A. INTRODUCTION

BACKGROUND/ISSUES

The conversion of the James A. Farley Building and the Western Annex (Farley Complex) into a new transportation hub would include the development of approximately 2.4 million square feet—1.4 million square feet as part of Phase I, including the new intermodal station, United States Postal Service (USPS) facilities, a hotel, banquet facilities and commercial retail, and a Phase II building program of about 1 million square feet of additional commercial office or mixed-use residential and commercial development. As presented in more detail in Chapter 1, "Project Description," the Phase II office building (Scenario 1) is assumed to be built on the Western Annex within the Farley Complex with a build completion year of 2015. The primarily residential mixed-use building (Scenario 2) would be constructed at the Development Transfer Site on the western portion of One Penn Plaza. This building would contain 120,000 square feet of retail space and 940 residential units (or, possibly, 310 hotel rooms and 630 residential units) and would be expected to be completed by 2010, the same build year as the Phase I program.

According to guidelines in the *City Environmental Quality Review (CEQR) Technical Manual*, commercial development greater than 200,000 square feet or residential development of more than 200 units has the potential to generate significant adverse socioeconomic impacts requiring analysis. Since the proposed project would introduce commercial and possibly residential uses well in excess of these thresholds, a socioeconomic assessment is required.

The analysis follows the guidelines of the *CEQR Technical Manual* in assessing the proposed project's effects on socioeconomic conditions within a roughly ¼-mile study area. According to the *CEQR Technical Manual*, the five principal issues of concern with respect to socioeconomic conditions are whether a proposed project would result in significant impacts due to: (1) direct residential displacement; (2) direct business and institutional displacement; (3) indirect residential displacement; (4) indirect business and institutional displacement; and (5) adverse effects on a specific industry. As discussed below, the project would not directly displace any residents or businesses. Therefore, the analysis focuses on whether the project could result in indirect residential, business, and institutional displacement, or adverse effects on a specific industry. The analysis specifically considers whether the introduction of a large amount of new commercial or residential space would adversely affect the residential real estate market, overall business conditions in the study area, and the potential effects on businesses from changes in pedestrian flows in the area in and around the project site.

PRINCIPAL CONCLUSIONS

The preliminary assessment finds that the proposed project would not result in significant adverse impacts in any of the areas of socioeconomic concern, as summarized below.

DIRECT RESIDENTIAL DISPLACEMENT

The proposed project would not directly displace any residents. The project site contains no dwelling units.

DIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

The proposed project would not result in the involuntarily direct displacement of any businesses, institutions, or employment currently located at the Farley Complex. USPS is a participating agency and with or without the proposed project, USPS is vacating a majority of the Western Annex and relocating its mail processing, sorting, and distribution operations from the Farley Complex to the Morgan General Mail Facility and Annex (the Morgan Facility), located between Ninth and Tenth Avenues and West 28th and 29th Streets. These relocation activities are already underway and would be completed irrespective of the proposed project. With or without the proposed project, USPS would retain existing postal service retail operations in the historic retail lobby off of Eighth Avenue, as well as some operational, service/mail transfer, postal rail activities, and office space. As part of the proposed project's redevelopment of the Development Transfer Site, three businesses would be displaced, including a Duane Reade drug store, a bar and restaurant (Local Café and Cocktails) and a fast food establishment (Café 34). There would be no anticipated socioeconomic impact as these businesses are typical of a midtown location and together or individually do not represent a significant alteration of the economic character of the study area.

INDIRECT RESIDENTIAL DISPLACEMENT

The proposed project would not result in significant adverse socioeconomic impacts due to indirect residential displacement. Based on CEQR guidelines, a significant socioeconomic impact can occur if a proposed project alters the local real estate market in a manner that leads to the displacement of existing residents. The proposed project would not have such an effect. The 940 apartments that could be introduced by the proposed project (Phase II, Scenario 2 development on the Development Transfer Site) would be offered at rents comparable to residential rents for other modern, newly-constructed market-rate apartments in the surrounding area and housing that is expected to be built in the study area by 2010 (the anticipated build year for the project's 940 units). The market-rate rents that are expected would reflect, rather than alter, existing conditions and trends within the surrounding neighborhoods. Current rents for available new or renovated apartments in the area are higher than the median affordable rents of existing residents. In addition, the project's use of the 80/20 housing program can be expected to add up to 188 of the 940 units as affordable, conservatively assuming that all units are rental units. Since there is no direct loss of existing residential units as a result of the project, these would represent new affordable units in the study area.

The population potentially vulnerable to indirect residential displacement within the study area is limited. The vulnerable population consists primarily of residents of non-rent-regulated apartments and residents of Single Room Occupancy (SRO) dwellings. A large percentage of the study area's rental housing stock is covered by rent control or rent stabilization, which affords a high degree of protection against market-driven displacement pressures. The SRO units in the study area are subject to legal and community support structures that require heavy penalties for illegal evictions. Although these protections have not always proven to be a firm barrier against displacement, it is reasonable to assume that with effective enforcement of the laws regulating tenancy of SRO dwellings and against illegal actions on the part of landlords, effective protection against displacement would be afforded to these residents even with the elevated market pressures that already exist in the study area.

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

The proposed project would not result in significant adverse impacts due to indirect business and institutional displacement. The proposed project would not represent a substantial increase in the concentration of any particular economic sector, and no alteration of existing patterns would be expected. All of the uses contemplated under the proposed project are well established in the study area, which already has a dense and diverse amount of economic activity.

The proposed project would expand the existing base of transportation offerings within the study area, thereby drawing new transportation users and visitors to the area within and immediately surrounding the Farley Complex. Similarly, a hotel and banquet facility within the Farley Complex would attract and retain visitors within the study area. The proposed new retail development would add to the existing retail hub in and around Penn Station, and would result in a wider distribution of retail traffic—particularly pedestrian traffic—around the Penn Station hub area. This incremental pedestrian flow would not have any effect on commercial property values within the study area east of the Farley Complex, where there are already heavy volumes of pedestrian traffic created by a multitude of uses, including the existing Penn Station, Madison Square Garden, Penn Plaza, and destination retail along West 34th Street. Locations within the study area where the project-generated population may generate a noticeable pedestrian increment would therefore be limited to the area immediately west of the Farley Complex (along Ninth Avenue) as well as immediately north along West 33rd Street and south along West 31st Street between Eighth and Ninth Avenues.

Current commercial uses along Ninth Avenue in the immediate vicinity of the Farley Complex include neighborhood retail and services such as Chinese restaurants, diners, a delicatessen, a stationary store, Starbucks Coffee, a dry cleaning service, a shoe repair store, and a T-Mobile cellular store. In February 2005 there was also a vacant, 7,340-foot commercial storefront at the corner of West 31st Street and Ninth Avenue. Further west along the same West 31st Street blockfront is a Granger auto parts store. A notable destination retail establishment is B&H Photo, a large discount photography, electronics, and related technology store on an entire Ninth Avenue east side blockfront (West 34th to West 33rd Streets). Commercial establishments within these thoroughfares could experience rent increases, as their property values could increase due to the increased pedestrian traffic. Most of the existing retail stores would benefit from the increased pedestrian flow, allowing them to increase their overall sales and avoid displacement. Those that would be most vulnerable to indirect displacement due to increased rents would be those retail uses, such as the Granger store, that may not be able to capitalize as effectively from the increased pedestrian flow.

In the Future Without the Proposed Action these thoroughfares will experience upward rent pressures from the introduction of a major mixed-use development project west of the Farley Complex on Ninth Avenue by 2010 (Hudson Yards Projected Site 33 as well as other smaller projects). In addition, in the Future Without the Proposed Action condition, the destination retail and commercial office uses planned for the Farley Complex would also generate increased pedestrian traffic and “cross-shopping” opportunities, which could increase rents in the same areas. Therefore, there is the potential for indirect business displacement in these limited areas in the Future with or Without the Proposed Action; the incremental pedestrian traffic generated by the unique elements of the proposed project (the Moynihan Station and hotel) would not significantly affect property values in the study area.

The study area already has a well-established commercial office presence such that the introduction of 1 million square feet under the proposed project would not significantly alter existing economic patterns. The project site is located in a stable and desirable marketplace, as demonstrated by relatively low vacancy rates. In addition, in the Future Without the Proposed Action by 2015 at least 2.17 million and up to 3.91 million square feet of office space will be developed on the block immediately west of the Farley Complex, further strengthening the area's commercial identity.

ADVERSE EFFECTS OF SPECIFIC INDUSTRIES

The proposed project would not significantly affect business conditions in any industry or any category of business within or outside the study area, nor would the proposed project indirectly reduce employment or adversely affect the viability of any industry or category of business. Development under the proposed project would not introduce new, competing businesses that would drive out or otherwise diminish the performance of any identifiable business sector. Overall, the proposed project would reinforce existing business sectors, and provide new office space to retain and attract businesses.

By 2010, the proposed project would introduce a new hotel within the Farley Complex that would provide up to 314 rooms. The 314 rooms represent approximately 0.5 percent of the total hotel room count in Manhattan in 2002 (62,785 rooms).[1] In 2004, Manhattan's hotel occupancy rate was at 83.2 percent and average daily room rates were $201.76, indicators of a strong market and healthy demand. The additional hotel rooms introduced by the proposed project would not be of an amount that could jeopardize the overall viability of the hotel industry.

B. METHODOLOGY

As described in Chapter 2, "Analytical Framework," this document has been prepared pursuant to SEQRA. Acknowledging the special circumstances of projects undertaken in New York City, Empire State Development Corporation (ESDC) satisfies its SEQRA obligation in recognition that New York City has further promulgated local CEQR regulations and created methodologies to specifically implement SEQRA for actions within and involving New York City decision-making. Therefore, the socioeconomic conditions analysis has been prepared in conformance with the assessment methodologies and impact criteria developed as part of the *CEQR Technical Manual.*

CEQR MANUAL OVERVIEW

Socioeconomic impacts can occur when an action directly or indirectly changes population, housing stock, or economic activities in an area. In some cases, these changes can be substantial, but not adverse. In other cases, these changes can be beneficial to some groups and adverse to others. The purpose of a socioeconomic assessment is to disclose changes that would be created by an action and identify whether they rise to the level of significance.

