FLUSHING COMMONS: 
AN ANALYSIS OF IMPACTS ON LOCAL BUSINESS

Prepared by the 
Hunter College Center for Community Planning & Development 
for the 
Flushing Coalition for Responsible Development 

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Introduction

The purpose of this study is to establish reliable, up-to-date information regarding the number and type of businesses in Downtown Flushing and to evaluate the potential socio-economic impact of the Flushing Commons development proposal.

Flushing Commons, TDC Rockefeller’s $850 million dollar complex of luxury apartments, retail, and office space, is the current plan for development of the five acre Municipal Lot 1 site as supported by New York City’s Economic Development Corporation (EDC). The Flushing Commons project was originally unveiled in 2005 after the City requested proposals for a mixed-use, market-rate development on the site as part of the EDC’s “Development Framework for Downtown Flushing.” After the announcement of the project, Flushing Council Member John Liu agreed to a “Memorandum of Understanding” with the Mayor’s Office regarding the amount and type of retail at Flushing Commons and the allocation and price of parking. However, for reasons that are unclear, the project was put on hold in 2007 until suddenly reemerging this January when the EDC initiated the public review process.

This study demonstrates that EDC’s determination of “no adverse impact” to the existing small businesses of Downtown Flushing in the Environmental Impact Statement (EIS) prepared by AKRF, Inc. a private firm, has no basis in fact, uses inaccurate data, and employs inappropriate methodology. If approved as currently proposed, the Flushing Commons development will likely have a serious negative impact on local businesses, undermining decades of hard work by local Flushing entrepreneurs to create a uniquely vibrant and diverse commercial district by displacing many small businesses through competition and rising rents.

Key Findings:

- Downtown Flushing is home to over 2,100 retail and service businesses, more than twice the number (970) that AKRF counted in the survey for the EIS.

- Local businesses are the economic engine of Downtown Flushing. National chain stores currently comprise only 1.9% of businesses in Downtown Flushing.

- The EDC presents no evidence to support its argument that chain retail stores at Flushing Commons will only compete with other regional chain retail destinations and not have a negative impact on existing local businesses.

- It is more likely that the proposed retail at Flushing Commons will directly compete with over 450 locally owned retail shops. Most of these businesses are densely clustered within three blocks of the Flushing Commons site. These businesses are currently competing with only a small number of chain stores.
EDC’s quantitative economic analysis is based on a 3-mile “primary trade area” that has little relevance to the economic conditions of the Downtown Flushing core.

Downtown Flushing and the “Flushing Commons” Proposal

Downtown Flushing is a densely developed, highly diverse, mixed-use neighborhood located roughly eight miles east of Manhattan at the end of the # 7 Subway line. The neighborhood has become a center of Asian immigration to New York in recent decades and has grown to become the city’s largest Chinatown. The Korean community is also large and growing. The 2000 Census estimates the population of the Downtown Flushing core at 30,521, comprised of 49% Asian, 31% white, and 7% black residents. In 2000, more than 25% of working-age residents found employment in the retail and restaurant sectors.¹

The neighborhood’s business and residential community has grown rapidly since the last census, perhaps by as much as 15%. Floor space for small business is in such demand that store fronts are stacked three and four stories high on blocks like 41st Road and Union Street between 39th Avenue and Northern Boulevard.

The Hunter College CCPD survey, conducted in late June 2010, found less than 5% of Flushing’s storefronts and business offices to be vacant. Over 2,100 businesses are currently located in Downtown Flushing, the vast majority of which are small, locally owned operations. National chain retail shops and restaurants currently compose only 1.9% of area businesses.

The proposed site for Flushing Commons, Municipal Lot 1, is currently owned by the City of New York under jurisdiction of the New York City Department of Transportation, and provides 1,101 public parking spaces. It is located in the center of Downtown Flushing just one block from the #7 Subway entrance. The site has served as a parking lot since it was acquired by the City in the 1950’s through eminent domain for public housing that was never developed.

In addition to 620 luxury apartments in towers up to 192 feet high (1-8), TDC Rockefeller’s Flushing Commons plan calls for 300,000 square feet of retail, 234,000 square feet of office space, a 250 room hotel, and 62,000 square feet of space for a new YMCA (S-5). The developer also plans to provide a one acre public plaza and 1,600 parking spaces in a below-grade lot (S-6).

