

Downtown Brooklyn's Detour
The Unanticipated Impacts of Rezoning and Development on
Residents and Businesses

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Introduction

In June of 2004, the New York City Council formally approved a large-scale rezoning of Downtown Brooklyn as put forth in the Downtown Brooklyn Development Plan, commonly referred to as the “Downtown Brooklyn Plan.” According to the City, the zoning changes were designed to encourage new office development and space for academic expansion within the existing commercial area bounded by Flatbush Avenue, the Fulton Street Mall, and Willoughby Avenue. Additionally, the areas surrounding this commercial core were rezoned to encourage new residential development with ground-floor retail. With the slow growth of New York City’s inventory of “Class A” office space during the 1990’s, city leaders hailed the plan as a key way to ensure that businesses looking for this type of space did not choose New Jersey over the City’s central business districts.

Three years later, the office boom that was expected largely as a result of the rezoning plan has not occurred, but this is not to say that development in Downtown Brooklyn is not taking place. In fact, construction projects are visible from every corner of Downtown Brooklyn, and local press has touted the emergence of a “New Brooklyn” that brings with it luxury residential towers, hotels, and cultural institutions.

While the Downtown Brooklyn Partnership, a public-private local development corporation that works closely with the city to implement the Downtown Brooklyn plan, describes changes to the area as leading to a “world-class cultural hub” and a “vibrant business center,” Families United for Racial and Economic Equality (FUREE) has a different perspective on what is occurring in Downtown Brooklyn. In its work with local low-income residents and small business owners, FUREE views the redevelopment of Downtown Brooklyn through a unique lens of social and economic equity.

The purpose of this report is to highlight the differences between the foreseen impacts declared by the city during the ULURP¹ review of the Downtown Brooklyn Plan and the impacts now being felt by many people who have been living and doing business in Downtown Brooklyn since before the plan was passed. The report will also contextualize the Downtown Brooklyn Plan by explaining both how it came about and what role its Environmental Impact Statement plays in determining its impacts. By comparing the impacts of the rezoning as they were outlined in the plan’s Final Environmental Impact Statement with how impacts are actually playing out on the ground, this report will tell the largely untold story of the harmful effects that redevelopment is having on some of the businesses, workers, and residents of the area. It will serve as an informational foundation for FUREE members as they work toward reframing the public debate about who is and is not benefiting from the changes in Downtown Brooklyn.

¹ ULURP, the Uniform Land Use Review Procedure, is the official process by which changes in land use (due to rezonings or development proposals) are reviewed by the public and government agencies.

Executive Summary

The stated goal of the 2004 Downtown Brooklyn Plan was to stimulate the redevelopment of the area in order to encourage its continued transformation into New York City's third central business district. The comprehensive development plan has created a set of negative impacts, some of which were outlined in the plan's Environmental Impact Statement. However, many of the negative impacts that small businesses and households are currently experiencing were not taken into account by the EIS.

By reviewing the background and origins of the Downtown Brooklyn Plan, the first part of this report provides a context for understanding why the City created the plan. The rest of the report is dedicated to analyzing two major sets of interrelated negative impacts, those related to small businesses and housing. By reviewing how the EIS framed the negative impacts related to these topics, this report aims to highlight how redeveloping Downtown Brooklyn is actually harmful to some local stakeholders. The following list reviews some of the report's major findings.

Summary of Findings

1) *Redeveloping Downtown Brooklyn is displacing businesses and jobs.* While the EIS analysis estimated that 100 businesses—and 1,700 jobs---would be directly displaced by new development, it concluded that this does not constitute a “significant adverse impact.” To date over 100 businesses in the rezoning area have already been displaced.²

2) *The Downtown Brooklyn EIS analysis understates the potential for business displacement.* The jobs that currently exist within designated urban renewal areas are not included in the 1,700 count of potentially lost jobs because in theory, those businesses are subject to displacement by the accompanying urban renewal plan. This methodology renders the count misleading and provides an understated picture of current and future business displacement.

3) *An on-the-ground look at small business displacement reveals adverse impacts for many people who shop, work and do business in Downtown Brooklyn.* As landowners clear out small businesses located on future development sites, moderate-income office workers find that the shops they have patronized for years are gone. Also, as small businesses get displaced, the character of Downtown Brooklyn—particularly the Fulton Street Mall--as a shopping destination for low and moderate-income households is being threatened.

4) *Contrary to the expectations of city officials and the intentions of the Downtown Brooklyn Plan, housing has been the predominant type of development as of late.*

This has two major implications: the thousands of office jobs that were expected to come online in Downtown Brooklyn have not materialized, and the area is becoming more of a residential neighborhood than before. However, most of the new housing units being created are market-rate and/or luxury and are therefore out of the economic reach of FUREE's stakeholders.

