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Slow Down on Far West Midtown

With virtually no public discussion, the plan for Far West Midtown is going full speed ahead.

by Jonathan Bowles

New Yorkers have demanded an open and democratic debate about the future of lower Manhattan, questioningassumptions, holding public officials accountable, and sometimes even convincing those in charge to change course.

But in a city that is understandably pre occupied with filling the void downtown, another Robert Moses-sized project hasflown under the radar: the redevelopment of the far West Side of Midtown Manhattan.

In a December speech, Mayor Bloomberg cited the extension of the No. 7 line and the expansion of the Jacob Javits Convention Center-—two major elements of the plan-—as “the single biggest projects that we need in the five boroughs.” Yet the plan to develop “Far West Midtown”--roughly the area west of Eighth Avenue between 28th and 42nd streets-—has received little attention from the public or the press. The civic groups that have been playing such a positive role in lower Manhattan have remained largely silent on the matter, although it would cost billions of dollars and reshape an equally large section of the city. And the project is going full speed ahead.

First conceived by the Giuliani administration in the days when the economy was booming and dot-coms we re seen as an engine of growth, the plan involves rezoning a large swath of the area to allow for denser office and residential development. But the project also would require the city and the MTA—-both of which are strapped for cash and already up to their necks in debt-—to lay out billions to cover such items as a $2 billion extension of the No. 7 train to 34th Street and 11th Avenue, and the construction of a $400 million deck over the rail yards. Taxpayers would also be on the hook for a big chunk of the $1 billion, 86,000-seat Olympic stadium slated to be built on top of that deck—-even if the facility’s new permanent occupants, the Jets, agreed to foot $400 million to $500 million of that bill, as has been suggested.

What little discussion there has been about the West Side development has focused on the city's quest to land the 2012 Olympics--and the stadium and an extended No. 7 line are indeed central elements of the city's proposal .But the emotional appeal of holding the Olympics here has thus far overshadowed the details of a project that is mainly about creating another massive office district. According to a 63-page study issued by the City Planning department in December 2001, the redevelopment of Far West Midtown would result in a 30 to 40 million square feet of new commercial space over the next 20 years-—hotels, retail space, housing, exhibition and sports facilities, and, mainly, office buildings.

The first, and most basic, question that Bloomberg administration officials must address is this: Does the city really need this much new office space in west Midtown?

The study that provides the blueprint for the project cites an anticipated need for 60 million square feet of office space in Manhattan over the next two decades, and concludes that Far West Midtown "has the ability to accommodate a significant share of this projected need." But this study is based on research conducted before 9/11-—before the city lost nearly 100,000 jobs, before dozens of companies dumped several million square feet of sublet space on the office market, and before security concerns prompted many large companies to decentralize their workforce.

Today, it's hard to imagine that the city will need even a fraction of that amount.

Many are already skeptical of the need for as much as 11 million square feet of office space at the World Trade Center site. After all, Manhattan's office vacancy rate shot up by 55 percent between the third quarters of 2001 and 2002, to 11.8 percent. Downtown, the vacancy rate climbed even higher, to 17.2 percent in October—-despite the loss of 13 million square feet of the area's office stock.

While the office market will certainly improve when the economy picks up, real estate experts say it will be years before there's enough demand to fill all the space now available, much less any new office towers. The securities industry in the city shrank by 18,000 employees in the year after 9/11, and some industry analysts predict even more layoffs this year. Moreover, the badly damaged dot-com sector is no longer expected to fuel real estate growth.

Bloomberg's deputy mayor for economic development, Daniel Doctoroff, says that the administration's plan for Far West Midtown already takes all this into account. "We may now be in a recession, but we're not talking about a building going up for 10 years," he says. "We're talking about 1 million square feet a year on average, over a 30-year period of time. And you're doing it in a place where you extend mass transit and put in other investments, like open space, to make the area more attractive for investment."

Even so, some still question the assumption that so much new space will ever be needed on the far West Side. After all, when companies do begin searching for expansion space, Far West Midtown will compete with Jersey City, and with existing office districts in the five boroughs-—including lower Manhattan, downtown Brooklyn and Long Island City-—potentially undermining economic development goals in those areas.

To make matters worse, large employers like the Bank of New York and Morgan Stanley have relocated staff to new backup offices in Orlando and Baltimore, respectively, while several other firms have moved units to New Jersey, Westchester and Connecticut. This trend is only likely to continue in the years ahead, as companies attempt to reduce their vulnerability to future terrorist threats and federal regulators continue to pressure securities firms to set up staffed backup offices a safe distance from Wall Street.