The EDC is sponsoring Flushing Commons on the grounds that it will fulfill the objectives of the 2004 City-issued “Development Framework for Downtown Flushing,” including “a new town-square style open space,” “enhanced pedestrian environment with street-level retail,” and “new residential development” (S-7). The EDC argues that Flushing

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2 References to the Flushing Commons EIS, prepared by the consulting firms AKRF, Inc, and AECOM for the Deputy Mayor’s Office of Economic Development, are in parenthetical format to facilitate quick citation.
Commons will benefit the local community through “new employment and residential opportunities” and “community benefits” such as open space.

The EDC’s determination of “No Adverse Impact” to Flushing’s local businesses is based on inaccurate data and inappropriate methodology

The City Environmental Quality Review (CEQR) guidelines require a detailed evaluation of potential “indirect displacement of businesses and institutions” (S-7). To fulfill this requirement, the EDC performed an analysis of retail economics within a 3-mile radius of the Flushing Commons site and commissioned AKRF Inc. to undertake a field survey of Downtown Flushing businesses within one half mile of the site.³

In choosing a 3-mile study area, EDC followed the recommendations of the Urban Land Institute’s “Shopping Center Development Handbook” for determining a “primary trade area” (3-17). Major concentrations of chain retail and big box stores already exist within this area, most notably at the Rego Park Mall/Queens Place Mall/Queens Center Mall complex in Elmhurst and the big box strip malls of College Point (3-19). According to the EIS, retail sales within this 3-mile area were $2.33 billion in 2006, amounting to a “capture rate” of 55% (3-21). This means that 55% of the money spent on retail by the residents of the 3-mile area was spent within the 3-mile area. As the EIS notes, this figure is low compared to other areas in greater New York, but this may be due to the inaccuracy of the EDC’s economic data on ethnic small businesses as evidenced by the AKRF survey.

The EDC uses the 3-mile “capture rate” as the sole piece of quantitative evidence that Flushing Commons retail will not hurt existing local businesses in Flushing. The claim is that since Northeast Queens residents are currently spending 45% of retail dollars outside of the area, new chain retail at Flushing Commons will simply capture spending that is currently going to Nassau County or other regional shopping areas.

The EDC presents no evidence whatsoever to support the assumption that new chain retail in Downtown Flushing will compete only with existing chain retail centers in other parts of the city and region. The shopping centers at Rego Park and College Point already have all of the chain stores that will likely locate at Flushing Commons, in higher concentrations and with easier automobile access to the majority of Queens households who drive. If regional consumers are seeking chain retail or big box shopping, better choices than the proposed project already exist.

Therefore, new chain retail at Flushing Commons will compete primarily with existing small businesses within Downtown Flushing. The EDC correctly invalidates its own argument based on the “3 mile primary trade area” when it asserts in the EIS that “the

³ It is unclear when this survey was actually undertaken because the FEIS states it occurred “in March, April, and June 2005” on (3-6) and “March, April, and June 2006” on (3-28)
proposed project would draw a large portion of its repeat business from residents who live within the smaller, approximately ½ mile study area as a result of more convenient access” (3-17). Having acknowledged this point, it is inappropriate to then reach a conclusion of no negative impact.
Regarding the smaller ½ mile “study area,” the only “study” that the EIS cites is the field survey conducted by AKRF Inc. that undercounted the area’s businesses by 57%. This survey is inaccurate and should not be used as the basis for any determinations about the economy of Downtown Flushing.

