A. INTRODUCTION

This chapter analyzes whether the proposed actions would result in significant adverse impacts by directly or indirectly changing population, housing stock, or economic activities in the surrounding area. According to the *City Environmental Quality Review (CEQR) Technical Manual*, significant adverse socioeconomic impacts can occur when an action meets one or more of the following criteria: (1) it leads to the direct displacement of residents such that the socioeconomic profile of the neighborhood is substantially altered; (2) it leads to the displacement of substantial numbers of businesses or employees, or displaces a business that plays a critical role in the community; (3) it results in substantial new development that is markedly different from existing uses in a neighborhood; (4) it affects conditions in the real estate market not only on the site anticipated to be developed, but in a larger area; or (5) it adversely affects economic conditions in a specific industry.

As described in Chapter 1, "Project Description," the rezoning area is roughly bounded by East 13th Street on the north; Avenue D to the east; Houston Street, Delancey Street, and Grand Street on the south; and the Bowery and Third Avenue on the west. As compared to the No Build conditions, the proposed actions (projected development sites only) would result in a net increase of 1,383 residential units, 348 of which would be affordable, and a net decrease of 74,439 gross square feet of commercial space (including a decrease of 13,520 square feet of retail space and a decrease of 60,918 square feet of hotel space). Because the proposed actions would result in the direct displacement of some area businesses and would introduce a substantial amount of new housing, a socioeconomic analysis is warranted. Development on a number of potential development sites is considered less likely to occur by the 2017 analysis year and is therefore not included in this analysis.

The analysis below finds that the proposed actions would not result in significant adverse socioeconomic impacts due to direct or indirect changes in residential and economic activity. The proposed actions would not result in the direct displacement of any residents. Although the businesses that could be directly displaced each contribute to the city's economy and therefore have economic value, the products and services they provide are widely available in the area and the city. The locational needs of these firms could be accommodated in the area and in other commercial districts, which are widely mapped throughout the city. The products and services provided by these companies would still be available to consumers, as many other existing businesses would remain and similar products and services would still be available in the study area and surrounding neighborhoods. Therefore, there would be no significant adverse impacts resulting from direct business displacement. The proposed actions would not result in the indirect displacement of residents, businesses, or institutions. The study area already has a well-established residential and retail presence, and the proposed actions would result in development that reflects, rather than alters, existing economic trends in the study area. At the same time, 348 affordable units would be added to the primary study area as a result of the proposed New York

City Department of City Planning (DCP) and New York City Department of Housing Preservation and Development (HPD) discretionary actions.

B. METHODOLOGY, DATA SOURCES, AND STUDY AREA DEFINITION

METHODOLOGY

The *CEQR Technical Manual* suggests that residential development in excess of 200 units or commercial development in excess of 200,000 square feet (sf) should be assessed for their potential to cause significant adverse socioeconomic impacts. Since the proposed rezoning could result in residential development in excess of the 200-unit CEQR threshold, an assessment of socioeconomic conditions is warranted. In order to determine if direct or indirect residential or business displacement would occur as a result of the proposed actions, a preliminary assessment was conducted. A preliminary assessment consists of gathering demographic data from the primary and secondary study areas to assess the potential for direct or indirect residential or business displacement. Based on the results of the preliminary assessment which showed that the proposed actions would not result in significant adverse socioeconomic impacts, a detailed analysis was not needed.

In accordance with the guidelines presented in the *CEQR Technical Manual*, the preliminary assessment evaluates five specific factors that could create significant socioeconomic impacts in an area: (1) direct displacement of residential population in the rezoning area; (2) direct displacement of existing businesses or institutions in the rezoning area; (3) indirect displacement of residential population in the study area; (4) indirect displacement of businesses or institutions in the study area; and (5) adverse effects on specific industries not necessarily tied to the rezoning area or to the study area. This analysis examines the potential effects of the proposed actions as compared to the conditions in the future without the proposed actions (i.e., the build increment).

The preliminary assessment concludes that the proposed actions do not have the potential for significant socioeconomic impacts and, therefore, a detailed analysis was not necessary.

STUDY AREA

In accordance with *CEQR Technical Manual* guidelines, the primary study area is based on Census Block Group boundaries. The primary study area from the "Land Use, Zoning, and Public Policy" chapter was therefore adjusted to include these Block Groups. This analysis includes two study areas: the primary study area (i.e., the area to be rezoned) and the secondary study area (i.e., the ¼-mile area around the primary study area). Because the primary study area is defined by the area of the proposed zoning, it does not match the boundaries of U.S. Census tracts. Therefore, for the primary study area, census data were gathered at the block group level. Block groups that straddle the primary study area boundary were included or excluded depending on what proportion of the block group fell within the primary study area (i.e., blocks with more than 50 percent of the block area within this study area were included).

The secondary study area includes the primary study area and the area within approximately ¼ mile. The exact boundaries of the secondary study area were modified to match the census tract boundaries that most closely delineate a ¼-mile radius surrounding the primary study area. By conforming to census tract boundaries, the socioeconomic analysis more accurately applies

census data to depict the demographic characteristics of the surrounding area. Figure 3-1 shows the census tracts and block groups that comprise each study area and Figure 3-2 shows the boundaries of each study area.

DATA SOURCES

RESIDENTIAL DISPLACEMENT

The residential displacement analyses are based primarily on data from the 1990 and 2000 U.S. Census. These data have been grouped for the socioeconomic study area by the following census characteristics:

- Total population and age of population;
- Household and income characteristics, including total households, average household size, median and average household income, and percent of households below poverty; and
- Housing characteristics, including number of housing units, housing vacancy and tenure (owner versus renter occupied), median contract rent and median home value.

Because the census is performed every decade, baseline, or 2005 conditions were determined based on trends and current data. Therefore, while the census data serves as a foundation for the baseline conditions, the information has been updated wherever possible to reflect 2005 conditions in each study area. Updates are based on the number of housing units that were developed between 2000 and 2005, which was obtained from the New York City Department of Finance Real Property Assessment Data (RPAD). Corresponding population estimates were derived using the 2000 census average household size and vacancy rate in their respective study areas.

The census data also have been supplemented, where appropriate, with information on current listings from local real estate agents. While census data on median contract rent provide a statistical basis for identifying trends, these data are affected by the presence of rent-regulated housing units in the study area, and therefore do not reflect market trends experienced by many residents in the study area. In order to provide a more accurate picture of current market rate rents in the study area, information was gathered from *Citi Habitats* and other real estate agency web sites.

BUSINESS/INSTITUTIONAL DISPLACEMENT

The assessments of business and institutional displacement begin with an analysis of employment trends in the study area and Manhattan as a whole. The analysis is based on Reverse Journey-to-Work data from the 2000 Census.[1] Employment data were gathered for each block group in the primary study area and each census tract in the secondary study area.

The employment data identifies the industry sectors that dominate or characterize the study area. Employment data on specific businesses from Dun & Bradstreet were used to estimate the total number of jobs that would be directly displaced by the proposed actions through private redevelopment initiatives on the project development sites. When information on a business was not available through Dun & Bradstreet, or if Dun & Bradstreet's estimates warranted further

[1] Reverse Journey-to-Work data tabulates and reports the characteristics of workers by the location of their workplace.

investigation, employment was estimated using information on comparable businesses of the same size and with similar hours of operation. The employment data also were supplemented by field investigations conducted in January 2008. However, the jobs identified on the projected development sites in this chapter might not be located on the affected sites at the time the proposed actions are under way. The analysis represents a "snap shot in time" that describes the existing socioeconomic conditions in the vicinity of the primary study area.