[1] Smith Travel Research.

According to the CEQR Technical Manual, the socioeconomic character of an area is defined in terms of its population and housing and its economic activities. The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of area residents and area businesses. However, actions affect either or both of these segments in the same ways: they may directly displace residents or businesses; or they may alter one or more of the underlying forces that shape socioeconomic conditions in an area and thus indirectly displace residents or businesses.

Although socioeconomic changes by themselves might not result in impacts, they are disclosed if those changes would affect land use and population patterns or community character. Usually, economic changes alone need not be assessed; however, in some cases their inclusion in CEQR review may be appropriate, particularly if a major industry would be affected or if an objective of an action is to create economic change.

Population and housing assessments focus on the residents of an area and their housing conditions. Depending on the type of action and the area that could be affected, a profile of residential population typically includes some or all of the following characteristics: total numbers, sex, age, family status, household size, income, poverty status, education, occupation, car ownership, place of work, and mode of work-trip travel.

Housing profiles typically characterize the type and condition of the housing stock, units per structure, owner-occupied or rental, vacancy rates, and housing costs and values. Housing can also be characterized as associated with the income-level of its occupants (e.g., low-, moderate-, or high-income housing). As appropriate, SRO units, group quarters, or shelters are also included. Regulations that protect tenants' continued occupancy and the availability of housing subsidies are identified and disclosed where residential displacement is a possibility.

Economic activities that characterize an area generally include the businesses and institutions operating there and the employment associated with these operations. Depending on the action in question, those people who are served by the businesses and institutions can also be considered in the assessment. In addition, if there are groups of businesses that are dependent on the goods and services of businesses that are likely to be affected by the action, it may be appropriate to consider the effects to those businesses as well.

Businesses can be classified as commercial or industrial. Institutions are also included in socioeconomic analyses, because they often employ large numbers of workers, support directly a number of related businesses, and bring to an area large numbers of their "clientele," who can form a customer base for local commercial businesses. Such institutions include schools, hospitals, community centers, government centers, and other like facilities with a charitable, governmental, public health, or educational purpose.

Specific industries or institutions within these broader groups can typify an area, such as the Special Garment Center District in Midtown Manhattan, the government and courts center in the Foley Square area of Lower Manhattan or Downtown Brooklyn, or the concentration of hospitals and health care facilities in the Manhattan's Upper East Side.

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

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

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

The CEQR Technical Manual provides that socioeconomic assessments should be conducted if an action is reasonably expected to create substantial socioeconomic changes within the area affected by the action that would not be expected to occur absent the action. There are five circumstances that would typically require a socioeconomic assessment:

- The action would directly displace residential population so that the socioeconomic profile of the neighborhood would be substantially altered.
- The action would directly displace substantial numbers of businesses or employees or if it would directly displace a business or institution that is unusually important in one or more of the following ways: it has a critical social or economic role in the community and unusual difficulty in relocating successfully; it is of a type or in a location that makes it the subject of other regulations or publicly adopted plans aimed at its preservation; it serves a population uniquely dependent on its services in its present location; or it is particularly important to neighborhood character.
- The action would result in a substantial new development that is markedly different from existing uses, development, and activities within the neighborhood. Such an action could lead to indirect displacement. Typically, projects that are small to moderate in size would not have significant socioeconomic effects unless they are likely to generate socioeconomic conditions that are very different from existing conditions in the area. Residential development of 200 units or less or commercial development of 200,000 square feet or less would typically not result in significant socioeconomic impacts.
- Notwithstanding the above, the action could affect conditions in the real estate market not only on the site anticipated to be developed, but in a larger area. When this possibility cannot be ruled out, an assessment may need to be undertaken to address indirect displacement. These actions can include those that would raise or lower property values in the surrounding area.
- The action could adversely affect economic conditions in a specific industry.

If an action would exceed any of these initial thresholds, an assessment of socioeconomic conditions is generally appropriate. The geographic area and socioeconomic conditions to be assessed and the methods and level of detail by which they are studied depend on the nature of the proposed project. Considering the five circumstances listed above can help identify those issues of socioeconomic assessment that apply to a particular action.

In summary, assessments of socioeconomic conditions address the following areas of concern:

- Direct (or primary) residential displacement;
- Indirect (or secondary) residential displacement;
- Direct (or primary) business displacement;
- Indirect (or secondary) business displacement; and
- Effects on specific industries.

ANALYSIS FORMAT AND DATA SOURCES

ANALYSIS FORMAT

The socioeconomic analysis of the five areas of concern outlined above begins with a preliminary assessment. For each area of concern, the assessment responds to the screening questions in the *CEQR Technical Manual*; if it is determined that a significant socioeconomic impact is likely or cannot be ruled out based on the preliminary assessment, then a detailed analysis is conducted.

The preliminary assessment for this project evaluates the proposed project in the context of two phases of development: Phase I, assumed to be completed by 2010; and Phase II, assumed to be completed by 2010 or 2015. As set forth in Chapter 1, “Project Description,” Phase I is based on a Reasonable Worst Case Development Scenario (RWCDS) that encompasses the range of uses envisioned in the initial developer responses. As summarized in Table 1-1, the Phase I RWCDS includes the Moynihan Station and USPS elements, along with an estimated 448,000 square feet of destination retail, a hotel, and a banquet facility. Phase II includes the potential development of an additional 1 million square feet of office mixed use and residential space as an overbuild on the Western Annex (by 2015) or on the Development Transfer Site (by 2010).

STUDY AREA DELINEATION

A study area is defined as the area most likely to be affected by the proposed project. Following the guidelines of the *CEQR Technical Manual*, the socioeconomic study area (hereafter referred to as the “study area”) is the same as the roughly ¼-mile land use study area, which is described in detail in Chapter 3, “Land Use, Zoning, and Public Policy.” The study area is bounded by West 38th Street on the north, Sixth Avenue on the east, West 26th Street on the south, and Tenth Avenue on the west (see Figure 4-1). As described in Chapter 3, adjustments were made to the strict ¼-mile boundary delineation to better reflect Census Tract boundaries. Census Tracts 95, 97, 101, 103, 109, and 111 are included in the study area.

DATA SOURCES

The data sources used for the analysis are consistent with *CEQR Technical Manual* guidelines for socioeconomic assessments. As described below, the analysis incorporates a variety of data sources including Census data, employment data from the New York State Department of Labor (NYSDOL), and information obtained from internet real estate sites and discussions with real estate brokers.

The ¼-mile study area overlaps with those of two recent studies: The Hudson Yards FGEIS analysis and Economics Research Associates’ (ERA) Final Market Analysis, Moynihan/Farley Redevelopment Project. Both studies contain valuable data relating to the study area’s socioeconomic condition that is applicable to this CEQR analysis. Data used from these studies include residential demographics and trends, industry trends, and residential and commercial rent surveys.

Indirect Residential Displacement

The indirect residential displacement assessment begins with an analysis of demographic characteristics and trends, based on data from the 1990 and 2000 U.S. Census. The analysis includes such parameters as the total number of residents, total households, average household size, median income, and poverty status. The housing profile of the study area includes data such as total housing units, occupancy, number of rooms, contract rent, and the presence of single-room occupancy (SRO) units. The inventory of SRO units was obtained from the New York City Department of City Planning's (DCP's) 2004 MISLAND database, and verified through field surveys. Estimates of rent-stabilized units were based on information from the Real Estate Board of New York (REBNY) and the New York City Department of Finance's Real Property Assessment Database (RPAD), LotInfo 2003. AKRF also conducted real estate surveys by obtaining rent information from major print news media in New York City (e.g., New York Times), online resources (Craig's list, the Corcoran Group) and brokers familiar with the area. In addition, the analysis relies on residential market trends from the Hudson Yards FGEIS and ERA's Final Market Analysis, Farley/Moynihan project.

Indirect Business and Institutional Displacement

The assessment of indirect business and institutional displacement considers business and employment trends in the study area, Manhattan, and New York City as a whole. Employment data for these areas was obtained from DOL and from the Hudson Yards Rezoning EIS (for employment data specific to the study area). Sources for commercial trends and rents included ERA's Final Market Analysis, Farley/Moynihan project, the Hudson Yards Rezoning FGEIS, internet real estate sites (e.g., Cushman & Wakefield, Colliers ABR), and discussions with real estate brokers. In addition, field surveys of retail concentrations and customer pedestrian flows were conducted in the first quarter of 2005.

C. PRELIMINARY ASSESSMENT

This section examines each of the five areas of socioeconomic concern in relation to the proposed project. The goal of a preliminary assessment is to learn enough about the potential effects of the proposed project either to rule out the possibility of significant impact, or to establish that a more detailed analysis will be required to determine whether the proposed project would lead to significant adverse impacts. The preliminary assessment below concludes that the proposed project would not result in significant adverse socioeconomic impacts, and that additional detailed analysis is not required.

DIRECT RESIDENTIAL DISPLACEMENT

The project site contains the approximately 1.4 million-square-foot Farley Complex, which occupies a superblock over the Penn Station rail yard between Eighth and Ninth Avenues from West 31st to West 33rd Streets as well as the Development Transfer Site located on the east side of Eighth Avenue between West 33rd and 34th Streets. The project site contains no dwelling units. Therefore, the proposed project would not result in any direct residential displacement, and no further analysis of this issue is required.

DIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

PHASE I

The Farley Complex contains space for USPS mail sorting and distribution uses, USPS retail lobbies and windows, USPS administration spaces, and offices for New York City's District Manager/Postmaster. There are approximately 1,260 USPS workers currently based at the Farley Complex.

