An Economic Snapshot of the East Harlem Neighborhood

East Harlem, located in northeastern Manhattan, has one of the largest Puerto Rican communities in New York City. About half of the population identifies as Hispanic and nearly one-third identifies as African-American. The neighborhood has become more diverse as the number of residents from other ethnic groups has grown.

The concentration of large medical facilities, such as Mount Sinai Hospital, makes health care the largest employer. Although large employers represented only 2 percent of the businesses, they were responsible for 68 percent of the private sector jobs.

Economic growth has been strong in East Harlem. By 2016, private sector employment reached a record 39,980 jobs, one-third more than 10 years earlier. The number of businesses and total sales have also increased rapidly.

The average salary in the private sector was the fifth-highest of the 55 Census-defined neighborhoods in New York City. Only 6 percent of the residents, however, worked in East Harlem, and household income was the seventh-lowest in the City.

East Harlem, like many neighborhoods in New York City, is changing. Gentrification has brought economic growth, but many residents still face challenges, including poverty and a lack of affordable housing.

The economy will receive a boost from economic development projects already in the pipeline, the extension of the Second Avenue Subway and new zoning regulations. The City is committed to ensuring that local residents share in the benefits of economic growth, while preserving the historic character of East Harlem.

Major Findings

- The population of East Harlem increased by 14 percent since 2010 to reach an estimated 134,300 residents in 2016.
- The number of businesses increased by 37 percent over the past 10 years, nearly twice the citywide growth rate.
- Business sales have grown by 48 percent since the end of the recession, reaching $301 million in 2015.
- Private sector employment increased by 33 percent over the past 10 years, faster than the citywide growth rate (20 percent).
- Health care, education and social assistance accounted for 71 percent of the private sector jobs in the neighborhood in 2016.
- The private sector average salary ($71,700) grew faster in East Harlem (51 percent) than in the City (16 percent) during the past 10 years.
- The median household income was $34,400 in 2016, the seventh-lowest among the City’s 55 Census-defined neighborhoods. The median income of households headed by a senior citizen was $18,400.
- Almost one-third of all households had incomes below the federal poverty level and nearly half of the children lived in poverty.
- Public housing accounts for more than one-third of the neighborhood’s rental apartments.
- Median rent is the lowest among the City’s 55 neighborhoods, but housing costs are a serious problem given low household incomes.
- Residents struggle with a number of serious health conditions. While crime has declined, it also remains a neighborhood concern.
Introduction

East Harlem is located in Manhattan above 96th Street and east of 5th Avenue, and encompasses Community District 11 (see Figure 1). The area became an urbanized, working-class neighborhood during the late 19th and early 20th centuries as new elevated trains made the neighborhood more accessible, spurring a building boom in tenement housing. Between the late 1930s and mid-1960s, urban renewal projects transformed the character of the neighborhood as many deteriorated tenements were replaced with high-rise public housing developments.

Today, East Harlem (also known as Spanish Harlem and El Barrio) is largely a residential neighborhood with a strong Hispanic identity. It has important venues for Hispanic arts and culture, including El Museo del Barrio, and a wide range of religious institutions that reflect the many faiths of past and present residents.

Restaurants, grocery stores and many other small businesses are concentrated along commercial corridors, including Second, Third and Lexington avenues, and cross streets such as 110th and 116th streets.

FIGURE 1
East Harlem

Demographic Trends

Over the years, waves of immigrants have called East Harlem home. It had the second-largest Jewish community in New York City in the early 1900s and had one of the largest Italian populations in the 1930s. The neighborhood emerged as a center for Puerto Rican culture during the 1940s.

In 1950, the population peaked at 208,200, but it declined by almost half to 108,600 by 1990. Growth resumed during the 1990s and increased slowly to reach 117,600 by 2010 (see Figure 2). From 2010 to 2016, the population surged by 14 percent to an estimated 134,300 residents, increasing much faster than in Manhattan or the City as a whole.

In 1960, there were 75,400 residents living in East Harlem who identified as Puerto Rican. Although the number of Puerto Rican residents fell sharply to 45,000 by 1990, they still represented 41 percent of the population.

