



THE CITY OF NEW YORK
MANHATTAN COMMUNITY BOARD 3
59 East 4th Street - New York, NY 10003
Phone (212) 533-5300
www.cb3manhattan.org - info@cb3manhattan.org

Jamie Rogers, Board Chair

Susan Stetzer, District Manager

District Needs Statement for Fiscal Year 2018

Introduction

Community Board 3 Manhattan spans the East Village, Lower East Side, and part of Chinatown. It is bounded by 14th Street to the north, the East River to the east, the Brooklyn Bridge to the south, and Fourth Avenue and the Bowery to the west, extending to Baxter and Pearl Streets south of Canal Street. This community is filled with a diversity of cultures, religions, incomes, and languages. Its character comes from its heritage as a historic and present day first stop for many immigrants. CB 3 is one of the largest board districts and is the fifth most densely populated board district, with approximately 152,453 people.¹ Our residents are very proud of their historic and diverse neighborhood, however, the very characteristics that make this district unique also make it a challenging place to plan and ensure services for all residents and businesses.

Demographic Change

The CB 3 population is changing in many ways. The 2000 census reported that 23% of our population, over 38,000 of our residents, required income support. By 2014, this number had jumped to about 41% of the total population, over 68,000 persons.² The number of people receiving Medicaid-only assistance also continues to increase, climbing from 45,724 in 2005³ to more than 48,200 people currently.⁴

Our community is an example of the growing income inequality that is endemic in New York City. In a report by the Furman Center, CB 3 is ranked second out of the 59 boards in the City for a high diversity ratio between lower income and higher income residents.⁵ The same report shows that approximately 30% of our residents have household incomes under \$20,000 while nearly 25% earn more than \$100,000.⁶

¹ Furman Center. (2016). *State of New York City's Housing and Neighborhoods in 2015*. <http://furmancenter.org/files/sotc/NYUFurmanCenter_SOCin2015_9JUNE2016.pdf>.

² New York City Department of City Planning. (2014). *District Profile*. <http://www.nyc.gov/html/dcp/html/neighbor_info/mn03_info.shtml>.

³ *Ibid.*

⁴ U.S Census Bureau. *2010-2014 American Community Survey*.

⁵ Furman Center. (2016). *State of New York City's Housing and Neighborhoods in 2015*. <http://furmancenter.org/files/sotc/NYUFurmanCenter_SOCin2015_9JUNE2016.pdf>.

⁶ *Ibid.*

Household Income Distribution (2015\$)

■ 2000 ■ 2010-14

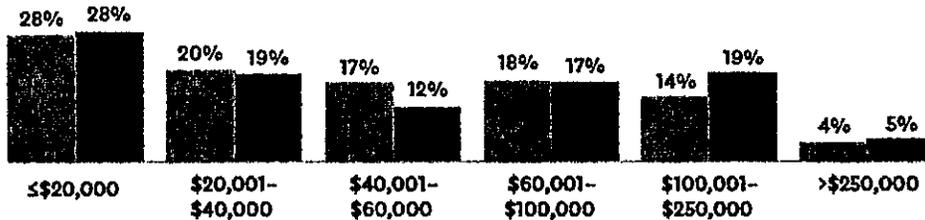


Figure 1. Household Income Distribution of Community District 3, 2010-2014

Higher-income households have continued to increase since 2000 (see Figure 1), a trend similar to that of lower-income households. Further, the income diversity ratio, which is the gap between incomes, has increased over the last two years from 7.5% to 8.4%.⁷ Market rate housing and high-end retail continues to grow although many people within our community continue to live on the edge of homelessness and economic survival. An estimated 22% of people in CB 3⁸, as well as approximately 36% of their children under the age of 18, and 31% of seniors are living below the poverty level.⁹

Income inequality is tied into the escalating rate of gentrification. When we look at gentrification indicators, we see rising incomes, changing racial composition, shifting commercial activity, and displacement of original residents. The Lower East Side/Chinatown is the 3rd highest gentrifying District in the City. We have seen a 26.6% increase in average rent from 2010-2014, along with a 21% increase in average income. The demographics have changed to an increase of 56.3% of non-family households—young adults make up a growing share of the population.¹⁰ These changes all create a new culture in the community alongside of middle and lower income residents.

