

1. NEEDS ASSESSMENT OF COOPER SQUARE SERVICE AREA
 completed April 28, 2009

A. HOUSING NEEDS OF THE COOPER SQUARE AREA:

1. The Lower East Side’s identity as a very diverse, working class and immigrant community, is in transition. Historically, the housing stock (which is 83% rental housing) has provided affordable housing to generations of low and moderate income residents, particularly immigrants. However, the speculative housing market of the first decade of the 21st century, (which has recently come to a halt in the wake of the sub-prime mortgage meltdown and the ongoing crisis in the credit markets), has fueled displacement of low income tenants, deregulation of rent stabilized housing, and a development boom that has reshaped the landscape of the Lower East Side. Gentrification has changed the racial and economic demographics of the community and made it virtually impossible for the children of local residents to remain in the community, unless they live in government assisted housing. The loss of rent stabilized housing must be stopped if we are to preserve an economically diverse community.

The 1997 and 2003 changes in the Rent Laws, along with a speculative housing market, fueled displacement and deregulation in many NYC neighborhoods, in particular the Lower East Side. The area’s demographics had already been changing by 2000, and the trend has continued through the first decade of the century. In particular, the Latino population has been in decline in the Cooper Square Committee’s catchment area (14th St. to Delancey St., the Bowery/3rd Ave. to the East River) from 1990 to 2000, while the Asian population has moved north from Chinatown and new Asian ethnic groups have moved into the area. The White population has remained relatively stable, increasing slightly.

Table 1. Changes in Racial Demographics of the Cooper Square Area

Change in Racial Demographics (1990 and 2000 Census)	CSC Service Area (1990) Population	CSC Service Area (1990) Percent	CSC Service Area (2000) Population	CSC Service Area (2000) Percent
White (Non-Latino)	33,748	34.3%	36,136	35.7%
Latino	39,191	39.8%	33,489	33.1%
Black	9,518	9.7%	8,285	8.2%
Asian/Pacific Islander	15,296	15.6%	20,285	20.0%
Bi-Racial	NA	NA	2,373	2.3%
Other	605	0.6%	719	0.7%
Total	98,358	100%	101,287	100%

The racial demographics of the Cooper Square Area as of 2000 were 35.7% White Non-Hispanic, 33.1% Latino, 20.0% Asian American, 8.2% African American, 2.3% Bi-Racial and 0.7% Other. While the Lower East Side is the most diverse community in Manhattan, the Latino population is more heavily concentrated in the NYCHA projects along the eastern edge of the community, comprising 72% of the population in the NYCHA buildings east of Avenue D and about 25% of the remaining parts of the Lower East Side. Similarly, the Asian American population is more concentrated south of Houston St. in our CSA, where they comprise 34.5% of the population, while comprising 11.1% of the CSA north of Houston St.

While the Lower East Side is still home to a sizeable immigrant and working poor population, as well as people on public assistance, its population has become more affluent relative to New York City as a whole. From 1999 to 2005, NYC's median household income increased 21% from \$33,000 to \$40,000 whereas the median income of the Lower East Side/Chinatown increased 50% from \$22,000 to \$33,000, moving closer to the City's median income overall, at 82.5% of the City's median income. The percentage of households on the Lower East Side living in poverty has dropped slightly from 26.8% to 24.5% of households, although the percentage of households receiving public assistance has increased from 22.3% to 27.7% from 1999 to 2005.

With this rise in median income, the racial/ethnic demographics have continued to change since the 2000 Census. The Furman Center's survey sample of the Lower East Side/Chinatown (a larger area than the Cooper Square Service Area) found that the White population has increased from 25.3% to 33.6% of the area's population from 1999 to 2005. Meanwhile the Black population has remained relatively constant as a percent of the total, increasing from 6.2% to 6.4%. The Latino population has declined substantially from 37.9% to 29.9% of the total population, and the Asian population has declined from 30.5% to 28.3% of the total population. The foreign born population has also declined from 56.3% to 42.7% of the population. This is a strong indication that the Lower East Side's historic role as a destination for new immigrants is in transition. Not only does it suggest that immigrants are being displaced, but that new immigrants from China, the Dominican Republic and Eastern Europe are settling elsewhere.

