

## **A. INTRODUCTION**

This attachment analyzes potential changes in socioeconomic conditions that may occur in connection with the proposed Mount Sinai Center for Science and Medicine building (the CSM project) and the proposed residential building (the residential project). According to the *City Environmental Quality Review (CEQR) Technical Manual*, factors that can create substantial socioeconomic change in a neighborhood or a larger area affected by a proposed project include: (1) direct residential displacement; (2) direct business and institutional displacement; (3) indirect residential displacement; (4) indirect business and institutional displacement; and (5) adverse effects on a specific industry.

The proposed action would permit development of the Mount Sinai Center for Science and Medicine (CSM) project. To help fund the construction of the CSM project, including related development and programmatic needs, Mount Sinai intends to sell land and air rights on the project site to a developer for construction of a private residential building (the residential building) adjacent to the CSM project on the project site. The proposed CSM project would require a variance from the New York City Board of Standards and Appeals (BSA) from applicable zoning bulk provisions, and a revocable consent from the New York City Department of Transportation (NYCDOT) for below-grade pedestrian and utility connections below 101st Street from the CSM project to Mount Sinai's main campus buildings. No variance, special permit, or other land use actions would be required for the residential building, which may be built as-of-right. However, the following analysis considers the entire development collectively, including the residential building, for purposes of impact identification.

The analysis finds that the proposed CSM project and residential building would not result in substantial socioeconomic changes with respect to any of these areas of concern; therefore, no significant adverse socioeconomic impacts would occur.

## **B. ANALYSIS FRAMEWORK**

*CEQR Technical Manual* guidelines suggest that projects that introduce more than 200,000 square feet of new commercial space or more than 200 residential units to an area should be assessed for their potential to cause significant adverse impacts. Based on a reasonable worst-case assumption of 1,000 zoning square feet (zsf) per unit, the proposed 312,660-zsf residential building could introduce up to 313 new residential units (it is likely that the actual number of units that will be developed will be fewer) and a 378,528-square-foot CSM project, a preliminary assessment is required.

This document focuses on indirect residential displacement. As described below, the other areas of socioeconomic concern are not relevant to the proposed project:

- **Direct Displacement**—Direct displacement is defined by CEQR as the involuntary displacement of residents, businesses, or institutions from the site of a proposed action. The

proposed project site currently hosts a number of existing Mount Sinai Medical Center (MSMC) facilities. However, because these uses are owned by MSMC, their loss from the project site would not be considered direct displacement, and would not require CEQR analysis. Furthermore, all existing uses either would be continued on the project site as part of the proposed project (i.e., the Nurses' Residence) or relocated to other portions of the Mount Sinai campus.

- Indirect Business and Institutional Displacement—The concern with respect to indirect business and institutional displacement is whether a proposed action—by introducing a substantial new development that is markedly different from existing uses, development, and activities within the neighborhood—could lead to increases in property values, and thus rents, making it difficult for some businesses to remain in the area. The new institutional uses proposed would not be markedly different from existing uses, development, and activities on the existing MSMC campus, which is located adjacent to the proposed project site. Therefore, an analysis of indirect business and institutional displacement is not required.
- Adverse Effects on a Specific Industry—Adverse effects on a specific industry might occur if a proposed project affects the operation and viability of a specific industry, not necessarily tied to a specific location. Because there is no direct displacement associated with the proposed CSM project and residential building, there is no potential for adverse effects on a specific industry, and an assessment of that issue of concern is not required.

The preliminary assessment of indirect residential displacement will aim to determine whether the proposed CSM project and residential building would result in substantial new development that is markedly different from existing uses within the neighborhood and could therefore lead to indirect residential displacement. As stated in the *CEQR Technical Manual*, the goal of a preliminary assessment is to learn enough about the effects of a proposed action either to rule out the possibility of significant adverse impacts or to establish that a more detailed analysis would be required to determine whether the proposed action could result in significant adverse impacts.

### **C. STUDY AREA AND DATA SOURCES**

As shown in Figure B-1, the study area for population and housing characteristics extends approximately ¼ mile from the project site, roughly conforming to the boundaries of the ¼-mile study area used in Attachment A, “Land Use, Zoning, and Public Policy.” The socioeconomic study area departs slightly from this strict ¼-mile radius in order to follow the boundaries of Census tracts 160.02, 166, and 168.

Information used in the preliminary assessment came from: the U.S. Census Bureau, field visits, local newspaper articles, residential real estate listings from local brokerage firms such as Corcoran Group and Prudential Douglas Elliman, *The New York Times* real estate Web site, craigslist.org, and cityrealty.com.