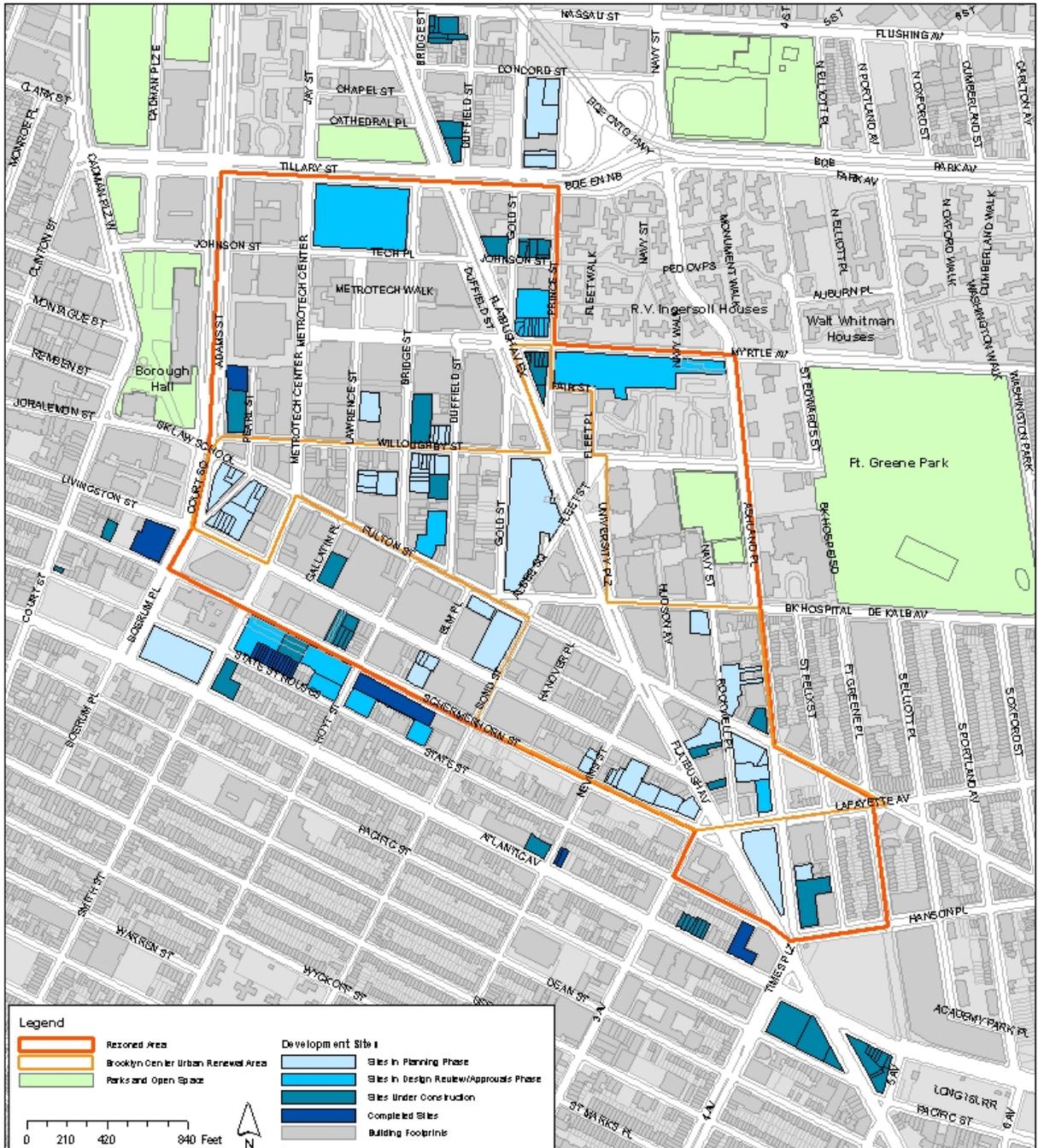
² FUREE

5) *Redeveloping Downtown Brooklyn threatens the long-term existence of a small residential community.*

The EIS analysis estimated that 386 residents living in about 130 housing units are subject to direct displacement if anticipated development on projected development sites occurs. Many of these units are in rent stabilized buildings, and their removal reduces the overall supply of affordable housing in New York City. The rezoning included no provisions to create or preserve affordable housing, and fewer than 800 below-market-rate units are being built in downtown Brooklyn.

6) *As Downtown Brooklyn undergoes more development, impacts on neighborhood character will be significant and will affect many stakeholders' sense of history and culture.*

While the EIS analysis has a very narrow perspective on the neighborhood's historical significance and character and how they are expected to change, the new residents and workers who are expected to come to the area will create significant impacts.



Development in Downtown Brooklyn



Data sources: Downtown Brooklyn Partnership, NYC PLUTO 2006
Development Data Updated Summer 2007

Background

Origins of the Downtown Brooklyn Plan

As New York City's third largest central business district (after Midtown and Downtown Manhattan), Downtown Brooklyn is a diverse area with a high concentration of government offices and courts, office buildings, retail stores, and cultural and academic institutions. This, combined with its proximity to Manhattan and the fact that numerous subway and bus lines run through it, led city planners to designate it as a sensible location for creating more opportunities for high-density mixed-use development. As such, the city has long seen Downtown Brooklyn as a key part of its strategy for promoting the city's economic growth.