**Number of Businesses in Downtown Flushing**

<table>
<thead>
<tr>
<th>Neighbourhood Services</th>
<th>Shoppers' Goods</th>
<th>Convenience Goods</th>
<th>Restaurants</th>
</tr>
</thead>
<tbody>
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<td>231</td>
<td>113</td>
<td>156</td>
</tr>
<tr>
<td>1087</td>
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<td>156</td>
</tr>
<tr>
<td>2243</td>
<td>970</td>
<td></td>
<td>268</td>
</tr>
</tbody>
</table>
AKRF counted 970 total “storefronts”: 385 “neighborhood services” businesses, 231 “shoppers’ goods” stores, 113 “convenience goods” stores, 156 restaurants, 14 “building materials/hardware” stores, “14 auto-related” stores, and 57 vacant storefronts (3-28). In contrast, the Hunter College CCPD survey counted 1087 “neighborhood services” businesses, 338 “shoppers’ goods” stores, 156 “convenience goods” stores, 268 restaurants, 64 “building materials/hardware” stores, 110 vacant storefronts, and 223 other businesses in addition to these categories for a total of 2243.

AKRF’s massive undercount of Flushing businesses is due to the firm’s failure to survey the entire ½ mile area in favor of focusing on only the 12 densest “retail corridors,” and the failure to count businesses that do not front directly on the street (3-28). Downtown Flushing has numerous towers of five to twelve stories in height that contain many neighborhood service businesses and numerous “mini-malls” that appear as only one store on the streetfront but actually contain dozens of individual small retailers inside.

The gross inaccuracy and faulty methodology of AKRF’s survey demonstrates that the EDC had no real knowledge about the density and socio-economic value of Flushing’s small business community when drafting the EIS.

Flushing Commons will add 266,500 square feet of retail and 33,500 square feet of restaurant space. According to the EIS, half of this retail space will be allotted to “destination retail” with “large shoppers’ goods stores,” while the other 50% will go to “convenience goods” stores. Annual sales at Flushing Commons are estimated at $141.6 million: $57.0 million in “shoppers’ goods”, $68.8 million in “convenience goods,” and $15.8 million from bars and restaurants (33-24).

These estimates do not seem to be based on any factual evidence as the developer has not provided a list of committed tenants or detail of the floorplans of the retail uses. Indeed, the EIS is vague about the future makeup of Flushing Commons retail, stating that “the project is expected to attract national brand-name retailers, including upscale men and women’s clothing retailers, an off-price department store, shoe stores, a kitchen supply store, a book store, a furniture store, and a home goods store” (3-27). All of these potential types of tenant would fall under the “shoppers’ goods” category, so it is difficult to understand why the EDC estimates that more than half of the sales will be in the “convenience goods” category.

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4 The EIS defines “shoppers’ goods” as “items such as furniture, clothing, electronics, and sports equipment—goods that people tend to make deliberate, planned trips to purchase.” (3-7)

5 The EIS defines “convenience goods” as “items such as groceries, personal care items, housekeeping products, prescription drugs, newspapers, and magazines—good that people tend to buy at the location most convenient to them” (3-7).
BUSINESS DENSITY IN DOWNTOWN FLUSHING

- Retail Projects Currently in Development
- Flushing Common Site
- 1/2 Mile Radius
- Number of Businesses:
  - 1-2
  - 3-5
  - 6-15
  - 16-99

Scale: 0 - 2,660 Feet

Legend:

[Legend Image]
DIRECTLY COMPETING RETAIL BUSINESSES SURROUND THE FLUSHING COMMONS SITE
Nevertheless, if we use EDC’s forecast for a mix of large shoppers’ goods and convenience goods chain stores, it is likely that the retail at Flushing Commons will directly compete with over 450 existing neighborhood shops, most of which are concentrated within three blocks of the site. These include 146 clothing/shoes/accessories shops, 74 electronics/cell phone stores, 31 furniture stores, 46 general merchandise stores, 21 DVD/music stores, 68 pharmacies/cosmetics stores, 15 home goods stores, 38 convenience stores, and 38 food markets of various sizes.

In addition to the new competition from chain retailers, these businesses will also be hurt by the loss of abundant low-cost parking currently provided by Municipal Lot 1. The current proposal gives the developer complete control over parking rates after two years and high-cost parking will likely be a significant deterrent to the middle and working class customers of many Flushing merchants. If we conservatively estimate that each of these shops employs four people, then Flushing Commons has the potential to place over 1,800 local jobs at risk.

The EIS analysis also omits a major new retail complex already under construction. While the EIS attempts to account for the impact of the developing SkyView Parc complex on College Point Boulevard, no mention is made of the in-progress conversion of the old Caldor site into a three-story mall with national retailers. This is yet another example of the inadequacy of EDC’s analysis of the Downtown Flushing business community.

