

# CHINATOWN

## ONE YEAR AFTER SEPTEMBER 11th:

An Economic Impact Study

Mott Street



# **Chinatown One Year After September 11<sup>th</sup>: An Economic Impact Study**

**Asian American Federation of New York**

**November 2002**

**In Collaboration With:**

**Federal Reserve Bank of New York**

**Fiscal Policy Institute**

**The Ralph and Goldy Lewis Center for Regional Policy Studies,  
University of California, Los Angeles**

*The views expressed in this report are those of the Asian American Federation and do not necessarily reflect the views or positions of the Federal Reserve Bank of New York or the Federal Reserve System, the Fiscal Policy Institute, or The Ralph and Goldy Lewis Center for Regional Policy Studies, University of California, Los Angeles.*

## FOREWORD

Since the release of the interim report, *Chinatown After September 11<sup>th</sup>: An Economic Impact Study* on April 4<sup>th</sup>, there has been a great deal of public discourse as well as media attention on the economic conditions in Chinatown. Public and philanthropic institutions have noticeably increased the level of assistance given to workers and businesses in the community. In the meantime, a number of community organizations have initiated planning and marketing efforts for Chinatown's long-term revitalization.

How much has Chinatown recovered economically from September 11<sup>th</sup>? The research team at the Asian American Federation has been closely monitoring the situation in Chinatown on a continuing basis, in order to shed light on this frequently asked question. During the past few months, the research team conducted a number of surveys of workers and businesses, examination of administrative data, and interviews with community leaders. The team's diligent work culminated in this updated report, *Chinatown One Year After September 11<sup>th</sup>: An Economic Impact Study*. With this report, the Federation is pleased to provide, once again, a definitive and in-depth understanding of the Chinatown economy as it emerged from the shadow of September 11<sup>th</sup>.

One year after the tragic event, Chinatown has rebounded but has yet to attain full recovery. The rebuilding of Chinatown will require collaborative efforts among the different parties involved, namely the state and city governments, the Lower Manhattan Development Corporation, philanthropic institutions, and the community leadership. There are policy considerations as well as the investment of resources necessary for the planned and responsive recovery of Chinatown. It is with this understanding that the Federation is putting forward a set of recommendations, which we hope will offer a sound framework for policy formulation as well as community economic planning.

This report would not have been possible without the spirited dedication of the research staff and volunteers, and we owe them our deepest gratitude. We are grateful for the advice and encouragement of the collaborating organizations, as well as members of the Academic Advisory and Community Advisory committees. Their insights have been most valuable to us, from research design to development of recommendations. Certainly, support from our funders was critical, and we are appreciative of their generosity as well as commitment.

Chinatown has shared the pain and the disproportional burden of September 11<sup>th</sup>. As a commercial hub, a cultural magnet, and a neighborhood with historical significance, Chinatown has the strength and the capacity to rebuild itself and to contribute to the overall recovery of the city.

Cao K. O  
Executive Director  
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## I. Executive Summary

On April 4, 2002, the Asian American Federation released a landmark study, entitled *Chinatown After September 11<sup>th</sup>: 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 11<sup>th</sup>, 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 11<sup>th</sup>.

Since releasing the report in April, the Federation has continued to monitor the economic situation in Chinatown. *Chinatown One Year After September 11<sup>th</sup>: 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 11<sup>th</sup>, 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 11<sup>th</sup>.
- 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 11<sup>th</sup> 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 11<sup>th</sup>.

### **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 11<sup>th</sup>, 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 11<sup>th</sup> 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 11<sup>th</sup>. 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 11<sup>th</sup> 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 11<sup>th</sup> 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.

## II. Introduction

In April 2002, the Asian American Federation released *Chinatown After September 11<sup>th</sup>: An Economic Impact Study*. This report documented the unprecedented level of business and wage losses in the Chinatown community in the first six months after September 11<sup>th</sup>. Among the key findings were that Chinatown's major businesses suffered revenue losses between 60% to 100% following September 11<sup>th</sup>. In the first two weeks after September 11<sup>th</sup>, three-quarters of Chinatown's workforce became unemployed. And, three months later, one-quarter of the workforce was still unemployed. In addition, a total of 40 garment factories closed down in the first three months after September 11<sup>th</sup>.

This update provides a one-year assessment of the economic conditions in Chinatown by continuing to examine the status of affected businesses and workers, in order to offer important data for ongoing public policy discussions on the economic revitalization of Chinatown. The discussion includes an analysis of the forms and the extent of business assistance and workforce development efforts provided by government agencies and community-based organizations.

This study integrates earlier data derived from the Federation's April report and latest findings from more recent research, including business surveys, worker surveys, and caseload analyses. The research effort also includes a preliminary analysis of the latest detailed-level Census 2000 data, a review of governmental loan/grant data and follow-up interviews with government officials and staff members of community-based organizations. This report quantifies the experiences of over 10,000 affected workers in the year following September 11<sup>th</sup>.

Specific challenges that arose in conducting this study included the inaccessibility of data from some public and private sources and the difficulty of obtaining data within the geographic boundaries of Chinatown defined in this report as well as data on the Chinese-owned and -operated businesses within these boundaries. As such, the research team is unable to provide job loss and business loss figures at the community level for the one-year period following September 11<sup>th</sup>. Using a variety of government, business and public and private relief agency data sources, the study provides estimates, rather than exact figures, on business losses at the industry level.

In the assessment of the impact September 11<sup>th</sup> on Chinatown's businesses and workers, the findings are presented in the following temporal context: (1) first two weeks after September 11<sup>th</sup>; (2) first three months after September 11<sup>th</sup>; and (3) one year after September 11<sup>th</sup>. Based on the above assessment efforts, this report will pinpoint major areas of unmet need and service gaps, which then serve as the basis for proposing a set of recommendations to government entities and the philanthropic community with the aim of fostering economic rebuilding.

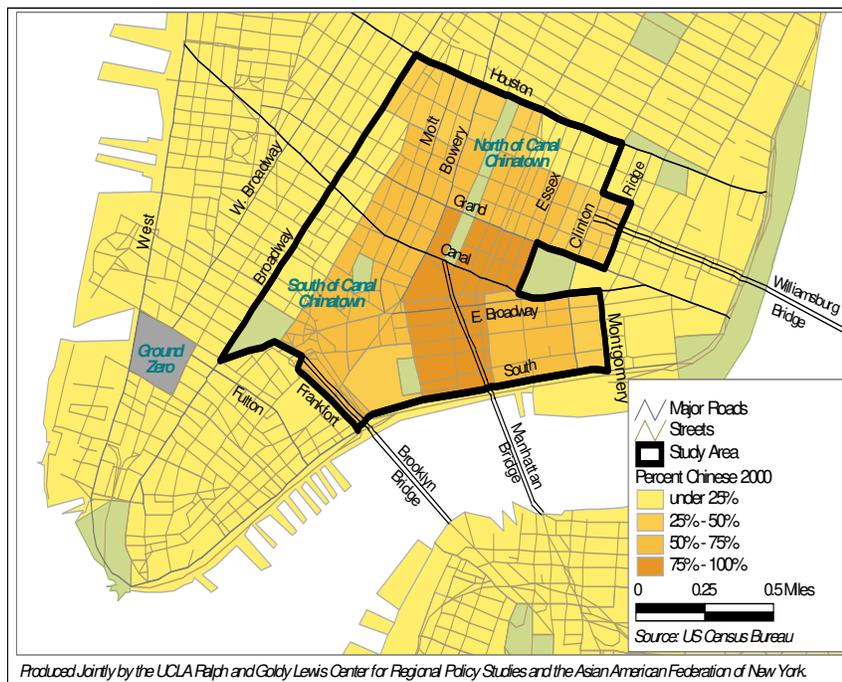
### III. Chinatown Before September 11th

#### Defining Chinatown's geography

In delineating the study area, the interim report characterized Chinatown as a community of Chinese-owned and -operated businesses and Chinese workers.<sup>1</sup> Chinatown spans four ZIP codes: 10002, 10012, 10013, and 10038. While a number of non-Chinese businesses are established within these ZIP codes, the study area represents only those with the highest concentrations of Chinese businesses and residents. This study assesses the effects of the September 11<sup>th</sup> tragedy on these Chinese businesses and workers in Chinatown.

The residential part of Chinatown covers a total of 13 Census tracts.<sup>2</sup> As shown in Figure 1, the tracts that were included within the boundary estimation fulfilled the following criteria: 1) has an Asian<sup>3</sup> population greater than 500 people and 2) the Asian population comprises more than 25% of the total population. Two other tracts<sup>4</sup> were included within the Chinatown boundary estimation because these contain a significant number of garment businesses, Chinatown's largest industry. According to the New York State Department of Labor (NYSDOL) Apparel Industry Task Force, many of the registered garment factories lie within these two tracts.

Figure 1: Chinatown Study Area



<sup>1</sup> Chinese are defined as persons of Chinese cultural heritage.

<sup>2</sup> Census tracts: 2.01, 6, 8, 14.02, 16, 18, 25, 27, 29, 30.01, 36.01, 41, and 43.

<sup>3</sup> Data Source: Census 2000 Redistricting Data (Public Law 94-171) Summary File. Asian alone or in combination with one or more other race categories, and with one or more Asian groups; People who reported entirely or partially as Asian. The Census 2000 data has not been statistically adjusted to compensate for any undercount. At the release date of this report, Census 2000 sample data for Chinese Americans in New York City had not yet been released. Therefore, Census 2000 sample data for the race category "Asian" and "Asian Alone or in Combination with one or more other race categories" has been used for the Census tracts in the study area. Census 2000 one-hundred percent data revealed that the overwhelming majority (more than 95%) of those who identified as "Asian" in Chinatown identified entirely or partially as Chinese.