Information on the real estate market in the East Village and Lower East Side, the surrounding area, and Manhattan as a whole was gathered from real estate brokerages, market research firms, and field surveys conducted in January 2008. Estimated vacancy rates, availability rates, and rental rates were gathered from the most current available market reports from real estate advisory firms Newmark Knight Frank and IGDNYC, and *Crain's New York Business*.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

The analysis of adverse effects on specific industries is based on much of the same data used in the assessments of business and institutional displacement.

C. PRELIMINARY ASSESSMENT

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

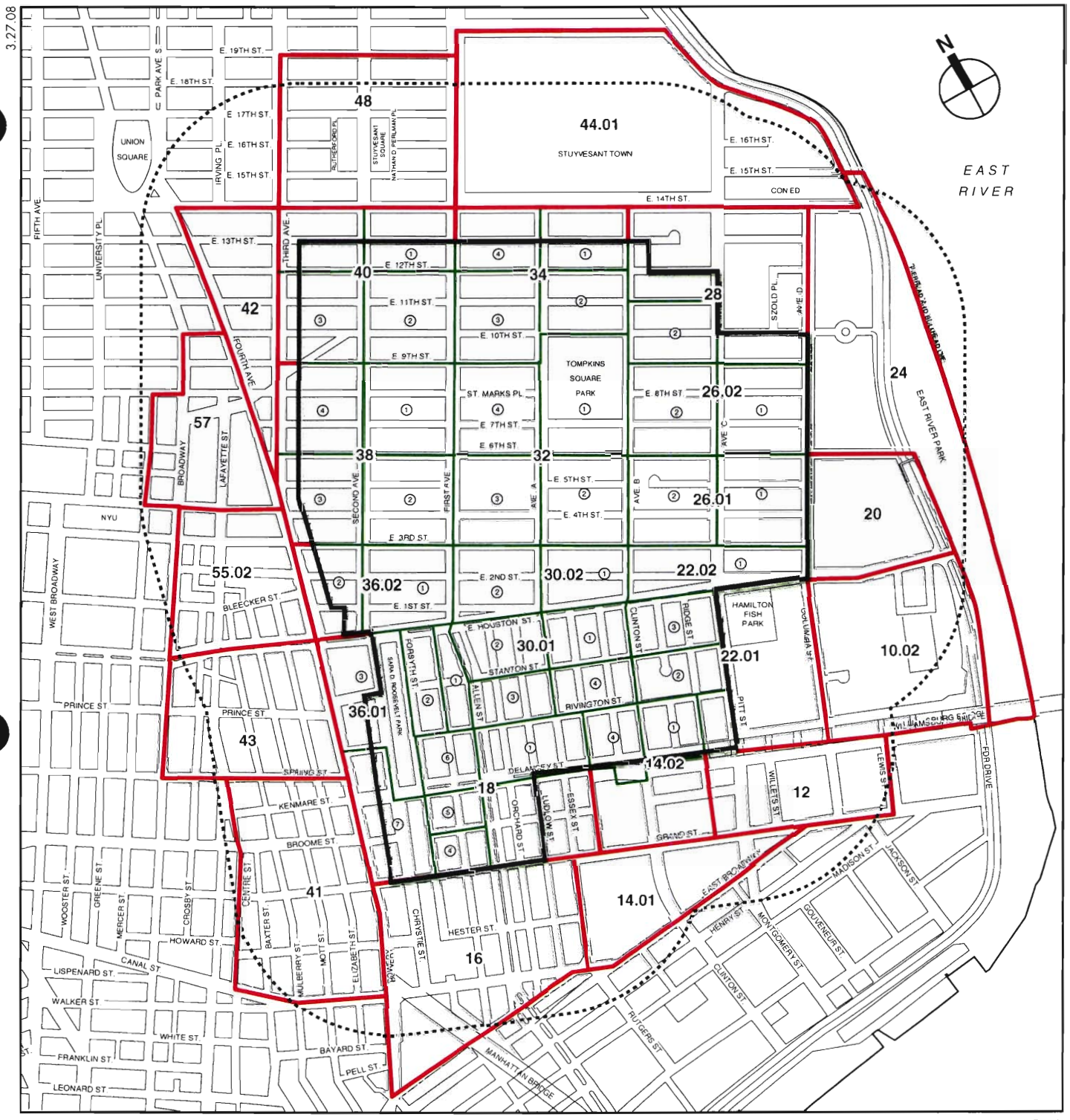
For each of the five issue areas—direct residential displacement, direct business and institutional displacement, indirect residential displacement, indirect business and institutional displacement, and adverse effects on specific industries—the preliminary assessment rules out the possibility that the proposed actions would have a significant adverse socioeconomic impact as defined in the *CEQR Technical Manual*. Therefore, no detailed analysis is warranted.

RESIDENTIAL DISPLACEMENT

DIRECT RESIDENTIAL DISPLACEMENT

Direct residential displacement (sometimes called primary displacement) is the involuntary displacement of residents from the site of (or a site directly affected by) a proposed action. Direct residential displacement is not in and of itself an impact under *CEQR*. According to the *CEQR Technical Manual*, direct residential impacts can occur if the numbers and types of people being displaced would be enough to alter neighborhood character and perhaps lead to indirect displacement of remaining residents.

As described in Chapter 1, "Project Description," the reasonable worst-case development scenario (RWCDS) identifies 180 projected development sites. DCP forecasts that all of the projected development sites with existing dwelling units would undergo complete redevelopment in the future without the proposed actions. Therefore, tenants on these sites would be displaced independent of the proposed actions. The RWCDS also identifies 25 projected enlargement sites. DCP assumes that existing tenants in these sites would be allowed to remain in their units while construction of an enlargement is underway. Therefore, enlargement sites would not have the potential for displacement. Overall, the proposed actions would not directly displace residents.