Direct displacement is the involuntary displacement of businesses or institutions from the site of, or a site directly affected by, a proposed project. The proposed project would not result in the involuntary displacement of any businesses, institutions, or employment currently located at the project site, since USPS is a participant in the proposed project. In an effort already underway and anticipated to be fully complete in the Future Without the Proposed Action, USPS is vacating the majority of the Western Annex, relocating its mail processing, sorting, and distribution operations from the Farley Complex to the Morgan Facility, which is located between Ninth and Tenth Avenues and West 28th and 29th Streets.

If the proposed project is not approved, USPS would retain 650,000 square feet of space in the Farley Complex for the existing retail and administrative functions and additional space for consolidated administrative and processing functions that are currently located at other USPS sites in Manhattan. There would be about 500 new employees transferring from those locations to the Farley Complex. In the Future With the Proposed Action, there would be a reduction in workers at the Farley Complex with approximately 1,020 USPS workers remaining.

Given that the proposed project would not directly displace any existing businesses, institutions or employment, there would be no significant adverse impacts due to direct business or institutional displacement, and no further analysis of this issue is required.

PHASE II (SCENARIO 2)

The proposed project's off-site residential mixed-use building on the Development Transfer Site would result in the direct displacement of three businesses, including a drug store and two restaurants. These businesses include:

- Duane Reade – located in a one-story building of about 7,700 square feet along Eight Avenue with entrances on West 33rd and 34th Streets. The store is assumed to have an estimated 20 to 25 full time equivalent employees.
- "Local" Café and Cocktails – a restaurant located on the West 33rd Street frontage in a small building with two levels, a street entrance and a patio service area off of the existing raised public plaza. The restaurant is estimated to have a staff of about 20 full time equivalents employees.
- Café 34 – a fast food restaurant located on the West 34th Street frontage in a small one story building. The restaurant is estimated to employ about 25 full time equivalent employees.

As presented in the preliminary assessment, below, there would be no anticipated socioeconomic impact as the three businesses to be displaced are typical of a midtown location and together or individually do not represent a significant alteration of the existing neighborhood character.

(1) Are the businesses or institutions in question of substantial economic value to the City or regional area and can only be relocated with great difficulty or not at all.

While clearly located to be convenient to local users, the three businesses displaced by the proposed project are very typical of a central business district and similar uses are located extensively throughout the study area. The new proposed mixed-use building contains substantially more retail than would be lost to the displacement.

(2) Are the businesses or institutions subject to public plans or regulations to preserve, enhance, or protect such uses?

No, these businesses represent a very typical retail mix associated with Midtown and are not specifically protected by special policies.

(3) Do the businesses or institutions define or contribute substantially to a defining element of neighborhood character?

No, as mentioned above, the restaurants and drug store to be displaced by the proposed project are representative and common elements of the existing business and transit center.

(4) Do the number of businesses and employees to be displaced collectively define the character of the neighborhood?

No, the estimated 70 employees that would be displaced represent only a small fraction of the retail and food services workforce employed in the study area, and an even smaller and marginal fraction of the larger workforce that supports the retail and food service industry. The proposed project itself would add back considerably more retail jobs than would be displaced by the proposed project

INDIRECT RESIDENTIAL DISPLACEMENT

In most cases 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 afford their homes. The preliminary assessment of indirect residential displacement evaluates the potential effects of the proposed project through a variety of socioeconomic data related to the study area’s population and housing characteristics, and includes such data points as demographic characteristics, housing values, and rents.

POPULATION AND HOUSING PROFILE OF THE STUDY AREA

The study area is located on the West Side of Midtown Manhattan and is bounded by West 38th Street on the north, Sixth Avenue on the east, West 26th Street on the south, and Tenth Avenue on the west (see Figure 4-1). The study area encompasses parts of several neighborhoods, including Hell’s Kitchen, the western edge of the Special Garment Center District, and the northern edge of Chelsea.

Population

In 2000 the study area had a population base of approximately 12,504 residents. Between 1990 and 2000, the study area population decreased by 201 residents, a 1.6 percent decline over the decade compared to a 3.3 percent increase in residential population for Manhattan, and a 9.4 percent increase for New York City (see Table 4-1). The population decline in the study area was primarily due to a decrease in the count of non-institutionalized persons living in group quarters (which includes all people not living in housing units).[1] As described below, the population living in study area housing units actually increased between 1990 and 2000, and has continued to grow since the 2000 U.S. Census, including some 966 new housing units in major residential projects completed since 2000.

Table 4-1
Population Trends

Area	Total Population		Percentage Change 1990 to 2000
	1990	2000	
Study Area	**12,705**	**12,504**	**-1.6%**
Manhattan	**1,487,536**	**1,537,195**	**3.3%**
New York City	**7,322,564**	**8,008,278**	**9.4%**
Source: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000 Census, Summary File 1.			

The population in the study area is generally concentrated south of the project site as well as in the area along West 34th Street between Eighth and Tenth Avenues. Census Tract 97—bounded by Eighth and Tenth Avenues and West 26th and West 30th Streets, which captures portions of major residential developments such as Elliot Houses and Penn Station South—contained over a third of the study area's population in 2000. Penn Station South, also known as Mutual Redevelopment Houses, Inc., is a residential limited-equity cooperative community. The New York City Housing Authority's Elliot Houses was Chelsea's first public housing development and was built in 1947.

Households and Income

In 2000 the study area contained approximately 6,168 total households with an average household size of 1.72 residents per household (see Table 4-2). Between 1990 and 2000, the total number of households increased by approximately 12 percent, reflecting some new residential construction activity, as well as a re-categorization by the 2000 Census of rooming and boarding houses as housing units (and their inhabitants householders), rather than as part of group homes. The average household size was virtually the same in 1990 as it was in 2000—approximately 1.72 persons per household. In general, households in the study area are smaller than those in Manhattan and the city as a whole.

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[1] Between the 1990 and 2000 Census, there was a 1,304-person decrease in the population categorized as "non-institutionalized in group quarters." The 1990 Census reported 883 individuals "visible in street locations" (i.e., homeless), 719 of which were in Census Tract 111, which includes Penn Station For many years, Penn Station, like many other large urban public transportation centers, has been used by homeless people for temporary refuge from inclement weather, and in some cases as a temporary home. City policy and Amtrak's outreach efforts have resulted in placing homeless in residential shelters and enrolling people in drug and alcohol treatment programs. As a result, there are now far fewer homeless individuals in and around Penn Station. The 2000 Census reported 240 individuals in "other non-household living situations," in the study area, all of which were in Census Tract 111.

Table 4-2
Household and Population Income Characteristics

Area	Household Characteristics				Income Characteristics			
	Total Households		Average Household Size		Median Household Income[1, 2]		Population Below Poverty Level (Percent)[3]	
	1990	2000	1990	2000	1989	1999	1990	2000
Study Area	5,510	6,168	1.72	1.72	$35,731	$44,281	20.7	19.9
Manhattan	716,811	738,644	1.99	2.00	$43,724	$47,030	20.0	19.4
New York City	2,816,274	3,021,588	2.54	2.59	$40,419	$38,293	18.9	20.8

Notes:
[1] The median income represents a weighted average of the median incomes of all the census tracts.
[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 for 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.

In 2000, the median household income of the study area was $44,281, lower than the median household income for Manhattan ($47,030), but higher than that for all of New York City ($38,293). Between 1990 and 2000, the median household income for the entire study area increased in real terms (i.e., constant 1999 dollars) by about 24 percent, a considerably higher rate of growth compared to Manhattan (7.6 percent growth) and New York City (5.3 percent decline) over the same time period.

There was a wide variation in the median household incomes among census tracts in the study area (see Table 4-3). The lowest by a substantial margin was $32,350 in Census Tract 97 (bounded by West 26th and West 30th Streets between Eighth and Tenth Avenues, which captures the study area population in Elliot Houses and Penn Station South). The highest median household income was $71,641 in Census Tract 109 (bounded by West 34th and West 38th Streets between Sixth and Eight Avenues).

Table 4-3
Household and Population Income Characteristics by study area Census Tracts

Area	Household Characteristics				Income Characteristics			
	Total Households		Average Household Size		Median Household Income[1]		Population Below Poverty Level (Percent)[3]	
	1990	2000	1990	2000	1989	1999	1989	1999
Census Tract 95	**727**	**828**	**1.80**	**1.77**	**$56,731**	**$60,993**	**5.9**	**7.4**
Census Tract 97	**2,778**	**2,656**	**1.72**	**1.72**	**$28,247**	**$32,350**	**20.9**	**22.7**
Census Tract 101	**96**	**83**	**1.89**	**1.66**	**$35,435**	**$66,786**	**46.8**	**21.9**
Census Tract 103	**832**	**969**	**1.50**	**1.50**	**$43,567**	**$61,007**	**14.6**	**17.3**
Census Tract 109	**69**	**113**	**1.86**	**1.81**	**$28,338**	**$71,641**	**46.3**	**20.8**
Census Tract 111	**1,008**	**1,519**	**1.81**	**1.81**	**$36,382**	**$41,940**	**22.0**	**22.8**
Study Area	**5,510**	**6,168**	**1.72**	**1.72**	**$35,731[2]**	**$44,281[2]**	**20.7**	**19.9**

Notes:
[1] The median income represents a weighted average of the median incomes of all the census tracts.
[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 for 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.

In 2000, approximately 2,218 study area residents, or 19.9 percent of the study area's population, lived below the poverty level. Nearly half (49 percent) of those individuals resided in Census Tract 97, which includes the Elliott Houses and Penn Station South, and over 30 percent of residents living in poverty resided in Census Tract 111. The study area's percentage of population below the poverty level was down slightly from 20.7 percent in 1990 (see Table 4-3). The study area had a slightly higher proportion of residents who live below the poverty level compared to Manhattan (19.4 percent), but had a lower percentage than New York City (20.8 percent).