The loss of rent stabilized housing is a major contributor to displacement of low and moderate income residents. From 1996 to 2005, according to the Furman Center, the percentage of rent regulated units on the Lower East Side/Chinatown declined from 52.6% to 43.4%, *a loss of over 7,000 rent stabilized units out of 77,366 units in Community Board 3*. Much of this loss has taken place in the Cooper Square Committee Service Area north of Delancey Street which contains over 40,000 housing units. Market rents have increased dramatically from the mid-1990s to 2005. The median contract rent on the Lower East Side was \$657 in 2005, compared to a median contract rent of \$1,000 in Manhattan in 2005. However, while this median rent seems relatively affordable in contrast with the rest of Manhattan, 45.8% of Lower East Side residents pay more than 30% of their income towards rent, and 24.0% pay over 50% of their income towards rent placing them at high risk of displacement. 59.6% of low-income households in Manhattan earning less than 80% of the median income had a severe housing cost burden (over 30% of income).

In addition, there is a widening disparity in rent stabilized rents between long-term residents and newer arrivals to the community. A 2004 survey by the Cooper Square Committee found that the median rent of people who had moved into their unit in 1997 or later were paying a median rent of \$950 whereas people who had moved in prior to 1997 were paying a median rent of less than \$500. Given these disparities between "market rents" and rents of long term residents, it has become clear that there is a lot of incentive for speculators to purchase buildings with relatively low rent rolls in order to try to vacate units with long term tenants through aggressive displacement tactics in order to achieve market rents. A typical studio apartment that rented for \$800 in the mid 1990s, was renting for twice that much by 2008. This increase in rent has far outpaced increases in income for Lower East Side residents.

2. A large portion of current residents are at risk of displacement over the coming decade if housing costs continue to outpace incomes. Abusive practices by speculators and the abuse of

regulatory loopholes have created a hostile environment for tenants. Education and counseling of tenants at risk of displacement is increasingly critical to preventing the abuse of tenants' rights and needless evictions.

The Cooper Square Committee surveyed 180 local households (comprising 346 people for an average household size of 1.9 people) in the 2nd half of 2008. We found that the median rent was \$600 per month. Our survey included a significant portion of tenants in the Cooper Square MHA housing (27.3%) which skewed the results downward, since their median rent was less than \$500 per month. When MHA tenants were excluded, the median rent was \$815 per month.

86.3% of survey respondents said that their housing costs were rising faster than their incomes, regardless of income level. The median income of survey respondents was \$25,000 per year. Excluding MHA tenants (whose median income was less than \$20,000 per year), the median income of respondents was \$39,000 per year. Regardless of housing type, the majority of respondents were paying at least 25% of their income towards rent. 44.4% of respondents said their housing was becoming unaffordable to them.

Heightening tenants' displacement concerns, allegations of tenant harassment are being made with increasing frequency. 11.1% of the tenants surveyed said they are currently being harassed by their landlord. More than 25% of rent stabilized tenants said that this was the case. The Cooper Square Committee's Housing Specialists have observed an increase in the number of tenants coming into our office alleging harassment over the past 5 years, and addressing this issue, which is difficult to adequately document, has taken up a growing amount of our staff's time. There is a widespread perception that weaker rent regulations, inadequate governmental supervision of landlord practices, and the migration of speculative capital to the NYC real estate market of the past decade has created a hostile climate for tenants paying below market rents.

Among the displacement practices CSC has observed are the following: 1) Phony demolitions - whereby tenants are forced to permanently vacate their buildings when landlords claim to DHCR and DOB that their building has structural problems that require "demolition" or substantial renovation so that the building can be renovated, and apartments can be reconfigured and deregulated. 345 E. 5th St. and 515 E. 5th St. are cases in point. The tenants have since been vacated; 2) Personal use evictions of one or more units, and in the case of 47 East 3rd St., the entire building; 3) Frivolous and repeated litigation against tenants alleging that they are violating the terms of their lease or that they are not paying rent when in fact the owner is not depositing rent checks; 4) Persistent buy-out offers made to long term residents; 5) Landlords renting ground floor commercial space to noisy bars as a way of driving residents out. The proliferation of bars has disturbed tenants on many narrow side streets and caused high rates of turnover in residential units as tenants found that they could no longer enjoy peace and quiet in their homes.

Each of the above practices requires investigation by Cooper Square Committee's Housing Specialists, and, in some cases, requires an organized tenant or community response to address inadequate protections against these abuses. For many of these issues, there is no easy solution.

3. There are few remaining city-owned development sites that can generate significant numbers of new low and moderate income housing units. A major exception is the Seward Park Urban Renewal Area (SPURA). Development opportunities on privately owned sites are limited, as the cost of purchasing the land is still prohibitive despite the recent economic

downturn. The rezoning of the Lower East Side in November, 2008, creates potential for hundreds of new low-income units as part of a number of Inclusionary Zones, but the current economic downturn and the lull in new construction permits means that it may be a while before the impact of the rezoning will be felt. Nonetheless, non-profit developers can take advantage of opportunities presented by the rezoning to promote inclusionary housing.

