



## The Upper Manhattan Empowerment Zone

Tourism as a Major Economic Engine in Harlem and New York City –  
From a Harlem Perspective

### Keynote Remarks by Kenneth J. Knuckles, President and Chief Executive Officer, Upper Manhattan Empowerment Zone

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[Thank you for that kind introduction],

The Upper Manhattan Empowerment Zone was created alongside eight other zones throughout the country through legislation written by Congressman Rangel and enacted by the Clinton Administration in 1994. \$100 million in federal funds were granted to these 'zones' in order to spur private investment into areas with some of the highest rates of poverty and unemployment based on data from the 1990 Census. The Congressman secured New York City and State matching funds to UMEZ for a total of \$300 million (\$50 million of which were later granted to the Bronx Overall Economic Development Corporation.)

I have been the CEO and President of the Upper Manhattan Empowerment Zone for the last 11 years. The Upper Manhattan Empowerment Zone or UMEZ is an organization that facilitates economic development in East, Central and West Harlem, Inwood, and Washington Heights.

When UMEZ began operations in 1995, Harlem was suffering from decades of disinvestment and abandonment. A 1994 *New York Times* article painted a gruesome portrait of Harlem, describing it as "a city after a war, with its vacant lots, abandoned buildings and four-to-seven-story dowager buildings of ornate ironwork, tiled hallways and marble stairways, long in decline."<sup>1</sup>

Harlem's glorious past as Black America's Cultural Capital busy with economic activity was a distant memory. Still, civic leaders led by Congressman Rangel, the Greater Harlem Chamber of Commerce, community organizations and local elected officials all refused to surrender Harlem's great potential. They knew then what the larger community belatedly came to realize: That is, within our borders are world-class universities, hospitals and medical centers, cultural institutions, and access to great public transportation. Upper Manhattan was ideally positioned to prosper once again.

Since disbursing our first loans and grants in 1996, UMEZ has invested over

- \$220 million into Upper Manhattan,
- including over \$72 million in loan capital for both existing local and new businesses and

- over \$95 million in grants with \$50 million focused on for arts and cultural organizations through its Cultural Industry and Investment Fund.

These investments have leveraged over **\$1 billion** in private capital and created nearly 9,000 jobs.

For 40 years, the Chamber, through Harlem Week, has led the effort to synonymize the words “Harlem” and “Tourism”. Harlem Week, which is now really “Harlem Month”, has become a national event, attracting tourists from around the world. In many instances it introduces these visitors to UMEZ grantees like the Apollo Theater, the Studio Museum of Harlem, El Museo del Barrio, as well as local vendors.

Building on the work of the Chamber, UMEZ’s strategy is strengthening sustainability of the Upper Manhattan cultural economy as a tool

- to empower residents to be producers and/or consumers of Upper Manhattan’s cultural institutions;
- to bring about greater community cohesion,
- to spur advocacy for better municipal services, and ultimately
- to create stronger market presence for better retail choices and other amenities that whole communities require.

This strategy allows Upper Manhattan to participate in and benefit from one of NYC’s strongest industries: tourism which you’ll hear more about from Fred Dixon. In short, New York City:

- welcomes over 54 million visitors annually,
- supporting 350,000 jobs and
- generating \$39 billion in spending.

Harlem is no longer an offshoot; our strong institutions make us not just part and parcel of NYC’s economic engine – but an integral and vital ingredient.

As I mentioned, the primary strategy UMEZ employs to strengthen culture and create jobs is to invest in anchor cultural institutions. The “anchors” are well known – Studio Museum of Harlem and The Apollo Theater on 125<sup>th</sup> Street; the Gatehouse/Harlem Stage and Dance Theater of Harlem located in West Harlem; and El Museo del Barrio and Museum of the City of New York in East Harlem to name just a few. These institutions, along with Harlem Week and our emerging Restaurant Rows are the primary drivers in “attracting” annually an estimated two million people into Harlem and Upper Manhattan.

