



**ROOSEVELT  
HOUSE**  
PUBLIC POLICY INSTITUTE  
AT HUNTER COLLEGE

## ISSUE BRIEFS

# PRESERVE AND PROTECT CHINATOWN

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The following is the second in a series of Issue Briefs on Affordable Housing, written principally by Hunter College faculty members associated with Roosevelt House. Opinions expressed in these papers are those of the authors.

## Introduction

Manhattan's Chinatown is one of the last working-class neighborhoods on the island. Given its location between the towers of Wall Street, the trendy lofts of Soho and Tribeca, and New York's new nightlife capital on the Lower East Side, it is reasonable to fear that Chinatown is the next to be wholly gentrified. That would be a loss to the neighborhood and to the whole city. It can be prevented.

## The Turnaround in Jobs

Unlike many other places threatened by gentrification, Chinatown is thriving; vacant apartments are scarce and storefronts are filled with small businesses. From 1970 onward, Chinatown has been an engine of growth, creating jobs for a steady wave of immigrants. They continue to come -- no longer just from Fuzhou and Guangdong, but from all across eastern China. To accommodate this influx, Chinatown has expanded far past its traditional borders into other parts of Lower Manhattan like Little Italy and public housing projects along the East River. The working class immigrants are even overflowing into satellite Chinatowns in Sunset Park and Bensonhurst in Brooklyn and Flushing and Elmhurst in Queens, as well as in pockets of Chinese concentrations across the city.

For decades, Chinatown's growth was rooted in garment manufacture, employing 20,000 workers at the peak. In the late 1990s, it collapsed under global competition; the number of workers has shrunk to 800. 9/11 worsened the damage, as Chinatown, only ten blocks away, was cordoned off, shutting down traffic and commerce for weeks. This could have killed Chinatown's economy. Instead, the situation has reversed. While the garment industry has shrunk, the neighborhood's job force increased by 55%, from 52,780 in 2002 to 81,651 in 2011, the last figure available. Today Chinatown's economy is providing jobs not just for those in the community but also for immigrants beyond its borders.

Chinatown has become the major supply source for wholesale produce, meats, kitchen equipment, restaurant furnishings and menu printing for thousands of Asian restaurants up and down the

East Coast. It acts as an incubator, securing goods and providing financing and business know-how to small businesses that have mushroomed around scattered settlements of professional Chinese living in the suburbs of Long Island, Westchester, New Jersey and beyond.

## Zoning Out the Poor

Despite all this growth, Chinatown is under pressure. The growth model of the 21st century U.S. economy is fueled by global capital and, for the moment, the Federal Reserve's historically low interest rates. Municipalities and neighborhoods have been pushed to profit from real estate investment. New York City housing policy has worked to increase real estate values and promote luxury development. Tax abatements, zoning variances, and public-private partnerships have all sought to maximize profit from real estate development. Nowhere have these trends been felt more strongly than in lower Manhattan. In the wake of 9/11, the City, State and Federal governments poured over \$2 billion worth of direct subsidies into private downtown development projects. A side effect has been to boost the speculative fever in Chinatown.

The effects of gentrification are evident all over Chinatown. Eviction and harassment have become commonplace. Landlords are pushing out working class immigrant families in favor of wealthier tenants. Luxury towers and hotels rise on the edges and art galleries, hip restaurants and nightclubs are popping up. And meanwhile,

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real estate interests characterize the neighborhood as dirty and backward while enticing investors with the “brand” of Chinatown and its cultural heritage. For example, a neighborhood newspaper has quoted Wellington Chen, director of the Chinatown BID, as saying that without some sort of continued private street cleaning initiative, the neighborhood would return to the “dirty, smelly, neglected” days of the “not too distant past.”

The Business Improvement District (BID) was established supposedly to make Chinatown “cleaner” by privatizing city functions like sanitation and security, under the auspices of an organization run by bankers, realtors and power brokers. Its real aim is to increase land values.

The signs are everywhere, but the battle is continuing. To escalate gentrification from isolated pockets to a full-blown transformation of Chinatown, developers have asked the state to grant targeted re-zonings, tax incentives and stronger public-private partnerships. Allied with these developers are non-profit community development corporations (CDCs). In the name of increasing the supply of affordable housing, they have worked with banks, real estate companies and government agencies to enable the construction of residential high-rises.

## Inclusionary Zoning

Their standard method is inclusionary zoning, a policy that rewards luxury developers who set aside a portion of their project for low and middle-income housing. Many times, these “affordable” apartments are managed by CDCs. In some cases, instead of providing any low-cost housing, developers pay nonprofits to build their own “affordable housing” elsewhere, turning community organizations into developers and landlords. The success of these nonprofits’ “community work” is, ironically, measured by the rising value of the real estate of Chinatown, which only speeds up displacement.

