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FROM BARGAIN MECCA TO LIFESTYLE DESTINATION:
14TH STREET'S METAMORPHOSIS
AND THE MAKING OF NEOLIBERAL NEW YORK

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ABSTRACT OF THE DISSERTATION

From Bargain Mecca to Lifestyle Destination: Fourteenth Street's
Metamorphosis and the Making of Neoliberal New York

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This dissertation looks at the transformation of 14th Street, New York, from a bargain mecca into a lifestyle destination over a thirty-year period during which the city as a whole experienced massive socioeconomic and political transformation. It looks at neighborhood level changes (business and demographics) and examines local planning initiatives and places them into the city's socioeconomic and political contexts. In doing so it advances two main arguments: first that the transformation of Fourteenth Street was part of a larger process of neoliberal restructuring that was taking place in the city, one that prioritized and legitimized property-based interests at the expense of the interest of other socioeconomic groups, and second that retail change far from being a side-effect, was an integral component of it.

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1. Introduction

1.1. Commercial Reinvestment and the Changing Face of America's Urban Core

In the last decades of the 20th century, commercial reinvestment changed the face and composition of America's urban core. From decaying and dilapidated places, an increasing number of urban centers became symbols of cool and hip, centers of cosmopolitan consumption and the cradle of the 'creative class'.

Characterized by the increasing presence of chain stores, 'boutiquing', and other forms of highly capitalized enterprises, the commercial transformation of American inner-cities has also attracted substantial scholarly attention and received a variety of labels: renaissance, revitalization, gentrification, suburbanization, or simply commercial reinvestment (Smith, 1996; Immergluck, 1999; Florida, 2002; Hammett and Hammett, 2007).

New York City is emblematic of such transformation. From national and international chains to wine bars and gourmet shops, a multitude of sleek and upscale establishments have increasingly replaced working class mom and pop shops, discount stores and old time bodegas, especially in the central spaces of Manhattan and some pockets of the outer boroughs. In fact, from the dark old days

of graffiti covered subways, urban violence and fires during the late sixties and seventies, the city has become one of the most desired places to visit, shop and live.

Fourteenth Street, New York, is a great example of these changes. It has been a commercial artery for generations. Its centrality within the city's central business district along with its excellent transportation have made it a commercial destination since the early twentieth century. Once a major working class commercial center, however, the street has increasingly become a mixed-use upscale neighborhood.

Despite the extensive number of social science studies about the political economic transformation of late twentieth century New York, only a few (Zukin, 2009, 2010) have considered the city's retail change as embedded within larger socioeconomic processes of contemporary urban restructuring. With a few exceptions (Zukin, 2010; Sutton, 2010), discussion on commercial change in the city has usually focused on its aesthetic or visual aspects (Sorkin, 92; Hammett and Hammett, 2007), treated it as a byproduct of other neighborhood changes (Schuetz, 2012; Shkuda, 2012), or the result of corporate retail practices in late capitalism (Michell, 2006; Center for an Urban Future, 2013).

Similarly, studies of commercial gentrification have usually looked at commercial change as a byproduct of residential gentrification (Ley, 1996; Bridge and Dowling 2001). And political economy studies of commercial development in the city have focused on single projects like Times Square (Zukin, 1995) or the South Street Seaport (DeFilippis, 1997).

This dissertation seeks to contribute to the literature on commercial change and restructuring by looking at the transformation of 14th Street, New York, from a bargain mecca in the 1960s and 1970s into a 'lifestyle destination' during the last decades of the twentieth century and situating it within the city's changing political, socioeconomic and cultural contexts. In doing so it expands the understanding of commercial change as an element of the city's larger political-economic transformation and provides a micro-scale examination of the transformation of 14th Street as an illustrative case.

1.2. New York City's Changing Political and Socioeconomic Contexts and a Changing Commercial Landscape –Establishing the Links

The last three decades of the twentieth century were a period of immense changes in New York City. The city's economic restructuring reduced manufacturing employment and increased professional, business and financial services functions. Between the sixties and the late nineties the city lost over 600,000 industrial jobs, equivalent to a 68 percent reduction of manufacturing employment and gained over a million in professional and business services (Bureau of Labor Statistics, 2000).

In parallel, the internationalization of investment and the growth of international trade have put the city within a strategic position due to the large number of financial and business services foreign firms operating in New York. However, to attract and support the functioning of these new economic sectors the city needed to provide appropriate space for such expansion. Spatial requirements

included the provision of offices that met the technological demands of the computer age, accompanied by the construction of luxury residential and high-end consumption facilities to accommodate the needs of the new professionals of the expanding industries (Fainstein, 2001).

All this economic transformation happened in parallel with the rise of a conservative ideology worldwide, one that rejected previously established egalitarian principles and collective responsibility in favor of individual liberty and personal responsibility. Neoliberalism, as it became known, came to guide an increasing number of policies throughout the country. It increasingly shifted governments' responsibilities from welfare related provisions (social services, education, healthcare) to the creation of a "good business climate", and in doing so it integrated business into government in a new system of governance (Harvey, 2007; Ward, 2006b).

Among the policies advocated by neoliberalism was the decrease in federal support to cities (Harvey, 2007). In fact, New York depends primarily on tax revenues generated within its own boundaries. The city government, which does not get any portion in the tax base of its suburban ring, must continuously strive to keep revenue-generating people and industries within its borders. Thus, in the context of increased capital mobility and decreased federal funds, the main governmental strategy for urban regeneration and spurring economic activity since the 1980s has been the encouragement of property-led development. In general, a fluid and decentralized mix of groups including business groups (developers and

media) and local government (through supporting infrastructure, granting tax subsidies and lax planning restrictions) played a major role in driving urban development in the city (Fainstein, 2001; Sites, 2003; Moody, 2007).

The consequence of this new strategy of economic development has been that public resources that might have been used elsewhere were largely used for real estate projects, broadly defined. As a number of scholars point out, the public cost of stimulation of large-scale commercial development include: heavy public staffing expenses, sale of public owned land below market rates, expenditure on infrastructure, and gentrification; while its impact on the well-being of the populace has been at best mixed (Harvey, 1989; Smith, 1996 Fainstein, 2001). In fact, urban development is not good for all: “Its costs fall disproportionately on low-income communities and marginal local business which are often physically displaced by redevelopment strategies, and can rarely compete with new residents and commuters for new employment opportunities” (Logan and Molotch, 1987, p.37). For this reason, neoliberalism has been termed as the “restoration of class power” and must be seen not as a thing but as a process – one that occurs alongside and in combination with many other processes that affect urbanization (Harvey 2007, p. p. 43-44).

Such transformation of New York City’s economy and local governance has been called by a number of scholars contemporary urban restructuring (Soja, 1987; Brenner and Theodore, 2005). As the encompassing name suggests, it involved a complete reorientation of the city’s socioeconomic and political landscape. More

specifically, it involved (1) a transformation of the city's economic base away from manufacturing into professional and business services along with finance and real estate industries, (2) a change in government's priorities away from social welfare provision into promoting local economic development or a "good business climate". Among these policies, the promotion of urban, or property-led development became a central tool, and (3) a devaluation of low-skilled labor with consequent higher levels of socioeconomic inequality. In order to highlight the uneven nature of urban change under late capitalism this dissertation adopts the term neoliberal restructuring to refer to this process as other scholars have (Smith, 2002; Sites, 2003; Harvey, 2007; Peck, 2006; Moody 2007). This is not to say that all processes of urban change in New York at that time can be so interpreted. As many researchers have shown, urban change can and does acquire gender, racial and bureaucratic-administrative contents. But under capitalism, it is the broad range of class practices connected to the circulation of capital that remains hegemonic (Harvey, 1989, 2007, p. 5).

One of the most visible signs of these changes is in the city's commercial landscapes, where capital reinvestment has increasingly changed the face and use of the city's streets. In fact, scholars say that as a result of contemporary restructuring, cities like New York are no longer seen as landscapes of production, but as landscapes of consumption (Zukin, 1991; Fine and Leopold, 1993). In this context, commercial landscapes have a double role: while most urban consumption still involves the satisfaction of everyday needs, the increasing promotion of commercial

development as an economic development strategy intensifies the pressure for the 'highest and best' commercial land-use.

New York City clearly illustrates this pattern. In the last decades the city has experienced a decline of manufacturing land and a substantial decrease of its vacant land uses in favor of commercial uses and intensified residential use. Between the 1980s and 2000 there was an approximate 10% increase in commercial land use citywide (Pratt Center for Community Development 2008). Many of these transformations took place informally, by having people converting land uses without city's approval (i.e. conversion of factories into apartment lofts). However, most of them took place formally through rezonings or variances.

As retailing has taken over increasing expanses of urban space, commercial development has become linked to a number of social problems and has led to distinctly political struggles surrounding urban development and gentrification. However, unlike residential gentrification, the disappearance of local, working-class stores and their replacement by chain or 'boutique' stores has not been widely recognized as a social problem. Indeed, because most inner city low-income neighborhoods have historically suffered from retail disinvestment, the opening of new and especially upscale stores is generally welcomed (Zukin 2009).

The changing spatial forms of neoliberal restructuring have important material and symbolic consequences for cities and communities, and its commercial component deserves further investigation. Furthermore, the increasing promotion of commercial development by city and planning authorities deserves our attention

because of the profound effect these transformations bring not only to the nature of neighborhoods and cities, but also to the living and working conditions of urban residents, with numerous implications for communities and policy-making.

This dissertation adopts a single-case study methodology to provide an in-depth examination of the transformation of 14th Street, New York, from a bargain mecca into a lifestyle destination over a thirty-year period during which the city as a whole experienced massive socioeconomic and political transformation. It looks at neighborhood level changes (business and demographics) and examines local planning initiatives and places them into the city's socioeconomic and political contexts. In doing so it advances two main arguments: (1) that the transformation of Fourteenth Street was part of the neoliberal restructuring of the city in which urban planning played a key role and (2) that commercial change was an integral, if not necessary, component of such restructuring.

An examination of the street's trajectory advances the first argument by revealing the ascendance of three main strands that came to form and define neoliberalism as a mode of urban governance during the late twentieth century: (1) government's growing interest in increasing productive value of urban land and with that the increasing centrality of urban (property-led) development within local government's agenda, (2) the changing form and power of business influence in urban development in the city, and (3) the shift in local government's role and priorities away from equality concerns into providing a good business climate, or the rise of the 'entrepreneurial state' (Harvey, 1989, 2007). Furthermore, a look at

the context in which these strands arose allows us to see their emergence as a response to the City's particular socioeconomic and political situation and to consider alternatives not taken.

Additionally, to understand commercial change as a component of neoliberal restructuring it is necessary to debate about a less discussed aspect among planners: that the visibility of retail makes it a place of representation. The character of a street, and even the surrounding neighborhood, is strongly influenced by the type of street-level activity, especially retail (Jacobus and Chapple 2009, Zukin 1995). Furthermore, retail is a form in which social groups can claim symbolic ownership over certain areas of the city (Deener 2007). Retail, thus, can be seen as a form of representation for specific ways of urban life, in which people understand the limits and possibilities of the urban experience.

In this context, one can see commercial change as an integral component of neoliberal restructuring by examining the (symbolic) role of retail within the city's changing political economy. From providing products, services and entertainment for the city's working class, the street's retail became a marketing tool for redevelopment efforts, sold as an amenity to white-collar homebuyers and university students, and thus a prop for the city's changing economy. As the case reveals, businesses with land-based interests in the area and city planning authorities saw working class businesses in the form of bargain stores as a hindrance to redevelopment efforts and to the area's image and reputation and thus developed numerous initiatives to change the type and form of retail in such a

central city space. A change in the street's commerce was thus a necessary component to attract higher income groups in the form of homebuyers, skilled-workers and students to the area and to validate neoliberal accounts of what activities belong to the central spaces of the city and who is entitled to use them.

After a brief historical background, the first chapter characterizes the street during the late sixties and early seventies to reveal a busy and lively street; it examines initial initiatives to transform Union Square Park and the socioeconomic and political contexts in which they emerged. The second chapter characterizes the street during the late seventies and eighties to reveal a slightly less busy but still lively street. It looks at changes in the city's socioeconomic and political contexts to reveal a shift in the neighborhood's fortune and in its public image. Despite its economic viability and increasing residential gentrification, the area acquired a negative reputation and so the early initiatives to redesign Union Square Park were enlarged to encompass a major redevelopment plan for 'revitalizing' the whole area. The third chapter characterizes the street during the 1990s and early 2000s to reveal important commercial changes happening at that time and examines development activity encouraged by another rezoning round. Finally, the dissertation concludes with a discussion of neoliberal restructuring and commercial change.

2. Data & Methods

2.1. Longitudinal Case Study

This dissertation adopted a longitudinal case study methodology to reconstruct the commercial landscape of Fourteenth Street from the early 1970s until the early 2000s. It did so by mapping location, name and type of business establishments in regular time-period intervals and by juxtaposing these with neighborhood demographics and socioeconomic indicators, a technique also known as temporal map. Such commercial and neighborhood characterizations were also complemented, and sometimes contrasted, by diverse media descriptions of the area, as well as related studies and reports, which provided a more comprehensive portrayal of the street's character and change over time.

Commercial characterization was developed by quantifying business presence, composition and type along with the presence of chains, ethnic business and public likely served for each year collected. Data on the names and types of retail establishments was obtained through archival research of New York City Cole's Cross Reference Directory for the period between 1971-2002. The list of businesses was collected in regular 2-to-4-year intervals. In some years, there were pages missing in the directory, so that year was skipped and used the next available year, while still maintaining the 2-4 years interval period. Years used: 1971, 1973, 1975, 1979, 1983, 1985, 1989, 1991, 1995, 1999, 2002.

Due to the length of Fourteenth Street, the area examined was limited to the northern and southern portions of the street between First and Eighth Avenues, which exclude the meat market, located in the westernmost portion of the street, and Stuyvesant-Town, located in the easternmost portion.

The name and address of each business listed for each above mentioned year was tabulated in an excel file and then classified according to the following variables:

Business presence was verified by counting the number of all businesses listed on 14th Street from First to Eight Avenues for the years previously mentioned.

Business type and composition were determined by classifying each business according to the Standard Industrial Classification (SIC) Division and Industry Group. When immediate identification from the business name was not possible, online research was performed using the business name and address, usually leading to an online business directory source (Manta, Cortera), which showed the business name, address, type, and years of operation. Businesses with similar names/types and exact same phone number were excluded to facilitate tabulation.

Public served (low end, high end or undetermined) was determined by researching the name of each business listed online, verifying the assigned SIC code and establishing the public likely served. For example, in some cases, based on the name of the business a distinction could be made (for example, in the cases where it had the word 'discount' on it); in others, a more extensive search was done (if the business was located in the bargain section, if there was any image available _online

photos of local media, tax photos, etc). When it was not possible to determine its public, the business public was classified as undetermined.

Chain store presence was determined by researching the name of each business listed online, along with its address and year and checking if it was a chain or not. When it was not possible to determine, the business was classified as non-chain. The definition of chain adopted here is the one described by Gibbs (2012) as: retail outlets that share a brand and central management, and usually have standardized business methods and practices. These characteristics also apply and include here chain restaurants, service-oriented chain businesses as well as franchise operations.

Ethnic store presence was determined through the name of the business and online search, verifying whether it was an ethnic business or not, for example Macondo Books was a Spanish publisher and bookstore, Habana Beauty Salon served Hispanic customers, etc. When it was not possible to determine, the business was classified as non-ethnic.

The distinction among *convenience and comparison stores* was based on the business listed name and SIC classification. Convenience, or neighborhood-type stores, provide people with everyday needs; involve frequent trips, in which people are not willing to travel distances; and usually serve nearby residents. They typically include delis, newsstands, florist, etc. A typical neighborhood establishment include cleaners, or Laundromat, that despite being a service establishment, was included here as a convenience-type business in order to provide a richer picture. In contrast,

comparison goods stores provide people with non-everyday needs, in which customers are willing to travel longer distances and usually compare prices, quality, etc, before buying. These stores serve a broader geographic market and include: apparel, electronics, jewelry stores, etc. (Gibbs 2012).

To reduce the likelihood of misinterpretation, triangulation was employed by exhaustive research of each business in varied sources besides Cole's Directories, which included business reports, media descriptions and classifieds, online business directories (Manta, Cortera) and NYC tax photos (for the 1980s).

Neighborhood demographics and socioeconomic indicators were obtained from US decennial census for the years: 1960, 1970, 1980, 1990 and 2000. Since Fourteenth Street runs through a variety of neighborhoods, data was collected at the census tract level for the tracts immediately bordering the street between First and Eight Avenues. As the following figure shows, census tracts numbers used included: 40, 42, 48, 50, 52, 54, 61, 63, 71, 77 and 81.

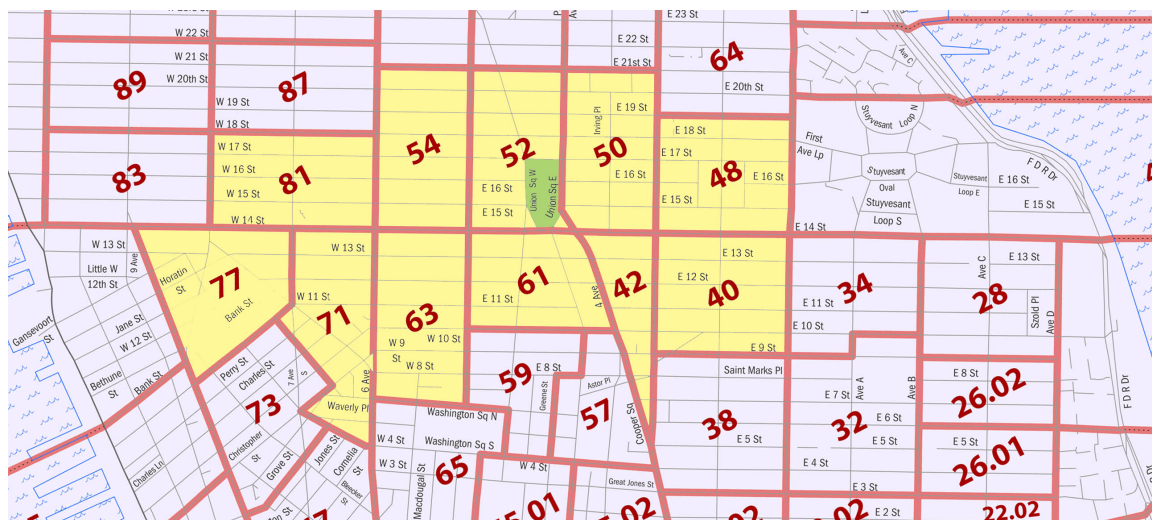


Figure 01: census tracts bordering Fourteenth Street from First to Eighth Avenues used in this study

More specifically, the indicators used include: population number, racial composition, age distribution, education attainment, occupation of workers, means of transportation to work, household income, poverty level for families and individuals, total housing units, housing tenure composition (percentage of owners versus renter occupied units) and gross rent as a percentage of income.

These indicators allowed the characterization of the population living next to Fourteenth Street at specific times, but were especially useful to reveal socioeconomic trends happening in the area in relationship to the rest of the city (the same indicators were also collected for Manhattan as a whole for the same years).

Thus, an overall street characterization was crafted from the business, or commercial, characterization along with a neighborhood, or area, characterization. These were complemented by street and neighborhood descriptions obtained from varied sources including mainstream and alternative media forms such as New York Times, NY Magazine, Village Voice, as well as individual/community blogs.

In addition to commercial and area, or neighborhood, characterization the dissertation contextualized the street's commercial landscape within the city's regulatory framework by looking at political context, local land-use regulations and planning initiatives affecting the neighborhood during this time. Such regulatory context and planning initiatives were documented through diverse media coverage, examination of official documents, planning reports and community boards meeting minutes.

In concert with an effective document review, temporal maps allowed the researcher to examine a complex phenomenon, in this case the transformation of Fourteenth Street, and to link it with the related history of urban and commercial change in New York City. Additionally, a longitudinal approach allowed the researcher to establish the magnitude, timing and type of commercial change and contrast it with residential changes happening in the immediate area next to the street. Thus, important connections between local commercial changes and the timing of planning initiatives, especially rezonings, could be established. The validity of official descriptions of the area used as a justification for specific rezonings could be examined: a look at the directories corroborated contrasting views and studies, and often revealed a different reality than the one portrayed in official documents.

2.2. Case Study Organization and Structure

The case study was organized into three time-periods according to the overall transformation of the street. Even though these are considered separate phases, they must be seen as a continuum, somewhat overlapping and building on each other. Each of these time-periods is organized according to the following framework:

- *First*, a look at the overall socioeconomic context (what was happening in the city at that time;_relevant aspects of urban restructuring happening at this time).
- *Second*, overall characterization of retail in the city (retail formats, typologies, scale, characteristics, etc.)
- *Third*, the characterization of the street and the street's relationship to the rest of the city (a look at the street within the larger socioeconomic and retail context of NYC).
- *Fourth*: Overall urban planning and policy environment in New York at that time: specifically in terms of policy and planning, what was happening in the city and in the 14th Street area and how these relate.

By examining the change in businesses over time and discussing their socioeconomic, political and regulatory contexts, this study was able to detect commercial transformations that were particular to the area as well as transformations that were a component of a larger trend, such as urban disinvestment and commercial change, or suburban chain expansion and mom and pop displacement.

3. Literature Review - Commercial Change and Neoliberal Restructuring: Establishing the Links

This literature review examines, in a first moment, how global processes have transformed cities and retail across the globe during the late twentieth century, including economic and retail restructuring, and neoliberalism. Secondly, it looks at local factors shaping urban retail and how diverse bodies of scholarship have interpreted commercial change. Finally, it highlights current gaps within the literature and establishes possible links neoliberal restructuring and late twentieth century urban retail change.

3.1. Global Processes

3.1.1. Economic Restructuring

In the last couple of decades the internationalization of investment and the growth of international trade favored the ascendance of the financial industry and financial markets. This phenomenon, usually known as economic restructuring, has transformed the shape of cities and regions throughout the globe. It has been characterized by the decline of manufacturing activities and the growth of financial and producer service sectors. While production and population have been decentralizing, economic control has become increasingly concentrated in

multinational firms and financial institutions. The new logic of production, employment and distribution has caused a reordering of the urban hierarchy and of the economic and political links between places (Fainstein and Campbell, 1996).

Within the reshaped world economic geography, a number of different types of cities and regions with characteristic spatial configurations have emerged; these include:

- declining industrial centers- areas where the departure of industry has resulted in declining manufacturing centers afflicted with high levels of unemployment;
- global cities – those cities at the top of the urban hierarchy, in control of the world financial system, where cultural production influences the whole world, and where the business service sector sells its products to the globe. Global cities are cosmopolitan, boasting numerous foreign visitors and a panoply of opportunities to consume;
- expanding and contracting regions – since the dynamics of restructuring produce uneven development, it is common to appear within the same country or region areas experiencing expansion while others suffer from disinvestment (Fainstein and Campbell 1996; Sassen 2002).

Scholars have attempted to understand this transformation through a variety of lenses. Mainstream economic theory emphasizes market competition as the

driving force of economic change. Analysts in this tradition point to the lower costs of labor in less developed countries, the entrepreneurship and weaker regulations of the newly industrializing countries, and low transportation costs as key elements driving the manufacturers of wealthy nations to shrink workers' wages and benefits, or to relocate their production units to places with an abundance of cheap labor. Within this framework industrialists have no choice but to compete by getting more from their labor forces (Friedman, 1962).

Scholars on the left have emphasized the power of capitalists in bringing about changes that have increased the profitability of investment while weakening the influence of labor. The dominant explanation among these thinkers concerns a switch in regimes of accumulation (Harvey, 1989; Amin 1995). According to this theory, the major capitalist nations previously were dominated by 'Fordist' regimes based on mass production, mass consumption and the welfare state. During the 1970s, however, these regimes resulted in a crisis for capital as profits fell. In response, the leaders of multinational corporations imposed a new 'post-Fordist' regime that involved a higher mobility of capital from sector to sector and from place to place (called 'flexible accumulation'). Key to this process was a new mode of regulation that made possible the imposition of this regime. This mode of regulation diminished the welfare state, reduced the power of labor unions and supported social institutions that would enhance competitiveness (Jessop, 2002)

These two interpretations of economic restructuring are not mutually exclusive. Both views recognize the existence of greater competitiveness within

industries and among places. The progressive/left analysis, however, goes beyond simply identifying the global forces that prompted capital to restructure and attempts to root them in a theory of capitalist class conflict. The issue between these two views thus concerns the causes and consequences of a similarly perceived set of processes. According to mainstream theory, recent changes have inevitably resulted from the laws of the marketplace and assume that the benefits of enhanced competitiveness flow to all workers in expanding industries and to all residents of places that achieve economic growth. In contrast, left analysts attribute economic restructuring to the exercise of class power by a world-privileged capitalist class threatened by working-class absorption of an increasing share of production during the Fordist period. In the post-Fordist era, capitalists have regained the upper hand and it is primarily owners, upper-management, and possessors of high informational skills who reap the benefits of economic expansion. Growth and decline occur simultaneously, and the social distribution of the benefits of growth is highly uneven (Fainstein and Campbell, 1996).

As the paragraphs above reveal, restructuring was an encompassing phenomenon and influenced the control and distribution of most economic activities throughout the globe. Its influence on retail industry has been dramatic, and its trends have been similar to other industries: consolidation.

3.1.2. Retail Restructuring and the Consolidation of Global Corporate Capital

In the last decades of the twentieth century, the retail industry in Western economies has gone through major changes, which are related to the dynamics operating at the national and international level. The result has been the emergence and strengthening of domestic and international corporate power within the industry with a consequent trend towards increasing retail concentration. Through processes of internal expansion, mergers and acquisitions, franchise-type agreements and/or joint-ventures, the retail sector became progressively more concentrated such that a handful of stores came to dominate the high street across a range of sectors, but particularly in food and clothing retailing (Tokatli and Boyaci, 1998; Crewe and Davenport, 1992; Wrigley, 1991; Hughes, 1996; Langston et al., 1998). Among the contributing factors for the increasing degree of internationalization and concentration of retail include technological changes in retail operations, growing size of business organizations and favorable legislation such as relaxation or removal of trade barriers (Bromley and Thomas, 1993).

Perhaps the most thorough and complex theoretical treatment of contemporary retail change or retailing restructuring within the literature is an often-cited piece by Ducatel and Blomley (1990). The authors call for attention to retail restructuring and the changing spatiality of retailing, and in doing so they outline a theory of retail capital as a component of the workings of contemporary capitalism. Using a marxist perspective, Ducatel and Blomley identify retail capital “as a subform of commercial capital that is located between production and final consumption. In the final act of exchange, retail capital has as its function the

realization of the surplus value locked up in consumer commodities” (p. 218).

In an attempt to understand the spatial (or formal) expressions of retail restructuring of the last half century, Ducatel and Blomley point to three predominant strategies

- a. The concentration of retail capital into the domain of larger and fewer firms;
- b. The associative shift in power at the productive-commercial interface to the advantage of retail capital;
- c. Efforts by retail capital to reduce the costs of circulation.

According to them, national and multinational supermarkets, superstores, regional malls and hypermarkets have been the spatial manifestation of this concentration of retail capital. These stores have also been the manifestation of a new centralized retail geography in which the presence of fewer and larger stores in key (space-economy) locations helps to transfer circulation costs from retailers to consumers, who absorb more of the costs of exchange and consumption through the travel expenses they incur to shop at these locations.

Such large-scale retail has been commonly called ‘chain-stores’ and is often referred to as super-stores or big-box stores. Chain stores are usually defined as retail outlets that share a brand and central management, and usually have standardized business methods and practices. These characteristics also apply to chain restaurants and some service-oriented chain businesses. Chain retailers can range from tiny 400-square-foot specialty food shops to 250,000-square-foot major

discount department stores stocking tens of thousands of items. Many chains have stocks that are publicly traded and they are managed for steady growth and profit. Unlike most independently owned retailers, chains use highly focused research, planning, purchasing and management strategies. A vast number of locations and modern business practices allow chain stores to make discounted purchases and thus offer lower prices ('economies of scale') and to conduct mass advertising campaigns that give them a considerable advantage over smaller stores. Franchise-stores are part of chain operations however with a local independent owner. These stores and restaurants provide the operator with a proven marketing business plan and a brand that can provide a solid income and wealth creation. Additionally, higher sales provide the ability to pay steeper rents, since commercial total occupancy costs (rent, utilities) are typically 8-10 percent of gross sales (Gibbs, 2012, p.24-25).

