

4. SOCIOECONOMIC CONDITIONS

This chapter assesses whether the Proposed Action would result in significant adverse impacts on socioeconomic conditions. As described in the CEQR Technical Manual, the socioeconomic character of an area includes its population, housing, and economic activities. Socioeconomic changes may occur when a project directly or indirectly changes any of these elements. Such socioeconomic changes include: displacement of residential population, businesses or employees; a new development that is markedly different from existing uses and activities within the neighborhood; an adverse effect on conditions in the real estate market in the area or an adverse effect on socioeconomic conditions in a specific industry. The objective of the CEQR analysis is to disclose whether any changes created by the action would have a significant adverse impact compared to the future No-Action Condition.

4.1. DIRECT AND INDIRECT RESIDENTIAL DISPLACEMENT

Direct displacement (also called primary displacement) is the involuntary displacement of residents or businesses from a site or sites directly affected by a proposed project. Examples include a proposed redevelopment of a currently occupied site for new uses or structures, or a proposed easement or right-of-way that would take a portion of a parcel rendering it unfit for its current use. The occupants and the extent of displacement are usually known, and the disclosure of direct displacement can therefore focus on specific businesses and a known number of residents and workers. Indirect displacement (also known as secondary displacement) is the involuntary displacement of residents, businesses, or employees that results from a change in socioeconomic conditions created by the proposed project.

An analysis of direct and indirect residential displacement would be needed if the Proposed Action had the potential to cause direct or indirect residential displacement. The Proposed Action is a restriction on the as-of-right development of self-storage facilities within Designated Areas in M districts, which – by definition – do not permit residencies. Residential displacement is accordingly not a potential impact of the Proposed Action. While the Proposed Action may cause the price of storing household goods to increase, which may require households to travel further to access their self-storage units or seek other storage options, the *CEQR Technical Manual* does not require quantifying the increase in the price of services that may result from the Proposed Action. However, maintaining and growing diverse employment opportunities in industrial areas and siting more job-intensive activities near transit is an important trade-off that benefits many diverse segments of the city's population. Furthermore, as demand for personal storage continues to grow, more residential developments may include accessory private storage within buildings, providing more opportunities for storage closer to dwellings. Growing segments of the market, such as on-demand storage, could continue to serve these populations as well.

As such, the Proposed Action does not have the potential to cause direct or indirect residential displacement.

4.2. DIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

The *CEQR Technical Manual* defines direct business and institutional displacement as the involuntary displacement of businesses from the site of (or a site directly affected by) a Proposed Action. The establishment of a CPC Special Permit for the development of self-storage is in effect a restriction, and as such, not development-inducing. The introduction of a CPC Special Permit for self-storage development would establish a discretionary review process for new self-storage facilities. The CPC Special Permit will ensure that the development of self-storage does not diminish siting opportunities for industrial and other more job-intensive businesses, by occupying sites that would be optimal for industrial, more job-intensive businesses.

Furthermore, the Proposed Action will continue to allow existing self-storage facilities to operate, and even expand within the zoning lot as of date of enactment of the Proposed Action. This means that grandfathered self-storage facilities would benefit from similar rights as conforming buildings.

Accordingly, the Proposed Action does not have the potential to directly displace any business or institution from any site.

4.3. INDIRECT BUSINESS AND INSTITUTIONAL DISPLACEMENT

In terms of indirect business and institutional displacement, the objective of the preliminary assessment is to determine whether the Proposed Action would introduce trends that would make it more difficult for existing businesses to remain in the area. In most cases, the issue for indirect displacement of businesses is that an action would markedly increase property values and rents throughout the study area, making it difficult for some categories of businesses to remain in the area. Additionally, indirect displacement of businesses may occur if a project directly displaces any type of use that either directly supports businesses in the area or brings a customer base to the area for local businesses, or if it directly displaces residents or workers who form the customer base of existing businesses in the area. Such displacement can be of concern when it would result in changes to land use, population patterns, or community character.

