A. INTRODUCTION

This chapter considers the potential for the proposed actions to result in significant adverse impacts to the socioeconomic character of the surrounding area. As described in Chapter 1, "Project Description," the applicants, the New York City Department of City Planning (DCP) and SJC 33 Owner 2015 LLC, are proposing a series of discretionary actions (the proposed actions) that would facilitate the redevelopment of St. John's Terminal Building at 550 Washington Street (Block 596, Lot 1) (the development site) with a mix of residential and commercial uses, and public open space (the proposed project) in Manhattan Community District 2. As described in the 2014 *City Environmental Quality Review (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 *CEQR Technical Manual* guidelines, this socioeconomic analysis considers six 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; (5) indirect displacement of businesses due to retail market saturation; and (6) adverse effects on specific industries.

PRINCIPAL CONCLUSIONS

This preliminary analysis finds that the proposed actions would not result in any significant adverse impacts due to changes in socioeconomic conditions. The proposed project would not result in the direct displacement of any residents or businesses or adverse effects on specific industries, and the incremental commercial uses would not represent a substantial new use warranting assessment of potential indirect business displacement. With respect to potential indirect residential displacement, a preliminary assessment finds that the average income of the project-generated population is expected to be less than the current average in the ½-mile socioeconomic study area as well as the future population, given existing trends of increasing incomes in the area. The affordable housing added by the proposed project would maintain a more diverse demographic composition within the study area than would otherwise exist. Therefore, there would be no significant adverse impacts due to indirect residential displacement.

B. METHODOLOGY

Under CEQR, 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. Therefore, the analysis focuses on the *incremental* effects of the proposed actions.

As described in Chapter 2, "Analytical Framework," in the future with the proposed actions (the With Action condition), the development site is assumed to be redeveloped with one of two development programs: the proposed project or the proposed project with big box retail. In addition, under both of these scenarios, the South Site could contain either hotel or office use. As detailed in Chapter 1, "Project Description," the proposed actions could result in: up to 160,000 to 255,000 gross square feet (gsf) of retail uses; 1,334,100 gsf of residential use (1,586 dwelling units); 229,700 gsf of hotel (or office) space; 41,400 gsf of event space; 20,750 square feet of publicly accessible open space, and 412 ~~830~~ 772 accessory parking spaces. In the future without the proposed actions, it is assumed that the St. John's Terminal Building would be demolished and new buildings containing hotel, office and retail uses would be built on the project site. Specifically, the project site would be redeveloped with: 322,000 gsf of retail uses; a 285,000-gsf hotel, 427,000 gsf of commercial office space; and 50,000 gsf of event space, and 176 parking spaces. With the exception of residential use and parking, the incremental development associated with the proposed actions is negative (e.g., there is more retail use planned for the development site in the future without the proposed actions). Therefore, the analysis focuses on the potential effects of the residential use that would be introduced by the proposed actions with either the proposed project or the proposed project with big box retail.

The following screening assessment considers threshold circumstances identified in the *CEQR Technical Manual* and enumerated below that can lead to socioeconomic changes warranting further assessment.

1. ***Direct Residential Displacement: Would the project directly displace residential population to the extent that the socioeconomic character of the neighborhood would be substantially altered? Displacement of fewer than 500 residents would not typically be expected to alter the socioeconomic character of a neighborhood.***

   The development site is currently occupied by the St. John's Terminal Building, which does not contain any residential uses. Therefore, there is no potential for direct residential displacement, and further assessment of this concern is not warranted.

2. ***Direct Business Displacement: Would the project directly displace more than 100 employees, or would the project directly displace a business whose products or services are uniquely dependent on its location, are the subject of policies or plans aimed at its preservation, or serve a population uniquely dependent on its services in its present location? If so, assessments of direct business displacement and indirect business displacement are appropriate.***

   While the portion of the St. John's Terminal Building north of Houston Street is largely vacant, the south building is occupied by commercial tenants (office, back office and communications) and is also used as temporary event space (fashion shows, exhibits, etc.).

   In the future without the proposed actions, it is assumed that the St John's Terminal Building would be demolished and new buildings containing hotel, office and retail uses would be built. Because the users of the building would be directly displaced irrespective of the proposed project, an assessment of direct business displacement is not warranted.

