



★ ★ ★ NEW YORK

Boom! Now it's the countdown to bust



the property, decreasing 10% each year for a period of five years. A comparable formula applied to commercial reconstruction.

Since halting a decline in manufacturing jobs was an important objective, industrial construction or reconstruction received better inducements - 95% exemption of the increased assessed value of the property, with a decrease of 5% each year for nineteen years.

ANY PROGRAM that becomes selective in its implementation is bound to meet criticism - the incentive program of ICIB being no exception. When the findings of the city's Department of Investigation were released, it started a chain of negative public reaction.

Recognizing the importance of the property tax as a tool to encourage, the report stated: "Property taxes play a role, and in a particular instance can play a determining role, in management decisions to locate, relocate or invest in New York. New York continues to need a property tax incentive program as part of its integrated efforts to encourage industrial and commercial development".

The report concluded, however, that the Board was not accomplishing its purpose and called for wider opportunities for incentives.

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APPROACHING New York Harbor in the early evening - orange tinted, glowing with thousands of lights, framed by the endlessly-graceful slope of the Verrazano Bridge - potential descends like summer smog. To those native New Yorkers not completely jaded by the underside of city life, the skyline at twilight conjures a sense of what must have lured thousands of newcomers: even the sky seemed a surmountable limit.

These days, the skyline is dotted with another kind of light. Naked bulbs hang starkly within the frames of future buildings. Construction sites spring up in the space of several weeks; ironworkers walk steel beams instead of unemployment lines.

New York is once again in the midst of a construction boom. Like most which have come before, it is a selective boom at best - certain areas reap the benefits, others wait unnoticed.

And the countdown to the inevitable bust has already begun.

NOWHERE in this selective upsurge more evident than along the waters of the East River, the Hudson River and the Atlantic Ocean.

The twin towers of Manhattan's World Trade Center have served as, among other things, a journalistic cliché. For years city editors beefed up slow-news days by writing about how many of the center's 10 million square feet of rentable office space remained vacant.

The phenomenon was not without irony: office space downtown has always been astronomically priced. The Trade Center vacancies were the result of rents which even that market couldn't bear.

But this has changed. Today, all but a piddling 20,000 square feet of Trade Center office space is rented. And the demand is such that the state government recently vacated three floors which were immediately snapped up by private



By Michael Gavaghen

companies for more than \$25 per square yard.

The primacy of downtown commercial space has spurred American Express to launch a world headquarters across the street from the twin towers - a skyscraper planned to open in 1985. Rising alongside, also slated for 1985 occupancy, is Battery Park City, soon to be the place to live in lower Manhattan.

These projects, among a dozen now underway, represent the current "boom". Among those benefitting are the members of the local ironworkers union. And among the members is Gerry Kenny, a 30-year veteran of the building cycle.

"It's feast or famine," he says. "It's been that way for the past ten years. I'll work seven-day weeks for six months, then lay off for six months. I don't know how to figure it out anymore."

The boom-and-bust cycle affects more than just the men who walk on high steel. Those who pay them are equally perplexed.

"Who's to say when the time is ripe?" asks an executive from Helmsley Spear, Inc., one of New York's major developers, who also asks to remain anonymous. "What are the growth factors, the interest rates, the tax picture? Developers have to have good answers to all these questions before they'll even consider building."

"When you look at the big picture, the cyclical nature of the industry is easily explained."

Perhaps - but it is not easily accepted.

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● Coney Island - "turned off by crime and decay, tourists stayed away".

● COUNTDOWN: From P.57

NEW YORK City has been tinkering with various incentives to attract developers during the "down-side" of the cycle. Unfortunately, by dangling carrots only in certain neighborhoods, these tend to reinforce the selective nature of construction booms.

As a result, the rich get richer, the poor move to welfare hotels.

Drive past the Staten Island Ferry at Manhattan's southern tip, past the new South Street Seaport Museum. Get off the East River Drive at Houston Street, drive one block to Avenue D, make a right and brace yourself.

Less than five minutes from Wall Street, with its \$20,000 per month offices, is the Lower East Side. Here the streets and buildings are less congested — the streets, because many New Yorkers avoid the neighborhood entirely, and the buildings, because many are not suited for habitation. Which is not to say they are vacant.

While researching this article, several pictures were taken of what appeared to be a burned-out shell of an apartment house. Most windowframes were barren — those that weren't had been nailed shut with wooden planks. Suddenly a young man emerged carrying his bicycle. Whether others remained, sharing these squalid quarters, could not be determined.