A number of scholars, mostly geographers, have further developed the understanding of retail capital and retail restructuring concepts. Some scholars have argued that the presence of big stores is a trend not so easily applicable to the retailing of apparel as it might be to grocery or home improvement products (Wrigley, 1999). Indeed, many multinational chain stores, such as the Gap Inc., contradict this trend by building more and more stores in more and more locations, stores with a standard square footage that typically more closely approximates a small local retailer not a major international one (Marston and Modarres, 2002). Most scholars agree, then, that retail capital has become increasingly concentrated

in the latter part of the twentieth century; however the spatial manifestation and the socioeconomic implications of this concentration are still matters of dispute.

If at the economic level we had increased capital mobility and economic concentration, politically there was a rise of a powerful ideology worldwide.

3.1.3. Neoliberalism and the Transformation of Urban Governance

It is important to point out that restructuring was also accompanied by the rise of a conservative ideology worldwide, one that rejected previously established egalitarian principles and collective responsibility in favor of individual liberty and personal responsibility. Such ideology values market exchange as 'an ethic in itself, capable of acting as a guide to all human action, and substituting for all previously held ethical beliefs', and it emphasizes the significance of contractual relations in the marketplace. It holds that the social good will be maximized by maximizing the reach and frequency of market transactions, and it seeks to bring all human action into the domain of the market (Harvey, 2007, p.2). Neoliberalism, as it came to be known, dissociated individual liberty from social justice concerns, the hallmark of the 1960s movements, in order to promote economic growth. According to Harvey (2007), neoliberalism rests upon two basic principles. First, in the event of a conflict between the well-being of a population and the rate of return of the investment of banks the latter shall be privileged. The second principle is that governments (of whatever stripe) must dedicate themselves to the creation of a good business climate. To do so they have to integrate business into government in

a new system of governance. And again, in the event of a conflict between the well-being of a population and the creation of a good business climate, then the latter shall be privileged. The justification is that a “rising tide lifts all boats” even though it rarely does so, as the staggering growth of inequality attests (p.3)

For this reason, neoliberalism has been termed as the “restoration of class power” and must be seen not as a thing as much as a process – one that occurs alongside and in combination with many other processes that affect urbanization. Some of these parallel processes are complimentary or supportive, while others are contestations (Hackworth, 2006). A particularly useful concept in this literature is the notion that neoliberalism can be seen as an ideology, a mode of city governance, and a driver of urban change. Furthermore, as Hackworth (2006) suggests, actually existing neoliberalism is a more highly contingent process than the pure end-state it is often framed to be within neoliberal ideology (p. 11).

In the United States, neoliberalism achieved hegemonic status through a number of important channels, including the Reagan administration in the 1980s, which openly sought to roll back many elements of the Keynesian state such as public housing, income supplements, medical subsidies and drastically decreased federal support to cities. Think tanks, global institutions and bond-rating agencies also played their part.

One of the major implications of restructuring under neoliberalism has been the volatility of place and investment. If areas have high labor costs, then business threatens to go elsewhere, so the price of labor will drop. In virtually all cities, city

administrators and planners found themselves increasingly competing with other cities as they sought to reconstruct their economies, replacing dying or dead industries with new ones, and to rebuild industrial landscapes that resulted from this major economic change. For example, New York City depends primarily on tax revenues generated within its own boundaries. The city government, which does not get any portion in the tax base of its suburban ring, must continuously strive to keep revenue-generating people and industries within its borders. Hence, since the 1980s the main governmental strategy for urban regeneration and spurring economic activity in the city has been the encouragement of property-led development (Fainstein, 2001).

Thus, in the context of increasing capital mobility and declining support from the federal state, many cities sought to overcome their financial needs by developing what has alternately been termed the “the entrepreneurial state” (Clarke & Gaile, 1989; Leitner, 1990; Leitner & Garner, 1993) and the “urban growth machine” (Cox & Mair, 1989; Logan & Molotch, 1987). The entrepreneurial state refers to increased financial dependence that led many local governments to change from being the managers of social services to entrepreneurs competing for mobile investment capital. This can be illustrated through the market-oriented, competitive –driven, and pro-development policies that have been adopted by these governing urban regimes (DeFilippis 1997). The urban growth machine refers to cities’ power structures dominated by coalitions of land-based interests (political and capitalist elites) that stand to profit from the growth of the municipalities in which they are

based (Feagin, 1983; Logan & Molotch, 1987; Molotch, 1976; Molotch & Logan, 1984). The relevance of these concepts stems from their ability to capture not only the internal dynamics of urban governing regimes, but also the role of urban development within the recent transformation of larger political and economic contexts.

A common thread of these two perspectives is that the shift of the state from managerialism is marked by governments' interest in increasing the productive value of urban land and a valuing of place over territory (Logan and Molotch 1987; Harvey 1989). In this context, the local benefits of development are now expected to accrue indirectly to residents (if at all). Instead of making investments in the kinds of economic projects (housing, education, etc.) that improve conditions of living and working of local inhabitants, local policy-makers focus on place-based projects such as cultural centers, entertainment zones, and the like expecting that these will have impacts greater than the specific territory within which such projects happen to be located (Harvey, 1989; Fainstein, 2001).

Increasingly, industrial land-uses became the target of urban redevelopment schemes often based on commercial and residential uses. Substituting what was perceived as 'obsolete' land uses with more productive ones has helped many cities to increase revenues and create an image of urban renaissance. The primary land use activities that generate property revenue include hotels, shopping areas, restaurants, and mixed-use (Turner 2002).

New York City clearly illustrates this transformation in land-use patterns. In the last decades the city has experienced a decline of manufacturing land and a substantial decrease of its vacant land uses in favor of commercial uses and intensified residential use (Fitch, 93; Moody, 2007). Such transformation was not limited to New York and many cities all over the country experienced an intensification of urban commerce (MacMahon, 2011; Clifford, 2012).

As retailing has taken over increasing expanses of urban space, commercial development has become linked to a number of social problems and has led to distinctly political confrontations. Whereas some have praised the resurgence of inner-cities retail, marked by the presence of chain stores, boutiques, and other highly capitalized establishments (Porter, 95; Florida, 2002), others have claimed that corporate-led retail development threatens neighborhood identity and undermines principles of social and economic justice as well as democratic inclusion in public spaces (Sorkin, 92; Halebsky, 2004; Mitchell, 2006; Hamnet and Hamnet, 2007).

Despite divergences about the form of urban retail development, few would question that commercial landscapes have significantly changed during the last decades of the twentieth century. From chain store proliferation to the growth of 'boutiquing' and coffee shops all over the country, reinvestment in urban commercial areas is perhaps one of the most visible signs of restructured or post-industrial cities (Zukin, 2009). At the local level the factors usually associated with

commercial change are neighborhood characteristics, spatial regulations and neighborhood organizations, as the following paragraphs reveal.

3.2. Local Factors Shaping Urban Retail and Commercial Change

3.2.1. Neighborhood Characteristics

Social scientists have long observed that neighborhood characteristics play a central role in commercial composition and location. Location and central place theories have long noted that businesses optimally choose to locate in central areas, that is, areas with easy access and with high concentration of people (Berry, 1967). Accordingly, most retail firms, personal service businesses, local financial institutions, and other consumer-oriented businesses generally are expected to locate according to retail market theory, with resident income and population density driving location and investment decisions. These firms are locally oriented, and neighborhood characteristics can profoundly affect their revenue and also have some effect on their costs. For locally oriented firms, retail theory suggests that neighborhood income and population levels are key determinants of firm revenue and thus firm investment. Neighborhood conditions might also affect the cost of doing business, including rents and security costs (Immergluck, 1999, p. 399).

More recent empirical studies relating retail markets to local characteristics include Berry and Waldfogel's (2003) study on product quality and market size, which finds that as market size increases, the range of product variety and quality

widens, and the number of high-quality products grows. Another recent study by Chapple and Jacobus (2009) of retail change in the San Francisco Bay area finds that retail revitalization is most strongly associated with gains for middle-income and stable neighborhoods.

Other neighborhood characteristics, including those tied to race and ethnicity, also play a role (Immergluck, 1999). For example, in studying how neighborhood residential change affects commercial investment, Immergluck (1999) found that although changes in population and income levels are important, racial and ethnic change have substantial effects on neighborhood commercial investment. This finding confirms Waldfogel's (2008) recent findings on the relationship between business mix and neighborhood composition, which showed that consumer preferences are not only widely varied but also strongly correlated with population characteristics, such as educational attainment and race and ethnicity.

Additionally, in a recent analysis of how retail services vary across New York City neighborhoods by income and by racial composition as well as how they change over time, particularly in neighborhoods undergoing gentrification, Meltzer and Schuetz (2012) found that lower income and minority neighborhoods have fewer retail establishments, smaller average establishments, a higher proportion of "unhealthy" restaurants, and in certain cases, less diversity across retail subsectors. In addition, the rate of retail growth between the late nineties and mid 2000s has been particularly fast in neighborhoods that were initially lower valued and

experienced relatively high housing price appreciation, that is, were undergoing residential gentrification, compared with the city overall, which contradicts Chapple and Jacobus's (2009) findings.

These studies are useful in understanding some retail and neighborhood dynamics; however they ignore that neighborhood characteristics are shaped, if not determined, by structural factors. For example, population, and even retail density are determined by zoning ordinances in the same way that transportation and accessibility are determined by decisions from transportation authorities. The opening of a new subway or bus line boosts foot traffic in an area in the same way that upzoning a neighborhood does.

3.2.2. Spatial Regulations, Planning and Development Process

Land use ordinances and zoning regulate what can and what cannot be built in certain areas of the city, depending on use. They also determine how large certain buildings can be. Upzoning an area increases development potential, while downzoning seeks to preserve the character of the neighborhood by limiting construction and density. These changes directly affect the conditions for businesses to operate, especially retail. By affecting real estate values and neighborhood population characteristics, rezonings affect the affordability of commercial rents as well as a neighborhood's retail customer-base.

In New York City, land-use and zoning regulations are generated and enacted by the Department of City Planning. These two forms of spatial regulations

determine bulk, use, and location of buildings throughout the city, and in doing so they determine the density and character of the city's neighborhoods.

The city is organized into three basic zoning districts: residential (R), commercial (C), and manufacturing (M). Each district is further divided into a variety of lower-, medium- and higher-density residential, commercial and manufacturing districts. In addition, any of these districts may be overlaid by special purpose zoning districts, which vary according to the characteristics of specific neighborhoods. Some block fronts in residential districts may be overlaid as well by commercial districts providing for neighborhood retail stores and services. These overlay districts modify the controls of the underlying districts (New York City Department of City Planning).

According to New York City Department of City Planning, each zoning district regulates:

- permitted uses listed in one or more of 18 use groups;
- the size of the building in relation to the size of the zoning lot, known as the floor area ratio or FAR;
- for residential uses, the number of dwelling units permitted, the amount of open space required on the zoning lot and the maximum amount of the lot that can be covered by a building (lot coverage);
- the distance between the building and the front, side and rear lot lines;
- the amount of parking required; and other features applicable to specific residential, commercial or manufacturing districts.

Source: NYC Department of City Planning

In terms of commercial activities, these are permitted in eight commercial districts throughout the city (C1 – C8). Commercial districts are organized according to what city planners describe as functional similarities and locational requirements; in other words, commercial activities are labeled and distributed according to their type, scale, and spatial needs. A smaller district number indicates lower density and/or scale of commercial establishments while a larger district number indicate larger scale and/or density of businesses. For example, small retail and service shops in C1 and C2 districts serve the immediate needs of surrounding residential communities. C4 districts allow the emergence of larger stores with more goods and services forming regional retail centers like Main Street in Flushing and Fordham Road in the Bronx. C5 and C6 districts, central business districts that serve the city, the region and the nation, are mapped in Midtown, Lower Manhattan, Downtown Brooklyn and Long Island City. In addition, three districts serve specific purposes: C3 for waterfront recreation, C7 for amusement parks, and C8 for heavy repair shops and automotive uses (NYC Department of City Planning).

According to New York City Department of City Planning, all of the commercial uses permitted in the eight basic commercial districts are included in Use Groups 5 through 16. Thus, city planners assign use groups to specific commercial districts according to the purpose of the district, the impacts of the use, and its compatibility with other uses. For example, residential uses (Use Groups 1 and 2) and community facilities (Use Groups 3 and 4) are allowed in all C1 through

C6 districts but are prohibited in C7 districts. Residential uses and Use Group 3 community facilities are prohibited in C8 districts (NYC Department of City Planning).

The eight commercial districts are further subdivided (as indicated by a numerical suffix) according to bulk, parking, and loading requirements. The floor area ratio (FAR) for a C4-1 district, for example, is 1.0 while the FAR for a C4-7 district is 10.0. (In medium- and high-density commercial districts, plazas, pedestrian amenities and, by special permit, subway improvements can generate an increase in the maximum commercial FAR.) Front and side yards are not required in commercial districts.

Additionally, most development in New York City occurs as-of-right, as long as it strictly follows existing zoning resolutions. Sometimes, however, a proposed development challenges or does not follow the existing zoning resolution and needs formal approval by the City Planning Commission. In this case, such variance needs to be assessed for potential environmental impacts and becomes subjected to a public review process, known as the Uniform Land Use Review Procedure (ULURP).

An amendment to the zoning text or zoning map, unlike a variance, is a legislative action not limited to a specific development and it generally affects a larger geographic area. Amendments to the zoning text or maps, sometimes called "rezonings," are most often proposed by the Department of City Planning and other public entities to effect broad changes in public land use policy or to address changing land use conditions. Rezonings may also be proposed by private

applicants. Zoning map amendments may be adopted only after public review by the affected community board(s), borough president(s), the City Planning Commission and the City Council (NYC Department of City Planning).

According to the City Planning Department, the Zoning Resolution is amended frequently, in order "to fulfill the City Planning Commission's charter-mandated responsibility for the conduct of planning relating to the orderly growth, improvement and future development of the city." The criteria for dividing uses may be complex and sometimes arbitrary. For example, in New York City land use decisions are most often reactionary and fragmented rather than comprehensively planned. Nonetheless, the overall rationale of zoning practices conforms to the logic of capital accumulation. The advantage of zoning over non-regulated land uses is that it minimizes the risk that property investments will be threatened by the proximity of value-decreasing uses (Zukin 1989, p. 51).

One way in which city authorities have sought to promote urban development has been through a combination of changing land-use regulations to encourage construction (rezonings), financing, (mostly business loans) and tax exemptions. Financing helps businesses by injecting capital in certain industries at lower rates than is offered by commercial banks, whereas tax exemptions lower the overall tax obligation of the investor making it more lucrative to invest in particular areas and/or activities. The city's Economic Development Corporation (EDC) is responsible mostly for financing and tax-exemption tools; however it also works in tandem with the Department of City Planning (DCP) in rezoning initiatives.

As previously mentioned, New York City saw an increase in commercial and residential uses (as oppose to manufacturing) in the past few decades. Many of these transformations took place informally, by people converting land uses without first obtaining the city's approval (i.e.,k conversion of factories into lofts/apartments). However, most of them took place formally through rezonings and variances, with neighborhood organizations playing a key role in these processes.

3.2.3. Neighborhood Organizations and Business Improvement Districts

As Logan and Molotch (1987) point out, if cities are settings for the achievement of both exchange value and use value, neighborhoods are the places where conflicts and contradictions between these two forces are played. The sharpest contrast in the use of neighborhood is between residents, who use it to satisfy essential needs of life, and real estate entrepreneurs, who strive for financial returns, which are ordinarily achieved by intensifying the use to which their property is put. This creates tension between those wanting to maximize exchange value (i.e. capitalist accumulation) and those wanting to maximize use value (i.e. residential accommodation). Neighborhoods operate within the commodity system, thus their future prospects and the way they fit into urban development schemes are shaped by their specific connection within the system as a commodity. The commodity status of a neighborhood within the larger urban system, combined with its internal organization, will determine its fortunes (p.112).

Within this context, neighborhood organizations become key actors in shaping urban development, either by promoting it or by resisting it. Low-income neighborhoods are particularly vulnerable due to the low standing of their residents in the larger systems of economic and political power, not only because of their poverty but also because of the relative ineffectiveness of the organizations that represent their interests (Logan and Molotch, 1987).

At the same time, neighborhood organizations in higher income neighborhoods usually have the financial and technical resources not only to represent them but especially to advance their interests. One example is the emergence and spread of Business Improvement Districts (BIDs) throughout the US since the 1980s. Enabled through state legislation, BIDs are local organizations into which merchants and firms pay mandatory fees in order to supplement the package of public services in their local area. A BID is formed when the property owners in a particular neighborhood agree, by majority vote, to levy an additional tax on themselves to finance the provision of neighborhood-specific services, such as security, maintenance, and various forms of marketing. Once established, the city government levies and collects the additional tax, remitting the proceeds to the BID. To be clear, the tax is levied on all properties within the BID boundaries and all owners are legally responsible for paying it, regardless of their initial support for the formation of the BID. Operating as a nonprofit organization, the BID then uses the revenues to provide additional services to the BID area (Ellen *et al.*, 2007).

Despite being touted as a solution to revive and promote commercial corridors, there is little evidence of its true effectiveness and wider benefits. A few papers have studied the impact of BIDs on crime rates, with mixed results (Hoyt 2005a, Calanog 2006, Brooks 2006) and while some have celebrated the increase in property-values within the BID jurisdiction, others have opposed its actions in the name of resisting displacement and gentrification. In fact, critiques of BIDs' lack of accountability, promotion of NIMBYism and exacerbation of existing socioeconomic difference within cities abound (Mallett, 1994; Kennedy, 1996; Ward 2006, 2007; Zukin, 1995, 2010).

Moreover, BIDs are often portrayed as neutral or simply administrative institutions. However, as Briffault (2010) points out, legal institutions, innovations in government, or public-private partnerships are not solely forms of technology that are deployed by professionals toward certain ends. They arise out of a particular political economy and they represent an exercise in political power. BIDs further particular political and economic interests, and those interests can be good or bad, depending on one's perspective. But assuming that BIDs do what their members want (and acknowledging that this is more complex than it seems), we can say that their purpose is to advance the interests of business and especially owners of real estate in a particular part of the city. This description should be relatively uncontroversial. Though not trumpeted by BID managers (who mostly speak as if BIDs serve the public generally), it is what BIDs are designed to do. The most significant BIDs- the downtown business BIDs -- are an example of Harvey Molotch's

"growth machine." BIDs represent the deployment of power and resources to further the interests of land-based elites. In short, while BIDs have become a standard feature of cities, their meaning and significance are still open to question (Briffault, 2010; Dilworth, 2010).

3.3. Interpreting Commercial Change

3.3.1. Privatization of Public Spaces and the Theme-Park Formula

Another body of literature looks at contemporary commercial change by focusing on the transformation of public spaces into commercialized spaces and/or the transformation of public spaces within commercial districts; it is often termed the privatization of public spaces, Disneyfication school, or 'theme-park' literature. Significant works include *Suburbanization of New York*, edited by Hammet and Hammet (2007) and *Variations on a Theme Park*, edited by Michael Sorkin (1992). The essays collected in these books suggest that cities are increasingly adopting a 'theme park formula' to redevelop their public spaces and their downtowns. Such formula consists of controlled, sophisticated, and secure enclaves that not only distance the prosperous from poverty and difference, but also exclude those who do not fit into the idealized theme-park image: the poor and lower-income populations. Subscribers to this literature share the view that the democratic public spaces characteristic of American cities—the bases of the social heterogeneity, physical proximity, free movement, and desire for collectivity that define authentic

urbanity—are being replaced by privatized elite enclaves. The overall argument of this work is that we are witnessing the end of democratic public spaces characteristic of American cities (Sorkin, 1992; Turner, 2002). Accordingly, New York City is becoming an archetype of these processes, or a ‘theme-park city,’ where people can “get the illusion of the urban experience without the diversity, spontaneity, and unpredictability that have always been its hallmarks. Like the suburbs New Yorkers so long snubbed, the city is becoming more private, more predictable, and more homogenized” (Hammett and Hammett, 2007, p.20).

3.3.2. Proliferation of Chain Stores

This body of scholarship focuses on retailers as main agents shaping urban commercial change. Relevant studies include *Superstores and the Politics of Retail Development*, by Stephen Halebsky (2004) and *Big-Box Swindle: The True Cost of America's Retailers and the Fight for America's Independent Business* by Stacey Mitchell (2006). Halebsky (2004) investigates retail development as a political phenomenon and an increasingly important form of urban development. He focuses on mass retail, as exemplified by superstores. According to him, superstore disputes are part of the dynamic of contemporary urban relations and exemplify the ongoing confrontation between global capital interests and local communities' authority and ability to protect their local economies. According to Halebsky, as retailing has taken

over increasing expanses of urban space, retail development has become linked to a number of social problems and has led to distinctly political confrontations. His main findings are that rationalization and restructuring have led to the dominance of sophisticated retailers that operate on a regional, national, or international basis. Their primary orientation to place is in terms of market share and profit, and they may be conspicuously uninterested in aiding local economic growth. More importantly, he reveals that mass retail is a form of development that redistributes rather than creates growth, which raises important questions for local policy-makers regarding viability and their interest in continuing in supporting such commercial development initiatives.

In the second study, Mitchell (2006) gathers quantitative evidence from numerous studies to examine the impact of mega-chain stores on American cities and communities. Her overall argument, along with other scholars of this school of thought, is that to a great degree, big-box retailers are a product of public policy, not simply consumer choice. According to Mitchell, driven by the erroneous conviction that chain retailers boost employment and expand the economy, elected officials have actively fostered and underwritten their proliferation. It began in the 1950s with massive tax breaks that fueled the explosion of shopping malls, and accelerated dramatically in the 1990s as cities began funneling billions of dollars in development subsidies to retailers (Hanchett, 1996; Mitchell, 2006, p. 6-7). As she reveals with numerous studies, mega-retailers impose a variety of hidden costs on society and contribute far less to local economic well-being than what they take

away.

In contrast to the previous studies, Sutton (2010) examines the role of black business owners in the commercial revitalization of Fort Greene, Brooklyn, who mounted a relatively successful campaign of retail restructuring by cultivating political clout, establishing civic alliances, participating in neighborhood planning, and promoting the commercial district as an economic and cultural enclave. Yet, despite merchants' earlier efforts, they ultimately failed to develop mechanisms to sustain their vision for commercial revitalization under the permanent pressure for the highest economic use of urban real estate. Furthermore, she argues that the simple dichotomy between big-box retailer and mom-and-pop shop is inadequate to fully understand commercial revitalization. Instead, scholars need to refocus on the political processes and sociospatial context behind retail development and ask the critical questions: retail change for whom, by whom, and according to what assumptions that ultimately illuminate political dimensions of retail development (p. 354).

3.3.3. Historical Accounts

Historical accounts of the transformation of commercial districts have looked at their changing forms in relation to their socioeconomic contexts, and how diverse groups of actors have shaped the form, location and content of commercial landscapes. Significant works of this literature include *Shaping the Commercial City: Retail Districts in Nineteenth-Century New York and Boston* (1990) by Mona Domosh,

and *Downtown America: A History of the Place and the People Who Made It* (2004), by Alison Isenberg. Their overall argument is that the fates of commercial districts are not inevitable, and that they are shaped by larger socioeconomic forces as much as by local action. A key contribution of these works is the revelation of the ways in which many participants were actively negotiating the nature of, and the standards for urban commerce. As Isenberg reveals, downtown has always been a contested space on the ground and in the images people create for it, as she points out: "...downtown has been not only the linchpin of urban real estate and conspicuous consumption but also an idealized public place and thus a powerful symbol. Like so many aspects of American culture, the downtown meant business, but it was also invested with civic meaning. In the divided city (a microcosm of a divided nation), the downtown has served as a potential place of interaction and negotiation of difference – a place of community gathering as well as all kinds of conflict. The downtown as a twentieth-century cultural and economic artifact illuminates how a non-political entity came to represent the heights of democratic hopes and the depths of democracy's failures" (p.6 - 7). Perhaps the most important contribution of her work is that, contrary to the 'suburbanization of the city' or 'theme-park' literature, Isenberg suggests that throughout the twentieth century democratic inclusion was often an important theme in the formulations of downtown development, but so too was exclusion – a duality revealed in the competing efforts of downtown interests to control and manage downtown commercial life. According to Isenberg, economic investment decisions have been accompanied by evolving

cultural preferences about who should be in downtown and why. Improvement strategies of beautification, modernization and renewal have gone hand in hand with policies designed to attract certain types of people downtown while ignoring or explicitly rejecting others (p.6). Thus, Isenberg's main argument is that the democratic melting-pot of downtown has been an evolving ideal, not a past accomplished reality from which Americans have strayed. As she points out: "There is no authentic downtown past to contrast with a fake urban present, just as there is no lost democratic heyday" (p. 315). Instead, downtown has been a venue through which Americans project, promote, and contest their values and visions for the nation, its economy, and culture writ large. "During the course of the twentieth century, Main Street has been a place to teach, debate, exclude, fantasize, argue, include, make new dreams, and revisit old ones" (p. 316).

3.3.4. Gentrification

Other scholars have looked at the transformation of commercial landscapes as embedded within larger socioeconomic processes of contemporary urban and economic restructuring. This large-scale view of urban transformation links macroeconomic forces and urban outcomes. Scholars using this perspective tend to predict uneven development and consequent territorial difference. To these authors, which particular places win or lose matter less than the fact that there inevitably will be winners and losers. Gentrification is a relevant subfield of this literature that shows how the transformation of urban environments benefits

higher income groups at the expense of low to moderate-income communities. Its classical definition by Glass (1964) described it as a complex urban process that included rehabilitation of old housing stock, tenurial transformation from renting to owning, property price increases and the displacement of working-class residents by the incoming middle classes. Since its first coinage, a number of studies sought to explain such a highly dynamic process. Theories interested in the sociocultural side of gentrification, also called consumption-side explanations, have tended to focus on the activities of social groups involved (most often the pioneer gentrifiers). Gentrification is presented here as a process at the scale of the individual. Examples include the works of Ley (1996; 2003) and Hamnett (2000), who developed post-industrial and professionalization theses to explain gentrification as a consequence of major changes in the industrial and occupational structure of advanced capitalist cities, resulting in the growth of middle-class professionals.

In contrast, scholars interested in political economic aspects of gentrification examine the process as a much large-scale phenomenon. Rather than connecting gentrification to individuals, these scholars regard gentrifiers as a collective social group (class) bound by economic rationality (Smith, 1996). Also called production-side explanations, these theories seek to capture the structural, large-scale aspects of capital investment and neighborhood class turnover, including neighborhoods trajectories from disinvestment to reinvestment. Perhaps, the classic example of production-side literature is *The New Urban Frontier* (1996) by Neil Smith. In developing his argument, Smith proposes a theory of gentrification based on cycles

of capital disinvestment and reinvestment in land properties. According to his theory, the devaluation of certain urban areas produces the economic conditions necessary to make capital revaluation a rational market response. This devaluation is measured by what he calls the rent gap, which is the “disparity between potential ground rent level and the actual ground rent capitalized under the present land use value” (p.62).

Despite its initial focus on urban housing restoration, the study of gentrification expanded to include rural and commercial developments (Lees *et al.*, 2008). There is now a considerable body of scholarship about retail in gentrified neighborhoods. Scholars have long observed that a collection of restaurants, gourmet food stores, home decoration and design shops, boutiques, and yoga studios often appears in areas undergoing redevelopment (Shkuda 2012). In fact, the presence of upscale retail is central to several conceptualizations of gentrification, including Ley’s (1996). Zukin (2009) noted that gentrified neighborhoods often see a decrease in businesses that serve long-term residents of these areas. In fact, retail can be a wedge that divides gentrified neighborhoods, splitting newcomers from long-standing residents, who are often lower-income persons of color. For instance, Sullivan and Shaw (2011) have explored the divisions that developed between longtime African American residents and newer white ones over new retail establishments in gentrifying Portland, Oregon. Additionally, Deener (2007) found that retail is part of how new residents and businesses claimed

symbolic ownership of Venice, California, separating the neighborhood's new uses from its predominantly African American past.

