3}{4}$ -mile study area contains over 23 million square feet of commercial and industrial space. In general, office, industrial, and chain retail uses are clustered in several subareas, while ground-floor retail space, which is primarily occupied by neighborhood retail stores, is located along key corridors in each neighborhood subarea.

Commercial office space, totaling 8.3 million square feet, is concentrated in the Downtown Brooklyn subarea and includes a mix of recently built high-rise buildings, such as the 32-story MetroTech tower on Duffield Street, and older 3-to 25-story structures. Both private and public sector tenants are common in the Downtown Brooklyn subarea, including the offices of DOE, MTA, Con Edison and the IRS, as well as JP Morgan Chase and the Bank of New York, which occupies the Atlantic Terminal tower.

The two largest retail clusters in the $\frac{3}{4}$ -mile study area are located in the Downtown Brooklyn and Fort Greene subareas and collectively contain over 3 million square feet of retail space. The first cluster, at the intersection of Atlantic and Flatbush Avenues, includes the Atlantic Center and Atlantic Terminal shopping centers, Modell's, and P.C. Richard & Son—the only grouping of national retail chains in the study area. The second retail concentration is in the nearby Fulton Street Mall, which contains a mix of chain stores and independent retailers selling mostly electronics, shoes, and apparel. The remaining commercial space in the study area is largely devoted to ground-floor retail along key corridors in each subarea, accounting for approximately 2.3 million square feet of building space in the study area as a whole. These corridors are detailed in the following section, "Study Area Retail Profile."

There are three clusters of industrial activity in the $\frac{3}{4}$ -mile study area, accounting for over 6 million square feet of building space. The main industrial concentration is located in the Gowanus subarea, clustered around the Gowanus Canal and 3rd Avenue. The industrial uses here are characterized by light industrial and auto-related businesses that occupy large, open lots for storage or truck parking and one- to four-story industrial office or warehouse spaces. A second industrial cluster is located in the northeast corner of the Prospect Heights subarea. Although one- to four-story warehouse buildings also dominate this industrial cluster, the lots are smaller, and most do not include parking. A majority of businesses in the Prospect Heights subarea are small factories or warehouses and building suppliers. A third industrial cluster—substantially smaller than the Gowanus and Prospect Heights industrial clusters—is located in the northeast corner of the Clinton Hill subarea and the northwest portion of the Bedford-Stuyvesant subarea. This cluster primarily includes auto-repair shops and warehouse/storage facilities occupying one- to five-story brick structures.

Detailed descriptions of commercial and industrial uses by subareas, which closely approximate Census areas, are included in Chapter 3, “Land Use, Zoning, and Public Policy.”

STUDY AREA RETAIL PROFILE

The ¾-mile study area includes a number of major commercial corridors, including 4th Avenue, 5th Avenue, 7th Avenue, Atlantic Avenue, Flatbush Avenue, Franklin Avenue, the Fulton Mall, Fulton Street, Myrtle Avenue, Smith Street, Vanderbilt Avenue, and Washington Avenue, and several retail concentrations, including Atlantic Center, Atlantic Terminal, and the Gallery at Fulton Mall (see Figure 4-8). In January 2006, AKRF, Inc. performed a detailed retail survey of all storefronts located on the retail corridors and in the areas of retail concentration shown in Figure 4-8. The results of this retail survey are presented below.

In total, the retail corridors and concentrations located within the ¾-mile study area contain approximately 2,084 street-level establishments, including ground-floor offices and businesses providing neighborhood services, as well as vacant storefronts. As shown in Table 4-21, 25 percent of these establishments provide neighborhood services such as hair and nail care, shoe repair, travel services, and cleaning/tailoring. Stores selling shoppers’ goods such as apparel and furniture occupy approximately 24 percent of all ground-floor commercial spaces. Restaurants, fast food businesses, and bars occupy roughly another 17 percent of all spaces.

Almost 19 percent of all ground-floor commercial spaces in the study area are currently vacant—either available for rent or sale, boarded up, or in unusable condition. With the exception of one, all of the corridors surveyed had a vacancy rate of 10 percent or higher, with many being greater than 20 percent. However, as discussed in further detail below, vacancies on some streets, such as 4th Avenue, are clustered together rather than scattered along the corridor.

4th Avenue

As illustrated in Figure 4-5, 4th Avenue runs along the boundary between the Park Slope neighborhood on the east and the Boerum Hill and Gowanus neighborhoods on the west. Ground-floor commercial uses are not as concentrated along 4th Avenue as they are along the other study area corridors. Commercial uses are most densely positioned in the northern part of the study area, particularly between Dean and Warren Streets. However, the block between Bergen Street and St. Marks Place is largely vacant, with 13 vacant storefronts and only six active commercial establishments, which contributes to the 34 percent overall vacancy rate along this corridor. Ground-floor commercial establishments along the southern portion of 4th Avenue (between Warren Street and Union Street) are limited in number, and mixed among residential uses, government and educational uses, and small offices. The southernmost portion of the corridor, between DeGraw Street and Union Street, includes several auto-related uses including a gas station, tire shop and seven vacant storefronts.

5th Avenue

Fifth Avenue runs through the western portion of Park Slope and includes a variety of commercial establishments that support the surrounding residential areas, including approximately 56 eating and drinking establishments and roughly 60 neighborhood service businesses such as nail and hair salons, dry cleaners, massage parlors, yoga/pilates fitness centers and medical offices. Almost 14 percent of all ground-floor commercial spaces along 5th Avenue are currently vacant. Vacant storefronts are not grouped in specific blocks as they are along the 4th Avenue corridor, but scattered along the length of the street. A large Key Food supermarket is located between Douglass and Baltic Streets.

Table 4-21
Summary of Retail Storefronts in ¼-Mile Study Area

Retail Concentration	Shoppers' Goods*		Building Materials, Hardware, Garden Supply		Auto-Related Trade		Convenience Goods**		Eating & Drinking Places		Neighborhood Services		Vacant Storefronts***		Total Storefronts	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total
4th Ave. (btwn. Union & Atlantic)	6	8.1%	3	4.1%	6	8.1%	9	12.2%	6	8.1%	19	25.7%	25	33.8%	74	100%
5th Ave. (btwn. Flatbush & President)	49	22.0%	4	1.8%	0	0.0%	24	10.8%	56	25.1%	60	26.9%	30	13.5%	223	100%
7th Ave. (btwn. Flatbush & 2nd)	35	26.9%	1	0.8%	0	0.0%	26	20.0%	26	20.0%	34	26.2%	8	6.2%	130	100%
Atlantic Ave. (btwn. Boerum & Classon)	54	24.7%	1	0.5%	32	14.6%	16	7.3%	20	9.1%	56	25.6%	40	18.3%	219	100%
Atlantic Center & Atlantic Terminal	20	48.8%	0	0.0%	0	0.0%	3	7.3%	6	14.6%	1	2.4%	11	26.8%	41	100%
Flatbush Avenue (btwn. Atlantic & Plaza)	23	15.4%	3	2.0%	1	0.7%	18	12.1%	28	18.8%	50	33.6%	26	17.4%	149	100%
Franklin Ave. (btwn. Atlantic & Sterling)	2	3.8%	1	1.9%	0	0.0%	9	17.0%	8	15.1%	11	20.8%	22	41.5%	53	100%
Fulton Mall Area	211	50.5%	0	0.0%	0	0.0%	34	8.1%	55	13.2%	65	15.6%	53	12.7%	418	100%
Fulton St. (btwn. Bedford & Flatbush)	22	8.1%	7	2.6%	2	0.7%	35	12.8%	59	21.6%	86	31.5%	62	22.7%	273	100%
Gallery at Fulton Mall	23	50.0%	0	0.0%	0	0.0%	4	8.7%	4	8.7%	2	4.3%	13	28.3%	46	100%
Myrtle Ave. (btwn. Flatbush & Clinton)	9	8.3%	1	0.9%	1	0.9%	19	17.6%	18	16.7%	36	33.3%	24	22.2%	108	100%
Smith Street (btwn. Atlantic & DeGraw)	21	15.8%	1	0.8%	0	0.0%	19	14.3%	39	29.3%	31	23.3%	22	16.5%	133	100%
Vanderbilt Ave. (btwn. Atlantic & Sterling)	9	11.4%	1	1.3%	3	3.8%	11	13.9%	16	20.3%	24	30.4%	15	19.0%	79	100%
Washington Ave. (btwn. Atlantic & St. John's)	8	5.8%	2	1.4%	4	2.9%	24	17.4%	17	12.3%	45	32.6%	38	27.5%	138	100%
Study Area Total	492	23.6%	25	1.2%	49	2.4%	251	12.0%	358	17.2%	520	25.0%	389	18.7%	2084	100%

Notes:

* Shoppers' goods stores offer items such as furniture, clothing, electronics, and sports equipment—goods that people tend to make deliberate, planned trips to purchase.

** Convenience goods stores are those offering items such as groceries, personal care items, housekeeping products, prescription drugs, newspapers and magazines—goods that people tend to buy at the location most convenient to them. Stores classified as convenience stores can also include businesses that provide services rather than goods, such as laundromats, barber shops, and beauty salons.

*** Vacant Storefront category includes both stores that are on the market (with for sale or lease signs posted) and stores that appear to be abandoned (with no visible sign that the property is actively being marketed for sale or lease).

Sources: AKRF, Inc. retail survey conducted in January 2006.

7th Avenue

The 7th Avenue corridor runs from Flatbush Avenue to 2nd Street and serves the eastern portion of Park Slope. Shoppers' goods represents the largest percentage of the shops at almost 27 percent. Of the 35 shoppers' goods stores, 14 are miscellaneous shoppers' goods stores and include book stores, jewelers, gift shops and eyeglass stores. Neighborhood services represent about 26 percent of the commercial space, with 34 storefronts. Many of the neighborhood services establishments are professional offices, including 12 realtors, banks, dry cleaners and laundromats. There are 26 eating and drinking establishments, 16 of which are restaurants. This area has the lowest vacancy rate of all shopping corridors surveyed, with only eight vacant storefronts, representing six percent of the commercial area.

Atlantic Avenue

The Atlantic Avenue corridor is approximately two miles long (within the study area boundaries), and ground-floor commercial uses differ significantly from west to east along the corridor. The western portion of the corridor, between Boerum Place and Flatbush Avenue in the Boerum Hill subarea, is lined with a variety of commercial uses, including eating and drinking establishments, clothing shops, home furnishing stores, laundry facilities, and small professional offices. These blocks also contain approximately eight stores catering to the Islamic population—stores such as Islamic Treasure and Islamic Books and Tapes, selling a variety of items such as books, clothing, oils, and incense.

The eastern portion of Atlantic Avenue (from Vanderbilt Avenue on the west to Franklin Avenue on the east) is dominated by auto-related businesses such as body shops, tire stores, and shops offering services such as window tinting and stereo installation. In addition, there are several (approximately nine) restaurant supply stores to the east of St. James Place. Vacant storefronts and empty lots are prevalent along this portion of Atlantic Avenue; there are approximately 18 vacant storefronts between Vanderbilt and Classon Avenues. The remainder of the vacant storefronts are scattered throughout the strip.

Atlantic Center and Atlantic Terminal

Located at the intersection of Atlantic Avenue and DeKalb Avenue, Atlantic Center and Atlantic Terminal are adjacent to Brooklyn's largest transportation hub. Roughly half of the stores located within these two shopping centers are shoppers' goods stores, with ten apparel and accessory establishments and six furniture, home furnishing and equipment stores. There are six eating and drinking establishments and 11 vacant storefronts. Most of the shops located within these two shopping centers are regional or national chains, including Old Navy, Target, Circuit City, Guitar Center, Mandee's, Starbucks, McDonald's and Pathmark.

Flatbush Avenue

Flatbush Avenue is a wide and busy commercial corridor that serves as a main thoroughfare for buses, trucks, cars and pedestrians. The section located within the $\frac{3}{4}$ -mile study area runs from Atlantic Avenue to Plaza Street, which encircles Grand Army Plaza. However, the northwestern portion of Flatbush Avenue is captured in the "Fulton Mall Area" retail description that follows. The section of Flatbush Avenue located south of Atlantic Avenue acts as the diagonal boundary between Park Slope and Prospect Heights. The corridor is dominated by neighborhood services, such as nail and hair salons, medical offices and health and fitness centers that cater to the large residential areas that border it. Approximately 17 percent of the storefronts along the Flatbush Avenue retail corridor (26 storefronts) are currently vacant.

Franklin Avenue

The Franklin Avenue corridor runs from Atlantic Avenue on the north to Sterling Place on the south. This is a sparse commercial corridor with establishments scattered throughout. Neighborhood services, such as hair and nail salons, medical offices and professional offices, make up about 21 percent of the establishments. Of the nine convenience goods stores, seven are grocery stores, delis or bodegas. The area is largely residential with numerous storefront churches and 22 vacant storefronts (almost 42 percent).

Fulton Mall Area

The Fulton mall area is one of most vibrant commercial areas in Brooklyn. Centered on Fulton Street, this outdoor mall extends to Willoughby Street on the north, Livingston Street and

Schermerhorn Street on the south, Flatbush Avenue on the east and Boerum Place/Adams Street on the west. Both Adams Street and Flatbush Avenues are busy thoroughfares that offer direct access to Manhattan via the Brooklyn and Manhattan Bridges, respectively. Although retail activity is primarily located on Fulton Street, there are many stores situated on the surrounding streets as well.

The Fulton Mall is oriented toward destination shopping. The field survey observed 418 storefronts, of which 211, or about 50 percent, are shoppers' goods stores. Among those, 93 are apparel and accessory stores (primarily women's clothing and shoes), 47 are furniture, home furnishings or equipment stores (primarily furniture or audio and video electronics), 53 are miscellaneous shoppers' goods stores (primarily jewelry and other miscellaneous shoppers' goods, such as beauty supply stores), and 18 are general merchandise stores including a Macy's. Neighborhood services account for about 16 percent of total storefronts (65 stores), including many hair and nail care establishments, medical offices, other neighborhood services and other professional offices. There are 34 convenience goods stores, mostly small grocery stores and bodegas. Eating and drinking places make up about 13 percent of total storefronts in the area, with the majority being refreshment and fast food places. Fifty-three vacant storefronts were observed during the survey, representing about 13 percent of the storefronts. Stores are densely packed in this area, and there are many large stores, particularly discount stores. Most of the retail stores are local chains, including Conway and Jimmy Jazz. National chains are less common, but include Modell's, Jennifer Convertible, Washington Mutual, Burger King, and McDonald's.

The Gallery at the Fulton Mall

The Gallery at the Fulton Mall is an indoor mall located at the intersection of DeKalb Avenue, Albee Square and Gold Street. Similar to the Fulton Mall, the Gallery is composed of mostly shoppers' goods stores, which make up 50 percent of the commercial establishments. Of the 23 shoppers' goods stores, 12 are apparel and accessory stores. The two large anchor shops located in the Gallery are Toys-R-Us and Forever 21, a women's clothing chain. There are 13 vacancies, which constitute over a quarter of the storefronts.

Fulton Street

The Fulton Street corridor runs from Flatbush Avenue on the west to Bedford Avenue on the east, spanning the Fort Greene and Downtown Brooklyn subareas to the Clinton Hill subarea. As illustrated in Figure 3-3 in Chapter 3, "Land Use, Zoning, and Public Policy," ground-floor commercial uses are present along most of the corridor, with the exception of four blocks between South Oxford Street and Vanderbilt Avenue, which are a combination of open space, vacant lots, and residential buildings. Retail and neighborhood services in the Fort Greene/Downtown Brooklyn portion of the corridor are a mixture of bars and restaurants, neighborhood services, and assorted shoppers' goods stores selling home furnishings, gifts, and clothing. There are also several real estate offices located in the two blocks between Fort Greene Place and South Portland Avenue. The western portion of the Fulton Avenue corridor contains nine vacant storefronts, six of which are located in the block between Rockwell Place and Ashland Place on the northern side of the street.

Ground-floor commercial uses are less concentrated along the eastern portion of the Fulton Street corridor (from Vanderbilt Avenue to Bedford Avenue) than they are along the western segment. In general, retail/services properties in this area appear to be less well maintained than those to the west. The vacancy rate is high, and becomes progressively higher from west to east; vacant storefronts or vacant lots predominantly occupy the blocks closest to Bedford Avenue. It is worth noting, however, that several vacant storefronts or buildings along the eastern portion of Fulton Street are currently being renovated or are actively being marketed for sale or lease.

Myrtle Avenue

The Myrtle Avenue corridor runs from Flatbush Avenue on the west to Clinton Avenue on the East, and stretches through the subareas of Downtown Brooklyn and Fort Greene. Commercial uses are situated at the eastern and western ends of the corridor and are divided by the Ingersoll and Whitman housing projects and Fort Greene Park. The western segment (from Flatbush Avenue to Ashland Place) is predominantly vacant. Those stores that are occupied are mostly filled with neighborhood services such as a laundromat, nail and hair salons and dry cleaners. There is a new commercial building that was recently completed on the corner of Prince Street and Myrtle Avenue that has not yet been occupied. The eastern portion of Myrtle Avenue (from Cumberland Street to Clinton Avenue) is a much more densely populated commercial area with 87 storefronts, 30 of which are neighborhood services. Convenience goods and eating and drinking places are plentiful in this section of Myrtle Avenue and the vacancy rate is low. There is a large mixture of bars and restaurants as well as shoppers' goods to further serve the local community. Seventeen percent of the storefronts were vacant; but turnover in this area appears to be high and vacant storefronts do not seem to stay unoccupied for long.

