

“It’s So Much Quieter Now”: Post-9/11 Chinatown Small Businesses



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Key Questions

- 1) What are the forces shaping Chinatown's business environment today?
- 2) Who are the stakeholders in Chinatown's future development?

Presentation format

- Part I: pre-9/11 trends in urban housing development and gentrification
- Part II: post-9/11 agencies and the distribution of disaster relief aid
- Part III: post-9/11 Chinatown business climate

Data sources

- 26 interviews with Chinatown small business owners & office managers from 7 industries (travel, retail, law, real estate, personal care, food service, and food distribution)
- Textual analysis of Lower Manhattan rezoning studies & other printed materials
- Participant observation at community board meetings, public forums, and City Planning hearings

Part I: Pre-9/11 urban housing trends and Chinatown

- 1950s- 1970s: Suburban development leads to massive neighborhood abandonment due to flight of industries and white workers to the suburbs
 - redlining (arbitrarily denying or limiting financial services to specific neighborhoods, generally because its residents are people of color or are poor) by banks and insurance companies; official neglect of neighborhoods of color shifting demographics & consumers entering Chinatown space
- 1980s
 - downtown “revitalization” – replacing factories and working class communities with elite and middle class and businesses
 - a) Real estate boom in 1990s spurs gentrification by the “return” of middle class and private capital investments into urban cities
 - c) decline in manufacturing and garment industries and rise of Finance, Insurance, Real Estate (FIRE) industries
- 1997/98: increase international capital investment in Chinatown
 - Commercial & industrial rents increase
 - Conversion of manufacturing lofts into upscale condos (Lin 1994)

Part II: September 11, 2001: WTC attacks

- Immediate closing off of Lower Manhattan to all traffic below 14th street leads to sharp decline in manufacturing & garment industries that couldn't transport raw materials into Lower Manhattan or finished products out of the area
- sudden loss of 34,000 jobs & creation of "economic victims"
- Closing off of Park Row for security reasons further exacerbates Ctown's lack of parking

Post-9/11 agencies and the distribution of disaster relief aid

- Federal Emergency Management Agency (FEMA) disburses emergency relief funds to Lower Manhattan but draws the northern boundary at Canal Street
 - Only businesses below Canal Street aka “Chinatown bubble” qualified for disaster relief
 - Majority of garment factories located north of Canal were therefore ineligible
 - 1/3 of garment factories north of Canal St. shut down shortly after 9/11
 - 2/3 of garment factories laid off 1/2 of their workers to avoid closure
 - Garment industry lost over \$500 million in year after 9/11
 - Approx. 5,000-6,000 livery drivers (car service) and street vendors working in Lower Manhattan not eligible to receive aid because considered “self-employed” but relocation of financial service workers out of Lower Manhattan severely cuts down number of customers

Chain of events

2001-2004: manufacturing and retail businesses in Chinatown decrease 33%

-employment decreases 42%

-average wages in retail and food service (largest employers of recent immigrants) do not keep pace with inflation leaving many to work longer hours for less money (Asian American Federation, *Revitalizing Chinatown Businesses: Challenges and Opportunities*, 2008)

2004: Asian Americans for Equality (AAFE) produces Rebuild Chinatown Initiative (RCI) – a community assessment and planning initiative

-Chinatown Partnership Local Development Corporation established with \$7 million from Lower Manhattan Development Corporation as a result of RCI to revitalize Chinatown

-Clean Chinatown Campaign

2006: Chinatown and the Lower East Side designated an “Empire Zone”; making certain businesses eligible for state tax incentives

2008: Chinatown business levels still below pre-9/11 revenues

Part III: Post-9/11 Chinatown business climate

Traditional businesses decline...

- displacement of manufacturing to outer boroughs
- growth of other Chinatowns in Brooklyn & Queens (declining restaurant, grocery, and food distribution/transportation business due to fewer garment factory workers purchasing groceries & lunch)

“Business is bad after 9/11...”: business owner sentiments

- “Everyone’s moving to Brooklyn and the old garment factory owners are now opening supermarkets and restaurants in Brooklyn because rent is cheaper”
- “all we can do now is ‘sau’ [wait in holding pattern] and hope for things to get better”
- “Chinatown’s economy will go down for a while at least for the rest of this year and beyond”

Luxury businesses grow...