However, most of these studies focus on the characteristics of consumers as gentrifiers. Exceptions include Winifred Curran's investigation of the connection between deindustrialization and gentrification in a number of cities and neighborhoods. In *Gentrification and the nature of work: exploring the links in Williamsburg, Brooklyn* (2004) Curran reveals that pressures for development in manufacturing areas of New York City are displacing viable existing industries in exchange for speculative commercial and residential development. Her findings reveal that manufacturing is still a viable sector of the urban economy that is increasingly at risk of displacement because of the conversion of industrial space to residential use and speculative real-estate pressure. In the related study *Getting Globalized: Urban Policy And Industrial Displacement In Williamsburg, Brooklyn* (2005), Curran and Hanson do an in-depth study of small-scale manufacturers in the Williamsburg neighborhood of Brooklyn, in New York City, and examine the extent to which, and the ways in which local policy undermines what they argue would be otherwise healthy locally oriented businesses. In doing so, Curran and Hanson reveal the presence of a number of thriving small business that are having difficulties with city planning authorities, not competitors from abroad. According to their study, for those businesses global competition was not their primary concern, but city planners were. Through a lack of enforcement of zoning codes, zoning variances and rezoning initiatives, and more quotidian policies of harassment over

noise and other quality of life complaints, the City made it more difficult for small-scale manufacturers to do business, and forced them to compete with residential and commercial uses for industrial space.

Following the same rationale, Laura Wolf-Powers (2005) examined land use policy and real estate market activity in the 1990s in two New York City neighborhoods: Greenpoint-Williamsburg and Long Island City. The findings in both case studies reveal that in the early 1990s, both neighborhoods, though less industrial than in previous decades, continued to contain significant concentrations of manufacturing as well as nonmanufacturing industrial activity. In fact, their economic profiles suggested potential for new industry going forward, particularly industrial activities related to interior design, media, the fine arts, and theater. In these neighborhoods, agglomeration economies and geographic and supply-chain linkages to the city's most propulsive economic sectors had helped some types of industry to thrive. During the 1990s, however, appreciating land values and speculation, combined with inaction on the part of the city's enforcement agencies, negatively affected incumbent industrial users incapable of bidding premium rents, either forcing them out of business or causing them to move out of the city. Overall, Wolf-Powers's findings reveal that in each case study, ambiguous and poorly enforced land use regulations contributed to property speculation and the displacement of firms in what had been healthy light industrial districts, contributing to a shift in the city's economy away from industrial employment and toward an even more marked dominance of white-collar and service functions. In

concluding, Wolf-Powers argues that city planners' passive support of deindustrialization stems from their allegiance to property-led economic development policies as well as from a conviction that it is unproblematic to imagine an urban economy based entirely on tourism, advanced services, and retail. While these stances have gone largely unquestioned in mainstream discourse, she argues that they deserve further examination.

These bodies of literature provide significant contributions to the understanding of the dynamics of commercial change and neoliberal restructuring in diverse ways. First, restructuring was in many ways a rhetorical project, and gentrification (in the guise of urban redevelopment) has been used as a key tool to advance and naturalize what have been in fact political decisions about economic viability and place. Second, constructed images, such as the title and image of "global city," have been as important in shaping local officials' decisions about land-use and economic development policies in New York as empirical studies revealing the economic viability of other economic activities such as light manufacturing in the city. As Curran and Hanson (2005) point out: "as the 'global city' label becomes ever more central to a city's identity, local urban government policy increasingly supports those economic sectors that city leaders see as being congruent with the global and increasingly undermines sectors that serve primarily local markets" (p.462). In embracing its role as a global city, New York has chosen to represent itself as a center of capital and culture, and indeed it is and has long been a world

center in this way. But this particular representation allows no room for uses and populations that do not fit this very specific image packaged for global consumption.

Finally, by creating the conditions for speculation and further investment, the state (represented in this case by urban planners) has played a fundamental role in this process. As Wolf-Powers (2005) highlights in her discussion, by not enforcing zoning regulations that protect industrial land-uses, city planners allowed the expansion of residential and commercial uses in these areas and thus contributed to speculation and the consequent industrial displacement. It was city planners who created a hostile environment for manufacturers in New York City, not factories in China. The rezoning of neighborhoods such as Williamsburg from light manufacturing into mixed-use areas, not only consolidated existing speculation, but brought back the investment that city planning had itself indirectly taken away.

As Beauregard (1993) brilliantly argues, local officials dedicate much of their time and effort to marketing an area, selling it to investors. To do so they tell stories that will capture the imagination of investors, other officials and the public. Not empirical analyses, but rhetorical strategies become essential; knowledge is politically vacuous until it is situated in a framework of meanings that motivate investors to act. Civic boosters, investors, developers, and policy makers tell such stories. They speak not of trends, but of possibilities. The power of these stories derives in part from the actors who articulate them. Declining employment in a regional industry, for example, calls for either reindustrialization or deindustrialization depending upon the values and interests one brings to the

decision (p.276).

Despite their great contribution, many questions remain unexamined and need further investigation. First, in spite of the extensive number of social science studies about the political economic transformation of late twentieth century New York, only a few (Zukin, 1995, 2009, 2010) have considered the city's retail change as embedded within larger socioeconomic processes of contemporary urban restructuring. With a few exceptions (Zukin, 1995, 2010; Sutton, 2010), discussion of commercial change in the city has usually focused on its aesthetic or visual aspects (Sorkin, 92; Hammett and Hammett, 2007), treated it as a byproduct of other neighborhood changes (Schuetz, 2012; Shkuda, 2012), or the result of corporate retail practices in late capitalism (Mitchell, 2006; Center for an Urban Future, 2008, 2009).

Similarly, studies of commercial gentrification have usually looked at commercial change as a result or byproduct of residential gentrification (Ley, 1996; Hammett 2000). And political economy studies of commercial development in the city have focused on large single projects like Times Square (Zukin 1995) or the South Street Seaport (DeFilippis 1997).

As previously mentioned, local factors that shape retail presence and viability such as neighborhood density, affordability and transportation are the result of structural factors such as zoning and land use ordinances among others. Social science scholars have typically overlooked the role land-use ordinances and planning initiatives play in shaping retail change in the city. Furthermore, the role

retail change has played within the city's larger political economic transformation, referred to here as neoliberal restructuring, has been underexplored and deserves further investigation.

To understand commercial change in the city as a component of neoliberal restructuring, one must consider a usually less discussed aspect among planners: that the visibility of retail makes it a place of representation. The character of a street, and even the surrounding neighborhood, is strongly influenced by the type of street-level activity, especially retail (Jacobus and Chapple 2009, Zukin 1995). Furthermore, retail is a form in which social groups can claim symbolic ownership over certain areas of the city (Deener 2007).

Thus, to examine retail and retail change as embedded within the city's neoliberal restructuring, we must consider the relationship between a street character and its retail establishments and in turn how this character challenges, or reinforces particular (neoliberal) images or constructions of the city.

The following chapters seek to address this by first discussing the city's socioeconomic, political and cultural contexts, then examining Fourteenth Street's character and its retail within those contexts, followed by an examination of planning initiatives that sought to shape street and retail character over time.

4. Historical Background: Origins and Postwar Years

Fourteenth Street has had many destinies since its inception in the Commissioner's Plan of 1811. From an elegant residential neighborhood in its early days, the street progressed into a popular shopping and entertainment district throughout much of the nineteenth and early twentieth centuries. With the expansion of New York's port and the introduction of railroads into Lower Manhattan during the mid-1800s, trade grew rapidly and the city solidified its position as the country's leading commercial center. As downtown business and warehouse districts expanded to handle this trade, hotels, retail shops, and theaters moved northward along Broadway, following residential development (NYC Landmarks Preservation Commission, 2011).

The first hotels were built in the area around 1850. The Academy of Music (1853-54) and Steinway Hall (1863-64) on East 14th Street contributed to the area's status as the city's entertainment and classical music center. Steinway Hall constituted one of the largest music halls in New York City prior to the construction of Carnegie Hall, and was also home to the New York Philharmonic Symphony. Additionally, East 14th Street was the northern extent of *Kleindeutschland*, the German-American community that by 1880 constituted about one-third of the city's population (Landmark Preservation Commission [LPC], 2011; New York Preservation Archive Project [NYPAP], "n.d.").

By about 1900, the centers of high-end retail had moved uptown or downtown, and most of the residences in the district had been replaced by office or commercial structures. During the interwar period, an increasing number of banks, insurance and utility companies located in the district, including the Consolidated Edison Company that still stands in its original building crowned by its famous 531-foot tower with a clock. Also significant was the growth of women's clothing stores led by the vast female workforce present in the district. According to Todd (1993), the presence of a large number of women who worked as secretaries in the banks, insurance and utility companies as well as those who staffed the enormous bargain emporiums and small specialty stores in the area made 14th Street a busy retail destination. Large retailers such as Hearn's, Ohrbach's, and S. Klein's employed hundreds of women and sold thousands of dresses every day. According to some accounts, stores sold more women's apparel in one day on Union Square than in any other place in the country (p.97).

Fourteenth Street, and particularly Union Square, has also been a historical center of political activism and demonstrations. Tammany Hall, the powerful Democratic organization, and a number of unions had their headquarters in the area throughout the nineteenth and early twentieth centuries. Significant demonstrations included the troops parade during the Civil War, the first Labor Day celebration in 1882 which gathered over 10,000 workers demanding an eight-hour workday, as well as the protest over the fire at the Triangle Shirt Waist Factory in 1911. With the onset of the Depression, an increasingly tense political climate,

nationally and internationally, brought May Day rallies, unemployment demonstrations, and protests against police brutality to the district. The Speaker's Corner, as it became known, in Union Square continued to be the scene of multiple demonstrations and frequent clashes with police (Shu, 2005).

In the postwar decades, while the district maintained its general character as an entertainment and shopping center, the more mainstream entertainment of Fourteenth Street between Third Avenue and Union Square gave way to the diversions of mass culture. The street's proximity to the Lower East Side, a neighborhood where many immigrant families and poorer working-class people lived and worked, and its centrality for this population as a source of commercial entertainment and a place of commerce made it enormously popular among those shoppers, who came from all parts of the city to have fun and hunt for bargains. Known as the poor man's Fifth Avenue, Fourteenth Street housed a wide range of businesses and retailers, and despite its working class character, attracted people from diverse social and economic strata from all over Manhattan. Fourteen Street was characterized as the archetypal melting pot by a New York Times reporter, with many "races, colors and classes," from "river front and Bowery," from "a thousand domestic Main Streets," and from "fifty neighborhoods in wise old New York"(Todd, 1993, p. 115).

5. The Bargain Years and the 'Fun City'

Throughout much of the 1960s and early seventies, New York City was in turbulence. Deindustrialization, white flight and rising poverty were coupled with escalating crime and unceasing social unrest. Between 1960 and 1970, Manhattan alone lost approximately 160,000 people or almost 10% of its population, and over 48,000 manufacturing jobs. Additionally, by 1970 its poverty rate achieved 21.7% and the rate of serious felonies had tripled from a decade before (U. S. Census Bureau, 1960, 1970; Lankevich 1998).

It was the overall need of change that led the city to elect John Lindsay mayor in 1965. The phrase "Everyone else is tired and he is fresh" captured New Yorkers will for a new form of political authority. Nevertheless, during Lindsay's government New Yorkers endured continuous strikes, including twelve days of transit strike that paralyzed the city, relentless racial conflicts featuring battles over educational priorities and police-minority relations, civil-rights and antiwar protests, and rising poverty and crime.

In 1966, during a debilitating transit strike, Mayor John Lindsay made the off-hand comment, "I still think the city is fun." Dick Schaap, a columnist for The New York Herald Tribune coined the expression, "Fun City" and the mayor soon adopted the phrase as a slogan to promote the city. But as racial divisions, strikes and the political upheaval of the day marred his administration, the term soon took on a derisive tone, and the mayor's efforts backfired (Stohr, 2003).

Few of these issues, however, were exclusive to New York or Lindsay's mayoralty; rather, similar trends affected every major city in America during the late 1960s and early 1970s. The turbulence of the 1960s was cause and byproduct of a major phenomenon affecting most, if not all, American cities at that time: the urban crisis. Manufacturing and corporate flight from America's urban core were accompanied by rising poverty and crime rates, leading to further disinvestment and so on. Across the country, as more city dwellers moved to new suburban homes, more and more stores soon followed them, leaving previously bustling commercial areas with few customers and investment.

5.1. Retail in the City

New York City had been a shopping capital for a century and a half. Department stores were invented there; the first one debuted in 1862 at Astor Place. Retailers such as F.A.O. Schwarz and Tiffany's later moved north to the area from Union Square to 23rd Street, which became known as Ladies Mile and featured such opulent stores as Siegel-Cooper, with its marble staircases and a pet department that sold panther cubs. By the 1890's, a tourist guide could proclaim that "all America goes to New York for its shopping," and this became even more true at the turn of the century, when R.H. Macy moved further uptown to 34th Street, with a half dozen grand emporiums to follow (Robinson, 2004).

The era of the city department store lasted until the middle of the 20th century. That is when a new form of shopping emporium was invented: the

suburban shopping mall, which killed downtown shopping districts across the country, and helped put a number of New York department stores out of business.

Despite experiencing population and retail decline, New York still maintained a significant share of middle and especially high-income residents who could support not only discount stores, but also high-end retail establishments. According to a number of scholars, New York City in the sixties and early seventies still benefited from a powerful and diverse economy that provided decent jobs for middle and working class residents (Lankevich, 1998; Fitch, 1993). The city's 1969 unemployment figures were lower than those of any other major American city.

For that reason, retail development in the suburbs did not affect New York in the same proportion it did other cities. A look at the city's retail landscape reveals that these were golden years for major upscale urban department stores based in New York City like Bloomingdales and Saks Fifth Avenue as well as for general discount stores like Mays and Woolworths. These stores, like most other large players in the city's retail community, eventually expanded to the suburbs, however they actively maintained and advertised their urban locations, many of them expanded and/or transformed into the company's flagship.

It is important to point out that at that time the city's retail was mostly composed by major department stores and local neighborhood stores. Department stores were usually national chains, which were considered destinations, with many promoting special events throughout the year, and eventually becoming famous attractions like Christmas at Macys or Sales at Kleins, among others. Most often,

these stores provided people with unique products or such a wide assortment of offerings that attracted people from throughout the region to buy there.

At the same time, thousands of neighborhood stores provided New Yorkers their everyday needs. These neighborhood stores could be independent mom-and-pop stores like the typical corner deli, but they could also be local chains like the well-known candy store Barton's Bonbonniere. Jane Jacobs' (1961) famous description of the sidewalk ballet on Hudson Street illustrates the typical neighborhood retail landscape at that time. These stores, according to her, provided people more than simply goods and services: they added interest, diversity and safety to the city's streets. The presence of retail establishments, along with a diversity of uses (mixed-use) was a fundamental component of what Jacobs called 'street life'. Street life referred to the combination of people and activities in a particular street at different times of the day. To Jacobs, there was an intricate social and economic order in the "seeming disorder of cities" and their streets.

The concept of 'street life' introduced by Jacobs was a reaction against the established planning discipline during the Moses era, and eventually became one of the dogmas of the city's new planning community in later years. The increasing adoption of the street life concept was accompanied by the increased aestheticization of the city's urban environment. In this context, street life, including its retail, assumed not only a different connotation, but also specific aesthetic functions. As the following paragraphs reveal, few other places during the early

seventies in the city were as lively and busy as Fourteenth Street. Yet, initiatives to transform the street were set in motion in order to promote 'street life'.

5.2. Fourteenth Street in the early 1970s: Bargains and Yuppies

As a microcosm of the city, Fourteenth Street reflected the turbulence of the sixties. The contrasting social and commercial dynamics happening in the area revealed major shifts within the city and nation's economy: deindustrialization and the growth of white-collar workers and residents in the city.

Despite the population loss suffered by the city, there was an overall population growth in the Fourteenth Street area. A look at the 1960 and 1970 census data for the tracts along Fourteenth Street reveals an increase of approximately 3,000 persons. Furthermore, it also shows that the area was a magnet for young and well-educated professionals. As early as 1970, the area along Fourteenth Street had a higher proportion of white, young, high-skilled college-educated residents with a higher median income than Manhattan as a whole. Whereas in Manhattan the percentage of whites was 71.4%, young population (18 to 34 years old) was 27.7%, professional, technical workers and managers was 24.6% and 10.2%, college educated (4+ years) was 20.8% and median household income was \$8,983, in the tracts along Fourteenth Street whites corresponded to 91.7%, young population ranged from 29.5% to 50.6%, professional and managers reached 40% and 13% and college-educated individuals were above 25% with some tracts reaching 52%. Furthermore, the majority of households in the area made

\$12,000 or more, and in some tracts (50, 52, 54 and 63) the median income was twice the value of Manhattan (between \$19,082 to \$21,579) (US Census Bureau 1960, 1970).

It is important to point out that the area along Fourteenth Street was not homogeneous: there was a disparity between the central tracts (the ones around Union Square) and the tracts at the edges of the district. The eastern (40 and 48) and western (77, 81 and 71) tracts were distinct from the central ones, with lower incomes, lower educational attainment levels, distinct workforce, (higher proportion of lower skilled workers), and not as high proportion of young adults. Such characteristics made them more similar to Manhattan as a whole. Additionally, these were also the most populous tracts and the only ones that lost population instead of gaining it at that time.

Additionally, the poverty levels in the area were below the borough for families, with the poorest tracts being tract 40 with 11.8% and tract 81 with 8.5% (versus 13.1% in the county). However, poverty level for unrelated individuals was in many tracts similar or higher than the rest of the borough (even in prosperous tracts, like 61 and 71). Tracts 40, 48, 61 and 71 reached 25.1%, 20.2%, 24.4% and 28% respectively (versus 21.7% in Manhattan).

Another relevant observation is that despite the influx of upwardly mobile population, the area still had a lower proportion of homeownership than the rest of Manhattan, with most tracts remaining under 3.5% versus 6.9% of Manhattan. There was a high proportion of households spending 35% or more of their incomes

in rent: in all tracts it surpassed 21%, and next to Union Square, where the more affluent lived, the proportion of households spending 35% or more of their incomes in rent ranged between 33% and 41.5% (US Census Bureau 1960, 1970).

Despite the presence of young affluent residents, it was the commercial function that gave the district its main character. During the 1960s and 1970s, Fourteenth Street became an extremely popular retail destination and was commonly known as a bargain shopping district (Institute for Architecture and Urban Studies, 1973; Zukin, 2009). Its location within a major mass transportation node made it a regional commercial center. According to some accounts, people would come from all parts of the city and suburbs to hunt for bargains and to check not only the stores, but also the informal vendors' market happening on the sidewalks (Institute for Architecture and Urban Studies 1973; Gaber, 1994; Zukin 2010). As photographic images and a documentary video of the time reveal, the street was full and 'booming' (Lukas, 1976; Gillon and Spero, 1979; kmoser.com/video). During the early to mid-seventies, the local media portrayed Fourteenth Street and Union Square as an up-and-coming area populated with artists studios like Andy Warhol's "art-deco styled office at Union Square", or Louise Larabee's ceramics made at her "bright airy studio on Union Square". The overall image of the area can be captured by the following passage referring to Isabel Bishop's works:

"One of the great standard pleasures of life is the sight of free human beings walking around in a defined but open space. This pleasure was fundamental to ancient

Athens. It was common form in Rome...All the great European cities have allowed for it. In New York it survives with a particular (if sometimes tacky) vivacity in Union Square" (Russell 1975). Union Square at the time was renowned as a place for political gatherings, like the First International Women's Day Rally in 1975.

The increasing desirability of the area was also revealed by the increasing demand for housing in the commercial and light industrial district: "Office Building Converted to Housing: Plans for Union Square Building Mark Extension of a Growing Phenomenon" (Tomasson, 1975).

Planning studies and reports from the early seventies describe the street as "a strong retail and commercial corridor, with a high volume, low margin, modestly priced shopping district serving a wide public of low and moderate-income people throughout the metropolitan region... From all indicators, the district appears to be able to maintain itself as a viable bargain shopping area servicing a considerable regional population" (Institute for Architecture and Urban Studies, 1973; Lebow and Raup, 1972).

A look at the business directories for the early to mid-seventies (1971, 1973 and 1975) confirms that trend and reveals that there were between 550 to 621 business listings on Fourteenth Street between First and Eighth Avenues. Out of these listings, retail activities comprised the largest portion ranging between 41% and 44%, of which 65% sold comparison goods, 19% being convenience type stores and the remaining 16% eating establishments. The majority of stores sold apparel and accessories followed by miscellaneous retail, eating establishments and

furniture and equipment stores. Professional and institutional services comprised the next major economic activity group with 34% followed by manufacturing related activities, wholesale trade and FIRE. Of the services group, membership organizations comprised the next largest portion (political, religious and social organizations) followed by professional and personal service establishments.

Additionally, between 15% to 20% of the total listings (89 to 96 listings) had names associated with discount or low-end products and services, with most of the high-end listings being retail businesses, typified by boutiques, whereas the most low-end business typified by large variety stores. Furthermore, 6% of retail listings had ethnic names and about 7% were chains (between 30 and 35 listings). Clearly, the street was a commercial destination.

St Number	Listed Name	1971	1973
7E	Adler Shoe Shops	X	X
7E	Amway Prods Dstrbr		X
11E	Stuart Mc Guire Co.	X	
12E	GGG Clothes	X	X
12E	FW Woolworth Co.	X	X
22E	Green HL Co. Inc.	X	X
28E	Miles Shoes	X	X
36E	Paterson Silks	X	X
38E	Simco Shoe Stores	X	X
42E	Childs Restaurant	X	
44E	Mays Department Store	X	X
52E	Bartons Bonbonniere	X	X
52E	Chock Full o Nuts	X	X
14St Un Sq.	Sultana Hosry Co.	X	X
101E	G&G Shops Inc.	X	X
104E	Tads Steaks	X	X
106E	Mcan Thom Shoes	X	X
109E	Longchamp Restaurant	X	

115E	Horn & Hardart	X	X
116E	Flagg Bros Shoe Store	X	X
146E	Robbins Mens Wears	X	X
150E	Regal Shoe Shops	X	X
341E	Allstate Insurance Co.	X	
341E	Sears Roebuck & Co.	X	
351E	Metro Bicycles 14 St	X	X
20W	American Handcrafts Co.	X	X
20W	Tandy Crafts/Leather Co	X	X
21W	Emgee Furniture	X	X
22W	Dee & Dee	X	X
25W	Kay Jewelres	X	X
44W	Miles Shoes	X	X
52W	Grelerite Jewelry/Sq Jwlry	X	X
102W	Bickfords Inc	X	
108W	Singer Co.	X	X
139W	Dapper Dan Clothes	X	X
155W	Carvel	X	X

Table 01: Chain stores listed in 1971 and 1973.

Data Source: Cole's Cross Directory 1971, 1973

The presence of major department stores selling discount women's apparel was complemented by the presence of large variety stores and numerous smaller establishment that clustered around these stores selling everything from accessories to electronics. Together these businesses attracted thousands of middle to low-income shoppers on a daily basis. Additionally, large institutions like Con-Edison and the New School for Social Research brought daily workers and students to the area making it a very diverse and dynamic commercial corridor.

Despite most of its customer base comprised of the nine-to-five population, the Fourteenth Street area also attracted evening users from nearby residential areas to the east and west, and often, closing hours for retail concerns were extended into the evening. This evening use occurred in spite of the fact that there

are a very few establishments specifically oriented towards nighttime activity (Institute for Architecture and Urban Studies, 1973).

Notwithstanding its general commercial character, a closer examination reveals that the street could be divided into three main sections, which were physically different and had different land use functions: a central bargain retail district between Sixth and Third Avenues, a western portion with commercial offices and ethnic shops, and an eastern portion with convenience and adult-themed entertainment shops and activities.

5.2.1. Union Square and the Heart of the District

The immediate blocks east and west of Union Square (from Third to Sixth Avenues) comprised the heart of the bargain district. The two major department stores, Klein's and Mays were located next to each other on the southern and eastern corners of the park. Due to their large footprint and prominent location (at the center of the street and closest to subway and bus access), these stores had a major impact on the street character and use. Both stores sold women's fashion clothes at discounted prices and were considered New York's leading retailers for lower-income shoppers. Mays' slogan "Every Day A Sales Day" and Klein's popularity as the store to "pick through racks and bins searching for the ultimate find" gave the district an overall reputation for bargains. A report in the New York Daily News illustrates the character:

Many years ago or so went the story in Collier's magazine a lady was trying on a

\$6.95 evening gown when she inadvertently bumped into another woman who was also trying on a \$6.95 evening gown. "Oh," she apologized, "I'm so sorry." "Look," said the other lady, "If you're so polite, why don't you shop at Macy's?" This exchange could only have happened at the giant discount department store S. Klein. ... Based on Klein's no-frills philosophy there were no floorwalkers, mirrors, fancy chairs, etc. the store managed to keep prices low because it offered none of the tony trappings of uptown retailers like Macy's and Gimbels. For instance, a dress that might have sold at Macy's for \$18.95 would sell for \$9.95 at S. Klein. (Connors 1997)

Additionally, well-known variety stores such as Woolworth's (the international giant five-and dime retailer, now FootLocker) and H.L. Green Co. (another five-and-dime retailer but at national level) along with numerous smaller discount stores reinforced the bargain character.

A look at the business directories confirms that in this section of Fourteenth Street the large majority of listings corresponded to low-end comparison goods retailers followed by professional offices. Furthermore, most of the chains were located in this section (with 25 chain listings) including the already mentioned Klein's and Mays, Paterson Silks, a local New York City chain considered as one of the city's "best-known resource for fabric, and all its trimmings", as well as eating establishments like Chock Full O Nuts, a local chain described by the New York Times as "homegrown institutions where the budget-minded could sidle up to the

lunch counter for a freshly prepared meal”, and Horn & Hardart, the famous automat restaurant chain.

In terms of physical characteristics, the area had an irregular built fabric, with buildings ranging from 2 to 20 stories high, ground-floor retail and upper floor commercial office. A few exceptions corresponded to institutional buildings like Con-Edison and banks.



Figure 02: a view from Union Square of Mays Department Store, Paterson Silks and Seamans
Data Source: Metro Recycling: Mays Department Stores, September 15, 2009.

This was also the area with the largest concentration of young high-skilled and affluent professionals who were living not only in the old loft buildings that had been gradually converted into housing but also in new apartment construction (Institute for Architecture and Urban Studies, 1973).



Figure 03: Fourteenth Street and Broadway looking west.
Source: Watson and Gillon Jr. 1976

The built fabric and land-use reflected the zoning ordinance for that area, a C6-1, which allowed a floor area ratio of 6 for commercial buildings, a 6.5 for commercial facilities and a 3.44 for residential, and a C6-4 zoning for both corners of Fifth Avenue (Fifth Avenue corridor), which allowed a greater FAR of 10 for both commercial and residential uses. It is important to point that the taller buildings were built either before or during the grace period of the 1961 zoning resolution.

5.2.2. Western Portion – Unions and Little Spain

As one moved westwards along Fourteenth Street, from Sixth to Eighth Avenues, the street character gradually changed from a bargain destination area to an area populated with convenience type stores, personal services and a large concentration of ethnic stores. This section of Fourteenth Street was at the time considered the heart of the Spanish American community in New York, often referred to by residents as "Calle Catorce," or "Little Spain" (Valenzuela, 2010), with well-known stores such as the Spanish food and gift emporium Casa Moneo, La Iberia, a small clothing shop with an informal childcare facility for local residents, La Bilbaina and Café Madri, two neighborhood staples, a couple of Spanish bookstores, and two significant landmark institutions: the Spanish Benevolent Society, and the Church of Our Lady of Guadalupe.

Despite the stronger ethnic character this portion of the street had, the shops along 14th Street from First to Eighth Avenues, including Mays, comprised the largest shopping district south of Spanish Harlem for Manhattan's Hispanic residents providing a link between the concentrations of Hispanics on the Lower East Side and in Chelsea (Deutsche, 1986).

Another important activity here was the strong presence of union headquarters in this section, as well as labor and welfare related services. Thus, despite the strong ethnic character, this section of the street was incredibly diverse, with a wide range of activities in the same block, for example from a printing office, to a private detective, to a sculpture studio, to an amateur theater company to a Spanish bookstore, next to an electronics store and a hat shop.

