Chapter 3: Socioeconomic Conditions

A. INTRODUCTION

This chapter assesses whether the proposed project would result in significant adverse impacts to the socioeconomic character of the area surrounding the project block. The analysis updates changes in background conditions since the 2001 *FEIS* and assesses whether any changed background conditions and the differences in program elements between the proposed development program and those assessed in the 2001 *FEIS* for the project block would result in any significant adverse impacts on socioeconomic conditions that were not previously identified in the 2001 *FEIS*.

As described in the 2012 *CEQR Technical Manual*, the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Although some socioeconomic changes may not result in environmental impacts under CEQR, they are disclosed if they would affect land use patterns, low-income populations, the availability of goods and services, or economic investment in a way that changes the socioeconomic character of the area.

In accordance with 2012 *CEQR Technical Manual* guidelines, this socioeconomic analysis considers five specific elements that can result in significant adverse socioeconomic impacts: (1) direct displacement of residential population on a project site; (2) direct displacement of existing businesses or institutions on a project site; (3) indirect displacement of residential population in a study area; (4) indirect displacement of businesses or institutions in a study area; and (5) adverse effects on specific industries.

PRINCIPAL CONCLUSIONS

This analysis finds that the proposed project would not result in any significant adverse impacts to the five areas of socioeconomic concern prescribed in the 2012 *CEQR Technical Manual* (numbered above) that were not addressed in the 2001 *FEIS*. Consistent with the findings in the 2001 *FEIS*, the proposed project would not result in any significant adverse impacts on socioeconomic conditions. The following summarizes the conclusions drawn from the analysis.

DIRECT RESIDENTIAL DISPLACEMENT

The proposed project would not directly displace any residents from the project block, and therefore there would be no significant adverse impacts from the proposed project due to direct residential displacement.

DIRECT BUSINESS DISPLACEMENT

The proposed project would displace the mini-storage business currently located on projected development site 2, which would displace approximately 7 employees. This number of

employees would be less than the 2012 *CEQR Technical Manual* threshold of more than 100 employees for a detailed analysis of direct business displacement. Because the proposed project would not displace more than 100 employees, there would be no significant adverse impacts from the proposed project due to direct business displacement.

INDIRECT RESIDENTIAL DISPLACEMENT

According to the 2012 *CEQR Technical Manual*, if a project would introduce a more costly type of housing compared to existing housing and the housing expected to be built in the future without the proposed project condition, then the new population may be expected to have higher incomes. In accordance with 2012 *CEQR Technical Manual* guidelines, this analysis compares the type of housing introduced by the proposed project to the type of housing that would exist in the future without the proposed project to provide an indicator for future income levels in the ¼-mile study area. Within the ¼-mile study area, there is already an existing trend toward more costly housing and a higher income population, as demonstrated by recently built high-end residential developments and a dramatic increase in median household income from 1999 to 2009. The proposed project would introduce housing comparable to existing residential developments and developments expected in the future without the proposed project. Furthermore, the proposed project's affordable housing component would introduce a population with incomes that more closely reflect those of lower income households in the ¼-mile study area. Overall, the proposed project would not introduce a new population with higher average incomes compared to those of the existing population and any new population expected to reside in the ¼-mile study area without the project. In addition, the project-generated population would represent less than 5 percent of the ½-mile study area population, and therefore would not introduce a population that could substantially affect residential market conditions in the ½-mile study area. Therefore, the proposed project would not result in any significant adverse impacts due to indirect residential displacement.