### **INDIRECT RESIDENTIAL DISPLACEMENT ANALYSIS**

Indirect residential displacement is the involuntary displacement of residents that results from a change in socioeconomic conditions created by a proposed action. In most cases, indirect residential displacement is caused by increased property values generated by an action, which then results in higher rents in an area, making it difficult for some existing residents to continue to afford their homes.



This preliminary assessment presents population and housing characteristics of the socioeconomic study area, followed by responses to the preliminary assessment criteria (listed in italics) as outlined in Section 322.1 of the *CEQR Technical Manual*.

**DEMOGRAPHIC PROFILE**

As of the 2000 Census, the study area contained 14,649 residents (see Table B-1). Between 1990 and 2000, total population in the study area grew at a slower rate than the Citywide population (2.7 percent for the study area compared with 9.4 percent for the City), but was roughly comparable to the population growth for the borough of Manhattan (3.3 percent).

**Table B-1  
1990 and 2000 Population**

	Total Population		Absolute Change (1990 to 2000)	Percent Change (1990 to 2000)
	1990	2000		
Study Area	14,268	14,649	381	2.7
Manhattan	1,487,536	1,537,195	49,659	3.3
New York City	7,322,564	8,008,278	685,714	9.4
<b>Sources:</b> 1990 and 2000 U.S. Census, Summary File 1.				

As shown in Table B-2, the 1999 median household income in the study area (\$33,237) was approximately 29 percent lower than the median for Manhattan (\$47,030) and approximately 13 percent lower than the median for New York City (\$38,293). Similarly, the 1999 poverty rate in the study area (27.3 percent) was high compared with Manhattan (20.0 percent) and New York City (21.3 percent). These differences are largely attributable to the presence of two New York City Housing Authority (NYCHA) complexes within the study area: the George Washington Carver Houses and the Governor Dewitt Clinton development. The Carver Houses—located on three superblocks between East 99th and 106th Streets, Madison and Park Avenues, and two additional blocks between Park and Lexington Avenues and East 98th and 99th Streets—contain 1,246 apartments and 2,837 residents.<sup>1</sup> The portion of the Governor Dewitt Clinton complex that is located within the study area (between Park and Lexington Avenues and East 104th and 105th Streets) contains 139 residential units and approximately 335 residents.<sup>2</sup> Because NYCHA residents represent approximately 24 percent of all households and 22 percent of the total population in the study area as of 2000, they have a substantial effect on the study area’s overall median income and poverty rate.

Between 1989 and 1999, the median household income for the study area increased substantially in constant dollar terms: 13.2 percent, compared with a 7.6 percent increase in Manhattan and a 5.3 percent decrease Citywide. The poverty rate decreased by 4 percentage points over the same period, from 31.3 percent to 27.3 percent, while the poverty rate in Manhattan decreased only slightly (0.5 percentage points) and the Citywide poverty rate increased by 2 percentage points. Given that almost a quarter of all study area households are NYCHA residents (which depresses

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<sup>1</sup> The number of apartments and total population were obtained from the NYCHA Internet site (<http://gis.nyc.gov/nycha/im/AddressMap.do>) last accessed on June 18, 2007.

<sup>2</sup> The number of apartments was obtained from RPAD. Total population was derived from RPAD and NYCHA Web site (<http://gis.nyc.gov/nycha/im/AddressMap.do>), last accessed on June 18, 2007.

the median household income and inflates the poverty rate), the changes in income and poverty levels between 1990 and 2000 indicate that the economic profile of non-NYCHA study area residents changed substantially over the 10-year period.

**Table B-2**  
**Income Characteristics, 1989 and 1999**

	Total Households			Median Household Income			Poverty Rate (in %)		
	1990	2000	% Change	1989	1999	% Change	1989	1999	% Change
Study Area	5,445	5,729	5.2	\$29,357	\$33,237	13.2	31.3	27.3	-12.8
Manhattan	716,422	738,644	3.1	\$43,724	\$47,030	7.6	20.5	20.0	-2.5
New York City	2,819,401	3,021,588	7.2	\$40,419	\$38,293	-5.3	19.3	21.3	10.4

**Notes:** Median Household Income in 1989 is presented in 1999 dollars.  
**Sources:** 1990 and 2000 U.S. Census, Summary File 3.