Even before the 2004 comprehensive rezoning plan, Downtown Brooklyn had been undergoing a lot of change due to new development that was largely commercial in nature. In 1992 the 5.5 million square foot MetroTech Center was built and is now the home to Polytechnic University, a few large corporations like Bear Sterns, and the headquarters of the FDNY. In 2001, the city created the Downtown Brooklyn Special District, a customized zoning designation to promote the continued growth of Downtown Brooklyn as a mixed-use area. A few years later, two of the city's major development arms--the Department of City Planning and the Economic Development Corporation—proposed a comprehensive rezoning and redevelopment plan for Downtown Brooklyn. A major rationale for the rezoning centered around what the city perceived as the need to address three inter-related issues: a shortage of and high demand for Class A office space, increased competitiveness from New Jersey in attracting companies with “back office” needs, and New York City's decline in regional employment share.³

Rezoning Downtown Brooklyn

Building on the development activity that had been taking place in Downtown Brooklyn throughout the 1990's and early 2000's, the 2004 Downtown Brooklyn Plan is a government-initiated and developed plan that represents the city's desire to ensure that key sites are made ready for largely private development. While the public sector (i.e., the government) created the plan to encourage particular types and patterns of development, it is the private sector (i.e., developers and the real estate market) that ultimately will determine what type of development takes place. In other words, the Downtown Brooklyn Plan created a strong framework for future development, but it did not, for example, mandate that a certain portion of development had to be residential versus commercial.

The plan went through an official public approval process during which it was reviewed by various government bodies and ultimately approved by the City Council. The only way for regular citizens to have participated in this process, at least in theory, would have been to try to influence members of Community Board 2 who had—but ultimately did not use—an opportunity to cast an advisory vote on the plan.⁴ Outside of this narrow official

³ Back office operations are a part of many corporations where functions dedicated to running the company itself take place. Such functions include information technology departments that keep the phones and computers running, accounting, and human resources. In this context, back offices tend to be located somewhere other than a company's main headquarters.

⁴ During the city's process of reviewing land use changes (known as ULURP, the Uniform Land Use Review Procedure), local Community Boards vote to approve or disapprove of a plan, but their vote is only advisory. In the case of the Downtown Brooklyn Plan, however, Community Board 2 failed to pass a resolution voting either “yes” or “no” on the plan as a whole.

review process, there was no on-the-ground constituency group (or a coalition of groups) that pressured the city to ensure that the plan contained provisions to meet the needs of low and moderate-income people and small business owners who had been living and doing business in Downtown Brooklyn for many years.

The lack of community voice in shaping the plan resulted in the Downtown Brooklyn Plan's being formulated to cater to the interests of big landlords and developers, often at the expense of many small business owners and residents of modest means. As developers and landlords try to maximize their profits under new zoning rules that allow for bigger buildings, many of the small, often family-run businesses that helped make Downtown Brooklyn the retail destination that it is today are being pushed out to make way for luxury condos and other high-end development. This is not only changing the character of Downtown Brooklyn, but it is making it harder for small businesspeople to be able to find affordable commercial space.

Downtown Brooklyn Today: More New Housing than Offices

While one of the main reasons given for the rezoning of Downtown Brooklyn was to create opportunities for developers to build high-density office buildings, another goal was to increase the amount of housing, and thus the new zoning rules also allow for larger and more residential buildings than were previously allowed. This fact, combined with extremely hot residential real estate markets in nearby Brooklyn neighborhoods (e.g., Carroll Gardens, Brooklyn Heights, Clinton Hill, and Williamsburg-Greenpoint) have made Downtown Brooklyn the next neighborhood for market-rate and luxury residential development. According to the Downtown Brooklyn Partnership, more than 14,000 housing units—including those that are part of the Atlantic Yards development—are being planned or are under construction, and the group sees this as an important way to create a “24-7” neighborhood.

Excluding the affordable housing planned for Atlantic Yards, under the best-case scenario fewer than 800 below-market-rate units are being built in the new downtown Brooklyn projects. These include 217 apartments being built on Schermerhorn Street by the nonprofit supportive housing organization Common Ground, under a 1980s urban redevelopment agreement that required that 17 percent of units developed in the target area be affordable. By contrast, the 2004 rezoning contained no affordable housing requirements or incentives.⁵

The office boom that city planners thought would happen has not materialized. Many people were expecting the Downtown Brooklyn Plan to lead to a lot of new jobs there; even Department of City Planning materials say that offering “Class A space without Class A rents” and “preserving and growing jobs and tax revenues” are key parts of its strategy for Downtown Brooklyn.⁶ However, the less-than-predictable real estate market has responded differently, and developers have been opting to build housing over offices. Therefore, the thousands of jobs that were expected to be created from office development have thus far not been realized.

⁵ According to guidelines from the U.S. Department of Housing and Urban Development (HUD), “affordable” means that residents pay no more than 30% of their household income for rent. The income guidelines for most affordable housing programs are based on the “area median income” (AMI) as calculated by HUD. The AMI for our area (\$71,300 for a family of four in 2007) includes New York City, Nassau, Westchester, and Rockland Counties. The median income for New York City alone was only \$46,480 in 2006.

