

FOR THE RECORD

June 14, 2016

New York City Council
Subcommittee on Zoning and Franchises
250 Broadway
New York, NY 10007

Re: 25 Kent Ave.

Dear Members of the Subcommittee,

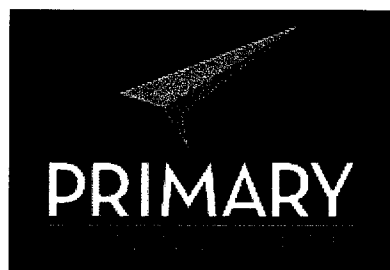
Tech start-ups and other related businesses have fueled New York City's economic resurgence, creating opportunities for entrepreneurs, the city's workforce and investors like us who have been essential to their success.

While we're eager to invest in New York's economic future and the success of other startups, capital alone cannot meet their challenges, particularly the demand for workspace. Numerous efforts have offered relief to New York City's white-hot real estate market – especially in Brooklyn. But, the supply is still not enough to fill the desperate demand for space in Brooklyn by growing companies.

The 25 Kent Ave. Williamsburg project will help meet that need and help new businesses now and in the future. We strongly urge you to support the application for 25 Kent Ave.

Sincerely,

Armory Square Ventures
Brooklyn Bridge Ventures
Contour Venture Partners
Female Founders Fund
Primary Ventures
Red Sea Ventures
WME Ventures



June 14, 2016

Remarks by Rick Russo, Senior Vice President, Brooklyn Chamber of Commerce at a public hearing held by NYC Council, Subcommittee in Zoning and Franchises in support of the ULURP application for the development of 25 Kent Avenue, Cal. Nos. LU 0398-2016, LU 03989-2016 and LU 0400-2016

Good afternoon Council Members:

My name is Rick Russo and I am the Senior Vice President and COO of the Brooklyn Chamber of Commerce speaking on behalf of Carlo A. Scissura, Esq., President and CEO of the Brooklyn Chamber, in full support of the development at 25 Kent Avenue.

The Brooklyn Chamber of Commerce is a membership-based business assistance organization which represents the interests of its member businesses, as well as other businesses across the borough of Brooklyn. The Brooklyn Alliance is the not-for-profit economic development organization of the Chamber, which addresses the needs of businesses through direct business assistance programs.

The project for the development of the mixed use site at 25 Kent Avenue, by Heritage Equity Partners and Rubenstein is the first new privately financed manufacturing and office site built in Brooklyn in many years.

In our most recent poll of our membership regarding their concerns about doing business in Brooklyn, the cost and availability of real estate was their number one issue. A new speculative development of this magnitude will go a long way toward relieving market pressures that are increasing costs and leaving businesses with little viable commercial and manufacturing inventory. As the area increases in hotel and recreational uses, the maintenance of an industrial base is key to keeping businesses in Brooklyn. In addition to nurturing the new "production-economy," the project will bring 1,000 construction jobs and 1,500 long term jobs to its Williamsburg neighborhood.

The current zoning allows both commercial and community facility uses, as of right. The developers are seeking the same density as is currently allowed for community facility uses for commercial and light industrial space, and with at least 29 percent of that space set aside for light industrial. We believe that this set-aside will create a precedent toward maintaining the current manufacturing base and even increasing it as continued development takes place. We see the current solution as a model for the development of a true mixed use neighborhood that creates jobs, grows and maintains its industrial base on a site-specific basis, while allowing additional time to understand the implications in rezoning on a larger area.

In Brooklyn Borough President Adams' ULURP recommendation in support of this project, it is stated that the Borough President supports the concept of encouraging development of industrial and manufacturing space through incentivizing commercial office and retail uses to create an ecosystem for a mix of light industrial and commercial spaces in close proximity to the workforce. This project does that while accommodating economic growth which would not otherwise be viable.

We are in full support of the text amendment for the 14-block area which would enable property owners within that area to apply for special permits that would, in return for setting aside light industrial space, allow an increase in density for commercial uses and a decrease in parking, as well as some additional height if a public plaza was provided. We support, as well, the special permits that the text amendment would allow.

Thank you.