Smith Street

The Smith Street corridor runs from Atlantic Avenue on the north to DeGraw Street on the South and extends through the Boerum Hill, Cobble Hill and Carroll Gardens neighborhoods. The area hosts commercial establishments that serve the surrounding residential areas, including 39 eating and drinking establishments and approximately 30 neighborhood service businesses such as hair and nail salons, dry cleaners, medical offices and numerous professional offices. The area is often referred to as restaurant row because more than 30 restaurants line the relatively short corridor. Approximately 17 percent of all ground-floor commercial spaces along Smith Street are currently vacant. Vacant storefronts are not grouped in specific blocks but are scattered along the length of the street.

Vanderbilt Avenue

The Vanderbilt Avenue corridor runs from Sterling Place to Atlantic Avenue in the Prospect Heights subarea. In total, the corridor contains 79 storefronts. Of those, 24 are occupied by businesses offering neighborhood services such as hair salons, laundry and dry cleaning facilities, real estate offices, and other offices. Eating and drinking establishments along this corridor are plentiful, occupying 16 storefronts, nine of which are restaurants. There are 15 vacant storefronts along the corridor; five of these are located in the block between Pacific Street and Dean Street, facing Block 1129 on the project site.

Washington Avenue

The Washington Avenue corridor is located in the Prospect Heights subarea and runs from Atlantic Avenue in the north to Eastern Parkway in the south. There is an abundance of neighborhood services on Washington Avenue, with 33 percent of all storefronts offering neighborhood services, such as hair and nail care, dry cleaning, and video rentals. Washington Avenue also has a high proportion of vacant storefronts, with about 28 percent of all storefronts currently vacant. The corridor includes a number of food stores and casual restaurants, several of which specialize in Caribbean food.

BUSINESSES AND INSTITUTIONS POTENTIALLY VULNERABLE TO INDIRECT DISPLACEMENT DUE TO INCREASED RENT

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 area, i.e., those businesses that tend not to benefit directly (in terms of increased business activity) from the market forces generating the increases in rent. For example, if a neighborhood is becoming a more desirable place to live, uses that are less compatible with residential conditions (such as manufacturing) would be less able to afford increases in rent due to increases in property values than a neighborhood service use, such as a restaurant, which could see increased business activity from the increased residential presence. The same general principle applies to institutional uses. Institutional uses that are most vulnerable to indirect displacement are those less compatible with economic trends. For example, a privately operated health center or community development group operating out of a rented storefront on a commercial corridor may experience indirect displacement pressures if demand for retail uses along the corridor increases. Recognizing that the market is changing, landlords may increase rental rates knowing that they can attract retail tenants who will pay higher rents than institutional uses.

In addition, certain commercial uses within sectors that are generally compatible with economic trends may be vulnerable if their product is directed towards a demographic market that is dwindling 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 ethnic group whose numbers are decreasing within the study area even as total population is increasing, then that store may be vulnerable to displacement due to increases in rent.

Businesses in the ¾-mile study area that could be vulnerable to indirect displacement due to increased rents would include light industrial businesses located in areas where retail uses are permitted under current zoning (e.g., M1 districts) and businesses that rely on particular ethnic or demographic groups whose numbers are decreasing in the study area. These categories of business are discussed in greater detail under Probable Impacts of the Proposed Project.

FUTURE WITHOUT THE PROPOSED PROJECT

The analysis of conditions in the future without the proposed project is based on projects known to be planned for the area, as listed in Table 2-1 in Chapter 2, "Procedural and Analytical Framework." For each of the commercial projects planned for the future without the proposed project, employment estimates were generated based on standard industry data showing the average number of employees per 1,000 square feet of various types of commercial space.¹ Based on these estimates, the ¾-mile study area would gain approximately 730 employees by 2010 and another 19,050 employees between 2010 and 2016, for a total of 19,780 new employees.

Through 2010, it is expected that employment growth would be concentrated in the Boerum Hill and Downtown Brooklyn subareas, which would gain approximately 240 and 310 employees, respectively. In total, private sector employment in the ¾-mile study area would increase only marginally (1 percent) by 2010, from 46,771 jobs in 2005 (based on Claritas data) to approximately 47,500 jobs in 2010.

Between 2010 and 2016, it is expected that the study area would gain approximately 19,050 employees, an increase of approximately 40 percent over the 47,500 anticipated to be in place by 2010. The vast majority of this growth (87 percent) would occur in the Downtown Brooklyn subarea, which is forecast to gain approximately 16,800 employees. These employees would be concentrated largely in 805,000 square feet of retail space and 3.6 million square feet of office

¹ Employment assumptions are: 4 employees per 1,000 square feet of office space; 2.5 employees per 1,000 square feet of retail space; 1 employee per 1,000 square feet of community facility, cultural, recreational, and theater space; 1 employee per 25 residential units; and 1 employee per 50 parking spaces.

space to be built in the future without the proposed project. By 2016, total employment in the ¾-mile study area is anticipated to be approximately 66,550.

As new employees and residents are added to the study area, the demand for retail goods and services would continue to increase. Changes in the level and character of retail activity in the study area would continue to occur and the development of more upscale retail such as clothing boutiques, cafes, and salons would continue to spread from the core of retail corridors out towards their fringes. For example, the 5th Avenue corridor has experienced significant changes in retail character and increases in rental rates over the past three to four years as greater numbers of affluent households have moved into the Park Slope and Boerum Hill neighborhoods. While this flood of new retail activity has been most heavily concentrated along the southern half of the 5th Avenue retail corridor, it has recently begun creeping northward towards Flatbush Avenue, and is expected to continue to do so in the future without the proposed project. In addition, public actions such as the 2003 Park Slope rezoning, which increased allowable residential density on 4th Avenue between 15th Street and Warren Street, would encourage retail development along commercial corridors that have historically been less active.

PROBABLE IMPACTS OF THE PROPOSED PROJECT

The analysis of the proposed project's effects on business and employment conditions in the study area begins with, and builds upon, the 2010 and 2016 trends described above for the future without the proposed project. This section analyzes the development planned under the proposed project by 2010 and 2016 and evaluates the potential for indirect business and institutional displacement associated with those changes. As indicated earlier, the analyses of indirect business and institutional displacement are based on the commercial mixed-use variation because it would introduce a substantial new daytime worker population in addition to a residential population, thereby creating the greatest demand for a wide variety of goods and services and having the greatest potential to affect the commercial real estate market in the study area.

EMPLOYMENT AND BUSINESS CHANGES

As described earlier, by 2016, the commercial mixed-use variation would introduce approximately 1.6 million square feet of office space, 247,000 square feet of retail and community facility space, 5,325 residential units, an 850,000 square foot arena, and 3,670 parking spaces to the project site. As described in Chapter 1, "Project Description," the arena and all of the office space would be constructed during Phase I, on the western portion of the project site in the blocks between 4th and 6th Avenues. The residential uses and a majority of the retail uses would be constructed during Phase II in the blocks on the eastern portion of the project site between 6th Avenue and Vanderbilt Avenue.

Table 4-22 shows the estimated employment in full-time-equivalent (FTE) jobs that would be generated by the commercial mixed-use variation during Phase I and Phase II of the proposed project. As shown in the table, a majority of the employment (7,900 jobs) would be generated during Phase I, and approximately 81 percent of the jobs generated during Phase I (6,420 jobs) would be located in the 1.6 million square feet of office space. The arena is anticipated to generate approximately 1,120 FTE jobs.

Net new employment generated by the commercial mixed-use variation during Phase I (i.e., subtracting the estimated 306 jobs that would be directly displaced by the proposed project) would be approximately 7,594. By 2010, total employment in the ¾-mile study area in the future with the proposed project would be 55,024, a 16 percent increase over employment in the future without the proposed project.

Table 4-22

Estimated Full-Time-Equivalent (FTE) Employment Generated by the Commercial Mixed-Use Variation

	Phase I (2010)	Phase II (2010-2016)	Total
Residential	<u>40</u>	<u>170</u>	<u>210</u>
Retail/Community Facility	270	470	740
Office	<u>6,420</u>	0	6420
Arena	1,120	0	1,120
Parking	<u>50</u>	<u>20</u>	<u>70</u>
TOTAL	<u>7,900</u>	<u>660</u>	<u>8,560</u>
Notes:			
Arena employment is based on employment data provided by FCRC in March 2006. According to FCRC, there will be 230 full-time and 1,510 part-time workers at the arena. Full- and part-time jobs were converted to FTEs using data from the Wachovia Complex in Philadelphia, which is similar to the proposed arena. Based on the number of events scheduled for the complex in 2005, and general assumptions about the duration of the events, FTE employment would be approximately 1,120. Other employment assumptions include: 4 employees per 1,000 square feet of office space; 3 employees per 1,000 square feet of retail/community facility space; 1 employee per 25 residential units; and 1 employee per 50 parking spaces. Numbers have been rounded.			
Source: AKRF, Inc.			

It is estimated that another 660 FTE jobs would be added during Phase II of the proposed project. These jobs would primarily be located in the retail/community facility space (470 jobs) and the residential buildings (170 jobs), which would generate jobs in fields such as building management, security, and maintenance. By 2016, total employment in the $\frac{3}{4}$ -mile study area in the future with the proposed project would be approximately 75,110, a 13 percent increase over the 66,550 jobs expected to be in place by 2016 in the future without the proposed project.

INDIRECT BUSINESS DISPLACEMENT ANALYSIS

According to the *CEQR Technical Manual*, indirect business displacement may result from an action that would increase property values and thus increase rents for potentially vulnerable categories of businesses. Such displacement can be of concern when it would result in changes to land use or population patterns or community character, or when it would displace businesses that are of significant economic value to New York City or the region.

As described above, 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 area, i.e., those businesses that tend not to benefit directly (in terms of increased business activity) from the market forces generating the increases in rent.

A trend towards increased retail activity (both neighborhood retail and destination retail) is already evident in the $\frac{3}{4}$ -mile study area. As described above under Employment Trends, retail activity in the $\frac{3}{4}$ -mile study area has increased considerably in recent years while industrial employment has decreased. Between 1986 and 2002, retail employment in the $\frac{3}{4}$ -mile study area increased by 45 percent while manufacturing employment decreased by 81 percent. These changes are attributable in large part to an increase in the number of households in the $\frac{3}{4}$ -mile study area (the number increased from approximately 51,490 in 1980 to 56,140 in 2000) and to substantial increases in household income (median household income in the $\frac{3}{4}$ -mile study area increased by approximately 79 percent in constant dollar terms between 1979 and 1999), which has led to increased demand for convenience goods and neighborhood services. At the same time, two major destination retail shopping centers, Atlantic Center and Atlantic Terminal, have opened in the study area, thereby increasing the variety of retail goods and services available within the $\frac{3}{4}$ -mile study area.

Although the trend towards increased retail activity and rising retail rental rates is already well underway in the $\frac{3}{4}$ -mile study area, the demand for retail goods and services would undoubtedly increase further under the proposed project, which would introduce a substantial number of workers, arena visitors, and residential population to the study area. It is possible that this demand could increase commercial property values, and thus commercial rents, in some portions of the $\frac{3}{4}$ -mile study area.

The potential for rent increases in the $\frac{3}{4}$ -mile area would be influenced by several factors, including the proximity of a business's location relative to the new population introduced by the arena, office space, and residential development. In general, the closer a retail location is to high pedestrian traffic, the better its chances of capturing some of the expenditures, and the higher the likelihood that its value as a commercial property would increase. In the case of the proposed project, it is anticipated that most of the increased demand for retail goods and services would occur within $\frac{1}{4}$ mile of the project site—a distance that the new workers, visitors, and residents are likely to walk to purchase convenience goods, visit restaurants, and seek out neighborhood services such as dry cleaning.¹ Therefore, the discussion on indirect business displacement due to increasing commercial rents is focused on retail corridors located within this $\frac{1}{4}$ -mile area (see Figure 4-9).

In general, existing retail businesses in the $\frac{1}{4}$ -mile study area would benefit from the larger customer base that would be created by the residential, worker, and visitor population introduced by the proposed project. The new residential population alone would bring substantial new spending power to the study area. The commercial mixed-use variation would introduce approximately 5,325 households to the study area. As an example, if the average household income for new households were between \$50,000 and \$69,000, each household, based on 2004 Consumer Expenditure Survey data from the US Department of Labor's Bureau of Labor Statistics, would spend approximately \$15,175 per year on retail goods and services.² According to these assumptions, new households moving to the project site would bring to the area approximately \$80.8 million per year in spending power.

This is substantially more than what annual sales at the new retail stores might be expected to be. As described earlier, the proposed project would introduce approximately 247,000 sf of ground-floor retail and community facility space to the project site. If approximately 75 percent of this space (185,250 sf) were to house retail and neighborhood services stores, and those stores had an average annual sales rate of \$390 psf (the upper decile sales for community shopping centers in the east, according to the Urban Land Institute's 2004 "Dollars and Cents of Shopping Centers"), the new retail introduced to the project site would generate approximately \$72.2 million in

¹ Transportation and land use studies commonly cite $\frac{1}{4}$ mile as a comfortable walking distance and studies show that most pedestrian trips are limited to $\frac{1}{4}$ mile or less. A survey of 1,400 Manhattan office workers, performed by the Regional Plan Association and reported in *Urban Space for Pedestrians*, indicates that the median walking distance for trips made by office workers is 0.20 miles. The survey further indicates that the median distance for trips made to eat was 0.15 miles and for trips made to shop, 0.24 miles. More generally, studies show that transit-oriented development is most successful at encouraging transit use when the development is located so that residents do not need to walk more than $\frac{1}{4}$ mile to a transit station. (Sources include: Mark White, "The Zoning and Real Estate Implications of Transit-Oriented Development;" Robert Cervero, "Ridership Impacts of Transit Focused Development in California;" Bernick and Cervero, *Transit Villages for the 21st Century*.)

² Includes the following categories: food at home, food away from home, alcoholic beverages, housekeeping supplies, household furnishings and equipment, apparel and services, entertainment (electronics, pets, toys, etc.), drugs, medical supplies, personal care products and services, reading materials, and tobacco products and smoking supplies.

annual sales. Based on these assumptions, the new residential uses alone would generate enough sales power to support the retail introduced by the proposed project as well as a substantial amount of retail activity at other stores located within the study area. Retail spending from the 8,560 new employees and the arena visitors would increase the new spending power even further. For many businesses located in the study area, spending from the new households, employees, and arena visitors would increase sales. By increasing sales, these businesses could afford increases in commercial rents, thereby avoiding displacement.

Although, as a whole, existing businesses in the project study area would benefit from the introduction of a new residential, worker, and visitor population, there is some potential that certain types of businesses in certain locations could experience indirect displacement pressure. Assuming an increase in rents, retail stores most vulnerable to displacement would be those that are not able to capture sales from the new population. Vulnerability would vary depending on proximity to various elements of the new development. For example, the arena could increase demand for retail uses such as restaurants along Flatbush Avenue. If rental rates were to increase to reflect the added demand, and neighborhood services businesses currently present along that corridor did not experience an increase in sales, they could have trouble affording increased rents and be at risk of displacement. These conditions are considered relative to each retail corridor/concentration in the ¼-mile study area below.

Vanderbilt Avenue

The Vanderbilt Avenue retail concentration discussed in the previous section, Study Area Retail Profile, is contained entirely within the ¼-mile study area. As presented in Table 4-21, about half of the retail stores on Vanderbilt Avenue are eating and drinking establishments or neighborhood services stores. The retail vacancy rate along this corridor is high; there are 15 vacant storefronts along the corridor, representing 19 percent of all storefronts. According to local real estate brokers, retail rents along Vanderbilt Avenue have risen in the past two years, but remain low relative to some of the other retail concentrations in the study area (\$25-30 per square foot on Vanderbilt Avenue compared with \$40-\$50 on 5th Avenue and approximately \$50 psf on Flatbush Avenue). Local realtors also indicate that many of the storefronts are owner-occupied.

Because of its proximity to the proposed project site, Vanderbilt Avenue would likely experience some level of indirect business displacement from both Phase I and Phase II of the proposed project, but the potential for displacement would be higher during Phase II as new residents move into the easternmost blocks of the project site. Retail stores offering convenience goods (e.g., grocery stores, florists, and pharmacies) and neighborhood services (e.g., cleaners, hair and nail salons, and laundromats) could all experience increases in sales from the influx of new residents, which would allow them to sustain potential increases in rent. Other businesses such as small professional offices (e.g., legal, accounting, insurance) and stores that sell discount goods that would not necessarily be in high demand from the new residential population may not benefit as much from the presence of a new residential population and may be unable to afford increases in rental rates that may result from the proposed project.

As noted above, the retail vacancy rate on Vanderbilt Avenue is high. It is possible that some of the retail demand expected to be generated by the proposed project would be met by filling vacant storefronts. As also noted above, realtors indicate that some portion of storefronts on Vanderbilt Avenue is currently owner-occupied. These owner-occupied storefronts would not be vulnerable to indirect displacement pressures. Nonetheless, it is likely that upward pressure on retail rental rates on account of the proposed project would lead to the indirect displacement of some existing businesses along Vanderbilt Avenue. Based on the current retail mix, the displacement would be limited to a small number of businesses. These businesses are not unique

to the 3/4-mile study area, do not define the character of the neighborhood, do not have substantial economic value to the city, and do not have locational needs that would preclude them from relocating elsewhere in the city. Therefore, any indirect business displacement that would occur on Vanderbilt Avenue as a result of the proposed project would not represent a significant adverse socioeconomic impact.