Housing Stock

Between 1990 and 2000, the housing stock in the study area expanded by 714 units, or about 12.1 percent, outpacing the approximately 1.7 percent growth in the housing stock for Manhattan, and the 7.0 percent growth for New York City (see Table 4-4). The dramatic growth in the housing stock reflects both new residential construction activity and the 2000 Census' re-categorization of units in rooming and boarding houses as individual housing units rather than as a part of a single group quarters. The study area had a 7.0 percent residential vacancy rate in 2000, up slightly from the 6.8 percent vacancy rate in 1990, but still below the 2000 vacancy rate for Manhattan (7.5 percent).

Table 4-4
Housing Characteristics

Area	Total Housing Units		Housing Occupancy (Percent)				Housing Tenure (Percent)			
			Occupied		Vacant		Owner		Renter	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
Study Area	5,915	6,629	93.2	93.0	6.8	7.0	19.2	25.1	80.8	74.9
Manhattan	785,127	798,144	91.3	92.6	8.8	7.5	17.9	20.1	82.1	79.9
New York City	2,992,169	3,200,912	94.2	94.4	5.8	5.6	28.6	30.2	71.4	69.8

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

In 2000 approximately 4,619 study area housing units (74.9 percent of all occupied units) were renter-occupied, and 1,549 units (25.1 percent) were owner-occupied. There was a dramatic increase in the percentage of study area housing units that were owner-occupied between 1990 and 2000; from 19.2 percent of all units in 1990 to 25.1 percent owner-occupied in 2000. The 31.4 percent increase was significantly higher than both the 12.2 percent increase in percentage of owner-occupied units in Manhattan, and the 5.6 percent increase for New York City as a whole.

As shown in Table 4-5, housing units in the study area, on average, are smaller than units in all of the other areas studied. This may be attributable to the high-rise apartment buildings in the study area, which generally offer units with two bedrooms or less.

In 2000, the median contract rent (excluding such expenses as electricity, gas, and telephone service) in the study area was about $819 per month, higher than the median contract rent for Manhattan and New York City as a whole (see Table 4-5). Rents in the study area increased by about 44 percent between 1990 and 2000, a much higher growth rate compared to Manhattan and New York City.

Table 4-5
Housing Characteristics: Unit Sizes and Rents

	Median Number of Rooms[1]		Median Contract Rent[1]		
	1990	2000	1990[2]	2000	% Change
Study Area	Between 2 and 3	2.67	$567	$819	44.4
Manhattan	Between 2 and 3	3.10	$611	$740	17.5
New York City	Between 3 and 4	3.80	$573	$646	9.5

Notes:
[1] Values represent a weighted average across all of the census tracts in the study area.
[2] Inflated to 1999 dollars.
Sources: U.S. Department of Commerce, Bureau of Census, 1990 and 2000 Census, Summary File 1 and Summary File 3.

Vulnerable Housing Population

A key step in assessing the potential for indirect residential displacement is identifying whether any residential population within the study area is especially vulnerable to displacement. According to the *CEQR Technical Manual*, vulnerable populations are typically low-income residents that include occupants of lower-rent housing or SRO units. SRO units are of particular concern in this analysis because they have traditionally been, and are still, a source of housing for low- and moderate-income study area residents, particularly elderly and minority residents. Also, in neighborhoods attracting substantial amounts of new investment, buildings with SRO units have been vulnerable to upgrading with a subsequent displacement of their tenants.

An inventory was developed of potential SRO units in the study area based on DCP's 2004 MISLAND Multiple Dwelling Report. A field survey was then conducted that included a visit to every building on the MISLAND list to determine whether the buildings actually house SRO tenants. Table 4-6 displays a list of the buildings confirmed by field survey to provide SRO rooms. Based on the MISLAND report and field surveys, there are an estimated 1,262 SRO units in 27 buildings within the study area.

In addition to SRO units, residents of study area units that are not rent-regulated would potentially be vulnerable to indirect displacement through rent increases. Figure 4-2 summarizes the housing profile of the study area, showing that the area contains a relatively low density of housing compared to surrounding neighborhoods, and that almost all of the housing that is present is rent-regulated. In accordance with the *CEQR Technical Manual*, residential buildings are considered rent-stabilized if they are in pre-1974 buildings with six or more units, or if they are post-1974 buildings that utilized tax abatements or exemptions under City programs that require entering rent stabilization as a condition of obtaining the benefit (i.e., 421a tax exemptions that were widely applied on new West Side construction projects).

Based on data from the New York City Rent Guidelines Board (RGB) and the New York City Department of Finance, LotInfo 2003 Database, it is estimated that of the 7,398 residential units in the study area there are a total of 6,932 rent-stabilized housing units, including 6,552 in pre-1974 buildings with 6 or more units, and another 380 units in 2 buildings with 421a tax exemptions. The universe of rent-stabilized housing units captures both rent-regulated units and owner-occupied housing, and includes 2091 of the 2,820 units at Penn Station South, 339 of the 589 units in the Elliot Chelsea Houses, as well as co-ops and condominiums scattered throughout the study area.

Table 4-6
Single Room Occupancy Units in the study area

Census Tract	Address	Building Type	SRO Rooms
95	261 West 28th Street	Pre-1929 Converted Transient	13
95	368 Eighth Avenue	Pre-1929 Converted Transient	26
95	370 Eighth Avenue	Lodging House	107
97	338 Ninth Avenue	Pre-1901	3
97	351 West 29th Street	Pre-1929 Converted Transient	29
97	333 West 29th Street	Pre-1929 Converted Transient	29
97	305 West 29th Street	Pre-1929 Converted Transient	32
97	389 Eighth Avenue	Pre-1929 Converted Transient	17
97	304 West 30th Street	Pre-1929 Converted Transient	13
97	360 West 30th Street	Pre-1929 Converted Transient	31
101	136 West 34th Street	Pre-1929 Converted Transient	18
101	144 West 34th Street	Pre-1929 Converted Transient	12
103	341 West 30th Street	Pre-1929 Converted Transient	23
103	325 West 30th Street	Pre-1929 Converted Transient	17
103	323 West 30th Street	Pre-1929 Converted Transient	18
103	321 West 30th Street	Pre-1929 Converted Transient	15
103	319 West 30th Street	Pre-1929 Converted Transient	16
103	317 West 30th Street	Pre-1929 Converted Transient	14
103	315 West 30th Street	Pre-1929 Converted Transient	18
103	305 West 30th Street	Pre-1929 Converted Transient	6
103	403 Eighth Avenue	Pre-1901 SRO	33
103	310 West 34th Street	Pre-1929 Converted Transient	15
103	320-322 West 34th Street	Pre-1929 Converted Transient	66
109	215-221 West 34th Street	Pre-1901 SRO	145
111	413-423 West 34th Street	Pre-1929 Hotel	392
111	454 West 35th Street		53
111	330-332 West 36th Street	Pre-1929 Hotel	101
		TOTAL	**1,262**

Sources: New York City Department of City Planning's 2004 MISLAND database, and verified through AKRF, Inc. field surveys conducted in the first quarter 2005.

The largest concentration of those units identified as "Unprotected" on Figure 4-2 is within the block south of the project site, bounded by Eighth and Ninth Avenues and West 30th and West 31st Streets. Almost 40 percent of the non-rent-regulated apartments in the study area are located on this block, including 77 units in the newly-constructed Chelsea Place at 363 West 30th Street, 121 units in the elevator apartment buildings constructed in 1987, and additional units in older walk-ups and mixed-use residential buildings. The block bounded by Eighth and Ninth Avenues and West 29th and West 30th Streets also contains a relatively high concentration of unprotected units (approximately 17 percent of all unprotected units in the study area). Census Tract 95, bounded by Sixth and Eighth Avenues and West 26th and West 30th Streets, contains approximately 31 percent of the study area's unprotected units.

Population and Housing Trends Since 2000

After the 2000 U.S. Census, population levels in the study area increased with the completion of several large residential towers (see Table 4-7). Assuming the 2000 average household size for the study area, the 966 new units in these buildings translates into about 1,662 additional residents, or an increase of 13.3 percent since 2000. Based on this estimate, approximately 14,166 people currently reside in the study area.

Table 4-7
Major Residential Development in the study area Completed Since 2000

Development Name/Address	Residential Program (New Units)
Penmark: 315 West 33rd Street	333
Chelsea Place: 363 West 30th Street	78
Chelsea Atlier: 777 Sixth Avenue	296
Hudson Crossing: 477 Ninth Avenue at West 37th Street	259
TOTAL	**966**

Sources: *No. 7 Subway Extension—Hudson Yards Rezoning and Development Program FGEIS,* November 2004; Real Estate Board of New York; AKRF, Inc. Field Surveys, January 2005.

A 2004 ERA analysis of market-rate asking rents for selected West Midtown apartment buildings suggest monthly rents ranging from about $1,780 to $1,890 for studios, $2,076 to $2,495 for one-bedroom units, $3,135 to $4,000 for two-bedroom units, and over $5,500 for three-bedroom units (see Table 4-8). The lower end of the housing market is represented by older walk-up tenement buildings, generally located between Ninth and Tenth Avenues. Currently, the average monthly rent for walk-up apartments that are unregulated (without rent stabilization, rent control, or other tenant protection) ranges from $1,400 for one-bedroom units, to $2,500 for two-bedroom units, and to $2,700 to $3,000 for three-bedroom units.

Table 4-8
2004 Asking Rents at Selected Midtown West Apartment Buildings

Name	Address	Typical Monthly Asking Rents			
		Studio	1 BR	2 BR	3 BR
River Place	650 West 42nd Street	$1,883	$2,076	$3,634	$6,012
The Pennmark	315 West 33rd Street	1,888	2,220	3,260	5,591
Atlas	66 West 38th Street	1,890	2,335	4,000	N/A
Brodsky	360 West 43rd Street	1,780	2,495	3,495	N/A
Brodsky	420 West 42nd Street	N/A	2,395	3,395	N/A
New Gotham	520 West 43rd Street	1,800	2,250	3,135	N/A

Sources: Economics Research Associates (ERA), *Final Market Analysis; Moynihan/Farley Redevelopment Project*, September 3, 2004.