The establishment of a CPC Special Permit for the development of self-storage is in effect a restriction, and as such, not development-inducing. This means that the Proposed Action does not have the potential to introduce trends, which would markedly increase property values and rents in the Designated Areas in M districts, or in M and C8 districts outside Designated Areas, as the shift in development to these areas is relatively small, as explained in the Analysis Framework. The purpose of the proposed CPC Special Permit is to ensure that the development of self-storage does not diminish siting opportunities for industrial and other more job-intensive businesses, by occupying sites that would be optimal for industrial, more job-intensive businesses.

As stated in the Project Description, besides households, between 20 and 30 percent of units nationwide are estimated to be leased by businesses, most of which are said to be small businesses. During the outreach for the Proposed Action, representatives of the self-storage industry stated that business customers represent between 20 and 50 percent of all customers of self-storage facilities in New York City. However, self-storage operators have also told the Department of City Planning on several occasions that

they do not collect information on tenants and cannot easily distinguish between household and business tenant. The various estimates of the share of business tenants did not include any details as to how these estimates were arrived at and if or how surveys were completed. The Department of City Planning does not disregard such information, but nevertheless has not been provided with the means to complete a detailed assessment of the Proposed Action's potential to indirectly impact businesses: Information about the customers of the self-storage industry is either unavailable or proprietary. Similarly, information about the number of employees working at businesses that rely on self-storage is also unavailable or proprietary. The Department of City Planning has not found a way to independently or reliably verify the amount, type, needs, income, corporate structure, minority status or nature of commercial tenants in self-storage facilities. Assumptions about the indirect employment supported by self-storage facilities are highly speculative and even if a reliable method for estimating the indirect employment could be established, there would be no way of evaluating whether self-storage would continue to be an important service for these businesses over time.

Furthermore, based on publicly available information, the Department is not aware of any specific industry that depends on self-storage. The Department of City Planning has no evidence that any specific category of businesses relies disproportionately on the services provided by self-storage.

The Analysis Framework projected a net reduction of nine self-storage facilities in Designated Areas in M districts by the Build Year due to the Proposed Action, which is a relatively small number, compared to the sixty-five, which already exist to date. Existing self-storage facilities will continue to operate, and would have the ability to expand within the original zoning lot. New self-storage facilities will continue to locate as-of-right within C8 and M districts outside of Designated Areas in M Districts. For these reasons, self-storage facilities will continue to offer units for rent, which businesses will still be able to rent. Accordingly, it is not expected that the Proposed Action lead to the indirect displacement of businesses.

Nevertheless, as explained in the Analysis Framework, the Proposed Action may have the effect of constraining the ability of the self-storage industry to respond to demand for self-storage units in some submarkets. In some instances, this could lead to businesses encountering higher rental rates, as compared to the No-Action Condition. It cannot be excluded altogether that some small businesses' ability to rent self-storage units or their ability to pay for such units may be affected, if demand stays strong. Businesses may have to travel further to access units in the desired price range or rent smaller units, resulting in some inconvenience. Furthermore, there may also be a certain shift in customer demand. Businesses may increasingly lease warehousing space, instead of self-storage units, and the on-demand storage model may become more prominent.

Although the Proposed Action could to a certain extent limit the self-storage industry's ability to meet future demand, which could entail rising rental costs for self-storage users, of which some are businesses, the Proposed Action is, overall, expected to continue to substantially support needs of businesses, in comparison with the future without the action. The Proposed Action would establish a CPC Special Permit in a manner that is intended to protect and strengthen IBZs as New York City's most active industrial areas, by promoting the availability of sites for the industrial, more job-intensive businesses that typically locate in IBZs. Without the Proposed Action, large sites suitable for more job-intensive industrial uses may become

increasingly scarce. With the Proposed Action, it is expected that industrial businesses will experience decreased difficulties in finding opportunities to locate or expand in NYC's most active industrial areas, since approximately twenty large, industrial lots, located near truck routes and highways, should increasingly remain available for these businesses until the Build Year. The Proposed Action would generally not introduce new economic activities to IBZs that would alter existing economic patterns, which were extensively studied (see Appendix), but rather aid the kinds of businesses and uses that already exist in the Designated Areas in M districts to remain or site in these areas, as shown by the representative examples in Chapter 3.

