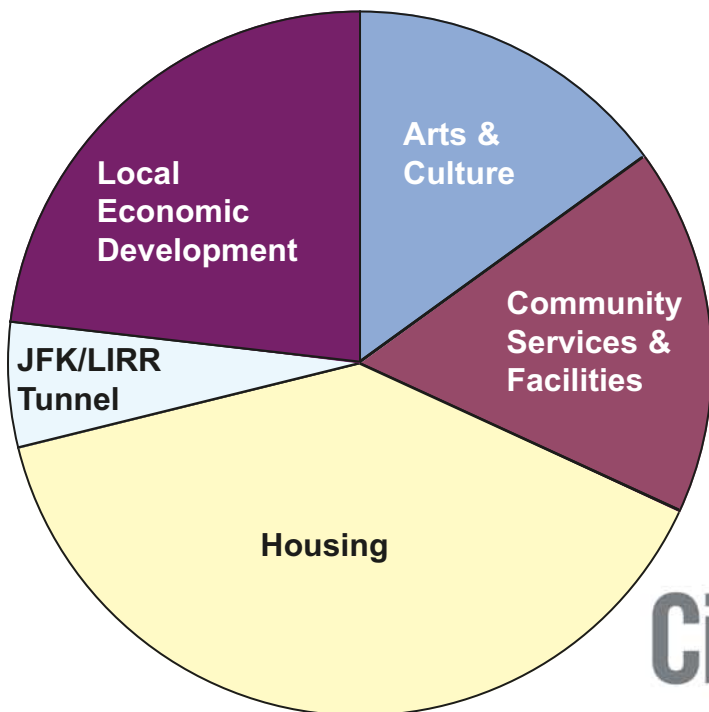


# BEYOND sixteen acres

## How Can \$1.2 Billion Best Revitalize New York After 9/11?

Report on a "Beyond 16 Acres" Forum  
Presented by Fiscal Policy Institute  
and Regional Plan Association



# Executive Summary

## How Can \$1.2 Billion Best Revitalize New York After 9/11?

With a decision appearing increasingly imminent about the only remaining flexible money for economic revitalization after September 11, 150 people gathered at the Learning Center at Merrill Lynch in Lower Manhattan to learn about possible uses for the money, and to register their opinions on how they think the money best could be used.

Participants heard from five panelists about varying existing proposals for the money. Audience members asked pointed questions, and heard a lively debate on the merits and drawbacks of different proposals, as well as funding options available for them.

Participants also were given sheets explaining in broad terms what can be bought for \$100 million in each of five program areas. And each participant was given 12 gold coins, each representing \$100 million.

Then, 150 people voted.

Quickly, a line formed at the front of the room, as people talked with each other, then dropped their coins into one of five categories. If the remaining \$1.2 billion were spent according to the priorities of the diverse group of people in the room on March 16, the allocation would be:

**\$468 million for housing (39%)**

**\$276 million for local economic development (23%)**

**\$204 million for community services and facilities (17%)**

**\$180 million for arts and culture (15%)**

**\$72 million for JFK/LIRR tunnel (6%)**

These results are consistent with previous indicators of public opinion: a March 2004 PACE University Poll and the LMDC's own public outreach meetings in summer 2003, as well as previous public inputs at the July 2002 event "Listening to the City" and the Spring 2002 findings of Imagine New York.

Many people in the room, it should be noted, favored the JFK/LIRR access project, particularly if it were done in a way that also would expand subway service. Nonetheless, the clear consensus was that this is not the money to use for the project.

## Options for the Money

Before voting on priorities, participants in the Beyond 16 Acres forum were introduced to the issues with a sheet of information describing what each increment of \$100 million buys in various areas, and heard a debate among panelists about how the money might realistically be spent.

The panel was introduced by James Parrott, deputy director and chief economist of the Fiscal Policy Institute, and moderated by Bob Yaro, president of the Regional Plan Association. It included:

Marie Christopher, Rebuild Coalition with a Spotlight on the Poor

Margaret Fung, Asian American Legal Defense and Education Fund

Jeff Galloway, Community Board One

David Dyssegaard Kallick, Fiscal Policy Institute/Labor Community Advocacy Network

Jeffrey Zupan, Regional Plan Association

Discussion ranged widely, and included debate on a variety of subjects. The loss of jobs due to 9/11, and the failure of the job market to spring back from the level to which it has sunk pressed several panelists to stress the need to make job creation a key criterion in selecting projects going forward. The residential real estate market, by contrast, has rebounded strongly, making Lower Manhattan a “hot” neighborhood. Rising rents are a good sign for the area, demonstrating the demand for housing, but panelists pointed out that rising rents underscore the need to create affordable housing if the character of the neighborhood is to be preserved and residents are not to be displaced.

