



The Economic Role & Impact of Lincoln Center

Prepared for

LINCOLN
CENTER
for the
Performing Arts

by

 **Economic
Development**
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EXECUTIVE SUMMARY: THE ECONOMIC ROLE & IMPACT OF LINCOLN CENTER

Lincoln Center is widely recognized as an important contributor to New York City's artistic and cultural environment, yet its role as a contributor to the local, regional, and state economies is not well known, nor is its role in shaping the economic future of the city. This report documents the economic contribution of Lincoln Center to the New York City, New York State, and New York City metropolitan region economies.

Key findings include:

The direct operations activities of Lincoln Center and its resident organizations generate significant spending and employment.

- ◆ Direct operations spending by Lincoln Center and its resident organizations was \$530 million in 2003, including \$350 million of spending on employee wages and benefits.
- ◆ Direct employment by Lincoln Center's resident organizations in 2003 translates into 9,000 full-time, part-time, and contract positions. This is the equivalent of an estimated 5,500 full-time employees.

Direct, indirect, and induced spending associated with operations spending by Lincoln Center and its resident organizations supports significant economic activity throughout the city, state, and the larger metropolitan region.

- ◆ Operations spending by Lincoln Center and its resident organizations generates \$840 million in sales at *New York City* firms and creates 5,800 jobs with \$295 million in earnings for city residents. When employment is measured by location of job (rather than residential location of the worker who holds the job), it is estimated that Lincoln Center operations support 7,600 jobs in New York City.
- ◆ Operations spending by Lincoln Center and its resident organizations generates \$1.01 billion in sales at *New York State* firms and creates 8,300 jobs with \$405 million in earnings for state residents.

- ◆ Operations spending by Lincoln Center and its resident organizations generates \$1.14 billion in sales for firms in the *New York City metropolitan region* and creates 10,600 jobs with \$510 million in earnings for metropolitan region residents.

Spending by out-of-town visitors to Lincoln Center also generates additional economic activity throughout the city.

- ◆ Lincoln Center draws a total annual audience of approximately 4.7 million individuals.
- ◆ Direct spending on local restaurants, lodging, retail, and other activities by out-of-town visitors that can be attributed to Lincoln Center, represents approximately \$258 million flowing into the New York City economy, a net inflow of \$225 million into the New York State economy, and a net inflow of \$185 million into the New York metropolitan region economy.
- ◆ The indirect and induced business activity of suppliers and vendors to the visitor-serving businesses create further economic impacts. As a result, the total impact of Lincoln Center visitors is \$427 million in business sales within New York City, \$445 million within New York State, and \$380 million of business sales within the metropolitan region.

The combined effects of operations and visitor spending associated with Lincoln Center and its resident organizations generate well over a billion dollars in business activity in the city, state, and metropolitan economies.

- ◆ The total economic impact of Lincoln Center and its resident organizations is almost \$1.3 billion in sales at New York City firms, with 10,200 jobs providing \$410 million in earnings for city residents. When employment is measured by location of job (rather than residential location of the worker who holds the job), it is estimated that the total economic activity associated with Lincoln Center and its resident organizations supports 12,800 jobs in New York City.
- ◆ The total economic impact of Lincoln Center and its resident organizations is over \$1.4 billion in sales at New York State firms, with 13,200 jobs providing \$540 million in earnings for state residents.
- ◆ The total economic impact of Lincoln Center and its resident organizations is over \$1.5 billion in output for metropolitan region firms, with 15,200 jobs providing \$635 million in earnings for residents of the metropolitan region.

Lincoln Center is a major generator of jobs.

- ◆ The full employment impacts of Lincoln Center include direct, indirect, and induced impacts. Direct employment by Lincoln Center and resident organizations accounted for approximately 5,500 full-time equivalent jobs.
- ◆ Indirect and induced jobs are created through spending on local goods and services by Lincoln Center, as well as spending by visitors to Lincoln Center. In all, the activities of Lincoln Center and its visitors support 10,200 jobs for residents of New York City, 13,200 jobs for residents of New York State, and 15,200 jobs for residents of the metropolitan region.
- ◆ Lincoln Center operations activities have helped stabilize a struggling New York City economy. Lincoln Center and its resident organizations employ more people, pay more wages, and spend more on goods and services than they did five years ago.

Lincoln Center continues to transform the surrounding neighborhood of the Upper West Side.

- ◆ In 1957 when the initial Urban Renewal Agreement for Lincoln Center was approved by the New York City Board of Estimate, the Lincoln Square neighborhood was considered a slum. Today, it is one of the most desirable areas in New York in which to live or locate a business. The impact on development in the neighborhood continues as new construction projects are undertaken and new businesses are created which continue to build New York City's employment and tax base.
- ◆ During the 1963–2003 period, taxable property values in the Lincoln Square area increased by 2,608%, compared with just 447% for the rest of Manhattan. This represents \$2.234 billion more taxable property value in Lincoln Square today than would have occurred if that property had appreciated at the same rate as the rest of Manhattan.
- ◆ The additional appreciation of taxable property values in Lincoln Square generates over \$285 million per year of property tax revenue than if property in Lincoln Square had appreciated at the same rate as in the rest of Manhattan.
- ◆ In 2003, Lincoln Square, which makes up just 3% of the landmass of Manhattan, accounted for 4.5% of the island's taxable property compared with only 0.9% in 1963.

Construction and redevelopment activities by Lincoln Center will generate additional business sales, earnings, and employment.

- ♦ Construction activity associated with two major projects by Lincoln Center—Jazz at Lincoln Center's Frederick P. Rose Hall and the 65th Street Redevelopment Project—together will generate more than \$1.1 billion in economic activity and 8,500 construction-related jobs in the metropolitan region during the 1998–2008 period.

1

INTRODUCTION

1.1 Purpose of This Report

Motivation and Goals. As one of the world's premier performing arts centers, Lincoln Center is a significant cultural "asset" of New York City. While few would disagree that Lincoln Center is an important component of the city's unique artistic and cultural environment, and that it contributes to the quality of life and the economic health of both the city and state, the *magnitude* of its contribution to the city, metropolitan, and state economies is not widely known. This takes on heightened importance as Lincoln Center and its resident organizations begin a redevelopment process that promises to update, expand, and transform the buildings, performance spaces, streets, and public spaces that comprise Lincoln Center and that will pour upwards of a billion dollars into new capital investment.

The goal of this report is to quantify and clarify: 1) the role that Lincoln Center plays in the New York City, New York State, and New York City metropolitan region economies, 2) the impact that Lincoln Center has on local neighborhood and community development, and 3) the impact of Lincoln Center's inaugural 65th Street Redevelopment Project and the construction of Jazz at Lincoln Center's new Frederick P. Rose Hall on economic activity in the local and regional economies.

In addition, the analysis presented here demonstrates the importance of Lincoln Center to the stability of the local and regional economies. As New York City struggles to regain pre-2001 employment and earnings levels, a large, stable organization like Lincoln Center can play a key role. Interviews with resident organizations reveal that very few have cut employment in the past few years and some have even added jobs.

Like other business entities, Lincoln Center spending and revenue are influenced by larger trends in the economy. Still, as a group, activities associated with Lincoln Center and its resident organizations employ more people, pay more wages, and spend more on goods and services than they did five years ago. That Lincoln Center has managed to grow in a period characterized by huge declines in international tourists—a critical audience for cultural organizations—is testament

to its broad appeal to local, national, and international audiences and its ability to adapt to changing circumstances.¹

1.2 Overview of Lincoln Center

Overview. At one level, Lincoln Center is an ongoing real estate development project that anchors one of the most significant community renewal efforts within the city in the past 50 years. Few people in the city and region even remember the slums and the violence that defined the Upper West Side of New York prior to Lincoln Center's establishment. Today, it is one of the most vibrant residential and commercial areas of the city.

Beyond being a real estate project, Lincoln Center is home to many of New York City's premier performing arts organizations. Each of these resident organizations reaches out beyond the Lincoln Center campus by offering additional performances at venues throughout the metropolitan region, the nation, and the world. Through exposure to these performances on radio, television, and film, the image of New York City as an international center for the performing arts is spread throughout the world. Locally, Lincoln Center's resident organizations introduce the city's youth to world-class artists through their extensive partnerships with public schools, and enrich the intellectual and cultural lives of the citizens of New York.

Organizations. As an operating entity, "Lincoln Center" includes twelve resident organizations. Lincoln Center for the Performing Arts, Inc., or Lincoln Center, Inc., oversees the facilities and public spaces that comprise the Lincoln Center campus and provides a wide range of operational and programmatic support for eleven other resident organizations. They are: The Chamber Music Society of Lincoln Center, The Film Society of Lincoln Center, Jazz at Lincoln Center, The Juilliard School, Lincoln Center Theater, The Metropolitan Opera,² New York City Ballet, New York City Opera, New York Philharmonic, The New York Public Library for the Performing Arts, and School of American Ballet. Throughout this report, information is presented for all twelve Lincoln Center resident organizations. Sometimes referred to as "Lincoln Center's resident organizations," "Lincoln Center and its resident organizations," or just as "Lincoln Center," all terms indicate Lincoln Center, Inc. plus eleven other resident organizations.

¹ Between 1998 and 2003, international visitation to New York City fell from 6.0 million to 4.8 million persons. Cultural organizations, especially those that present high culture productions, are very sensitive to the number of international tourists, approximately 60% of whom will visit at least one cultural site, compared with just 45% of domestic visitors. Tourism experts note, as well, that high cultural institutions are most sensitive to changes in international tourism. (Interview, NYC & Company, June 28, 2004.)

² Activities of The Metropolitan Opera Guild are also included.

Facilities. Activities at Lincoln Center involve a complex set of relationships. One important distinction that needs to be made is between the *facilities* and *theaters* that are located on the Lincoln Center campus and Lincoln Center's *resident organizations*, which each perform and produce activities both at Lincoln Center and elsewhere.

The major theaters at Lincoln Center are:

- ◆ Metropolitan Opera House
- ◆ New York State Theater
- ◆ Avery Fisher Hall
- ◆ Alice Tully Hall
- ◆ Vivian Beaumont Theater
- ◆ Mitzi E. Newhouse Theater
- ◆ Walter Reade Theater
- ◆ Frederick P. Rose Hall (opening October 2004)

In addition, there are numerous smaller theaters and performance spaces throughout the complex, many located in the Samuel B. and David Rose Building, as well as outdoor venues that are used for performances, festivals, and community events. While these facilities are primarily utilized for productions presented by the Lincoln Center residents, they are also rented out and used by other performing arts organizations. For example, the American Ballet Theatre—which is not a resident organization—performs its season at the Metropolitan Opera House. Similarly, the Big Apple Circus performs at Lincoln Center for three months every year in Damrosch Park. Other facilities are rented by outside performing arts groups for concerts and special events and by local colleges, universities, and high schools for commencement ceremonies. The filming of *Sex in the City* is a good example of the use of Lincoln Center facilities for television and film production. In such cases, Lincoln Center provides a signature New York City location that would be difficult to replicate elsewhere.

