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REPORT ON THE SECONDARY EFFECTS OF THE CONCENTRATION OF ADULT USE ESTABLISHMENTS IN THE TIMES SQUARE AREA

April 1994

PREPARED BY INSIGHT ASSOCIATES

TIMES SQUARE
BUSINESS IMPROVEMENT DISTRICT

REPORT ON THE SECONDARY EFFECTS OF THE CONCENTRATION OF ADULT USE ESTABLISHMENTS IN THE TIMES SQUARE AREA

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EXECUTIVE SUMMARY

BACKGROUND

After a dramatic decline in the number of adult use businesses in Times Square from an all-time high of approximately 140 in the late 1970s to 36 in June, 1993, the business and adjacent residential communities view with concern the increase to 43 in the last few months. The area of concentration of these businesses has shrunk and shifted from Broadway and Seventh Avenue to Eighth Avenue and the western edge of 42nd Street block between Seventh and Eighth Avenues. This summer the City and State will begin condemnation procedures against the remaining private parcels on the northeast corner of 42nd Street and Eighth Avenue. This action will reduce the overall number but displacement onto Eighth Avenue is possible.

Times Square is one of the City's most eclectic and vibrant commercial areas, producing extraordinary economic fuel and firing the imaginations of millions worldwide as the international icon of vitality and vibrancy. Times Square is home to some of the City's major corporations with more than 30 million square feet of office space. The BID represents approximately 400 property owners and 5,000 businesses including giant entertainment companies, international security firms, large law firms, theatrical agents and publishers. Times Square has a daily pedestrian count of 1.5 million people.

It is the capital of legitimate theater for the nation with 37 Broadway theaters and a total of 25,000 seats. These theaters together sell some 8 million tickets annually, pumping $2.3 billion into the New York City economy annually.

Approximately 20 hotels with 12,500 hotel rooms (one-fifth of all hotel rooms in Manhattan) house some five million visitors a year and more than 200 restaurants, the largest concentration in any City neighborhood, serve them and local patrons. The Convention and Visitors' Bureau estimates 20 million tourists come to Times Square annually.

But Times Square is also home for thousands of residents who live within its heart or immediately adjacent to it. The BID alone has six churches within its boundaries. Among the 25,651 people who live in six census tracts which include 42nd to 54th from Sixth to Tenth Avenues, 15.4% are 62 years or older which is similar to Manhattan as a whole and to the two community districts (CB4 and CB5) in which Times Square exists. In 1990 nearly 2,000 children under the age of 14 lived in this area, too. Both old and young are generally circumscribed by their immediate community. The Census data also show that 48% of these residents work within less than half an hour from their homes and walk to work, spending both their

working and off-hours in the Times Square area. This percentage is higher than the percentage for the borough as a whole and is much higher than the percentage of those in the other four boroughs.

Crime has plummeted over the past several years in Times Square with an estimated reduction by 60% on West 42nd Street alone. This reduction came in part from the closing of many adult use establishments on 42nd Street between 7th and 8th Avenues and the close coordination between the NY Police Department and the Times Square BID. The BID with its 40 public safety officers has witnessed an overall reduction of street crime within its boundaries by 19%, comparing 1992 to 1993, including an impressive reduction of 38% in grand larceny from the person. BID statistics also reveal that three card monte games have been reduced by some 57% over the past year.

The most recent Mayor's Sanitation Scorecard rated the sidewalks of Times Square at an impressive 93% thanks in large measure to the BID's 45 sanitation workers. In addition, the BID's homeless outreach team has placed many needy people in shelters and services.

During 1993, the City Council introduced legislation that would restrict the locations of adult uses citywide. This proposed legislation, along with similar bills proposed and enacted in cities across the nation, including Detroit, can only be upheld constitutionally, if it can be supported by documentation of negative secondary effects as well as evidence that the establishments could locate somewhere accessible for their patrons.

The Times Square BID commissioned an objective, fact-finding study to determine the effect, if any, these adult use businesses have on one of the City's most commercially vital areas. In this study, as in other secondary effects studies, researchers combined analysis of available data on property values and incidence of crime together with a demographic and commercial profile of the area to show relationships, if any, between the concentration of adult use establishments and negative impacts on businesses and community life. The study also includes, as allowed by Courts, anecdotal evidence from property owners, businesses and community residents and activists of their perceptions of the impact adult establishments have on their area.

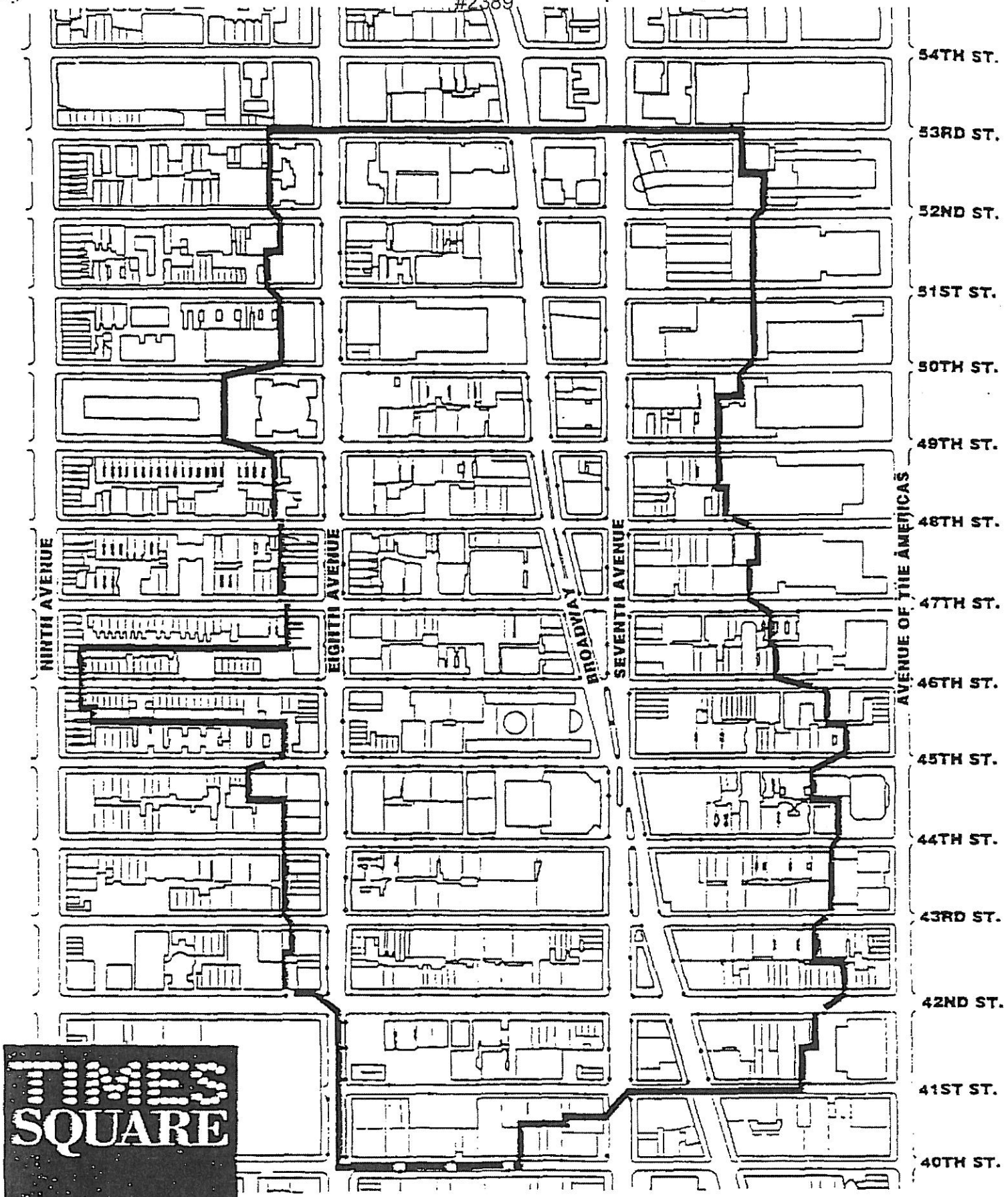
FINDINGS

- All survey respondents acknowledged the improvements in the area and voiced optimism about the future of Times Square even as they bemoaned the increase of adult establishments on Eighth Avenue. Many respondents felt that some adult establishments could exist in the area, but their growing number and their concentration on Eighth Avenue constitute a threat to the commercial prosperity and residential stability achieved in the past few years.

- Although the study was unable to obtain data from before the recent increase in adult establishments and, thus, unable to show if there's been an increase in actual complaints, there were, in fact, 118 complaints made on Eighth Avenue between 45th and 48th compared to 50 on the control blocks on Ninth Avenue between 45th and 48th Streets. In addition, the study reveals a reduction in criminal complaints the further one goes north on Eighth Avenue away from the major concentration of these establishments.

- The rate of increase of total assessed values of the Eighth Avenue study blocks increased by 65% between 1985 and 1993 compared to 91% for the control blocks during the same period. Furthermore, acknowledging the many factors that lead to a property's increased value, including greater rents paid by some adult establishments, an assessment of the study blocks reveal that the rates of increases in assessed value for properties with adult establishments is greater than the increase for properties on the same blockfront without adult establishments.

- Many property owners, businesses, experts and officials provided anecdotal evidence that proximity (defined in various degrees) to adult establishments hurts businesses and property values.



TIMES SQUARE

Business Improvement District

INTRODUCTION

After a dramatic decline in the number of adult use establishments in the Times Square area in the last eight years, Times Square, like other neighborhoods in the city, has experienced a sudden increase, especially along Eighth Avenue. This recent increase of adult businesses must be seen in the context of the current resurgence of Times Square as New York's premier tourist, entertainment, and commercial center. Member organizations of the BID and other concerned citizens have expressed particular concern about the impacts of a dense concentration of these businesses on the commercial life of the area. Thus, this study was commissioned by the Times Square Business Improvement District.

The Times Square Business Improvement District works to make Times Square clean, safe and friendly. The Times Square BID, working collaboratively with city agencies, community organizations and the many individuals and groups with a shared interest in the vitality of Times Square, provides supplemental security and sanitation services, homeless outreach efforts, tourism assistance and special events and marketing.

The BID extends from 40th to 53rd Streets, just west of Sixth Avenue to the west side of Eighth Avenue. Along 46th Street, it stretches to 9th Avenue. Its over four hundred members represent five thousand businesses and organizations in the Times Square area. Supported by mandatory assessments on local property owners, the BID has an annual budget of $4.6 million. It is an independent not-for-profit organization, with a 46-member Board of Directors representing large property owners, large and small commercial tenants, residential tenants, and social service agencies.

During 1993, legislation was introduced in the City Council that would restrict the placement of adult uses on a city-wide basis. This legislation was spurred in large part by residential neighborhoods that, for the first time, were becoming home to adult establishments.

In the summer of 1993 the BID hired Insight Associates to assess that proposed legislation and its possible impact on Times Square in order to help the BID understand its options and determine an appropriate reaction. That study called attention to wider national experience. Legislation regulating adult uses, in order to pass Constitutional muster and be upheld in the courts, must be backed by documented evidence of secondary effects of such businesses and their concentration.

The Times Square BID decided to initiate its own secondary effects study, to ensure that the Times Square experience is well-represented in any city-wide debate. The BID again hired Insight Associates, with Ethel Sheffer and Marcie Kesner as principal researchers, in September, 1993.

In the same month, the Mayor of the City of New York ordered the Department of City Planning to undertake a secondary-effects study for the entire city. That study has focused on six neighborhoods in the five boroughs, but not on Times Square. We have continued to exchange data and cooperate with City Planning in the course of our two parallel inquiries (See Appendix: The Department of City Planning Secondary Effects Study).

In addition, the Borough President of Manhattan has established a Task Force on which the BID serves. The Task Force, staffed by her office, has held public hearings and continues to gather information. It will be issuing its own recommendations in the Spring of 1994.