Evidence of an expanding residential neighborhood led to discussion about the need for community services and amenities, from parks to schools to daycare facilities, to support the neighborhoods as they grow and change after 9/11, from Battery

“The rail link can be a very important project for the city and region if it is done properly and serves a variety of markets. What’s becoming clear, though, is that the community development funds may not be an appropriate funding source for this project.”  
Jeff Zupan,  
Regional Plan Association



Park City and Tribeca to Chinatown and the Lower East Side. Arts and Culture were seen as critical components of the revitalization of Lower Manhattan, playing a key role both in bringing people back to the neighborhoods after the terrorist attacks, and in supporting the sustainable growth of the residential community.

A vigorous mix of approaches to local economic development were discussed as ways to help the New York economy recover on a better footing than before its 9/11 losses. Reducing overdependence on Wall Street could begin, panelists argued, by moving away from company-by-company dealmaking, and focusing economic development on sectors of the economy rather than individual companies. LMDC funding could be used to expand the number of New York's sector groups—which are governed by business leaders, labor unions, nonprofit or university experts, and community members—that guide policy recommendations for government actions affecting a particular industry. Wage subsidies to help businesses grow by hiring new employees were also considered, as were wage standard policies that would ensure that new jobs created using LMDC money would be decent jobs including benefits and paying at least \$10 per hour.



The notion of building a tunnel for JFK/LIRR access had some support on the panel, as long as it was done “the right way.” Concerns were raised that some options for JFK/LIRR access have included use of existing subway tunnels, which it was feared would inevitably displace existing subway service. Building the Second Avenue Subway, and then connecting it through a tunnel to create added subway service to Brooklyn, was an option attractive to many panelists and audience members, though skepticism was voiced about whether this is in fact the option that will be presented for consideration by the LMDC.

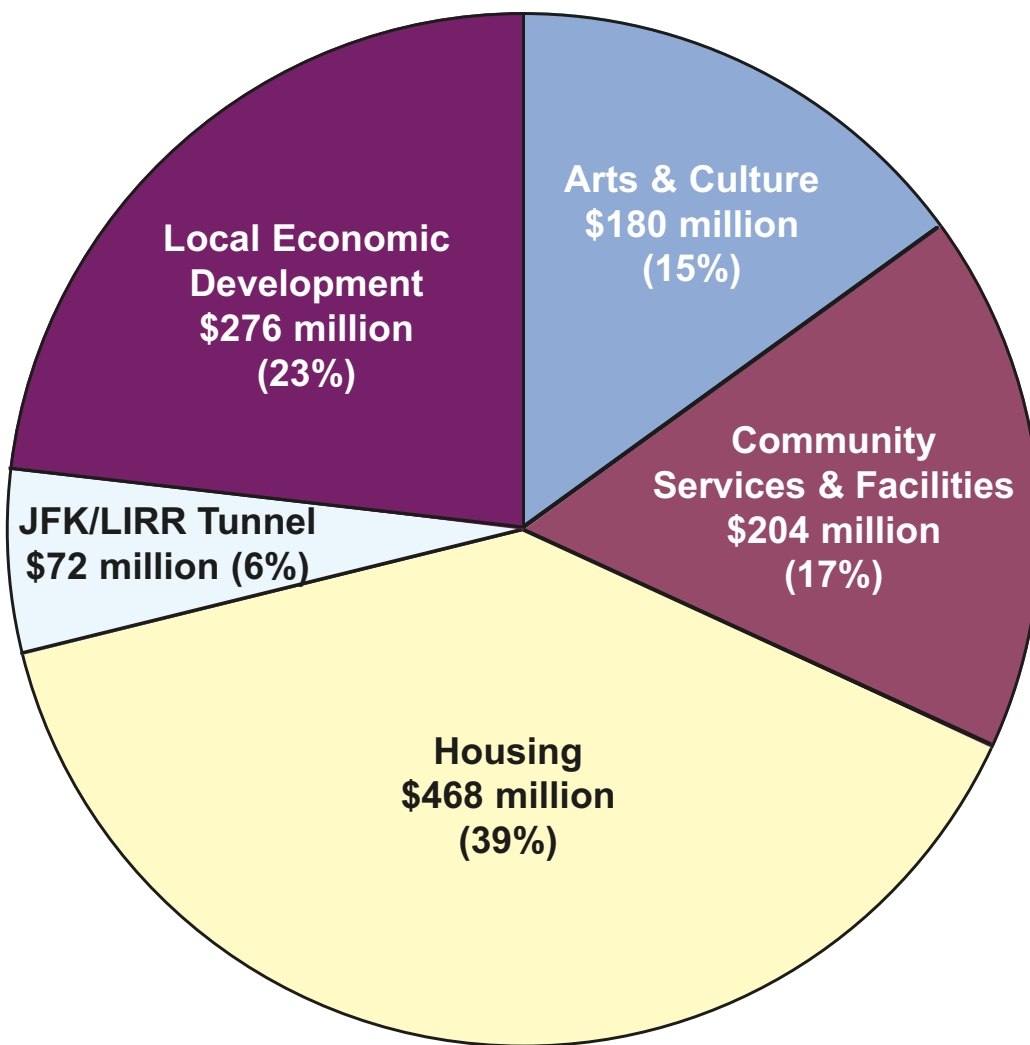
What quickly emerged from the discussion, however, was that even strong supporters of the tunnel were opposed to using the \$1.2 billion in economic revitalization funds to finance it. A cost/benefit analysis needs to be conducted to show whether the expense of the tunnel is worth the investment. If the result is positive, there was widespread agreement, then a tunnel is a capital improvement, and makes sense to be funded as such. The only remaining flexible cash available for economic revitalization, it was argued, should not be drawn away from community priorities in order to put a “down payment” on a tunnel.