June 14, 2016

FOR THE RECORD

New York City Council
Subcommittee on Zoning and Franchises
250 Broadway
New York, NY 10007

Re: 25 Kent Avenue

Dear Members of the Subcommittee:

My name is Ryan Babenzien and I am the Founder and CEO of Greats (www.greats.com), a men's footwear brand born in Williamsburg in 2013.

I'm offering my support for the proposal for 25 Kent Avenue because I know firsthand how difficult it is to find office space in Williamsburg. After months of looking for space in Williamsburg that would accommodate our growing company, our effort proved unsuccessful and we ultimately ended up moving to 42 West Street, which is just across the border in Greenpoint.

In addition to being a major value add on the office front, we believe that the mix of light industrial and office space the developers are proposing will create an ecosystem of uses that will fortify industry in the borough.

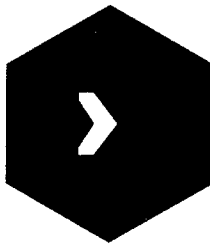
From the beginning, we've always believed Greats will have a made-in-the-USA component, although Made-in-Brooklyn would be even better. We've gone so far as to sample some styles in Maine and to open a dialogue with manufactures in Detroit. But why couldn't Greats manufacture in Brooklyn?

With the success of Detroit-based Shinola, which has contributed greatly to that city's local economy, we think Greats could have a similar impact for Brooklyn if we were able to make our sneakers here. With a project like the one proposed for 25 Kent Avenue, we would have the opportunity to make that dream a reality.

Thank you,

Ryan Babenzien
Founder/CEO
GREATS





EVERGREEN

Your North Brooklyn Business Exchange

Industrial Business Incentive Area Proposal—Evergreen’s Key Points

Overview

The NYC Planning Commission is considering a proposed zoning text amendment that creates an Industrial Business Incentive Area for the a portion of the Greenpoint Williamsburg Industrial Business Zone. It is concurrently considering the first development to be constructed in the IBIA, 25 Kent Avenue. Evergreen is supportive of the mixed commercial/manufacturing concept and believe that if it is done correctly it will result in limited net loss of manufacturing space while allowing for additional commercial development. We appreciate the innovative approach that Heritage Equities and the Department of City Planning have undertaken in developing this commercial/manufacturing mixed use model, but nevertheless have a number of concerns.

This project and this proposed text amendment are precedent-setting, not just for the GW IBZ, but in IBZs throughout NYC—once the text amendment is established, property owners in industrial neighborhoods all over NYC could apply to have one mapped in their own area to facilitate development. Additionally, using .8 of manufacturing space to leverage additional density of 2.0 of commercial space is a fairly large bonus. It is imperative that we get this right in order to achieve the goal of growing commercial space along with activating manufacturing zoned space. We believe that Community Board 1 and Borough President Adams made many sound suggestions in their recommendations, especially regarding DSBS oversight, contracting with a nonprofit for administrative agency, use group limitations, signage and expansion of zoning and a permit to property owners in the adjacent M1-1 area. We believe that these recommendations, along with appropriate penalties for violations will achieve our goals of growing commercial and industrial space alongside one another.

Manufacturing Space—Location and Affordability

- We believe that M-zoned space that is being supplied in exchange for an almost triple bonus in density should be held to a very high standard. This space should be affordable for the average manufacturing firm in North Brooklyn. Most manufacturers looking for real estate today can only tolerate rental rates from \$14-\$19 per square foot. The text amendment must include directions on how a developer can calculate affordable rent. Our mission-driven organization owns several industrial buildings that sets rental rates at 20% below current local market rates—this could be a model for the M units in these projects. 20% below Brooklyn Navy Yard rates could be used as a yardstick as well.
- Applicants could partner with mission-driven non-profit organizations to market and/or manage the real estate, similar to the affordable housing model.
- M zoned space in a mixed use unit should be highly visible and on the ground floor. This is essential to maintain the industrial character of the community, and to visually inform visitors and potential tenants that this is an industrial area.



