

New York City in the 21st Century

*A Story of Perseverance, Innovation, and Recovery:
Why New York City Is Stronger Than Ever*

No Small Plans

The Rebirth of Economic Development in New York City

Sustainable Solutions

The Pursuit of Environmental Justice in the South Bronx

Creative New York

*From Arts Organizations to Ad Agencies, New York's
Vast Creative Sector Is One of the City's Most Important,
and Least Understood Economic Assets*

Union Square Park, From Blight to Bloom

*How a Business Improvement District Brought a
Neighborhood Back to Life*

Building the High-Tech Future

*New York State's Centers of Excellence Provide Platform for
Business Growth and Job Creation*



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Michael R. Bloomberg
Mayor of New York City

welcome to new york city

It is my pleasure to welcome you to New York City for the 2006 International Economic Development Council's Annual Conference, September 17-20. It is particularly fitting for the IEDC to bring its members to the Big Apple during one of the most exciting moments for economic development in our City's history. As you will discover in reading the articles in this journal, reviewing the conference's agenda and exploring our dynamic neighborhoods upon your arrival – the scale and diversity of initiatives now underway are unparalleled by any other city in the country.

This year alone, an extraordinary range of projects have either already begun or will soon leap off the drawing boards – creating jobs, revitalizing the waterfront, and bringing new life to communities in every borough. In Brooklyn, construction workers will begin work at Atlantic Yards, the most exciting housing, commercial, and sports development in Brooklyn's history. In Flushing, Queens, we'll start construction on a \$500 million project to create 2,000 jobs and revitalize the heart of downtown. On Staten Island, we'll break ground on the rehabilitation of a former naval station into a new, mixed-use waterfront esplanade. In the South Bronx, we'll undertake the first major retail and commercial development in decades, bringing much needed office space and new shops to an area experiencing tremendous growth. On Manhattan's East Side, work will begin on the new East River Science Park, which will create 2,500 biotech jobs.

This is just the tip of the iceberg, and they are among the many examples of world-class projects that I hope you'll learn about both during the conference and through your own exploration of our City. Over the past four and a half years, we have pioneered and constantly improved upon a five-borough economic development strategy that emphasizes enhancing our quality of life, diversifying our economy and making New York the most business-friendly city in the nation. From undertaking the most ambitious municipal housing plan in the nation's history to our efforts to retain and grow industrial and manufacturing businesses to expanding the largest network of Business Improvement Districts in the world, we have a lot to share.

I encourage you to enjoy everything that New York City has to offer. In addition to the conference, I hope you get a chance to visit the New York Botanical Garden in the Bronx, walk over the Brooklyn Bridge, take in a Mets or Yankees game, or enjoy the phenomenal views from the Staten Island Ferry. In other words, take a few days to enjoy what it feels like to be a New Yorker. We're happy to have you.

Sincerely,

A handwritten signature of Michael R. Bloomberg in dark ink. The signature is fluid and cursive, with the first name 'Michael' and last name 'Bloomberg' clearly legible.

Michael R. Bloomberg
Mayor

THE IEDC Economic Development Journal

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new york city

IN THE 21st CENTURY

By Mitchell L. Moss

■ INTRODUCTION

Cities come and go. History is filled with cities that dominate the world for a relatively brief period of time and then fade quickly as economic and cultural centers. Sir Peter Hall, in *Cities in Civilization*, points out that “Athens, in the fifth century BC, gave us democracy.”ⁱ Today, Athens is historically important, but even hosting the 2004 Summer Olympics was not sufficient to put Athens back on the global map. In the fifteenth century, the Italian city-states of Venice, Milan, Genoa, and Florence all rose to prominence. And, as Hall notes, “the economic power of Florence grew to dimensions unparalleled elsewhere – either in Italy or in Europe,” routed in trade, textiles, and banking.ⁱⁱ Today, Florence is a magnificent city, but it is living off the culture and creativity produced more than 500 years ago. In the early 18th century, Vienna was the world center for culture and finance, giving way to Paris and then to Berlin in the early twentieth century. Clearly, cities are central elements in the economic growth of civilization, but for cities to endure, they must adapt to the world around them and re-invent themselves if they are to flourish in times of rapid economic and technological change.

New York City, which had emerged in the twentieth century as the leading headquarters city, the nation’s largest port, and the finance capital of the United States, faced major threats to its economic



311 handles 40,000 calls a day in 170 languages and has revolutionized the way citizens interact with local government.

role in the early 1970’s. The city’s population declined, corporate headquarters moved to surrounding suburbs, and the “back offices” of leading banks and financial institutions relocated to lower cost locations. Furthermore, manufacturing jobs in the textile and printing industries declined from more than one million jobs in 1950 to less than a quarter million in a quarter-century. In the mid-1970’s, the municipal government was barely able to meet its payroll, and its credit rating was so low that bankers refused to lend it money.

During the past 30 years, New York City has adapted to economic and technological change, replenished its population, and modernized critical public services so that it is a leading city in the global economy of the 21st century. Today, 30 years after it was on the verge of bankruptcy, New York City is

Mitchell L. Moss is the Henry Hart Rice Professor of Urban Policy and Planning, New York University’s Wagner Graduate School of Public Service.

A STORY OF PERSEVERANCE, INNOVATION, AND RECOVERY: WHY NEW YORK CITY IS STRONGER THAN EVER

For cities to endure, they must adapt to the world around them and re-invent themselves if they are to flourish in times of rapid economic and technological change. New York City faced major threats to its role in the global economy in the early 1970’s. Over the past 30 years, New York City has adapted to economic and technological change, replenished its population through immigration, modernized critical public services, and recovered from the September 11th terrorist attacks so that it has become a leading city in the global economy of the 21st century. Today, 30 years after being on the verge of bankruptcy, New York City is booming.

booming. The city's population is at an all-time high. The city's credit rating is the highest it's been in the history of the city, and crime has been brought down to a record level, making New York the safest large city in the United States.

The capacity of a city to compete in the 21st century depends on its role in a highly integrated global economy. Today, proximity to an international airport has superseded proximity to a deep-water port; the skills of a city's workforce are more important than the size of the workforce, and economic activity is more dependent on high-speed telecommunications than on the twentieth century highway or the 19th century railroad. Most important, the

The 21st century city serves one critical function: it brings people together with other people to generate the information and products that are then sold around the world. In an age of advanced communications, when the Internet is available through mobile communications devices and the cell phone makes everyone electronically accessible, the movement of ideas and the innovative application of those ideas still benefit from human contact.

key function of a city today is to produce the ideas and services that drive global markets. The city of the 21st century is a network that allows information to flow between and among people, 24 hours a day, in offices, cafes, restaurants, and on golf courses. The 21st century city serves one critical function: it brings people together with other people to generate the information and products that are then sold around the world. In an age of advanced communications, when the Internet is available through mobile communications devices and the cell phone makes everyone electronically accessible, the movement of ideas and the innovative application of those ideas still benefit from human contact. As stated in *The Economist*, "despite the growth of virtual alternatives, the most efficient way to get decisions made is often to sit people around a table for a discussion. Businessmen still go to great lengths to get together with other businessmen and talk. Indeed, as decision-making has been spread more widely within business organizations, and as more people have become involved in it, the number of business meetings has probably increased."ⁱⁱⁱ In this sense, cities offer one great advantage: ease of face-to-face for those industries where the information flowing from one person to another is a central element in the production process of an industry, firm, or organization.

THE INFORMATION INDUSTRY IN NEW YORK CITY

During the past 350 years, New York City has shifted from trading goods to trading information. Ever since the Dutch West India Company was incorporated in 1653, New York City has been a center for trade, initially for furs sold to the Dutch by Native Americans; today, as a center for the creation and distribution of financial services, information services, entertainment, management consulting, and culture.

The deregulation of the telecommunications industry in the United States and other nations has led to massive private investment in new telecommunications services and systems. With the growth of fiber optic networks, the cost of moving information in and out of New York has plummeted, while the speed with which this information is processed has increased dramatically. From 1997 to 2000, the Internet Backbone capacity of the New York Metropolitan Region had an annual average growth rate of 226 percent, greater than any other metropolitan area in the United States. According to Telegeography, New York led all of North America with the largest International Backbone Capacity of 13,205 Mbps, second in the world only to London.

The sheer increase in international communications capacity has allowed New York's core information industries to become increasingly global, serving markets around the world. Although few people realize it, MTV was invented in New York City and is one of the city's most successful exports. In fact, the first foreign-owned cable programming to be carried in South Africa was MTV, and today, MTV is widely available in China and in other nations that still impose severe restrictions on foreign news media.

Information about finance, food, fashion, sports, politics, the arts, and entertainment, once limited to distribution by print is now widely distributed through websites, cable television programs, and DVDs. New telecommunications systems have enhanced the productivity of what was once just simple publishing and broadcasting firms in New York City. In addition, the liberalization of rules governing the broadcast and cable television industries has allowed New York City to emerge as the nation's leading source of broadcast and cable television news. Today, all three broadcast television networks have morning news programs that are produced at studios adjacent to three of the city's most prominent landmarks: Good-Morning America emanates from Times Square; The Today Show from Rockefeller Plaza, and CBS' Morning Show from Fifth Avenue.

In 2005, more than 21 percent of all U.S. jobs in the information industry were located in New York City.^{iv} Four other sectors considered part of the information industry (publishing, motion picture,

broadcasting, and other information sources) all had greater than five-percent shares of U.S. employment in New York City. At the end of 2005, the information industry provided more than 161,000 jobs to New Yorkers, representing 5.3 percent of all private sector employment in the city.^v

According to Northwestern University's Media Management Center, of the top 50 media companies in the United States, 12 are headquartered in New York City and an additional four are located in the greater New York City metropolitan area.^{vi} Among the country's major newspapers, six of the top 20 are based in the New York City metro area, and of the top 100 U.S. magazines, 45 are owned by New York City-based companies, while 60 have their main editorial offices in the city.^{vii, viii} Two-thirds of all magazines published in the United States are published in New York City, according to the Magazine Publishers Association.

New York City's powerful role as a hub for the information industry has led to the creation of a media industry cluster in which 40 large media companies are concentrated on the Westside of midtown Manhattan. The corridor from 40th Street to 67th Street on the Westside of Manhattan, from Sixth to Eight Avenues is now the home of the leading magazine publishers and cable and broadcast television networks: Conde Nast, The New York Times, Reuters, News Corporation, Hearst, Viacom, Time-AOL, HBO, ABC-Capital Cities, CBS, NBC, and McGraw-Hill. The growth of electronic media has also heightened investment in digital media in New York City; according to the Boston Consulting Group, digital media accounts for 100,000 jobs in New York City, contributing about \$5 billion to the New York City economy each year.^{ix}

The concentration of these media firms in close proximity to each other demonstrates the high value that people and firms still place on face-to-face interaction and proximity to their colleagues employed by competitors within the same industry. The office environment remains the dominant setting for communications within a firm, but New York City also offers an abundance of settings for exchanging gossip, testing ideas, and learning about competitors' projects.

The concentration of these media firms in close proximity to each other demonstrates the high value that people and firms still place on face-to-face interaction and proximity to their colleagues employed by competitors within the same industry. The office environment remains the dominant setting for communications within a firm, but New York City also offers an abundance of settings for exchanging gossip, testing ideas, and learning about competitors' projects. In fact, one can even argue that the restaurant industry is an extension of the city's office market, since so much information flows across the table in leading establishments such as Michael's, Union Square Café, and The Four Seasons. The office is now just one component of the New York office building; the Conde Nast cafeteria, designed by Frank Gehry, is perhaps the most desirable corporate cafeteria in the world. The generation and transmission of ideas require human contact, and New York City is unmatched in facilitating direct interaction.^x The ease with which face-to-face contact can be maintained because of the density of talent is crucial to the city's economy.

Combined with more than 60 other media organizations headquartered elsewhere around the city, the media corridor is a potent symbol of New York City's emerging role as a world capital in the information industry. As more firms choose to locate near each other and take advantage of the exchange of ideas that occurs because of their geographic proximity, New York will continue to reap the socio-economic benefits produced by the local information industry.

EXPANDING THE REACH OF NEW YORK CITY MEDIA

Technological advances in the distribution of information have also contributed to the strength of the city's information industry. Ideas can be generated and shared faster than ever before and through channels heretofore never imagined. The speed and ease with which ideas can now be disseminated around the globe has solidified New York City's role as an epicenter of the information industry.

A subscription to the *New York Times* no longer requires the delivery of the paper to doorsteps across the country. Today, millions of people around the world can access the news and information disseminated by the *New York Times* online. The New York Times Company, NYTimes.com, ranks number one among newspaper websites. A full 16 percent of the NYTimes.com's 37.6 million visitors are from outside the United States. NYTimes.com, along with other New York City news companies such as MSNBC, CNN, AOL News, and Gannett, all rank among the top ten online sources for current events and global news information with worldwide audience reaches ranging from 9.8 million to 25.8 million.^{xi} Across the globe, more people are



More than four million visitors came to see "The Gates," a contemporary work of art on display in Central Park in February, 2005.

receiving their information from New York City-based sources than ever before.

And while developments in media technology have allowed New York City to expand its global reach, they have also placed growing demands on the city's telecommunications infrastructure to support the dissemination of that information. In response to those demands, city officials have developed an action plan to strengthen the city's fiber optic network infrastructure, increase access to broadband across the five boroughs, and bolster the capacity and capability of the city's wireless networks.^{xiii}

Until recently, the New York City film and television production industry had suffered from obsolete work rules and the perception that shooting in the city was prohibitively expensive. In response to those challenges, the Mayor's Office of Film, Theatre and Broadcasting has computerized its operations and launched a 'Made In NY' incentive program to attract producers to the city. By the end of 2005, the Mayor's Office of Film, Theatre and Broadcasting reported that over 31,750 film and television location shooting days were logged throughout the five boroughs during the year, a 36 percent increase over 2004 levels.^{xiii} The rise in 2005 production brought an additional \$600 million worth of movies and television programs, as well as 6,000 more jobs, to a media production industry that contributes more than \$5 billion annually to the local economy and employs 70,000 people.^{xiv}

The momentum gathered by this upsurge in production has been accompanied by the development and expansion of large-scale sound stages around the city. Responding to the increasing demand for

state-of-the-art production facilities, Steiner Studios, a 285,000-square-foot complex of five sound stages located in the Brooklyn Navy Yard, recently opened its doors and has already attracted the production of major films such as "The Producers" and "The Inside Man." Two other leading stages, Silvercup Studios and Kaufman Astoria Studios, both located in Queens, are also slated for expansion in the coming years.^{xv} Coupled with the city's tax incentives, these developments guarantee that New York City will continue to be a draw for producers.

This industry expansion reveals the city's growing capacity to compete with traditionally less expensive locations such as Los Angeles, Vancouver, and Toronto. More than 250 independent and studio films and 100 television productions were shot in New York City in 2005, and this trend shows no signs of abating. According to the *Los Angeles Times*, Warner Brothers already has plans to shoot six feature films in the city in 2006, while Touchstone Television will be shooting four of its 25 pilots in New York.^{xvi} Full-motion sound motion pictures originated at the start of the twentieth century in Brooklyn, New York, and today, New York City is now well-positioned to be a center for film and television production in the 21st century.

As New York City's media firms reach more people in more countries across the globe, the information industry will continue to expand and play a crucial role in the local economy. Whether on the big screen or small screen, in print or online, a growing share of the world's ideas and information will continue to be generated in New York City in the 21st century.

IMMIGRATION AS A SOURCE OF ECONOMIC DEVELOPMENT

Just as telecommunications has allowed New York City to become a stronger player in the global economy, immigration has transformed the population and economic life of the city as well. The 1965 Immigration and Nationality Act Amendments have done more to change New York City than any other federal policy in the past century. Ending the national origins quota system that had shaped immigration policy, the amendments opened the door to large numbers of immigrants from Asian, Caribbean, Latin American, and Eastern European nations who had previously been restricted from entering the country. The influx of new immigrants has been felt throughout the nation, but New York City, which has throughout its history absorbed flows of immigrants from Europe, has been transformed with new groups from Latin America, Asia, and Eastern Europe.

According to the NYC Department of City Planning, between 1970 and 2000 the total foreign-born population living in New York City more than doubled, from 1.4 million to 2.9 million.^{xvii} Today no other city in the United States counts among its residents as many foreign-born people as New York.

As New York City's media firms reach more people in more countries across the globe, the information industry will continue to expand and play a crucial role in the local economy. Whether on the big screen or small screen, in print or online, a growing share of the world's ideas and information will continue to be generated in New York City in the 21st century.

Representing 36 percent of the city's total population of 8.1 million, these new arrivals are among the most diverse group of foreign-born residents of any city in the country. In 2000, Latin America served as the largest source of New York City's immigrants, accounting for nearly 32 percent of the foreign-born population, followed by Asia (24 percent), the non-Hispanic Caribbean (21 percent), Europe (19 percent), and Africa (3 percent).^{xviii} The diversity of today's New York City immigrant pool marks a dramatic departure from the new arrivals of just 35 years ago, when more than 60 percent of all immigrants hailed from European countries.

Unlike many communities which have resisted and opposed the arrival of newcomers from other

nations, New York City welcomes and provides public services to immigrants. Immigrants have provided the basis for revitalizing neighborhoods, starting new businesses, and contributing to the city's global ambience. The diversity of immigrants has allowed the city to attract firms from abroad who know that they can get access to a multi-lingual labor force and to supportive services and communal life for their own native workers sent to the United States. Most important, many of the immigrants maintain strong ties to their native countries and bring new economic networks and intellectual capital to the city's economic activities.

LABOR FORCE PARTICIPATION: AN EDUCATED AND ENTREPRENEURIAL WORKFORCE

Immigrants have added to the city's population growth, preventing the population losses characteristic of most cities in the northeast and midwest of the United States. During the 1990s alone, as 1.3 million New Yorkers left for the suburbs or other states, 1.2 million immigrants flowed into the city.^{xix} Given the outflows from the city, the ongoing economic growth of New York City is inextricably linked with the inflow of immigrants.

Data on labor force participation rates reveals that the newest New Yorkers are filling the need for workers in New York City's labor market. In fact, foreign-born males had a higher labor force participation rate than their native-born counterparts in 2000 (67 percent vs. 63 percent).^{xx} Among certain subgroups, such as Indians, Bangladeshis, and Filipinos, labor force participation rates exceeded 74 percent. And within several of these new immigrant groups, such as Russians and Ukrainians, the proportion of those workers in high-end managerial and professional occupations exceeded that of the population as a whole. At the same time, occupations traditionally requiring lower levels of English proficiency and educational attainment showed heavy concentrations of foreign-born workers. Latin Americans, for example, have made a niche for themselves in service occupations, while Europeans have clustered in the construction, extraction, and maintenance occupations.

Immigrants arriving in New York City are not a monolithic group; they vary widely in their occupations, educational attainment, and English proficiency levels just as native-born New Yorkers do. However, in aggregate, today's New York City immigrants are more skilled than their predecessors. According to a 2006 report by the Federal Reserve Bank of New York, recent immigrants to New York City are better educated than earlier immigrant cohorts.^{xxi} College graduation rates of recent immigrants have increased more than 28 percent over pre-1990 levels. And several studies show that foreign-born students in New York City consistently outperform their native-born peers in the class-

room. Immigrants and the children of immigrants account for more than half of the city's public school children and more than 60 percent of the students at the public community colleges in the City of New York. Clearly, immigrants are central to the city's capacity to maintain the skilled and highly educated workforce essential in a 21st century global economy.

Beyond strengthening the city's human capital, foreign-born New Yorkers have also proven to be among the most entrepreneurial populations in the city. Among Asian and European immigrant groups, such as Greeks, Koreans, Italians, and Pakistanis, the rate of self-employment was significantly high-

REVITALIZING NEIGHBORHOODS AROUND NEW YORK CITY

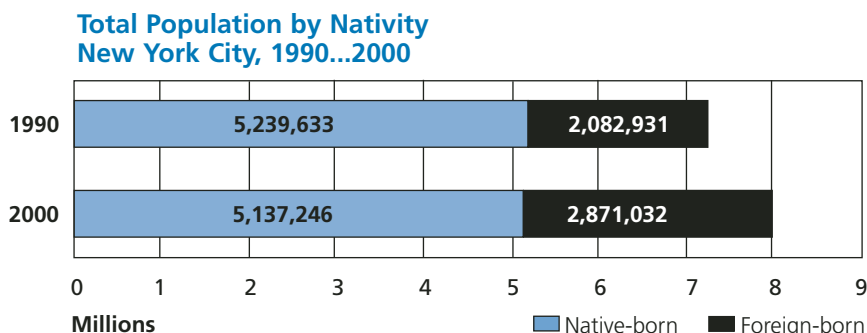
Just as foreign-born New Yorkers are not confined to occupational and economic enclaves, neither are they isolated to specific geographic areas cut off from the rest of the city. By settling in neighborhoods throughout the five boroughs, immigrants have become crucial actors in the revitalization of residential communities. In contrast with European cities, immigrants are not confined to specific areas and are not considered a burden to the public sector.