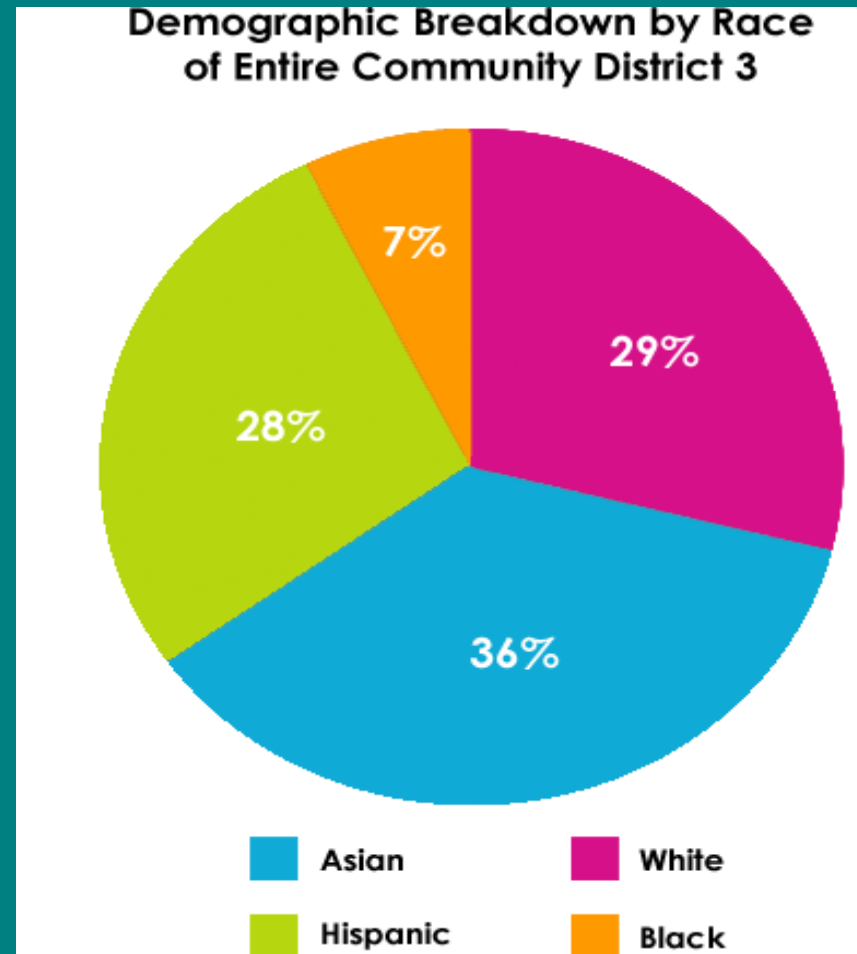
- rise in personal services (spas, hair/nail salons, pharmaceuticals, optical stores)
- Increase in luxury condominiums and hotel development along Bowery, the Lower East Side and Chinatown lead to privatization of housing, healthcare, sanitation, and security

Chinatown businesses vulnerable to development and rezoning pressures

- Luxury development & gentrification threaten to further displace long-time residents of Chinatown & LES
- Efforts to institute a BID (Business Improvement District) in Chinatown intensify pressures on small businesses and pave the way for chain stores and displacement of low-income residents by requiring additional taxes on small business
- May lead to further displacement of small businesses; some may leave Ctown for Bklyn & other “satellite” Ctowns