Testimony of Geraldine Johnson
SEIU 32BJ Member
In opposition to 25 Kent
City Council Zoning and Franchise Committee Hearing
June 14, 2016

Good morning Councilmembers. My name is Geraldine and I am a security officer and union member. I am here testifying on behalf of my union, SEIU 32BJ. 32BJ represents 70,000 building service workers across the city. We work in residential and commercial buildings in the five boroughs. My union works hard to ensure that new development creates high quality building service jobs.

This is why I am here today—I want to urge Heritage Equity Partners to commit that it will create high quality building service jobs that provide industry standard wages and benefits, access to training, retirement security and opportunities for career advancement.

This is something that the community needs and has consistently asked for. In fact, both Brooklyn Community Board 1 and Borough President Adams have made strong statements in support of creating good, prevailing wage jobs for the building service workers at 25 Kent.

This is especially important in Brooklyn. Until recently, I was a lifelong Brooklyn resident who called Bed-Stuy home. Through the years, I have seen my borough become more and more expensive. With rising housing costs, it's become very difficult for working people, like 32BJ members, to afford to stay in their homes. In fact, I recently moved to Far Rockaways, Queens, where I was able to find more affordable housing.

Meanwhile, there is a 'live-work' trend driving commercial development in Brooklyn, where developers want to build commercial so residents can both live and work in Brooklyn.

This is what working people want too. But we can only continue to stay in our communities if we have jobs that make it affordable for us to do so. This live-work option should not be something only wealthy people with the highest paying jobs at 25 Kent can afford.

This is why this project needs to create good quality jobs that will allow working people to afford to call Brooklyn and New York City home.

For years, my union job made this possible for me. I worked as a security officer for 33 years and have been a union security officer for the last three years. After joining the union, I did not have to live paycheck to paycheck. I have high quality health benefits, so I don't have to worry that falling sick will make me lose my job or fall into debt. Without the union, this would not be the case for me. The security and cleaning jobs that 25 Kent creates should be good quality jobs that give the building service workers this kind of stability.

That's why we are asking Heritage Equity Partners to commit to creating good jobs and setting a strong example for new commercial development in Brooklyn.

FOR THE RECORD

June 14, 2016

New York City Council
Subcommittee on Zoning and Franchises
250 Broadway
New York, NY 10007

Dear Members of the Subcommittee:

My name is Del Teague and I am the president of the Northside Town Hall Community and Cultural Center, an organization that has centralized the advocacy efforts of North Williamsburg's longtime social justice organizations and has become a vessel for fostering civic and cultural engagement within the community.

As the head of this organization and a longtime resident of the North Williamsburg neighborhood, I have been an active and engaged member of this community for over 30 years. Over this time period, the neighborhood has seen many changes that have led to both progress and stress. While we do not always agree on the direction and management of the neighborhood, the residents and businesses of this community share a true commitment to each other, to coming together and finding common ground and to securing a stronger future for the neighborhood.

In this spirit, I am today voicing my support for the proposal for 25 Kent Avenue, a project that will create thousands of quality jobs, and thus thousands of new opportunities, within our community. North Williamsburg has long been fertile ground for entrepreneurs, and with this project, that legacy will continue for the next generation.

25 Kent can be a point of pride for our community - a place where makers and innovators, some from our own neighborhood can create their products and grow their businesses. With its ground floor retail offerings and public open space, 25 Kent can also become another place in the community for people to come together.

It is for these reasons that I urge the City Council to vote in favor of 25 Kent. This is our joint opportunity to support a strong Williamsburg for future generations of entrepreneurs. We cannot let it pass us by.

Thank you,



Del Teague
President

Northside Town Hall Community and Cultural Center

FOR THE RECORD

Written Testimony
New York City Council
Subcommittee on Zoning and Franchises Hearing
250 Broadway, Committee Room, 14th Floor
June 14, 2016

Re: LU 0398-2016

Presented by:

Jean Tanler – Director of Industrial Business Development – Business Outreach Center Network

The Business Outreach Center (BOC) Network, together with the affiliate CDFI loan fund, BOC Capital Corp., provides business technical assistance, customized small business training and access to capital to largely immigrant and minority communities throughout New York City. BOC Network is well known for its service model, bilingual services, supporting entrepreneurs at every stage of business development; for its sector-specific training for child care and construction businesses; for its job creation community economic development projects; and for its collaborative work with NYC as an Industrial Business Solutions Provider for Queens West, Manhattan and Brooklyn East.