<sup>4</sup> Census tracts: 31 and 45.

### **Chinatown's Economic Context Before September 11<sup>th</sup>**

Home to 56,000 Asian residents and nearly 4,000 businesses that are Chinese-owned and -operated, Chinatown is a lively immigrant neighborhood and a vital economic force within New York City. Supported by a vast transportation network that connects it to the larger city, Chinatown contributes to the city's economy in a number of ways.

The community's major economic roles are:

#### **1) An active commercial hub.**

A total of 3,855 businesses are Chinese-owned and -operated in Chinatown; this number includes 1,423 retail stores and 241 wholesale outlets. In addition, 35 bank branches operate in Chinatown, with an aggregated deposit level exceeding \$5.44 billion.<sup>5</sup> Chinatown's banking community ranges from community banks to major domestic and international banks.

#### **2) An apparel manufacturing center.**

There are 246 garment factories in Chinatown, representing one-fifth of all garment factories in Manhattan. Employing nearly 14,000 garment workers, this sector represents the largest industry in Chinatown.

#### **3) A major New York City tourist attraction.**

Chinatown's dining and shopping establishments are the primary draw for thousands of visitors daily. In addition to these tourists, regional non-Chinese and Chinese patrons are also drawn to the more than 250 restaurants and 500 specialty stores (jewelry, gift, and apparel shops) in the neighborhood.

#### **4) A vibrant immigrant enclave with close links to other Chinese communities.**

Approximately 60% of the neighborhood's workers live in other boroughs, such as Brooklyn and Queens, and commute to work in Chinatown. In addition, residents from the other boroughs, as well as from the rest of the tri-state area and Atlantic region, are regularly drawn to Chinatown by family ties, shopping and dining, and community events.

### **Chinatown Workers Before September 11th**

According to the interim report, Chinatown is home to 55,864 Asian residents and 33,658 workers. Using Census 2000 sample data, as well as data from various community sources, this section provides a contextual overview of this community. Consideration of contextual factors, such as citizenship, income, household size, educational attainment, and English language ability, is crucial to understand the extent of economic impact on workers in Chinatown, as well as barriers and factors associated with effective public policies, services, and programs targeted to assist affected individuals.

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<sup>5</sup> The deposit level reflects that of Federal Deposit Insurance Corporation (FDIC) insured banks only, as of June 2001. Source: <http://www3fdic.gov/sod>. The actual level of deposits among all Chinatown financial institutions may be higher.

The major characteristics of the Chinatown community are:

- **Foreign-born**  
In 2000, 81% (44,125), or the overwhelming majority, of Asians in Chinatown were born overseas.
- **High poverty levels**  
Nearly one-third, 31.4% (17,022), of the Asian families in Chinatown had an income below the poverty level in 1999.<sup>6</sup>
- **Low educational attainment**  
Nearly 70% (39,246)<sup>7</sup> of the Asian population in Chinatown does not have a high school diploma.
- **Limited English proficiency**  
Nearly 60% (30,764) of the Asians in Chinatown do not speak English well or at all.

As shown by the data, in the pre-September 11<sup>th</sup> context of Census 2000, low levels of income, native status, English proficiency, and educational attainment already challenged the Asian population in Chinatown. These limitations partially explain the severe degree of devastation September 11<sup>th</sup> wrought on the community's workforce. The magnitude of this economic crisis pushed businesses over the brink and left workers even more marginalized, to be discussed further in the forthcoming sections.

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<sup>6</sup> According to Census 2000, a family of four in the U.S. was classified as poor if it had a cash income less than \$18,104 last year. For a family of three, the official poverty level was \$14,128. ("Number of People Living in Poverty Increases in U.S.," *New York Times*, 9/25/02). Also, approximately 70% (69.1%) of students in PS 124 (located in Chinatown) are enrolled in the National Free Lunch program, a federally assisted meal program operating in public and non-profit private schools and residential child care institutions. A free lunch is served to children with household incomes at or below 130% of poverty. A reduced-price lunch is available to children with incomes between 130-185% of poverty.

<sup>7</sup> Universe: Asian Alone Population 25 years and over.

#### IV. The Effects of September 11<sup>th</sup> on Chinatown's Infrastructure

The event of September 11<sup>th</sup> inflicted onerous damage on Chinatown's community infrastructure, which includes roads, parking facilities, subway services, electricity, and telephone services. As shown below, Chinatown's community infrastructure suffered different phases of disruption over the last year.

##### A. In the first two weeks after September 11<sup>th</sup>

Businesses in Chinatown were effectively shut down by the imposition of a frozen zone.<sup>8</sup> Public access to the entire neighborhood was restricted; major transportation modes (i.e., subway and bus services) were unavailable, key entryways to surrounding communities were blocked, and basic phone and power lines were severed.

##### B. In the three months after September 11<sup>th</sup>

Streets in parts of Chinatown remained closed for as long as three months due to increased security measures in the area. In addition, the area was plagued by disruptions in telephone services; transportation blockages, such as checkpoints, bridge and tunnel closures; and the elimination of parking spaces.

##### C. One year after September 11<sup>th</sup>

Significant long-term effects, such as continued street closures and limited parking spaces, persist. For instance, given the ongoing security measures in downtown Manhattan, over 400 public parking spaces in the One Police Plaza garage have been restricted from the public. Also, several streets have been closed to increase the security presence around One Police Plaza.

Consequently, cars with privileged parking permits are now occupying parking spaces in Chinatown, leaving even fewer spaces for Chinatown visitors. In addition, Park Row, which is adjacent to One Police Plaza, continues to be barricaded and remains off-limits to tour buses, which prevents them from unloading tourists.

September 11<sup>th</sup> imposed an increased strain on a community already challenged by a weak physical infrastructure. Prior to September 11<sup>th</sup>, the community was just getting by with congestion of the major thoroughfares, insufficient parking facilities, unclean streets, and few recreational facilities. Overcrowding, foul odors due to the lack of frequent street cleanings and garbage pick-ups only exacerbated these infrastructure weaknesses.<sup>9</sup>

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<sup>8</sup> The prohibited zone from September 11<sup>th</sup> through the 13<sup>th</sup> spanned all areas south of 14<sup>th</sup> Street. From September 14<sup>th</sup> through 18<sup>th</sup>, the frozen zone covered all areas south of Canal Street.

<sup>9</sup> *Pratt Institute for Community and Environmental Development*, "Public Opinion Survey: Chinatown, New York," September 2001.

The September 11<sup>th</sup> aftermath thus exposed Chinatown's infrastructure impediments and illuminated the need for further examination, planning and funding in these critical areas. Although the Lower Manhattan Development Corporation (LMDC) approved funding for over \$400,000, in conjunction with a \$1 million Federal grant<sup>10</sup> for renovations to Columbus Park,<sup>11</sup> Chinatown historically has not benefited from publicly-funded capital improvements.<sup>12</sup> For example, Canal Street is one of the busiest streets in New York City. As an integral link from New York City to both New Jersey and Brooklyn (via the Holland Tunnel and Manhattan Bridge, respectively), Canal Street serves over 37 million vehicles annually. Despite Canal Street's heavy usage, no resources have been allocated to repair it. After September 11<sup>th</sup>, other issues such as unclean streets, uneven sidewalks, few recreational facilities, and other general aesthetic deficiencies also became glaringly apparent.

While the initial imposition of the prohibited zone as well as disruptions in basic phone and subway services impeded routine business operations, ongoing effects such as limited parking spaces further debilitate an already hard-hit business community. These obstacles had a significant effect on Chinatown's economy - a topic discussed in the following section.

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<sup>10</sup> This grant was awarded by the National Park Service's Urban Park and Recovery Program (UPARR).

<sup>11</sup> *LMDC Press Release*: "Lower Manhattan Development Corporation Approves Funding to Renovate Historic Grand Pavilion in Chinatown's Columbus Park," October 10, 2002.

<sup>12</sup> *Pratt Institute for Community and Environmental Development*, "Working Papers, Advancing a public dialogue on housing, employment, and investment in Chinatown," September 2001.

## V. The Effects of September 11<sup>th</sup> on Chinatown's Businesses

This section evaluates the extent of economic injury to Chinatown's businesses. In addition, this section assesses the extent of government assistance provided to Chinatown's businesses by analyzing loans and grants disbursed by different governmental agencies.

### A. Summary of Findings

During the months of July and August 2002, the Federation conducted a number of business surveys to gauge the extent of the latest economic condition in Chinatown. In particular, the Federation collaborated with the Garment Industry Development Corporation in surveying Chinatown's garment factory employers. The Federation also surveyed Chinese restaurant employers with the Chinese American Restaurant Association. Additionally, the Federation conducted surveys with employers of jewelry stores and travel agencies in Chinatown.<sup>13</sup> To complement its survey findings, the Federation also interviewed leaders of different Chinatown business associations.

#### 1) In the first two weeks after September 11<sup>th</sup>

- Garment, restaurant, retail, and tourism sectors suffered revenue losses ranging from 60% to 100%.

#### 2) In the three months after September 11<sup>th</sup>

- Garment factories continued to suffer revenue losses, with the shutdown of more than 40 businesses.
- The majority of restaurants reported that business had declined by 30% to 70%.
- Jewelry industry sales plummeted 50%.

#### 3) One year after September 11<sup>th</sup>

- Chinatown's garment industry lost an estimated \$490 million in the year following September 11<sup>th</sup>.<sup>14</sup>
- Compared to summer 2001, a 20% decline in business was seen in summer 2002 in:
  - 70% of the restaurants
  - 65% of the garment factories
  - 50% of the jewelry stores

<sup>13</sup> During the months of July and August 2002, 66 garment factories, 48 Chinese restaurants, 30 jewelry stores and five of the largest tourism agencies were surveyed.