This study, then, seeks to obtain evidence and documentation on the secondary effects, if any, of these adult use businesses in the Times Square Business Improvement District, and of their dense concentrations, especially along 42nd Street and along Eighth Avenue. The BID instructed Insight Associates to follow the models offered by other secondary effects studies. The BID was not seeking an advocacy document, but rather an objective fact-finding study, that would add to the city-wide deliberations and to future attempts to find legal and effective ways to regulate these businesses.

Many people contributed a great deal of time and effort to this work. We want to thank particularly the staff of the Management Information Division of the Department of Finance and of the Crime Analysis Division of the New York Police Department, as well as staff of the Midtown South, Midtown North and Tenth Precincts and the Mayor's Office of Midtown Enforcement. We have not quoted any of our 54 interviewees who work and live in Times Square by name, but we thank them for taking the time from their very busy schedules to participate in our survey. We also are grateful to the many people in the real estate sector, the residents and community leaders in several neighborhoods, and the officials of municipal government in New York and other American cities, who were generous with their time in response to our inquiries.

SUMMARY OF LEGAL ISSUES AND THE EXPERIENCE ELSEWHERE

The concern about the presence of adult businesses in the midst of American cities dates at least from the decades following the Second World War when a recognition of their impact upon surrounding land values and a growing indignation about their effect on communities became widespread. By the early 1990's the regulation of adult use businesses and entertainment establishments had become a serious issue for communities across the United States. This is reflected in a number of studies and public testimony showing a relationship between adult use establishments on the one hand, and declining property values, crime and neighborhood deterioration on the other. It is these "secondary effects" which the Supreme Court and other federal and state courts take into account when ruling on the efforts of communities to regulate these businesses.

The present study is not a legal treatise--though it does review some legal precedents by way of background--but an analysis and documentation of the impacts of a concentration of adult use establishments on the Times Square area.

The major questions on this subject for a court are whether any limitation on adult uses is based on content, or whether it is based on the secondary effects of these uses on the surrounding community. There have been a number of instances in the last years in which federal courts have found adult use zoning restrictions to be acceptable, if they have been motivated by a desire to protect neighborhood quality, as contrasted with an impermissible desire to ban the message purveyed by the adult uses. It appears that courts will accept restrictions if they serve a "substantial government interest", if any statute is narrowly drawn to achieve that end, and if there are "reasonably available alternative avenues of communication". "Substantial government interest" has been defined to include reasonable attempts by municipalities to reduce urban blight and to preserve neighborhood character. "Alternative avenues of communication" requires that there be enough other places in the city for the relocation of these establishments. The availability of such places needs to be shown in court as a matter of fact.

Some cities have employed a variety of regulatory mechanisms. They have created special use zoning districts; they have required that adult uses be located at specified distances from residences, schools, churches, or business and commercial districts; and they have required operators of regulated establishments to obtain licenses or permits. Some illustrations are:

- **Detroit's** adoption of an "anti-skid row" zoning ordinance to disperse and/or bar from designated areas the establishment of a broad array of designated businesses, including adult uses. These restrictions were supported by studies of secondary effects.

• **Chicago's** requirement that owners or managing agents register and provide specific information related to the nature of their business. Chicago also regulates signs and displays by prohibiting the exterior display of sexual activity and nudity.

• **Renton,** a suburb of Seattle, restricted adult motion picture theatres from locating within 1,000 feet of a residentially zoned area or a house of worship, park, or school. The restrictions were upheld because it was found that approximately five per cent of the city's total land would still remain available for adult uses.

• **Boston's** creation of an Adult Entertainment District on the borders of its downtown center, and has thus concentrated rather than dispersed adult uses. This is a two-block area know as the "Combat Zone".

• **Islip, Long Island's** plan to restrict the location of adult uses to industrial districts, a plan that was upheld by the New York State Court of Appeals.

Zoning has been an especially frequent tool for cities regulating adult uses, since the Supreme Court has held that adult entertainment is a type of land use, like any other, that can be subject to rational scrutiny under equal protection.(Jules B. Gerard, Local Regulation of Adult Businesses, Deerfield, Illinois: Clark Boardman Callaghan, 1992, p.129).

Certain generalizations are seen in the variety of Court rulings in regard to zoning:

• Locational restrictions cannot be so severe as to preclude the present and/or future number of adult uses in a city.

• The more evident and rational the relationship of adult use restrictions to recognized zoning purposes, (e.g. the preservation of neighborhoods, the grouping of compatible uses), the greater the likelihood that the zoning restriction will be upheld.

• The greater the vagueness of a law the more likely it is to be struck down.

• If there is too much administrative discretion a law is likely to be struck down, since government may regulate only with narrow specificity.

Other Secondary Effects Studies

The court decisions supporting and upholding regulatory measures were supported by studies of secondary effects, some of which we summarize below:

Detroit: In Young v. American Mini-Theatres,(427 U.S.1976) the Supreme Court affirmed that cities may use zoning to restrict adult entertainment if adult entertainment is shown to have a harmful impact on neighborhoods. The City of Detroit adopted an anti-Skid Row zoning ordinance in 1962 prohibiting certain businesses, such as pool halls, pawn shops,and in an amended version in 1972, adult bookstores, motion picture theatres, and cabarets, from locating within 1,000 feet of any two other "regulated uses" or within 500 feet of a residentially zoned area. The ordinance sustained in Young **was based on studies by urban planning experts that showed the adverse environmental effects of permitting certain uses to be concentrated in any given area.**

Mt. Ephraim, New Jersey: In the next ten years, there were a number of Supreme Court cases which continued to define the limits of employing zoning as a tool for restricting adult entertainment. Although it was recognized that such restrictions were valid, it was also established in Schad v. Borough of Mt. Ephraim (452 U.S. 61, 1981) (though with a plurality decision because of varying interpretations among the justices) that municipalities may not use zoning to prohibit adult entertainment entirely. The deciding judges stated that the borough **had not offered sufficient evidence** to show the incompatibility of adult uses with other commercial businesses, and also had not provided adequate "alternative avenues of communication" for the location of such businesses.

Renton, Washington: In 1986, the U.S. Supreme Court upheld the Renton, Washington regulations (The City of Renton v. Playtime Theatres (475 U.S.41, 1986), although the city had based its prohibitions upon a study of the secondary effects of adult theatres conducted in neighboring Seattle and other nearby cities. The Supreme Court stated that municipalities could rely on the experiences of other cities. Furthermore, the Court stated that a city must be allowed to experiment with solutions to serious problems and it must be allowed to rely upon the experiences of other municipalities about the deteriorating and blighting effects of adult use establishments.

Los Angeles: In June, 1977, the Los Angeles City Planning Department conducted a study of the effects of adult entertainment establishments in several areas within the city. It found "a link between the concentration of such businesses and increased crime in the Hollywood community" (p.1.) The study also concluded, based on its analysis of percentage changes in the assessed value of commercial and residential property between 1970 and 1976, that there was no direct relationship between adult uses and property value changes. But in response to questionnaires, **it was shown that appraisers, realtors, bankers, businesspeople, and residents all believed that the concentration of adult entertainment establishments has an adverse**

economic effect on both businesses and residential property in respect to market value, rental value, and rentability/salability.

It was believed that these effects extend even beyond a 1,000 foot radius, and that they are related to the degree of concentration. In addition, there are adverse effects on the quality of life, including neighborhood appearance, littering, and graffiti.

Minneapolis-St. Paul: The Twin Cities have conducted a number of studies over a period of more than ten years. In a 1978 St. Paul study and a 1980 Minneapolis study, statistically significant correlations were seen between location of adult businesses and neighborhood deterioration. It was concluded that adult businesses tend to locate in somewhat deteriorated areas to begin with, but further deterioration follows the arrival of adult businesses.

In these early studies, significantly higher crime rates were associated with an area containing two adult businesses than in an area with only one such business. Significantly lower property value prevailed in an area with three such businesses than in an area with only one.

In 1983, St. Paul examined one neighborhood that had a particularly heavy concentration of adult entertainment establishments. The University-Dale neighborhood had many signs of deterioration and social distress. While these indicators could not be directly attributable to the presence of the adult establishments, it was stated that there was a relationship between the concentrations of certain types of adult entertainment and street prostitution, especially, as well as other crimes. (40-Acre Study, prepared by the St. Paul Department of Planning and Economic Development, p. 19.)

This perception of an unsafe and undesirable neighborhood was documented by a survey conducted by Western State Bank which found its efforts to attract employees and customers being frustrated by people's perceptions of the neighborhood. (Ibid., p.23.)

In a 1987 Memorandum of the St. Paul Planning Department, discussing issues raised during the public review of proposed zoning regulations of adult establishments, it was stated that there is a relationship of prostitution activity to adult entertainment establishments, making for a "sex for sale" image of the neighborhood. The variables affecting the incidence of street prostitution include the character of the neighborhood, the effect of the concentration of adult businesses, and the specific kind of adult businesses associated with other serious land use problems. (Ibid., p.53-54.)

While much of the public testimony and the expert analysis described the negative effects on residential areas, it was also stated that such uses should be prohibited from proximity to commercial areas as well, because the purposes are incompatible. (Ibid., p.60.) If such harmful uses do continue to exist in commercial areas, it was recommended in the study that there be sufficient spacing requirements,

so as to minimize the documented negative effects of clusters of establishments.

In the 1988 Supplement to the 40-Acre Study, the City Planning Staff asserted that there is considerable evidence that multifunctional adult entertainment complexes can be the equivalent of the concentration of many single adult businesses. (Supplement to the 1987 Zoning Study, p. 6.) These multi-uses not only create multiple negative impacts but may also increase the intensity of the negative impacts. (Ibid., p.7.)

In 1989, the Attorney General of Minnesota, Hubert Humphrey, III, issued a Report based upon the study by the state's Working Group on the Regulation of Sexually Oriented Businesses. It recommended a number of zoning and distancing regulations, as well as licensing regulations, while continuing to document the negative effects of such businesses on communities. It recommended that "Communities should document findings of adverse secondary effects of sexually oriented businesses prior to enacting zoning regulations to control these uses so that such regulations can be upheld if challenged in court. (Attorney General's Report, p. 5.)

Indianapolis, Indiana, and Phoenix, Arizona: The Minnesota Attorney General's Working Group summarized these two other studies. In 1983, Indianapolis researched the relationship between adult entertainment and property values at the national level. They took random samples of twenty percent of the national membership of the American Institute of Real Estate Appraisers. Eighty percent of the survey respondents felt that an adult bookstore located in a hypothetical neighborhood would have a negative impact on residential property values of premises located within one block of its site. Seventy-two percent of the respondents felt there would be a detrimental effect on commercial property values within the same one-block radius.

A Phoenix, Arizona Planning Department study, published in 1979, showed arrests for sexual crimes, and locations of adult businesses to be directly related. The study compared three adult use areas with three control areas with no adult use businesses.

Islip, New York: In 1980, the town of Islip, Long Island conducted a study of the impacts of adult bookstores on residential and commercial sections of the town. It focused on the impacts of the location of one particular bookstore, and it surveyed and inventoried the impacts of other adult use enterprises on nearby hamlets, including Bayshore and Brentwood in addition to Islip Terrace and Central Islip. This study also reviewed numerous newspaper articles and letters of complaint, in order to gauge public reaction. Further, it analyzed distances, travel time and other factors to support the town's regulations which confined such uses to industrial zones. This regulation was upheld by the New York State Court of Appeals in Town of Islip v. Caviglia, in 1989. The Court accepted the evidence in the Islip study that the ordinance was designed to reduce the injuries to the neighborhood and that ample space remained elsewhere for the adult uses after the re-zoning.

A BRIEF HISTORY OF ADULT ENTERTAINMENT IN TIMES SQUARE

Times Square has long been known as a place for popular amusements from movies and theatre to flea circuses and video arcades. It has always attracted people of all incomes and tastes. But its history as a place of concentrated sex-related businesses really begins in the late 1960s and 1970s.

The concentration of massage parlors, nude live entertainments, erotic bookstores, X-rated movies, and peep shows increased at that time to such an extent that Times Square began to be called "a sinkhole". (The Daily News, August 14, 1975.)