Additional rental rate surveys conducted by AKRF in February 2005 confirmed that asking rents for apartments in the study area were generally within the ranges cited in Table 4-8.

An ERA analysis of the residential real estate market in Chelsea and Clinton shows sales prices and prices per square foot were somewhat less than the overall averages for Manhattan, where the average price per square foot was estimated to be $816 in 2003. On average across Midtown West (which includes Clinton) the price per square foot was $705. The same $705 average price per square foot was achieved in Downtown (which includes Chelsea). ERA also studied 2003-

2004 residential sales within selected buildings near the Farley building.[1] The data indicate an average sales price of around $712 per square foot, which is comparable to the broader Midtown West and Downtown condominium markets.

Residential market data for the Midtown West/Clinton residential market indicate substantial increases in prices over the past decade. According to a Douglas Elliman real estate report[2], in 2003 the average price per square foot for condominiums in Midtown West/Clinton was $659 compared to $318 per square foot in 1994 (adjusted to 2003 dollars), a 107 percent increase. Average price per square foot for co-ops was $499 in 2003, compared to $139 per square foot in 1994 (adjusted to 2003 dollars), a 259 percent increase. For Manhattan as a whole, average price per square foot for co-ops and condominiums was $672 in 2003, a 70 percent real increase from the 1995 average of $395 per square foot (in 2003 dollars).

Based on recent internet listings provided by realtors that operate in the study area, listings included a three-bedroom condo unit in a walk-up tenement building in the Garment Center District, between Eighth and Ninth Avenues, for $735,000 and a three-bedroom duplex on West 37th Street between Ninth and Tenth Avenues, currently on the market for $1.6 million.

Over the past 15 years, the study area has experienced a dramatic increase in household incomes, conversions of renter-occupied units to owner-occupied units, and an increase in the amount and cost of the residential housing stock, particularly since 2000. Despite the increasing residential desirability of the neighborhoods, the study area continues to maintain a diverse income mix due in large part to the high concentration of rent-protected units relative to other areas of Manhattan, most notably in SRO units, public housing in the Elliot Houses, and in Penn Station South.

FUTURE WITHOUT THE PROPOSED ACTION

The Future Without the Proposed Action condition provides a benchmark condition that is evaluated and compared to the incremental changes due to the proposed project. The Future Without the Proposed Action conditions are assessed for the same analysis years (i.e., 2010 and 2015) as the proposed project. For this EIS, there are two types of anticipated future development—those known projects that are expected to occur with or without the Hudson Yards project, and those projects anticipated to occur specifically as a result of the Hudson Yards project.

Projects that are expected to be complete in the future with or without the Farley/Moynihan project and with or without the Hudson Yards project are summarized in Chapter 2, Table 2-2 and are shown on Figure 2-1. Planned projects within the study area are projected to add 803 housing units and a 1,104-bed FIT dormitory to the study area by 2010, and an estimated 1,992 residents (including dormitory students). There are no additional plans for residential

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[1] Economics Research Associates (ERA), *Final Market Analysis; Moynihan/Farley Redevelopment Project*, for Empire State Development Corporation/Moynihan Station Development Corporation, submitted August 24, 2004 and revised September 3, 2004. As part of the analysis, ERA examined condo sales in 2003 and the first half of 2004 in the following buildings: 252 West 30th Street; 315 West 7th Avenue; 344 West 23rd Street; 420 West 23rd Street; 448 West 37th Street; and 500 West 43rd Street.

[2] *Douglas Elliman Manhattan Market Report 1994-2003*. Midtown West/Clinton is defined as West 57th Street to the north, West 34th Street to the south, Sixth Avenue to the east and the Hudson River to the west.

development in the study area between 2010 and 2015 (apart from the project anticipated as a result of the Hudson Yards plan, as described below).

Future year projects that are generated by the Hudson Yards redevelopment effort (and that are expected to occur with or without the proposed Farley/Moynihan project) are presented in Chapter 2, Tables 2-3 and 2-4 and shown in Figures 2-1 and 2-2. One of the identified sites—Site 33, located on the block immediately west of the Farley Building across Ninth Avenue—is anticipated to be completed by 2010. The site is projected to contain mixed-use development that will include 514 housing units (approximately 447 units will be market-rate, and the remaining 67 units will be available to low- to moderate-income tenants). Cumulatively, by 2010 projects in the study area would introduce 1,317 residential units, a 1,104-bed dormitory, and an estimated 3,369 new residents (including dormitory students).

By 2015, it can be expected that new development generated by the Hudson Yards rezoning would be coming on line with major residential development in the Moynihan Station study area, primarily north of West 34th Street between Eighth and Tenth Avenues. In total, the Hudson Yards plan projects would introduce over 3,800 residential units to the study area between 2010 and 2025. It is anticipated that the new residential development will include an affordable housing component, as an FAR bonus is allowed in the Special Hudson Yards District through the inclusionary housing program of the New York City Zoning Resolution. The amount of residential development that would be completed by 2015 would depend on future market conditions, which can not be reasonably predicted at this time, although given that the study area already is a highly desirable residential area, it is anticipated that a large amount of this residential development could occur by 2015.

CEQR ASSESSMENT CRITERIA

Based on *CEQR Technical Manual* guidelines, the preliminary assessment of indirect residential displacement evaluates the following criteria (in italics below):

(1) Would the proposed action add a substantial new population with different socioeconomic characteristics compared to the size and character of the existing population?

Phase I

The program for Phase I does not include a residential component, and therefore would not add a new population with different socioeconomic characteristics compared to the size and character of the existing population.

Phase II (Scenario 2)

One of the two reasonable worst-case development scenarios for Phase II includes a residential component: a residential tower with up to 940 residential units. Based on the study area's 2000 average household size of 1.72 persons per household, and assuming 100 percent occupancy, the 940 apartments would introduce an estimated 1,617 residents to the study area by 2010.

The 1,617 residents introduced to the study area by the proposed project would represent 8.4 percent of the 2010 study area population and 6.3 percent of the study area when including all Hudson Yards projected development (representing a 9.2 and 6.7 percent increase, respectively).

According to the *CEQR Technical Manual*, if a proposed project increases the population in the study area by less than 5 percent, it would not be large enough to affect socioeconomic trends significantly. Although the proposed project's increase is slightly larger than 5 percent, it is noted that since the proposed project is considered to be within the overall growth projections utilized for the Hudson Yards Reasonable Worst Case Development Scenario (which, in total, was determined to not have an adverse socioeconomic impact based on population change), the characteristics of the new population would not differ from that of the existing and projected population. The 940 apartments introduced by the proposed project would be offered at rents comparable to residential rents for other modern, newly-constructed market-rate apartments in the surrounding area (see Table 4-8). Therefore, the population occupying the proposed market-rate units would be expected to have household incomes above the median for Manhattan. As describe above, the median household income within the study area was comparable to that of Manhattan in 2000, median household incomes in the study area have risen dramatically since 1990, and increases in the median income are expected to continue with or without the proposed project. The study area already exhibits trends of increasing residential population, household incomes, residential property values, and rents. The proposed project would reflect, rather than alter, these residential trends.

(2) Would the proposed action directly displace uses or properties that had a blighting effect on property values in the study area?

The proposed project would not directly displace any uses or properties.

(3) Would the proposed action directly displace enough of one or more components of the population to alter the socioeconomic composition of the area?

The proposed project would not directly displace any residential or worker population from the project site.

(4) Would the proposed action introduce a substantial amount of a more costly type of housing compared to existing housing and housing expected to be built in the study area by the time the action is implemented?

Phase I

The program for Phase I does not include a residential component, and therefore would not introduce more costly housing compared to existing housing and housing expected to be built in the study area by 2010.

Phase II (Scenario 2)

One of the two reasonable worst-case scenarios for Phase II includes a residential component: a residential tower with 940 residential units. The 940 units introduced by the proposed project would represent about 9.4 percent of the total number of study area dwelling units in 2010 and 6.3 percent of the full residential build-out number of units. The new units would be expected to reflect current and projected market conditions and would not introduce more costly housing. In addition, it is assumed that, based on 80/20 housing provisions on the rental component of the project, up to 188 units of the proposed residential development could be affordable units, conservatively assuming that all 940 units are rental units.

According to CEQR guidelines, a significant socioeconomic impact can occur if a proposed project alters the local real estate market in a manner that leads to the displacement of existing residents. The projected development would not have such an effect. As described above, the 940 apartments introduced by the proposed project would be offered at rents comparable to residential rents for other modern, newly-constructed market-rate apartments in the surrounding area (see Tables 4-7 and Table 4-8, for example). The project's market-rate rents would reflect, rather than alter, the existing conditions and trends within the surrounding neighborhoods and the affordable units would be new to the study area. Current rents for available new or renovated apartments in the area are higher than the median affordable rents of current residents. A 2004 ERA analysis of market-rate asking rents for selected West Midtown apartment buildings suggest monthly rents ranging from about $1,780 to $1,890 for studios, $2,076 to $2,495 for one-bedroom units, $3,135 to $4,000 for two-bedroom units, and over $5,500 for three-bedroom units.

The population potentially vulnerable to indirect residential displacement within the study area is limited. As explained in the Existing Conditions section above, this population consists primarily of residents of non-rent-regulated apartments and residents of SRO dwellings. A large percentage of the study area's rental housing stock is covered by rent control or rent stabilization, which affords a high degree of protection against market-driven displacement pressures. The SRO units in the study area are subject to legal and community support structures that require heavy penalties for illegal evictions. Although these protections have not always proven to be a firm barrier against displacement, it is reasonable to assume that with effective enforcement of the laws regulating tenancy of SRO dwellings and against illegal actions on the part of landlords, effective protection against displacement would be afforded to these residents even with the elevated market pressures that already exist in the study area.

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

Phase I

Phase I development under the proposed project would include a new intermodal transportation facility, transit-oriented retail, destination retail, commercial offices, and a hotel. As one of the highest density mixed-use hubs of Midtown Manhattan, the study area already contains a critical mass of these non-residential uses. Therefore, the proposed project's increment would not significantly affect the overall attractiveness of the study area as a residential neighborhood since the residential demand is specific to housing in and around the Midtown Central Business District.