<sup>14</sup> See Appendix C for an explanation of the estimation methodology.

- An additional 25 garment factories have shut down since January 2002.
- 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 11<sup>th</sup>.

### **B. External Factors Undermining Chinatown's Economy**

Chinatown is unique as an ethnic enclave that also plays a major role in New York City's overall economy. Apparel and tourism, mainstays of New York's economy, are the top industries in Chinatown. Therefore, the slow recovery of New York as a whole and the general economic downturn reverberate in Chinatown, stalling the community's resurgence and clouding the future of industry sectors.

#### **1) New York City's Sluggish Economy**

The overall economic climate in New York City first needs to be considered in examining the economic impact of September 11<sup>th</sup> on Chinatown. New York City was on a downward trend prior to the attack on the World Trade Center. For instance, the city's unemployment rate rose sharply to 6.3 percent in August 2001 from 5.3 percent in June 2001. In the aftermath of September 11<sup>th</sup>, an estimated 83,100 workers in New York City lost their jobs.<sup>15</sup> In Chinatown, the Federation estimated that more than 7,500 workers became unemployed during the same period. Thus, while Chinatown accounts for less than 1% of New York City's population, Chinatown workers accounted for nearly 10% of the City's total job loss during the first three months after September 11th. New York City's unemployment rate hit 7.1% in September 2002, up from 6.3% a year earlier,<sup>16</sup> pushed largely by a continuing sluggish economy as well as September 11<sup>th</sup>-related job losses. Although unemployment data for Chinatown is not available from government sources, it is evident that Chinatown, an integral part of New York City's economy, suffered disproportionate job losses.

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<sup>15</sup> Comptroller, *One Year Later – The Fiscal Impact of 9/11 on New York City*, September 4, 2002, p. 11. The Fiscal Policy Institute. *The Employment Impact of the September 11 World Trade Center Attack: Updated Estimates based on the Benchmarked Employment Data*, March 8, 2002.

<sup>16</sup> *New York Times*, "Jobless Rate in City Hits 8 Month Low," October 18, 2002.

### 2) Decline of the Garment Industry

New York City's reputation as the world fashion capital is supported by the textile-making industry. New York's apparel factories produce 18% of all women's outerwear, as well as 28% of all dresses made in the United States.<sup>17</sup> However, over the past 10 years, the industry has increasingly faced competition from counterparts in Asia and Latin America that produce merchandise at a fraction of the cost of local production. Between 1992 and 1997, New York City's garment industry contribution to New York City dropped 13%.<sup>18</sup> In addition, low-priced imports add another facet of competition that has gradually squeezed factories out of New York City. As documented by the Federation's earlier report, the garment sector is the largest industry in Chinatown, employing nearly 14,000 garment workers before September 11th. Since September 11th, some 65 garment shops have shut down due to the worsening business climate.

According to the Federation's employer survey, some garment manufacturers attribute the unprecedented level of business closings to the migration of factories out of Chinatown into Sunset Park, Brooklyn. The high rents in Lower Manhattan are among the factors that account for the decision of garment manufacturers to relocate to less expensive areas, like Sunset Park, Brooklyn and Long Island City, Queens. For instance, rents in Brooklyn are 65% lower than in Manhattan.<sup>19</sup>

The economic ramifications of this outward movement and the closure of garment factories are significant. The loss of Chinatown garment employees as customers has reduced patronage for the neighborhood's restaurants and other food-related businesses, hair and beauty salons, and other retail stores. The now unemployed workers not only have less spending power, but also may not be coming to Chinatown any more, as the majority of pre-September 11th Chinatown workers lived in Brooklyn and Queens.

### 3) Struggling Tourism Industry

One year after September 11th, according to the Chairman of NYC and Company, Jonathan M. Tisch, "visitors are continuing to return to New York City. The downside is that their visits are shorter, and they are spending less money..."<sup>20</sup> Some Chinatown businesses<sup>21</sup> attribute the decline in tourists' visits to Chinatown primarily to the downturn in the economy, which signals the loss of jobs and disposable income, thereby discouraging individuals and families from spending money on leisure travel. Businesses also cite heightened security measures, which make it difficult for international travelers to obtain visas.

The declines in spending and length of stay have direct implications for Chinatown's tourism businesses.<sup>22</sup> Although the summer months are considered the peak season in the tourism industry, some of Chinatown's major tourism businesses experienced on average a 40% drop in revenues in Summer 2001 as

<sup>17</sup> [www.gidc.org/industry.html](http://www.gidc.org/industry.html)

<sup>18</sup> [www.fashioncenter.com/EconomicImpact.html](http://www.fashioncenter.com/EconomicImpact.html)

<sup>19</sup> *Crain's New York Business*, Catherine Curan, "Chinatown apparel firm defies the area's odds." Vol. XVIII, No. 36, p. 34. September 9-15, 2002.

<sup>20</sup> <http://www.nyc.visit.com/content/index.cfm?pagePkey=786>

<sup>21</sup> The information is based on interviews with five of Chinatown's largest tourism businesses with a total annual customer base of over 120,000.

<sup>22</sup> *Ibid.*

compared with Summer 2002. For example, some tour buses bringing visitors to Chinatown were only a third or a half full. This slump has ripple effects on Chinatown's other businesses, as the majority of restaurants and jewelry stores reported a 50% drop in tourist business this summer as compared to a year earlier, according to the Federation's latest survey results. The tourism downturn during Summer 2002 is a cause for concern as tourism companies rely on sales during the peak summer travel season to carry them through the year.

The downturn in New York City's economy is being felt in Chinatown, as the major industries, including the garment, tourism, and other retail establishments are struggling. Their dire economic situation has forced them to close shop or to apply for publicly available loans and grants to stay afloat. The availability and effects of such business assistance is explored in detail in the next section.

### **C. Business Assistance**

Beyond the direct impact of infrastructure bottlenecks on Chinatown's businesses, distinctive characteristics of Chinatown's economy have heightened barriers to recovery and must be addressed in restoring the community's economic vitality. Chinatown's businesses are exceedingly vulnerable during economic downturns and have limited access to standard forms of government aid due to these traits: The businesses are largely cash-based, sustain themselves on thin profit margins, and must rely on large quantities of orders. Consequently, Chinatown businesses often lack credit history, and in some cases lack documentation, which may pose obstacles to securing public and private loans and grants.

To assess the extent and effectiveness of business assistance efforts in Chinatown, this section analyzes one-year data from the 1) U.S. Small Business Administration (SBA), 2) the Empire State Development Corporation (ESDC), 3) the New York City Economic Development Corporation (NYCEDC), and 4) The September 11<sup>th</sup> Fund.

#### **1) Small Business Administration (SBA)**

One year after September 11<sup>th</sup>, only 353 (out of 3,855) Chinese-owned and -operated businesses received SBA loans<sup>23</sup> totaling \$21 million. This figure represents less than 10% of Chinatown's businesses. Even among those that obtained loans, 216 of them, or 61% of these businesses, obtained less than \$50,000 in SBA loans, as compared to the citywide average of \$80,000.

As noted earlier, many Chinatown businesses do not maintain regular documentation of their transactions and hence do not qualify for SBA loans. Further, a lack of credit history, as well as the collateral requirements may inhibit the ability of these businesses to obtain SBA loans. If businesses do not have sufficient assets, the SBA will seek personal property as collateral. The process of securing a loan with the SBA has been described as daunting, and at times lengthy. These factors, along with myriad rules and regulations, plus language challenges, diminish the value of SBA loans for Chinatown.<sup>24</sup>

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<sup>23</sup>According to the Federation's analysis of SBA data as of August 29, 2002, the SBA received a total of 2,323 completed emergency loan applications from the four ZIP code areas covering Chinatown (10002, 10012, 10013, 10038). The SBA approved 1,116 (or 48%) of these applications within the four ZIP codes.

<sup>24</sup>*Daily News*: "Feds stiff city on 9/11 loans; But whale watchers, rafters and scuba divers get easy cash." September 23, 2002. *Ming Pao Daily News*: "Restrictive Rules Preventing Chinatown Businesses from Obtaining Assistance,"

In total, only 109 retail businesses were able to secure SBA loans, which is less than 10% of the total number of retail shops (1, 423) in Chinatown. Among retail businesses, clothing and clothing accessories stores received the highest number of SBA loans (35). The more intriguing finding is that only 11 garment factories (3% of all SBA loans to this geographic area), 8 jewelry stores (2% of all loans to this area) and 25 full service restaurants (7% of all loans to this area) received loans from the SBA despite the ongoing difficulties confronted by these major industries.

### **2) Empire State Economic Development Corporation (ESDC) and New York City Economic Development Corporation (NYCEDC)**

In helping businesses affected by September 11<sup>th</sup>, the ESDC has implemented the Retail Recovery Grant (RRG) program,<sup>25</sup> the WTC Business Recovery Grant (BRG) program<sup>26</sup> and the Small Firm Attraction and Retention Grant (SFARG) program.<sup>27</sup> As of September 2002, 2,865 businesses in Chinatown had received ESDC grants<sup>28</sup> totaling \$35 million. Of these recipients, 82 businesses were garment factories. It should be noted that not all of these 2,865 businesses are necessarily Chinese-owned and -operated, and more specific identifying information is not publicly available.

Average grants to Chinatown businesses fell short of averages for all of Lower Manhattan and also covered less, only about 17% of the average Chinatown revenue losses. Each Chinatown grantee<sup>29</sup> received an average of \$9,700,<sup>30</sup> equivalent to approximately 1 1/2 months' rent for a typical business in the area. Meanwhile, average grants for Lower Manhattan as a whole ranged from \$15,738<sup>31</sup> to \$21,293<sup>32</sup> depending on business location.<sup>33</sup> According to a survey

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September 5, 2002. *World Journal*: "SBA Loan Rejections," September 30, 2002. *World Journal*: "Unresolved Problems in Chinatown in the One Year Aftermath of 9/11," September 10, 2002.