The resulting crimes, assaults, and other violence made Times Square the highest crime area in the city. The numbers of sex-related businesses in Times Square and its environs reached as high, by some estimates, as 140 in the late 1970s and early 1980s.

In the 1970s the commercial and residential communities united to combat this blight by staging demonstrations and rallies, by sponsoring legislation, and, perhaps most important, by organizing themselves into the Mayor's Midtown Citizens' Committee, and in helping to create the Office of Midtown Enforcement.

The negative image of Times Square created by the increasing concentration of adult entertainment uses, coupled with pessimistic economic indicators, all contributed to a sense of decline on 42nd Street and the surrounding blocks.

In 1977, the City Planning Commission attempted to reduce the existing concentration of adult use businesses and to prevent future concentrations. Stimulated in part by the situation in Times Square, the Commission passed new zoning amendments to disperse such concentrations and to regulate their proximity to residential districts. The adverse economic and social effects produced by these concentrations were documented by findings of higher tax arrears on 42nd Street compared to the rest of midtown, declining sales tax revenue, and increases in criminal activity in Times Square. This zoning attempt failed at the last minute at the Board of Estimate.

But in the early 80s, several factors converged to stimulate a dramatic reduction in adult use establishments on 42nd Street and throughout Times Square. The State declared 42nd Street a "blighted area", and announced its intention to condemn numerous properties, including pornography shops, in order to stage the Urban Development Corporation's 42nd Street Development Project. Although litigation slowed down the project, most of the street has now been condemned and emptied of all uses.

Meanwhile, there was increased police activity throughout the area and the Mayor's Office of Midtown Enforcement coordinated action against illegal businesses including massage parlors. The commencement of the AIDS epidemic had a sobering effect on live sex establishments and many disappeared. And private developers assembled Times Square parcels, removing existing adult uses.

In June 1993 when Insight Associates completed the review for the Times Square BID of City Council legislation there were 36 adult use establishments within the Times Square area, a dramatic decline from the all time high of 140 in the late 70s. In addition, the area of concentration had shrunk and shifted. No longer were sex shops lining Broadway and Seventh Avenue to the same degree, but rather they were beginning to cluster along Eighth Avenue. Now, nine months later, there are 43 adult establishments, with most of the new stores on 42nd Street lying outside of the UDC's project and along Eighth Avenue.

Amidst the refurbishing, upgrading and improvement of a once sorely deteriorated Times Square, there is now new concern about the recent sudden proliferation.

APPROACH AND METHODOLOGY

This study focuses on the Times Square Business Improvement District, but the study concentrates more closely on the areas of adult use business concentration, that is, 42nd Street from Seventh to Eighth Avenues, and Eighth Avenue from 42nd Street to 50th Streets, because more than half of all the District's adult use businesses are located on these blocks.

Following secondary effects studies in other cities, we combined available data on property values and incidence of crime, plus in-person and telephone interviews with a broad range of diverse business and real estate enterprises, including major corporations, smaller retail stores, restaurants, theatres and hotels, as well as with Community Boards, block associations, activists and advocates, churches, schools and social service agencies.

Gathering Data on Assessed Property Values

To measure the possible impact of adult use businesses and the concentration of such businesses in our study blocks, we sought data on the overall and specific changes in assessed valuation of property from the tax period 1985-1986 to the most recent 1993-1994 tax year. This, we felt, would give enough of a spread across real estate cycles. The 1985-1986 data were the earliest computerized data available to us from the Department of Finance records.

The Department of Finance, however, could not provide reliable data on market value, as opposed to assessed valuation. We were able to get, and have used, the actual, not the billable, assessed values. The data contained information on tax block and lot, building class, and street address. We aggregated the actual valuation figures by individual tax lots for Study and Control blockfronts for 1985 and 1986, and for 1993 and 1994. From this we derived the percentage of change between the two benchmark years.

For this part of the study, we narrowed our focus to four Study Blocks: three blocks along Eighth Avenue, from 45th to 48th Street, and the 42nd Street Block between Seventh and Eighth Avenues. As contrasting control blocks where no adult use establishments exist, we chose the equivalent three blocks along Ninth Avenue, and 42nd Street between Eighth and Ninth Avenues. We then compared both the Study and Control blocks' data to similar statistics for all of Manhattan, and for all of New York City, as well as for the BID and the wider Times Square area.

In choosing Control Blocks, we realized that there is no block like 42nd Street between Seventh and Eighth Avenues--our study block--anywhere. But we felt that by shifting our focus just one block to the west, we would have a block with no adult establishments but with similar uses and traffic patterns (though it does have the Port Authority Bus Terminal on its corner). As controls for our Eighth Avenue Study Blocks, we took the similar parallel blocks on Ninth Avenue, which, although residential, have comparable though not identical land uses and traffic patterns.

Tax arrears data were obtained for the years 1988, 1989, 1992 and 1993, the most recent year available through the New York City MISLAND system. We compared the data for our control and study blocks with aggregated data by census tracts that roughly approximated the boundaries of the Times Square Business Improvement District, and with Manhattan and New York City as a whole as well. No significant or consistent findings were obtained from this exercise.

Gathering Crime Data

Working closely with the Crime Analysis Division of the NYPD, we requested crime data for the Study Blocks of 42nd Street, Seventh to Eighth Avenues, and Eighth Avenue, from 45th through 48th Streets, for a period of one year. This amount of data proved too difficult for the Crime Analysis Division to obtain, and we were ultimately given these data for only a three month time period, from June through August, 1993. The same information was also supplied for our Control Blocks, which, for this subject, were slightly different: instead of the 42nd Street block between Eighth and Ninth Avenues which includes the Port Authority Bus Terminal, the next block west, between Ninth and Tenth Avenues was used.

Selecting the Interviewees

We initially obtained a listing of BID property owners for interview, by taking every fifth name on the BID's 404 owners' list. When an individual or corporation owned several properties, the name was used only once. We also eliminated the owners of adult use establishments (though later we did talk to one owner and operator of a number of such establishments in the area). We also deleted the many 42nd Street properties now owned by the State or City of New York or the New York State Urban Development Corporation. Similarly, we disregarded owners with telephone numbers outside the tri-state area, or those without listed telephone numbers. Banks and hotels were omitted from this first list.

This effort yielded a sample of 37 potential interviewees, of whom 20 were ultimately interviewed. The 20 included some of the largest developers and managers in Times Square and in New York City, with multiple holdings, as well as smaller residential and commercial property owners. It included as well the three major theatre-owning organizations, which control almost all the legitimate Broadway

houses, as well as a major nonprofit theatre. Two major communications companies were on this list.

This group of potential interviewees was then supplemented by selections from a listing of restaurants and hotels of different price levels. We interviewed seven restaurant owners or managers, representing eight restaurants in the Times Square area, including major chains, smaller coffee shops, and well known eateries. Two of these interviewees are also owners of the properties in which their operations stand. We interviewed four hotel owners or operators in three hotels along Eighth Avenue. Five retail establishment owners along Eighth Avenue were also interviewed.

Community group interviews included six churches, three social service agencies (plus one more informal interview with a fourth, serving the homeless), five block associations, the District Manager and Assistant District Manager of Community Boards Four and Five, respectively, and the Co-Chairs of each Board's Public Safety Committee. The principals of two public schools in the area were seen as well. In sum, 53 formal interviews were carried out, plus one less formal discussion with an owner and operator of several porn establishments.

For these interviews, we constructed a Survey Schedule questionnaire, which was modelled to some degree on the one being utilized by the City Planning Department's city-wide study of adult uses underway at the same time.

TIMES SQUARE: ITS PROMINENCE AND ITS PEOPLE

The Times Square and Clinton communities, which the Business Improvement District encompasses or abuts, are dynamic and diverse neighborhoods. The area is home to some of the city's major corporations and there are more than 30 million square feet of office space. The BID has more than four hundred property owners, representing five thousand businesses in its membership. More than 250,000 employees work at enterprises that range from giant recording companies to international security firms to one-person theatrical agencies. Among the major corporations now making their home in Times Square are Morgan Stanley, Bertelsmann, Viacom, and many more. And of course, Times Square contains the highest concentration of legitimate theatres anywhere in the world, thirty-seven theatres, with as many as 25,000 seats to be filled on each performance day.

Times Square has a daily pedestrian count of 1.5 million persons. There are approximately twenty hotels, with 12,500 hotel rooms, in the Times Square area, one-fifth of all hotel rooms in Manhattan. Twenty million tourists and five million overnight visitors arrive annually. There are more than two hundred restaurants in the Times Square area. It is indeed New York City's center for commerce and the performing arts, business and tourism.

But the area is also a home for thousands of residents who live adjacent to and in the midst of this vibrant midtown commercial core. The area is replete with churches, block associations, civic associations, business organizations and theatre related organizations. The Times Square BID knows--and works with--some 35 social service agencies in the greater Times Square area.

It also has the largest concentration of pornography establishments in the city. The number of such businesses reached a high of about 140 establishments in the 1970s and early 1980s, and declined thereafter to approximately forty. There is some indication that the number has increased somewhat in the Times Square area and on its periphery, particularly on Eighth Avenue, in the past months.

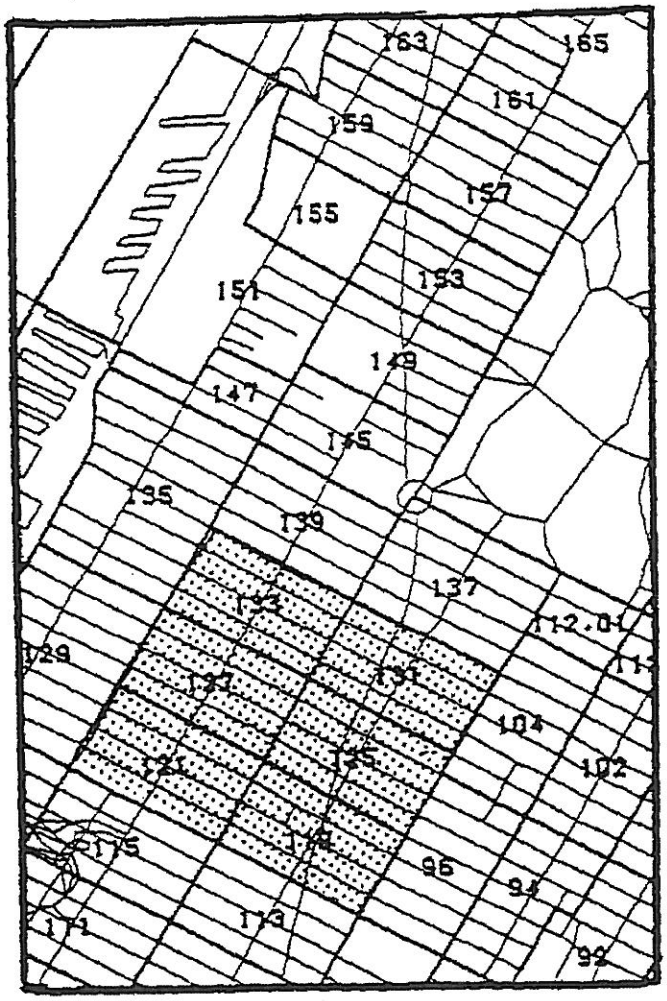
Demographics and Housing

In order to draw detailed demographic information from the 1990 Census, we aggregated data by the census tracts that most closely approximated the area of the Times Square BID. By using data from six census tracts that cover the area between Sixth and Tenth Avenues to the east and west, and 42nd and 54th Streets to the south and north, we have covered the entire BID, as well as additional blocks. Thus, data from these six tracts, which we will call the *Times Square Neighborhood* to avoid confusion with the Times Square BID, will reflect the demographics within the BID as well as the directly adjacent neighborhood. The map on the following page depicts the census tracts for this section of west midtown. As one can see, the Times Square BID falls within the boundaries of census tracts 119, 121, 125, 127, 131, and 133.

Broadly speaking, the eastern blocks of this area, particularly as one approaches Sixth Avenue, are commercial in character, with stores, restaurants, offices, and other commercial establishments. In comparison, the mid-blocks between Ninth and Tenth Avenues have a higher preponderance of housing; they constitute the eastern edge of the Clinton neighborhood.