3. ***Indirect Displacement due to Increased Rents: Would the project result in substantial new development that is markedly different from existing uses, development, and activities within the neighborhood? 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. For projects exceeding these thresholds, assessments of indirect residential displacement and indirect business displacement are appropriate.***

   The proposed project would result in the introduction of a residential use in excess of 200 units at the project site; therefore, an assessment of potential indirect residential displacement is warranted.

   The proposed project would introduce less retail space, less hotel and event space, and less office space to the development site than the No Action condition. Since the proposed actions would not result in an addition of more than 200,000 square feet of commercial space, an assessment of potential indirect business displacement is not warranted. Even if there were to be office use instead of hotel on the South Site, the proposed project would still be below the analysis threshold.

5. ***Indirect Business Displacement due to Retail Market Saturation: Would the project result in a total of 200,000 sf or more of retail on a single development site or 200,000 sf or more of region-serving retail across multiple sites? This type of development may have the potential to draw a substantial amount of sales from existing businesses within the study area, resulting in indirect business displacement due to market saturation.***

   In the With Action condition, both the proposed project and the proposed project with big box retail would introduce less retail space to the development site than the No-Action condition. Therefore, the proposed actions would not result in a retail increment exceeding 200,000 square feet as compared to the No-Action condition, and an assessment of potential indirect business displacement due to retail market saturation is not warranted.

6. ***Adverse Effects on Specific Industries: Is the project expected to affect conditions within a specific industry? This could affect socioeconomic conditions if a substantial number of workers or residents depend on the goods or services provided by the affected businesses, or if the project would result in the loss or substantial diminishment of a particularly important product or service within the City.***

   The proposed project would not result in development warranting an assessment of direct or indirect business displacement; therefore, an assessment of adverse effects on specific industries is not warranted.

Based on the screening assessment presented above, the proposed project warrants an analysis of indirect residential displacement.