Flatbush Avenue

Approximately three-quarters of the Flatbush Avenue retail corridor described above is located within the 1/4-mile study area (see Figure 4-8). A majority of the retail businesses along the corridor are restaurants, convenience goods stores, or neighborhood service businesses. There are 16 vacant storefronts. According to local real estate experts, retail rents along the Flatbush Avenue portion of the 1/4-mile study area have increased substantially in recent years and are currently at approximately \$50 per square foot. This rental rate approaches the rates in some areas of Manhattan such as Tribeca, where, according to the spring 2006 Retail Report published by the Real Estate Board of New York (REBNY), the median asking rent for retail space is currently \$55 per square foot.

Some amount of retail turnover on this stretch has occurred already, largely as a result of increasing incomes and residential development on both sides of Flatbush Avenue, in Park Slope and Prospect Heights. It is likely that this trend will continue in the future without the proposed project. However, because of its proximity to the proposed project site, it is likely that in the future with the proposed project, the Flatbush Avenue retail corridor could experience upward pressure on retail rental rates beyond what would occur in the future without the proposed project.

Many of the stores currently located on Flatbush Avenue, such as restaurants and bars, delis, and shoppers' goods stores, could benefit from the arena visitors and estimated 8,800 office, arena, and retail employees who would be introduced to the project site during Phase I of the proposed project. To some degree, stores providing neighborhood services and convenience goods would also benefit from Phase I development, which would introduce 1,275 new households to the project site. However, development during Phase I is likely to spur greater demand for retail uses such as restaurants and cafes that would cater to the new visitor and worker population than for retail uses such as laundromats and hair salons. For some existing uses, increases in sales from the new worker and residential populations may not match increases in rental rates, putting them at risk of indirect displacement. As indicated above, this would be particularly true for neighborhood services stores such as laundromats and video stores. Other businesses at risk of indirect business displacement would include small professional offices and discount shoppers' good stores such as 99-cent or thrift stores.

As noted above, there are currently 16 vacant storefronts located on the portion of Flatbush Avenue located in the 1/4-mile study area. These storefronts could accommodate some of the demand for new retail, perhaps easing the upward pressure on rental rates. However, some indirect displacement is likely to occur along Flatbush Avenue as a result of the proposed project. Based on the existing retail uses on Flatbush Avenue, any indirect business displacement that may occur as a result of the commercial mixed-use variation would be limited to a small number of stores that are not unique to the 3/4-mile study area, do not have substantial economic value to the city and do not have locational needs that would preclude them from relocating elsewhere in the city. The indirect displacement of these businesses would not have a substantial effect on neighborhood character, and would not lead to a significant adverse impact.

Atlantic Avenue (West)

As shown in Figure 4-9, Atlantic Avenue West is a two-block retail strip between Flatbush Avenue and Nevins Street. The strip contains a mix of neighborhood services and shopping

goods catering to local residents, but also attracts people from a wider area because of Atlantic Avenue's reputation for antiques and Islamic goods, supported by excellent subway access. Similar to Flatbush Avenue, Atlantic Avenue West is located in close proximity to the commercial mixed-use variation's Phase I development sites. However, the physical character of Atlantic Avenue West is different from nearby Flatbush Avenue, as the street is narrower and tree-lined, contributing to a more pedestrian-friendly feeling.

Some retail turnover has occurred on Atlantic Avenue West in recent years as new restaurants and boutiques have opened, marketed to the influx of younger, more affluent residents to the area, particularly the Boerum Hill subarea in which Atlantic Avenue West is located. Stores catering to the changing population include a handbag store, a boutique children's clothing store, and a gallery. As of January 2006, there was only one vacant storefront on the two-block strip, indicating the area's desirability as a retail location.

Stores along this portion of Atlantic Avenue that would be most vulnerable to indirect displacement would be neighborhood services stores (such as laundromats) and small professional offices that would not benefit as much from the workers and arena visitors that would be introduced by the proposed project, as well as shoppers' goods stores such as 99 cent stores and thrift shops that cater to a less affluent population. Although specialty stores such as the Islamic-related businesses on Atlantic Avenue are sometimes vulnerable to indirect displacement when neighborhoods undergo socioeconomic and demographic changes, the stores selling Islamic goods on Atlantic Avenue are not likely to be vulnerable to displacement pressures, given that they have remained in place despite the changing demographic profile of the Boerum Hill subarea. According to the Atlantic Avenue Betterment Association, the avenue has hosted a wide variety of Middle Eastern stores since an influx of Middle Eastern immigrants began opening stores in the 1930s, and many of the shops are still run by descendants of the original merchants.¹ Local real estate brokers confirm this statement, indicating that many of the Islamic-related businesses on Atlantic Avenue are Muslim-owned and that unique relationships between the owners and tenants of these stores may contribute to their continued presence along Atlantic Avenue. The fact that these businesses have already endured substantial neighborhood changes and that many are owner-operated makes it unlikely that the proposed project would lead to their indirect displacement.

In general, given the existing demographic and development trends in the area, any future indirect business displacement along this portion of Atlantic Avenue would be the result of neighborhood changes occurring independent of the proposed project. As shown in Figure 2-1 in Chapter 2, "Procedural and Analytical Framework," there are two residential developments planned on Atlantic Avenue between Flatbush Avenue and Nevins Street, and several more planned for development within a four- to five-block radius. In addition, Atlantic Avenue (West) is located just two blocks south of the 2004 Downtown Brooklyn rezoning area, which allows for increased density throughout Downtown Brooklyn. Given the existing retail and demographic trends in the vicinity of Atlantic Avenue West and the substantial amount of development planned for the surrounding blocks in the future without the proposed project, any future indirect business displacement would not be attributable to the proposed project.

¹ Atlantic Avenue Betterment Association (AABA) website, last accessed on May 15, 2006: <http://www.atlanticavenuebknny.com/>

4th Avenue

The segment of the 4th Avenue retail corridor that is located within the ¼-mile study area extends southward from the edge of the proposed project site between Pacific and Baltic Streets. This five-block stretch is characterized primarily by convenience goods stores, such as small groceries and delis, and neighborhood services stores, such as check cashing, locksmith, and car service businesses. The vacancy rate is high, with 15 vacant storefronts scattered along the five blocks. According to local realtors, retail rental rates on the portion of 4th Avenue that is located in the ¼-mile study area average around \$25 psf.

Although the northern portion of 4th Avenue has not yet experienced the same level of retail development as adjacent 5th Avenue or even the southern portion of 4th Avenue, there are some indications that the retail character of the northern portion of 4th Avenue is beginning to change. For example, three upscale café/restaurants recently opened or are soon to open in the block between Bergen Street and St. Marks Place. Part of the impetus for the arrival of new retail establishments on 4th Avenue is the 2003 Park Slope rezoning, which increased allowable residential density on 4th Avenue between 15th Street and Warren Street. Information obtained from real estate agents and local publications indicate that the retail composition along this stretch of 4th Avenue will likely continue to change in the future without the proposed project.

Because of its location on the western border of the proposed project site, 4th Avenue would be affected more by Phase I development than Phase II development. As on Flatbush Avenue, described above, some of the stores on 4th Avenue would benefit from the new worker and visitor populations introduced by the proposed project. However, some existing stores would not experience considerable increases in sales as a result of the new populations, and could therefore have trouble affording increases in rental rates. Stores most vulnerable to indirect displacement include auto- and construction-related businesses and neighborhood services establishments such as a locksmith and check cashing business—businesses with limited potential to capitalize on the new worker, visitor, and residential populations. In addition, some of the neighborhood services and convenience goods businesses closest to Atlantic Avenue could be vulnerable to increases in rent if they are unable to draw new business from the worker and visitor populations on the project site.

Current trends indicate that by 2010, some indirect business displacement may occur along 4th Avenue independent of the proposed project, and such changes would decrease the potential for indirect business displacement to occur as a result of the proposed project. Furthermore, the high number of vacant storefronts along this portion of 4th Avenue indicates that new retail businesses could be added to the corridor without displacing existing businesses. However, it is likely that some amount of indirect business displacement could occur on 4th Avenue as a result of the proposed project. The displacement would be limited largely to auto- and construction-related businesses and possibly a few neighborhood services businesses. These businesses are not unique to the ¾-mile study area, do not have substantial economic value to the city, and do not have locational needs that would preclude them from relocating elsewhere in the city. Any indirect displacement that would occur on 4th Avenue as a result of the proposed project would not represent a significant adverse impact.

Fulton Street

The Fulton Street retail corridor runs parallel to the proposed project site between one and two blocks north of Atlantic Avenue, with retail clusters on the eastern and western sections within the ¼-mile study area. The character of the two clusters is different, and is largely defined by the subareas in which they are located.

The western retail cluster (between St. Felix and Cumberland Streets) is located within the Fort Greene subarea and includes several eating and drinking establishments, clothing boutiques, and businesses offering neighborhood services. There are three vacant storefronts. The rising incomes and new development in Fort Greene have led to retail turnover in this area in recent years as new restaurants and houseware stores have opened that cater to a more affluent population. Local realtors indicate that retail rental rates along this western portion of Fulton Street have climbed in recent years and are now between \$40 and \$50 psf. These trends are expected to continue in the future without the proposed project as additional market rate residential and commercial development takes place as a result of the Downtown Brooklyn rezoning. Although this portion of Fulton Street may experience some increase in foot traffic from employees and arena visitors traveling to the project site via the C or G train, both of which have exits along Fulton Street, any changes in retail property values would more likely be influenced by development occurring to the north and west than by the proposed project.

The eastern retail cluster on Fulton Street, between Vanderbilt and Cambridge Place, contains convenience goods and neighborhood services that cater to residents in the Clinton Hill subarea. Local realtors indicate that retail rental rates have increased in recent years, from \$15 to \$25 psf in 2000 to \$25 to \$30 psf in 2006 and that this trend is likely to continue as the eastern portion of Clinton Hill continues to experience an influx of a more affluent residential population. This portion of Fulton Street is not close enough to the Phase I development sites to be substantially affected by arena visitors or new employees. There may be a small increase in foot traffic due to residents introduced during Phase II of the development, but new residents would be more likely to walk to Vanderbilt or Flatbush Avenue to purchase convenience goods and neighborhood services. It is therefore unlikely that the proposed project would lead to increases in retail rental rates along this corridor. Any future increases in retail property values would more likely be a result of the increasing household incomes in Clinton Hill than of the proposed project.

5th Avenue

The portion of the 5th Avenue retail concentration that is located within the ¼-mile study area extends six blocks south of the proposed project site, between Flatbush Avenue and Sterling Place. Storefronts on this stretch primarily sell convenience goods and shoppers' goods and provide neighborhood services.

5th Avenue has changed drastically in the past five years, as new high-end stores catering to the increasingly affluent population in Park Slope have opened at a rapid pace. The 5th Avenue retail corridor has gained a number of upscale shoppers' goods stores in recent years, including clothing boutiques and jewelry stores, and a variety of fashionable restaurants, making the corridor a popular shopping and dining destination that attracts people from beyond the neighborhood. According to local real estate agents, retail rents along 5th Avenue began to escalate about three years ago and are currently between \$40 and \$50 psf. The majority of retail turnover on 5th Avenue has occurred south of the ¼-mile study area, though this has recently begun to change as a spa, yoga center, and gallery have opened north of Sterling Place. As of January 2006, there were still 14 vacant storefronts within the six-block segment of 5th Avenue included in the ¼-mile study area. However, local real estate experts indicate that these storefronts are not likely to remain vacant for long.

By 2010, it is likely that this portion of 5th Avenue will already have experienced a great deal of turnover and that existing vacancies will be filled, as the restaurant/café/boutique character of 5th Avenue to the south continues to spread northward. Any existing businesses vulnerable to displacement (e.g., 99-cent store) are likely to be displaced before the introduction of the Phase I development. The new populations added to the project site during Phase I of the proposed project would support existing businesses and businesses in place by 2010—particularly

restaurants and cafes and shoppers' goods stores, which would be patronized by both the new office workers and arena visitors and the new residential population. The proposed project is not expected to result in indirect business displacement along 5th Avenue.

Washington Avenue and Atlantic Avenue

There are two retail concentrations discussed in the previous section that converge towards the eastern border of the ¼-mile perimeter: Atlantic Avenue, east of Vanderbilt Avenue to St. James Place and Washington Avenue, south of Atlantic Avenue to Bergen Street (see Figure 4-9). High vacancy rates—16 vacancies on Atlantic Avenue and six on Washington Avenue in only a five-block area—characterize these retail strips. Both Washington and Atlantic Avenues contain storefronts with predominantly convenience goods and neighborhood services, with some auto-related businesses on Atlantic Avenue. A portion of the area is zoned M1-1, so retail uses are intermingled with more industrial and auto-related uses.

The Washington/Atlantic Avenue retail concentration is not close enough to the Phase I development sites to experience a substantial increase in foot traffic from new employees or arena visitors. Workers and visitors accessing the site by public transportation would most likely use the LIRR Atlantic Terminal or the Atlantic Avenue subway station located at Atlantic and Flatbush Avenues and would have little reason to walk east to stores in the Washington/Atlantic Avenue retail area.

Phase II of the proposed project would be more likely to affect retail property values along Vanderbilt Avenue than along Washington/Atlantic Avenue. As shown in Figure 4-9, Vanderbilt Avenue borders the project site and therefore would be a more convenient shopping area for residents moving to the project site. Furthermore, because the more commonly used subway stations are located west and south of the project site (Atlantic Avenue station and Grand Army Plaza station, respectively), foot traffic in the Washington/Atlantic Avenue retail area would not increase substantially with the new Phase II residential development. The proposed project is not expected to result in indirect business displacement in the Washington Avenue/Atlantic Avenue retail area.

Atlantic Center/Atlantic Terminal

The proposed project would not result in indirect business displacement within the Atlantic Center or Atlantic Terminal shopping centers. Businesses currently located in Atlantic Center and Atlantic Terminal primarily sell shoppers' goods such as clothing, shoes, electronics, and housewares. These businesses would benefit from the new worker, residential, and visitor populations introduced by the commercial mixed-use variation and would be able to sustain any increases in rent that may occur as a result of the proposed project.

Conclusions

Overall, the proposed project has the potential to benefit many businesses currently located near the proposed project site. Because the number of residents, workers, and visitors introduced by the proposed project would be considerable, and the amount of new retail space would be modest, existing businesses would have access to a sizable new customer base with substantial spending power. Businesses that offer retail goods and services demanded by the new populations would be able to capitalize on this new customer base, increasing their own sales and thereby enabling them to sustain any increases in rental rates that may occur as a result of the proposed project. Nonetheless, it is likely that there would be some indirect business displacement along certain corridors within ¼ mile of the project site. As described above, this displacement would likely be limited to a small number of businesses (primarily neighborhood services stores, 99-cent stores, and light industrial or auto-related uses) located on Vanderbilt Avenue, Flatbush Avenue, and 4th Avenue. None of the businesses identified as potentially vulnerable to indirect displacement is unique to the study area or of substantial economic value to the city, and none has locational needs that would preclude it from relocating elsewhere.

within the city. Therefore, any indirect business displacement that may occur as a result of the proposed project would not result in a significant adverse socioeconomic impact.

INDIRECT INSTITUTIONAL DISPLACEMENT ANALYSIS

Similar to indirect business displacement, indirect institutional displacement may occur when an action increases property values and thus rents for potentially vulnerable categories of institutions. Such displacement can be of concern when it would result in changes to land use or population patterns or community character, or when it would displace businesses that are of significant economic value to New York City or the region. Institutions most vulnerable to indirect displacement share the same basic characteristics of businesses most vulnerable to indirect displacement, i.e., they tend to be less compatible with the economic trend that is creating upward rent pressure, and they are less likely to experience an increase in revenue along with the increase in rental rates.

The analysis of indirect institutional displacement is focused on the area located within ¼ mile of the project site. As described above under Indirect Business Displacement Analysis, this is the area in which there would be the greatest potential for the proposed project to lead to increases in commercial rents.

Tables 4-23 and 4-24 list all institutional uses located within ¼ mile of the project site. Table 4-21 shows institutions that are either owner-occupied or owned by a government entity. These uses would not be vulnerable to indirect displacement pressures because owner-occupied institutions have control over the space in which they operate and institutions operating out of government-owned space would not be subject to the same market pressures as if they were renting from a private entity.

