

Borough Board Atlantic Yards Committee

Summary of the January 25, 2006 Meeting on Socioeconomic Conditions

Borough Board Atlantic Yards Committee Members in Attendance:

Borough President Marty Markowitz
Assembly Member Joan Millman
Community Board 6 Chair Jerry Armer
Community Board 8 Chair Robert Matthews

Supporting Staff

Greg Atkins, Office of Borough President Marty Markowitz
Richard Bearak, Office of Borough President Marty Markowitz
Ellen Oettinger, Office of Borough President Marty Markowitz
Carlos Menchaca, Office of Borough President Marty Markowitz
Kate Suisman, Office of Council Member Letitia James
Mary Lou Bradley, Office of Council Member David Yassky
Sam Cooper, Office of Assembly Member Joan Millman
Robert Perris, District Manager, Community Board 2
Doris Alexander, District Manager, Community Board 8

Guests & Panelists

Barry Dinerstein, NYC Department of City Planning
Mafruza Khan, Pratt Center for Community Development
George Sweeting, Independent Budget Office
Dr. Mindy Fullilove, Columbia University

I. Discussion with the Panel

See below questions and topics covered during the panel covering Socioeconomic Conditions.

a. Discussion with Barry Dinerstein, NYC Department of City Planning; Mafruza Khan, Pratt Center for Community Development; George Sweeting, Independent Budget Office; and Dr. Mindy Fullilove, Columbia University

[Marty Markowitz] David Jones of the Community Service Society wasn't able to be here today, but as questions arise that the Committee would like to address, we can forward to his office.

We have two specialists to talk about other issues that are not specifically addressed in the environmental review. At prior meetings, members of the Committee requested that we have experts to discuss the subsidies involved in the project and the possible use of eminent domain. We have with us today Mr. George Sweeting from the Independent Budget Office to discuss the financials of the project and Dr. Mindy Fullilove from Columbia University, a specialist in displacement.

My office also received a request to have a speaker discuss live-work space for artists in this area. My staff has been reaching out to City agencies and other organizations, but if members of the Committee have any suggestions or contacts that could discuss this issue, please let me or my staff know. We would like to address the effects of this project on the issue of artist live-work space.

Can you start us off with an overview of what is required in an EIS relating to socioeconomic conditions and what are the methods for this analysis?

B. Dinerstein: Thank you. The city is not involved in the preparation of the EIS for Atlantic Yards – it's a State document. City Planning staff is advising the city on urban design and open space, but not the review. The State follows its own guidelines. In the city, most state projects have followed the city guidelines of CEQR. Guidelines are available online, on the Office of Environmental Coordination (OEC) website. The state follows these guidelines, with some exceptions. The firm AKRF is preparing the Atlantic Yards EIS. AKRF has done many documents for city projects and is well aware of the guidelines of CEQR.

Analyzing socioeconomic conditions is a complex process. I'll go over the key points. There are three things looked at as part of socioeconomic review: Direct or primary displacement for businesses and residents; indirect displacement of businesses and residents; and, the project's adverse effects on specific industries, if any. You establish what the baseline conditions are in the neighborhood using Census data, employment data, State Department of Labor data, journey to work data, and sometimes surveys of businesses and residents. You also assess real estate with field visits, interviews with experts, residents and industries and analyze land use data.

The next phase looks at how conditions are likely to change as a result of the project. We try to give some notion to guide decision-makers on what is likely to happen as a result of the project. We typically use the most conservative assumption of what might happen, trying to answer questions such as: What are likely to be the socio-economic status of new residents? Is this different from existing residents? Will rents rise? Are there populations in the area that couldn't afford rent increases? Are there vulnerable populations in the area? Would commercial & industrial sites be developed? Would businesses potentially be displaced if commercial rents rise or fall? Would this affect certain industries?