## 150 Participants Vote

The voting was explained and led by Errol A. Cockfield, Jr., the reporter covering the post 9/11 rebuilding for *New York Newsday*. Participants were visibly excited by holding coins representing \$100 million, but also by the possibilities for how the money could be spent. Many expressed a desire to believe that their input might influence a decision that—after over two years of discussion—was finally beginning to feel imminent.

The results showed a clear consensus among participants that the overwhelming majority of the money to go

### How Participants Would Allocate \$1.2 Billion to Revitalize New York After 9/11



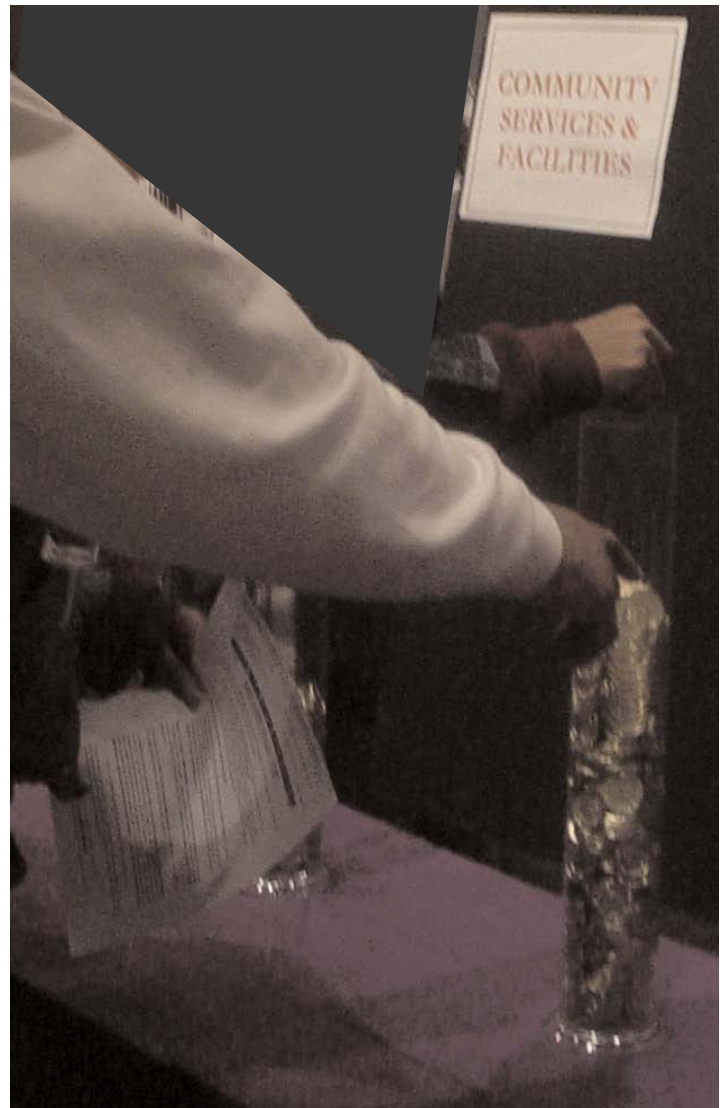
housing, local economic development, community services and facilities, and arts and culture. Only six percent of the money was allocated by participants toward the tunnel.