Phase II (Scenario 1)

One of the two reasonable worst-case scenarios introduces non-residential uses—an approximately 1 million zoning-square-foot commercial office tower. While this is a substantial amount of office space, it would represent only a small fraction of the total office space in the study area. According to Cushman & Wakefield at year-end 2003 there was approximately 14.3 million square feet of office space in the Penn Station submarket.[1] The study area already contains a critical mass of commercial office use such that any incremental effect of the proposed project on the residential desirability of the area would be negligible. Residential rents in the study area are already influenced by the area's close proximity to major office concentrations, including Penn Plaza and Midtown Manhattan's Central Business District.

(6) Would the proposed action introduce a land use that could have a similar effect if it is large or prominent enough, or combines with other like uses to create a critical mass large enough to

[1] Cushman & Wakefield, *Marketbeat Series Year-End 2003*. The Penn Station submarket is defined as Sixth Avenue west to the Hudson River and 30th Street north to 35th Street.

offset positive trends in the study area, to impede efforts to attract investments to the area, or to create a climate for disinvestment?

The proposed project would not offset positive trends in the study area, impede efforts to attract investments to the area, or create a climate for disinvestment. The proposed project seeks to create a new intermodal transportation hub that would improve circulation and relieve capacity constraints in the entire Penn Station complex, while creating a dynamic mixed-use development opportunity in the Hudson Yards area that supports planning and development policy for the Far West Side of Midtown Manhattan. The proposed reuse of space in the Farley Complex and development above the Western Annex (or the Development Transfer Site at the adjacent One Penn Plaza) would be compatible with land use patterns and policies in the surrounding neighborhood.

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

Like the analysis of indirect residential displacement, the preliminary assessment for indirect business and institutional displacement focuses on the issue of whether the proposed project would increase property values—and thus rents—throughout the study area, making it difficult for some categories of businesses to remain in the area. The 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, land use and transportation services, and underlying trends in the city's economy.

EMPLOYMENT AND BUSINESS PROFILE OF STUDY AREA

Over the past three decades, the economy of New York City has remained strong, despite three significant downturns, triggered by the global oil crisis of the mid-1970s, the stock market crash of October 1987, and the precipitous slide of the technology sector that began in early 2000, followed by the September 11, 2001 terrorist attack. Despite these cycles, total employment in New York City over the past 30 years has remained relatively stable, with two peaks in 1989 and 1999. However, in both of these years, employment years did not exceed the city's all-time high, which occurred in 1969.[1]

While total employment in the city has been steady, the mix has changed significantly since 1969. The manufacturing sector, traditionally the leading employer in the city in the first half of the 20th century, has given way to more service-oriented industries, such as financial and business services, tourism, and entertainment. The most recent economic boom in the late 1990s was driven largely by the financial services sector, along with other key industries, such as advertising, motion pictures, publishing, media, tourism, and business and computer services. The boom was also heavily influenced by high-tech or dot.com industries, which are represented by the telecommunications, business, and computer services sectors. Meanwhile, manufacturing employment continues to decline, following a decades-long trend in which manufacturing—particularly in the apparel industry—has moved to other parts of the U.S. and overseas in search

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[1] Bram, Jason. "New York City's Economy before and after September 11." *Current Issues in Economics and Finance: Second District Highlights.* Federal Reserve Bank of New York. February 2003.

Bram, Jason et al. "Has September 11 Affected New York City's Growth Potential?" *Federal Reserve Bank of New York Economic Policy Review.* November 2002.

of lower operating costs, including labor, utilities, and rent. Between 1969 and 1999, New York City lost more than two-thirds of its manufacturing jobs.[1]

In 2000 the study area contained approximately 88,243 private sector jobs, growing its private sector employment by 15.5 percent since 1991 (see Table 4-9). Employment in Manhattan as a whole grew by approximately 5 percent from 1991 to 2000, a period that saw several stages of the economic cycle, starting with the economic recession of the early 1990s, followed by the high-tech boom of the late 1990s and the downturn that started in 2000.

Table 4-9
1991 and 2000 Private Sector Employment

study area	Employment (Jobs)		Percent Change 1991 to 2000
	1991	2000	
study area Total	**76,387**	**88,243**	**15.5%**
Census Tract 95	7,972	10,315	29.4%
Census Tract 97	438	333	-24.0%
Census Tract 101	15,870	24,005	51.3%
Census Tract 103	7,712	10,494	36.1%
Census Tract 109	32,904	33,988	3.29%
Census Tract 111	11,491	9,108	-20.7%
TOTAL, Remainder of Manhattan	**1,610,123**	**1,682,955**	**4.5%**
TOTAL, Manhattan	**1,686,510**	**1,771,198**	**5.0%**

Sources: NYSDOL and DCP.

The geographic distribution of private sector employment within the study area varies widely, with the largest concentration of jobs located north of West 30th Street and east of Ninth Avenue. Census tracts 101 and 109—bounded by West 30th Street to the south, Eighth Avenue to the west, West 38th Street to the north, and Sixth Avenue to the east—collectively accounted for almost 58,000 (66 percent) of the study area's private sector jobs in 2000.

Additional public sector employment (not reflected in the private employment summaries shown) is generated by public transportation jobs associated with Penn Station, as well as USPS, which employs about 1,100 workers in the Farley Building. There are approximately 1,400 city employees at the headquarters of the New York City Human Resources Administration.

There are also several non-profit employers in study area, the largest of which is Group Health Incorporated, a Statewide non-profit health insurer. This organization has its headquarters on Ninth Avenue between West 34th and West 35th Streets, where approximately 1,500 workers are employed.[2] Public television broadcaster WNET (Thirteen) is also based in the study area at West 33rd Street and Tenth Avenue.

Private sector employment in the study area falls within a wide range of business sectors (see Table 4-10). The following sections describe the major economic activities and trends in the study area.

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[1] Bram, Jason and Michael Anderson. "Declining Manufacturing Employment in the New York-New Jersey Region: 1969-99." *Current Issues in Economics and Finance: Second District Highlights*. Federal Reserve Bank of New York. January 2001.

[2] Information provided by Eileen Margolin, Corporate Communications, Group Health Incorporated, July 30, 2003.

Table 4-10
Private Sector Employment in the study area

Sector	1991 Employment		2000 Employment		Percent Change 1991 to 2000
	Jobs	% of Total	Jobs	% of Total	
Construction	1,803	2.4	2,363	2.7	31.1
Manufacturing	22,615	29.6	14,987	17.0	-33.7
TCPU[1]	1,978	2.6	4,487	5.1	126.8
Wholesale Trade	13,902	18.2	13,747	15.6	-1.1
Other Industrial	49	0.1	71	0.1	44.9
Retail	9,924	13.0	14,853	16.8	49.7
FIRE[2]	7,276	9.5	3,683	4.2	-49.4
Business, Legal, and Professional Services	11,064	14.5	17,728	20.1	60.2
Entertainment Services	996	1.3	2,333	2.6	134.2
Health and Social Services	4,313	5.6	9,976	11.3	131.3
Educational Services	807	1.1	1,377	1.6	70.6
Other Services	1,338	1.8	2,151	2.4	60.8
Unclassified	322	0.4	487	0.6	51.2
TOTAL	**76,387**	**100.0%**	**88,243**	**100.0%**	**15.5%**

Notes:
[1] Transportation, Communications, and Public Utilities.
[2] Finance, Insurance, and Real Estate.
Sources: NYSDOL and DCP.

Industrial Employment

As shown in Table 4-10, the industrial-based sectors (construction; manufacturing; transportation, communications and public utilities [TCPU]; wholesale; and “other industrial”) represent about 40 percent of the total employment in the study area. Most of these jobs are located south of West 34th Street, and between Eighth and Ninth Avenues in the Garment Center District. Among the industrial sectors, manufacturing makes up the largest share of industrial employment, with almost 15,000 jobs. However, its overall share has been declining as manufacturers have moved out of the study area and other industrial employers (namely TCPU and construction) have grown. Following a continuing borough-wide shift from a manufacturing to a service-based economy, between 1991 and 2000 the manufacturing sector saw a marked decrease in employment of over 7,600 jobs (a 33.7 percent decline) in the study area. The remaining manufacturing businesses in the study area generally specialize in the production of apparel and textiles (part of the Garment Center District is located in the study area, east of Ninth Avenue, and north of Madison Square Garden), paper and printed materials (i.e., publishing), and fabricated materials. Two notable publishers include McGraw Hill in Two Penn Plaza and the New York Daily News at West 33rd Street and Tenth Avenue.

Although not specifically identified in Table 4-10, the study area contains a considerable number of automotive businesses, including repair shops, gas stations, towing services, car and truck rental facilities, a car dealership, and numerous parking facilities (both surface lots and multi-level garages). Parking facilities are distributed throughout the study area and serve major attractions, such as the Convention Center, Madison Square Garden, and Times Square, as well as Midtown in general. The remaining automotive businesses are concentrated west of Ninth Avenue. In general, these businesses are ancillary to the uses they support, are characterized by low levels of property investment, and are not major employment generators. Many of the properties are occupied by open parking lots without buildings, or small one-story buildings that are in disrepair.

Wholesale trade is another large industrial sector employer in the study area, with approximately 15.6 percent of total employment. A large portion of this employment is attributable to apparel wholesale trade in the Garment Center District, which is partially located in the study area (generally east of Ninth Avenue and north of West 35th Street).