Therefore, in reviewing the following census data, the reader must be aware that there will be a larger number of residents and housing units than those who actually reside within the official borders of the Times Square Business Improvement District. For example, our Census data show more than 25,000 residents in these tracts; the BID estimates 5,000 residents within its narrower boundaries. However, **these 20,000 residents are, in fact, part of the Times Square community and view themselves as being affected by the adult use establishments (those along Eighth Avenue in particular).**

TIMES SQUARE BID
CENSUS TRACTS



Source: New York City Department of City Planning, Computer Information Systems; U.S. Bureau of the Census

Total Population

In 1990, the total population for the Times Square Neighborhood was 25,651, which was slightly higher than the previous decade. The racial characteristics are depicted below. In general, over half of the population was White (higher than the Manhattan percentage); 11% was Black/Non-Hispanic, and 24% were Hispanic. During the decade from 1980 to 1990, the Hispanic population declined slightly, while the Asian (particularly the non-Chinese Asian) population increased to approximately the same as that of the borough of Manhattan, or 7%.

TABLE I
POPULATION CHARACTERISTICS, 1990
TIMES SQUARE NEIGHBORHOOD*

	1980 Number	1980 %	1990 Number	1990 %
White	14,251	57.9	14,807	57.7
Black, Non-Hispanic	2,252	9.2	2,785	10.9
Hispanic	6,793	27.6	6,099	23.8
Asian	1,117	4.5	1,761	6.9
Other	199	0.8	199	0.8
TOTAL	**24,612**	**100.0**	**25,651**	**100.0**

Source: U.S. Bureau of the Census, 1980 and 1990 Censuses of Population and Housing Characteristics, and Social and Economic Characteristics.

* Despite the image of Times Square as a solely commercial area, it is a place where many people raise their children. In 1990, there were 3,690 families with children under the age of 18 living in the six census tracts.

Housing Units

In 1990, there were over 18,000 housing units in the neighborhood, of which 75% were rental units and 49% were in large buildings of over 50 units. In a borough in which less than 10% of the units were vacant, 20.5% were vacant in Times Square.

The size of housing units within the six census tracts is smaller than elsewhere in the borough. While the median number of rooms per unit is 3 for Manhattan, it is 2.2 for the Times Square Neighborhood and 1 for the one census tract bounded by 42nd and 45th Streets, Sixth to Eighth Avenues.

In addition to these permanent housing units, there are also a considerable number of hotel rooms in Times Square. The Times Square BID estimates that over 12,500 hotel units are located within its boundaries. The large number of hotel rooms reflects Times Square's importance in the City's tourism industry. The number of tourists constitutes, from one point of view, a large group of potential customers for adult use establishments. **But from another standpoint, as documented in our surveys with hotel operators, restaurateurs, and theatre owners, the concentration of adult use establishments is seen to be offensive to this stream of visitors and travellers.**

Age

The population of the Times Square Neighborhood is similar in percentage of population age 62 and over to that of the borough or of the two Community Districts in which it falls: CD 4 and CD 5. In addition, in 1990 there were close to 2,000 children under the age of 14 living in the Times Square Neighborhood. **Both the elderly and young, whose lives are generally circumscribed by their immediate community, are impacted by the types of businesses and uses that occur in the Times Square area, including the adult use establishments.**

TABLE II
AGE CHARACTERISTICS, 1990
TIMES SQUARE NEIGHBORHOOD

	Time Square	CD4	CD5	Manhattan
TOTAL POP.	25,651	84,431	43,507	1,487,536
% UNDER 14	7.4	8.2	5.2	13.2
% OVER 62	15.4	15.9	15.3	15.9
MEDIAN AGE (years)	36.63	37.2	37.2	35.9

Source: U.S. Bureau of the Census, 1980 and 1990 Censuses of Population and Housing Characteristics, and Social and Economic Characteristics.

Employment Characteristics

Traditionally, a large percentage of Clinton residents have worked in the Times Square area, particularly in the theater and music industries as technicians, actors, and performers. This is borne out by the census data, which show a very high percentage of residents working within less than half an hour of their homes and walking to work. **The percentage of workers in the Times Square Neighborhood who walk to work is higher than the percentage for the borough as a whole and is much higher than the percentage of those in the other four boroughs.**

In 1990, approximately two-thirds of the population of the Times Square Neighborhood above the age of 16 were employed. The Bureau of the Census estimated that 95% of these workers worked in New York City and 88% worked in Manhattan. This is similar to Manhattan's residents in general, of whom 94% worked in the City and 84% in the borough. Compare this to, for example, the Queens workforce, of which only 40% work in their home borough.

Similarly, while the mean travel time to work for Manhattan residents was 29 minutes (and that of the other four boroughs was approximately 40 minutes), the mean travel time to work for residents in these six census tracts was 23.16 minutes. Of the Times Square residents who travelled to work, 48%, or almost half, walked. Compare this to 29% of the Manhattan workforce and less than 10% in the other boroughs. **Times Square, therefore, has a considerable segment of the population who spend both their working hours and off-time in the Times Square Neighborhood.**

TIMES SQUARE NEIGHBORHOOD: ITS ZONING AND ITS USES

Zoning

The Times Square neighborhood is zoned for General Central Commercial uses, reflecting the importance of Times Square as a central core for the City and region. These C6 zones vary: while Broadway, Sixth and Seventh Avenues are zoned C6-6 (15 FAR), the midblocks and Eighth Avenue are zoned C6-5 or C6-4, for a lower FAR of 10. Uses permitted in C6 districts typically include all residential uses as well as commercial and wholesale uses.

To the west of Eighth Avenue the predominant zoning is R8, with a C1-5 overlay along 9 Avenue for our control blocks. R8 permits general residential uses of a 4.8-6.0 FAR. C1-5 commercial districts permit local neighborhood commercial uses at an FAR of 2.0.

Special Districts

Special Midtown District

Times Square lies within one special zoning district and directly abuts another. In fact, the eastern boundary of one of these districts and the western boundary of the other meet in the center of Eighth Avenue.

Eighth Avenue can thus be viewed as the transition between two special districts: one encouraging commercial development and the other attempting to preserve a low-scale residential community. That duality is reflected in the opinions of residents and businesses about the status and future of the Eighth Avenue strip.

There are those who view Eighth Avenue as a development corridor, which began to be such with the building of Worldwide Plaza but which remains under-built, with a number of vacant buildings and parking lots. There are others who see the area as one that can and should continue to serve the economic development needs of the theatre and entertainment industries as well as other related needs of the city. Still others think it can and should be enhanced as a residential avenue. **Whatever their perspective, few see the concentration of adult use establishments as being beneficial to either the preservation or the development of the area.**

The area of the Times Square Business Improvement District lies almost entirely within the boundaries of the Special Midtown District (Sect. 81 of the NYC *Zoning Resolution*). Within that, a large proportion of the BID is included within the Theater

Sub-District, and the even more restrictive Theater Sub District Core, which extends from 43rd to 50th Streets, and from 100 feet east of Eighth Avenue to 200 feet west of Sixth Avenue.

In general, the goals of the Special Midtown District include the strengthening of Midtown's business core, while directing and encouraging development and preserving the "scale and character" of Times Square. Within the overall Special District, the purpose of the Theater Sub-District is to protect the cultural and theatrical and ancillary uses (i.e., shops and restaurants) in Times Square. This sub-district provides additional incentives and controls to encourage preservation of theaters, special development rights transfers, and separate requirements for ground floor uses.

Special Clinton District

Directly to the west of the Midtown Special District--and thus, of the Times Square area--is the Clinton Special District, whose purpose is the preservation of the residential character of the Clinton community (Sect. 96). The west side of Eighth Avenue falls within the Perimeter Area of the Special Clinton District. It is a transition between the tourism area of the Midtown District and the low-rise residential neighborhood immediately to the west, and the manufacturing district further west. Community residents characterize Eighth Avenue as "The Front Door to Clinton".

The Special Clinton District regulations contain provisions regarding demolition of residential buildings and relocation of tenants that are stringent and designed to preserve the neighborhood's residential character.

Our Ninth Avenue control block falls not within the Perimeter Area, but rather in the more restrictive Preservation Area; the one exception is the block on which Worldwide Plaza is located, which is excluded from the Special District. Within the Preservation Area, there are also tough provisions in regard to demolition and relocation of residents.

Land Uses: Control and Study Blocks

In general, the land uses in this neighborhood are diverse and eclectic. We provide a detailed picture of this diversity below.

42nd Street Study Block Land Uses

The present land uses along 42nd Street reflect the general commercial nature of the block. The north side of 42nd Street between Seventh and Eighth Avenues has a significant number of now vacant theaters, awaiting redevelopment through the 42nd Street Development Project. In addition there are clothing, sporting goods, tobacco, and camera stores, as well as delicatessens and a fast food establishment

on the corner at Eighth Avenue. As one approaches the northeastern corner of the intersection at Eighth Avenue, one can see a concentration of adult use establishments on the still privately owned portion of that block. (The State will soon begin condemnation of these buildings.)

Along the south side of the 42nd Street Study block there are also a number of now-vacant retail establishments and theaters, as well as the Candler office building. Retail establishments that are open along the south side of the Study block include electronics, novelties, sporting goods and shoe stores, as well as one first-run movie theater.

There are approximately six adult use establishments on the north side of the 42nd Street Study Block, and nine adult use establishments on the south side, for a total of 14. (Some of these stores are divided with more than one entrance and level).

42nd Street Control Block

The land uses along the north side of the 42nd Street Control Block between Eighth and Ninth Avenues include the following uses: a bar, two parking lots, a church and its rectory, office supply and gift stores, a deli, an entry to an apartment house, and the entrance to an adult use establishment whose main entrance is on Eighth Avenue.

The south side of the control block is most notable for the Port Authority Bus Terminal, which takes up approximately two-thirds of the blockfront. Additional uses to the west of the Bus Terminal include: a pizzeria, a parking lot, a hotel entry, an appliance servicing establishment, offices, and the US Post Office's Times Square Station.

Other than the side entry to the Eighth Avenue adult use establishment, there are no adult use establishments actually on the control block.

Eighth Avenue Study Block

The Eighth Avenue Study blockfront extends three blocks from 45th to 48th Streets. The mixture of uses is not reflective of the General Commercial Core aspect of the location. Instead, the uses are a mixture of local retail including novelty shops and souvenir stands, as well as delis, drugstores, and liquor stores, parking lots, vacant properties, and restaurants and other eating and drinking establishments. There are some uses which serve the theatre industry to the east; for example, the hardware store between 47th and 48th Street.

The study blocks are flanked by the Milford Plaza Hotel, between 44th and 45th Streets, the Days Inn between 48th and 49th Streets, and Worldwide Plaza between 49th and 50 Streets. Along this strip of three blocks there are eight adult use establishments: six movie theaters and two video stores.

Ninth Avenue Control Block

The building stock on Ninth Avenue resembles that on the Eighth Avenue study block: predominantly older, two to four-story buildings, often with apartments above the retail places. The uses on Ninth Avenue are more reflective of the area's zoning for local retail uses, with food markets, barbers, locksmiths, fast foods, and florists, for example. Also noteworthy are the numerous restaurants along Ninth Avenue serving primarily locals.

There are no adult use establishments along Ninth Avenue, either in our three-block control blockfront between 45th and 48th Streets, or for the entire stretch from 42nd Street up to 50th Street.

A map of all land uses as of March, 1994 along 42nd Street between Seventh and Ninth Avenue between 42nd and 50th Streets is attached at the end of this report.

ADULT USE ESTABLISHMENTS AND PROPERTY VALUES

Total Assessed Value

We attempted to compare total assessed value over time, and the rate of change, for our study and control blocks. We analyzed and compared the years 1985-1986 to 1993-1994. In addition, we compared our Study and Control blocks' assessed valuation to that of 1) the aggregated tax blocks falling within the boundaries of the Times Square Business Improvement District; 2) the entire Borough of Manhattan; and 3) the City as a whole. Our findings are summarized in Table III.