Of New York City's 2.9 million immigrants in 2000, more than 1 million lived in Queens, making it the most racially and ethnically heterogeneous borough in the city, and by many measures, the most diverse county in the United States.^{xxiii} The borough of Brooklyn was home to 32 percent of the city's foreign born, while Manhattan and the Bronx accounted for 16 and 13 percent of immigrants, respectively. Staten Island remained the borough with the lowest concentration of immigrants, with only 3 percent of the city's foreign-born population living there. Nevertheless, between 1990 and 2000,

the borough witnessed a 63 percent increase in its immigrant population (from 44,550 to 72,657), the highest increase of any borough.^{xxiv}

While resettlement patterns among immigrant groups vary, the influx of foreign-born residents in communities throughout the five boroughs has left few corners of the city untouched by immigration. Bringing new languages, cuisines, music, and fashions, New York City's foreign-born have infused neighborhoods, many of which were suffering from urban blight and decay, with entrepreneurial energy and human and financial capital.

The revitalizing and internationalizing force of immigration is especially evident in Elmhurst Queens, the most diverse community in the city, where older Irish and Italian residents have been replaced by immigrants from Asia and Latin America. In the Sunset Park neighborhood of Brooklyn, the influx of immigrants has transformed the community. Brooklyn witnessed a steep decline in its population between 1950 and



er than that for city residents as a whole in 2000.^{xxii} This trend reflects the dual role that immigrants have played in driving both population and economic growth in New York City since 1965. As the city lost population in the 1970s and 1980s, small business owners often followed their customers to the suburbs, leaving once bustling commercial streets empty and dilapidated. In the wake of the flight of these business owners, entrepreneurial immigrants played a pioneering role in neighborhoods around the city by opening stores and restaurants, often providing the only commercial activity in a community.

Not only do these immigrant-owned businesses provide services and jobs to neighborhood residents, but they have a multiplier effect on the local economy by attracting other small businesses to the area. In doing so, New York City's foreign-born population are engines of social and economic revitalization in neighborhoods throughout the five boroughs.

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1980, losing more than 500,000 residents. In the once Scandinavian neighborhood of Sunset Park, a pre-war population level of 104,000 fell to 87,000 in 1960, and despite an influx of Puerto Rican immigrants, the neighborhood lost another 9 percent of its residents between 1970 and 1980.^{xxv} In the midst of this decline, however, immigrants began arriving, first from Puerto Rico, then from the Dominican Republic, Colombia and Ecuador, and then El Salvador and Honduras. Hispanic immigrants were soon joined by new arrivals from China, India, the Philippines, Vietnam, and Cambodia.

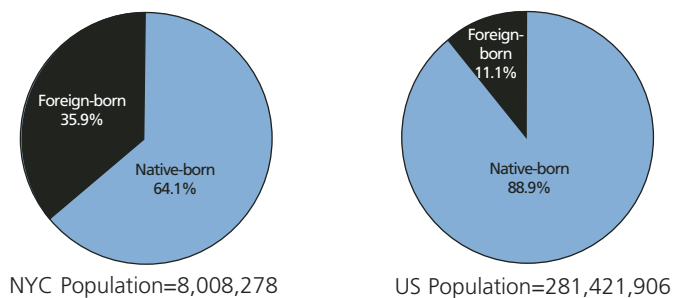
Over time, these new immigrants rebuilt long decaying residential blocks and revitalized deserted commercial strips, transforming the character of the Sunset Park neighborhood so much so that in 1991 one local writer described the local commerce as follows:

“Yong’s Gifts is down the street from Stavenhagen’s check-cashing (“Serving Brooklyn since 1878”). Morisi’s Macaroni Store offers red-white-and-blue gift-wrapped pasta, while Sikorski and Winski’s specializes in fresh hot babka and heavy links of kielbasa. Behind the chartreuse sign advertising Baba West Indian, Indo-Pak Shopping Center, you can get your VCR repaired, and rent tapes with names like “Prem Geet” or “Dharma”...You can choose between cans of corned mutton from Australia, or pick up a pound of Bashri flour...Tiger balm is available, and bottles of Dewitt’s Worm Syrup, for whatever ails you.”^{xxvi}

This depiction of Sunset Park’s Fifth Avenue commercial strip reflects the cultural and economic impact of New York City’s foreign-born population. Not only does the influx of immigrants into once-decaying neighborhoods increase property values, real income, and real estate prices, but the arrival of people from all over the world creates new markets for new goods, exposing native-born residents to new products and diversifying the local economy.

This transformative phenomenon has not been limited to a single neighborhood or borough. What has happened in Sunset Park, Brooklyn, is not an isolated occurrence. It is a story that is repeated in neighborhoods throughout all five boroughs over the past three decades. And it is the aggregate impact of scores of Sunset Park stories that has internationalized the city of New York. From the Russian settlement of Brighton Beach to the influx of Asians of all countries to Flushing, Queens, immigrants have changed the character of New York City’s residential and commercial areas. And in so doing, they have shaped the demands and tastes of New Yorkers throughout the entire city.

Distribution of Population by Nativity New York City and United States, 2000



IMMIGRANTS AND GLOBAL URBAN CULTURE

The presence of 2.9 million foreign-born residents has infused New York City with new sights, sounds, and tastes. Through their resettlement of neighborhoods around the city, immigrants have brought their native cultures into contact with that of their neighbors to create a modern New York City culture that is distinctly and proudly international. New Yorkers have grown accustomed to having the world’s cuisines at their doorstep; few cities in the United States can offer Ethiopian, Afghan, Thai, Colombian, Russian, and Chinese restaurants within a one-block radius. The sheer size of our immigrant population and the enthusiasm with which New Yorkers welcome new forms of cuisine have strengthened the city’s entire restaurant industry. This has led to new forms of cuisine that blend Asian-Pacific with Latin American and that fosters creativity in the culinary culture of the city, making New York a magnet for leading chefs from all parts of the world.

For New Yorkers seeking new and different variations on traditional Cantonese cooking, for example, dishes from Shanghai, Beijing, Hunan, and Szechuan can be found in any one of the three Chinatowns that now exist in New York City. The arrival of more than 224,200 Chinese immigrants between 1970 and 2000 (a 600-percent increase), led to the diversification and expansion of the original Chinatown.^{xxvii} With its main arteries of Canal Street and East Broadway, Manhattan’s first Chinatown still serves as a destination for visitors and New Yorkers alike. It is a central part of the life of the city, drawing recent immigrants, workers from surrounding businesses and city agencies, and visiting tourists to its restaurants and shops. However, the Chinatowns in Sunset Park, Brooklyn, and Flushing, Queens, have also become thriving commercial and cultural centers that attract visitors from around the city.

Not only has the city's cuisine been shaped by immigration, so too have its musical tastes. Salsa, New York Afro-Latin dance music, mixes Cuban folk music influences with popular traditions from Puerto Rico, the Dominican Republic, Panama and Colombia.^{xxviii} Today, salsa plays a key role in the New York City popular music scene and has created a veritable nightlife industry for thousands of New Yorkers. Despite the fact that most tourists still think of the Broadway theater scene as the hub of the city's nightlife, the city's elaborate network of clubs and music venues located in all five boroughs has provided the laboratory for cultural innovation and diversity that distinguishes New York from other large cities in the United States.

The resurgence of New York City has been fueled by immigration and advances in information technology, but fundamental changes in municipal policy have also been responsible for improving the city's attractiveness as a 21st century global city. As a result of the fiscal crisis of the 1970's, New York City reorganized its finances and adopted new mechanisms to control spending and abide by generally accepted accounting practices. This reform in the city's finances has been critical to establishing New York City's credit-worthiness and to maintaining balanced budgets.

The competitive advantage that immigrants have brought to New York City's workforce and the renewal of neighborhoods across the city, reveal the transformative force that 40 years of immigration have had on the city. Immigrants are a critical component of the lifeblood of the city's economy and culture, and they will continue to drive New York City's economic development well into the 21st century.

MODERNIZING AND INVESTING IN PUBLIC SERVICES

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The installation of "The Gates," consisted of over 7,500 saffron-colored gates, lining 23 miles of Central Park paths.

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The second major reform occurred with a new City Charter adopted in 1989 that reinforced the power of the mayor, eliminated the Board of Estimate, and expanded and strengthened the power of the City Council in land use and budget matters. A third reform in government took place during the Dinkins administration when New Yorkers voted to raise their own income taxes in order to hire 5,000 additional police officers under a plan known as "Safe Streets, Safe City." The Giuliani administration built on this expansion by consolidating what were then two separate housing and transit police departments with The New York Police Department resulting in a 40,000 officer police force. More important, the Giuliani administration modernized the management of the NYPD by deploying computer systems to monitor crime by precinct and to assure accountability by police precinct commanders.

The Bloomberg administration, starting in 2002, has continued to bring crime down in New York City, to the lowest levels in 40 years. Most important, the Bloomberg administration has won mayoral control of a public school system that was previously under the jurisdiction of a seven-person Board of Education. With 1.1 million public school students, 1,100 public school buildings, and a budget of \$15 billion, the city's public school system is being transformed, with teachers receiving a pay raise of 33 percent over the past five years, and a new \$6.5 billion school construction program underway.

Clearly, these fundamental reforms in municipal finance, safety, and education have strengthened the attractiveness of New York City to serve as a place to live, work, and visit. But the Bloomberg administration has also responded to the intense pressure to live in New York by modernizing its land use regulations with more than 50 different zoning changes. Old industrial land on the Brooklyn side of the East River has been rezoned to accommodate housing and open space, while the far Westside of Manhattan has been rezoned to serve new commercial and residential uses.

At the same time, the city has also introduced a new "311" system providing citizens with direct access to municipal government that now handles 40,000 telephone calls each day from people requesting information or assistance with city government services. The effective use of modern information systems has also been achieved through a new municipal website, www.nyc.gov that provides individuals and firms with direct access to government services. Coupled with the efforts of previous administrations, these measures to improve the level of municipal public services in New York City have given the city yet another competitive edge in the global economy.

NEW YORK CITY'S RECOVERY AFTER SEPTEMBER 11th

Five years ago, just after the September 11th attack on the World Trade Center, many observers thought that New York City would not be able to recover from the loss of life and disruption of economic and social life caused by the terrorist attacks, the most deadly assault on U.S. soil by a foreign enemy in the history of the nation. Predictions were widespread that the attacks would trigger an outflow of people, jobs, and activity from the nation's largest city. However, New York's rapid recovery since September 11th has only reinforced its role as a leading city in the 21st century global economy.

The continued growth of the city's population suggests that New Yorkers – both those who have been here for years as well as immigrants just arriving on our shores – are still "voting with their feet" in favor of New York's future. The trend in births can be taken as a sign of renewed confidence in the future. In 2000, there were 125,563 births in the

City of New York. This number declined in 2001 by 1.2 percent to 124,023 and also in 2002 to 122,937, a decline of 0.09 percent from the previous year. However, in the year 2003, the number of births rose to 124,345, exceeding the number born in 2001, though not at the level of 2000.^{xxx}

Another measure of the strength of the commitment of New Yorkers to this city is in the number of building permits issued for the physical alteration or construction of any structure in the city: residential, commercial, or industrial. The number of permits issued increased from 83,612 in fiscal year 2000 to 99,320 in fiscal year 2004. There was a slight decrease in fiscal year 2002, which could reflect the economic recession as well as the initial effects of the September 11 attack, but since fiscal year 2002, the number of permits has grown by 14.7%.^{xxx}

Further evidence for New York City's recovery after September 11th lies in residents' use of public transportation. New Yorkers depend on the nation's largest mass transit system to go places. The Metropolitan Transportation Authority operates the public buses and subways that allow residents, workers, students, and visitors to move easily and quickly across the city. Although there was decline in bus ridership after the 2001 attack, by the first six months of 2004, average weekly bus ridership was 14,557,283, exceeding the ridership during the first six months of 2001. Ridership on the subways was greater on the weekends in the first six months of 2004 than in the same time period during 2001. In fact, there were almost 50,000 more subway riders on both Saturdays and Sundays in the first half of 2004 than in the equivalent period of 2001. And, despite the overall loss of jobs in the economy, weekday ridership is almost back to the levels of the first six months of 2001, with just 10,000 fewer riders in 2004 than in 2001.^{xxxi} Clearly, New Yorkers are leaving their homes, going to work, school, and participating in the life of the city, as reflected by the ridership numbers of both the buses and subways on weekends and weekdays.

Even the cultural and academic life of the city has experienced resurgence. New York is a city filled with museums, theaters, universities, and libraries. After September 11th, there was a notable decline in attendance at Broadway theaters and in applications to major colleges and universities that drew from a national pool. Attendance at Broadway theaters declined by 7.9 percent from 11,895,528 in the 2000-2001 season to 10,954,868 in 2001-2002. However, attendance has gradually been increasing since 2001-2002, and during the 2003-2004 season, attendance reached 11,805,480, an increase of more than 650,000 since the 2001-2002 season.

New York University, the largest independent university in New York City, witnessed a 4.4 percent decline in the number of applications for admission to its undergraduate colleges for the fall of 2002. However, NYU has seen applications for

admissions grow for fall 2004 and fall 2005 and reached an all-time high for fall 2006. NYU's ability to exceed its previous number of applications for admissions is a reflection of the continued strength and appeal of New York City to students from all parts of the United States and the world.

There is perhaps no better sign of New York City's recovery than its booming tourism industry. During 16 days in February 2005, more than four million visitors came to see "The Gates" in Central Park, a contemporary work of art consisting of over 7,500 gates bearing saffron-colored fabric panels that lined 23 miles of paved paths. An all time high of 43.3 million visitors are expected to travel to New York City in 2006, including a record 7.2 mil-

lion international and 36 million domestic travelers. Today, tourism is big business in the city, generating \$22 billion in spending, \$5.4 billion in taxes, and \$13 billion in wages, and supporting nearly 330,000 jobs in the five boroughs, or 6.8 percent of the city's total employment base.

The remarkable capacity of New York City to recover from the September 11, 2001 attack on the World Trade Center is a reflection of the powerful demographic and economic forces that are now shaping this city in the 21st century. The combination of immigration, new information industries, and an improved municipal government has created a city that is now uniquely positioned for the global economy of the 21st century.

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no small plans

By Daniel L. Doctoroff

INTRODUCTION

The history of New York City's development is one not of incremental change, but rather of great leaps forward. Perhaps more than any other city, the current landscape seems largely attributable to a few critical, identifiable decisions.

Almost 200 years ago, in 1811, the New York state legislature approved a plan to divide Manhattan into a precise grid of north-south avenues and east-west streets – a plan that essentially determined the development of the city for decades to come.

The construction of the Erie Canal in the early 19th century linked the port of New York to the interior of the country, forever changing the competitive position of the city and ushering in an era of unprecedented prosperity. Governor DeWitt Clinton planned the canal as other cities – including New Orleans, Philadelphia, and Baltimore – threatened to become the primary connection to the ever-expanding west.

As the canal linked New York to the West, the Brooklyn Bridge – completed in 1883 – linked Manhattan to Brooklyn. This physical linkage accelerated the political linkage that followed in 1898, when the City of Brooklyn became the Borough of Brooklyn, thus joining the nation's largest and third largest cities into one metropolis.

In the mid-19th century, New York's leaders sought to build Central Park to provide open space to an increasingly crowded urban environment. Although it was to be built on rough and as yet undeveloped land, the 843-acre site was nonetheless already in the heart of the city. The decision to invest a massive amount of public funds in open space rather than development was therefore par-



The Harbor District will link 182 acres of new or enhanced parkland and six miles of waterfront esplanades with the Brooklyn Bridge, the Statue of Liberty, and the Manhattan skyline to create one of the world's greatest waterfront destinations.

ticularly prescient and in retrospect absolutely essential to the health of New York.

Equally significant, was the building of the subway system. Between 1913 and 1923 alone, New York added 325 miles of subway track, making Brooklyn, the Bronx, and Queens broadly accessible for the first time. This gave a teeming city the breathing room it needed to develop into the capital of the world.

In each of these cases and in selected others, New York City's leaders demonstrated an uncommon willingness to take bold steps – often in the face of intense criticism and meaningful risk – that led to a transformation in the city's landscape – and its fortunes. And while some of New York's prosperity can be attributed to the fortunes of geography or the vagaries of luck, a remarkable portion is the direct result of the ambitious planning of its distant past.

Daniel L. Doctoroff is New York City's deputy mayor for Economic Development & Rebuilding.

THE REBIRTH OF ECONOMIC DEVELOPMENT IN NEW YORK CITY

From Central Park to the subway system, the history of economic development in New York City is a series of big, bold endeavors. And despite a lack of grand plans during the second half of the 20th century, New York City is once again thinking big. With an economic development strategy that focuses on the three objectives of making the city more livable, more business friendly, and more economically diverse, the Bloomberg administration has set an agenda that will last for decades. From reclaiming its crumbling waterfront to the transformation of the Hudson Yards on Manhattan's Far West Side – New York City has once again adopted the famous advice of legendary urban planner Daniel Burnham: "Make no small plans."

But what of New York's recent past? What planning has taken place in the last 50 years that future generations of New Yorkers will look back upon as shaping the future of the city?

There are some contenders for that list in post World War II New York. The attraction of the United Nations helped to cement the city's place as the unofficial international capital – as the world's second home. Similarly, the redevelopment of Times Square in the 1990s, along with a corresponding drop in the city-wide crime rate, helped engineer a dramatic reversal in the perception of New York as a city in decline.

But by and large, as planners and historians look for the great economic development achievements of the second half of the 20th century, they will find that the cupboard is bare. There are a variety of explanations for the paucity of great planning initiatives from that era. One is the general social and economic upheaval that faced all American cities during the post-war era, including a massive influx of overwhelmingly poor domestic migrants, civil rights unrest, and the siren song of suburban living that lured away much of the urban middle class and its contributions to the tax base. In New York, the admirable devolution of power and incorporation of community input that was so lacking during the Robert Moses era provided a significant obstacle to big projects. These forces – along with state control over the city's day-to-day operations – left little room for grand plans.

The terrible tragedy of September 11, 2001, caused New Yorkers to challenge their basic assumptions – about security, community, and perhaps more importantly, about New York's place in the world. It would have been natural to conclude that the mightiness – even arrogance – of New York's past should be replaced by humility and by diminished expectations. One might have expected New Yorkers to shy away from the very boldness that made the city a target for terrorists. It seemed possible that the terrorists who had destroyed buildings and lives had also finally destroyed New York's special capacity for thinking and acting boldly. The fundamental question in the immediate wake of 9/11 was: would New York City affirm its 400-year-old promise – that anyone from anywhere with a dream and desire has the potential to make it to the top?

A look across New York City today demonstrates that the answer to that question is a resounding yes.



Fresh Kills, once the largest landfill in the United States, is currently being transformed into a magnificent park, offering more than 2,000 acres of active recreation, wetlands, bike trails, and areas of natural beauty.

For the first time in decades, New Yorkers are thinking big. And big visions are being backed by real public and private investments – in majestic places that will define the New York of the future, in transportation, in housing, and in open space – to ensure that the city grows even greater; and to ensure that New York is able to offer its promise to more and more people. Under Mayor Michael Bloomberg, the city has returned to its roots by once again taking action today to build the New York of tomorrow.

This is the story of New York's return to economic development on a grand scale.

THE 50-YEAR CYCLE

In January of 2004, developer Bruce Ratner and his firm, Forest City Ratner, announced plans to buy the New Jersey Nets and move the team to Brooklyn to play in a magnificent new arena to be designed by renowned architect Frank Gehry. The arena will be the centerpiece of a plan to add 7,300 units of housing and 628,000 square feet of office space over old rail yards in Downtown Brooklyn. The move is scheduled to take place in 2009 – just over 50 years after Walter O'Malley wrenched the beloved Dodgers out of Brooklyn.

That a major sports franchise would consider leaving the suburbs for Downtown Brooklyn would have been unthinkable even a few years ago. In fact, the possibility of the Nets' move represents the closing of a 50-year cycle of challenges that have faced the City of New York. Today, for the first time in recent memory, New York City has the tools necessary to create change: a comprehensive and forward-looking strategy, supported by a robust and committed private sector that is working in creative ways with the current administration all over the city. With these tools, the city can meet the challenge issued by prior generations of New Yorkers: to apply vision and action to transform the city.

NEW YORK'S ECONOMIC DEVELOPMENT STRATEGY

From the beginning, the *objective* of the Bloomberg administration's economic development policies was clear: to create jobs for New Yorkers and to grow the tax base in order to pay for essential programs and services. The *strategy* for achieving that objective, however, was less clear. The Bloomberg administration decided to approach government like a business and develop a strategy based on competitive advantage. This was a useful framework, particularly as it led the administration to consider New York's value proposition – especially its strengths and weaknesses.