Off-site Activities. With the exception of Jazz at Lincoln Center, which will begin performing in the newly constructed Frederick P. Rose Hall in October 2004, the resident organizations of Lincoln Center are headquartered on the Lincoln Center campus and most of their performances occur in Lincoln Center facilities. However, some do rent other venues in the Lincoln Square neighborhood and elsewhere in New York City. For example, The Chamber Music Society uses nearby Merkin Concert Hall for some of its performances. Similarly, a number of Lincoln Center Theater productions have moved to Broadway theaters. During the summer, performances that are part of the Lincoln Center Festival are performed throughout the Lincoln Square neighborhood using local schools and performance halls to augment Lincoln Center facilities. Many resident organizations also tour nationally and internationally, holding performances at venues all over the world.

1.3 Methodology

Types of Economic Impacts. The term “economic impact” is commonly used to describe what is more accurately the “economic contribution” of an organization or activity on the local and regional economies. An organization makes an economic contribution through four *types* of impacts:

- ◆ *Direct effects:* All the direct expenditures by employment by Lincoln Center, as well as employment directly contracted by Lincoln Center.
- ◆ *Indirect effects:* Jobs and income of businesses that supply Lincoln Center with goods and services.
- ◆ *Induced effects:* Economic activity generated when Lincoln Center employees or its suppliers respond their wages on various consumer purchases.
- ◆ *Visitor effects:* Business activity created by the spending of individuals who specifically visit New York City in order to attend the performances presented at Lincoln Center. (It includes the direct spending of visitors and their indirect effects on suppliers.)

In order to present economic impacts at the most coherent geographical level, business sales (i.e., output) are summarized by the location of the affected businesses, while employment and earnings are summarized by residential location of employees. Thus, all output of businesses located in New York City is attributed to the city *economy*. However, only employees at these businesses who actually reside in one of the five boroughs will contribute to the city’s *employment and earnings* estimates presented here.

Study Areas. Throughout the report, impacts are measured at different *geographic level*—differentiating effects at the level of the neighborhood, the city, the state, and the metropolitan region. This study provides estimates of total economic impacts on three study areas: 1) New York City, 2) New York State, and 3) the four-state New York City metropolitan region. In addition, it examines tax and community development impacts at the neighborhood level.

The definitions of New York City and its metropolitan region are taken from the U.S. Census Bureau’s definition of the primary and consolidated New York metropolitan areas. New York City includes the five counties of the Bronx, Kings, New York, Queens, and Richmond. The metropolitan region includes the five

New York City counties plus surrounding counties in New York State, New Jersey, and Connecticut, plus one county in Pennsylvania.³

The economic impacts differ among these study areas for three reasons:

- ◆ First, the *indirect effects of Lincoln Center operations* appear larger when the study area is defined *more broadly* (such as the metropolitan region or state, rather than just the city). That is because a broader study area includes more of the suppliers of supporting goods and services.
- ◆ Second, the *induced effects of Lincoln Center operations* also appear larger when the study area is defined *more broadly*. This is because a broader study area includes more of the residential locations (and hence, earnings and employee spending) of employees.
- ◆ Third, business sales (i.e., output) associated with *visitor spending* appear larger when the study area is defined *more narrowly* (e.g., the city rather than the metropolitan region). That is because metropolitan visitors from New Jersey and Connecticut who visit the city to attend Lincoln Center events contribute to the inflow of dollars into the city, but bring no net increase in spent dollars within the region. Similarly, residents of New York State who visit the city to attend Lincoln Center events contribute to the inflow of dollars into the city but bring no net increase in dollars within the state.

In this context, the metropolitan region typically represents the “broadest” impact area and also the most “natural,” capturing as it does the strong reliance not only on New York City organizations, but on the broader metropolitan region for employees, goods, and services.

Data Collection. Estimates presented in this report are based on a range of quantitative and qualitative evidence gathered during the course of the project. In preparing economic impact numbers, data on resident organization expenditures were gathered from annual reports, budgets, and tax returns, as well as audience surveys. These data were then supplemented with information gathered during interviews with key personnel at Lincoln Center and its resident organizations.

³ The following counties are included in the U.S. Census Bureau’s definition of the New York City metropolitan area: Bronx (NY), Dutchess (NY), Kings (NY), Nassau (NY), New York (NY), Queens (NY), Orange (NY), Putnam (NY), Richmond (NY), Rockland (NY), Suffolk (NY), Westchester (NY), Bergen (NJ), Essex (NJ), Hudson (NJ), Hunterdon (NJ), Mercer (NJ), Middlesex (NJ), Monmouth (NJ), Ocean (NJ), Passaic (NJ), Somerset (NJ), Sussex (NJ), Union (NJ), Warren (NJ), Fairfield (CT), New Haven (CT), and Pike (PA).

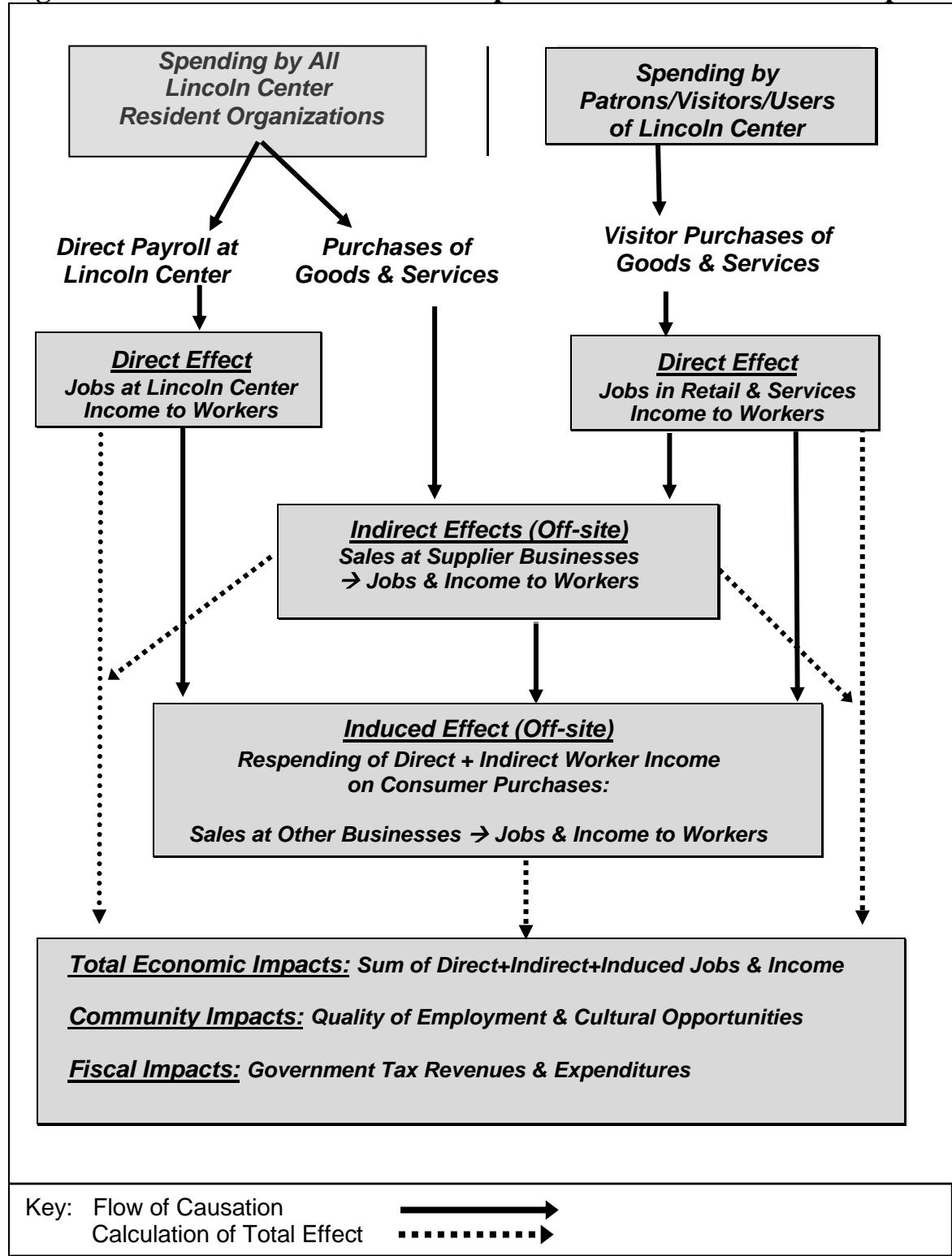
Where possible, detailed information on the location of suppliers by zip code was used to develop appropriate “regional purchase coefficients” for the subsequent analysis.

Because a large proportion of total expenditures goes toward employee wages and benefits, additional information was gathered on residential patterns of employees. In particular, attention was paid to the proportion of employees that live in New York City, New York State, and the metropolitan region. Most of the data were gathered during interviews with representatives from the resident organizations. In many cases, particularly for the larger organizations, interview information was supplemented with data on employees and earnings by zip code. With these data (which did not, of course, reveal the names or salaries of individual employees), it was possible to develop precise estimates of the portion of Lincoln Center earnings that are likely spent in each geographical area.

Economic Model and Methodology. After data on organizational spending on goods and services, wages, and residential patterns of employees were gathered, an economic impact analysis was performed in order to estimate the “indirect” and “induced” impacts discussed earlier.

These impacts were estimated using input-output economic matrices and multipliers developed specifically for these areas by the U.S. Bureau of Economic Analysis, using its RIMS-II (Regional Input-Output Multiplier System) models. For this project, three separate sets of multipliers were used: 1) one that captures the effects of spending on the New York City economy, 2) one that captures the effects on the economy of New York State, and 3) one that captures the effect on the entire metropolitan economy. These multipliers were used to estimate the *indirect* economic impacts associated with the purchase of goods and services by Lincoln Center and its resident organizations. The multipliers were also used to estimate the *induced* economic impacts of household spending on output and employment in New York City, New York State, and the metropolitan region.

Multipliers were also used to estimate the impacts of visitor spending and construction activity on local, state, and regional economies. The interrelationships of the various inputs to the impact analysis are illustrated in Figure 1-1.