The study area contained 6,189 housing units in 2000 (see Table B-3). Between 1990 and 2000, the housing stock in the study area grew more rapidly than it did in Manhattan and New York City—increasing by 7.3 percent in the study area, compared with 1.7 percent in Manhattan and 7.0 percent in the City. The housing vacancy rate in the study area (7.4 percent) was comparable to the average for Manhattan (7.5 percent), though higher than the Citywide vacancy rate (5.6 percent). The owner-occupancy rate in the study area was almost half the owner-occupancy rate for Manhattan, and almost one-third of the Citywide owner-occupancy rate. The lower owner-occupancy rate is attributable in part to the presence of the rental NYCHA housing in the study area.

**Table B-3**  
**Housing Unit Characteristics**

	Total Housing Units			2000 Vacancy Rate		2000 Tenure, All Occupied Units	
	1990	2000	% Change	% Occupied	% Vacant	% Owner Occupied	% Renter Occupied
Study Area	5,770	6,189	7.3	92.6	7.4	10.8	89.2
Manhattan	785,127	798,144	1.7	92.5	7.5	20.1	79.9
New York City	2,992,169	3,200,912	7.0	94.4	5.6	30.2	69.8

**Sources:** 1990 and 2000 U.S. Censuses, Summary File 1.

As shown in Table B-4, home values in the study area were high in 2000—\$639,182 compared with \$361,100 in Manhattan and \$221,200 Citywide. However, the study area median contract rent was low—\$500 per month, approximately 32 percent less than the median for Manhattan (\$740 per month) and 23 percent less than the Citywide median (\$646). This discrepancy in contract rents is likely due to the high proportion of public housing units in the study area. As shown in Table B-5, the study area contains a large proportion of households paying unusually low monthly rents; approximately 17 percent of study area households paid less than \$200 per month in 2000 (compared to 8 percent in Manhattan) and another 20 percent paid between \$200 and \$399 per month (compared to 11 percent in Manhattan).

Median contract rent in the study area increased substantially in constant dollar terms between 1990 and 2000—by 19.4 percent, compared with a 14.2 percent increase in Manhattan and a 9.4 percent increase Citywide. This indicates that rental rates in non-NYCHA housing rose significantly over the 10-year period.

**Table B-4**  
**Median Contract Rent and Housing Values, 1990 and 2000**

	Median Contract Rent			Median Housing Value	
	1990 <sup>1</sup>	2000	% Change	1990 <sup>2</sup>	2000 <sup>3</sup>
Study Area	\$419	\$500	19.4	NA	\$639,182
Manhattan	\$648	\$740	14.2	NA	\$361,100
New York City	\$590	\$646	9.4	NA	\$221,200

**Notes:**  
<sup>1</sup> 1990 values presented in constant 2000 dollars.  
<sup>2</sup> The 1990 median housing value is not reported because the 1990 value is based on specified owner occupied housing units only, while the 2000 median was based on all-owner occupied housing units. The two data sets are not comparable.  
<sup>3</sup> The Census Bureau reports the median housing value for one of the three Census Tracts in the study area as "\$1,000,000+". In calculating a weighted median for the study area, the median value for this tract was assumed to be \$1,000,000. As a result, the median housing value for the study area reported in this table is likely to be lower than the actual median.

**Sources:** 1990 and 2000 U.S. Censuses, Summary File 1 and Summary File 3.

**Table B-5**  
**Contract Rent Distribution, 2000**

Monthly Contract Rent	Study Area		Manhattan	
	Number of Households	Percent of Households	Number of Households	Percent of Households
\$199 or less	824	16.6	46,647	8
\$200 to \$399	1,006	20.3	66,658	11
\$400 to \$599	1,247	25.2	111,808	19
\$600 to \$799	804	16.2	86,174	15
\$800 to \$999	480	9.7	64,288	11
\$1,000 to \$1,499	373	7.5	95,911	17
\$1,500 to \$1,999	132	2.7	50,300	9
\$2,000 and above	92	1.9	58,104	10
<b>TOTAL</b>	<b>4,958</b>	<b>100.0</b>	<b>579,890</b>	<b>100</b>

**Sources:** 2000 U.S. Census, Summary File 3.

While Census data on median contract rent provide a statistical basis for comparing trends in changing values and rents, these data are affected by factors such as the presence of public housing or other rent-regulated housing units, and so do not reflect market trends experienced in non-regulated apartments. Current apartment listings from the Web sites of local real estate firms as well as from *The New York Times* real estate listings and online services such as craigslist.org and cityrealty.org indicate that market rate rental rates in the study area are higher than the median reported in the 2000 Census. Market rate two-bedroom apartments along Fifth Avenue are renting for upwards of \$5,500 per month. Rental rates for apartments east of Park Avenue vary substantially, but are also significantly higher than reported in the 2000 Census. For example, listings from June and July 2007 included a two-bedroom apartment on East 103rd

