NEGOTIATING THE MEGA-REBUILDING DEAL AT THE WORLD TRADE CENTER: THE HISTORICAL CONTEXT

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The decline of lower Manhattan as a business district relative to Midtown (and other United States business districts) became apparent after World War II. In the decade between 1947 and 1956, 15.1 million square feet of new office space—more than existed in the Loop in Chicago, the nation’s second largest office district—was erected in Midtown. During that time, only 1.1 million square feet of office space was erected in lower Manhattan in three modest office structures and one six-story addition.1 The situation was so serious that in 1952, the Journal of Commerce published articles predicting that businesses would soon relocate from lower Manhattan to Midtown.2

The attempt to revive Lower Manhattan is central to an understanding of the World Trade Center. The first significant post-war revival effort came in November of 1955, when the Chase Manhattan Bank (under the leadership of David Rockefeller) announced that it would consolidate its nine-building, 8,700-employee operations on the two blocks bounded by Nassau, Liberty, William, and Pine Streets. The scheme that emerged was a superblock designed by the firm of Skidmore, Owings & Merrill. A one-block section of Cedar Street was closed, creating a 2.5-acre site to be shared by a new 60-story, 1.7 million-square-foot office slab; the existing 38-story building that had housed Chase headquarters since 1928; and a new, spacious plaza.

Between 1960, when the new Chase Manhattan Bank Building was ready for occupancy, and 1972, the year before World Trade Center was officially dedicated,

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45 buildings containing 32.5 million square feet of office space opened in lower Manhattan. However, these buildings did little to enliven the area.

The Port Authority changed the face of Lower Manhattan when it replaced 16 acres occupied by a few hundred businesses with the World Trade Center, which served tens of thousands of tenants and provided 12 million square feet of office space in 1, 2, 4, 5, and 7 World Trade Center. Seven hundred thousand square feet of office space was devoted to the U.S. Customs House, 600,000 square feet to the Marriott Hotel, and 2.4 million square feet to the retail concourse, parking, services, and the PATH terminal. Notably, the PATH railway brought 50,000 to 60,000 commuters to lower Manhattan on a daily basis. This enormous project was expected to revive Lower Manhattan; unfortunately, this was not the case.

In 1970 nearly 15 percent of all workers in New York worked in Lower Manhattan. By 2000, that had declined to just over 11 percent. Demand for office space, on the other hand, was growing in Midtown Manhattan and other regional sub-centers, including White Plains, Stamford, and Newark.

The Port Authority constructed a project completely separate from the rest of Manhattan Island. At the time, safe, clean, well-lighted superblocks, rather than traffic-congested streets, were considered good planning. In order to increase efficiency and protect pedestrians from traffic accidents, the great plaza that provided access to all the buildings was connected to neighboring blocks on three sides by bridges (in the process removing customers from city streets and damaging local businesses). Unfortunately, the plaza had to be closed four to five months out of the year due to danger that falling ice posed to pedestrians. The World Trade Center included a very successful retail complex beneath the plaza providing all of

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5 See Mary L. Clark, Lessons from the World Trade Center for Open Space Planning Generally and Boston’s Big Dig Specifically, 32 B.C. ENVTL. AFF. L. REV. 301, 305 (2005) (discussing the World Trade Center’s development as a “superblock”); see also Interview by PBS Narrator with Niall Ferguson, Historian and Professor, New York University, et al, in New York, New York (Sept. 8, 2003), available at http://www.pbs.org/wgbh/amex/newyork/filmmore/pt.html (quoting Ada Louise Huxtable “And then to substitute these superblocks with huge buildings. The real estate community had an expression — ripe for redevelopment. You cut off, you closed, or there’s an official word for that, too, you de-mapped, wonderful old streets and small buildings that gave you the history and the flavor and the continuity of the city, and you put them together for a superblock. For the World Trade Center, fourteen historic streets became two superblocks.”).
Lower Manhattan with shopping and restaurants. This, too, removed customers from local stores. The World Trade Center certainly was a true self-contained, superblock set apart from the rest of the city.