As an Industrial Business Service Provider, BOC Network is dedicated to providing reliable assistance on a broad range of business matters to help businesses grow, ultimately saving and creating living wage jobs for New Yorkers.

We would like to share our concerns about the application for a special permit for 25 Kent Avenue. Although 25 Kent Avenue is not a part of our service area, we are concerned that the proposed zoning text amendment's mixed use tool, the Industrial Business Incentive Area (IBIA), can be mapped in other Industrial Business Zones. For this reason, it is imperative that the Department of City Planning address several concerns that we have about the proposed text amendment.

- First, the City needs to update the zoning code, both through the introduction of new manufacturing zoning tools and the alteration of allowable use groups in manufacturing zones. While there are assurances that a ULURP application will begin this year to accomplish this, the City needs to prioritize use group reform and the creation of citywide zoning tools that will strengthen and support the industrial and manufacturing sector.

The problem that necessitates a zoning tool like the Industrial Business Incentive Area is overly broad use groups. The defining of Required Industrial and Incentive Uses would be unnecessary if the as-of-right uses allowable in M-zones were more stringent.

- Second, if the goal is to create affordable space for industrial and manufacturing businesses, affordability mechanisms need to be included in the final version of the Industrial Business Incentive Area. It's unclear whether the financial feasibility of this proposal was based upon rents that are actually affordable for industrial and manufacturing businesses in the neighborhood.

- Third, no agency or government authority has been identified as responsible for compliance with the ratio detailed in the zoning text amendment. To make sure this happens, one idea is to utilize non-profits to monitor these mixed use buildings.
- And then finally, while both the Department of City Planning and the developer refer to the Industrial Business Incentive Area and 25 Kent as an experimental model, there is no language within the zoning text amendment or elsewhere that indicates this model will be evaluated before being applied elsewhere.

We support the Administration's effort to bolster the industrial and manufacturing sector. However, the Enhanced Business Area tool, as crafted in the proposed zoning text amendment, falls short of creating the space or opportunities necessary to industrial and manufacturing businesses to grow and create the middle class jobs that New Yorkers need.

We thank you for allowing us to give testimony at this hearing.



FOR THE RECORD

Southwest Brooklyn Industrial Development Corporation

241 41st Street, Brooklyn, NY 11232 * Tel: 718-965-3100 * Fax: 718-577-5858* Web: www.sbidc.org

Re: 19 Kent Development LLC and Department of City Planning Land Use Application

My name is David Meade from the Southwest Brooklyn Industrial Development Corporation (SBIDC). Thank you for allowing me to provide written testimony to the NYC City Council Subcommittee on Zoning and Franchises in regards to the land use application submitted by 19 Kent Development LLC and the Department of City Planning.

SBIDC is a local economic development corporation whose mission is to provide advocacy and services to help businesses in Southwest Brooklyn grow and create employment opportunities for local residents. SBIDC has been a driving force in the Southwest Brooklyn economy since 1978, when the organization was formed by a group of business owners who saw the need for an agency that could serve as both an advocate and provider of direct services. On behalf of SBIDC and the more than 1,500 businesses that we serve in Red Hook, Gowanus, and Sunset Park, Brooklyn, we strongly urge the committee to reject the Department of City Planning's Industrial Business Incentive Area (IBIA) zoning proposal.

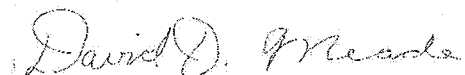
The crux of the issue with the IBIA proposal is although its design intends to facilitate mixed use development, it bypasses the more urgent need to reform use groups in manufacturing zones. For many years through the evolution of the In-Place Industrial Park program and the creation of the Industrial Business Zone (IBZ) program and most recently with Mayor Bill de Blasio's Ten-Point Industrial Plan, SBIDC has advocated for stronger manufacturing zoning codes that truly protect manufacturing and industrial businesses. Because uses like hotels, big-box retail, self-storage facilities, office spaces, and entertainment facilities are allowable uses in certain manufacturing zones, the goal of creating the IBZ to protect industrial and manufacturing businesses and stimulate investment in this sector has been rendered virtually meaningless. In the Southwest Brooklyn IBZ, in the neighborhoods of Sunset Park, Gowanus, and Red Hook, SBIDC has witnessed rampant development of these types of uses and the detrimental effects they have had on the businesses we serve. These uses support higher land prices than industrial uses, driving land prices up and leading to widespread instability and displacement. The businesses we serve are dedicated to their employees, many of them local residents, and provide good, family-supporting wages as well as career advancement opportunities. However, in recent years many businesses are experiencing increasingly difficult choices about the future of their businesses due to the rising costs of operation and their limited options for growth and investment. Several businesses have already relocated from New York City with many others threatening to do so when their lease expires.