Proposed Rezoning Boundary

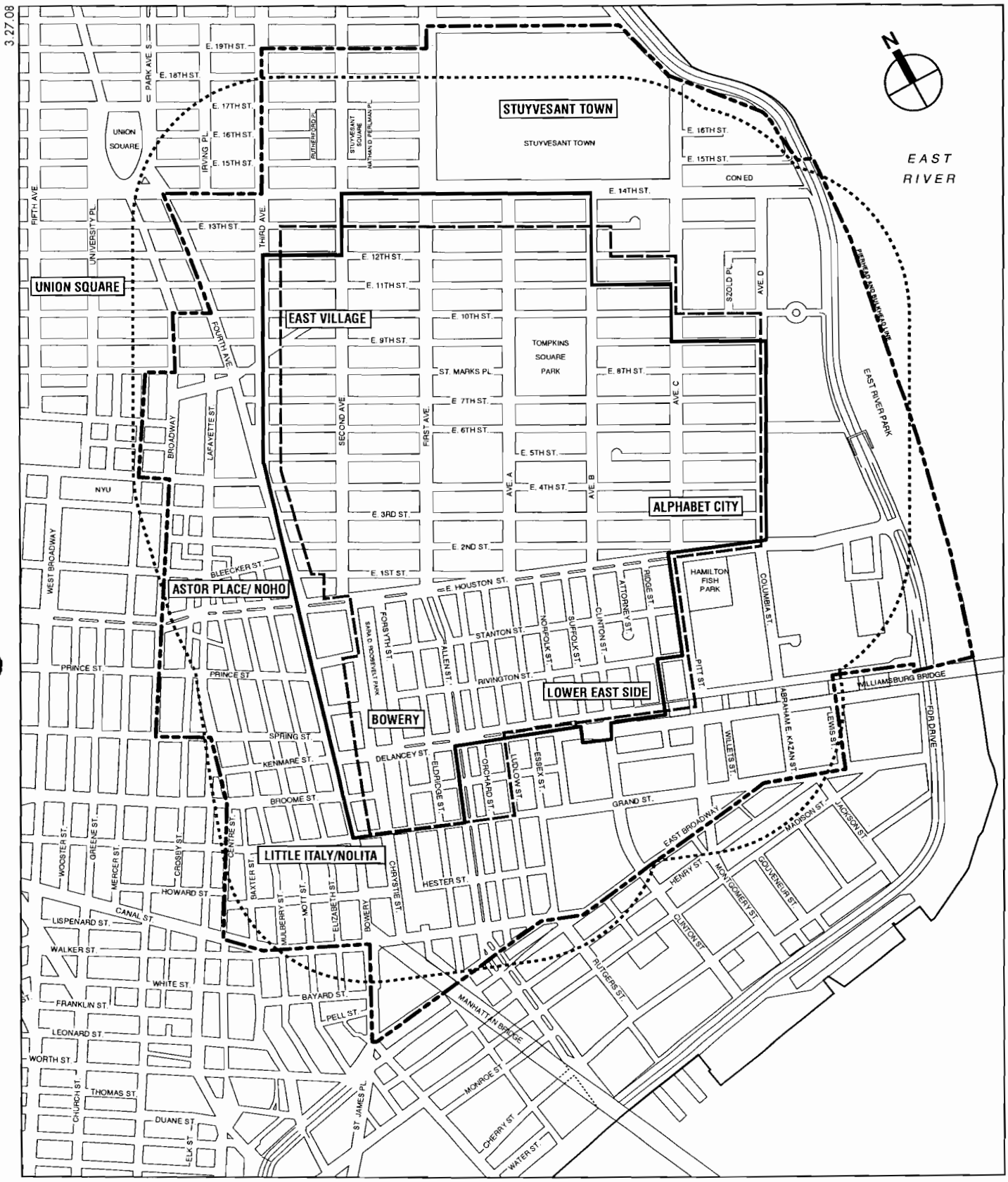
1/4-Mile Radius

Block Groups in Primary Study Area

Census Tracts in Secondary Study Area

Census Tracts and Block Groups in the Socioeconomic Study Areas

Figure 3-1



Socioeconomic Study Area

Figure 3-2

Conclusion

Based on the preliminary assessment presented above, the proposed actions would not result in significant adverse impacts due to direct residential displacement. No further analysis is necessary.

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

Demographic Profile

This section describes the population and housing characteristics of the study area, presents trend data since 1989, and compares study area characteristics to Manhattan and New York City as a whole.

As demonstrated in Table 3-1, all areas experienced a growth in population between 1990 and 2000. The primary study area gained a total of 5,080 residents, an 8.3 percent increase. This was less than the 9.4 percent growth rate for New York City as a whole over the same period. The number of residents in the secondary study area increased by 2.3 percent, from 154,020 to 157,588.[1]

Table 3-1
1990 and 2000 Population Characteristics

Area	Total Population		Absolute Change (1990 to 2000)	Percent Change (1990 to 2000)	Average Household Size[1]	
	1990	2000			1990	2000
Primary Study Area	61,464	66,544	5,080	8.3	2.01	1.97
Secondary Study Area	154,020	157,588	3,568	2.3	2.14	2.07
Manhattan	1,487,536	1,537,195	49,659	3.3	1.99	2.00
New York City	7,322,564	8,008,278	685,714	9.4	2.54	2.59

Notes: [1] The average household size presented for both study areas represents a weighted average of the average household size of all census tracts.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000, Summary File 1 and Summary File 3.

[1] The secondary study area's growth rate, relative to the primary study area, is lower due to the fact that Census tracts 10.02, 20, 24, 44.01, 43 and 48 experienced a net loss of residents from 1990 to 2000.

Table 3-2
1990 and 2000 Age Distribution

Age	1990				2000			
	Primary Study Area (%)	Secondary Study Area (%)	Manhattan (%)	New York City (%)	Primary Study Area (%)	Secondary Study Area (%)	Manhattan (%)	New York City (%)
0 - 17	15.1	17.4	16.6	23.0	12.2	15.0	16.8	24.2
18 - 24	12.9	11.1	10.1	10.6	13.6	11.7	10.2	10.0
25 - 29	14.0	10.9	11.0	9.5	15.8	11.8	10.9	8.5
30 - 34	13.7	11.0	10.7	9.2	13.4	10.8	10.6	8.6
35 - 39	11.2	9.7	9.4	8.1	10.3	9.1	9.0	8.3
40 - 49	12.8	13.4	14.6	12.8	15.3	15.1	14.7	14.2
50 - 59	7.3	8.8	9.9	9.3	8.2	10.3	11.5	10.6
60+	13.0	17.7	17.8	17.5	11.2	16.2	16.3	15.6

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

Between 2001 and 2005, an estimated 3,036 housing units were added to the primary study area.[1] Assuming the study area's Census 2000 average household size (1.97 persons per household) and 95.7 percent occupancy rate, the population in the primary study area increased by an estimated 5.3 percent (or 3,546 residents) to approximately 70,090 residents. Applying the same assumptions to the secondary study area (having an average household size of 2.07 and an occupancy rate of 95.8 percent), its population increased by 2.8 percent (or 4,425 residents) during this same time period.

The average number of persons per household decreased in both study areas between 1990 and 2000. In 1990, the primary study area decreased its average household size from 2.01 to 1.97, a 2 percent decrease. Similarly, the secondary study area decreased its average household size by approximately 3.4 percent. Conversely, Manhattan and New York City as a whole increased this figure by 1.0 and 1.9 percent, respectively.

In 2000, there was a higher concentration of residents between the ages 18 and 40 in the primary area (53.1 percent) compared to the city as a whole (35.4 percent). In addition, between 1990 and 2000, the primary study area's concentration of this age group grew by 1.2 percent, while both the borough of Manhattan and the city as a whole decreased its population in this age bracket by 0.4 and 2.1 percent, respectively. Recent expansions since 2001 at New York University and Cooper Union have led to an increase in the population of young adults between the ages of 18 and 25.

Table 3-3 shows income characteristics that include median household income and poverty status. The primary study area, relative to all other areas, had the lowest reported median household income in 1989 ($38,965). This was approximately 42.7 percent lower than the borough of Manhattan ($55,588), and 31.9 percent lower than the city ($51,385). However, between 1989 and 1999, median household incomes increased in the both study areas by 19.3 percent, faster than the rate of increase for Manhattan (8.6 percent). Median household income in the city as a whole decreased by 4.3 percent over the same period. Yet, even with this more rapid growth in 1999, the primary study area's median household income was still 5.7 percent

[1] The 2005 residential population figure for the study area is an estimate based on the 2000 U.S. Census population data and estimated population growth based on the most current available Real Property Assessment Database (RPAD) data from the New York City Department of Finance.

lower than the city ($49,152), and 29.8 lower than the borough of Manhattan ($60,367). As for the secondary study area, median household income in 2000 more closely resembled that of Manhattan (a 16.7 percent differential), suggesting a growing concentration of residents in the entire study area with relatively higher incomes.

Table 3-3
Income Characteristics

	Median Household Income			Poverty Status		
	1989	1999	Percent Change	1989	1999	Percent Change
Primary Study Area	$38,965	$46,502	19.3	27.9	24.4	-12.5
Secondary Study Area	$45,580	$51,780	13.6	24.8	23.3	-6.1
Manhattan	$55,588	$60,367	8.6	20.5	20.0	-2.5
New York City	$51,385	$49,152	-4.3	19.3	21.2	10.2

Notes: All 1989 and 1999 income values were converted to 2007 constant dollars using the U.S. Department of Labor's Consumer Price Index for the "New York-Northern New Jersey-Long Island "area.
Sources: U.S. Department of Commerce, Bureau of the Census, 1990 and 2000, Summary File 1 and Summary File 3.