The Table shows that the rate of increase of the total actual assessed values of the Eighth Avenue Study Blocks was less than the rate of increase for the Control Blocks along Ninth Avenue on which no adult use establishments are or were located. To a lesser extent, the rate of increase of the actual total assessed value of the 42nd Street Study Block is less than that of the 42nd Street Control Block.

TABLE III
ACTUAL ASSESSED VALUES
CHANGES FROM 1985-1993 FOR SELECTED BLOCKFRONTS

BLOCKS	ACTUAL ASSESSED VALUE 1985-1986 (millions)	ACTUAL ASSESSED VALUE 1993-1994 (millions)	PERCENTAGE CHANGE 1985-1993
8TH AVE. STUDY BLOCKS (45-48 STS.)	11.22	18.55	65
9TH AVE. CONTROL BLOCKS (45-48 STS.)	4.52	8.65	91
42 ST. STUDY BLOCKS (7-8 AVES.)	34.89	51.63	48
42 ST. CONTROL BLOCKS (8-9 AVES.)	88.31	136.65	55
TSBID (ESTIMATED)*	2,034.7	3,252.3	60
MANHATTAN	29,462.7	47,229.4	61
CITYWIDE	53,589.8	81,714.6	52

Sources: NYC Department of Finance; Insight Associates

* The estimated BID total assessed value was determined by adding all 36 tax blocks that fall entirely or partially within the boundaries of the Times Square Business Improvement District.

Changes on Individual Properties

After determining that the rate of increase of the total actual assessed values of the Eighth Avenue Study Blocks was less than the rate of increase for the Control Blocks, we zeroed in to compare more closely the rates of change for the lots themselves. After detailing each block, property by property, an overall figure for the "social block" or the avenue considered with both its east and west sides, is noted.

The assessed values of the tax lots on the Eighth Avenue Control Blocks were analyzed in terms of proximity to the location of adult use establishments; the purpose of the exercise was to see if there were any patterns regarding the location of establishments and the rates of change.

The findings are shown below. In most cases, the rate of changes for other lots on the blocks were less than those with adult use establishments. Note that the tax lots which have adult use establishments are indicated by bold type.

When there is a decline in the assessed value, and the Department of Finance records indicate no change in the building class or size, we can assume that the property owner had at some point filed for and been granted a reduction in the property's assessed value though a certiorari proceeding.

There may be many reasons for a property's assessed value to have changed at a rate different than those of the rest of the block, or the general area. One cannot automatically assume any one reason, such as the proximity of adult use establishments. For example, the physical condition of the property may have deteriorated, or the property may be at a location undesirable from the point of view of potential retailers.

While it may well be that the concentration of adult use establishments has a generally depressive effect on the adjoining properties, as a statistical matter we do not have sufficient data to prove or disprove this thesis. It may also be that simply the presence of adult use establishments is subjectively viewed by assessors as a factor that necessarily reduces the value of an property. In short, assumptions may influence assessment.

Also included in the lists below are the actual uses--the types of stores or restaurants, for example--for each property along the Eighth Avenue Study blockfronts, from 45th through 48th Streets. We have tried to see if there is any pattern in which uses that one might consider to be more compatible with an adult use reveal a different rate of change in assessed value than other, less compatible uses.

TABLE IV
BLOCK BY BLOCK CHANGES IN ASSESSED VALUATION ALONG EIGHTH AVENUE STUDY BLOCKS

LOCATION (on Eighth Avenue)	BLOCK/LOT	ADDRESS	LAND USES	% CHANGE IN ASSESSED VALUE (1985/6-1993/4)
8 AVENUE: 45-46 STREET				
West	1036/36	731-727	Pizzeria Grocer/Deli Vacant Deli	50%
West	1036/33	725	Pawn Shop	9%
West	1036/29	712	Photo lab Army/Navy Hair/Nails Restaurant Restaurant	33%
East	1017/61	740	Hotel entrance Liquor Novelty Bar Novelty	136%
East	1017/63	738	Adult Use (Capri)	138%
East	1017/58		Parking lot	61%
East	1017/4	732	Adult Use (Eros I)	166%
East	1017/3	730	Bar	84%
East	1017/2	728	Adult Use (Venus)	94%
East	1017/101	726	Deli	43%
East	1017/1	724	Souvenir/ T-shirts	275%
Social Block Change: 61%				

In the 45th to 46th Street study block, the parcels across the avenue from a concentration of three adult theaters show a rate of increase much lower than the average for the entire blockfront. The parcels on the same (east) side of the street from the theaters tended to show lower rates of increase in assessed value, except for 1017/1, whose owner is listed by the Department of Finance as that of an adult use establishment located at 265 W. 47 St, and 1017/61, which is a mixed use property comprising a hotel with retail uses below.

TABLE IVa
BLOCK BY BLOCK CHANGES IN ASSESSED VALUATION ALONG EIGHTH AVENUE STUDY BLOCKS

LOCATION (on Eighth Avenue)	BLOCK/LOT	ADDRESS	LAND USES	% CHANGE IN ASSESSED VALUE (1985/6-1993/4)
8 AVENUE: 46-47 STREET				
West	1037/36	767	Restaurant Fast Food	55%
West	1037/35	765	Hotel Entrance	-26%
West	1037/34	763	Adult Video	395%
West	1037/33	741-743	Travel Agency (entrance) Bar Restaurant	199%
West	1037/30	733-39	Pastry shop (formerly adult video) Novelty/Gift Electronics Bar Grocery Adult Video (Pleasure Palace)	125%
East	1018/61	760	Liquor store Pharmacy Deli Restaurant Union office (entrance)	55%
East	1018/3	754	Parking lot	121%
East	1018/1	750	Souvenirs Deli Bar	123%
Social Block Change: 73%				

There are no readily defined patterns for the properties located on the west side of Eighth Avenue on Block 1018. The parcels at 754 and 750 generally appreciated by over 120%, while the remaining parcel increased only by half.

However, on the west side of Eighth Avenue, on which there are two X-rated videos, located at 763 and 739, the properties not owned by the owner of the video establishments evidenced a lower rate of increase. The assessed value of the property at 765, adjacent to the Adult Video, actually declined by over 25%.

TABLE IVb
BLOCK BY BLOCK CHANGES IN ASSESSED VALUATION ALONG EIGHTH AVENUE STUDY BLOCKS

LOCATION (on Eighth Avenue)	BLOCK/LOT	ADDRESS	LAND USES	% CHANGE IN ASSESSED VALUE (1985/6-1993/4)
8 AVENUE: 47-48 STREET				
West	1038/36	787	Coffee shop Pizzeria	30%
West	1038/35	785	Hardware store	51%
West	1038/34	783	Restaurant	180%
West	1038/33	781	Lighting store	162%
West	**1038/31**	**777**	**Adult Movie (Hollywood Twin)**	**120%**
West	1038/29	771	Restaurant	136%
East	1019/61	782	Firehouse	48%
East	**1019/63**	**780**	**Adult Use**	**59%**
East	1019/64	778	Souvenirs	59%
East	**1019/3**	**776**	**Adult Videos**	**59%**
East	1019/2	772	Vacant, sealed building	107%
East	1019/1	770	Frame store (entrance on 47 St.)	-4%
Social Block Change: 66%				

It is difficult to see a strong pattern on the west side of Eighth Avenue, although the assessed values of the two properties located at 787 and 785 increased by far less than the other four, including 777, which houses the Hollywood Twin, and 771, which is owned by an individual listed as owner of other adult use establishments in the area.

On the east side of Eighth Avenue, the two adult establishments and the property between them enjoy a common ownership; the three tax lots all increased in assessed value by precisely the same percentage--59%. On that block front there is also a NYC Fire House and an vacant and sealed building that is listed by the Department of Finance in 1993 as City-owned. The one remaining parcel on that block front--a framing store--experienced a decline in assessed valuation for the period.

A similar review of tax lots was not conducted for the other area of concentration, the 42nd St. Control Block. This was because it is felt that the many other trends and government actions along that strip, including public condemnation of the parcels and numerous lawsuits, would further complicate the analysis, and would prove fruitless.

Department of Finance Assumptions

In addition to the detailed analysis described above, we spoke to a high official in the Department of Finance to obtain his expert opinion on the relationships and effects, if any, of adult use establishments on neighboring properties. He stated that "there is no doubt in my mind that they [adult use establishments] adversely affect other properties." Their presence, he indicated, is factored into the locational aspect of the appraisal formula, though, he acknowledged that appraising is not itself an exact science. A commercial building may be obtaining a reasonable rate of return, but if that building were located near an adult use establishment, the assessor would tend to use a higher capitalization rate, which would therefore produce a lower value. The further away a property is from the adult uses, he explained, the lower the effect on its value.

ADULT USE ESTABLISHMENTS AND CRIMINAL ACTIVITY

General Crime Statistics

Over the past five years, according to the Office of Midtown Enforcement, police statistics show an estimated 54% decrease in crime in the Times Square area. This decrease parallels the decrease in adult use establishments, and although we cannot claim direct causality it is interesting to note that there is both the perception and the reality that Times Square is a safer place than it was years ago. While we were not able to collect crime statistics over a broad range of time, we were able to obtain information from the New York City Police Department for our Study and Control Blocks for a three-month period in 1993.

In addition, data on control blockfronts with no adult use establishments were requested for Ninth Avenue between 45th and 48th Streets, and for 42nd Street between Ninth and Tenth Avenues. The latter was selected as the control block for this purpose, rather than the block between Eighth Avenue and Ninth Avenue that had been used in analyzing property tax data, (see p. 25-30), because it was felt that encompassing the Port Authority Bus Terminal, with its unrelated associated crime statistics, would not provide a meaningful basis of comparison to the study block.

The crime data reports were prepared by the Precincts in which these blockfronts are located: Midtown South, Midtown North, and the Tenth Precinct. The reports generated by these precincts do not include complaints for prostitution or drugs (other than criminal possession of a controlled substance), as these crimes are reported in an incompatible format. (We did, however obtain some information on prostitution activity from other sources, which will be described below.) In addition, certain desired data, such as known locations for drug-dealing, are part of on-going investigations and prosecutions, and thus not available to us. The data we have used reflect the numbers of criminal complaints, not arrests, for known addresses or locations along the block fronts under study.

Actual complaints were listed for a wide range of crime categories, including Grand and Petit Larceny, Grand and Petit Larceny from an Auto; Criminal Possession of Controlled Substance; Criminal Harassment; Assault, Robbery, and Fraudulent Accosting. Each precinct used slightly different categories in preparing its reports for this study, but in general, the major categories were similar. Certain crimes were more prevalent in specific locations. For example, a larger number of complaints of Grand and Petit Larceny from an Auto were noted along Eighth Avenue between 45th and 48th Streets; this may reflect the presence there of parking lots.

Despite the many limitations on these data, there were certain significant patterns that did appear. In general, as seen in Table II, criminal complaints were higher for the 42nd Street study block than for the 42nd Street control block two blocks to the west. During the three month period of July through September, 1993, there were 45 criminal complaints on the Ninth to Tenth Avenue block of 42nd Street, and 88 on the Seventh to Eighth Avenue blockfront. Similarly, there were 118 criminal complaints on Eighth Avenue between 45th and 48th Streets, and only 50 for the same three blocks along Ninth Avenue.

One cannot assert that there is a direct correlation between these statistics and the concentration of adult use establishments on 42nd Street between Seventh and Eighth Avenue, or along Eighth Avenue between 45th and 48th Streets. But there is very definitely a pointed difference in the number of crime complaints between these study blocks and their controls.

It appears that there was a continuing reduction in crimes along Eighth Avenue the further away from 42nd Street, with its concentration of adult use establishments. While there were 135 complaints on Eighth Avenue between 42nd and 43rd Streets, there were only 80 on the block between 44th and 45th Streets. For the three blocks between 45th and 48th Streets, there were a total 118 complaints for the same period. These complaint statistics are summarized in Table V.