Most of the built fabric in this section was composed of five-floor tenement buildings interspersed by a few taller commercial and residential buildings up to 20 stories high, which reflected the C6-2 zoning for this portion of the street, which allowed a 6 FAR for commercial uses and between 0.94 to 6.02 for residential uses.

5.2.3. Eastern Portion: Tail of the Bargain District and Popular Entertainment

The eastern portion of the street could be seen as the tail end of the bargain district, in which entertainment uses mixed with retail that gradually changed from comparison to convenience type. Its built fabric was comprised of smaller, narrower buildings with ground-floor retail space (most individually owned) and residential upper floors, giving it the character of a typical low-scale Manhattan neighborhood of rowhouses and tenements and small narrow shops lining the sidewalks. Interspersed were similarly low-scale offices and institutions such as the New York Eye and Ear Infirmary, a Synagogue, and the Emmanuel Midtown YM-YWHA. An R7-2 zoning with C1-5 overlay allowed a 3.44 residential FAR and ground-floor retail with upper floor commercial (up to two floors of commercial use).

Notwithstanding the neighborhood feel that such built fabric provided, the presence of entertainment venues such as the Jefferson and Metropolitan Theaters along with the famous Sahara Hotel gave this eastern portion of Fourteenth Street the character of a low-end/seedy entertainment district. The additional presence of restaurants and bars catering to the theaters' customers made it a popular entertainment destination.

Despite all that, a look at the business listings for the area reveals a diverse and active commercial environment, different from a bargain destination, one that catered to the needs of nearby residents with convenience stores and personal services like small shops, shoe repair, cleaners, tailors and beauty salons, etc. (see table below).

100E	Abbey Hats
100E	Empire State Clothing
101E	The Cameo Lunchnet
101E	Harry Cotler Mens
101E	G&G Shops Inc.
104E	Tads Steaks
105E	Mahel Cohen Candy Store
105E	DI & H Discount Store
105E	Mallahs Costume
106E	Balalaika Symphonic
106E	Casa Puerto Rico
106E	Dublin Tailors
106E	Mcan Thom Shoes
107E	Leland Liquor Store
107E	New Yorker Shirt
109E	Quick Sv Shoe Repair
110E	August LuchowInc./Luchows Restaurant
111E	One Eleven Delicatessen/Worth Foods
113E	Great China Restaurant
114E	Union Sq. Parking Corp.
115E	Horn & Hardart Co.
116E	Flagg Bros Shoe Store
116E	Gramercy Gymnasium
116E	Lamancha Inc.
118E	Leons Jewelry Ctr
118E	Sq. Msc & Sport Shop

Table 02: 14th Street Section from Fourth Avenue to Irving Place, 1973 Listing
Data Source: Cole's Cross Directory 1973

We can see from the above paragraphs that during the early seventies Fourteenth Street was a strong working class commercial district. Its retail establishments played a central role in the lives of the remaining blue-collar workers of the area (and the region). The stores along the corridor were a major commercial and entertainment destination. They satisfied not only peoples' everyday needs, but especially those little extras that they could afford with their disposable incomes. As Gaber (1994) pointed out, Fourteenth Street was a place where people with moderate means could "indulge in impulse shopping without spending too much money" (p. 379).

Additionally, its working class function was not only in the form of retail; but it was also providing space for labor and social organizations as well as political demonstrations. The large number of labor and union organizations in the street and the historical tradition of Union Square as a site of demonstrations (given by the numerous protests, from textile imports to union contracts, that were held in the area) attest to this connection.

However, the centrality of the area in relation to the city's central business district and its accessibility (transit hub) made it not only a natural retail center, but also a residential one. If blue-collar workers were attracted by bargains, a new generation of workers was attracted by its accessibility to midtown and the financial district as well as by its architectural features. The presence of old loft buildings that could be converted into spacious housing along with the area's historical

artistic tradition attracted a growing number of college educated professionals who did not want to leave the city for the suburbs.

It was in this context that a major local department store decided to invest and improve its local store to attract and serve the changing community.

5.2.4. The Klein's Plan

Sensing the demographic changes around Fourteenth Street and Union Square, S. Klein Department Stores, one of New York's oldest discount retail chains at that time, gave a grant to the Parsons School of Design in 1972 to develop a new front and "environmental" concept for Klein's 14th Street store in Manhattan. Samuel Neaman, head of Klein and chairman of the McCrory Corporation, the parent concern, said that the purpose of the project was to "blend our store into the surrounding area and its changing nature". The 60-year old Klein store, opposite to Union Square, is "both a historical site in NY and is also the largest store in an area which has seen the arrival of many new middle-income apartment dwellers", he said. The store's exterior "is not the image we want or which represents us anymore" (Barmash, 1972, para. 2)

Klein, which provided about \$200 million of McCrory's \$1.4 billion in annual sales, had been the parent company's major profit problem. Mr Neaman said that he had reorganized both the management staff and the operation of Klein in an effort to improve its profit margins (Barmash, 1972).

David Levy, dean of Parsons, added that the plan called not only for a new façade for the store but also for a complete concept for the signage and relighting for the store, the Klein's annex and the Union Square Subway interchange". As a result, the Parsons group, which included 18 students, a graduate assistant and four instructors, worked in conjunction with the Metropolitan Transit Authority, the Institute for Architecture and Urban Studies, and the 14th Street Association, an organization of local merchants. However, the funds were supplied by Klein (Barmash, 1972).

After a year of studying the square and its environs, the group unveiled its plan in the spring of 1973 at a public presentation to Klein's management staff and city officials. Major proposals for the park included new entrances, the elimination of the large parking area at the northern end, with the land being added to the park, an outdoor café to the south of the pavilion, the elimination of various pedestrian safety zones as well as rerouting the traffic around the square.

A spokesman for the city's Parks Recreation and Cultural Affairs Administration said that the park proposal was being studied by its engineering staff. While commenting that "we are very pleased to have the proposal", the spokesman added that "it all, of course, comes down to where the money will come from". He said that if city funds were used, it would involve the complex approval machinery of the Planning Commission, the Board of Estimate and the Mayor's office (Tomasson, 1973, para. 9).

The Parsons project coincided with, and was largely similar to, a study commissioned by the local Community Board, and signals an important shift within the city: an increasing preoccupation with its urban environment, components and design. Such preoccupation happened not only at the business level, but most importantly at the official level, as the following paragraphs reveal.

5.3. Creating the Fun City

Despite looming crisis, the Lindsay administration believed that the city could be a place of enjoyment. A number of changes introduced during his government transformed the city and the way many people saw it. During Lindsay's first campaign in 1964, he put together several task forces (or think tanks) to advise him on what he should say and do about parks, buildings, urban design, landmarks, street furniture, playgrounds, and so on. No politician in the city had previously shown such interest. When he won, and then proceeded to follow most of the recommendations of those think tanks, which were made up of recent graduates of Yale's School of Art and Architecture and, as the media described, other "madhouses", New York suddenly became the place in the nation where the most advanced ideas in architecture and urban design could be explored and put into practice (Blake 1973, p.70).

Among these initiatives were the promotion of public art and events in the city through the creation of the Office of Cultural Affairs and the promotion of location filmmaking by establishing a one-stop permit process through a newly created agency (now called the Mayor's Office of Film, Theatre and Broadcasting) and by creating a special unit of the Police Department to assist filmmakers, as well as ordering all city agencies and departments to cooperate with producers and directors (Sanders 2010). This set off a sudden explosion of creative energy, as dozens of filmmakers fanned out across the city's urban landscape, eager to exploit it as a giant stage, and determined to adapt it to their own purposes. (In 1967, just a year after the Mayor's Office was founded, 42 feature films were produced in New York.)

Another important initiative was the transformation of the city's parks, especially Central Park, into places of "happenings". In his first day as the City's Parks Commissioner, Thomas P.F. Hoving, an iconoclastic 34-year-old curator at the Metropolitan Museum of Art, proclaimed the advent of the "park as public theater", and declared that "the old rinky-dink, hand-me-down stereotype of the park is out, OUT!" Within months, he followed with a series of initiatives to fulfill his promise including weekend bans on automobiles in Central Park to "encourage bicyclists to savor its 19th-century landscape", and the promotion of public events and gatherings in the city's parks. These events came to be known as "happenings" and varied from a simple "folk song happening", to a five hundred-person game of

“capture-the-flag” on Central Park Mall or a Gay Nineties-themed cocktail party at the Naumburg Bandshell for 35,000 people (Sanders 2010).

Nonetheless, the most significant change brought by the Lindsay administration was the creation of the Urban Design Group (UDG) as a part of the City Planning Commission. Prior to Lindsay, the CPC never contained a department actually involved with urban design considerations. Until Lindsay established the UDG in 1967, the CPC had been almost exclusively concerned with the plan rather than the shape of New York. The members of the UDG were an influential body of architects and urban designers who sought a break from the previous generation of urban planners and the wholesale clearance of buildings or neighborhoods. Instead, their tactics consisted of manipulating laws and creating policies to further design goals that would encourage street use and permanence, that is, the creation of what later became commonly known as ‘livable streets’ or what Jacobs called ‘street life’. These included the integration of the buildings within the existing context, and a preoccupation with public and vestigial spaces, among others practices.

Often the policy instruments they used relied on incentivizing the real estate market to provide public goods. A former UDG member explains the group’s approach:

At that point in time, I’d say real estate developers were vastly uninterested in architectural quality. And as architects, we felt that real estate developers were “the bad guys” and that we had to educate them. At the time, architecture and developers working together effectively was a rare occurrence. ... But when it

came to urban design, our interest at the Urban Design Group was in how we could affect the city, not necessarily by dictating architecture or attracting a brand-name architect, but by creating rules and objectives with a cohesive vision. The Urban Design Group started with the approach that unless you involve the real estate developers, the city will continue to be built without any thought towards urban design whatsoever” (Ramati cited in Urban Omnibus, 2011)

The tools devised by the UDG were responsible for shaping numerous projects in the city and most are still in use today. Most of these design tools were translated into city laws including special districts, transfer of air-rights, plaza-bonuses, and incentive zoning. Private developers would be rewarded with virtual cash bonuses if they included theaters, arcades, shops, or ‘mixed-uses’ (apartments as well as offices and/or retail in a single building), or connection to mass-transit in their developments.

Lincoln Center, the Theater District and Fifth Avenue Special District are some early examples of special districts created by the Urban Design Group. According to Ramati (cited in Urban Omnibus, 2011), on Fifth Avenue the goal was to push back against the fact that the avenue was starting to be a street only of banks and travel agencies by mandating the “inclusion of other kinds of stores that bring life into the city”. In the Theater District, there was a danger of the theaters themselves disappearing, so the master plan included the transfer of air rights to ensure that certain kinds of buildings and certain kinds of uses were retained.

Another significant initiative was plaza bonuses, a form of incentive zoning. Previously, density bonuses for public space had been mostly unsuccessful. According to Ramati, UDG sought to translate the idea into a more “organized, comprehensive urban design plan”. Of course, incentive zoning started earlier with the “towers-in-the-park.” The term “Towers-in-the-park” refers to the inclusion of open space around a high-rise building to create access to air and light. In order to accomplish that, the city allows the developer to increase the density of the high-rise by 20%. The idea was that these open spaces would be provided for public use and enjoyment, with landscaped areas and so forth. But according to Ramati, the language was written in a way — “you create the open space, and we will give you the 20% density bonus” – that never really defined what this open space should be or how it should work. But ultimately, developers didn’t really want to provide amenities for the general public. Instead, those mandated open spaces often became dead areas, sometimes consciously designed to discourage anyone sitting on anything. According to her, a lot of these plazas had blank walls with no retail, because the idea of having retail in a corporate or residential building was not what the developer was looking for. Even when well-designed public space was promised, there was no way to enforce its implementation. So the plaza legislation was changed and became very strict, with specific design guidelines and implementation requirements (Urban Omnibus 2011).

Another important planning initiative was the establishment of an urban design presence within the mayor’s office. Initially proposed by CPC’s new

chairman, this recommendation was soon adopted and five offices were created: two in Manhattan, The Mayor's Office of Midtown Planning and Development and The Mayor's Office of Lower Manhattan Development and the other three established in the CBD's of Brooklyn, Queens, and Staten Island. These offices worked as development agencies by creating urban design objectives and working with private developers to translate these objectives into real buildings (Sander 2010, CB5 minutes 1972).

In the designers' minds, the creation (and maintenance) of quality in public spaces could only be achieved through this new approach of public-private partnerships:

"Most cities don't have the financial resources to purchase that kind of central real estate to use for public space. There's no way. It would cost them millions of dollars. Public-private partnerships are the only way to do it" (Ramati cited in Urban Omnibus, 2011). And the presence of retail became a key element to creating these quality urban spaces. As a consequence, the presence of street level retail became a new requirement in numerous projects throughout the city as well as its design specifications.

The idea of public-private partnership was attractive partly due to the ongoing crisis (it was well-known at that time that the city was in debt, so publicly there was no money to support city improvements) but also due to the general American hostility towards big-government. Lindsay insisted that the special needs and desires of local groups be considered when designing municipal projects and he

strengthened Community Boards to give them power to review neighborhood land use issues before a decision could be made by the City Planning Commission or forwarded to the City Council for final approval.

Nevertheless, massive projects were developed and constructed during his administration with the help of a Public Development Corporation (PDC) created in 1966 to manage, lease and sell city-owned property (many confiscated due to tax arrears, etc). Among these projects were the World Trade Center, Roosevelt Island and Battery Park City. Even though these were proposed and pushed by New York Governor Nelson Rockefeller, Lindsay is credited by many as one of the master builders of modern New York.

5.3.1. Lindsay's Master Plan and the Community Board's Initiative

In 1969 the Department of City Planning released a Master Plan for New York City, largely based on the Second Regional Plan Association. While to some the master plan was "not a master plan at all but a comprehensive inventory of existing and proposed facilities in all five boroughs" (Blake 1973 p.70), to others it was a validator for plans and perspectives that powerful FIRE interests have supported for decades including the west midtown plan, the second avenue subway, the whole downtown Lower Manhattan perspective and a dual emphasis on CBD expansion and port riddance (Fitch 1993, p. 120).

During the review process the City's Community Boards were asked to revise and comment on their respective jurisdictions. Unsatisfied with the plan,

Community Board 5 hired a group of consultants to identify areas neglected by the plan and worthy of intervention (Community Board 5, Meeting Minutes 1971-1972).

According to the board, the plan was a research compilation; it did not present a pattern for growth and development and largely ignored vast areas of their jurisdiction: "The Master Plan in our opinion is basically a traffic plan for the area between 42nd and 59th Streets. It does mention the garment center, but outside that area it says nothing about the rest of Planning Board 5". For example, between 14th and 23rd Streets, "except for the 14th Street retail area, the district has deteriorated markedly. The Master Plan does not provide an overall plan for this district. Transportation is excellent and with imaginative zoning and incentives this district could once again be alive and vibrating". One of the board's main complaints was the need for more specific recommendations, especially regarding zoning: "Too much of the report is used by photographs of people and insides of buildings at this time. Again we emphasize the need for housing and related amenities"(CB5, 1971-1972 Meeting Minutes).

During the same time, in January 1971, the board was invited by the City Planning Commission to participate in discussions for a 14th Street land use study, which encompassed the area from 8th to 20th Streets with 14th Street running down the center of the area. According to the study, residential construction had all but ceased since 1963 because of the new zoning regulation which permitted only a 7-2 utilization and economics showed that it is impossible for private builders to build on a less than R-10 utilization so that the only new construction in the area

since 1963 had been institutional. Furthermore, it indicated that when the Second Avenue subway would be built it would encourage new housing by opening up the area insofar as easy access to transportation and presented a series of land use maps, and along with them areas designated as “soft” and “hard” usage (“soft” meaning that what was there would probably not stay”) (CB5, 1971 Meeting Minutes).

A year later a couple of the board members found out that there was Federal money available for urban planning, and that it would be possible to hire a consultant to recommend a program within their geographic boundaries. The Board’s Chairman pointed out that Percy Sutton was the only Borough President who makes available the money allocated for his office’s use to the 12 Community Boards and that this was a “splendid opportunity for the Board to have someone working for it on a full time basis who would come up with recommendations on zoning, tax advantage to developers and other ideas” (CB5 April 19th 1972 Meeting Minute, p.2).

The board hired the Institute for Architecture and Urban Studies, an independent research design and educational corporation founded in 1967 by a group of young architects, to recommend a program for a specific area of Community Board 5 and the means to obtain Federal funds or grant money to carry the plan into action. The consulting group, whose membership included some Parsons faculty, had previously participated in the Klein’s Renovation Plan and they

suggested Lower Midtown Manhattan from 34th to 14th Streets between Avenue of the Americas and Lexington Avenue.

In December 1972, the group produced the *Lower Midtown Manhattan Study, Phase 1*, which consisted of a descriptive analysis of the area from the 1960s to early 1970s and interviews with local business and service associations. In their judgment, the “very much neglected” area in Lower Midtown Manhattan is a district of tremendous importance to the City of New York, and to the region. Due to excellent mass transportation and the presence of numerous institutions, historic landmark buildings, service agencies, among others, the report says the area has greater potential. In recommending a program, the report identified three possible and quite different issues to which it gave top priority: the redevelopment of Union Square Park; a new housing program for the area; and a survey to identify and help industries capable of sustaining growth in the area. Due to the immense political and economic constraints and repercussions that the last two options presented, the consultants suggested the creation of a planning and redevelopment program for Union Square Park and its immediate area north of 14th Street:

Comprehensive redevelopment of Union Square and its adjacent area north of 14th Street could be initiated. By redesigning this node on an urban scale, by encouraging full-time and diverse use of Union Square Park, the Board could make this a more attractive area in which to shop, to live, to work and to recreate. With the substantial number of persons who already patronize the nearby commercial zone, imaginative and meaningful redevelopment of the

park and its immediate surroundings could create a starting point for the eventual improvement of the study area as a whole. Union Square could become the focus of a new residential community in Manhattan located near a wide variety of institutions and commercial concerns (Institute for Architecture and Urban Studies 1972, p.3)

One relevant aspect that the report highlights is 14th Street as a “viable, distinctive and dynamic commercial retail area”. According to local business accounts in the report, 14th Street was known as “a bargain area and should retain that identity”. About 75% of the consumers on the street are Hispanic-Americans, although places like Luchow’s and the Academy of Music bring in a different clientele. Additional accounts pointed to the need for middle and lower-income housing in the area as well as better access to Union Square Park.

During this initial report, some board members questioned whether proposing such a program was the role of the board and whether it would be in direct opposition to the City Planning Commission (CPC). They were reassured by one of the members of the CPC that the “procedure is proper”. In fact, the board’s Chairman said that Mr. Kendall, director of City Planning for Manhattan, has said that this particular area has been neglected and the City Planning Commission has considered rezoning for it. Therefore, the board decided to continue the project and move forward with a more specific development project.

The Union Square Park Redevelopment Project released in April 1973 by the Institute for Architecture and Urban Studies constitutes such a project. In its

introduction, it announces the project as “a first action by Community Board 5 to significantly and visibly initiate the redevelopment of its area of jurisdiction. According to the authors, the project, if completed, would focus the attention and coordinated energies of community groups, private individuals, professional associations, city and federal agencies on the restructuring of an invaluable parcel of urban land located in the midst of a vital urban district” (p. 4). The project considers redevelopment opportunities for Union Square Park and includes a schematic redevelopment proposal to increase its use and variety of activities offered.

Their main recommendations can be summarized as the following:

- *Maintain and Reinforce 14th Street Corridor*

“The most dynamic zone is the retail commercial district along the 14th Street corridor. From all indicators, the district appears to be able to maintain itself as a viable bargain shopping area servicing a considerable regional population. In our judgment, CB5 should encourage the continuing improvement of the 14th Street corridor along current lines of usage.

To this end certain ameliorative steps should be considered, including the addition of functional street furniture, improved street lighting, some street landscaping, a rational policy with regards to street vendors, simplification and improvement of street and subway signage and improved police service. One important long-range goal which CB5 should consider is the full rehabilitation of the Union Square subsurface transit complex” (p. 17)

- *Support Housing East of 4th Avenue*

“The blocks east of 4th Ave, from 14th to 18th Street are less homogeneous than the 14th street commercial corridor, including a major department store, several banks and union headquarters, office space and recently constructed apartment buildings, etc. It can be reasonable anticipated that continuing incremental non-subsidized residential development will occur in this area, due to real estate market forces and possibly the redevelopment of Union Square Park” (p 20).

In their opinion CB5 should be prepared to participate in this evolution by:

- *Establishing a residential development policy vis-a-vis the blocks bounded by Fourth Avenue, Irving Place, 14th Street and 18th Street.*
- *Supporting zoning amendments and/or incentive programs guiding the sound beneficial development of this four block area to predominantly residential uses.*

- *Renovation of Union Square Park*

Increase its accessibility and foster full-time and diverse uses of the park through:

- *The recapture and conversion to open space park of 22,500 sqft of land currently used for parking*
- *The construction of 4 permanent kiosks to sell light food and drink*

- *The creation of terraces furnished with tables and chairs for passive recreational use*
- *The narrowing of the park pathways and the elimination of the diagonal paths, to consolidate green spaces for active recreational use.*
- *The renovation of the pavilion at the north end of the park to create space for gatherings, etc.*
- *Provide reserved pedestrian accessways to the park with a traffic signal system favoring this access*

Finally, in order to guarantee implementation of the project, the Institute for Architecture and Urban Studies recommends CB5 to engage in a series of “properly executed public information programs” including displays and meetings to spread community awareness and to gain community participation in the final program, plan and design phases, and to make apparent the community support to the City.

5.4. The Capital Budget Struggle and the Project’s Appropriation by the City

Between 1973 and 1974, the Institute worked on behalf of CB5 to obtain a budget line in the 1974-75 Capital Budget of the City of New York for redevelopment of the park. During the process, the consulting group initiated and maintained contact with a number of groups and government agencies including the City Planning Commission(CPC), Parks Recreation and Cultural Affairs

Administration (PRCA), Office of the Borough President, Department of Highways, and adjacent Community Boards.

A budget line of \$600,000 was initially obtained in the 1974-1975 Draft Capital Budget as requested by CPC on the basis of the work presented by the Institute. However during the process, the PRCA said the Institute's project was too modest and that it would request \$1.6 million for a more extensive project. The disparity between this request and the more modest proposal contained in the Institute's report of April 1973 was explained as a result of a more extensive project envisioned by PRCA including access and exit directly from the park to the subway system, utility relocation of many sorts and cost escalations from the 1973 figures used in the Institute's report. However, according to the Institute's accounts, in October 1973 and thereafter through the Capital Budget process and budget hearings, PRCA was unwilling or unable to share a detailed cost breakdown of the redevelopment cost of the park which they had developed. This made it difficult for the Institute to substantiate these estimates. This budget line, upon review by the Bureau of the Budget, was considered to be inadequately justified, and therefore the project was not accorded a separate budget position in the 1974-1975 Executive Capital Budget but rather transferred to the general Parks Department Capital Budget for 1974-75, which meant it would be included in the total budget of the Parks Administration giving it control over it rather than being an independent project of CB5.

5.5. Concluding Remarks

In the late sixties and early seventies Fourteenth Street was a very diverse place. Its building stock provided space for a variety of uses, from manufacturing, to offices to large retail and local services. It was also an area surrounded by an increasing number of young, educated and affluent residents who were attracted by the area's centrality and artistic, avant-garde tradition. The street's retail for the most part catered to the needs of blue-collar workers who either worked nearby or came to the area through its excellent transportation.

Citywide, the late sixties and early seventies were a period of major social and political changes in the city. A number of policy changes introduced during the Lindsay administration reflected a rupture with the previous planning regime and expressed a new view (and belief) that despite the urban crisis, cities could be a place of enjoyment. The quality of the urban environment, its design and components (streets, parks, plazas), somewhat overlooked by previous administrations, became a matter of city policy and the focus of public debate.

Efforts to transform Fourteenth Street and Union Square emerged in this context. The Klein's and the Community Board Plans were a byproduct of new political and planning contexts. They reveal a desire to change the urban environment of the square in order to increase its 'visual appeal' and encourage mixed-uses. In the Klein's Plan, the project for the store included making the surrounding urban environment (the square and the street) not only a 'place of enjoyment', but as an entrance, or foyer, to the department store (a concern with the

integration between the store building and its surrounding urban environment) in order to attract higher income buyers. In the case of the Community Board Plan, the initiative emerged as a reaction to a larger City plan (the 1969 Master Plan). Despite identifying larger opportunities, like the need to build low-to-middle-income housing and supporting manufacturing, the project focused on a less politically contentious issue, redeveloping the park. The designers saw the physical transformation of the park as an opportunity to create a 'place of enjoyment' for the current street customers, but also saw it as a way to attract new residents and to bring 'street life' or life to the square. It must be said that the physical characteristics of the park did in fact discourage use, since it was separated from the surrounding streets by at least four moving lanes of heavy traffic with minimal crossing opportunities. However, it did not completely deter use, since the consultants' analysis pointed out that a considerable number of people used the park in a regular basis.

As important was the project's recognition of politically contentious issues that the redevelopment could eventually bring. The most pressing issue was the presence of a number of single-room-occupancy hotels in the area and the possible displacement of their residents due to redevelopment pressures. In order to address the issue the report highlighted the need for involving local community groups in all stages of the project, so different interests could be represented. However, as we shall see in the next chapter, the inclusive tone of the project was replaced once the city appropriated it.

6. The Transition Years

If in the early seventies the city was turbulent but cheerful, during the mid to late seventies the city was desolate and dark. The naïve optimism of the Lindsay years gave way to harshness and especially divisiveness that emerged during the 1975 fiscal crisis and persisted during the following decades. More importantly, during this time there was a repositioning of the city's political economy and a reframing of the city's priorities and image in relation to its residents and especially to the nation.

6.1. A City in Crisis

When Mayor Beame took office, the city witnessed terrorist bombs exploding in office buildings and department stores; a citywide blackout that led to arson, looting and 3,000 arrests; and a psychopathic killer called Son of Sam who terrorized New Yorkers. But it was the fiscal crisis that dominated the news in those years. In April 1975 the city of New York was unable to sell its short-term securities in the bond market, and soon found itself dependent on NY State to provide funds to pay its outstanding obligations to investors and to stave off municipal default.

A series of improvisatory "rescue plans" were devised, as the apparent seriousness of the financial crisis deepened and as the effort to address it moved up the US federal system. First, a group of banking executives and New York State

elected officials created the Municipal Assistance Corporation (MAC), a state agency that guaranteed repayment to investors with secured tax revenues earmarked for bonds issued by MAC. When this agency was unable to sell sufficient bonds and enforce painful spending cuts, the NY State legislature created an Emergency Financial Control Board – composed of the governor, mayor, state and city comptrollers, and three corporate officials - to control disbursement of city funds and enforce austerity budgets. After these steps failed to restore investor confidence, the city and state sought national help. The spirit of President Ford's initial response was captured in the famous NY Daily News headline: "Ford to City: Drop Dead" although Congress eventually approved a three-year package of loan guarantees. Despite these measures, further negotiations would prove necessary to patch together the combination of municipal wage and employment cuts, service deferments, accounting practices and repayment guarantees to carry New York's finances through the end of the decade (Sites, 2003, p.37)

The social turbulence of the period coupled with the real possibility of the largest city bankruptcy in US history helped to create an 'image crisis' and to fuel a blame game that divided the city's populace. While vaguely understood by the average citizen, municipal default was actually a fearful specter: a city unable to pay its police officers and firefighters, to collect its garbage or maintain its hospitals and schools, it was a vision of a metropolis in social collapse, and out of control. (McFadden, 2001; Moody, 2007; Greenberg, 2008).

New York's crisis fused two perceived problems with the American city: it was not attentive to business and its poor people were obstacles to economic development. The enormous growth of the city's welfare provision and public sector since the 1930s created a unique cluster of urban social institutions characterized as a "social democratic polity". This included a public hospital system, an expanding City University system, extensive public housing, significant union-provided cooperative housing, rent control and civil rights legislation, which according to many, had turned New York City into a national paradigm of "civic liberalism" and gave it a reputation as a pro-labor anti-business town (Moody, 2007; Greenberg, 2008).