INDIRECT BUSINESS DISPLACEMENT

According to the 2012 *CEQR Technical Manual*, an assessment of indirect business displacement is warranted when a proposed project would result in more than 200,000 square feet of commercial development or retail, or if a project may affect conditions in the real estate market not only on the project site, but also in a larger area. The proposed project would not introduce more than 200,000 square feet of commercial development or retail uses compared to the future without the proposed project, nor would it have the potential to affect conditions in the commercial real estate market as it would introduce commercial and retail uses that are not markedly different from uses in the surrounding area. Therefore, there would be no significant adverse impacts from the proposed project due to indirect business displacement.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

The proposed project would not significantly affect business conditions in any specific industry or any category of businesses, nor would it indirectly reduce employment or impair the economic viability of any specific industry or category of business. Therefore, there would be no significant adverse impacts from the proposed project due to adverse effects on specific industries.

B. SUMMARY OF 2001 FEIS FINDINGS

At the time of the 2001 *FEIS*, the methodology for a socioeconomic conditions analysis differed from that in the 2012 *CEQR Technical Manual* and, therefore, the 2001 *FEIS* was not organized according to the five areas of socioeconomic concern described above. The socioeconomic conditions analysis in 2001 *FEIS* addressed the potential effects of the direct displacement of businesses on the project block and the employment and fiscal benefits of the construction and operation of the office-office and office-residential scenario. The potential for secondary (indirect) residential and business displacement was assessed in the neighborhood conditions analysis of the 2001 *FEIS*.

With respect to business displacement, the 2001 *FEIS* found that the development of either the office-office or office-residential scenarios would result in the displacement 6 businesses containing approximately 372 employees. The 2001 *FEIS* found that the displaced businesses had identified or were seeking alternate locations for their operation, and that their displacement would not result in any significant adverse impacts to socioeconomic conditions.

With respect to employment and fiscal benefits, the 2001 *FEIS* found that the construction and operation of either the office-office or the office-residential scenario would result in an increase in employment on the project block, new economic activity and additional tax revenues.

With respect to secondary residential displacement, the 2001 *FEIS* found that there was a long-established trend toward the development of market-rate residential units that would continue with or without the project. In addition, the project's affordable units would provide a mix of housing similar to that in recently completed residential projects north of the project block, and the project would be largely removed from the residential Clinton community. The 2001 *FEIS* concluded that the development of the office-residential scenario would not be expected to result in off-site secondary displacement of residential tenants.

The 2001 *FEIS* also found that the modest amount of retail space in either scenario would serve the project block and the West 57th Street corridor, and would not compete substantially with retail concentrations on Ninth or Tenth Avenues.

Overall, the 2001 *FEIS* did not identify any significant adverse impacts on socioeconomic conditions as a result of the development of the project block.

C. ANALYTICAL FRAMEWORK

As discussed in Chapter 1, "Project Description," the analyses in this SEIS compare conditions in the future without the proposed project to conditions in the future with the proposed project. The future without the proposed project scenario in all technical areas assumes that none of the discretionary actions now being sought by the applicant are approved. Absent those approvals, it is assumed that development on the projected development sites would be within the envelope of the development analyzed in the 2001 *FEIS*, but with a commercial building containing approximately 331,300 gsf of office use, 67,500 gsf of retail use and 239 public parking spaces on projected development site 1. (Absent the approvals, there would be no change in the assumed development of projected development site 2—the existing mini-storage building would remain). The assumption regarding projected development site 1 is based on the fact that the applicant has applied for a building permit for such a building (the permitted building). The permitted building can be constructed under the land use approvals granted in 2001 without further discretionary approvals or actions. It would be smaller than that which is permitted under

current zoning, and, accordingly, assuming that development on projected development site 1 as a basis for comparing the impacts of the proposed project to the future without the proposed project is more conservative than using the more fully built out development scenario that was analyzed in the 2001 *FEIS*.

D. METHODOLOGY

Under CEQR, the socioeconomic character of an area is defined by its population, housing, and economic activities. The assessment of socioeconomic conditions usually distinguishes between the socioeconomic conditions of an area's residents and businesses. However, proposed projects 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 may cause indirect displacement of residents or businesses.