Street and Lexington Avenue for \$1,500 per month and a one-bedroom apartment on 98th Street and Park Avenue for \$2,150 per month.<sup>1</sup> Asking rents for apartments in larger buildings located just south of the study area (between East 94th Street and East 96th Street, Park Avenue and Third Avenue) range from approximately \$2,500 to \$2,800 per month for a studio, \$2,400 to \$3,800 per month for a one bedroom, and \$3,800 to \$6,000 per month for a two-bedroom apartment.<sup>2</sup>

Current home prices are also higher than indicated by the 2000 U.S. Census figures. Based on current real estate listings, cooperative and condominium apartments within the study area are selling for between \$860,000 and \$1.4 million for two-bedroom apartments and between \$4.0 million and \$12.9 million for three-bedroom apartments.

### **CEQR ASSESSMENT CRITERIA**

*Would the proposed project add substantial new population with different socioeconomic characteristics compared to the size and character of the existing population?*

The *CEQR Technical Manual* states that, in general, if a proposed action would increase the study area population by less than 5 percent, it would not be large enough to affect socioeconomic trends significantly. As indicated above, the study area contained 14,649 residents as of the 2000 Census (see Table B-1). According to the most current available information from the New York City Department of Finance's Real Property Assessment Data (RPAD), the study area gained 398 new residential units between 2000 and 2006 (these developments include 316 units at the corner of East 101st Street and Third Avenue, 39 units on the block bounded by East 99th and East 100th Streets and Lexington and Third Avenues, and 14 units at 109 East 102nd Street). Based on the 2000 average household size (2.4 persons per household) and vacancy rate (7.4 percent) for the study area these 398 housing units added approximately 886 residents to the study area, bringing the estimated 2006 study area population to 15,535.

The proposed CSM project and residential building would introduce up to 313 new housing units, anticipated to be owner-occupied, to the study area. Conservatively assuming that all of these housing units are occupied, and again based on the 2000 household size for the study area, the 313 housing units would add approximately 751 residents to the study area. This would increase the study area population by approximately 4.8 percent. Therefore, according to CEQR guidelines, the proposed CSM project and residential building would not have the potential to substantially change socioeconomic trends in the study area.

Because the units would be market-rate condominiums, it is likely that the socioeconomic profile of the new residents would differ substantially from the profile of the population living in the neighboring NYCHA housing. However, rental rates in NYCHA housing are governed by federal and local guidelines rather than market trends. This insulates public housing residents

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<sup>1</sup> The variability of apartment rental rates within the study area was confirmed during a phone conversation with a real estate broker from Corcoran Realty on June 29th. The broker indicated that rental rates in the study area vary widely and that the housing stock in the study area is too diverse in terms of factors such as building age and condition to allow for meaningful generalizations about average rents.

<sup>2</sup> Rental rates for apartments south of study area were obtained from cityrealty.com in July 2007.

from any changes in market rental rates, and eliminates the concern that their rental rates could increase making it difficult for them to continue affording their homes.

The socioeconomic profile of the new population would not be likely to differ substantially from the socioeconomic profile of other non-NYCHA households in the study area. As described above under “Demographic Profile,” the study area contains a large supply of market-rate housing units, including a recently completed luxury condominium building discussed below. Although household incomes in the new condominium units may be higher than incomes for households living in rental units in the eastern portion of the study area, the socioeconomic profile of the new residents would be similar to existing residents living in market-rate housing units (both rental and owner) closest to the proposed project site, in the western portion of the study area.

*Would the proposed project directly displace uses or properties that have had a “blighting” effect on property values in the area?*

Indicators that a property has had a “blighting” effect on property values in an area may include: limited development around the property, high vacancy rates in the study area, or stagnant or decreasing housing values and contract rents in the study area. The socioeconomic study area exhibits none of these characteristics. As shown in Table B-2, the housing vacancy rate in the study area was 7.4 percent in 2000, slightly less than the vacancy rate for Manhattan as a whole. The median contract rent in the study area is depressed by the presence of 1,246 public housing units. However, as shown in Table 3-4, the study area median contract rent increased by 19.4 percent between 1990 and 2000, indicating that rental rates in non-NYCHA housing rose substantially over the 10-year period. In comparison, the median contract rents for Manhattan and New York City increased by 14.2 percent and 9.4 percent, respectively, between 1990 and 2000. Home values in the study area were high in 2000—\$639,182 compared with \$361,100 in Manhattan and \$221,200 Citywide.