Table 4-23
Institutional Uses Located Within ¼ Mile of Proposed Project Site:
Owner-Occupied or Government-Owned

Block	Lot	Name	Address	Function	Owner
185	19	Muhlenberg Residence, Housing Development Fund Company	504-512 Atlantic Ave	Supportive Housing And Services For Homeless And Mentally Ill (Lutheran Social Services Of New York)	Halle Housing Association / Housing Preservation And Development
185	19	Muhlenberg Residence	510 Atlantic Ave.	Soup Kitchen / Food Pantry (Lutheran Social Services Of New York)	Halle Housing Association / Housing Preservation And Development
395	63	Community Access	545-557 Warren St	Assisted Supportive Housing	545 Warren Street House
395	63	Warren Street Single Room Occupancy	551 Warren St	Housing Services	545 Warren Street House
943	68	Brooklyn Developmental Disabilities Service Office	369 Douglass St	Residential Alternative	New York State Office Of Mental Retardation And Developmental Disabilities
1128	73	Girls & Boys Town/Brooklyn New York	525 Dean St	Group Housing	Father Flanagan's Boys Town Of New York City
1979	12	International Evangelistic Women's & Workers Inc.	481 Washington Ave	House of Worship	International Evangelistic Women's & Workers Inc.
2011	18	Clinton Avenue Non-Secure Detention/Lutheran Social Services	521-523 Clinton Avenue	House of Worship	Lutheran Social Services Of Metropolitan New York
2011	12	Lifespire	525-525a Clinton Ave	House of Worship	Clinton Court Development
2111	45	Hanson Place United Methodist Church	13 Hanson Pl / 144 St. Felix St	House of Worship	Hanson Place United Methodist Church
2111	45	Hanson Preparatory School	13 Hanson Pl / 144 St. Felix St	Parochial School	Hanson Place United Methodist Church

Table 4-23 (cont'd)
Institutional Uses Located Within ¼ Mile of Proposed Project Site:
Owner-Occupied or Government-Owned

Block	Lot	Name	Address	Function	Owner
2112	27	Hanson Place Elementary School	38 Lafayette Avenue	Parochial School	A Randolph Haig Day
2113	1	Hanson Place Day Care	137 Ft Greene Place / 55 Hanson Pl	Day Care	New York State
2003	37	A. Randolph Haig Day Care Center	142-152 S. Portland Ave	Day Care	Housing Preservation And Development
2003	37	Hanson Place Seventh Day Adventist Community Services	142-150 S. Portland Ave.	Soup Kitchen / Food Pantry	Housing Preservation And Development
420	42	Diaspora Community Services	182 Fourth Ave	Health Services	Fac Housing Development
420	45	Fifth Avenue Committee	621 DeGraw St	Housing Advocacy	Fac Housing Development
1139	23	New Hope City Empowerment Center	650-652 Washington Ave	Social Services / Soup Kitchen / Food Pantry	Beulah Church Of The Nazarene
2111	45	Hanson Place United Methodist Church	144 St Felix St.	Soup Kitchen / Food Pantry	Hanson Place United Methodist Church
1139	23	Beulah Church Of The Nazarene	650-652 Washington Ave	House of Worship	Beulah Church Of The Nazarene
173	23	Metropolitan Corporate Academy	360 Schermerhorn St	Parochial School	First Baptist Church
173	23	Children's First Community Pre-School	360 Schermerhorn St	Parochial School	First Baptist Church
173	23	New Baptist Temple	360 Schermerhorn St	House of Worship / Soup Kitchen / Food Pantry	First Baptist Church
937	41	Park Slope Christian Academy	98-100 5th Ave	Parochial School	Spanish Pentecostal
938	48	Mercy Home For Children	114 6th Ave	Group Housing	St. Augustine Roman Catholic Church
941	30	St. Augustine Roman Catholic Church	116-126 6th Ave / 66 Park Pl	House of Worship	Park Slope Development Corporation
941	30	St. Augustine Roman Catholic Church	116-126 6th Ave / 66 Park Pl	Soup Kitchen / Food Pantry	Park Slope Development Corporation
1136	15	Brooklyn Aids Task Force-Medical Support	505 Bergen St	Outreach Medical Services	Department Of Parks And Recreation
1158	18	Phoenix House- State Department Of Correctional Services Facility For Women	174 Prospect Pl	Educational	Phoenix House Foundation
943	68	Brooklyn Developmental Disabilities Service Office	369 Douglass St	Residential Alternative	New York State Office Of Mental Retardation And Developmental Disabilities
1128	73	Girls & Boys Town/Brooklyn New York	525 Dean St	Group Housing	Father Flanagan's Boys Town Of New York City
1130	75	St. Joseph House	679-699 Dean St	Group Housing	Caring Community Association / Catholic Charities
1136	68	Girls & Boys Town/Bergen Street	535 Bergen St	Group Housing	Father Flanagan's Boys Town Of New York City
1979	12	International Evangelistic Women's & Workers Inc.	481 Washington Ave	House of Worship	International Evangelistic Women's & Workers Inc
2007	1	Atlantic Terminal Senior Center	761 Atlantic Ave / 483 Carlton Ave	Senior Center	New York State
2011	18	Clinton Avenue Non-Secure Detention/Lutheran Social Services	521-523 Clinton Ave	Group Care Facility	Lutheran Social Services Of Metropolitan New York
179	27	Alonzo A. Daughtry Memorial Day Care Center	28-44 3rd Ave	Day Care	YWCA
179	27	Montessori Day Care	28-44 3rd Ave	Day Care	YWCA
179	27	YWCA Montessori Day School	28-44 3rd Ave	School	YWCA
179	27	Children's Room Pre-School For Infants And Toddlers	28-44 3rd Ave	Pre-School	YWCA
394	1	Wyckoff Gardens Houses Health	266 Wyckoff St / 130 Third Ave	Child Health Clinic	New York City Housing
1130	11	Builders For The Family & Youth Of The Diocese Of Brooklyn	850-854 Pacific St / 703-717 Dean St	Social Services	Caring Community Association / Catholic Charities

Table 4-23 (cont'd)
Institutional Uses Located Within ¼ Mile of Proposed Project Site:
Owner-Occupied or Government-Owned

Block	Lot	Name	Address	Function	Owner
395	63	Community Access	545-557 Warren St	Assisted Supportive Housing	545 Warren Street Housing Development
395	63	Warren Street Single Room Occupancy	551 Warren St	Housing	545 Warren Street Housing Development
401	1	Police Athletic League World Of Little People Head Start	131 3rd Ave / 565 Baltic St	Day Care	New York City Housing
2113	12	Brooklyn Sunday School Union	125 Fort Greene Pl,	Parochial School	Brooklyn Sunday School Union
2118	47	St Peters Ame Zion Church	3-5 Greene Ave	House of Worship	St Peters African Church
2014	12	Cathedral Of Deliverance	936 Fulton St	House of Worship	Cathedral of Deliverance
2012	44	Bedford Zion Church Of The Nazarene	546-550 Washington Ave	House of Worship	Bedford Zion Church Of The Nazarene
2013	20	Zion Baptist Church	531 Washington Ave	House of Worship	Zion Baptist Church
930	3	Iglesia Universal Del Reino De Dios / Universal Church	47-51 4th Ave	House of Worship	The Universal Church
1144	64	Church Of God Victory	201-203 St Marks Avenue At Washington Ave	House of Worship	Church Of God Victory
191	41	Colony-South Brooklyn Houses	297 Dean St.	Community Center / Soup Kitchen / Food Pantry	Colony South Brooklyn Houses
938	26	South Brooklyn Sda Church Pantry	38-42 Prospect Pl.	House of Worship / Soup Kitchen / Food Pantry	Greater New York Corp
1952	16	Phipps Houses Greene Avenue Development	257 Greene Ave / 74 Clifton Pl	Home For Indigent Children, Aged, Homeless / Soup Kitchen / Food Pantry	Greene Ave Housing Development
1960	11	Teen Challenge	435-437 Vanderbilt Ave.	House of Worship / Soup Kitchen / Food Pantry / Social Services	Teen Challenge Inc
1978	1	Marguerite T. Saunders Urban Center For Alcoholism And Addiction Services / Addiction Research & Treatment Corporation / Urban Center For Alcoholism Services	933-937 Fulton St	Substance Abuse Treatment And Services	Affiliated Services And Resources Corporation (Non-Profit)
389	23-24	Bergen Street Residence	334-40 Bergen St	Supportive Housing And Services For Homeless And Mentally Ill (Lutheran Social Services Of New York)	334-336 Bergen St Housing Development Fund Corporation [Not-For-Profit]
174	23	Cumberland Clinic, Beth Israel Medical Center	98-100 Flatbush	Substance Abuse Treatment And Services	100 Flatbush Ave Trust
175	1	Goodwill Industries Of Greater New York	261-291 Flatbush Ave	Assisted Competitive Employment	Department Of Corrections
Sources: List of institutions compiled using Real Property Assessment Data (RPAD) from the New York City Department of Finance, Department of City Planning <i>Selected Facilities and Program Sites</i> , Department of Health and Mental Hygiene <i>2004 District Resource Statement</i> , and site visits conducted in May 2006. Property ownership information obtained from the New York City Department of Finance.					

Table 4-24 lists the remaining institutions—buildings that are leased (or presumed leased) to the institution, and institutions for which the relationship between the building owner and the institution could not be determined. These 19 institutions are examined below in order to determine whether or not they would experience indirect displacement pressures due to the proposed project.

Table 4-24

**Institutional Uses Located Within ¼ Mile of Proposed Project Site:
Not Owner-Occupied or Government-Owned**

Map Key ¹	Block	Lot	Name	Address	Function	Owner
1	186	12	St. Mary's Family Health Center/Boro Medical Of New York/Carl Fenichel Community Services	530-540 Atlantic Ave / 513-519 Pacific St	Health Center/ Preschool Program	Daily Mirror Assocs
2	1143	18	Brooklyn Aids Task Force	502-504 Bergen St	Health Care / Social Services / Drug Treatment	502,508 Bergen LLC
3	1150	24	Federation Of Puerto Rican Organizations	108 St Marks Ave	Intermediate Care Facility	Ellen Richardson
4	1957	17	Carlton Nursing Home	403-409 Carlton Ave	Adult Care Facility	National Long Term Care
5	1957	30	Up The Ladder Pre-School	46-52 Greene Ave	Pre-School	50 Greene Ave. LLC
6	2004	50	Oxford Nursing Home	144 South Oxford St	Adult Care Facility	Gemach Keren Avrohomv
7	2113	22	Brooklyn Plaza Medical Center	95 Ft Greene Place / 650 Fulton	Clinic	HSBC Bank USA
8	2114	23	Black Veterans For Social Justice	680-686 Fulton Street	Social Services	Fulton Street Associates
9	1132	11	French Bethesda Baptist Church	587 Washington Ave	Church	Washington 587 Llc
10	1132	10	New Hope Revival Ministries	589 Washington Ave	Church	Sankar, Samuel
11	1124	3	Life In Its Poetic Form	577 Washington Ave	Church	DPC LLC
12	1132	4	Atlantic Congregation Of Jehovah's Witnesses	599 Washington Ave	Church	Mary Ann Vulpis
13	928	43	Long Island Hospital Doctor's Offices	178-180 Flatbush Ave	Health Clinic	Zelik Joseph
14	939	42	Brooklyn Center For Psychotherapy, Inc.	300-302 Flatbush Ave	Mental Health Services	Twin Towers Equities
15	932	10	Shiloh Ministries	59 Fourth Ave	Church	Hunt Byung S
16	197	28	Greenwood Job Center	275 Bergen / 88 Third Ave	Job Services	88 Third Ave Associates
17	931	23	Family Health Center	210 Flatbush	Health Clinic	M Pintchik
18	931	7501 or 1001	New Directions Alcohol And Substance Abuse Treatment Program	206 Flatbush / 451 Bergen	Substance Abuse Treatment And Services	Lubow, Stanley/Tr
19	934	41	Imani House Inc.	76-76a Fifth Ave	Soup Kitchen / Food Pantry	76 Fifth Ave Housing Development

Note: ¹ Please refer to Figure 4-1.

Sources: List of institutions compiled using Real Property Assessment Data (RPAD) from the New York City Department of Finance, Department of City Planning *Selected Facilities and Program Sites*, Department of Health and Mental Hygiene *2004 District Resource Statement*, and site visits conducted in May 2006. Property ownership information obtained from the New York City Department of Finance.

Figure 4-10 shows the location of the institutional uses being examined for the risk of indirect displacement. As illustrated in the figure, some uses are located along existing commercial corridors while others are located on side streets and interspersed with residential uses. In general, institutional uses located outside of existing commercial corridors would be less likely to experience indirect displacement pressures because their locations are less desirable for retail, and commercial uses are not permitted as of right in most of these areas. However, if the proposed project were to increase property values around the project site, some landlords might choose to convert institutional space on residential streets into market-rate residential units.

Institutions at Risk of Indirect Displacement Due to Proposed Project

As described under the indirect business displacement analysis, it is anticipated that the proposed project could lead to indirect business displacement along Flatbush Avenue and 4th Avenue. As shown in Figure 4-10, there are four institutional uses located on Flatbush Avenue (three health

clinics and an alcohol/drug treatment center) and one located on 4th Avenue (a religious institution). Although it is possible that the health clinics and religious institution could benefit from the new population introduced by the proposed project (new households could create additional demand for health services and represent potential new members for the religious institution), increased demand for their services may not yield the additional revenue necessary to sustain increases in rental rates. Therefore, it is possible that some or all of these uses could be indirectly displaced as a result of the proposed project.

In addition, there are two institutional uses located on residential streets: the health clinic located at 502-504 Bergen Street and the group home located at 108 St. Marks Avenue. These two facilities would not be vulnerable to displacement by retail uses because they are located in R6B districts, which do not allow commercial uses as of right. However, given their proximity to the proposed project site, it is possible that the property owners would convert these buildings to market-rate residential uses, thereby displacing the existing institutions.

Institutions Operating in Rented Space But Not Likely To Be Indirectly Displaced by Proposed Project

Some of the institutional uses listed in Table 4-24 would not be at risk of indirect displacement even though they presumably rent their space and are located in close proximity to the proposed project. Institutional uses located along Fulton Street are not likely to be at risk of indirect displacement from the proposed project. As discussed above under the indirect business displacement analysis, rising incomes and new development in the Fort Greene and Clinton Hill areas have led to retail turnover along Fulton Street in recent years, and local realtors indicate that retail rental rates along the western portion of Fulton Street are now between \$40 and \$50 psf. The proposed project is not expected to lead to additional substantial increases in rental rates along Fulton Street, and the two institutional uses located there are not likely to be vulnerable to displacement pressures, given that they have remained in place despite the changing demographic profile of the surrounding neighborhood.

Similarly, the job center located on Bergen Street and 3rd Avenue and the health clinic located on Atlantic Avenue between 3rd and 4th Avenues would not be at risk of indirect displacement as a result of the proposed project. As indicated above under the indirect business displacement analysis, given the existing demographic and development trends in the Boerum Hill subarea, any future indirect displacement in the area would likely be the result of neighborhood changes occurring independent of the proposed project.

There is little potential for the adult care facilities located in the ¼-mile study area to be indirectly displaced by the proposed project. These facilities, Carlton Nursing Home (148 beds) and Oxford Nursing Home (235 beds) are sizable operations that, according to the New York State Department of Health, were both operating at about 90 percent capacity as of 2004. They are not expected to experience indirect institutional displacement pressure due to the proposed project. Likewise, there is little potential for the pre-school located on Greene Avenue to be indirectly displaced by the proposed project. The pre-school facility is located on an R6-zoned residential street. Because commercial uses are not permitted as of right in R6 districts, the property would not be a candidate for retail conversion. Furthermore, by introducing new households to the study area, the proposed project (and other development expected to occur in the study area independent of the proposed project) would increase demand for day care services, which could help day care facilities in the area to sustain any increases in rental rates that might occur in the future.

The food pantry on 5th Avenue is not likely to be indirectly displaced by the proposed project. As described above, it is anticipated that the northern portion of 5th Avenue (within the ¼-mile area) will by 2010 experience a great deal of retail turnover as the restaurant/café/boutique character of 5th Avenue to the south continues to spread northward. If this food pantry is vulnerable to indirect displacement pressures, it is likely that it will be indirectly displaced independent of the proposed project.

Finally, there are four small religious uses located in storefronts on Washington Avenue between Atlantic Avenue and Bergen Street. As described above, the proposed project is not likely to lead to indirect displacement along Washington Avenue. This corridor would not likely experience a substantial increase in foot traffic during Phase I of the proposed project and any changes in commercial rents as a result of Phase II of the proposed project would be more likely to occur along Vanderbilt Avenue than Washington Avenue. The proposed project is not expected to result in indirect institutional displacement on Washington Avenue.

Conclusions

In total, it is anticipated that indirect institutional displacement would be limited to a maximum of seven institutions located on Flatbush Avenue (four institutions), 4th Avenue (one institution), Bergen Street (one institution) and St Marks Avenue (one institution). These institutions are not unique to the ¾-mile study area and do not define the character of the neighborhood; as shown in Table 4-24, the ¼-mile study area alone contains 19 religious institutions that own their space in addition to the one that was identified as at risk of indirect displacement, and several health clinics and substance abuse treatment centers. In addition, the proposed project would introduce a 20,000-square-foot health care facility that would provide a broad range of health care services to the community. None of the institutions identified above have locational needs that would preclude them from relocating elsewhere within the study area or the city. Most of the institutions at risk of indirect displacement operate out of small storefronts, which are found in multiple locations across the study area. As discussed under Existing Conditions, as of January 2006 commercial corridors in the ¾-mile study area contained 2,084 storefronts, 389 of which were vacant. Although the number of vacant storefronts is likely to decline in the future, the large number of storefronts makes it likely that a number of the institutions that might be indirectly displaced by the proposed project would be able to relocate within the study area.

Because the institutions at risk of indirect displacement are not unique to the study area, do not define the character of the neighborhood, do not have substantial economic value to the city, and do not have locational needs that would preclude them from relocating elsewhere within the study area or city, their displacement would not represent a significant adverse impact.

G. ECONOMIC BENEFITS OF PROPOSED PROJECT

OVERVIEW

The proposed project would generate substantial economic and fiscal benefits for the city and the state. Benefits from construction of Phases I and II of the residential mixed-use variation and the commercial mixed-use variation would be similar. Construction of either variation would create about 26,000 direct and indirect person-years of employment in New York City and approximately 32,000 direct and indirect person-years of employment overall in New York State.¹ Total taxes paid during construction of either variation would also be similar, i.e.,

¹ A person-year is the equivalent of one person working full-time for a year.

approximately \$240 million, including nearly \$80 million for New York City and about \$160 million for New York State and the MTA. Revenues would come primarily from personal income taxes, corporate and business taxes, sales on indirect business activities, and related taxes on direct and indirect economic activity.