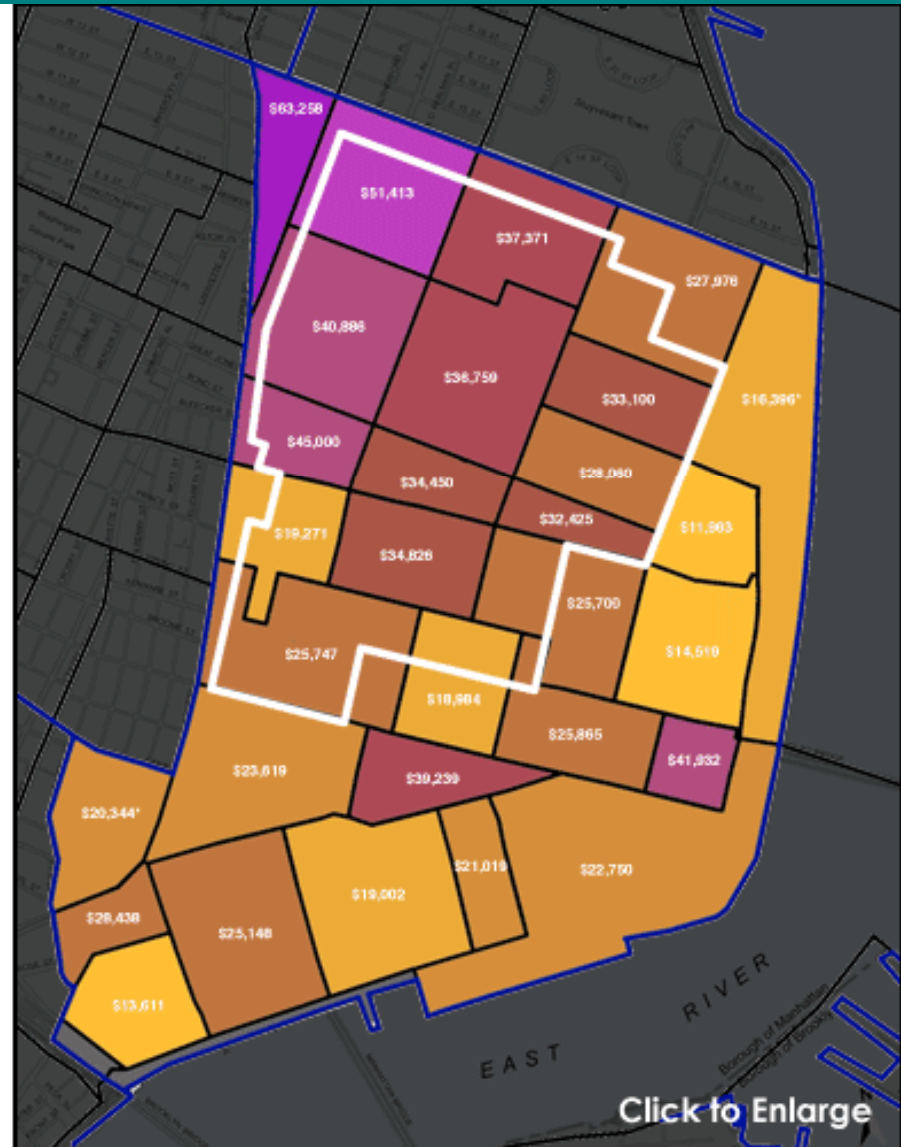
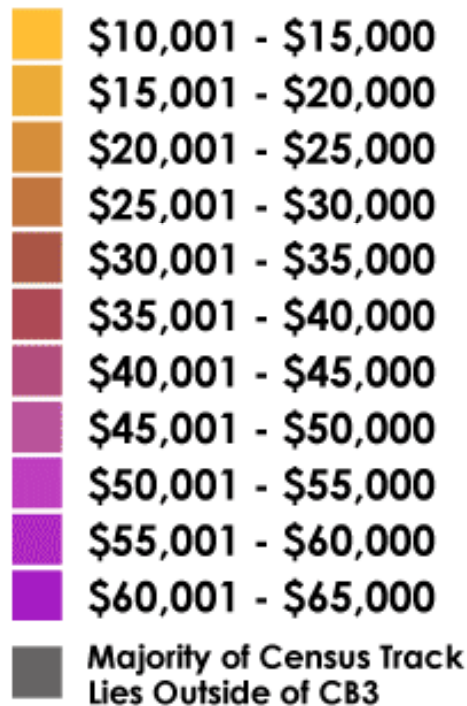
CB 3 & Department of City Planning East Village/Lower East Side Rezoning Plan

- Community Board 3 and Manhattan Borough President Scott Stringer approve East Village Rezoning Plan without redrawing boundaries to include Chinatown and the LES to protect these historically low-income areas from further displacement and gentrification