As such, the Proposed Action does not have the potential to cause direct or indirect business displacement.

4.4. ADVERSE EFFECTS ON SPECIFIC INDUSTRIES

According to the *CEQR Technical Manual*, a Proposed Action may have a significant adverse impact on specific industries if the action significantly affects business conditions in any industry or category of business within or outside of the study area.

The Proposed Action would introduce a CPC Special Permit for the development of self-storage in Designated Areas in Manufacturing districts. The unregulated development of self-storage in the Designated Areas detracts from the City's vision and goals for NYC's Industrial Business Zones (IBZs), because of three combined characteristics of self-storage: it is a low job-generating use, it primarily serves household rather than business needs, and it is typically developed on large sites near truck routes, which are in limited supply and could potentially provide future siting opportunities for industrial, more job-intensive businesses in distribution, construction, wholesale, logistics, transportation, film production, manufacturing and utilities.

Given the scope of the proposal, and the fact that the self-storage industry is an expanding industry in an already underserved market, the Proposed Action has the potential to significantly affect business conditions in the self-storage industry or to impair the economic viability of this industry. Consequentially, per the *CEQR Technical Manual* guidelines, further analysis is required to determine if there are adverse impacts on specific industries and is conducted below.

4.4.1. Existing Conditions (Self-Storage Industry)

Existing conditions in the self-storage industry are described extensively in Chapter 1 and 2 of this DEIS. In early 2017, there were approximately 240 self-storage facilities in New York City. The borough of Brooklyn had the most self-storage facilities, followed by Queens and the Bronx. The total acreage of land where self-storage is currently allowed as-of-right and could reasonably occur, amounts to 9,841 acres, and covers portions of all Community Districts in NYC, except for Community Districts 5, 6 and 7 in Manhattan and Community District 8 in Queens.

The rate of self-storage development over the last decade amounts to an annual average of 8.5 new self-storage facilities, as calculated in Chapter 2. Overall, about one quarter of all self-storage facilities are located in the proposed Designated Areas in M districts, meaning that the majority of facilities have been developed outside NYC's most active industrial areas. In the most recent years, it appears that the share of facilities being developed in proposed Designated Areas in M districts is growing: approximately 50 percent of the new facilities were located in Designated Areas. However, this trend is not clearly discernible, since the pre-construction pipeline as it is known to the Department of City Planning does not follow such a pattern. As of mid-January 2017, there were nine self-storage facilities in the pre-construction process. Two of the nine self-storage developments in the pre-construction process are to be developed in proposed Designated Areas in M districts, which reflects the last decade's average rate (25 percent), but is a lower share than in the last few years. However, representatives of the self-storage industry have stated in oral and written comment that most of the viable sites outside of IBZs have already been built upon, and the majority of the remaining sites are in IBZs. Accordingly, although the data are not conclusive, it is possible that in the future without the Proposed Action, self-storage development would increasingly occur in the proposed Designated Areas in M districts.

4.4.2. Future No-Action Condition (Self-Storage Industry)

As detailed in the analysis framework of Chapter 2, approximately eighty-six new self-storage facilities are anticipated in New York City by the time of the Build Year. This estimate is based on the assumption that self-storage will continue to proliferate and grow at a rate similar to the one in the last decade, given that New York City will remain relatively undersupplied with this type of facility, compared with the national average.

The total acreage of land where self-storage would be permitted as-of-right and could reasonably occur in the Future-No-Action Condition amounts to 9,647 acres and covers portions of all Community Districts in NYC, except for Community Districts 5, 6 and 7 in Manhattan and Community District 8 in Queens. These numbers assume that all public and private applications that are currently in the pre-certification pipeline at the Department of City Planning, concerning rezonings from M and C8 districts to different zoning districts, will be granted. The total number of tax lot acres, where self-storage development could reasonably occur, currently considered for rezoning amount to 194 acres.