Once we determine if one of those will happen, we determine if the displacement is significant. It will change, but will it reach a threshold of significant effect? There is no defined threshold of significant effects; the preparers use professional judgment. In the Greenpoint-Williamsburg rezoning we came to the conclusion that displacement did rise to the threshold level. Part of the EIS said it is possible that with this project, there could be vulnerable populations. For businesses, the criteria is not as strict. Businesses open and close all the time for different reasons. The CEQR guidelines state that if a business will be displaced, it must be disclosed. In order for it to be significant, the business or industry has to have substantial economic value to the region. For instance, if the Stock Exchange, the Garment Center or the Theater District closed, that would be significant enough to list as an adverse effect.

I recommended that the EIS should establish a baseline displacement rate that reflects how the community has changed significantly in the five years since the last Census. What is the probability that the EIS might include such a discussion?

M. Khan: The EIS can include many things – if it is defined in the scope, it should be considered. PICCED identified that in our report last year. Between 1990 and 2000, the neighborhood experienced change similar to overall Brooklyn trends, a significant demographic shift. More white, affluent, smaller households, but still the neighborhood is 50% below poverty rate. See if those trends are consistent between 2000 and 2005. That data should be incorporated.

Can you share with us from your studies some best practices about alleviating the possible impacts of residential and commercial displacement?

Dr. Fullilove: We don't have best practices. We have had displacements for 70 years, and we've tending to repeat the same pattern. We abolish slum neighborhoods and push them out, and very little new housing is built for them. It's considered an improvement to the city, because blight is no longer blight, but as far as I can tell, there is no assessment of impact on the relocated populations. This has led to a low-income housing famine. Massive problems for the poor, but are moved to a place that becomes the next blighted slum, where they are then moved again.

I worked in Pittsburgh with people from a federal housing project that were in danger of being moved again. This is psychologically stressful and sociologically disruptive. Certainly, what's obvious to me is that the displacement follows patterns of segregation. They're already suffering from lack of access to city resources, but when they're moved they'll be placed in red line areas. In a post urban renewal situation, these populations are still vulnerable. We face very serious problems.

This EIS does not address the health consequences of displacement, especially psychological consequences of displacing vulnerable populations. We're in a very serious situation.

According to the Independent Budget Office's analysis, this project would result in a small net fiscal gain for the City over thirty years. If you evaluated on the basis of the commercial and retail sections, would it result in a bigger net gain for the City?

G. Sweeting: Our paper focused solely on the arena, generally to make analysis easier. We had data on the arena, and we had a good idea of arena subsidies. We found a small net gain. We didn't look at the full project, because it would require speculating on new incomes of new residents and what happens to rent levels. If we did an impact on that, we'd have to speculate where the jobs come from, elsewhere in the city, outside the city? What happens to their apartments when they move? It made our job easier to throw those out.

Given that we found a positive fiscal impact from the arena by itself, and the arena gets the most special benefits, most subsidies on the non-arena portion are as-of-right that any developer would get. We don't count that since anyone developing that property would get them. It's an almost certainty that we would have found a larger net fiscal benefit for the city had we evaluated the entire project.

I've heard rumors that there was going to be an affordable housing component off-site. How would that affect the gentrification in the area?

B. Dinerstein: The City isn't doing the EIS, and I have not been involved in this project directly. I can't really comment on the project, because I don't know much about it.

Secondary effects of the housing market must be fully explored. What extent will the economic activity in the project area increase the demand for housing in the surrounding areas, and thus the displace more residents from the surrounding areas?

B. Dinerstein: They're doing the study now; once it's done we can look and see what their conclusions are. The issue is, will this population new to the area be substantially different than the current population in the surrounding area? Will the moderate income population in the area who are not in rent-protected units, will those people's rents rise to where they will no longer be able to afford their homes?

There are some very small owners of buildings not far from this project who have done massive rehab, rented with the proviso that should something change, they will be given three months notice while the developer will turn this property into coops or condos.