When this major landmark disappeared on September 11, 2001, the impact was immediate and extraordinary. Approximately 13.4 million square feet was destroyed, 6 21.1 million additional square feet was damaged, 7 1.8 million tons of debris littered the city, 8 and the PATH Railroad station was destroyed, ending service to New Jersey for 60,000 commuters. In addition, the N, R, 1, and 9 Subway lines had to be halted for reconstruction. 9 Electric service from the power substation on the site of 7 World Trade Center was destroyed. 10

Many players are involved in rebuilding the World Trade Center site. The single most important player is the Port Authority of New York and New Jersey, which owns the site of the World Trade Center. 11 The Port Authority also owns and manages regional transportation facilities, the airports, the George Washington Bridge, the Holland Tunnel, and a series of other facilities. 12 It floated bonds totaling $3 billion to provide regional transportation service in New Jersey and depended on revenue from the World Trade Center to pay debt service on those bonds. Naturally, it was very concerned that the property continue to generate enough money to cover that debt service.

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7 Id. (stating that 21,059,597 square feet were damaged by the September 11, 2001 attacks).


12 Id.; The Port Authority of New York and New Jersey, Facilities and Services, http://www.panynj.gov/AboutthePortAuthority/FacilitiesandServices/ (last visited Apr. 13, 2008).
In reporting on the rebuilding process, the press focused on only a few participants: the Port Authority, Silverstein Properties (just weeks before the disaster it had signed a lease to become the prime tenant of the World Trade Center), and the families of the victims of the September 11 terrorist attack. Over 2,700 people perished at the site; hundreds of them on property that was not owned by the Port Authority. Nevertheless, the Governor of New York announced that the site of the Twin Towers was sacred land that could not be built upon. He did not mention that work was already underway to restore rail service that ran over the footprints.

The Port Authority and the Silverstein Organization were not the only property owners affected: The state of New York owns West Street, a state highway. The Metropolitan Transportation Authority owns the subway system that ran underneath the Towers. Another state agency, the Battery Park City Authority, owns a millions of square feet of commercial and residential space that it leases to a number of tenants. In addition to Silverstein Properties, the Port Authority’s other lessees were affected, including the Westfield Corporation, which had the right to build 427,000 square feet of retail space; the Marriott Hotel Corporation; and the United States Customs House. The owners of nearby properties, such as Brookfield,
which owns the World Financial Center and One Liberty Plaza, were also affected. Another property that was across the street, the Deutsche Bank Building, was unfortunately contaminated as a result of the September 11 attack. It needed to be demolished. (Although it was acquired from the owners as part of the rebuilding process, as of 2008 it had still not been torn down.) One of the office buildings vacated as a result of the attacks, 90 West Street, a landmark designed by Cass Gilbert, has been renovated and converted into residential condominiums.

New Yorkers were astonished when the President of the United States pledged $20 billion in federal aid to help rebuild after the September 11 attack. People came from all over the world to aid in the cleanup and reconstruction. Congress, FEMA (the Federal Emergency Management Agency), and other

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23 The World Financial Center encompasses over 8 million square feet while One Liberty Plaza encompasses 2.2 million square feet. Brookfield Properties, Four World Financial Center, supra note 21; Brookfield Properties, One Liberty Plaza, supra note 22.


government agencies were involved. The Department of Housing and Urban Development, for example, appropriated $3 billion dollars to a new State Agency, the Lower Manhattan Development Corporation (the “LMDC”).29 The LMDC owned no property and had no legislative role, but was created by New York Governor George Pataki and the outgoing mayor, Rudolph Giuliani. Governor Pataki and Mayor Giuliani were convinced that a Democrat would be elected the next mayor of New York, and they wanted to maintain control of reconstruction. The current mayor, Michael Bloomberg, campaigned against the LMDC's creation because he believed the organization took decision-making power away from the City of New York.

Reconstruction plans required the participation of the government of the City of New York, which owns streets and easements within the property’s boundaries; the New York State Metropolitan Transportation Authority, which owned two subway lines traversing the property; the New York State Department of Transportation, which owned West Street; the PANYNJ; Con Edison; Verizon; and many others. This number of participants greatly exceeded that of a typical real estate venture and consequently required resources significantly beyond those of conventional reconstruction.