<sup>25</sup> The RRG program began on November 5, 2001 and ended on December 6, 2001. The initial focus of the RRG was on small and medium-sized retail businesses located in the areas recently designated by New York State as the Liberty Zone (the area south of Canal Street and the Manhattan Bridge Approach), and the Resurgence Zone (the area north of the Liberty Zone and south of Clarkson and Houston Streets).

<sup>26</sup> The BRG program, which is administered jointly with the New York City Economic Development Corporation and started on January 25, 2002, is designed to provide businesses with economic compensation due to losses from the 9/11 attacks. The program provides grant to business with fewer than 500 employees, based on business revenue, amount of economic loss and location within four designated zones, allow below 14<sup>th</sup> Street. The application deadline for this grant is December 31, 2002.

<sup>27</sup> The SFARG program, which was launched in the spring 2002 and will run until December 31, 2003, focuses on businesses employing fewer than 200 employees. Expansion grants are awarded to companies that sign or renew leases for a term of five or more years south of Canal Street, and are based on current number of employees, future job creation, and geographic location. Firms can receive up to \$3,500 or \$5,000 per employee, depending on location. Each grant will be paid in two equal installments, the first upon approval and the second 18 months later.

<sup>28</sup> The ESDC made a total of 3,620 grants to 2,865 Chinatown's businesses. In some cases, businesses received multiple grants from ESDC.

<sup>29</sup> These businesses were not necessarily Chinese-owned and -operated.

<sup>30</sup> This average is derived from all three programs: BRG, RRG, and SFARG.

<sup>31</sup> According to City of New York Independent Budget Office Testimony of Preston Niblack, Deputy Director, before the City Council Select Committee on Lower Manhattan Redevelopment and the Subcommittee on Small Business, Retail, and Emerging Technologies on the Effectiveness of 9/11 Small Business Assistance Programs, October 7, 2002: this amount designated by the Business Recovery Program (BRP) refers to the area south of Canal.

<sup>32</sup> According to City of New York Independent Budget Office Testimony of Preston Niblack, Deputy Director, before the City Council Select Committee on Lower Manhattan Redevelopment and the Subcommittee on Small Business, Retail, and Emerging Technologies on the Effectiveness of 9/11 Small Business Assistance Programs, October 7, 2002: this amount designated by the Business Recovery Program (BRP) refers to the area north of Canal.

<sup>33</sup> Businesses in the Restricted Zone are eligible for up to \$300,000; businesses located between South of Canal are eligible for up to \$150,000, and businesses located between Houston and Canal are eligible for \$100,000. The grant is based on gross revenue; assuming a 250-business-day year, by dividing the gross revenue as reported on the federal income tax return by 250.

by the Asian American Business Development Center, in the seven months after September 11<sup>th</sup>, the average amount of lost gross revenue for a single Chinatown business as a result of September 11<sup>th</sup> was \$58,463, indicating a wide gulf between needs and assistance. Therefore, the amount of this financial assistance program may still not be large enough to cover short- and long-term economic losses incurred by these businesses during this trying period. The lack of required documentation similarly prevents businesses from qualifying for grants.

To help fill the gap, the ESDC and the NYCEDC recently announced a new loan program, through which selected lenders will distribute \$50 million in loans to businesses below 14<sup>th</sup> Street. Among the lenders is SEEDCO, as well as the Renaissance Economic Development Corporation, an affiliated economic development organization of Asian Americans for Equality (AAFE), which received \$10 million.<sup>34</sup>

The NYCEDC also offered grants to businesses in Lower Manhattan through its Lower Manhattan Business Retention Grant Program.<sup>35</sup> In Chinatown, this program provided \$1.17 million in total assistance to 322 businesses, or approximately 8% of all Chinatown businesses.

### **3) The September 11<sup>th</sup> Fund**

Between November 2001 and September 2002, the September 11<sup>th</sup> Fund provided \$2 million to a number of community-based organizations to assist Chinatown businesses in the form of direct loans and grants.<sup>36</sup> These efforts have enabled some businesses to secure the government loans and grants described earlier. This aid has contributed to modest business gains in recent months. However, as with similar government efforts, these programs provide only short-term assistance. The September 11<sup>th</sup> Fund has spent another \$2.7 million on advertising subsidies, promotional campaigns, cultural programs, and assistance with applications for other disaster relief programs.

As mentioned, Chinatown's garment industry alone lost a total of approximately \$490 million as a direct result of September 11<sup>th</sup>. However, only up to \$60 million has been made in the form of loans and grants to businesses in Chinatown. While helpful, these financial allowances were mostly small in dollar amount and therefore had limited effects in helping businesses recover. These losses had negative effects on many of Chinatown's vulnerable workers - a topic to be discussed further in the next section.

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<sup>34</sup> *Crain's New York*, "New Loan Program to Fill SBA Void," October 14, 2002.

<sup>35</sup> Initiated after September 11<sup>th</sup>, this program ended on March 31, 2002. The grant requirements were: Had a place of business as of 9/11/01 in the WTC or the Frozen Zone restricted area of Lower Manhattan as of 10/11/01; Employed 50 workers or less; Provided professional or business services; or engaged in manufacturing, distribution or other non-retail activities; Submitted a completed loan application to the US Small Business Administration (SBA) or participating lender under the WTC Disaster Recovery Bridge Loan Program.

<sup>36</sup> These organizations include ACCION New York, Asian American Business Development Center, Asian Americans for Equality, Garment Industry Development Corporation, and Renaissance Economic Development Corporation.

## VI. The Effects of September 11<sup>th</sup> on Chinatown's Workers

The unprecedented level of business loss that Chinatown has witnessed in the year since September 11<sup>th</sup> continues to weaken its current economy. One year after the tragedy, businesses in the major industries of Chinatown - the garment, restaurant, and retail trades – remain below their pre-September 11<sup>th</sup> revenue levels. In the summer of 2002, revenue for the majority of garment factories, restaurants and jewelry stores was as much as 30% lower than the previous summer.

Furthermore, the outlook for these industries is not promising. Given the economic climate in Chinatown and in New York City as a whole, these businesses anticipate that they will not be able to return to pre-September 11<sup>th</sup> revenue levels in the last quarter of 2002. These economic circumstances bear grave consequences for Chinatown's workers, who even before September 11<sup>th</sup> had been challenged as members of a low-income immigrant workforce.

In this section, a detailed examination of the worker impact is presented with an analysis of the distinctive characteristics and backgrounds of Chinatown's workers as a population before September 11<sup>th</sup>. This profile elucidates the vulnerability of these workers in times of economic hardship and the challenges of reintegrating them into the workforce. From a policy standpoint, consideration of the profile of Chinatown's unemployed workers is critical to crafting initiatives and programs that adequately address the population's needs.

This section begins with a presentation of the various data sources used in developing this worker profile. Second, the community's demographics are analyzed using the most recent Census 2000 sample data for Chinatown. Third, workers' wage and job losses are documented. The section then examines characteristics of dislocated workers in a post-September 11<sup>th</sup> context, highlighting the unique challenges that workers face in this strained economic climate. A discussion of initiatives and community programs that have been implemented follows. Finally, policy recommendations to address existing service gaps and unmet workforce needs are set forth.

The section quantifies the experience of over 10,000 affected workers in Chinatown in the year following September 11<sup>th</sup>. (See Appendix A for more information about data sources.)

The information presented in this section is derived from:

- Census 2000 data: Sample data from the U.S. Census Bureau<sup>37</sup>
- Information from job training programs in Chinatown: Chinese-American Planning Council (CPC)<sup>38</sup> and Chinatown Manpower Project (CMP)<sup>39</sup>
- Data on relief assistance programs: Safe Horizon<sup>40</sup> and Federation/ World Vision<sup>41</sup> programs
- Industry-based needs assessment: UNITE, Local 23-25/GIDC<sup>42</sup> job training needs assessment
- A Federation survey on employment and health insurance<sup>43</sup> status of workers affected by September 11<sup>th</sup>.

### A. Summary of Findings

Data from the year following September 11<sup>th</sup> reinforce the fact that workers across the various business sectors of Chinatown experienced substantial wage and job losses. The data support the initial findings that workers in the garment, restaurant, and retail sectors were most significantly impacted.

#### 1) First two weeks after September 11<sup>th</sup>

- Nearly 25,000 or 3 out of every 4 workers lost their jobs.

#### 2) First three months after September 11<sup>th</sup>

- Nearly 8,000 or 1 out of every 4 workers were still unemployed.

<sup>37</sup> The data from the U.S. Census Bureau is from the most recent Census 2000 Summary File 3 (SF3). This data was analyzed at the Census tract level and delineates the population demographics for the entire area within the Chinatown neighborhood boundary. In the interim report, the Federation defined the Chinatown boundary as covering a total of 13 Census tracts (2.01, 6, 8, 14.02, 16, 18, 25, 27, 29, 30.01, 36.01, 41 and 43). The tracts that were included within the boundary estimation fulfilled the following criteria: 1) an Asian population greater than 500 people and 2) the Asian population comprises more than 25% of the total population.

<sup>38</sup> Data from the Chinese-American Planning Council, the largest and oldest multi-service agency in Chinatown, comprise information from the applications for various forms of relief assistance as well as job training programs by affected workers after September 11<sup>th</sup>. The data were collected from December 2001 through April 2002 and reflect the information from approximately 1,600 application forms.