The demand for affordable housing is as strong as ever on the Lower East Side. However, much of the new construction is not serving the needs of low and moderate-income residents. There are a few shining exceptions. In 2008, CSC rented up 53 units of low income, supportive housing, an oasis in a desert of high priced rentals and other types of non-residential units

According to Dept. of Buildings records, in 2008, there were 17 new buildings that received new permits or renewals of permits. Of these 17 buildings, 11 of them were high rise buildings (i.e. buildings of more than 80 feet in height), including a luxury boutique hotel on the Bowery (5th St.), an engineering building being developed by Cooper Union, an 11 story hotel at 136 Ludlow Street, an 18 story hotel at 180 Ludlow Street and a 10 story hotel at 163 Orchard Street. New luxury residential buildings, such as a 26-story building at 180 Orchard Street, a 21-story building at 188 Ludlow Street and a 15-story condo at 353 are also underway.

Many of the buildings below Houston St. are on narrow streets, worsening the impact of their out of scale character. They stick out like sore thumbs, towering over the 5 and 6 story buildings that surround them, blocking sunlight and obscuring views. They are also creating secondary displacement impacts by attracting more outsiders to the community, detracting from the quality of life by increasing commercial traffic and noise, and driving up the price of nearby land and rents.

The Seward Park Urban Renewal Area (SPURA) stands out as a beacon of hope for new affordable housing development on the Lower East Side. It contains 10 city-owned sites, comprising 7 acres of largely vacant land. Under existing zoning, the land can contain over 900,000 sq. ft. of housing as well as over 200,000 sq. ft. of ground-floor retail. CSC has been working with the Good Old Lower East Side and other area non-profits to co-sponsor a series of visioning sessions, aimed at jump-starting development on the site. We have worked hard to maximize participation from area stakeholders in order to secure support from diverse communities and reach a consensus that could form the basis of a plan for development of these contentious sites that have lain vacant for 40 years amid bitter acrimony and division over how they should be developed.

The impact of last year's rezoning of 111 blocks on the Lower East Side also bodes well for further development of low-income housing in the area. The rezoning was adopted in November of 2008, with strong support from many community groups. The late and misguided opposition from two organizations in Chinatown did not thwart years of planning and community participation. Based on an analysis by the Dept. of City Planning, there are 565 potential development sites on the Lower East Side. This includes vacant land and "soft sites", which are underutilized according to the allowable zoning. The Dept. of City Planning expects that the rezoning will result in 1,383 additional housing units beyond the 2,290 that were projected prior to the passage of the rezoning. Of these 1,383 new units, 348 (25%) will be affordable units.

Given that the rezoning allows developers to build low-income housing off-site, there is potential for non-profit community developers to partner with other developers to create off-site low-income housing, which would entitle developers to claim a zoning bonus for market rate housing in the

inclusionary zones. The Cooper Square Committee plans to seek out opportunities to promote and develop affordable housing on viable development sites.

4. Given that there are fewer opportunities to create new affordable housing on the Lower East Side, preservation of existing affordable housing has taken on greater urgency. Every effort needs to be made to permanently preserve existing affordable housing, including project based Section 8, NYCHA housing, SROs, MHA housing, and other low income HDFCs. We must work to ensure that project-based Section 8 contracts are renewed, and that SRO housing is preserved rather than converted to hotel units or demolished. Means of addressing rising energy costs through more efficient maintenance and construction practices (i.e., weatherization), and economies of scale must be promoted.

Despite the deregulation of over 7,000 rent stabilized units since the mid-1990s, the Lower East Side still contains over 33,000 rent regulated units (43.4% of the total) as well as other types of affordable housing. The Lower East Side has benefited from decades of pioneering housing activism that resulted in development of a variety of types of affordable housing.

The first public housing in New York City (First Houses on East 3rd Street) was built on the Lower East Side in the 1930s, and today 25.3% of the Lower East Side’s housing stock is public housing (some 19,000 units). 12.2% of the housing stock, over 9,000 units is some other type of regulated rental housing, such as project based Section 8, Section 202 or other housing model. 16.6% (nearly 13,000 units) is unregulated rental housing, most of which was formerly rent stabilized. It is this deregulation that Cooper Square Committee is working to minimize. (Source: Furman Center).

Table 2.