Though less congested, neighborhood streets were far from empty. Men and women stood on corners and sat in front of apartment buildings, talking, listening to music, reading newspapers. Children played in a vacant lot at the corner of East 9th Street and Avenue C. There were many such empty spaces.

Five minutes from Wall Street, across from Stuyvesant Town (a private development with a three-to-five-year waiting list for apartments); one block from the East River. Despite its location, the Lower East Side is not likely to benefit from the latest incentive plans emanating from City Hall.

Brooklyn's shorefront communities have invisible barriers every bit as strong as those separating Stuyvesant Town from the residents across the street. Sheepshead Bay and Manhattan Beach meet on West End Avenue, but are distinctively different: the former boasts of its "small-town" ambiance and still-vital commercial fishing trade; the latter features beachfront homes which sell for nearly \$500,000.

At Corbin Place, Manhattan beach becomes Brighton Beach, otherwise known as Little Odessa. An influx of Russian immigrants has given Brighton Beach Avenue a tri-lingual atmosphere in which English, Spanish, Russian-speaking merchants vie for elderly-shoppers.

Coney Island begins as you cross Ocean Parkway. Famed in song and on postcards, the community is fighting arson, prostitution and street crime as it tries against steep odds to attract tourists.

At the far end of the peninsula exists another barrier — one that separates Coney Island from Sea Gate. It is literally four feet high and made of brick, topped by a six-foot fence. To enter Sea Gate, one must display to a uniformed guard proof of residence in Sea Gate. It is rumored that to refer to a Sea Gate resident as a Coney Islander is to make an enemy for life.



● Lower East Side — less than five minutes from Wall Street.

CONEY ISLANDERS deserve better. Longtime residents have witnessed a disheartening change — not only in their neighborhood, but in others' perception of that neighborhood. Where sweltering Bronx residents used to flock a generation ago, only locals themselves now cool off. Turned off by mounting crime and decay, tourists began staying away in droves, straining an already-pressured local economy.

Despite the efforts of community watchdogs, arson-for-profit and prostitution became underground fixtures in that economy. Charred skeletons began dotting the narrow landscape, surrounded by vast, empty stretches of land.

But the local chambers of commerce, development associations and community councils thought they found a solution to much of what ailed them in a proposal for casino gambling.

Impressed by the revenue harvested in New Jersey's Atlantic City, New York State began entertaining thoughts of their own casino industry several years ago. The proposals bandied about all agreed that legalized gaming should be restricted to one resort area — either the Catskill Mountain region, Rockaway Beach or Coney Island.

Many community leaders embraced the idea as manna from above. Others warned of the influx of an "undesirable element" bent on making fast bucks at Coney's expense.

None seemed to realize that, as they argued, unusual things were already happening to their land.

New York City, because of aborted late-'60s attempts at urban renewal, owned plenty of vacant Coney Island property. When the casino issue first

arose, much of that land, which had gone begging for over a decade, was promptly purchased. And the sales continued, even as the legalized gambling question remained unsolved.

Yet despite these transactions, the broken-down structures and vacant lots which had characterized the land when owned by the city remains. The new landlords have done little to improve their properties, even though federal housing money has caused a rebirth of sorts in small sections of the community.

Lifetime resident Pat Auletta explains it:

"We had urban blight here in the sixties, so the city started urban renewal. The renewal was worse than the blight. They started building houses, ran out of money and abandoned them.

"So these properties sit there for ten, twelve years, joined by others the city takes over. And now we start talking about casinos and the sites start to sell. No one's building on them or anything, just buying and waiting — waiting for Sinatra or somebody to show interest in a casino.

"Of course there's speculation going on, but as for who is doing it, I don't know.

THE NAY-SAYERS who had warned of "fast buck artists" should have watched out for their slow-buck counterpart — the speculator.

Ending the boom and bust cycle, restoring deteriorated neighborhoods, discouraging land speculation — these are important objectives in any city's development strategy.

● New York City has approached the first objective hit-or-miss. Unsuccessful experiments are thrown on the scrap heap. New ones crop up regularly.

● It has abandoned the second objective for lack of funds. Urban renewal is costly — it's better to rely on federal housing money and community initiative for the time being, regardless of how well these measures restore decaying neighborhoods.

● The city hasn't even acknowledged the need to discourage speculation — other, more pressing problems demand its attention.

When New York City's government awakens and realizes that all three objectives address the same problem, it will have fought half the battle.

When it raises the tax on land values and removes it from buildings, it will win.



"The way to encourage construction without risking subsidy for luxury developments would be to tax all improvements at a much lower rate than land. If the progressive members of the Legislature are truly progressive, let them explore such a reform"

— *New York Times*