Annual economic and fiscal benefits from the operation of the residential mixed-use variation would differ from those from the operation of the commercial mixed-use variation. In general, the annual operation of the commercial mixed-use variation would generate more than twice the number of jobs and taxes compared with the residential mixed-use variation. For example, the commercial mixed-use variation would create approximately 16,000 direct and indirect FTE jobs in New York City, compared with about 6,200 FTE jobs under the residential mixed-use variation. Overall in New York State the commercial mixed-use variation would generate about 19,800 direct and indirect FTE jobs, compared with about 7,500 FTE jobs under the residential mixed-use variation.

Annual tax revenues would include property tax-related revenues and non-property tax revenues. Annual non-property tax revenues would also be higher under the commercial mixed-use variation, about \$140.4 million in total for the city, state and MTA, compared with about \$69.7 million for the residential mixed-use variation. The majority of these taxes would come from personal income taxes, sales taxes, corporate and business taxes, hotel occupancy taxes, and parking taxes. The City would also receive annual property tax revenues. These revenues would be expected to be based initially on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs.

Projected economic benefits are presented first for the construction and annual operation of the Phase I development, with completion of construction and beginning of operations anticipated in 2010, and subsequently for the construction and annual operation of the completed Phase II development, with completion of construction and beginning of operations anticipated in 2016. Within these categories, the analysis presents the projected economic benefits from the residential mixed-use variation first, and subsequently from the commercial mixed-use variation.

The principal model used to estimate the effects on the City's economy of constructing the projected development programs and from their subsequent annual operation is the Regional Input-Output Modeling System (RIMS II), developed by the U.S. Department of Commerce, Bureau of Economic Analysis. The model contains data for New York City on 490 economic sectors, showing how each sector affects every other sector as a result of a change in the quantity of its product or service. A similar RIMS II model for New York State, also developed by the U.S. Department of Commerce, has been used to trace the effects on the State economy. The models have been adjusted to reflect the most recent changes in the New York metropolitan area price level. Using these models and the specific characteristics of the project, the total effect has been projected for New York City and State.

PHASE I CONSTRUCTION PERIOD ECONOMIC BENEFITS: RESIDENTIAL MIXED-USE VARIATION

VALUE OF CONSTRUCTION

The development of the projected development program would be undertaken by the private and public investment of funds in the area. Based on the revised development program and preliminary estimates of costs per square foot, the investment for construction of Phase I of the residential mixed-use variation is estimated for the purpose of this analysis to equal about \$1.84 billion (\$1,838 million) in 2006 dollars. This amount includes about \$700 million for residential development, about \$260 million for office and hotel development, and about \$978 million for the development of the arena and infrastructure. In each of the above figures, the amount includes site preparation and hard costs (actual construction), and design, legal, and related

costs. The total estimated amount of \$1.84 billion reflects the cost of physical improvements to the site, and therefore excludes other values (such as financing, insurance, the value of the development rights and the land, marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially more.

ECONOMIC AND FISCAL ANALYSIS

An analysis of the economic and fiscal impacts associated with the construction expenditures for each of the uses in the projected development program has been conducted using the RIMS II models for New York City and New York State. The projected employment and economic benefits from construction of the residential development in Phase I in the residential mixed-use variation are presented in Table 4-25; the office and hotel development in Table 4-26; and the construction of the arena and infrastructure in Table 4-27. The employment and economic benefits from construction of the entire Phase I development in the residential mixed-use variation are summarized in Table 4-28.

Table 4-25

Total Employment and Economic Benefits from Construction of the Residential Development in Phase I: Residential Mixed-Use Variation

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)		
Direct (Construction)	<u>3,431</u>	<u>3,431</u>
Indirect (Secondary and Induced)	<u>1,729</u>	<u>3,025</u>
Total	<u>5,160</u>	<u>6,456</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$211.29</u>	<u>\$211.29</u>
Indirect (Secondary and Induced)	<u>\$96.75</u>	<u>\$168.65</u>
Total	<u>\$308.04</u>	<u>\$379.94</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$700.22</u>	<u>\$700.22</u>
Indirect (Secondary and Induced)	<u>\$287.86</u>	<u>\$596.80</u>
Total	<u>\$988.08</u>	<u>\$1,279.02</u>
Fiscal		
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$15,475,100</u>	
MTA Taxes	<u>\$1,048,100</u>	
New York State Taxes	<u>\$31,524,900</u>	
Total	<u>\$48,048,100</u>	
Notes:		
The above effects include those from the retail development in the base of the residential buildings.		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the residential development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-26

**Total Employment and Economic Benefits from Construction of the
Office and Hotel Development in Phase I: Residential Mixed-Use
Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>729</u>	<u>729</u>
Indirect (Secondary and Induced)	<u>392</u>	<u>656</u>
Total	<u>1,121</u>	<u>1,385</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$48.95</u>	<u>\$48.95</u>
Indirect (Secondary and Induced)	<u>\$24.14</u>	<u>\$39.87</u>
Total	<u>\$73.09</u>	<u>\$88.82</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$159.89</u>	<u>\$159.89</u>
Indirect (Secondary and Induced)	<u>\$74.53</u>	<u>\$146.71</u>
Total	<u>\$234.42</u>	<u>\$306.60</u>
		Fiscal
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$3,662,400</u>	
MTA Taxes	<u>\$248,100</u>	
New York State Taxes	<u>\$7,483,900</u>	
Total	<u>\$11,394,400</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the office and hotel development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-27

**Total Employment and Economic Benefits from Construction of the
Arena and Infrastructure in Phase I: Either Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	4,875	4,875
Indirect (Secondary and Induced)	2,675	4,365
Total	7,550	9,240
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	\$317.51	\$317.51
Indirect (Secondary and Induced)	\$157.17	\$251.22
Total	\$474.68	\$568.73
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	\$978.03	\$978.03
Indirect (Secondary and Induced)	\$460.75	\$881.59
Total	\$1,438.78	\$1,859.62
		Fiscal
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	\$23,204,900	
MTA Taxes	\$1,517,600	
New York State Taxes	\$46,856,000	
Total	\$71,578,500	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the arena, open space, and infrastructure development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-28

**Summary of the Total Employment and Economic Benefits from
Construction of the Entire Phase I Development: Residential Mixed-Use
Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>9,035</u>	<u>9,035</u>
Indirect (Secondary and Induced)	<u>4,796</u>	<u>8,046</u>
Total	<u>13,831</u>	<u>17,081</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$577.75</u>	<u>\$577.75</u>
Indirect (Secondary and Induced)	<u>\$278.06</u>	<u>\$459.74</u>
Total	<u>\$855.81</u>	<u>\$1,037.49</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$1,838.13</u>	<u>\$1,838.13</u>
Indirect (Secondary and Induced)	<u>\$823.15</u>	<u>\$1,607.11</u>
Total	<u>\$2,661.28</u>	<u>\$3,445.24</u>
		Fiscal
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$42,342,400</u>	
MTA Taxes	<u>\$2,813,800</u>	
New York State Taxes	<u>\$85,864,800</u>	
Total	<u>\$131,021,000</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Employment

The \$1.84 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire Phase I development program in the residential mixed-use variation is estimated at about 9,035 person-years of employment. (A person-year is the equivalent of one employee working full-time for one year.) In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional 4,796 person-years of employment within New York City, bringing the total direct and generated

jobs from the construction of the program to 13,831 person-years (see Table 4-28). In the larger New York State economy, the model estimates that the projected development would generate 8,046 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 17,081 person-years of employment.

The direct wages and salaries during the Phase I construction period are estimated at \$577.75 million, in 2006 dollars (see Table 4-28). Total direct and generated wages and salaries resulting in New York City from construction of the entire Phase I development program are estimated at \$855.81 million. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire Phase I development program are estimated at more than \$1.0 billion (\$1,037.49 million).

Fiscal Impacts

The construction activity would also generate tax revenues for New York City, the MTA, and New York State. As indicated above, the total cost for constructing the entire Phase I development program in the residential mixed-use variation (excluding financing and similar costs) is estimated at approximately \$1.84 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$3.45 billion (\$3,445.24 million) in New York State, of which \$2.66 billion (\$2,661.26 million) would occur in New York City (see Table 4-28).

In total, the construction of the entire projected Phase I development is estimated to generate approximately \$131.02 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-28). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$85.86 million, the MTA would receive about \$2.81 million, and New York City would receive about \$42.34 million of these tax revenues from construction of the entire Phase I development in the residential mixed-use variation.

The above figures include only the tax revenues associated with the construction activity and do not include any revenue from the mortgage recording fees from the condominium units. Assuming a typical price per square foot for the units in Phase I of the residential mixed-use variation, and an average of 70 percent financed, the additional mortgage recording fees would equal approximately \$9.72 million, including approximately \$8.30 million for New York City and approximately \$1.42 million for MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the Phase I development in the residential mixed-use variation are estimated at about \$140.74 million, including approximately \$85.86 million for New York State, approximately \$4.23 million for the MTA, and approximately \$50.64 million for New York City.

PHASE I CONSTRUCTION PERIOD ECONOMIC BENEFITS: COMMERCIAL MIXED-USE VARIATION

VALUE OF CONSTRUCTION

Like the residential mixed-use variation, the development of the commercial mixed-use variation would be undertaken by the private and public investment of funds into the area. Based on the revised development program and preliminary estimates of costs per square foot, the investment for construction of Phase I of the commercial mixed-use variation is estimated for the purpose of this

analysis to equal about \$1.78 billion (\$1.781 million) in 2006 dollars. This amount includes about \$331 million for residential development, about \$472 million for office development, and (as in the other variation) about \$978 million for the development of the arena and infrastructure. As described above, the amount of private investment for construction includes site preparation and hard costs (actual construction), design, legal, and related costs, and the cost of physical improvements to the site. It excludes other costs (such as financing, insurance, the value of the development rights and the land, marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially higher.

ECONOMIC AND FISCAL ANALYSIS

The projected employment and economic benefits from construction of the residential development in Phase I in the commercial mixed-use variation are presented in Table 4-29; and the office development in Table 4-30. The benefits from the construction of the arena and infrastructure were presented previously in Table 4-27. The employment and economic benefits from construction of the entire Phase I development in the commercial mixed-use variation are summarized in Table 4-31.

Table 4-29

Total Employment and Economic Benefits from Construction of the Residential Development in Phase I: Commercial Mixed-Use Variation

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>1,622</u>	<u>1,622</u>
Indirect (Secondary and Induced)	<u>818</u>	<u>1,431</u>
Total	<u>2,440</u>	<u>3,053</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$99.92</u>	<u>\$99.92</u>
Indirect (Secondary and Induced)	<u>\$45.75</u>	<u>\$79.76</u>
Total	<u>\$145.67</u>	<u>\$179.68</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$331.14</u>	<u>\$331.14</u>
Indirect (Secondary and Induced)	<u>\$136.13</u>	<u>\$282.23</u>
Total	<u>\$467.27</u>	<u>\$613.37</u>
Fiscal		
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$7,318,300</u>	
MTA Taxes	<u>\$495,700</u>	
New York State Taxes	<u>\$14,908,300</u>	
Total	<u>\$22,722,300</u>	
Notes:		
The above effects include those from the retail development in the base of the residential buildings.		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the residential development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-30

**Total Employment and Economic Benefits from Construction of the
Office Development in Phase I: Commercial Mixed-Use Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>2,153</u>	<u>2,153</u>
Indirect (Secondary and Induced)	<u>1,156</u>	<u>1,936</u>
Total	<u>3,309</u>	<u>4,089</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$144.52</u>	<u>\$144.52</u>
Indirect (Secondary and Induced)	<u>\$71.28</u>	<u>\$117.71</u>
Total	<u>\$215.80</u>	<u>\$262.23</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$472.04</u>	<u>\$472.04</u>
Indirect (Secondary and Induced)	<u>\$220.06</u>	<u>\$433.14</u>
Total	<u>\$692.10</u>	<u>\$905.18</u>
		Fiscal
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$10,812,800</u>	
MTA Taxes	<u>\$732,500</u>	
New York State Taxes	<u>\$22,095,000</u>	
Total	<u>\$33,640,300</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the office development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-31

**Summary of the Total Employment and Economic Benefits from
Construction of the Entire Phase I Development: Commercial Mixed-
Use Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>8,650</u>	<u>8,650</u>
Indirect (Secondary and Induced)	<u>4,649</u>	<u>7,732</u>
Total	<u>13,299</u>	<u>16,382</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$561.95</u>	<u>\$561.95</u>
Indirect (Secondary and Induced)	<u>\$274.20</u>	<u>\$448.69</u>
Total	<u>\$836.15</u>	<u>\$1,010.64</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$1,781.20</u>	<u>\$1,781.20</u>
Indirect (Secondary and Induced)	<u>\$816.94</u>	<u>\$1,596.96</u>
Total	<u>\$2,598.15</u>	<u>\$3,378.17</u>
	Fiscal	
Total Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$41,336,000</u>	
MTA Taxes	<u>\$2,745,800</u>	
New York State Taxes	<u>\$83,859,300</u>	
Total	<u>\$127,941,100</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Employment

The \$1.78 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire Phase I development program in the commercial mixed-use variation is estimated at about 8,650 person-years of employment. In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional 4,649 person-years of employment within New York City, bringing the total direct and generated jobs from the construction of the program to 13,299 person-years (see Table

4-31). In the larger New York State economy, the model estimates that the projected development would generate 7,732 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 16,382 person-years of employment.

The direct wages and salaries during the Phase I construction period of the commercial mixed-use variation are estimated at \$561.95 million, in 2006 dollars (see Table 4-31). Total direct and generated wages and salaries resulting in New York City from construction of the entire Phase I development program are estimated at \$836.15 million. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire Phase I development program are estimated at more than \$1.0 billion (\$1,010.64 million).

Fiscal Impacts

The construction activity would also generate tax revenues. As indicated above, the total cost for constructing the entire Phase I development program in the commercial mixed-use variation (excluding financing and similar costs) is estimated at approximately \$1.78 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$3.38 billion (\$3,378.17 million) in New York State, of which \$2.60 billion (\$2,598.15 million) would occur in New York City (see Table 4-31).

The construction activity would have associated with it tax revenues for New York City, the MTA, and New York State. In total, the construction of the entire projected Phase I development is estimated to generate approximately \$127.94 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-31). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$83.86 million, the MTA would receive about \$2.75 million, and New York City would receive about \$41.34 million of these tax revenues from construction of the entire Phase I development in the Commercial Mixed-Use Variation.

In addition, at the completion of construction the City and MTA would receive revenues from the mortgage recording fees from the condominium units. Assuming a typical price per square foot for the units in Phase I of the Commercial Mixed-Use Variation, and an average of 70 percent financed, the additional mortgage recording fees would equal approximately \$2.11 million, including approximately \$1.80 million for New York City and approximately \$0.31 million for MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the Phase I development in the commercial mixed-use variation are estimated at about \$130.05 million, including approximately \$83.86 million for New York State, approximately \$3.06 million for the MTA, and approximately \$43.14 million for New York City.

PHASE I ANNUAL OPERATING BENEFITS: RESIDENTIAL MIXED-USE VARIATION

The completion and annual operation of Phase I of the residential mixed-use variation would have associated with it permanent employment, wages and salaries, the effect on the local economy, and tax revenues for the City of New York, MTA, and the State of New York.

PERMANENT EMPLOYMENT

Based on standard industry ratios of employees per square foot, the direct (on-site) employment in the completed Phase I development program is estimated at approximately 2,930 permanent jobs annually. Table 4-32 presents the estimated full-time equivalent employment generated by the residential mixed-use variation. Of the total 2,930 jobs, approximately 1,340 would come from the office development, 1,120 from the arena, 270 from the retail/community facility space, 80 from the operation and maintenance of the residential buildings, 70 from the hotel, and 50 from the garages. Not all of this employment would necessarily be new to New York City; some of this employment might represent jobs that simply relocate to the project site from elsewhere in the City. However, this employment would represent jobs either new or retained in New York City, which might have gone outside the City if the project site were not redeveloped.

Table 4-32

Estimated Full-Time Equivalent (FTE) Annual Employment Generated by the Residential Mixed-Use Variation

	Phase I (2010)	Phase II (2010-2016)	Total
Residential	<u>80</u>	180	<u>260</u>
Retail/Community Facility	270	470	740
Office	<u>1,340</u>	0	<u>1,340</u>
Arena	1,120	0	1,120
Parking	<u>50</u>	<u>20</u>	<u>70</u>
Hotel	70	0	70
TOTAL	<u>2,930</u>	<u>670</u>	<u>3,600</u>
Notes:			
Arena employment is based on employment data provided by FCRC in March 2006. According to FCRC, there would be 230 full-time and 1,510 part-time workers at the arena. Full- and part-time jobs were converted to FTEs using data from the Wachovia Complex in Philadelphia, which is similar to the proposed arena. Based on the number of events scheduled for the complex in 2005, and general assumptions about the duration of the events, FTE employment would be approximately 1,120. Other employment assumptions include: 4 employees per 1,000 square feet of office space; 3 employees per 1,000 square feet of retail/community facility space; 1 employee per 2.67 hotel rooms; 1 employee per 25 residential units; and 1 employee per 50 parking spaces. Numbers have been rounded.			
Source: AKRF, Inc.			

In addition to direct employment, total employment resulting from the annual operation of the completed development program would include jobs in business establishments off-site providing goods and services to the occupants of the buildings and resulting in indirect employment. Table 4-33 presents a summary of the employment and economic benefits from the annual operation of the completed Phase I development program for the residential mixed-use variation. Based on the RIMS II model's economic multipliers for New York City industrial sectors, the completed Phase I development program would generate an additional 2,371 permanent jobs within New York City, bringing the total direct and generated jobs from the annual operation of the completed development program to 5,301 jobs within New York City. In the larger New York State economy, the model estimates that the completed development program would generate 3,520 jobs of indirect employment, bringing the total direct and generated jobs from the annual operation of the completed Phase I development to 6,450 jobs in New York State (see Table 4-33).