It is clear, for example, that one of New York's strengths is its huge market size, with leadership in several key industries such as finance and media.

The first pillar of New York's economic development strategy is to make the city more livable. New York simply cannot attract employers or residents without a high quality of life. Of course, livability is driven to a very large degree by issues outside the economic development arena – namely crime and schools. As such, the staggering drop in the crime rate first seen in the mid 1990s was the starting point.

Moreover, New York also obviously has a powerful image that people around the world recognize.

But New York's real strength is much harder to define. It is often said that New York is the world's second home. Currently about 40 percent of New York residents were born outside the United States. Another 28 percent have at least one parent who is an immigrant, and another 15 percent are from somewhere else in the U.S. New York is a beacon for dreamers and risk takers from all around the world. That in turn continuously attracts companies looking to tap into this huge pool of energy and ambition. Since 9/11, New York has one other important strength: an incomparable unity of purpose and sense of community that has brought New Yorkers closer to one another and to people across the globe.

That's not to say that all things are wonderful in New York. It has its weaknesses. The city is expensive. There are lingering perceptions – largely false – about crime and grime. New York doesn't educate its children like it should. And New York doesn't have a reputation for being an easy place to do business, for small or large employers.

To build on the city's strengths and tackle its weaknesses, the team developed a three-part economic development strategy. The basic formula is not complicated. First, make New York City more livable, so that businesses and individuals want to locate there. Second, make New York City more business-friendly. That means creating an environment that gives businesses the tools to be competitive and create jobs. Finally, diversify the New York City economy, in order to reduce the city's dependence on financial services and on Manhattan.

STRATEGY #1: MAKE NEW YORK CITY MORE LIVABLE

The first pillar of New York's economic development strategy is to make the city more livable. New York simply cannot attract employers or residents without a high quality of life. Of course, livability is driven to a very large degree by issues outside the economic development arena – namely crime and schools. As such, the staggering drop in the crime rate first seen in the mid 1990s was the starting point. This drop has continued unabated since Mayor Bloomberg took office, with New York safer today than it's been in four decades. Overall, since 1993, crime in New York has fallen by almost 70 percent.

Attention has also focused on improving the school system to make sure New York's children have the skills they need to thrive. The effort began with state legislation to provide for direct mayoral control over the city's public schools for the first time. Other major educational initiatives underway include an end to social promotion, a significant capital program to expand the system's infrastructure, better school safety, expanding the number of charter schools, and new curricula in both reading and math.

But beyond safe streets and better schools, there are things that an economic development team can do to make a city more livable. In particular, this includes strengthening neighborhoods by building housing and parks across the city.

The effort to build new and revitalize existing neighborhoods extends across all five boroughs, thanks to the New Housing Marketplace Plan – a \$7.5 billion plan to build and preserve 165,000 units of affordable housing in New York City by the year 2013.

The effort also relies heavily on the legacy of New York's industrial past – namely old manufacturing sites throughout the city and 578 miles of waterfront, most of which is filled with run-down wharves and warehouses. Residential buildings are springing up across the entire city on vacant or run-down sites. Even the neighborhoods that had been given up for the dead – including East New York, where the aptly named “Death Wish 3” starring Charles Bronson was filmed – are becoming vibrant communities again.

The administration has embarked on the most ambitious waterfront reclamation effort in our city's history, across all five boroughs. The most spectacular example of waterfront reclamation is the Greenpoint/Williamsburg area of Brooklyn. There, the rezoning will transform a litany of crumbling piers, and abandoned factories and warehouses, into an elegant waterside promenade with 54 acres of parks and open space with 10,000 units of new housing facing the most dramatic skyline in the world.

In every borough, the administration is turning old uses like crumbling piers, abandoned factories, garbage dumps, and coast guard bases into modern housing and stunning new parks – which we believe will catalyze investment in new neighborhoods. This includes the area under the Brooklyn Bridge, the city's largest landfill on Staten Island, – which will become the city's largest park – and Governor's Island, 172 acres just off the tip of Lower Manhattan – which the city and state acquired in 2003 from the federal government for the whopping price of one dollar. The Island will become the centerpiece of this sweeping new effort to transform the city's underused waterfront into the greatest harbor district in the world.

STRATEGY #2: MAKE NEW YORK CITY MORE BUSINESS-FRIENDLY

The effort to make New York more livable will help the city attract and retain a strong talent pool, and in turn help attract and retain businesses. But there is more to be done to ensure that New York is increasingly business-friendly. This requires efforts to ensure that businesses – large and small – think of the city's government as a partner in their growth, not an obstacle to it.

For example: in the past, our workforce development efforts had failed due to the lack of a meaningful linkage between the needs of employers and the training offered to employees. Virtually no attempt had been made to ensure that providers tailored their training to produce graduates with the skills required by companies that were hiring. Similarly, there had been only minimal efforts to attract or aid businesses by helping to provide a labor pool with the necessary skills to help those businesses grow further.

It was therefore decided to merge the Department of Employment into the Department of Business Services, to better link employers and employees. Additionally, the Department of Business Services was renamed the Department of Small Business Services (SBS) to reinforce the agency's goal of promoting the growth of the small enterprises that collectively account for the core of the city's workforce.

The most pressing need in New York is to provide companies with adequate office space. In 2002, Economic Research Associates predicted that over

the coming two decades, the New York metropolitan region (including New Jersey, Long Island, Westchester, and Connecticut) would add about 450,000 office-using jobs. For the region as a whole, this translates to approximately 110 million square feet of office space for the region. To capture New York's fair share of the projected growth, the city must add 68 million square feet of office space.

The most immediate source of additional office space will, of course, be in Lower Manhattan, where the rebuilding in the wake of the destruction of the World Trade Center is well underway. For New York City and for the world, the rebuilding is more than just an investment. It is a moral imperative to demonstrate resolve in the face of attacks that struck at the heart of what makes New York great: dynamism, diversity, and creativity. The rebuilding effort underway reflects a determination to make downtown better than ever.

The effort starts at the World Trade Center itself, where construction of the Freedom Tower will soon begin. The city will also continue to work closely with the state, the Port Authority, and Silverstein Properties to ensure a plan that builds out the much needed retail on the site as quickly as possible, restoring life and activity to the surrounding streets.

But no matter how magnificent the World Trade Center site proves to be, it must be complemented by an equally bold vision for all of Lower Manhattan – one that will make it a “Downtown for the 21st Century.” For example, transportation will be a critical part of restoring the area. Over the last 30 years, even before 9/11, Lower Manhattan lost more than 60,000 jobs to Midtown and elsewhere. It was simply less attractive and less accessible than it should have been. Midtown enjoys easy access from Long Island, Westchester, and New Jersey. More than 3.8 million suburban residents live within an hour's commute. That's 50 percent more than can get to Lower Manhattan in the same amount of time.

This gap has serious implications for the location decisions of major employers, which typically seek to minimize employee commuting time – particularly for the most senior managers. With new transit stations, new airport and commuter connections, new boulevards and streets, the Bloomberg administration and the state will make Lower Manhattan easier to get to – from the region and the world – thereby enhancing its competitive position.

To keep Lower Manhattan on a par with Midtown and make it a global center, the area must have direct airport access. Imagine stepping onto a train and 30 minutes later walking to your gate at JFK. This can become a reality by extending the new AirTrain system – from JFK through a new or existing tunnel to Lower Manhattan. Perhaps more importantly, improved airport access to JFK also will enable an easier trip for commuters to Lower Manhattan from Long Island, via an intermediate station in Jamaica, Queens.



Greenpoint-Williamsburg is one of 52 rezonings the Bloomberg Administration launched during the first term, in the most ambitious land-use transformation in the city's modern history.

The South Bronx Gateway Center is part of the city's five borough economic development strategy. The Center, which was approved in February, will bring almost \$400 million in investment to the South Bronx, produce thousands of new jobs for local residents, and create a safer and stronger quality of life for local residents.

To make it easier and more exciting to get around Downtown once commuters and visitors arrive, the new Fulton Transit Center will untangle the knot of 15 subway lines that converge in Lower Manhattan. And Santiago Calatrava's breathtaking design for the PATH station will welcome commuters to the new World Trade Center site. These two stations will be exhilarating gateways that lift everyone's eyes and spirits – whether it's a visitor from Buenos Aires seeing Lower Manhattan for the first time, or a commuter from New Jersey seeing it for the first time that day. These stations can be the first of Lower Manhattan's many additions to the landmarks of tomorrow.

To strengthen Lower Manhattan's commercial viability, it also must be a place that is attractive for employees and others at all times. Creating a true mixed-use, 24-hour community is the last element of the strategy for Downtown. For example, Fulton Street is the major east-west artery in Lower Manhattan. If you walk along Fulton Street today, you'll see 99-cent stores and vacant storefronts. The proposed plan can begin the transformation of that street into a great place to shop, see a movie, look at art, or just people-watch as pedestrians walk from river to river.

But though critically important for both practical and symbolic reasons, the full build-out of Lower Manhattan will provide only about 14 million square feet of the 68 million square feet of commercial space New York City needs to capture its fair share of the regional office market – leaving a big gap. The Bloomberg administration has put forward a plan to fill much of that gap by transforming a desolate area of Manhattan called the Hudson Yards.

The inspiration for this transformation is one of the bold initiatives of the early 20th century – the creation of Park Avenue. One hundred years ago

there was no Park Avenue. Instead, there was just a twisted mass of tracks, ushering trains in and out of the city to an old, run-down station. Forced to act by the state legislature after the latest in a string of deadly accidents, the New York Central Railroad built a deck over these tracks, from Madison Avenue to Lexington Avenue, from 42nd to 56th Street. Down the middle of the deck a grand boulevard – Park Avenue – was built. And 30 years later, dozens of buildings stood on the platform – including the Waldorf-Astoria hotel and a new Grand Central Station. One hundred years later, the trains still run under Park Avenue. Today on the blocks over the tracks, 160,000 people earn their living, forming the core of the greatest central business district in the world.

New York now faces a similar opportunity, just blocks from Midtown Manhattan. The area known as the Hudson Yards – on the Far West Side between 28th and 42nd streets, between 9th Avenue and the Hudson River, features rail yards surrounded by block after block of vacant lots, parking lots, rail cuts, warehouses, and auto body shops. The transformation of the Hudson Yards is the single best investment New York City can make in its future, through the creation of a spectacular new community.

Perhaps the most important step is to provide mass transit access to the area by extending the #7 line from its last stop in Times Square to a magnificent new station at 34th Street. Construction on the subway line will begin this year – along with a badly needed expansion of the Jacob K. Javits Convention Center. By finally bringing mass transit into this inaccessible area, upgrading the convention center, creating grand public buildings and a magnificent park network, and by rezoning the area, the public sector will unleash a wave of private market activity: 24 million square feet of office space and more than 14,000 apartments, many of which will be affordable to low- and middle-income families.

With the Hudson Yards expansion, and the new Moynihan Station as a gateway, Midtown will remain easily the country's largest central business district. Midtown and Downtown will meet com-

panies' needs for space in the most sought-after business districts, at a premium price. But just as companies offer multiple products to meet the varying needs of different consumers, so, too, must New York offer a variety of types of spaces for different users and different uses. As globalization and technology force companies to cut costs, they look for less expensive and more flexible real estate. In recent years, they increasingly looked away from Manhattan and toward Jersey City.

The Bloomberg administration will not stand by idly while major employers leave New York. Instead, we're fighting back, by pursuing development in the outer boroughs on a never-before-seen scale. For example, New York is investing selectively to catalyze a significant expansion in central business districts in Brooklyn and Queens. Both of these areas provide lower cost facilities than Manhattan but with the convenience of the city's transportation infrastructure and access to the city's talent pool. The goal is to make the east bank of the East River as viable an alternative as the Jersey side of the Hudson.

As we look ahead to the next four years, we have already begun to move these projects from the minds of great designers to blueprints to shovels in the ground to ribbon-cutting ceremonies. We have the resources, we have a plan, we have a deadline. And perhaps most importantly, we have a vision.

The effort to meet the city's diverse office needs stretches into Queens to the Flushing neighborhood near LaGuardia Airport. It also extends into the South Bronx, which will see the development of new office buildings, including one that will house the city's Department of Finance.

Citywide development of new commercial space requires adequate commuter access if New York is to achieve its full potential. A look at New York City history makes one thing clear: where transportation goes, neighborhoods follow. Beyond Lower Manhattan and the Hudson Yards, plans are underway to expand and upgrade New York's transportation infrastructure. For example, the \$5 billion East Side Access project will connect the Long Island Railroad to Grand Central Terminal via Queens. This project will enable faster access to Midtown and the emerging business district in Long Island City.

Ferries are another major piece of the transportation puzzle. In 1986, New York had just one ferry line – the Staten Island ferry. Today, dozens of lines carry 135,000 passengers a day across the Hudson and the East River to terminals up and down the waterfront. All across the five boroughs, the city is investing in new ferry terminals.

Collectively, investments in office space and transportation will preserve for New York its dominant share of the region's commercial base. But the city doesn't just need space to work and the means to get there. For example, the administration has tailored its corporate attraction and retention efforts to deliver service to customers – the companies that employ New Yorkers.

STRATEGY #3: DIVERSIFY THE NEW YORK CITY ECONOMY

After just a cursory study of the New York economy, two things are apparent: the city is becoming increasingly dependent on financial services, and increasingly – even alarmingly – Manhattan-centric. In 1975, financial services accounted for 16 percent of New York's total payroll. By the year 2000, that number had more than doubled – to 33 percent. Similarly, Manhattan's share of the city's payroll mushroomed from 21 percent to 40 percent.

Decades ago, the New York City economy included strong bases in industries like shipping, manufacturing, and printing. And while these and other industries remain in the five boroughs, they have suffered in the face of the same national and international competition that has drawn manufacturing employment out of the Rust Belt. New York City simply had too many cost and other disadvantages to hold onto these industries in the face of change.

The resulting concentration in financial services and in Manhattan has two important consequences. First, the city's economy is overly exposed to the boom and bust cycle of Wall Street. When the stock market booms and financial institutions' profits and payrolls grow with it, the city's budget enjoys a windfall frequently used to fund new programs and services. This proliferation is encouraged by the city's budget rules, which restrict the ability to build a "rainy day fund" to reduce the size of deficits in lean years. As a result, when the stock market falters and financial institutions cut bonuses and layoff workers, there is very little margin for error. Once or more each decade, therefore, New York's leaders face the need to trim even essential services. As Mayor Bloomberg has said, "When the economy catches a cold, Wall Street gets the flu, and New York City gets pneumonia."

The second significant ramification of this concentration of economic activity is on the lives of New Yorkers that don't have the skills to compete for high-paying jobs in financial services. While it is true that these high wage jobs result directly and indirectly in a variety of lower paying skilled and unskilled jobs, many New Yorkers are left out of the economy.

In decades past, manufacturing and other industries provided good jobs at attractive wages for less educated city residents, especially immigrants. For some, these jobs afforded entrepreneurial opportunities that led to great wealth. But for most, it was



All across New York, the city is reclaiming miles of abandoned industrial land along the waterfront and creating new riverfront parks, housing, and recreation centers.

simply the path to a stable income and the opportunity to care for and educate one's children, who might then have the chance to pursue even better things. In short, the New York economy offered a wide range of jobs to those on the lowest rung of the economic ladder. As lower-skilled jobs flee for lower-cost environments, there is a dearth of opportunities for upward mobility.

The job is to ensure that the economy provides employment to residents in all boroughs, from all backgrounds. As described above, however, the pursuit of a diversified employment base cannot proceed in a vacuum, with a fantastical disregard for economic realities. The city should not and will not seek to diversify into industries where New York cannot compete without heavy government subsidies. Instead, efforts are rooted in an understanding of New York's strengths and weaknesses. New York has natural competitive advantages for financial services, including a heavy concentration of both employers and employees. But New York's competitive advantage does not reach its limit at the northern side of Wall Street.

Take life sciences. New York is home to several of the world's top scientific research institutions, including Columbia University, Mount Sinai Hospital, and Rockefeller University. But researchers have consistently gone elsewhere to found companies. Led by New York's Economic Development Corporation, the administration is working to change that, by reaching out to scientists and entrepreneurs both in New York and around the world. For instance, on Manhattan's East Side, work will begin this year on the new East River Science Park, which will create 2,500 biotech jobs.

Tourism is another strong example. Not only is this an industry where New York can compete and win, it is also an industry that provides good jobs to people on the lowest rung of the economic ladder, often immigrants. That's why the administration successfully sought legislation to more than double the size of the woefully inadequate Jacob K. Javits

Convention Center. That is also why the administration has been creative in developing our tourism base.

We created NYC Big Events to bring major attractions to New York, like the Republican National Convention in 2004. And we are the first city to have a chief marketing officer dedicated to building the city's brand and generating tens of millions of dollars in promotion. In the coming year, these two agencies will work even more closely together – and benefit from an additional \$15 million in annual funding – nearly tripling our current tourism investment. That's what is necessary in order to compete with cities that spend far more than we do to attract tourists and the jobs they create – and to achieve our goal of '50 by 15' – 50 million visitors by 2015.

Another example is film and TV production – a \$5 billion industry in New York that creates good jobs not just for actors, but for carpenters, electricians, and caterers. As a result of recent tax credits passed in partnership with the state, New York's studios – for the first time in decades – are now competing with Hollywood – and holding their own. The city's three major studios – one here at the Navy Yard, two in Queens – are fully booked with \$650 million in new productions, creating 6,000 jobs.

New York has also not abandoned its industrial heritage. Instead, the administration has just recognized where the city can compete. There will never be large-scale manufacturing again in New York. But there is ongoing growth in niche manufacturing of products that serve the huge local market, like ethnic products or specialized garment work for high-end designers requiring quick turnaround. And that's just the beginning. The Bloomberg administration has focused efforts underway in a variety of sectors where New York can make a distinctive offer to companies, and thus help put more New Yorkers to work.

CONCLUSION

As we look ahead to the next four years, we have already begun to move these projects from the minds of great designers to blueprints to shovels in the ground to ribbon-cutting ceremonies. We have the resources, we have a plan, we have a deadline. And perhaps most importantly, we have a vision. It's a vision that started in the wake of 9/11, when the nation and the city vowed to rebuild – even as smoke was still rising from the ashes of the World Trade Center. It's a vision that recognizes and builds upon the economic forces of the last 50 years – forces that create both challenges and opportunities. It's a vision that reasserts the incomparable will of New Yorkers to stand together through times of crisis to not just rebuild, but rather to renew our great city and make it greater than ever before.

sustainable solutions

By Majora Carter



Hunts Point Riverside Park progress to 2004. This is the site after three community clean-ups; by 2004, it looked like the bottom frame.

Majora Carter, a 2005 MacArthur Fellow, is founder and executive director of Sustainable South Bronx, a community organization dedicated to implementing sustainable economic development projects for the South Bronx that are informed by the needs of the community and the values of Environmental Justice.

So, why would a poor black girl from the ghetto grow up to believe in the virtues of sustainable development and comprehensive urban planning? The reason – a dog. An abandoned puppy I found in the rain back in 1998 turned out to be much bigger than I had anticipated.

When she came into my life, my community, a low-income Latino and black community called the South Bronx in New York City, was fighting against a huge waste facility planned for our East River waterfront. This despite the fact that our small part of NYC already handled 40 percent of the entire city's commercial waste, a sewage treatment plant, a

sewage sludge pelletizing plant, the world's largest food distribution center, and other industries which brought more than 55,000 diesel trucks to the area each week. At the same time, the area had one of the lowest ratios of parks to people in the city.

So, when I was contacted by the NYC Parks Department about a \$10,000 seed grant to develop waterfront projects, I thought it was well meaning but a bit naïve. I had lived in this area all my life and knew that you could not get to the river because of all the lovely facilities that I mentioned earlier. Then, while jogging with my dog one morning, she pulled me into what I thought was just another illegal garbage dump. There were weeds, piles of garbage, tires, and other stuff that I won't mention here, but she kept dragging me and lo and behold at the end of this lot, was the river. I knew that this forgotten little street end, abandoned like the dog that brought me there, was worth saving and would grow to become the proud beginnings of the community-led revitalization of THE NEW SOUTH BRONX. And just like my new dog, it was an idea that got bigger than I had imagined.

We garnered some support along the way, and the Hunts Point Riverside Park became the first waterfront park we've had in the South Bronx in 60 years. That \$10,000 seed grant was leveraged more than 300 times, culminating into a \$3M project through a mayoral appropriation. I am going to get married there in the fall! But I digress!!