Figure 1-1: Elements of Economic Impacts & Their Interrelationships

The numbers presented in this report are intended to represent conservative estimates of the overall economic impacts of Lincoln Center on the local, state, and metropolitan economies. The conservative nature of these estimates derives from a determination to avoid estimating impacts that could overstate the economic contribution of Lincoln Center. Examples of some of the methodological choices that stem from a conservative approach include the following:

- ◆ Visitor spending estimates are conservative. They do not include spending by visitors to New York Public Library for the Performing Arts (NYPL-PA), attendees at concerts in the parks, visitors who tour the facilities but do not attend performances, or attendees at events sponsored by outside licensees other than Big Apple Circus and American Ballet Theatre, both of which have long, established relationships with Lincoln Center.
- ◆ For students at Juilliard and School of American Ballet, only spending by on-campus students that is not already accounted for in the schools' revenue streams (as it will be for e.g., on-campus housing, purchases at the school bookstore, and meals eaten in the cafeteria) was taken into account.
- ◆ Estimates of spending by visiting performers (above the spending of the per diems they receive) relied on conservative estimates of the number of performers, average daily spending, and length of stay in New York.

1.4 Organization of the Report

In Chapter 2, the economic impact of Lincoln Center operations is discussed, and the effects on the city, state, and metropolitan economies analyzed. Chapter 3 provides a discussion of the economic effects of spending by Lincoln Center visitors and its broader impacts on the city, state, and metropolitan economies. Chapter 4 provides information about the effect of Lincoln Center on property values in the Lincoln Square neighborhood and also provides information on the characteristics of neighborhood residents. Chapter 5 presents the economic impacts associated with the first stages of redevelopment, including the construction of Jazz at Lincoln Center's Frederick P. Rose Hall and Lincoln Center's 65th Street Project. Chapter 6 summarizes the economic and tax contributions of Lincoln Center to the economies of New York City, New York State, and the New York City metropolitan region.

2

ECONOMIC IMPACT OF LINCOLN CENTER OPERATIONS

2.1 Overview

In this section, information is presented on the direct payroll and spending patterns associated with the operation of Lincoln Center and resident organizations, as well as estimates of the broader economic impact of that spending on the New York City, New York State, and the New York metropolitan region economies.

Lincoln Center makes a substantial contribution to the city, state, and metropolitan economies. In fiscal year 2003 (referred to as “2003” for the remainder of the section), Lincoln Center and its resident organizations spent about \$350 million on employee wages and benefits, and employed over 9,000 persons in full-time, part-time, and contract positions at some time during the year. After adjusting for part-time and contract positions, this is the equivalent of an estimated 5,500 full-time employees.⁴

Additionally, Lincoln Center and its resident organizations also spent \$180 million on goods and services. Summing direct, indirect, and induced effects, the operations of Lincoln Center support the following economic activities:

- ♦ Within New York City, Lincoln Center generates a total of \$840 million in business sales, of which \$295 million is paid to workers who reside in the city. This supports approximately 5,800 jobs for New York City residents. When employment is measured by location of job (rather than location of the worker who holds the job), it is estimated that Lincoln Center operations support 7,600 jobs in New York City.
- ♦ Within New York State, Lincoln Center generates a total of \$1.01 billion in business sales, of which \$405 million is paid to workers who

⁴ There were over 9,000 persons employed at Lincoln Center at some point during the course of 2003, of which over 2,800 were in full-time positions and over 4,500 were in part-time positions. To estimate total full-time equivalent (FTE) jobs, it was assumed that two part-time or five contract positions is the equivalent of one FTE.

reside somewhere in the state. This supports approximately 8,300 jobs for New York State residents.

- Within the broader New York City metropolitan region, Lincoln Center generates an even higher impact: \$1.14 billion of business sales, of which \$510 million is paid to workers who reside in the metropolitan region. This supports approximately 10,600 jobs for residents of the metropolitan region.

2.2 Direct, Indirect, and Induced Effect of Lincoln Center Spending

Direct Effects. As of 2003, Lincoln Center and its resident organizations spent almost \$350 million in spending on wages and benefits. This spending supported over 2,800 permanent, full-time jobs at Lincoln Center, and thousands more part-time and contract positions. Part-time and contract employment will fluctuate according to the types of activities in which resident organizations are engaged at any given time. For example, the number of part-time and contract employment tends to increase greatly during production runs. Based on data from resident organizations, it is estimated that Lincoln Center employed at least 9,000 persons at some time during 2003. It is estimated that 67% of all workers reside in one of the five boroughs, 78% reside within New York State, and 93% within the greater metropolitan region.⁵

Induced Effects. The wages directly paid to workers by Lincoln Center, as well as wages paid by firms that supply Lincoln Center, are largely spent by the workers and their families on household purchases—including housing, food, clothing, entertainment, and other expenditures. These retail purchases further generate business sales for producers and wholesale-level suppliers of goods and materials. The economic impact associated with responding of wages is known as the “induced effect.” It generates a significant amount of economic activity—supporting \$190 million in business sales within New York City, \$315 million in business sales within New York State, and \$395 million in business sales within the entire metropolitan region. Associated with these business sales are approximately 1,100 jobs within New York City, 2,300 jobs within New York State, and a total of 3,300 jobs within the metropolitan region.

The large differences between the induced effects on the city versus the state and metropolitan region economies are due to the spending patterns of city residents, as well as the residential patterns of workers in the production and wholesale sectors, many of whom live within the metropolitan region outside of the five boroughs. As is typical of residents of many cities, a large proportion of their

⁵ Estimates are based on analysis of zip code patterns of employees and interviews with resident organizations.

spending tends to flow from the city to business suppliers in outlying areas, thus generating a larger impact on the state and metropolitan economies than on the city itself.

Indirect Effects. In addition to paying workers, Lincoln Center and resident organizations spend around \$180 million on (non-labor) goods and services. Some of this spending is used to purchase physical goods—including stage sets, instruments, costumes, and printed materials—from outside firms; other expenditures are for services from outside contractors and firms. All of the resident organizations report substantial spending on a wide range of services, including advertising, legal and financial advice, communications, computer services, and catering and other food services.

Purchase of goods and services generates what are termed “indirect” economic impacts in the form of employment, wages, and further spending by the businesses that supply these goods and services. The overall indirect effect of Lincoln Center is the amount of business sales associated with both local area businesses selling goods and services to Lincoln Center, as well as other local businesses selling needed materials and other inputs to those suppliers. Of course, some of the goods and services provided to Lincoln Center come from outside the metropolitan region or state and do not contribute to local area impacts.

Business Sales: The overall result is that each dollar spent by Lincoln Center on purchases of goods and services supports an additional 66 cents in business sales by firms in New York City and almost a dollar of business sales by firms in the metropolitan region. Lincoln Center’s \$180 million of spending on purchases of goods and services from outside vendors and suppliers supports \$120 million in business sales in New York City, \$165 million in total sales in New York State, and \$215 million in total sales in the metropolitan region.⁶

Jobs: The off-site business sales includes wages paid to workers, supporting an additional 1,000 jobs for residents of New York City, 1,700 jobs for residents of New York State, and 2,200 for residents of the metropolitan region.

⁶ The metropolitan-wide business sales impact is larger than New York State’s impact, because it includes significant portions of New Jersey and Connecticut, and one county in Pennsylvania, as well as portions of New York State.

2.3 Total Impact of Lincoln Center Operations

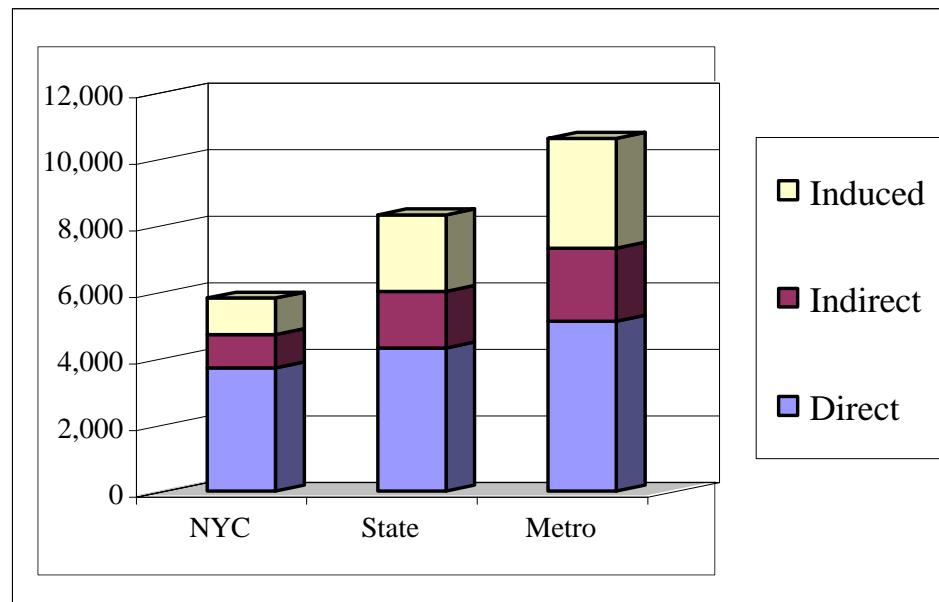
Figure 2-1 and Table 2-2 summarize the total of direct, indirect, and induced economic impacts associated with the direct spending by Lincoln Center. This does *not* include additional impacts associated with spending by visitors to Lincoln Center, which are addressed in Chapter 3, and tax impacts, which are addressed in Chapter 6.

The total of direct, indirect, and induced effects of Lincoln Center differs depending on the study area:⁷

- ◆ *Within New York City*, \$840 million of business sales is generated (including \$530 million of Lincoln Center activity and \$310 million of indirect and induced effects on businesses outside of Lincoln Center). Of that amount, \$295 million goes to earnings, supporting 5,800 jobs for workers who live in New York City. When employment is measured by location of job (rather than location of the worker who holds the job), it is estimated that Lincoln Center operations support 7,600 jobs in New York City.
- ◆ *Within New York State*, a total of \$1.01 billion of business sales is generated. Of this, \$405 million goes to earnings, supporting approximately 8,300 jobs for workers who live in New York State.
- ◆ *Within the broader metropolitan region*, the total impact of Lincoln Center operations is \$1.14 billion in business sales, of which \$510 million goes to earnings that support 10,600 jobs for residents of the metropolitan region. The large impact on the metropolitan economy relative to the city economy reflects the large number of suppliers and Lincoln Center employees who reside in suburban areas of New York, New Jersey, and Connecticut.

⁷ Further explanations of these figures are provided in the notes for Table 2-2.

Figure 2-1: Jobs Associated with Lincoln Center Operations Spending



Note: Employment is reported by residence of worker.