Table 4-33
Summary of the Annual Employment and Economic Benefits from
Operation of the Completed Phase I Development Program:
Residential Mixed-Use Variation

	Portion in New York City	Total New York City and State
Permanent Employment (Full-Time Equivalent Jobs)		
Direct (On-Site)	<u>2,930</u>	<u>2,930</u>
Indirect (Secondary and Induced)	<u>2,371</u>	<u>3,520</u>
Total	<u>5,301</u>	<u>6,450</u>
Annual Wages and Salaries (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$201.88</u>	<u>\$201.88</u>
Indirect (Secondary and Induced)	<u>\$100.41</u>	<u>\$142.22</u>
Total	<u>\$302.28</u>	<u>\$344.10</u>
Total Annual Economic Output or Demand* (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$484.96</u>	<u>\$484.96</u>
Indirect (Secondary and Induced)	<u>\$357.07</u>	<u>\$518.98</u>
Total	<u>\$842.04</u>	<u>\$1,003.94</u>
Fiscal		
Total Annual Tax Revenues, Exclusive of Real Estate** (Constant 2006 dollars)		
New York City Taxes	<u>\$22,739,400</u>	
MTA Taxes	<u>\$1,694,000</u>	
New York State Taxes	<u>\$36,282,400</u>	
Total	<u>\$60,715,800</u>	
Notes:		
The above figures on wages and salaries, economic effect, and tax revenues do not include the effect from the household income of the residents in the residential portion of the project, which would be additional. The wages and salaries for the arena portion of the project do not include the wages and salaries for the performers at events other than the Nets, which would be additional.		
* The economic output or total effect on the local economy derived from the direct operations spending.		
** Includes personal income taxes, corporate and business taxes, sales tax, hotel occupancy tax, parking tax, and numerous other taxes on direct and secondary expenditures. The figures do not include property-related payments from the project, which would be additional.		
Source: The characteristics of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; and the tax rates by applicable jurisdiction.		

WAGES AND SALARIES

Based on average salaries by economic sector from the New York State Department of Labor, as well as information provided by the developer for the Nets basketball team and the arena, the direct wages and salaries from the annual operation of the completed Phase I development program of the residential mixed-use variation are estimated at \$201.88 million in 2006 dollars (see Table 4-33). Total direct and generated wages and salaries resulting in New York City from the annual operation of the completed Phase I development are estimated at \$302.28 million. In the broader New York

State economy, total direct and generated wages and salaries from the annual operation of the completed Phase I development are estimated at \$344.10 million. All figures are in 2006 dollars.

ANNUAL EFFECT ON THE LOCAL ECONOMY

The direct effect on the local economy from the completed Phase I development program of the residential mixed-use variation, measured as economic output or demand, is estimated at approximately \$484.96 million annually. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from annual operation of the Phase I development is estimated at \$1.00 billion (\$1,003.94 million) in New York State, of which \$842.04 million) would occur in New York City (see Table 4-33).

FISCAL IMPACTS

The annual operation of the completed Phase I of the residential mixed-use variation would have associated with it tax revenues for New York City, MTA, and New York State. These tax revenues would include property tax-related revenues and non-property tax revenues. For either variation, projected tax receipts do not include income tax paid by the residents at the proposed project or income tax from secondary employment generated by such residents. Such revenue would be additional. In total, the operation of the completed Phase I development program is estimated to generate approximately \$60.72 million annually (in 2006 dollars) in non-property related tax revenues for New York City, MTA, and New York State. Of these tax revenues, the largest portion would come from personal income taxes from employees, sales tax, corporate and business taxes, hotel occupancy tax, parking tax, and similar taxes on the direct and generated economic activity from the completed development. New York State would receive about \$36.28 million of the tax revenues generated by the operation of the completed Phase I development, the MTA would receive about \$1.69 million, and New York City would receive about \$22.74 million. As is the case with the employment from the development, not all of these tax revenues would necessarily be new to New York City; some of these revenues might represent amounts that would accrue from the proposed project that currently occur elsewhere in the City. However, this revenue would represent amounts either new or retained in New York City, which might have gone outside the City if the proposed project were not developed.

Regarding property tax revenues, the arena would pay payment-in-lieu-of-tax ("PILOT") to the Empire State Development Corporation (ESDC) or to a Local Development Corporation that ESDC creates. The amount of the payment would be determined by the lesser of (i) debt service on the bonds for the arena, and (ii) an amount equal to otherwise full real estate taxes.

For the remainder of the property, the City would receive annual property tax revenues. These revenues would be expected to be based initially on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs, such as, for commercial development, the City's Industrial and Commercial Incentive Program, and for residential development, Section 421-a of the New York State Real Property Tax Law. Taxes would be changing from year-to-year, and in any year would be based on the taxable assessed value and the applicable tax rate. Over time, the value of the land and improvements would be totally taxable. All of the incremental property taxes from the new development on the project site would be new to New York City.

PHASE I ANNUAL OPERATING BENEFITS: COMMERCIAL MIXED-USE VARIATION

PERMANENT EMPLOYMENT

Based on standard industry ratios of employees per square foot, the direct employment in the completed Phase I development program for the commercial mixed-use variation is estimated at approximately 7,900 permanent jobs. (Table 4-22, shown previously, presents the estimated full-time equivalent employment generated by the commercial mixed-use variation.) Of the total 7,900 jobs, approximately 6,420 would come from the office development, 1,120 from the arena, 270 from the retail/community facility space, 40 from the operation and maintenance of the residential buildings, and 50 from the garage. As with the residential mixed-use variation, not all of this employment would necessarily be new to New York City; some of this employment might represent jobs that simply relocate to the project site from elsewhere in the City. However, this employment would represent jobs either new or retained in New York City, which might have gone outside the City if the project site were not developed.

In addition to direct employment, total employment resulting from the annual operation of the completed Phase I development program would include jobs in business establishments off-site providing goods and services to the occupants of the buildings and resulting in indirect employment. Table 4-34 presents a summary of the employment and economic benefits from the annual operation of the completed Phase I development program for the commercial mixed-use variation. Based on the RIMS II model's economic multipliers for New York City industrial sectors, the completed Phase I development program would generate an additional 7,515 permanent jobs within New York City, bringing the total direct and generated jobs from the annual operation of the completed development program to 15,415 jobs within New York City. In the larger New York State economy, the model estimates that the completed development program would generate 10,787 jobs of indirect employment, bringing the total direct and generated jobs from the annual operation of the completed Phase I development to 18,787 jobs in New York State (see Table 4-34).

WAGES AND SALARIES

Based on average salaries by economic sector from the New York State Department of Labor, as well as information on the Nets and the arena provided by the project sponsors, the direct wages and salaries from the annual operation of the completed Phase I development program for the commercial mixed-use variation are estimated at \$532.54 million in 2006 dollars (see Table 4-34). Total direct and generated wages and salaries resulting in New York City from the annual operation of the completed Phase I development are estimated at \$826.20 million. In the broader New York State economy, total direct and generated wages and salaries from the annual operation of the completed Phase I development are estimated at approximately \$941.19 million. As with the other variation, all figures are in 2006 dollars.

Table 4-34

**Summary of the Annual Employment and Economic Benefits from
Operation of the Completed Phase I Development Program:
Commercial Mixed-Use Variation**

	Portion in New York City	Total New York City and State
Permanent Employment (Full-Time Equivalent Jobs)		
Direct (On-Site)	<u>7,900</u>	<u>7,900</u>
Indirect (Secondary and Induced)	<u>7,515</u>	<u>10,887</u>
Total	<u>15,415</u>	<u>18,787</u>
Annual Wages and Salaries (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$532.54</u>	<u>\$532.54</u>
Indirect (Secondary and Induced)	<u>\$293.66</u>	<u>\$408.65</u>
Total	<u>\$826.20</u>	<u>\$941.19</u>
Total Annual Economic Output or Demand* (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$1,474.81</u>	<u>\$1,474.81</u>
Indirect (Secondary and Induced)	<u>\$1,031.13</u>	<u>\$1,464.37</u>
Total	<u>\$2,505.95</u>	<u>\$2,939.18</u>
Fiscal		
Annual Tax Revenues, Exclusive of Real Estate** (Constant 2006 dollars)		
New York City Taxes	<u>\$46,175,200</u>	
MTA Taxes	<u>\$3,094,100</u>	
New York State Taxes	<u>\$82,090,700</u>	
Total	<u>\$131,360,000</u>	
Notes:		
The above figures on wages and salaries, economic effect, and tax revenues do not include the effect from the household income of the residents in the residential portion of the project, which would be additional. The wages and salaries for the arena portion of the project do not include the wages and salaries for the performers at events other than the Nets, which would be additional.		
* The economic output or total effect on the local economy derived from the direct operations spending.		
** Includes personal income taxes, corporate and business taxes, sales tax, parking tax, and numerous other taxes on direct and secondary expenditures. The figures do not include property-related payments from the project, which would be additional.		
Source: The characteristics of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; and the tax rates by applicable jurisdiction.		

ANNUAL EFFECT ON THE LOCAL ECONOMY

The direct effect on the local economy from the completed Phase I development program for the commercial mixed-use variation, measured as economic output or demand, is estimated at approximately \$1.47 billion (\$1,474.81 million) annually. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from annual operation of the Phase I development for the commercial mixed-use variation is

\$2.94 billion (\$2,939.18 million) in New York State, of which \$2.51 billion (\$2,505.95 million) would occur in New York City (see Table 4-34).

FISCAL IMPACTS

The annual operation of the completed Phase I development in the Commercial Mixed-Use Variation would have associated with it tax revenues for New York City, MTA, and New York State. As with the residential mixed-use variation, these tax revenues would include property tax-related revenues and non-property tax revenues. In total, the operation of the completed Phase I development program is estimated to generate approximately \$131.36 million annually (in 2006 dollars) in non-property related tax revenues for New York City, MTA, and New York State. Of these tax revenues, the largest portion would come from personal income taxes, sales tax, corporate and business taxes, parking tax, and similar taxes on the direct and generated economic activity from the completed development. New York State would receive about \$82.09 million of the tax revenues generated by the operation of the completed Phase I development, the MTA would receive about \$3.09 million, and New York City would receive about \$46.18 million. As is the case with the employment from the development, not all of these tax revenues would necessarily be new to New York City; some of these revenues might represent amounts that would accrue from the proposed project that currently occur elsewhere in the City. However, this revenue would represent amounts either new or retained in New York City, which might have gone outside the City if the proposed project were not developed.

Regarding property tax revenues, as with the other variation the arena would pay payment-in-lieu-of-tax (“PILOT”) to the Empire State Development Corporation (ESDC) or to a Local Development Corporation that ESDC creates. The amount of the payment would be determined by the lesser of (i) debt service on the bonds for the arena, and (ii) an amount equal to otherwise full real estate taxes.

For the remainder of the property, the City would also receive annual property tax revenues. These revenues would be expected to be initially based on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs, such as, for commercial development, the City’s Industrial and Commercial Incentive Program, and for residential development, Section 421-a of the New York State Real Property Tax Law. Taxes would be changing from year-to-year, and in any year would be based on the taxable assessed value and the applicable tax rate. Over time, the value of the land and improvements would be totally taxable. As with the other variation, all of the incremental property taxes from the new development on the project site would be new to New York City.

PHASE II CONSTRUCTION PERIOD BENEFITS: RESIDENTIAL MIXED-USE VARIATION

VALUE OF CONSTRUCTION

Based on preliminary estimates of costs per square foot, the investment for construction of the Phase II development under the residential mixed-use variation is estimated for the purpose of this analysis to equal about \$1.61 billion (\$1,607 million) in 2006 dollars. This amount includes about \$1.41 billion (\$1,406 million) for residential development, and about \$201 million for parking and infrastructure. As in Phase I, the construction amounts include site preparation and hard costs (actual construction), and design, legal, and related costs. The total estimated amount of \$1.61 billion reflects the cost of physical improvements to the site only, and excludes other values (such as financing, insurance, the value of the development rights and the land,

marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially more.

ECONOMIC AND FISCAL ANALYSIS

The projected employment and economic benefits from construction of the residential development in Phase II are presented in Table 4-35 and for the parking and infrastructure in Table 4-36. The employment and economic benefits from construction of the entire Phase II development are summarized in Table 4-37.

Table 4-35
Total Employment and Economic Benefits from Construction of the
Residential Development in Phase II: Residential Mixed-Use
Variation

	Portion in New York City	Total New York City and State
Total Employment (Persons-Years)*		
Direct (Construction)	6,888	6,888
Indirect (Secondary and Induced)	3,471	6,073
Total	10,359	12,961
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	\$424.21	\$424.21
Indirect (Secondary and Induced)	\$194.24	\$338.60
Total	\$618.45	\$762.81
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	\$1,405.83	\$1,405.83
Indirect (Secondary and Induced)	\$577.94	\$1,198.20
Total	\$1,983.77	\$2,604.03
Fiscal		
Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	\$31,069,300	
MTA Taxes	\$2,104,400	
New York State Taxes	\$63,292,600	
Total	\$96,466,300	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the residential development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-36

**Total Employment and Economic Benefits from Construction of the
Parking and Infrastructure in Phase II: Either Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	1,001	1,001
Indirect (Secondary and Induced)	549	897
Total	1,550	1,898
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	\$65.23	\$65.23
Indirect (Secondary and Induced)	\$32.29	\$51.61
Total	\$97.52	\$116.84
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	\$200.92	\$200.92
Indirect (Secondary and Induced)	\$94.65	\$181.11
Total	\$295.57	\$382.03
		Fiscal
Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	\$4,767,100	
MTA Taxes	\$311,800	
New York State Taxes	\$9,625,800	
Total	\$14,704,700	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the incremental parking and infrastructure development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-37

**Summary of the Total Employment and Economic Benefits from
Construction of the Entire Phase II Development: Residential Mixed-
Use Variation**

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>7,889</u>	<u>7,889</u>
Indirect (Secondary and Induced)	<u>4,020</u>	<u>6,970</u>
Total	<u>11,909</u>	<u>14,859</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$489.44</u>	<u>\$489.44</u>
Indirect (Secondary and Induced)	<u>\$226.53</u>	<u>\$390.21</u>
Total	<u>\$715.97</u>	<u>\$879.65</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$1,606.75</u>	<u>\$1,606.75</u>
Indirect (Secondary and Induced)	<u>\$672.59</u>	<u>\$1,379.31</u>
Total	<u>\$2,279.34</u>	<u>\$2,986.06</u>
Fiscal		
Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$35,836,400</u>	
MTA Taxes	<u>\$2,416,200</u>	
New York State Taxes	<u>\$72,918,400</u>	
Total	<u>\$111,171,000</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Employment

The \$1.61 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire Phase II development program is estimated at about 8,129 person-years of employment over the six-year Phase II construction period.

In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional

4,020 person-years of employment within New York City, bringing the total direct and generated jobs from the construction of the program to 11,909 person-years (see Table 4-37).

In the larger New York State economy, the model estimates that the projected development would generate 6,970 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 14,859 person-years of employment.

The direct wages and salaries during the Phase II construction period under the residential mixed-use variation are estimated at \$489.44 million, in 2006 dollars (see Table 4-37). Total direct and generated wages and salaries resulting in New York City from construction of the entire Phase II development program are estimated at \$715.97 million. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire Phase II development program are estimated at \$879.65 million.

Fiscal Impacts

The construction activity would also generate tax revenues. As indicated above, the total cost for constructing the entire Phase II development program (excluding financing and similar costs) is estimated at approximately \$1.61 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$2.99 billion (\$2,986.06 million) in New York State, of which \$2.30 billion (\$2,279.34 million) would occur in New York City (see Table 4-37).

The construction activity would have associated with it tax revenues for New York City, the MTA, and New York State. In total, the construction of the entire projected incremental Phase II development under the residential mixed-use variation is estimated to generate approximately \$111.17 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-37). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$72.92 million, the MTA would receive about \$2.42 million, and New York City would receive about \$35.84 million of these tax revenues from construction of the entire incremental Phase II development.

In addition, at the completion of construction of Phase II the City and MTA would receive revenues from the mortgage recording fees from the condominium units. Assuming typical price per square foot and an average of 70 percent financed, the additional mortgage recording fees under the residential mixed-use variation would equal approximately \$9.13 million. Of this amount, approximately \$7.80 million would go to New York City and approximately \$1.34 million would go to MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the Phase II development in the residential mixed-use variation are estimated at about \$120.30 million, including approximately \$72.92 million for New York State, approximately \$3.76 million for the MTA, and approximately \$43.64 million for New York City.

PHASE II CONSTRUCTION PERIOD BENEFITS: COMMERCIAL MIXED-USE VARIATION

The economic and fiscal benefits of Phase II of the proposed project would be somewhat different under the commercial mixed-use variation due to a somewhat different mix of rental and condominium residential units.

VALUE OF CONSTRUCTION

Based on preliminary estimates of costs per square foot, the investment for construction of the Phase II development under the commercial mixed-use variation is estimated for the purpose of this analysis to equal about \$1.60 billion (\$1,599 million) in 2006 dollars. This amount includes about \$1.40 billion (\$1,398 million) for residential development, and about \$201 million for parking and infrastructure. As in Phase I, the construction amounts include site preparation and hard costs (actual construction), and design, legal, and related costs. The total estimated amount of \$1.60 billion reflects the cost of physical improvements to the site only, and excludes other values (such as financing, insurance, the value of the development rights and the land, marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially more.