Since you are reading this article, you have probably heard about how "sustainable" development will save us from ourselves. High-performance building techniques, land and water use policies, and systems that take advantage of and/or mimic natural systems instead of contradicting them, reuse and recycling techniques, and reducing our dependence on non-renewable energy resources are all frequently lauded in principle. However, we are told that a comprehensive sustainability policy agenda is just not feasible to implement in large

THE PURSUIT OF ENVIRONMENTAL JUSTICE IN THE SOUTH BRONX

The author explains the concept of Environmental Justice through an autobiographical account of her experience in and the history of the South Bronx. Too often, she contends, poor neighborhoods house a disproportionate share of the city's waste and polluting industries. Her aim is to change this, by bringing local advocates together with city government to articulate a vision for community development that includes everything from green roofs and improved storm water management to the rehabilitation of the industrial waterfront into a new greenway, which will provide much needed open space, waterfront access, and opportunities for mixed used economic development.

urban areas like New York City because its prohibitively expensive costs would put everyone – even those with the best intentions – out of business. I attribute that attitude to the fact that most people with decision-making powers, both public and private, believe they can afford to wait. They don't really *feel* as though they are in danger in their day-to-day lives.

Those of us living in Environmental Justice communities are like the canaries in the coal mine. We feel the problems right now and have for some time. Environmental Justice, for those who may be unfamiliar with the term, goes something like this: no community should be saddled with more environmental burdens and less environmental benefits than any other. Unfortunately, race and class are reliable indicators as to where one might find good stuff (like parks and trees) and the bad stuff (like power plants and waste facilities).

As a black person in America, I am twice as likely as a white person to live in an area where air pollution poses the greatest risk to my health; I am five times more likely to live within walking distance from a power plant or chemical facility (which I do).

These land-use decisions created the hostile conditions that lead to problems like obesity, diabetes, and asthma. Why would someone want to leave their home to go for a brisk walk in a toxic neighborhood? Our 27 percent obesity rate is high even for this country, and diabetes comes with it. And one out of four South Bronx children is diagnosed with asthma symptoms, seven times higher than the national average.

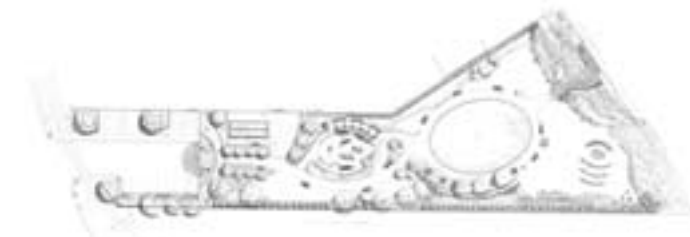
Approximately 50 percent of South Bronx residents live at or below the poverty line and 25 percent are unemployed. Low-income citizens often use emergency room visits as primary care. This comes at a high cost to taxpayers and produces no proportional benefits: poor people are not only still poor, they remain less healthy.

Fortunately, there are many people like me who are striving for solutions that won't compromise the lives of low-income communities of color in the short term and won't destroy us all in the long term. But besides being a black woman, I am different from most in some other ways. I watched nearly half of the housing in my neighborhood burn while I grew up; my big brother Lenny fought in Viet Nam – coming back only to be gunned down several blocks from our home. I grew up with a “crack-house” across the street. Now do you believe that I was born a poor black child in the ghetto?

How did things get so different for us? In the late 1940's, my dad, a pullman porter, son of a slave, bought a house in the Hunts Point section of the South Bronx and married my mom. At the time, the community was a mostly white, working class neighborhood.

My dad was not alone, as others like him pursued this American Dream; by the late 1960's the area could easily be described as a black and Puerto Rican part of town. “White flight” became common in the South Bronx and in many cities across the country. A new term was created in the banking industry called “redlining;” it was used by banks wherein certain sections of the city, including ours, were deemed off limits to any sort of investment. Many landlords believed that it was more profitable to torch their buildings and collect insurance, than to sell under these conditions. Hunts Point was formerly a walk-to-work community; but now many residents had neither work nor home to walk to.

A national highway construction boom added to our problems. In New York state, Robert Moses spearheaded an aggressive highway expansion campaign unparalleled in the history of the US. Many people thought it was a great idea at the time. One of its primary goals was to make it easier for residents of wealthier communities to travel by car



Hunts Point Riverside Park: Hugo-Neu Scrap yard to the left, Hunts Point Market Truck parking to the right (top). This \$3.2 million dollar park along the Bronx River is scheduled to be completed by July 2006 (middle and bottom). Both Hugo-Neu and the Hunts Point Market have been very helpful and cooperative in engaging corporate community partners with Sustainable South Bronx and providing a model for other business interests which do business in Environmental Justice Communities.

between their city jobs and their suburban homes. Unfortunately, many poor, working class communities stood in the way. Residents in these areas were often given less than a month's notice before their buildings were razed. The South Bronx, which lies between the wealthy areas of Westchester and Manhattan, didn't stand a chance. Some 600,000 people were displaced.

The common perception was that only pimps, pushers or prostitutes were from the South Bronx. If you are told from your earliest days that your community is ugly and bad, how could it not reflect on you?

So now my family's property was worthless, but it was our home and all we had. Luckily for me, that home and the love inside it, along with help from teachers, friends, and mentors along the way, was enough.

Antiquated zoning and land use regulations are still used to justify putting polluting facilities in my politically vulnerable community. Are these factors taken into consideration when land use policy is decided? What costs are associated with these decisions, and who pays? Who profits? Does anything justify what the local community goes through? This was "planning" that did not have our best interests in mind.

Why is this story important? Because from a planning perspective, economic degradation begets environmental degradation and then social degradation. The disinvestment that began in the 60's set the stage for the environmental injustices to come.

Antiquated zoning and land use regulations are still used to justify putting polluting facilities in my politically vulnerable community. Are these factors taken into consideration when land use policy is decided? What costs are associated with these decisions, and who pays? Who profits? Does anything justify what the local community goes through? This was "planning" that did not have our best interests in mind.

While we knew we had to be ready to constantly react to the environmental injustices that were being thrust upon us, we also began to create proactive strategies that would allow us to develop our communities in a healthier way. That small park mentioned earlier was the first stage of building a greenway movement in the South Bronx.

I wrote a one and a quarter million dollar federal transportation grant to design the plan for a

waterfront esplanade with dedicated on-street bike paths. Physical improvements help inform public policy regarding traffic safety and the placement of waste and other industrial facilities, which if done properly, don't compromise the community's quality of life. They provide opportunities for people to be more physically active as well as for local economic development – think bike shops or juice stands. We secured \$20M to build first phase projects. We worked with the NYC Economic Development Corporation and other partners to



Truck dependent industries operating in close proximity to residential areas.

prove that industry and pedestrian friendly infrastructure are not mutually exclusive. These were inconceivable community achievements only a few years ago. As exciting as these projects are, they will need to be maintained. We are working on how poor communities like the South Bronx can effectively address maintenance issues that are much less of a challenge in wealthier communities.

The challenge is great. This is because public-private partnerships that support parks and greenways in wealthier areas around the city simply cannot be applied to neighborhoods like the South Bronx. In those communities, many organizations are funded by businesses that prosper because of their proximity to a park or greenway. They have a vested interest in contributing. Many of the businesses in the South Bronx are disconnected from the community – usually that is only a geographical disconnect, and sometimes it is a philosophical one. Thus, despite the success we have had in funding planning and identifying funds for capital improvements, we are not yet in the position to create a greenway maintenance entity through corporate support. We believe an effective alternative should include a three- to five-year commitment to fund a maintenance program which would create entry level and advanced "green collar" jobs for the local community at the same time. This funding could be stepped down every year. That would give us time to nurture other partners for a sustainable public-private partnership model, one that could be replicable in other communities of limited resources.

As we nurture the natural environment, its abundance will give us back even more. At Sustainable South Bronx, the community organization I founded in 2001, we run a project called B.E.S.T., Bronx Ecological Stewardship Training, which provides job training in the fields of ecological restoration and brownfield remediation so that folks from our community have the skills to compete for well paying jobs. Little by little, we are seeding the area with a skilled “green collar” workforce that has both a financial and personal stake in its environment.

We built New York City’s first green and cool roof demonstration project on top of our offices. Cool roofs are highly reflective surfaces that don’t absorb solar heat and pass it on to the building or the atmosphere. Green roof materials are soil and living plants. Both can be used instead of petroleum-based roofing that absorbs heat and contributes to the urban heat island effect, and degrades under the sun, which we in turn breathe. Green roofs also retain up to 75 percent of rainfall so they reduce a city’s need to fund costly “end of pipe” solutions, which usually consist of expanded and/or new sewage treatment facilities, the majority of which are then located in communities like the South Bronx. And they provide habitats for our winged friends. This demonstration project is a springboard for our own green roof installation business, bringing jobs and sustainable economic activity to the South Bronx.

But the need for jobs in the South Bronx is large, and facilities that nobody wants in their backyard keep coming our way. Add to this mix a 20-acre piece of vacant land on the river called Oak Point, plus growing electrical demands by the city, and a conflict quickly arises. This city produces vast quantities of recyclable plastics and metals. Looking at these factors in a limited way, it is easy for a private developer to conclude that the best use for this rare piece of undeveloped real estate is yet another electrical power plant for this already overtaxed area. A development of this nature would add very few jobs (and even fewer low-skilled positions), and add to the pollution levels that are already too high. However, when I look at all these pieces of the puzzle, I see a jobs creating Bronx Recycling Industrial Park: where the waste of one company can be used as the raw materials for another. It is a development that has the potential to use the city’s plastic and metal resources and

other “waste” materials to manufacture products and employ 300 to 500 people.

This project itself is a product of local groups and large business leaders who have come together at the start of the development process. All sides have learned a great deal about what the others need in order to truly benefit over the long term. This is in contradistinction to the more typical scenario wherein a large development, planned in a vacuum, lands on a community like a ton of bricks, forcing the locals to mobilize quickly and in opposition – generating a result that is more costly for the developers and unsatisfactory for community members.

If these kinds of grassroots initiatives had been supported in New Orleans, Hurricane Katrina might not have exposed this nation’s *Environmental Justice* problem in such stark detail. We saw on our televisions and newspapers in dramatic fashion how the poor can be written off in the name of economic and political expediency. Prior to Katrina, the South Bronx and New Orleans’s 9th Ward had a lot in common. Both were largely populated by poor people of color. They are both hotbeds of cultural innovation – think hip-hop and jazz. Both are waterfront communities that host both industry and residents in close proximity to one another.

In the post Katrina era, we have still more in common: our communities were at best ignored and at worst maligned and abused by negligent regulatory agencies, pernicious zoning, and lax governmental accountability.

Neither the destruction of the 9th Ward nor the South Bronx was inevitable. But we have emerged with valuable lessons about how to dig ourselves

out. We are more than simply national symbols of urban blight or problems to be solved by empty campaign promises of presidents come and gone. Will we let the Gulf Coast languish for a decade or two like the South Bronx did? Or will we take proactive steps and learn from the homegrown resource of grass roots activists that have been born of desperation in communities like ours?

These problems might appear to be distanced from affluent neighborhoods, but the impacts are coming *everyone’s* way, and we all pay for them in the meantime. Combine the costs of healthcare for chronic conditions exacerbated by environmental pollution and the high cost of maintaining current



Waste transfer and other truck dependent industries combined with NY Organic Fertilizer Corp. In the background all contribute to the elevated levels of health problems found in Environmental Justice Communities

We need a social marketing campaign for sustainability on the scale of the marketing plan for the Olympic Games, NYC2012. If we could marshal a similar campaign towards encouraging green technologies and conservation, the positive repercussions would be felt for decades.

city infrastructure, and you've got yourself an expensive, unsustainable and toxic brew. The NY Building Congress recently published a report stating that NYC would need 6-7,000 megawatts of new energy sources by 2010 to add to the city's current 11,000 MW. That figure is significantly higher than the city's 2003 Energy Task Force's, which came in at 2,600 megawatts by 2008. Regardless of the number, the city should take steps to ensure that Environmental Justice communities and poor neighborhoods do not bear the brunt of the power plant development required to meet this need. We are confident that officials will take aggressive measures to identify cost-effective and efficient conservation techniques that won't compromise already overburdened communities.

What about storm water and sewage management costs? NYC has a combined sewage system, which means that it treats its storm water the same way as does its sewage, even though they clearly don't need to be. Major downpours produce large amounts of water that overwhelm the system, causing releases of untreated sewage into our rivers via ducts known as Combined Sewage Outfalls – which are not surprisingly often located in low income neighborhoods. The lower Bronx River in the South Bronx has five of them. Water system usage is not currently treated as the valuable commodity that it is as reflected by the low taxes assessed for it. There are no real incentives to reduce water consumption or building runoff, even though these are highly manageable factors, not unlike electricity.

For example, approximately \$700M in public funds – which in public works projects can easily mean over a billion dollars before it's all over – will be spent on expanding the sewage treatment plant in Hunts Point to increase capacity and to bring the plant up to federal standards. Sewage plant expansions are known as “end of pipe solutions,” which are more expensive than reducing demand on the current system. This is akin to treating a symptom and not the disease. If a small portion of this money was invested in storm water management measures, such as greenroofs which retain up to 75 percent of storm water that falls on them, it is very possible that we could spend less money on the facility and create more long term employment

opportunities in a relatively low skilled industry that cannot be off-shored.

I don't expect individuals, corporations, or government to make our world better because it is right or moral. It's the bottom line, or one's perception of it, that motivates people. I am interested in what I like to call the triple bottom line that sustainable development can produce: developments which have the potential to create positive returns for all concerned – the developers, government, and the community where these projects go up.

The past decline of the South Bronx and areas like it seems to have given our entire city an economic inferiority complex that persists to this day – even in the face of widespread demand for housing and other types of development in all boroughs. We are constantly confronting the notion that if we don't bend over backwards, developers and their money will go somewhere else. New York City is attractive for many reasons but chiefly because people want to live and do business here. Although there were many questionable aspects to former Mayor Rudy Giuliani's “quality of life” campaign, its central idea was on target: improve the quality of life, and people will be attracted to the city. If there are people here, market forces will bring services and facilities to these people.

One of the things New York City can do is learn from visionaries in other cities. The South Bronx may seem like an odd place to compare to the Rhur Valley in Germany; Bogotá, Colombia; or Belfast, Northern Ireland. However, all of these places have suffered from the effects of severe environmental degradation, high unemployment, and lack of community pride, yet their approaches to recovery contain valuable lessons for us. This is my kind of “globalization.”

Let's take Bogotá: Poor, Latino, surrounded by runaway gun violence and drug trafficking. It has a reputation not unlike that of the South Bronx.

This city was blessed in the late 90's with a highly influential mayor named Enrique Peñalosa. He looked at the demographics: Very few of Bogotáños owned cars, yet a huge portion of the city's resources went into serving cars.

If you are the mayor, you can do something about that. His administration narrowed some key municipal thoroughfares from five lanes to three and outlawed parking on those streets. He expanded the pedestrian walkways and bike lanes, created public plazas, and set up one of the most efficient bus mass transit systems in the world.

For his efforts, he was nearly impeached. But as the people began to see that they were being put first on issues reflecting their day-to-day lives, incredible things happened. People stopped littering. Crime rates dropped because the streets were alive with people.

His administration attacked several typical urban problems at once and on a third world budget and a short period of time. America has no excuse.

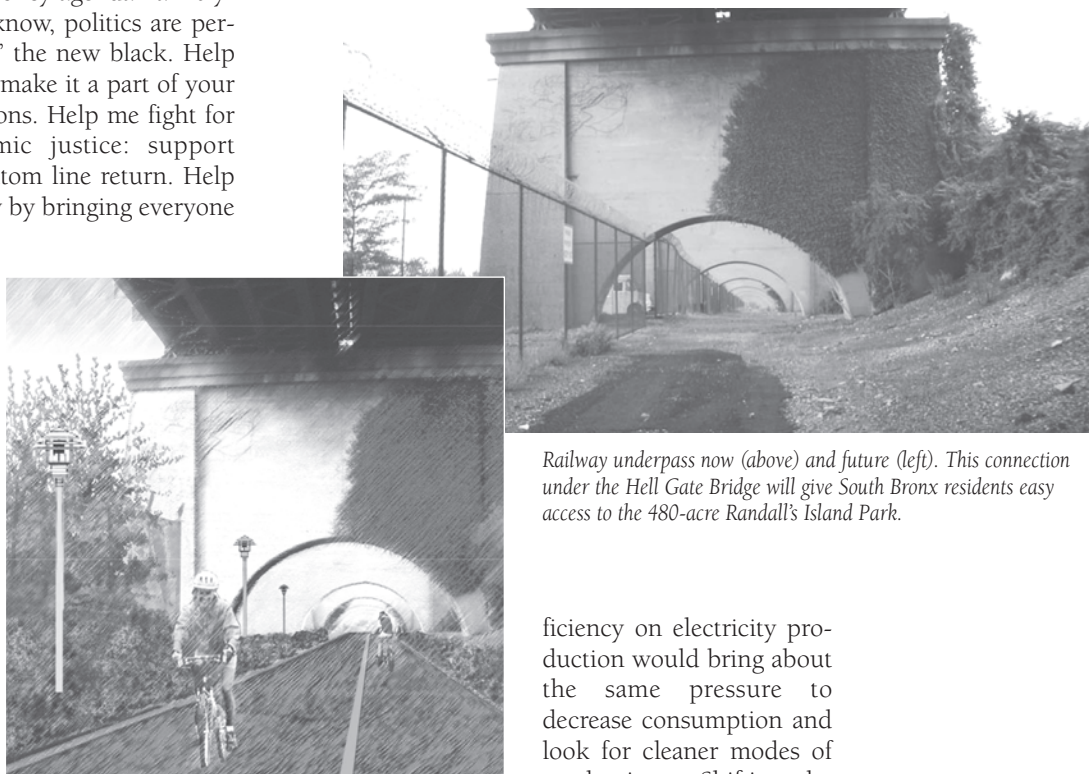
Their “people first” agenda was not meant to penalize those who could afford cars, but rather to provide opportunities for ALL Bogotáños to participate in the city’s resurgence. That development should NOT come at the expense of the majority of the population is still considered a radical idea here in the US, but Bogotá’s example has the power to change that.

You are blessed with the gift of influence over matters discussed here. Use your influence in support of comprehensive sustainable change everywhere. This is a nationwide policy agenda I am trying to build, and as you all know, politics are personal. Help me make “green” the new black. Help me make sustainability sexy: make it a part of your dinner or cocktail conversations. Help me fight for environmental and economic justice: support investments with a triple bottom line return. Help me democratize sustainability by bringing everyone to the table. Grassroots voices are needed at the table during decision making processes around land use.

In light of the city’s projected growth, it is in the city’s best interest to fund and implement a comprehensive citywide planning process with a one-year timeframe for completion and five-year tracking. This process should evaluate the real costs of doing “business as usual,” provide significant financial and personnel support toward building a comprehensive sustainability agenda, and establish a timeline for implementation within all city operations. We need a social marketing campaign for sustainability on the scale of the marketing plan for the Olympic Games, NYC2012. If we could marshal a similar campaign towards encouraging green technologies and conservation, the positive repercussions would be felt for decades. The city should explore developing a way to impose tariffs on any goods and packaging that can’t be recycled or reused, require any major development that receives city subsidies to do it entirely green, and expect developers to *pay* for the privilege of doing business anywhere in NY — especially if their projects run even the slightest risk of reducing the quality of life in overburdened neighborhoods. The alternative is the status quo: paying heavily for our solid waste costs, the health problems associated

with urban heat island effects, pollution from power generation and diesel truck traffic, and the costs of treating excessive storm water runoff.

Make no mistake about it. This kind of initiative will only happen by partnering the city’s own great natural resource of local grassroots leadership with an extraordinary level of political will. For many reasons, our very popular mayor is in an excellent position to make very bold initiatives on all these fronts. For example, one of the most forward-thinking ideas behind Mayor Bloomberg’s borough self-sufficiency concept on solid waste management is the notion that pressure for overall efficiency will increase if its effects are felt by all. Borough self suf-



Railway underpass now (above) and future (left). This connection under the Hell Gate Bridge will give South Bronx residents easy access to the 480-acre Randall’s Island Park.

ficiency on electricity production would bring about the same pressure to decrease consumption and look for cleaner modes of production. Shifting the burdens to poor neighbor-

hoods only prolongs the problems that we all know will eventually have to be addressed and does so in a scandalously un-egalitarian way.

Like the canaries in the coal mines that warned miners of impending danger, environmental justice activists recognize that shifting the burdens to poor neighborhoods simply prolongs the problems that we all know will eventually have to be addressed. Mayor Bloomberg and I come at the issues from very different stations in life, but we share one very powerful thing in common: By working together we can become one of those small, rapidly growing groups of individuals that Margaret Mead spoke of as having the audacity and the courage to believe that we CAN change the world; we have nothing to lose and everything to gain.

creative new york

By Michael Kane, Robin Keegan, Neil Kleiman, and Beth Siegel



The theaters on and off Broadway are perhaps New York City's most recognized cluster of a creative workforce.