In 1989 and 1999, a slightly higher percentage of study area residents lived below the poverty level as compared to New York City as a whole (see Table 3-3). The relatively high percentage of persons living below the poverty level within both study areas is largely due to the presence of 8 separate NYCHA developments within the primary study area (1,009 apartments, or 3.0 percent of all housing units), and a total of 21 developments within the secondary study area (10,234 units, or 13.4 percent of all housing units). However, between 1989 and 1999, the percentages decreased notably. In 1989, 27.9 percent of the primary study area was living below the poverty level; 2000 Census data show this figure fell by 12.5 percent to 24.4 percent. The secondary study area decreased the number of persons living under the poverty level by 6.1 percent, from 24.8 to 23.3 percent of the population. This pattern contrasts with that of New York City as a whole, whose percentage of residents living below the poverty level increased by 10.2 percent (from 19.3 to 21.2 percent of the population living in poverty). This disparity demonstrates a trend toward a more affluent demographic within the study area, compared to the city-wide population.

Between 1990 and 2000, census data show that both the primary and secondary study area experienced an overall growth in population and number of housing units, while decreasing its average household size, in combination with a tendency toward a younger adult population. These changing demographic characteristics of the study area can be attributed to a growth in the number of students and young working professionals, with a decrease in its share of families or possibly households with three or more people.

Housing

In 2000, the primary study area contained 33,563 housing units, a 7.6 percent increase since 1990 (see Table 3-4). Growth rates in all other areas were slightly lower. The secondary study area increased by 5.4 percent, gaining 3,908 units, while Manhattan increased by only 1.7 percent, gaining a total of 13,017 units. The 2000 vacancy rate was lowest in the secondary study area (4.2 percent) and highest in Manhattan (7.5 percent). Regarding tenure, the primary study area had the highest percent of renters in 2000 compared to all other areas (87.1 percent).

The number of housing units in the primary and secondary study areas has continued to grow since 2000. From 2000 to 2005, according to the New York City Department of Finance RPAD

data, the number of housing units in the primary and secondary study areas increased to 35,445 and 78,819, respectively.

Table 3-4
Housing Unit Characteristics

Area	Total Housing Units					2000 Vacancy Rate		2000 Tenure, All Occupied Units	
	1990	2000	2005[1]	Percent Change 1990-2000	Percent Change 2000-2005	Occupied	Vacant	Owner Occupied	Renter Occupied
Primary Study Area	31,178	33,563	35,445	7.6	5.6	95.7	4.3	8.6	87.1
Secondary Study Area	72,686	76,594	78,819	5.4	2.9	95.8	4.2	11.4	84.3
Manhattan	785,127	798,144	NA	1.7	NA	92.5	7.5	18.6	73.9
New York City	2,992,169	3,200,912	NA	7.0	NA	94.4	5.6	28.5	65.9

Notes: [1] Total housing units in 2005 is an estimate based on the most current available RPAD data from the NYC Department of Finance.
Sources: U.S. Department of Commerce, Bureau of Census: 1990 and 2000 Census.

Table 3-5 shows household and housing value characteristics in 1990 and 2000. Overall, the primary study area demonstrated the highest increases in both the total number of households and median contract rent. Regarding the total number of households, the primary study area grew at a faster rate than all areas (11.0 percent). In 2000, median contract rent in the study area was $934, which was only 1.7 percent lower than the median contract rent for Manhattan as a whole ($950), yet 12.7 percent higher than New York City ($829). Between 1990 and 2000, median contract rents grew the fastest in the primary study area (35.7 percent), compared to the entire borough (15.3 percent) and city (7.4 percent). The primary study area's 2000 median household value ($430,335) was 7.7 percent less than Manhattan ($463,501), though 51.6 percent higher than New York City ($283,928). Relatively high increases in total households, median contract rent, and number of housing units, combined with relatively low vacancy rates, indicate an increasing demand for housing in the study area in comparison to the entire borough and city.

Table 3-5
Household Value and Housing Characteristics[1]

Area	Total Households			Median Contract Rent			Median Home Value	
	1990	2000	Percent Change	1990	2000	Percent Change	1990[2]	2000
Primary Study Area	28,956	32,129	11.0	$689	$934	35.7	NA	$430,335
Secondary Study Area	68,876	73,368	6.5	$732	$937	28.0	NA	$350,278
Manhattan	716,422	738,644	3.1	$824	$950	15.3	NA	$463,501
New York City	2,819,401	3,021,588	7.2	$772	$829	7.4	NA	$283,928

Notes:
[1] All 1989 and 1999 income values were converted to 2007 constant dollars using the U.S. Department of Labor's Consumer Price Index for the "New York-Northern New Jersey-Long Island "area.
[2] The 1990 Median home value is not reported because the 1990 value was based on "specified owner-occupied housing units" only, while the 2000 median was based on all owner-occupied housing units. The two data sets are not comparable.
Sources: U.S. Department of Commerce, Bureau of Census: 1990 and 2000 Census.

CEQR ASSESSMENT CRITERIA

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

Based on 2005 RPAD data, there were approximately 78,819 dwelling units in the entire study area that housed an estimated 162,013 residents (see Table 3-6). Under the RWCDS, by 2017 the proposed actions would introduce an increment of approximately 1,383 residential units to the study area. In total, these new units would add, using the average household size of 1.97 for the primary study area, a projected 2,723 residents to the entire study area.[1] These new residents would increase the 2005 study area population by approximately 1.7 percent. According to the *CEQR Technical Manual*, if a proposed action could increase a study area population by greater than 5 percent, there is a potential to affect socioeconomic trends significantly. The proposed actions would not increase the population at a scale that could affect socioeconomic trends, nor would the population added by the proposed actions have socioeconomic characteristics substantially different than the existing population. As discussed in "Project Description," new units would accommodate a population much like the existing population at a market value similar to that of the existing housing stock.

Table 3-6
Future Without the Proposed Actions: Population and Housing Growth

	Housing Units				Population			
	2005 Housing Units	2005-2017 Housing Units	Total 2017 Housing Units	Percent Growth	2005 Population	2005-2017 Growth	Total 2017 Population	Percent Growth
Primary Study Area	35,445	3,036	38,481	8.6	70,090	5,981	76,071	8.5
Secondary Study Area	78,819	3,662	82,481	4.6	162,013	7,580	169,593	4.7

Notes: Population growth was calculated by applying an average household size of 1.97 and 2.07 persons to the number of new housing units anticipated in the primary and secondary study area, respectively.
Sources: U.S. Department of Commerce, Bureau of Census: 1990 and 2000 Census.

Table 3-7
Future With the Proposed Actions: Population and Housing Growth

	Housing Units				Population			
	2017 No Build Housing Units	Project Increment	2017 Build Housing Units	Percent Growth	2017 No Build Population	Project Increment	2017 Build Population	Percent Growth
Primary Study Area	38,481	1,383	39,863	3.6	76,071	2,723	78,794	3.6
Secondary Study Area	82,481	1,383	83,863	1.7	169,593	2,723	172,316	1.6

Notes: Population growth was calculated by applying an average household size of 1.97 and 2.07 persons to the number of new housing units anticipated in the primary and secondary study area, respectively.
Sources: U.S. Department of Commerce, Bureau of Census: 1990 and 2000 Census, AKRF site visits and New York City Department of City Planning.

[1] The estimate of total residents introduced by the proposed actions is based on an average household size of 1.97 in the study area.

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

The proposed actions would not displace properties or uses that have a "blighting" effect on property values in the area. Field surveys of the exteriors of properties indicate that the displaced properties appear to be in fair physical condition; the sites generally contain active uses and do not impose poor physical conditions on the surrounding area.