Following the manufacturing and wholesaling sectors are the TCPU and construction sectors, which also provide a considerable number of jobs in the study area. The TCPU sector accounted for 5.1 percent of total private sector employment in 2000. TCPU employment is primarily generated by private sector transportation companies, such as Amtrak, Greyhound, and Federal Express; by communication companies, such as Verizon; by private utilities, such as Con Edison; and by trucking and warehousing. The largest concentration of construction jobs within the primary study area is located on the block occupied by Madison Square Garden and Two Penn Plaza, where Madison Square Garden, LP is headquartered. While much of the employment on this block is categorized by NYSDOL as construction-related, the employment base is not related to heavy construction but rather to the office-based functions of construction activity, as well as to special trade contractors who are brought in for events at the Garden (e.g., electricians, carpenters, acoustical contractors, etc.). As of November 2003, Madison Square Garden, LP (which owns the Garden, the Knicks, the Rangers, the Liberty, MSG Network and Radio City Music Hall) employed 923 full-time workers and an additional 2,829 part-time workers in the study area.[1] Smaller clusters of construction employment are generally located in the vicinity of Madison Square Garden, to the south.

Non-Industrial Employment

After industrial employment, the office-based sectors (business, legal, and professional services and finance [FIRE]) are the next largest private employers in the study area, collectively accounting for 24,411 jobs, or 24.3 percent of total private employment. Most of these jobs are located in the blocks east of Ninth Avenue. For example, there are 1,750 office-based jobs in the block occupied by Madison Square Garden and Two Penn Plaza (a 30-story office tower), plus another 1,450 jobs in the block immediately to the south. The blocks between Eighth Avenue and Ninth Avenue and West 30th and West 40th Streets (excluding the Farley Building) contain an average of 600 private sector office-based jobs. West of Ninth Avenue, prominent office-based employment is located in the Daily News building and on Tenth Avenue between West 36th and West 37th Streets, where the corporate headquarters of Affinia Hospitality is located. Between 1991 and 2000, study area employment in the business, legal, and professional services sector grew by 6,664 jobs (a 60.2 percent increase), while FIRE sector employment declined by 3,593 jobs (a 49.4 percent decrease). Collectively, there was a net gain of 3,071 jobs (16.7 percent growth) in the office-based sectors between 1991 and 2000.

There were almost 15,000 retail jobs in the study area in 2000, representing about 17 percent of the total private sector employment. Retail employment in the study area grew by almost 50 percent between 1991 and 2000. There are several major retail concentrations in the study area, including One Penn Plaza between Seventh and Eighth Avenues and West 33rd and West 34th Streets. One Penn Plaza includes a retail arcade and is adjacent to 1-story retail buildings that include Kmart and Staples Express. The north side of West 34th Street between Seventh and

[1] Employment data provided by Andrew Lynn of Madison Square Garden, LP, November 17, 2003.

Eighth Avenues includes continuous retail frontages consisting mainly of discount stores. The portion of the study area east of Seventh Avenue is solidly commercial, especially north of West 29th Street. Macy's flagship department store occupies the full block between West 34th and West 35th Streets and Sixth and Seventh Avenues. The Manhattan Mall is located on the eastern side of the block between West 32nd and West 33rd Streets and contains stores such as Victoria's Secret, Express, and the Body Shop. There is an abundance of retail stores found within Penn Station as well. The corridors surrounding the LIRR, NJTransit and Amtrak terminals are mostly comprised of fast food restaurants, such as McDonald's, Dunkin Donuts and TGI Friday's. There also a few convenience goods shops located in the terminal such as a book store (Penn Books) and a Duane Reade. Just West of the Farley Post Office, on Ninth Avenue, there is a mix of neighborhood services including a cleaners, a few restaurants, a Starbucks and B&H, a photo, video and pro audio shop which has been in business for over 30 years.

In addition to office- and retail-based employment, heath and social services comprise a significant percent of the study area's private sector employment base. There are almost 10,000 private jobs in the health and social services sector, accounting for about 11.3 percent of the study area's private employment. A large percentage of those jobs are clustered in close proximity to the main offices of the New York City Human Resources Administration (HRA). The 2,333 entertainment services jobs in the study area are primarily associated with Madison Square Garden.

Employment and Business Trends

The study area is located on the West Side of Midtown Manhattan. The adjacent Midtown Manhattan CBD is the largest office market in the United States and is renowned for its supply of high-quality office space. With just over one million jobs and 231 msf of office space, Midtown is home to the largest concentration of Fortune 500 corporations in the nation (33 out of 50 headquarters statewide). As an indicator of its national dominance, Midtown's office inventory is roughly the equivalent of those of downtown Chicago, San Francisco, and Boston combined.[1] The majority of that inventory is located in Class A[2] office buildings, typically in demand by prestigious national and international firms, particularly in the business, legal, and professional services and the FIRE sectors. At the end of third quarter 2003, there were 172 msf of Class A space in Midtown, representing 74 percent of the Midtown office inventory, and 76 percent of all Class A space in Manhattan.

Nearly all of Manhattan's office stock was absorbed during the economic boom of the late 1990s that followed Manhattan's peak office vacancy rate of 18.5 percent at year-end 1992. But as the economy emerged from recession, demand for office space (particularly Class A) and limited construction of new office buildings consequently drove vacancy levels to record lows and rent levels to record highs. The overall vacancy rate in Manhattan hit a record low of 3.5 percent in third quarter 2000, just before the most recent recession started. In Midtown, the vacancy rate was even lower, down to 3.2 percent in third quarter 2000, leaving a relatively small amount of space available for lease. Traditionally, office vacancy rates between 7 and 9 percent indicate

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[1] CB Richard Ellis, Inc. Local Market Reports, Second Quarter 2003.

[2] Class A represents the most prestigious buildings competing for premier office users with above-average rents. Buildings have high-quality-standard finishes, state-of-the-art systems, exceptional accessibility, and suggest a definitive market presence (Cushman & Wakefield).

that the market is in equilibrium, providing space for expansion without extraordinary increases in rents.

Rental rates followed a similar pattern. Demand for a limited supply of Class A office space pushed average office rents in Manhattan from $33 per square foot (psf) in 1996 to nearly $55 psf in 2000.[1] Asking rents in 7 Penn Plaza and 11 Penn Plaza jumped from $21 psf and $35 psf, respectively, in 1998 to $40 psf and $55 psf, respectively, in 2000.[2]

The subsequent economic downturn and the after-effects of the September 11, 2001 attacks combined to depress rental rates throughout the city. In Manhattan, the overall rental rate for office space has decreased by 20 percent since 2001, down to about $41 psf. Midtown's premier space experienced a similar trend. Between year-end 2000 and the third quarter of 2004, the average rent for Class A space in Midtown declined from $67.40 to $52.07 psf.[3] Within the Penn Station submarket, overall asking rents averaged about $35 psf in the third quarter of 2004.

At year-end 2004, Manhattan's overall office vacancy rate was at 11.1 percent, its lowest level in nearly three years. [4] According to Cushman & Wakefield, the majority of new leasing activity occurred in Midtown Manhattan, where the office vacancy rate dropped to 10.1 percent from 11.9 percent at the end of 2003. Despite declines in available space, overall average rents in Manhattan fell to their lowest price in five years, averaging $39.47 per square foot.

FUTURE WITHOUT THE PROPOSED ACTION

As described above, for this EIS there are two types of anticipated future development—those known projects that are expected to occur with or without the Hudson Yards Rezoning Redevelopment Program, and those projects anticipated to occur specifically as a result of Hudson Yards.

Projects that are expected to be complete in the future with or without the Farley/Moynihan project and with or without the Hudson Yards project are summarized in Chapter 2, Table 2-2 and are shown on Figure 2-1. By 2010, in addition to the residential development described above, planned projects within the study area are projected to add 180,000 square feet of commercial office use, 59,000 square feet of retail, and a 46,00-square-foot theater and performing arts center.

Future year projects that are generated by the Hudson Yards redevelopment effort (and that are expected to occur with or without the proposed Farley/Moynihan project) are presented in Chapter 2, Tables 2-3 and 2-4 and shown in Figures 2-1 and 2-2. Table 2-4 summarizes the new development anticipated with the Hudson Yards Special District based on the identification of Projected Development Sites by the New York City Department of City Planning. One of the identified sites—Site 33, located on the block immediately west of the Farley Building across Ninth Avenue—is anticipated to be completed by 2010. The site is projected to contain mixed-use development that will include an estimated 2,173,983 square feet of commercial office floor

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[1] Cushman & Wakefield. Office Market Statistics. Manhattan Mid-Year 1997 and Mid-Year 2000.

[2] Norman Bobrow & Co. Inc., Manhattan Office Space Price Comparison, 1993-2004.

[3] Cushman & Wakefield. Market Beat Series: Year-End 2001 and Midtown New York Office Market, Third Quarter 2004.

[4] Cushman & Wakefield, Manhattan Office Vacancy Approaches Three-Year Low, January 4, 2005.

area and 38,580 square feet of retail floor area. Cumulatively, by 2010, projects in the study area would introduce 2,353,983 square feet of commercial office space, and 97,580 square feet of retail.

Between 2010 and 2025, there are numerous residential development projects projected for the study area that contain a ground-floor retail component. In total, between 2010 and 2025 the anticipated development within the Hudson Yards Special District would bring an additional 1,742,432 square feet of commercial space, 192,314 square feet of retail space, and a 477,000-square foot hotel to the study area. The amount of development that would be completed by 2015 would depend on future market conditions, which cannot be reasonably predicted at this time. However, given that the study area already is a highly desirable residential area, it is anticipated that a large amount of this residential development and associated ground-floor retail would occur by 2015.

CEQR ASSESSMENT CRITERIA

Using this information, the assessment of potential indirect business and institutional impact follows the methodology of the *CEQR Technical Manual* in analyzing the following criteria (in italics below) for potential significant impacts:

(1) Would the proposed action introduce enough of a new economic activity to alter existing economic patterns?

The proposed project would not introduce any new economic activities to the study area. Development under Phase I of the proposed project would include a new intermodal transportation facility, transit-oriented retail, destination retail, commercial offices, and a hotel. Phase II of the proposed project would consist either of residential or commercial office uses. All of these uses already exist within the study area.

(2) Would the proposed action add to the concentration of a particular sector of the local economy enough to alter or accelerate an ongoing trend to alter existing patterns?