Participants in the forum represented extraordinarily diverse cross-section of New Yorkers, with a clear presence of residents from all Lower Manhattan neighborhoods, as well as business owners, people who have worked in Lower Manhattan, and participants in the major civic groups organized around the rebuilding effort.

Based on a written survey, 57 percent of the participants were white, 43 percent nonwhite, with 55 of the roughly 150 participants answering the question. When asked to identify themselves in a single category, 26 percent of respondents said they were concerned citizens, 24 percent members of civic cultural groups, 17 percent residents, 10 percent employees, 7 percent each business owners and unemployed. Four percent were survivors, 2 percent rescue workers and 1 percent family members of victims of 9/11.

According to the written survey, the room included strong representation of low- and moderate-income residents. The largest group, 37 percent, reported making under \$25,000/year, with 27 percent making \$25-49,000, 16 percent making \$50,000-75,000, 10 percent making \$75,000-\$99,000, and 10 percent making over \$100,000.

At the conclusion of the voting, Mr. Cockfield summed up the proceedings and took comments from the audience, with several participants expressing their hope that the LMDC would take the results into consideration in their funding decisions.



"After the tremendous impact of 9/11, New York needs affordable housing. Without a home as a base of operation, you can't have a job, you can't stay in school, you can't live in NYC"  
Marie Christopher, Rebuild with a Spotlight on the Poor Coalition

	\$100 Million Buys	Direct Job Creation	Long-Term Vision	I'll Spend (\$100 Millions)
<b>Community Services &amp; Facilities</b>	<p><b>13 "Pocket Parks"</b> throughout Lower Manhattan. \$25 million</p> <p><b>19 Acres of upgraded parks.</b> \$14 million</p> <p>1,000 new street trees, \$1 million</p> <p><b>200 Classroom seats</b> in new schools. \$9.6 million</p> <p><b>3 New buildings</b> for community centers, daycare facilities, or libraries. \$30 million</p> <p><b>200 workers</b> in community service: parks maintenance &amp; programming, daycare, teachers' aides, clerical support, day care workers, sanitation, etc., for 24-month "Liberty Job" startup positions. \$18 million</p> <p><b>2000 residents screened</b> for health effects of 9/11. \$2.4 million</p>	<ul style="list-style-type: none"> <li>-park &amp; public space development</li> <li>-park maintenance &amp; programming</li> <li>-building construction</li> <li>-construction-related services</li> <li>-social &amp; community services</li> </ul>	<ul style="list-style-type: none"> <li>-stimulates local economic development</li> <li>-workforce that lives and works nearby</li> <li>-expands residential neighborhood</li> <li>-enhances community services &amp; nonprofit institutions</li> </ul>	\$
<b>Housing</b>	<p><b>450 affordable units in mixed-income developments.</b> \$50 million</p> <p><b>900 affordable apartments saved</b> from becoming market rate. \$45 million</p> <p><b>90 units of targeted housing</b> with existing financing brought to Lower Manhattan to retain character &amp; diversity of neighborhood (e.g.: The House of Elder Artists). \$5 million</p>	<ul style="list-style-type: none"> <li>-building construction</li> <li>-construction-related services</li> </ul>	<ul style="list-style-type: none"> <li>-affordable housing for employees enhances ability to retain jobs</li> <li>-greater live/work neighborhood</li> <li>-adds community-driven retail</li> <li>-affordable housing stems flight to suburbs</li> </ul>	\$
<b>JFK/LIRR Tunnel</b>	<p><b>1/50<sup>th</sup> of new tunnel</b> construction \$100 million OR</p> <p><b>1/22<sup>nd</sup> of link using existing tunnel</b> \$100 million</p>	<ul style="list-style-type: none"> <li>-tunnel construction</li> <li>-construction-related services</li> </ul>	<ul style="list-style-type: none"> <li>-central office headquarters</li> <li>-business services</li> <li>-office- and commuter-driven retail</li> <li>-better access from suburbs</li> </ul>	\$
<b>Local Economic Development</b>	<p><b>1 new-business incubator and expansion/retention space</b> (e.g. Fashion Space, biotech incubator, media building) Avg. cost: \$40 million</p> <p><b>100 wage-subsidy supports</b> to help employers expand and to create new jobs. \$12.5 million</p> <p><b>1,000 job-training/career development slots.</b> \$7.5 million</p> <p><b>10,000 ESL slots</b> teaching English to non-English speakers. \$10 million</p> <p><b>4 sector groups</b> created that guide and implement development strategies for identified sectors of NYC economy. \$20 million</p> <p><b>10 special events and marketing campaigns</b> similar to Tribeca film festival or LMDC Chinatown tourism initiative. \$10 million</p>	<ul style="list-style-type: none"> <li>-building construction</li> <li>-trainers &amp; educators</li> <li>-jobs through wage subsidies</li> </ul>	<ul style="list-style-type: none"> <li>-diverse mix of business activity</li> <li>-diverse range of careers and jobs</li> <li>-job opportunities for people living throughout NYC</li> <li>-expanded small business activity</li> </ul>	\$
<b>Arts &amp; Culture</b>	<p><b>1/2 of cultural building on WTC site.</b> \$35 million</p> <p><b>2 community arts institutions</b> (e.g., children's theater, Chinatown cultural and community center challenge grant) \$50 million</p> <p><b>250 artists employed</b> in a NYC WPA for Artists. \$10 million</p> <p><b>125 new art grants</b> for historical groups, schools, libraries. \$5 million</p>	<ul style="list-style-type: none"> <li>-building construction</li> <li>-construction-related services</li> <li>-architectural &amp; planning</li> <li>-artists, cultural</li> </ul>	<ul style="list-style-type: none"> <li>-promotes expansion of creative industries</li> <li>-attracts knowledge-based businesses</li> <li>-expands higher education</li> <li>-expands work in cultural &amp; arts</li> </ul>	\$