⁶ From a presentation created by the New York City Department of City Planning which was accessed on November 1, 2007 at <http://www.nyc.gov/html/dcp/pdf/dwnbklyn2/dwnbklyn.pdf>

The Future of Downtown Brooklyn

While development in Downtown Brooklyn since the 2004 rezoning has been dominated by new residential towers instead of the new high-end offices that policy-makers and planners were predicting, some people now believe that a new surge of businesses seeking office space will be looking to the area for their real estate needs. Large corporations such as JP Morgan Chase have recently vacated significant amounts of Class A office space which has left a glut in the office real estate market. As the office vacancy rate in Downtown Brooklyn increases and prices fall, groups like the Downtown Brooklyn Partnership see a new opportunity to draw in the “creative industries”⁷ in addition to those with back office needs.⁸ Time will tell if the Downtown Brooklyn Plan’s original goal of attracting businesses and jobs to the area will materialize. Regardless of the expected versus actual balance of housing to office development, there is no question that Downtown Brooklyn is going through a lot of change. While most urban areas are in a constant state of flux, the recent spate of development in this neighborhood has triggered some dramatic and fast-moving changes, many of which are harmful to existing residents and businesses.

Environmental Impact Statements: Disclosing a Plan’s Potential Impacts

The Downtown Brooklyn Plan was passed in 2004 as a comprehensive development plan designed to spur the continued growth of Downtown Brooklyn. While the bulk of the plan consisted of rezoning actions, it also called for the creation of new public open spaces, pedestrian and transit improvements, urban renewal,⁹ street mappings and other actions that facilitate development. The rezoning plan, which resulted in changes to the zoning map and the text that accompanies it, was subject to New York City’s official land use approval and environmental review processes. The environmental review process determined that the Downtown Brooklyn Plan may have significant adverse effects on the environment and as such, it warranted the preparation of an Environmental Impact Statement, or EIS.

An EIS should not be confused with a neighborhood plan. The purpose of a plan is to lay out the needed steps for changing an area based on a vision for how it should change. In contrast, an EIS lays out the potential impacts that will occur in an area as a result of various future scenarios--such as those with and without the proposed action--and therefore, an EIS is not prescriptive. It collects the information that decision-makers and the public need to evaluate the impact of a project, and it looks at several categories such as socioeconomic conditions, neighborhood character, and traffic. One way in which it weighs impacts of the actions being studied is by describing reasonable alternatives that would avoid or minimize adverse impacts or enhance the quality of the environment.

⁷ Creative industries refers to a set of related economic sectors that center around creating and exploiting intellectual property products. Examples include the arts, films, games, fashion designs, or providing business-to-business creative services such as advertising.

⁸ The Real Deal, March 2007, accessed on November 16, 2007 at http://www.therealdeal.net/issues/MARCH_2007/1172652144.php

⁹ Urban renewal is the legal authority by which New York City (or another municipality) undertakes planned and coordinated activities to redevelop a given geographic area. There are currently about 150 urban renewal areas in New York City, each of which has a corresponding urban renewal plan that defines the area's boundaries and specifies the manner in which it will be redeveloped.

As a disclosure document, an EIS is intended to provide a full description of a proposed project (in this case the rezoning of Downtown Brooklyn), the existing environment, and an analysis of the anticipated beneficial or adverse environmental effects that the project will have. If it is found that “significant adverse impacts” could or are likely to occur as a result of a proposed project, an EIS must recommend measures to mitigate these impacts. The guidelines for determining when an impact is considered to be significant (as well as all of the guidelines and procedures for preparing an EIS) are outlined in the City’s Environmental Quality Review procedure, commonly known as “CEQR.” While one of the main purposes of an EIS is to identify impacts of a development plan, CEQR guidelines do not require that *all* potential impacts be disclosed. However, it is not within the purview of this report to outline the ways in which CEQR is inadequate and thus leads to an understatement of key impacts.

In the case of the Downtown Brooklyn Plan, which as explained earlier was largely an area-wide rezoning proposal, the EIS weighed the impacts of future development based on a ten-year build period. In other words, since it was prepared in 2003, the EIS examined the effects of development that was reasonably likely to be constructed by 2013. It did this by looking at a very specific set of “projected development sites,” whose criteria for inclusion in the EIS analysis include proximity to the area’s commercial core and mass transit. Many of the impacts outlined in the EIS have not yet occurred since only four years have passed since the plan was approved, and the “projected development sites” assessed for impacts have not yet been built out.

In order to measure and assess the impacts of future development, the Downtown Brooklyn EIS (like other EIS’s) lays out a “Reasonable Worst-Case Development Scenario” to determine what would happen if the maximum allowed amount of development took place under the area’s proposed new zoning scheme. As such, the impacts that are laid out are hypothetical, not statements of fact. However, they provide the public with information about the positive and negative impacts that may occur as a result of development. The rest of this report will compare some of the major foreseen impacts of the Downtown Brooklyn Plan—as they are outlined in the Final Environmental Impact Statement—with how the actual impacts have been playing out on the ground over the last few years.

Small Business Displacement and its Impacts

Downtown Brooklyn EIS: 100 Businesses and 1,700 Jobs at Risk of Displacement

The small businesses located in Downtown Brooklyn have long been an important source of employment, often for people of modest means and educational levels. However, redevelopment poses a threat to many of the small, often independent and family-run businesses that are located on projected redevelopment sites, and thus poses a threat to the jobs that these businesses sustain.