The location of these facilities will most likely not be evenly distributed across the boroughs. Given that only one of the self-storage developments in the pre-construction phase is located in Manhattan, and none are in Staten Island, and that these boroughs' real estate market conditions tend to result in other types of development, it is expected that the large majority of the projected self-storage facilities would site in the Bronx, Brooklyn, and Queens.

Over the last decade, the majority of self-storage development has occurred in M and C8 districts outside of Designated Areas. However, considering that population and employment are growing in New York City, these areas – typically less industrial in character, often closer to transit and residences, tending to consist of smaller lots – may gain an increasing share of development in commercial, community facility and other

uses. It is possible that self-storage would decrease in competitiveness compared to other uses in these areas, and may increasingly occur in the proposed Designated Areas in M districts. Statements made by representatives of the self-storage industry explain that most of the viable sites outside of Designated Areas in M districts have already been built upon, and the majority of the remaining sites are in fact within the Designated Areas.

Although the Analysis Framework in Chapter 2 assumed that the future share of new facilities siting in Designated Areas in M districts will resemble the patterns of the last decade, it is also possible that in the future without the Proposed Action, self-storage development would increasingly occur in the proposed Designated Areas in M districts. In that sense, the ratio of self-storage facilities built in proposed Designated Areas in M districts versus other areas could change, with proposed Designated Areas in M districts absorbing an increasingly larger share of self-storage development. While this would bolster the need for the Proposed Action, it could also imply a larger impact of the Proposed Action on the self-storage industry.

In the No-Action Condition, the Analysis Framework calculated that self-storage would occupy approximately twenty large lots in proposed Designated Areas in M districts within ten years. This number could increase if the proposed Designated Areas in M districts indeed absorbed an increasingly large share of self-storage development. The Department of City Planning views these sites as suitable for otherwise hard-to-site, large scale, employment-supporting or essential industrial uses such as logistics, wholesale and distribution, construction and film production. The number of foregone opportunities for industrial development could be considerable, given the City's active efforts to maintain and grow industrial employment opportunities in IBZs.

4.4.3. Future With-Action Condition (Self-Storage Industry)

As explained in the Analysis Framework in Chapter 2, the Proposed Action may lead to a slightly reduced number of additional self-storage facilities in New York City by the Build Year. The No-Action Condition projected an additional eighty-six new self-storage facilities in NYC within the next decade, whereas the With-Action Condition projected a total of eighty-one new self-storage facilities. This represents five fewer facilities in the With-Action condition, compared to the No-Action condition, by the time of the Build Year. The With-Action projection includes eleven self-storage facilities in Designated Areas in M Districts, some of which would be built by applying for the proposed CPC Special Permit. CPC Special Permits present a disincentive to the development of self-storage facilities, since obtaining the Special Permit can add significant time, costs and uncertainty to a project. Accordingly, it is reasonable to assume that a CPC Special Permit would have the effect of slowing the rate at which self-storage is developed in the proposed Designated M districts. This is reflected in the Analysis Framework in the projected geographic shift of the facilities; nine fewer in Designated Areas and four more in M and C8 districts outside of Designated Areas.

No-action and with-action condition comparison
Loss of areas viable for as-of-right self-storage development ¹

BOROUGH	Community district	Loss of acreage viable for self-storage development	Percentage loss of acreage viable for self-storage development	Remaining acreage viable for self-storage development
MANHATTAN	1	0	0%	1
	2	0	0%	54
	3	0	0%	2
	4	0	0%	86
	5	0	0%	0
	6	0	0%	0
	7	0	0%	0
	8	0	0%	13
	9	0	0%	7
	10	0	0%	9
	11	0	0%	9
	12	0	0%	11
BRONX	1	-161	-63%	93
	2	-287	-90%	30
	3	-18	-22%	66
	4	-2	-4%	43
	5	0	0%	23
	6	-7	-11%	54
	7	0	0%	26
	8	0	0%	37
	9	-78	-58%	56
	10	-89	-61%	57
	11	0	0%	85
	12	-79	-48%	85
BROOKLYN	1	-530	-68%	252
	2	0	0%	77
	3	0	0%	90
	4	-13	-15%	73
	5	-196	-79%	53
	6	-232	-59%	162
	7	-200	-64%	111

¹ See Section V Chapter 2 for methodology.