Recent development projects are an indication that potentially displaced properties do not have a blighting effect on current property values in the area. As discussed in Chapter 2, "Land Use, Zoning, and Public Policy," a number of new residential and commercial developments are scheduled to occur by 2017 independent of the proposed actions. Within a ¼-mile of the proposed actions, these developments include: 3,662 residential units, 388,500 square feet of retail use, 888,200 square feet of office space, 10,000 square feet of medical office space and 750 hotel rooms (see Tables 2-3 and 2-4). These totals include development that would occur on projected development sites and projected enlargement sites in the future without the proposed actions (2,290 residential units on projected development sites, 244 residential units on projected enlargement sites, and 1,151 residential units in other known development projects).

In total, the number of residential units to be constructed by 2017 (3,662) would increase the estimated number of residential units in 2005 (78,819) by 4.6 percent within the secondary study area, yielding a total of 82,481 residential units. This ongoing trend toward residential development in the study area indicates that the project sites have not had a blighting effect on property values in the area. The increase in the demand for housing units is also exemplified by increasing rental rates and sales prices in housing units of the surrounding areas (discussed below).

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

As previously mentioned, the proposed actions would not displace any residential units. Therefore, the proposed actions would not directly displace enough of one or more components of the population that would, as a result, alter the socioeconomic composition of the study area.

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

The proposed actions would introduce a mix of affordable and market-rate housing, including approximately 1,083 market-rate units (accounting for dwelling units on projected development sites and projected enlargement sites) and 348 affordable units (25.2 percent) resulting from the inclusionary housing amendments and the HPD-sponsored project on the site proposed for disposition, UDAAP designation, and project approval. The affordable units would likely rent at prices comparable to or below most existing rents in the study areas. Market-rate units would likely sell at the high end of the market and would be more costly than most of the existing housing stock. However, the new market-rate residential units would have a comparable price-point to many recently built market-rate residential units in the study area, as well as new developments that are planned to be in place by 2017.

The weighted average median contract rent of the entire study area, as reported by the U.S. Census, increased by approximately 28 percent from 1990 to 2000 from $732 to $937. Current real estate listings indicate 2007 rents in the study area are significantly higher than 2000

figures.[1] In the East Village, average rents ranged from $2,039 for a studio apartment to $4,282 for a three bedroom apartment.[2] The average rent for Lower East Side apartments ranged from $1,897 for a studio apartment to $4,510 for a three bedroom apartment. The median sales price for a sample of units sold on the Lower East Side was $500,000, and $937,500 in the East Village[3]; 42.7 and 167.6 (respectively) percent higher than the 2000 reported median housing value of $350,278 (in real 2007 dollars). Similar to median contract rents, these listings are considerably higher compared to 2000 median home value in the study area. Thus, new market rate housing units that would be introduced by the proposed actions would likely be similar to existing and planned market rate residential projects 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?***

The proposed actions would not introduce a critical mass of non-residential uses such that the surrounding area would become more attractive as a residential neighborhood complex. The *CEQR Technical Manual* suggests that commercial development of 200,000 square feet or less would typically not result in a significant socioeconomic impact. The RWCDS of the proposed actions would result in a net decrease of 74,439 square feet of commercial space within the ¼-mile study area on projected development sites within the rezoning area.

In addition, the area already contains a critical mass of residential amenities (convenience stores, restaurants, laundromats, banks, etc.) that are available to the existing population, within walking distance of their homes. Independent of the proposed actions, non-residential developments scheduled to occur would continue to expand the amount of this non-residential use; thus, non-residential uses introduced by the proposed actions are not expected to have a substantial effect on the surrounding area.

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

The proposed actions would not impose any type of change that would diminish investment in the study area. To the contrary, the objectives of the proposed actions are to preserve and enhance existing land uses, and would not introduce new uses that could offset positive trends in the study area, or create a climate for disinvestment. As discussed in Chapter 1, "Project Description," the proposed actions would address existing non-contextual out-of-scale development throughout the study area, reinforce existing retail/residential corridors, provide opportunities for housing development and incentives for affordable housing along certain corridors, and protect existing ground floor uses in areas currently zoned R7-2 and proposed to be zoned R8B.

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[1] According to the U.S. Census Bureau, median contract rent is the middle value of the monthly rent agreed to or contracted for, regardless of any furnishings, utilities, fees, meals, or services that may be included. In addition, this figure is based on all area rents, including rent-controlled and rent-stabilized housing units, those of which are less frequently advertised. Although median contract rent is not directly comparable to current rental listings, the disparity between the median contract rent in 2000 and current listings indicate that there has been a notable increase in rents.

[2] CitiHabitats. www.citihabitats.com "The Black and White Report," accessed on December 15, 2007.

[3] This figure was reported for the first quarter of fiscal year 2008 (ending in December of 2007).

Conclusion

In summary, based on this preliminary assessment, the proposed actions would not result in significant adverse impacts due to indirect residential displacement and no further analysis is required.

BUSINESS AND INSTITUTIONAL DISPLACEMENT

DIRECT BUSINESS/INSTITUTIONAL DISPLACEMENT

The *CEQR Technical Manual* defines direct business and institutional displacement as the involuntary displacement of businesses or institutions from the site of (or a site directly affected by) a proposed action. This preliminary assessment of direct business and institutional displacement examines the employment and business value characteristics of the existing affected businesses to determine the significance of the potential impact. As part of the CEQR preliminary assessment, the following circumstances (numbered in italics below) are considered to determine the potential for significant adverse impacts:

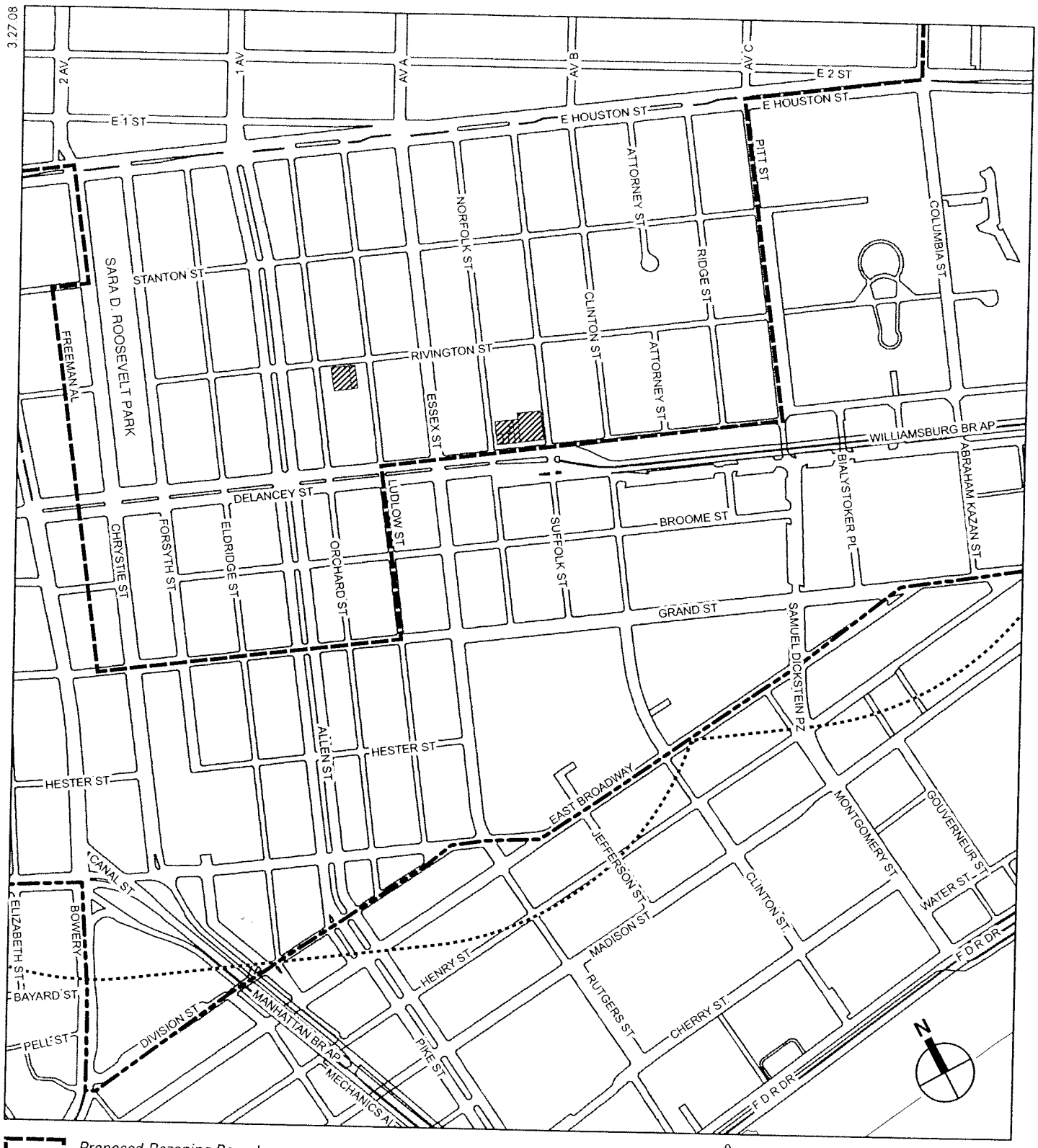
1. ***Do the businesses or institutions in question have substantial economic value to the city or region, and can they be relocated only with great difficulty or not at all?***