Table 2-1: Economic Impacts of Spending by Lincoln Center and Its Resident Organizations

	<u>Output</u>	<u>Employment</u>	<u>Wages</u>
Direct Effects			
New York City	\$530M ¹	3,700 ²	\$230M ³
New York State	\$530M	4,300	\$275M
NY metropolitan region	\$530M	5,100	\$320M
Indirect Effects (Suppliers of Goods and Services)			
New York City	\$120M	1,000	\$30M
New York State	\$165M	1,700	\$50M
NY metropolitan region	\$215M	2,200	\$75M
Induced Effects (Wage Responding)			
New York City	\$190M	1,100	\$35M
New York State	\$315M	2,300	\$80M
NY metropolitan region	\$395M	3,300	\$115M
Total Effects of Spending by Lincoln Center and Its Residents (sum of above)			
New York City	\$840M	5,800	\$295M
New York State	\$1.01B	8,300	\$405M
NY metropolitan region	\$1.14B	10,600	\$510M

Note: Output is reported by location of business, employment, and wages by residence of worker.

¹ The direct economic activity at Lincoln Center is represented by the \$530 million operating budget of Lincoln Center and its resident organizations (after adjustment to correct for double-counting associated with intra-organizational payments).

² The direct employment is measured as the full-time equivalent number of jobs taking place at Lincoln Center over the course of a year and held by city, state, or metropolitan region residents.

³ The value of direct wages at Lincoln Center is represented as the total labor cost, including fringe benefits and payroll taxes.

3

ECONOMIC IMPACT OF SPENDING BY LINCOLN CENTER VISITORS

3.1 Overview

Lincoln Center draws a wide range of visitors to New York City and the broader metropolitan region. Those visitors bring in money to the local economy through spending on goods and services like meals, lodging, local transportation, and retail purchases. Of course, Lincoln Center cannot claim full credit for the spending of all visitors to New York who happen to visit Lincoln Center as part of their local itinerary. For that reason, there must be a careful accounting of the magnitude of visitors to Lincoln Center, the extent to which they come from outside of the city or metropolitan region, and the extent to which their visits and spending can be directly attributed to Lincoln Center.

As is detailed in this chapter, visitor spending that is directly attributable to audiences of Lincoln Center and its resident organizations provides a substantial contribution to the city, state, and metropolitan economies. Counting direct, indirect, and induced effects, this visitor spending supports the following economic activities:

- ◆ For New York City, there is a net increase of \$427 million in business sales generated by Lincoln Center visitors, providing almost \$115 million in earnings and supporting approximately 4,400 jobs for residents of New York City.
- ◆ Within New York State, there is a net increase of \$445 million in business sales generated by Lincoln Center visitors, providing almost \$135 million in earnings and supporting approximately 4,900 jobs for residents of New York State.
- ◆ Within the New York City metropolitan region, there is a net increase of \$380 million in business sales generated by Lincoln Center visitors, providing almost \$125 million in earnings and supporting approximately 4,600 jobs for residents of the metropolitan region.

3.2 Magnitude and Types of Visitors

Lincoln Center draws visitors for various purposes throughout the year. These include audiences for performances by resident organizations at Lincoln Center's indoor and outdoor facilities; students who attend schools and education programs housed at Lincoln Center and the family members and friends who visit them; audiences for resident organizations at venues away from Lincoln Center and non-resident performances at Lincoln Center; non-resident performers; and tourists who visit Lincoln Center's facilities.

For the purposes of this analysis, three types of visitors are relevant: audience members attending Lincoln Center productions in New York City (including audiences at American Ballet Theatre's and Big Apple Circus' Lincoln Center performances), students, and guest performers.

Audiences. Annually, Lincoln Center draws an audience of approximately 4.7 million persons, which includes audiences at Lincoln Center-produced events held in New York City, audiences at events produced by outside organizations but held at Lincoln Center, visitors to New York Public Library of the Performing Arts (NYPL-PA), and those who participate in educational activities or tour Lincoln Center's facilities. For reasons discussed in Sections 1.3 and 3.3, only a subset of the total audience—audience members at productions presented by Lincoln Center's twelve resident companies in New York City and audiences at American Ballet Theatre's (ABT) and Big Apple Circus' (BAC) performances held on the Lincoln Center campus—is used to calculate visitor spending. In 2003, audience members at Lincoln Center productions in New York City and ABT and BAC performances at Lincoln Center totaled 3 million.⁸

Students. Two of Lincoln Center's constituent organizations offer full-time educational programs. The Juilliard School offers an undergraduate program attended by approximately 800 individuals. The School of American Ballet offers an elementary and secondary program attended by 325 students. Many of these students come from outside the metropolitan region. Only spending by on-campus students not already accounted for in the schools' revenue streams (as it will be for e.g., on-campus housing, purchases at the school bookstore, and meals eaten in the cafeteria) was taken into account. Spending by Juilliard and School of American Ballet students who are from the tristate area (i.e., NY, NJ, CT) was not included in our estimates of the economic impact of these institutions. Using these criteria, it is estimated that student spending that can be treated as visitor spending was approximately \$7.5 million in 2003.

⁸ This number reflects ticketed audience counts of performances held by ABT and BAC at Lincoln Center and Lincoln Center-produced events in New York City. With few exceptions, the Lincoln Center-produced performances are presented at Lincoln Center facilities.

Guest Performers. The resident organizations of Lincoln Center often invite guest artists from outside of the New York metropolitan region to participate in their performances. These guest performers stay in New York City, sometimes for extended periods of time, while performing at Lincoln Center. Often, these guests extend their stay beyond their performance schedules to enjoy New York, thus transitioning from performers to visitors. Also included in the guest performer spending estimates was spending by teachers from outside the tristate area who attend training programs run by the Lincoln Center Institute. It is estimated (very conservatively) that the “visitor” portion of guest performer spending is at least \$1 million per year.

3.3 Estimating Visitor Spending

In order to develop accurate estimates of spending by Lincoln Center visitors, it is necessary to measure three items: 1) How many of the visitors to Lincoln Center come from outside New York City, New York State, and the metropolitan region? 2) How much money do they spend while in New York City? 3) How much of that spending can be directly attributed to their visit to Lincoln Center? Here the expenditure estimates are presented and their likely effects on economic activity in the city, state, and metropolitan economies. The assumptions and methodology used to derive these estimates are also described.

Number of Visitors Coming from Other Regions. Data on attendance and audience breakdown by residence were obtained from Lincoln Center and its resident organizations. Estimates were generally obtained from zip code information of ticket purchases and various audience surveys. Where hard data were not available, either organization representatives were asked to make estimates or project ratios based on actual data drawn from organizations with similar audience profiles. Analysis of these data revealed that across Lincoln Center, the (weighted) average audience profile in 2003 was 54% from within New York City, 25% from the metropolitan region, and 21% from outside the New York City metropolitan region. In 2003, an estimated one in five audience members from outside the metropolitan region—roughly 4% of all visitors—was an international visitor.

Treatment of Spending by Visitors from Other Regions. In order to estimate the total impact of visitor spending, it is necessary to make assumptions about the impact of different types of visitors on the city, state, and metropolitan economies. The following assumptions were used in this study:

- ♦ Spending by visitors to Lincoln Center who already live in New York City has no impact on the city, state, or metropolitan economies. This approach is based on the assumption that if Lincoln Center did not

exist, city residents would spend the money now spent attending Lincoln Center events (and e.g., having dinner before and drinks after) elsewhere in the city economy.

- ◆ Spending by New York State visitors who live outside the metropolitan region (i.e., roughly 50 or more miles from New York City) is considered to contribute to the city, state, and metropolitan region economies. For these visitors, it is assumed that the distance from New York City is great enough that they treat New York City as a tourist destination, much as they would Boston or Washington, D.C., rather than as part of their daily environs, as with metropolitan region residents.
- ◆ Similarly, spending by visitors who live in counties in New Jersey and Connecticut that are part of the New York City metropolitan region is assumed to add to the city and state economies, but not the metropolitan economy.
- ◆ Audience members who live within the New York metropolitan region but outside the five boroughs are considered “day-trippers,” i.e., visitors who do not stay in the city overnight.
- ◆ Of audience members who come from outside the metropolitan region, 90% are assumed to be “overnighters,” i.e., visitors who stay at hotels or other lodging in the city. The remaining 10% are assumed to be “day-trippers.”
- ◆ Among “overnighters,” only the expenditures of those who visit New York City or extend their stay *primarily to attend a Lincoln Center event* are attributed to Lincoln Center. An estimated 60% of New York City’s cultural visitors are “primary cultural visitors” who come to the city primarily to attend events at Lincoln Center. Another 8% are “cultural extenders” who have extended their stays for the purpose of attending events at Lincoln Center. Both categories of visitors attend an average of two cultural events.⁹ It is, therefore, assumed that Lincoln Center events are the primary visit motivators for half (i.e., one of the two cultural events attended) of these cases and thus attribute one half of their local spending to Lincoln Center events. Thus, 34% of spending by overnight visitors attending Lincoln Center events—i.e., one half of the spending of the 68% of the audience that are “cultural visitors”—is considered attributable to Lincoln Center.
- ◆ For audience members whose visit is attributable to a Lincoln Center event, all local expenditures made during the New York City visit are

⁹ Based on data from: *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region*: Port Authority of New York & New Jersey, October 1993.

included in expenditure estimates except the cost of tickets to the events themselves. (Tickets to Lincoln Center events are assumed to average \$45.) This assumes that these visitors would not have visited New York City or extended their visit had it not been for the Lincoln Center event.

- ◆ Audience members at concerts held in area parks and visitors to NYPL-PA are assumed to add no money to the local or regional economies. In the case of concerts in the parks, the audience is likely to be drawn mostly from the local population and thus, would be assumed to spend money in the local economy in any case. In the case of NYPL-PA visitors, it is unlikely that their ancillary spending in the city is significant, as it is with other cultural tourists. However, it is important to note that information on visitor origin and spending patterns is not available for either NYPL-PA or concerts in the parks. Thus, the assumption that these visitors do not make a net contribution to the local or regional economy is a conservative one.
- ◆ Tour visitors and those attending lectures at Lincoln Center are assumed to add no money to the local or regional economies, because it is assumed that neither of these activities (tours, lectures) is significant enough to be a primary motivation for a trip to New York City. In those cases where tour and lecture participants also attend a ticketed event at Lincoln Center, their spending will be accounted for in the spending estimates attributed to ticketed audience members.

Visitor Spending. The following assumptions were made about the amount of money spent by Lincoln Center audiences:

- ◆ Domestic overnight visitors who come to New York City primarily to attend a Lincoln Center event stay an average of five nights in the city and spend a total of \$1,042, net of the cost of attending a Lincoln Center event.¹⁰
- ◆ International overnight Lincoln Center visitors who come to New York City stay an average of eight nights in the city and spend a total of \$626, net of the cost of attending a Lincoln Center event.
- ◆ Domestic and international overnight visitors to New York City who extend their visit to attend a cultural event stay an average additional 2.3 days. Cultural extenders are assumed to spend the same amount per day as other domestic and international overnight visitors.

