

# A Renewed Relationship of Lower Manhattan and the Region

**N**ew York was a multi-centered city before September 11, one of the few older metropolises in the country that had grown in the past decade. Midtown and Lower Manhattan will continue to be pivotal as drivers of development, but to the extent that Midtown and downtown are largely built out, New York City's growth will require that other areas of the city be developed for commercial uses. Acknowledging this regional context does not downplay the importance of Lower Manhattan. On the contrary, it reinforces its position in the hierarchy of centers in the region — while it needs such subcenters for affordable and accessible branch office or back office space, they in turn need Lower Manhattan as an anchor, a central location at which face-to-face contact and personal relationships are possible in ways that other, less central locations cannot duplicate. Planners for Lower Manhattan must therefore consider the relationship to these other centers — and should plan and promote development in a way that reinforces Lower Manhattan.

## **Use the whole City to keep business in New York**

Redevelopment in Lower Manhattan can and should be complemented and supported in regional centers throughout the city. Therefore, the planning approach to redeveloping Lower Manhattan should be a consensus-driven strategy building on local assets with input from each community. Policymakers must persuade businesses to remain committed to New York City, and should encourage these businesses to seek available sites and existing space in Manhattan and the other boroughs. In promoting alternate development areas, the goal is to build on the strengths of the location, not to compete with Midtown or Lower Manhattan.

Highly critical areas of the city could become available for development in the medium- to long-term with regulatory action, such as rezoning to higher densities. Three primary development areas — Downtown Brooklyn, Long Island City/Queens West and the Far West Side — are essential for serving an expanded Central Business District (CBD) office market. In these areas most of the amenities required to be competitive are in varying degrees already in place: infrastructure, transit connections, housing, zoning, and public amenities. Policies and regulatory assistance should ensure that growth of complete neighborhoods around each of these centers will encompass a critical mass of office uses, nearby housing serving all income groups, and shopping, cultural institutions, parks and open space to create a strong sense of place. In secondary areas such as Downtown Jamaica, Bronx Center/The Hub, Northern Manhattan, Flushing, St. George and other areas of Staten Island, and in tertiary transit-oriented centers, such a critical mass is not likely to precede the planning process and some essential physical improvements.

## **Reinvigorate the dynamics of the City's business districts**

A major source of economic energy is generated by the dynamics between the Lower Manhattan and Midtown office markets. The effects of competition have produced a prime office market with a wide variety of choices to potential tenants at a range of prices. Historically, when

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the supply of space in Lower Manhattan does not increase to meet demand, commercial property values and rents in Midtown escalate and top-tier employers are dissuaded from locating in the city.

This dynamic between the two CBDs also directly affects other office markets in the city. In recent years, strong demand has allowed a greater proportion of Lower Manhattan space to be occupied by Class 'A' users and accelerated the conversion of its Class 'B' inventory. "Strengthening the City's two traditional Class 'A' office districts will create new and augment existing opportunities to develop Class 'B' office districts in other areas of the City."<sup>1</sup>

### **Capitalize on existing public and private investments**

Lower Manhattan represents extensive public and private investment. Publicly funded assets include the transportation and utility infrastructure, public parks, governmental and educational facilities, and projects such as South Street Seaport and Battery Park City. Private investments include the office inventory, cultural and educational institutions, and a growing number of residential properties. A failure to capitalize on these underlying assets would dissipate these substantial public and private resources and require duplication of expensive investments elsewhere.

### **Support New York City's competitive advantage: human capital**

Real or perceived deficiencies in New York City's quality of life deter companies from expanding or seeking to locate here. The essential ingredients for nurturing human capital are stable and safe neighborhoods, adequate and affordable housing, first-rate transportation, good schools, economic opportunity, and recreational and cultural amenities. The quality of the city's neighborhoods, and the basic public services available there, are key to social cohesion, which is in turn crucial to the investment climate. The city's ability to produce and attract creative talent will fuel the economic future.

Although funds are limited, several recent proposals increase support for affordable housing without undermining City and State budgets. The American Institute of Architects' (AIA) proposed changes to the Building Code to stimulate low-rise high-density housing without compromising safety are an example of small changes that could produce a net positive effect on housing production. Advancing the goals of the Housing First campaign should be coupled with a strong public sector effort to increase the city's affordable housing stock. Improving the quality of the city's overcrowded schools is another strategy for growth, ensuring a well-prepared labor force and keeping families in the city proper.

### **Prepare for long-term growth**

The immediate economic impact of the attack has been and will continue to be harsh, but we believe that over the longer term, the city will need to replace not only the space that was lost on September 11, but to add additional office space to accommodate future growth. The Schumer Report, prepared before September 11, estimated that over the next twenty years, the real estate market in the city will demand 50 to 65 million square feet of additional office space, to accommodate 300,000 new jobs.<sup>2</sup>

Regional planning and the impacts of growth in New York City on the region should be considered as the City prepares for long-term growth. Planning in a regional context would help to address regional planning objectives regarding sustainability, such as the prevention of sprawl and the protection of open space.

<sup>1</sup> Final Report, Lower Manhattan Transportation Access Economic Benefits Study prepared for The Empire State Development Corporation, the NYC Economic Development Corporation, and The Alliance for Downtown NY, Summer 1997, Page 5.

<sup>2</sup> "Preparing for the Future: A Commercial Development Strategy for New York City", Group of 35, U.S. Senator Charles E. Schumer and Hon. Robert E. Rubin Co-Chairs, June, 2001.