SBIDC shares the concerns that our partner industrial business service providers, like Evergreen, have that the IBIA is not considering the realities that small industrial and manufacturing businesses face. In the design of the IBIA there need to be mechanisms to ensure affordability, oversight, and enforcement, three aspects that are absolutely

crucial to implement to ensure that the industrial and manufacturing sector can be sustained as a part of a mixed use scenario.

Permitting the IBIA proposal to go forward and potentially replicating the IBIA in Southwest Brooklyn without attention to these concerns would substantially alter the essential manufacturing character of the Red Hook, Gowanus, and Sunset Park neighborhoods, and contradict New York City's long-range goals of diversifying its economy and supporting businesses that provide local residents with income mobility opportunities.

Thank you.

A handwritten signature in cursive script that reads "David D. Meade". The signature is written in dark ink and is positioned above the typed name.

David D. Meade
Executive Director



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

**TESTIMONY OF Armando Chapelliquen, BEFORE
THE NEW YORK CITY COUNCIL SUBCOMMITTEE ON ZONING AND FRANCHISES
CONCERNING THE PROPOSAL FOR INDUSTRIAL BUSINESS INCENTIVE AREAS**

June 14, 2016

Good Morning. Thank you Chairman Richards and members of the Zoning and Franchises Subcommittee for the opportunity to testify.

My name is Armando Chapelliquen and I am the Campaign Coordinator for Equitable Economic Development with the Association for Neighborhood and Housing Development (ANHD). ANHD is a membership organization of NYC- neighborhood based housing and economic development groups- CDCs, affordable housing developers, supportive housing providers, community organizers, and economic development service providers. Our mission is to ensure flourishing neighborhoods and decent, affordable housing for all New Yorkers. We have over 100 members throughout the five boroughs who are working alongside communities to create economic opportunity and developed over 100,000 units in affordable housing.

I am here to speak on the proposal to establish an Industrial Business Incentive Area within the Greenpoint-Williamsburg Industrial Business Zone. First, we would like to applaud the Speaker, members of the Council, and the Council Land Use staff for their leadership, support, and understanding of this issue. It is because of your support and advocacy that last November's Industrial Action Plan presented real opportunities for industrial and manufacturing workers and businesses across the city. As the sector waits for the zoning proposals that will enact the announcements made by the Mayor last fall, it is important to measure the Industrial Business Incentive Area (IBIA) and subsequent proposals up against the priorities established in the 10-Point Industrial Action Plan.

The Industrial Business Incentive Area proposal attempts to accomplish two tasks simultaneously. First, it creates a required set aside for light industrial and manufacturing space. Second, it acknowledges and establishes a mixture of uses in traditionally industrial neighborhoods. While these two goals are not mutually exclusive, both tasks are not being addressed equally. **The status quo of commercial development displacing industrial uses in M-zoned neighborhoods is the result of overly broad use groups, a problem that is not directly addressed in the Industrial Business Incentive Area proposal.**

Scale of Proposal

Recognizing the untested and experimental nature of this application, the Department of City Planning scaled back the 14-block Enhanced Business Area to a 1-block Industrial Business Incentive Area. In spite of this and other minor changes, this zoning text amendment establishes a possible tool for industrial development across the city. **Both the Department of City Planning and the developer refer to the IBIA proposal as experimental, yet there is no language within the zoning text amendment that limits the use of this new zoning tool.** Furthermore, there has been no indication as to what metrics will be used to measure the success or failure of the IBIA model. Because the ratio of uses and lack of enforcement or affordability mechanisms in the zoning text amendment were largely if not entirely influenced by the current developer, it is questionable as to whether or not such a specifically-tailored tool makes for a good citywide standard.