¹⁰ For the purpose of this report, it has been assumed that the average cost of a ticket to a Lincoln Center event is \$45. Across all cultural visitors (Lincoln Center and non-Lincoln Center), visitors spend an average of \$15 per day on cultural events. The incremental difference, then, is \$30.

- ◆ Cultural day-trippers spend an average of \$96 associated with their attendance at a performing arts event, net of the cost of attending a Lincoln Center event.¹¹
- ◆ The composition of visitor expenditures is estimated as follows:

Day-trippers: 38% for food and drink, 11% for shopping, 8% for auto transportation, 20% for local transportation, and 23% for entertainment and recreation.

Domestic Overnighters: 36% for lodging, 24% for food and drink, 7% for shopping, 5% for auto transportation, 13% for local transportation, and 15% for entertainment and recreation.

International Overnighters: 34% for lodging, 19% for food and drink, 24% for shopping, 1% for auto transportation, 13% for local transportation, and 9% for entertainment and recreation.¹²

- ◆ Student expenditures for supplies and living expenses were obtained directly from each of the applicable constituent organizations, where possible. Only students originating from outside the tristate area of NY, NJ, and CT were considered to be adding business sales in the city, state, and metropolitan economies. This reflects the fact that if these students did not attend Juilliard or School of American Ballet, they very might well have attended another college in New York City and thus, still spent money on tuition, room, board, books, and leisure somewhere in the city. Using these assumptions, it is estimated that student spending that can be treated as visitor spending was approximately \$7.5 million in 2003.

3.4 Direct Effect: Visitor Spending

Multiplying estimates of Lincoln Center audience by residence and spending per visitor estimates yields direct expenditures by visitors that are attributable to Lincoln Center. In 2003, the ticketed audience at local performances, American Ballet Theatre, and Big Apple Circus was almost 3.0 million people. Of these,

¹¹ Recent data from New York & Company (the city's visitor and travel bureau) suggest that a cultural day-tripper attending a Lincoln Center event would spend \$96 per day, net of the cost of the ticket. This is consistent with Lanier's survey of expenditures by visitors to New York City attending the New York City Ballet and the New York City Opera, which reported an average daily spending of \$85 in 1998 (Lanier, 1999). Applying an increase in cultural day-tripper spending proportional to growth in all domestic visitor spending, which increased from \$172 in 1998 to \$199 in 2002 (the last year for which data are available), would yield an estimate of \$98.

¹² No estimate of expenditure breakdowns specifically by cultural visitors could be obtained, so one was estimated based on data in *Tourism's Economic Impact on New York City: 2002* (NYC & Company). Estimated expenditures by cultural day-trippers are also available in Lanier, 1999. However, to ensure consistency between day-tripper and domestic overnight visitor spending, NYC & Company data were used. (See footnote 14.)

over 1.6 million were residents of New York City whose visitation did not add any money to New York City's economy. Another 816,000 were "day-trippers" who come to the city for a cultural event but do not stay overnight in the city. The remaining 560,000 are visitors from outside the metropolitan region who assumed to stay overnight (for one or more nights) in the city. Of the overnight visitors, approximately one third were excluded on the basis that their visit to Lincoln Center was not a primary objective of their visit, and for the rest, just half of their local spending on hotels, meals, and other purchases was credited to the existence of Lincoln Center. The relevant data are summarized in Table 3-1.

Table 3-1: Expenditures by Lincoln Center Audiences Coming from Outside New York City

<u>Lincoln Center Audience Categories</u>	Number	Total Spending
Day-trippers	816,000	\$78 million
Overnighters		
Domestic: Primary Cultural Visitor	277,000	\$144 million
Domestic: Cultural Extender	37,000	\$9 million
International: Primary Cultural Visitor	57,000	\$18 million
International: Cultural Extender	8,000	\$1 million
Students and Guest Performers	---	\$8 million
<i>Total – All Visitors</i>	<i>1,195,000</i>	<i>\$258 million</i>
 <u>Audience Spending Categories</u>		Total Spending
Lodging		\$65 million
Eating and Drinking		\$73 million
Local Transportation		\$52 million
Entertainment & Recreation		\$43 million
Shopping		\$25 million
<i>Total</i>		<i>\$258 million</i>

Using this information, it is estimated that in 2003, the net annual visitor spending flowing into New York City that is directly attributable to Lincoln Center totaled \$258 million in 2003; the net annual visitor spending flowing into New York State was \$225 million; and net annual visitor spending flowing into the metropolitan region was \$185 million.

As noted earlier, visitor spending estimates do not include spending by visitors to NYPL-PA, attendees at concerts in the parks, or attendees at events sponsored by

outside licensees other than Big Apple Circus and American Ballet Theatre. If these were included and their spending assumed to be similar to other Lincoln Center visitors, the total number of day-trippers, overnighters, and cultural extenders would increase to 1.6 million and visitor spending to over \$320 million.

3.5 Indirect & Induced Effect: Suppliers and Wage Responding

Visitor spending generates additional economic activity through two mechanisms. The first is “indirect” spending, where the hotels, restaurants, retail stores, and services that receive visitor spending in turn purchase wholesale materials, equipment, supplies, and business services. These “downstream” economic impacts, which provide additional jobs and income in production and wholesaling, are referred to as the “indirect effect.”

The second mechanism is the “induced” effect, where wages paid directly to workers at the hotels, restaurants, and retail stores supported by Lincoln Center visitors are spent in the local economy. These purchases generate further business sales and are known as the “induced effect.”

3.6 Total Impact of Visitor Spending

Table 3-2 summarizes the total of direct, indirect, and induced impacts associated with Lincoln Center visitor spending. As the data show, the total of direct, indirect, and induced effects of Lincoln Center visitor spending differs depending on the study area:

- ◆ Within New York City, a total of \$427 million in business sales is generated as a consequence of non-city residents visiting Lincoln Center. Of that amount, over \$115 million goes to earnings for New York City workers, supporting approximately 4,400 jobs for city residents.
- ◆ Within New York State, a total of \$445 million in business sales is generated as a consequence of out-of-state residents visiting Lincoln Center. Of that amount, \$135 million goes to earnings for New York State workers, supporting approximately 4,900 jobs for state residents.
- ◆ Within the broader New York City metropolitan region, a total of \$380 million in business sales is generated as a consequence of non-metropolitan residents visiting Lincoln Center. Of that amount, over

\$125 million goes to earnings for metropolitan workers, supporting approximately 4,600 jobs for metropolitan residents.

Table 3-2: Economic Impacts of Spending by Visitors to Lincoln Center

	<u>Output</u>	<u>Employment</u>	<u>Wages</u>
<u>Direct Effects</u>			
New York City	\$258M	2,700	\$70M
New York State	\$225M	2,500	\$70M
NY metropolitan region	\$185M	2,200	\$60M
<u>Indirect and Induced Effects</u>			
New York City	\$169M	1,700	\$45M
New York State	\$220M	2,400	\$65M
NY metropolitan region	\$195M	2,400	\$65M
<u>Total Effects</u>			
New York City	\$427M	4,400	\$115M
New York State	\$445M	4,900	\$135M
NY metropolitan region	\$380M	4,600	\$125M

Notes: Output is reported by location of business, employment, and wages by residence of worker. With the exception of New York City output, which is reported to match the numbers in Table 3-1, dollar concepts are rounded to the nearest \$5M and employment to the nearest 100.

4

IMPACT OF LINCOLN CENTER ON THE NEIGHBORHOOD

4.1 The Evolving Lincoln Square Neighborhood

Image. Fewer and fewer people in New York City remember what the Upper West Side of Manhattan was like prior to the building of Lincoln Center. The old tenement buildings are long forgotten by the vast majority of current residents and businesses, as well as most visitors. Instead, the visitor to the Lincoln Square neighborhood today finds a vibrant and diverse residential and commercial community that continues to evolve.¹³

From the vantage point of the mid-1980s, it was clear that Lincoln Center was the spark that led to the stability and redevelopment of the neighborhood. Between 1960 and 1980, population was relatively stable in Lincoln Square—dropping 2.5 percent, as compared with a 16 percent decline in Manhattan and a 9 percent decline in New York City as a whole. Was Lincoln Center responsible for this shift in stability? A previous study of the economic impact of Lincoln Center found that while there is no way to definitively prove the case,

“an examination of the timing and the extent of economic change leads an objective analyst to conclude that Lincoln Center, undertaken when and where and on the scale it was built, played a key role in the development of a community that is unique in New York City for the diversity of its residential and commercial makeup.”¹⁴

The mixed-use character of the 1980s is still evident today. The rapid growth in residential housing in the 1970s and 1980s has been matched by a commercial and retail boom during the past decade, resulting in a neighborhood with great appeal for both residential and commercial interests. Lincoln Square today is one of the city’s most desirable residential neighborhoods for young families, as well as older professionals, and has drawn significant investments from commercial developers looking to draw on the cachet of the Lincoln Square address and gain

¹³ The Lincoln Square neighborhood is defined, for purpose of this analysis, as Census tracts 145, 147, 149, 151, 153, 155, 157, 159, 161, and 163. It is bounded by 58th Street on the South, 72nd Street on the North, Central Park on the East, and the Hudson River on the West.

¹⁴ *The Economic Contribution of Lincoln Center for the Performing Arts*, by Karen Gerard, September 1984.

access to consumers living in the neighborhood.

As shown in Table 4-1, the population that resides in Lincoln Square is, in many ways, atypical: It is slightly older, more educated, and has a higher average income than most in Manhattan. Unlike most neighborhoods in Manhattan, Lincoln Square has more residents between the ages of 25 and 34 than it does residents under the age of 24. These residents tend to be highly educated, with 75% holding at least a bachelor's degree, compared with just 49% across Manhattan and 27% across the five boroughs. Lincoln Square residents are also more likely to have high incomes, with almost 40% of households reporting an annual income of \$100,000 or more, compared with just 24% of Manhattan and 14% of New York City households. Given these demographics, the surge in retail investment during the past decade comes as little surprise.