= \$1.2 billion

## Notes on Estimated Costs

**Community Services & Facilities:** Pocket Parks based on expansion of existing pocket park development, as budgeted in Mayor's Vision for Lower Manhattan. Classroom seats calculated at \$48,000 per seat. New building: average size 30,000 square feet, avg. construction cost \$350/square foot on city-owned land. Cost to develop or upgrade parks on city-owned land: \$750,000/acre. Community services "Liberty Jobs" are calculated based on wages ranging from \$22,000 for entry-level to \$39,000 for teacher's aid. Adding 45% for administration, supervision, supplies, payroll taxes, health and pension benefits gives an average cost of \$44,362 per year position; calculated here are two years of startup employment. Health monitoring \$12 million to screen 10,000 people. (Sources: Fiscal Policy Institute--FPI, Pratt Institute Center for Community and Environmental Development--PICCED, WTC Worker & Volunteer Medical Screening Program)

**Affordable Housing:** The development cost for a new unit of housing is assumed at \$250,000. To create a mix of 55% market rate and 45% percent truly affordable housing would require an average subsidy of \$50,000 per unit in a mixed-income development on publicly owned land. Of the 45%, 15% is assumed to be affordable to very-low-income New Yorkers (\$31,000/year for a family of four), 15 percent low-income (\$48,000/year), and 15 percent moderate to middle income (\$90,000/year). The final mix would be 450 affordable apartments and 550 market-rate apartments. Preservation of existing affordable housing is calculated at roughly the same cost, \$50,000 per unit. The House of Elder Artists would provide one-bedroom apartments, studio space, and public spaces for elder artists. A mix of units serving moderate income households (40%), low-income households (20%) and households paying market rate (40%) could be constructed for approximately \$26 million leveraging existing financing vehicles (HDC tax exempt bonds and low income housing tax credits). Additional subsidy to locate this project in Lower Manhattan would range from \$3 to \$7 million, depending on land costs; \$5 million was chosen as a figure in the middle of that range. (PICCED, Women's Housing & Economic Development Corporation)

**JFK/LIRR Tunnel:** Estimates in the LMDC's Lower Manhattan Transportation Strategies report (April 24, 2003) are that a new tunnel to connect Lower Manhattan with JFK and the LIRR would cost \$4.7 - \$5.3 billion, and the "supershuttle" option using an existing tunnel would cost \$2 to \$2.3 billion; for each a middle estimate was chosen for the calculation. Governor Pataki has promised more accurate estimates will come from the LMDC in April, 2004.

