

Executive Summary

On April 4, 2002, the Asian American Federation released a landmark study, entitled *Chinatown After September 11th: An Economic Impact Study*, which documented an unprecedented level of business, job, and wage losses in the New York Chinatown community following the World Trade Center tragedy.

Among the major findings, that report stated: In the first two weeks after September 11th, three-quarters of the workforce in Chinatown, nearly 25,000 workers, lost their jobs. Three months later, one-quarter of the workforce in Chinatown, or nearly 8,000 workers, remained unemployed. In addition, a total of 40 garment factories shut down during the first three months as a direct result of September 11th.

Since releasing the report in April, the Federation has continued to monitor the economic situation in Chinatown. *Chinatown One Year After September 11th: An Economic Impact Study* presents findings over a one-year period, along with recommendations for further action steps for public and private entities. This report incorporates earlier information with results of subsequent research. One year after September 11th, based on the latest research, the major findings are:

Businesses continue to suffer substantial losses.

- Chinatown's garment industry lost nearly \$500 million in the year following September 11th.
 - Compared to summer 2001, the majority of businesses experienced an average 20% decline in summer 2002. Specifically, this was reported by:
 - 70% of the restaurants
 - 65% of the garment factories
 - 50% of the jewelry stores
- An additional 25 garment factories shut down after January 2002, bringing total post-September 11th garment shop closures to 65.
- For nearly half of the restaurants and 60% of the jewelry stores surveyed, revenue generated from tourists was on average 40% lower this summer as compared with summer 2001.
- For the last quarter of 2002, over 90% of the surveyed restaurants, garment factories and jewelry stores anticipate an inability to recover to the level of business prior to September 11th.

The situation for workers has not improved significantly.

- Nearly 60% of garment workers are still underemployed, or working reduced hours.
- 30% of restaurant workers are still working reduced hours.
- Before September 11th, one-third of Chinatown's population was living below the poverty level. The substantial reduction in wages imposed severe economic burdens for already-struggling Chinatown families.

Chinatown's weak infrastructure is exposed.

- September 11th imposed an increased strain on a community already challenged by a weak physical infrastructure, which includes congestion of the major thoroughfares, insufficient parking facilities, unclean streets, and few recreational facilities.
- Some long-term effects of September 11th, such as continued street closures and reductions in available parking spaces, persist.

Summary of Unmet Needs

- Chinatown's garment industry alone lost \$490 million in the year following September 11th. Since the garment industry represents less than 10% of the total number of businesses in Chinatown, this strongly suggests that the total losses of the entire business community in the year after September 11th could be significantly higher than \$500 million.
- Less than \$60 million has been made available in the form of loans and grants to all businesses in Chinatown. While helpful, these financial allowances were mostly small in dollar amount and therefore had limited effects in helping businesses recover.
- The city's continued security measures of restricting public access to certain streets and parking spaces have had negative consequences on commercial activities in Chinatown. The lack of alternative provisions has contributed to the delay of Chinatown's recovery.
- Chinatown dislocated workers, most of whom are women between the ages of 41-54, with limited job skills and English proficiency, relied on the Chinatown economy for their livelihood and therefore continued to suffer from a significant level of underemployment. The situation has been particularly severe among garment workers.

- Approximately \$25 million to \$30 million would be needed to provide job training and employment services to the nearly 8,000 dislocated workers, given the average training cost of up to \$5,000 per student and assuming that approximately three-quarters of this population requires training. However, only \$1.7 million from combined government and private sources has been made available to provide language classes, skills training and employment services.

Policy Recommendations

Since the release of the interim report, different public and private entities have taken a number of significant steps that were consistent with the interim report's recommendations. First, on April 9, 2002, the Lower Manhattan Development Corporation (LMDC) announced the extension of its northern boundary for housing assistance eligibility from Canal Street to Delancey/ Kenmare Streets. Second, on July 11, 2002, The September 11th Fund announced its "Ongoing Recovery Program", with expanded eligibility, from south of Canal Street to south of Delancey Street, to cover affected workers and businesses in Chinatown. In August, as part of this program, the Fund implemented an initiative to provide one-year health coverage to unemployed and underemployed workers in Chinatown. Also in August, the city submitted an application to the Empire State Development Corporation for designation of Chinatown as an Empire Zone, which would confer certain state tax incentives upon qualified businesses operating within the zone. On November 12, 2002, LMDC and New York Department of Transportation issued a Request for Proposals for a Chinatown traffic and transportation improvements study. While all of these efforts represent very positive steps in addressing the community's needs and are to be commended, more assistance and comprehensive strategies are needed to help rebuild and revitalize Chinatown's still-struggling economy.