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 project, which ultimately could make existing housing unaffordable to lower income residents; a similar turnover of industrial to higher-rent commercial tenancies induced by the introduction of a successful office project in an area; or the flight from a neighborhood that can occur if a proposed project creates conditions that break down the community (such as a highway dividing the area).

Even if projects do not directly or indirectly displace businesses, they may affect the operation of a major industry or commercial operation in the city. In these cases, CEQR review may assess the economic impacts of the project on the industry in question.

DETERMINING WHETHER A SOCIOECONOMIC ASSESSMENT IS APPROPRIATE

Under CEQR, a socioeconomic assessment should be conducted if a project may be reasonably expected to create substantial socioeconomic changes within the area affected by the project that would not be expected to occur without the project. According to the 2012 *CEQR Technical Manual*, the following circumstances would typically require a socioeconomic assessment:

- If the project would directly displace residential populations so that the socioeconomic profile of the neighborhood would be substantially altered.
- If the project would directly displace more than 100 employees, or if it would directly displace a business or institution that is unusually important as follows:
  - Its products or services are uniquely dependent on its location;
  - 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; or

- It serves a population uniquely dependent on its services in its present location.

If any of these possibilities cannot be ruled out, an assessment should be undertaken.

- If the project would result in substantial new development that is markedly different from existing uses, development, or activities within the neighborhood. Such a project 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.
- The project would add to, or create, a retail concentration that may draw a substantial amount of sales from existing businesses within the study area to the extent that certain categories of business close and vacancies in the area increase, thus resulting in a potential for disinvestment on local retail streets. Projects resulting in less than 200,000 square feet of retail on a single development site would not typically result in socioeconomic impacts. For projects exceeding these thresholds, an assessment of the indirect business displacement due to market saturation is appropriate.
- Notwithstanding the above, if the project may affect conditions in the real estate market not only on the site anticipated to be developed, but in a larger area, and 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.
- If the project may adversely affect economic conditions in a specific industry.

If a project would exceed any of these initial thresholds, an assessment of socioeconomic conditions is generally appropriate. The proposed project would result in the development of more than 200 residential units compared to the future without the proposed project and the previously approved project, and therefore a socioeconomic analysis of the potential for indirect residential displacement is warranted.

ANALYSIS FORMAT

Following 2012 *CEQR Technical Manual* guidelines, the socioeconomic analysis begins with a preliminary assessment. The purpose of the preliminary assessment is to learn enough about the effects of the proposed project to either rule out the possibility of significant adverse impacts, or determine that a more detailed analysis is required to resolve the issue. A detailed analysis, when required, is framed in the context of existing conditions and evaluations of the future without the proposed project and the future with the proposed project by the project build year. In conjunction with the land use task, specific development projects that occur in the area in the future without the proposed project are identified, and the possible changes in socioeconomic conditions that would result, such as potential increases in population, changes in the income characteristics of the study area, new residential developments, possible changes in rents or sales prices of residential units, new commercial or industrial uses, or changes in employment or retail sales. Those conditions are then compared with the future with the proposed project to determine the potential for significant adverse impacts. For all five areas of socioeconomic concern—direct residential displacement, direct business displacement, indirect residential displacement, indirect business and institutional displacement, and adverse effects on specific industries—a preliminary assessment was sufficient to conclude that the proposed project would not result in any significant adverse socioeconomic impacts.

STUDY AREA DELINEATION

Residential and business displacement impacts are considered to be significant if changes are large enough to adversely affect the character of the neighborhood. Therefore, this chapter's analysis compares the levels and types of economic activities that would be generated by the proposed project to those of a broader study area to determine whether potential displacement could result in substantial changes to the overall socioeconomic conditions within the study area.