CB 3 is the fifth highest racially diverse neighborhood in the City, with a foreign born population of 36%.¹¹ We are approximately 36% White, 32% Asian, 23% Hispanic, and 7% Black or African American.¹² The percentage of White and Black residents has increased while the numbers of Latinos and Asians have decreased. These population increases and declines are the opposite of demographic changes seen in New York City overall, according to the Furman Report.¹³

Economic Change

CB 3 has worked to retain its affordable housing stock and its local businesses while still serving the needs of its newcomers. The displacement of long-time residential and commercial residents is a great loss to this community. Many small family-owned stores, especially those that serve local

⁷ *Ibid.*

⁸ *Ibid.*

⁹ U.S. Census Bureau. *2010-2014 American Community Survey*.

¹⁰ Furman Center. (2016). *State of New York City's Housing and Neighborhoods in 2015*.

http://furmancenter.org/files/sotc/NYUFurmanCenter_SOCin2015_9JUNE2016.pdf.

¹¹ *Ibid.*

¹² *Ibid.*

¹³ *Ibid.*

retail needs and arts businesses, have been replaced by an ever-growing number of bars and restaurants. Families have been displaced from their homes because they cannot afford increasing rents. Community-based organizations, which provide essential services for community residents, struggle to provide more services and fund themselves with fewer resources. The growing need to provide for our lower-income residents in a gentrifying district, as well as provide services for all residents, continues to be a challenge for CB 3.

Livable Neighborhood

The metamorphosis of this district into a nightlife destination has increased quality of life complaints. Year after year, CB 3 continues to lead or come in second among Manhattan community boards for the most NYPD commercial noise complaints (nightlife noise). CB 3 had 3,894 311 nightlife complaints in the last fiscal year. This is the highest in the City and represents a 36% increase in the last fiscal year.¹⁴ Nighttime noise from nightlife establishments and their patrons is the most frequent complaint to the community board office. These complaints are very difficult to resolve because no agency has sole jurisdiction over quality of life enforcement. Lack of planning for enhanced police enforcement during cabaret hours, as well as lack of sanitation and traffic infrastructure to support this unplanned nightlife district, further impairs our ability to maintain a livable neighborhood for both newcomers and longtime residents.

Economic Development/Business Diversity

For many years now, Community Board 3 has experienced a sustained loss of independent "mom-and-pop" stores due to exponentially increasing costs of doing business and increased competition from chains, banks and destination bars and restaurants.¹⁵ As the local economy becomes more and more homogenous, and the availability of local goods and services continues to decrease, residents must increasingly leave our community or shop online in order to affordably meet their basic needs.

The rapid growth of chain stores is also of great concern, as their growth has contributed to rising rents in the neighborhoods and has displaced the independent, and often immigrant-owned, "mom and pop" shops that for years have been a part of the fabric and unique appeal of our community.¹⁶ Chain stores are altering the character of the Lower East Side by shifting purchasing power to mass-market retailers and constructing facades out of place with the rest of the community.¹⁷ The Center for an Urban Future's "State of the Chains" report identified the East Village as one of the neighborhoods most burdened by the growth of national chains.¹⁸ In 2014 and 2015, zip code 10003, of which the Lower East Side is part of, registered over 160 chain stores, the second highest total in Manhattan. Additionally, zip code 10009 has seen a 20% increase from 2014 to 2015 in the

¹⁴ City of New York (2016). *311 Service Request Map: July 2015 to June 2016*. <<http://www1.nyc.gov/apps/311srmap/>>.

¹⁵ DeStefano, M. (2012) *Preserving Retail Diversity in Community Board 3*. <<http://www.nyc.gov/html/mancb3/downloads/fellowship/Preserving%20Retail%20Diversity%20in%20Community%20Board%203.pdf>>.

¹⁶ Chin, A. (2014). East Village Clings to a Colorful Past by Alan Chin. *New York Times*. <http://www.nytimes.com/2014/12/14/realestate/the-east-village-clings-to-a-colorful-past.html?_r=0>.