ECONOMIC AND FISCAL ANALYSIS

The projected employment and economic benefits from construction of the residential development in Phase II in the commercial mixed-use variation are presented in Table 4-38. The employment and economic benefits from construction of the parking and infrastructure were shown previously in Table 4-36. The employment and economic benefits from construction of the entire Phase II development in the commercial mixed-use variation are summarized in Table 4-39.

Employment

The \$1.60 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire Phase II development program is estimated at about 7,851 person-years of employment over the six-year Phase II construction period.

In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional 4,001 person-years of employment within New York City, bringing the total direct and generated jobs from the construction of the program to 11,852 person-years (see Table 4-39).

In the larger New York State economy, the model estimates that the projected development would generate 6,937 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 14,788 person-years of employment.

The direct wages and salaries during the Phase II construction period under the commercial mixed-use variation are estimated at \$487.11 million, in 2006 dollars (see Table 4-39). Total direct and generated wages and salaries resulting in New York City from construction of the entire Phase II development program are estimated at \$712.58 million. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire Phase II development program are estimated at \$875.46 million.

Table 4-38

Total Employment and Economic Benefits from Construction of the Residential Development in Phase II: Commercial Mixed-Use Variation

	<u>Portion in New York City</u>	<u>Total New York City and State</u>
<u>Total Employment (Persons-Years)*</u>		
<u>Direct (Construction)</u>	<u>6,850</u>	<u>6,850</u>
<u>Indirect (Secondary and Induced)</u>	<u>3,452</u>	<u>6,040</u>
<u>Total</u>	<u>10,302</u>	<u>12,890</u>
<u>Total Wages and Salaries (Millions of 2006 dollars)</u>		
<u>Direct (Construction)</u>	<u>\$421.88</u>	<u>\$421.88</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$193.18</u>	<u>\$336.74</u>
<u>Total</u>	<u>\$615.06</u>	<u>\$758.62</u>
<u>Total Economic Output or Demand** (Millions of 2006 dollars)</u>		
<u>Direct (Construction)</u>	<u>\$1,398.12</u>	<u>\$1,398.12</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$574.77</u>	<u>\$1,191.62</u>
<u>Total</u>	<u>\$1,972.89</u>	<u>\$2,589.74</u>
Fiscal		
<u>Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)</u>		
<u>New York City Taxes</u>	<u>\$30,898,900</u>	
<u>MTA Taxes</u>	<u>\$2,092,800</u>	
<u>New York State Taxes</u>	<u>\$62,945,300</u>	
<u>Total</u>	<u>\$95,937,000</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the residential development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

Table 4-39
Summary of the Total Employment and Economic Benefits from
Construction of the Entire Phase II Development: Commercial
Mixed-Use Variation

	<u>Portion in New York City</u>	<u>Total New York City and State</u>
<u>Total Employment</u> (Person-Years)*		
<u>Direct (Construction)</u>	<u>7,851</u>	<u>7,851</u>
<u>Indirect (Secondary and Induced)</u>	<u>4,001</u>	<u>6,937</u>
<u>Total</u>	<u>11,852</u>	<u>14,788</u>
<u>Total Wages and Salaries</u> (Millions of 2006 dollars)		
<u>Direct (Construction)</u>	<u>\$487.11</u>	<u>\$487.11</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$225.47</u>	<u>\$388.35</u>
<u>Total</u>	<u>\$712.58</u>	<u>\$875.46</u>
<u>Total Economic Output or Demand**</u> (Millions of 2006 dollars)		
<u>Direct (Construction)</u>	<u>\$1,599.04</u>	<u>\$1,599.04</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$669.42</u>	<u>\$1,372.73</u>
<u>Total</u>	<u>\$2,268.46</u>	<u>\$2,971.77</u>
Fiscal		
<u>Tax Revenues, Exclusive of Real Estate***</u> (Constant 2006 dollars)		
<u>New York City Taxes</u>	<u>\$35,666,000</u>	
<u>MTA Taxes</u>	<u>\$2,404,600</u>	
<u>New York State Taxes</u>	<u>\$72,571,100</u>	
<u>Total</u>	<u>\$110,641,700</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, 2002 Economic Census, Construction, New York, issued August 2005; and the tax rates by applicable jurisdiction.		

Fiscal Impacts

The construction activity would also generate tax revenues. As indicated above, the total cost for constructing the entire Phase II development program (excluding financing and similar costs) is estimated at approximately \$1.60 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$2.97 billion (\$2,971.77 million) in New York State, of which \$2.27 billion (\$2,268.46 million) would occur in New York City (see Table 4-39).

The construction activity would have associated with it tax revenues for New York City, the MTA, and New York State. In total, the construction of the entire projected incremental Phase II

development under the commercial mixed-use variation is estimated to generate approximately \$110.64 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-39). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$72.57 million, the MTA would receive about \$2.40 million, and New York City would receive about \$35.67 million of these tax revenues from construction of the entire incremental Phase II development.

In addition, at the completion of construction of Phase II the City and MTA would receive revenues from the mortgage recording fees from the condominium units. Assuming typical price per square foot and an average of 70 percent financed, the additional mortgage recording fees under the commercial mixed-use variation would equal approximately \$5.97 million. Of this amount, approximately \$5.10 million would go to New York City and approximately \$0.87 million would go to MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the Phase II development in the commercial mixed-use variation are estimated at about \$116.61 million, including approximately \$72.57 million for New York State, approximately \$3.27 million for the MTA, and approximately \$40.77 million for New York City.

PHASE II ANNUAL OPERATING BENEFITS

PERMANENT EMPLOYMENT

Based on standard industry ratios per square foot, the direct employment in the incremental Phase II development is estimated at approximately 660 permanent jobs. Of this total amount, approximately 470 would come from the retail/community facility space, 170 to 180 from the operation and maintenance of the residential buildings, and 20 from the garage. As with the other employment from the project, not all of this employment would necessarily be new to New York City. However, this employment would represent jobs either new or retained in New York City, which might have gone outside the City if the project site were not developed. Table 4-40 presents the employment and economic benefits from the annual operation of the Phase II development.

In addition to direct employment, total employment resulting from the annual operation of the Phase II development would include jobs in business establishments off-site providing goods and services to the occupants of the buildings and resulting in indirect employment. Based on the RIMS II model's economic multipliers for New York City industrial sectors, the Phase II development program would generate an additional 236 permanent jobs within New York City, bringing the total direct and generated jobs from the annual operation of the Phase II development to 896 jobs within New York City. In the larger New York State economy, the model estimates that the incremental development would generate 357 jobs of indirect employment, bringing the total direct and generated jobs from the annual operation of the Phase II development to 1,017 jobs in New York State (see Table 4-40).

WAGES AND SALARIES

Based on average salaries by economic sector from the New York State Department of Labor, the direct wages and salaries from the annual operation of the Phase II development are estimated at \$22.39 million in 2006 dollars (see Table 4-40). Total direct and generated wages and salaries resulting in New York City from the annual operation of the Phase II development are estimated at \$36.16 million. In the broader New York State economy, total direct and

generated wages and salaries from the annual operation of the incremental Phase II development are estimated at \$43.32 million in 2006 dollars.

ANNUAL EFFECT ON THE LOCAL ECONOMY

The direct effect on the local economy from the Phase II development, measured as economic output or demand, is estimated at approximately \$48.49 million. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from annual operation of the Phase II development is \$84.42 million in New York State, of which \$74.78 million would occur in New York City (see Table 4-40).

FISCAL IMPACTS

The annual operation of the Phase II development in either variation would have associated with it tax revenues for New York City, MTA, and New York State. These tax revenues would include property tax-related revenues and non-property tax revenues. In total, the operation of the Phase II development is estimated to generate approximately \$9.05 million annually (in 2006 dollars) in non-property related tax revenues for New York City, MTA, and New York State. Of these tax revenues, the largest portion would come from personal income taxes, sales tax, corporate and business taxes, parking tax, and similar taxes on the direct and generated economic activity from the completed development. New York State would receive about \$4.91 million of the tax revenues generated by the operation of the Phase II development, the MTA would receive about \$291,200 and New York City would receive about \$3.86 million. As is the case with the employment from the development, not all of these tax revenues would necessarily be new to New York City, but would represent amounts either new or retained in New York City, which might have gone outside the City if the proposed project were not developed.

The City would also receive annual property tax revenues. These revenues would be expected to be initially based on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs. Taxes would be changing from year-to-year, and in any year would be based on the taxable assessed value and the applicable tax rate. Over time, the value of the land and improvements would be totally taxable. All of the incremental property taxes from the new development on the project site would be new to New York City.

Table 4-40

Annual Employment and Economic Benefits from Operation of the Phase II Development

	<u>Portion in New York City</u>	<u>Total New York City and State</u>
<u>Permanent Employment</u> (Full-Time Equivalent Jobs)*		
<u>Direct (On-Site)</u>	660	660
<u>Indirect (Secondary and Induced)</u>	236	357
<u>Total</u>	896	1,017
<u>Annual Wages and Salaries</u> (Millions of 2006 dollars)		
<u>Direct (On-Site)</u>	\$22.39	\$22.39
<u>Indirect (Secondary and Induced)</u>	\$13.77	\$20.94
<u>Total</u>	\$36.16	\$43.32
<u>Total Annual Economic Output or Demand**</u> (Millions of 2006 dollars)		
<u>Direct (On-Site)</u>	\$48.49	\$48.49
<u>Indirect (Secondary and Induced)</u>	\$26.29	\$35.94
<u>Total</u>	\$74.78	\$84.42
Fiscal		
<u>Annual Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)</u>		
<u>New York City Taxes</u>	\$3,855,800	
<u>MTA Taxes</u>	\$291,200	
<u>New York State Taxes</u>	\$4,902,100	
<u>Total</u>	\$9,049,100	
Notes:		
<u>The above figures on wages and salaries, economic effect, and tax revenues do not include the effect from the household income of the residents in the residential portion of the project, which would be additional.</u>		
* <u>The economic output or total effect on the local economy derived from the direct operating spending.</u>		
** <u>Includes personal income taxes, corporate and business taxes, sales tax, parking tax, and numerous other taxes on direct and secondary expenditures.</u>		
Source: <u>The characteristics of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; and the tax rates by applicable jurisdiction.</u>		

CUMULATIVE CONSTRUCTION PERIOD BENEFITS: RESIDENTIAL MIXED-USE VARIATION

VALUE OF CONSTRUCTION

In summary, as presented previously for Phase I and Phase II, based on preliminary estimates of costs per square foot, the investment for construction of the entire residential mixed-use variation is estimated for the purpose of this analysis to equal about \$3.44 billion (\$3,445 million) in 2006 dollars. As described above the construction cost estimate includes site preparation and hard costs (actual construction), and design, legal, and related costs. The total estimated amount of \$3.44 billion reflects the cost of physical improvements to the site only, and excludes other values (such as financing, insurance, the value of the development rights and the

land, and marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially more.

ECONOMIC AND FISCAL ANALYSIS

The employment and economic benefits from construction of the total development in the Residential Mixed-Use Variation are summarized in Table 4-41.

Employment

The \$3.44 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire Residential Mixed-Use Variation is estimated at 16,924 person-years of employment. In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional 8,816 person-years of employment within New York City, bringing the total direct and generated jobs from the construction of the program to 25,740 person-years (see Table 4-41). In the larger New York State economy, the model estimates that the projected development would generate 15,016 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 31,940 person-years of employment.

The direct wages and salaries during the construction period for the total development are estimated at \$1.07 billion (\$1,067.19 million), in 2006 dollars (see Table 4-41). Total direct and generated wages and salaries resulting in New York City from construction of the entire development program are estimated at \$1.57 billion. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire development program are estimated at \$1.92 billion.

Fiscal Impacts

As indicated above, the total cost for constructing the entire development program (excluding financing and similar costs) is estimated at approximately \$3.44 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$6.43 billion in New York State, of which \$4.94 billion would occur in New York City (see Table 4-41).

Table 4-41
Summary of the Total Employment and Economic Benefits from
Construction of the Total Development: Residential Mixed-Use
Variation

	Portion in New York City	Total New York City and State
Total Employment (Person-Years)*		
Direct (Construction)	<u>16,924</u>	<u>16,924</u>
Indirect (Secondary and Induced)	<u>8,816</u>	<u>5,016</u>
Total	<u>25,740</u>	<u>31,940</u>
Total Wages and Salaries (Millions of 2006 dollars)		
Direct (Construction)	<u>\$1,067.19</u>	<u>\$1,067.19</u>
Indirect (Secondary and Induced)	<u>\$504.59</u>	<u>\$849.95</u>
Total	<u>\$1,571.78</u>	<u>\$1,917.14</u>
Total Economic Output or Demand** (Millions of 2006 dollars)		
Direct (Construction)	<u>\$3,444.89</u>	<u>\$3,444.89</u>
Indirect (Secondary and Induced)	<u>\$1,495.74</u>	<u>\$2,986.42</u>
Total	<u>\$4,940.62</u>	<u>\$6,431.30</u>
Fiscal		
Tax Revenues, Exclusive of Real Estate*** (Constant 2006 dollars)		
New York City Taxes	<u>\$78,178,800</u>	
MTA Taxes	<u>\$5,230,000</u>	
New York State Taxes	<u>\$158,783,200</u>	
Total	<u>\$242,192,000</u>	
Notes:		
* A person-year is the equivalent of one person working full-time for a year.		
** The economic output or total effect on the local economy derived from the direct construction spending.		
*** Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.		
Source: The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, <i>2002 Economic Census, Construction, New York</i> , issued August 2005; and the tax rates by applicable jurisdiction.		

The construction activity would have associated with it tax revenues for New York City, the MTA, and New York State. In total, the construction of the entire Residential Mixed-Use Variation is estimated to generate approximately \$242.19 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-41). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$158.78 million, the MTA would receive about \$5.23 million, and New York City would receive about \$78.19 million of these tax revenues from construction of the entire residential mixed-use variation.

The above figures include only the tax revenues associated with the construction activity and do not include any revenue from the mortgage recording fees from the condominium units. Assuming a typical price per square foot for the units in the residential mixed-use variation, and an average of 70 percent financed, the additional mortgage recording fees would equal approximately \$18.85 million, including approximately \$16.10 million for New York City and approximately \$2.76 million for MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the residential mixed-use variation are estimated at about \$261.04 million, including approximately \$158.78 million for New York State, approximately \$7.99 million for the MTA, and approximately \$94.28 million for New York City.

CUMULATIVE CONSTRUCTION PERIOD BENEFITS: COMMERCIAL MIXED-USE VARIATION

VALUE OF CONSTRUCTION

In summary, based on preliminary estimates of costs per square foot, the investment for construction of the entire commercial mixed-use variation is estimated for the purpose of this analysis to equal about \$3.38 billion (\$3,380 million) in 2006 dollars. As noted above, this figure includes site preparation and hard costs (actual construction), and design, legal, and related costs. The total estimated amount of \$3.38 billion reflects the cost of physical improvements to the site, and therefore excludes other values (such as financing, insurance, the value of the development rights and the land, and marketing, etc.) not directly a part of the expenditures for construction. The total cost—including financing, the value of the land, real estate payments, management, initial marketing expenditures, and similar expenditures—would be substantially more.

ECONOMIC AND FISCAL ANALYSIS

The employment and economic benefits from construction of the total development in the commercial mixed-use variation are summarized in Table 4-42.

Employment

The \$3.38 billion represents the direct expenditures during the construction period. As a result of the direct expenditures, the direct employment for constructing the entire commercial mixed-use variation is estimated at about 16,501 person-years of employment. In addition to direct employment, total employment resulting from construction expenditures would include jobs in business establishments providing goods and services to the contractors and resulting indirect employment. Based on the model's economic multipliers for New York City industrial sectors, the construction of the entire development program would generate an additional 8,650 person-years of employment within New York City, bringing the total direct and generated jobs from the construction of the program to 25,151 person-years (see Table 4-42). In the larger New York State economy, the model estimates that the projected development would generate 14,669 person-years of indirect employment, bringing the total direct and generated jobs from construction of the projected development to 31,170 person-years of employment.

Table 4-42
Summary of the Total Employment and Economic Benefits from
Construction of the Total Development: Commercial Mixed-Use
Variation

	<u>Portion in New York City</u>	<u>Total New York City and State</u>
<u>Total Employment</u> (Person-Years)*		
<u>Direct (Construction)</u>	<u>16,501</u>	<u>16,501</u>
<u>Indirect (Secondary and Induced)</u>	<u>8,650</u>	<u>14,669</u>
<u>Total</u>	<u>25,151</u>	<u>31,170</u>
<u>Total Wages and Salaries</u> (Millions of 2006 dollars)		
<u>Direct (Construction)</u>	<u>\$1,049.06</u>	<u>\$1,049.06</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$499.67</u>	<u>\$837.04</u>
<u>Total</u>	<u>\$1,548.73</u>	<u>\$1,886.10</u>
<u>Total Economic Output or Demand**</u> (Millions of 2006 dollars)		
<u>Direct (Construction)</u>	<u>\$3,380.25</u>	<u>\$3,380.25</u>
<u>Indirect (Secondary and Induced)</u>	<u>\$1,486.36</u>	<u>\$2,969.69</u>
<u>Total</u>	<u>\$4,866.61</u>	<u>\$6,349.94</u>
Fiscal		
<u>Total Tax Revenues, Exclusive of Real Estate***</u> (Constant 2006 dollars)		
<u>New York City Taxes</u>	<u>\$77,002,000</u>	
<u>MTA Taxes</u>	<u>\$5,150,400</u>	
<u>New York State Taxes</u>	<u>\$156,430,400</u>	
<u>Total</u>	<u>\$238,582,800</u>	
Notes:		
* <u>A person-year is the equivalent of one person working full-time for a year.</u>		
** <u>The economic output or total effect on the local economy derived from the direct construction spending.</u>		
*** <u>Includes personal income taxes, corporate and business taxes, sales tax on indirect activities, and numerous other taxes on construction and secondary expenditures.</u>		
Source: <u>The characteristics and construction cost of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; the U.S. Census Bureau, 2002 Economic Census, Construction, New York, issued August 2005; and the tax rates by applicable jurisdiction.</u>		

The direct wages and salaries during the construction period for the total development are estimated at \$1.05 billion (\$1,049.06 million), in 2006 dollars (see Table 4-42). Total direct and generated wages and salaries resulting in New York City from construction of the entire development program are estimated at \$1.55 billion. In the broader New York State economy, total direct and generated wages and salaries from construction of the entire development program are estimated at \$1.89 billion.