	8	0	0%	51
	9	0	0%	21
	10	0	0%	37
	11	0	0%	98
	12	0	0%	127
	13	0	0%	81
	14	0	0%	20
	15	0	0%	43
	16	-39	-62%	24
	17	-90	-70%	39
	18	-117	-57%	86
QUEENS	1	-170	-39%	261
	2	-586	-75%	198
	3	0	0%	50
	4	0	0%	34
	5	-275	-59%	191
	6	0	0%	30
	7	0	0%	482
	8	0	0%	0
	9	-34	-54%	30
	10	-8	-19%	33
	11	0	0%	6
	12	-109	-55%	89
	13	-78	-47%	88
	14	0	0%	65
STATEN ISLAND	1	-128	-26%	366
	2	-952	-84%	183
	3	-239	-31%	534
TOTAL		-4,715	-49%	4,932

Figure 1

Although superficially, the Proposed Action is anticipated to reduce the number of self-storage facilities by only five *citywide*, due to the projected associated geographic shift of these facilities and future applications for the CPC Special Permit, there are some nuances that should be noted: While the self-storage industry will continue to seek and find siting opportunities in New York City, despite the Proposed Action, and may increasingly site in M and C8 districts outside of Designated Areas, where the Special Permit is not proposed, the extent to which this would occur could not be projected with certainty. It is conceivable that there will not be sufficient sites to meet market demand in certain submarkets, particularly because the Proposed Action affects 49 percent of viable land for self-storage (see **Error! Reference source not found.**).

Generally, it can be expected that the Proposed Action would effectively reduce the number of sites available to developers of self-storage that meet these developers' market-based selection criteria. Overall, the Proposed Action reduces the amount of land viable for self-storage development in 27 Community Districts. In sixteen Community Districts, it reduces the amount of viable land by more than 50 percent. In two Community Districts, the Proposed Action reduces the amount of land viable for self-storage development by more than 80 percent: this is in Community District 2 of the Bronx and Community District 2 of Staten Island. However, residual acreage in Community District 2 of the Bronx would still be 30 acres, and 183 acres in the case of Community District 2 of Staten Island.

As expressed in statements made by representatives of the self-storage industry, it is possible that more viable sites for self-storage development remain within the Designated Areas in M districts than in other M and C8 districts. This may lead to redevelopment of what today would be considered suboptimal sites, as we see with many other highly profitable developments, such as residential, but even these suboptimal sites may not be sufficient to meet market demand in certain submarkets, if demand continues to grow as projected until the Build Year. For these reasons, it is plausible to assume that the self-storage industry would experience some lost opportunities as compared to the No-Action Condition. This implies that the Proposed Action would slightly constrain supply and could potentially diminish the self-storage industry's ability to satisfy market demand. As a result, the self-storage industry could also experience diminished revenues. The extent to which this would occur, and the prices at which self-storage units would be leased, cannot be estimated with certainty.

In both oral and written statements submitted to DCP, representatives of the self-storage industry have stated that their industry would be negatively affected by the Proposed Action. Furthermore, New York City already is the most undersupplied major metropolitan market nationwide, according to a report from CBRE (2016). The report estimates that there are 3.5 square feet of self-storage per person in NYC, whereas between 5 and 7 sq. ft per person are seen as the amount of self-storage a balanced market would provide. Given that the Proposed Action could potentially diminish the self-storage industry's ability to satisfy market demand, the consideration that the supply of self-storage in NYC is already lower than in other major metropolitan markets in the US intensifies the potential for a significant adverse impact on the self-storage industry.

It is not possible to quantitatively estimate the impact of the Proposed Action on the self-storage industry, due to uncertainty in development trends until the Build Year. Yet, based on available information and statements from the industry, it cannot be excluded that the proposed CPC Special Permit could hamper the self-storage industry's ability to grow in New York City. As such, it is determined that the Proposed Action has the potential to significantly affect business conditions in the self-storage industry.