¹⁷ East Village Community Coalition. (2015). *Preserving Local, Independent Retail*. <http://evcnyc.org/wp-content/uploads/2015/06/2015_Preserving_LocalInd_Retail.pdf>

¹⁸ González-Rivera, C. (2015). *State of the Chains*. *Center for an Urban Future*. <<https://nycfuture.org/pdf/State-of-the-Chains-2015-5.pdf>>.

number of chain stores opened there.¹⁹

The tremendous and unplanned proliferation of nightlife destinations in the District has not only pushed out other local small businesses, it has also created numerous quality of life issues. This trend toward nightlife-centric businesses has also created an unattractive retail environment for existing and potential new stores by decreasing daytime foot traffic and creating a barren street wall of lowered gates and closed storefronts during prime daytime hours. Many of the liquor licensed businesses are largely clustered in certain areas and threaten to exacerbate quality of life issues in those areas.

CB 3 has attempted to address these issues for many years by performing research, conducting surveys, reaching out to landlords, creating resources for small businesses, and more, yet the issue continues unmitigated. In March 2016, CB 3 passed a resolution stating that it would not approve liquor license applications that are subject to the 500-foot rule (within 500 feet of three or more full on premises licenses) unless they meet the high standard of being in the public interest – public interest defined as:

- provides a good or service that is needed by the local community,
- provides unique goods or services not already in the local community,
- provides a cultural benefit or increases in retail diversity,
- enhances the quality of life of the residents, or
- includes a conscientious business owner who would act as stabilizing force in the community

The board concluded that in considering a 500-foot rule applicant and whether the granting of a license is in the public interest, the Board will consider the impact of another license on the strength and diversity of the local economy, and specifically whether it would impact the existing retail mix and diversity in the specific area where the license would be located.

Previous surveys by CB 3 have shown local vacancy rates above 10%, and liquor-licensed uses taking up over 35% of storefronts along major retail corridors. A 2014 survey by the East Village Community Coalition found that drinking and food service establishments made up 36% of all East Village storefronts and storefront vacancies are at 11%.²⁰ A map of all currently licensed establishments in the district is shown in figure 3.

¹⁹ *Ibid.*

²⁰ East Village Community Coalition. (2014). *East Village Ground Floor Use Survey*.

Figure 3. All On-Premises Licenses in Community District 3 Manhattan



Also in early 2014, CB 3 collaborated with Columbia University to study retail trends in the East Village from 2004-2012.²¹ The final report confirmed that the area is a City- and region-wide destination for eating and drinking and has a local economy that is becoming increasingly homogenous. It confirmed years of resident complaints and numerous other CB 3-initiated studies that showed the displacement of small businesses by liquor-licensed establishments and chains.

Retail stores that do survive in our community, often operated by individuals living in and vested in the community, are threatened by rising costs of rents, utilities and taxes – identified as major challenges to small business survival in several CB 3-initiated surveys of local businesses. Property taxes have risen dramatically over the last nine years as well, and they are largely passed on to businesses by property owners until they must relocate out of the District or close up altogether – leading to a continued cycle of storefront vacancies, suppressed daytime foot traffic in the District, and nightlife business proliferation. The effect of property taxes is also visible for Off and Off-Off Broadway theaters as the rise in the tax has endangered these smaller, local theaters who are often not-for-profit and renting space.

Commercial Rent Tax (CRT) is also a barrier to small business survival in CB 3. This tax, up to 6% of the base rent, is charged to tenants who occupy or use a property for commercial activity in Manhattan south of 96th Street. Tenants are subject to the CRT if the annual or annualized gross rent paid is at least \$250,000 and they do not meet any other exemption criteria, such as short

²¹ Chernomoretz, O.; Chu, Y.; Jiang, H.; et al (2014). *Avenue A Retail Analysis*.
<http://www.nyc.gov/html/mancb3/downloads/calendar/2014/AveARetail_FinalReport.pdf>

rental periods, residential subtenants, use for theatrical productions, or not-for-profit status.²²

Merchant Organizing

CB 3 is represented by the following Business Improvement Districts (BIDs):

- The Chinatown BID: Broome to Worth Street and from Allen to Rutgers;
- The LES Partnership: Orchard Street and currently seeking to expand to include a large section of the Lower East Side with Houston Street as its northern border;
- The Village Alliance: 8th Street and some surrounding blocks; and
- The Union Square Partnership: 14th Street and the Union Square area.