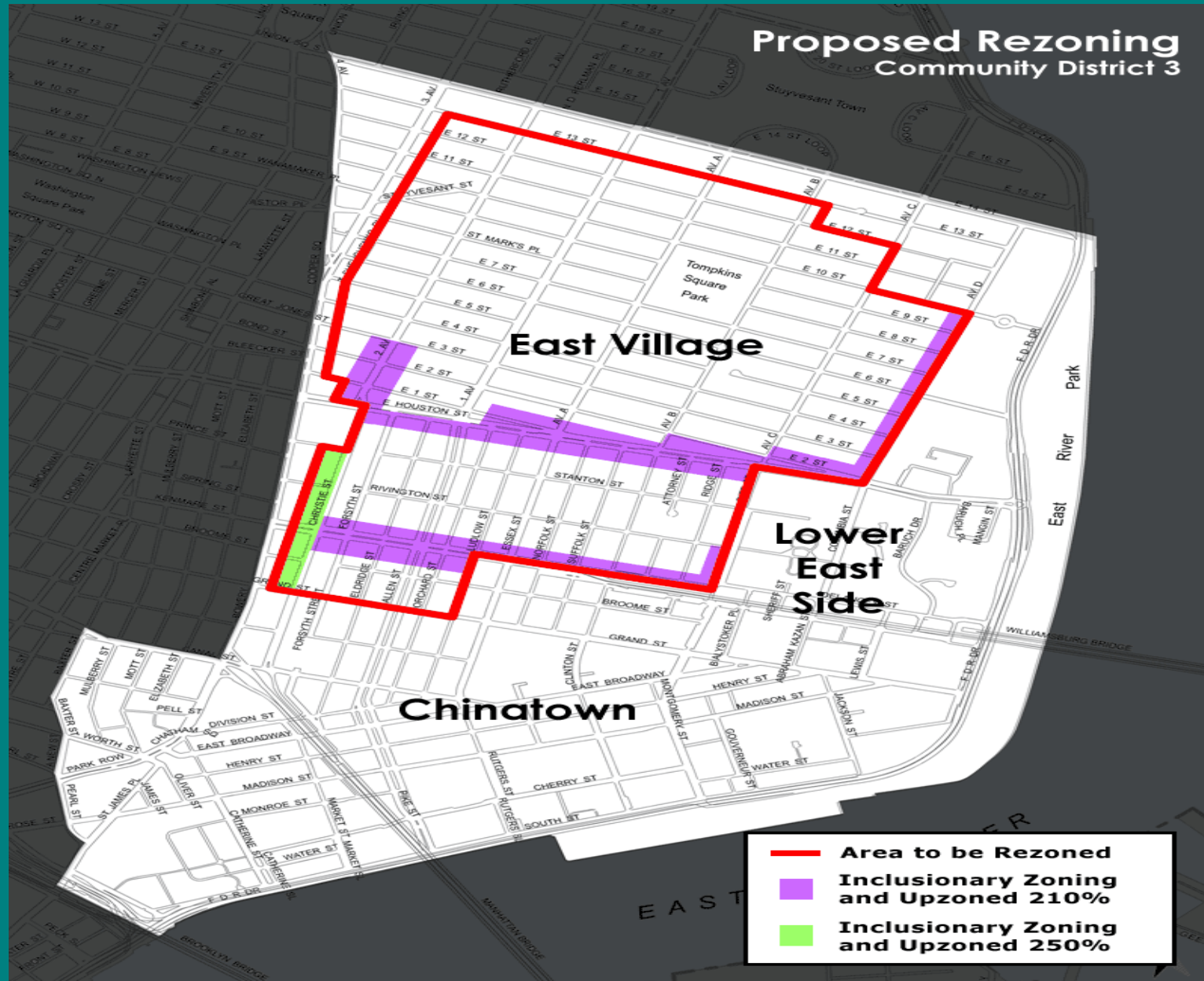


CB 3 & Department of City Planning East Village/Lower East Side Rezoning Plan

Median Household Incomes Community District 3



East Village/Lower East Side Rezoning



Hotel development in Chinatown

Projected site for
Sheraton Hotel at 370
Canal Street (20-
story, 360-room hotel)

New 5-story HSBC
building on corner of
Canal & Centre St.