Robin Keegan is a fellow and Neil Kleiman is former director of the Center for an Urban Future, a New York City-based think tank dedicated to independent, fact-based research about critical issues affecting New York's future, including economic development, workforce development and the arts.

Beth Siegel is president and Michael Kane is managing partner of Mt. Auburn Associates, a Massachusetts-based consulting firm that focuses on economic development analysis and strategy.

From the South Bronx to Madison Avenue, New York City has long been an incubator for cutting edge artistic expression, a showcase for important art forms, and a home for dynamic creative companies. But New York City's "creative core" – its non-profit arts and cultural organizations and for-profit creative companies, such as advertising agencies, film producers, and publishers – is

also an economic powerhouse comparable to the city's biggest industries.

While the combined strength of the city's creative sector may not trump the impact of the financial services sector, it isn't far off. The city's creative economy consists of 12,066 businesses and non-profits (5.8 percent of all employers in the five boroughs) and provides employment to 309,142 people (8.1 percent of all city workers). In recent years, the sector has added jobs at a considerably faster rate than the overall city economy: between 1998 and 2002, employment in New York's creative core grew by 13.1 percent (adding 32,000 jobs) while the city's overall job totals increased by 6.5 percent during this period.

Among the city's nearly unparalleled concentration of creative core enterprises, New York has more than 2,000 arts and cultural non-profits and over 500 art galleries, roughly 2,300 design services businesses, more than 1,100 advertising-related firms, nearly 700 book and magazine publishers, and 145 film production studios and stages.

No other place in the U.S. even comes close to matching the city's creative assets. In fact, 8.3 percent of all creative sector workers in the U.S. are based in New York. The city is home to 27 percent of the nation's fashion designers, over a third of all the country's actors, 12 percent of film editors, 10 percent of set designers, 9 percent of graphic designers, 8 percent of architects, and 7 percent of fine artists.

For this article, the "creative core" refers to the industries in which the creative element here, is central to both the cultural and economic values of what they produce. As defined, New York's creative core consists of nine industries – advertising; film and video; broadcasting; film; publishing; architecture; design; music; visual arts; and performing arts – and includes creative workers ranging from archi-

FROM ARTS ORGANIZATIONS TO AD AGENCIES, NEW YORK'S VAST CREATIVE SECTOR IS ONE OF THE CITY'S MOST IMPORTANT, AND LEAST UNDERSTOOD ECONOMIC ASSETS

Arts and culture has long been a linchpin of economic development in New York City. Yet the arts are just one important facet of a much larger creative economy that features not only nonprofit arts and cultural organizations but also for-profit creative businesses. Indeed, the nine industries that comprise New York's "creative core" account for eight percent of all jobs in the five boroughs. But as critical as creativity is to New York's future growth, cities in the U.S. and around the world are now aggressively pursuing New York's creative talent. What makes New York a great creative center and what needs to happen to sustain the city's creative economy in the decade ahead?

sects to zither players. The entities that comprise the creative core range from mega-corporations such as Time Warner and vaunted institutions such as the Metropolitan Museum of Art to small organizations and individual entrepreneurs throughout the five boroughs. It includes non-profits and for-profits, full-time workers, and freelancers. Indeed, 28 percent of all those in the city's creative workforce – roughly 79,000 people – are self-employed.

People working in the creative core range from the lighting designer who illuminates the Great White Way to graffiti muralists from the South Bronx who are commissioned not only to create murals and memorials locally, but to provide their talent to ad campaigns for major corporations. Their goals are variously artistic, social, political, and economic. And they draw upon an unmatched set of strengths that has fueled New York City's cultural greatness.

The presence of so many creative people, in so many different fields, has a significant ripple effect on the city's economy. For instance, Department of Cultural Affairs Commissioner Kate Levin says that New York is home to numerous businesses that are here primarily so they can easily service those in the city's creative sector, from the many curtain manufacturers that sell to local theaters to firms like Freed of London, the United Kingdom-based maker of ballet shoes that probably wouldn't have a location in Queens if not for the large number of ballet dancers here. "There are a number of industries that decide to locate here because of the arts," says Levin.

But while New York's prominence in the creative industries seems secure enough for the moment, it is in no way guaranteed. In the film industry, for example, many production companies have passed over New York in favor of lower-cost locations from Toronto and Vancouver to Louisiana. There is an unfortunate precedent for this trend; during the 1960s, the music industry saw a significant shift to Los Angeles for the same reasons – lower costs for production and other supports not available in New York.

This trend goes beyond one or two industries: from architecture to dance, cities across the country and throughout the world are eating into New York's market share and aggressively pursuing its creative talent. As public policy expert Richard Florida and others advance the argument that culture is an economic development asset, cities and states in the U.S. and abroad are developing policies designed to attract the creative workers that many policymakers now believe are key to sustained growth.

The opportunity for further growth within these industries is great. But it is critical that New York first begin to understand these industries and their

workforce collectively as a key contributor to the city's economy. Secondly, city leaders must begin to develop programs and policies that address some of the real obstacles facing the creative core – and potentially undermining New York's position as the national leader of creative content production. In this rapidly changing landscape, without a forward-thinking strategy to support creative endeavors, the city that never sleeps may one day wake up to find it has lost its edge. The good news is that the city and major creative economy stakeholders are eager to address these issues.

INSIDE NEW YORK'S CREATIVE ECONOMY

In terms of an environment conducive to creative work, New York City offers three assets no other place can match:

- Abundant talent in virtually every creative endeavor,
- Unmatched concentration that offers access not only to that talent, but to new ideas and receptive audiences, and
- The chance for creative workers to earn a living while following their muse.

Talent

The breadth and quality of New York's talent pool is the essential building block for the city's creative economy. New York's creative workers are the originators, producers, and presenters of the vast amount of content that fuels this sector. They are the artists, performers, sound technicians, designers, and many others whose ideas and unique skills give form to the cultural life of New York City.

New York doesn't simply attract talent, however – it also creates it. The city's top-notch schools and

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training programs turn out some of the most highly-skilled creative workers in the world, and the streets of New York might offer the greatest laboratory, finishing school, and proving ground of all: a number of the most important art forms of the last century, including be-bop jazz, abstract expressionism, spoken word poetry, hip hop and rap, and pop art, to name a few, have emerged from Gotham's neighborhoods to achieve worldwide recognition. Some of the city's creative workers are the best in their respective businesses; some are among a handful with the expertise to do what they do.

The economic realities of the sector, as well as the need to match the right worker with the right project, lead many employers to hire creative workers by the gig, rather than as full-time employees. In part, this is because creative workers – even equally talented ones – are not always easily interchangeable. As the high rate of self-employment across the creative core suggests, creative businesses try to hold down costs by hiring workers on a freelance or project basis.

Creative workers are also frequently called upon to serve more than one function at a time, or to shift

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roles from project to project, and may therefore need to be proficient in a number of diverse skills. The creative core's well-known hybrids – actor/dancer/singer, writer/director, singer/songwriter – reflect these workers' need for versatility of employability as much as they do the need for artistic fulfillment.

Clusters

Because of the unstable and collaborative nature of creative work, the creative economy is a fundamentally social economy, in which connections among individuals and businesses are crucial to success – and even to survival. The benefits of agglomeration include both the ready availability of support infrastructure, abundant opportunities for formal and informal networking, and access to patrons and financial backers. You simply can't find this level of concentration, for both workers and employers in the creative field, anywhere else in the country.

"We use and need and benefit from each other," says Morty Dubin, a producer of commercials and chairman emeritus of the New York Production Alliance. "We use Broadway a lot for the talent pool, and Broadway actors need to be here because we give them work. Otherwise they couldn't afford to stay here and keep at acting."

Clustering offers not only formal and informal networking benefits, but also helps facilitate business partnerships critical to getting a creative prod-



The 16.3 acre Lincoln Center complex is the world's largest performing arts center and home to 12 arts organizations that represent the highest standards of excellence in symphony, opera, chamber music, theater, dance, film and arts education.

uct developed. In Greenpoint, Brooklyn, homewares and lighting designer Babette Holland partnered with one of the few remaining metal spinners in the city to collaborate on the development of a new line of lighting that is now sold to upscale furniture stores throughout the nation. Nearby in Williamsburg, Frank Eagan, the former owner of Sounds Easy Studios in Williamsburg, saw how it would benefit his business to be part of a creative cluster. "Being a studio owner, location is very important, because you want your collaborators close to you," he notes. "I remember instances where we would need a certain musician – a violinist – for a project and we just went into the subway station because we knew the violinist playing down there."

These creative clusters frequently have their own unique characteristics, but creative work frequently requires individuals and firms to connect to those in other creative industries. The city's unique variety of creative activity is essential to their ability to do so.

Perhaps the biggest cluster of all is the city's non-profit arts community. These non-profits generate content that serves as a magnet for tourists from all over the world. They also regularly export New York-made products to other parts of the country, as with productions that gain attention on Broadway and then literally take the show on the road. The presence of so many non-profit arts organizations also helps keep top creative talent in the city by allowing workers the freedom and opportunity to experiment and innovate, and to do projects they find exciting and rewarding – typically the reasons they pursue creative work in the first place.

Making Art While Making Rent

Despite the uniquely important role creative individuals play in propelling this part of the economy, New York demands a lot of its creative workers. Even for the most sought-after individuals, the city's full-time talent search rarely translates into stable employment.

Many if not most workers who identify themselves as part of the creative core are not consistently engaged in creative work. Musicians are one example: according to a 2000 report by the National Endowment for the Arts, more than 39 percent of musicians nationally hold a second job in another profession to make ends meet.

In New York, this relationship isn't just about struggling artists trying to make the rent. It is also about providing those who have achieved commercial success with opportunities to stretch their creative legs – or prove their artistic chops. “There are dozens and dozens of examples of a Willem Dafoe who makes “Spiderman” by day and works with experimental theater at the Wooster Group at night,” says press agent Bruce Cohen. “This dynamic applies not only to actors but playwrights, set designers, and costume designers.”

The other great value-add of New York's dynamic non-profit arts sector is that it offers venues for creative products – such as plays and musicals – to prove their appeal to audiences in smaller venues. In recent years, productions like “Proof,” “Urinetown,” and “Avenue Q” have caught the attention of critics and theatergoers in tiny Off-Broadway houses, then moved on to Broadway and national acclaim. Dozens of actors, writers, and

other creative workers have built careers for themselves in the process; without the chance to refine the work in non-commercial surroundings, they might never have achieved that kind of success.

SUPPORTING ACTORS

New York's creative sector relies on an array of support services – from research and advocacy to training and financing opportunities. Indeed, the city's extraordinary support infrastructure is both a reason that creative individuals first locate in New York – to avail themselves of training opportunities, including the city's outstanding higher education institutions – and a key factor why these individuals are able to remain in the city despite the high cost of living and work space.

Educational and Training Institutions

The large number of top-flight and often highly specialized educational and training institutions is one of the key components of New York's creative infrastructure. The Juilliard School offers arguably the best training in the world for dancers, musicians, and actors. Visual artists can look to NYU's Tisch School of the Arts, the School of Visual Arts, and Pratt Institute for instruction. If you're an aspiring dancer, the School of American Ballet is as good as it gets. Fashion designers have the Fashion Institute of Technology and Parsons School of Design, while architects can turn to quality schools and institutes such as the Architecture League and the Center for Architecture.

New York City is home to dozens of higher education institutions with arts programs. Most of these focus on teaching the art form, though several are increasingly teaching the business of art alongside or in addition to these programs. These schools, along with a host of vocational training institutions, also provide a number of certificate and continuing education programs to people in the creative industries. Additionally, every primary and secondary school within the New York City public system now includes a newly instituted system-wide arts curriculum – a great way to create not only tomorrow's artists, but their audience. And New York has a rich array of arts services organizations and trade associations that provide training to individual artists and creative workers, arts organizations, and firms on a myriad of topics.

Philanthropic and Financial Community

New York's creative enterprises and individuals derive tremendous value from being located in a nexus of strong philanthropic, government, corporate, and individual support. New York is home to global foundations such as the Rockefeller Foundation and the Ford Foundation as well as corporate foundations in Deutsche Bank and JP Morgan Chase, all of whom share a long-term philanthropic commitment to local creative endeavors



New York City is home to 27 percent of the nation's fashion designers. This SoHo boutique is an example of the many independent shops that provide an opportunity for smaller designers to get seen.

from the large to the small throughout the five boroughs. Another critical element is the significant support of the individual donor community.

The crucially important non-profit sub-sector has been the greatest beneficiary of this philanthropic support. According to a 1999 study by the Alliance for the Arts, a prominent research and advocacy organization for the cultural sector, of the \$1.5 billion operating income of 575 non-profit cultural organizations in New York, more than 38 percent of this income came from private sources and 11 percent from government grants. (The remaining 51 percent came from revenues for performances, exhibitions, and merchandise.)

Suppliers and Distributors

Another strength of New York's creative core is the depth of the city's "value chain," or production cycle. The presence of suppliers, distributors, and other providers of economic support for the creative industries is a major reason those industries are so strong here.

For instance, filmmakers and photographers depend on the array of film and camera supply companies that make it possible to get a new lens for a camera within an hour, allowing companies to save both time and money. Similarly, New York theater companies have access to some of the finest costume making companies in the country.

New York's creative core is a thriving and complex creative ecosystem. But within even the most vibrant ecosystem, relatively small changes can have unexpected and broad-ranging effects, and the creative economy is facing more than small changes – it is undergoing a veritable revolution, spurred by factors including new technology, globalization and business conglomeration.

City Government

City government itself is another key piece of the infrastructure that supports New York's creative industries. Businesses and workers in the city's creative core have long enjoyed a much higher level of attention and support from city government than is the case in most other American cities. Indeed, the NYC Department of Cultural Affairs (DCA) has a larger annual budget than the National Endowment for the Arts. In fiscal year 2006, DCA's expense budget is \$131 million, the bulk of which gets disbursed in the form of grants to the city's Cultural Institutions Group, the 34 museums and other institutions across the five boroughs that are locat-

ed on city-owned property. A smaller, but still significant, chunk of the DCA pie provides program support to more than 600 arts and cultural groups across the city.

In recent years, the Bloomberg administration supplemented city government's longstanding support for non-profits with increased support for several key creative sectors. City agencies like the Department of Small Business Services (SBS) have improved their delivery of services to creative businesses, showing a greater understanding of the role creative industries play not only in the city's economy, but also in developing strong communities throughout the five boroughs. Importantly, the Mayor's Office of Film, Theatre and Broadcasting also has shortened the wait time for permits and created new incentives packages for production companies who film in New York. Many believe these enhancements have already begun to help the city's film industry remain competitive with Canada, New Zealand, and other lower-priced locations.

BROOKLYN DESIGNS A MARKET

Part of the challenge for emerging and even established creative entrepreneurs is tapping into the marketplace and accessing new audiences for their products. The Brooklyn Chamber of Commerce had been doing this for years with Brooklyn Goes Global and Brooklyn Eats, programs that market the borough's food businesses. When the Chamber identified a growing sector of furniture and homewares designers, it created Brooklyn Designs as a way of showcasing these businesses.

Started three years ago, Brooklyn Designs is already a must-attend show for Brooklyn's designers. The show provides access to a growing audience of more than 4,000 buyers, architects, and consumers. Participation in Brooklyn Designs also gives designers access to editors from top design magazines, who serve on the jury to select entries into the show and provide a critical audience for designers aspiring to launch a product from Brooklyn to international prominence.

Brooklyn Designs offers the opportunity to get a product to market with minimal investment. Other tradeshows like the International Contemporary Furniture Fair cost \$7,200 for a 200-square-foot booth. Brooklyn Designs fee is \$1000 for the same square footage. In addition to participation in the show, participating designers who are also members of the Chamber have access to services including help finding space, employment assistance, business advice, and evaluations on business development.

SHOW STOPPERS?

New York’s creative core is a thriving and complex creative ecosystem. But within even the most vibrant ecosystem, relatively small changes can have unexpected and broad-ranging effects, and the creative economy is facing more than small changes – it is undergoing a veritable revolution, spurred by factors including new technology, globalization and business conglomeration. Below are some of the major challenges that industries and individuals are facing across the sector.

Cost of Appropriate Work Space

In New York, complaints about high real-estate costs and too little space are hardly unique to the creative industries, but these issues are particularly acute for a sector with such specific space requirements and such a high percentage of small enterprises and self-employed workers. The high cost and scarcity of studio time for musicians and visual artists, and rehearsal space for performing artists, regularly requires them to make heroic efforts to pursue their art in the city. In a worrisome trend, increasing numbers of artists and creative workers are deciding it’s simply not worth it to stay.

For example, Hope Forstenzer, a graphic designer and glass blower, worked for more than a decade in creative industries in New York until she left two years ago for Seattle, where the cost of living – and, importantly for her, the cost of studio space for glass blowing – is considerably cheaper. Many of Forstenzer’s graphic design clients are still based in New York, but in today’s digital age she is able to live in Seattle – where she can practice her glass blowing relatively cheaply – and work remotely. She comes to the city for a few days every month to meet individually with clients.

“I love New York. I had enough work,” says Forstenzer. “But I couldn’t change my life in any way to make it more secure. I couldn’t even move apartments because I couldn’t find one that I could afford.”

Cost is not the only consideration involved, however. Not all work space is equally appropriate to all creative pursuits. In a survey of 71 creative workers and business owners in three of the city’s creative hot-spots – Williamsburg, Long Island City, and the South Bronx – we found that the availability of *appropriate* space – not necessarily cheap space – was the number one factor among all those surveyed in each neighborhood.

Access to Markets

Answering the question of how to ensure that a creative product will reach the right market or audience goes way beyond the simple formula of physically “being there” – in Manhattan, or in the city at all. New York’s tremendous talent pool and artistic community can be a double-edged sword: though

NYC’s Total Creative Workforce (2002)

The 309,142 workers in New York City’s creative workforce include employees of creative firms, sole proprietors and those employed in creative activity within non-creative businesses.

Creative workers employed in creative core businesses	
Within firms with employees	198,627
Within firms without employees (sole proprietors)	79,761
Total creative workers employed within creative core businesses	278,388
Creative workers employed outside of creative industries	30,754
Total creative workforce in NYC	309,142

Source: County Business Patterns, 2002; Non-employer Statistics, 2002; Equal Employment Opportunity, 2000, U.S. Census.

the city boasts a large number of exhibition spaces, bars, galleries, retail outlets, restaurants, and media that provide access to new markets, the reality is that the costs of running these outlets mean that they are often too expensive for emerging talent to enter. Further complicating matters is that this unmatched density also creates an environment of unparalleled competition for opportunities to reach those markets.

As with many of the challenges facing creative enterprises in New York, the problem of marketing crosses virtually all industry lines. The many trade shows and festivals held in the city each year offer such collective marketing opportunities, but these forums are often prohibitively expensive, especially for individual designers. The Architectural Design show, for example, costs upwards of \$3,500 to enter. And the International Contemporary Furniture Fair, the standard fair at which to launch a furniture-design business, is not only too pricey for most emerging designers and other creative producers, it is also not geared towards marketing products to the public.

Market Forces

As the economic value of creative content and products has become more evident, New York’s creative community has become increasingly entrepreneurial, looking for business opportunities. This greater focus on the commercial potential of creative enterprises is important, but efforts to apply a rigid traditional business paradigm also pose a real threat to the vitality and viability of the sector. Successful creative products cannot simply be “cranked out” on a fixed schedule, and even the largest firms in the city’s creative economy struggle to generate quality products while meeting investors’ or shareholders’ expectations about profitability.

Pressure to produce a product or a profit in short order is exactly the opposite of what creative

endeavors need to succeed. What these ventures need most, they say, is the one thing the business world won't give them – a chance to fail. The logic of “research and development” that drives experimentation in fields like pharmaceutical research and the hard sciences is seldom found in the world of the arts.

“When I was at LaMaMa [Theatre Club] we had a guy named Harvey Fierstein, and he had three failed plays before he reworked them and made them into ‘Torch Song Trilogy,’” says press agent Bruce Cohen. “Somehow the stuffed shirts can't understand that you have to fail nine out of ten times in the arts.”

Work Supports and Economic Insecurity

In contrast with other fields that follow a more traditional employment and business model, work in the creative industries is heavily project-oriented and in some sense, almost always “temporary.” Freelance workers and the self-employed are far more prevalent as a result, and much of the work is done by small companies and non-profits that rarely offer benefits – like health insurance, retirement accounts or pension plans – that similarly skilled workers in other professions would take for granted.

The lack of health insurance in particular has many creative workers living in fear that one sustained illness or fluke injury will lead to financial ruin. According to a 2004 survey of over 4,000 independent workers in New York City conducted by Working Today, a national non-profit organization that advocates on behalf of freelance workers, 84 percent of freelancers cannot afford healthcare. Roughly 13 percent of those surveyed worked in arts and culture. Of those, more than eight in ten said they could not afford health insurance.