The rebuilding of Chinatown is vital to the long-term prosperity of Lower Manhattan and the city as a whole. Transitioning from disaster relief to community rebuilding, public and private efforts should incorporate strategies that address both job creation as well as sector-based development needs in the community. Furthermore, the rebuilding priorities should enhance Chinatown's role as a commercial hub, a cultural magnet, and a neighborhood with historical sites of interest.

- **Strengthen the Chinatown economy through pro-active economic development strategies that stimulate business investment and sector-based economic growth.**
 - The state should approve the city's application for designation of Chinatown as an Empire Zone.
 - Funds should be made available and policies created to support programs that enhance existing businesses' operational capacity and standards, as well as their ability to meet qualifications for Empire Zone benefits.
 - State and city agencies, as well as community organizations, should explore opportunities for partnership to attract new business investment in Chinatown.
 - The state and the city should extend the boundaries of the Liberty Zone to include the area of Chinatown between Canal and Delancey Streets.
 - The state, the city, and LMDC should invest in sector-based planning and development efforts targeting emerging business sectors and light industries with growth potential, as well as the apparel, jewelry, import, and restaurant industries.
 - The city and the Chinatown community should explore various mechanisms to improve the business environment in Chinatown, including but not limited to a Business Improvement District.
 - The city should partner with the community to investigate land use and zoning issues that affect present and future development of Chinatown, such as those pertaining to commercial development, affordable housing, open spaces, and school facilities.
- **Strengthen the economic base of Chinatown through targeted workforce development strategies**
 - Federal, state, and city agencies as well as philanthropic institutions should substantially increase funding for English as a Second Language (ESL) and skills training programs, with income support provisions for the participants.
 - Workforce development strategies should be responsive to the special needs of the dislocated worker population, a disproportionate number of whom are female, aged 41 to 54, and have limited transferable skill sets and English proficiency.
 - Public and private funds should be committed to supporting the development of training programs that prepare the workforce for the future economic base and needs of Chinatown and New York City.
 - Funding should also be allocated to increase the organizational capacity of the existing community-based nonprofit agencies that offer skills training and related services.

- **Extend employment and procurement opportunities associated with the redevelopment of Lower Manhattan to workers and businesses in Chinatown.**
 - LMDC should establish a procurement policy that ensures that workers and businesses in Lower Manhattan, including Chinatown, have a fair chance of obtaining jobs and contracts in relation to redevelopment projects in Lower Manhattan.
 - Programs should be developed and supported in cooperation with organized labor and community organizations to prepare Chinatown workers and businesses for the redevelopment-related employment and procurement opportunities.
- **Strengthen Chinatown's role as a major tourist destination through strategic marketing and investment in infrastructure and amenities.**
 - LMDC should support marketing campaigns that promote Chinatown as a commercial hub, a center of cultural activity, and an area with historical sites of interest. The state and the city should incorporate Chinatown into their marketing campaigns on an ongoing basis.
 - LMDC and the city should support an upgrade of physical infrastructure, including street repairs, housing improvements, increased parking facilities, and community or public buildings in Chinatown.
 - City agencies, in partnership with the community, should address environmental concerns, such as sanitation needs.
 - LMDC and the city should invest in the development of cultural facilities and the improvement of parks and other open spaces in Chinatown.
- **Pursue opportunities for incorporating Chinatown rebuilding into the overall strategies promoting New York's candidacy for host city of the 2012 Olympics.**
 - The state and the city should consider enhancement of Chinatown's infrastructure, cultural assets, and economic activities as part of the efforts to strengthen the city's candidacy for the 2012 Olympics.
 - Professional services firms and other suppliers based in Chinatown and Lower Manhattan as a whole should be considered as a resource for NYC2012's overseas sales campaign.