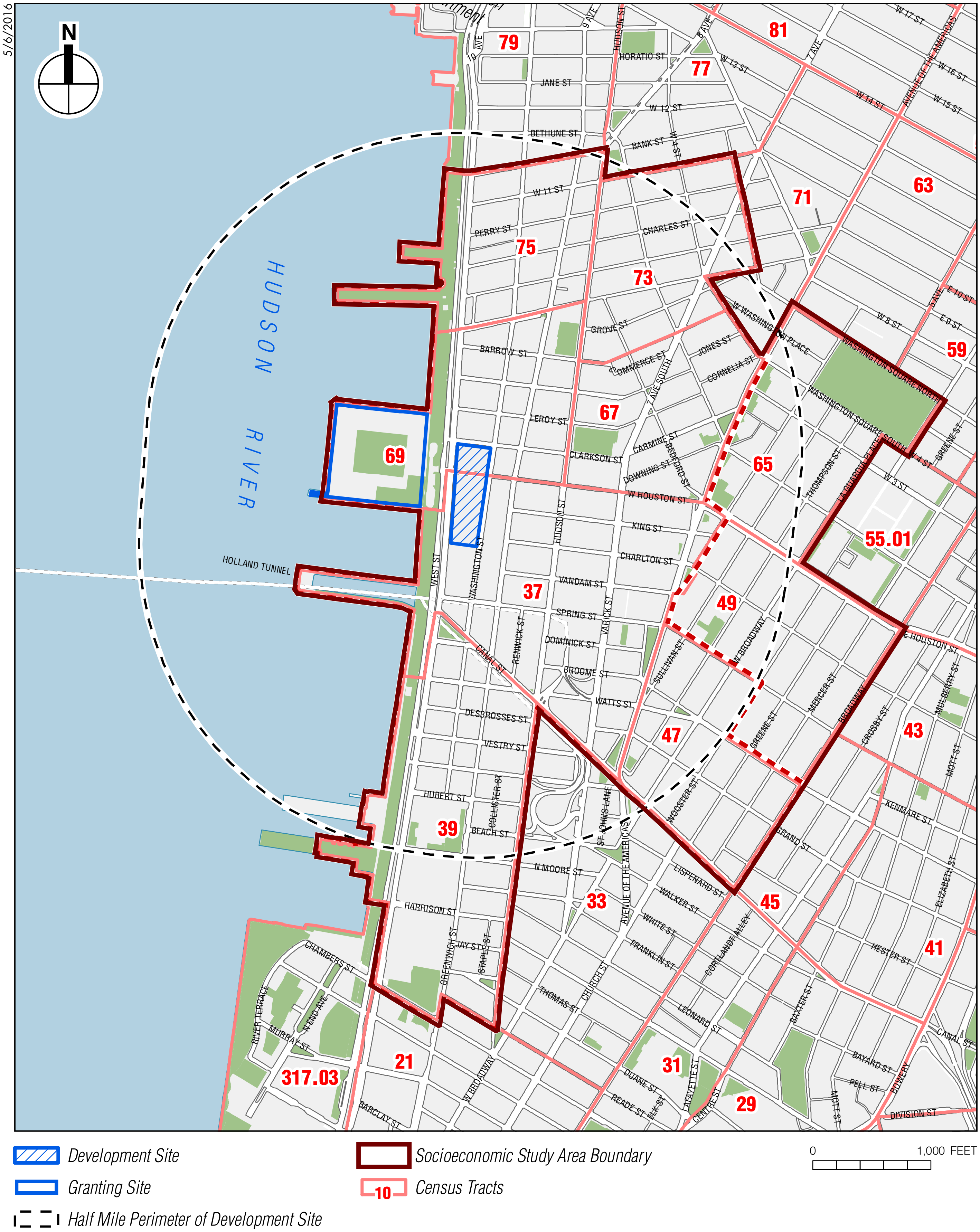
ANALYSIS FORMAT

Following *CEQR Technical Manual* guidelines, the socioeconomic analysis of potential indirect residential displacement begins with a preliminary assessment. The purpose of the preliminary assessment is to learn enough about the effects of the proposed actions 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 actions and the future with the proposed actions by the project build year.

For the analysis of indirect residential displacement presented below, Step 1 of the *CEQR Technical Manual*'s preliminary assessment was sufficient to conclude that the proposed project would not result in any significant adverse socioeconomic impacts.

STUDY AREA DELINEATION

The *CEQR Technical Manual* explains that a ½-mile socioeconomic study area is appropriate for projects that could increase the population by more than five percent as compared with the population expected to reside in a ¼-mile study area in the future without the proposed actions. The proposed project would result in approximately 1,586 residential units, and the projected population within those units would increase the population of the ¼-mile study area by more than 5 percent. Therefore, the study area for socioeconomic conditions approximates a ½-mile perimeter around the development site. Because the analysis examines population and income data, the ½-mile area was modified to reflect census tract boundaries. The ½-mile socioeconomic study area includes Census Tracts 37, 39, 47, 49, 65, 67, 69, 73, and 75 (see **Figure 4-1**). The ½-mile socioeconomic study area is roughly bounded by: Bank Street and West 11th Street to the north; Waverly Place, West 4th Street, Sixth Avenue, LaGuardia Place, 5/6/2016



Socioeconomic Study Area

Figure 4-1

West Houston Street and Hudson Street to the east; Canal Street, Reade Street and Chambers Street to the south; and the Hudson River to the west.

DATA SOURCES

Information used in the socioeconomic analysis includes data from the U.S. Census Bureau's 2010 Census, 2000 Census, and 2009-2013 American Community Survey. Real estate data were obtained from Citi Habitats *Manhattan Residential Rental Market Report* for the third quarter of 2015 and Streeteasy.com, an online property database. In addition, for this analysis field visits to the study area were made in August 2015.

C. INDIRECT RESIDENTIAL DISPLACEMENT

As described in the *CEQR Technical Manual*, indirect residential displacement usually results from substantial new development that is markedly different from existing uses and activity in an area, which causes increased property values in the area. Increased property values can lead to increased rents, which can make it difficult for some existing residents to remain in their homes.

The assessment aims to determine whether the proposed mixed-use building on the development site would either introduce a trend or accelerate an existing trend of changing socioeconomic conditions that may have the potential to displace a residential population and substantially change the socioeconomic character of the neighborhood. This analysis follows step-by-step assessment guidelines of the *CEQR Technical Manual*. As described below and in keeping with *CEQR Technical Manual* guidelines, Step 1 of the preliminary assessment (immediately below) was sufficient to determine that the proposed actions would not result in significant adverse impacts due to indirect residential displacement.