Partially, this had to do with federal retrenchment and the growing mobility of capital. This national anti-urban sentiment was coupled with the emergence of a neoconservatism and a contraction of the national economy in the 1970s that led to a reduction in the flow of federal funds to cities. As municipal tax revenues diminished, New York (as virtually all American cities) found itself in increasing competition with other cities to attract and retain capital. In perceiving their economic base as endangered by competition from other places, New York City policy makers have striven to devise programs that would attract expanding business (Sites 2003; Moody 2007).

In this context, New York's powerful business elite formed a coalition and framed the debate along two related themes. The first theme claimed that the city's budgetary burdens were driven by the excessive demands of poor people, municipal

workers, racial minorities, and community groups--and by the liberal politicians who supported them. The second theme held that deindustrialization was irreversible, and the city should prioritize its role as a global city, that is, to promote finance, insurance and real estate (FIRE) industries. In view of this definition of the crisis, the measures to address it sought to do more than simply reestablish fiscal solvency. Crisis-resolution efforts worked to reorient local policy to promote and sustain corporate and Central Business District (CBD) expansion, at the expense of manufacturing and social welfare programs. As a number of scholars have pointed out, the fiscal crisis constituted a key opportunity in which New York's powerful business elite coalition could roll back a decades-old tradition of social spending and provision and thus transform the city from a 'pro-labor' into a 'pro-business' town (Sites, 2003; Moody, 2007; Greenberg, 2008).

Therefore, the fiscal crisis, and the image crisis that accompanied it, represented a key moment in which to revise the city and government's priorities and functions. Years of deindustrialization and corporate flight along with federal retrenchment had put in question the viability and role of the city in American society. "Ford to City: Drop Dead" represented more than refusal of a bailout. It expressed the official and national disdain for the city and its residents, especially its poor residents.

6.2. Recovery and Planning

The transformation of New York from a pro-labor into a pro-business city required a change not only in the built environment, but in the city's image and reputation. The public consensus on blame helped justify retrenchment of municipal services (transportation, housing, hospitals, community colleges) most relied upon by working people and the poor. The necessity of triage was given an invidious twist by NYC housing commissioner Roger Starr's advocacy of "planned shrinkage". Blaming housing abandonment on poor residents themselves, Starr argued that "destructive elements" within the lower-income population were making any such neighborhoods unsalvageable. By gradually cutting services in these areas and targeting resources to more 'salvageable' areas, Starr claimed, government could facilitate the creation of a smaller, wealthier city more conducive to market standards and economic viability. "Better a thriving city of five million", he concluded, "than a Calcutta of seven". Starr's penchant for openly championing this urban vision soon made him a political liability for the administration of Mayor Beame, and the commissioner was asked to resign. Yet, his logic retained its appeal among civic and business leaders, who would invoke this perspective when it was convenient to do so (Sites 2003, p. 23).

In fact, the city's leaders in government, finance, real estate, and tourism sought essentially to erase any aspects of local culture that might feed pro-labor and /or urban decay and urban poverty stereotypes, and to frame the city's "comeback" through a tourist-and business-friendly lens, one that was almost entirely white, Manhattan-centric, and decidedly not working class. The city's vibrant cultural and

political scene—from its long tradition of working class popular culture, to its central role in the 1960s counter-culture, to its rising underground movements of hip hop, subway graffiti, and punk – were easily reframed and used to fuel negative stereotypes (Greenberg, 2008).

Mayor Ed Koch's government (1977-89) constituted a turning point in the consolidation of this shift in the city's priorities and image. By uniting the economic interest of business and its prominent organizations – downtown corporations, large developers and their supporters, and in a key subsidiary role, municipal labor leaders – in a general program of fiscal parsimony and central-business district growth, its governing coalition could “sell” popular austerity and business subsidies as a recovery strategy. The Koch administration presented its development strategy as one in which the “natural forces” of the market were allowed to do what they did best, with the principal role of the government to “get out of the way”. In practice, fostering natural forces involved a lot of government activity, selectively applied—from tax incentives and capital funding subsidies to development planning and the political management of community opposition (Mollenkopf, 1992; Sites, 2003).

Indeed, the stimulation of property-led development was the most important growth strategy of the latter part of the century. Under Koch, urban development was used to reorient the city's physical, visual and economic environment according to the needs of FIRE industries. Guided by principles of planned shrinkage, NYC government in the mid 1970s reduced expenditures on public services, closing down firehouses and shedding much of its earlier commitment to community

development. Spending on “noncommon” such as libraries, utilities and education, and public welfare functions (welfare, hospitals) was especially hit, as the politically weakest groups suffered the greatest losses (Fainstein, 2001; Sites, 2003).

The brief pause during the immediate crisis was followed by full-fledge redevelopment activities with the help of bonuses and incentives, many of which were actually crafted during the Lindsay years. However, if in the Lindsay years these tools were used in reduced portions of the city and in parallel with inclusionary measures, in the context of an urban conservative regime, however these tools assumed a more central role in promoting the CBD expansion at the expense of less privileged groups. During the Lindsay years, urban planning tools were used in conjunction with the promotion of the city as a ‘place of enjoyment’, or the fun city (happenings at the parks, road closing to bikes, art installations, etc); such initiatives combined market-stimulus policies, such as downtown zoning incentives, with the community oriented programs supported by new federal antipoverty agencies, thus still inherited a collective sense of tolerance and inclusiveness from the 60s civil-rights movements. During the Koch years, however, these tools were part of a different governing agenda: to create a ‘place of enjoyment’ for specific social groups at the expense of others. More specifically, the reformulation of the built environment (in its physical and visual/aesthetical attributes) was instrumental to displace unwanted uses and users. It is not to say that during the Lindsay era urban development was not Manhattan-centric and elitist, and not destructive, but it was not a centerpiece of a citywide economic

development strategy substantially based on urban redevelopment, nor its displacement aspects so blatantly ignored, if not advocated.

Along with plaza-bonuses, transfer of air-rights, and downtown incentives came a number of new or expanded tax-incentive programs oriented toward central-city businesses and the core land market. The Industrial and Commercial Incentives Board, created in 1976 (and later renamed the Industrial and Commercial Incentives Program, or ICIP), began offering tax abatements to major corporations and builders for development projects primarily in the Manhattan business districts. Although its initial purpose had been to revive New York's manufacturing base, it quickly turned into a real-estate development program, and the construction of new speculative office buildings became equated with economic growth in the view of the program's sponsors. Amendments to the tax-subsidy program called 421a, which had been designed to offer tax breaks to increase the stock of middle-income housing, instead stimulated luxury residential construction. State regulations governing cooperative conversion were loosened--especially the J-51 program, which had been enacted in the 1950s to upgrade cold-water flats--and retailored to stimulate privately financed condominiums, cooperatives, and residential conversions. In addition, a series of major Manhattan redevelopment projects (South Street Seaport, Battery Park City, the Javits Convention Center) was launched or sustained by a combination of public (federal, state and local) and private developers, despite free-market rhetoric and apparent fiscal constraints (Fainstein, 2001; Sites, 2003).

The 1980s marked an extraordinary surge in speculative property development in NYC, which was connected to the deregulation of finance and increasing internationalization and mobility of capital. Profits on large projects, huge tax benefits from real estate syndication, and trading margins from mortgage securitization formed the basis of vast fortunes. The steeply climbing curve of returns from real-estate investment prompted a stream of new development proposals, which justified their costs with prognoses of ever-increasing earnings (Fainstein, 2001).

By 1981 office construction skyrocketed, and average office rents doubled in Midtown and Downtown areas. The flurry of new construction coincided with a major expansion in employment, income and tax revenues. The erection of flashy projects symbolized the creation of new wealth and seemingly testified to growing general prosperity. As the '80s boom hit its peak, high-ranking public officials were celebrating an "urban renaissance" embodied in the grand new building complexes (Fainstein 2001, p. 43).

Such urban renaissance, however, was highly uneven. As highlighted by numerous studies, the city's decade long recovery, and its spatial patterns of development, had produced increases in poverty, inequality and racial segregation as well as a persistent decline in city services, visibly in the growth of homelessness and gentrification (Fainstein, 2001; Sites, 2003; Moody, 2007).

The increasing housing shortages for moderate and low-income groups and increasing commercial gentrification led the mayor in the beginning of his third

term to establish a citywide affordable housing plan and a study commission to evaluate the pressure of rising commercial rents on small retail businesses and to consider policy options to address the problem.

The Ten-Year Housing Plan proposal envisioned building or rehabilitating 250,000 apartments over ten years with \$4 to 45 billion in spending from the city's capital budget. As the plan took shape over the course of Koch's third term, corporate calls for additional housing for higher level professional workers, as well as the administration's own political priorities, kept pressure on the plan to target upper-income beneficiaries. By 1989 roughly two-thirds of the housing slated for production under the plan was targeted toward market-rate and upper-middle income housing consumers, with the remainder earmarked for the poor (Sites, 2003).

The Small Retail Business Study Commission Report, issued in the winter of 1985, revealed that overall trends in retail in New York City had improved since the late seventies, which were reflected in retail sales, the number of jobs created, and the number of establishments. However, it also found that rising commercial rents were generating significant hardships for New York City residents and retail merchants. Research conducted by the Commission yielded incontrovertible evidence that the most serious problem confronting small retail business in New York City was the threat of rent increases and the resulting threat to their tenure at the location where they were conducting their business. More specifically, it revealed that 38% of merchants citywide cited rent as the most serious problem

their business faced; 25% business believed that they would be forced to move and most probably would go out of business once their lease expired; 27% of merchants citywide paid at least one-and-one half times the citywide average rent, indicating high levels of abuse; merchants citywide experienced a 35% rent increase over a two-year period, and merchants with new leases averaged increases of 66% over the same time period, even though inflation was only 9% during the same time. Regarding the disappearance of neighborhood retail establishments, shoppers were asked whether any store that they actually used had gone out of business over the past two years. More than half of all respondents answered in the affirmative. And nearly half of all shoppers reported that new stores had resulted in higher prices for their neighborhood (Small Retail Business Study Commission 1985).

Despite the grave situation the findings revealed and major calls for commercial rent control by local merchants associations and community groups, the Commission, with the exception of few dissenting members, dismissed commercial rent control and suggested minor proposals, including non-binding lease mediation, with a one-year lease extension and the expansion in the supply of retail space, which as their own analysis recognizes, the effects would be the same as non-intervention.

The trajectory of Fourteenth Street illustrates the changes of the times. Its previous vitality and resilience suddenly became the object of media scorn and a target of 'revitalization' efforts by a coalition headed by businesses that not only had

major real property stakes in the area, but that also were closely tied to the area's reputation (universities, utility and insurance companies).

6.3. Fourteenth Street in the Late 1970s to mid-1980s: An Area in Transition

The effects of the crisis could also be seen on Fourteenth Street. An examination of the business directories reveals an overall and gradual reduction in business activity in the area. Compared to the early 1970s, the late seventies listings show a steady decrease of businesses from 621 to 550, as the following table reveals:

Year	1973	1975	1979	1983
UnSq	235	252	246	234
Western	286	265	229	208
Eastern	100	97	75	91
Total	621	614	550	533

Table 03: business listed in 1973, 1975, 1979 and 1983

Data Source: Cole's Cross Directory 1973, 1975, 1979, 1983.

Out of these, retail activities still comprised the largest economic activity group, ranging between 43% and 45%, with 64% to 65% of them selling comparison goods, 19% to 20% being convenience type stores and 15% to 17% eating establishments. Hence, convenience and comparison stores maintained a similar proportion/ratio throughout the 1970s and early 1980s. Professional and

institutional services comprised the next major activity group increasing from 32% to 35%. Of the services group, membership organizations comprised the next largest portion (political, religious and social organizations) followed by health, professional and personal service establishments.

Additionally, the presence of chains throughout Fourteenth Street had an overall reduction, decreasing from 35 listings in 1971, or 5.6%, to 23, or 2.4%, by 1983.

Listing Year	Chains
1971	35
1973	31
1975	26
1979	25
1983	23

Table 04: chains listed in 1971, 1973, 1975, 1979 and 1983
Data Source: Cole's Cross Directory 1971, 1973, 1975, 1979, 1983.

One portion of the street, however, did not have the same reduction of business as the others. As the previous table (04) shows, Union Square and the Heart of the Bargain District, was only mildly affected in terms of business activity reduction.

Business accounts in the early 1980s report little to no vacancy in Fourteenth Street between Sixth to Third Avenues. The retail rents were about as high as those on 34th Street – approximately \$55-\$75 per square foot, and the annual sales were of \$120million, mostly by shoppers who travelled to the area by subway or PATH train (Cohen, LDC 1982). In a letter to the City Planning Commissioner, LDC Chairman Norman Cohen attests: "I can tell you the street is very busy both weekdays and Saturdays". Clearly, the area was still a viable shopping destination.

Furthermore, an examination of the business directories also reveals that the presence of convenience and comparison stores maintained similar proportions throughout the 1970s and into the 1980s.

Throughout the late '70s and '80s the street maintained its overall commercial character, with a bargain district in the central portion between 6th and 3rd avenues, and neighborhood stores and institutions at the eastern and western ends, with a continued presence of entertainment establishments to the east.

One relevant observation that points to the commercial gentrification of the area is that throughout the 1980s the proportion of high-end establishments versus low-end begins to change. By the late 1980s, low-end listings had decreased almost by half in comparison to the early 1970s, and high-end establishments had increased and included not only boutiques but also gourmet stores and bakeshops.

Moreover, despite the city crisis and overall reduction in businesses, Fourteenth Street continued to attract young and affluent white-collar residents. A look at the 1980 census data for the tracts along Fourteenth Street reveals an increase of approximately 2,000 persons, contrasting with the population loss suffered by the city as a whole. Furthermore, a closer look at the census data shows that the area was still a magnet for young and well-educated professionals. Not only the share of white, young, high-skilled college-educated and affluent residents was higher than Manhattan but also its growth. Whereas in Manhattan the percentage of whites was 58.9%, young population (18 to 34 years old) was 33%, professional, technical workers and managers was 41.7%, college educated (4+ years) was 33.2%

and median household income was \$13,904, in the tracts along Fourteenth Street whites corresponded to 87.6%, young population was 46.4%, professional and managers 57.4% and college-educated individuals were 55%. Also, the majority of households in the area made \$15,000 or more, and in some tracts (50, 52, 54, 61 and 63) the median income remained between \$20,000 and \$22,000. Furthermore, whereas in Manhattan the growth of young adults (18-34 years old), college-educated individuals (4+ years of college) and professional and manager occupations between 1970 and 1980 was 5.3%, 6.9% and 12.4% respectively; in the Fourteenth Street area it was 8.6%, 7.4% and 18% (US Census Bureau, 1980).

In terms of poverty levels, except for tract 40, the area fared better than the borough's 18.7% for families and 22.2% for unrelated individuals. However, poverty levels varied widely across tracts, ranging from 1.9% and 2.3% in tracts 52 and 50, to 16.2% and 14.2% in tracts 40 and 42 respectively for family poverty and from 8.6%, in tract 50, to 22.3%, in tract 40 for unrelated individuals (US Census Bureau, 1980).

Additionally, even with the continuous influx of upwardly mobile residents, the area continued to have a lower proportion of homeownership than the rest of Manhattan with 7.7% (except tracts 50 with 8.1%, 52 with 9% and 63 with 15.9%) and the majority of the area's tracts had close to 30% of its households spending over 35% of their incomes in rent (similar to the 29.4% in the county). With the exception of tracts 52 and 61, in which the percentage of people spending 35% or

more on rent decreased, in the rest of the area it increased an overall 4% (like the borough).

Even though Fourteenth Street's residents and business were in many aspects better off than those in the city as a whole, its image began to suffer. If in the early seventies the area was considered an artsy, up-and-coming area, in the mid to late-seventies, the tone changed, and Fourteenth Street was portrayed in a very negative light, with reports emphasizing the presence of social undesirables, drug trafficking, prostitution and crime. An examination of local media reports reveals a drastic shift during the mid to late 1970s in the way they referred to Fourteenth Street and Union Square, changing from a place of vivacity to a crime infested/drug haven place: "Bums Triumph; City Shuts Park," "War on Crime Declared in Union Square Park," "Man Slain in Union Square Pk as Hundreds Watch in Horror" (Walsh 2006; Zukin 2010). Even the street's bargain character, which did not seem to be problem in earlier years, assumed a very negative connotation. In fact, it became an obstacle to be overcome. A New York Times article entitled:

'Union Square: A Hard Test for The City's Recycling Efforts' illustrates the change: "Like much of the close-out merchandise piling onto the sidewalks of 14th Street's famed "bargain basement" shopping corridor, commercial property around Union Square has grown noticeable shabbier, picked-over and worn at the edges...Union Square is truly a difficult test of the city's efforts to encourage private investment to recycle underutilized or deteriorating properties in depressed districts" (Ellis, 1976, para. 4).

To illustrate its point, the media quoted a local worker on why she would never shop or live in the Union square area: ..."Union Square and 14th Street are just like Petticoat Lane in London. It gives you the feeling that the same hand that robbed you at one end will be back to sell it to you at the other. Even if you found a bargain, I don't think that it would be worth the hassle" (para. 2).

Two citywide phenomena contributed to the change. First, during the seventies there was a rapid and visible growth of a particular segment of the residential population in New York City known as Single-Room Occupants, which have been officially defined as: "unattached persons usually without friends or family, who live isolated in old rooming houses, or single room unit buildings. Typically, they are discharges from State hospitals and prisons, alcoholics, drug addicts, the blind, the sick and the aged" (NYC Bureau of the Budget Management Services Staff, 1972). A national movement known as deinstitutionalization, that is, the release of mentally ill patients from state institutions, gained momentum at that time and was widely adopted by most states, including New York (Lamb and Bachrach, 2001). According to media reports, since the early 1970s the State Department of Mental Hygiene prompted the "wholesale release of mental patients from its hospitals to retain the delicate balance of its sagging budget" (Turque et al., 1977). Thus, thousands of uncured, chronically ill, paranoid schizophrenics and other psychotics were dumped onto the streets of New York, and the presence of a number of single-room occupancy hotels next to Fourteenth Street attracted many to the area (Jacobson, 1977). Secondly, the growth of the illegal drug trade in the

city during the 1970s made Fourteenth Street and particularly Union Square a sketchy place. The police department's inability to control the illegal drug trade worsened during the long reign of fiscal austerity that began in 1975, making Union Square a tangible image of urban danger (Zukin, 2010).

Another important development that impacted the area was the closing of Klein's Department store in August 1975. After years of reported profit losses, the retail chain gradually closed its suburban stores until having to close the urban branches and its flagship on Union Square. Due to its large footprint and presence in the square, the closing of the 300,000 sq. ft. store had a major impact on the area, reinforcing the general sense of disinvestment in difficult times.



Figure 04: Klein building complex boarded up – 1976. Source: Forgotten New York, Available at: <http://forgotten-ny.com/2013/08/s-klein-union-square/>

The city's overall crisis and the presence of 'social undesirables' and drug epidemics definitely affected the area, but they did not make it more dangerous than others. As a Village Voice article of 1977 recalls: "Considering the amount of petty law-breaking that goes on in this area, the incidence of violent crime is small... Reports of mug-teams and wall lifting are minimal"(Jacobson 1977, p. 26). In fact, though drug dealers did consider the park their turf and carried on their business behind abundant bushes that hid the park's interior from sidewalk scrutiny, people who worked in the neighborhood at the time recall eating lunch on benches in the park on summer days (Zukin 2010, p. 135).

Moreover, the downturn in the economy that negatively affected much of society created an environment that allowed artists to cluster in the same neighborhoods, paying rents so cheap that instead of working a second job, they were able to focus completely on performing and exhibiting nonstop in rock venues, clubs, galleries and cafes. Art, music, theatre, dance, and cinema had a chance to blossom in this environment. Since the barriers of what is art had been broken by these pioneers, younger artists, many of them fresh university graduates, felt free to try even newer and bolder things. Most importantly, it was the availability of cheap space and a sense of creative freedom that facilitated this artistic revolution. Thus, while it was one of the worst social, economic, crime-ridden times in the city's history, the mid-1970s through the mid-1980s was also one of New York's greatest creative moments (Currid 2007).

Fueled by cheap rents and large studio spaces, the "downtown scene" below

14th Street became an important reference to New York's art and culture. The demarcation between Uptown and Downtown became intrinsic to the city's artistic identity. While Uptown had the MoMA and other formal art institutions, the new wave of music, art and writing was happening Downtown (Currid, 2007; Tallenbaum 2010). And Fourteenth Street was the frontier, the place where Downtown and Uptown met. For young artists and musicians who were drawn to downtown's grittiness, the neighborhood was a gathering spot for punk culture, street art, and music clubs. Andy Warhol's Factory, with the eccentric actors, models, and flashy types who clustered around the Pop artist, rented space in a building on Union Square for several years; Max's Kansas City and the Palladium were popular music clubs, and hangout places for rock and punk musicians, artists, and writers. The low rents and shady characters that plagued building owners enabled hipsters and rockers to anchor the downtown culture scene. Though Union Square was not the center of the action, (and its rents were not as cheap...) it was close enough to SoHo and the East Village to count as "downtown" (Zukin 2010).

The artistic fascination with the area can be illustrated by the popularity of events such as the open house of local artists. The 'Open Studios', held at 41 Union Square in 1980, attracted over 8,000 people in only two days. According to artists' accounts "people kept asking when we were going to do it again," (Ferretti, 1982). So despite a negative image in the mainstream media, the edgy and artsy character of Fourteenth Street contributed to attract young people.

We can see from the above paragraphs that as the city suffered from the crisis, so did Fourteenth Street. The overall reduction in business activity, including the closing of S. Klein, signaled the arrival of hard times to the area. Additionally, the combined growth of citywide poverty and the inability of the city to address social problems stemming from it was manifested in Fourteenth Street: drug trafficking and homelessness in Union Square, prostitution on Fourteenth Street and Third Avenue, and the visible growth of the informal street vendors market between Sixth Avenue and University Place.

As social problems increased and as the poor and ‘social undesirables’ became considered the culprits of the crisis, the area’s character, including its bargain retail, became a ‘scapegoat’, targeted and packaged along with drugs and prostitution as something to be banished from the city. It was in this context, in the aftermath of the crisis, that a group of local businesses decided to “turn 14th Street around”.

6.3.1. The Formation of Sweet 14

Given the seriousness of the financial crisis and the stall of the revitalization of Union Square Park, members of the 14th Street Association, an existing local business association, decided to form the 14th Street-Union Square Area Project. The year was 1976, right after the crisis and the closing of S. Klein’s Department Store. William Stuhlbarg, the association’s executive vice-president, had been an active member of CB5 for years and was nothing less than the board’s chairman that year.

Headed by key members of the 14th Street Association-- Charles Luce (Con Ed), John Everett (New School) and John Angle (Guardian Life Insurance Company)-- the group soon enlisted the surrounding community boards and a number of city agencies on their side, including the Police, Sanitation and Parks Departments, the Metropolitan Transportation Authority, the Transit Authority, and the City Planning Commission. Its first director was Carvel Moore, previous chairman of Community Board 6, and its membership included Citibank, New York Telephone Company, and Helmsley-Spear Inc. among others (Perlmutter, 1976; Blau, 1977).

Through an active public relations and marketing campaign, the 14th Street-Union Square Area Project became known by a slogan on its orange-and-black posters: "Sweet 14". The common goal was "turning 14th Street around". "We're trying to bring out the natural spirit and zest of this great area"; "We're making it the livingest street in town!" Leaders of the project had set a three-year goal, with planning levels of accomplishment along the way depending on how much money they would be able to raise, which by 1979 amounted to \$1.2 million, partly funded by private funds and partly matched by public funds from all levels (Perlmutter, 1976; Blau, 1977; Hollie, 1978; The New York Times, 1979).

To accomplish their goals the group started with "*small, but tangible and visible changes that people could see right away*", such as infrastructure repairs and street cleaning. Carvel Moore admitted to journalists that the project also had larger plans, including the renovation of the Union Square subway station and efforts to rid the area of pill pushers and derelicts. To start the 'revitalization' of Union Square,

the group started promoting free lunch-time concerts on the square every Wednesday from May to October: *"Sweet Sounds in Union Square Park"*, as it was called, was intended to bring *"working people on their lunch hour back into the park... and make the drunks and junkies feel uncomfortable...Drunks and junkies always feel uncomfortable when "normal" people are around"* (Carvel Moore cited in Jacobson 1977, p. 28).

Additionally, one of the group's key tasks was to pressure the city police for the creation of a "14th Street Task Force" to monitor drug traffic and consumption as well as prostitution throughout 14th Street. As Moore (1977) put it, the most important task of Sweet 14 was "to break up the vicious drug trade and prostitution on 14th Street near Third Avenue... What kind of business would want to move to this area with things the way they are now?....Sweet 14 is working closely with the cops to take special action on 14th Street". One of the main problems with law enforcement in this area was that the yellow line down 14th Street separates the jurisdiction of the 9th and 13th precincts. According to her, the 'degenerates' know this and escape the cops who are loath to chase bad guys into another precinct: "Sweet 14 has been instrumental in setting up a 14th Street Task Force to deal with this situation" (Carvel Moore cited in Jacobson 1977, p 28).

Another important task was the remodeling of the 14th Street Union Square subway station, which according to a project member was "incredibly inefficient". It is one of Sweet 14 major tasks to "help remodel the station", said Ms. Moore, pointing out how the station's "awkwardness" made it difficult for employees to get

to work. The remodeling included closing off some long corridors with less traffic, improved signage and graphics, as well as improved lighting, and removal of turnstiles so that pedestrians could use the passageways to avoid street traffic or bad weather. According to Luce, the chairman of the group, "This is not just a use of graphics, but a complete remodeling so that subway users will have a pleasant environment as well as improved lighting and safe, efficient travel" (Hollie, 1978).

Last, but not the least, the group had bigger plans for Union Square Park. They hired the landscape architectural firm of Zion & Breen to redesign the entire park. The project appropriated some of the design recommendations of the earlier Union Square Park Redevelopment Project: new paving, a removal of iron-pipe fencing, expansion of the park by removing the pre-existing parking spaces around it and shifting the traffic. However it went further by proposing to trim and remove the bushes throughout the entire park edge. Such changes would enlarge pedestrian and park areas and make the area less dangerous. "If you have people actually using the area", said Carvel Moore, "they will displace the derelicts". "We want to remove visual barriers, like the tall hedges of the park, so people can see inside". "Drug dealers like privacy."

In an interview with the Village Voice in 1977, the Sweet 14 director was asked what if the group succeeded in making 14th Street safe for businessmen: what did she suggest doing with the "several thousand nether creatures now populating 14th Street"? She indicated that it was a "social problem" and not part of her job. In fact, when asked the same question, a number of city councilmembers agreed that

“It’s a dilemma... maybe its one of the biggest dilemmas in the city today;” however, “It’s my primary function to break up that situation and get them out of the neighborhood” (Carvel Moore cited in Jacobson 1977, p 28).

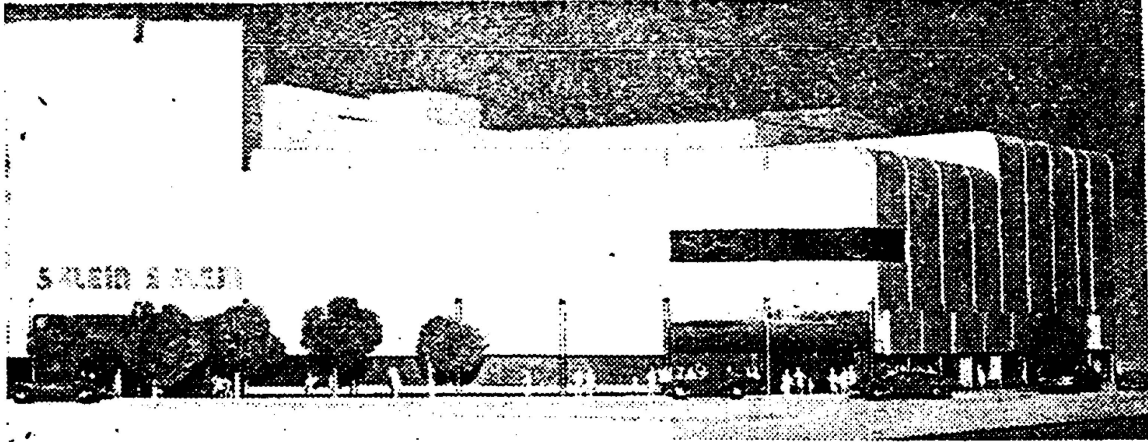
As expressed in the comments of Sweet 14 members and local politicians, their view carried very class-based connotations. In their opinion, the urban experience was not about seeing homelessness around, but about having the ‘livingest street in town’, or having a place of enjoyment for particular subgroups of the population by excluding others. In light of such revanchist views, it is not surprising that many of Sweet 14 ideas for the park were similar to the ones proposed by the Institute for Architecture and Urban Studies, however without the political considerations warned by the Institute’s members.