Under CEQR, displacement of a business or group of businesses is not, in and of itself, an adverse environmental impact. Rather, the *CEQR Technical Manual* provides a framework to analyze the effects of displacement by asking whether the businesses in question have "substantial economic value to the city or region" or "contribute substantially to a defining element of neighborhood character." While all businesses contribute to neighborhood character and provide value to the city's economy, *CEQR* seeks to determine whether displacement of a single business or group of businesses would rise to a level of significance in terms of impact on the city's or the area's economy or the character of the affected neighborhood.

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

As shown in Table 3-8 and Figure 3-3 below, the proposed actions would displace 10 businesses with an estimated 61 employees on one projected development site (Site 32). If this site is redeveloped as assumed under the RWCDS, it is possible that these existing firms could be displaced, subject to lease terms and agreements between private firms and property owners existing at the time of redevelopment. However, there are no known development proposals for this site, and it is not known for certain that this site will be developed as a result of the proposed actions. Furthermore, businesses regularly open and close in response to changes in economy, local demographics, and consumer trends. Therefore, a number of the businesses identified could close or relocate prior to site redevelopment independent of the rezoning.

According to 2000 Census data, the primary study area had 21,510 employees and the secondary study area had 71,659 employees (see Table 3-9). The 61 displaced workers represent 0.3 percent of the primary study area employment and less than one tenth of one percent of the employment within the secondary study area. Therefore, the proposed actions would not result in a substantial employment loss within the study areas.



Proposed Rezoning Boundary

Secondary Study Area (1/4-Mile)

1/4-Mile Radius

Direct Displacement Lots

0 1000 FEET

SCALE

EV/LES East Village/Lower East Side Rezoning

Location of Directly Displaced Businesses

Figure 3-3

Table 3-8
Businesses Subject to Direct Displacement Under the Proposed Actions

Site No.	Block	Lot	Name of Business	Type of Business	Industry Sector	Estimated Number of Employees
32	353	47	Blue Presentation Center	Sales Office for Blue Condo	Finance, insurance, real estate and rental and leasing	2
32	353	75	Dunkin Donuts/ Baskin Robbins	Bakery/Ice Cream Store	Arts, entertainment, recreation, accommodation and food services	6
32	353	75	Children's Place	Children's Clothing Store	Retail trade	10
32	353	75	Soft Touch Shoes	Shoe Store	Retail trade	4
32	353	75	Subway	Fast Food Restaurant	Arts, entertainment, recreation, accommodation and food services	3
32	353	75	Burger King	Fast Food Restaurant	Arts, entertainment, recreation, accommodation and food services	15
32	353	79	Sleepy's	Mattress Store	Retail trade	5
32	353	82	Banco Popular	Bank	Finance, insurance, real estate and rental and leasing	13
32	353	83	Elysee Brokerage Company	Real Estate Brokerage	Finance, insurance, real estate and rental and leasing	2
32	353	83	Solid Gold Jewelry	Jewelry Store	Retail trade	1
					Total Employees	**61**

Source: NYC DCP; AKRF site visit, January and March 2008; Dun & Bradstreet for employment numbers.

Table 3-9
2000 Employment by Industry Sector:
Primary Study Area, Secondary Study Area, Manhattan, and New York City

Industry Sector	Primary Study Area		Secondary Study Area		Manhattan		New York City	
	Employment	Percent	Employment	Percent	Employment	Percent	Employment	Percent
Agriculture, forestry, fishing and hunting and mining	0	0.0	44	0.1	955	0.0	2,190	0.1
Construction	696	3.2	2,153	3.0	69,530	3.3	171,880	4.6
Manufacturing	777	3.6	5,474	7.6	116,350	5.6	226,420	6.0
Wholesale trade	457	2.1	1,738	2.4	62,835	3.0	119,075	3.2
Retail trade	2,124	9.9	7,584	10.6	152,600	7.3	306,865	8.2
Transportation and warehousing and utilities	829	3.9	2,240	3.1	78,495	3.8	248,485	6.6
Information	1,066	5.0	4,685	6.5	176,865	8.5	219,010	5.8
Finance, insurance, real estate and rental and leasing	1,060	4.9	4,229	5.9	382,655	18.3	488,170	13.0
Professional, scientific, management, administrative, and waste management services	1,532	7.1	7,319	10.2	367,380	17.6	475,170	12.7
Educational, health and social services	5,620	26.1	18,285	25.5	315,145	15.1	838,210	22.3
Arts, entertainment, recreation, accommodation and food services	4,945	23.0	10,164	14.2	180,740	8.6	276,230	7.4
Other services (except public administration)	1,584	7.4	4,240	5.9	91,865	4.4	189,985	5.1
Public administration	819	3.8	3,504	4.9	94,015	4.5	191,285	5.1
Armed forces	0	0.0	0	0.0	485	0.0	2,150	0.1
Total	**21,510**	**100.0**	**71,659**	**100.0**	**2,089,915**	**100.0**	**3,755,125**	**100.0**

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

The businesses that could be displaced conduct a variety of business activities including retail, banking, food service, and real estate sales. Although the potentially displaced firms each contribute to the city's economy and therefore have economic value, the products and services they provide are widely available in the area and the city. The locational needs of these firms could be accommodated in the area and in other commercial districts, which are widely mapped throughout the city, and the products and services provided by these companies would still be available to consumers as many other existing businesses would remain and firms providing similar products and services would still be available in the surrounding area.

These products and services are provided by other similar businesses located throughout the East Village and Lower East Side, Manhattan, and New York City. In fact, several of the businesses that could face displacement under the proposed actions—such as Subway, Burger King, Sleepy's, Banco Popular, Children's Place, and Dunkin Donuts/Baskin Robbins—are chains and have other locations in or near the study area.