Following 2012 *CEQR Technical Manual* guidelines, the socioeconomic study area mirrors the land use study area and approximates the ¼-mile perimeter surrounding the project site. The socioeconomic study area includes all census tracts where at least 50 percent of the tract's residential units are within ¼-mile of the project site. The socioeconomic ¼-mile study area includes Census Tracts that most closely describe the ¼-mile perimeter around the project site: Census Tracts 135, 147, and 151 (see **Figure 3-1**). In addition, the assessment of indirect residential displacement considers the proposed project's effect on the population of a ½-mile study area, comprised of Census Tracts 133, 135, 139, 145, 147, 149, 151, and 155.

DATA SOURCES

Information used in the socioeconomic analysis includes data from the U.S. Census Bureau's 2010 Census, 2000 Census, 2005-2009 American Community Survey (ACS), the CitiHabitats "*Rental Market Analysis August 2011*," and data from Miller Samuel, Inc., a respected New York City real estate appraiser.

E. PRELIMINARY ASSESSMENT

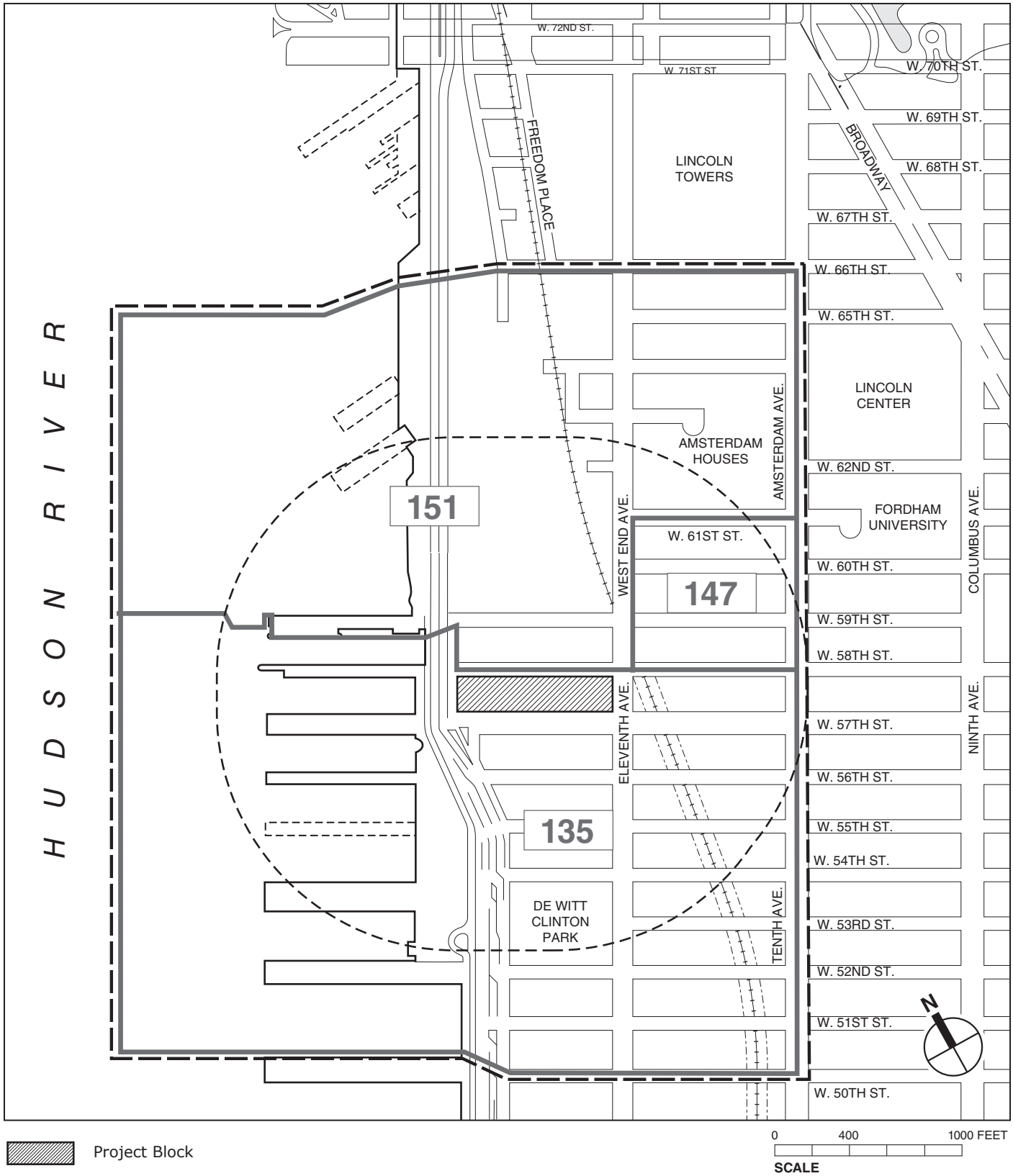
This section examines the five areas of socioeconomic concern in relation to the proposed project. For all five issue areas—direct residential displacement; direct business and institutional displacement; indirect residential displacement; indirect business and institutional displacement; and adverse effects on specific industries—the preliminary assessment rules out the possibility that the proposed project would have a significant adverse impact as defined in the 2012 *CEQR Technical Manual*.