<sup>39</sup> Data from Chinatown Manpower Project, a community organization that provides both regular job training programs, as well as job training specifically for 9/11-impacted individuals, contain program information as well as program participant background information. Data were collected on a total of 600 program applicants from January through June 2002.

<sup>40</sup> After September 11<sup>th</sup>, Safe Horizon, a victims' services organization, disbursed checks to over 5,000 affected Chinatown workers in the amounts of up to 2 weeks of pay per person. The data from this organization include information about workers' earnings and impacted industries. The data were gathered from September through December 2001.

<sup>41</sup> The Federation/World Vision data were derived from applications for financial assistance for dislocated workers who, because of geographic and other restrictive criteria, were not eligible for assistance from Safe Horizon, Red Cross and Salvation Army in the aftermath of September 11<sup>th</sup>. These forms contained information about pre- and post-9/11 earnings. A total of 2,400 applications were filed in February and March 2002.

<sup>42</sup> The UNITE, Local 23-25/GIDC data is derived from a job training needs assessment that was conducted on dislocated workers in the GIDC ESL programs. UNITE (Union of Needletrades and Industrial Textiles Employees). Local 23-25 is the largest apparel workers union in New York City. The Garment Industry Development Corporation (GIDC), a non-profit consortium of industry, government, and labor, which promotes apparel industry development, also runs ESL programs for impacted garment workers. Data were collected from January through April 2002 from 400 program participants.

<sup>43</sup> Federation employment and health insurance survey: The Federation conducted its own affected workers survey with job training program participants at Chinatown Manpower Project, Chinese Christian Herald Crusades, and Chinese-American Planning Council. In addition, the Federation surveyed workers who received aid from the organization's WTC Fund, which was established to provide direct cash assistance to impacted workers. The surveys assessed the nature of unemployment and underemployment and related economic and social circumstances. These surveys were conducted in July and August 2002 and represent the responses of 311 affected workers.

This estimation has been supported by other sources:

- CPC and Federation employment surveys reveal that over 60% of those who became unemployed as a result of the tragedy lost their jobs within the first three months after September 11<sup>th</sup>.
- UNITE, Local 23-25 data show that nearly 3 out of every 4 surveyed garment workers remained unemployed, and less than one-fifth (16%) were working full-time.
- More than half of the Federation/World Vision Fund grant applicants (54%, or 1638) were unable to recover their pre-September 11th level of earnings during this time; affected workers lost 30%-70% of their average income.
- As shown in Figure 2, Safe Horizon data show that workers whose wages were already low before September 11<sup>th</sup> suffered heavy losses as a result of business declines in the aftermath of the tragedy. The average hourly wages of the major industries in Chinatown were all substantially lower than the New York City median hourly wage of \$13.89 in 2001.<sup>44</sup> When examined on the basis of hourly wages, it is evident that in every industry, individuals' pay declined to well below the minimum wage level, which is \$5.15 per hour.

**Figure 2. Hourly Wage Breakdown by Industry**

Industry	Pre	Post	Percent Reduction
Garment	\$5.96	\$3.07	48%
Restaurant	\$9.01	\$3.41	62%
Retail (not incl. Jewelry)	\$10.38	\$3.87	63%
Jewelry	\$10.03	\$1.99	80%

*Source: Safe Horizon*

- This data is consistent with that of other sources: According to Federation/World Vision data, after September 11<sup>th</sup>, those who retained their jobs, on average, were making approximately \$96.52 per week, or \$2.76 per hour.

### **3) One year after September 11th**

Data gathered from employer and worker surveys, as well as interviews with business leaders and union representatives, demonstrate persistent, widespread underemployment and pay reductions nearly one year after September 11<sup>th</sup>. However, no estimates of the extent of job loss across the entire community one year after September 11<sup>th</sup> are currently available.<sup>45</sup>

<sup>44</sup> Fiscal Policy Institute, Labor Day, 2002, *New York Workers and the National Economy: Putting the expansion of the 1990s, the recent economic downturn and the September 11<sup>th</sup> attacks into overall context.*

<sup>45</sup> The interim report used relief agency data to derive the two-week and three-month post-September 11<sup>th</sup> population unemployment estimations. This data for one-year after September 11<sup>th</sup> is not available, so estimations cannot be derived in a comparable way. The lack of data speaks to the difficulty, for several reasons, of tracking job loss data in Chinatown. First, no government agencies that provided relief assistance collected data on the Chinatown area specifically. Chinatown spans across parts of four zip codes in lower Manhattan (10002, 10012, 10013, 10038). The difficulty lies in that much of the available government data is at the zip code level and thus includes non-Chinatown businesses.

Based on the Federation's employer and worker surveys, it can be concluded that the situation has not improved significantly during the year since September 11<sup>th</sup>. One year after the attacks:

- Nearly 60% of garment workers are still underemployed, or working reduced hours.
- 30% of restaurant workers are still working reduced hours.

## B. Dislocated Worker Profile

This section will provide an understanding of the post-September 11th context through an analysis of data from community organizations targeting this population's needs. Factors that characterized the Chinatown residential population even before the tragedy greatly exacerbated the effects of September 11<sup>th</sup>, pushing the community to the brink of crisis. This section provides an overview of the affected industries and then a presentation of worker characteristics after September 11<sup>th</sup>.

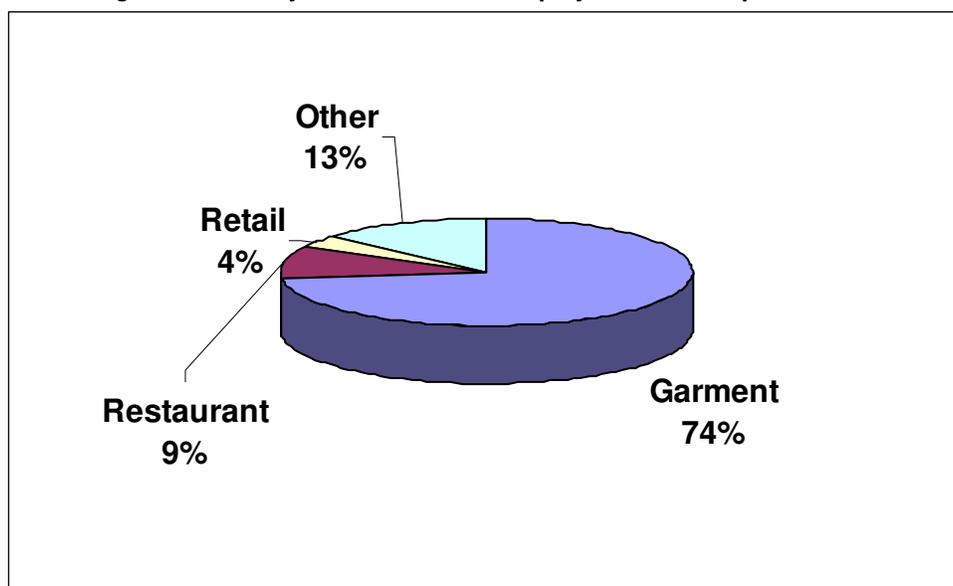
### 1. Affected Industry Breakdown

In the wake of September 11<sup>th</sup>, the garment, restaurant, and retail industries were most heavily impacted.

As shown in Figure 3,

- 7,337 workers, or approximately 75% of the 10,000 affected workers represented in the datasets,<sup>46</sup> were from the garment industry.
- 944 or 9% of the workers represented in the data had been employed by the restaurant industry.
- And, a total of 380 retail workers, including 80 jewelry store employees, lost their jobs as a result of September 11<sup>th</sup>.

Figure 3. Industry Breakdown of Unemployed Worker Population



Secondly, Chinatown is a cash-based economy, and the issue of lack of business documentation further poses challenges in gathering accurate data on the economic climate of small businesses in Chinatown.

<sup>46</sup> Sources: Safe Horizon, UNITE, Local 23-25, Chinatown Manpower Project, CPC, World Vision.

Sources: Federation/ World Vision, Safe Horizon, UNITE, Local 23-25, Chinatown Manpower Project, Chinese-American Planning Council

## 2) Worker Characteristics after September 11<sup>th</sup> <sup>47</sup>

### a. Gender

The worker population is largely **female**. The garment industry, one of the most heavily affected, has a very high representation of women in its labor force. Of those who applied for job training through Chinatown Manpower Project, 78% were women. In addition, nearly all Federation/World Vision funding applicants were women.

### b. Residence Data

Of the 5,061 respondents for whom there is residential information, most live outside of Chinatown, which is consistent with the Census data for the Asian worker population in Chinatown<sup>48</sup> and an analysis of garment union members' residential addresses.<sup>49</sup> The presence of ethnic enclaves outside of Manhattan, such as Sunset Park in Brooklyn, and the Flushing and Elmhurst neighborhoods in Queens, expands the geographic borders of the Chinatown worker community to other areas of New York City.

As depicted in Figure 4, approximately 60% of Chinatown workers live in Brooklyn and Queens. Specifically,

- 2,225, or 44%, of Chinatown workers live in Brooklyn.
- 2,044, or 40%, live in Manhattan.
- 792, or 16%, of Chinatown workers live in Queens.