As the number of Puerto Ricans declined, the number of Hispanics or Latinos of other heritages increased, most of whom identify as Mexican or Dominican. In 1990, Hispanics made up more than half of the total population. Although the number of Hispanics has increased since 1990, their share of the population had fallen to 44 percent in 2016 as East Harlem has grown and become more diverse.

Since 2010, the number of residents who identify as Black or African-American increased by 12 percent to 40,200 in 2016, which is only slightly lower than the number in 1990. Nonetheless, their share of the total population fell from 38 percent to 30 percent as other segments of the population grew faster.

The rest of the population has more than tripled since 1990, making up 27 percent of the area’s residents in 2016. The white population increased by 172 percent to 21,300 residents, representing 16 percent of the population. The Asian population grew sevenfold to 11,100 residents, making up 8 percent of the total.
Since 2000, the immigrant population has grown by 34 percent, three times faster than the citywide growth rate. Nonetheless, immigrants made up a smaller share of the population in 2016 (23 percent) than in the City as a whole (37 percent). Immigrants were from many different countries, but the largest shares came from the Dominican Republic (19 percent), Mexico (14 percent) and China (13 percent).

The median age (35.6) was similar to the citywide median, but certain age groups are growing faster in East Harlem. For example, the population under the age of 18 grew by 21 percent between 2010 and 2016, which is 10 times faster than the citywide rate. The population over the age of 55 grew twice as fast (27 percent) as the citywide growth rate.

East Harlem was the first neighborhood where the Age-Friendly NYC program was implemented. The program, funded by the New York City Council, works with local businesses and community groups to provide services to seniors to help them age in their own communities.

Educational attainment has increased in recent years, but much of the increase reflects the arrival of new, better-educated residents. In 2015, more than half (56 percent) of the residents who had moved within the past four years had earned at least a bachelor’s degree, compared with less than one-fifth (18 percent) of long-term residents (those living in their home for at least 10 years).

Household Income

Many residents struggle with poverty. Although the median household income in East Harlem increased by 23 percent since the end of the recession in 2009 to $34,400 in 2016, it was the seventh-lowest among the 55 Census-defined neighborhoods in New York City and much lower than the citywide median ($58,900). The median income of households headed by a senior citizen was $18,400.

Almost one-third (29 percent) of the households had incomes below the federal poverty level, much higher than the citywide share (18 percent). Although the number of households living in poverty declined for two years to 15,300 in 2016, there were 35 percent more households living below the federal poverty level than before the Great Recession. Nearly half of the children in the area were living in poverty in 2016.

Many residents rely on the federal Supplemental Nutrition Assistance Program (SNAP) and local soup kitchens to feed their families. In 2016, nearly one-third (30 percent) of the households received SNAP benefits (compared to one-fifth citywide); nearly half of senior-citizen households relied on SNAP benefits. Budget cuts proposed by the President and some members of Congress could have a significant impact on the community.
Strong Business Growth

The number of businesses in East Harlem increased by 37 percent between 2006 and 2016, faster than the citywide growth rate (19 percent). Despite the increase, 14 percent of the storefronts were vacant in 2015, according to a report by the New York City Department of Small Business Services.¹ Much of the business expansion occurred in the years following the Great Recession. The Department of Finance reports that business sales totaled $301 million in 2015, a 48 percent increase since 2009.

In total, there were 1,750 businesses in East Harlem in 2016. Among the most numerous were restaurants and bars, grocery and liquor stores, personal service businesses (such as beauty salons), pharmacies and clothing stores. Most of the businesses were small.

More than two-thirds of the businesses had fewer than five employees and more than three-quarters had fewer than 10 employees. While only 2 percent of the businesses employed 100 or more workers, they accounted for 68 percent of the jobs in the area.

The Mount Sinai Health System is one of the largest employers. Its facilities include the Mount Sinai Hospital, the Icahn School of Medicine at Mount Sinai, outpatient facilities and physicians’ offices.

One large public sector employer in the area is Metropolitan Hospital, which is part of the New York City Health and Hospitals Corporation. Hunter College, which is part of the City University of New York, also has a number of facilities in the neighborhood, including the Silberman School of Social Work, the School of Urban Public Health and the Center for Puerto Rican Studies.