DIRECT RESIDENTIAL DISPLACEMENT

The proposed project would not directly displace any residents from the project block. Therefore, there would be no significant adverse impacts from the proposed project due to direct residential displacement, and no further analysis is warranted.

DIRECT BUSINESS DISPLACEMENT

The proposed project would displace the mini-storage business currently located on projected development site 2, which is estimated to contain approximately 7 employees. According to the 2012 *CEQR Technical Manual*, if a proposed project would directly displace more than 100 employees, an assessment of direct business displacement should be conducted. Because the proposed project would not displace more than 100 employees, there would be no significant adverse impacts from the proposed project due to direct business displacement, and no further analysis is warranted.



Socioeconomic Conditions Study Area

625 WEST 57TH STREET

Figure 3-1

INDIRECT RESIDENTIAL DISPLACEMENT

In most cases, indirect residential displacement is caused by increased property values generated by a project, which then results in higher rents in an area, making it difficult for some existing residents to continue to afford their homes. This preliminary assessment follows the step-by-step analysis described in Section 322.1 of the 2012 *CEQR Technical Manual.*

Step 1: Determine if the proposed project would add new population with higher average incomes compared to the average incomes of the existing populations and any new population expected to reside in the study area without the project.

According to the 2012 *CEQR Technical Manual*, if a project would introduce a more costly type of housing compared to existing housing and housing expected to be built in the future without the project, then the new population may be expected to have higher incomes. Because ¼-mile study area household incomes in the future with and without the proposed project are unknown, this analysis compares the type of housing introduced by the proposed project to the type of housing that would exist in the future without the proposed project to provide an indicator for future income levels in the ¼-mile study area. This analysis presents the most recent available data on median household income for the ¼-mile study area and considers housing sales prices and rents in the study area.

According to 2005-2009 ACS data, the median household income for the ¼-mile study area was $78,105 (see **Table 3-1**). This was higher than the median household income in Manhattan ($70,552) and significantly higher than the median household income in New York City ($52,977). Census data indicates that household incomes have risen dramatically in the study area, increasing by approximately 38.5 percent since 1999, compared to an increase of 6.2 percent in Manhattan and a decrease of 2.1 percent in New York City as a whole. The increase in median household incomes indicates that there is an existing trend toward higher incomes in the study area.