B. Dinerstein: Well, the first issue is to determine how many units are not protected. Second, how many owners are moderate income or poor and would be at risk? The EIS will look at that. Remember, this is only a disclosure document, looking at what the number is, not necessarily solving the problem.

I think you said that to take a look at 1990 to 2000 census, that the neighborhood was less minority and more white. In light of that, is that at-risk population declining by itself without the Atlantic Yards project? Dr. Fullilove, you said that we don't have best practices for taking care of people. What should we be looking for? Our concern is not only for when this is built, but for long-term effect.

Dr. Fullilove: In the US we aren't [taking care of people]. It's an enormously important question. In American cities there are areas of investment and areas of disinvestment. The spread of resources typically follows the pattern of redlining such that minority neighborhoods get less. Poor

minority neighborhoods get least, moderate minority neighborhoods get a little more. Part of best practices is to stop moving populations. The idea that what you do to fix slums is to bulldoze them is a violent ecological solution. It increases diseases, infectious diseases, and social expressions of disorder such as violence. Best practices are doing small projects that nurture growth in selected areas. Sometimes you do have to displace people. On a small scale you can manage the displacement. You don't count the fact that people lose social networks, that people lose culture. It should be very expensive to displace people. There's a parallel to New Orleans, urban renewal – Federal Housing Act in 1949. Jazz is created by people living together in a place. If you destroy the place, you destroy that culture. Brooklyn culture was focused on the Dodgers stadium – the loss of that culture was an effect, and just as bad for LA when they moved the Dodgers stadium in.

In a post urban renewal world, it's worse because it's the same people. Compensate them at the true level of what's being lost, and compensate the community that's been injured. What have the people of Brooklyn been given for losing the Dodgers stadium? Then you would be on track for best practices. Most urban renewal sites that I've visited are uninspired design that in no way helped the city. Put effective buildings and spatial organization to strengthen the city.

M. Khan: On a narrower scope, I agree about mass scale of people and cultures. It's not so much investment and blight, it's more the growth that people are having trouble with. Density is a problem. Problems are not large scale removal of people. If there's growth, there's a linkage to a fund or extra real estate taxes, there's one way of mitigating.

The hardest thing for an EIS to do is to establish what exactly the baseline conditions are, and establish what the conditions would look like over time without the project. If those people would have been displaced with current economic conditions, anyway, does the EIS look at that and calculate the displacement of the Atlantic Yards project?

B. Dinerstein: The EIS will examine existing conditions, the future with action and the future without action. For purposes of residential displacement, EIS's tend to be more conservative. Even if there is potential rent increase in the background, it may not necessarily be related to the project. CEQR says you still have to consider that as part of the project. The EIS must be absolutely conservative about the populations that are at risk. In the end for the moderate income people, if they lose their home for this project or not, it doesn't matter.

Dr. Fullilove: And again, health is not part of the socioeconomic impact study, but it becomes part of the impact. Slow changes are much easier for people to process and manage. So the ill effects on health from slow changes are different from changes on ecological disruptions. So even if those changes happened over time, it's different.

We hear a lot from small businesses on Fulton Street, in Prospect Heights. They are concerned about construction and post construction conditions. How can the small business community work as a whole? What mitigation can be done?

M. Khan: You have to be very deliberate and plan. There are no shortcuts. The trend is that big box stores will displace small businesses. How can you make sure that neighborhood services don't get wiped out? The answer is to make the process inclusive enough to make it work.

What about during construction?

M. Khan: That's another issue that should be addressed by the EIS, in the construction impacts section.

G. Sweeting: On the construction phase, there's one thing that people might want to look at. In Lower Manhattan, with so many construction projects, there was much concern about what it would do to street retail. The Lower Manhattan business community raised the issue that commercial rent tax should be abated on storefront retail. They did not explicitly state it like that, but there have been some changes to the commercial rent tax in Lower Manhattan. It was not officially tied to construction or construction impacts in the law, but it will be close to 10 year construction period there.

Have there been other precedents of merchants coming together to get tax abatements?