1. Determine if the expected average incomes of the new population would be higher than the average incomes of the existing population and any new population expected to reside in the study area in the future without the proposed project.

As shown in **Figure 4-1**, the ½-mile socioeconomic study area is bounded by: Bank Street and West 11th Street to the north; Waverly Place, West 4th Street, Sixth Avenue, and West Houston Street to the east; Reade Street and Chambers Street to the south; and the Hudson River to the west. The study area includes portions of the neighborhoods of Tribeca, SoHo, and the West Village.

Household incomes are high in the study area, reflecting the established residential markets in these neighborhoods. As shown in **Table 4-1**, in 2015 dollars, the average household income in the study area was $170,615 in 2009-2013, which was nearly 30 percent higher than the Manhattan-wide average of $132,867 and more than double the New York City-wide average of $84,059.

Since 1999, the average household income in the study area has increased by approximately 10.3 percent, while average household incomes in Manhattan as a whole increased by only 2.0 percent (see **Table 4-1**). Average household income decreased by 2.8 percent in New York City as a whole over the same time period.

Table 4-1
Average Household Income (1999, 2009–2013)[1,2]

Area	1999	2009-2013	Percent Change
Study Area[3]	$154,685	$170,615	10.3%
Manhattan	$130,251	$132,867	2.0%
New York City	$86,438	$84,059	-2.8%

Notes:
1. The ACS collects data throughout the period on an on-going, monthly basis and asks for respondents' income over the "past 12 months." The 2009–2013 ACS data therefore reflects incomes over 2009 and 2013, while Census 2000 data reflects income over the prior calendar year (1999).
2. The average household income for both time periods is presented in 2015 dollars using the U.S. Department of Labor's June 2015 Consumer Price Index for the "New York-Northern New Jersey-Long Island Area."
3. Average household income for the study area was estimated based on a weighted average of mean household income for the Census tracts in the study area.

Sources: U.S. Census Bureau, 2000 Census, Summary File 3; U.S. Census Bureau, 2009-2013 American Community Survey; U.S. Department of Labor Bureau of Labor Statistics; AKRF, Inc.

A breakdown of income distribution further illustrates the differences between household incomes in the ½-mile study area as compared with Manhattan and New York City as a whole. As shown in **Table 4-2**, over 35 percent of study area households had incomes of $150,000 or more between 2009 and 2013, substantially higher than the percentage in Manhattan (24.8 percent), and nearly three times the percentage in New York City (12.7%). The study area also had a much lower proportion of households with incomes of less than $50,000 than in Manhattan and New York City as a whole. The income distribution in **Table 4-2** also reflects the absence of public housing as well as an abundance of non-rent-protected market-rate housing in the ½-mile study area.

Table 4-2
Household Income Distribution (2009–2013)

Area	Less than $25,000	$25,000-$49,999	$50,000-$99,999	$100,000-$149,999	$150,000 or more
Study Area	13.0%	11.9%	25.9%	13.8%	35.4%
Manhattan	23.5%	15.9%	22.6%	13.2%	24.8%
New York City	27.3%	21.0%	26.6%	12.5%	12.7%

Note:
1. The ACS collects data throughout the period on an on-going, monthly basis and asks for respondents' incomes over the "past 12 months." The 2009–2013 ACS data therefore reflects incomes over 2009 and 2013.

Source: U.S. Census Bureau, 2009–2013 American Community Survey.

Based on recent listings as reported by Streeteasy.com, the median rental rates for available units in the study area[1] are approximately: $2,950 per month for studios; $3,600 for one-bedroom

[1] While a portion of the market-rate residential component introduced by the proposed project is expected to be for-sale condominiums, current rental rates are presented in the analysis because they provide a more accurate estimate of monthly housing costs using the U.S. Department of Housing and Urban Development (HUD) 30 percent housing cost assumption (see footnote below). The rental market is a reasonable proxy for the overall residential housing market of an area.