LEARNING FROM LONDON

Creative stakeholders in New York City face a fairly daunting set of challenges to maintain Gotham's current dominant position in the cultural sector. But these challenges are not unique to New York. London faces similar problems of limited space, high costs, and fierce competition. And like New York, London has a dense network of governmental, educational, and private organizations focused on serving the creative industries that has been useful but also fragmented and duplicative.

In recent years, however, the UK has made its creative sectors a major focus of economic planning, with particular emphasis on supporting its workforce and entrepreneurs to spur future economic growth.

Coordination: Creative London

In London, for the first time, all of the highest-level creative stakeholders in the city – arts, business, higher education, and government – have

begun to collaborate around a common mission to support creative industries. The coordinated effort began in 2003, when London Mayor Ken Livingstone set up a commission to undertake a major assessment of the creative industries in London. Spearheaded by the London Development Agency (LDA), the commission brought together business executives from creative industries, government officials, and leaders of arts and cultural organizations to identify the economic potential of the city's creative sector, as well as the major barriers that might impede its future growth.

The most important result of the commission's work to date has been the development of Creative London, a strategic group administered by LDA, and run as a public-private partnership that is advised by executives of major creative companies, leaders of arts organizations, and government officials to promote, support, and grow London's vast creative sector. The goal of Creative London is to tackle the multiplicity of barriers facing the creative sector, from investment and financing to real estate and talent development. Since its inception in the spring of 2004, Creative London has developed a series of concrete programs including financing and investment, talent development, real estate and promotion – perennial needs of the creative sector. Most notably, the LDA is supporting the development of ten ‘creative hubs’ – locally based partnerships that pull together community and cultural groups with government, education, and real estate partners, and driving forward a long-term program of investment and growth.

Marketmaking: Creative Industries Development Service, Manchester

Accessing markets is one of the most critical and difficult challenges facing any creative business. In the UK, the Creative Industries Development Service (CIDS), a new organization based in the old industrial city of Manchester, has taken on this challenge by finding ways to expose artists and arts-based businesses to new markets, both locally and abroad.

CIDS provides trade development resources such as research and strategic planning that targets sectors and key markets, building capacity through information and training, and helping companies to access trade events. Perhaps most importantly, CIDS has developed a series of tradeshow and travel opportunities to market creative companies both within the UK and abroad. The Transatlantic Express, a trade mission to NYC, is one of two recent trade tours coordinated by CIDS. In the fall of 2003, CIDS organized a trade mission of a group of Manchester-based fashion designers, musicians, and other artists to New York to connect them with venues and producers in order to foster new market opportunities for their creative enterprises.

Work Space: The Round Foundry Media Centre, Leeds

London and other major UK cities rival even New York for off-the-charts real estate prices. Addressing the space issue has become one of the top priorities for government and creative developers.

One solution to the space issue can be to place similar companies under the same roof and support their growth through a mix of services and shared resources. In Leeds, the Round Foundry Media Centre, developed and run by the Media Centre Network, a non-profit management company, is home to an array of small creative companies including IT, computer animation, new media trade association, and television. The Centre, established with government support as a flagship project of Yorkshire Forward, the local Regional Development Agency, with support from the City Council, provides shared office space and administrative functions, flexible lease terms, as well as a host of business training for the area's creative entrepreneurs.

RECOMMENDATIONS

Just as New York City's creative sector boasts unmatched assets, it also faces formidable challenges that threaten the city's current pre-eminence. To meet these challenges will require a much greater commitment to organization and collaboration among different actors than has ever previously been the case, and it will likely fall to the public sector to take a lead role. But while government, with its resources and influence, is best positioned to play that part, and can provide the initial impetus to convene the sector's constituencies, the public sector cannot sustain any effort to which the other actors – including creative businesses, workers, and support institutions – are less than fully committed. Following are several recommendations.

Create a centralized coordinating body to serve New York's creative sector.

Traditionally, the sector has broken down along lines of size, specialty, and purpose (for-profit vs. non-profit); different creative groups have been more likely to compete – for funding, audience, and favorable treatment from government – than to cooperate. One way that leaders in New York's non-profit and for-profit creative communities can get past these old divisions is to take the lead in creat-

ing a centralizing entity that would bring together the disparate stakeholders within New York's creative economy and advocate on behalf of the sector's shared needs. This coordinating body would act as a sector association to strategize around supporting and growing the city's vast creative sector, similar to other city-based industry associations in fields like finance and information technology.

Just as New York City's creative sector boasts unmatched assets, it also faces formidable challenges that threaten the city's current pre-eminence. To meet these challenges will require a much greater commitment to organization and collaboration among different actors than has ever previously been the case, and it will likely fall to the public sector to take a lead role.



Ms. Paulette Gay, owner of Scarf Lady, a retail shop in Harlem, opened her store over ten years ago and has been selling uniquely designed scarves in street fairs and urban markets throughout the city.

Initial activities could include creating a unified voice for the creative core and developing policies that begin to address the issues and recommendations addressed here as well as other needs identified by the sector. The council would also be responsible for developing a research program to further track the trends and opportunities stemming from the creative sector.

Expand market access for locally-made creative products.

While New York has no shortage of locally-based creative talent, many creative individuals and enterprises need help with marketing and getting access to a larger audience. Non-profit arts organization and trade associations should work with city officials to enhance promotion and marketing of creative businesses, which all too often don't have the resources to meet the costs of getting their product to a wider marketplace. Specific activities could include:

- Expansion of the 'Made in New York' trademark to other locally developed and produced goods.
- Continued support, from foundations and city officials, for "market-making" initiatives like NY Creates, a project to serve the marketing needs of the city's vast crafts and folk artisan community.

Adapted from a report by the Center for an Urban Future and Mt. Auburn Associates. For a full copy of the report, please go to www.nycfuture.org.

union square park

FROM BLIGHT TO BLOOM

By Robert W. Walsh



A view of Union Square Park looking north in 1893, when the area was the epicenter for high-class living and luxury shopping.

Robert W. Walsh is commissioner of the New York City Department of Small Business Services and former executive director of the Union Square Partnership.

New York City and its neighborhoods have enjoyed an unparalleled renaissance over the past 20 years. Crime has fallen to historic lows. New developments are cropping up throughout the five boroughs. The city's plan for new housing is the most ambitious in its history. Quality of life has soared. Businesses are opening in places that were formerly inhospitable. Neighborhoods once considered dangerous domains have become home to popular side-

walk cafes, favorite bakeries, children's clothing stores, converted lofts, new parks, and more.

First and foremost, the entity that deserves the most credit for laying the foundation for this renaissance is the New York Police Department (NYPD). Crime fell dramatically throughout the 1990s, and – despite the predictions of naysayers during the recession and budget crisis that followed September 11th – it has continued to decline even further during the past five years. In 2005, the

city experienced an additional 3.4 percent drop in overall crime, earning it the distinction of the “safest big city in America” by the FBI.

The NYPD's role in New York City's revival cannot be overestimated. But among the other major contributors to this resurgence have been the city's Business Improvement Districts (BIDs) – where property owners within a given boundary assess themselves to provide for a common pool of funds. From Times Square to Harlem's 125th Street to Downtown Brooklyn, BIDs have proven pivotal partners in catalyzing change and improving conditions. The neighborhoods they have revitalized

HOW A BUSINESS IMPROVEMENT DISTRICT BROUGHT A NEIGHBORHOOD BACK TO LIFE

Throughout the 1970s and early 80s, the neighborhood surrounding Union Square Park was a mess. Caught between the beginnings and ends of numerous neighborhoods and lacking a strong commercial or residential presence, it occupied a virtual no-man's land. Drug dealers controlled the park, vacant storefronts littered the streetscape, and NYU students referred to their color-coded campus maps to see which streets they should avoid after dark. Out of this crisis came commitment. Community activists mobilized in the late 70s to begin a clean-up and revitalization effort that would last for two decades. From the creation of a Local Development Corporation and, later, the city's first Business Improvement District in 1984, to the reconstruction and redesign of the park to the rezoning for residential development and the eventual attraction of new anchor businesses, the renewal of the neighborhood incorporated everything from design and zoning to programming and community outreach. But more than anything, it stemmed from the strong corporate and institutional leadership of active stakeholders.

have in turn sparked tourism, attracted new residents, and brought in business.

Over the past four years, New York City has created nine new Business Improvement Districts, bringing the total number of BIDs throughout the five boroughs to 53 – the largest and most comprehensive network of its kind in the country. The



Throughout its early history, New York's Union Square Park served as a central gathering point such as this workers' rally in 1914.

numbers the BIDs put up speak for themselves: \$80 million in annual services, 65,000 businesses served, and over 2 million bags of trash collected each year. Since the inception of the BID program more than 20 years ago, the supplemental services they have provided add up to nearly \$700 million.

But BIDs are about much more than what mere numbers can convey. Recognizing their importance and expanding their impact has been a key part of Mayor Bloomberg's economic development agenda, and with good reason. Time and again, they have proven to be effective public/private partnerships in revitalizing neighborhoods and enhancing commercial "main streets." They give property owners the forum to collectively respond to immediate needs and craft a long term vision. And a BID can provide the impetus a neighborhood needs to completely transform itself.

The story of BIDs in New York City began in the 14th Street/Union Square neighborhood of Manhattan, which just over two decades ago became home to the city's first BID. In a matter of years, Union Square was transformed from a collection of abandoned buildings surrounding a derelict park into what has become one of the city's most dynamic and popular destinations for residential, retail, and recreation alike.

As director of the Union Square BID and Local Development Corporation (now known as the Union Square Partnership) from 1989 to 1997, I had the chance to see this happen first-hand. And now, as commissioner for the city's Department of Small Business Services, I have watched BIDs flourish, developing an outstanding track record for neighborhood revitalization. The history and success of the Union Square Partnership and Mayor Bloomberg's enthusiastic encouragement to grow more BIDs offer important lessons that are useful for BID pioneers everywhere.

HISTORY OF UNION SQUARE PARK

To understand the dramatic accomplishments of the Union Square Partnership, it's useful to recount the compelling history of Union Square Park and its surrounding blocks. The park opened in the 1830s as a grand residential square and iron-fenced public park. For the next 20 years, it remained a fairly exclusive playground for the fashionable town-house residents who surrounded it, much like the nearby Gramercy Park remains today. With the opening of the Academy of Music in the 1860s, Union Square blossomed into the new "uptown" theatre district, becoming New York's epicenter of high class living and luxury shopping. As the midpoint of the famous "Ladies Mile" shopping district, it featured the original headquarters of firms such as Tiffany's and Macy's.

Perhaps because of the area's status symbol as a mecca for wealth and consumerism, Union Square Park became a pivotal gathering place for New York's political left in the early 1900s. Famous rallies that took place in the park included everything from the Industrial Workers of the World to supporters of Emma Goldman and the women's suffrage movement to the massive protests of the trial of Sacco and Vanzetti.

However, the 1930s and 40s brought significant changes that set the park up for its later demise. As New York's business center shifted, Union Square was left in a gap between the downtown financial district and the rapidly expanding midtown. The luxury shopping anchors departed and new "bargain" department stores such as Hearn's and S. Klein's moved in, giving the area a new brand.



When S. Klein's bargain department store shut its doors in 1975, it marked a low point for the Union Square neighborhood. It would remain vacant until rezoning paved the way for residential towers more than a decade later.

This era also brought the total reconstruction of the park, which was elevated to make room for the construction of the subway. This redesign would prove pivotal in the decades ahead as the park became a haven for crime and drug use. Its elevation above street-level made its interior invisible to pedestrians on the outside, and the park's winding paths prevented anyone from seeing from one end of the park to the other – creating secluded nooks and corners, inviting enclaves for illegal activity.

Beginning in the 1950s and culminating in the closure of S. Klein's in 1975, the entire area was in decline. Businesses shut their doors, and abandoned buildings and vacant lots they left behind led to crime, drug use, and vandalism. Disinvestment bred upon itself and new economic activity was non-existent. Newspaper headlines from the time say it all: "Bums Triumph; City Shuts Park"; "Crackdown on Union Square Drug Market"; "After 18 Months, S. Klein Still Empty"; "Man Slain in Union Square as Hundreds Watch". Space could be rented for as little as \$6 a square foot – well below what it would cost property owners to cover taxes and maintenance. Crime continued to rise, and in the late 1970s, the city was forced to impose a dusk-to-dawn curfew on the park. More of the

In the late 1970s, community unrest at the neighborhood's deplorable and blighted conditions gave rise to an incipient movement to reclaim the neighborhood by addressing five principal concerns: peddlers, cleanliness, public safety, the park, and the subway station. This culminated in 1976 when a coalition of government, business, and community groups joined together to form the 14th Street-Union Square Local Development Corporation (LDC).

area's once-reliable businesses closed their doors, and the park's unique location – bordered by three police precincts and three community boards – made it a virtual no-man's land when it came to jurisdiction and responsibility.

RECLAIMING THE NEIGHBORHOOD

In the late 1970s, community unrest at the neighborhood's deplorable and blighted conditions gave rise to an incipient movement to reclaim the neighborhood by addressing five principal concerns: peddlers, cleanliness, public safety, the park, and the subway station. This culminated in 1976 when a coalition of government, business, and community groups joined together to form the 14th Street-Union Square Local Development Corporation (LDC). The philosophy of the effort

was captured by Charles Luce, then chairman of the board of Consolidated Edison – whose headquarters on 14th Street stood as one of the area's only occupied office buildings – when he summarized its goal: "We believe that many of this area's problems can be solved by bringing community and private resources together with coordinated delivery of city services, thus enhancing public and private efforts to improve the neighborhood."



In the late 70s and early 80s, Union Square Park was beset with dilapidated conditions, drug use, and extreme neglect.

Around this same time, Luce – who had become chairman of Con Ed in 1967 and helped steer the company out of a troubled and turbulent era – was presented with an exceptionally compelling real estate offer that would have relocated the company's headquarters to midtown. In honoring his commitment to the neighborhood, he elected to stay put, knowing that the neighborhood could ill afford to lose one of its giants: "Con Edison would be dealing a severe blow to 14th Street if we pulled out. The street was under severe stress. We were the anchor, by far the largest employer and taxpayer on this famous old street."

In deciding to stay, Luce dedicated himself and his company's resources to revitalizing the neighborhood – a partnership that continues to this day. Con Edison's leadership in turn drew two other major neighborhood institutions to the cause. The first was The Guardian Life Insurance Company. It, like Con Edison, faced similar pressures to flee the neighborhood. Though it had been a Union Square stronghold since 1909, the area's unseemly character made it difficult to attract new employees. The prospect of moving uptown or leaving the city altogether to set up shop in New Jersey was an attractive one. John Angle, a neighborhood resident and senior executive for Guardian who would soon become CEO, thought otherwise. Like Luce, he believed that Guardian should stand fast. He soon

became the company's representative to the board of the new LDC and would later take the reins as the first president of the BID. Together, the corporate backing of both Con Edison and Guardian gave the LDC the early credibility and weight it needed to establish a foothold.

Another major institution whose leadership over the years would prove pivotal was the New School for Social Research (now known as The New School). Its president at the time, John Everett, recognized the value of fusing the synergy between a college and its community as the foundation of a relationship that could meet the needs of both. Everett understood that serving students necessarily entailed working with local civic groups to improve the area, and when he received Luce's invitation to help lead the new LDC, he responded with enthusiasm.

Once in motion, the LDC adopted a slogan – “Sweet 14: We're making it the livingest street in town!” – that reflected both the determination and optimism of its participants. The LDC tackled the issues of crime, maintenance, and design by establishing a local task force that convened volunteers to trim hedges, pick up trash, and repair broken street furniture. It also started raising funds to pay for the removal of shrubbery and other barriers to make the park more accessible.

THE CITY'S FIRST BUSINESS IMPROVEMENT DISTRICT

Their early efforts paid dividends in mobilizing community support for revitalizing the park and its surrounding area. In 1984, this resulted in the birth of the city's first Business Improvement District (BID) surrounding the park and along its 14th Street southern border – the corridor most in need of redevelopment.

Over the next 15 years, the BID and LDC worked together to revitalize the park and its surrounding neighborhood. Ultimately, the scope of their effort broke down into five major areas: Design, Zoning, Programming, District Management, and Community Outreach.

Design

Because the BID and LDC recognized that the Park was the geographic and civic centerpiece of the neighborhood and a lynchpin to its redevelopment ambitions, first and foremost on its agenda was to redesign the park. In order to attract businesses and residents, the Union Square Park needed to function as a major neighborhood asset, not an eyesore.

After acquiring city funding, the BID and LDC hired an architect to assist in the planning process, and together with the Parks Department, launched the redesign of the park. By 1986, a capital plan was developed and Phase I began with the re-land-



A collection of newspaper headlines from the late 70s and early 80s capture the Park's troubled times.

scaping of the park's southern end. The crux of this effort zeroed in on opening up the park to the surrounding community – making it a more integral part of the neighborhood and streetscape, rather than an isolated plateau, walled off by high shrubbery and hidden entrances.

The renovation, by the Parks Department's own staff, was proclaimed the “best in anyone's memory” by the New York Chapter of the American Institute of Architects. It featured prominent and open new entryways that achieved a greater flow with the surrounding streets and sidewalks. Additionally, the project created street-to-street pathways – enabling sightlines that were not blocked by the curves and winding paths of before, thus ridding the park of the hiding spots that drug dealers found so inviting. The overgrown hedges that had served as convenient cover for addicts, drug dealers, and potential criminals were also removed to make the park more visible and inviting to pedestrians. The redesign also featured the creation of a center lawn, providing a central gathering place and creating a more inviting environment for residents to relax or picnic – something the park previously lacked. Finally, the renovation incorporated new lighting and decorative elements to the park, including generous stone detailing and new glass and steel kiosks at the subway entrances and a newsstand – components that would prove pivotal to increasing pedestrian flow through the park.

Zoning

With structural improvements underway, policy and zoning changes were necessary to catalyze private investment and market Union Square as a desirable place to live. Though the rezoning of the block formerly occupied by the S. Klein department store proved controversial, especially among local merchants and area residents who did not want high-rise condominiums – largely in the name of resisting density and gentrification – it was a cru-

cial part of bringing more residents to the area. When the Zeckendorf Towers opened in 1987, its 650 residential units combined with mixed-use retail and commercial office space – now occupied by the Beth Israel Medical Center – paved the way for the future migration to the area. This development – and the eyes, ears, and pocketbooks of its inhabitants – would prove to be a crucial catalyst in beginning to lure businesses back to Union Square.

By 1988, Phase II of the park's capital plan was underway with a stabilized pavilion area, an upgraded north plaza, and additional park space. These enhancements paved the way for the expansion of the park's famous Greenmarket – a local institution among residents and restaurateurs alike – and the construction of Luna Park, which quickly became one of the city's favorite outdoor cafes.

With all of these improvements, Union Square Park soon became an asset and a driving force for attracting new businesses to the area. Companies such as Barnes & Noble, the W Hotel, and restaurants such as Blue Water Grill had transformed the park's perimeter into one of the city's most highly sought-after patches of real estate. Others soon jumped in on the budding renaissance. New York University built new student dorms – something that would have been unthinkable five years earlier when the school gave its students color coded

streetmaps advising which areas near the park should be avoided after nightfall. An old bank was converted into a new theatre, a Virgin Megastore opened up, and – as a real sign of the changing clientele – a Toys 'R' Us opened its doors on Union Square East.

When the Parks Department's budget declined significantly in the early 1990s, the BID and LDC became increasingly responsible for the park's upkeep. With private foundation support, the BID engaged gardeners to maintain the plants and lawns, facilitated volunteer groups to conduct general upkeep and seasonal plantings, and began budgeting for new park equipment and facility repairs.

Programming

A great park, however, is nothing if people lack a reason to go there. To this end, the BID began coordinating various events in the mid-90s to draw more people into the rehabilitated green space. Events included Arts on the Square, an eight-week series of musical concerts, children's entertainment, poetry readings, and more. This eventually evolved into Summer in the Square, which now hosts events from early May to late September, including the highly-anticipated Harvest on the Square, where signature dishes, desserts, and wines from 45 of the neighborhood's top restaurants are available for the public to sample and enjoy. Additionally, Union Square's annual outdoor holiday market – featuring vendors of arts, crafts, and holiday gift items – attracts over a million visitors each season.

Nothing, however, has done more for bringing people to Union Square than its popular Greenmarket, the city's largest farmers' market. Farmers' markets began in New York City in 1976, when Union Square was arguably at its lowest point. They were the creation of planner and architect Barry Benepe, who saw upstate farmers going out of business due to the economics of selling to wholesalers and the struggle of growing single, shippable crops. His solution was to create city markets where upstate farmers – in cutting out the middleman and getting a better price for his produce – could sell direct to the urban consumer. The



President of the New School John Everett, City Councilmember Carol Greitzer, and Con Edison Chairman Charles Luce unveil the "Sweet 14" street sign in kicking off the area's new Local Development Corporation in 1976. This coalition and the leadership of Con Ed and The New School would prove a pivotal first step in reclaiming the neighborhood.