Employment Trends

Over the past 10 years, employment has increased by 33 percent (9,840 jobs), faster than the citywide growth rate (20 percent). By 2016, employment reached a record 39,980 jobs (see Figure 3), driven by gains in the health care and education sectors.

Although private sector employment did not decline in East Harlem during the recession, it did dip in 2013. More recently, the pace of job growth has been strong. More than half (5,160) of the jobs added during the past 10 years were created between 2013 and 2016.

The average salary of all private sector jobs also grew faster in East Harlem (51 percent) than in the City (16 percent) during the past 10 years. While the average was relatively high ($71,700), it was still lower than the citywide average ($89,100).

The concentration of large medical facilities in the neighborhood makes the health care sector the largest employer in East Harlem. It was responsible for 17,710 jobs in 2016 (with an average salary of $70,400), or 44 percent of all private sector jobs. About 40 percent of the jobs added since 2006 (4,000) were in this sector.

Private education was the second-largest sector with 7,350 jobs (18 percent of private sector jobs). Since 2006, it has added 3,000 jobs, accounting for nearly one-third of the neighborhood’s job gains. Private education also had the highest average annual salary ($144,700), reflecting the presence of the Icahn School of Medicine at Mount Sinai.

The social assistance sector was the third-largest employer, with 3,530 jobs (9 percent) of the private sector jobs (with an average salary of $31,500). Although the sector grew modestly between 2006 and 2011, there were sharp declines in 2012 and 2013. Even with some job growth in subsequent years, the sector was 34 percent smaller in 2016 than it was in 2006.

¹ The number of businesses in 2016 was similar to 2015.
Another large employer in East Harlem is the Union Settlement Association, which was established in 1895. It provides social services to more than 10,000 local residents each year through programs in education, health, senior services, youth development, child care, counseling and economic development.

There were about 350 retail stores in East Harlem, representing one-fifth of all local businesses. They ranged in size from small family-owned businesses to the big-box stores in the East River Plaza, including the Burlington Coat Factory, Costco, Marshalls, Old Navy and Target.

The retail sector was responsible for 2,620 jobs, or 7 percent of area jobs. These jobs had an average annual salary of $29,000, lower than the citywide average for retail jobs ($40,400).

The number of retail jobs in East Harlem increased by 940 between 2006 and 2016, representing 10 percent of the private sector jobs added during this period. More than half of the retail job gains occurred in 2010 after the opening of the East River Plaza. Since then, there has been little change in retail employment.

The leisure and hospitality sector (with an average salary of $31,100) accounted for 2,210 jobs in 2016 (6 percent). Most of the jobs (80 percent) were in restaurants and bars. The sector added 960 jobs over the past 10 years.

Residents in the Work Force

East Harlem residents were employed in a wide variety of occupations. Some of the most common occupations were home health aides, retail workers, teachers, janitors and office clerks. The share of residents who work full-time and who earned at least $100,000 annually (15 percent) has doubled since 2010.

Most residents (81 percent) worked in Manhattan, and only a small percentage worked in East Harlem (6 percent). The average commute time for East Harlem residents (34 minutes) was the eighth-shortest of the City’s 55 Census-defined neighborhoods.

According to the U.S. Census Bureau, the unemployment rate in East Harlem declined from the recessionary peak of 16.2 percent to 7.3 percent in 2016, significantly lower than the prerecession level. Census data also show that slightly more than half (52 percent) of the working-age population was employed or seeking employment, which was lower than the citywide rate (64 percent).
Housing
The latest data from the U.S. Census Bureau show that there were 43,300 rental apartments in East Harlem in 2014, accounting for 92 percent of all housing units. The New York City Housing Authority (NYCHA) operates more than 15,000 apartments in 21 developments in East Harlem, the largest number of public housing apartments in any of the City’s 59 community districts. Public housing accounted for more than one-third of the neighborhood’s rental apartments.

Rent-regulated apartments totaled 17,450 units, representing 40 percent of all rental units. The number of market-rate units has been increasing along with new construction in recent years. In 2014, there were 7,300 market-rate apartments, representing 17 percent of all rental units. This was double the share of these units in 2002.