TABLE V
CRIMINAL COMPLAINTS FOR SELECTED BLOCKFRONTS
JUNE, JULY & AUGUST 1993

BLOCKFRONT	JUNE	JULY	AUGUST	TOTAL
8 Ave. between 42-43 Sts.	34	45	56	135
8 Ave. between 44-45 Sts.	38	21	21	80
8 Ave. between 45-48 Sts.	40	45	33	118
9 Ave. between 45-48 Sts.	16	13	21	50
42 St. between 7-8 Aves.	29	36	23	88
42 St. between 9-10 Aves.	16	16	13	45

Source: New York City Police Department; Insight Associates

Criminal Activities: Drugs and Prostitution Arrests

As can be seen in the responses to our survey, one of the most frequently made assertions is that adult use establishments attract criminal activities, particularly drug dealing and prostitution. Working closely with the NYPD Crime Analysis Unit, we attempted to obtain data concerning arrests or complaints for these two types of criminal activities, in order to enhance the criminal complaint data discussed above.

Prostitution and drug complaints are not collected by the precincts in the same way as other criminal complaint data. Drug complaints and drug arrests are not maintained on the precinct level and are considered confidential, due to on-going criminal investigations. Thus, we were not able to obtain data on this type of criminal activity. With the cooperation of the Crime Analysis Unit, however, we were able to obtain information concerning prostitution arrests along Eighth Avenue from 42nd Street to 48th Street.

In a three month period from July through September, 1993, in the Midtown South Precinct, there were 19 arrests made on Eighth Avenue between 42nd and 45th Streets, compared to no arrests on Ninth Avenue between 42nd and 45th Streets. Further north on Eighth Avenue, between 45th and 48th Streets, the Midtown North Precinct reported 9 arrests for prostitution, compared to 14 arrests along Ninth Avenue for the same three blocks during the same three month period. Thus, the heaviest incidence of prostitution arrests occurred in the three block study area of dense concentration of adult use establishments, during this time period. Those findings are summarized in Table VI.

TABLE VI
PROSTITUTION AND RELATED ARRESTS
FOR SELECTED BLOCKFRONTS
JUNE, JULY, & AUGUST 1993

BLOCKFRONT	JUNE	JULY	AUGUST	TOTAL
8 AVENUE (42-45 Streets)	7	7	5	19
9 AVENUE (42-45 Streets)	0	0	0	0
8 AVENUE (45-48 Streets)	7	1	1	9
9 AVENUE (45-48 Streets)	3	10	1*	14

Source: New York City Police Department; Insight Associates

* In addition, there were 7 arrests for Patronizing a Prostitute for this month.

In addition, we were able to obtain from the Midtown Community Court a list of locations for prostitution arrests appearing before that court for the period from October 12, 1993 through February 28, 1994. The Midtown Community Court sampled 60% of its prostitution arrests for this 4 1/2-month period, looking at the frequency of arrests on Eighth Avenue between 42nd and 48th Streets, as compared to those along Ninth Avenue between the same streets.

The number of prostitution arrests on Eighth Avenue was 20 for that period, compared to 5 for Ninth Avenue. However, higher than that was the number--24--for the area west of Ninth Avenue. This may reflect the well-known concentration of prostitution activity along the westernmost stretches of West Midtown, particularly along Tenth and Eleventh Avenues.

What is interesting, however, is that during this 4 1/2-month period, the location for the majority of prostitution arrests shifted dramatically eastward, from west of Ninth Avenue to Eighth Avenue itself. This change may have been a function of police activity and sweeps or may be related to other factors.

Nevertheless, the more recent level of prostitution activity, while higher in the west, dropped along Ninth Avenue, but increased again along Eighth Ave. This concentration of arrests along Eighth Avenue may be related to presence of adult use establishments along Eighth Avenue, but may also be related to traffic and pedestrian patterns, proximity to the Port Authority Bus Terminal, and proximity to Times Square itself. It should be noted that according to the Midtown Community Court's records, the most frequent locations for prostitution arrests in their sample were in the West 20s along Tenth and Eleventh Avenues and in the upper 50s on Sixth Avenue.

The findings are shown in the following table.

TABLE VIa
PROSTITUTION ARRESTS AT SELECTED LOCATIONS
MIDTOWN COMMUNITY COURT
(60% Sample)

LOCATIONS	10/12/93-12/31/93	1/1/94-2/28/94	TOTAL
8 AVENUE (42-48 Streets)	4	16	20
9 AVENUE (42-48 Streets)	3	2	5
WEST OF 9 AVENUE (42-48 Streets)	21	3	24

Source: Midtown Community Court, 3/4/94

The Office of Midtown Enforcement, although acknowledging the decline in criminal activity in the Times Square area, continues to deploy surveillance teams to monitor the level of prostitution activity in the area. (Office of Midtown Enforcement 1991-2 Fiscal Year Report).

INTERVIEW FINDINGS

Previous secondary effects studies have combined survey research and anecdotal reports from community and business interests. Our study did so as well. A total of 54 interviews were conducted between November, 1993, and March, 1994. Three different interview questionnaires were employed: one designed for property owners and business operators, a second intended for local organizations, churches, and schools, and the third for Community Board representatives.

In general, we sought to obtain information on perceptions and experience of the impact in the Times Square area of adult entertainment establishments. More specifically, we tried to elicit detailed observations of the effects of these enterprises on business and daily life. We also attempted to obtain information on the effects of these businesses in geographic terms, i.e., the proximity and distance of adult use establishments and the resulting intensity and/or diminution of impacts.

To provide context, we asked all respondents about their views of what constituted the major problems facing the Times Square area, and the relative importance of pornography and adult use businesses among these problems. The open-ended conversations that followed completion of the formal interview schedule were often most productive. Where possible, the interview results are presented below as quantified measures but in addition, many valuable insights emerge from interview material that is not easily quantified.

Property and Business Owners

Real Estate Owners, Managers, and Corporate Leaders

Our twelve-interview sample in this important category included five of the largest real estate companies or management agencies in the city, with multiple holdings in Times Square and elsewhere. We interviewed one appraiser familiar with the Times Square area, one owner of residential property, and one leasing agent. In addition, we spoke with executives of two important publishing and communications corporate groups.

Most of these respondents have been part of the Times Square scene for decades, and some are relatively recent arrivals. They are all aware of Times Square's history, in all its ups and downs, and some have played roles in this history. Their observations and expertise, however, are focused on the growth of Times Square as a unique conglomerate of entertainment uses, commercial tenants, tourist attractions, and, increasingly, a home for financial and multi-national corporations.

As our appraiser interviewee stated, we must evaluate how the presence of these adult entertainment uses slows down or reduces rentals and business activity in the long run. That is, it can be said that pornographic uses may attract other businesses and traffic, which brings revenue to the owners of those businesses in the short run. **But there is no way to encourage increased value of commercial properties for a variety of businesses in the long run if they are next door to a concentration of pornography establishments.**

This observation is confirmed by the direct experience of our real estate respondents. Three real estate developers had bought buildings in the Times Square area which housed adult use businesses, and they sought to terminate these leases as quickly as possible. They all asserted that the presence of such stores had a definitely negative effect on office leasing, especially for corporate tenants. **A leading real estate agent described the lower rents and difficult leasing conditions of an office building located on 42nd Street between Seventh and Eighth Avenues.** He also depicted the lower rents on Eighth Avenue as compared to Seventh Avenue for comparable buildings, and cited instances of tenants refusing to renew leases because of the Eighth Avenue location and its atmosphere.

An owner of a smaller residential property on 46th Street said that he believed that the adult use businesses on his corner at Eighth Avenue frighten people away. He had an apartment on the market recently and a prospective applicant who said he wanted to rent it for his daughter and friends turned out to be really interested in using it as a massage parlor. The owner recently advertised office space in his building, but has so far attracted two adult use businesses, while other applicants have been scarce.

The builder and owner of World Wide Plaza spoke of the need to oust a porn theatre one block to the north (which later relocated further south on Eighth Avenue) in order to attract major corporate tenants. While his tenants have long-term leases, and he recognizes that the development of his building was affected by recent downturns in the real estate market having little to do with porn, he nevertheless expressed concern about the new spread of porn uses along Eighth Avenue. In fact, though the block from 50th Street to 51st Street, north of World Wide Plaza, remains vacant because of these larger market trends, he is seeking to encourage the lessee to rent to local retail uses, rather than to adult entertainment businesses. **Members of this development organization stated that they believed that security costs in this building were somewhat higher than those of comparable buildings located in other neighborhoods.** They also were very concerned about the recent increase in adult uses on Eighth Avenue, which they fear is occurring because of the public agency condemnations along 42nd Street, which may well be forcing the porn merchants northward.

All of our respondents said that adjacency of porn establishments has a negative effect on sales and leasing, and that plainly the concentration of establishments affects the overall image of the western edge of Times Square. They describe Eighth Avenue and certain side streets where these stores are located as

"less hospitable places", and as injurious to the quality of life. One corporate executive said that one of his employees was mugged in front of an adult-entertainment store. A developer and an executive of a corporation both said that adult businesses on the same street, or diagonally across the street from a property have offensive and negative results.

All except one developer said that perhaps there is a way to limit the number of such establishments, and to disperse them. The dissenter said that not even one could be tolerated.

All of our property owners and business representatives--large and small--expressed the view that adult use businesses have a negative effect on the market or rental values of businesses located in their vicinity. It was very clear that negative effect was intensely felt if the adult business was right next door, in the same building, or on the same block. But every respondent also emphasized the negative effects of a concentration of businesses, stating that "Eighth Avenue is a less attractive place to do business" than other avenues in the Times Square area. One representative of a major property owner said that there were more improvements on Ninth Avenue in recent years than on Eighth Avenue, as evidenced in the numbers of new restaurants and small viable retail stores which have opened on that street. In the light of other improvement in the Times Square area, this respondent, too, expressed concern about "the march of porn stores up Eighth Avenue."

A corporate newcomer to the Times Square area expressed great optimism about its future and he said that the confidence was shared by employees and prospective retail tenants, but he also said that the positive trends were clear along Seventh Avenue and Broadway, and certainly less so along Eighth Avenue.

A real estate agent who tries to rent only to "Triple A" tenants said that proximity to adult establishment would be a deterrent to them. If there was an opportunity to rent to, say, a major fast food chain, which <u>might</u> be willing to locate on Eighth Avenue, in such a case, he was sure that concessions or sweeteners would have to be offered in the form of sharing in increased insurance costs, or in offering lower-priced rentals.

On the other hand, new area business and long-term owners both said that there is much improvement in Times Square and that its new identity as a center for corporations, entertainment, and tourism will continue to make it attractive to investment from all over the world. Because of the extraordinary pedestrian traffic, it can and will attract major retailers, and it is important that this trend not be deterred by the concentration of porn theatres, strip clubs, and adult video stores.

Theatre Owners

Interviews were held with high executives of the three major legitimate theatre organizations. All were very emphatic about the deleterious effects of the presence of adult use stores near their theatres and in the neighborhood in general. They stated that these uses "scare away audiences", and were not good for business. One respondent believed that one of his well-equipped and otherwise competitive theatres could not compete for bookings because of its location near 42nd Street's porn strip. That is, he could not obtain rentals for productions, and was forced to create projects of his own to keep the theatre from staying dark.

All three, including the owner of that theatre, mentioned the direct negative effects of the presence of an adult use establishment right next door to the Martin Beck Theatre. Despite the fact that this theatre now houses a musical hit, the owners describe complaints from patrons about the adjacent sex establishment. Complaints were voiced about the "unpleasant" atmosphere on the western edge of the streets on which their theatres were sited, West Forty Fourth Street and West Forty Seventh Street.

One respondent, with a more than twenty year history of theatre operation in the area, was unequivocal in his view that the presence of these establishments hurt business. From the days of massage parlors in the 1970s to the video stores of today and the resurgence of topless dancing establishments, there has been a continuing pattern of deterioration of facades, sidewalks, and blockfronts--a pattern damaging to theatregoing. He believed that low-level drug dealing and prostitution could be linked to the presence of these adult entertainment places, and that the presence of even one such store on a street is negative.