Ratio of Business Enhancing and Incentive Uses

As an area designated to support and grow industrial and manufacturing jobs, the Greenpoint-Williamsburg Industrial Business Zone is an odd choice for the proposed development. The fact that only 0.8 FAR of a total 4.8 FAR is guaranteed for light industrial and manufacturing (Required Industrial Uses) does not bode well for future IBIA's that are not within an IBZ. The remaining 4.0 is divided between 2.0 for general M1-2 uses (as-of-right) and 2.0 for a shortened list of commercial uses (Incentive Uses). Overall, it represents slightly less than 17% of the space in the total development. **In an Industrial Business Zone, industrial and manufacturing uses should make up a larger portion of the space, especially if the goal is to continue to preserve and bolster the growth of that sector.**

As was stated at the Brooklyn Borough President's hearing, the 17% requirement for industrial and manufacturing was influenced by the individual developer. This raises serious concerns, not just as it relates to the Industrial Business Incentive Area being proposed in the Greenpoint-Williamsburg IBZ, but for any of the future IBIA's that will follow the precedent established by this first application. The ratio that dictates the relationship between as-of-right, business enhancing, and incentive uses for this M1-2 or any other manufacturing area should be driven by the stated aim of reinforcing "the light industrial and manufacturing character of the area"¹, not the financial analysis of a particular developer in a particular neighborhood. **While some may argue that different ratios can be applied later, the fact remains that the final language for this Industrial Business Incentive Area will set the standard for future IBIA's. Additionally, we support the Brooklyn Borough President's recommendation of excluding manufacturing processes where limited to product exclusively of digital format.**

Enforceability and Affordability

Enforceability and affordability have been concerns throughout the ULURP process. While the proposal has since been amended to require signage and maintaining a website to provide usage information, no agency or government authority ensures compliance of the ratio detailed in the zoning text amendment. Brooklyn Borough President Adams rightfully recognized the importance of non-profit developers by recommending they play a major role in the enforcement of uses within the Required Industrial Use space. **Non-profit, mission-driven organizations, such as the City's Industrial Business Service Providers, are uniquely positioned to ensure that space is affordable for the kinds of businesses that have helped establish the light industrial and manufacturing culture of the neighborhood.** By contrast, the use of signage and a publicly accessible website does very little to ensure compliance with the defined uses.

When considering the issue of affordability, it is possible to draw some lessons from affordable housing. In housing, the rent for an affordable unit is lower because it can essentially be subsidized by market rate units in a building. There is a sense of what the market units will go for and also, how much an affordable unit will rent for. In this case, the space going to as-of-right uses, porous as they are, and the Incentive Uses "subsidize" the rents for the Required Industrial Use space. However, we are unaware of the rents for any part of the building. **Without disclosure of those figures or an independent market and financial study, it is unclear whether the financial feasibility of this proposal was based upon rents that are actually affordable for industrial and manufacturing businesses in the neighborhood.** If the goal is to create affordable space for industrial and

¹ Source: http://www1.nyc.gov/assets/planning/download/pdf/applicants/env-review/eas/16dcp065k_eas.pdf, Page 38

manufacturing businesses, affordability mechanisms need to be included in the final version of the Industrial Business Incentive Area.

Use Group Reform and Future Zoning Tools

A year ago, ANHD, the Pratt Center for Community Development, and industrial advocates from across the city came City Hall to raise the alarm on the City's outdated land use policy as it relates to industrial and manufacturing land. While the Industrial Action Plan mapped out commendable reforms to strengthen the sector, industrial jobs are being threatened by government inaction and continued speculation. The lack of restrictions on competing uses like hotels, big box storage, retail, or nightclubs is stripping the City of good-paying jobs and leaving working-class New Yorkers to increasingly rely on low-wage service-sector jobs.

