CASE STUDY

BATTERY PARK CITY

THE CATCH-22 OF CREATING PRIVATELY-OWNED WATERFRONT LAND AND PLANNING FOR PUBLIC OPEN SPACE IN AN URBAN ENVIRONMENT.

Introduction:

New waterfront land was created with dirt fill on the southwestern edge of Manhattan. Since the financial decline of the 1970s, the property has been privately owned and developed into what is known as Battery Park City (BPC). What has resulted has been an exclusive neighborhood with over 35 acres of publicly accessible open space. Private ownership of land has led to skyrocketing home prices but also preservation of open space in the densist city in the U.S.

History, Culture, Social Analysis:

In the 1960s, the ports of New York City were declining. In 1966, Governor Rockefeller proposed that several piers be filled in with soil, creating new land on the southwestern tip of Manhattan, to provide for a new, idealistic development known as BPC. Gov. Rockefeller saw the project as a way to add to the housing stock without displacing people in the wake of urban renewal. By 1969, a Master Plan was created for a mixed-use area.

The plans proceeded after the financial downfall of the 1970s with a new Master Plan being drawn in 1979 and residential construction starting in 1981. Construction was substantially completed by the 2000s. At the end of construction, the land uses are broken down as follows:

- Commercial: 9.3 mil square feet (SF)
- Housing: 7.2 mil SF
- Parks: 35 Acres
- Misc.: 52 shops/Services
  - 22 Restaurants
  - 2 Public Schools
  - 2 Hotels
- Total Acreage: 92 Acres

The costs of constructing BPC have been substantial. Dirt and fill came from the nearby World Trade Center construction site. The base of BPC was constructed for $80 mil in 1975 dollars, which is approximately $2 bil in 2015 dollars. A state-of-the-art ferry terminal that opened in 2009 cost $50 mil. The final two residential buildings constructed on the site in 2009 cost a total of $450 mil. The most prominent office building, the Goldman Sachs headquarters, cost a total of $2.4 bil. The World Financial Center just underwent a $250 mil renovation. In terms of land maintenance, McLaren Engineering Group conducted a structural inspection of the concrete seawall and piles underneath BPC and made appropriate repairs for a total cost of $25 mil. A total development cost for BPC has not yet been compiled due to ongoing
construction by various developers over the past forty years.

As shown above, much of the land, approximately 1/3, is preserved as open parkland. This increases the value of real estate around BPC. There is a pedestrian connection at the southern tip of BPC to the famed Battery Park. To the North, BPC is connected to the Hudson River Greenway and Pier 25 and 26. Such significant private and public developments have altered the demographics of the area.

The social character of the area has changed since BPC’s inception. From the 1880-1940s, the area to the east of the West Side Highway was known as Little Syria. The area was mostly made up of Arab-Americans. These people were displaced to Brooklyn during the 1950s with the construction of the Brooklyn-Battery Tunnel. Currently, the racial breakdown is significantly different.

Racially, BPC is not diverse. 69.5% of the population identifies as White. The next most populous ethnic group is Asian, which makes up 18.5% of the population. All other races are less than 7% of the population. In greater Manhattan, 57% of the total population identifies as White and 11% identifies as Asian, while a significantly larger portion of Manhattanites identify as Black or African American, approximately 15%.

BPC can be characterized as an upper-class neighborhood with a well-educated, predominantly white population of young professionals with children. The largest age groups are those between the ages of 30-34 and between the ages of 35-39.

BPC Residents are very well educated. 47.1% of the population has attained a bachelor’s degree and 37.7% of residents have graduate or professional degrees. In greater Manhattan, 31% of residents have attained a bachelor’s degree at 28% attained a graduate or professional degree.

As such, the median household income per annum in BPC is relatively high at $106,784.5, whereas the MHHI is only $69,659 in Manhattan. The socioeconomic homogeneity of BPC is telling of the homogeneity of commercial and business activity on the landfill.
The 35 acres of public open space in Battery Park City at New York City’s waterfront can often feel not-so-public when barriers are created by high-rise condos and offices.  

**Economics:**

BPC is an exclusive neighborhood for residents and retailers. There are 462 establishments in BPC and 18,207 jobs. Many of the jobs are in finance, insurance, and professional, scientific, and technical services. Goldman Sachs has recently relocated their headquarters to the newly renovated Brookfield Place. Much of the retail in BPC is high-end retail. As the amenities are on the rise, home prices are too.

Home prices range from half a million dollars for a 625 sf condo to $5 mil for a 2,192 sf condo. The average listing price for a condo in BPC is $1.6 mil. The average price per square foot is roughly $1,190. These prices have been increasing overtime, whereas the average prices for Manhattan have slightly decline. The average listing price for Manhattan is higher than that of BPC at approximately $3.5 mil. BPC homes are mostly (78.4%) renter-occupied. This is average for NYC.

Interestingly, residents do not pay NYC taxes. The land is owned by the Battery Park City Authority and has been since 1979. Private developers bid and compete to lease parcels of BPC land for developments. The BPCA and developers then enter into land lease agreements lasting up to 99 years. In addition to receiving land lease dollars from developers, the BPCA receives payments in lieu of taxes (PILOT). BPC residents do not pay city property taxes but they do pay, via PILOT, the amount they would be taxed by the city for owning property. After the BPCA pays their debt service, operating, expenses, and capital costs, any surplus funds get sent to the State of New York and then onto the City of New York.

**Climate Change and Resiliency:**

BPC was not an area of devastation after Hurricane Sandy due to its relatively high ground level. Surrounding areas of Lower Manhattan were dredged and landfilled primarily for maritime or shipping uses. Contrastingly, BPC was intended for housing and commerce and, as such, was filled-in higher above the water level. Additional flood protection comes from the parks and waterfront esplanade, which acted as a minimal buffer protecting the offices and apartments. PlaNYC’s resiliency plan calls for the establishment of wetlands around the perimeter of Lower Manhattan, acting as a larger buffer for future storm surges.

**REFERENCES**

11. “Real Estate Overview for Battery Park City.” Trulia.
15. City Parks Foundation. www.cityparksfoundation.org/