The other two theatre executives believe that the more concentration of porn businesses you have, the more it hurts property values. While they did express concern for free speech considerations, they were all quite critical of the negative effects of the appearance of these stores, which they say contributes to blight.

These exhibitors asserted that Broadway theatre and restaurant patrons are a class of people who are discouraged by the prospect of walking through pornography-filled streets. The respondent from a nonprofit theatre located in Times Square, not immediately near adult use businesses, did not express major problems or complaints related to such places. He recognized, however, that many of his patrons parked their cars west of Eighth Avenue, and that many of his promotions included dining on Restaurant Row, but he cited no specifically perceived negative effects.

The theatre owners stated that the incidence of crime has declined in the Times Square area, and that the area is cleaner and safer, its negative raffish image has improved markedly. But they were concerned about Eighth Avenue, about vacant stores, and about uses such as porn stores that were incompatible with theatregoers.

Restaurants

We interviewed seven respondents, representing eight variously-priced restaurants and chains in the Times Square area. Two were located on 46th Street's Restaurant Row, two on Eighth Avenue, and three elsewhere in Times Square. One restaurateur was also a building owner.

All of the respondents believed, in general, that the presence of the adult use establishments was not good for their business. One of the owners was not at all affected, he said, by the adult businesses, because the block on which his restaurants were located was free of such uses. But although this restaurant operator had been offered properties on Eighth Avenue as well as on 43rd Street, he said that he would not open restaurants on those sites even if they were free. "My customers want to be entertained, to be in an uplifting environment. My places attract family and friends. I don't want my customers to be put off by the atmosphere."

But the owner of a lower-priced coffee shop on Eighth Avenue who claimed that he sought tourists and local business said that the presence of these businesses made for a "terrible" influence, and that Eighth Avenue was no longer "a very popular area". He said that business is off after 7:30 or 8 at night on this Avenue, compared to business a few years ago.

Another popular restaurant with a substantial core of regular customers who are not bothered by the presence of porn stores said, however, **that the restaurant has great difficulty attracting the corporate parties that they have been seeking. They believe that there is a public perception that the area is unsavory, since they have had the experience of attracting potential parties, and then having those potential customers cancel.** This manager also expressed concern that tourists may pass her restaurant by because it is sandwiched between pornography establishments.

Three of the restaurant operators described complaints from customers about loitering. The food establishments located on or near Eighth Avenue said that they believed that new porn businesses were relocating from 42nd Street; they also said that the flamboyant advertising of porn stores, even ads seen from across the avenue, had a negative effect on their business.

All these respondents were aware of and complained about drug dealing which they could not directly tie to the adult entertainment ventures, but which they felt were part of the same picture.

Both a small coffee shop owner and the owner of two larger family restaurants expressed their opinion that Times Square remains a promising business growth area and that they intend to stay. But the coffee shop may be forced to move off Eighth Avenue, and would like to unless conditions improve.

Hotels

The three hotel operators who were part of the interview sample, and the owner of one of the properties--all located along Eighth Avenue--agreed that the dense concentration of adult entertainment venues was a deterrent to their trade.

The owner of a long-standing moderate priced tourist and convention hotel said that there had been a tremendous improvement in conditions in Times Square in the last two or three years. He attributed this to the work of the Police Department and the Times Square Business Improvement District. But this hotel owner continues to have some difficulty attracting airline and corporate business, and the trade shows that it seeks. He described complaints from airline personnel that women among them were verbally assaulted on Eighth Avenue. He said that Times Square is viewed as a "fun area", but that Eighth Avenue is the "seedy side of the district". He also said that he is himself "not a prude", that it is perhaps possible to live with some of these establishments, but that the concentration of them--more than one on every block on Eighth Avenue--is "disgusting and harmful". In sum, this manager of a large hotel said that there is great improvement, but there is still the need to combat sleaze through City action and through pressure on landlords.

An assistant manager of a chain hotel did not see any positive or negative direct effects of porn businesses on his own. But he did observe that prostitution activity seemed to be worse than last year, and he offered the opinion that plainly people do not like to see either that activity or porn establishments when they leave his hotel.

In the interviews with the owner and his lessee of a small hotel franchised by an international chain we heard about the direct effects of porn establishments. Though located on Eighth Avenue, with X-rated movies at the end of the block, they believed that they could attract customers because of their national booking service. But after obtaining their lease, an adult-use store opened right next to the front door of the hotel, and the respondent described many instances of customers having booked rooms through the national office arriving, looking, and cancelling. These customers sometimes took photographs of the adjacent porn store and sent them back to the national booking office. As a consequence, business is down substantially. Both owner and manager describe the constant activity of prostitution in front of the porn store and their hotel, and both associate drug dealing and crime with the loiterers attracted to the store.

The owner had the opportunity to acquire and rent the adjacent store. He could have rented to adult use businesses, he said, but refused. He claimed that the adult use is paying a much higher, above market rent than what the previous owner or any non-pornographic business would pay for that space. He also said that "I am certain that there are illegal activities in the back room [of the store]. The rent is too high to be sustained by the sales." Both men expressed concern about a store across the Avenue that had been vacant for a year and a half, and feared it would be rented for adult entertainment use.

Retailers

The five merchants interviewed had all been in business in the area for many years. Four are family-owned businesses which also own the buildings in which they operate. Three of the businesses are industry wholesalers, destination markets, and local service stores.

Two of the interview respondents saw no particular effects of the presence of adult use establishments on their own specific businesses. Both of these condemned the presence of drug and crack dealers in the vicinity. One of these two said that he knew the manager of a gay movie theatre across the Avenue and considered him a neighbor trying to do business.

Another interviewee felt differently, that conditions brought about by the porn businesses were pretty bad, negatively affecting rents. Though he said he was as concerned about the First Amendment as anyone, and "did not consider myself a saint", he did say that the people who hang out in front of these establishments are unsavory and are involved in petty street crime. He feels that the presence of such stores hurts the perception of Times Square as a place of entertainment and business. He had become optimistic about Times Square's future in the last years, but now found himself worried about the increase in the number of adult use stores on Eighth Avenue, and the consequent security and safety problems. Nevertheless, he plans to continue doing business in the area where his family has been since 1935, and would consider expanding into more space in an industrial or commercial building west of Eighth Avenue.

A liquor store owner said that his real living is from the residential and business trade in the area and he does not welcome the presence of the adult use stores. He is convinced that they are associated with street drug dealing, and claims to have observed known dealers in video stores many times per day. He believes that they frequent these places--which otherwise seem to be doing very little trade--because the video dealers are tied into the crack-selling business. **That owner and a manager of a store owned by a family which has been doing business in Times Square for ninety years expressed great concern about vacant stores, high rents that only the porn operators can afford, and loiterers who interfere with customers.**

Community Residents and Organizations

In the greater Times Square neighborhood there are eight block associations, approximately seven public schools, and about fifteen churches, six of them within the BID boundaries.

Block Associations

Of eight known block associations in the area west of Eighth Avenue, we interviewed representatives of five. All the respondents described the negative impact of the concentration of adult use businesses for both the residential and commercial communities. They all said that they believed and observed that these uses are negative in their effects because they attract loiterers, drug dealers, prostitutes, and their customers. Four of the block association leaders said that adult use establishments drive out legitimate businesses, and they deplored the recent loss of a stationery store and a drycleaners which had been replaced by adult entertainment businesses.

All five representatives said they had been directly affected by the presence of adult use establishments on their blocks, and indirectly, by the presence of groups of prostitutes who congregate in front of the establishments on Eighth Avenue, and also onto the side streets. They linked this prostitution activity to Eighth Avenue itself, but they acknowledge the presence of prostitution and drug dealing on other avenues to the west. Four of these respondents had made complaints to owners or operators of adult use establishments about their displays and about loitering. One had not. The same four had also complained to the Police, Midtown Enforcement, and the Community Board.

On the question of the scope of the area impacted by an adult use business, four of the respondents believed that the impact was neighborhood-wide, by which they mean that the image of the entire area is tarred: "It erodes the neighborhood's self-esteem." In terms of the impact of any single adult entertainment location, two believed that such impact extends across a street or avenue, and one believed that it extended more than five hundred feet. All respondents commented on the appearance of the stores; some called them aesthetically unpleasing and garish, obtrusive and tawdry, and disturbing to children. Some felt that the appearance of adult movie theatres was somewhat less disturbing than that of other adult businesses, and others complained that the covered, blanked-out windows of adult bookstores were forbidding and repellent.

These community interviewees believe that drugs and drug-related criminal activities constitute the number one issue for neighborhood residents, prostitution activity a close second, and the presence of pornography establishments was rated as third.

Another theme for longer-time residents was the belief that there had been many signs of renewal and community health in the Times Square area in recent years, but that the arrival of new adult use businesses, vacant stores, and resultant increases in drug activity were now posing new threats to community stability. These respondents viewed themselves as part of a working- and middle-class community in Clinton, adjacent to the commercial Times Square, and fighting to preserve the residential character of their home blocks.

Community Boards Four and Five

Community Board Five covers the Times Square area and reaches through most of the BID district to the east side of Eighth Avenue. Board Four covers the west side of Eighth Avenue, the Clinton residential and manufacturing communities to the west, as well as the Chelsea community to the south, where there has also been a recent increase in the presence of adult establishments.

We interviewed the District Manager and the Co-Chair of the Public Safety Committee of Board Four, and the Assistant District Manager and Co-Chair of the Public Safety Committee of Board Five. All four told of an increase in complaints and concern being directed to the Boards over the past two years. For Board Four, many of the complaints focused on the area along Sixth Avenue in Chelsea, as well as on the area just south of the BID boundaries, on Eighth Avenue. There were specific complaints about particular establishments, including the documenting of criminal activity along Sixth Avenue, along Eighth Avenue south of the BID, and at Forty Sixth Street and Eighth Avenue.

In terms of effects, one representative may have summed up the feeling by saying that the presence of these businesses makes "people feel that my neighborhood is no longer my own: people who are apolitical begin to organize against these stores." Another said "the block is taken away from the residents, you can't walk down the street. Other people who use the street to walk or shop cross over or avoid these businesses."

All these respondents described instances of loitering, late-night drinking, and, in the case of some establishments, documented criminal activity. Yet, because these activists also had experience with the negative impacts of non-pornographic bars and discos as well, they did state that perhaps every establishment had to be judged on its own effects on a block or a community. If any of these users could be good neighbors, if they could blend in with the community, then perhaps some could be tolerated. **But they also said that the experience has been that if there is one establishment, then others follow, leading to an unacceptable concentration of adult use stores.** This is what has occurred in Chelsea, and this is the case on Eighth Avenue. When there comes to be "a critical mass" and when the stores are poorly run, the area becomes a point of attraction for all sorts of undesirable activities.

These informants expressed their concern about impacts on their residential communities, but they also saw their interests linked to the prosperity of the theatre community in Times Square, for example, and to the continuing growth of other businesses in Clinton and Chelsea.

Schools

We were able to interview representatives of two public schools in the area, Public School 111, and Park West High School. They decried the proliferation of adult entertainment stores in general, and stated that they did not want young people to grow up assuming that "the sleazy image" provided by these stores is the norm. "Why throw this at children before they are ready?" They also expressed concerns about prostitution and drug dealing in the area, which, together with the presence of the porn stores, contributes to the negative image of the Times Square and Clinton areas. One representative had recently made specific complaints about a nude bar opposite the back of the school building, and had worked with the Community Board to lessen the effects and even, unsuccessfully, to close that bar.

Social Service Organizations

Three interviews were held with 1) the executive director of an organization providing residential and service needs for older citizens, 2) the executive director of a multi-service settlement house, and 3) the executive director of an AIDS project. A fourth, more informal conversation was held with the executive director of an organization serving the homeless.

Two of these respondents observed that the presence of adult entertainment businesses has a negative effect on the area. The settlement house leader said that the families and children she serves try to avoid Eighth Avenue, and the senior service representative believed that their ability to attract viable commercial tenants for their retail rental space was being hurt.