**Local Economic Development:** Business incubator: Fashion Space proposal \$25 million from LMDC (leveraging an additional \$40 million from other sources), Media Building \$13 million, Biotech incubator \$90 million; avg cost=\$40 million. Wage-subsidy supports: \$12,500 per job for 180-day support. Job-training and career development--3 month training, avg. cost of \$7,500/slot. English as a Second Language: \$1,000/year per person. Sector groups: \$5 million per group to establish the group, and to develop and implement a sector strategy. (Sources: FPI, New York Industrial Retention Network, NYC Arts Coalition, Partnership for New York City, PICCED, NY Immigration Coalition)

**Arts & Culture:** Building on the WTC site assumes a building of 200,000 square feet, and a development cost of \$350/square foot. A children's theater is estimated at \$25 million including construction costs, rehearsal space, meeting space and a small endowment; Chinatown center is calculated at \$25 million for a challenge grant to start a center. NYC WPA for artists is based on an annual salary of \$40,000 inclusive of benefits. New art grants are calculated at an average cost of \$40,000/project.

**Fiscal Policy Institute**  
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"Beyond Sixteen Acres" is a series of workshops, exhibitions, and public forums to draw attention to and build political commitment for the expedient rebuilding of all of Lower Manhattan in an equitable and sustainable way. The series aims to reestablish Lower Manhattan as an economic engine, a regional hub and a series of interconnected local neighborhoods. "Beyond Sixteen Acres" is an initiative of the Civic Alliance to Rebuild Downtown New York in partnership with Imagine New York, Labor Community Advocacy Network (LCAN), Pratt Institute Center for Community and Environmental Development (PICCED), Rebuild Downtown Our Town (R.Dot) and Regional Plan Association.

## The Fiscal Policy Institute (FPI)

The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York State residents. Founded in 1991, FPI's work is intended to further the development and implementation of public policies that create a strong, sustainable economy in which prosperity is broadly shared by all New Yorkers. FPI has offices in Albany and New York City. Fiscal Policy Institute is the coordinating organization for the Labor Community Advocacy Network to Rebuild New York (LCAN).

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Tel 212 414 9660 Fax 212 414 9002

## The Labor Community Advocacy Network to Rebuild New York (LCAN)

The Labor Community Advocacy Network to Rebuild New York is a coalition of over 60 labor unions, community organizations, research institutes, service providers, activist groups, and advocates. LCAN has been actively engaged in the rebuilding process since immediately following the September 11 terrorist attacks, and has consistently worked to bring economic and social justice issues to the rebuilding process. Preparation for this forum was coordinated by LCAN's Liberty Jobs Coalition: Community Voices Heard, the Rebuild Coalition with a Spotlight on the Poor (especially Good Old Lower East Side & University Settlement), Good Jobs New York, the Queens College Labor Resource Center, and Fiscal Policy Institute.