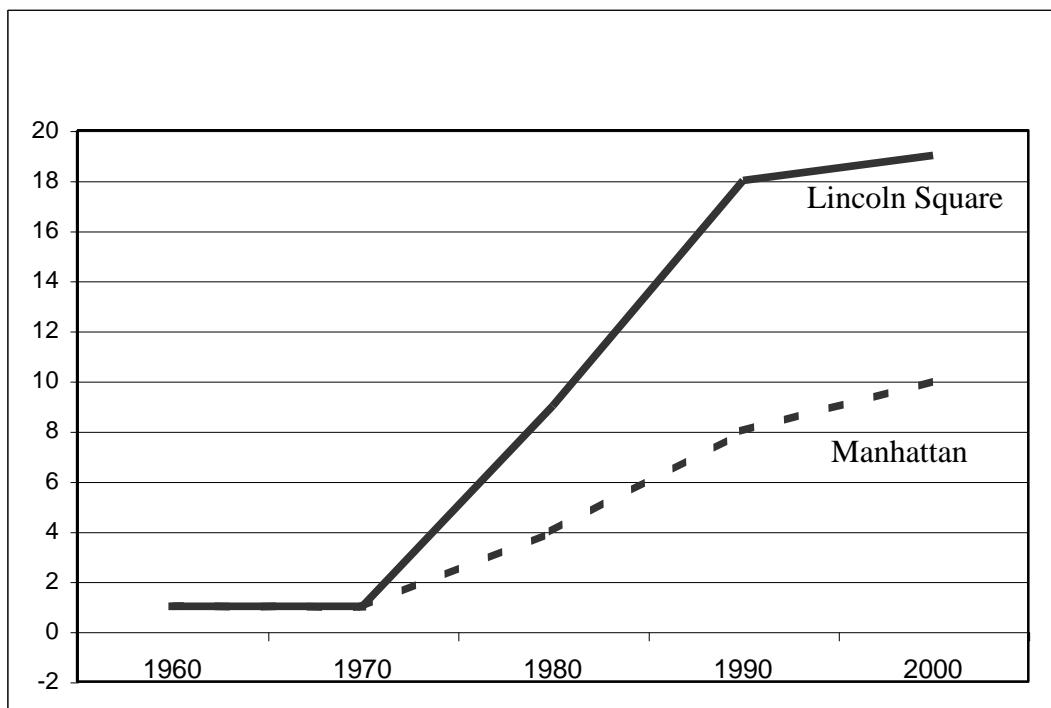
Table 4-1: The Lincoln Square Neighborhood at a Glance

	<u>Lincoln Square</u>	<u>Manhattan</u>	<u>New York City</u>
Total Population	68,552	1,537,195	8,008,278
Age Distribution			
24 years and younger	16%	27%	34%
25–34 years	27%	22%	17%
65 years and older	14%	12%	12%
Adults with BA or higher, 2000	75%	49%	27%
Adults with BA or higher, 1990	64%	42%	23%
Median Household Income (1999)	\$76,892	\$47,030	\$40,851
Under \$10,000	7%	14%	16%
\$10,000–\$49,999	29%	37%	45%
\$50,000–\$99,999	26%	24%	26%
\$100,000 and over	39%	24%	14%

Households and Housing Development. The evolution of the Lincoln Square neighborhood is best illustrated by the trends in housing and population. Since the inception of Lincoln Center in the 1960s, the Lincoln Square neighborhood has experienced a dramatic increase in the number of housing units and households residing in the neighborhood.

From 1960 to 2000, the net number of housing units in Lincoln Square increased by 19 percent, compared with a Manhattan-wide rate of 10 percent.¹⁵ In the 1960–1980 period, housing units increased by over 9% compared with less than 4% in the rest of Manhattan. Growth in housing units in Lincoln Square continued in the 1980–2000 period, when the number of units again increased by over 9% compared with 5.9% in the rest of Manhattan. (See Figure 4-1 and Table 4-2.)

Figure 4-1: Housing Development: Percent Increase in Housing Units Over 1960 Levels



¹⁵ According to the U.S. Census Bureau, a “housing unit” is defined as a house, an apartment, a group of rooms, or a single room occupied as separate living quarters, those in which the occupants live separately from any other people in the building and that have direct access from the outside of the building or through a common hall.

Table 4-2: Housing Development Trends

	<u>Lincoln Square</u>	<u>Manhattan</u>	<u>New York City</u>
<u>Housing Units</u>			
1960	37,928	727,400	2,758,100
1970	38,088	714,600	2,924,300
1980	41,412	753,800	2,940,800
1990	44,687	785,100	2,992,200
2000	45,297	798,144	3,200,912
<u>Percent Change by Decade</u>			
1960–1970	+ 0.4%	- 1.8%	+ 6.0%
1970–1980	+ 8.7%	+ 5.5%	+ 0.6%
1980–1990	+ 7.9%	+ 4.2%	+ 1.7%
1990–2000	+ 1.4%	+ 1.7%	+ 7.0%
<u>Percentage Change by Period</u>			
1960–1980	+ 9.2%	+ 3.6%	+ 6.6%
1980–2000	+ 9.4%	+ 5.9%	+ 8.8%
Overall: 1960–2000	+ 19.4%	+ 9.7%	+ 16.1%

The Lincoln Square population base actually also changed dramatically during the first two decades following the development of Lincoln Center. Between 1960 and 1980, the number of households living in Lincoln Square grew at a significantly higher rate than the corresponding rates of growth for Manhattan and New York City as a whole.¹⁶ (See Table 4-3.) Taken together with the data on housing units, the growth and then stabilization of households in the 1960–1980 period suggest a decreasing vacancy rate in the Lincoln Square neighborhood during this period.

More dramatic impacts continued to occur in the development of new housing units in the Lincoln Square neighborhood in the 1980s, when the number of new housing units in the neighborhood grew nearly 8 percent, as compared with 4 percent for Manhattan and 2 percent for all of New York City. (See Table 4-2.) These statistics reflect the new luxury, high-end development projects being introduced into the neighborhood during this period. Many of the individuals who bought new studios and one-bedroom units were reportedly couples who had a home in the suburbs but wanted a place to stay when they came to Lincoln Center or for when they retire.

¹⁶ A “household” is defined as all of the people who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters.

Table 4-3: Growth of Households

<u>Households</u>	<u>Lincoln Square</u>	<u>Manhattan</u>	<u>New York City</u>
1960	35,376	695,791	2,654,440
1970	36,256	687,282	2,836,870
1980	40,212	706,015	2,792,610
1990	40,186	716,811	2,816,270
2000	41,311	739,167	3,022,477
Percentage Change by Decade			
1960–1970	+2.5%	-1.2%	+6.9%
1970–1980	+10.9%	+2.7%	-1.6%
1980–1990	-0.1%	+1.5%	+0.8%
1990–2000	+2.8%	+3.1%	+7.3%
Percentage Change by Period			
1960–1980	+13.7%	+1.5%	+5.2%
1980–2000	+2.7%	+4.7%	+8.2%
Overall: 1960–2000	+16.8%	+6.2%	+13.9%

4.2 The Second Revival: Development Since 1990

The beginning of the 1990s ushered in a second revival of Lincoln Square. Beginning with the building of 3 Lincoln Square and the Samuel B. and David Rose Building in the early 1990s, the development of the Millennium Towers in the mid-1990s, and now with the construction of Jazz at Lincoln Center's Frederick P. Rose Hall, the past decade has seen the addition of thousands of additional housing units and major commercial and retail developments in and around Lincoln Square.

One of the most significant developments of the 1990s was the Lincoln Square Project and Millennium Towers—located between 66th and 68th Streets at Broadway and Columbus—completed in the mid-1990s. This project includes a 13-screen movie theater, a post office, high-end retail space, a health club, and one- and two-bedroom condos that sold for \$500,000 to \$800,000. The complex is

20 percent larger than the normal zoning permits because the developers built low-income housing at another West Side site through a special city incentive program.

At the time, interviews conducted with developers, with area retailers, and with the press indicated that all believed that Lincoln Center was the catalyst for much of this development activity. As noted by a representative of Millennium Partners:

“There is no question that Lincoln Center was, and to a great extent continues to be, the anchor that made all this happen. Lincoln Center had the reputation, the prestige, and the consistent flow of people into the neighborhood.... Millennium Partnership would never have even considered the size and nature of its development if Lincoln Center was not there.”¹⁷

Lincoln Square today is one of the busiest retail shopping areas in Manhattan. There has been a growth of chain stores in the area, with such stores as Barnes & Noble, the Gap, Tower Records, Pottery Barn, Eddie Bauer, the Disney Store, and Gracious Homes all opening up stores in the nearby area. Retailers and restaurant owners interviewed in the Lincoln Square neighborhood report that since the development of the new retail and entertainment venues, the area has become an even greater destination location for shoppers and tourists, as well as urban residents seeking a desirable place to live in the city. A number of factors contribute to this.

Special Zoning. Most of the area from 60th to 68th Streets between Amsterdam and Central Park West is protected by special zoning as part of the Special Lincoln Square District to preserve, protect, and promote the existing unique cultural and architectural character of the neighborhood. This designation imposes certain restrictions on development and requires special permitting for certain uses in order to retain particular characteristics of the area. This unquestionably affects property values both within and adjacent to the Special Lincoln Square District.

Realized Development. Development and redevelopment activity in the area has been extensive in the past decade. For example, the realization of long-planned development at Trump Place, part of Riverside South, which has undoubtedly affected property values throughout Lincoln Square. The expected addition of 5,700 luxury residential units and related amenities has also contributed to the dramatic increase in property values. Overall land value is increasing as the area takes on an increased residential character, replacing the abandoned waterfront and speculation of the past.

¹⁷ Telephone conversation with Raphael Ortiz of Millennium Partners, November 1999.

Some of the other significant housing and commercial developments include:

- ◆ Trump International Towers: 52 stories at One Central Park West.
- ◆ Three Lincoln Center: Built in 1991, 60 stories, at 65th Street and Amsterdam; 347 condominiums.
- ◆ Trump Place: Built in 1998, this rental building at 180 Riverside Boulevard is the first building completed in the 16-building Riverside South development on the former Penn Yards site. This development will eventually have 5,700 units. The rent in the Trump Place building ranges from \$1,640 to \$3,200 a month. Built in 1998, 180 Riverside Boulevard has 516 residential units with commercial space.
- ◆ 140 Riverside Boulevard: 354 residential units with commercial space, built in 2002. Part of Riverside South development.
- ◆ 160 Riverside Boulevard: 455 residential units with commercial space, built in 1999. Part of Riverside South development.
- ◆ 55 West End Avenue: 1,000 residential units with commercial space, built in 1994. Part of Riverside South development.
- ◆ 101 West End Avenue: 503 residential units with commercial space, built in 1999. Part of Riverside South development.
- ◆ Manhattan West Apartments: Located on West End Avenue, between 61st and 64th Streets. Built in 1992, this complex has 1,000 rental apartments, retail space, and a parking garage. Twenty percent of the units are low-income housing.
- ◆ 1991 Broadway: Bel Canto building, 75 units, built in 1985.
- ◆ 22 West 66th Street: 47-unit apartment building.
- ◆ 2000 Broadway at 68th Street: 170-unit condo; built in 1987.
- ◆ 124 West 60th Street: 500-unit rental building.
- ◆ 43 West 61st Street: 94 apartments in converted warehouse.
- ◆ 378 West End Avenue: 59 residential units with commercial space, built in 1920, renovated in 1997. Located at 77th and 78th Streets between West End Avenue and Amsterdam.
- ◆ 2170 Broadway: 251 residential units with commercial space, built in 1910, renovated in 1999. Located at 76th and 77th Streets between West End Avenue and Amsterdam.
- ◆ 242 West 64th Street and 236 West 64th Street: Each has 92 residential units (total of 184 units). Built in 1911 and renovated in 1995.
- ◆ 235, 239, 243, and 247 West 63rd Street: Each building features 41 residential units (total of 164 units). Built in 1907, and renovated in 1997 and 1999.
- ◆ 517 West 59th Street: 465 residential units with commercial space. Built in 1973 and renovated in 1990.