The second criteria for determining the economic value of a business is whether or not a business can be relocated without any difficulty. Two of the potentially displaced businesses are offices—the Elysee Brokerage Company, which occupies a 2,300-sf second floor office space, and the Blue Presentation Center, located in a two-story, 7,000-sf space. Real estate data indicate that these businesses would not have great difficulty relocating in Manhattan or New York City. According to Newmark Knight Frank, a leading provider of commercial real estate information, the Midtown South office submarket, which is roughly bounded by 34th Street to the north and Canal Street to the south, has an inventory of approximately 130 million sf[1] and an availability rate of 7.4 percent as of December 2007 (approximately 9.6 million sf available).[2] According to the Newmark Knight Frank's January 2008 Monthly Market Snapshot, the average asking rent for office space in the Midtown South area in December 2007 was about $49 per square foot (psf). Within the study areas, office rents are generally lower. According to current office listings from the New York Times, New York Commercial Real Estate Services, and Tungsten Property, office rents in the East Village and Lower East Side range from approximately $30 psf to $65 psf.[3] The average asking rent for office space in the study areas was about $44 psf.

The other eight businesses that could potentially be displaced include retailers, limited-service restaurants, and a bank. These businesses occupy ground-floor retail spaces. As noted above, six of these businesses are chains and have other locations in or near the study area. According to the IGDNYC real estate firm's January 2008 Market Report, retail space vacancies increased in both the Midtown South and Downtown Manhattan markets, and there is now a total of over 1.5 million rentable square foot (RSF) vacant. Average asking rent for retail space in the East Village/Lower East Side/Noho neighborhood was about $210 psf in July 2007.[4]

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[1] Newmark Knight Frank, Office Market Report, Manhattan 3Q07. Accessed February 1, 2008. http://www.newmarkkf.com/research/marketreports/library/ny_office.pdf

[2] Newmark Knight Frank, Monthly Manhattan Market Snapshot: January 2008. Accessed February 1, 2008. http://www.newmarkkf.com/research/marketreports/location.asp?location=NY

[3] Online listings accessed March 10, 2008.

[4] Crain's New York Business, 2007 City Facts, Retail Rents by Location. Accessed February 1, 2008. http://www.prudentialelliman.com/NYCPhotos/retail_reports/Crains_Retail_Rents.pdf

With approximately 9.6 million sf of office space on the market within the Midtown South neighborhood and over 1.5 million sf of vacant retail space in Midtown South and Downtown, it is not expected that the majority of these businesses requiring commercial space would have difficulty relocating.

The third and final criterion is the potential effect on business or consumers of losing the displaced business as a product or service. As already mentioned, there are many other businesses throughout the study areas, Manhattan, and New York City that provide similar products and services. In fact, as noted above, six of the displaced businesses have other locations within or near the study area. In addition, it is anticipated that the potentially displaced businesses would be able to relocate to alternative sites within the study areas, Manhattan, or New York City such that the business or product would not be lost to other businesses or consumers.

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

The businesses that would be directly displaced by the proposed actions are members of the Lower East Side Business Improvement District (LESBID). LESBID is a non-profit economic development organization that promotes local businesses, hosts events, and provides community beautification services including sanitation, security, and graffiti removal. The improvement district serves the area roughly bounded by East Houston, Rivington, and Delancey Streets to the north; Eldridge Street, Forsyth Street, and the Bowery to the west; Canal and Grand Street to the south; and Essex and Attorney Streets to the east (see Figure 2-4). LESBID is made up of approximately 400 merchants and local property owners, and the 10 businesses located on sites that could likely be redeveloped as a result of the proposed actions represent only 2.5 percent of the total businesses in the district. Furthermore, the displaced businesses would be replaced with development that is expected to include retail. Therefore, the proposed actions would not conflict with the goals of the LESBID.

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

According to the *CEQR Technical Manual*, neighborhood character is defined by certain features, such as land use, urban design, visual resources, historic resources, socioeconomic conditions, traffic, or noise, which, depending on the neighborhood in question, create its distinct "personality." The businesses that could potentially be displaced do not individually or collectively define neighborhood character within the study areas. As detailed in Chapter 2, "Land Use, Zoning, and Public Policy," the study area is characterized by a broad mix of uses, including residential, office, retail, light industrial, community facilities, and open space. Although these businesses contribute to the mixed use character of the neighborhood they do not, individually or collectively, define the character of the neighborhood.

As shown in Table 3-9, economic sectors with the highest employment in the primary study area (i.e., those that contribute substantially in an economic sense) are "educational, health, and social services" (26.1 percent), followed by "arts, entertainment, recreation, accommodation and food services" (23.0 percent) and "retail trade" (9.9 percent). Twenty-four of the potentially displaced jobs would be at limited-service restaurants, which are part of the "arts, entertainment, recreation, accommodation and food services" industry sector, and 20 jobs (not including the Banco Popular jobs) are part of the "retail trade" industry sector. These jobs represent only 0.5 percent and 0.9 percent, respectively, of the primary study area employment for those industry

sectors. Although each business adds to the commercial fabric, they do not individually or collectively define the character of the study area based on the criteria described in the *CEQR Technical Manual*. Therefore, the potentially displaced businesses do not substantially contribute to a defining element of neighborhood character.

Conclusion

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

INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

Like the analysis of indirect residential displacement, the preliminary assessment of indirect business and institutional displacement focuses on whether the proposed actions could increase commercial property values and rents within the primary or secondary study areas, making it difficult for some categories of businesses to remain in the area. The preliminary assessment follows the methodology of *Section 322.2, Chapter 3B* of the *CEQR Technical Manual,* in analyzing the criteria in numbered italics below.

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

The proposed actions would introduce in a net increase of 1,383 dwelling units in the primary study area. In the future without the proposed actions, the primary study area will contain approximately 38,841 housing units.[1] The 1,383 units introduced under the proposed actions would represent a 3.6 percent increase in the number of housing units. Although the new housing units would increase the retail expenditure potential of the primary study area, this consumer spending would not constitute a new economic activity, given that the study area already contains a large residential population and street-level retail is common and located on all major north-south and east-west corridors in the primary study area. Furthermore, the proposed actions would result in an overall reduction in the amount of retail floor area in the primary study area.

Increased consumer spending would also not constitute a new economic activity in the secondary study area. In the future without the proposed actions, the secondary study area will contain approximately 38,481 housing units.[2] The 1,383 units introduced under the proposed actions would represent an increase of approximately 2 percent in the number of housing units in the secondary study area.

[1] This includes the number of housing units in study area census tracts in the 2000 Census, units built between 2000 and 2005 as reported in RPAD data, and the number of units projected in the No Build scenario in the RWCDS table.

[2] This includes the number of housing units in study area census tracts in the 2000 Census, units built between 2000 and 2005 as reported in RPAD data, and the number of units projected in the No Build scenario in the RWCDS table.

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

There is already a well established trend toward residential development in the study areas such that the proposed actions would not alter or accelerate ongoing trends. Between 1990 and 2000, the number of housing units in the primary study area increased by 7.6 percent (31,178 units in 1990 to 33,563 in 2000) and the number of housing units in the secondary study area increased by 5.4 percent (72,686 units in 1990 to 76,594 in 2000). The number of housing units has continued to grow since then. Based on census and RPAD data, the number of housing units in the primary and secondary study areas has increased between 2000 and 2005 by approximately 1,882 units (a 6 percent increase) and 2,225 units (a 3 percent increase), respectively (see Table 3-4).

The proposed actions would result in a 3.6 percent increase in the number of residential units in the primary study area and approximately a 2 percent increase in the secondary study area as compared to conditions in the future without the proposed actions. Given the ongoing trend toward increased residential development in the study areas, this amount of development would not be enough to accelerate the trend. With the proposed actions, residential development would continue, but it would be directed to appropriate areas (along avenues and wide streets, for example), and would respect the area's mid-rise, streetwall neighborhood character.

The proposed actions would not alter or accelerate existing patterns in the retail sector. As a result of the proposed actions, the amount of retail on projected development sites would decrease by 13,520 square feet as compared to the future without the proposed actions, a 3 percent decrease. The proposed actions would also include a zoning text amendment to protect existing ground-floor commercial uses—most of which are retail uses—in the proposed R8B districts, where they would normally be non-conforming uses.