The biggest development on the docket is SPURA — the Seward Park Urban Renewal Area. This 20-acre area on the lower East Side was cleared in 1967, pushing 2,000 working-class families out of their homes. Since then, the land has mostly laid fallow. Not until the end of the Bloomberg administration was the site turned over to a consortium of developers and non-profits. They will build a little low-income housing, a little more middle-income apartments, and a lot of luxury units. In the end, SPURA sets aside just 200 apartments, 20%, for low-income families, who are defined as making \$42,950 or less. The average family income in Chinatown is \$37,362.

There were hopes that the new de Blasio administration would revisit the deal in ways that could ease Chinatown’s over-crowding. Instead, the Mayor appointed Kyle Kimball, Bloomberg’s point person on SPURA, to head the city’s powerful Economic

Development Corporation. Shortly after his appointment, Kimball cited SPURA as a model for future development deals.

Such projects are characterized as economic development, encouraging private investment as a necessary stimulant when neighborhoods are in decline. Chinatown, however, is not in decline. On the contrary, it demonstrates growth, innovation and resilience. Yes, some investment could aid this growth and help the community but the huge scale of investment that developers contemplate would make Chinatown unlivable for most residents and swiftly erode its character and culture.

## A Micro-Ethnic Structure

That prospect does not trouble some nonprofit leaders and many educated Chinese-Americans who live outside the community. They are embarrassed by the neighborhood’s working-class character and deride it as a stagnant, low-wage community with no capacity for growth. These development boosters fail to realize that the neighborhood operates on a wholly different model from the typical western market economy. The latter is capital-intensive and depends on technological improvements and ever-more efficient use of labor. The Chinatown model, however, is labor-intensive, and its growth is based on refined division of labor.

Chinatown is not just a place where people live and work; it has a micro-ethnic structure with established business knowledge and financial networks capable of creating jobs. This model is neither fast nor sleek. It features large clusters of competitive, low-profit small businesses with slow growth potential — but it has the advantage of allowing independent enterprises to operate in a steadier economic environment than the western model. Given the low profit margins, employers often exploit their labor and resort to substandard pay and conditions. But for decades workers have been fighting back, and have seen significant victories. This model has accommodated and sustained waves of immigrants since the early 1970s.

The Chinatown model, however, is fragile. Any undue cost increases like rent hikes or BID fees, would threaten small businesses. Similarly, the building stock could probably not survive the wholesale up-zonings that have occurred throughout the city in recent years. If that were to occur here, tenants would be evicted, affordable housing would be displaced by luxury enclaves, and small businesses would be replaced by boutiques and chain stores. Such changes would rip up the social fabric that has evolved over decades and that gives Chinatown its soul.

## The Path to Preservation

Gentrification, however, is not inevitable. An organic opposition has developed, comprising a tenuous coalition of

low-rent tenants, low-wage workers, small property owners and business operators. Led by a loosely formed grassroots organization known as The Coalition to Protect Chinatown and the Lower East Side, they have conducted rent strikes and sued landlords for illegal evictions. They have mobilized against the BID. In 2013, they opposed the reelection of Chinatown's first ethnically Chinese City Council member, Margaret Chin, and supported an anti-development candidate, Jennifer Rajkumar. She lost, though she won more votes against an incumbent than in any other 2013 City Council race.

The coalition has also asked Hunter College's Center for Community Planning and Development to create a rezoning plan, which would restrict high-rise construction and protect tenants and small businesses. Key elements have been included in the neighborhood's formal community plan. The opposition is proving that gentrification, for all the dollars behind it, is ultimately subject to the political process.

There are clear next steps in that process. First, it's hard to think of any sizable neighborhood with such unique characteristics; there is a strong case for establishing Chinatown as a special zoning district. Ideally, such a special zoning district would protect tenants

against landlord harassment and evictions, restrict the size of new construction, protect existing manufacturers and wholesalers and limit the floor area of retail spaces to deter national chain and big box stores.

As a second step, Chinatown's guardians would urge city officials to acknowledge that inclusionary zoning, requiring developers to include low-income housing in new developments, can in cases like Chinatown, do more harm than good. Finally, enlightened policy would give tenants, businesses and small property owners the authority to dismantle the business improvement district, which, by performing basic municipal functions, turns into a form of double taxation.

The issue is real and urgent. New York can allow Chinatown to turn into a glossy ethnic Disneyland or it can take reasonable steps to preserve and protect its character, culture and soul.

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*Roosevelt House, an integral part of Hunter College since 1943, is the public policy institute created by Hunter President Jennifer J. Raab. Opened in 2010, the Institute honors the legacy of Franklin and Eleanor Roosevelt. Its mission is three-fold: to educate students in public policy and human rights, to support faculty research, and to foster creative dialogue. The institute provides opportunities for students to analyze public policy and experience meaningful civic engagement; for faculty to research, teach, and write about important issues of the day; and for scholarly and public audiences to participate in high-profile lectures, seminars, and conferences. For more information, visit <http://www.roosevelthouse.hunter.cuny.edu>.*



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