6.3.2. The Closing of Klein’s and the Street’s New Turn

The closing of S. Klein in August 1975 had a major impact on Fourteenth Street and Union Square. Due to its large footprint and major presence on the square, the closing of the 300,000 sq. ft. store reinforced the general sense of disinvestment in an important commercial corridor of the city. It also represented a key development opportunity that could restore and reinforce bargain retail character or lead the street to a new direction.

Despite the overall crisis, there was significant demand for space in the area. Even before Klein’s closed its doors at Union Square, other retailers were already making offers to lease the building, among them, Julio Tanjeloff, owner of the Georg

Jensen retail business, who was willing to compromise on a 10-year lease of the site, paying a total of \$10 million dollars. “In my opinion,” Mr. Tanjeloff said, “Klein’s was for many years a center of fine quality goods that could be bought at low prices. I believe that there is still a big demand for such goods and that the Union Square area is still an important shopping area” (Barmash, 1975; Oser, 1976).



Model of renovation planned for closed S. Klein store on 14th Street and Union Square

Figure 05: model of renovation for the Klein Site proposed by Tanjeloff_

Source: The New York Times, March 3, 1976.

Moreover, the area was in demand and administrators of the Klein estate knew that, and issued a statement saying “*we believe in the economic vitality of NYC and in the Union Square area, and we are having discussions with developers, real-estate firms and retail organizations in connection with the store*”. The property site, 300,000 sq. ft. housed in 11 buildings was owned by the Estate of S. Klein (50 people and 3 administrators) whereas the operating lease was held by the Rapid-American Corporation under its subsidiary, the McCrory Corporation, which complicated negotiations for a potential lease. However, it was the possibility of an upzoning of the property that kept prospective commercial tenants away. In fact, early media

reports on the closing of Klein reveal that plans under consideration by the Klein estate included the replacement of the store by a high-rise, low-income apartment development with office facilities and several small stores (Barmash, 1975). Not surprisingly, negotiations with Tanjeloff did not go anywhere, neither with other prospective tenants, leaving the site boarded up for years and creating an image of disinvestment in a site with significant demand.



Figure 06: Klein buildings in 1982. Source: <http://wirednewyork.com/forum/archive/index.php/t-5142.html>

6.4. The City Steps In

The initiatives that began with Community Board 5 and were further developed by Sweet 14 initiated an extensive chain reaction of interest in Union Square Park and Fourteenth Street. Though an independent budget line was not

obtained for the park's renovation in the City Capital Budget in the early '70s, a number of city agencies including the New York City Department of Highways and the City Planning Commission started developing their own capital redevelopment plans for the Union Square area. The Department of Highways project refers to the redevelopment of Broadway from 14th Street to 168th St. The City Planning Commission plan refers to the study initiated within CPC of the Union Square Park under a grant from the National Endowment for the Arts (City Options Program).

6.4.1. Union Square: Street Revitalization

In January 1974 the Department of City Planning made Union Square the subject of a successful grant proposal to the National Endowment for the Arts. Under the theme, City Options, the grant's guidelines were aimed at "encouraging a better environment through urban design". Thus, in September 1976 the City's Department of City Planning issued the report on their study of Union Square entitled: *Union Square: Street Revitalization*. According to New York City Planning officials, the central location and abundance of public transportation of Union Square made it a prime area for shops, office buildings, institutions and housing. However, "despite certain greyness that has overtaken the streets and the park and the honky-tonk establishments and vacant stores Union Square has a continuing commercial vitality and a future" (New York City Department of City Planning, 1976, p.7).

In the introduction, the report explained that early in 1974, CB5 along with local business and civic leaders asked the City Planning Department to focus on the “deterioration of business and public facilities in Union Square”. Numerous meetings with neighboring community leaders, including CBs 3 and 6, have been held to discuss plans for the Square. Additionally, “discussions with business leaders have revealed serious interest in redevelopment opportunities”. Based on these discussions, the report claimed that the City attempted to recommend ways to solve the problem of conflicting vehicular and pedestrian traffic, to renovate the park and make it more accessible, to upgrade the subway station, and to encourage mixed-residential and business development around the square. Furthermore, the report places the recommendations within the boundaries of the “City’s severe budget limitations” and with the overall goal – consistent with the object of the NEA grant – of “making Union Square a focus of community life once again” (NYCDCP, 1976, p.7-8).

The study’s stated objectives were to develop height, bulk, park access requirements, transit access, easement and other parameters for a potential Special Zoning District in the area, which was approximately two blocks in each direction from the park perimeter. The justification for that came from its analysis of the park, traffic, business conditions, population and housing.

The park and traffic analysis were very similar to the ones previously developed by the Parsons students and the Institute for Architecture and Urban Studies. In a few words: the problematic subway layout coupled with the heavy

traffic on the border along with tall bushes along the park edges discouraged park use, making it a unwelcome and unsafe place.

The business and population analysis, however, not only differed from the Institute for Architecture and Urban Studies, but contradicted it. When analyzing business conditions in the area, the report claimed that “hard times came to Union Square long before the present nationwide recession. Ohrbach’s move to 34th Street in the 1950s signaled the down-turn for the well-known bargain center, Mays department store became the only large store in August 1975 when S.Klein closed”. Such evaluation of disinvestment is quite contradictory from the report issued by the Institute of Architecture and Urban Studies released just a year before this study was done. In fact, there is not really a business analysis here, just a few statements about the closings of a few businesses in the area, like Klein’s, which could have been related to the national economy or their own business management strategies rather than their location at Fourteenth Street and Union Square.

In fact, following its ‘evaluation’, the report stated that the potential of Union Square as a location for one or more new department stores selling quality merchandise is ‘outstanding’. Such assessment came from a survey conducted in front of May’s, in which DCP argued that there was a market for more expensive goods than were available in the area at the time due to the presence of 42,600 households within half a mile of the square, with 7,000 of them with incomes estimated at over \$20,000. In concluding the business analysis, the report acknowledged that Union Square attracted a diverse group of shoppers. However, it

argued that while their survey lent support to the image of Union Square as a destination for budget-conscious consumers, it also showed that Union Square shoppers regularly patronized stores associated with medium-price merchandise such as Mays.

When analyzing the area population, the report pointed out that the area had a higher population increase and housing growth than the rest of the city. Between 1950 and 1970 the area population grew by 34% while the number of dwelling units grew by 150%. The area population was composed of mostly young adults and few children, with the majority employed in the services industry and a notably higher proportion of households with higher incomes than in the rest of the city. At the same time, it pointed out that one in five residents were unemployed. Clearly, the area not only illustrated the larger transformation that was taking place in the city as a whole, but it also acted as a prototype of what the neighborhood could become.

According to DCP's vision, the area needed housing: "Underdeveloped neighborhoods are the frontier of New York City. Union Square, from a planning perspective, is a potentially desirable neighborhood for new or rehabilitated housing"(p.30). To justify their claim, the report said that the number of housing units in the area grew by 24% between 1970 and 1975, mostly coming from loft conversions. Additionally, vacancy rates were less than one percent, however vacancies in luxury buildings (over \$100 per room per month) have risen. In other words, there was a need for moderate cost housing in the area (NYCDP, 1976)

Moreover, according to their survey, the scarcity of public and private financing made development of new construction unlikely: new construction with conventional financing would have to be rented for about \$150 per room per month. In their assessment, high-income households that could afford these units were more likely to move to more prestigious areas like the Upper East Side. Thus, the best opportunity for moderate housing was the rehabilitation and conversion of lofts and office buildings.

However, when one looks at the report's stated objectives and recommendations, there is little about rehabilitation, but rather the loosening of zoning restrictions (upzoning) to stimulate new (luxury) construction. The study's stated objectives were to develop height, bulk, park access requirements, transit access, easement and other parameters for a potential Special Zoning District in the area, which was approximately two blocks in each direction from the park perimeter. More specifically, it proposed the following:

- a) Because of existing low zoning, which discourages development, the area should be upzoned with special design controls for mixed use from 6 to 12 FAR.
- b) The special design controls include height and bulk limitations to preserve the skyline around the square
- c) The possible replacement of the present Klein's buildings with a new multi-use structure with a department store and housing following the above proposals.
- d) Three new traffic schemes as follows:
- e) Broadway traffic to continue south on University Place

- f) Fourth Ave converts to 2-way traffic from 14th Street (it is presently 2-way from 14th St. north) to 8th St. (it is presently 2-way from 8th south to the Bowery), a distance of 6 blocks
- g) Retaining present traffic pattern but cutting out the Broadway crossover to 4th Ave. through the northern parking lot
- h) Retaining present traffic flow but diverting Park Ave. S. traffic westward across 17th St, all the way around the park with 3 new lanes of traffic and joining Broadway at 14th St. This is their “preferred scheme”
- i) Complex renovations to the Union Square subway station with new entrances, some existing entrances closed, and a museum under the park with skylight to admit light into the station
- j) All the proposed schemes include parking for 100 cars called “essential short-term parking”, at the northern end of the park where our consultant’s studies proposed expanding the park back to its original boundaries.

Clearly, their objectives were to support the continuation of the observed trend: promote housing for the new white-collar workers. And even though new upscale residential construction was economically unwise, as the growth in vacancy rates for the luxury buildings reveal, the document’s proposals supported just that. By increasing the FAR for residential use from 3.44 to 12 around the square, city planning was giving a huge incentive for new development since the profit that could be obtained from properties within the district almost quadrupled. Therefore in order to facilitate the attraction of new residents who could afford the luxury

units and thus minimize the developers and investors' risk, the city stepped in to bring some amenities like a revamped park and the 'appropriate' type of retail, one more compatible with the tastes of the prospective higher income residents.

Thus, what began as a local initiative to redesign the park became a pretext for a major redevelopment proposal for the entire surrounding area. Even though the physical problems and design solutions for the park were similar in both proposals, the similarities stopped there. Whereas the Institute's project recognized the area as a viable commercial destination, the city's project identified it as 'dying' and in need of government incentive. Furthermore, whereas the Institute's study recognized the possible political ramifications of the project, like presence of low-income individuals who could be displaced by eventual redevelopment, and sought to include the participation of local groups throughout the entire the project, the city's report, with a seemingly objective tone, described the presence of 'social undesirables' in the park as a hindrance to 'normal' people and as if simple objects to be removed from sight. Additionally, not only the presence of social undesirables was condemned, but also bargain retail, which was described as a less desirable use of space than establishments selling "higher quality merchandise".

Accordingly, the appropriation of the project by the city was accompanied by its transformation, from a park renovation into a major redevelopment effort, a spatial and socioeconomic reorganization of the area conducive to gentrification. The official documents presented such transformation as desirable and beneficial, and sought to depoliticize the issue by delegitimizing the presence of specific groups

and users, including the ‘social undesirables’, low-income residents, as well as bargain retail and its consumers.

A look at the members of the ‘Community Steering Committee’ who participated in the report, reveals the interests represented here: William Stuhlbarg – Chairman – 14th Street Merchants Association, and CB5; James Capolino from Rep. Ed Koch’s Office; Guardian Life Insurance Company; Parsons School of Design/New School; Consolidated Edison Company; Klein’s Department Store; Carvel Moore – CB6; members of democratic party organizations; and administrators of the Estate of S. Klein.

6.4.2. The Park Renovation

Between the mid-seventies to the early eighties, Union Square Park upgrading, and even maintenance efforts were mostly happening at the neighborhood level. The city’s fiscal crises had crippled the Parks Department, which lost 1,440 employees between 1975 and 1977. Basic maintenance and repairs were abandoned since half of the department’s maintenance personnel were laid off and the majority of its recreation staff fired. Years of municipal neglect had taken its toll (Union Square Community Coalition, “n.d.”; Weikart, 2009). Despite the city’s interest in renovating the park in the early seventies, a final budget line for park renovation was only obtained in 1982, almost ten years later. So during this time efforts for cleaning, maintaining and upgrading the park were mostly performed by local business and community groups.

One of these groups, the Union Square Park Community Coalition (USCC), was formed in 1980 by local residents with preservation concerns a la Jane Jacobs, including Karl Rosenberg, Phyllis Andrews, Marjorie Berk, Verneta Berks and Barry Benepe. Initially headed by Rosenberg and subsequently co-chaired by the late graphic designer Oliver Johnston and Evelyn Strouse, the group dedicated itself to “lobbying for park restoration, to increase funding and to encourage both community use and use by the neighborhood”. Major activities included repairs like repainting the bases of the statues, removing graffiti and inviting neighborhood residents to join in new plantings as well as organizing events like performers and entertainers, readings, pot-lucks, summer movies and Halloween parties. The group describes its efforts: “We were relentless in keeping the public interested in the park and showing the Parks Department there was a real constituency for park renovation. To raise money, we held flea markets and bake sales, which also brought more people into the park and made them aware of our work” (USCC website: <http://www.unionsquarecommunitycoalition.org/uscchist.html>)

The other group was formed by the business community, Sweet 14, which eventually consolidated into a Local Development Corporation (LDC). As already mentioned, it was composed by members of the 14th Street Association and headed by Con-Edison, New School and Guardian Life Insurance Company. Its approach was somehow similar to the USCC, like repairs and replanting as well as promoting events at the park, like the concerts “Sweet Sounds in Union Square Park”. However, their higher budget allowed them to perform bolder tasks like the subway

renovations and increase police presence. Additionally, through an active marketing campaign the group kept Union Square and its efforts visible, bringing it to the public discourse and fostering general public interest in the area.

Furthermore, by hiring a landscape architectural firm to redesign the entire park, they not only exerted a stronger pressure for renovation but could also participate in the decisions of the park's future layout and uses.

Finally in 1982, the Parks Department officially announced the renovation of Union Square Park scheduled to start in the spring of 1983. According to the public announcement, the park was to be redesigned and turned into a large open lawn with trees, statues and monuments. Bushes around the outside of the park were to be cut down. New lighting was to be installed and the subway entrances remodeled, with two of them- at 14th Street and Union Square West and at 15th Street and Union Square East - to be replaced with kiosks of cast iron and glass, modeled after the original Beaux Arts structures. These changes were part of Phase 1, which was initially budgeted at \$1.5 million, practically the same amount envisioned by the PRCA during the 1973 capital budget process (Carmody, 1982).

At the time of the announcement, the Department was already well into the development of Phase 2, which consisted of extending the park by incorporating the parking areas around the park and the parking island to the southwest of the park. It also included restoration of the white limestone Palladium building at the north end and the construction of a playground at that end of the park. Its cost was estimated

at \$5 million to be spread over several years, according to the parks department (Carmody, 1982).

Interestingly, despite claiming that the refurbishment of the park was a 'restoration' under the auspices of preservation, as Deutsche (1986) says, it was in fact a complete transformation, since the entire layout was changed and only the statues maintained.

These changes were also similar to the ones proposed first by the Institute's project, and later by the Sweet 14 project. More importantly, the renovation of the park was the centerpiece of what city officials called the "revitalization of the shabby Union Square area". As the assistant parks commissioner explained: "The population around the park is changing very rapidly, some of the warehouse buildings are being turned into lofts and there is a good deal of residential development under way. We are designing the park for a changing population" (Carmody, 1982).

In fact, the Parks Department was not only designing the park for a changing population, but purposefully to displace the existing user population, the so-called social undesirables: homeless, drug peddlers, SRO occupants, etc. At the official groundbreaking ceremony, Mayor Koch proclaimed: "First the thugs took over, then the muggers took over, then the drug people took over, and now we are driving them out; We are going to reclaim the parks of this city." (Carmody, 1984). Such displacement was achieved first by completely reorganizing the entire park layout in order to permit full surveillance of its occupants. The park's original six wide

pathways were replaced by an open expanse of lawn with two walkways cutting directly across the park and a pathway encircling the periphery that had its trees removed and thinned out. According to the Police Department in St. Louis, this is the precise configuration of a safe park, because it permits "natural" surveillance by a long periphery that can be easily patrolled. A statement by the design office of the New York City Parks Commission applauded the success of Phase I: With design emphasis on improved accessibility, visibility and security to encourage its optimal use, the park has once again recaptured its importance as a high quality open space amenity for this community. Since Phase I began, the area around the park has changed quite dramatically. It is felt that the park redesign has contributed greatly to the revitalization of the Union Square area, and regained the parkland so needed in this urban environment.

Secondly, to guarantee the use of the park by the desired population, the parks and police department announced they would maintain strong security at the park through the presence of four police officers inside the park and two outside from 8 A.M. until midnight and the addition of a police booth at the 15th Street subway entrance.

The renovation of the park was a keystone in transforming the area from popular bargain district into an upscale 'lifestyle-destination'. However, to do that there was still the need to rezone it, to change local land-use regulation for 'higher and better uses'.

6.4.3. Special Zoning District and the Zeckendorf Towers

The department of city planning first released The Union Square Special Zoning District Proposal in November 1983, revised in June 1984, and, after passing the city's uniform land use review procedure, adopted it later that year. According to the city, the proposal had the following major goals: to promote a revitalized mixed-use area around Union Square; to stimulate growth and provide guidelines for private investment in the area; and to improve the existing infrastructure in the area of the Square (p. 2). The base for the proposal was the previous report Union Square: Street Revitalization and a study by the 14th Street Local Development Corporation (LDC) entitled Union Square Zoning Study which recommended a Special Zoning District acknowledging the Square's "unique character, historic importance and pre-eminent location" (NYCDCP 1983).

Its justification was that 14th Street and Union Square proper had "benefitted little from prevailing development trends and the Square continued to suffer from a poor image" (NYCDCP 1984, p.I-3). Furthermore, the proposal cited the major factors contributing to this condition and constraining improvements and new construction including: (a) deterioration and underutilization of Union Square Park due to drug traffic which has been a persistent problem as well as the almost exclusively occupation of the park by a "socially undesirable population which prevents it from being used as an amenity by the general public;" (b) deterioration and functional inadequacy of the 14th Street Subway station; (c) the poor surface and/or structural condition of major streets in the area which were "aggravated by

litter, crowds, overspilling merchandise, a clutter of business signs, upper level vacancies, poorly maintained buildings and lack of sufficient sanitation services;" (d) vacant storefronts and boarded-up buildings on two major block fronts on Union Sq. East (the S.Klein Store and Annex) which continued the image of neglect and disinvestment; (e) the lack of residential presence on Union Square which gave the area a commercial and transient character; (f) restrictions in the existing zoning which impeded new construction even on vacant sites (NYCDCP 1984).

More specifically, the document stated its intention to address the following objectives:

- To preserve and enhance the character and architectural quality of Union Square;
- To foster urban design compatibility between new construction and the existing significant architectural buildings on the Square;
- To encouraged controlled development on vacant and underutilized sites within the district;
- To improve the physical appearance of the streets by establishing streetscape requirements and signage controls;
- To improve the 14th Street-Union Square subway station access, visibility and pedestrian circulation on the mezzanine;
- To stabilize the area through residential development;
- To encourage active utilization of Union Square Park;
- To increase economic vitality of 14th Street and other streets around the Square by encouraging appropriate retail activities.

In order to do that it proposed to replace the existing a C6-1 zoning, which allowed a 3.44 FAR for residential use and a 6 FAR for commercial use, by a 10 FAR

for residential use, with a floor area bonus of 20% for sites adjacent to the subway station in exchange for subway improvement provisions and a 6 FAR for commercial uses. For the first time in the history of the Square, residential uses were allowed at a density greater than commercial uses (NYCDCP, 1983).

The main advocates included city planning officials, real estate community, major businesses, local BID, and media, who openly supported it and omitted the staggering degree of opposition. The Board of Estimate approved the plan in spite of overwhelming opposition from local community organizations, a number of political representatives, the Manhattan Borough Board as well as three of the affected Community Boards who have resoundingly rejected the DCP proposal and the fourth, who was so evenly split in its votes as to demonstrate serious reservations on the part of half its membership. Their overall concerns included possible effects of massive density such as increased transit and noise, shades in the park, lack of protection for historical buildings around the square, and community displacement from escalating real estate costs.

The approval of the special district happened in parallel with the approval of a special permit for the construction a 1 million- square- foot mixed-use building on the most important development parcel in the area, the old S. Klein site on the eastern border of Union Square Park. Proposed by William Zeckendorf Jr. who acquired a two-year option to buy the 70,000-square-foot site from the Rapid American Corporation the year before, the construction of the project was contingent on the approval of the special district. In fact, the design of the building

was developed with the proposed special district in mind. Its layout was organized into a seven-story commercial base with street level retail and five floors of office space and four 17-story residential towers containing over 650 luxury apartments.

Clearly, the city's main goal was the promotion of residential and commercial gentrification of the area. Similarly to many of the initial Special Zoning Districts established by the Urban Design Group during the Lindsay administration, the Union Square Special Zoning District also required street-level retail in all properties surrounding the square and on Fourteenth Street. However, according to city planners at the time, it was not meant to encourage every kind of retail, but "appropriate retail activities". The final redevelopment plan fulfilled the primary objectives and many of the specific recommendations of Union Square Street Revitalization, mostly to change the use and character of the area (by encouraging residential and mixed-use development). When the Zeckendorf Towers opened in 1987, retail tenants included a new restaurant, a dry cleaner's, a FedEx office and the "first modern A&P supermarket that anyone can remember in the area" (Peterson, 1989).

The official documents, from the initial proposal to the environmental impact statement, present the creation of the Special Zoning District as a panacea for solving a myriad of social problems. The use of false and unsubstantiated arguments to justify a wholesale gentrification of the area make evident the cooptation of the New York City Planning Department by specific land-based interests and the power of neoliberal ideology.

First and foremost, the stated most important problems, like the drug traffic, park deterioration, or aggravated litter on the streets have nothing to do with zoning, but lack of police presence, maintenance and sanitation, which were the city's responsibility in the first place. Second, the stated objective of preserving and enhancing character is a misnomer with such elevated increase in density allowed: how is a 20-story tower preserving character? Third, the claim that restrictive zoning was causing high vacancies in the area is an inaccurate statement. The overall vacancy rate cited is 18%, whereas 11.4% of this was the Klein site and an additional part was the Klein's Annex, which were held off the market for years due to lawsuits and other legal actions. In fact, the projection of new development if the zoning was not changed is unrealistic. At the time of the public hearings for the rezoning, at least four other buildings were being developed in the vicinity of the square. As a number of residents pointed out at the public hearing: "no one is going to build if they think the zoning will be changed in the near future to permit larger buildings". It was the possibility of a rezoning that prevented construction in the first place. Furthermore, although the proposal claimed that the area was severely disinvested and therefore desperately in need of the new zoning, as the previous paragraphs revealed, the area was already attracting significant population and its retail was lively and viable.

The clear evidence of the city's alignment with neoliberal ideas is the total neglect in the official reports of the socioeconomic impact of the redevelopment plan on the area's low-income population. The most direct impact, displacement of

these residents and the underlying loss of low-income housing, was barely mentioned in the hundreds of pages of documents generated throughout the planning and review processes. More blatant was the total omission of the single-room-occupancy hotel directly on the Klein site whose demolition was required by the Zeckendorf project as well as the thirty-seven single-room- occupancy hotels and rooming houses in the special district, buildings containing 6,000 housing units for residents on fixed or limited incomes. In the few paragraphs where secondary displacement was mentioned in the official document, it recognized that there was a trend of transformation happening around the square (gentrification) and that such trend would continue with or without the creation of the Special Zoning District. Thus, in order to exonerate itself from any responsibility in dealing with secondary displacement, the city made clear the project's redundancy, as well as its real objectives. If the trend was already happening, why was the creation of the special district and the infusion of government support then necessary?

The city government's involvement went beyond lifting zoning restrictions in the area. It also issued \$70.5 million in industrial revenue bonds to provide the permanent financing for the project which were exempt from city and state taxes, as well as real-estate tax abatement to the entire office space at Zeckendorf Towers under the industrial and commercial incentive (ICIP) program.

The establishment of the Special Zoning District also illustrates how far local government was willing to go to subsidize property development along with its entrepreneurial role by assuming most of the risks of the development. The

construction of over 362,500 square feet of commercial space without an established anchor exemplifies the typical speculative nature of the city's development scene of the early 1980s. In fact, when the Zeckendorf Company could only fill less than a third of the office space after the first tenant, Integrated Resources, a financial services firm, filed for bankruptcy 27 months after signing a 25-year lease, the city began examining the site as a possible consolidation of social services. Because of the large empty commercial space, banks red-lined the property so people seeking to buy apartments in the building were having a tough time securing loans. A major medical institution came to the rescue, Beth Israel, who finally bought the property in January 1994. (However, as a non-profit institution, it does not pay property taxes).

6.4.4. Concluding Remarks

We can see from the above paragraphs that as the city suffered from its fiscal crises, so did Fourteenth Street. The overall reduction in business activity, including the closing of S. Klein, signaled the arrival of hard times to the area. Additionally, the combined growth of citywide poverty and the inability of the city to address social problems stemming from it was manifested in Fourteenth Street: drug trafficking and homelessness in Union Square, prostitution on Fourteenth Street and Third Avenue and the visible growth of the informal street vendors market between Sixth Avenue and University Place.

As social problems increased and as the poor and ‘social undesirables’ became considered the culprits of the crisis, the area’s character, including its bargain retail, became a ‘scapegoat’, targeted and packaged along with drugs and prostitution as something to be banished from the city. It was in this context, in the aftermath of the crisis, that a group of local businesses decided to “turn 14th Street around”.

In the name of attracting private investment and making the area conducive to business ‘once again’, urban planning in New York, during the mid-1970s and 1980s, focused its energies on the needs of particular economic sectors (FIRE industries) while fabricating the dispersal of uses and users with no place in them. Whereas business directories and studies attest to Fourteenth Street’s resilience and commercial vitality, official documents paint a picture of blight in order to justify intervention. Official documents generated during the process indicate the extent to which planning in the area served as part of a broad strategy adopted by the city government following the fiscal crisis to extend central business district functions in the city and transform the city’s political economy in line with a neoliberal logic. Union Square Street Revitalization, the park renovation as well as the Special Zoning District were planned and executed during the period when austerity measures had been imposed on the city’s residents. At the moment when services to the poor were cut and the assumption made that no thoughts of addressing residential and commercial displacement in the name of the free-market could even be considered, the government, acting through a myriad of departments

(Parks Commission, Planning Department, Transportation, to name a few) was, in fact, directing the market and its funds toward subsidizing the rich. The waiving of zoning restrictions in specific parcels around the park, the millions spent restoring the park, the issuing of bonds for speculative construction, and property tax exemptions constitute such public subsidy.

These initiatives constituted critical steps in transforming Fourteenth Street, however, as the following chapter will reveal, they were still partial. The fanfare did not last, and the 1987 stock market crash foreshadowed another turn in the fortunes of the area and the city.

7. The Lifestyle Destination Years

7.1. The 1990s and the Neoliberal City

The 1987 stock market crash proclaimed another turn in the fortunes of the city. The enormous increase in office space resulting from the speculative construction of the 1980s ran into declining demand. The real estate plunge was not restricted to commercial development; residential properties felt the downturn in the market before offices did. Even though serious housing shortages at low and moderate price levels persisted, the shock of the 1987 stock market crash set off a crisis in the luxury market as well.

Additionally, the general economic recession that marked the end of the decade in the US dampened retail sales. Consequently, vacancies glutted the market for retail space, and in New York returns on store rentals plummeted. Developers who had based their optimistic revenue forecasts for mixed-use, office-retail and residential-retail buildings on the very high earnings projected for street-level stores, failed to realize their rosy projections. In Manhattan, retail vacancies shot up by about 75 percent between 1988 and 1990, and rents plunged. For example, in the last three years of the 1980s, rents in prime Upper East Side areas slipped from a range of \$150-\$300 per square foot to \$90-\$225 per square foot (Fainstein, 2001, p. 45).