Table 3-1
Median Household Income (1999, 2004-2009)

	1999	2004-2009	% Change
¼-Mile Study Area[1]	$56,389	$78,105	38.5%
Manhattan	$66,442	$70,552	6.2%
New York City	$54,099	$52,977	-2.1%

Notes: [1] Median household income for the study area was estimated based on a weighted average of median household incomes for the Census Tracts in the study area.
[2] The ACS collects data throughout the period on an on-going, monthly basis and asks for a respondent's income over the "past 12 months." The 2005-2009 ACS data reflects incomes over 2004 and 2009. Census 2000, however, reflects income data over the prior calendar year (1999). The median household income is presented in 2011 dollars using an average of the U.S. Department of Labor's August 2011 Consumer Price Indexes for the "New York-Northern New Jersey-Long Island Area."
Sources: U.S. Census Bureau, 2000 Census, Summary File 3; 2005-2009 American Community Survey; AKRF, Inc.

Another indicator of income levels in an area is the type of housing that exists and that would be constructed in the future. Within the ¼-mile study area, there is already an existing trend toward more costly housing and a higher income population, as demonstrated by recently built high-end residential developments. Such developments include the Mercedes House at 555 West 53rd Street, 10 West End Avenue, the Element at 555 West 59th Street, Archstone Clinton at 505 West 54th Street, the Adagio at 239 West 60th Street, the Sessanta at 229 West 60th Street, and ongoing development as part of the Riverside South project. According to data from

CitiHabitats, a leading rental brokerage in New York City, current average rents in the Midtown West and Upper West Side submarkets, which include the ¼-mile study area, range from $1,976 for studios to $5,817 for three-bedroom units.[1] Data from Miller Samuel, Inc., a respected New York City real estate appraiser, indicates that condominium and cooperative units sold in the second quarter of 2011 in the Lincoln Center and Midtown West submarkets (which include the study area) had average sales prices of approximately $2,124,000 and $1,179,000, respectively, and median sales prices of $1,125,000 and $855,000, respectively.[2]

In the future with the proposed project, the applicant intends to build up to 863 new residential units on the project block, including up to 753 residential units on projected development site 1, of which 602 would be market-rate (80 percent) and up to 151 would be affordable (20 percent of the units), as well as up to an additional 110 market-rate residential units resulting from the conversion of the mini-storage facility on projected development site 2. The affordable housing units would rent at prices below most existing market-rate rents in the ¼-mile study area, while the market-rate units would likely rent at the high end of the market. Although their price-point would likely be more costly than that for older housing stock in the ¼-mile study area, it would be comparable to the price-point for the recently built market-rate residential units in the study area, as well as new developments that are planned to be in place by 2015.

The recently built high end residential developments in the ¼-mile study area indicate that the area is already experiencing an ongoing trend toward more costly housing and a higher income population. The proposed project would represent a continuation of this trend. As noted above, if a project would introduce a more costly type of housing compared to existing housing and the housing expected to be built in the future without the proposed project condition, then the new population may be expected to have higher incomes. In this case, the proposed project would introduce housing comparable to existing residential developments and developments expected in the future without the proposed project. Furthermore, the proposed project's affordable housing component would help introduce a population with incomes that more closely reflect those of lower income households in the study area. Therefore, the project would not introduce a new population with higher average incomes compared to those of the existing population and any new population expected to reside in the study area without the project.

Although the proposed project would not introduce a new population with higher average incomes, Step 2 of the preliminary assessment is provided below to demonstrate that the size of the proposed project's population would not be large enough relative to the surrounding area to affect real estate market trends.

Step 2: Determine if the project's increase in population is large enough relative to the size of the population expected to reside in the study area without the project to affect real estate market conditions in the study area.

According to the 2012 *CEQR Technical Manual*, a population increase of less than 5 percent of the total study area population would generally not be expected to change real estate market

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[1] CitiHabitats; *Rental Market Analysis August 2011*. http://www.citi-habitats.com/media/pdf/RMA8-11.pdf. CitiHabitats defines Midtown West as the area bounded by West 59th Street, West 42nd Street, Fifth Avenue, and the Hudson River. The Upper West Side is defined as the area west of Central Park from West 59th to West 110th Street.