According to Miller Samuel Inc., the median rent for newly leased market-rate apartments in East Harlem averaged $2,500 in the second quarter of 2017. East Harlem had one of the lowest market rate rents in Manhattan.

There were also 3,600 Mitchell-Lama rental units, representing 8 percent of all rental apartments. An increasing number of Mitchell-Lama units, however, are exiting the program, reducing the number of affordable housing units.

According to the U.S. Census Bureau, the median rent (including utilities) for all types of housing in East Harlem was the lowest of the City’s 55 neighborhoods ($876 in 2016). While the median rent is relatively low, East Harlem also ranks among the neighborhoods with the lowest household incomes, making housing affordability a serious problem.

The median rent increased by 56 percent between 2006 and 2016, faster than the citywide growth rate and more than twice as fast as household income. In 2016, 43 percent of area households devoted 30 percent or more of their incomes to rent. Nearly one-fifth (18 percent) of households faced a severe rent burden, devoting at least half of their incomes to rent. Nearly half (45 percent) of senior-citizen households devoted at least 30 percent of their incomes to rent.

Residents must also contend with landlords warehousing residential properties and apartments that are not properly maintained. Public housing in East Harlem required $1.3 billion in capital repairs and upgrades, according to NYCHA’s most recent capital needs assessment. The NYU Furman Center reports 62.6 serious housing code violations per 1,000 apartments in 2016 among privately rented units, significantly higher than the citywide rate (48.9).

In total, there were 3,500 privately owned units, including cooperatives, condominiums and brownstones. The median value of these properties increased by 60 percent since the end of the recession to $771,400 in 2016. New luxury development is emerging above 96th Street.

Poverty and lack of affordable housing have led to housing displacement and homelessness. In Manhattan School District 4 (which covers East Harlem), 15 percent of the students were homeless, which ranked ninth-highest among the City’s 32 school districts. East Harlem has many facilities that shelter the homeless and provide substance abuse services.

Crime Trends
The number of major felony crimes declined by nearly one-quarter between 2000 and 2016, and violent crime (murder, rape, robbery and assault) declined by nearly one-third. The rate of decline, however, has slowed in recent years, and crime remains a neighborhood concern. According to the NYU Furman Center, there were 16.1 serious crimes per 1,000 residents in East Harlem in 2016, which ranked 14th among the City’s 59 community districts and was higher than the citywide rate (12.2).

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2 The citywide median rent (including utilities) was $1,351 in 2016.
3 Excluding subsidies, such as federal Section 8 vouchers.
4 Major felony crimes include murder, rape, robbery, felonious assault, burglary, grand larceny and auto theft.
Crime in NYCHA developments continues to be a challenge, with more than 9 percent of all citywide crimes in NYCHA facilities occurring in East Harlem. The Mayor’s Action Plan for Neighborhood Safety has directed resources to reduce crime in public housing, including the Wagner Houses in East Harlem. The State has allocated funding for NYCHA security cameras.

Health Care
East Harlem residents struggle with a number of serious health conditions. According to the 2015 Community Health Profile produced by the New York City Department of Health, East Harlem ranked first for psychiatric hospitalizations, second for drug-related hospitalizations and third for alcohol-related hospitalizations among the City’s 59 community districts.

The neighborhood also ranked high for obesity, smoking, diabetes hospitalizations, and adult and child asthma hospitalizations. A 2014 report by the Office of the State Comptroller found that asthma rates among Medicaid recipients in East Harlem were among the highest in the City.

Accessing healthy food is a challenge for many East Harlem residents. A 2016 report from the City University of New York found that, despite some improvements (including farmers’ markets and nonprofit food programs), many food outlets in the neighborhood, such as bodegas and fast-food establishments, sold mostly unhealthy foods.

In 2015, half of all residents received Medicaid benefits, compared to one-third citywide. The outcome of the ongoing federal debate over health care and Medicaid funding to the states could have a significant impact on residents.

According to the New York State Department of Health, the average emergency room wait time before being seen by a medical professional was 29 minutes at Mount Sinai Hospital and 50 minutes at Metropolitan Hospital, compared with the statewide average of 21 minutes.