As the construction boom foundered, the enthusiastic portrayal of a prosperous future for New York as global city faded along with it. The newspaper business pages reported a growing list of defaults and bankruptcies where formerly they had published the press releases of deal-makers. The cranes disappeared, and in their place empty office buildings and vacant flats betrayed the previous optimism. As the job gains of the decade vanished, little else remained to mark the flush times besides the millions of square feet of space that had been created. New York suffered disproportionately from the national recession. Worst of all, the very industries that during the 1980s had been the object of its economic strategy, a source of growth, and a symbol of its accomplishments lost the most employment (Fainstein, 2001, p. 47).

By the final two years (1988-89) of Koch's third term in office, concerns about forgotten neighborhoods yielded to the more threatening image of a city divided. New economic uncertainties intensified a recognition that the city's decade-long recovery, and its spatial patterns of development, had produced increases in poverty, inequality and racial segregation as well as a persistent decline in city services. The following year, David Dinkins was elected New York's first African American mayor. As a candidate, Dinkins had promised to end the racial and political divisiveness of the Koch years and early in his administration policy makers sought to strike a greater balance between market development and community needs. However, in a context of uncertainty and crisis, arguments against the poor were reinforced and assumed a stronger connotation with the ascendance of

Rudolph Giuliani, who built upon and expanded Koch's neoliberal agenda and developed what has been called a 'revanchist city' (Smith, 1996; Sites, 2003).

As some scholars have pointed out, New York's recession of the early 1990s provided ample time to ponder the shortcomings of the 1980s recovery. Most glaring was the dependence of the city on a real estate economy linked directly to the financial markets. Vacancy rates in Manhattan office space jumped from 12 percent in 1987 to 20 percent in 1992. During 1989-1991, employment in financial and business services dropped by 91,000 jobs, returning the city's job level to the lowest figure since 1983, which made the city's unemployment level reach higher proportions than the nation (11% versus 8%) (Fainstein, 2001; Sites, 2003).

Nevertheless, by blaming social problems on marginalized groups and individuals, the city's business and political leaders could once more de-link economic development strategies from their social outcomes, and thus justify another round of property-led growth. Through a law-and-order platform that also emphasized "quality of life" issues, the Giuliani administration fostered a NIMBY sentiment by emphasizing urban problems of crime, drugs and poverty. Linking together street crime, panhandling, welfare dependence, and poorly run homeless shelters, Giuliani contended that small infractions and disorder epitomized a loss of control over the city. He promised to put more police on the streets and boost arrests, restrict access to homeless shelters and require welfare recipients to work.

A new round of market incentives was deemed necessary to rescue the city again. From the beginning, the new mayor's planning director signaled a clear

development agenda: “ No one is looking to unravel necessary and appropriate community protections, but there is no question that this is an administration that is sympathetic to the role of development in the economy”. The administration moved quickly to expand the city’s tax-subsidy development programs, giving out a record \$48 million in property-tax breaks alone over Giuliani’s first 18 months in office. To assist developers who had overbuilt in Lower Manhattan’s financial district, the mayor also proposed an estimated \$230 million in exemptions from property and commercial rent taxes in 1994. Other development projects began to move forward with significant public subsidies, including the revival of Times Square. The ad hoc subsidy approach was back in full force. By the end of Giuliani’s first year in office (1994), New York policies reverted more single-mindedly to incentives that furnished public benefits to central-city business and upper-income groups (Sites 2003, p.53).

Economic recovery eventually came, although the city did not regain all of the lost jobs until the end of the decade. During the ‘90s, for the most part, economic and construction activity followed trend lines established in the ‘80s. Core strengths continued to be in finance and business services; construction focused on office and luxury residential sectors; with tourism and media contributing strongly to economic growth. The unanticipated fast growth of businesses associated with information technology, motion picture production, as well as media-related services constituted what scholars called a “new economy”, which helped to offset job losses and vacancies and accelerate the economic recovery. Such “new economy”

businesses became the fastest-growing sector as measured by percentage increase. In the words of one real estate advisor: "Nobody dreamed of them [the technology companies] in 1990. We never anticipated [entertainment and media] companies like Bertelsmann, Disney, Viacom. The nature of retailing has changed. Retail and entertainment are much more closely allied" (Fainstein 2001, p.63).

Additionally, the continuing demand for retail, even at moderate prices, kept the vacancy level from reaching the same proportions as in offices. Whereas office use was simply contracting, many prospective retailers, previously frozen out of the market, stood ready to take advantage of bargains. Consequently, after Manhattan retail vacancies shot up by about 75 percent between 1988 and 1990, they began to decline in 1991. Although the return of many of these establishments was insufficient to cover the owner's carrying costs, it was in no one's interest to let the property remain vacant. Thus, in Manhattan the fall in retail rents stimulated a minor resurgence in marginal service establishments such as coffeehouses and bookstores, that had been driven out in the '80s, and X-rated video outlets, odd-lot retailers, and suburban chain stores also moved in to fill the gap (Fainstein 2001 p.45-46).

Since the early 1990s, a number of national retailers opened stores in the city. The slower pace of suburban mall development combined with increasing saturation of suburban markets across the country led many chains to consider the 'untapped potential' of urban markets. A decisive factor was the availability of large retail spaces in failed department stores and banks that were left empty by

consolidation after mergers -- seven million square feet in Manhattan alone -- which by 1992 drove down prices by as much as \$10 to \$20 a square foot in Manhattan, where prices could vary from \$40 to \$50 a square foot. The media proclaimed: "The Invasion of the Superstores", "Discounters head to NYC for a slice of the Big Apple", "Macy's Now Just One Float in Megastore Parade". Despite a few anecdotal warnings of possible commercial homogenization, such mainstream depictions tended to emphasize the growing consumption choices and cheaper prices these stores tended to bring (Myers, 1993; Martin, 1994; Johnson, 1996).

In November 1992, drawn by the large spaces and relatively low rents, Bed Bath & Beyond became the first category killer to colonize the historic Ladies' Mile. Barnes & Noble, Staples and Today's Man followed and a commodified bargain hunter's mecca was born. Filene's Basement and TJ Maxx soon joined the Ladies' Mile crowd. Prestigious areas of the city were also targeted, including Midtown and the Upper West Side as well as the outer boroughs (Ferguson 1995).

As importantly though, was the changing image of New York as a cosmopolitan city and a financial global center. Such an image played a special role in attracting many national retailers, who were interested not only in local consumer dollars but also in being associated with the city's growing cosmopolitan and global city status and the prospect of increased visibility among the Wall Street investment community. Media quotes from top executives of quite distinct companies: Crate and Barrel and Kmart, illustrate the trend: "There are a lot easier places to make money than in New York City, but there's no better place for national

– even international- exposure”; “There's really no other place like it...It's an awareness of the awesome potential that exists” (Ferguson, 1995, p. 58). The typically suburban Kmart, opened two new stores in Manhattan in the early 1990s, one next to Penn Station and another in Astor Place. According to the company's executives, the stores were intended as “visible displays of corporate vigor to the often skeptical financial community of Wall Street analysts”, many of whom live and work in Manhattan. Moreover, they were planned as corporate laboratories, a “testing ground for new ideas in selling fashion and clothing to the young *avant garde* of Manhattan”, as well as conduits to a new market that most Kmart's have never touched: the foreign tourists swarming through Manhattan (Myers, 1993; Martin, 1994; Johnson, 1996).

But it was not only the image of the city that was changing, but also the retailers', who were changing their image to cater to urban residents. For example, Benjamin Fox, a partner in New Spectrum Real Estate Services, said that the superstores are hardly down-market. , “When one thinks of the defunct S. Klein's, one thinks of low-end demographics,” he said. “But discount stores today have carefully cultivated their image. There's no social stigma to walking into discount superstores like Bradlees.” (Johnson, 1996).

It is important to point out, however, that the growing success of the global city image and its reputation rested heavily on new forms of social regulation and aggressive policing efforts. “Reclaiming the open spaces of New York” was the centerpiece of the Giuliani's administration's “zero-tolerance” policing campaign. As

a number of scholars have argued, through a prohibition of panhandling and certain kinds of idling in parks, subways and streets, city authorities (as well as private security forces operated by business-financed partnership organizations) made retailers feel more secure, reduced the social inconveniences of daily life for many residents and shoppers, and helped cultivate the reassuring image of a city under control. These actions tended to push the poor and the homeless out of urban spaces occupied by wealthy and middle-class groups (Smith, 1996; Sites, 2003).

Revival of the city in the 1990s, therefore, was based on the growth of unexpected sectors of the economy, like new technology, media, and entertainment. It also rested on an expanded role for public authorities. Partnerships with market investors were not only to build projects but to reconstruct the city itself – its reputation and reality – as a safe, profitable and heavily patrolled space for redevelopment and financial investment. ‘Business-friendly’ and ‘quality of life’ rhetoric was used to justify not only corporate subsidies but also coercive and displacing actions by governmental agencies toward urban residents, particularly those who were poor. Mayor Giuliani earned much of the city’s economic recovery, not merely because of economic regrowth but because politics and government indeed had played an important role in so thoroughly transforming the city’s public image and reputation. The neoliberal rehearsals that took place in the 1970s and 1980s were thus consolidated (Harvey 1989; Sites 2003).

7.2. Fourteenth Street’s Metamorphosis

Despite the overall city crisis of the late eighties, Fourteenth Street was a lively commercial corridor. The street was still divided into three main sections: a central bargain one and the eastern and western edges and served different populations: residents of the immediate area, employees who worked in the immediate area, and price-conscious shoppers who travelled to the area from elsewhere in Manhattan, Brooklyn or New Jersey.

Moreover, although the completion of a large luxury development, the Zeckendorf Towers, and nearby loft conversions had brought a number of higher income residents to 14th Street, during the late eighties and early nineties the corridor was still considered the last major working-class commercial center in Manhattan. The bargain district was thriving with merchants paying high rents of up to \$125 a square foot and reporting an annual business of \$200 million dealing with lower-income shoppers who still came to their stores from all over the city. Studies reveal the popularity of the street among native New Yorkers and tourists who regularly patronized the "lively discount commercial district, full of street vendors, all adding up to the atmosphere of an open-air bazaar" (Gaber, 1994; Sassen, 93). The open air bazaar character was established by the presence of a street vendor market concentrated between Sixth Avenue and University Place and the open merchandise display of a number of discount stores, which created a fluid boundary between public and private spaces and a disordered look that both exposed and reinforced its ethnic and working class character. As Sassen (93) explains: "it is a space where what is usually referred to as "working class" makes itself evident in its

full complexity: people of generally working-class conditions, who think of themselves in terms of very diverse categories -- classes, races, genders, and the multiplicity of forms contained in each of these" (p. 12).

Such messy or run-down look was deceptive. As a number of scholars have revealed, the area was highly profitable, generally far stronger than its appearances suggested, with far more demand for space than was available and it housed a wide range of uses (Sassen 1993; Gaber 1994). A look at the business directories for the years 1989 and 1991 confirms such diversity of uses: in the same block one could find occupants ranging from publishers and professional services to specialty manufacturing and a range of local stores. It also reveals, however, a reduction in the number of listings from a total of 537 in 1989 to 487 in 1995, with most of the closings located on East 14th Street, and concentrated between University Place and Third Avenue.

In recognizing the resilience of the bargain district and the working class uses of Fourteenth Street in the early nineties, scholars argued that such uses and activities were a less recognized, yet valid model of economic development. They suggested that the new middle-income residential towers built on Union Square and the more upscale commercial activity they promoted could be thought of as contributing to the diversity of the area, rather than to its inevitable gentrification. Their argument was based on the idea that even though there were signs of gentrification in the neighborhood, the area was still sustaining a variety of uses for diverse socioeconomic groups. Additionally, they claimed that the area's zoning and

building structures as well as its reputation prevented higher income uses: “As long as it retains its reputation as a working-class shopping district, other areas in the city will be able to outbid its mid-block spaces for office tenants” (Gaber 1994; Sassen 1993, p. 14).

Yet, by the end of the nineties the working class reputation of the area had changed. Significant residential and, especially, commercial changes made the area feel “almost unrecognizable to its former self”. The mainstream media celebrated the ascendance of Fourteenth Street and Union Square as a new hotspot for fine dining, entertainment and convenience shopping or a ‘lifestyle destination’, as it was increasingly called. Headlines of the period boast this trend: ‘Union Square: Gritty Past, Bright Future’; ‘On 14th Street, Less Grit, More Glamour’; Union Square: The ‘Epicenter Of the City’s Energy’ (Oser, 1997; Brozan, 1996, 2000). Another report in *Real Estate Weekly* entitled ‘14th St. Metamorphosis Nearly Complete’ reports: “Poor cousin 14th Street is losing its reputation as a downscale place to shop and is becoming a mecca for nationwide retailers” (Weiss, 1996).

A look at the business directories reveals the significant commercial changes that took place at this time, including the arrival of upscale establishments, the return of large national and international retailers and changes in the proportion of service and retail businesses. The business directories for 1991, 1995, 1999 and 2002 show that service listings, which ranged between 40% and 42%, surpassed retail listings, which ranged from 36% to 38%. Of the services listings, membership organizations, professional, and business establishments had the most listings

followed by health and personal services. Of the retail listings, eating establishments and miscellaneous retail were the majority followed by apparel and accessory retail. Additionally, there was an increase of convenience, or neighborhood type stores and a considerable decrease in comparison goods stores, which in 1971 were over 300% higher than convenience-type and by 2002 were only 20% higher than convenience type stores. These changes indicate a business shift towards serving the new residential market.

Also, the nineties saw a gradual increase of chains, reaching almost the same numbers as in the seventies, as the following charts reveal.

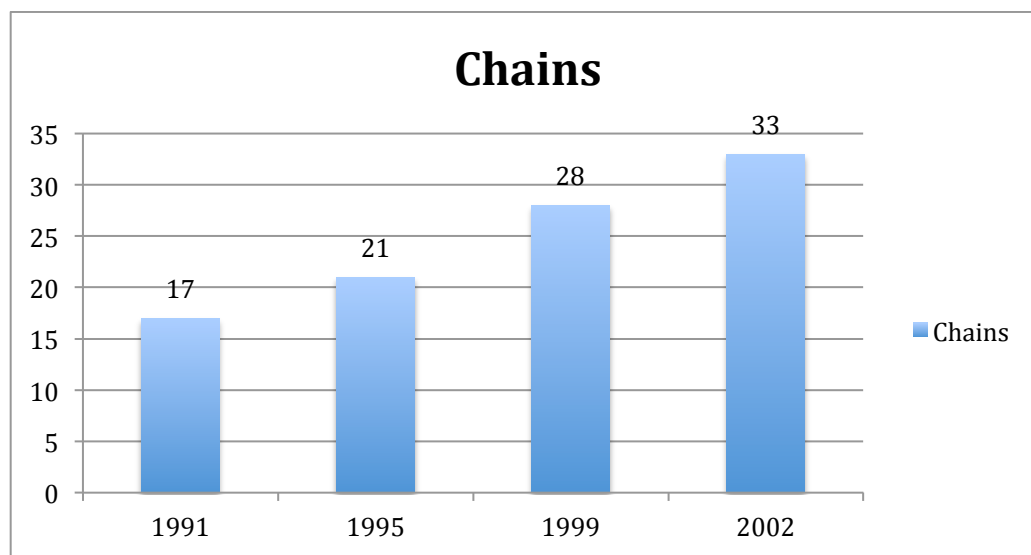


Figure 07: Chart of chain store presence 1991, 1995, 1999, 2002.

Data Source: Cole's Cross Directory 1991, 1995, 1999, 2002

St Number	Chain Listing	1999	2002
7E	Radio Schack Inc	X	X
18E	Taco Bell		X
20E	Wendys	X	X
24E	Duane Reade	X	X
24E	Western Union	X	X
34E	Payless Shoe Store	X	X

36E	Paterson Silks	X	X
36E	Oddjob	X	X
38E Univ Pl	Strawberry	X	X
40E	Bradlees Dept Store	X	X
52E Broadw	Circuit City Stores		X
52E	Virgin Mega Stores		X
104E	Tads Steaks	X	X
111E	Mail Boxes ETC USA	X	X
120E	P C Richards & Son	X	X
133E	Seamans Furn Co Inc		X
210E	Dunkin Donuts	X	X
224E	Regina Check Cash	X	X
242E	Kentucky Fried Chicken	X	X
332E	14 St Bicycles/Metro Bicycles	X	X
333E	Sloans Supermarket/Gristedes	X	X
14&5thAv	Lucille Roberts	X	X
2W	Cohens Fashn Optic	X	X
4W	General Nutri Ctr (GNC)	X	X
16W	Vim Jeans Stores	X	X
22W	Dee&Dee Stores	X	X
34W	NY Sports Clubs		X
38W	Party City Manhattan		X
39W	Blimpie BS Restrnt	X	X
39W	Dee&Dee	X	X
55W	Subway	X	X
109W	PC Mania Comptrs USA	X	X
144W	H&R Block Inc	X	X
154W	Vitamin Shoppe Inc	X	X
207W	Western Union	X	
255W	Associated Supermarkets		X

Table 05: chains listed in 1999 and 2002.

Data Source: Cole's Cross Directory 1999, 2002

As noticeable was the increase in high-end establishments typified by high-end services, including spas, yoga studios, maternity and doula services, acupuncture, gardening services, as well as eating establishments like vegetarian restaurants, gourmet and bake shops.

The report *14th Street-Union Square Market Study* issued by the 14th Street-Union Square BID/LDC in 1994, pointed out the emergence of an upscale shopping district around Union Square Park and Fifth Avenue. According to the report, the most visible commercial development in the 14th Street district had been the expansion of retail catering to a higher income shopper:

“The most recent symbol of the retail evolution is the closing of Andrews Coffee Shop, a NY staple, and the opening of an Au Bon Pain at the same site on Fifth Avenue. This evolution towards an upscale retail market is also expressed by the arrival of Emporio Armani, Banana Republic, and Eileen Fisher on Fifth Avenue. In addition to the conversion of food and clothing stores to their up-market counterparts, there is a developing band of furniture and home accessories stores to be found north of 14th Street from Seventh Avenue to Park Ave South. The most aggressively expanding retailer is ABC Carpet and Home, which has grown from its carpet-only beginnings to furniture, fabric and designer home boutiques. This expansion joins new and established stores such as Williams Sonoma, Pottery Barn, Jensen Lewis, Bed Bath & Beyond, Barney’s, Pier 1 Imports, and specialty stores such as Country Floors and Fish’s Eddy” (p.07).

The parallel growth of convenience-type stores, chains and upscale establishments reveal the changing role and character of the street from serving lower-income outside shoppers to catering to the needs and tastes of new local residents and white-collar/professional workers.

Moreover, a look at the 1990 and 2000 censuses reveals the continuation of the previous trend: growth of young, affluent, well-educated population with professional and managerial occupations. Since 1980 the census tracts along Fourteenth Street had an influx of over 4,000 persons. Between 1990 and 2000 the young population ranged between 42% and 43% of census tract population (versus 32% in Manhattan), and the percentage of college educated (4+ years) people was above 50% in all tracts and in the large majority of tracts it surpassed 60% (versus 42% in Manhattan). By 2000 all tracts surpassed 60% and in many it surpassed 80% (versus 49% in Manhattan). Also, management, professional and related occupations reached 62.3% in 1990 (versus 47.6% in Manhattan) and 70% in 2000 (versus 55.8%) (US Census Bureau 1990, 2000).

The area was still more prosperous than Manhattan as a whole, with higher household incomes and a lower poverty rate. The gap among tracts decreased and, by 2000 all tracts made more than Manhattan's household median of \$47,030, ranging between \$51,000 and \$86,000. Poverty rates remained stable between the 1990s and 2000 and varied between 0% and 1.3% to 5.5% for families (versus 17.4% in Manhattan) and between 4.6% and 13.9% for individuals (versus 17.3%) of Manhattan (US Census Bureau 1990, 2000).

One important development that the census reveals was the substantial increase in homeownership in the area between 1980 and 1990. Except for tract 40 with 7% of homeownership and an increase of 5%, all other tracts were higher than the borough's 17.9%, ranging from 21.2% to 44.9% and increases close to 20% or

more (in some tracts it reached almost 40%). Between 1990 and 2000 homeownership increased between 2% and 4% in the area, not as dramatic as the decade before.

It is important to point out that there was an increase in housing units, but such increase was not in the same proportion, so the growth in housing units (loft conversions and new buildings) cannot solely explain the growth in homeownership.

However, a larger number of households were spending 30% or more of their incomes in rent, ranging between 32.4% to 42.9% (with the highest being tracts 52, 61 and 40 with 42.9%, 38.9% and 37.9% respectively). The overall percentage (for all tracts) was similar to the decade before at 35%, still lower than the borough's 37.5%.

These changes can be seen as part of the larger transformation that was taking place in the city at the time, a restructuring of its economic base, and the changing of the built environment to suit the needs of this new economy. A closer examination, however, reveals that such transformation was neither gradual nor inevitable. It was pressed for and shaped by the actions of local businesses and organizations, many of whom had their images and reputation tied to the street.

7.2.1. Making Changes Happen

In the early nineties, the future of Fourteenth Street seemed uncertain. The closure of large tenants like Mays Department Store across Union Square in 1988

and Integrated Resources at the Zeckendorf Towers in 1990 put a hold on the area's 'inevitable renaissance'. The delay in finding prospective tenants to completely fill these large spaces fostered an overall sense of uncertainty about the area's prospects and its previously celebrated 'revival'. As the media reports illustrate: "Rebuilding 14th Street, Merchants Ambivalent About Their Prospects"; "Union Square: Cinderella Waits for the Other Glass Slipper to Drop" (Dunlap, 1990, 1991). Additionally, the resilience of the bargain district and the street's persistent working class character, along with the permanence of older buildings still catering to 'less desirable users', raised further doubts to whether the area was going to gentrify or maintain its 'grit'.

However, the changing reputation and image of Fourteenth Street was one of the main objectives of key players in the area, especially the BID/LDC and the local universities since their images and reputations were tied to the street's. As already mentioned, the 14th Street Area Project/LDC formed a BID in 1984. Along with tasks such as sanitation and security services, the organization was very active in mobilizing support and pressing for redevelopment activities on the street. Throughout the late eighties and early nineties, the organization sponsored two sets of studies developed by designers and planning consultants with a similar objective: to promote development in the area. The first set of studies released in the eighties pressed for the extension of the park and for the reconstruction of 14th Street, including a set of urban design guidelines. Subsequently, a 'preservation and redevelopment' plan recommended primarily new zoning: the expansion of the

Union Square Special District with new bulk, streetwall and affordable housing guidelines, the upzoning of the Third Ave and 14th Street intersection, and the reduction of the allowable height and bulk on the midblocks from Third to First Avenues (Kwartler & Associates 1988). The second set of studies released in the late eighties and early nineties consisted of retail market analyses, which also recommended rezoning and urban and architectural design improvements as well as tenant selection criteria (Buckhurst Fish & Jacquemart, Inc., 1994).

The key argument in pressing for rezoning was a reduction of business activity in the area, partly due to the street's reconstruction, and especially the presence of a number of vacant sites along Fourteenth Street. Between 1990 and 1991, the New York City Department of Transportation embarked on an over \$20 million project for resurfacing and rebuilding Fourteenth Street's roads, sidewalks, benches, trees, and lights, among other amenities. The torn up sidewalks and interim traffic contributed to sending many patrons away and affected many storeowners who complained of decreased traffic and lower sales.

The presence of vacant sites, especially on East 14th Street, included the Mays site, the entire block between Broadway and Fourth Avenue, the Luchows site, the Jefferson Theater, a city-owned parking-lot located between Luchows and the Palladium, and the infamous Sahara Hotel. A closer look at the business directories reveals that most of the closings previously mentioned were concentrated in this section of the street, between University Place and Third Avenue.

The BID leaders argued that the city's crisis coupled with zoning restrictions in the area and the continuing presence of undesirable users were discouraging new uses in these sites. However, an examination of real estate reports reveal that most of these sites were vacant due to legal constraints and/or land assemblage by developers, which in anticipation of a possible rezoning were giving short leases or simply clearing out entire sites. These included the Luchow's site and the entire block between Broadway and Fourth Avenue in which all the buildings facing 14th Street were demolished to make room for a single structure (Peterson, 1989; Dunlap, 1991; Weiss, 1995; Jacobs, 1996).

Additionally, sites of particular importance were the former Mays Department Store, the Palladium Dance Hall and the Sahara Hotel. The building of the old Mays Department store was sold in late 1993 to a national retail developer. A short-lived discount retailer occupied the building during 1991-1992, and in 1994, when the BID's report was written, it had just been announced that Bradlees, a major national discount department store, would open on the site that year. The Palladium was still open, however its decreasing popularity and a changing clientele along with its large footprint made the site a potential redevelopment candidate for BID leaders who saw the club as a hindrance to the area's 'revival': "It's not the kind of place that encourages other retailers to do business on 14th Street," said the BID's deputy-director, and the property owner who wanted to benefit from a prospective increased FAR, even buying the next-door parking lot in anticipation of a rezoning. The presence of Julian's Pool Hall, which had shared the Palladium

building since 1929 and would be displaced by any development activity, was barely acknowledged in the studies.

The Sahara Hotel was long considered the 'Achilles heel' of the area. The former SRO hotel, associated with drugs and prostitution, had its upper floors emptied out after a court order in the eighties, but still housed X-rated video stores at street-level. Among the major recommendations of the BID's studies was the upzoning of the site to 'encourage' the owners to finally sell the building and displace the current user population.

City officials once more complied. First, the city's Department of Transportation went ahead on the street reconstruction project suggested by the BID/LDC, and adopted many of the design recommendations of the organization's study, such as "new lampposts meant to evoke the old bishop's- crook design, new gray-tinted sidewalks meant to evoke the old granite walkways and new clusters of trees, that are meant in part to perpetuate - or at least respect - the "delightful 19th- and early 20th-century architectural framework of Union Square" (Dunlap 1990; Winslow 1988).

Even though the LDC claimed to be preserving the area's 'delightful ' architecture, and that it wanted a "balanced approach to growth and redevelopment, one which respects the tradition of off-price stores", its actions led to economic difficulties for many retailers who questioned the initiative and saw it as an effort to further gentrify the street. To soothe the tension, the BID's executive director asked the Department of Transportation to "treat this more as a

commercial revitalization than as infrastructure repair... We tried to pay attention to amenities so that if people suffered through it, they could say at the end, 'Our street looks nice' " (Dunlap 1990).

Certainly, the BID was not the main responsible for the street reconstruction project, but its influence in shaping the street layout and amenities (that affect business access and visibility) shows the organization's power and will in transforming the street's socioeconomic character.

Second, in January 1995 the Department of City Planning released the East 14th Street Corridor Study in order to "guide future development in the area". The justification was that there was a "renewed interest in the redevelopment of several properties along East 14th Street" and it was important that "future development be guided by planning and development objectives that reinforce the existing neighborhoods" (DCP 1995, p. 2). Additionally, it claimed that despite the resurgence of retail and residential activity next to Union Square, only publicly-subsidized buildings were being built on East 14th Street, including a 12-story apartment house for homeless and low-income families on East 13th Street along with student dormitories.

Conforming to the studies and reports from the LDC/BID, the DCP proposal called for an overall upzoning of East 14th Street, especially on the corners, and especially in the block between Fourth and Third avenues, where 'soft sites' were located. These soft sites were defined as "building sites which cover 5,000 sq. ft. or more on contiguous lots, occupied by 5 or fewer residential units, and are built to no

more than 50 percent of allowable bulk” (DCP 1995, p.8). As previously mentioned, since the 1980s developers had begun assembling land in the block, and by the early nineties a number of important parcels along the street were dormant in anticipation of a possible rezoning.

Similarly to the Special Zoning District, the proposal increased residential FAR at the expense of commercial. The residential FAR was to be increased from 3.44 to 9 (in the mid-block south between Fourth and Third Avenues) and 10 in all corners of Third Avenue and 14th Street with 20% FAR bonus for affordable housing provision and mandatory ground-floor retail. And the commercial FAR was to be decreased from 6 to 2 FAR in the corners and remain 6 FAR in the mid-block in order to preserve the ‘neighborhood character’ of the mid-blocks.