Type of Housing on the Lower East Side	# of Units	Percent
Public Housing	19,574	25.3%
Government Assstd Housing (Mitchell Lama, Sect. 8, 202)	9,439	12.2%
MHA Housing (Cooper Square, Peoples)	733	0.9%
TIL Buildings, HDFCs	1,200	1.6%
Rent Regulated Housing	33,577	43.4%
Unregulated Housing	12,843	16.6%
Total Units	77,366	100.0%

The remaining unregulated housing includes recently developed luxury rental housing. New development has been characterized by numerous buildings that are out of scale with the physical character of the community (particularly along the Bowery/3rd Avenue corridor), and much of the new development has consisted of market rate housing, boutique hotel development or dorms. The Cooper Square Committee, through its planning and development efforts, has contributed to the development of some new rent stabilized housing in order to offset the rapacious development of

luxury housing. For example, more than 665 units of 80/20 housing have been developed by Avalon Bay Communities, Inc. on the Cooper Square urban renewal sites since 2000. Another 43 low income units were built by Phipps Houses on the Bowery in 2004, and CSC co-developed a 54

unit building with Community Access at 29 E. 2nd St. that was rented up in 2008. Still, much of the new residential development has been unaffordable to low/moderate income households. CSC needs to continue its efforts to monitor housing that may be at risk of demolition, or at risk of opting out of affordable housing programs (ie., project based Section 8 housing). In such cases, resources need to be directed at organizing tenant leadership and mobilizing allies, including other non-profits and elected officials. CSC must facilitate this process in order to secure long-term renewals of Section 8 contracts and prevent buildings that participate in Mitchell-Lama from opting out of the program.

In the absence of any such crisis, CSC must direct resources at building and sustaining strong working relationships with tenants and managers of these affordable housing resources, with the aim of providing technical support, assistance in board development and advisement on best practices for maintaining different types of affordable housing. Failure to efficiently maintain affordable housing and ensure that it remains in good repair will put these housing types at risk of deregulation or privatization in the future.

One of the areas where CSC can play a major role in assisting the tenants and managers is in greening the housing stock. Low-income housing is eligible for free and low-cost weatherization assistance through DHCR and NYSERDA programs. These programs are extremely cost effective. Effective weatherization can reduce energy costs in low-income housing anywhere from 20% - 40% below their current costs. CSC must play an active role in linking these buildings with energy saving partners and programs.

5. Housing conditions on the Lower East Side have greatly improved over the past two decades as many property owners have removed code violations in public areas, and have renovated vacant units to rent them for market rents to new tenants. However, many units are still deficient, and there are wide disparities in housing conditions, both within buildings and within the Lower East Side. The Cooper Square Committee needs to continue monitoring housing conditions and organizing and counseling tenants to bring about improvements in the housing stock. In particular, our tenant organizing and outreach efforts need to be targeted at the southern portion of our catchment area, where housing conditions are worse.

The Lower East Side ranks near the bottom, 8th out of 10 communities in Manhattan, in terms of housing conditions, according to HPD's Housing NYC study of 2005. 11.1% of housing units on the LES were rated as "physically poor" by HPD, meaning that they lack a complete kitchen or bathroom for exclusive use and have 4 or more maintenance deficiencies. Only Central Harlem and Washington Heights were rated as worse.

The Cooper Square Committee recently completed an analysis of a statistically significant sample of over 4,000 housing units in our catchment area, and found an average of 1 code violation per unit. However, buildings below Houston Street averaged twice as many code violations as buildings. The 74 buildings below Houston Street (comprising 1,300 units) averaged 1.3 violations per unit (a total of 1,800 violations). The 120 buildings north of Houston Street, comprising 2,000 units contained 1,250 code violations, an average of 0.62 violations per unit. 6.5% of units were crowded in Manhattan in 2005, whereas 11.1% of Lower East Side units were crowded (more than 1 person per room). The Lower East Side is 2nd only to Washington Heights in terms of crowding. 5.4% of units were severely crowded, with more than 1.5 persons per room.

Crowding is more severe in Chinatown than in the Lower East Side. However, the prevalence of small studios and one-bedroom units and the relatively high rent per square foot contributes greatly to the crowding problem.

6. Home ownership opportunities for low and moderate-income persons are very limited. The predominant home ownership types are cooperatives and condominiums and the vast majority are market rate units. In 2008, the median sales price of a cooperative in the Lower East Side was over \$750,000. Sales prices typically exceeded \$1,000 per sq. ft. Even studio apartments consisting of 350 sq. ft. sold, on average, for over \$350,000. Over the previous 30 years, some 75 formerly city-owned buildings, comprising over 1,200 units, went through HPD's DAMP Program and were converted into limited-income cooperatives. However, in recent years, the vast majority of these units, which had been purchased for \$250 each, have had resale restrictions lifted and are selling for fair market values.