Businesses most vulnerable to indirect displacement due to increased rent are typically those businesses whose uses are less compatible with the economic trend that is creating upward rent pressures in the study area; i.e., those businesses that tend not to directly benefit (in terms of increased business activity) from the market forces generating the increases in rent. In the study area, there is an existing trend toward increased demand for convenience goods and neighborhood services from the growing residential population. Uses that are less compatible with residential conditions (such as heavy and some light manufacturing) may not be able to afford increases in rent due to increases in property values compared to a neighborhood services use, such as a restaurant, which could see increased business activity from the increased residential and employee presence.

Even certain commercial uses within sectors that are generally compatible with economic trends may be vulnerable if their product is directed toward a demographic market that is declining in the area. For example, although neighborhood services and convenience goods stores generally benefit from increases in residential population, if a store targets a particular demographic group whose numbers are decreasing within the study areas even as total population is increasing, then that store may be vulnerable to displacement due to increases in rent. Increased volumes of pedestrian traffic and/or changing demographics of the area could result in changes in consumer preferences, and some discount apparel and convenience stores may be less likely to capture spending dollars from new, more affluent residents and workers in the area. The proposed actions would increase the study area population by approximately 1.7 percent. A population change of this size would not likely affect established real estate conditions in the neighborhood

and would not result in a substantial new consumer base for retail goods that could affect shopping patterns, causing commercial rents to rise in the area.

Area businesses most vulnerable to indirect displacement due to increased rents include industrial businesses, such as building material manufacturers, wholesalers, or food distributors located in areas where general manufacturing uses would be combined with residential uses. However, these pressures are already present within the study areas and are expected to increase in the future irrespective of the proposed actions. As mentioned earlier, there is already an existing and long-standing trend toward residential growth in the study areas. Therefore, while the proposed actions could result in limited indirect displacement of existing businesses, it would not alter or accelerate trends that would change existing economic patterns in a manner that would result in significant indirect displacement.

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

The proposed actions would not displace properties or uses that have a "blighting" effect on commercial property values. Field surveys of the exteriors of properties indicate that the displaced properties appear to be in fair physical condition; the sites generally contain active uses and do not impose poor physical conditions on the surrounding area. Furthermore, a recent article in *Crain's New York Business* indicated that average retail rents per square foot in the East Village/Lower East Side/Noho neighborhood increased from about $200 in 2005 to $210 in 2007.[1]

In total, the number of residential units to be constructed by 2017 (3,662) would increase the estimated number of residential units in 2005 (78,819) by 4.6 percent within the primary and secondary study areas, yielding a total of 82,481 residential units. This ongoing trend toward residential development in the study area indicates that project sites have not had a blighting effect on property values in the area. This added housing supply suggests an increase in the demand for housing units during this time.

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

There are 10 businesses located on one projected development site that could be displaced if this site is redeveloped as assumed under the RWCDS. Such potential displacement, however, would be subject to lease terms and agreements between private firms and property owners existing at the time of redevelopment. The firms include: three limited service restaurants, one bank, one real estate brokerage, four retailers, and one office use. Most of the displaced businesses provide neighborhood goods and services that cater to the shopping and dining needs of local residents and therefore do not bring a substantial number of people to the area. As described above, street-level retail is located throughout the primary study area and does not depend on people drawn to the displaced businesses for a customer base.

The businesses that could potentially be directly displaced also generally do not support businesses in the study area; however, it is possible that some local businesses may bank with the displaced branch of Banco Popular. These businesses would have the option to continue

[1] Crain's New York Business, 2007 City Facts, Retail Rents by Location. Accessed February 1, 2008. http://www.prudentialelliman.com/NYCPhotos/retail_reports/Crains_Retail_Rents.pdf

banking with Banco Popular at another branch, either within the primary study area (at 310 East Houston Street) or elsewhere in the city. Therefore, none of these businesses directly support businesses in the study area or bring a significant number of people to the area that form a customer base for local businesses.

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

There are 10 existing businesses located on one projected development site that could be displaced if this site is redeveloped as assumed under the RWCDS. Such potential displacement, however, would be subject to lease terms and agreements between private firms and property owners existing at the time of redevelopment. These firms employ an estimated 61 workers. While these 61 employees may form a portion of the customer base of local neighborhood retail businesses (i.e., restaurants, delis, dry cleaners), they represent 0.3 percent of the approximately 21,510 employees in the primary study area, which is not substantial and would not cause indirect displacement of businesses. In addition, the majority of the customer base for the retail businesses in the study area comes from a combination of the local residents, tourists, and other New York City residents visiting the East Village and Lower East Side neighborhoods. Finally, the 2,723 new residents expected to be introduced by the RWCDS would serve as a new customer base for existing businesses in the study area.

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

As described in Chapter 1, "Project Description," the proposed actions are intended to preserve the low- to mid-rise character of the East Village and Lower East Side neighborhoods while focusing new development in specific areas that are more suitable for new residential construction and providing incentives for affordable housing. The proposed actions would expand residential land uses in the primary study area, a land use that is already prominent in the area. The addition of new residents in the study area would expand the customer base and benefit existing businesses. The proposed actions would make the area more attractive to visitors and local residents, and would not impede efforts to attract investment to the area, or create a climate for disinvestment.

Conclusion

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

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the *CEQR Technical Manual*, a significant adverse impact may occur if an action would measurably diminish the viability of a specific industry that has substantial economic value to the city's economy. As an example, the *CEQR Technical Manual* cites new regulations that prohibit or restrict the use of certain processes critical to certain industries. The following preliminary analysis is illustrated based on screening criteria presented in Section 323, Chapter Three of the *CEQR Technical Manual*.

1. ***Would the proposed actions significantly affect business conditions in any industry of any category of business within or outside the study areas?***

There are 10 existing businesses located on one projected development site that could be displaced if this site is redeveloped as assumed under the RWCDS. Such potential displacement, however, would be subject to lease terms and agreements between private firms and property owners existing at the time of redevelopment. These 10 businesses vary and are not particularly concentrated in one specific industry. They conduct a variety of business activities including retail, banking, food service, and real estate sales. The products and services offered by the businesses that could be displaced are not essential to the viability of other businesses within or outside of the study areas. Therefore, there would not be an adverse effect on any specific industry within or outside the study areas.

The proposed actions would include a text amendment to the *Zoning Resolution* to protect existing ground-floor commercial uses that currently exist as legal non-conforming uses in the R7-2 districts. Typically, ground-floor retail uses (use group 6) are not permitted in R8B districts; however, this amendment would allow the uses to remain in R8B districts in Manhattan Community District 3. Therefore, the proposed actions would not result in an adverse impact on the local service and retail industry.

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

As stated above, no particular industry would be affected by the proposed actions. There are 10 existing businesses located on one projected development site that could be displaced if this site is redeveloped as assumed under the RWCDS. Such potential displacement, however, would be subject to lease terms and agreements between private firms and property owners existing at the time of redevelopment. These firms employ an estimated 61 workers, which account for only 0.3 percent of the employment in the primary study area. Furthermore, while the proposed actions are not expected to cause indirect displacement, any indirect displacement that may occur would not be concentrated in a particular industry. Therefore, there would not be an adverse impact on a particular industry or category of businesses.

Conclusion

Based on the preliminary assessment discussed above, the proposed actions would not have the potential to have an adverse impact on specific industries within the study areas. The 10 businesses located on sites where displacement could occur if they are redeveloped as assumed under the RWCDS represent a variety of industries and their employees account for only a small fraction of the total employment in the primary study area. Therefore, there would be no significant impact on specific industries. ✷