

Script

Economic Analysis Script

Group Members: Tahir, Wilnny , Fareeha

Introduction[Tahir]: #1

Good day everyone, we are New York City College of Technology Students researching the economic impact of MetroTech at both the local context of the immediate neighborhood, and the larger regional context of New York City. It is our belief that the development of MetroTech came with negative repercussions such as the dismantlement of neighborhoods, job and residential displacement and more. However, the larger aspirations of the development resulted in positive changes such as more jobs opportunities, growth in the economy, new businesses formed, office spaces etc. In this segment we're going to touch on the history of MetroTech , the original goals for the MetroTech area then transition into the economic dismantlement of the neighborhood, residential and job displacements. While an existing community was dismantled, other opportunities were created during the development as well as afterwards when the MetroTech area was finished, which we will speak about as well. Towards the end of our podcast we're going to present our research on the regional impacts this project had outside of Brooklyn and present the speculative impact of the effects MetroTech has on Brooklyn's future.

History Of MetroTech[Tahir]: #2

Metrotech is the third most profitable commercial area in the city. Downtown Brooklyn represents the kind of unique and vibrant public space that New York prides itself on. An important center for many different groups of people, the area contains a high concentration of major office-buildings, regional stores, residential buildings, government offices, and academic and cultural institutions and largely inhabited by immigrants and people of color. According to the New York Times article “MetroTech: A Test For A New Form of Urban Renewal” by Alan S. Oser, in 1985, the vicinity that is considered MetroTech are sixteen acres, containing forty properties with one hundred and fourteen dwelling units of two hundred and twenty residents. There were fifty-seven businesses with nearly four hundred jobs. The Polytechnic Institute of New York expanded in 1973 when it joined the New York University of Engineering and Science, and it continued to expand in 1980 to meet the needs of the Brooklyn campus. The Brooklyn campus are two converted buildings in which used to be owned by the American Safety Razor Company, the old Brooklyn Eagle, and the headquarters for the Brooklyn Fire Department. Referencing the New York Times article “Transforming Downtown Brooklyn” by Thomas J. Lueck, the current president of the Polytechnic University of Downtown Brooklyn, George Bugliarello, had turned down his job offer in 1973 due to the sole reason of the campus’ location being in an area of low economic status. He stated in 1989, “I could not believe that a great university could exist amid such terrible deterioration.” The borough’s image was considered a “tawdry, low-rent backwater to Manhattan.”

Goals and what was proposed[Wilnny]: #3

The best place we can go to discuss the goals of MetroTech and what was proposed, is the Environmental Impact Statement of 1987 which efficiently discusses what was proposed and the goals of the project. The MetroTech proposed project has had one of the biggest economic impact in Downtown Brooklyn since the mid-to-late 1900s. Back in 1987 when the project was about to start, one of the proposed positive impacts of the project was that it will generate a significant number of on-site temporary and permanent employment opportunities. Employees associated with the project were construction workers, office workers, academic, architect, lawyers and many more. The MetroTech project proposed to create thousands of jobs in Brooklyn with the annual salary payment of collectively over 230 million dollars, which was calculated from the wage levels provided by the NYS Department of Labor. The MetroTech project proposed to increase job opportunities after completion. The report says that a total of 29,000 permanent jobs generated with a payroll of \$468 mil annually. The project was proposed to be a 7 year process. During these 7 years of construction, the project predicted to generate over 1,000 temporary jobs for construction workers, architects and lawyers. The project was divided into two parts, phase 1 and phase 2 which they predicted to generate 284 million dollars for wages and salary payment to on-site and off-site workers, which was just on the 7 year process. The main point of building all of this was to compete with the downtown Manhattan and New Jersey work environment. They wanted to bring those offices jobs, academic buildings to Brooklyn.