The home ownership rate in Manhattan was 23.6% in 2005, and the median value of owner occupied units was a shocking \$600,000. In contrast, the home ownership rate in the Lower East Side was 17.4% in 2005, and the median value of owner occupied units was \$450,000. In the Cooper Square area, the home ownership rate is even lower, at 12.5%, or just over 4,500 units.

The median income of 1-4 family loan borrowers in Manhattan was \$178,000 in 2005. Just 1.1% of loans in Manhattan were made to low-income borrowers. As such, homeownership is virtually unattainable for low-income households in Manhattan without massive subsidies. There's a huge disparity in the incomes of homeowners vs. renters on the Lower East Side. The 2005 HPD Housing NYC Survey found that the median income of owners was \$75,000 as opposed to a \$28,716 median income for renters on the Lower East Side. Given their median income, home ownership is simply out of reach for the overwhelming majority of renters.

There are about 75 buildings on the Lower East Side that went through HPD's Division of Alternative Management Programs (DAMP) from the late 1970s to today, and they comprise about 1,200 units of housing on the Lower East Side. Unfortunately, HPD only monitors buildings in and sets resale restrictions for buildings in these programs for up to 20 years, so we have observed a considerable turnover of units from low income to market rate ownership during the past decade. For the fortunate tenants who were able to buy their units in the early 1980s for \$250, this has been like winning the lottery. 2 bedroom units have sold in recent years for over \$600,000. Consequently, Tenant Interim Lease (TIL) is not a program that preserves permanent affordable housing. Working with tenants in TIL buildings has been problematic as new shareholders in these buildings want nothing to do with affordable housing programs that require maintaining affordable housing for a fixed period of time.

Deregulation has also taken place at the Grand Street co-ops, south of our catchment area. The 4,500 units of moderate income co-ops, often referred to as Grand Street co-ops, were built in stages, beginning with the Amalgamated Dwellings (236 units) in 1930, followed by the 807 unit Hillman Houses (1947- 1950), followed by the 1,672 unit East River Housing towers (1953 – 1956). The Seward Park Houses were built from 1957 – 1960, and total 1,728 units. The

cooperatives were sponsored, organized and built by trade unions, the Amalgamated Clothing Workers of America and the International Ladies' Garment Workers' Union, as well as the United Housing Foundation, a development organization set up by the unions in 1951. The UHF was

organized to provide broader sponsorship for cooperative housing formalizing the success of Abraham Kazan and his associates.

To the chagrin of affordable housing advocates, this working class housing went market rate on June 14, 2000. The apartments used to sell for \$3,000 per room, and shareholders had to sell the resale-restricted units back to the cooperative for a fixed price. Now, studio apartments generally sell for at least \$400,000 per unit.

The Village View Houses, a 7 building, 1,236 unit co-op complex between 1st Avenue and Avenue A from E. 3rd St. to E. 6th St., is a Mitchell Lama co-op complex built in the early 1960s that remains a limited equity cooperative. This is the major source of affordable home ownership opportunities in the community. The cooperative has a waiting list for prospective buyers.

Given the more affluent population of homeowners, CSC has provided very limited home ownership services. There are a few exceptions, such as the Cube Building, 16-18 2nd Avenue, a 22 unit cooperative for formerly homeless persons which the Cooper Square Committee sponsored in the mid-1980s. Since developing this building, which was rented up in December, 1989, CSC has provided board development training to the Co-op Board, has assisted the shareholders with obtaining free weatherization assistance, and with bidding out various building wide capital improvements over the years.

In 2002, when the adjacent property owner accidentally demolished his own building while doing structural work to put in an illegal café, the Cube building's south façade and elevator shaft were damaged. DOB placed a temporary vacate order on the building, and CSC assisted a number of the tenants by working with the Cooper Square Mutual Housing Association to provide them with temporary relocation housing in MHA apartments. DOB installed metal straps on the building, and the shareholders were permitted to return to their homes. CSC and the MHA assisted them in filing an insurance claim, and with hiring a masonry company to repair the structural damage to their building.

The Cooper Square Mutual Housing Association (CSMHA) is another example of an income-restricted home ownership program. Due to the complicated nature of this cooperative, the initial offering plan was withdrawn nearly a decade ago after the Attorney General's Office raised concerns that the plan referred to 20 buildings that were part of the offering plan but did not provide engineering reports and other disclosures about each of the buildings. Given that the cost of such disclosures would have been prohibitive, the MHA's board and attorney began negotiating with the AG's office on a more streamlined offering plan.