More current data on residential property values in the study area indicate that rental rates and sale prices are substantially higher than what is reported in the 2000 Census (see discussion on housing values under “Existing Conditions”). It is also worth noting that the proposed project site shares a block with 1200 Fifth Avenue, a luxury condominium building completed in 2006. As of June 2007, almost 80 percent of the apartments in the building had sold for prices ranging from \$1.3 to \$6.5 million.<sup>1</sup>

As described above, an estimated 398 residential units were added to the study area between 2000 and 2006, increasing the number of housing units in the study area by approximately 6 percent over the 2000 baseline. Overall, increases in rental rates, high home values, and substantial development activity in the study area in recent years indicate that the project site has not had a blighting effect on property values.

*Would the proposed project directly displace enough of one or more components of the population to alter the socioeconomic composition of the study area?*

The proposed CSM project and residential building would not displace any residential population and therefore would not directly displace one or more components of the population to alter the socioeconomic composition of the study area.

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<sup>1</sup> *The Real Deal*, Allison Gregor, “Posh Fifth Avenue Drifts North,” June 2007.

*Would the proposed project introduce a substantial amount of a more costly type of housing compared to existing housing and housing expected to be built in the study area by the time the action is implemented?*

As described above under “Demographic Profile,” the study area already contains a substantial supply of market-rate housing, and owner-occupied housing—particularly in the western portion of the study area where the proposed project site is located—sells for a premium. Based on current apartment listings from local brokerage firms, asking prices for cooperative and condominium units in the study area start at over \$800,000, with the vast majority of units being marketed for upwards of \$1 million and with some units marketed for over \$14 million. Although the proposed residential project would represent a more costly type of housing compared to the nearby public housing buildings, it would be comparable to the owner-occupied housing that already exists in the study area and to the renter-occupied housing units in the western portion of the study area. Overall, the housing units introduced by the proposed residential building would not introduce a more costly type of housing compared to the existing housing or housing expected to be built in the study area by the time the project is completed.

*Would the proposed project introduce a “critical mass” of non-residential uses, such that the surrounding area becomes more attractive as a residential neighborhood?*

The proposed CSM project and residential building would add a 378,528-square-foot medical science and research facility to a study area that already contains a large number of hospital-related uses. As described in Attachment A, “Land Use, Zoning, and Public Policy,” the western portion of the study area is largely characterized by institutional uses, including the existing MSMC campus, which occupies a number of buildings south of the proposed project site. The project site itself is currently occupied by several Mount Sinai uses, including the Basic Sciences Building, the Primary Care Building, 19 East 101st Street, and the Nurses’ Residence. Therefore, the proposed CSM project and residential building would not introduce a new use and would not represent a critical mass of non-residential uses that would have any substantial effect on the desirability of the study area as a residential neighborhood.

*Would the proposed project introduce a land use that could offset positive trends in the study area, impede efforts to attract investment to the area, or create a climate for disinvestment?*

The proposed project site is currently occupied by Mount Sinai medical facilities, and the study area already contains a substantial housing stock, which includes a number of market rate cooperative and condominium buildings. Therefore, the proposed CSM project and residential building would not introduce land uses that would differ substantially from what is already present in the study area and would not have the potential to offset positive trends in the study area. To the contrary, the new medical and research facilities would enhance the appearance and functionality of the Mount Sinai medical campus, while the new residential tower would provide additional housing in an area that has shown a demand for market rate and above market rate residential units in recent years.

## **CONCLUSION**

The proposed CSM project and residential building do not have the potential to lead to indirect residential displacement within the study area. It would increase the study area population by less than 5 percent, which, according CEQR guidelines, is generally not enough to affect socioeconomic trends significantly. Although the socioeconomic profile of the new residents would differ substantially from the profile of the population living in the nearby NYCHA

housing, it would be similar to the profile of population currently living throughout the remainder of the study area, particularly in the blocks located close to the proposed project site. The study area currently contains a substantial supply of market-rate and luxury condominium and cooperative buildings, including a recently completed luxury condominium building located on the western portion of the proposed project block. Therefore, the proposed residential building would not introduce a more costly type of housing compared with existing housing. Nor would the proposed residential building directly displace uses that have had a blighting effect on property values in the study area, or directly displace population such that the socioeconomic composition of the study area would be altered.

Although the proposed CSM project and residential building would make a positive contribution to the study area by enhancing the appearance and functionality of the MSMC campus and increasing the study area's housing stock, the project would not introduce a critical mass of non-residential uses such that the study area would become substantially more attractive as a residential neighborhood. Overall, the proposed CSM project and residential building would represent a continuation of existing land uses and residential trends in the study area and would not result in a significant adverse impact due to changes in socioeconomic conditions. \*