Despite the presence of these organizations, many merchants are still under-supported in a substantial portion of the District.

Opportunities for City Support

As our community continues to gentrify and remains burdened by a high cost of doing business, Community Board 3 has identified several ways that the City can help us grow and strengthen our local economy:

- **Support for Merchant Organizations** – Continued financial support for our local community-based organizations, such as East Village Independent Merchants Association (EVIMA), that are dedicated to creating and maintaining a vibrant, diverse and sustainable local economy. There are currently emerging business organizations in our District that can help retail businesses organize and provide representation to those businesses that require support. There are also opportunities for continued financial support in the form of sustained funding for the Avenue NYC Grant program, which funds strategic commercial revitalization initiatives.
- **Support for a Special District** – A Special District recognizes the historic and unique character of the neighborhood and uses a variety of zoning requirements as a means to limit the proliferation of chains and nightlife establishments.
- **Simplification of Regulations and Reduction of Fines** – In its 2015 Small Business First report, the City recommended that the City's laws be simplified by repealing or modifying rules and regulations that are not consistent with modern business practices, are overly complex, or are obsolete.²³ The City can continue its current efforts to streamline the regulatory environment, reduce the punitive impact of fines for minor violations that do not impact public safety or quality of life, and come up with creative ways to support small businesses. This includes revising the commercial rent tax and providing support to businesses that must make expensive alterations due to their being located in areas at risk of future climate events.
- **Business Incubator** - To help diversify our local economy, attract daytime office space, and reduce vacancies, CB 3 would welcome the establishment of a business incubator in the District, and would welcome opportunities to discuss this with the Economic Development Corporation.

²² NYC Department of Finance. <https://www1.nyc.gov/site/finance/taxes/business-commercial-rent-tax-crt.page>

²³ City of New York. (2015). *Small Business First*. <http://www1.nyc.gov/assets/smallbizfirst/downloads/pdf/small-business-first-report.pdf>

- **Roll Back of CRT** – Given that Commercial Rent Tax (CRT) is a barrier to small business survival in CB 3, we recommend a roll back of CRT to support local business development.
- **Disaster Response** - The 2nd Avenue tragedy in 2015 - in addition to Irene and Sandy before it - illustrated the need for well-developed disaster response plans for impacted businesses. The City – and SBS specifically - was incredibly helpful and responsive following this tragedy, but additional resources should be identified and set aside in the event of future need. These should include a well-funded small business disaster fund, increased staffing at SBS, and the continued availability of low-interest loans.

Nightlife and Licensing

CB 3, a primarily residential district, is among the highest of all Manhattan community districts in number of 311 commercial noise complaints year to year, regularly registering more than 2,000 in each of the past four (4) years (see Figure 4).²⁴

Figure 4: Service Request Count By Location



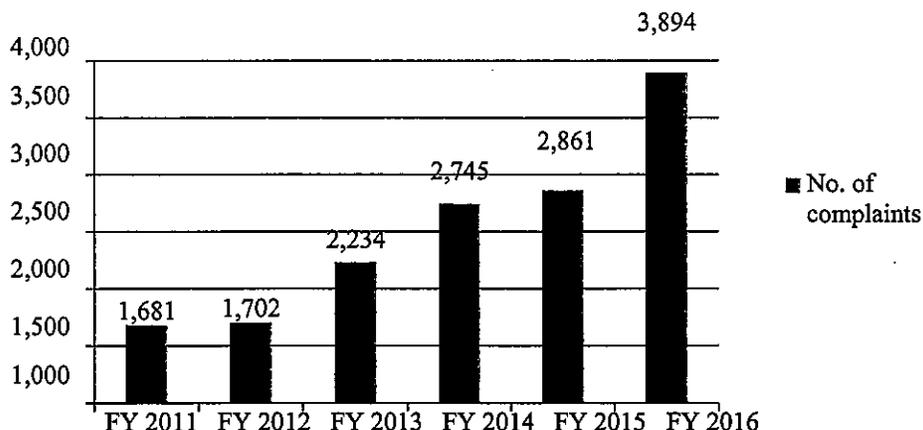
In the past fiscal year, CB 3 had the highest number of 311 NYPD commercial noise complaints in Manhattan. Even though there has been a decrease in the number of new liquor license applications in the past year in CB 3, the number of 311 commercial noise complaints related to licensed businesses has increased by 36% percent (see figure 5).²⁵

²⁴ City of New York (2016). *311 Service Request Map: July 2015 to June 2016*.