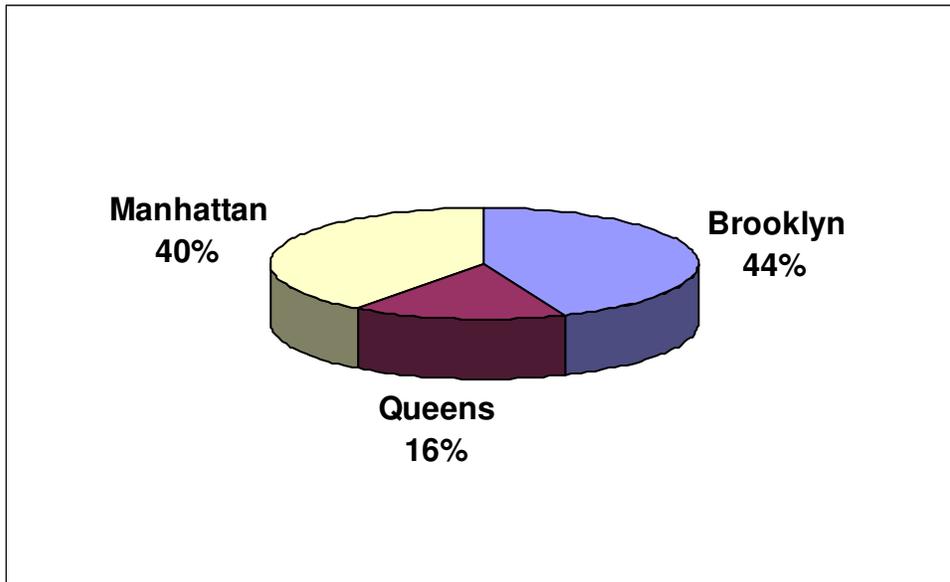
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<sup>47</sup> The data in this section are derived from program records of the various job training organizations, financial assistance applications, and worker surveys. In this regard, these data sources represent disparate populations.

<sup>48</sup> Data provided by The Ralph and Goldy Lewis Center for Regional Policy Studies, UCLA.

<sup>49</sup> UNITE, Local 23-25.

Figure 4. Residence of Sample Population



Sources: Federation/World Vision, UNITE, Local 23-25, Chinatown Manpower Project, Chinese-American Planning Council

Data collected after September 11<sup>th</sup> show that the majority of Chinatown's unemployed workers have lived in the United States for some time.

- Nearly all job training program participants in the Chinatown Manpower Project have lived in the United States for more than five years.
- Over 70% of these participants have worked in this country for four years or longer.

**c. Data on Skill Levels and Other Work-Related Characteristics**

Despite their substantial amount of time in the United States, Chinatown workers tend to be largely entrenched in low-paying, labor-intensive industries such as the garment and restaurant sectors. A number of characteristics restrict their employment options and, particularly, their ability to integrate into mainstream job markets:

- Over half of the unemployed worker population has **low English proficiency**, which relegates these workers to typically low-paying industries that do not require language skills. Without English abilities, Chinatown workers are isolated in this community with a limited number of jobs, options, and other opportunities that match their skill sets. The forced closures and sharp downturns of many businesses after September 11<sup>th</sup> further reduced options.
  - More than half (58%, or 250) of the respondents to the UNITE, Local 23-25 needs assessment do not speak English. About two-thirds (67%, or 324) of the training applicants in the Chinatown Manpower Project identified language difficulties as a primary

barrier to employment. Over half of the referrals (55%, or 266) made at CMP were to English as a Second Language (ESL) classes.

◦ More than half (58%) of the applicants to Chinatown Manpower Project's job-training programs considered the lack of skills a major obstacle in securing a job.

◦ According to UNITE, Local 23-25 data, the majority of garment workers (55%) have worked in the industry for over 10 years. The decline of this industry has even greater consequences for these workers who have limited transferable skills.

- Accordingly, nearly all of Chinatown's dislocated workers have **low education levels**. Despite the "model minority" image associated with Chinese and other Asian Americans, the population in Chinatown has low educational attainment. Many of these immigrants received very little schooling in their homeland. Moreover, a significant number of them are illiterate in their native language. As a result, these individuals often lack the necessary knowledge of grammatical rules and structure that is a point of reference for acquisition of a new language.

◦ Approximately 90% of job training applicants in the Chinatown Manpower Project have not attained a post-high school education.

◦ Within this group, half have only a junior high school level of education.

- The large majority of Chinatown workers comprise a population that is **between 41 to 54 years old**. In a general setting, age and experience can be assets, provided a worker or employee remains in an industry. However, in labor-intensive occupations, age can be a barrier because of the speed required by the work. Thus, many Chinatown workers have not been able to return to work in the same industry after September 11<sup>th</sup>. In these cases, age can be a significant obstacle to securing and maintaining re-employment.

◦ According to Federation/ World Vision data, three-quarters of the worker population are middle-aged or older. Specifically, half (50.99%, or 1342) of affected individuals are between 41 to 54 years old. The older age group (55 or older) is also well represented (26%, or 792).

◦ Approximately 80% of the worker population is 41 or older. Specifically, 60% are 41 to 54 and about 19% are 55 and over, according to CMP data.

### **d. Other Economic Factors**

As has been discussed, even before September 11<sup>th</sup>, Chinatown workers' hourly wages were low. The economic downturn associated with September 11<sup>th</sup> sharply reduced this group's already-meager earnings. On top of this, most of Chinatown's workers support large extended families and therefore have increased needs. Given their economic profile, they also have less ability to meet these needs.

#### Family/household composition

- A great majority (63%) of workers have families with three or more members, according to the CPC data.
- Within the surveys (Federation/World Vision, CPC) that captured this issue, 63% of workers had three or more dependents.
- The vast majority (80%) of the workers surveyed listed their spouses as dependents, according to Federation/World Vision data.

Data collected since September 11<sup>th</sup> reinforce the fact that Chinatown's workers are hampered not only by a weak economic climate, but also by limited skills, language proficiency, and low levels of educational attainment. These factors are associated with low incomes, and workers are entrenched in industries that are particularly vulnerable to business decline and do not offer progressive employment pathways. On top of these challenges, Chinatown workers have increased economic obligations, such as larger families. In light of these limitations and the scope of the economic damage that September 11<sup>th</sup> inflicted on the community, a number of job training programs have been implemented in the community.

### **C. Community-Based Job Training Programs**

To help lower barriers to employment such as those discussed above, ESL and job-training programs are offered by two community-based organizations in Chinatown, namely, CPC and Chinatown Manpower Project. Prior to September 11<sup>th</sup>, these groups offered job-training programs, but each received special funding from government agencies and private foundations to create more training slots to address post-September 11<sup>th</sup> workforce needs. For example, after September 11<sup>th</sup>, the U.S. Department of Labor implemented the National Emergency Grant (NEG) program to allocate resources to job-training programs targeting dislocated worker populations. In addition to CPC and Chinatown Manpower Project, Chinese Christian Herald Crusades received this grant.

Among Chinatown organizations, for both the regular and NEG<sup>50</sup> job-training programs, home health attendant and specialized apparel-making programs are the most widely offered. Some job training programs that have established relationships with home health care agencies provide job-placement services. Other types of programs train workers to become nail specialists, entrepreneurs, and computer technicians.<sup>51</sup> In

<sup>50</sup> Most of the NEG programs are 10 weeks in length, or half the standard length of job training sessions.

<sup>51</sup> According to CPC, clerical training, computer training in the insurance and publishing industries, and hotel service work training.

addition, some job-training centers offer other employment services (also known as “intensive services”), such as teaching interview practices, resumé writing, office etiquette and job- search assistance.

Chinatown organizations have been awarded \$1.7 million since September 11<sup>th</sup> to implement job-training initiatives. From January 2002<sup>52</sup> through September 2002, 512 individuals enrolled in the NEG programs offered by the three major community organizations. Approximately \$25-30 million will be needed to provide job training and employment services to the nearly 8,000 dislocated workers, at the program unit cost of \$5000 per student and assuming that approximately three-quarters of the population requires training.

In this context, another issue that requires attention is the shortage of language classes and programs. ESL classes are the type of training that would most benefit the workers. Indeed, for Chinatown workers, English ability has become an increasingly important ticket to re-employment. In many cases, it makes the difference between remaining jobless and finding a new position, which may represent a step up. According to Chinese Christian Herald Crusades, prior to September 11<sup>th</sup>, many workers believed that they could remain employed without knowing English because work not requiring English skills was readily available in Chinatown. However, since the post-September 11<sup>th</sup> shutdown of numerous Chinatown garment factories and the accelerated decline of apparel manufacturing, Chinatown offers fewer job options. As a result, some laid-off garment workers have sought positions in Midtown fashion houses. These Midtown jobs tend to provide better pay and benefits than garment factory jobs, but English skills are generally required. Consequently, the number of workers who have been able to secure these jobs is small, and most of them come from the job-training programs provided by CPC and Chinese Christian Herald Crusades, programs which facilitate such transitions. The realization that a working knowledge of English is an increasingly valuable and necessary asset is growing in these workers.

In summary, Chinatown’s workers continue to suffer economic losses one year after September 11<sup>th</sup>. As the above analysis revealed, the Asian population in Chinatown is comprised largely of immigrants with low educational attainment, limited English language proficiency, and low-income. Given these limitations and the business climate in Chinatown, the outlook for economic opportunities for these workers remains bleak.

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<sup>52</sup> CCHC began their enrollment in February 2002.

## VII. Conclusion

The Chinatown economy continues to be plagued by the tragedy of September 11<sup>th</sup>. Among the key industries in Chinatown - the garment, restaurant, retail, and tourism businesses - the respective economic activities remain noticeably lower than pre-September 11<sup>th</sup> levels. While experiencing the ripple effects of New York City's sluggish economy, workers and businesses in Chinatown are confronted with added barriers to full recovery. These barriers include the limited marketability of the workforce, the structural limitations of Chinatown businesses, as well as the delayed and inadequate assistance that has been made available to affected workers and businesses in Chinatown. One year after September 11<sup>th</sup>, Chinatown has not recovered, and there are critical unmet needs.

- Chinatown's garment industry alone lost \$490 million in the year following September 11<sup>th</sup>. 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 11<sup>th</sup> 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.