A revised offering plan is scheduled for release to the tenants in the 2nd half of 2009. It will encompass 21 buildings and 314 units. The Cooper Square Committee will assist the co-op conversion process by holding informational forums with the MHA tenants to educate them about the Offering Plan. Assuming that at least 2/3rds of tenants purchase shares in the cooperative, the offering plan will be declared effective. The MHA program will substantially increase home

ownership among low income households in our community, raising the number of owner occupied units in our service area by about 8%.

7. Given that the home ownership rate is very low on the Lower East Side, predatory lending is not an issue. The Lower East Side has the lowest rate of predatory lending, sub-prime mortgages and foreclosures in New York City, according to the 2008 Furman Study. Nonetheless, the Cooper Square Committee is concerned that some multi-family building owners may be over-leveraged, and that foreclosures may become a problem if there is a sustained downturn in the economy. However, predatory equity is a concern.

As mentioned earlier, the median income of home buyers in Manhattan, and on the Lower East Side, were \$178,000 and \$75,000 respectively. The typical buyer in Manhattan is someone with excellent credit and a six figure income. Consequently, sub-prime mortgages, which are tailored to people with poor credit, are rare in Manhattan, comprising just 1.7% of all home mortgages.

The Lower East Side is primarily a renter community, and low income households are almost exclusively renters. Nonetheless, tenants can be victims of over-leveraging. In 2005, there were 1,004 multi-family mortgage loans made in Manhattan. As the market overheated, many speculators paid upwards of \$300,000 per rental unit to purchase multifamily buildings. Some, such as Tishman Speyer in their purchase of Stuyvesant Town, have overpaid and are now feeling the effects of poor investment decisions. Compounding the situation, the NYS Appellate Division recently ruled that buildings with J-51 tax abatements cannot be deregulated while the J-51 is in effect. The Lower East Side has over 800 buildings with J-51 abatements, comprising over 14,000 units. Some of these units have undoubtedly been illegally deregulated. If units become re-regulated and rents are rolled back, some property owners may become financially distressed.

Property owners who are struggling to either avoid foreclosure or achieve high rates of return for their investors (predatory equity investors) may, in turn, try to buy out low-rent tenants in order to raise rents and improve their cash flow situation. CSC has seen this happen with a number of property owners, such as Westbrook Partners who paid \$96 million for 17 buildings in the East Village in May, 2007. Tenants complained to CSC about harassment and other aggressive tactics used by the management company, buy out offers, disruptive and unpermitted renovation of vacant apartments, lack of repairs for tenants in occupancy, and other issues. All of these practices seemed to work in service of the goal of vacating regulated apartments. Soon after CSC organized the tenants and helped them take direct action. A press conference in front of one of Westbrook's buildings in August, 2008, they put their buildings on the market. CSC is monitoring Westbrook and other predatory equity investors, who pose a threat to the affordable housing supply and the personal welfare of tenants living in rent-regulated units.

B. ECONOMIC AND SMALL BUSINESS NEEDS OF THE COOPER SQUARE AREA:

1. The LES's many commercial corridors and mixed use buildings have historically provided opportunities for many entrepreneurs, and in particular immigrants, to start up small businesses in our community. However, numerous changes in technology (ie., the internet), business models (ie., big box stores in the outer boroughs and suburbs), customer base, consumer preferences and commercial rents have had a strong impact on the establishment and success of new businesses. Established businesses will need to market themselves more effectively, cut costs through improved energy efficiency, and in some cases, improve their physical appearance in order to survive.

The CSC catchment area contains thousands of small businesses. In many respects, the local economy has thrived since 1990, when the retail vacancy rate was close to 20%. Last year, a windshield survey of small businesses by the Cooper Square Committee found just a 3% vacancy rate. However, the new businesses have been a double-edged sword to the community. Many have been bars and restaurants. In 2008, Community Board 3 received over 400 liquor license applications. There is a widespread perception by many residents that the area is over-saturated with liquor establishments.