The document was openly targeting the development of particular ‘soft sites’, which included the Palladium and the parking lot next to it, the Jefferson Theater, a low-rise on the northeast corner of First Avenue that housed a fast food restaurant, and the Sahara Hotel. As already mentioned, not all these sites were vacant at the time of the rezoning, the Sahara still housed ground-floor retail and the Palladium was still in operation, even though it had ‘fallen off the A-list party circuit’.

The preservation of the lower FAR in the mid-blocks and the higher FAR on the corners was touted as the perfect balance between preservation and redevelopment interests. During the approval by the City Planning Commission in May 1995, its chairman declared: “This will allow the market to deal with some of

the blighted conditions along East 14th Street without adversely affecting the character of the street" (Cooper 1996).

As the business directories already revealed, however, the character of the street did change. Many of the tenements and mid-block structures remained but its uses and users did not, as the large inflow of higher-income educated residents and the opening of new upscale establishments attest.

After the rezoning passed, real estate transactions accelerated and a number of developments were announced, helping to make Fourteenth Street one of the most active areas for redevelopment in Manhattan. Just a few months after the rezoning passed, New York University bought the Luchow's site as well as the Palladium and the parking lot next to it in the following year to build student dormitories. New York University was a major force in the street's transformation. A private institution, NYU recovered from its own financial crisis during the late 1970s to mount an extensive growth strategy. In 1985 it announced a 15-year campaign to raise \$1 billion by the year 2000. During the late 1980s five dormitories were added to the area: NYU's Third Avenue North Dormitory between 11th and 12th streets; the New School's Loeb Hall at 135 E 12th Street; and NYU's dormitory at Third Avenue and Stuyvesant Place, which were newly built, and two apartment buildings at Carlisle Court at Union Square, which were bought. Furthermore, NYU's Billion Dollar Campaign was so successful that it ended in 1995, five years earlier than planned. By the early 2000s, the university had built four more new dormitories in the Fourteenth Street area, including University Hall in the former Luchow's,

Palladium Hall, the Senior House at 13th Street, and Coral Towers, on the site of the Sahara Hotel. These dorms together house over 2,200 students, which along with the students from smaller nearby universities such as the New School, Parsons, Pratt, Cardozo and Baruch constituted a new and increasing group of potential new consumers for the street's retail and business services.

Another important development announced after the rezoning was passed was 1 Union Square South, a 27-story mixed-use building occupying the entire block between Broadway and Fourth Avenue, developed by Related Companies. Foreshadowing a major expansion of large-scale retailing and entertainment activities in the area, the base of the building consisted of a six-story glass box with 275,000 square-feet of retail, destined to house a new Virgin Music and entertainment store; a 14-screen theater with 3,500 seats for United Artists Theater Circuit; and a Circuit City electronics store, the first to open in New York City. From the top of the base, a twenty-one-story residential tower would contain 240 80/20 apartment units. The total development cost was estimated at \$130 million, with \$50 million in financing for the mixed-income residential portion coming from tax-exempt state bonds. The residential component also benefitted from a twenty-year tax-exemption through the city's 421-a program.

The local impact of such large developments was enormous. New large and sleek structures changed the street's visual character as well as its functionality. The presence of large mega retailers selling multimedia and next-generation electronics catered to a new, sophisticated and more affluent clientele, some who lived or

worked nearby but many who were attracted to the area's new visibility and changed character.

Besides the new construction of large buildings, an acceleration of loft building conversion and residential 'upgrades' took place. Real estate and mainstream media increasingly celebrated the area's revival: 'Union Square's Resurgence Exceeds Landlords' Wildest Dreams'; 'Hip To Be Square: After 2 Decades Of Change, Union Square Is Hot'. As a real estate broker for the area declared: "This area is hot as a pistol...Prices just keep going up. There is no cap. There seems to be constant need, and some days are like a feeding frenzy" (Messina, 1995; Oser, 1997; Holusha, 1999; Bronzan, 2000).

Fueling the trend was the opening of newly arrived suburban chains, especially around Union Square Park. Even before the rezoning was approved a number of chains were opening in the area, including Toys R Us in 1993, Bradlees in 1994, and Barnes & Noble in 1995. PC Richard arrived shortly after the rezoning, signing a 20-year lease in the retail portion of the HELP Housing site, through a deal orchestrated by the LDC. The \$450,000 per year lease was to be divided 90 percent for the city and the remaining 10 percent for the LDC to be used for its local programs and administration (Scheck, 1996).

Additionally, the preservation of mid-block tenements on the eastern portion of the street proved to be favorable to gentrification. The preservation of historical buildings in parallel to high-rises on the corners made the tenements more 'precious' and sought after. A look at the business directories reveals that many of

the previously mentioned high-end establishments were located in the ground-floor of the tenement buildings, like trendy 'vintage' bars and funky boutiques.

In spite of such celebrated revival, a number of developers of residential property still insisted on giving their buildings addresses on 13th or 15th Streets. Mosbacher Properties, the developer of a prestigious converted loft building called the Greenwich, on the corner of 14th street and Avenue of the Americas, for example, put the entrance on 13th Street. Also, the block-long mixed-use complex by Related Companies also placed its entrance on Fourth Avenue, and chose to list its address as 1 Union Square South. A real estate source declared that "14th Street is a work in progress, and more remains to be done to elevate it to first-class status". And another contended: "Fourteenth Street is one of the last major crosstown streets in the city to undergo improvement". If he were to measure, he said, "14th is 50 percent done. There are still a lot of 99-cent and electronics stores, and those will be squeezed out by higher rents and hopefully higher-rent retailers. It will never be an upper Madison Avenue, but it could be a healthy extension of lower Fifth Avenue with a lot of national chains." (Holusha, 1999; Bronzan, 2000).

7.2.2. Concluding Remarks

Big changes happen on Fourteenth Street in the 1990s. Despite the persistent working class character during the early years of the decade, the area's image and reputation ultimately changed. The continuing inflow of young, educated and affluent residents became increasingly visible on the street, fostered by the

expansion of local universities. Along with that, a rising number of upscale establishments arrived to serve the 'new clientele' as well as a number of suburban chains who 'finally' discovered the city.

Citywide, the nineties were a period of revanchism and the consolidation of neoliberalism. The promotion of property-led development as a valid and desirable economic development strategy became unquestionable, an objective in itself, made possible by an increasing social control of less privileged and dissenting groups and another dose of subsidies. The establishment and official promotion of Business Improvement Districts (BIDs) were touted as a solution for commercial rejuvenation while legitimizing the interest of property-owners at the expense of other groups, including residents and even store-owners.

Initiatives to transform the area were crafted within this context. City plans for the area were 'guided' or, better, copy-pasted recommendations of studies sponsored by local organizations with deep interests in the image and property values in the area: property owners, utility companies and local universities, which were highly organized and received the official stamp of approval in the form of BIDs. They sought to create a physical image, a fabrication, of a particular view of the city: affluent, educated and ordered. To accomplish that, directly or indirectly, such initiatives sought to erase/displace uses and users that did not belong to this picture: the homeless, prostitutes, drug users and along with them any form of 'schlock shop', even if they were viable and profitable, including the bargain stores and the street vendor market.

Ultimately, these efforts succeeded. High-end stores increasingly replaced the 'schlock shops' and college students replaced the homeless hanging out in the park. However, some remnants of the old days are still present: some of the bargain stores remain as well as labor protests, which continue to be held in Union Square.

8. Conclusion

8.1. Urban Change in Late Twentieth Century New York

From decaying, downscale and dangerous, New York City emerged at the turn of the twentieth century as one of the most desired places to visit and live. This dissertation tells the story of the commercial trajectory of Fourteenth Street as part of the large transformation that took place in New York City during the last decades of the twentieth century. This large transformation involved, a shift of the city's economic base away from manufacturing into professional and business services along with finance and real estate industries, a change in government's priorities away from social welfare provision into promoting local economic development or a "good business climate" with a consequent devaluation of low-skilled labor and higher levels of socioeconomic inequality.

Scholars have looked at this large transformation through myriad lenses and used several labels to define and explain its socioeconomic and spatial manifestations including economic restructuring, gentrification, global city, and neoliberalization, among others.

This dissertation adopted the term neoliberal restructuring to refer to this large transformation in order to highlight its often uneven, contentious and uncertain character. As a broad concept, neoliberalism emphasizes the way class relations and interests shaped planning and official initiatives for redeveloping and

transforming the street. It is not to say that all transformations happening on the street or in the city at that time can be explained through neoliberal terms. Urban change is shaped by race, gender and even bureaucratic dynamics. However, as this dissertation argues, class dynamics play prominent role within contemporary capitalist relations and must be emphasized.

Thus, the next section discusses the ways in which Fourteenth Street's trajectory illustrates neoliberalism as a mode of urban governance and driver of urban change in late twentieth century New York, followed by a discussion on the role of commercial change within the city's restructuring and the limitations of single explanations of urban commercial change along with recommendations for further studies.

8.2. The Neoliberal Restructuring of the City and Commercial Change

The trajectory of Fourteenth Street illuminates the discussion of neoliberal restructuring and commercial change in several ways. First, the case study reveals that the transformation of the street was part of a larger process of neoliberal restructuring that has transformed New York City since the 1970s. Second, it reveals that commercial change, far from being a side effect, was an integral component such transformation. And finally, it ends with a discussion on the limitations of single explanations of urban commercial change.

8.2.1. The Street Transformation and Neoliberal Trends

The trajectory of Fourteenth Street can be seen as part of neoliberal restructuring by illustrating three main trends that came to embody neoliberalism as a mode of governance and driver of urban change in the late twentieth century New York: (1) government's growing interest in increasing productive value of urban land and with that the increasing centrality of urban (property-led) development within local government's agenda; (2) the changing form and power of business influence in urban development in the city; and (3) the shift in government's role and priorities away from equality concerns and managing social services into providing a 'good business climate'.

The first trend, government's growing interest in increasing the productive value of urban land and the increasing centrality of urban (property-led) development within local government's agenda, is illustrated through the efforts of physically transforming the park to make it a 'place of enjoyment'.

During the sixties and early seventies there was an increasing preoccupation with the quality of the city's urban environment among city dwellers, but especially within the city government. Such increased preoccupation is attested by the establishment of the Urban Design Group and the creation of the Office of Midtown Planning and Development at the official level and the Klein's façade renovation project and CB5's early planning initiatives at the community level (Lower Midtown Manhattan Study and Union Square Redevelopment Proposal). The mains goals of

these initial planning efforts were the physical renovation and repair of Union Square Park.

From modest renovation projects, however, these projects became catalysts for a major development project of the area. First, Klein's Department Store initiative to renovate its façade and environs and the subsequent proposal to renovate Union Square Park by the local Community Board estimated at less than U\$600,000 were not only embraced by city planning authorities, but also appropriated and expanded into a full redevelopment strategy for the larger part of the bargain district. Even though city-planning authorities initially questioned the park renovation project over budget concerns in the early seventies, by the early eighties the proposal was the centerpiece of a large redevelopment strategy for the whole area costing over \$1.6 million in public funds. The Park Renovation, the 14th Street Resurfacing, the Special Zoning District, and the East 14th Street Rezoning constituted coordinated efforts to transform the area not only physically but to reorganize its socioeconomic composition. The increase in funds allocated and the numerous official agencies and departments involved illustrate the growing role and prominence of urban development within New York City government's agenda.

The case also reveals, however, that government's interest in increasing productive value of urban land, especially in central parts of Manhattan, predated the fiscal crisis, which leads us to question the explanation that the increasing promotion of property-led development by the city is due to its increasing dependency of property taxes as a major source of revenue (Fainstein 2001). Official

documents, including the 1969 Master Plan and the early 14th Street studies reveal that city planning officials had long harbored plans for the area. Lower Midtown Manhattan, including Fourteenth Street, was envisioned to be part of a large residential area for white-collar workers and considerations for rezonings were part of the City Planning agenda for years before the fiscal crisis unfolded and years before the Federal government's withdrawal of funds from cities. However, it was the efforts initiated by the local Community Board and pressed by what eventually became the 14th Street LDC and later BID that brought attention and catalyzed the initial transformation and development of the area. Even throughout the crisis, local officials continued to develop studies and proposals for the area. It was in the aftermath of the crisis, however, that these plans (including the park renovation and the Special Zoning District) were finally advanced and executed. We can argue, thus, that the crisis provided a justification for these projects to be advanced at the expense of others.

Therefore, the increasing centrality of property-led development within city's government agenda may be more related to other factors than mostly on government's dependency on property taxes as a major source of revenue. This is not to say that property tax dependency is not an important factor, but it may not be the single most important, or definitive reason.

One possible factor that may help explain such increasing centrality refers to the second trend: the growing influence of business groups in urban affairs, especially land-based interests. As the case reveals, there was a change in the form

of influence that business groups exert in urban development, especially commercial property owners.

During the bargain years, business groups influenced the area in the form of business associations, and/or through the local Community Board. The largest business organization of the area, the 14th Street Business Association, was composed of a variety of local businesses with mixed interests in the area. In the same way, the local Community Board was composed by a variety of businesses as well as residents. The activities performed by these groups did involve local urban affairs like sanitation and traffic issues. However, they also included a whole other range of activities including conflict mediation between business and community. With the establishment of the LDC and later the BID, major planning and development initiatives not only became a permanent part of the local businesses agenda but they also occupied a prominent role in it. The formation of Sweet 14 not only illustrated political ideological changes of the times, but also set the precedent for later changes in urban governance, guided by the rationale that it is not only acceptable but also desirable for business to take charge of urban affairs and planning while government plays only a 'facilitating role'. It is not that local government was weakened, because local planning initiatives were still promoted and enacted by official planning authorities. However, the content of these planning proposals was crafted mostly outside official agencies by these non-governmental organizations with no accountability to the local citizenry. A close comparison between the LDC/BID-sponsored studies such as the 1994 14th Street-Union Square

Market Study and the Department of City Planning 1995 East 14th Street Corridor Study exposes the similarities. The official studies could openly base their proposals on the LDC/BID studies, because the organization was now considered a legitimate agent and a recognized authority over its area of jurisdiction.

Furthermore, an examination of the constituency of these organizations and the permeability and fluidity of their membership base reveals that the same group of businesses that created redevelopment plans, pushed for them within different capacities and through different organizations. In doing so, they created a sense that such plans were a more broadly collective endeavor than they actually were. Through changes in institutional arrangements, like the creation of LDC and later the BID, the same interests could exert pressure and power in the form of the Community Board, Local Business Association, LDC/BID and also as 'consultants' for the City Planning Department. So ideas that were actually developed by a relatively small group could be sold as collective, or part of a 'broad community' effort.

The third trend, the shift in government's role and priorities away from equality concerns into providing a good business climate, or the rise of the 'entrepreneurial state', is clearly visible in the street's trajectory. Initial modest planning efforts to make the park and the street a place of enjoyment for working class shoppers were transformed into strategic efforts to make the whole area a place of enjoyment for new residents and prospective white-collar workers. The examination of official documents and planning studies reveals a shift in government's priorities away from concerns over low-income and vulnerable

groups using the area, and its adoption of business language and rationale. This becomes evident in the treatment of lower income populations during the ULURP review of the Special Zoning District. By blaming less privileged groups such as the homeless, SRO residents of the area, drug users and sellers for the growth of large social problems (poverty and homelessness, drug epidemics), planning and city officials could delegitimize their presence in the street and the Square as citizens with rights, so they could easily be displaced without much repercussion.

Furthermore, a focus on retail reveals that it was not just manufacturing that was being targeted as backwards and labeled as decaying by city planning authorities, but a whole set of economic activities that provided the livelihood and leisure for low-income groups, or as Sassen (1993) described it, the 'working-class spaces' of the city. These activities corresponded to a lifestyle no longer valued, or even accepted to be part of the city's growing 'global city' status and thus became target of public and official scorn, in spite of its economic viability.

And whereas the early development projects of the Office of Midtown Planning and Development during the Lindsay administration were accompanied by a consideration of social impacts and inclusive efforts, the later development projects advocated by Sweet 14/LDC and enacted by the Department of City Planning were not only devoid of any such considerations, but also specifically targeting urban development as a way to 'clean' the area of its social problems.

Moreover, the governments' increasing entrepreneurial role is evident in the creation of the Special Zoning District. Even though such planning initiatives started

at the local Community Board and were pushed by an organized group of large business owners with land-based interests in the area, it was the local-state who enacted it despite staggering opposition and even considered bailing out developers when one the largest commercial tenants filed for bankruptcy.

So the transformation of the street illustrates the neoliberal restructuring of the city in three ways: first by revealing the increasing centrality of property-led policies within government's agenda; second, by uncovering the changing influence of business groups within urban affairs and planning; and third, by exposing the shift in government's preoccupation and priorities away from equality concerns and managing social services into providing a good business climate.

8.2.2. Commercial Change and Neoliberal Restructuring: Symbolic and Material Connections

Commercial change along Fourteenth Street was an integral component of the city's neoliberal restructuring. An examination of its role within the city's changing political economy and its changing treatment within the street's redevelopment efforts reveals how.

In the late sixties and seventies, Fourteenth Street's retail provided goods, services and entertainment for the region's working class. During these bargain years, the street's character was a by-product of existing commercial activities, populated by bargain retailers, large discount department stores, wholesalers and a wide variety of complementing smaller businesses. It was a place where low-income

and working class people from all over the region gathered to shop, hang out, do rallies and protest. In doing so they exerted symbolic ownership of an important central commercial artery of New York City (Deener, 2007).

During the transition and early lifestyle years, the increase in upscale residents and workers in the area did not substantially affect the street's retail, which continued to cater to lower income and working class populations. Even after the erection of a major luxury tower (Zeckendorf Towers), the persistence of bargain retail (reflected in the continued presence of a considerable number of discount stores and the popular street vendors market) gave the area a socially and economically diverse character, which led some scholars to proclaim that it was possible for upscale and downscale retail uses to coexist amidst restructuring (Sassen, 1993; Gaber, 1994).

The continuing presence of working class retail and uses in a central space of the city was not only a reminder of the city's old economy but also a symbol of their permanence in spite of dominant accounts of restructuring that claimed the inevitability of the city's economic transformation. The persistence and the popularity of these businesses attested to the possibility of an alternative direction for the city's economy, and especially for different uses of the city's central spaces than the ones envisioned by dominant accounts.

By the 1990s, however, the larger presence of upscale establishments, large national and international chains, and the larger proportion of convenience-type businesses gave the street a very different character, one increasingly associated

with the consumption needs and tastes of the new higher-income residents, white-collar workers, and students. These new stores brought an increased visibility to the city's growing white-collar workforce, not only as workers but especially as residents of the urban core and as main users of the city's central spaces. Even though many of these population groups already lived nearby, as the previous census showed, their presence in the street had been somewhat obscured by the large and visible presence of low-income shoppers. Symbolically, the commercial transformation of the street helped to validate neoliberal restructuring claims regarding what activities belong to the central spaces of the city and who's entitled to use them.

Furthermore, the case also reveals that the street's changing retail landscape did not happen automatically. The increasing arrival of white-collar workers in the city and, especially, their concentration adjacent to Fourteenth Street attest to the transformation of the city's economic base and the rise of postindustrial economic activities. However, the story also reveals that small manufacturing and other lower skilled businesses were viable economic activities as well. Discount stores and wholesalers were still attracting enough working class customers to keep their businesses running. During the transition and early lifestyle years, the increase of upscale residents and workers in the area did not substantially affect the street's retail, which continued to cater to lower income and lower skilled populations. The closing of most of these businesses happened only after a second wave of rezoning,

which legalized a significantly higher density for upscale residential uses while providing big incentives for landowners to convert the use of these spaces.

As property-led development increasingly became a prominent feature of the city's economy, the character and type of retail along Fourteenth Street was a preoccupation not only of commercial property owners, but also of city officials since the city's economic fortunes became increasingly tied to real estate. As the case reveals, businesses with land-based interests in the area as well as city planning authorities saw working class businesses in the form of bargain stores as a hindrance to redevelopment efforts and to the city's image and reputation and thus sought to change the type and form of retail along the street. To achieve that goal, they initiated efforts to regulate and determine the type of street-level retail that created a more 'appropriate' street character in their view, that is, one that made the street an attractive place-- a place of enjoyment-- for the new white-collar workers, higher-income residents, and prospective college students.

From being a provider of products, services and entertainment for the city's working class, the street's retail became a marketing tool for redevelopment efforts, sold as an amenity to white-collar homebuyers and university students, and thus a prop for the city's changing economy. A change in the street's retail was thus a necessary component to attract higher income groups in the form of homebuyers, skilled-workers and students to the area and to corroborate neoliberal claims of the city's changing political economy.

8.3. Limits of Single-Explanations

A common explanation of urban and neighborhood change during the last decades of the twentieth century (inevitably) involves gentrification. However, neither production-side nor consumption-side theories of gentrification can fully explain what occurred on 14th Street during this period. The street never had a rent-gap large enough (commercial rents were as expensive, if not more, than in the rest of the city) and yuppies were there for decades without triggering sufficient commercial change. Residential gentrification in the area, as we know it, was happening at a moderate pace. However commercial gentrification was mostly triggered through state intervention. The centrality and accessibility of the area and its notorious reputation were too important to be left alone.

The trajectory of transformation and gentrification is also usually told as if the process is continuous, inevitable, and self-perpetuating, as in Glass's classical definition (Glass 1964). Yet, the case study reveals the incessant efforts of local business groups pushing in this direction, and not only pushing but asking for and receiving substantial government support for such 'inevitable' transformation.

The trajectory of the street also sheds light on the current debate over chain store proliferation, which claims that the city has seen an invasion of chains in the past few years and that chains are responsible for the displacement of mom-and-pop stores. The case of Fourteenth Street is interesting because, contradicting the general view, numerous chains already populated the street. However, the existing chains, including department stores, variety stores and fashion stores were

associated with a particular socioeconomic group and gave the street a particular image and character. This character reminded people of the old days -- an unsanitized city, an unruly and unruly populace, and a city unfriendly to big business and to naïve outsiders.

New chains on 14th Street correspond to specialized and convenience stores, high electronics, high fashion and convenience. Even though a number of them sell non-expensive products, they target themselves not to a working class but to a somewhat more sophisticated local customer base seeking moderate price merchandise. The old chains catered to bargain hunters, who would not hesitate to get in a fight for a last product, or who would shout offers to passersby as in 'third-world bazaars'.

Finally, the story also hints that commercial gentrification, exemplified by the displacement of long-time mom-and-pop stores from neighborhoods, is more related to the rapid rise of commercial rents due to the promotion of real-estate development by the city's authorities since at least the Koch years. That is, the coming of chains to urban areas was more of a result rather than a cause of gentrification in the area. Suburban chains started coming to the city due to the collapse of commercial rents after the late '80s crash, searching for cheaper rents and visibility among the Wall Street community. In fact, chains did help to offset a larger crisis of retail rents by providing continued demand. However, the displacement of long time mom-and-pop stores cannot be attributed singularly to

chains. Commercial displacement is intimately connected, if not an integral component, of the city's new economy and not a simple by-product of it.

Thus what the case study ultimately shows is not only that urban retail itself changed, which would be hardly controversial, but that its interpretation and role within the city's economy and plans changed dramatically over the period. For planners and city officials, retail along Fourteenth Street changed from being a provider of goods and services for the working class to an amenity for white-collars, especially home-buyers, and students (masked into street life rhetoric). It is expected that business groups adopt such view; it is another thing for city officials, presumably acting on behalf of the entire city's population, to do so.

8.4. Study Limitations

The major limitation of this dissertation is the lack of generalizability, which is caused by methodological and contextual issues. The depth and complexity characteristic of a single case study limits the dissertation's ability to extend the results to other cities, or even neighborhoods. Second, the investigation of commercial transformation in a context like New York City also constrains further generalizations. The varied combinations of location, demographics, socioeconomic characteristics, and cultural components that make New York the 'melting pot' also

make it a very particular place, hardly similar to any other city in the United States and perhaps in the world.

This single case study, however, helps to reveal the depth and complexity necessary to better understand contemporary commercial change. That insight, while not easily generalizable, expands the framework for investigating commercial neighborhood change and for redefining land-use regulation of retail establishments in the city. As a study, the case focuses on particular moments (Bargain Years, Transition Years and Lifestyle Destination) and especially, in particular events and planning initiatives to highlight the role and power of these efforts in generating spatial and socioeconomic changes. As a story of urban change, however, the street's trajectory must be seen as more than a series of turning points, but as a set of dynamic processes composed by significant events along with more gradual changes, or a complex continuum. This historiography approach to examining urban change entails recognizing the power of specific place-based policies, or planning initiatives (i.e. rezonings) in producing spatial and socioeconomic changes without overlooking larger forces at play. Furthermore, it means looking at these specific place-based policies, or planning initiatives, against existing socioeconomic trends (i.e. neighborhood demographic changes) and their potential role in reducing, constraining or accelerating them.

Moreover, while the research discusses effectively on the income and class dynamics of 14th Street's evolution, the role of race and ethnicity in this story remains undeveloped. Initiatives to upgrade and redevelop the street and transform

its retail may be related to race dynamics not acknowledged in the present study. The overlook of race and ethnicity within official statements, documents and media coverage make difficult the examination of their role in the street's transformation. Further studies could expand methodology to include an investigation of racial dynamics surrounding the street transformation.

Additional studies could use a similar methodology to examine the trajectories of other centrally located working class commercial corridors in New York and other cities to uncover similarities and contrasts in trajectories and planning initiatives. Other studies could also investigate whether traditional working class retail areas that became surrounded by upscale residents went through similar pressure for gentrification as well as whether and to what degree its retail transformation (commercial gentrification) followed.

9. Appendices

9.1. Appendix A - SIC Division, Convenience/Comparison Type and Low/High End Occurrence

1971		1973		1975		1979		1983		1985	
<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>
A	1	A	1	A	2	A	0	A	0	A	0
B	0	B	0	B	0	B	0	B	0	B	0
C	2	C	2	C	1	C	1	C	2	C	0
D	20	D	29	D	24	D	23	D	14	D	11
F	14	F	20	F	19	F	15	F	10	F	10
G	240	G	258	G	250	G	236	G	242	G	230
H	18	H	22	H	23	H	16	H	16	H	18
I	188	I	202	I	210	I	179	I	181	I	189
J	2	J	5	J	6	J	6	J	6	J	6
X	56	X	73	X	71	X	63	X	53	X	60
	541		612		606		539		524		524
<u>Cnv.</u>	49	<u>Cnv.</u>	48	<u>Cnv.</u>	48	<u>Cnv.</u>	51	<u>Cnv.</u>	56	<u>Cnv.</u>	51
<u>Cmp.</u>	161	<u>Cmp.</u>	166	<u>Cmp.</u>	164	<u>Cmp.</u>	152	<u>Cmp.</u>	154	<u>Cmp.</u>	149
<u>lowend</u>	89	<u>lowend</u>	99	<u>lowend</u>	96	<u>lowend</u>	83	<u>lowend</u>	74	<u>lowend</u>	66
<u>highend</u>	6	<u>highend</u>	4	<u>highend</u>	5	<u>highend</u>	7	<u>highend</u>	8	<u>highend</u>	9

1989		1991		1995		1999		2002	
<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>	<u>SIC Div</u>	<u>No. Listngs</u>
A	0	A	0	A	0	A	0	A	0
B	0	B	0	B	0	B	0	B	0
C	5	C	2	C	3	C	5	C	10
D	8	D	5	D	6	D	2	D	1
F	11	F	11	F	6	F	8	F	5
G	229	G	200	G	193	G	179	G	176
H	20	H	19	H	24	H	22	H	22
I	204	I	222	I	197	I	197	I	221
J	8	J	8	J	2	J	3	J	3
X	52	X	57	X	56	X	61	X	61
	537		524		487		477		499
<u>Cnv.</u>	57	<u>Cnv.</u>	53	<u>Cnv.</u>	58	<u>Cnv.</u>	66	<u>Cnv.</u>	66
<u>Cmp.</u>	139	<u>Cmp.</u>	116	<u>Cmp.</u>	107	<u>Cmp.</u>	84	<u>Cmp.</u>	84
<u>lowend</u>	53	<u>lowend</u>	41	<u>lowend</u>	36	<u>lowend</u>	28	<u>lowend</u>	23
<u>highend</u>	11	<u>highend</u>	9	<u>highend</u>	13	<u>highend</u>	20	<u>highend</u>	33

9.2. Appendix B - SIC Industry Group Occurrence

[illegible]

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