The Industrial Business Incentive Area could potentially be a helpful tool in addressing this challenge. However, it should not be the only tool the City develops. **Industrial Opportunity Districts**, influenced by the Council's own *Engines of Opportunity* report, would:

- Prevent any rezoning or variance of manufacturing land (M-zoned) into residential;
- Restrict non-industrial uses like hotels, big box superstores, and self-storage facilities;
- Discourage real estate speculation and non-industrial uses from driving up rents;
- Stimulate and invest in development of industrial space;
- Impose tougher fines and increase enforcement of illegal conversions.

The IBIA proposal, in its amended form, offers potential benefits by experimenting with use restrictions within a building. However, this does not change the underlying challenge of overly broad use groups. Even within M-zones, industrial uses are forced to compete with many non-compatible uses that are currently allowed as-of-right, including hotels, entertainment spaces, self-storage facilities, and big box stores. These uses can support higher land prices than industrial and manufacturing uses, driving land prices up and driving manufacturers out of business. Speculation drives instability, and instability discourages long-term investment in businesses and in our city's workforce. **A year ago, the City lacked the overarching policy that could guarantee industrial land, businesses, and jobs had a permanent place in New York City. Today, the Council can follow through to implement the Industrial Action Plan with new zoning tools and citywide use group reform.**

We support the Council and the Administration's effort to bolster the industrial and manufacturing sector. Among its achievements, the 10-Point Industrial Action Plan lays out an important roadmap for reforming the outdated zoning code as it relates to manufacturing districts and Industrial Business Zones. The missing affordability and enforceability components, as well as the very low industrial-to-commercial ratio in the Industrial Business Incentive Area proposal, raise concerns about the viability of the broader citywide agenda.



Testimony before New York City Council

Regarding Industrial Business Incentive Areas and 25 Kent

June 14, 2016

Thank you for the opportunity to testify today. I'm Adam Friedman, Director of the Pratt Center for Community Development. Pratt Center works in partnership with communities, businesses, and policymakers to build a more equitable and sustainable city.

I'd like to start by commending City Planning for wrestling with the challenge of incentivizing the creation of new production space. Private developers in today's market and with today's rules are not going to build new production space, and we support a cross-subsidy strategy in select areas that uses the strength of the office market to stimulate construction of production space.

However, for these mixed production/office strategies to work, there must be effective enforcement to maintain the production space in the face of tremendous financial pressure for the developer to convert the space completely to office. But the city has **no capacity to enforce** a developer's commitment to provide manufacturing space. The existing and historically unsuccessful DOB complaint-driven inspection and violation process will allow developers to ignore the zoning and treat the minimal fines as a cost of doing business, or keep the property vacant and eventually file for a variance.

For 25 Kent, DCP is recommending the addition of signage and a website to be maintained by the developer to self-report his own tenanting decisions. Unfortunately, this strategy just invites deception.

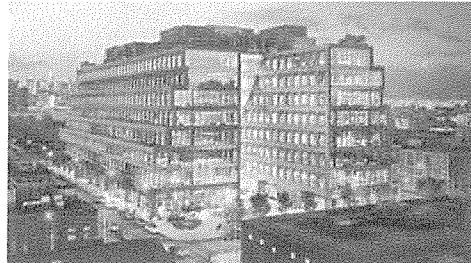
To ensure that the **space is kept affordable and used for production, management or ownership should be transferred to a non-profit mission driven organization** such as Evergreen or the Greenpoint Manufacturing and Design Center. In a very similar situation in San Francisco, non-profit ownership was negotiated as a community benefit through their special permit process. As a result, the developer of the mixed use Hundred Hooper building is selling 63,700 sq. ft. of production space at construction cost to PlaceMade, a non-profit launched with assistance from Pratt and GMDC, and the developer will donate the land valued at \$5 million. In addition, the developer is required to produce an industrial business plan for the remainder of the space and provide annual reports to the Deputy Mayor's office.

New York's DCP needs to rethink the enforcement issue. The City, by giving the developer a bonus to create office space, has already partially paid for the production space, and it now needs to protect its and that community's investment. At the Community Board and Commission hearings, the developer's counsel repeatedly said they would drop the rent to whatever level was necessary to attract a manufacturer, showing how little they are relying on that space for income and how much they are already getting from the office bonus.