## Regional Plan Association (RPA)

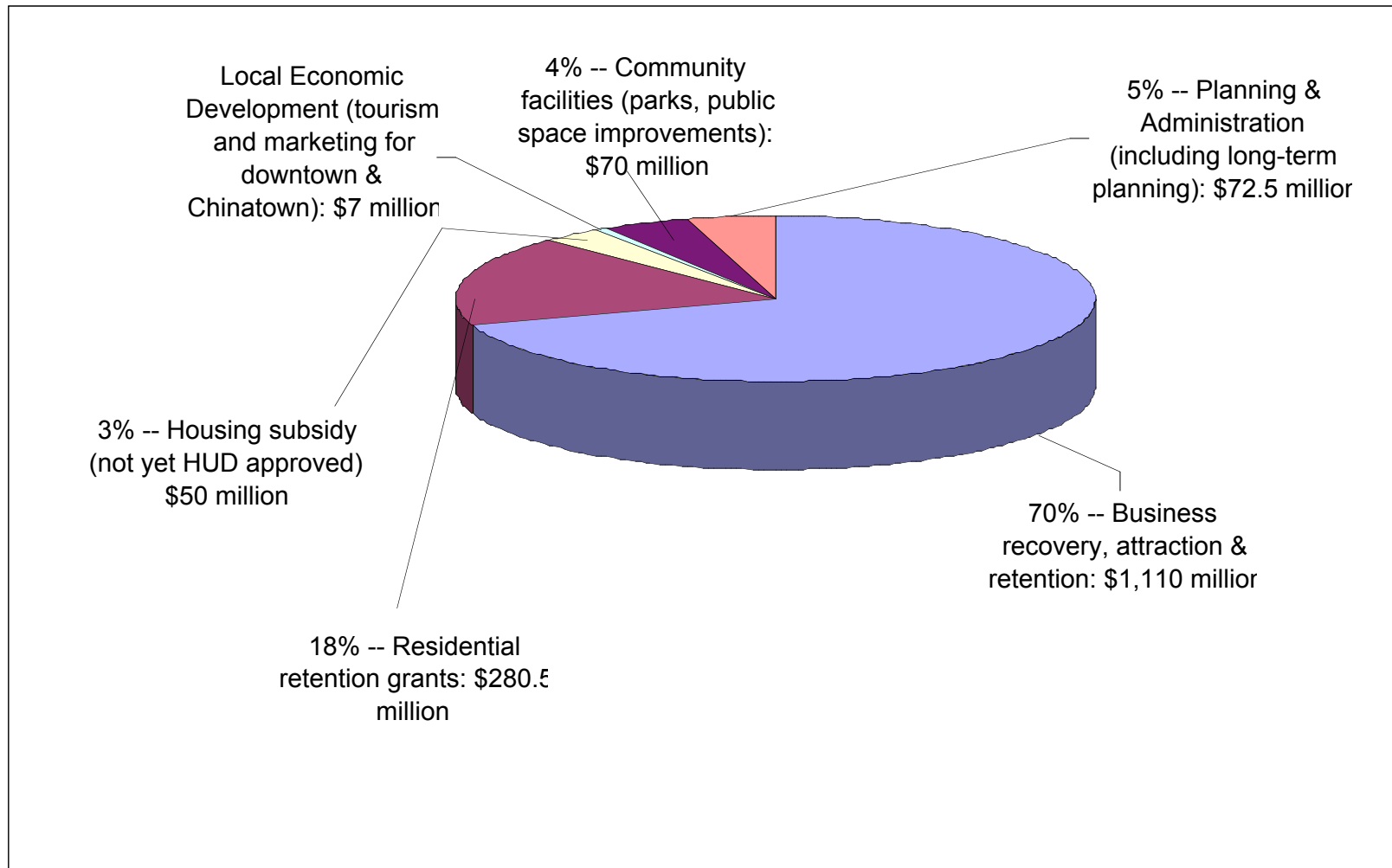
Regional Plan Association (RPA) is an independent regional planning organization that improves the quality of life and the economic competitiveness of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy. Since 1922, RPA has been shaping transportation systems, protecting open spaces, and promoting better community design for the region's continued growth. The organization anticipates the challenges the region will face in the years to come, and mobilizes the region's civic, business, and government sectors to take action. Since 9/11, RPA has played a leading role in the rebuilding of Lower Manhattan by convening and staffing the Civic Alliance to Rebuild Downtown New York.

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## The Civic Alliance to Rebuild Downtown New York

The Civic Alliance to Rebuild Downtown New York is a broad-based coalition formed after 9/11 to provide an "umbrella" for civic planning and advocacy efforts in support of the rebuilding of Lower Manhattan. The Civic Alliance promotes ongoing participation by the public and the civic community in the rebuilding process, and advocates public accountability and sustainable and equitable development. The Alliance sponsored the pivotal "Listening to the City" town hall meetings in the summer of 2002, where 4,500 people came together and demanded from their public officials more imaginative and ambitious plans for the World Trade Center site.

**BREAKDOWN OF THE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS  
ALLOCATED AS OF MARCH 16, 2004**



Note: This breakdown shows allocations from the \$2.7 billion in cash provided to the Empire State Development Corporation and the Lower Manhattan Development Corporation to rebuild and revitalize downtown in the aftermath of the September 11<sup>th</sup> attacks. The chart does not include the \$783 million in CDBG funds allocated by Congress specifically to repair utilities and compensate companies suffering disproportionate loss of life.