As you surely know, Harlem is no longer simply a destination for splendid southern cuisine, for there is now a growing number of eclectic food choices. Lenox Avenue, Frederick Douglass Boulevard and now lower St. Nicholas Avenue buzz nightly at a variety of price points and with a variety of offerings. Several small businesses and restaurants have opened in West West Harlem/Hamilton Heights. Further north in Washington Heights, Inwood and East Harlem restaurant choices are growing as well.

While some have deemed this activity the “new Harlem Renaissance.” We believe that the rising tide of tourism must lift as many boats as possible in order to be transformative and of lasting benefit to the residents of Upper Manhattan. So as we consider the changes in the landscape of these neighborhoods, we must also recognize and address the employment needs of residents. Accordingly, we must make sure that these new, and for the most part, small businesses that are opening in Harlem and Upper Manhattan employ residents. A pathway to employment opportunities for residents must be created, so that qualified residents know about and have access to employment opportunities. That’s what happened at East River Plaza, thanks to the good people of Community Board 11, Blumenfield Development, and the community and public organizations that came together to improve access to jobs for residents of Upper Manhattan. Where training is necessary, UMEZ is ready to work with community groups like STRIVE and government offices like the Workforce1 Career Center to ensure that empowerment zone residents have the necessary skill set to obtain and more importantly, keep a job. We aim to bring together the groups that know how to train, with those who have the jobs, so that residents are trained for jobs that exist. So, with help from UMEZ, a new boutique hotel is rising on West 168<sup>th</sup> Street in Washington Heights, near the New York Presbyterian complex. Our mission is that residents are trained for the construction and permanent jobs produced by that project. There is the long planned hotel for the old Loews Victoria on 125<sup>th</sup> Street – – will join Aloft as a place for visitors in Harlem, and another opportunity for major employment. The average annual salary in the hospitality industry in NYC is \$53,000. We would like to have residents ready for these jobs too.

The rezoning of the 125th Street Corridor will create spaces for cultural use – spaces over 60,000 square feet must have 5% dedicated to culture and culinary use – museums and galleries, bookstores and cafes, performance spaces - and leverages the opportunities for many more tourist stops and thus many more entrepreneurs and much more employment in the industry. The corridor will unite business and culture as well as education with entrepreneurship and job creation in both the private and not for profit sectors. This in turn, will attract more people to support local small businesses.

The point I want to leave you with is; while Upper Manhattan buzzes with culinary and cultural activities, and websites catalogue, and blogs review the choices to visitors and residents alike, it is our **collective responsibility** to make sure Upper Manhattan residents benefit from the entire economic engine that these businesses create. The many customer service / retail jobs already here in Upper Manhattan are stepping stones for a hospitality career in Harlem or other parts of New York. Job training programs should be demand driven to

match the jobs created by tourism industry. Career education programs in the culinary arts and hospitality fields should be both targeted at and affordable for Harlem residents.

While community and political pressure can lead to incentives for businesses located in Harlem to hire locally (and others do so because it is right) we must also work on both creating the proper expectations and more importantly, inspiring ambitions for the newly created workforce. Entry level jobs should be a point of entry, meaning employees can learn, improve and go on to lasting and meaningful careers with all the benefits careers offer, and as importantly, making room for others to enter to enter the workforce.

We will hear more shortly from Mr. Dixon of NYC & Co and our esteemed panelists. I would like to end with this: The current combination of

- Harlem's history (No community has a richer legacy, or a stronger environment for the support of creative artistic expression of every form)
- UMEZ's catalytic investments (To stimulate emerging cultural organizations, and stabilize and sustain our older anchor institutions)
- The 125th Street Rezoning (Which codifies culture and thus tourism into NYC land use policy.)
- The up-ticking economy
- And our collective and ever-vigilant attention to the entire community equation

These potent components now afford us the opportunity to forge Harlem and Upper Manhattan into a community true to its cultural roots and residents while expanding its role as an increasingly significant economic driver of New York City's robust tourism economy!

Thank you.

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<sup>1</sup> Lee, Felicia R. "On A Harlem Block, Hope Is Swallowed by Decay." The New York Times. September 8, 1994. <http://www.nytimes.com/1994/09/08/nyregion/on-a-harlem-block-hope-is-swallowed-by-decay.html>