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result has become a phenomenon in almost every city in America. Not only have farmers thrived because of them, but so have restaurants. And in Union Square, the restaurants such as Danny Meyer's Union Square Café and Gramercy Tavern were the pioneers whose presence gave other businesses the confidence to move to the area. As



Meyer once said, "If the Union Square farmers' market were to close, I may as well not even have restaurants." And if Union Square didn't have restaurants, its resurgence may have never happened.

District Management

It is important to remember that during this period of growth and new programs, the BID's fundamental role of district management remained as important as ever. By ensuring that its sanitation, graffiti removal, security, street lighting, and other maintenance services were up to par, the BID communicated to the new arrivals that the neighborhood's resurgence was real. By seeing uniformed individuals every day out cleaning and patrolling the streets, local residents and business owners came to recognize and appreciate the role of the BID. Our security presence, for example, was fore and foremost about sending a message. To this end, we placed our storefront security office right in between two crack houses. It didn't take long for them to clear out.

Community Outreach

After this significant success, with the park attracting people and the neighborhood attracting businesses, the next logical step for the BID was to expand its presence in the community. By venturing beyond the traditional "bricks and mortar" of district development and connecting with community needs beyond those of property owners, the BID was able to build credibility with other stakeholders. This endeavor involved two major projects.

The first major project was a full-scale outreach to the area's homeless population that ultimately resulted in the creation of permanent housing for 94 families in the form of the Genesis Robert F. Kennedy apartments on East 13th Street. Housing is a huge undertaking and one that only makes sense when all the right pieces are in place. The second major project involved the creation of a dynamic partnership between the BID and a local high school. The partnership with Washington Irving Public High School is a project that should resonate with communities everywhere and could be replicated by BIDs and other economic development organizations throughout the country.

People might wonder what BIDs and the schools in their communities have in common. Too often,



Before and after shots of a dilapidated Italianate pavilion at the north end of the park that was transformed into an outdoor café which quickly became one of the city's favorite summertime destinations.

the answer is too little. It's no secret that public education in inner cities across the country is hurting. Over and over again, when neighborhoods improve and attract new businesses and residents, the students and their schools remain left out.

The atmosphere at Washington Irving High School was unfortunately typical: little to no after-school programs, few opportunities for personal growth, and low expectations of the students. Self-esteem was difficult to promote among the 2,600 students, 70 percent of whom came from low-income families. The perspective of residents, businesses, and property-owners – many of whom viewed the school as an impediment to economic development – did not help. As far as many of the businesses were concerned, the best thing the BID could do for the students was to ensure they got to and from the subway as quickly as possible – without veering off course and disturbing business. Some even argued that the school be shut down.

New York City's Proactive Approach to Growing BIDs

Shortly after September 11th, Mayor Michael Bloomberg took office in New York City. I met him for the first time during the interview for my present position. In our conversation, he made it clear that he not only wanted to energize the city's BID program, but expand it by creating more BIDs throughout the five boroughs. The tone, spirit and commitment of his vision for empowering BIDs as partners in the city's economic development strategy was so inspiring that I found myself shaking his hand and accepting the position an hour later.

Mayor Bloomberg asked me to run an agency called the Department of Small Business Services that had always overseen relationships with the city's BIDs and other neighborhood organizations. We moved quickly to devise and implement a set of new policies to make it easier for BIDs to form and grow. This included decreasing the time it took to form or expand a BID; providing matching grants to spearhead BID-planning initiatives; allowing qualified BIDs to increase their annual assessments; creating a best practices forum for BIDs to share and learn new ideas; creating neighborhood-focused teams to support individual BIDs; and making it easier for BIDs to finance capital projects.

Four years later, the results are impressive: over the past four years, New York City has created nine new Business Improvement Districts, bringing the total number of BIDs throughout the five boroughs to 53. It is also worth noting that of the nine new BIDs, eight of them have annual budgets of less than \$500,000. While New York City may be best known for high profile, deep-pocketed and successful BIDs such as those in and around Lower Manhattan, Grand Central, and Times Square, the reality is that the vast majority of our BIDs operate on a more modest scale in small, main-street corridors throughout the five boroughs: 34 of our 53 BIDs have annual operating budgets under \$500,000.

We've made great strides in bolstering this program, and for those that ask me how we've been able to make such great gains in such a short period of time, I point to three primary strategies:

Tone needs to be set at the top. By establishing such a resonant tone and voicing his engagement with the initiative, Mayor Bloomberg made a quick and lasting impact with staff working on the BID program at the line level. His commitment provided a sense of urgency coupled with motivation that inspired a new outlook.

Establish open lines of communication. To encourage a consistent stream of new ideas, we began convening the BIDs on a regular basis right from the start. This not only meant hosting regular monthly meetings in our conference room, but also putting together conferences on best practices and an annual awards ceremony where the mayor recognizes organizations that have done outstanding work in new and unique ways.

Get out from behind the desk and out into the community. Simply put, we began walking the streets in the shoes of the BIDs. What we do includes everything from attending board meetings to touring districts block-by-block to meeting with and listening to the concerns of businesses and property owners. This has provided an entirely new level of insight regarding how we can assist those organizations that need extra help, and, frankly speaking, get out of the way of those who do not.

All told, these strategies have brought about a sea change in the way city government relates to local community-based organizations. The agency has grown from a pass-through contract agency to an innovative organization that takes a proactive stance to help neighborhood groups better serve their communities.

One of the new BIDs the city recently created – at Fordham Road in the Bronx – would probably not have happened without this approach. Prior to this administration, this effort had stalled because of various roadblocks, and local stakeholders were ready to throw in the towel. In fact, Fordham Road property owners and businesses had been trying in vain to create a BID since the early 1980s. By taking a keen interest, the mayor provided us with a mandate to bring it to fruition. Beyond dedicating staff to guide the steering committee through the formation process, we also provided it with seed money to hire a consultant whose door-to-door canvassing of the strip proved the tipping point in mobilizing support for the BID.

As these examples illustrate, by working together and challenging each other in these partnerships, government and community organizations can empower neighborhoods and cities much more effectively than when working alone



Events such as a summer concert series played a key role in attracting residents back to the Park.

But when the school's principal approached us for help, we responded by creating the Washington High School Business Advisory Council. Rather than continuing to allow the business community and the students to exist in different worlds, we built a bridge between the two, infusing a student's high school experience with the opportunities available after graduation. We established a mentoring and tutoring program, solicited summer jobs for students, and secured funding from the AT&T Foundation to wire classrooms with high-speed Internet access. Students interested in journalism worked with professional publishers. Area experts provided tours of local landmarks to art students. By bringing the local business community to the school, students discovered the wealth of resources at their fingertips and the opportunities right in their own backyard, and business leaders learned that they had both a role to play and a responsibility to uphold in shaping the school's mission.

The program continues to this day and other organizations have crafted similar efforts after this initial model. The Lincoln Square BID, located on

the Upper West Side near Columbus Circle, began an after-school program in 1999 to build a relationship among the neighborhood's thousands of students, and its merchants and cultural organizations. Today, the program provides students with critical academic support such as tutoring, homework assistance, SAT preparation, computer and writing support, recreational activities, and real career and job opportunities through valuable internships.

At the end of the day, communities are defined by the ways in which they come together. Whether in times of celebration or crisis, an immediate response or long-range planning – a community's strength lies in its interconnectedness. And nowhere is this more evident than in the story of Union Square's renaissance.

These creative partnerships achieve two powerful goals: developing relationships and cultivating civic responsibility. I knew that we had formed strong community bonds when getting businesses to participate was no longer a matter of twisting arms. When one of New York's favorite restaurants, the Union Square Café, had to temporarily shut its doors because of serious water damage, the owner sent his kitchen staff to Washington Irving High School to work in the cafeteria for the week. Not only did the kids have a great time but so did the cooks (needless to say, expectations in the cafeteria have never been the same). Successful community outreach, done right and with passion, can be a critical component for neighborhood renewal and economic development.

IMPORTANCE OF LEADERSHIP

In a city that typifies America's characteristic as a melting pot, Union Square is a place where many things converge – neighborhoods, people, businesses, police precincts, council districts, and cuisines. Perhaps part of this is why it became such an important gathering place so many years ago. It is a connecting point, a nexus. Today, Union Square has regained its status as a spot where New Yorkers converge. Images from the aftermath of September 11 or the blackout of August 2003 say it all: during those times of crisis, Union Square Park was where New Yorkers came to.

At the end of the day, communities are defined by the ways in which they come together. Whether in times of celebration or crisis, an immediate response or long-range planning – a community's strength lies in its interconnectedness. And nowhere is this more evident than in the story of Union Square's renaissance. During a time when the neighborhood was disconnected and struggling

Perhaps the most important thing to recognize is that you do not need to be a huge corporation or major university to play a role. Two very compelling cases in point can be found in Brooklyn. One is in Fort Greene, where the Pratt Institute, a small school of arts and design, has played a lead role in helping transform a commercial strip from a collection of 99 cent stores, nail salons, and abandoned storefronts into one of Brooklyn's most up-and-coming "main streets."

to find its identity, its members came together to save it from demise. With the leadership of Con Edison, Guardian Life, and The New School came a momentum that refused to look back.

I cannot emphasize enough the significance that this leadership represented. After the departure of Charles Luce from Con Edison, his successor, Eugene McGrath, took up exactly where he left off. The same can be said of Jonathan Fanton, who succeeded Dr. Everett at the New School and whose leadership took Union Square's revitalization to the next level. Together, they co-chaired the BID and LDC during my tenure, and I count myself lucky to have worked with two giant pillars of community leadership. They were not content to stand idly by, waiting for the neighborhood to change. Instead, they took an active role, whether it was sitting in marathon meetings, walking the streets, or recruiting a new business to the block. They set an example for engaged leadership that I have rarely seen repeated.

When the neighborhood had successfully turned the corner and fashionable shops, luxury apartments, and fine restaurants populated the perimeter of the park, Fanton and McGrath realized that the organization's role had changed. No longer were we just about curbing crime and fighting decay – we were improving lives. It was through their vision that we undertook initiatives such as the creation of housing for the homeless and partnering with Washington Irving High School.

In my current role as commissioner of the city's Department of Small Business Services, where we work with BIDs and LDCs throughout the five bor-

oughs, the examples set by Fanton and McGrath are something I would like to see more. Too often, corporations and institutions like universities fail to realize the tremendous impact they can have in their communities. It is my hope in writing this article and recounting the story of Union Square that the lessons it confers will help coax more participation and leadership from such significant partners.

Perhaps the most important thing to recognize is that you do not need to be a huge corporation or major university to play a role. Two very compelling cases in point can be found in Brooklyn. One is in Fort Greene, where the Pratt Institute, a small school of arts and



Once again, Union Square Park serves as the city's central meeting point. Even during times of crisis, such as this vigil following September 11, New Yorkers seek solace and solidarity on its common ground.

design, has played a lead role in helping transform a commercial strip from a collection of 99 cent stores, nail salons, and abandoned storefronts into one of Brooklyn's most up-and-coming "main streets." The personal involvement of Dr. Thomas Schutte, Pratt's president, in the Myrtle Avenue Revitalization Project has resulted in the attraction of a vibrant, healthy retail mix that now complements the college instead of being a corridor that students avoided.

Another example is Brooklyn College, whose home in the Flatbush Junction section of Brooklyn is about to undergo a series of capital streetscape improvements in addition to a new Target superstore. Foreseeing the potential pedestrian traffic and other future retail that these investments may draw, Brooklyn College and its president, Dr. Christoph Kimmich, have spearheaded the effort to form a BID for the area. By getting involved early on during the revitalization process, the college has ensured its position as a lead stakeholder and further ensured that the district will have the resources it needs to remain a clean, safe, and attractive place to do business.

With leadership like that brought by the Pratt Institute and Brooklyn College, neighborhoods like Myrtle Avenue and Flatbush Junction will someday warrant their own case study in a journal like this. And if we can succeed in getting more institutions to emulate their success, we're bound to see a lot more stories like that of Union Square.

building the high-tech future

By Charles A. Gargano

Nearly two centuries ago in New York state, the Erie Canal – from Albany to Buffalo – opened a gateway to the west. Today in New York state, Centers of Excellence – from Albany to Buffalo and beyond – are opening a gateway to the high-technology future.

The Erie Canal required men, horses, equipment, and a plan. The Centers of Excellence have required far more, including a vision for high-technology clusters, building new partnerships among universities, government and businesses; and the ability to attract billions of dollars in investments to create jobs and foster growth.

The Centers of Excellence program began in 2001, when New York State Governor George E. Pataki unveiled a strategy so compelling that, in just a few short years, it has catapulted the state into a position as an international leader in high-technology. The goal was straightforward: establish high-tech clusters around the state to support business and create jobs. As the state's economic development organization that seeks to create and retain jobs, Empire State Development (ESD) worked to bring potential partners to the table. It sought to join government and private resources with the research strengths of the state's universities.

Those in the field recognize that successful economic development involves much more than an inventory of sites with access to water, sewer, and transportation. As important as these tangible items are, successful economic development also requires an understanding of the intangibles: community priorities, zoning regulations, government and industry rules, and the marketplace.



Albany, New York's Center of Excellence in Nanoelectronics.

In addition, the achievement of long-range success requires knowledge of industrial growth patterns and relies on the involvement of business, government, and citizens alike. The Centers of Excellence program takes this involvement one step further, incorporating the research and development capabilities of the state's universities.

The state established five Centers of Excellence in key geographic locations: Albany, Syracuse, Rochester, Buffalo, and Long Island. Each one has a high-tech specialty. A perfect example of a Center of Excellence's potential for innovation and production is the Center of Excellence in Nanoelectronics, located in Albany. This state-of-the-art, 300-millimeter computer wafer pilot and prototyping facility represents the only one of its kind in the world. This unique and elaborate project, which is being developed in collaboration with IBM, Sony, Advanced Micro Devices, Tokyo Electron Limited, and the

Charles A. Gargano is chairman of the Empire State Development Corporation (ESD), New York state's economic development organization. ESD encourages economic investment and prosperity in New York state by providing the highest level of assistance and service to businesses to aide in the creation or retention of jobs within the Empire State.

NEW YORK STATE'S CENTERS OF EXCELLENCE PROVIDE PLATFORM FOR BUSINESS GROWTH AND JOB CREATION

The Centers of Excellence have taken prominence as one of New York state's signature programs of the past decade. Unveiled by New York State Governor George E. Pataki in 2001, this program has catapulted the state into a position as an international leader in high-technology in just a few short years. Overseen by Empire State Development, the state's economic development organization, the program's five high-tech clusters are working to join government and private resources with the research strengths of the state's universities to develop scientific knowledge, new cures and life-saving medicines, and job opportunities for this generation and the next.

University at Albany is leading the state's emergence as a leader in the nanoelectronics industry.

CENTER OF EXCELLENCE IN NANOELECTRONICS, ALBANY

Albany, the capital of New York state, was selected as the site for nanoelectronics for a number of reasons. The State University at Albany had research capabilities and room on the campus to expand. The Albany area boasts a concentration of colleges and universities, presenting other potential university partners. In addition, Albany is centrally located with regard to transportation, access to markets, and complementary businesses. For example, IBM, a world-leader in information technologies, is a short distance south in the Hudson Valley.

Nanotech focuses on R&D at the super-small level – beyond what is visible even with a microscope. By working with materials at that level, scientists and engineers are able to control the characteristics of a variety of materials, thereby improving performance in a full array of products ranging from skin creams to jet engines to computers.

The Albany Center in Nanoelectronics is an incredible, spotlessly clean facility that meets the demands of one of the key components of nanoelectronics – semiconductor wafers, or “chips,” for information processing. At Albany, engineers can produce the highly advanced 300 mm semiconductor wafers. Cleanliness is paramount in this process, as even a particle of dust can damage the wafers. This 450,000-square-foot complex is world-class and unmatched at the university level.

The Albany center was constructed not simply for the next generation of devices, but for several generations beyond that. Capabilities encompass system-on-a-chip technologies; biochips, optoelectronics, and photonics devices; nanoelectronics; closed-loop sensors for monitoring, detection, and protection; and ultra-high-speed communication components. The facility provides critical laboratory and clean room space for research, builds incubator space for high-tech company spin-offs, and offers a workforce development program.

We wanted to develop a Center of Excellence that was capable of efficiently transferring high-technology developments to the marketplace, from concept to product. As a result, the Albany facility follows a vertical business model. Historically, this type of model has been used to advantage by, for example, the paper manufacturing industry, where a company owns or operates everything from the forest plot to the paper plant. At Albany Nanoelectronics, we have found this same type of vertical integration provides synergy and complementary expertise.

One example of the vertical business model at the Albany center begins at ground level, with M&W Zander, a construction firm for high-tech semiconductor facilities, or “chip-fab” specialists. This com-



Photo by Darren McGee, NYSED

Tour of the Albany Nanoelectronics Center in 2005.

(left to right) New York Governor George E. Pataki, Albany Mayor Gerald D. Jennings, Quebec Premier Jean Charest, and Empire State Development Chairman Charles A. Gargano.

pany is one of only a few in the world that specializes in this type of construction and brings a global perspective to the rigorous requirements for the physical plant. This German company opted to establish its East Coast operations near our Albany site, and has proven to be a true strategic partner.

Moving up the vertical line, the first-level user of the chip-fab facility is Honeywell International, another company with a worldwide reputation. Honeywell utilizes the facility to develop and produce the customized chemicals applied to semiconductor chips.

The chemicals provided by Honeywell International are components of the high-tech tools or systems for semiconductor manufacturing produced by Tokyo Electron Ltd. We were thrilled when this highly regarded Japanese company chose Albany for the site of its only R&D facility outside Japan.

The final point on this vertical business model is the company that defines the projects or uses for the semiconductor chips. IBM, a world-renowned firm that has been our partner in nanotechnology since the onset, has global businesses with a constant demand for semiconductors with a variety of capabilities.

In discussing IBM projects upon committing to Albany Nanoelectronics, Lou Gerstner, IBM chairman and CEO, said, “The world of e-business is driving a massive build-out of the infrastructure of computing and communications. That, in turn, drives demand for critical technical components like chips. Demand is white-hot in three critical segments – chips for big servers, chips to power the explosion in Internet access devices and chips in the networking equipment that ties everything together.”

ALBANY NANOELECTRONICS: TIMELINE FOR SUCCESS

The success of Albany Nanoelectronics did not occur overnight. The high-tech Semiconductor Manufacturing Initiative (Semi-NY) program, New

York state's comprehensive effort to encourage semiconductor manufacturing in the Empire State, was the first of many initiatives implemented that worked to draw industry to New York state over the course of the last decade, leading up to the unveiling of the Centers of Excellence program in 2001.

Early Investments

Semi-NY, with its shovel-ready semiconductor fabrication plant sites located across New York state, was established to showcase the state's commitment to the semiconductor industry.

In November of 1997, Governor Pataki and Lou Gerstner, IBM chairman and CEO, announced the largest industrial investment in state history to date – \$700 million – to construct the world's most advanced, 300mm semiconductor development facility at the Hudson Valley Research Park in East Fishkill, creating 400 new jobs. In addition, IBM pledged to establish a Global Support Center in East Fishkill, creating another 200 jobs.

The following month, the governor committed \$25 million over a five-year period in support of the proposed Focus Center – New York, should New York state receive that designation by the Semiconductor Industry Association. He also committed \$10 million in support of the new wing of the Center for Environmental Science and Technology Management building to construct a 300 mm pilot manufacturing plant at the University at Albany facility. At the same time, Chip Fab '98, an initiative to pre-qualify a number of sites around the state for the semiconductor manufacturing industry, was launched. ESD matched the local contribution of up to \$75,000 to help defray the costs of pre-permitting.

In 1998, the University at Albany and Rensselaer Polytechnic Institute were chosen to participate in the prestigious semiconductor industry Focus Research Center Program. The focus was cutting-edge research on interconnect technologies for a new generation of more powerful computer chips. The consortium also included University at Stony Brook, Cornell, MIT, Stanford, and Georgia Tech.

Trained Workforce

We recognized that while we built up our national and international reputation and developed our sites, New York had to have a ready workforce. ESD and partners worked with seven community colleges to get a SEMATECH-approved Semiconductor Manufacturing Technician degree program up and running in 1999. This effort helped ensure New York has the workforce capacity to fuel the industry's technical labor needs.

Marketing and Advertising

We reached out to the high-technology community in a focused effort to communicate our willingness to host high-tech sites. Representatives from ESD and other local development partners have attended various semiconductor industry trade shows including Semicon West in San Francisco, Semicon Southwest in Austin, and Semicon Europa in Munich, Germany. We have sent individual representatives to Asia to discuss opportunities one-on-one with potential companies.