Phase I

Phase I development under the proposed project would differ from the Future Without the Proposed Action condition in that the proposed project would include a new intermodal transportation facility including station-oriented retail, continued USPS presence, a hotel, a banquet facility and about 518,000 square feet of destination retail. All of these uses are currently well established and present in the area and with a dense and diverse amount of economic activity happening in and around Penn Station and the Farley complex. Therefore, there is no substantial increase in the concentration of any particular economic sector and no alteration of existing patterns would be expected.

The proposed Moynihan Station would expand the existing base of transportation offerings within the study area, thereby drawing new transportation users and visitors to the area within and immediately surrounding the Farley Complex. Similarly, a hotel and banquet facility within the Farley Complex would attract and retain visitors within the study area. The new retail development would add to the existing retail hub in and around Penn Station, and would result in a wider distribution of retail traffic—particularly pedestrian traffic—around the Penn Station hub area.

The potential concern with respect to indirect business displacement under this criteriion is whether the project-generated population would add to the retail consumer base of the study area such that commercial property values and thus rents in the study area would increase. The incremental pedestrian flow generated by these new uses would not have any effect on establishments' property values within the study area east of the Farley Complex, where there is already heavy volumes of pedestrian traffic created by a multitude of uses, including the existing Penn Station, Madison Square Garden, Penn Plaza, and destination retail along West 34th Street. The West 34th Street shopping district is one of the city's most competitive retail areas. According to the 34th Street Partnership, 100 million people pass through the four corners of 34th Street and Broadway annually. This volume of shoppers is so large that a number of retailers have opened more than one store in the district. Demand for real estate has pushed up rents as high as $300 per square foot, making West 34th Street the seventh most expensive street in North America, on par with rents charged on Rodeo Drive in Los Angeles.[1]

Locations within the study area where the project-generated population may generate a noticeable pedestrian increment would therefore be limited to the area immediately west of the Farley Complex (along Ninth Avenue) as well as immediately north along West 33rd Street and south along West 31st Street between Eighth and Ninth Avenues. Current commercial uses along Ninth Avenue in the immediate vicinity of the Farley Complex include neighborhood retail and services such as Chinese restaurants, diners, a delicatessen, a stationary store, Starbucks Coffee, a dry cleaners, a shoe repair store, and a T-Mobile cellular store. In February 2005 there was also a vacant, 7,340-foot commercial storefront at the corner of West 31st Street and Ninth Avenue. Further west along the same West 31st Street blockfront is a Granger auto parts store. A notable destination retail establishment is B&H Photo, a large discount photography, electronics, and related technology store on an entire Ninth Avenue east side blockfront (West 34th to West 33rd Streets).

Commercial establishments within these thoroughfares could experience rent increases, as their property values could increase due to the increased pedestrian traffic. Property and business owners could seek to capitalize on the increased pedestrian traffic from users of Moynihan Station, the proposed hotel, and from the increase in "cross-shopping" activity in the area from shoppers traveling to and from the project's retail arcade. Most of the existing retail would benefit from the increased pedestrian flow, allowing them to increase their overall sales and avoid displacement. For example, commuters and shoppers heading to and from the proposed project would be drawn to the neighborhood retail, and some would stop to eat at restaurants and diners in the area. Those that would be most vulnerable to indirect displacement due to increased rents would be those retail uses, such as the Granger auto parts store, that may not be able to capitalize as effectively from the increased pedestrian flow.

However, in the Future Without the Proposed Action these thoroughfares would already have experienced upward rent pressures from the introduction of a major mixed-use development project west of the Farley Complex on Ninth Avenue by 2010. As described above, Site 33 (on the northwest corner of West 31st Street and Ninth Avenue) will be developed with 2.17 million square feet of office floor area, 38,580 square feet of retail, and 514 residential units. In addition, in the Future Without the Proposed Action condition, the destination retail and commercial office uses planned for the Farley Complex would also generate increased pedestrian traffic and "cross-shopping" opportunities, which could increase rents in the same areas. Therefore, there is the potential for indirect business displacement in these limited areas in the future with or without the proposed action; the incremental pedestrian traffic generated by the unique elements

[1] WWD Real Estate in Depth, April 5th 2004.

of the proposed project (the Moynihan Station and hotel) would not significantly affect property values in the study area.

Phase II (Scenario 1)

1 Million-Square-Foot Commercial Office Overbuild Scenario. The study area already has a well-established commercial office presence such that the introduction of 1 million square feet under the proposed project would not significantly alter existing economic patterns. The project site is located in a stable and desirable marketplace, as demonstrated by relatively low vacancy rates. In addition, in the Future Without the Proposed Action by 2015 at least 2.17 million and up to 3.91 million square feet of office space will be developed on the block immediately west of the Farley Complex, further strengthening the area’s commercial identity. The additional new office space under the proposed project is not expected to result in increases in rents for comparable office space in the surrounding area because there would be a sufficient supply of office space to absorb future increases in demand. The commercial office space under the proposed project would reflect, rather than alter or accelerate, existing economic patterns in the study area.

The potential large floor plate Class A space of the potential 1 million-square-foot overbuild, provides a unique opportunity to capture the demand for high end real estate with excellent transit access at a hub location; a product that has been very limited in the Penn Station area but with a latent demand as evidenced by the market analysis of the Hudson Yards project for which Moynihan Station becomes a gateway anchor.

If the 1 million square feet of office space were to be developed as an overbuild on the Western Annex, it would create additional pedestrian flows in the immediate vicinity, which as described above, could increase commercial property values and thus rents. However, any potential indirect business displacement would likely have already occurred in the Future Without the Proposed Action. If, in fact, commercial businesses are indirectly displaced in the Future Without the Proposed Action, the retail uses that would re-occupy the storefronts of those displaced businesses would likely be compatible with the needs of the worker population generated by the proposed project (given that the new demand created in the Future Without the Proposed Action would be primarily from office uses on Site 33). Therefore, businesses in the immediate vicinity could potentially benefit from increased worker pedestrian flows, increasing their overall sales and avoiding displacement in the future with the proposed project.

Phase II (Scenario 2)

1.1 Million-Square-Foot Residential and Mixed Use Building. The Development Transfer Site is anticipated to be built with a roughly 1.1 million square foot mixed-use tower. The building may be built as a residential tower with about 940,000 square feet of residential space (940 residential units), 120,000 square feet of retail space, and 40,00 square feet of mechanical space. The development proposal also considers that the tower could further mix uses by adding a hotel component with an estimated mix of 120,000 square feet of retail, 310,000 square feet of hotel space, and 630,000 square feet of residential space (630 residential units). In either case, the proposed project would not alter economic patterns in a way that would lead to indirect business or institutional displacement in the study area. The study area is characterized by a mix of uses, including strong retail, commercial and residential markets. In addition, the overall combination of residential units anticipated to be developed from the Hudson Yards rezoning would add residential supply that could help dampen potential pressures to convert office and loft space from commercial to residential use.

(3) Would the proposed action displace uses or properties that have had a "blighting" effect on commercial property values in the area, leading to rises in commercial rents?

The proposed project would not directly displace any uses or properties.

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

The proposed project would not directly displace any uses.

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

Phase I

The RWCDS would not directly or indirectly displace residents, workers, or visitors who form the customer base of existing businesses in the study area. To the contrary, the Phase I development would introduce new workers, commuters, and visitors to the area that would add to the customer base of existing businesses in the study area.

Phase II

Neither of the two reasonable worst-case scenarios for Phase II development would directly or indirectly displace residents, workers, or visitors who form the customer base of existing businesses in the study area. The scenarios would introduce either workers or residents to the area; both of these populations would add to the customer base of existing businesses in the study area.

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

The proposed project would not offset positive trends in the study area, impede efforts to attract investments to the area, or create a climate for disinvestment. The proposed project seeks to create a new intermodal transportation hub that would improve circulation and relieve capacity constraints in the entire Penn Station complex, while creating a dynamic mixed-use development opportunity in the Hudson Yards area that supports planning and development policy for the Far West Side of Midtown Manhattan. The proposed reuse of space in the Farley Complex and development above the Western Annex (or at the adjacent One Penn Plaza) would be compatible with land use patterns and policies in the surrounding neighborhood.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the *CEQR Technical Manual*, a significant adverse impact may occur if an action would measurably diminish the viability of a specific industry that has substantial economic value to the City's economy. An example as cited in the *CEQR Technical Manual* would be new regulations that prohibit or restrict the use of certain processes that are critical to certain industries.

This preliminary assessment is based on the screening criteria (in italics, below) presented in section 323 of the *CEQR Technical Manual*. The manual indicates that a more detailed examination is appropriate if the following considerations cannot be answered with a clear "no":

(1) Would the proposed action significantly affect business conditions in any industry or any category of businesses within or outside the study area?

The proposed project would not significantly affect business conditions in any industry or any category of business within or outside the study area. By 2010, the proposed project would introduce a new hotel within the Farley Complex that would provide up to 125 rooms and possibly another 310 rooms in the mixed-use Development Transfer Site building (Phase II, Scenario 2). These 435 rooms represent approximately 0.7 percent of the total hotel room count in Manhattan in 2002 (62,785 rooms).[1] In 2004, Manhattan's hotel occupancy rate was at 83.2 percent and average daily room rates were $201.76, indicators of a strong market and healthy demand. The additional hotel rooms introduced by the proposed project would not be of an amount that could jeopardize the overall viability of the hotel industry.

(2) Would the proposed action indirectly substantially reduce employment or have an impact on the economic viability in the industry or category of businesses?

The proposed project would not indirectly reduce employment or have an impact on the economic viability in any industry or category of business. Development under the proposed project would not introduce new, competing businesses that would drive out or otherwise diminish the performance of any identifiable business sector. To the contrary, the proposed project would reinforce existing business sectors, and provide new office space to retain and attract businesses and support a substantial increase in on-site employment across many business sectors. ✷

[1] Smith Travel Research.