In accordance with CEQR guidelines, the Socioeconomics chapter of an EIS must disclose the impacts that would occur to residents and businesses located in or near projected development sites. According to the EIS for Downtown Brooklyn, the redevelopment of the projected development sites will directly displace 1,700 jobs. This means that the development that occurs under the new zoning and as a result of it will involuntarily displace almost 100 businesses that taken together, employ 1,700 people. One should note that CEQR does not require that an EIS include a survey of existing businesses to determine their number of employees. Instead, the estimate of the number of jobs to be displaced is typically based on applying a standard “employment ratio” to the existing business types that are currently located on projected development sites.¹⁰

Even though 1,700 jobs is by no means a small impact—it is safe to assume that 1,700 families will be impacted by this—it is considered to be “insignificant” by CEQR standards and thus, no mitigation measures are proposed or indeed required by the city. In following CEQR guidelines to conclude that the removal of 1,700 jobs is not significant, the EIS determined that the businesses to be displaced:

- are **not of substantial value to the City or region**
- **do not contribute substantially to a defining element of the Downtown Brooklyn neighborhood character**
- are not subject to regulations or publicly adopted plans to preserve, enhance, or protect them

When it comes to the direct displacement of businesses and residents, it is very difficult to meet the criteria for establishing a significant adverse impact. CEQR regulations even state that in most cases, “direct displacement would not constitute a significant adverse impact.”¹¹ Essentially, an EIS analysis considers a firm’s products and services, its locational needs, and the potential effects on business or consumers of losing the displaced business. If the analysis cannot rule out that a) the firms to be displaced collectively define the neighborhood’s economic character¹²; or b) a business to be displaced provides “substantial economic value” to the city or regional area and could only be relocated with great difficulty or not at all, then CEQR guidelines call for a detailed assessment. If this detailed assessment concludes that significant adverse impacts will occur, then the EIS will propose mitigation: that alternative sites be considered for development.

¹⁰ The assumptions are as follows: one job per 300 square feet of retail area; one job per 250 square feet of office space; and one job per 100 square feet of fast food businesses

¹¹ Page 3B-4 of the CEQR Technical Manual

¹² The CEQR Technical Manual cites the electronic district in lower Manhattan that was displaced by the creation of the World Trade Center in the 1960’s as an example of a group of businesses that collectively define the character of a neighborhood.



Small businesses on Willoughby Street between Bridge and Duffield have been evicted to make way for new development.

In the case of Downtown Brooklyn, the EIS analysis characterized the businesses to potentially be directly displaced as an array of mostly small retail businesses along with some service businesses and a few auto-related and light industrial firms. Unfortunately, because the types of businesses located on projected development sites are so diverse, in EIS terms, they do not collectively create a single “character.” The analysis determined that the criteria listed above were not met and therefore no detailed assessment was required, and it concluded that no significant adverse impact will take place.

Funny Math: How the Downtown Brooklyn EIS Analysis Understates the Potential for Business Displacement

The EIS’s count of displaced businesses does not provide a full and accurate picture of potential business displacement if all of the projected projects contemplated by the EIS are carried out. One of the reasons for this is because of the manner in which CEQR treats urban renewal areas. The jobs that currently exist within designated urban renewal areas (URA’s) are not included in the 1,700 count because in theory, those businesses are subject to displacement by the accompanying urban renewal plan. This methodology renders the count misleading and thus provides an understated picture of current and future business displacement.

The most striking example of this is related to the Brooklyn Center URA. Taken together, two of the Downtown Brooklyn plan’s projected development sites located within this URA are home to almost 1,500 jobs. According to the EIS, the current Albee Square Mall¹³ will not have any business displacement under the new zoning scheme for Downtown Brooklyn because the mall is located within the Brooklyn Center Urban Renewal Area and as such the mall’s businesses could have been displaced whether the rezoning had happened or not. Regardless of the legitimacy of the procedure, the implication is clear: the EIS’s 1,700 count for the number of jobs to be displaced in Downtown Brooklyn does not include (what the EIS identified) as the 731 existing jobs at the mall.

The Loss of Businesses, Jobs, and Essential Services

In contrast to the detached view that an environmental impact statement has on the loss of jobs and businesses, FUREE and its members have an on-the-ground perspective on the

¹³ The mall’s official name was the Gallery at Fulton Street.

displacement of small businesses, and unlike the EIS analysis they see the issue as significant. To date, there are two major areas in Downtown Brooklyn that have been notably affected by displacement: the Albee Square Mall and an area roughly bounded by Willoughby, Bridge, Duffield, and Fulton Streets.

The businesses (and the aforementioned 731 jobs that the EIS identified) that until recently occupied the Albee Square Mall have now all been pushed out and the building is being razed in order to make way for the first major mixed-use project since the Downtown Brooklyn Plan was approved: the one and a half million square foot “City Point” with retail stores, offices, and apartments. Many of the mall’s small business owners operated with month-to-month leases and when some of them questioned their landlord Thor Equities about this, they were reassured that there would continue to be space for them into the future, even in a newly constructed mall. Around the corner from the mall, another group of over 20 small businesses on Willoughby and Bridge Streets (and the residents who live on the upper floors of buildings) has been dealt a similar fate. At the end of April 2007, landlord-developer Al Laboz sent them eviction notices—without any prior warning—giving them one to three months to leave. As of April 30, 2008, all of them will have been evicted.¹⁴ He plans on developing “Willoughby West,” a mixed-use tower on the site of existing low-rise buildings.