18-story hotel under
construction on
Chrystie St. betw.
Canal & Grand St.



McSam Hotel Group in Lower Manhattan

- 130 Duane Street, just north of Chambers six floors and 45 rooms
- 8 Stone Street with 42 floors and 400 rooms
- Holiday Inn, at 99 Washington Street, 36 floors and 371 rooms
- 50 Trinity Place with 35 floors, 244 rooms
- 33 Beekman Street with 39 floors and 288 rooms
- Wyndham Garden at 20 Maiden Lane with 20 floors and 110 rooms
- Holiday Inn Express at 124 Water Street with 26 floors and 112 rooms
- Hampton Inn at 320 Pearl Street, 65-room hotel

Grassroots efforts to fight gentrification and isolation of Chinatown

- Community Coalition Against the BID formed by small business and property owners to educate business owners about BID and fight against increase in commercial rents and decreasing number of small businesses
- 2008: Formation of the Coalition to Protect Chinatown and the Lower East Side; a cross-racial, working-class coalition of long-time residents and workers in Lower Manhattan to fight further gentrification of the area and prevent displacement of low-income residents, jobs, and services out of Lower Manhattan



Grassroots efforts cont.

Civic Center Residents Coalition (residents from Chatham Towers, Chatham Green and Southbridge Towers) file suit against NYPD for not notifying the community that the N.Y.P.D. plans to build a \$13.8 million emergency command center near One Police Plaza (9/3/08).

The New York Civil Liberties Union file suit against NYPD to seek information about the proposed Lower Manhattan Security Initiative (NYT 9/9/08).

“The security plan envisions a London-like ‘ring of steel’ around downtown, with mobile teams of heavily armed officers, closed-circuit television cameras, license plate readers, explosive trace detection systems, and roadblocks designed to detect, track and deter terrorists.”



Lower Manhattan is America's Chinatown

- 1. largest Chinatown in United States
- 2. continues to receive thousands of new immigrants each year
- 3. vibrant mixed-use community
- 4. retains working class and ethnic core while staying competitive with other mixed-use neighborhoods

Improving Chinatown's businesses

- Improve customer service through English training programs for employees and Chinatown residents.
- Property owners should share responsibility in upgrading the appearance of buildings and sidewalks.
- NYC Department of Transportation should explore proposals to improve access to Chinatown via intercity buses and commuter vans.

Conclusions

1. Decrease in number of garment factories and manufacturing in Chinatown before and after 9/11 led to decrease in consumption power of Chinatown's inhabitants and workers.
2. Distribution of 9/11 relief funds led to development of hotels and luxury condominiums: Chinatown changing from a commercial & industrial space to a residential one.
3. Growth of other Chinatowns in Brooklyn and Queens + lack of parking in Lower Manhattan's Chinatown = fewer shoppers and less pedestrian traffic = less business.
4. Residents, business owners & concerned community groups fight City government rezoning and development plans that threaten to further displace Chinatown's ethnic and working class core.
5. Chinatown's commercial, job, and service functions are just as vulnerable to displacement as housing. Development should not = displacement.

Further resources

- Liu, Laura. "Blank Slates and Disaster Zones: The State, September 11, and the Displacement of Chinatown." In *Indefensible Space: The Architecture of the National Insecurity State*. Ed. Michael Sorkin. New York: Routledge (2007)
- Lin, Jan. "Place, Culture, and Economic Recovery in New York's Chinatown after the 9/11 Disaster" *Paper presented at the annual meeting of the American Sociological Association, Montreal Convention Center, Montreal, Quebec, Canada, Aug 10, 2006*
- Museum of Chinese in the Americas. "Ground One: Voices from Post-9/11 Chinatown" <http://911digitalarchive.org/chinatown/>
- Analysis of Draft Environmental Impact Study: East Village/Lower East Side Rezoning. Hunter College Center for Community Planning and Development.
<http://maxweber.hunter.cuny.edu/urban/resources/ccpd/PhaseIReport.pdf>
- [CB#3 Manhattan's District Profile from the Dept. of City Planning](#)
[U.S. Census Bureau, 2000 Census](#)