Dismantlement Of Neighborhoods[Tahir]: #5

One of the things that was being advertised to the tenants living there before the project was that buildings will offer large floors, low-cost and reliable energy, a location well served by public transportation, and rents in the low- to middle-\$20 range per square foot. This is important because we know that was proven to be false, we can say that the developers of the project saw the residents of this neighborhood as a threat to the project. One of the challenges the developers had to face were dealing with the residents that had to be displaced in order for the project to move forward. Proof of these hardships were detailed in a New York Times Article titled "Lawsuit Settle For Metrotech; Work Is to Start" written by Thomas J. Lueck in December 15, 1988. Lueck, following the legal proceedings for the MetroTech development at that time found that the residents who were trying to block the project had reached an out-of-court settlement with a group of business people and neighborhood residents, some of which were involved in drafting the very lawsuit that was filed in 1987 challenged the project, the group calling this legal action a "Stand Together Against NEighborhood Decay". The developers Forest City and New York City's Public Development Corporation agreed to find new space for 12 stores and pay out cash settlements to six landlords whose properties were in the process of being condemned at that time. President of the Public Development Corporation James Stucky who was heavily involved.

Residential and Job Displacements[Wilnny]: (Local Impact) #4

As we explained before one of the challenges of the MetroTech project were the residential and job displacement that had to be made. According to the Environmental Impact Statement of 1987, 168 residents had to be removed during phase one and another 32 in phase two. 65 businesses were displaced, including five government agencies employing 754 employees. They projected that the displacement would result in a loss of 322 jobs with an annual payroll of up to 4.8 million.

This was a very controversial topic at the time because there were many residents and small businesses that did not want the project to happen. A good example is the New York Times article “Lawsuit Settled For MetroTech; Work Is to Start” where a group of business people and neighborhood residents were trying to block the project so they filed a lawsuit to the developers. This is where the negative side of the MetroTech project arises, a lot of people lost their jobs and businesses without getting anything back and the problem still occurs until this day. The Out of Business report in 2008 that was made by Families United for Racial and Economic Equality, they are a Brooklyn based multi racial organization that mobilizes low and middle income families to promote equality, improve economic conditions, and build collective power to win systemic changes at the local, state and national level; it also mentions some good points on the displacements of these group of people. The report talks about Maisha Morales who owns a small business called Gallery Religious Supplies and how she lost everything. The report says “Due to her dogged marketing and networking, Morales managed to transform Gallery Religious Supplies’ daily earnings from \$100 to \$1800 in a matter of 18 months. By 2006, she was making \$2500 a day and was looking to sign a long-term lease. She approached her landlord, Thor Equities, about signing a 20-year lease and negotiations began. After requiring Morales to

spend \$15,000 on lawyers, architects, and contractors, Thor agreed in principal to the lease conditions. Right before the lease was to be signed, however, negotiations were stalled pending news of the mall's sale and future redevelopment. Six months later Morales was notified that the mall had been sold and she was given a nine-day eviction notice by the new owners, MacFarlane Partners and Acadia Realty Trust". This is important because it shows the main problem which is that this business does not have a voice on any of these projects and are not included in them. This lead to small businesses closing and losing a lot of money. This is a negative repercussion because they were part of the community before MetroTech was developed and although we support the project because it helps the economy of Brooklyn and created a lot of opportunities, we have to say it could have been done in a better way, and by better, we mean to include them in the projects. This was only the story of one person out of hundreds more that had a similar story.

Regional Impact[Wilnny]: #6

MetroTech was not only going to provide jobs to the local residents or replace the jobs lost, they were also going to relocate jobs from Manhattan mainly from Bear Stearns & Company. According to the New York Times Article, "Commercial Property: MetroTech; How Developers and City Hall Retain Big Tenants", by David W. Dunlap, the executives of the company contemplated on moving 1,500 employees from Manhattan to Whippany, New Jersey until Bruce Ratner, the president of Forest City Ratner, sent a model to the chairman and chief executive of Bear Stearns. The decision was eventually made and the 1,500 employees were moved to One MetroTech Center on Jay Street and near Willoughby

Street. At the time, which was in 1991, nearly 57 percent of the employees at Bear Stearns lived in Brooklyn, Queens, and Staten Island. One incentive that was used to lure employees was that there will be a 12-year corporate tax credit of \$500 a year for every employee that moved to Brooklyn.