Meanwhile, businesses such as grocery stores, bodegas, dry cleaners, shoe repair shops, hardware stores, convenience stores and many mom and pop stores that provide basic goods and services needed by low and moderate income residents are struggling to survive in the midst of online competition, a loss of loyal customers to displacement, and rising rents. Met Foods on 2nd Avenue and 6th Street fought a well-publicized battle with NYU last year when NYU wanted to triple the supermarket's rent. NYU ultimately caved to community pressure, as many seniors petitioned them, arguing that it is their only local supermarket. Whole Foods, six blocks to the south, charges higher prices for produce and basic food staples. As our own survey of local residents found, 53% of local residents said that food at local supermarkets is not affordable to them. 27.3% said that goods and services are lacking at local stores.

Some distinct districts along the Bowery, such as the restaurant supply district, the lighting district and the jewelry district face the threat of displacement when their leases come up for renewal. Already, a number of these businesses have lost leases in recent years, and been replaced by bars, bistros and galleries. In other cases, the low-rise buildings that formerly housed these established businesses have been torn down to make way for luxury developments with high end ground floor retailers.

Fortunately, some local stores have benefited from being in buildings owned by the Cooper Square Mutual Housing Association, the Peoples Mutual Housing Association or HDFCs. These businesses typically pay below-market rents, which enable them to survive. However, these are a small percentage of area businesses. Along East 4th Street's Cultural District, Cooper Square Committee and Fourth Arts Block have worked to promote mutually beneficial marketing efforts by the theaters and the small businesses. FAB produced a brochure last year that listed all the theaters and businesses on the block. In addition, a number of the stores display postcards promoting upcoming shows on the block, while the theaters promote 10% discounts at local businesses if theatergoers provide ticket stubs at the participating stores. These marketing efforts, along with the improved physical appearance of the block due to the Main Street Program should help bring more foot traffic into local businesses.

CSC has also referred local businesses to organizations such as Envirolution, a non-profit that provides free energy assessments for small businesses, and helps them identify ways to reduce their energy costs through better insulation and ventilation, florescent lighting, energy star appliances, and other methods.

2. Poverty, Education and Employment Opportunities:

The Lower East Side has higher rates of poverty and unemployment than Manhattan as a whole. Median incomes are more than 30% lower than Manhattan median incomes. Access to a quality education and job training opportunities are key to increasing economic prospects for area residents.

In 2000, the median income of the Lower East Side was \$31,100 compared to \$47,300 in Manhattan. In the NYCHA projects, the median income was \$14,519. 27.9% of persons and 22.7% of families lived below the poverty level in our service area, compared to a 20% poverty rate for individuals in Manhattan. The unemployment rate on the Lower East Side was 9.0% in 2000, compared to 8.5% for Manhattan as a whole.

Table 3. Economic and Education Indicators of the Lower East Side and Manhattan:

Indicator	Lower East Side	Manhattan
Median Income	\$31,100	\$47,300
Persons below Poverty Level	27.9%	22.7%
Unemployment Rate	9.0%	8.5%
Persons over 25 without a High School Diploma	27.2%	21.4%

It is common knowledge that joblessness, low wage jobs and poverty strongly are strongly correlated with low education levels. Additionally, immigrants and other individuals with limited or no English language skills face severely diminished job opportunities. This being the case, it is no surprise that poverty on the Lower East Side is more heavily concentrated in the NYCHA projects, and in parts of Chinatown than in other sections of the neighborhood. The heavily Latino NYCHA projects have a significantly lower percentage of persons with a High School or College Diploma compared to the rest of the Cooper Square Area.

Given the depth of the current recession, the high poverty and the growing unemployment rate on the Lower East Side, there is a growing need for low income people to obtain a High School Diploma or GED, and to obtain some college education or vocational training. The Cooper Square Committee does not provide these services but does refer many clients to job training programs, GED and ESL classes offered at the Settlement Houses and other specialized non-profit organizations.

Given the many housing goals CSC is working to address over the next 3 years, it is unlikely that CSC will have the capacity or the time to deeply explore or design a job-training program that would have an impact on poverty and increase economic opportunities for residents of our service area. Our Board has had some discussion about the possibility of partnering with a local non-profit organization in our office building that provides job training in the graphic arts, and we will spend some time over the next 2-3 year years exploring the feasibility of fostering such a partnership. Since the other non-profit, Works in Progress, Inc., is expanding into a vacant space on the 2nd floor of our building, we may be able to utilize training space in the event that we decide to launch a job-training program.

3. QUALITY OF LIFE ISSUES IN THE COOPER SQUARE AREA:

The Cooper Square needs assessment survey found a variety of quality of life issues that were of concern to Cooper Square area residents, regardless of race or income. The issues are as follows:

Transportation and Traffic Congestion: 71.7% of respondents said that traffic congestion is a problem. 64.5% said that the streets have become more dangerous for pedestrians and cyclists. One of the goals of the Go Green Lower East Side initiative is to slow down traffic in areas identified as problematic, and to promote events on Saturdays that will lead to street closings and use of the street bed for community activities. 44.9% of respondents agreed that bus service, in particular the M15, is not reliable. Some commented that the lack of covered bus shelters with seating is an inconvenience, particularly for seniors and disabled people.