Numerous other parties were affected by the disaster, including the victims’ families, the survivors, the rescuers, the press, community boards, local residents, local businesses, and civic organizations. For example, Chinatown suddenly lost tourist business, waiters lost their jobs, and people on the Lower East Side and in Tribeca were kept from their homes due to dangerous conditions.30 White-collar firms that had occupied the World Trade Center were affected, as were small companies and retailers who suddenly lost their market. Civic organizations, such as the Regional Plan Association and the Municipal Art Society, immediately appeared to suggest plans for redevelopment. Additionally, concerned citizens from around

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30 See generally Ground One: Voices from Post-911 in Chinatown, MUSEUM OF CHINESE IN THE AMERICAS, available at http://911digitalarchive.org/chinatown/ (“For eight days following the attack, for example, Chinatown south of Canal Street was a ‘frozen zone’ in which all vehicular and non-residential pedestrian traffic was prohibited; and, for nearly two months, Chinatown residents and businesses were effectively isolated by the loss of telephone service. But much of 9/11’s impact on Chinatown was less evident.”).
the country descended on New York to provide assistance. All of them were interested in the rebuilding process.

Three years after the September 11 attack, reconstruction of the World Trade Center site was well underway. The New York State Department of Transportation had repaved West Street, which reopened in March of 2002. The Cortlandt Street Station on the N and R line had been rebuilt, and the 1 and 9 subway lines had recommenced operation in September of 2002. The electric substation at 7 World Trade Center was rebuilt and is currently functioning. The Brookfield Company rebuilt the Winter Garden and the surrounding buildings were cleaned and restored. Ninety West Street was vacated and renovated. The Deutsche Bank Building remains the one of only two adjacent building not under yet construction.

LMDC believed it was responsible for planning the reconstruction. I was the Vice President of LMDC in charge of that process. Like all government agencies in New York, the LMDC needed to demonstrate that it had considered input from the many interested individuals and organizations. It did so in April of

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36 Dunlap, 9/11 Contamination, supra note 24.


2002 by publishing *Principles and Preliminary Blueprint for Action*. Thousands of people responded on the LMDC web site, in writing, and at public hearings.

The LMDC’s first formal public hearing was devoted to the *Principles and Preliminary Blueprint for Action*. It was held on May 2, 2002 at Pace University in lower Manhattan. More than one thousand people attended. For the first time, opinions other than those of victims’ families, local leaders, and the Port Authority were presented forcefully. Among the most assertive were people who wanted the Twin Towers to be reconstructed exactly as they had been prior to 9/11, advocates of investment in Chinatown and the Lower East Side, and presenters of specific reconstruction designs. Two important considerations emerged that had been overlooked in the original *Principles and Preliminary Blueprint for Action*: (1) universal access for the disabled, and (2) security, including protection of building mechanical systems from chemical and biological terrorism. As a result of the public hearing, the press realized that rebuilding involved more than just the reconstruction of the site.

The Port Authority and the LMDC quickly hired a group of designers to develop plans for Lower Manhattan. At the same time, as Vice President of the LMDC, I worked with Silverstein Properties to ensure that 7 World Trade Center was rebuilt in an intelligent manner. This was necessary, not because Silverstein Properties needed to restore its lost income, but because there was only one other electric power substation in Lower Manhattan. Brownouts or blackouts during 2002 or 2003 would have seriously dampened commercial and residential interest in Lower Manhattan. In addition, I was determined to have Greenwich Street run through the site and reconnect Tribeca with the blocks south of the World Trade Center.

Reconstruction plans for 7 World Trade Center and the property transfers that it required were approved in June of 2002. Construction was essentially complete in 2006. This allowed the first section of Greenwich Street to pass through the site of the rebuilt 7 World Trade Center. But we needed a plan for the rest of the site.

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39 Press Release, Lower Manhattan Development Corporation, Port Authority and Lower Manhattan Development Corporation Select Consultant to Assist With WTC Site Plan (May 22, 2002), available at http://www.renewnyc.com/displaynews.aspx?newsid=3ff2cf96-b545-4d99-bae0-87e1398a7ab1 (last visited Apr. 19, 2008) (announcing the selection of “a team led by Beyer Blinder Belle Architects & Planners LLP, in association with Parsons Brinckerhoff, to provide consulting services to the two agencies as they conduct an integrated urban design and transportation planning study for the World Trade Center site, adjacent areas, and related transportation”).

In July 2002, the Port Authority and the LMDC published six plans for renovating the World Trade Center, adjacent areas, and related transportation. In an attempt to rally public support, the LMDC and the Port Authority held the most remarkable city planning meeting in history. The one-day meeting took place at New York’s Javits Convention Center. Approximately 4,500 people attended, and the consensus was loud and definitive: the six plans for the World Trade Center were not good enough and, in addition, any reconstruction needed to spur the revival of all of Lower Manhattan.