Overall Impact(conclusion)[Fareeha]: #7

MetroTech today has a profound effect on Brooklyn's economy, being a part of the Tech Triangle. As economic analysts realize that compared to Manhattan, Brooklyn is leading in all sectors of this new "Innovation Economy", a rather recent economic terminology stemming from the continued tech boom. The innovation economy is a set of industries that are stimulated by technology, creativity and innovation that is promoting high-wage job gains and according to an economic report entitled "Brooklyn's Growing Innovation Economy" published by the Center for an Urban Future, Brooklyn has outperformed the rest of New York City. Using detailed analysis from Crunchbase, a leading global database that tracks tech enabled start ups, the findings of the study show that Brooklyn was home to 1,205 tech-enabled start-ups in 2018, which was up from 264 start-ups in 2008. Brooklyn now holds 9.2 percent of New York City's tech start-up, and employment in Brooklyn's tech sector had increased by 175 percent from 2007 to 2017, which indicates a vast increase. From the same study, the number of jobs in Brooklyn's creative industries has increased by 155 percent over the last decade, which outpaced Manhattan's creative economic growth which has only seen 16% growth in the last decade. Lastly, in terms of innovative manufacturers, Brooklyn has encouraged a new generation of

companies at the intersection of manufacturing, technology and design to create jobs in this sector. A net gain of 1% or 198 jobs were created in 2019 meanwhile in Manhattan, 5,398 jobs were lost in the same sector. In order to paint a better picture of what the future of Brooklyn's economic landscape may look like, we can look towards the top ten fastest growing industries in Brooklyn since 2013. Ranking at number 10, government and military has seen 175 percent growth in 2013 with 11 start ups in 2018. Number 9 was artificial Intelligence with 188 percent growth and 23 start ups in 2018. Number 8 was 3D Technology with a 200 percent growth and 9 start ups. Number 7 was Robotics seeing 200 percent growth and 9 start ups. Number 6 with payments has seen a 200 percent growth and 30 start ups. Number 5 was FinTech, known as Financial Technology, has seen 229 percent growth and 23 start ups. Number 4, Marketplace, with 243 percent growth and 24 start ups. Number 3, Cryptocurrency at 333 percent growth with 13 startups. In second place, Virtual Reality, has seen 700 percent growth with 8 start ups. And lastly, Blockchain technologies has seen a staggering 1,300 percent growth up from 1 start up in 2013 to 14 start ups in 2018.

The Brooklyn Eagle published a report back in November of 2015 with the headline reading, "Report: Impact of Brooklyn Tech Triangle's Innovation Economy to reach 15.5 Billion by 2025". The headline is self explanatory citing the total economic impact of the Tech Triangle is proposed to skyrocket to \$15.5 Billion dollars by 2025 and within the article we have a direct quote from New York City's Economic Development Corporation, President Maria Torres-Springer, her sentiments reads, "EDC is proud to have supported the growth of Downtown Brooklyn and the Tech Triangle as a hub for innovation, through projects like the Urban Future Lab, Made in NY Media Center, and the NYU Center for Urban

Science and Progress at MetroTech.” “Now we’re focused on continuing this positive momentum into the future, leveraging City assets to support revitalization and development, and utilizing all the tools we have to create even more jobs and opportunities in Brooklyn’s creative economy.”

It would appear the ideals and aspirations of the key stakeholders for the MetroTech project are finally coming into fruition as developers sought to create a rival for Silicon Valley in the East, as that was the envisionment of Polytechnic according to Brooklyn Business news journalist Norman Oder. From a developer standpoint, ambitious projects such as Metrotech has solidified the reputation of it’s developer Forest City, allowing it the time to transform into a Real-estate investment trust back in 2016. The developer has seen hardships since, however, having multiple layoffs and mergers which resulted in more competition as some of those laid off employees joined together to create smaller start off firms dealing in New York real estate. Up to this day, Greenland Forest City continues it’s aim to attract top businesses to Brooklyn, such as Amazon, by reshaping it.