## VIII. 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 11<sup>th</sup> 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<sup>53</sup> to include the area of Chinatown between Canal and Delancey Streets.

<sup>53</sup> The New York Liberty Bond Program is an \$8 billion initiative to provide low-cost, tax-exempt bond financing for major projects to revitalize Lower Manhattan. The program is intended to secure significant private sector investments to rebuild Lower Manhattan. The Liberty Zone is the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), and Grand Street (east of its intersection with East Broadway). To be considered for financing, projects must be consistent with one or more of these goals and satisfy the application guidelines.

- 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.

## IX. Appendices

### Appendix A: Data Sources

The following table summarizes the business surveys, affected business information, aggregated and disaggregated data files obtained from public and private relief agencies. This table provides pertinent information on the number of survey respondents, individual record files, and time periods covered.

Sources of Data	Size	Sep '01	Oct '01	Nov '01	Dec '01	Jan '02	Feb '02	Mar '02	Apr '02	May '02	Jun '02	Jul '02	Aug '02
<b>Business Surveys</b>													
Federation/ GIDC Employer Survey of Garment Factories	66											X	X
Federation/Chinese Restaurant Association Employer Survey of Chinese Restaurants	48											X	X
Federation Survey of Jewelry Stores	30											X	X
Federation Survey of Travel Agencies	5												X
<b>Government Loans and Grants</b>													
Small Business Administration	353	X	X	X	X	X	X	X	X	X	X	X	X
Empire State Development Corporation	3,220		X	X	X	X	X	X	X	X	X	X	X
NYC Economic Development Corporation	322		X	X	X	X	X	X					
<b>Public and Private Relief Agencies</b>													
Safe Horizon	5,119	X	X	X	X								
Federation/ World Vision Fund	2,400						X	X					
Chinatown Manpower Project	600					X	X	X	X	X	X		
Chinese American Planning Council	1,800				X	X	X	X	X				
UNITE/GIDC Job Training Needs Assessment	400					X	X	X	X				
Federation Unemployed Worker Survey	309											X	X

## Appendix B. Chinatown Community Profile

According to the interim report, Chinatown is home to 55,864 Asian residents and 33,658 workers. Using Census 2000 sample data, as well as data from some community sources, this section provides a detailed demographic analysis of Chinatown's residential population to provide a contextual overview of this community. Consideration of contextual factors, such as citizenship, income, household size, educational attainment, and English language ability, is crucial to understanding the extent of economic impact on workers in Chinatown as well as barriers and factors associated with effective public policies, services and programs targeted to assist affected individuals.

### 1) Citizenship Status

In 2000, the majority of Asians in Chinatown were foreign-born and nearly half of these Asians did not have United States citizenship.

- 81% (44,125) were foreign-born.
- 48.1% (26,190) were foreign born and not United States citizens.
- 19% (10,376) were native-born.

### 2) Poverty and Income Levels

According to the 2000 Census, a family of four in the United States was classified as poor if it had a cash income less than \$18,104 in the previous year. The official poverty level for a family of three was \$14,128.<sup>54</sup> These levels are updated each year to reflect changes in the Consumer Price Index. In New York City, where the cost of living is much higher than in most of the nation, many more families fall below the poverty threshold.

In 1999, nearly one-third of the Asians families were poor, and the majority of children in poverty lived with a married couple.

- 31.4% (17,022) of Asians had an income below the poverty level in 1999.
- 80.7% (2,992) of children in poverty lived with a married couple.

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<sup>54</sup> "Number of People Living in Poverty Increases in U.S.," *New York Times*, 9/25/02.

In New York City, at least 40% of Asian families<sup>55</sup> and households<sup>56</sup> in Chinatown earned meager annual incomes.

- Nearly half of Asian households earned less than \$20,000.
- Over 60% of Asian elderly households earned less than \$15,000.
- Over 40% of Asian families earned less than \$20,000.

In addition, full-time, year-round Asian workers earned low annual incomes.

- Over 50% (58.9%, or 7,565) of full-time, year-round Asian workers earned less than \$15,000.
- Over a quarter of full-time, year-round Asian workers earned less than \$10,000.
- Per capita income was \$12,065.

Translations to weekly wages are as follows. On an industry-level basis, according to data from Safe Horizon, prior to September 11, on average:

- Jewelry store workers earned \$350 per week.
- Restaurant employees earned \$320 per week.
- Garment workers earned \$208 per week.

On the basis of hourly wages, the pre-September 11<sup>th</sup> data from community sources is consistent in supporting evidence of the group's low-income status.

- The majority of Chinatown Manpower Project applicants (over 60%) earned between \$5.15 and \$7.00 an hour before being laid-off.
- Prior to September 11<sup>th</sup>, those who received aid from the Federation/World Vision grant were making approximately \$230 per week or \$6.57 per hour.

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<sup>55</sup>A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

<sup>56</sup>A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is direct access from the outside or through a common hall. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters. There are two major categories of households, "family" and "nonfamily".

### 3) Household Size

According to Census 2000 data, Asians had relatively large households compared with other races in Chinatown and the total population for New York City. This may be explained by the possibility that these households are comprised of multiple rent-payers. In light of the low incomes of Chinatown workers, multiple rent-payers may be necessary to alleviate the rent burden.

- The average household size for Asians in Chinatown was 3.14 people.
- The average household size for the total population in Chinatown was 2.71
- The average household size for the total population in New York City was 2.59.

### 4) Rent

Large financial obligations render the majority of Asian workers in Chinatown “rent-burdened,” which means they spend more than 30% of their household income on rent.<sup>57</sup> The presence of multiple-rent payers in the household may reduce the burden somewhat, but the fact that these workers have less disposable income sustains the economic challenges. After rent, remaining income that can be spent on other family expenditures and necessities, such as food and utilities, is unsubstantial.

- In 1999, nearly one-quarter of Chinatown renter units (23.3%) had a gross rent of 50% or more of the household annual income.

### 5) Educational Attainment

The majority of Chinatown’s Asians<sup>58</sup> did not have a high school diploma, and nearly half have less than a ninth grade education. Furthermore, women generally had lower levels of educational attainment than men. This may partially account for the higher representation of women in certain low-wage industries, such as the garment industry.

- Nearly 70% of Chinatown’s Asians 25 years and over did not have a high school diploma.
- Nearly half (48.1%) of the Asian population had less than a ninth grade education.
- Among the women in Chinatown, 72.5% (14,209) did not have a high school diploma, as compared to 66% (12, 980) of Chinatown’s males.
- Also, over half the women (53.6%, 10,502) had less than a ninth grade education, as compared to 42.5% (8,362) of the men at this level.

<sup>57</sup> Asian Americans for Equality Housing Survey, 1996.

<sup>58</sup> Universe: Asian Alone Population 25 years and over (39,246).

## **6) Language/ English Ability**

Nearly all of Chinatown's Asians speak a language or languages other than English. The majority of Asians in Chinatown do not speak English well or at all. Of the individuals with this limited English proficiency, most are adults between the ages of 18 and 64.

- Over 90% (93.8%, 48, 953) speak other languages.
  - Over half (58.9%, 30,764) of Chinatown's Asians do not speak English well or at all.
  - Over 60% of those who are of working age (ages 18 to 64) have limited English proficiency.
  - Nearly 80% (79%, or 7,076) of the elderly population does not speak English well or at all.

The data presented show that, at the time of the Census, the Asian population in Chinatown was already challenged by low levels of income, citizenship status, English proficiency, and educational attainment. This population, however, also had increased economic obligations, as suggested by the relatively larger household size within Chinatown, as compared to other races in Chinatown and the total population for New York City. These limitations partially explain the degree of devastation September 11<sup>th</sup> wrought on the community's workforce. The magnitude of this economic crisis pushed businesses over the brink and left workers even more marginalized.

## Appendix C: Estimation Methodology for Production Loss in Chinatown's Garment Industry

According to the various business surveys conducted by the Federation, UNITE Local 23-25, the Garment Industry Development Corporation, the Greater Blouse, Skirts & Undergarment Association, the garment industry suffered substantial losses in the year following September 11<sup>th</sup>. As identified by the Federation's research team, 65 garment factories were shut down during this period. Conventional government and private data sources, however, do not provide an estimate of production loss in Chinatown's garment industry. As documented in the interim report, both ES (Insured Employment Series) 202 and ABI (American Business Incorporated) files substantially understated garment factories and jobs when comparing with other data from the New York State Department of Labor's Apparel Industry Task Force garment shop registration file and UNITE Local 23-25's list of union factories in Chinatown by street address.

In light of this challenge, the research team estimated the level of production loss in Chinatown's garment industry using the following data sources:

1. 1997 Census of Manufacturers, U.S. Census Bureau
2. Producer Price Index (for SIC 23 Apparel and Related Products), 1997-2001, Bureau of Labor Statistics, U.S. Department of Labor
3. Private Employment Estimate in Chinatown, Asian American Federation's interim report
4. Survey of Chinatown Business (October – November 2001), Office of the Manhattan Borough President
5. Membership Survey of the Greater Blouse, Skirts and Undergarment Association (October – December 2001)
6. Individual-level Caseload Analysis, Safe Horizon (September – December 2001)
7. Individual-level Caseload Analysis, Federation/World Vision (January – March 2002)
8. Garment Employer Survey, Federation/UNITE (January – February 2002)
9. Garment Employer Survey, Federation/Garment Industry Development Corporation (June – August 2002)
10. Interviews with leaders of three garment employer associations: Greater Blouse, Skirts and Undergarment Association, Metropolitan Area Apparel Association, Sportswear Apparel Association & Ladies Apparel Contractors Association

Then, the following procedure was used to estimate the decline in Chinatown's garment production one year since September 11<sup>th</sup>:

1. New York City garment production spans the spectrum from high-fashion evening gowns to more commodity-like, mass-market blouses destined for discount retailers. Garment production in Chinatown tends to be concentrated in the middle and at the low end of the market, although it does include a fair amount of "better" products for fashion-oriented brand names like Liz Claiborne or Anne Klein. As a consequence, to estimate apparel production in Chinatown using the latest available government source for production data – the 1997 Census of Manufacturers provides apparel production data by borough for Manhattan, Queens and Brooklyn – we used the industry average for Queens as more representative of this market position than the average for all of Manhattan.

