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## **Wall Street Can Capitalize On Culture**

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By Mitchell Moss

The vital signs of Lower Manhattan, the area below Canal Street where the Dutch established their first trading post, are fading. This critical condition has been caused by law firms and investment banks' layoffs and their movement to midtown, and by the outmigration of insurance companies, resulting in more than 20-million square feet of vacant office space, much of it in technologically obsolete and asbestos-ridden buildings. With Olympia & York in bankruptcy in Canada and England focusing its attention on staving off receivership here, things are likely to get worse before they get better, since most of O & Y's local holdings are clustered in lower Manhattan.

What can be done to reverse the decline of this vital, historic part of New York City?

The industries that drove lower Manhattan's economy (and much of the city's as well) in the 1980s - financial services, real estate and government employment - are no longer sources of job growth. Banks are consolidating and securities firms, while thriving, are no longer hiring massive numbers of clerical workers and freshly minted MBAs. With the bipartisan emphasis on privatization and the need to reduce the budget deficit, federal employment is not about to expand, and certainly neither the state nor the city can afford to enlarge its payroll. Even the Port Authority, the cash machine of choice for New York and

New Jersey, is trying to learn how to be financially prudent.

Clearly, lower Manhattan needs a new prescription for growth. This strategy should build on the cultural assets of TriBeCa and Soho and on the energy and entrepreneurial know-how of Chinatown, while not forgetting the global demand for financial services and expertise still concentrated in lower Manhattan.

Despite its location on the edge of an island, lower Manhattan is one of the most accessible parts of New York, one of the few points served by almost all the city's subway lines, in addition to the Staten Island Ferry, the PATH trains and a new ferry service to and from New Jersey. The lower Manhattan waterfront also offers light, open space and vistas that provide an escape for the canyon-like feeling of the city's narrow streets and high-rise buildings.

Most important, those 20-million square feet of vacant office space are ripe for renewal and conversion.

A first priority is to develop a strategy for removing office space from the market, rather than adding to it. We need to recognize that computer technology is transforming the stock and commodity exchanges' role. In the 21st century, the stock exchange will consist of a global network, and New York should still be its hub.

But the new mega-structure recently proposed for the exchanges would do as much to save lower Manhattan as rebuilding Yankee Stadium did to revitalize the Bronx. The exchanges are not buildings; the exchanges are networks. We must harness brains and technology, not bricks and mortar. Rather than subsidize a new building, we should recycle the space that already exists in lower Manhattan.

The city should also consider establishing an enterprise zone for small businesses, with less than \$10 million in revenues, that locate in existing office space below Canal Street. New or expanding businesses in this area would get a 10-year waiver of the city's unincorporated business tax and commercial occupancy tax. This would enable them to rehabilitate underused office space. The hierarchical organizations that once assembled a huge number of office workers in one place are dinosaurs. We need to attract a new generation of entrepreneurs in software development, services and international trade.

A second priority should be to establish lower Manhattan as a world center for the arts and cinema. The global appetite for entertainment and culture is expanding with the decline of state-controlled television in Europe and Latin America and the development of new technologies for distributing entertainment. New York has a unique combination of musicians, writer, actors and directors who could be the basis for the emerging computer software and video industries. Big back lots may be required to make "Batman," but Manhattan's loft buildings are an ideal setting for linking digital music synthesizers, computers and video equipment to make, for example, music videos. Just as Lincoln Center became the hub for the performing arts in New York, lower Manhattan can become the nexus for the visual and computer-based arts.

The Film Forum, the Angelika Movie Theater, and Robert DeNiro's conversion of the Martison coffee factory into a center for independent film companies create the potential for a "Cinema Valley" in lower Manhattan. Just as artists converted Soho's manufacturing lofts into studios and galleries, so lower Manhattan could emerge as a new mecca for filmmaker and people in related crafts.

The secret to Soho's success was the use of zoning to attract and retain artist in a manufacturing district. Today, there are more art galleries in Soho and TriBeCa than in the 57th Street corridor, the traditional center of gravity for galleries. Now, flexible zoning regulations to stimulate cultural activities in lower Manhattan are necessary and appropriate, since artisans are comfortable living and working in unconventional settings.

Finally, the impressive array of tourist attractions in lower Manhattan must be treated as a package, rather than a collection of stops on a bus route. The South Street Seaport, the World Financial Center, and Ellis Island are all accessible by water, but not by a single ferry system that takes tourists from one site to another. Philadelphia has a downtown pedestrian corridor linking such historic sites as Independence Hall and the Liberty Bell. A ferry system along the waterfront could distinguish lower Manhattan from other parts of the city. In an era of competition, why not encourage regularly scheduled tour boats from lower Manhattan's vacant piers to compete with the Circle Line's franchise at West 42nd Street? The magnificent new parks at Battery Park City should be accessible by boat, not just by subway.

Throughout its history, lower Manhattan has been forced to adapt to economic changes and technological advances. In the late 19th Century, when the sailing ship gave way to the steamboat, maritime activity moved from South Street to the Brooklyn waterfront and the Hudson River. In the 1960s, when containerization replaced cargo in crates, West Side cargo piers became the site for Battery Park City. In the 1980s, when securities firms required enormous space for trading rooms, new megastructures were created on the perimeter of the financial district and to the north at the World Financial Center.

As we approach the 21st Century, lower Manhattan needs to redefine its role in the New York economy by becoming a new hub for cultural creativity and tourism while reinforcing its role in international trade and finance. Most politicians, like physicians, react to problems, rather than trying to anticipate or prevent them. Unless business and government leaders harness their resources to strengthen lower Manhattan, it will gradually weaken and become an intensive care unit for declining industries rather than an incubator for new ones.

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