Finally, many of us stood with the Mayor back in October when he committed to strengthening the IBZs to avoid companies and jobs being displaced. That should be the city's highest priority. But because that has not yet happened, businesses are at risk and the city is now in a weaker negotiating position in trying to convince developers to do a mix of office and production.

DCP is studying the North Brooklyn IBZ to gain a deeper understanding about the future of industrial sectors and develop new tools to regulate those uses. City Planning and the City Council should make clear that they are not moving forward with new mixed use projects until the IBZs have been secured, until basic protections for blue-collar jobs are in place, and there has been an opportunity to study what happens at 25 Kent to determine if it is worth replicating.

Comparison of NYC and SF Cross-Subsidy Strategies



	San Francisco: Hundred Hooper	New York: 25 Kent Avenue
Current Use	Vacant	Vacant
Previous Zoning	PDR	M1-2
Previous FAR	4.0 I	2 Industrial FAR (permits offices, hotel and storage) 2.8 Community Facility FAR Bonus
Proposed Uses & FAR	<p>Industrial: 33% PDR 199,200 sq. ft. of which</p> <ul style="list-style-type: none"> • 56,400 sq. ft. owned by PlaceMade • 142,800sq. ft. owned by Hundred Hooper LLC <p>Office: 67% 285,000 sq. ft.</p> <p>TOTAL 484,2200 sq. ft.</p>	<p>Industrial: 17% Business Enhancing 63,700 sq. ft.</p> <p>Office: 83% 316,400 sq. ft.</p> <p>TOTAL 380,100 sq. ft.</p>
Other	41,600 sq. ft. Open space	
Enforcement	Non-profit ownership and PDR Business Plan specifying target industries, anticipated rents, conflicting use strategies and workforce development commitments	Regular Department of Buildings process.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: RICHARD MAZUR

Address: 148-50 HURON ST BKLYN

I represent: North Brooklyn Dev Corp 15222

Address: 148-50 Huron St, BKlyn

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/14/16

(PLEASE PRINT)

Name: Alexa Komarites

Address: _____

I represent: NYC DEPT OF CITY PLANNING

Address: BK OFFICE 16 COURT ST, 7TH FL, BK

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Winston R Van Engel

Address: 120 Broadway, NYC

I represent: NYC CPL

Address: 120 Broadway

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Anna Slatisky

Address: 16 cont street

I represent: DCP / CPC

Address: 120 Broadway

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 25 Kent Res. No. _____

in favor in opposition

Date: 6/14/16

(PLEASE PRINT)

Name: Armando Chapellon

Address: _____

I represent: ANHD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 25 Kent Res. No. _____

in favor in opposition

Date: 6/14/16

(PLEASE PRINT)

Name: Jean Tanker

Address: 35 S. Oxford St.

I represent: Business Outreach Center

Address: 11

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 29 tent Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Adam Friedman

Address: _____

I represent: Pratt Center

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 25 tent Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Archie Ardisbald

Address: _____

I represent: Evergreen

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Anne-Sophie Italy

Address: 882 Louisa Street

I represent: Heritage Equity Partners

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 6/14/16

(PLEASE PRINT)

Name: Toby Moskowitz

Address: 137-55 71st Av

I represent: Heritage 125 Kent

Address: 55 North 10th Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Ann Jeremiah Kaneath

Address: 25 Kent E 14th Street

I represent: 25 Kent E 14th Street

Address: 310 Greenwich St Apt 38C

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Rick Russo

Address: 335 Adams St

I represent: BROOKLYN CHAMBER OF COMMERCE

Address: 335 Adams St

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: JUNE 14th

(PLEASE PRINT)

Name: WILLIAM HARVEY

Address: 214 N 8th ST

I represent: MYSELF

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: JUN 14, 2016

(PLEASE PRINT)

Name: RAMMUND TAVIN

Address: 61 Broadway

I represent: 19 Kent

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 25 Kent Res. No. _____

in favor in opposition

Date: 6/14/16

(PLEASE PRINT)

Name: Geraldine John

Address: 25 W 18th Street

I represent: SEIU 32BJ

Address: _____

Please complete this card and return to the Sergeant-at-Arms