Midtown Manhattan garment production generally tends to be higher value than Chinatown's.

2. According to the 1997 Census of Manufacturers, the value of garment production per worker in Queens is \$69,797 (in 1997 dollars). Adjusting for inflation change from 1997 to 2001, according to Producer Price Index for the apparel industry, the estimated value of garment production per worker in Chinatown in 1997 is \$71,155 (in 2001 dollars).
3. As estimated in the Federation's interim report, before September 11<sup>th</sup>, there were 286 garment factories and 14,000 garment jobs in Chinatown. The average size of workers per factory is 49. Therefore, the estimated apparel production in Chinatown is \$996 million before September 11<sup>th</sup>.
4. The estimated production decline in the one-year since September 11<sup>th</sup> was derived from a weighted average production decline function. As documented both in the interim report and the current report, Chinatown's garment industry suffered varied levels of business decline.
5. According to the various garment employer surveys, analyses of various relief agencies data, and field interviews with business and labor leaders, Chinatown's garment industry suffered an average decline during the following periods of:
  1. 80% during September 2001;
  2. 60% during October to December 2001;
  3. 35% during January to May 2002;
  4. 20% during June to August 2002
6. The following weighted average production decline function was applied:

$$\text{Weighted Average Function} = \frac{\sum_{i=1}^4 [P_i M_i]}{\sum_{i=1}^4 M_i}$$

Where  $i$  denotes the time period,  $P$  reflects the value of production loss and  $M$  represents the number of months.

7. Based on the above figures, the estimated value of the weighted average production decline for Chinatown's garment industry in the one year after September 11<sup>th</sup> is 41%.
8. Based on the average size of workers per factory, which is 49, there were an estimated total of 12,041 workers in the 246 garment factories. Using the estimated value of garment production per Chinatown worker of \$71,155, the total value of garment production for these 246 garment factories is \$859 million.
9. By multiplying the 41% production reduction and the \$859 million garment production value, the 246 garment factories suffered a production loss of \$351 million.
10. However, the above estimation approach only accounted for the production decline in the existing (246) garment factories in Chinatown but did not consider the loss production from the 40 apparel factories that closed in the first three

months after September 11th. By multiplying the average size of workers per factory of 49 and the 40 closed factories, the estimated number of workers who were affected is 1,958. Using the estimated value of garment production per Chinatown worker of \$71,155, the total value of garment production loss for these 40 closed factories is \$139 million.

11. By adding the estimated figures for the garment production loss of \$351 million due to production reduction within existing factories and the garment production loss of \$139 million due to the closure of 40 factories, the garment industry in Chinatown suffered an estimated \$490 million loss in garment production in the one year following September 11<sup>th</sup>.

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Garment Industry Development Corporation  
Greater Blouse, Skirts and Undergarment Association  
Ladies Apparel Contractors Association  
Manhattan Borough President's Office  
Lower Manhattan Development Corporation  
Metropolitan Area Apparel Association  
New York Chinatown Promotion & Tourism Association  
New York City Department of City Planning  
New York City Economic Development Corporation  
New York City Office of Emergency Management  
New York City Police Department  
New York City Department of Transportation  
New York City Transit Authority  
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## Chinatown: One Year After September 11th

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Jacob Lane	Safe Horizon
Maggie Lau	Asian American Federation of New York
Paul Lau	Sportswear Apparel Association & Ladies Apparel Contractors Association
Anna Lee	Asian American Federation of New York

## Chinatown: One Year After September 11th

Emilia Lee	UNITE, Local 23-25
Janny Lee	UNITE, Local 23-25
Sue Lee	New York City Department of Employment
Yungman Lee	United Orient Bank
William Leggiaro	U.S. Small Business Administration
Mr. Leong	Chung Wah Commercial Broadcasting
Jacky Leong	Columbia University
Danny Li	Holiday Inn Downtown
Winnie Li	Asian American Federation of New York
Naomi Lim	Volunteer
Connie Ling	UNITE, Local 23-25
Phillip Liu	Manhattan Borough President's Office
Tony Liu	New York Chinatown Promotion and Tourism Association
William Liu	TzuChi Buddhist Foundation
David Lo	Paradise Vacations
Chi Loek	Chinese-American Planning Council
Jack Lok	Longitude-Latitude Travel
David Louie	Chinese Chamber of Commerce
Wing Ma	Metropolitan Area Apparel Association
Jim McConnell	Office of Emergency Management
Shannon McConville	The Ralph and Goldy Center for Regional Policy Studies, UCLA
Eileen Mildenberger	Empire State Development Corporation
Doug Miller	The Ralph and Goldy Center for Regional Policy Studies, UCLA
Maggie Moree	New York State Department of Labor
Jeanine Moss	The September 11 <sup>th</sup> Fund
Timmy Moy	Chinese American Restaurant Association
Robin Mui	Chinese American Journalist Association
Kay Nishiyama	Asian American Federation of New York
Regina Ng	Volunteer
Patty Noonan	New York City Partnership and Chamber of Commerce
Daniel Oh	Volunteer
Tanaz Pardiwala	Safe Horizon
James Pen	Chinese American Jewelers Association
Kiran Prasad	Asian American Federation of New York
Meghan Pribram	Safe Horizon
Jennifer Rhee	Asian American Federation of New York
Linda Ricci	Federal Reserve Bank of New York
Jordan Rickles	The Ralph and Goldy Center for Regional Policy Studies, UCLA
Elizabeth Rodriguez	Federal Reserve Bank of New York
Jose Rodriguez	Federal Emergency Management Agency
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Joe Salvo	New York City Department of City Planning
Rosalie Sanchez	Asian American Federation of New York
Debra Shime	Safe Horizon
Vicki Shu	Asian American Federation of New York
Belinda Siu	Charming Holiday Travel
Yvonne So	Volunteer
Monica Sowade	Volunteer
Michael Sorrento	U.S. Small Business Administration
Susanna Stein	Empire State Development Corporation
Robert Tam	Chinese American Restaurant Association
Naoko Taniguchi	Asian American Federation of New York
Anita Tse	Volunteer
Frank Tsu	Civilian Volunteer Crisis Relief
Bonnie Wang	Asian Women in Business
John Wang	Asian American Business Development Center
Nora Chang Wang	Professional Network Group
Benjamin Warnke	Renaissance Economic Development Corporation
Devan White	American Red Cross
Susan Wilson	Garment Industry Development Corporation

## Chinatown: One Year After September 11th

Danny Wong  
Francis Wong  
Katy Wong  
Whiting Wu  
Kathy Wylde  
Eva Xu  
David Yat  
Steve Yip  
Buckley Yung

Volunteer  
Cathay Bank  
Katy Wong Translation  
Summit Import Corporation  
New York City Partnership and Chamber of Commerce  
Volunteer  
5th Precinct Police Station, NYPD  
Chinese-American Planning Council  
Volunteer

### **About the Asian American Federation of New York**

Founded in 1989, the Asian American Federation of New York is a not-for-profit organization that provides public policy and community service leadership to identify and meet the critical needs of Asian Americans in the New York metropolitan area. The Federation serves the entire Asian American community by analyzing issues and voicing common concerns, advocating for beneficial policies, offering financial and management assistance, coordinating service delivery, and creating and heading unified, community-wide initiatives. The Federation has a membership of 36 community agencies that provide health and human services to diverse populations.

Working toward an empowered Asian American community with full participation in the larger society, the Federation is guided by the following priorities:

- Articulating Asian American concerns on public policy matters, and promoting understanding and cooperation between communities.
- Strengthening the capacity of community institutions.
- Generating human and financial resources for enhanced effectiveness in meeting community needs and aspirations.

The Federation's public policy and research work focuses on issues related to resource allocation, community needs, service availability and accessibility, immigrant rights, and community development.

This economic impact study is part of a comprehensive *September 11<sup>th</sup> Relief, Recovery, and Rebuilding Initiative* that the Federation spearheaded in December 2001 to address Asian American community needs resulting from the September 11<sup>th</sup> attacks. In addition, the Federation's efforts have included establishing a community service center in Chinatown, coordinating outreach and relief services, and providing financial aid through the *Asian American Federation WTC Fund*. Recently, the Federation launched an expansive second phase of the initiative in conjunction with five partner agencies from various Asian communities to focus upon the ongoing and unmet needs of Asian American families resulting from the September 11<sup>th</sup> tragedy.

Among other pivotal leadership functions, the Federation is the only Asian American organization on the East Coast selected by the U.S. Census Bureau to operate a Census Information Center. The center was established in August 2001 to conduct data and policy analysis and to encourage representation of the Asian American community in Census Bureau censuses and surveys. The Census Bureau's designation recognized the Federation's success in leading the Asian American Task Force on Census 2000, a coalition of 65 organizations that advised the Census Bureau and ensured an accurate count of Asian Americans in Census 2000.

Other current Federation projects, in addition to extensive support of its member agencies, include a campaign to foster Asian American philanthropy, as well as a groundbreaking research study of the quality of life and care of New York's growing Asian American elderly population.

For more information on the Federation, visit [www.aafny.org](http://www.aafny.org) or call 212-344-5878.

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