units; $5,600 for two-bedroom units; and $9,500 for three-bedroom units (see **Table 4-3**).[2] This is generally consistent with average rent data from Citi Habitat's *Third Quarter 2015 Manhattan Residential Rental Market Report*, which for the West Village estimated average rents to be: $2,683 per month for studios; $3,812 for one-bedroom units; $4,953 for two-bedroom units; and $5,775 for three-bedroom units. Based on these data, and assuming that households spend approximately 30 percent of their annual income on rent, renters of a studio in the study area are estimated to earn nearly $113,000 annually; renters of a one-bedroom apartment earn approximately $148,000; renters of a two-bedroom apartment earn approximately $211,000; and renters of a three-bedroom apartment earn over $305,000 (see **Table 4-3**).[3]

Table 4-3
Imputed Household Income by Unit Type/Median Rental Rates

	Studio	1BR	2BR	3BR
Study Area median rental rates	$2,817	$3,706	$5,277	$7,638
Imputed Household Income[1]	$112,660	$148,240	$211,060	$305,500

Note: [1.] Household incomes were imputed using the HUD 30% guideline described above.
Source: Study area median rental rates derived based on an average of rental rates by unit type from Streeteasy.com and City Habitat's Third Quarter 2015 Manhattan Residential Rental Market Report.

A substantial amount of residential use is planned in the area in the future without the proposed actions. As detailed in Chapter 3, "Land Use, Zoning, and Public Policy," within an approximately ¼-mile radius of the project site there are over 8,600 residential units that are anticipated to be developed on over 70 sites by the 2024 analysis year. Similar to the proposed project, many of these sites will contain a mix of uses in addition to residential, including new retail, office, hotel, and parking.

Pursuant to proposed ZR Section 89-21, a special permit for a proposed development that includes residential floor area must provide affordable housing in accordance with the Inclusionary Housing Program. The proposed project would introduce 1,586 units to the development site, of which approximately 30 percent (476 units) would be affordable. The proposed income eligibility requirements for the 476 affordable units is as follows: 178 units would be available to seniors earning no more than 80 percent of Area Median Income (AMI); 119 units would be available to all households earning up to 60 percent of AMI; and 179 units would be available to all households earning up to 130 percent of AMI.

Assuming for purposes of analysis a unit distribution for the proposed project that is similar to that currently found in the study area, 282 of the proposed mixed-use building's new units would be studios, 768 would be one-bedroom units, 376 would be two-bedroom units, and 160 would be three-bedroom units (see **Table 4-4**). Based on the rent-level data for newly-developed buildings described above and the levels of affordability proposed for the affordable housing, the weighted

[2] Based on a search for all available rental units that fall within the study area boundary, conducted via Streeteasy.com on August 24, 2015.

[3] The 30 percent housing cost assumption is based on HUD definition of affordable housing. According to HUD, families who pay more than 30 percent of their income for housing are cost burdened.

average household income for the proposed project would be $147,559, which is below the average household income for the study area, $170,615.

Table 4-4
Proposed Project Unit Distribution and Household Incomes

	Studio	1BR	2BR	3BR+	Total
Study Area Distribution[1]	17.8%	48.4%	23.7%	10.2%	100.0%
Number of Units	282	768	376	160	1,586
Imputed Household Income[2]	$54,965	$133,010	$179,511	$305,500	$147,559

Notes: 1. The distribution of unit sizes for existing buildings in the study area (according to the ACS 2009-2013 five-year estimates) was applied to the proposed project.
2. Household incomes were imputed using the HUD 30% guideline described above.
Sources: U.S. Census Bureau American Community Survey, 2009-2013 five-year estimates.

CONCLUSION

The ½-mile study area has already experienced a readily observable trend toward increasing rents and new market rate development. As the estimated income of the project-generated population is expected to be less than the current average in the ½-mile study area, and planned residential development is expected to continue trends of increasing incomes in the area, the proposed project would not be expected to introduce a population with higher average income than the future population in the study area. The affordable housing added by the proposed project would maintain a more diverse demographic composition within the study area. Therefore, the proposed project is not expected to introduce or accelerate a trend of changing socioeconomic conditions that would potentially lead to the displacement of vulnerable populations. According to *CEQR Technical Manual* guidelines, Steps 2 and 3 of the indirect residential displacement analysis are not warranted. The proposed project would not result in any significant adverse impacts due to indirect residential displacement, and no further analysis is necessary. ✷