Fiscal Impacts

As indicated above, the total cost for constructing the entire development program (excluding financing and similar costs) is estimated at approximately \$3.38 billion. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity,

including indirect expenditures (those generated by the direct expenditures), that would result from construction of the entire projected development program is estimated at \$6.35 billion in New York State, of which \$4.87 billion would occur in New York City (see Table 4-42).

Construction of the entire commercial mixed-use variation would have associated with it tax revenues for New York City, the MTA, and New York State. In total, the construction of the entire projected development is estimated to generate approximately \$238.58 million in tax revenues for New York City, MTA, and New York State, in 2006 dollars (see Table 4-42). Of these tax revenues, the largest portion would come from personal income taxes, corporate and business taxes, sales tax on indirect activities, and related taxes on direct and generated economic activity. New York State would receive about \$156.43 million, the MTA would receive about \$5.15 million, and New York City would receive about \$77.00 million of these tax revenues from construction of the entire commercial mixed-use variation.

In addition, at the completion of construction the City and MTA would receive revenues from the mortgage recording fees from the condominium units. Assuming a typical price per square foot for the units in the commercial mixed-use variation, and an average of 70 percent financed, the additional mortgage recording fees would equal approximately \$8.08 million, including approximately \$6.90 million for New York City and approximately \$1.18 million for MTA. Including the mortgage recording fees with the above figures from construction activity, total public sector revenues from construction of the commercial mixed-use variation are estimated at about \$246.66 million, including approximately \$156.43 million for New York State, approximately \$6.33 million for the MTA, and approximately \$83.90 million for New York City.

CUMULATIVE ANNUAL OPERATING BENEFITS: RESIDENTIAL MIXED-USE VARIATION

Table 4-43 summarizes the total employment and economic benefits from the annual operation of the completed development in the residential mixed-use variation. The table summarizes the information presented separately above for Phase I and Phase II.

PERMANENT EMPLOYMENT

In summary, the direct on-site permanent employment in the residential mixed-use variation is estimated to equal 3,600 full-time equivalent jobs. Based on the RIMS II model's economic multipliers for New York City industrial sectors, the total employment, including indirect jobs, would equal 6,207 permanent jobs within New York City. In the larger New York State economy, the model estimates that the total direct and generated jobs from the annual operation of the residential mixed-use variation would equal 7,477 jobs in New York State (see Table 4-43). As with any project such as this, not all of this employment would necessarily be new to New York City. However, this employment would represent jobs either new or retained in New York City, which might have gone outside the City if the proposed project were not developed.

Table 4-43
Summary of the Annual Employment and Economic Benefits from
Operation of the Completed Development:
Residential Mixed-Use Variation

	Portion in New York City	Total New York City and State
Permanent Employment (Full-Time Equivalent Jobs)		
Direct (On-Site)	<u>3,600</u>	<u>3,600</u>
Indirect (Secondary and Induced)	<u>2,607</u>	<u>3,877</u>
Total	<u>6,207</u>	<u>7,477</u>
Annual Wages and Salaries (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$224.27</u>	<u>\$224.27</u>
Indirect (Secondary and Induced)	<u>\$114.18</u>	<u>\$163.16</u>
Total	<u>\$338.44</u>	<u>\$387.42</u>
Total Annual Economic Output or Demand* (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$533.45</u>	<u>\$533.45</u>
Indirect (Secondary and Induced)	<u>\$383.36</u>	<u>\$554.92</u>
Total	<u>\$916.82</u>	<u>\$1,088.36</u>
		Fiscal
Total Annual Tax Revenues, Exclusive of Real Estate** (Constant 2006 dollars)		
New York City Taxes	<u>\$26,595,200</u>	
MTA Taxes	<u>\$1,985,200</u>	
New York State Taxes	<u>\$41,184,500</u>	
Total	<u>\$69,764,900</u>	
Notes:		
<u>The above figures on wages and salaries, economic effect, and tax revenues do not include the effect from the household income of the residents in the residential portion of the project, which would be additional. The figures on direct employment have been rounded.</u>		
* <u>The economic output or total effect on the local economy derived from the direct operations spending.</u>		
** <u>Includes personal income taxes, corporate and business taxes, sales tax, hotel occupancy tax, parking tax, and numerous other taxes on direct and secondary expenditures.</u>		
Source: The characteristics of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; and the tax rates by applicable jurisdiction.		

WAGES AND SALARIES

The direct wages and salaries from the annual operation of the residential mixed-use variation are estimated at \$224.27 million in 2006 dollars (see Table 4-43). Total direct and generated wages and salaries resulting in New York City from the annual operation of the completed residential mixed-use variation are estimated at \$338.44 million. In the broader New York State economy, total direct and generated wages and salaries from the annual operation of the residential mixed-use variation are estimated at \$387.42 million in 2006 dollars.

ANNUAL EFFECT ON THE LOCAL ECONOMY

The direct effect on the local economy from the operation of the residential mixed-use variation, measured as economic output or demand, is estimated at approximately \$533.45 million annually. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from the operation of the residential mixed-use variation is estimated at \$1.09 billion (\$1,088.36 million) annually in New York State, of which about \$916.82 million annually would occur in New York City (see Table 4-43).

FISCAL IMPACTS

The annual operation of the Residential Mixed-Use Variation would have associated with it tax revenues for New York City, MTA, and New York State. These tax revenues would include property tax-related revenues and non-property tax revenues. In total, the operation of the completed Residential Mixed-Use Variation is estimated to generate approximately \$69.76 million annually (in 2006 dollars) in non-property related tax revenues for New York City, MTA, and New York State. Of these tax revenues, the largest portion would come from personal income taxes, sales tax, corporate and business taxes, hotel occupancy tax, parking tax, and similar taxes on the direct and generated economic activity from the completed development. New York State would receive about \$41.18 million annually of the tax revenues generated by the operation of the residential mixed-use variation, the MTA would receive about \$1.99 million annually, and New York City would receive about \$26.60 million annually. Although not all of these tax revenues would necessarily be new to New York City, they would represent amounts either new or retained in New York City, which might have gone outside the City if the proposed project were not developed. In addition, the above figures do not include the effect from the household income of the residents in the residential portion of the project, which would be additional.

Regarding property tax revenues, as discussed for Phase I, the arena would pay payment-in-lieu-of-tax ("PILOT"). For the remainder of the property, the City would receive annual property tax revenues. These revenues would be expected to be initially based on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs, such as, for commercial development, the City's Industrial and Commercial Incentive Program, and for residential development, Section 421-a of the New York State Real Property Tax Law. Taxes would be changing from year-to-year, and in any year would be based on the taxable assessed value and the applicable tax rate. Over time, the value of the land and improvements would be totally taxable. As with the other variation, all of the incremental property taxes from the new development on the project site would be new to New York City.

CUMULATIVE ANNUAL OPERATING BENEFITS: COMMERCIAL MIXED-USE VARIATION

Table 4-44 summarizes the total employment and economic benefits from the annual operation of the completed development in the Commercial Mixed-Use Variation. The table summarizes the information presented separately above for Phase I and Phase II.

Table 4-44

**Summary of the Annual Employment and Economic Benefits from the
Operation of the Completed Development:
Commercial Mixed-Use Variation**

	Portion in New York City	Total New York City and State
Permanent Employment (Full-Time Equivalent Jobs)		
Direct (On-Site)	<u>8,560</u>	<u>8,560</u>
Indirect (Secondary and Induced)	<u>7,751</u>	<u>11,244</u>
Total	<u>16,311</u>	<u>19,804</u>
Annual Wages and Salaries (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$554.93</u>	<u>\$554.93</u>
Indirect (Secondary and Induced)	<u>\$307.43</u>	<u>\$429.59</u>
Total	<u>\$862.36</u>	<u>\$984.51</u>
Total Annual Economic Output or Demand* (Millions of 2006 dollars)		
Direct (On-Site)	<u>\$1,523.30</u>	<u>\$1,523.30</u>
Indirect (Secondary and Induced)	<u>\$1,057.42</u>	<u>\$1,500.31</u>
Total	<u>\$2,580.73</u>	<u>\$3,023.60</u>
		Fiscal
Total Annual Tax Revenues, Exclusive of Real Estate** (Constant 2006 dollars)		
New York City Taxes	<u>\$50,031,000</u>	
MTA Taxes	<u>\$3,385,300</u>	
New York State Taxes	<u>\$86,992,800</u>	
Total	<u>\$140,409,100</u>	
Notes:		
The above figures on wages and salaries, economic effect, and tax revenues do not include the effect from the household income of the residents in the residential portion of the project, which would be additional. The figures on direct employment have been rounded.		
* The economic output or total effect on the local economy derived from the direct operations spending.		
** Includes personal income taxes, corporate and business taxes, sales tax, parking tax, and numerous other taxes on direct and secondary expenditures.		
Source: The characteristics of the proposed development; the Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis; and the tax rates by applicable jurisdiction.		

PERMANENT EMPLOYMENT

In summary, the direct on-site permanent employment in the commercial mixed-use variation is estimated to equal 8,560 full-time equivalent jobs. Based on the RIMS II model's economic multipliers for New York City industrial sectors, the total employment, including indirect jobs, would equal 16,311 permanent jobs within New York City. In the larger New York State economy, the model estimates that the total direct and generated jobs from the annual operation of the commercial mixed-use variation would equal 19,804 jobs in New York State (see Table 4-44). Again, not all of this employment would necessarily be new to New York City. However,

this employment would represent jobs either new or retained in New York City, which might have gone outside the City if the proposed project were not developed.

WAGES AND SALARIES

The direct wages and salaries from the annual operation of the Commercial Mixed-Use Variation are estimated at \$554.93 million in 2006 dollars (see Table 4-44). Total direct and generated wages and salaries resulting in New York City from the annual operation of the completed commercial mixed-use variation are estimated at \$862.36 million. In the broader New York State economy, total direct and generated wages and salaries from the annual operation of the Commercial Mixed-Use Variation are estimated at nearly a billion dollars (\$984.51 million) in 2006 dollars.

ANNUAL EFFECT ON THE LOCAL ECONOMY

The direct effect on the local economy from the operation of the commercial mixed-use variation, measured as economic output or demand, is estimated at approximately \$1.52 billion (\$1,523.30 million) annually. Based on the U.S. Bureau of Economic Analysis' RIMS II model for New York City and State, the total economic activity, including indirect expenditures (those generated by the direct expenditures), that would result from the operation of the commercial mixed-use variation is estimated at \$3.02 billion (\$3,023.60 million) annually in New York State, of which \$2.58 billion (\$2,580.73 million) annually would occur in New York City (see Table 4-44).

FISCAL IMPACTS

As with the residential variation, the annual operation of the commercial mixed-use variation would have associated with it tax revenues for New York City, MTA, and New York State. These tax revenues would include property-tax-related revenues and non-property-tax revenues. In total, the operation of the completed commercial mixed-use variation is estimated to generate approximately \$140.41 million annually (in 2006 dollars) in non-property-related tax revenues for New York City, MTA, and New York State. Of these tax revenues, the largest portion would come from personal income taxes, sales tax, corporate and business taxes, parking tax, and similar taxes on the direct and generated economic activity from the completed development. New York State would receive about \$86.99 million annually of the tax revenues generated by the operation of the commercial mixed-use variation, the MTA would receive about \$3.39 million annually, and New York City would receive about \$50.03 million annually. Although not all of these tax revenues would necessarily be new to New York City, they would represent amounts either new or retained in New York City, which might have gone outside the City if the proposed project were not developed. In addition, the above figures do not include the effect from the household income of the residents in the residential portion of the project, which would be additional.

Regarding property tax revenues, as discussed for Phase I, the arena would pay payment-in-lieu-of-tax ("PILOT"). For the remainder of the property, the City would receive annual property tax revenues. These revenues would be expected to be initially based on the assessed value of the land, with the assessed value of improvements to the land phased-in according to one of the applicable real estate tax programs, such as, for commercial development, the City's Industrial and Commercial Incentive Program, and for residential development, Section 421-a of the New York State Real Property Tax Law. Taxes would be changing from year-to-year, and in any year would be based on the taxable assessed value and the applicable tax rate. Over time, the value of the land and improvements would be totally taxable. As with the other variation, all of the incremental property taxes from the new development on the project site would be new to New York City.

PUBLIC FINANCING FOR PROPOSED PROJECT

As outlined in the Memorandum of Understanding (MOU) signed by Empire State Development Corporation (ESDC), the City of New York, and the project sponsors on February 18, 2005, both the City and the State would provide direct funding to the proposed project of \$100 million each. Funding provided by the State would be used for infrastructure improvements necessary for the construction of the arena and for the redevelopment of the rail yard. Funding provided by the City would also be used for necessary infrastructure and rail yard improvements. The City's contribution could also be used for acquisition costs related to the arena site (other than for the acquisition of properties owned by the MTA/LIRR).

In addition to the public capital investment, the arena would receive an exemption from sales taxes on materials used in the initial construction and fit-out and on capital repairs and replacements. The City commonly uses sales tax waivers on construction materials to encourage large scale economic development, including for the development of the Jacob Javits Convention Center, Battery Park City, 42nd Street Redevelopment Project, and Memorial-Sloane Kettering Cancer Center, among many others.

It is expected that the project sponsors would receive exemptions from State and City mortgage recording taxes. This is customary for affordable housing developments. Although such exemptions would also be made available for construction financing for the market rate condominiums developed on the project site, no credits for such exemptions would be available upon the sale of condominium units. Accordingly, all financing utilized to acquire condominium units would be subject to state and city mortgage recording taxes.

Although the proposed project would utilize these exemptions, the construction of either the Residential Mixed-Use Variation or the Commercial Mixed-Use Variation would generate substantial tax revenues for the city, state, and MTA. For example, Phase I of the Residential Mixed-Use Variation would generate \$131.0 million in tax revenues for the city, state, and MTA, exclusive of real estate taxes, while the construction of Phase I of the Commercial Mixed-Use Variation would generate \$127.9 million in non-real estate taxes (see Tables 4-28 and 4-31 respectively).¹ Overall, the construction of the total Residential Mixed-Use Variation would cumulatively generate \$242.2 million in tax revenues for the city, state, and MTA, exclusive of real estate taxes, while the construction of the total Commercial Mixed-Use Variation would cumulatively generate \$238.6 million in non-real estate taxes (see Tables 4-41 and 4-42 respectively).

The costs of constructing and fitting-out the arena and its ancillary facilities would be financed through one or more series of tax-exempt and taxable bonds issued by a local development corporation. Tax-exempt bonds are a common tool used throughout the country to encourage the development of large-scale projects involving public-private partnerships. In the City, tax-exempt bonds have been used to finance the American Airlines and British Airways terminals at JFK Airport, One Bryant Park (the future headquarters of Bank of America), and 7 World Trade Center. ESDC would retain ownership of the arena and the land under the arena for the term of the bonds. As a result, the arena and the land under the arena would be exempt from real estate taxes.

The repayment of the tax exempt bonds would be accomplished through a payment in lieu of tax (PILOT) that would be the sole responsibility of the lessee of the arena. The state and the city would have no liability for repaying the bonds or for the PILOT. The issuance of tax exempt

¹ During the construction period, tax revenues (exclusive of real estate taxes) include personal income taxes, corporate and business taxes, sales taxes on indirect activities, and numerous other taxes on construction and secondary expenditures.

bonds would be of no cost to the state or to the city, since the repayment would be solely the responsibility of the lessee of the arena.

As noted above, the public benefits generated by the operation of the proposed project would be substantial, including thousands of direct and indirect jobs, as well as substantial tax revenues over and above real estate tax revenues. For example, the annual operation of Phase I of the Residential Mixed-Use Variation, which includes the arena, would generate \$60.7 million annually in tax revenues for the city, state, and the MTA, exclusive of real estate taxes (see Table 4-33).¹ Phase I of the Commercial Mixed-Use Variation would generate \$131.4 million in tax revenues annually for the city, state, and MTA, exclusive of real estate taxes (see Table 4-34). Upon the completion of Phase II, the total Residential Mixed-Use Variation would generate \$69.8 million annually in tax revenues for the city, state, and the MTA, exclusive of real estate taxes (see Table 4-43), while the total Commercial Mixed-Use Variation would generate \$140.4 million annually. The proposed project would generate substantial tax revenues for the City and the State exceeding their combined \$200 million capital investment after the second year of operation. *

¹ During annual operation, tax revenues (exclusive of real estate taxes) include personal income taxes, corporate and business taxes, sales tax, hotel occupancy tax, parking tax, and numerous other taxes on direct and secondary expenditures.