These scenarios are likely to be repeated in the short and medium-term future as landowners attempt to clear out small businesses located on development sites so that they can redevelop their land which has recently increased in value due to the rezoning. In the process, whether the EIS analysis acknowledges it or not, there are impacts on low and moderate-income shoppers to whom these small businesses largely cater. For example, when the delis, barbershops, and other convenience retail shops that moderate-income office workers visit during lunch or after work leave the neighborhood, this population is left with no affordable alternative and a void in its Downtown Brooklyn experience. In addition, the area has long been home to businesses—from an array of small clothing stores to a specialized wig shop—that people travel to from all over the five boroughs and beyond in order to shop. While perhaps it would be difficult to argue that the small businesses in Downtown Brooklyn constitute a critical economic sector in Brooklyn or the city overall, their removal alters the character of Downtown Brooklyn’s thriving shopping district and decreases the number of establishments that offer affordable goods to shoppers. As developers like Al Laboz envision the introduction of higher-end retail chain stores that are reminiscent of Manhattan shopping districts such as 34th Street, the low and moderate-income people of African-American and Caribbean descent that largely account for the area’s 100,000 daily shoppers may find a new shopping district that does not meet their needs or their budgets. Just as people around the city are being priced out of gentrifying residential neighborhoods, many of them are also experiencing the effects of economic gentrification when the stores at which they could once afford to shop are displaced to make way for new development and pricier stores.

¹⁴ FUREE



The currently vacant site, formerly home to a supermarket and a drug store, on which developer John Catsimatidis has future plans for residential towers.

Business displacement has not been limited to Downtown Brooklyn's commercial core. A small portion of Myrtle Avenue just east of Flatbush was included in the rezoning plan. In July 2007, developer John Catsimatidis pushed out several essential businesses located on Myrtle Avenue across from the Ingersoll public housing complex to make way for the eventual development of several high-rise residential buildings. A laundromat, a 99-cent store, and a supermarket had provided basic services to thousands of households in public housing—and other nearby residential towers—for almost 30 years, and a long-awaited Duane Reade pharmacy had been filling neighbors' prescriptions for the last five years. Now, the strip lies vacant and waits for development that is likely to be years away, as Catsimatidis waits for \$500 million in bond financing from the Housing Development Corporation to become available. As a result, local residents are forced to go further afield to purchase necessary household goods. This is hitting seniors and other physically challenged people particularly hard because they now must travel over 15 blocks to purchase food, medicine, and other essential goods. The Downtown Brooklyn Partnership has reported that according to staff at Duane Reade corporate headquarters, they expect to re-open a store on Myrtle Avenue "as soon as construction has been completed on the various residential developments being built in this revitalized section of Downtown Brooklyn."

Impacts Related to Housing Development

The shift from office to residential development

While the need for more high-end office space was one of the biggest reasons the City gave for creating the Downtown Brooklyn Plan, construction of new residential buildings has significantly outpaced new offices to date. According to the Downtown Brooklyn Partnership, close to 14,000 new housing units are now under construction or being planned. While not all of these units are a direct result of the Downtown Brooklyn Plan—for example, almost 6,500 housing units are planned as part of the Brooklyn Atlantic Yards project—about 7,000 of them have been (or will be) created under the new zoning scheme that the plan set forth.

Many of the factors that make Downtown Brooklyn appealing for businesses (location, access to public transit, etc.) make it appealing for housing development. This, combined with a strong residential real estate market in Brooklyn (and the city overall) and a recently sluggish Class A office market, has meant that developers have been looking to Downtown Brooklyn as one of the next neighborhoods for residential expansion. However, the EIS did not anticipate the extent to which the real estate market would entice developers to choose to build housing over commercial and office development. Under its reasonable worst-case scenario, it estimated that only 979 residential units were likely to be created, but as the aforementioned numbers regarding new housing units indicate, it does not reflect today's on-the-ground reality.

In July 2007, the City issued a “technical memorandum” to the Downtown Brooklyn Plan's Final EIS in order to assess if changes proposed for the Albee Square Mall development site warranted the creation of a supplemental EIS under CEQR. If there are significant adverse environmental impacts not addressed or inadequately addressed in an EIS that arise from changes proposed for a development site (or from newly discovered information or a change in circumstances related to the project), then preparing a supplemental EIS may be required. Whereas the 2004 EIS analysis looked at a development program for the “Center at Albee Square” that would include over 1 million square feet of office space and no residential units, the revised program includes only about 125,000 square feet of offices and over 1,000 housing units. Despite these changes, the City concluded that no new significant environmental impacts would be created and thus, a supplemental EIS was not necessary.

What the shift means

The recent shift in from office to residential development has several implications. First, the thousands of office jobs (largely back office) that were expected to flood Downtown Brooklyn have not materialized, at least thus far, so the promise of job creation is likely to fall short. According to the EIS analysis, almost 18,500 permanent office jobs would be created as a result of the development of office buildings. This makes the issue of job displacement even more compelling since the EIS essentially stated that the high number of jobs to be created through office development would more than offset the number of jobs that would be displaced by development: “Overall, the proposed actions would not result in significant adverse impacts due to residential or business displacement. To the contrary, the project would reinforce existing trends towards residential and economic development in Downtown Brooklyn and offer significant benefits to the area's business and residential

communities.”¹⁵ Today, the estimate of new office job creation stands at less than 7,000.¹⁶

Some real estate brokers and developers are now embracing the notion of luring the “creative industries” to Downtown Brooklyn since back office operations have not been filling existing office space. Time will tell if significant numbers of firms and jobs—of any type--will find a home in the area, but in the meantime all the new housing going up is not producing the high level of employment opportunities that many hoped new office buildings would bring.



