Position Paper by the SoHo Artists Association
The Proposed Sports Center: Its Impact on Business

The Sports Center proposed for the lot at 311-325 West Broadway is not a businessman's dream. For all but a very few, it is more likely a financial nightmare. The impact, of course, will be different for renting businesses and building owners, but the overall prognosis is the same: dismal.

The developer of the Sports Center, Charles Low, is seeking zoning variances which would allow him to build a 220-foot structure --- three times the height of present buildings --- occupying 100% of the lot site. By the developers own admission, the clientele for the Center would not be local --- it would cater to Wall Street businessmen, wealthy commuters, and Upper East Side carriage trade. Tennis courts will rent for $20 to $30 per hour, the swimming pool will be part of a members-only health spa, and <u>four</u> levels of car parking, Mr. Low says, will be necessary to handle the flow.

Sure, you say, it will make my property or business more valuable --- that is what Mr. Low has promised. Yes, it will make <u>his</u> property and business more valuable, but what happens to yours is another matter. Let's see what is likely to come from planting a Spa in SoHo.

With hundreds, if not thousands, of new visitors to the area each day (the ice rink is planned for 600, the swimming pool for maybe 200, and 16 tennis courts, 300 automobiles...) there will be a whole new consumer industry built around the Center. Among these spin-off businesses are sports shops to equip them, boutiques to clothe them, franchise eating places to feed them, and bars and restaurants to wine and dine them. Each of these kinds of establishments are fashionable, high-rental businesses, often with high risks and higher profits but which "burn out" quickly as the "fashion" or fad moves elsewhere.

The effect on nearby industry and property is certain. Tax assessments on property will go up, resident industries will have to compete with space-at-any-price businesses a la Greenwich Village, and rentals, particularly in ground-level spaces, will soar. For rental businesses the obvious result is disaster. Rents are already adjusting upward with the influx of artists, but not even the wealthiest artists could compete with a Blimpies or Bachelors Three.

And once the process has begun it is irreversible. A resident business moves out, a fast-buck business moves in, taxes go up, landlords must renovate to meet new requirements, and when the new high-rent tenant moves out no "old standby" business can afford to take the space. The next tenant, therefore, must be another quickie-profit establishment or the space stays vacant.

It also tends to spread. With carriage trade outlets next door, the pressure is on the landlord to improve his structure and appeal to similar business. As more of the resident businesses flee or are forced out, trade which is dependent on consumer "browsing," such as occurs on Canal Street, or on the interconnection of local industries, will soon decline, and encourage more speculative shopps to come in.

The effect on rental businesses is obvious. It is disaster. The effect on property values and building owners is more subtle, but in most cases the result will be the same.

The scenario that follows has been played out many times in New York City, and although it is not gospel it is likely to occur here if all goes well for Mr. Low. It begins with the mass influx of high-rental, high-turnover businesses that follow in the wake of some new consumer "break-through" in the local scene.

The new "fashionable" uses are incompatible with the present light manufacturing and other tenants -- manufacturing noise, forklifted crates-on-the-street, and everpresent trash are not attractions for the new "scene". So the old tenants must go, and to attract new, high-rental tenants compatible with the new "scene" the landlord must immediately spend large amounts of capital to upgrade his premises or the upper floors will remain vacant. The landlord must not only be able to afford the fancy renovation--- new electrical wiring, plumbing, self-service elevator--- but must also be able to sit tight with a vacant, unrented space until a fancy renter comes along.

But meanwhile, what about that high-powered tenant on the ground floor? It is a high-risk venture -- so long as the fad lasts, all is well. But if it falters, if another area opens up to attract business or if the scene fades away, the landlord will be left with vacant spaces, high taxes, and a lot of cash investment in jeopardy.

The reality, however, is that a new Sports Center might make money for the building owner. A real estate operator, in this speculator's paradise, could come out well ahead in the new game. But only if the landlord is willing to become a real estate operator, to develop the special skills of the competitive field, is he likely to do well. The landlord who has the right resources and contacts will get the prime tenants.

The landlord without those resources, or who does not play the new game, or who lacks the capital to play, will ultimately be forced out. He will sell to the one who will make the big profit in this game: the speculator with enough capital to tear it all down and redevelop with high-rises. That is years away, however. It will come when the prices meet the speculator's demands, and the profits to the present landlord will be marginal.

For all these reasons, why start this risky, complicated speculation process here? It is totally unnecessary. Property values have tripled in the area during the past five years, mostly as a result of the influx of artists and galleries. Frankly, we of the SoHo Artists Association are not happy at this state of affairs, which tends to force up rental prices on artists and businesses alike, but it is a fact of life. It is one of the highest growth rates anywhere in the city, achieved without major capital investment, and it is certain to continue if the Sports Center is not built.

We want to see the Light Manufacturing industries remain, we do not want to see blocks of beautiful cast iron buildings torn down to make way for efficiency apartments and office buildings. We do not want to choke our streets with taxi and limousine trade, we do not want to watch as boutiques draw the 8th Street crowds, bringing street crime and burglaries, vandalism and inevitable self-destruction to the neighborhood. Many of us are ourselves building owners as well as residents and have a stake in this community that is financial as well as residential.

But profits built out of the total destruction of a neighborhood, which Mr. Low and his Sports Center will eventually do if they have the chance, are not our idea of good value for our money. We hope that it is not your idea of good value, either.

Please consider very carefully before falling prey to the dangled carrot of "quick profits" that Mr. Low has been using to convince local businessmen who otherwise should be worried. Profits may be quick, but so is the guillotine. In the long run, a vigorous industry in SoHo, with artists taking up the slack, and a healthy residential neighborhood in the South Village, will do more for both business and building owners than will any scheme to open the area to speculation. The SoHo Artists Association hopes you agree, and hopes you will register your protest against the project.