The Physical Environment: 52.8% of respondents believe that air quality is poor, whereas 33.9% believe it is good or fair. Given that 11% of respondents have asthma, improved air quality and greener housing conditions are key environmental goals. 55.0% believe that there is not adequate open space in the community, while 33.9% believe that there is. Open space includes parks and community gardens. There is more open space in the eastern portion of the community than in the western portion.

Changing Character of the Community: Respondents were split on whether they felt the community was becoming more or less culturally diverse. 49.5% believe it is becoming less culturally diverse, whereas 44.4% believe it has remained very culturally diverse. 59.5% of respondents believe that the expansion of local universities is changing the character of the community in a negative way. The proliferation of bars has also had a negative impact on many residents. 55.0% of residents stated that they live near or above a noisy bar.

Cultural and Community Amenities: 67.8% of respondents said there is not enough low cost recreational space, whereas 20.5% believe that there is. This was a surprising finding given that the new 40,000 square foot community center on Houston St. and the Bowery provides a lot of free, low and moderate cost recreational space. This suggests that better marketing is needed to segments of our community. 81.7% of respondents stated that more affordable cultural activities are needed. This finding was somewhat surprising given that the many theaters on East 4th Street's Cultural District offer low cost and discounted tickets to scores of shows every year (ranging from \$5 - \$20 per show), and have reported that few local residents take advantage of these offers.

82.3% said that more accessible public meeting places are needed. While there are a number of local venues that can host meetings, it is well known that few of them are truly ADA compliant. Cooper Square Committee may need to inspect a number of public or non-profit owned buildings, and apply for capital funds from the City Capital Program or DHCR's Urban Initiatives Program to retrofit local building entrances to make them handicap accessible.

Crime and Public Safety: 77.3% of respondents said that the community has become safer since they first moved into the community. 14.4% said that the neighborhood is less safe. In a related question, 26.1% believe that crime has gotten worse. 19.4% of respondents said that drug trafficking is a worsening problem. While residents would welcome more police on foot patrols, the majority (52.2%) would also welcome more surveillance cameras on buildings in the community. 38.4% would rather not see more surveillance cameras installed.

Public Transportation: The survey was conducted before proposed cuts in bus service, and so the vast majority of respondents (82.2%) said that public transportation was convenient and accessible. 46.2% of respondents said that public transportation is reliable, whereas 43.9% said that it is not.

Youth Populations: 78.8% of respondents said that the quality of local public schools needs improvement, at least at the middle school and high school level. In addition, 68.4% said that there's a lack of after-school options for young people. 60% of respondents stated that there is not enough quality day care for children 5 and under.

Health and Other Quality of Life Issues: Respondents were mixed about whether there were enough quality health care clinics nearby. 42.8% said yes, while 40.0% said no. 16.7% of respondents don't have health insurance, a slightly higher percent than the 15% of all Americans who don't have health insurance. 17.8% said they cannot afford prescription drugs. 62.8% of respondents said there's not enough quality day care for senior citizens in the community.

The Cooper Square Committee has worked to address quality of life issues as part of its community preservation work throughout its history, often through ad hoc committees that spring up in response to emerging issues. While the organization has a Housing Committee, it does not have standing committees to address specific quality of life issues.

Many of the survey respondents stated that they would be interested in participating in committees addressing issues such as health care, education, greening of the neighborhood and addressing over-development. Each of these committees would require staffing support, which is currently beyond the capacity of our organization. However, as we work to implement a 3-year strategic plan, the organization's Board of Directors will need to assess what can be done programmatically to address issues and concerns beyond our core Housing Program areas.

2. Mission Statement:

The Cooper Square Committee's mission is to work with area residents to contribute to the preservation and development of affordable, environmentally healthy housing and community/cultural spaces so that the Cooper Square area remains racially, economically and culturally diverse.

Our organization's goals are to prevent displacement of low income tenants and non-profit community/cultural organizations. We also work to promote preservation and development of affordable housing and community/cultural spaces. We do this through tenant rights education, one-on-one counseling, tenant organizing, and sponsoring/developing affordable housing and community/cultural projects. We also work to ensure that low income and special needs residents gain access to housing and income support entitlements, and give referrals to other service providers.