

**CHINATOWN GETS LEFT IN THE DUST. So close to WTC, yet so far from needed funds; [SPORTS FINAL Edition]**

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Only blocks from Ground Zero, Chinatown has been treated almost as an afterthought in the massive 9/11 recovery program for lower Manhattan. Despite its proximity to the fallen twin towers and its obvious need for assistance, Chinatown has received less grant money and loans than any other affected neighborhood, according to an ongoing Daily News investigation into how the \$21.4 billion federal aid package to New York was spent.

Mom-and-pop shops and restaurants, the lifeblood of Chinatown's economy, continue to struggle to survive.

Also, hundreds of small garment factories have closed since Sept. 11, 2001, and the garment industry, a major employer, has been left to fend for itself.

The News has previously documented repeated examples of how small businesses were neglected or awarded small amounts of recovery aid while big businesses - some

with less urgent needs and better political connections - garnered the lion's share of the disaster aid.

Last week, more than four years after the terrorist attacks, the state designated Chinatown as an Empire Zone, allowing qualified businesses that add jobs to avoid most state and local taxes for up to 10 years.

Assembly Speaker Sheldon Silver, who represents lower Manhattan, said the designation came "after four years of battling partisan politics" and said the long wait represented a "lack of leadership" by Gov. Pataki.

Robert Weber, director of the Rebuild Chinatown Initiative, called the belated measure "the last great hope for the garment industry and light manufacturing" in the neighborhood. He added, however: "This is part of the solution but not a total answer."

Indeed, some local leaders expressed concern that Chinatown has had to wait too long for too little.

The Lower Manhattan Development Corp., charged with dispensing \$2.7 billion to redevelop Ground Zero and the surrounding neighborhood, has allocated \$39.6 million in federal Community Development Block Grant money for all of Chinatown.

That's far less than the \$70 million earmarked to develop recreational piers in Hudson River Park, a project opposed by environmental groups.

"When you compare what Chinatown businesses got to the average of what other lower Manhattan communities received, you're getting a disparity that needs to be addressed," said John Wang, president of the Asian American Business Development Center.

But, said LMDC spokesman John Gallagher, "We have made and will continue to make significant investments in Chinatown, providing tens of millions of dollars in funding to create jobs, establish the first-ever local development corporation, boost tourism, improve parks and open space and revitalize the community after Sept. 11."

#### VARIOUS GRANTS -

Grants to the neighborhood include \$1.6 million to organize the newly formed Chinatown Partnership Local Development Corp. and \$5.4 million to help it run a two-year, seven-day-a-week street sanitation program. The LMDC also has spent \$2 million on a highly regarded tourism campaign and popular visitor kiosk.

"It's not a lot of money, but I am grateful for every penny I get," said Wellington Chen, newly appointed president of the Chinatown Partnership.

The LMDC also provided \$5.6 million to renovate Sara Roosevelt Park and Columbus Park, both in Chinatown, yet the amount of parkland in Chinatown is just .37 acres per 1,000 residents, far below the Manhattan average of 1.5 acres per 1,000 residents. Gallagher noted that a portion of another LMDC project, the \$150 million East River Park, will run through Chinatown, ultimately increasing the neighborhood's parkland.

The bulk of the disaster dollars for Chinatown, \$25 million, is earmarked for a complex traffic plan, which will take years to complete. Meanwhile, businesses continue to suffer.

#### FORMULAS HURT -

In the beginning, grant formulas, with their requirement that companies have at least 10 employees to qualify for aid, worked against Chinatown.

"It befuddles me to think how they came up with that criteria," said Councilman Alan Gerson, who represents the area. "But it was clear that the [LMDC] had a mindset that wanted to focus on big business."

Gerson led demonstrations of angry small business owners outside LMDC headquarters and ultimately the rules were changed. But, he said, "it took several months and that's a long time for a struggling business."

For eight days after the attacks, all vehicles and nonresidents were barred from the "frozen zone" south of Canal St. For two months, Chinatown businesses and residents had no telephone service. Almost a quarter of Chinatown's official workforce - 7,700 people - remained unemployed three months after the attacks.

There are no government statistics on unemployment in the neighborhood now - only "anecdotal guesstimates," a state Labor Department spokesman said. But this much is certain: While Chinatown companies report some recovery, business activity remains well below pre-9/11 levels.

"We are still suffering," said Chen of the Chinatown Partnership. "Many businesses are trying to hang on.... I fear many more closings. Breadwinners are struggling to put food on the table."

Even after regulations were modified to include smaller businesses, Chinatown got less than other affected areas, largely because grants were based on prior revenue, not need.

Empire State Development Corp. grants covered only about 17% of the average Chinatown business' revenue, with each recipient receiving an average of \$9,700, according to a study by the Asian American Federation of New York.

By comparison, average grants for lower Manhattan as a whole ranged from \$15,738 to \$21,293, depending on proximity to Ground Zero.

Also, many of Chinatown's businesses are cash-based and have little credit history. That made it difficult to obtain loans.

By 2003, only one in five Chinatown businesses had received any disaster-related loans, mostly from the federal Small Business Administration, according to the Asian American Business Development Center. The median loan amount for companies that received such loans was only \$23,000.

Since the beginning, people in Chinatown felt that the money was going to more affluent neighborhoods," said Tammy To, Gerson's constituent affairs director.

Chinatown's essential garment industry was among the hardest hit, losing \$490 million in the first year after 9/11, according to the Asian American Federation.

Before the attacks, there were 246 garment factories in the neighborhood, employing 14,000 workers. Last summer, the federation counted only 102 garment factories, according to Carol Peng, the foundation's deputy director of research.

In 2003, the Garment Industry Development Corp., a well-established nonprofit group, sought a \$25 million grant from the LMDC for a fashion center in Chinatown that would provide state-of-the-art space for several different kinds of factories and for designers who need immediate access to manufacturers.

The independent Fiscal Policy Institute estimates the center would generate \$406.4 million in economic output. But the LMDC has yet to address the plan or formulate an alternative.

STILL HOPEFUL -

"We are still hopeful this is going to work out," said the garment group's executive director, Sarah Crean. But in the meantime, several buildings the group identified as potential sites are no longer on the market, and "we may have to scale back considerably," she added.

Gallagher said the fashion center "is a project that we are still considering."

Many community activists expressed frustration that there are no Asian or Chinatown representatives on the LMDC board.

In November, Pataki appointed three longtime loyalists to the panel, filling the last vacancies. None was Asian. The governor's office did not respond to calls for an explanation.

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Graphic: SLOW AND UNSTEADY PROGRESS AFTER DISASTER

FIRST TWO WEEKS AFTER 9/11: Frozen zone shuts virtually all garment factories, restaurants and shops. Businesses report revenue losses of 60% to 100%.

THREE MONTHS LATER: Checkpoints, bridge and tunnel closings snarl traffic; hundreds of parking spaces eliminated; restaurants report business down 30% to 70%.

ONE YEAR LATER: Garment industry loss put at \$490 million; grants and loans to Chinatown businesses total about \$60 million; business owners complain special-privilege parking takes up needed spaces.

FOUR YEARS LATER: Explore Chinatown Web site and visitor kiosk help revitalize tourism; two local parks renovated; some new businesses open, but smaller shops and restaurants struggle to survive; only 102 of 246 pre-9/11 garment factories remain; parking abuses continue; NYPD forced by a lawsuit to conduct a study of the impact of keeping Park Row closed.

LAST WEEK: New York State names Chinatown an Empire Zone, allowing eligible businesses that increase employment to avoid most state and local taxes for up to 10 years.