In response to that meeting, Mayor Bloomberg created a plan to rebuild Lower Manhattan. His idea involved a loop and spine design. The loop was comprised of Fulton Street, Water Street, State Street, Battery Place, and West Street and included the World Trade Center site. The spine was Broadway, which ran through the middle of the loop. Bloomberg announced his plan in a speech in mid-

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46 Lower Manhattan Transportation Strategies, supra note 44, at 46-47.

47 Id. at 47.
December of 2002, and it excited everyone’s imagination.\textsuperscript{48}

According to Bloomberg, New York also needed to connect its international airports by rail to Lower Manhattan, in the process opening Lower Manhattan to the labor market in Long Island.\textsuperscript{49} It was understood that Westchester and Connecticut were closer to Midtown and could go directly to Grand Central Terminal. The plan also called for the construction of a new railroad station, which is currently in progress.\textsuperscript{50}

One week after Mayor Bloomberg’s speech, nine plans for the World Trade Center site commissioned by the LMDC were displayed by seven teams of designers at the World Financial Center Winter Garden.\textsuperscript{51} Public interest in the plans was extraordinary: the plans were featured on the front pages of newspapers everywhere from Casablanca to Calcutta. The LMDC website had seven million visits during the two weeks following the show. More than 100,000 people went to see the show at the Winter Garden. Public hearings were held, and in early February 2003, Governor Pataki and Mayor Bloomberg announced two winners who would continue work on the project: The first was a team, called THINK, comprised of Shigeru Ban, Frederick Schwartz, Ken Smith, and Rafael Viñoly. They referred to their design as the World Cultural Center. The second winner was Daniel Libeskind, whose design consisted of a helix of office towers that terminated with what he called the Freedom Tower.\textsuperscript{52}

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\item \textsuperscript{49} \textit{Lower Manhattan Transportation Strategies}, \textit{supra} note 44, at 53.
\item \textsuperscript{50} Id. at 18, 29.
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Three and one half weeks later, Governor Pataki (without consulting many important players, including the property owners) announced that Daniel Libeskind’s plan would be used for the rebuilding of Lower Manhattan.53 (Libeskind’s original plan continues to be the basis of what is currently under construction.) Because the process leading to the selection of the Libeskind Plan had been transparent and open to an extraordinary amount of public participation, it was almost universally accepted as an intelligent decision. The PATH Railroad Station has gone through a series of revisions54 and should be open by 2011.55 Although the President of the United States, the Governor of New York, and the Mayor of New York all endorsed a new train connection to Kennedy Airport, this project is stalled. The MTA proceeded with the station at Broadway and Fulton Street.56 The Freedom Tower has been through numerous revisions. Although the current version (by the architectural firm of Skidmore, Owings & Merrill) terminates the Libeskind helix, it looks nothing like the original Freedom Tower. It also is in construction.57

The memorial will cost between $500 million and $1 billion, and its construction is still delayed.58 Governor Pataki struck down a proposed Museum of Freedom which has now taken the form of a modest site museum.59 The Performing Arts Center and a Drawing Center designed by Frank Gehry appears to


54 See Lower Manhattan Transportation Strategies, supra note 44, at 26-27.

55 Press Release, Lower Manhattan Development Corporation, Governor Pataki, Governor Codey, Mayor Bloomberg, Joined by U.S. Transportation Secretary Mineta, Launch Construction of WTC Transportation Hub (Sept. 6, 2005), available at http://www.renewnyc.com/displaynews.aspx?newsid=f33d60b9-c0dd-4564-b3b1-54f85859a7a5.

56 See Lower Manhattan Transportation Strategies, supra note 44, at 22, 24-27.


be going nowhere. Meanwhile, Silverstein Properties has begun construction of 1, 2, and 3 World Trade Center buildings at the sites determined by the Libeskind plan.

Despite all this activity, the character of Lower Manhattan has steadily shifted away from business and now includes a large residential population. The Memorial and some of the more important parts of the plan—such as access to the airports—are nowhere near construction. Perhaps the high hopes that were generated by the extraordinary planning process were not justified. However, the process of reconstruction is well underway and something better than the old World Trade Center is emerging on the site.