- ◆ 145 West 67th Street: 450 residential units with commercial space. Built in 1986, the apartment building is located between Amsterdam and Columbus.
- ◆ 1961 Broadway: Located between 66th and 67th Streets, this building features 205 residential units with commercial space. Built in 1997.
- ◆ 45 West 67th Street: Built in 1983, the building features 175 residential units with commercial space.
- ◆ 48 West 68th Street: Built in 1986, this building has 45 residential units.
- ◆ 47 West 66th Street: This 347,000-square-foot commercial building was built in 1985.
- ◆ 77 West 66th Street: This 288,000-square-foot commercial building was built in 1988. American Broadcasting Co.
- ◆ 147 Columbus Avenue: This 134,000-square-foot commercial building was built in 1991. Capital Cities/ABC.
- ◆ 21 Columbus Avenue: Built in 1981, this building features 320 residential units with commercial space.

Current and Future Development. In addition to new investment and development, both taxable and tax-exempt existing tenants remain committed to the neighborhood and demonstrate this commitment through their continued investment and renovation of properties. A pattern emerges as existing investment encourages new investment and growth encourages more growth. Through a combination of new development and continued commitment on the part of established Lincoln Square tenants, the area has enjoyed tremendous growth since 2000, at a pace that is exceptional even in the context of Manhattan's consistent growth.

4.3 Property Values in the Lincoln Square Neighborhood

The rapid pace of investment and development in the Lincoln Square neighborhood that followed the opening of Lincoln Center is reflected in the area's property values. Table 4-4 shows the total assessed valuation of property in Lincoln Square and Manhattan for representative years before and after the opening of Lincoln Center. Both the value of all property and the value of taxable private property are shown, although the latter is particularly useful as it better reflects private investment made in the neighborhood (and excludes the value of Lincoln Center itself). The data for taxable property show declining property values for the period preceding the opening of Lincoln Center (down 23% over

the seven-year period of 1955–1962), and a rapid increase in property values after. By 2003, Lincoln Square, which makes up just 3% of the landmass of Manhattan, accounted for 4.5% of the island’s taxable property compared with just 0.9% in 1963.¹⁸

**Table 4-4: Comparison of Property Value Trends:
Lincoln Square & Manhattan (all values in \$ millions)**

Fiscal Year	Assessed Value of Real Estate		Estimated Total Value of Real Estate*	
	Lincoln Sq.	Manhattan	Lincoln Sq.	Manhattan
All Property				
1954–1955	\$ 265	\$ 12,536	\$ 589	\$ 27,856
1962–1963	\$ 331	\$ 16,812	\$ 735	\$ 37,356
1969–1970	\$ 452	\$ 22,067	\$ 1,005	\$ 49,033
2002–2003	\$ 4,093	\$ 88,294	\$ 9,096	\$ 196,208
Taxable Property				
1954–1955	\$ 134	\$ 8,832	\$ 297	\$ 19,624
1962–1963	\$ 103	\$ 11,494	\$ 230	\$ 25,540
1969–1970	\$ 300	\$ 14,938	\$ 668	\$ 33,192
2002–2003	\$ 2,801	\$ 62,920	\$ 6,223	\$ 139,821

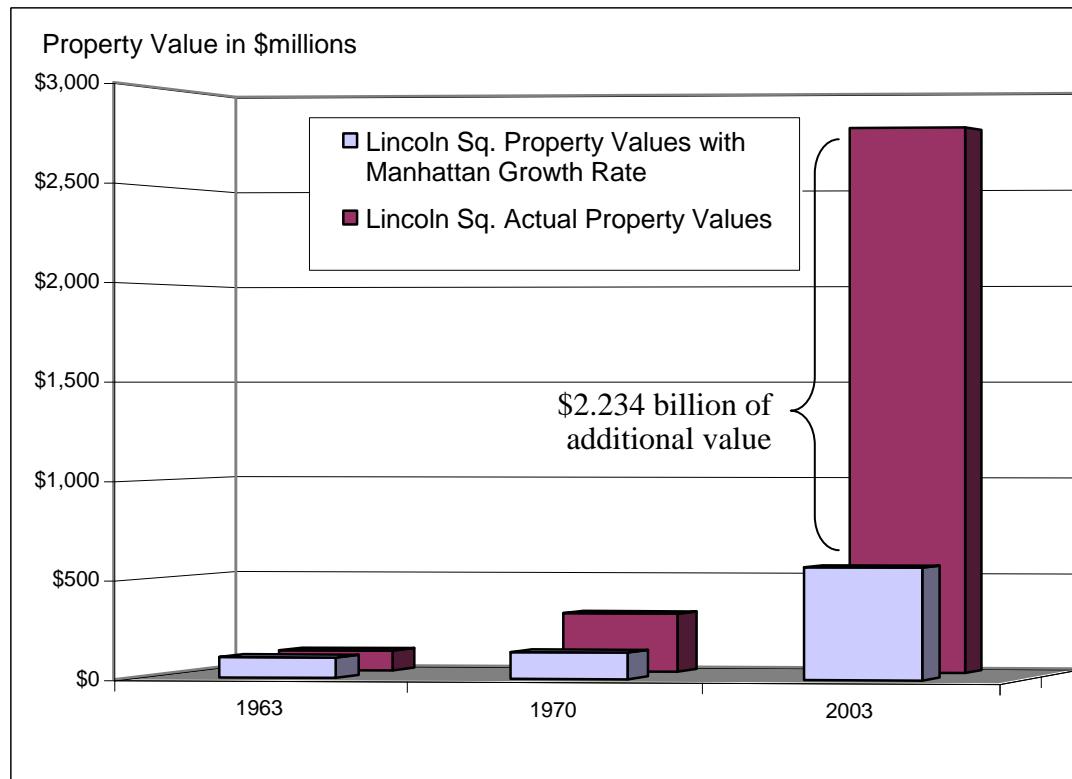
* Based on assumption that assessed values represent on average 45% of true property value.

The growth in taxable property values in Lincoln Square can be compared with the rate of growth in property values for all of Manhattan, as illustrated in Figure 4-2. This comparison provides a way to control for both inflation and outside economic trends. It shows that the assessed value of taxable property in Lincoln Square has grown 2,608% since 1962, while the average for all of Manhattan was 447% over that same time period. This difference—equal to \$2.234 billion—can be interpreted as the increase in Lincoln Square property values that is well beyond what would have been expected if Lincoln Square property values had followed the same trends as the rest of Manhattan. The additional appreciation of taxable property values in Lincoln Square generates over \$285 million per year more in property tax revenue for the city than the area would have generated if its property had appreciated at the same rate as the rest of Manhattan.¹⁹ The assessed real estate value of Lincoln Square for 2002–2003 is \$2.8 billion.

¹⁸ Computed from data in Table 4-4 and information obtained at <http://www.nyc.gov/>.

¹⁹ The real estate is taxed by the city at a rate averaging roughly \$12.75 per \$100 assessed valuation. (Actual tax rate per \$100 assessed valuation is \$14.55 for one- to three-family homes, \$12.62 for larger residential buildings, \$12.418 for utility land/buildings, and \$11.431 for commercial and industrial land.)

Figure 4-2: Growth of Taxable Property in Lincoln Square in Excess of Manhattan-wide Average Growth



4.4 Summary: Lincoln Center and the Development of Lincoln Square

Since ground was broken in 1959, Lincoln Center has contributed to the growth and vitality of the Lincoln Square neighborhood. In the two decades following its inception, the number of housing units and the number of households both grew more rapidly in Lincoln Square than in the rest of Manhattan. Moreover, the data suggest that these developments coincided with falling vacancy rates in the neighborhood, a mark of a resurgent area.

Growth in the development of housing units accelerated in the 1980s and 1990s and by 2000, Lincoln Square residents were among the most educated and highest income group in Manhattan. Not surprisingly, the evolution in the residential character of Lincoln Square has been met with renewed interest in the commercial possibilities of the neighborhood. Throughout the 1980s and 1990s, the neighborhood attracted large investments in retail and commercial ventures. Most observers would agree that Lincoln Center has acted as both an anchor and a catalyst for these developments.

In the early 2000s, with the start of construction of Jazz at Lincoln Center's Frederick P. Rose Hall and the pre-construction planning for Lincoln Center's 65th Street Project, Lincoln Center moved from catalyst to constructor. With the construction of Rose Hall, the first facility in the world built specifically to showcase jazz music, and the 65th Street Project's planned creation of "a bustling, world-famous 'Street of the Arts.'"²⁰ Lincoln Center and its resident organizations once again became active participants in the continued evolution in and around Lincoln Square. Given that the likely price tag of redevelopment activities over the next decades will top \$1 billion, Lincoln Center will have an even larger influence on the neighborhood's aesthetic and economic life in the coming years.

²⁰ Rebecca Robertson, April 13, 2004, speech at Alice Tully Hall, New York City.

5

POTENTIAL IMPACTS ASSOCIATED WITH THE LINCOLN CENTER EXPANSION

5.1 Economic Impacts of 65th Street Project and Frederick P. Rose Hall

Introduction. In 1998, when Jazz at Lincoln Center initiated the design and legal activities that would culminate in the October 2004 opening of Frederick P. Rose Hall in Columbus Circle, Lincoln Center took its first steps in a long-term redevelopment process that will span decades and likely cost upwards of one billion dollars.

This section examines the economic impact of two major projects associated with this redevelopment effort. The first is the construction of Jazz at Lincoln Center's Frederick P. Rose Hall, the first performance and education center in the world built specifically to showcase jazz music. The second is the 65th Street Redevelopment Project, a major capital initiative that will revitalize 65th Street, and expand and modernize several critical education and performance facilities, including The Juilliard School, Alice Tully Hall, The Film Society of Lincoln Center, and Lincoln Center Theater. This project will also expand on-site visitor amenities to include a full-service restaurant and upgraded retail services.

By 2008, it is estimated that construction activity associated with these projects will have generated \$675 million in sales for New York City firms and generated 3,300 person-years of employment for the city's residents. Across the metropolitan region, the impacts are even greater with a projected increase of over \$1.1 billion in output for metropolitan firms and 8,500 jobs and \$415 million in income for the residents of the metropolitan region.

When construction is completed, and the new and redesigned facilities are fully operational, these investments will continue to generate sales, employment, and earnings in the city, state, and regional economies.