<<http://www1.nyc.gov/apps/311srmap/>>.

²⁵ New York City 311 Service Requests. (2016). *NYC Open Data*. <<https://nycopendata.socrata.com/>>.

Figure 5. Total 311 Commercial Noise Complaints in Community District 3



While we do not know the cause of the decrease in new applications, it is clear that there has been a complete saturation of licensed businesses. Consequently, CB 3 has been discouraging liquor license applicants from occupying vacant storefronts to encourage these storefronts to be used to increase retail diversity for the benefit of community residents.

The continuing increase of 311 noise complaints despite the decrease in liquor license applications demonstrates that the City and State are unable to adequately address the growing number of SLA related quality of life complaints. The SLA, which has jurisdiction over compliance with the Alcohol Beverage Law, does not inspect businesses or enforce this law for quality of life issues impacting our residents and other businesses. Our precincts must make responding to quality of life complaints a lower priority than responding to criminal activity and non-SLA related quality of life issues. Large, loud crowds are a constant result of the saturation of bars, but this is not against the law and there is very little the police can do in response to noise and crowds on the streets and sidewalks. Consequently, ameliorating these conditions must be accomplished by planning the number, location, hours, and types of liquor licensed businesses. Further, the Community Board office now allocates the majority of its time to the overwhelming number of SLA-related complaints rather than the many other complex issues of the District.

CB 3 has several recommendations to mitigate the negative impacts of nightlife proliferation:

- The City needs to utilize existing tools to address increasing quality of life complaints that result from the oversaturation of eating and drinking establishments and more effectively use its limited police resources, for example, better using the "6 in 60" legislation that was enacted in 2010 which allows police to refer businesses to the SLA when they do not comply with stipulations, violate noise laws, fail to control unruly crowds and repeatedly draw police attention six or more times in sixty days. The use of this tool should be expanded.
- With the ever increasing volume of people and vehicles in this district, vehicular and pedestrian traffic and horn honking continues to be a major complaint. TLC and NYPD traffic police should perform targeted horn honking enforcement operations.

- The City should provide a sufficient infrastructure, such as rat proof baskets and extra sanitation pickups, to address the growing health issues caused by an increased rodent population and greater garbage output because of the numerous eating and drinking establishments in CB 3. Because many of these businesses do not open before 5 p.m., the garbage in front of these businesses is allowed to accumulate during the day. While there has been some City Council funding directed toward this effort, funding should be increased to address all nightlife areas with serious rodent violations within CB 3

**Commercial Noise Complaints by Borough and Community Board
Fiscal Year to Date (July 1, 2016 - June 19, 2017)**

| | Brooklyn | Bronx | Manhattan | Queens | Staten Island |
|-----------|-----------------|--------------|------------------|---------------|----------------------|
| 1 | 3766 | 148 | 486 | 1828 | 390 |
| 2 | 1055 | 92 | 2103 | 691 | 232 |
| 3 | 1991 | 121 | 3975 | 448 | 279 |
| 4 | 1236 | 187 | 1414 | 283 | |
| 5 | 348 | 400 | 1242 | 663 | |
| 6 | 1795 | 260 | 1100 | 264 | |
| 7 | 458 | 142 | 809 | 334 | |
| 8 | 1111 | 272 | 1565 | 96 | |
| 9 | 373 | 1289 | 752 | 498 | |
| 10 | 722 | 327 | 849 | 337 | |
| 11 | 246 | 147 | 985 | 179 | |
| 12 | 287 | 311 | 2820 | 476 | |
| 13 | 217 | | | 209 | |
| 14 | 330 | | | 218 | |
| 15 | 277 | | | | |
| 16 | 68 | | | | |
| 17 | 324 | | | | |
| 18 | 372 | | | | |