In the end, EDC’s argument for “no adverse impact” is not based on any quantitative data or real analysis of the Flushing business community. It rests on an unsubstantiated assumption: the belief that national chain retail in Downtown Flushing will not compete with existing businesses because the “goods and services will not overlap with local shops” (3-32). This study shows that more than 450 businesses within a half mile of the Flushing Commons site sell goods and services that will directly overlap and compete with the proposed development.

Chain Retail and New York City’s Small Business Crisis

If we step back from the immediate context of Downtown Flushing and examine city-wide conditions, it is clear that New York’s small retail businesses have been under tremendous pressure from the expansion of chain stores and restaurants in recent years.

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6 Rhodes, Liz. “Caldor site project pushed back to October.” Queens Chronicle 7/1/10. 

http://prattcenter.net/sites/default/files/publications/PrattCenter_SavingIndependentRetail.pdf
Commercial evictions have reached an all-time high in the last eight years, with over 150,000 small businesses closing their doors since Mayor Michael Bloomberg took office. While small businesses have been closing at record rates, chain stores have continued to expand their numbers in New York. The situation has grown so dire that Council Member Robert Jackson was able to secure the support of the majority of the City Council for the “Small Business Survival Act”. The bill was blocked from coming to a vote by vigorous opposition from Mayor Bloomberg, the EDC, the real estate industry, and Council Speaker Christine Quinn.

Mayor Bloomberg and the EDC have actively encouraged the entry of chain retail into New York City neighborhoods through subsidized projects like the Gateway Center near Yankee Stadium in the Bronx and the proposed Flushing Commons. Chain stores already have an advantage over local businesses through their abundant access to financing and ability to absorb higher rent costs.

The EDC justifies chain retail developments like Flushing Commons on the grounds that these developments will compete only with suburban malls and capture their sales tax dollars for the city without harming existing small business. This misguided notion ignores the facts on the ground and the tangible benefits that locally owned retailers offer to the city’s economy and neighborhoods. It ignores the most obvious reason that chain stores (also known as “category killers”) want to enter New York’s vibrant local retail market – to capture customers that already shop locally. (Sometimes they do this by using their financial resources to undersell local merchants in the short run. They also bid up local commercial rents, making it difficult for existing merchants to remain in the area.)

This is the “capture rate” that ought to be measured and analyzed in the environmental review because it is the one that will tell us how many businesses will be displaced. The Flushing Commons EIS ignores this capture rate entirely. Looking outside of the New York context, the experience of Washington DC’s Chinatown offers a valuable case study of the consequences of introducing subsidized chain retail into a neighborhood of ethnic small businesses. Neighborhood rents doubled after the opening of a $200 million dollar mixed-use, chain retail complex in 2006.

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Only twenty Asian-American owned businesses remain in DC’s “Chinatown”\textsuperscript{12}

Locally owned businesses are crucial to the vitality of our economy because they keep a higher percentage of their revenues in the local economy by procuring their goods and services from the local area. Studies have shown that for every $100 in consumer spending at a locally owned business, $68 remains in the local economy, whereas for every $100 in spending with a national chain business, only $43 remains in the local economy.\textsuperscript{13}

The synergistic benefits of the small business economy are clear to see in districts like Downtown Flushing where small business have served as the engine of vibrant neighborhood growth and have led to the emergence of a uniquely diverse urban center that is attracting residents and visitors from throughout the city and region.

In the closing paragraphs of Section 3 of the EIS, EDC describes Downtown Flushing as a “residential and commercial center” that draws “significant numbers of customers from the local population” as well as a “customer base from throughout the region” (3-31). The small business economy of Downtown Flushing is indeed quite successful at attracting both local and regional customers and the EDC should take note of their own observations and recognize that Flushing’s diverse array of small businesses is the reason for the community’s economic success.

\textsuperscript{12} Orlina, Lauren. “Chinatown with No China.” \textit{Asian Fortune} 4/2/07. \url{http://news.newamericamedia.org/news/view_article.html?article_id=f50be068d704f65836d7a22062aa5691}