5.2 Construction: 1998-2008

Overview. By the time it celebrates the opening of the new Frederick P. Rose Hall in October 2004, Jazz at Lincoln Center will have raised a total of \$128 million for the creation and launch of this unique, 100,000-square-foot performance, education, and broadcast facility located at Columbus Circle. A subset of project expenses totaling approximately \$115 million, and tied to design and construction costs only, was used to calculate the overall economic impact of the Rose Hall project on the city, state, and regional economies for the period 1998-2004.²¹

The 65th Street Redevelopment Project's budgeted cost of \$375 million in nominal dollars, to be spent over the period 2004–2008, translates into about \$360 million in real 2003 dollars. Thus, the combined project budgets are \$485 million in real 2003 dollars

Methodology. To estimate the economic impacts of these projects, three pieces of information are needed: 1) real dollar costs by spending category; 2) information on “regional purchase coefficients,” which describe the location of the suppliers that receive contracting and subcontracting monies; and 3) output, earnings, and employment multipliers.

Budget information was obtained from Lincoln Center for the Performing Arts, Inc. and Jazz at Lincoln Center (JALC). Information on location of contractors, which was only available for the nearly finished Rose Hall project, was obtained from JALC. (The selection of construction contractors has not yet been finalized for the 65th Street Project, so estimates of spending on city, state, and regional subcontractors were assumed to be the same as for the Rose Hall construction.) RIMS II multipliers were obtained from the U.S. Bureau of Economic Analysis.

Results. As the information in Table 5-1 shows, construction activities associated with Rose Hall and the 65th Street Project are expected to generate \$675 million in output for New York City firms, pay \$155 million in wages to city residents, and support 3,300 jobs for these residents. The impacts on New York State are expected to be higher: over \$1 billion in business sales and \$350 million in earnings and 6,900 jobs for state residents. The impact on the metropolitan region will naturally be highest: It is estimated that the Frederick P. Rose Hall and the 65th Street Redevelopment Project will generate over \$1.1 billion in output, supporting \$415 million in wages and 8,500 jobs for residents of the metropolitan region. These findings are summarized in Table 5-1.

²¹ Data on construction costs and supplier locations were provided by Jazz at Lincoln Center, July 2004.

Table 5-1: Economic Impacts of Frederick P. Rose Hall and 65th Street Project Construction

	<u>Output</u>	<u>Employment</u>	<u>Wages</u>
<u>Economic Impact:</u>			
<u>Rose Hall Construction</u>			
(1998–2004)			
New York City	\$155M	700	\$35M
New York State	\$235M	1,700	\$80M
NY metropolitan region	\$255M	2,100	\$95M
<u>Economic Impact:</u>			
<u>65th Street Construction</u>			
(2004–2008)			
New York City	\$520M	2,600	\$120M
New York State	\$825M	5,200	\$270M
NY metropolitan region	\$905M	6,400	\$320M
<u>Total Economic Impact:</u>			
<u>Combined Construction</u>			
(1998–2008)			
New York City	\$675M	3,300	\$155M
New York State	\$1.06B	6,900	\$350M
NY metropolitan region	\$1.16B	8,500	\$415M

Note: Output is reported by location of business, employment, and wages by residence of worker.

SUMMARY OF IMPACTS ON CITY, STATE, AND METROPOLITAN ECONOMIES

This section summarizes the overall effects of Lincoln Center operations and visitor spending in 2003 on the city, state, and metropolitan region economies; and the contributions that Lincoln Center activities make to city and state taxes.

6.1 Economic Impacts: Business Sales, Jobs and Income

The overall impacts of Lincoln Center on business sales, employment, and income levels at the citywide, statewide, and metropolitan region economies are summarized in Table 6-1 and Figure 6-1. As the data show, the combined effects of operational spending by Lincoln Center and visitor spending by its audience in the city, state, and metropolitan economies are:

- ◆ *Within New York City*, Lincoln Center generates \$1.27 billion in total business sales, including \$530 million of direct Lincoln Center activity, \$310 million of indirect and induced effects, and \$427 million in total sales from visitor spending. Of that amount, \$410 million goes to earnings, supporting 10,200 jobs for workers who live in New York City. When employment is measured by location of job (rather than residential location of the worker who holds the job), it is estimated that the total economic activity associated with Lincoln Center and its resident organizations supports 12,800 jobs in New York City.
- ◆ *Within New York State*, Lincoln Center generates \$1.46 billion in total business sales, including \$530 million of direct Lincoln Center activity, \$480 million of indirect and induced effects, and \$445 million in total sales from visitor spending. Of that amount, \$540 million goes to earnings, supporting 13,200 jobs for workers who live in New York State.
- ◆ *Within the broader New York City metropolitan region*, Lincoln Center generates \$1.52 billion in total business sales, including \$530 million of direct Lincoln Center activity, \$610 million of indirect and induced effects, and \$380 million in total sales from visitor spending. Of that

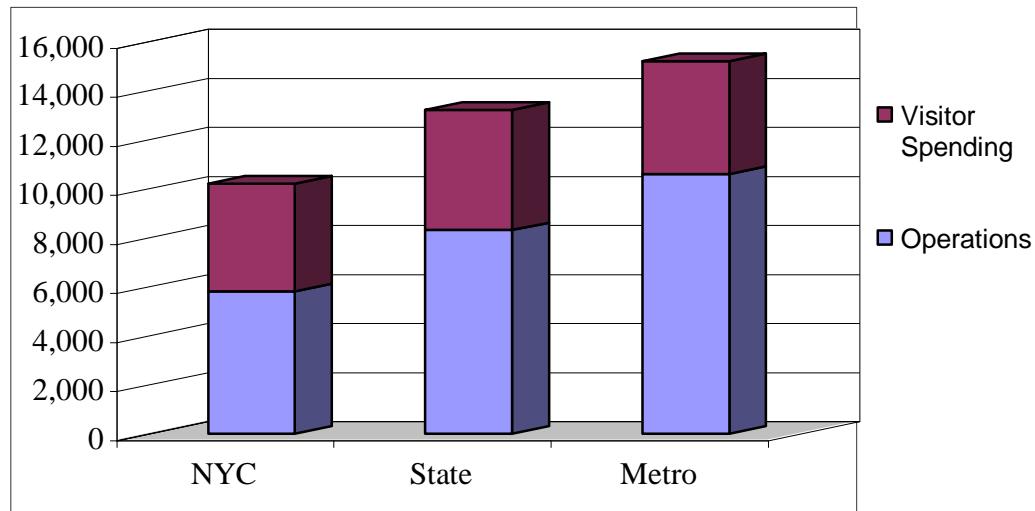
amount, \$635 million goes to earnings, supporting 15,200 jobs for workers who live in New York State.

Table 6-1: Economic Impacts of Lincoln Center and Its Resident Organization Operations

	<u>Output</u>	<u>Employment</u>	<u>Wages</u>
<u>Economic Impact of Lincoln Center Operations</u>			
New York City	\$840M	5,800	\$295M
New York State	\$1.01B	8,300	\$405M
NY metropolitan region	\$1.14B	10,600	\$510M
<u>Economic Impact of Spending by Lincoln Center Visitors</u>			
New York City	\$427M	4,400	\$115M
New York State	\$445M	4,900	\$135M
NY metropolitan region	\$380M	4,600	\$125M
<u>Total Economic Impact of Lincoln Center</u>			
New York City	\$1.27B	10,200	\$410M
New York State	\$1.46B	13,200	\$540M
NY metropolitan region	\$1.52B	15,200	\$635M

Note: Output is reported by location of business, employment, and wages by residence of worker.

Figure 6-1: Total Direct, Indirect, and Induced Jobs Associated with Operations and Visitor Spending



6.2 Tax Impacts

The economic growth impacts (on jobs, wages, and business sales) and the neighborhood development investments (affecting property values) can have consequences for local and state taxes. This section presents estimates for three major taxes: sales taxes, income taxes, and property taxes.

It is also important to note that the numbers shown here represent the tax revenues that are associated with the activities of Lincoln Center and its outside visitor base. They are intended to show the role of Lincoln Center in the economy. They are not intended to represent how city or state finances would differ without Lincoln Center, since that can never be known. It is not possible to estimate accurately the extent to which some portion of those tax revenues may or may not have otherwise been collected if Lincoln Center did not exist.

Income Tax Revenues. Wages are generated for workers at Lincoln Center, for workers at Lincoln Center's suppliers, and for workers at other businesses catering to Lincoln Center's outside visitors. These wages are taxed by the state and the city as follows:

- ♦ **State Income Tax:** Wages received by residents of New York State are taxed by the state on a sliding scale. In 2003, the state income tax rate varied from 4.0% to 7.7% depending on the individual's tax bracket, but standard deductions and personal exemptions lower the effective tax rate. As a result, it is estimated that personal income tax revenues represent 3.4% of the total personal income of the state's residents. The estimated total wages generated as a consequence of Lincoln Center within New York State (\$540 million, as shown in Table 6-1) corresponds to \$18.4 million of annual income tax revenue for the state.
- ♦ **City Income Tax:** Wages received by residents of New York City are taxed by the city on a sliding scale. In 2003, the city tax rate ranged from 2.55 to 4.45%, depending on the individual's tax bracket, but standard deductions and personal exemptions lower the effective tax rate. As a result, it is estimated that personal income tax revenues represent 2.2% of total personal income of the city's residents. The estimated total wages generated as a consequence of Lincoln Center within New York City (\$410 million, as shown in Table 6-1) corresponds to \$9.0 million of annual income tax revenue for the city.

Sales Tax Revenues. Total taxable retail and service spending attributable to Lincoln Center comes from two sources:

- ♦ **Visitor Spending:** Visitor spending in New York City was \$258 million in 2003. In New York State, net visitor spending was \$190 million. Assuming a city sales tax of 8.625%—of which 4.25% goes to the state and 4.375% goes to the city—and a state sales tax of 4.25%, total revenues received by New York City were \$11.3 million and by New York State, \$8.1 million.
- ♦ **Parking Revenues:** Garage revenues incur a tax of 18.5%, with 14% going to the city and 4.5% to the state. In 2003, revenue at Lincoln Center garages was \$5.03 million, thus generating \$704,000 in city and \$226,000 in state taxes.

Property Tax Revenues. As discussed in Chapter 4, the taxable assessed property values in Lincoln Square are estimated to be approximately \$2.234 billion more than would be the case if over the 1963–2003 period, Lincoln Square property had risen at the Manhattan-wide average rate. The additional appreciation of taxable property values Lincoln Square generates is estimated at \$285 million more per year in property tax revenue than if property in Lincoln Square had appreciated at the same rate as in the rest of Manhattan. The assessed real estate value of Lincoln Square for 2002–2003 is \$2.8 billion.



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