The AIDS organization representative asserted that pornography may be okay for some, but may be linked to drugs and prostitution because there is also commercial sex taking place in and around these establishments. He believes that there is a double standard prevailing, in that not enough is being done to combat drug dealing, prostitution, and the spread of AIDS. Each of these interviewees was concerned about the negative image of Times Square that may be fostered by the presence of the porn businesses and their ancillary activities.

The respondent from the homeless agency described the presence of a scantily dressed woman dancing on the street and distributing flyers for a newly-opened business one block south of the BID boundaries. This new business is on the same block as the outreach ministry of a church, and very close to the two residences for homeless adults run by her organization. She stated that she is working with people who are "trying to get their lives together" and she found the presence of these establishments not helpful. The three executive directors believed that the appearance and exterior displays were "embarrassing", "seamy", and "seemed to be violent".

As to the issues and problems facing the neighborhood and Times Square, all three mentioned drug dealing and prostitution, and two spoke of the negative effects of street crime, even if they were only perceived effects. All three said that Times Square is and should be a place of entertainment and tourism, but that there was a difference between this and sleaze. One person also mentioned that the stalled 42nd Street development and the empty buildings had "deadened" the block. She was also concerned about the decline of neighborhood service stores, needed by seniors and families living in the area.

Religious Organizations

Six church representatives were interviewed, one of whom had been in the area only a few months while the others had been working in the Times Square area for many years. While these people all decried the content of the advertising at adult use businesses, their image of women, and the negative effects of their existence, their true complaints were directed at the ancillary activities or effects that they insist were the inevitable result of the businesses' presence. Each of these members of the clergy spoke about the prevalence of prostitution activity. Many knew who these prostitutes were, and were concerned about the violence they had observed, women being beaten and other violent incidents associated with the selling of sex on the street.

They all stated that the presence of these stores attracted people who, as one put it, "are involved in some sort of scam". That is, the stores attract hangers-on, street people who engage in gambling, drug dealing, as well as groups of men looking for sex, and women, men, and boys selling sex. Three of these interviewees acknowledged that there is also a great deal of prostitution west of Eighth Avenue where there are no adult entertainment spots.

Clergy spoke of themselves and their parishioners being accosted by prostitutes; one described an attempt by a prostitute to pick his pocket as he walked his dog on Eighth Avenue. One church leader believed that people come from all over the world to patronize the pornography establishments in the area, but three others said that they did not believe that tourists came to Times Square for this purpose. Instead, they maintained that it was difficult for tourists to make their way past the sleaze of Eighth Avenue.

These church people, like the community residents, spoke of a feeling that things had been improving in their community until the most recent influx of additional adult entertainment businesses. In some respects they welcomed what they saw as the improved image of Times Square, and praised the work of the BID. But their major issue, above all others, remains the drug problem, and resultant street crime, which they see as the scourge of the entire community.

SOME ADDITIONAL TESTIMONY

During the course of this study, in addition to the interviews that made up the formal survey, we received or had passed along to us from time to time written communications from various individuals who live or work in the Times Square area. Some of these are sampled below:

, Proprietor, Restaurant:
(March 1, 1994)

I am a new business owner on West 47th Street between Broadway and Eighth Avenues. We opened our doors at on October 7, 1994 [sic, 1993?]. Our restaurant occupies the space of the old Delsomma Restaurant. During these four months we have seen BID's work in the neighborhood evident in the painting of storefront gates, removal of bills posted on abandoned buildings, helpful clean-up crews and ever so accommodating security people. Unfortunately, we have also noticed the opening of four new adult video stores in a two-block stretch between 46th and 48th Streets on Eighth Avenue. While I have never seen any of them with more than two customers inside, the element of underground business they attract is atrocious, namely prostitution, drug dealing and loitering. Since their customers are few they obviously generate their income in some other unobvious manner.

While the owners of the adult video stores have a civil right to earn a living, I am opposed to its impact on the neighborhood and would like to know what I can do to protect the area from similar new business and discourage store owners from operating in the area. Not only does it hurt the area's legitimate businesses but we must remember there are several high schools in the area whose students should not be exposed to these activities.

Thomas K. Duane, Councilmember:
(Letter to the owner of 320 West 45th Street, now occupied by an adult entertainment business, December 23, 1993)

As you may be aware, "Private Eyes" joins the growing list of adult uses (i.e. adult video stores and topless/bottomless dance clubs) in the Clinton neighborhood of Manhattan. Red Zones in other American cities have caused dramatic increases in crime and negatively impacted the local economy. While you may gain short-term economic benefits from renting out your property to an adult use, you also will be creating a negative economic climate for your own property.

You should also be aware that your property is directly across the street from a residentially zoned property filled with families and young children. Moreover, the City Council has been considering legislation which would illegalize adult uses within 500 feet of residentially zoned property. "Private Eyes" would clearly be illegal if such legislation were to pass.

The Block Associations in Clinton have been working long and hard to make their streets safer and drug-free. Renting your property to an adult use such as "Private Eyes" undermines their hard work and significant achievements.

I am aware the Community Board #4 has offered to assist you in identifying a more appropriate use for 320 West 45th Street. I urge you to accept the board's offer. I would be more than happy to provide assistance from my office as well.

The West 45th Street Block Association:
(Letter to Community Board 4, March 4, 1994)

...The "Private Eyes" adult nightclub at 320 W. 45th St. has become a continuous cause of concern and frustration among block residents. Although the club may be in technical compliance with various laws, little by little, Private Eyes has created conditions that cheapen the quiet ambiance of this mostly residential block, adversely affect our quality of life and attract elements (both patrons and non-patrons) who continually disturb the peace.

...

"No Parking" was established on this block several years ago to discourage loitering around parked cars. By allowing (or encouraging) patrons to disregard parking regulations, conditions are created for late night crowds and disturbances.

Indeed, we've noticed a distinct increase in Private Eyes patrons hanging out and milling around parked cars -- late at night usually between 2 and 4 a.m.. These patrons are often inebriated, rowdy and shouting, blowing car horns and in at least one instance they have even tried to overturn a car. A side effect is that car alarms tend to go off frequently.

This late-night congregating in front of the club happens again and again. These people do not live here or have any respect for block residents. And whether by design or happenstance, the club attracts certain non-patrons detrimental to the block. Street prostitution and drug dealing has increased.

...

Almost every night, Private Eyes has employees handing out advertising flyers on the corner of Eighth Avenue and 45th Street. Although we're cognizant of first amendment rights (which don't necessarily apply to commercial advertising),these pamphleteers tend to block a very busy corner, attract drug dealers and cause litter (from their discarded handouts).

...

We must relate that this is a residential block with approximately 2,000 apartments. This is not a problem of morals, but the presence and behavior of Private Eyes directly and adversely reduces whatever quality is left on this block. From various buildings, we've heard residents complain of being woken up in the middle of the night, others who claim they're afraid to go into their own building if blocked by dealers, crack addicts or other scurrilous characters.

Aside from a few storefront businesses, the Martin Beck Theatre is the only Broadway theatre west of 8th Avenue, bringing onto our block around 2,000 tourists every night and a portion of the $2.3 Billion revenue of the theatre industry. The conditions created by Private Eyes may not directly affect that revenue, but surely tourists are in increased danger and may leave our city with a foul impression.

Ross Graham and Timothy Gay, Chairperson and Committee Chairperson of Community Board #4:

(August 16, 1993)
Re: the building at the northwest corner of 46th St. and 8th Avenue:

Community Board No. 4 understands that the property you own at the above location is being renovated to possibly accommodate a multi-floor adult entertainment center, or, in other words, a "porn palace."

Community Board No. 4 is on record as opposing a concentration of adult entertainment businesses in any specific neighborhood. Store fronts along Eighth Avenue in the 40s are quickly being turned into pornographic video and literature outlets, and several theaters specialize in adult movies and live entertainment.

The "porno palace" appears to be the first proposed multi-level facility of its kind in the neighborhood.

However, you should know that each of the 300 Blocks from West 43rd to West 59th Street is residential. West 45th, 46th (your corner), 47th and 48th Streets are especially residential with active block associations, and West 46th Street, as you know, is Restaurant Row. A number of

legitimate Broadway, off-Broadway, and off-off-Broadway theaters operate within a few blocks, as well as businesses ranging from major law firms (at Worldwide Plaza) to child care centers. Junior High School 17, with more than 700 children, is located a half a block away, on West 47th Street between 8th and 9th Avenues. In addition, your proposed "porno palace" is within 100 feet of a church.

Community Board No. 4 strongly urges you to reconsider the proposed use of your building.

Rowan Murphy, Assistant Director of Common Ground Community (CGC), operator of The Times Square, an affordable housing program in what was formerly the Times Square Hotel at 25 W. 43 Street:

(Testimony before Manhattan Borough President's hearing, October, 1993)

...CGC acquired The Times Square in March of 1991. At that time, there was one adult use establishment on the south side of W. 43rd Street, across from our building. The block, at that time, had a growing reputation as a "safe corridor," as the result of intensive efforts by the Mayor's Office of Midtown Enforcement, Midtown South, and local businesses to increase community policing and security awareness. In September of '92, two additional adult use establishments opened, the 24-hour "Playpen" and "Malebox" located directly across from our front entrance.

For the 364 individuals who live at The Times Square, and our staff, this concentration of uses has meant a steadily deteriorating quality of life on 43rd Street. Before the Malebox and Playpen opened, tenants could enjoy sitting in the lobby or mezzanine during the evening, strolling to the corner for coffee or lingering on the steps for some fresh air. Now, the street is a gathering place for prostitutes and others involved in illegal activities.

Patrons for the adult use establishments harass and intimidate our elderly tenants, in particular. Patrons use our service entrance as a urinal on a regular basis. Our security staff is hassled when attempting to keep our entrance clear of loiterers from these establishments. The street is now ugly and intimidating at night, discouraging use of the lobby and mezzanine by our tenants and creating noise problems for tenants living at the front of the building overlooking 43rd Street.

The concentration of adult uses on West 43rd Street gives the block a very different appearance and feeling than it had when a single establishment existed there.

... [T]he density of adult uses, the disruptions they create, and the sordid street activity they attract have been major negative factors for those evaluating our building as a place to live. The majority of the applicants who decline acceptance at our building described their main reason for doing so as concern about the safety and quality of life on the block.

Public Nuisance and Public Health Problems: The Adonis Theatre

In January, 1994, the New York City Department of Health obtained a temporary closing order from the New York State Supreme Court,shutting down the Adonis Theatre, located at 693 Eighth Avenue, near 44th Street. This action was brought under the New York City Administrative Code, the State Sanitary Code and the Penal Law, in order to restrain a public nuisance at the premises and to stop acts of individuals which were detrimental to health and which are considered to be high risk sexual activity. This action was brought as part of the City's continuing effort to help control the spread of the AIDS virus. High risk sexual activities were observed by inspectors on nine visits to the Adonis Theatre over a four month period involving at least 95 individuals. The Court papers stated, "All incidents were seen in open areas. The management of the Adonis Theatre must obviously be aware--or must vigorously shield itself from knowledge--of all this high risk activity that is plainly visible to casual and occasional outside inspectors."

APPENDIX

The Department of City Planning Secondary Effects Study

The Department of City Planning is currently undertaking a study of secondary impacts of adult use establishments in six other locations in New York City. The Department compares assessed values but for the years 1986/7 and 1992/3. Comparing our findings for our years to their selected years, we found that the trends remained the same, but in somewhat different proportions: the difference between assessed valuation rates of change for 1986/7 and 1992/3 was less for the Eighth Avenue study block and the Ninth Avenue control block than for the years of 1985/6 and 1993/4, and the difference was greater for the "DCP years" of 1986/7 and 1992/3 as compared to our years of 1985/6 and 1993/4. These differences in findings may be related to the selection of different years in the real estate "boom and bust" cycle.

For both sets of data, the increases in assessed valuations occurred at a higher rate on the "control" blocks" on which there were no adult use establishments, than on the "study" blocks, on which there were adult use concentrations. We are not asserting a simple cause-and-effect relationship here. There are too many variables--zoning, market trends, public condemnation proceedings for the 42nd Street Development Project, personal decisions by owners--that may affect assessed values--in addition to the presence of adult uses.