Public Schools
East Harlem has 40 public elementary and middle schools (including 12 charter schools) serving 16,500 students. The neighborhood has the fourth-highest number of charter schools among all community districts in New York City.

Enrollment in elementary and middle schools increased by 50 percent between the 2006-07 and 2015-16 school years. During this period, 10 new elementary and middle schools opened (four traditional schools and six charter schools). Nonetheless, the New York City Department of Education estimated that one-third of the community’s traditional elementary and middle schools were overcrowded.

Performance on both the English Language Arts (ELA) and mathematics exams has improved in recent years, but it is still below the citywide averages. In 2017, more than one-third of the students attending traditional elementary and middle schools scored at the proficient level in the ELA, up from less than one-quarter in 2014. Math proficiency also improved, rising from 27 percent to 30 percent. East Harlem charter schools outperformed the citywide averages for charter schools in both English and math.

Economic Development
In July 2015, the New York City Economic Development Corporation sold a site on 126th Street for the development of the New York Proton Center. Operated by a consortium of hospitals (including Mount Sinai Hospital), the Center will be a cutting-edge proton beam cancer treatment facility when it opens in 2018.

In February 2016, the City Council Speaker, the Manhattan Borough President, Manhattan Community Board 11 and Community Voices Heard issued the East Harlem Neighborhood Plan. The plan proposed many initiatives to guide rezoning, economic development and the creation of affordable housing in East Harlem.
In August 2017, the City Council approved a proposal to build a 63-story residential tower (the tallest tower above 60th Street) at 96th Street and Second Avenue. The tower would be built on the current site of the Marx Brothers playground. The project would include 1,000 rental apartments, three new public schools, some retail space and a relocated Marx Brothers playground. The project could be delayed pending the resolution of technical questions surrounding the zoning status of the site currently occupied by the playground.

In September 2017, the City Council approved the 126th Street African Burial Ground Memorial and Mixed-Use Project. This project, which includes the site of the former 126th Street NYC Transit bus depot that sits on top of a 17th-century African burial ground, includes a memorial and cultural center, 730 units of housing, commercial space and public open space. The project is expected to begin in 2018 and be completed by 2022.

In September 2017, the City also began a $5.5 million renovation of the historic La Marqueta retail market’s outdoor event space. The project includes upgrading the heating and electrical infrastructure, installing new restrooms and remodeling the exterior.

In November 2017, the New York City Council approved a rezoning plan for East Harlem that permits higher, denser development along major commercial avenues to facilitate commercial and residential development, including income-targeted housing in new projects. The City will commit $178 million for capital projects, including repairs to NYCHA facilities and funding for a new park and other community projects.

The Sendero Verde project was also approved in November. The project calls for a 655-unit, mixed-use, affordable housing development on Madison Avenue between East 111th and 112th streets. Plans include a supermarket, a new charter school and other community space.

The first phase of the Second Avenue Subway, which opened in January 2017, extended the Q line from 63rd Street up Second Avenue to 96th Street. Work has begun on Phase 2, which will extend service to 125th Street, with stations at 106th, 116th and 125th streets. The plan includes the 125th Street Connector, which will link that station with the Lexington Avenue subway line and the Metro-North Railroad.

Government agencies and community groups are developing resiliency plans to better prepare East Harlem, which is vulnerable to flooding, for the impact of future storms. Other efforts are underway to improve access to the waterfront and increase open space for local residents.

Although East Harlem does not have its own business improvement district, there are a number of merchant and business organizations that are active in the neighborhood. These include the East Harlem Chamber of Commerce, New Harlem East Merchants Association, Hispanic Chamber of Commerce, East Harlem Business Alliance and Hope Community Inc.

Work force development is a focus of community efforts to support job growth and reduce poverty. Organizations such as STRIVE, the East Harlem Talent Organization, Youth Action YouthBuild and Positive Workforce provide skills training, educational support and job search assistance.

The Union Settlement Association operates the Small Business Development Center, which provides business education, technical assistance and computer training, and coordinates with the East Harlem Community Alliance. The Alliance has more than 150 members, including nonprofit, faith-based and government agencies.