We developed marketing brochures, enhanced our website, and provided information on New York's commitment to high-technology in national advertisements in Japanese, Korean, and Chinese translations. The Chinese translation targeted Taiwan, which is seen as the next hot bed for semiconductor manufacturing.

We featured New York state advertisements in a number of leading industry publications, including *Semiconductor Business News*, *Semiconductor International*, *Solid State Technology*, *Future Fab* and *Electronic News*. To develop advertisements and promotions showcasing the Semi-NY, we worked closely with local partners, including the Dutchess County Economic Development Corporation, West Seneca Development Corporation, Cayuga County IDA, Orange County Partnership, Rochester Institute of Technology, New York Capital Region Semiconductor Initiative, Onondaga County Office

of Economic Development, and Mohawk Valley EDGE.

Personal Contact

Empire State Development's industry directors took on a direct-call marketing effort to personally contact companies in the semiconductor industry. We spoke to more than 320 executives in over 70 companies around the world. We wanted the companies to know, on the one-on-one level, that New York state wanted their business. We retained the services of outside consultants to identify and contact key industry executives, and compare the costs of building a semiconductor site in New York state with other competitors.

ESD, in coordination with the New York Capital Region Semiconductor Initiative, also helped sponsor the Chip Fab Hot Link Seminar in 1999 to focus on business issues for foundries, non-manufacturing semiconductor design companies, and Integrated Circuit designers. A number of companies, domestic and international, attended the three-day seminar to discuss the current and future



Stony Brook, New York's Center of Excellence in Wireless and Information Technology



Buffalo, New York's Center of Excellence in Bioinformatics

direction of the microelectronics industry. We also presented the attendees with a comprehensive overview of the positive changes to the business climate in New York state and the Semi-NY program.

Shovel Ready

By spring 2000, three sites announced they had completed all aspects of the pre-permitting process and were "shovel-ready." Sites were located in the Hudson Valley and Central New York. This garnered both in and out-of-state publicity and *Technology Digest-Singapore* wrote a full-page article on our initiatives.

A Top-Ten IC Manufacturer Joins

Philips Semiconductors purchased IBM's MiCRUS Semiconductor facility in East Fishkill in New York state's Hudson Valley in June 2000. Philips committed to investing some \$100 million at the site to increase capacity and production capabilities over the next few years. ESD and the Tax Department worked diligently with Philips to facilitate this deal and bring one of the world's top-ten IC manufacturers to New York. Since then, Philips has announced about \$120 million worth of additional investments in the facility.

"New York was a great partner to Philips in finding a fab location that meets our needs to increase capacity for key markets and customers," said Stuart McIntosh, Philips Semiconductors' executive vice president and chief operations officer.

IBM Makes Investment History

Just a few months later in 2000, Governor Pataki and IBM Chairman and CEO Lou Gerstner announced that IBM would make the largest private-sector investment in New York state history by building the world's most technologically advanced chip-making plant in East Fishkill, Dutchess County. This \$2.5 billion investment represents the largest private-sector investment in the United States since 1995. As a direct result of this invest-

ment, Planar Semiconductor Inc. (PSI) announced it would invest \$20 million to create new jobs at Tech City, Ulster County.

Success Breeds Success

From an economic development perspective, we applied the philosophy that closing the deal on major investments was the beginning of the partnership. We knew that to ensure success we had to keep our commitments to the businesses that shared our vision.

As a result, less than a year after the record-breaking \$2.5 billion IBM announcement, Governor Pataki announced with IBM a commitment of \$150 million for the Center of Excellence in Nanoelectronics at the University at Albany. IBM committed to more than \$100 million to support the center, and the state pledged up to \$50 million.

The Center of Excellence was envisioned to become the only university-based 300mm semiconductor pilot prototyping facility in the world. This announcement built upon the state's earlier commitment of nearly \$70 million toward micro- and nanoelectronics for the University of Albany's Center for Environmental Science and Technology Management building.

The Center of Excellence provides laboratory and clean room space for research, builds incubator space for high-tech company spin-offs, and creates a state-of-the-art workforce development program to provide the skilled labor critical to attracting microelectronics companies to New York state.

International SEMATECH and Other Successes

In 2002, International SEMATECH – a consortium of the 12 major computer chip manufacturers in the world – announced it would site its next generation 300 mm computer chip research and development center, to be called International SEMATECH North, at the Center of Excellence in Nanoelectronics at the University at Albany.

SEMATECH selected New York after investigating sites in Europe, the Pacific Rim, and across the United States, and it made its decision based on New York's leading position in chip research and development and the state's business-friendly environment. The Albany facility complements the first International SEMATECH facility, which is located in Austin, Texas. The agreement between New York and International SEMATECH included approximately \$400 million in state and industry support over five years, consisting of \$210 million from the state (including \$50 million previously announced for the Center of Excellence at Albany and included in the 2002-03 state budget and \$193 million from International SEMATECH and its member companies, including IBM).

Just four months after the SEMATECH announcement, Tokyo Electron Limited (TEL) announced it would establish a \$300 million

research and development facility at the Albany Center of Excellence, creating more than 300 jobs. The agreement between New York and TEL included approximately \$300 million in state and industry support over a seven-year period. The \$100 million state investment will be primarily for capital construction, equipment, and specialized tools for research. The facility will be used by TEL to perform advanced tool design and prototyping for future generations of computer chips.

In 2004, Sony Group announced it would invest \$325 million in IBM's state-of-the-art 300mm semiconductor manufacturing facility to facilitate production of cutting-edge, next generation 65 nanometer chips. SONY Group will partner with IBM's Systems and Technology Group to produce the next generation "Cell" microprocessor at IBM's 300 mm chip-fab in East Fishkill.

The following year, IBM, Albany Nanoelectronics, and ASML, the world's leading semiconductor lithography supplier, pledged to invest over \$2 billion in separate but related semiconductor/nanoelectronics initiatives, thus furthering the state's position as a leading semiconductor location. These facilities were slated for Albany and the Hudson Valley.

In a statement that reflects the original Centers of Excellence vision, with university-business-government partnerships, Martin van den Brink, ASML's executive vice president, Marketing and Technology, said, "As a global leader in the semiconductor lithography industry, ASML believes that it is critical to build R&D alliances in order to support and continuously improve our products and services as they are introduced into production facilities around the world."

In spring 2005 at the Semicon Europa Conference in Munich, Germany, Saratoga Economic Development Corp. announced the availability of the 1,350-acre Luther Forest Technology Campus. The Luther Forest Technology Campus, with substantial backing from the state of New York, has completed all required environmental reviews and is now zoned for nanotechnology support enterprises.

In July 2005, four of the world's largest computer chip makers and New York state committed to spending \$600 million over the next five years on a research, education, and economic development project focused on creating the next generation of computer microchips while limiting costs. The project will get \$200 million in funding and equipment from Armonk-based IBM Corp.; Sunnyvale, Calif.-based Advanced Micro Devices Inc.; Infineon

Technologies AG of Germany; and Boise, Idaho-based Micron Technology Inc. The state is contributing \$180 million. More than \$200 million is coming from numerous companies that provide the materials and equipment used to make semiconductors

In September 2005, the Albany Center of Excellence, IBM, and Applied Materials teamed up on a partnership that will make more than \$300 million available for research, development, and economic outreach at the State University of New York's Albany Nanoelectronics site, expecting to add over 80 research jobs.

At the beginning of 2006, University at Albany's College of Nanoscale Science and Engineering was chosen to be the site of a new nanotechnology research consortium, dubbed the Institute for Nanoelectronics Discovery and Exploration. The

Institute was formed by the Semiconductor Industry Association, a Silicon Valley-based trade group, and Semiconductor Research Corp., a North Carolina group that links companies with university researchers. The University at Albany has been designated head of the consortium, which includes six other schools: Rensselaer Polytechnic Institute, the Massachusetts Institute of Technology, Harvard University, Yale University, Purdue University, and the Georgia Institute of Technology. The state will be

contributing \$80 million towards the \$435 million project to be housed in a new 100,000-square-foot laboratory and clean room annex scheduled to be complete in 2007.

Also in January 2006, Albany was named the site of a new SEMATECH Extreme Ultraviolet Lithography Resist Test Center (EUV-RTC), a one-of-a-kind research and development center designed to provide the global microchip industry with advanced technology solutions. The new center builds on the partnership, originally announced by the governor in July 2002, that SEMATECH established when it selected New York for the location of its International SEMATECH North operations.

OTHER CENTERS

While the Center of Excellence in Nanoelectronics has gained worldwide recognition, other Centers of Excellence around the state are also poised for progress and generating results.

Center of Excellence in Environmental and Energy Systems, Syracuse

Syracuse has a history of excellence in the air conditioning industry. The Center of Excellence in



Syracuse, New York's Center of Excellence in Environmental Systems

Environmental and Energy Systems was established to build on this expertise. The Syracuse facility focuses on clean and renewable energy, as well as on indoor environments in the areas of air quality, comfort, lighting, acoustics, and intelligent controls.

The Syracuse Center of Excellence is experiencing a myriad of partnership successes, such as NuClimate Air Quality Systems, of East Syracuse. In May 2004, NuClimate received a grant through the Syracuse Center of Excellence's Commercialization Assistance Program (CAP) that allowed the company to test its new product, build prototypes, and begin to establish representation in markets across the United States. Most recently, NuClimate has contracted with the YMCA in Rome, N.Y., for installation of about 60 units and is working on a proposed project with the Syracuse City School District that would include the installation of about 200 Q Air Terminals at the former Central Technical High School.

Center of Excellence in Photonics and Microsystems, Greater Rochester

Rochester has long been known for its optics and imaging industry, so it makes sense to expand on this reputation in the Centers of Excellence. The Greater Rochester facility, known as Infotonics, focuses on creating technology transfer and pilot fabrication facilities for high-resolution imaging and ultra-fast communications devices that can be shared by partners to accelerate product development.

The Infotonics Center is making steady progress on its economic development mission. Two high-tech spin-off companies were launched by Infotonics in November of 2005, including SpectralSight, a Canandaigua, N.Y., company developing and commercializing hyperspectral imaging technology – to see what the eye cannot see – in defense, medical, and homeland security applications. Infotonics is also providing critical R&D and prototyping support to six small start-up companies across New York state, including Thermal Gradient, Inc., a Pittsford, N.Y., company that has developed a device that can amplify DNA much faster than anything available in the marketplace.

Center of Excellence in Bioinformatics and Life Sciences, Buffalo

When you think bio-tech, think Buffalo. This center was created to be a hub of life sciences expertise in Upstate New York. The center is managed by the University at Buffalo and the state of New York in partnership with Roswell Park Cancer Institute and Hauptman-Woodward Medical Research Institute. The center and its principal partners are now moving into 400,000 square feet of state-of-art research facilities, designed to opti-



Greater Rochester, New York's Center of Excellence in Infotonics

mize interdisciplinary collaboration, in three new interconnected buildings on the Buffalo Niagara Medical Campus.

The cluster around Buffalo has seen a number of private high-tech success stories. One company, SmartPill Corporation, with the support of the center and the University at Buffalo Center for Advanced Technology, has developed the SmartPill, a medical device that is swallowed, capturing biomedical data from the gastrointestinal system. The pill has successfully completed a final round of clinical studies for FDA approval.

And, by working with a consortium of companies that includes General Electric, Invitrogen, Praxair, Corning, Bristol-Meyers Squibb, and OSI Pharmaceuticals to develop new ways to manufacture individualized biopharmaceuticals, the center is helping to bring individualized medicine closer to reality.

Center of Excellence in Wireless and Information Technology, Stony Brook, Long Island

Long Island's long tradition of developing high-tech defense and space technologies continues to deliver critical avionics and integrated systems, so the center was a logical extension of this expertise in the wireless and information technology arena. The Center of Excellence in Wireless and Information Technology (CEWIT) is dedicated to making "pervasive wireless computing" a reality, with focus areas in networking and communications, devices, "virtual" and other software systems, and applications for the two largest sectors of the U.S. economy, health care and transportation, as well as the explosively growing field of e- and m-commerce.

One CEWIT collaborator, LifeTree Technologies, of Great River, is developing online systems to reduce the enormous cost of clinical trials for new

drugs, while CEWIT's research promise has already attracted eight start-up companies to Stony Brook's incubators and \$15 million in venture investment for CEWIT partners.

ACCOLADES AND HONORS

The growth and success of the Centers of Excellence, especially with regard to nanoelectronics, has gained national and international recognition. For example, the May 2001 edition of *Site Selection Magazine* named the 300mm IBM fab as one of the "Top 10 Deals of 2000." The same issue recognized Empire State Development as one of the "Top 10 Economic Development Groups in the Country."

Governor Pataki became the first elected public official ever to receive the Semiconductor Industry Association's (SIA) highest honor – the 2003 Robert Noyce Award – in recognition of his exemplary leadership and steadfast support for semiconductor research, development, and commercialization in New York state. The prestigious award is named in honor of semiconductor industry pioneer and Intel co-founder, Robert Noyce. Governor Pataki was also named by *The Forbes/Wolfe Nanotech Report*

(2003) as one of the top ten leaders in the nation in developing nanotechnology as a tool for economic growth.

In another example, *Small Times* magazine ranked the state of New York second (March 15, 2005) in the nation for nanotechnology research and fourth in overall development of nanotechnology, adding that the state was attractive to nanotech companies and investors.

"New York's academic and industrial research is giving California a run for its money," said Candace Stuart, *Small Times'* editor-in-chief.

CONCLUSION

The Centers of Excellence have taken prominence as one of New York state's signature programs for the past decade. The program was the result of a clear vision and focused strategies on the part of the governor, industry and university leaders, elected officials, and citizens. The partnerships forged and the developments now in the pipeline are catalysts for business growth, the development of scientific knowledge, new cures and life-saving medicines, and the growth of job opportunities for this generation and the next.

Sandusky, MI • Sandusky, OH • Rome, GA • Roanoke, VA • Port St. Lucie, FL • Phoenix, AZ • Paducah, KY • Orlando, FL •
Orange Park, FL • Ocala, FL • Lincoln, MI • Kalamazoo, MI • Jackson, FL • Iowa City, IA •

Scottsdale, AZ • Seattle, WA • Tionesta, PA • Twin Falls, ID • Watertown, ND •

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We appreciated the manner in which our campaign was conducted and for the "flexibility" displayed by STELLAR

to focus on "our" needs and not on a "sanned" process. For that, we are deeply grateful and I would recommend STELLAR without hesitation. Without your team's assistance, Erie County, Ohio would not be enjoying our recent economic development success stories!"

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Roadmap for the Knowledge-Driven Economy

2006 Annual Conference, September 17-20, New York City

IEDC's Annual Conference has become the premier economic development event of the year. It brings together more than 1,500 leaders in business, government, and academics to examine current economic development policy issues and debate solutions.

The Conference provides an intensive learning and networking experience for participants, offering a wide range of choices, including over 50 plenary, concurrent, and seminar sessions; outstanding keynote speakers; and educational tours. Tours feature the Lower Manhattan Walking Tour, Harlem's Renaissance!, The Times Square Story, Open Spaces and Urban Revitalization, and Preserving Manufacturing and Industrial Sectors.

This world class economic development event will present three days of in-depth analysis and perspective in five tracks:

- 1) The Cutting Edge of Economic Development: Building Community Through Innovative Design and Risk Taking,
- 2) Attracting, Training and Retaining a Skilled Workforce to Compete in the Creative Economy,
- 3) The Nuts and Bolts of Economic Development: Tools for Attracting New Investment and Building Strong Communities,
- 4) High-Impact Real Estate Financing, and
- 5) Leveraging Urban, Suburban and Rural Assets for Sustained Economic Growth.

New York City travels at the speed of the knowledge driven economy. What better place to get a roadmap?



IEDC Organizes Seminar in Russia

IEDC sent Jon Roberts and Ed Bee to St. Petersburg to speak at a seminar focusing on best practice tools in ED and identifying ways that practitioners use these tools in Russia. The seminar was held in support of a partnership of IEDC and the Russia Economic Developers Association, ASSET, with the goal to establish cooperation in the area of international training and exchange between these two organizations and to broaden the capabilities of our Russian partner by transferring experience, knowledge and other know-how from IEDC to ASSET.

Member-Get-A-Member 2006 Campaign

Share your membership experience with friends and colleagues through the 2006 IEDC Member-Get-A-Member (MGAM) campaign and you can win valuable prizes. Help us to find more members like you.

Just as members rely on IEDC to provide answers to today's complex and demanding issues, IEDC relies on members to spread the word about member benefits and services throughout the economic development community.

The top prize in this year's MGAM campaign is an all-expense paid trip to the



2006 Annual Conference in New York City. The prize package includes:

- Complimentary conference registration for the 2006 Annual Conference,
- Round-trip transportation,
- Complimentary hotel accommodations,
- \$200 IEDC big bucks coupon,
- IEDC T-shirt,
- Day planner, and
- Recognition at the conference and much more.

IEDC has set a goal of recruiting 100 new organizational members. For more information, contact the IEDC membership department (202-942-9482). Visit our website at www.iedconline.org.

IEDC's Disaster Recovery Initiatives

The IEDC Economic Recovery Volunteer Program, funded by a grant from the Economic Development Administration, deploys economic development professionals to key regions of the hurricane impact zone. Between December 2005 and May 2006, 56 volunteers were sent to over seven locations in southern Louisiana and Mississippi. Accomplishments include:



- Served nearly 200 businesses with one-on-one assistance
- Developed grant proposals totaling more than \$600 million for reinvestment projects
- Created the Business Recovery Action Plan for Hancock County, Mississippi
- Developed a retail study and grocery store attraction package for Harrison County, Mississippi
- Reviewed downtown development strategies for Bay St. Louis, MS
- Produced a shipbuilding industry retention survey & manufacturing recovery strategies
- Created a database of commercial real estate brokers and researched zoning ordinances
- Developed off-site resource database and communications systems to continue to provide counsel to businesses and organizations, and communicate with future volunteers.

Other IEDC disaster recovery initiatives include our work as a co-sponsor of the International City Managers Association Conference, "Restoration 2006: Community and Economic Recovery After a Disaster". IEDC also provides research and presentations on disaster recovery and economic development including a session on the Role of the Private Sector in Recovery at the U.S. Chamber of Commerce Business Civic Leadership Center Forum, and a presentation on Lessons from National Post-Disaster Recovery to the Baton Rouge Chamber of Commerce.

The IEDC Accredited Economic Development Organization (AEDO) program supports economic development organizations in disaster areas in their recovery efforts through providing organizations with independent feedback and recognition. Recently, IEDC accredited the State of Louisiana Department of Economic Development. Louisiana Economic Development (LED) is the first state to receive this honor.

To learn more about IEDC disaster recovery initiatives visit www.iedconline.org.

“Business retention and expansion in Islip is our number one priority. IEDC helped us develop a professional marketing strategy that refocused our efforts and brought us closer to our goal.”

William Mannix, Executive Director, Town of Islip Economic Development Authority, NY

“The high quality work IEDC did on the re-use of the former Rhodia Chemical plant changed the way Metro Government was thinking of the site and led to a more constructive channel with potential for greater impact on our community. The excellent report IEDC prepared has become the foundation for future planning efforts.”

Bonnie Biemer, Assistant Director, Environmental Division, Metro Development Authority, Louisville, KY

“IEDC’s case studies, scenario alternatives, and sample RFQ helped us plan for the redevelopment of a key property in our downtown.”

Vern Morgan, Senior Planner and Brownfields Coordinator, Springfield, MO

ADVISORY SERVICES AND RESEARCH

For over 20 years, IEDC Advisory Services & Research (ASR) has delivered sound economic development solutions and advice to its clients. An experienced membership and in-house library complement a dedicated and forward-looking staff, on-call to bring customized reports and research to your community. Our services are responsive to the ever-changing set of issues facing the economic development profession. Local and state economic development organizations, federal agencies, and many others rely on ASR for help in:

- Strategic planning
- Organizational development and program analysis
- Real estate development
- Finance and funding
- Technology-led development
- Business attraction, retention, and expansion

HOW CAN ASR HELP YOUR COMMUNITY?

ASR is a cost effective way to bring valuable resources directly to your community. IEDC maintains an unparalleled body of technical information for quick access by ASR team members. With a membership base of 4,300 economic development professionals, we can easily research best practices and bring nationally recognized member experts to your community.

IEDC clients include regions seeking to fine-tune their existing portfolio of economic development services, at-risk urban neighborhoods, rural areas, and cities seeking to redevelop their central business district, inner suburbs, or transit corridors. IEDC also works with federal agencies, corporations, and foundations to provide research for education and policy development.

For more information, call Ed Gilliland at 202-942-9461 or visit www.iedconline.org and click on “Advisory Services” in the left hand column.



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- Great quality of life
- Solid infrastructure
- Top-notch marketing
- A well-capitalized development organization on fire to meet and beat the competition.

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