Doctoroff doesn't see this as a problem, arguing that other sectors, such as business services, will help drive demand fornew office. "We've been having a decentralization of the securities industry for the last 20 years," he says, "but through the '90s this city added 500,000 jobs."

Can the city afford the proposed infrastructure investments?

The city's own study anticipates that "costs for the recommended transportation and infrastructure improvements would exceed several billion dollars." That's a hefty price tag for a city that's in such bad fiscal shape that it has had to raise taxes, cut services by billions of dollars, borrow $1.5 billion for operating expenses, and still faces multibillion-dollar budget deficits in the years ahead.

The Bloomberg administration believes the West Side projects could be accomplished without any new strain on the city's budget, an assertion they say is backed up by their financial consultants. The city would borrow money from bondholders to pay for infrastructure improvements, and then repay the debt with revenue from new development in the area. Special financing mechanisms, such as a tax increment financing district, would require property owners in the rezoned area to contribute a portion of the revenues that arise from new development.

The idea isn't so far-fetched, especially in an area that, according to Doctoroff, "has seen no increase in [tax] re venues, and actually a decrease, for a long time."

But there are still some big "ifs." The city would cover its costs only if enough new development occurred, which is by no means guaranteed. And even if that did happen, the city wouldn't be paid back for many years, a troubling prospect since debt service will soon account for 20 cents on the dollar in the expense budget.

Could the expansion of the Javits Center and other development on the far West Side take place without a major public infrastructure investment?

It's hard to argue against the expansion of the Javits Center, which can't currently meet the demand for its meeting and exhibition facilities. But that is because it has already succeeded—despite its location several blocks away from any subway station. Indeed, the center's expansion will likely happen anyway, without any major redevelopment of the area. The state, which owns the Javits Center, recently bought the block to the north; the one remaining obstacle to the center's northward expansion is an MTA bus depot, which could presumably be relocated.

Similarly, although there's no question that new subway service would spur new construction, and that rezoning would allow for higher density development, some growth would occur on the far West Side even without these changes. The city's December 2001 study projects that, if just left as is, 7 million square feet of new commercial space would be developed on the far West Side over the next 20 years.

In fact, considerable new activity is already occurring on the far west side. Several new luxury apartment buildings havegone up between 8th and 12th avenues, and the Associated Press recently inked a deal to follow the Daily News and DoubleClick to a building west of 10th Avenue.

Would the project disrupt the thriving arts district in northwest Chelsea?

Bloomberg administration officials have called the far West Side a "wasteland," citing statistics suggesting that relatively few people live and work in the area. But there are some worthwhile endeavors that could be displaced as a result of the city's redevelopment plan-—particularly the flourishing arts district in the West 20s between 10th and 12th avenues.

Though city planners have suggested creating a two-block buffer zone--from 28th to 30th streets-—between the Far West Midtown development and the Chelsea arts and light manufacturing district, there's a good chance that property values will rise in the surrounding blocks and encourage developers to assemble building sites outside of the newly rezoned area. "It's definitely going to happen," says one planning expert. "If you create a huge commercial corridor along the rail yards, you're going to get a secondary displacement effect."

Would extending the No. 7 train jeopardize other pressing transit infrastructure projects?

Extending the No. 7 train to the far West Side would undoubtedly spur new development there, but is that enough to put it at the top of the transit wish list, ahead of such projects as the creation of a Second Avenue subway, new commuter rail links to lower Manhattan, or a one-seat ride to JFK and LaGuardia Airports?

Officials maintain that extending No. 7 line would not pre vent the MTA from undertaking other major transit initiatives, especially if the city successfully used tax increment financing to recoup construction costs. But given the cost, time and political lifting involved in accomplishing any major transportation infrastructure project, it's hard to believe that New York will be able to conduct two large-scale transit projects simultaneously.

While the Far West Midtown plan isn't yet a fait accompli, officials are angling to make it a done deal before 2005, when the International Olympic Committee chooses which city will host the 2012 games. The city recently hired two financial consulting firms to analyze the economics of the plan, and in September the MTA brought on a consultant to do an environmental impact study of the subway extension and zoning changes. The administration's goal is for the No. 7 train extension to be under construction by the spring of 2005, according to Doctoroff. "We're moving very quickly," he says. Doctoroff adds that the plan has significantly advanced since the December 2001 study. Those changes had not been made public at press time.

The redevelopment of the far West Side, which would likely have an even greater impact on the city's budget and skyline than what's being planned in lower Manhattan, is far too big a project to go forward with so little public debate. It's time for the mayor, the media and all New Yorkers to take a cue from the remarkably open planning process downtown and start grappling with the details of the Far West Midtown plan.

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