A rendering of the Oro Condominiums going up near the intersection of Flatbush Avenue and Gold Street. This is one of several new luxury residential developments in Downtown Brooklyn.

Instead, the residential development boom means that different types of jobs are being created. While housing development does not create nearly as many jobs as office development, it does create new employment in the form of building service jobs which includes janitors, security officers, maintenance and custodial workers. Finally, the shift from office to residential development simply means that a lot more housing than originally anticipated is being built. This is likely to result in Downtown Brooklyn being more of a “24/7” neighborhood; however, most of the new housing, both condos and rentals, is market-rate or luxury and is therefore beyond the economic reach of the low and moderate-income households who have lived in and near Downtown Brooklyn for years. (If the City’s voluntary inclusionary zoning program had been applied to Downtown Brooklyn when it was rezoned, developers would have had the option of building larger residential buildings if they made 20% of the units affordable to households earning up to 80% of the Area Median Income.¹⁷) In addition, all the new housing that is being built means that public infrastructure such as schools and the sewage system will experience greater strains into the future.

¹⁵ *Downtown Brooklyn Development, Final Environmental Impact Statement*, April 2004, Page 3-1, Chapter 3, Socioeconomic Conditions

¹⁶ Downtown Brooklyn Partnership

¹⁷ The 2007 Area Median Income for the New York City metropolitan area was \$70,900 for a family of four.

Loss of Existing Housing Stock

In total, the EIS analysis estimates that 386 residents living in about 130 housing units are subject to direct displacement if anticipated development on projected development sites occurs. But one of the lesser-known impacts of the redevelopment of Downtown Brooklyn is the permanent loss of existing affordable housing units that rent at below-market rate levels. While the recent development of prominent residential buildings in Downtown Brooklyn is garnering a fair amount of attention, few people realize that there is an existing residential community located in Downtown Brooklyn's commercial core adjacent to the Fulton Street Mall. For example, the City plans to use eminent domain to demolish three rent-stabilized buildings housing over 40 families—composed mainly of Latino families who have been in the area for decades—to make way for the future Willoughby Square Park at the northern end of the block bounded by Willoughby, Fulton, Duffield, and Gold Streets.¹⁸

The EIS concluded that this residential displacement does not constitute a significant adverse impact and that therefore, mitigation was not required. Under CEQR guidelines, negative impacts could occur if the numbers and types of households being displaced would be enough to alter neighborhood character and possibly lead to indirect displacement of remaining residents (due to rising rents caused by real estate market pressure). However, the EIS analysis found that the residents to be displaced represent a very small proportion of the study area population¹⁹ in 2000 and that their profile (household income levels, rent levels, poverty status) does not differ markedly from that of the overall study area. In its conclusion that direct residential displacement does not constitute a significant adverse impact, the EIS also stated that four development projects not related to the Downtown Brooklyn Plan will create units of affordable housing within the study area and will therefore help to offset any units of affordable housing that may be lost through direct displacement.²⁰

In addition to the burdens that displaced households must face when their housing units are eliminated to make way for new development, there is another important impact that often occurs: a permanent loss to the City's stock of affordable housing. When rent regulated units are removed from this stock, it represents a permanent loss to a shrinking supply of housing units that rent at below market-rate levels. In a city where rising real estate pressures mean that more and more households are paying more and more of their income on rent and there are not enough new affordable units being created to replace what is being lost, this loss has serious repercussions.

¹⁸ In early October 2007, following legal challenges by advocates such as FUREE, the City withdrew its eminent domain findings for the area that includes these residential buildings. The reason for the withdrawal was procedural: the Department of Housing Preservation and Development failed to enter a blight determination into the public record. Therefore, the public process had to start over, including another public hearing (which occurred on October 29th) and a 60-day determination period to follow.

¹⁹ For the purposes of the EIS, the study area is composed of the Downtown Brooklyn rezoning area plus a ¼ mile outside of it.

²⁰ These include Atlantic Yards, the Atlantic Center development, a development site on Atlantic and Court, and the ESDC/HS mixed-use development located at Schermerhorn, Hoyt, Smith, and State Streets.

Impacts Related to Neighborhood Character, History, and Culture

An EIS's Narrow Perspective on History

The framework that an environmental impact study uses to examine the impacts of a development project on an area's historical significance is fairly limited. An EIS views a neighborhood's history as a set of physical resources, either archaeological or architectural. According to CEQR, archaeological resources are physical remains that are usually located below the surface and are from Native American and historic periods. Architectural resources include historically important buildings, structures, objects, sites, and districts.

While assessing the impacts of new buildings on historic physical structures is useful for understanding how new development may affect them, it does not provide a helpful framework for understanding how an area's cultural history may be affected—either positively or negatively—by new development. The changes occurring in Downtown Brooklyn do not only have the potential to remove physical remnants of the area's history, but they impact the social and cultural history of the area. As the character of the neighborhood changes and different residents, workers, and businesses replace those who have been there for many years, many of the people who used to work and shop in Downtown Brooklyn will no longer have a space to share their common interests and history.