G. Sweeting: There are certainly examples of groups getting together – the Queens Center development in the 90s, for example – to argue tax abatement. Commercial rent tax doesn't apply here in Brooklyn. There could be advocacy for treatment of property taxes.

When Smith Street was reconstructed, Community Board 6 went to the City looking for reduction in real estate taxes. We didn't get very far.

[Marty Markowitz to Rob Perris] – Do we have any major retail areas that are impacted during the project other than Flatbush Avenue along the project, on the construction site?

{Rob Perris} The impacts are going to come from where the trucks are coming from, where they're leaving from, where the traffic is tied up, the people avoiding Atlantic Avenue. The indirect impact is not just Fulton Street, but Vanderbilt Avenue will change. Atlantic Avenue may characteristically change.

When EIS looks at indirect impact, does it look at places like Vanderbilt Avenue that is primarily entrepreneurial now that may become an arena fan-catering street? How far west on Atlantic Avenue will it analyze?

B. Dinerstein: I don't know what the scope details will look at, but depending on the project, they will look at commercial streets up to a 1/2 mile outside the project site. No one can say exactly what will happen to the character. This will happen over a long term. Commercial areas change much more slowly than the surrounding residential areas. It's very unlikely that they will have a significant impact on businesses as a result of the project, but it could have a change in the character as a result. Fulton Street has a very unique character; it's possible that there will be change in that character.

There are unique and irreplaceable businesses on at least two sites in study area – across the street from Phase 1 is the Ulano Silkscreen Emulsion factory. 1137 is home to many local food product manufacturers. What is the EIS process for identifying at-risk unique businesses for indirect displacement?

B. Dinerstein: It's important that if there are firms that will potentially go out of business, it should be disclosed in the EIS. If you tell the decision-makers that these businesses are likely to be displaced, it's up to the decision-makers. The purpose of the document is to lay out which businesses are potentially hurt by the project.

You mentioned that the EIS found that Greenpoint-Williamsburg had a significant residential impact on rezoning. There were various anti-displacement measures tied to the rezoning. Are you familiar with any similar steps to address anti-displacement on the state level?

B. Dinerstein: There haven't been that many substantial state projects. Certainly with Times Square, there was a concern. There was a package of projects put into place by the state, funded by the state to work on the displacements. Not as good as the Greenpoint-Williamsburg package, but there were anti-displacement measures.

This developer has pledged for those that live in the footprint will be given first dibs to come back into same buildings at the same rent. We want to look into authenticating this pledge. That will minimize this displacement and preserve the affordable housing that is so needed to maintain the economic diversified community.

Dr. Fullilove: I think pledges are important. The great concern is that they don't follow through. This is a project that if you look at it as a usual form you miss the point. A colleague projects that urban renewal projects in the 50s and 60s cleared 150 acres. The World Trade Center cleared 16 acres. If you think about just the footprint, you're missing the point that you're going vertical. The impacts are going to be vertical. It's meant to be upscale, and it's going to create ripple effects.

The most important effects on the vulnerable populations are going to be ripple. The verticality is the impact. We live in a society where it's good to get things in writing.

It could be argued that businesses will be incentivized to meet the needs of the new population. With new residents of all incomes, and arena visitors for whatever events are going on, the economic spillover – is that studied and projected into the future for the EIS?

B. Dinerstein: Yes, if there's an expectation that the project will spur additional development. If it's expected that there will be more retail or more desirable housing developments, then it needs to be disclosed.

We've been working to get funds for a community review of the EIS. Have you seen that happen before? The community having government assistance or private funding to review an EIS? Is there someone we don't know about?

M. Khan: We've worked with the Community Board at Columbia to do 197-a plan for the community. We do that kind of consultant work. We worked with the Community Board to get funding from the City – the Department of Youth and Community Development. Councilmember Jackson from the area worked to get the funding.

Dr. Fullilove: In South Jersey, there are legal services which has been working with displaced residents from eminent domain. It's worth a call.