[2] Miller Samuel Aggregate Data Search Engine; http://aggregate-data.millersamuel.com/. Accessed September 27, 2011.

conditions; however, a population increase greater than 10 percent of the study area would warrant a detailed analysis. According to Census data, the ¼-mile study area population was 17,657 residents in 2010. The proposed project would introduce a net increase of up to 863 residential units on the projected development sites. Based on a weighted average household size of 1.64 persons for Manhattan Community Board 4, the additional 863 dwelling units would add an estimated 1,415 residents to the study area. This change in population would constitute an 8.0 percent increase in the ¼-mile study area population.

However, according to the 2012 *CEQR Technical Manual*, a project that would result in a relatively large increase in population may be expected to have potential indirect effects on a larger study area. In these cases, a ½-mile study area may be appropriate. Therefore, this assessment presents population data for a ½-mile study area around the project site. The ½-mile study area includes Census Tracts 133, 135, 139, 145, 147, 149, 151, and 155. According to Census data, the ½-mile study area population was 53,856 residents in 2010 (see **Table 3-2**).

Table 3-2
2000 and 2010 Population

Study Area	2000	2010	Percent Change
½-Mile Study Area	45,050	53,856	19.5%
Manhattan	1,537,195	1,585,873	3.2%
New York City	8,008,278	8,175,133	2.1%

Sources: U.S. Census Bureau, 2000 Census, Summary File 1; 2010 Census, Summary File 1; AKRF, Inc.

As discussed above, the proposed project would introduce an additional 1,415 residents in the study area. This new population would constitute approximately 2.6 percent of the ½-mile study area population. Moreover, when the additional population that would be introduced by planned development projects in the future without the proposed project is accounted for, the proportion of the ½-mile study area population would be even smaller. Because this increase is lower than the 5 percent threshold defined by the 2012 *CEQR Technical Manual*, the proposed project is not expected to substantially change the demographic composition or alter real estate market conditions in the surrounding area. In addition, by allocating 20 percent of the units within the proposed building on projected development site 1 to affordable housing, the proposed project would help introduce a population with incomes that more closely reflect those of lower income households in the study area.[1]

Therefore, the proposed project would not result in any significant adverse impacts due to indirect residential displacement, and further analysis in Step 3 of the preliminary assessment is not warranted.

INDIRECT BUSINESS DISPLACEMENT

According to the 2012 *CEQR Technical Manual*, an assessment of indirect business displacement is warranted when a proposed project would result in more than 200,000 square

[1] The conclusions of the analysis of indirect residential displacement would not change even without the New York State Housing Finance Agency "80/20" Housing Program and New York City Department of Housing Preservation and Development's 421-a Affordable Housing Program because, as described in Chapter 1, "Project Description," the overall number of units in the proposed project would not change and the increase in study area population due to the proposed project would not be of a size that would have the potential to substantially alter real estate market conditions in the surrounding area.

feet of commercial development or retail, or if a project may affect conditions in the real estate market not only on the project site, but also in a larger area. The proposed project would not introduce more than 200,000 square feet of commercial development compared to the future without the proposed project. The proposed project would also not have the potential to affect conditions in the commercial real estate market as it would introduce commercial and retail uses that are not markedly different from uses in the surrounding area. In addition, since the project would introduce less than 200,000 square feet of retail, it would not be anticipated to create a retail concentration that may draw a substantial amount of sales from existing business within the ¼-mile study area. Therefore, there would be no significant adverse impacts from the proposed project due to indirect business displacement, and no further analysis is warranted.

ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the 2012 *CEQR Technical Manual*, if a proposed project may adversely affect economic conditions in a specific industry, an assessment of these potential effects may be warranted. The proposed project would not significantly affect business conditions in any specific industry or any category of businesses, nor would it indirectly reduce employment or impair the economic viability of any specific industry or category of business. Therefore, there would be no significant adverse impacts from the proposed project due to adverse effects on specific industries, and no further analysis is warranted. ✷