In its chapter on historic resources, the Downtown Brooklyn EIS concludes that four projected development sites are considered to be potentially sensitive for 19th century archaeological resources. As such, more archaeological assessments would be prepared for City-owned property (or property that would be acquired by the City) before development would start. With regard to architectural resources, the EIS concludes that there would be no direct impacts known to occur.

Whose Neighborhood Character?

Like its take on history, the Downtown Brooklyn EIS's treatment of impacts on neighborhood character is significantly limited. It fully acknowledges that the rezoning is very likely to impact the area's character, but its framework for analysis is much more quantitative than qualitative. It concludes that the changes that would occur—additional businesses and workers and new housing—would create positive impacts on the area by creating a more intense commercial core area and a high-density, mixed-use central business district in Downtown Brooklyn. While some business and residential displacement will occur, it will be more than offset by the additional workers and visitors to the area who will increase demand for retail and other services, thus spurring "...an upgrading in the types of retail and office..."²¹

The EIS analysis essentially says that bringing more intense business and residential activity to the area is a good thing that will create positive impacts, but it fails to fully consider for whom this is beneficial. Clearly, the business owners and residents who have been displaced from Downtown Brooklyn are not the beneficiaries of new development. However, they are collateral damage in the view of the EIS analysis because new business and housing activity will greatly outweigh what will be displaced.

²¹ *Downtown Brooklyn Development, Final Environmental Impact Statement*, April 2004, Page 9-15, Chapter 9, Neighborhood Character

The Future of the Fulton Street Mall

As the redevelopment of Downtown Brooklyn continues over the next several years, one of its best known places, the Fulton Street Mall, faces an uncertain future in the face of small business displacement. Located on a plaza-like site with limited vehicle access, the pedestrian mall attracts about 100,000 people each day from around Brooklyn, New York City, and the wider region. They walk up and down its wide sidewalks while shopping for urban fashions, electronics, and discounted clothing. In terms of retail performance and its viability as a social meeting space for a wide array of people, the Fulton Street Mall is a tremendously successful urban place. In addition, a recent ethnographic study found that a majority of people who use the Mall regard it as an important place, in terms of providing opportunities for both shopping and employment.²² The study also revealed that the Mall holds key memories for a lot of people who use it, as they cite that one of the reasons they continue to shop at the Mall today is because they have fond memories of doing so in their youth.

Thus, while the Mall is a very significant social and economic engine for Downtown Brooklyn and the diverse constituency of people who use it, there are no programs or policies in place to ensure that redevelopment schemes do not negatively affect it. The EIS concludes that its character is not expected to change since there are no specific projected development sites located on the site. However, as private property owners prepare nearby development sites for the creation of future residential and commercial buildings, there is no guarantee that the small businesses currently located on these sites—the vast majority of whom rent their space--will continue to be there into the future. Even the EIS analysis says that the retail mix in Downtown Brooklyn in general will change, with independent stores existing next to national stores. Regardless, the prospect of Fulton Mall as an economically and socially vibrant place and a destination for low and moderate-income shoppers is in question. In all the recent press that has been highlighting the “new” Downtown Brooklyn that is in the works, this is never mentioned.

²² See “*They Can’t Take the Culture Away from Us*”: *At Home with Hip-Hop and History and Downtown Brooklyn’s Fulton Street Mall*, Allison Dean, August 2005.

Conclusion

While the redevelopment of Downtown Brooklyn is creating a large set of negative impacts that range from construction nuisances to increases in traffic, this report was limited to reviewing two major interrelated sets of impacts, small business and housing, as well as impacts on the area's character. While the Downtown Brooklyn Plan's goals were to transform the area into a major center of economic activity that would fuel job creation and encourage business and housing development, local advocacy groups such as FUREE are extremely concerned about the harmful ways in which the plan impacts many of the area's existing residents and small businesses.

There are several types of negative impacts on small businesses and residences in the face of the Downtown Brooklyn Plan's implementation. As landowners clear out sites and prepare them to be redeveloped, many of the businesses and households that were there for many decades are being left out in the cold. As renters, these interests were not considered to be long-term stakeholders in the context of the Downtown Brooklyn Plan. As such, many small businesses and families are being displaced to make way for other development projects. This not only creates obvious hardships by eliminating the source of livelihoods for business owners and their employees, but it threatens to change the character of Downtown Brooklyn as a shopping destination for low and moderate-income households. In addition, while it causes serious hardship for affected households, residential displacement in many cases also reduces the City's stock of affordable housing units. Finally, the shift from what was largely expected to be an office-centric redevelopment scheme to one that is largely residential in nature has several implications, including a significant reduction in the amount of jobs that new office development was supposed to create.

This report has sought to begin to frame the current redevelopment of Downtown Brooklyn in a way that draws attention to some of its harmful effects. By comparing the official impacts of redevelopment as they were outlined in the plan's Environmental Impact Statement with how impacts are being felt by local residents and business owners, one can better understand that a major redevelopment plan often creates collateral damage. While the City believes that the redevelopment of Downtown Brooklyn is a positive step that will lead to its becoming a major economic, residential and cultural hub, this report tells a less well-known side of the story: the changes occurring there are not beneficial to everyone and in many cases produce negative effects on people who have lived, worked, and done business there for a long time.